

Omnis Funds – Reorganisation

On 29th September 2018, Omnis will implement a reorganisation of a small number of its funds. The reorganisation, executed through what is known as a Scheme of Arrangement, was approved by fund shareholders on 3rd September 2018, and will result in the assets of four Omnis funds being transferred to new funds.

Further information about the scheme of arrangement is provided in Appendix 1.

Omnis Fund Reorganisations

Existing Omnis Fund		Target Omnis Funds and Asset Split
Omnis Asia Pacific Equity Fund	to	Omnis Japanese Equity Fund (70%) and; Omnis Asia Pacific (ex-Japan) Equity Fund (30%)
Omnis Developed Markets (ex-UK, ex-US) Equity Fund	to	Omnis Asia Pacific (ex-Japan) Equity Fund (15%) and; Omnis Japanese Equity Fund (30%) and; Omnis European Equity Fund (55%)
Omnis UK Bond Fund	to	Omnis UK Gilt Fund (70%) and; Omnis Sterling Corporate Bond Fund (30%)
Omnis UK Equity Fund	to	Omnis UK All Companies Fund (90%) and; Omnis UK Smaller Companies Fund (10%)

A summary of the Omnis funds into which assets will be transferred is given in Appendix 2. Key Investor Information Documents ('KIIDs') for these funds are available from the Omnis Investments Limited website www.omnisinvestments.com.

REASONS FOR THE REORGANISATION OF OMNIS FUNDS

Omnis continually reviews its range of funds to ensure that it provides investors with access to a broad range of asset classes and to high-quality investment managers who are specialists in those asset classes.

Through this review, Omnis identified a number of funds where it believed that it would be beneficial to split out the current assets into separate funds so that they can be managed by specialist investment managers, which Omnis believe offer the best potential for outperformance over the medium to long term. Omnis therefore proposes that the assets of a small number of existing funds are split and allocated to the new funds and in a number of cases, to funds managed by newly appointed investment managers.

The new investment managers were chosen following a lengthy selection process through which Omnis reviewed many managers and are in the main, well known and respected brands with complimentary corporate cultures and styles to Omnis. Where an incumbent investment manager will continue to manage funds after the split, it is because Omnis believes them to be the most appropriate manager for the relevant asset class.

Where, Omnis' funds are used by Openwork in the construction of advisory and discretionary portfolios, this segmentation of funds and asset classes is expected to provide the opportunity for enhanced investment diversification and risk control.

The allocations of asset classes in the new funds are closely aligned with the current funds and the changes were intentionally structured so that investors' investment exposures and risks would not materially change. Of course, within each asset class, any new investment manager will manage portfolios in accordance with their particular investment strategy and style. Whilst portfolio transaction costs will be incurred in relation investment activity following the transfer to the new managers, this is normal, and fully expected. Omnis' estimates of the costs associated with this activity are given below.

Other key points:

- The proposals provide an opportunity to reduce investment risk by accessing a broader range of investment managers and a wider spread of individual investments in the Omnis funds.
- There is no material difference between the overall risk rating of the current funds and the new funds. The Synthetic Risk Reward Indicator (SRR) is currently the same, or lower in the case of the Omnis UK Gilt Fund and Omnis Sterling Corporate Bond Fund (Target Funds), although the SRR may change over time.
- The original funds and their corresponding new funds are subject to similar material risks.

APPENDIX 1

SUMMARY OF TERMS OF THE RE-ORGANISATION

- Shareholders in the original funds will receive shares in the relevant new funds in exchange for the transfer of the assets.
- New shares will be issued in the proportion of each shareholder's individual entitlement to the value of the relevant original funds.
- No initial charge or switching charge will be applied on the issue of new shares as part of the transfer.
- The prices of shares will not be identical. Therefore, the number of new shares in the new funds received by each shareholder will be different from the number of shares previously held in the relevant original fund.
- New shares will be allocated by reference to the value of the relevant new fund calculated at midday on 28th September 2018.
- Shares in the original funds will then be deemed to have been cancelled and will cease to be of any value.
- Any income available for distribution to shareholders in the original funds in respect of the period from the close of business on 31st March 2018 (the end of the preceding accounting period) to 28th September 2018 is expected to be distributed no later than 30th November 2018.

