

Chapter 11

Closed-ended investment funds: requirements for listing and continuing obligations



11.7 Notifications and periodic financial information

Changes to tax status

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

Annual financial report

11.7.2 **R** In addition to the requirements in **UKLR 6.6** (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) the full text of its current published investment policy; and
- (5) a comprehensive and meaningful analysis of its portfolio.

Annual financial and half yearly report

11.7.3 **R** In addition to the requirements in **UKLR 6** (Equity shares (commercial companies): 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).

Annual financial report additional requirements for property investment entities

11.7.4 **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 **■ UKLR 11.7.5R**.

11.7.5 **R** A valuation required by **■ UKLR 11.7.4R** 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.

11.7.6 **R** The summary described in **■ UKLR 11.7.4R** 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

11.7.7 **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 **■ UKLR 6.6.6R(6)** need not include details about Principles P, Q and R and Provisions 32 to 41 of the *UK Corporate Governance Code*, except to the extent that those principles or provisions relate specifically to non-executive *directors*.

Notification of cross-holdings

11.7.8

R

A *closed-ended investment fund* must notify to a *RIS* within 5 *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*.