

THE MARKS AND SPENCER UK100 COMPANIES FUND

PROSPECTUS

8 August 2011

This document contains the information the Financial Services Authority requires us to publish about the Marks & Spencer UK 100 Companies Fund.

It is intended to provide comprehensive details to help investors make a balanced and informed decision about the merits of participating in the Fund.

The Financial Services Authority has made detailed rules that state exactly what we can, and cannot, include in this document. This means it contains a lot of technical information, much of which needs to be written in legal terms.

This document is important and you should read all the information contained in it carefully. You should note that there are risks associated with investments in this Fund. These are summarised in the section titled 'Risks' on page 16.

If you are in any doubt about its contents please telephone us on 0808 005 5555* (calls may be recorded) or contact your Independent Financial Advisor.

***Lines are open from 8am - 8pm Monday to Friday, 9am - 5pm on Saturdays, 10am - 4pm bank holidays (closed on Sundays, Christmas Day, Boxing Day and New Year's Day). Please be aware that opening hours may be restricted over the Christmas period. Please contact us for details.**

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1. DESCRIPTION OF THE FUND

The Fund is called the Marks & Spencer UK 100 Companies Fund ("the Fund").

The Fund is an authorised unit trust scheme. Unitholders are not liable for the debts of the Fund.

The Fund is a UCITS scheme (Undertakings for Collective Investment in Transferable Securities).

The Fund is authorised by the Financial Services Authority ("the FSA"). It was authorised on 8 March 1995.

The base currency of the Fund is Pounds Sterling.

The Trustee will wind-up the Fund under the following circumstances:

- (i) if the order declaring the Fund to be an authorised unit trust scheme is revoked, or
- (ii) if the Manager or the Trustee requests the FSA to revoke the order declaring the Fund to be an authorised unit trust scheme and the FSA has agreed (provided no material change in any relevant factor occurs) that on the winding-up of the Fund, the FSA will agree to that request, or
- (iii) on the effective date of a duly approved scheme of arrangement which is to result in the Fund being left with no property.

If any of these events occur, the Rules concerning Pricing and Dealing will cease to apply, the Trustee shall cease the creation and cancellation of units and the Manager will stop buying and selling units.

In the case of a scheme of arrangement referred to in paragraph (iii) above, the Trustee will wind-up the Fund in accordance with the scheme of arrangement. In any other case, the Trustee shall, as soon as practicable after the Fund falls to be wound-up realise the assets of the Fund and, after paying or obtaining adequate provision for all liabilities properly payable and retaining provision for the costs of the winding-up distribute the proceeds to the Unitholders and the Manager proportionately to the size of their unitholdings as at the date of the relevant event leading to the winding up.

Any unclaimed net proceeds or other cash (including unclaimed distribution payments) held by the Trustee after twelve months from the date the proceeds became payable shall be paid by the Trustee into court, although the Trustee will have the right to retain any expenses incurred in making and relating to that payment.

The Trustee and one or more Unitholders may agree the requirement to realise the Fund property does not apply to that part of the property proportionate to that of those Unitholders. In that case the Trustee may distribute that part in the form of property, after making adjustments or retaining provisions as appears to the Trustee appropriate for ensuring that those Unitholders bear a proportionate share of the liability and costs.

On completion of the winding-up, the Trustee or the Manager shall request the FSA to revoke the order of authorisation.

2. INVESTMENT OBJECTIVES AND POLICY

The Fund Objective is to provide long term capital growth by matching the performance of the FTSE ® 100 Index as closely as practically possible.

Policy: The Fund seeks to achieve this objective by replicating the FTSE ® 100 Index. It will invest in companies that make up the FTSE ® 100 Index and may also invest in other transferable securities, collective investment schemes, money market instruments, deposits, cash and near cash instruments that will assist the Fund achieve its objective.

The Fund may use derivative instruments (options, futures and contracts for differences) and forward transactions in a currency for the purposes of efficient portfolio management. These instruments can therefore be used to reduce risk, reduce costs, or generate additional capital or income with no, or low levels of, risk.

The Manager's investment policy may mean that at times it is appropriate not to fully invest but to hold cash or near cash. This will only occur when the Manager reasonably regards it as necessary to exactly replicate the FTSE ® 100 Index or where the exact composition would result in poor liquidity or excessive cost to the Fund in trading in an underlying investment.

Transferable securities that are not approved securities may be held within the Fund provided the total of such securities does not exceed 10% in value of the property of the Fund. This 10% limit is inclusive of recently issued securities.

There are risks associated with investments in the Fund. These are summarised in the section titled 'Risks' on page 18.