COSTS OF IMPLEMENTING THE RE-ORGANISATION

Omnis expects only minor portfolio changes to be required to the asset allocations in the original funds specifically to ensure that these reflect the proposed split of assets. Any costs associated with these changes are expected to be negligible.

The following costs of preparing and implementing the Schemes will be borne by Omnis:

- the costs of convening and holding shareholder meetings;
- the fees and expenses payable to professional advisers in connection with the schemes; and
- the costs associated with the subsequent termination of the original funds.

Costs relating to re-designation and registration fees and other operational transfer costs, will be payable by the relevant new fund(s) into which transferring assets are to be received.

It is Omnis' understanding that no stamp duty reserve tax ("SDRT") or foreign transfer taxes should be payable in respect of the transfer of the property of the original funds to the new funds. However, if any SDRT or foreign transfer tax should be payable, it will be borne by the new funds to which the relevant assets were transferred.

In relation to the Omnis Asia Pacific Equity Fund and the Omnis Developed Markets (ex-UK, ex-US) Equity Fund, the investment managers of the relevant new funds have indicated that significant portfolio realignment will be necessary to reflect their respective stock selection strategies. Portfolio activity will involve the sale of portfolio holdings transferred under the schemes; with the proceeds of these being re-invested into holdings that are preferred by the investment managers to be held in the new funds.

Based on current market dealing spreads, commissions (and other transaction costs), the portfolio composition of the original funds, and Omnis' understanding of the stock selection strategy of the relevant investment managers of the target funds, the cost of portfolio realignment is estimated to be around 0.5% of the existing fund values. The timing of any portfolio realignment activity following the transfer of assets will be at the sole discretion of the investment manager of the relevant target funds.

Given that there is no change to the investment managers, new fund realignment-related portfolio activity is not expected in relation to the Omnis UK Bond Fund or the Omnis UK Equity Fund.

TAX CONSEQUENCES OF THE SPLIT

Based on our understanding of the tax legislation and the tax clearances that have been obtained from HM Revenue & Customs, the Schemes will not involve a disposal of Shares for capital gains tax purposes, whatever the size of your holding. However, the tax consequences of implementation of the proposals may vary depending on the law and regulations of your country of residence, citizenship or domicile. **If you are in any doubt about your potential liability to tax you should seek professional tax advice.**

APPENDIX 2

COMPARISON OF THE MAIN FEATURES OF THE FUNDS

The below table provides a comparison of the main features of the **Omnis Asia Pacific Equity Fund**, the Omnis Asia Pacific (ex-Japan) Equity Fund and the Omnis Japanese Equity Fund.

