

# **Brooks Macdonald International Investment Funds Limited (the “Company”)**

## **Additional Information for UK Investors**

**This document forms part of, and should be read in conjunction with, the Prospectus dated January 2022, as amended from time to time (the “Prospectus”) and the relevant key information documents for Brooks Macdonald International Investment Funds Limited (the “Company”). It contains information for prospective investors and shareholders in the United Kingdom (“UK”).**

Words and expressions defined in the Prospectus, unless otherwise defined below, shall bear the same meanings in this document.

The Company is incorporated in Jersey and is a recognized fund as defined in the Collective Investment Funds (Jersey) Law 1988 as amended and permits have been granted by the Jersey Financial Services Commission under this law to the Company, Brooks Macdonald International Fund Managers Limited, JTC Fund Solutions (Jersey) Limited and Apex Financial Services (Corporate) Limited.

The Company is a recognised scheme under section 272 of the Financial Services and Markets Act 2000 (“FSMA”) of the UK and as such shares in the Company may be distributed to UK retail investors.

A UK investor will not have the right, provided under Section 15 (Cancellation) of the Conduct of Business Sourcebook published by the UK’s Financial Conduct Authority (“FCA”) as part of its Handbook of Rules and Guidance (the “FCA Rules”), to cancel any investment agreement entered into with the Company or the Manager.

Neither the Company nor the Manager carry on any regulated activity from a permanent place of business in the UK and UK investors are advised that most of the protections afforded by the UK regulatory system do not apply to an investment in the Company. Shareholders in the Company are not protected by the Financial Services Compensation Scheme established under section 213 FSMA, which does not apply to the Company or the Manager. However, limited protection is provided under the Collective Investment Funds (Recognized Funds) (Compensation for Investors) (Jersey) Regulations, 1988, as amended. Further details are provided in the Prospectus.

Any individual who is in any doubt about the investment to which the Prospectus relates should consult an authorised person specialising in advising on investments of this kind, such as a financial adviser.

### **Complaints**

Complaints about the operation of the Company may be made to the FCA.

### **UK Facilities Agent**

In accordance with the terms of a facilities agreement, the Company has appointed Brooks Macdonald Asset Management Limited (the “**UK Facilities Agent**”) who is responsible for providing facilities services to the Company and maintenance of the facilities required of a recognised scheme pursuant to the FCA Rules.

The UK Facilities Agent maintains facilities at 21 Lombard Street, London, England, EC3V 9AH in the UK. At these facilities, any person may:

1. inspect (free of charge), during normal business hours on weekdays (Saturdays, Sundays and English public holidays excepted), a copy of the following documents:
  - a. the Memorandum and Articles of Association of the Company and any instruments amending these;
  - b. the latest Prospectus including any addenda or supplements thereto;
  - c. the latest key information documents;
  - d. the latest annual and half-yearly reports; and
  - e. any other documents required from time to time by COLL to be made available;
2. obtain a copy of:
  - a. in English, any of the above documents (free of charge in the case of documents (b)-(d)); and
  - b. free of charge, details or copies of any notices which have been given or sent to shareholders;

3. obtain information (in English) relating to the prices of Shares;
4. arrange for the redemption of Shares (and obtain payment for such Shares); any redemption request received shall be sent to the Administrator for processing; and
5. make a complaint about the operation of the Company, which complaint will be transmitted to the Company.

Complaints about the UK Facilities Agent can be made to the Financial Ombudsman Service, Exchange Tower, London E14 9SR [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk).

## **United Kingdom Taxation**

The taxation of the Company and the UK Investors (as defined below) is subject, inter alia, to the fiscal law and practice of the jurisdiction of establishment and/or residence of the Company, the jurisdictions in which the Company (including any Fund) makes investments, and the jurisdictions in which UK Investors are resident or otherwise subject to tax.

The following is a general summary of the anticipated tax treatment in the UK, which is not intended to be comprehensive, does not constitute legal or tax advice and applies only to persons resident and (in the case of individuals) domiciled in the UK, holding Shares as an investment as the absolute beneficial owners thereof ("**UK Investors**"). It may not apply to certain categories of UK Investors and is only intended as a broad and general guide as to the anticipated taxation results for any UK Investor of investing in the Company. Investors should consult their own professional advisers on the UK tax implications of making an investment in and holding or disposing of Shares in the Company.

