

SUPPLEMENTARY INFORMATION

This document provides supplementary information about your investment in the Discovery Fund (the Funds) for which T. Bailey Fund Managers Limited acts as the Authorised Corporate Director (ACD). This document should be read by UK retail investors alongside the relevant Key Investor Information (KII) document, Application form and ISA Terms and Conditions. For full detail of the Discovery Fund please also refer to the Prospectus. All fund documentation is available at www.tbailey.co.uk/discovery.

Please note that nothing in this document should be taken to be financial advice – if you have any doubt whether the Discovery Fund is suitable for you and you wish to receive advice, you should contact a Financial Adviser.

The Discovery Fund – Discovery Balanced Fund Discovery Managed Growth Fund

The Authorised Corporate Director is: T. Bailey Fund Managers Limited (T. Bailey).
The Investment Manager is: Cheviot Asset Management Limited.



What is the Key Investor Information (KII) document and what is the Supplementary Information (SI) document?

The KII document contains details of the investment objective, charges, risks, past performance and basic practical information. The KII document replaces the Simplified Prospectus. All UCITS funds have to produce a KII document in a standard format and KII documents are aimed at helping you compare funds more easily and assess whether a particular fund meets your needs. A separate KII document is produced for each share class.

The SI document contains additional information required by the Financial Services Authority (FSA) to be disclosed to retail investors (information on cancellation rights, complaints and compensation) and also includes more detailed practical information that is not shown in the KII document.

If you are considering an investment into the Discovery Fund, you should read the relevant KII document and the SI document carefully so you understand what you are buying, and you should keep a copy for future reference. The latest versions of the KII and SI documents can either be downloaded from our website (www.tbailey.co.uk/discovery) or can be requested by calling us on 0115 988 8270.

The FSA requires the following information to be disclosed to all UK retail investors:

What if I change my mind?

You are entitled to cancel your investment should you change your mind. You have 14 days from the date of the contract in which to exercise your right to cancel. Details of how you might exercise these rights are contained in the contract note that will be sent to you confirming your investment. Investors opting to cancel may receive less than their original investment if the share price falls subsequent to their initial purchase.

What if I have a complaint?

If you wish to make a complaint about any aspect of the service you have received, or to request a copy of our complaints handling procedures, please contact us at the following address: **The Compliance Officer, T. Bailey Fund Managers Limited, 64 St. James's Street, Nottingham NG1 6FJ**. We will inform you of your rights when answering your complaint.

The ACD has documented procedures that comply with the FSA Handbook of Rules for the due consideration and proper handling of complaints. If your complaint is not resolved by us to your satisfaction, you may be entitled to refer it to the **Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR**. See also www.financial-ombudsman.org.uk.

What if you cannot afford to pay me any compensation due?

We are covered by the Financial Services Compensation Scheme which offers compensation when an authorised firm is unable to pay claims against it. You may be entitled to compensation from the scheme if we cannot meet our obligations to you. Most types of investment business are covered for 100% of the first £50,000. Further information about compensation arrangements is available from: **The Financial Services Compensation Scheme, 7th Floor, Lloyds Chambers, 1 Portsofen Street, London E1 8BN**. See also www.fscs.org.uk.

Additional practical information

How can I make an investment?

To invest, please complete an application form and send it to us at the address shown at the end of this document, along with your cheque made payable to T. Bailey Fund Managers Limited. Payment can also be made by electronic transfer – please contact us for details. You can also invest a lump sum via the telephone by contacting us on 0115 988 8270. Please note that to invest in a stocks and shares ISA (see below) you will need to complete an application form as we require a signed declaration. Please also note that you will be asked to confirm that you have read the latest version of the KII document for the relevant share class prior to investing.

Any application you make will be transacted at the next available valuation point (i.e. the funds are forward priced). The Funds value daily on normal UK business days at 8am. Ownership of shares will be evidenced by entry onto the share register – you will not receive a certificate for your investment. A contract note showing details of your transaction will be sent to you (and your adviser if you have one) by the end of the next business day following the valuation point.

You can invest a lump sum subject to the following minimum investment levels:

	Sterling shares	US Dollar shares	Euro shares
Minimum initial lump sum:	£3,000	\$5,000	€5,000
Minimum regular savings amount:	£50 per month	\$100	€75

Regular savers scheme

For regular savings, you will also need to complete a Direct Debit mandate which forms part of the application form. A cheque should be sent for the first payment. Once the Direct Debit has been set up, it will be collected on the 1st calendar day (or next business day) of each month. Monies are collected into a client money account and deals are placed when cleared funds have been received by the ACD. Please also see the Direct Debit guarantee at the end of this document. Regular savers will receive a letter confirming their application has been accepted, but will only receive a contract note for their first investment.