	Existing Fund	Target Fund	Target Fund
	Omnis Asia Pacific Equity Fund	Omnis Asia Pacific (ex-Japan) Equity Fund (30%)	Omnis Japanese Equity Fund (70%)
Investment Objective	The aim of the Fund is to provide capital growth.	The Fund aims to achieve a return consisting of both income and capital growth which, after all fees and expenses, exceeds that of the FTSE World Asia Pacific ex Japan TR index over the medium to long term (defined as 5 to 10 years).	The Fund aims to achieve a return consisting of both income and capital growth which, after all fees and expenses, exceeds that of the FTSE World Japan TR index over the medium to long term (defined as 5 to 10 years).
Investment Policy	<p>The Fund intends to invest primarily in equities issued by companies incorporated in or having significant operations in the Asia Pacific region, including: Japan, Hong Kong, Singapore, Australia and New Zealand. The Fund may also invest in other transferable securities such as warrants and deposits, and may also invest in money market instruments and units in collective investment schemes. No more than 10% of the Property of the Fund will be invested in other collective investment schemes.</p> <p>Use may also be made of stock lending, temporary borrowing and cash holdings.</p> <p>Derivatives may also be used for the purposes of hedging and efficient portfolio management. It is not anticipated that such use of derivatives will have a significant effect on the risk profile of the Fund.</p>	<p>The Fund intends to invest at least 70% in the equity securities of Asian companies, defined as those which are domiciled, incorporated or have a significant exposure to the Asia Pacific region and Australasia (excluding Japan). The Fund may also invest in other transferable securities (for example, equity securities of other international companies excluding Japan), units in collective investment schemes (including schemes managed and operated by the ACD or its associates), money market instruments, warrants, cash and near cash deposits as detailed in the Prospectus.</p> <p>It is envisaged that the investment portfolio of the Fund will be concentrated, typically comprising between 35 and 60 stocks.</p> <p>Derivatives may be used for the purposes of hedging and efficient portfolio management.</p>	<p>The Fund intends to invest at least 80% in the equity securities of Japanese companies, defined as those which are domiciled, incorporated or have a significant exposure to Japan. The Fund may also invest in other transferable securities (for example, equity securities of other international companies), units in collective investment schemes (including schemes managed and operated by the ACD or its associates), money market instruments, warrants, cash and near cash deposits as detailed in the Prospectus.</p> <p>It is envisaged that the investment portfolio of the Fund will be concentrated, typically comprising between 65 and 85 stocks.</p> <p>Derivatives may be used for the purposes of hedging and efficient portfolio management.</p>
Investment Manager	Baillie Gifford & Co	Veritas Asset Management LLP	Schroder Investment Management Ltd
Benchmark used for measurement of performance	MSCI Pacific	FTSE World Asia Pacific ex Japan TR Index	FTSE World Japan TR Index
SRRI	5	5	5
Ongoing Charge (OCF) as at 31/12/2017	0.84%	0.75% (estimated)	0.74% (estimated)

The below table provides a comparison of the main features of the **Omnis Developed Markets (ex-UK, ex-US) Equity Fund** and the Omnis Asia Pacific (ex-Japan) Equity Fund, the Omnis European Equity Fund and the Omnis Japanese Equity Fund.