Eligible Securities and Derivatives Markets

Eligible securities markets are eligible for the purposes of the rules if they are a regulated market (as defined in the Rules) or a market in an European Economic Area (EEA) state which is regulated, operates regularly and is open to the public or, following consultation with and notification to the Trustee, the Manager decides that market is appropriate for investment of or dealing in scheme property, it is included in a list in the prospectus and the Trustee has taken reasonable care to determine that adequate custody arrangements can be provided for the investment dealt in on that market and all reasonable steps have been taken by the manager in deciding whether that market is eligible. The eligible securities and derivatives markets which the investment adviser, HSBC Global Asset Management (UK) Limited may trade on for the Fund are:

United Kingdom of Great Britain and Northern Ireland

London Stock Exchange (LSE)
Alternative Investment Market (AIM)
NYSE Liffe (NYSE Euronext)
PLUS Markets (PLUS SX & PLUS DX)
EMX
Over the counter market (OTC)

Borrowing powers

The Trustee may, on the instruction of the Manager and subject to the Rules, borrow money for the use of the Fund on terms that the borrowing is to be repayable out of the property of the Fund from an 'eligible institution' or an approved bank (as defined in the Rules).

Borrowing must be on a temporary basis, must not be persistent and in any event the borrowing period must not exceed three months without the prior consent of the Trustee, which may be given only on such conditions as appear appropriate to the Trustee to ensure that the borrowing does not cease to be on a temporary basis. The Manager must ensure that borrowing does not, on any business day, exceed 10% in value of the property of the Fund. These borrowing restrictions do not apply to back to back borrowing for currency hedging purposes (i.e. borrowing permitted in order to reduce or eliminate risk arising by reason of fluctuations in exchange rates).

Restrictions

The Fund will be invested at all times to ensure that it is a qualifying investment for individual savings accounts.

The investment objectives and policy of the Fund (and any investment guidelines set by the Manager with a view to achieving the investment objective) are subject to the limits on investment under the Trust Deed and the Rules.

The limits in investments under the Trust Deed and the Rules which apply to the Fund are as summarised below:

- (a) Not more than 5% in value of the scheme property is to consist of transferable securities or approved money market instruments issued by any single body. This limit may be increased to 10% in respect of 40% in value of the property of the Fund. However, as a replicator fund, up to 20% in value of the scheme property may be invested in shares and debentures which are

issued by the same body. As an exception to this, up to 35% in value of the scheme property may be invested in such securities, but only in respect of one body and where justified by exceptional market conditions. The Fund is not permitted to invest in covered bonds.

- (b) Up to 35% of the property of the Fund may be invested in UK Government and other public securities (as defined by the Rules) issued by any one body. Subject to this restriction, there is no limit on the amount of the property of the Fund which may be invested in Government and other public securities issued by any one body in any one issue.
- (c) The property of Fund can consist of approved money market instruments which are normally dealt in on the money market, are liquid and whose value can be accurately determined at any time, provided the instrument is:
 - 1.
 - (i) admitted to or dealt in on an eligible market which is a regulated market;
 - (ii) dealt in a market in a state of the EEA which is regulated and operates regularly and is open to the public; or
 - (iii) admitted to or dealt in any market which the Manager after consultation and notification to the Trustee decides is appropriate; or
 - 2. an approved money-market instrument issued or guaranteed by:
 - (i) a central, regional or local authority or central bank of an EEA State, the European Central Bank, the European Union or the European Investment Bank, a non-EEA State or, in the case of a federal state, by one of the members making up the federation, or by a public international body to which one or more EEA States belong; or
 - (ii) an establishment subject to prudential supervision in accordance with criteria defined by Community law or an establishment which is subject to and complies with prudential rules considered by the FSA to be at least as stringent as those laid down by Community law; or
 - 3. issued by a body, any securities of which are dealt in on an eligible market.

Up to 10 per cent. of the value of property of the Fund may consist of money market instruments not referred to above.

- (e) The Fund must not acquire:
 - (i) transferable securities (other than debt securities) which do not carry a right to vote on any matter at a general meeting of the body corporate that issued them and represent more than 10% of those securities issued by that body corporate, or
 - (ii) more than 10% of the debt securities issued by any single body, or
 - (iii) more than 10% of the units in a collective investment scheme, or
 - (iv) more than 10% of the approved money market instruments issued by any single body.
- (f) Up to 5% in value of the property of the Fund may consist of warrants, provided that warrants may only be held if it is reasonably foreseeable that the exercise of the rights conferred by the warrants will not contravene the Rules.
- (g) Securities on which any sum is unpaid may be held provided that it is reasonably foreseeable that the amount of any existing or potential call for any sum unpaid could be paid by the Fund at any time when the payment is required without contravening the Rules.
- (h) Up to 5% in value of the property of the Fund may be invested in units in other collective investment schemes subject to certain conditions being met (for instance other "UCITS" schemes or collective investment schemes whose investment powers are to invest predominantly in transferable securities, which limit their own investments in collective investment schemes to 10%, which limit their use of derivatives to efficient portfolio

management and their use of warrants to 5% of the value of their property. No investments may be made in other collective investment schemes managed by the Manager or an associate of the Manager.