How do I sell shares?

You may sell shares by writing to T. Bailey at the address shown at the end of this document or by contacting T. Bailey on 0115 988 8270. Shares will be redeemed at the next valuation point after we accept your instructions. A contract note will be sent to you following the transaction and will include a form of renunciation for you to sign and return (if a signed written instruction has not already been received). For accounts with multiple shareholders, renunciation instructions should be signed in accordance with the signatory list submitted with the original application. We will send you the proceeds within four working days of the later of the day the shares are sold and the day we accept your completed form of renunciation/ signed written instruction.

How will I track the progress of my investment?

The price of shares is published daily at www.fundlistings.com. In addition, the latest price or individual valuations can be obtained by calling the ACD on 0115 988 8270. Statements confirming transactions and the value of holdings will be prepared as at 31 January and 31 July each year. Statements will be sent to you within 25 business days of the statement date. Retail clients have the right to request statements on a quarterly basis rather than a six-monthly basis.

Every six months (as at 31 January and 31 July) we will also prepare the annual or interim short reports. These will be sent to shareholders by 31 May and 30 September respectively.

Do I receive any income?

Discovery Managed Growth Fund:

As this fund is intended for investors seeking long-term capital growth, all income arising within it is reinvested into the value of shares. In other words the shares are all accumulation shares. The annual income allocation date is 31 March and the interim income allocation date is 30 September.

Discovery Balanced Fund:

Both income shares and accumulation shares are available. The income applicable to income shares is distributed quarterly (31 March, 30 June, 30 September, 31 December). Income is also allocated to accumulation shares on these dates.

Please note that all Junior ISA investments will be made into accumulation shares only.

ISA wrappers

Shares in the Discovery Fund are available for the stocks and shares component of an Individual Savings Account ("ISA") and Junior Individual Savings Account ("JISA"). The aim of these wrappers is to be a tax efficient means of holding an investment.

An ISA is a "wrapper" in which you can place different types of investments (components) without having to pay tax on the investment growth, income or interest produced. Anyone aged 18 or over can invest in a stocks and shares ISA, provided they are resident and ordinarily resident in the UK for tax purposes. ISAs may not be taken out in joint names. The current annual ISA investment allowance (tax year 2012/13) is £11,280. The full £11,280 can be invested in a stocks and shares ISA. Up to £5,640 can be saved in a cash ISA with one provider. The remainder of the £11,280 can then be invested in stocks and shares with either the same or a different provider.

A JISA is a type of ISA available to 'eligible children' in respect of which instructions are given by a 'registered contact'. An eligible child must be under the age of 18, born on or after 3 January 2011 or not have a Child Trust Fund account, and be resident and ordinarily resident in the UK for tax purposes. The JISA will be registered in the name of the child and the investments acquired are for the beneficial ownership of the child. The applicant (registered contact) needs to be over 16 and should have parental responsibility for the child or could alternatively be the child themselves if they are between 16 and 18 and otherwise eligible for a JISA. Investments into a JISA can be made by anyone subject to the annual allowance. Once the child turns 18 the JISA is transferred into an 'adult' ISA and the child gains control of the account.

The current annual JISA investment allowance (tax year 2012/13) is £3,600 per child. The full £3,600 can be invested in a stocks and shares JISA or in a cash JISA, or the investment could be split. However, an eligible child can only have one JISA of each type at any time throughout their childhood.

Please see the relevant application forms (available from www.tbailey.co.uk/discovery) which include full ISA/ JISA terms and conditions.

How and why will you verify my identity?

We are legally obliged to verify your identity for anti-money laundering purposes. As a consequence, investors may be required to provide proof of identity and address when buying and selling shares. Verification of identity checks may also be conducted electronically.

We will not be able to release any sales proceeds to you until we have successfully verified your identity.

Taxation

The following summary of certain relevant taxation provisions is based on current law and practice and does not constitute legal or tax advice. It does not purport to deal with all the tax consequences applicable to the Funds or to all categories of investors, some of whom may be subject to special rules. The regime of taxation of the income or capital gains received by investors depends on the tax law applicable to the personal situation of each investor and/or to the place where the capital is invested. Shareholders and potential investors are advised to consult their professional advisers concerning possible taxation or other consequences of purchasing, holding, selling, converting or otherwise disposing of shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile and in the light of their particular circumstances.