	Existing Fund	Target Fund	Target Fund	Target Fund
	Omnis Developed Markets (ex-UK, ex-US) Equity Fund	Omnis Asia Pacific (ex-Japan) Equity Fund (15%)	Omnis European Equity Fund (55%) Launched 3rd May 2016	Omnis Japanese Equity Fund (30%)
Investment Objective	The aim is to achieve capital growth.	The Fund aims to achieve a return consisting of both income and capital growth which, after all fees and expenses, exceeds that of the FTSE World Asia Pacific ex Japan TR index over the medium to long term (defined as 5 to 10 years).	The aim of the Fund is to provide capital growth.	The Fund aims to achieve a return consisting of both income and capital growth which, after all fees and expenses, exceeds that of the FTSE World Japan TR index over the medium to long term (defined as 5 to 10 years).
Investment Policy	<p>The Fund intends to invest primarily in companies incorporated in, or significantly exposed to, developed markets, excluding the United Kingdom and the United States of America. The Fund may also invest in other transferable securities (for example, other international equities which, for the avoidance of doubt, may include equities in the UK and US), units in collective investment schemes, money market instruments, warrants and deposits as detailed in the Prospectus. No more than 10% of the Scheme Property of the Fund will be invested in other collective investment schemes.</p> <p>Use may also be made of stock lending, temporary borrowing and cash holdings. Derivatives may also be used for the purposes of hedging and efficient portfolio management.</p>	<p>The Fund intends to invest at least 70% in the equity securities of Asian companies, defined as those which are domiciled, incorporated or have a significant exposure to the Asia Pacific region and Australasia (excluding Japan). The Fund may also invest in other transferable securities (for example, equity securities of other international companies excluding Japan), units in collective investment schemes (including schemes managed and operated by the ACD or its associates), money market instruments, warrants, cash and near cash deposits as detailed in the Prospectus.</p> <p>It is envisaged that the investment portfolio of the Fund will be concentrated, typically comprising between 35 and 60 stocks.</p> <p>Derivatives may be used for the purposes of hedging and efficient portfolio management.</p>	<p>The Fund intends to invest primarily in equities issued by companies incorporated in or having significant operations in Europe, excluding the United Kingdom. The Fund may invest in other transferable securities such as warrants and deposits, and may also invest in money market instruments and units in collective investment schemes. No more than 10% of the Property of the Fund will be invested in other collective investment schemes.</p> <p>Use may also be made of stock lending, temporary borrowing and cash holdings. Derivatives may also be used for the purposes of hedging and efficient portfolio management. It is not anticipated that such use of derivatives will have a significant effect on the risk profile of the Fund.</p>	<p>The Fund intends to invest at least 80% in the equity securities of Japanese companies, defined as those which are domiciled, incorporated or have a significant exposure to Japan. The Fund may also invest in other transferable securities (for example, equity securities of other international companies), units in collective investment schemes (including schemes managed and operated by the ACD or its associates), money market instruments, warrants, cash and near cash deposits as detailed in the Prospectus.</p> <p>It is envisaged that the investment portfolio of the Fund will be concentrated, typically comprising between 65 and 85 stocks.</p> <p>Derivatives may be used for the purposes of hedging and efficient portfolio management.</p>
Investment Manager:	Thomas White International Ltd	Veritas Asset Management LLP	Jupiter Asset Management Ltd	Schroder Investment Management Ltd
Benchmark used for measurement of performance:	MSCI EAFE Ex-UK	FTSE World Asia Pacific ex Japan TR Index	FTSE World Europe Ex UK	FTSE World Japan TR Index
SRRI	5	5	5	5
Ongoing Charge (OCF) as at 31/12/2017	0.71%	0.75% (estimated)	0.82% (estimated)	0.74% (estimated)

The below table provides a comparison of the main features of the **Omnis UK Bond Fund** and the Omnis UK Gilt Fund and the Omnis Sterling Corporate Bond Fund.

	Existing Fund	Target Fund	Target Fund
	Omnis UK Bond Fund	Omnis UK Gilt Fund (70%)	Omnis Sterling Corporate Bond Fund (30%)
Investment Objective	To achieve a return of a combination of income and capital growth.	The Fund aims to achieve a return consisting of both income and capital growth, exceeding that of the ICE Bank of America Merrill Lynch UK Gilt TR Index over the medium to long term (defined as 5 to 10 years).	The Fund aims to achieve a return consisting of both income and capital growth, exceeding that of the ICE Bank of America Merrill Lynch Sterling Corporate Bond TR Index over the medium to long term (defined as 5 to 10 years).
Investment Policy	<p>The Fund intends to invest primarily in Sterling denominated government and non-government fixed and variable interest rate securities. The Fund may also invest in other transferable securities (for example, foreign currency fixed and variable interest rate securities), units in collective investment schemes, money market instruments deposits, derivatives and warrants as detailed in the Prospectus. No more than 10% of the Scheme Property of the Fund will be invested in other collective investment schemes.</p> <p>Use may also be made of stock lending, temporary borrowing and cash holdings. Derivatives may also be used for the purposes of hedging and efficient portfolio management.</p>	<p>The Fund intends to invest at least 95% in sterling denominated (or hedged back to sterling) AA-rated, government-backed securities, with at least 75% invested in UK government securities (Gilts).</p> <p>The Fund may also invest in other transferable securities, units in collective investment schemes (including schemes managed and operated by the ACD or its associates), money market instruments, warrants, cash and near cash deposits as detailed in the Prospectus.</p> <p>Derivatives may be used both for investment purposes and for efficient portfolio management.</p>	<p>The Fund intends to invest at least 80% in sterling denominated and sterling hedged corporate bond securities, rated BBB or higher.</p> <p>The Fund may also invest in other transferable securities, units in collective investment schemes (including schemes managed and operated by the ACD or its associates), money market instruments, warrants, cash and near cash deposits as detailed in the Prospectus.</p> <p>Derivatives may be used both for investment purposes and for efficient portfolio management.</p>
Investment Manager	Threadneedle Asset Management Limited	Threadneedle Asset Management Limited	Threadneedle Asset Management Limited
Benchmark used for measurement of performance	BoA ML Sterling Broad Market	ICE BoAML UK Gilt TR Index	ICE BoAML Sterling Corporate Bond TR Index.
SRI	4	3	3
Ongoing Charge (OCF) as at 31/12/2017	0.49%	0.38% (estimated)	0.47% (estimated)