(i) The Fund may invest in deposits only if it:

- is with an approved bank (as defined in the FSA Rules);
- is repayable on demand, or has the right to be withdrawn; and
- matures in no more than 12 months.

Not more than 20% in value of the property of the Fund is to consist of deposits with a single body.

(j) The Fund must not retain cash or near cash except to the extent that this may be reasonably be regarded as necessary in order to enable the pursuit of the Fund's investment objectives, redemption of units, efficient management of the Fund in accordance with its investment objectives, or other purposes ancillary to the investment objectives of the Fund.

(k) The Manager must not acquire, or cause to be acquired for the Fund, transferable securities issued by any body corporate and carrying rights to vote (whether or not on substantially all matters) at a general meeting of the body corporate if immediately before acquisition the aggregate of any such securities held for the Fund, taken together with any such securities already held for other authorised unit trusts of which it is also the manager, gives the Manager power significantly to influence the conduct of business of that body corporate or the acquisition gives the manager that power. The Manager is taken to have such power if it can, because of the transferable securities held for all the authorised unit trusts of which it is manager, exercise or control the exercise of 20% or more of the voting rights in that body corporate (disregarding for this purposes any temporary suspension of voting rights in respect of the transferable securities of that body corporate).

A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held by the Fund if the consent of the Trustees is obtained in writing but, in the event of consequent breach, the Manager must then take such steps as are necessary to restore compliance with the investment limits.

Derivatives Transactions

The Manager may use derivative transactions for the purposes of efficient portfolio management (EPM). Any trading in derivatives will be controlled so that it does not increase the risk profile of the Fund.

The techniques and instruments used must relate to asset classes otherwise permitted for the Fund. Permitted transactions include derivatives transactions (involving options, futures and contracts for differences), or forward transactions in a currency. A derivatives transaction must be in an approved derivative or in certain circumstances an off-exchange option (involving an option or a contract for differences resembling an option) or a synthetic future. Approved derivatives are derivatives dealt in or traded on derivatives markets which are eligible. Eligible derivatives markets are those which the Manager after consultation with and notification to the Trustee has decided are appropriate for the purpose of investment of or dealing in the property of the Fund with regard to the relevant criteria set out in the Rules and the Guidance on eligible markets issued by the FSA as amended from time to time.

The eligible derivatives markets for the Fund are listed above.

A derivatives or forward transaction which would or could lead to delivery of property to the Trustee may be entered into only if such property can be held by the Fund, and the Manager reasonably believes that delivery of the property pursuant to the transaction will not lead to a breach of the Rules.

There is no limit on the amount of the property of the Fund which may be used for EPM purposes, but the transaction must be economically appropriate in that it is realised in a cost effective way for the purposes of efficient portfolio management and the exposure must be fully covered by cash or other property sufficient to meet any obligation to pay or deliver that could arise and the transactions must

be entered into and the purposes of such a transaction must be to achieve one of the following in respect of the Fund:

- reduction of risk, or
- reduction of cost, or
- the generation of additional capital or income for the Fund with no, or an acceptably low level of, risk. There is an acceptably low level of risk in any case where the Manager reasonably believes that the Fund is certain (or certain barring events which are not reasonably foreseeable) to derive a benefit
 - a. where the Fund takes advantage of pricing imperfections in relation to the acquisition and disposal of rights in relation to the same or equivalent property being property, which the Fund holds or may properly hold, or
 - b. where the Fund receives a premium for the writing of a covered call option or a covered put option (even if the benefit is obtained at the expense of the change of yet greater benefit), or
 - c. pursuant to stocklending as permitted by the Rules referred to below.

The relevant purpose must relate to property of the Fund, property (whether precisely identified or not) which is to be or is proposed to be acquired for the Fund and anticipated cash receipts of the Fund, if due to be received at some time and likely to be received within one month.

As mentioned above, a transaction must be economically appropriate in that it is realised in a cost effective way for the efficient portfolio management of the Fund. This means that, for transactions undertaken to reduce the risk or cost (or both), the transaction alone or in combination will diminish a risk or cost of a kind or level which it is sensible to reduce and, for a transaction undertaken to generate additional capital or income, so-called 'enhancement strategies', the Fund is certain (or barring certain events which are not reasonably foreseeable) to derive a benefit from the transaction. EPM may not include speculative transactions.