The comments set out below are based on current UK tax law as applied in England and Wales and HM Revenue & Customs practice (which may not be binding on HM Revenue & Customs) as at the date of the Prospectus; both of which are subject to change, possibly with retrospective effect.

### **Taxation of the Company**

The Company should be treated as a company for UK tax purposes. Accordingly, UK Investors should be treated as owning Shares in the Company itself (and not as directly owning an interest in each of the underlying investments held by the Company).

The Directors intend to conduct the affairs of the Company in such a manner as to minimise, as far as they consider reasonably practicable, taxation suffered by the Company in the UK. In particular, the Directors intend to conduct the affairs of the Company so that it does not become resident in the UK for taxation purposes. Accordingly, and provided that the Company does not carry on a trade in the UK, the Company should not be subject to UK income tax or corporation tax other than UK income tax on UK source income, UK income tax or corporation tax on certain income or capital offshore receipts deriving from UK property, including intangible property, or UK tax on chargeable gains deriving from UK real property interests.

Dividends, interest and other income as well as capital gains received by the Company may be subject to withholding or similar taxes imposed by the country in which such dividends, interest, other income or capital gains originate. The Company will not normally be eligible to benefit from any treaties for the relief of double taxation.

### **Taxation of Shareholders**

#### **Capital Gains**

##### **Application of the Offshore Funds Rules**

Since the Company provides arrangements for the separate pooling of the contributions of investors to the Company and the profits or income out of which payments are made to investors in the Company, the Company is an umbrella fund for the purposes of the UK's offshore funds regime.

Since the Company is an offshore fund for UK tax purposes, the UK offshore funds rules apply in relation to each Fund within the umbrella fund as if each such Fund or, where a Fund consists of more than one class of Shares, each class of Shares, formed a separate offshore fund for UK tax purposes.

##### ***Reporting Funds***

The following Funds have been approved by H.M. Revenue & Customs ("**HMRC**") in the UK as "Reporting Funds" for the purposes of the UK offshore funds rules:

High Income Fund

## Sterling Bond Fund

## Euro High Income Fund

Reporting Fund status will apply to each of these Funds for each period of account of the Company so long as the Company continues to comply with the applicable rules and does not elect for any Fund to become a Non-Reporting Fund.

The Company will make available a statement of Reportable Income and the Distributed Income of the Funds classed as Reporting Funds as at the annual accounting date of the Company to shareholders.

Provided Reporting Fund status is maintained at all times when a UK Investor holds Shares of a relevant Fund, any profit on a disposal of the Shares (for example, by way of transfer or redemption including switching between Funds) by the UK Investor should normally fall to be taxed as a capital gain (subject to the rules outlined below for corporate UK Investors in Bond Funds). UK resident individual Shareholders are currently subject to capital gains tax on their chargeable gains arising from disposals of Shares at the rate of 10% where their combined total taxable income and chargeable gains for the tax year do not exceed the basic rate band, and at 20% on chargeable gains in excess of that limit. Undistributed excess reported income (see below) in respect of Shares that is charged to income tax or corporation tax on the Shareholder should generally be treated as an addition to the Shareholder's cost of acquiring the Shares for the purposes of UK capital gains tax or corporation tax on chargeable gains.

If Reporting Fund status is not maintained in respect of a Fund for any accounting period falling within the period during which a UK Investor holds Shares of the Fund, any gain arising on a disposal of the Shares (for example, by way of transfer or redemption including switching between Funds) will normally constitute income for the purposes of the UK's offshore funds rules and, accordingly, will be liable to income tax or corporation tax on income, unless an exemption applies. In computing such gains, dividends received and then reinvested in acquiring further Shares can be added to the cost of the Shares disposed of and, as a result, reduce any liability to taxation on disposal. Losses on disposals of the Shares will be eligible for capital gains loss relief. UK Investors within the charge to corporation tax should note that in computing such gains or losses, no allowance for indexation of costs is available.

If an offshore fund ceases to be a non-reporting fund and becomes a reporting fund or vice versa, a shareholder in the fund both before and after the change of status can generally make an election to be treated as making a market value disposal, and immediate re-acquisition, of their shares in the fund on the change in status, for the purpose of preventing the offshore funds income tax charge applying to value accruing during the reporting fund phase.

