

## Chapter 15

# Closed-Ended Investment Funds: Premium listing



15.6 Notifications and periodic financial information

Changes to tax status

15.6.1 R A closed-ended investment fund must notify any change in its taxation status to a RIS as soon as possible.

Annual financial report

15.6.2 R In addition to the requirements in LR 9.8 (Annual financial report), a closed-ended investment fund must include in its annual financial report:

- (1) a statement (including a quantitative analysis) explaining how it has invested its assets with a view to spreading investment risk in accordance with its published investment policy;
- (2) a statement, set out in a prominent position, as to whether in the opinion of the directors, the continuing appointment of the investment manager on the terms agreed is in the interests of its shareholders as a whole, together with a statement of the reasons for this view;
- (3) the names of the fund's investment managers and a summary of the principal contents of any agreements between the closed-ended investment fund and each of the investment managers, including but not limited to:
  - (a) an indication of the terms and duration of their appointment;
  - (b) the basis for their remuneration; and
  - (c) any arrangements relating to the termination of their appointment, including compensation payable in the event of termination;
- (4) [deleted]
- (5) the full text of its current published investment policy; and
- (6) a comprehensive and meaningful analysis of its portfolio.

Annual financial report additional requirements for property investment entities

15.6.3 R A closed-ended investment fund that, as at the end of its financial year, has invested more than 20% of its assets in property must include in its annual

financial report a summary of the valuation of its portfolio, carried out in accordance with ■ LR 15.6.4 R.

**15.6.4** **R** A valuation required by ■ LR 15.6.3 R must:

- (1) either:
  - (a) be made in accordance with the Appraisal and Valuation Standards (6th edition) issued by the Royal Institution of Chartered Surveyors; or
  - (b) where the valuation does not comply in all applicable respects with the Appraisal and Valuation Standards (6th edition) issued by the Royal Institution of Chartered Surveyors, include a statement which sets out a full explanation of such non-compliance; and
- (2) be carried out by an external valuer as defined in the Appraisal and Valuation Standards (6th edition) issued by the Royal Institution of Chartered Surveyors.

**15.6.5** **R** The summary described in ■ LR 15.6.3 R must include:

- (1) the total value of *properties* held at the year end;
- (2) totals of the cost of *properties* acquired;
- (3) the net book value of *properties* disposed of during the year; and
- (4) an indication of the geographical location and type of *properties* held at the year end.

#### **Statement regarding compliance with UK Corporate Governance Code**

- 15.6.6** **R**
- (1) This *rule* applies to a *closed-ended investment fund* that has no executive *directors*.
  - (2) A *closed-ended investment fund's* statement required by ■ LR 9.8.6R (6) need not include details about Principles P, Q and R and Provisions 32 to 41 *UK Corporate Governance Code* except to the extent that those Principles or Provisions relate specifically to non-executive *directors*.

#### **Annual financial and half yearly report**

- 15.6.7** **R**
- In addition to the requirements in ■ LR 9 (Continuing obligations), half-yearly reports and, if applicable, preliminary statements of annual results must include information showing the split between:
- (1) dividend and interest received; and
  - (2) other forms of income (including income of associated companies).

Notification of cross-holdings

15.6.8

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A *closed-ended investment fund* must notify to a *RIS* within five *business days* of the end of each quarter a list of all investments in other *listed closed-ended investment funds*, as at the last *business day* of that quarter, which themselves do not have stated investment policies to invest no more than 15% of their total assets in other *listed closed-ended investment funds*.