The aims of reduction of risk or cost together or separately, allow the Managers to utilise the technique of tactical asset allocation. Tactical asset allocation permits the Manager to undertake a switch in exposure by use of derivatives rather than by sale and purchase of the underlying property. Tactical asset allocation may only be used by the Fund on a temporary basis. If a transaction relates to the acquisition or potential acquisition of transferable securities, the Manager must intend that the Fund should invest in transferable securities within a reasonable time and the Manager must thereafter ensure that, unless the position has itself been closed out, that intention is realised within that reasonable time.

Not more than 5% of the value of the scheme property of the Fund is to be directed to initial outlay in respect of over the counter transactions with any one counterparty.

With regard to cover, each transaction must be covered "individually" by property of the right kind (i.e. appropriate stock or property for exposure in terms of property; cash or "near cash" for exposure in terms of cash) and also "globally" (i.e. after providing cover for existing transactions there is adequate cover for another transaction within the property of the Fund so that there can be no gearing). Property and cash can be used only once for cover.

Any lending transaction which is a back to back currency borrowing does not require cover.

Stocklending

Stocklending is permitted when it reasonably appears to the Manager to be economically appropriate to do so with a view to generating additional income for the Fund with an acceptable degree of risk.

Such transactions must always comply with the relevant requirements of the Regulations and must also comply with the relevant requirements of the Rules. There is no limit on the value of the property of the Fund, which may be the subject of stocklending transactions.

3. BEST EXECUTION

The Manager does not directly manage the investments held in the Fund. Therefore it does not execute, or transmit to other firms, orders to deal in financial instruments in respect of the Fund. Fund management has been delegated to our investment adviser HSBC Global Asset Management (UK) Limited. The investment adviser has in place an order execution policy to ensure they take all reasonable steps to ensure the best possible result when executing themselves or transmitting to other firms, orders in financial instruments on behalf of the Fund. To achieve this, the investment adviser will take into account the following factors: price, cost, speed, likelihood of execution and settlement, size, nature of the order and any other consideration relevant to the execution of the order. The relative importance of these factors will depend on the Fund's investment objective, investment policy and risks detailed in this prospectus and the investment management agreement with the investment adviser. The investment adviser is required to monitor the effectiveness of their order execution arrangements, correct any deficiencies, and review at least annually their order execution policy. The order execution policy of the investment adviser forms part of the due diligence carried out on behalf of the Manager on appointment, and on a regular basis thereafter, in respect of the investment adviser. Further details of the investment adviser's order execution policies can be obtained by calling us on 0808 005 5555 or by writing to the Manager at Kings Meadow, Chester, CH99 9UT.

4. FUND PROPERTY – EXERCISING VOTING RIGHTS

The Manager does not directly exercise voting rights in respect of Fund property. Our investment adviser HSBC Global Asset Management (UK) Limited has policies and procedures in place in respect of exercising voting rights in Fund property. These policies and procedures cover the monitoring of relevant corporate events, exercising voting rights in respect Fund property, and preventing and managing conflicts of interest in respect of exercising voting rights. The investment management agreement in place with the investment adviser gives them discretion to exercise all voting rights attached to Fund property, subject to the overall investment policy of the Fund. For further details, including specific voting actions taken, please call 0800 005 55 55 or write to the Manager at Kings Meadow, Chester, CH99 9UT.

5. TYPICAL INVESTOR PROFILE

The Fund is aimed at investors who are looking to build up capital by participating in a limited portfolio investing in the United Kingdom's largest companies. Investors will be willing to invest for a period of at least 5 years and are aware that returns are not guaranteed.

6. HISTORICAL PERFORMANCE

UK 100 Companies Fund	28/02/06 to 28/02/07	28/02/07 to 28/02/08	28/02/08 to 29/02/09	29/02/09 to 28/02/10	28/02/10 to 29/02/11
Percentage Change	9.0%	-3.0%	-31.9%	43.1%	14.2%

Figures are on a bid to bid basis with net income reinvested. Source Reuters Hindsight

This information relates to the past, and past performance is no guarantee of future performance.

7. FUND DOCUMENTATION

On request the Simplified Prospectus, Trust Deed and supplementary instruments, and the latest annual and half-yearly long reports, are obtainable from the offices of the Manager, free of charge, to Unitholders and to prospective purchasers of units.

8. DISTRIBUTIONS

The accounting reference date of the Fund (the date on which the annual accounting period ends) is 28 February in each year and the half yearly ('interim') accounting period ends on 31 August in each year.

It is intended to distribute all of the income that has accrued at the interim date and it is not envisaged that the income distributed within the annual accounting period will be smoothed.

The income from your units will be distributed on or before 30 June (final) and on or before 31 December (interim) in each year.

The first income allocation after you purchase units may include what is known as an income equalisation amount: this is an amount which reflects the accrued net income per unit included in the price of units purchased during the relevant accounting period. It is calculated by adding up the total income attributable to all units sold in an accounting period during which income is earned, and dividing this sum by the number of units sold in that accounting period. The reason for this procedure is to 'equalise' the position of investors who buy units at different times in an accounting period, because part of what you are paying for when you buy a unit is the next income payment. For taxation purposes this equalisation amount is treated as a capital repayment, not income.