### Equalisation

The Company will operate full equalisation arrangements in relation to each Fund which is a Reporting Fund and, therefore, if Shares are acquired by a UK Investor otherwise than at the beginning of the period over which distributions are calculated, this will give rise to an "Equalisation Amount" equal to the part of the subscription or acquisition price representing undistributed income of the Company accrued in the period of account up to the time of subscription or acquisition. This Equalisation Amount will (a) reduce the amount of any excess of reported income over the distributions made by the Company to the UK Investor in the reporting period and, to the extent the Equalisation Amount has not been fully used in so doing, (b) be deemed to reduce the amount of any actual distributions to the UK Investor in respect of the reporting period (but in each case not below nil), though an option exists to reverse the order of the deduction. On a subsequent disposal of the Shares the amount of any deemed reduction in the actual distributions to the UK Investor pursuant to the provision described in (b) above, will be treated as a part capital disposal and must be deducted from the original purchase cost of the Shares. The Company will provide information on the Equalisation Amount per Share in a letter to investors.

### Annual Exempt Amount

UK resident individual Shareholders may benefit from an annual exemption of £12,300 for 2021-2022 when computing their liability to capital gains tax on chargeable gains for that year, including gains on a disposal of Shares in a Reporting Fund.

## Bond Fund Rules

Under the rules for taxation of loan relationships contained in the Corporation Tax Act 2009, if any offshore fund (or any sub-fund or class thereof) holds (directly or indirectly), more than 60% by market value of its assets in, broadly, debt and debt-like assets, including money placed at interest, securities other than shares and certain derivatives, such offshore fund (or sub-fund or class thereof) will be a Bond Fund for the purposes of Chapter 3 of Part 6 of the Corporation Tax Act 2009. UK Investors within the charge to UK corporation tax investing in a Bond Fund will be subject to UK corporation tax on income on all profits and gains arising from fluctuations in the value of the Shares (since they must treat their interests as rights under a creditor loan relationship and bring into account for corporation tax purposes, debits and credits on the basis of fair value accounting). These rules will apply if, at any time during an accounting period of such UK Investor, the UK Investor holds shares in the offshore fund (or the sub-fund or class thereof) and, at that or any other time in that accounting period, the offshore fund (or sub-fund or class thereof) exceeds the 60% limit, even if the UK Investor was not holding those shares at any time in that period when the 60% limit was exceeded.

For UK Investors who are subject to income tax, distributions in respect of an accounting period (and, in the case of a Reporting Fund, any excess of reportable income over dividends paid treated as a distribution) made by a Fund that is a Bond Fund for that period will be subject to income tax as interest.

Given the current structure and investment objectives of the Funds, these rules may be relevant to certain Funds.

## **Income**

According to their personal circumstances, and subject to the points set out elsewhere in this summary, UK Investors will be liable to income tax or corporation tax in respect of (i) dividend or other income distributions (if any) of the Company (including dividends reinvested in further Shares), (ii) the excess of reported income over actual distributions in the case of Funds within the Reporting Fund regime, and (iii) any gain arising on a disposal or deemed disposal of an interest in Shares that constitutes an interest in a Non-Reporting Fund (see above). In the case of Funds within the Reporting Fund regime, the excess reported income will be deemed to arise to UK Shareholders on the date six months following the end of the reporting period.

UK Investors who are within the charge to corporation tax in respect of their Shares will generally be exempt from corporation tax on dividends or other distributions of an income nature, unless the Bond Fund Rules apply (see above) or certain anti-avoidance provisions apply. Special rules exist for investors that are small companies.

The rates of income tax applying to dividend income arising to UK resident individual shareholders for the tax year 2021-22 are 0% in respect of an initial band of £2,000 of dividend income and, above that band, 7.5% on dividends to the extent that they fall within the basic rate band, 32.5% on dividends to the extent that they fall within the higher rate band and 38.1% on dividends to the extent that they fall within the additional rate band. In calculating into which tax band any dividend income falls, dividend income is treated as the highest part or top slice of an individual's income.

UK Investors who are within the charge to UK income tax and who hold interests in Shares in respect of which the Bond Fund Rules apply (see above) will be subject to UK income tax on all distributions as if they were interest distributions.