Each fund is treated as a separate entity for United Kingdom tax purposes and is liable to Corporation Tax at the rate of 20% on taxable income, net of expenses.

ISAs/ JISAs

ISA and JISA investors currently have no income or capital gains tax liability on their investment.

Income tax

Dividend distributions from the Funds are paid net of 10% tax. Basic rate taxpayers have no further liability, but higher rate taxpayers will be liable to additional tax. Non-UK resident investors may be able to reclaim all or part of the tax deducted from HM Revenue & Customs. In the case of accumulation shares no distribution of income is made, although a notional distribution is calculated and advised to shareholders for tax reasons. Despite not receiving an income distribution investors may still be liable to tax on it. Tax vouchers will be sent on or before the income allocation date to all shareholders holding shares outside of a tax wrapper.

Capital gains tax

Capital gains within the Fund are not liable to tax. Transactions of shares by investors in the Funds, however, may be. When you sell shares, any profits may be liable to capital gains tax if your overall gains for the tax year are over the current limit available to UK taxpayers.

More detailed information about taxation is contained in the full Prospectus. Investors holding the Funds outside of an ISA should declare any income, gains or losses on their tax returns. See www.hmrc.gov.uk for more details.

Miscellaneous

Dilution Levy

As a result of transactions a fund may suffer a reduction in value as costs are incurred in dealing in the underlying investments. To mitigate these costs, we may need to impose a charge known as a dilution levy to protect existing investors from subsidising new entrants and subsidising those exiting the fund. This charge is paid into the relevant fund. Dilution levy will be charged in a way that is, as far as practicable, fair to all shareholders, and is more likely to be charged on larger deals. More details are contained in the Prospectus.

US Persons

Please note that the Discovery Fund is not available for investment by US persons.

Data Protection

We will use information held about investors in order to service our relationship with them. You consent to processing by T. Bailey or associated companies (including companies to whom administrative functions have been delegated) of personal data submitted by you in the course of your use of our services and to the transmission of such material to associated companies (including companies to whom administrative functions have been delegated) for any purpose that the T. Bailey sees fit.

Liability

T. Bailey will not be liable for any loss you may experience through a fall in the value of your investments. T. Bailey accepts no responsibility for any loss or delay caused in the transfer or payment to T. Bailey of the funds to be invested.

Client Money

We may need to hold money on your behalf in a client money account from time to time in accordance with FSA regulations. No interest will be paid on monies held in the client money account.

What happens to my investment on death?

Your investment will form part of your estate on death and, on production of the death certificate and the grant of probate or letters of administration, can be sold or re-registered in the name of the executors or administrators of the estate or a beneficiary, or in the names of the surviving investors.

Governing Law

T. Bailey and the Discovery Fund operate under and are governed by the law of England and Wales. The documentation relating to your investment will be supplied in the English language.

The Direct Debit Guarantee

Please keep this section for your records



- This Guarantee is offered by all banks and building societies that accept instructions to pay Direct Debits.
- If there are any changes to the amount, date or frequency of your Direct Debit T. Bailey Fund Managers Limited will notify you 10 working days in advance of your account being debited or as otherwise agreed. If you request T. Bailey Fund Managers Limited to collect a payment, confirmation of the amount and date will be given to you at the time of the request.
- If an error is made in the payment of your Direct Debit by T. Bailey Fund Managers Limited or your bank or building society you are entitled to a full and immediate refund of the amount paid from your bank or building society.
- If you receive a refund you are not entitled to, you must pay it back when T. Bailey Fund Managers Limited asks you to.
- You can cancel a Direct Debit at any time by simply contacting your bank or building society. Written confirmation may be required. Please also notify us.

The Discovery Fund, T. Bailey Fund Managers Limited and Cheviot Asset Management Limited are authorised in the UK and are regulated by the Financial Services Authority.

This document is accurate as at **29 June 2012**. The information contained is updated at least annually, but may be updated more frequently. Please check the website (details below) for the most recent version. Calls to T. Bailey will be recorded.

Authorised Fund Manager Contact Details

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T: 0115 988 8270 F: 0115 9888 222 W: www.tbailey.co.uk/discovery