When distribution is due the income generated by the investments will be transferred to the distribution account and allocated between accumulation and income units as set out hereunder:

Accumulation Units. The income will be transferred to the capital property of the Fund. The price of the units will be adjusted to reflect this transfer of income.

Income Units. The income will be sent by crossed warrant to the first named holder on the register at the address recorded on the register, or by electronic or other means of bank transfer to the nominated bank account of the first named unit holder.

Any distributions remaining unclaimed after six years will be transferred to and become a part of the capital property of the Fund. Thereafter neither the payee nor the holder nor any successor in title to it will have any right except as part of the capital property.

The annual and half-yearly long reports are prepared for the annual accounting period ending 28 February and half-yearly (interim) accounting period ending 31 August. Copies of the reports are obtainable from the registered offices of the Manager on request. The annual long report will be available within four months of the end of the annual accounting period and the interim long report within two months of the end of the half-yearly (interim) accounting period.

The annual and half-yearly short reports are also prepared for the annual accounting period ending 28 February and half-yearly (interim) accounting period ending 31 August. First named Unitholders will be sent the annual short report within four months of the end of the annual accounting period and the interim short report within two months of the end of the half-yearly (interim) accounting period.

9. TYPE OF UNITS

Accumulation units and Income units are offered.

Income unit holders receive the net income generated from the investment. For Accumulation units the net income generated by the investments will accumulate in the Fund.

The nature of the right represented by a unit is that of a beneficial interest under a trust.

Unitholders are entitled to participate in the property of the Fund and the income from that property in proportion to the number of undivided shares in the Fund represented by units held by them. An income unit represents one undivided share in the property of the Fund.

Each undivided share ranks *pari passu* with the other undivided shares in the Fund.

Units held in a stocks and shares individual savings account will be registered jointly in the name of the account Manager as the first named Unitholder and account holder as the second named Unitholder.

10. UNITHOLDER VOTING RIGHTS

A meeting of Unitholders duly convened and held may by extraordinary resolution require, authorise or approve any act, matters or document in respect of which any resolution is required or expressly contemplated by the Regulations. A meeting of Unitholders has no other powers.

Unitholders will receive notice of any meeting of Unitholders. At any meeting of Unitholders, on a show of hands every unitholder who (being an individual) is present in person or (being a corporation) is

present by its representative properly authorised in that regard, shall have a vote. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every complete undivided share in the property of the Fund and a further part of one vote proportionate to any fraction of such an undivided share of which he is the unitholder. A Unitholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

In the context of despatch of a notice of meeting, "Unitholders" means the persons who were entered in the Register of holders seven days before the notice of meeting was given, but excluding the persons who are known not to be entered on the Register at the date of despatch of the notice. In the context of voting, "Unitholders" means those persons who were entered on the Register of holders seven days before the notice of meeting was given, but excluding any persons who are known not to be entered on the Register at the date of the meeting.

The Manager is only entitled to count to the quorum and vote at a meeting in respect of units which it holds on behalf of or jointly with a person who, if himself the sole registered unitholder, would be entitled to vote and from whom it has received voting instructions.

Associates of the Manager are entitled to be counted in a quorum and, if they hold units on behalf of or jointly with a person who would have been entitled to vote if he had been a registered unitholder and they have received voting instructions from that person, the associate of the Manager may vote in respect of such units pursuant to such instruction.

11. AUTHORISED FUND MANAGER

Marks and Spencer Unit Trust Management Limited ("the Manager") is the authorised fund manager of the Fund.

The Manager is a limited liability company incorporated in England and Wales on 9 May, 1988.

Registered Office. Kings Meadow, Chester CH99 9FB

Head Office and principal place of business: Kings Meadow, Chester CH99 9UT.

Issued Share Capital: 2,000,000 ordinary shares of £1 each and fully paid up.

The ultimate holding company is HSBC Holdings Plc whose registered and principal office is 8 Canada Square London E14 5HQ and which is incorporated in England and Wales. The company's principal business activity is to provide a comprehensive range of domestic and international banking and financial services. It is authorised and regulated by the Financial Services Authority.

The Manager is also the manager of the following authorised unit trust schemes: The Marks and Spencer Worldwide Managed Fund, Marks and Spencer UK Selection Portfolio and Marks & Spencer High Income Fund.

Directors:

Steve Conley, director of Marks and Spencer Savings and Investments Limited

Kenneth Culley, director of Marks and Spencer Financial Services plc and Marks and Spencer Savings and Investments Limited.