## Investors Non-Domiciled in the UK

UK Investors who are individuals non-domiciled (and not deemed to be domiciled) in the UK for UK tax purposes and who claim to be taxed on the remittance basis will, if the remittance basis of UK taxation applies in respect of specified offshore income, profits and capital gains in respect of an interest in Shares, only be taxed in the UK to the extent that their allocated share of such income, profits and capital gains is remitted to the UK or is deemed, under complex rules that include tracing and identification rules, to be remitted to the UK.

## Other Specific Types of Investor

Special rules apply to UK Investors that are life insurance companies, pension schemes, investment trusts, authorised unit trusts and open-ended investment companies in the UK.

## **Anti-Avoidance**

### Transfer of Assets Abroad

The attention of individuals resident in the UK is drawn to the provisions of Chapter 2 of Part 13 of the Income Tax Act 2007. These provisions are aimed at preventing the avoidance of income tax by individuals through transactions resulting in the transfer of assets or income to persons (including companies) resident or domiciled abroad, and may, subject to certain exemptions, render them liable to taxation in respect of undistributed income and profits of the person to whom the assets or income were transferred on an annual basis. These provisions also apply to individuals resident in the UK but domiciled outside the UK, but subject to possible modification if they make a claim to be assessed to UK income tax on the remittance basis.

### Controlled Foreign Company Rules

The Taxation (International and Other Provisions) Act 2010 contains provisions which subject certain UK resident companies, to tax on profits of companies not so resident in which they have an interest. These rules may be relevant to certain UK Investors, specifically UK resident companies which (alone or together with associated or connected persons) are deemed to be interested (whether directly or indirectly) in at least 25% of the profits of a non-resident company which is controlled by residents of the UK and is resident in a low tax jurisdiction. The legislation is not directed towards the taxation of capital gains.

#### Attribution of Gains of Non-Resident Companies

The attention of UK Investors is drawn to Section 3 of the Taxation of Chargeable Gains Act 1992. UK Investors may, subject to certain exemptions, have a proportionate share of any chargeable gains of the Company attributed to them for the purposes of UK tax on chargeable gains where more than 25% of the gain would be attributed to such UK Investor (whether alone or together with certain persons connected with him), and where at the same time the Company is controlled in such a manner as to render it a company that would, were it to be resident in the UK, be a close company for UK tax purposes.

#### Transactions in securities

The attention of UK resident Shareholders is drawn to the “transactions in securities” provisions of the Income Tax Act Part 13 Chapter 1 and the Corporation Tax Act 2010 Part 15. These provisions cancel tax advantages from certain transactions in securities and may render such Shareholders liable to UK taxation in respect of, inter alia, the issue, redemption or sale of Shares or distributions of a capital nature in respect of them.

#### **Inheritance Tax**

A gift of Shares or the death of a holder of Shares may give rise to a liability to UK inheritance tax. For these purposes, a transfer of assets at less than their full market value may be treated as a gift. However, an individual who is not domiciled (or deemed to be domiciled) in the UK for inheritance tax purposes is not generally within the scope of inheritance tax as respects assets situated outside the UK. Shares in the Company should constitute assets situated outside the UK for inheritance tax purposes.

#### **UK Stamp Duty**

A written instrument of transfer relating to Shares may be subject to UK stamp duty where the Shares are being transferred by way of a sale and the instrument is executed in the UK, relates to any property situated in the UK or relates to something done, or to be done, in the UK. The amount of stamp duty payable should normally be limited to 0.5% of the consideration for the sale of such Shares.

No stamp duty is payable in relation to a transfer otherwise than on sale.

Stamp duty cannot be assessed by HMRC and there is no requirement for an instrument to be stamped. However, an unstamped instrument cannot be used as evidence in UK civil court proceedings unless it (a) was not executed in the UK, (b) does not relate to assets situated in the UK and (c) does not relate to anything done or to be done in the UK.

No stamp duty reserve tax should normally be payable on agreements to transfer Shares, provided that the Shares are not registered on any register kept in the UK and are not paired with shares issued by a body corporate incorporated in the UK.

#### **Tax information reporting regimes applicable to the Company**

Under tax information reporting regimes applicable to the Company, the Company may be required to provide the Jersey tax authority with information relating to Shareholders and their holdings of Shares. This information may be shared with other tax authorities, including HM Revenue and Customs. For more information on tax information reporting, see the section headed “Information Exchange” in the Taxation section of the full Prospectus.

**February 2022**