The below table provides a comparison of the main features of the **Omnis UK Equity Fund** and the Omnis UK All Companies Fund and the Omnis UK Smaller Companies Fund.

	Existing Fund	Target Fund	Target Fund
	Omnis UK Equity Fund	Omnis All Companies Fund (90%)	Omnis UK Smaller Companies Fund (10%)
Investment Objective	The aim is to achieve capital growth.	The Fund aims to achieve a return consisting of both income and capital growth which, after all fees and expenses, exceeds that of the FTSE All-Share TR Index over the medium to long term (defined as 5 to 10 years).	The Fund aims to achieve a return consisting of both income and capital growth which, after all fees and expenses, exceeds that of the Numis Smaller Companies ex-Investment Trusts TR Index over the medium to long term (defined as 5 to 10 years).
Investment Policy	<p>The Fund intends to invest primarily in companies incorporated in, or significantly exposed to, the United Kingdom. The Fund may also invest in other transferable securities (for example, international equities), units in collective investment schemes, money market instruments, warrants and deposits as detailed in the Prospectus. No more than 10% of the Scheme Property of the Fund will be invested in other collective investment schemes.</p> <p>Use may also be made of stock lending, temporary borrowing and cash holdings.</p> <p>Derivatives may also be used for the purposes of hedging and efficient portfolio management.</p>	<p>The Fund intends to invest at least 80% in the equity securities of UK companies, defined as those which are domiciled, incorporated or have a significant exposure to the UK. The Fund may also invest in other transferable securities (for example international equities), units in collective investment schemes (including schemes managed and operated by the ACD or its associates), money market instruments, warrants, cash and near cash deposits as detailed in the Prospectus.</p> <p>It is envisaged that the investment portfolio of the Fund will be concentrated, typically comprising between 35 and 60 stocks.</p> <p>Derivatives may be used for the purposes of hedging and for efficient portfolio management.</p>	<p>The Fund intends to invest at least 70% in the equity securities of smaller UK companies. UK smaller companies are defined as those which are domiciled, incorporated or have significant exposure to the UK and which have a market capitalisation no greater than the largest company in the Numis Smaller Companies ex-Investment Trusts TR Index at the point of purchase.</p> <p>The Fund may also invest in other transferable securities (for example, equity securities of smaller, mid and large international companies), units in collective investment schemes (including schemes managed and operated by the ACD or its associates), money market instruments, warrants, cash and near cash deposits as detailed in the Prospectus.</p> <p>It is envisaged that the investment portfolio of the Fund will be concentrated, typically comprising between 35 and 60 stocks.</p> <p>Derivatives may be used for the purposes of hedging and efficient portfolio management.</p>
Investment Manager:	Franklin Templeton Fund Management Ltd	Franklin Templeton Fund Management Ltd	Franklin Templeton Fund Management Ltd
Benchmark used for measurement of performance	FTSE All-Share	FTSE All Share TR Index	Numis Smaller Companies ex-Investment Trusts TR Index
Ongoing Charge (OCF) as at 31/12/2017	0.69%	0.65% (estimated)	0.76% (estimated)