Colin Kersley, director of Marks and Spencer Financial Services plc and Marks and Spencer Savings and Investments Limited.

Crawford Prentice, director of Marks and Spencer Financial Services plc and Marks and Spencer Savings and Investments Limited

Paul Shingler, director of Marks and Spencer Savings and Investments Limited.

Phillip Scott, director of Marks and Spencer Financial Services plc and Marks and Spencer Savings and Investments Limited.

Justin Turner, director of Marks and Spencer Savings and Investments Limited

12. DELEGATED FUNCTIONS

The Manger has delegated the following functions to the firms listed:

Function delegated	Name of Firm(s)
Fund accounting (pricing and valuation)	HSBC Securities Services (UK) Limited
Fund management (investment adviser appointed with discretion to manage fund)	HSBC Global Asset Management (UK) Limited

assets within the investment guidelines established by the Manager)	
Compliance due diligence (on appointment and on a regular basis thereafter) in respect of investment advisers	HSBC Global Asset Management (UK) Limited
Performance of some administrative processes.	HSBC Global Resourcing (UK) Limited

13. TRUSTEE

The Trustee of the Fund is State Street Trustees Limited (registered no.2982384) a private company limited by shares incorporated in England and Wales on 24th October 1994. Its ultimate holding company is State Street Corporation a company incorporated in the State of Massachusetts, USA.

The registered office of the Trustee is at 20 Churchill Place, London E14 5HJ and its head office (the address that should be used for correspondence) is 525 Ferry Road Edinburgh EH5 2AW.

Its principal business activity is acting as trustee and depository of collective investment schemes. The Trustee is authorised and regulated by the Financial Services Authority.

The Trustee has delegated the custody of assets of the Fund to HSBC Bank plc

14. INVESTMENT ADVISER

The Manager has selected as investment adviser to it in respect of the Fund HSBC Global Asset Management (UK) Limited who are authorised and regulated by the Financial Services Authority.

HSBC Global Asset Management (UK) Limited is in the same group of companies as the Manager. Its registered office is at 8 Canada Square, London EH14 5HQ. The principal activity of the Investment Adviser is acting as investment manager and adviser.

The investment adviser also gives investment advice to persons other than this Fund.

The investment adviser has discretion to manage and make purchases and sales of the assets of the Fund within the investment guidelines established by the Manager, having regard to the investment policy of the Fund and the investment restrictions, efficient portfolio management and borrowing powers of the Fund.

The investment adviser has been appointed under a written agreement with the Manager dated 3 August 2005. Under the agreement, the Manager pays a fee to the investment adviser. The agreement can be terminated by any party giving to the other notice in writing or forthwith by any party on certain events involving default, insolvency or if it is in the interest of the Unitholders.

The Investment Advisor can select specialist fund managers to manage the assets of the fund on a day to day basis. These managers will be selected on both their proven skills and experience in managing funds and also their ability to continue to generate good returns against the universe of investible stocks, having regard to the investment policy of the Fund and the investment restrictions, efficient portfolio management and borrowing powers of the Fund.

HSBC Global Asset Management (UK) Limited directly manage the Fund and have currently not sub delegated management of the Fund to any specialist adviser.

15. AUDITORS

The auditors of the Fund are KPMG Audit plc, Saltire Court, 29 Castle Terrace, Edinburgh, EH1 2EG.

16. REGISTRAR

The Registrar is Marks and Spencer Unit Trust Management Limited, Kings Meadow, Chester CH99 9UT.

The Register of holders and the plan register may be inspected by Unitholders during normal business hours at Kings Meadow, Chester CH99 9UT.

The Registrar is entitled to a fee for the maintenance of the register. The present charge is Nil per Unitholder per annum.

17. PAYMENTS TO THE AUTHORISED FUND MANAGER

The Manager receives a periodic charge, calculated at the rate of 1% per annum (plus VAT, if any) of the value of the property of the Fund, which accrues daily. For this purpose the assets are valued on a basis mid-way between the bid and offer valuations of the property of the Fund at the first or only Valuation Point on the relevant day. This charge is paid from the Fund's property on or as soon as is practicable after the last business day of the calendar month.

Remuneration of the Trustee

The Trustee will be remunerated for its services by the Manager. The rate per annum in respect of the Fund is calculated as 1 basis point* of the value of the property of the Fund (plus VAT) until the Fund reaches a value of £200 million plus 0.75 basis point* on any value of the Fund above £200million.

In addition, the Trustee is also entitled to be reimbursed by the Manager for expenses properly incurred by the Trustee in performing duties imposed upon it and in exercising powers conferred upon it by the Rules, which include duties and powers imposed or conferred by the general law, together with any VAT payable thereon. The expenses will include, subject to the Rules, charges of the Trustee's nominees and agents. The duties of the Trustees, for which reimbursement may be made, involve and include (without limitation):

- a. Delivery of stock to the Trustee or Custodian;
- b. Custody of assets;

The basis of the charge is a custody fee based on the market value of the assets and an activity fee for transaction settlements. Fixed Activity Fees, based on geographic spread, are charged monthly at the rates below on the movement of stocks other than corporate actions, script dividends or stock loans. . The present charges are listed below.

Country	Safekeeping Fee (Basis Point* per annum)	Activity Fee (GBP)
UK	1.00	17.00
Fixed Income (Clearstream)	2.00	15.00

* 100 basis points equals 1%.

- c. Collection of Income;
- d. Submission of tax returns;
- e. Handling of tax claims;
- f. Preparation of the Trustee's annual report; and
- g. Such other duties as the Trustee is required or empowered by law to perform.

18. OTHER PAYMENTS OUT OF THE FUND PROPERTY

Broker's commission, fiscal charges and other disbursements which are:

- (i) necessary to be incurred in effecting transactions for the Fund
- (ii) normally shown in contract notes, confirmation notes and difference accounts as appropriate,

may be made out of the property of the Fund.

Where there is a liability for value added or similar tax in relation to these payments this will also be paid out of the property of the Fund.

19. VALUATION OF FUND PROPERTY

The property of the Fund is valued at 8 a.m. on every business day (the "Valuation Point") to determine the buying and selling prices and the cancellation and creation prices. The Manager may at any time during a dealing day carry out an additional valuation of the property of the Fund if he considers it is desirable to do so.

The value of property of the Fund shall be determined in accordance with the Rules. The maximum price at which units may be sold by the Managers is arrived at by valuing the assets of the unit trust on the basis of the cost to the unit Fund of acquiring those assets (i.e. offer market prices, dealing costs, stamp duty etc), dividing this amount by the number of units in issue and adding any Manager's initial charge. The cancellation price is arrived at by valuing the assets on the basis of the amount the Fund would receive if they were sold (e.g. bid market prices and dealing costs) deducting any expenses and dividing by the number of units in issue. The Manager sets the buying and selling prices within this permitted range.

Where stocks are valued on the London Stock Exchange or European markets the price of each security will be the closing price from the previous day.

The cancellation price last notified to the Trustee is available on request from the Manager.

Publication of Prices

The prices of all the Funds will be published daily on the Internet at www.marksandspencer.com/unittrusts. You can also obtain the fund prices by telephoning us on 0808 005 5555. These are previous day's prices and not the ones used for dealing on the day of publication.

20. SALE AND REDEMPTION OF UNITS

Investment in the Fund should be considered a medium to long term investment (ie at least five to ten years). Investors have access to their money at any time. However, if the Manager has reasonable grounds to believe that an investor is conducting short term trading for which these funds are not appropriate, the Manager reserves the right to reject an instruction, or apply the unit price prevailing at the next but one Valuation Point, following receipt of an instruction to buy or sell units.

Sale

You can buy units in the Fund by telephoning our dealing desk 0808 005 5555 daily between 8am - 8pm on business days. Instructions will also be taken between 9am - 5pm on Saturdays or may be given in writing by completing an application form and sending it to the Manager at Kings Meadow, Chester CH99 9UT.

Either accumulation or income units can be purchased. Certificates are not issued in respect of units in the Fund.

You may wish to take out a regular savings plan. You can commence such a plan with an initial lump sum. Regular savings plan contributions are made by monthly Direct Debit.

You will receive a contract note following all lump sum investments into the Fund. However, when you buy units by monthly Direct Debit you will not be sent a contract note.

A contract note will be issued no later than the next business day following the Valuation Point at which units were purchased confirming the amount invested, the unit price at which units were purchased, and the number of units acquired. If you have not already paid for the units, settlement will be due by return of post. You will be sent full registration details and advised of the expiry of any applicable cancellation period.

The Manager reserves the right to reject any application in whole or in part. A purchase of units in writing and/or by telephone is a legally binding contract.

Redemption

Selling your units is equally straightforward. You can sell either by telephone on 0808 005 5555 (8am - 8pm on business days, 9am - 5pm on Saturdays) or by writing to the Manager at Kings Meadow

Chester CH99 9UT. Telephone instructions must be confirmed in writing. Within five working days of receipt of your written instructions confirming a request to sell, properly signed, the Manager will send you payment for the value of your units.

You may sell part of your holding.

A sale of units in writing and/or by telephone is a legally binding contract.

You will receive a contract note following a sale of units, confirming the number of units sold, the unit price received for each unit sold, and the total amount of the sale proceeds.

The manager does not currently accept sales and repurchases by way of electronic communication.

Money Laundering

The Manager is required by the Rules to have in place anti-money laundering systems and controls. In order to implement these, additional information may be required from Unitholders. The Manager may at its discretion delay or refuse to carry out a transaction where this is in accordance with its anti-money laundering obligations.

Business Day

A business day means any day other than a Saturday, a Sunday or a bank holiday in England.

The Manager reserves the right to deem a business day not to be a business day. This will normally be preceding or following a bank holiday.

Suspension of Dealing

In exceptional circumstances, the Manager may if the Trustee agrees, or shall if the Trustee so requires, at any time, suspend the buying and selling of units, if the Manager, or the Trustee in the case of a requirement by it, is of the opinion that there is good and sufficient reason to do so having regard to the interests of Unitholders. No units can be sold or redeemed during this period. Unitholders will be notified of any decision to suspend the buying and selling of units as soon as practicable after the suspension commences. The Manager and Trustee will formally review the suspension of dealing at least every 28 days, and Unitholders will be kept informed regarding the suspension, and its likely duration, at www.marksandspencer.com/unittrusts.

Recalculation of Prices

The price of the units will be recalculated on every business day based on the value of the investments held by the Fund at 8am.

Minimum Size of Deals

The minimum initial lump sum purchase of units in the unit Fund is £100. Following this you can make top up investments of £25.

The minimum monthly payment of a regular savings plan is £25.

In Specie issue or cancellation

If a Unitholder requests the issue or redemption of units representing in value not less than 5% of the Fund property of the Fund the manager has the option, or the unitholder may request, that a transfer of Fund property is made instead of payment.

Large Deals

There are special rules which apply to the sale and redemption of units which is a large deal, being to a value more than £15,000.

21. STAMP DUTY RESERVE TAX

Stamp Duty Reserve Tax (SDRT) is a tax payable by the Manager. The Trustee of the Fund may become liable under Schedule 19 of the Finance Act 1999. The current rate of SDRT is 0.5% and is based upon the value of units surrendered from the Fund (subject to certain adjustments) and this can be subject to amendment by the Government.

SDRT is paid out of the property of the Fund or alternatively (in certain circumstances) a provision against tax equivalent to a direct SDRT charge, can be charged to the Unitholders directly.

All SDRT arising from sales of units by Unitholders is paid by the Manager. The Manager has no specific policy in relation to large deals regarding the provision mentioned above.

22. FORWARD PRICING

Unitholders buy and sell at the prices calculated by reference to the next Valuation Point following receipt by the Manager of their valid instructions. This is known as 'forward pricing'.

23. INITIAL CHARGE

The Manager's initial charge is 0%.

24. GENERAL INFORMATION

The Prospectus, Trust Deed and supplementary instruments, and the latest annual and half-yearly long reports, may be inspected at, and are obtainable from Marks and Spencer Unit Trust Management Limited, Kings Meadow, Chester Business Park, Chester CH99 9UT.

Any notice or document will be served on Unitholders by mail or other such form as may be agreed between the parties.

25. TAXATION

The Fund

As the Fund is an authorised unit trust scheme it is exempt from United Kingdom tax on capital gains realised on the disposal of investments held within the Fund.

Dividends received by the Fund in respect of UK equities are exempt from corporation tax. Corporation tax is payable by the Fund on other types of income net of allowable management expenses. The rate of corporation tax applicable to the Fund is 20%.

Individual Unitholders

Individuals not liable to Income Tax cannot obtain repayment of the tax credit attaching to income distributed by the Fund.

To ascertain the amount of income received from the Fund for Income Tax purposes an individual must add the tax credit of 1/9th to the income received. For example a credit of £10 would be added to a dividend of £90 making income of £100 for Income Tax purposes. The tax credit of £10 is then available to set against your liability to tax on gross income of £100. If after including the gross dividends received you remain a basic rate taxpayer you will have no additional tax to pay on the dividend. If you are liable to pay tax at higher rates then there will be further tax to pay on your dividend as follows.

Individual liable to Income Tax at the higher rate of 40%.	Individual liable to Income Tax at the higher rate of 50%.
Effective tax rate: 25%	Effective tax rate: 36.11%
Tax payable on a dividend of £90 = £22.50	Tax payable on a dividend of £90 = £32.50

Gains or losses realised by an individual resident in the UK for tax purposes on selling units will fall within the capital gains tax rules. Capital gains accruing on the sale of units may be sheltered from tax to the extent that your annual exemption, £10,600 for the tax year 2011/12, has not been used up by capital gains arising from the sale of other investments. Taxable gains are added to your taxable income for the year in which the investments were sold. To the extent that taxable gains fall within the basic rate band, £35,000 for 2011/12 you will pay tax on those gains at 18%. If the total of your taxable income and gains exceed the basic rate band the excess gains will be charged to tax at 28%.

In the case of the first income allocation received in respect of a unit purchased during an accounting period, the amount representing the income equalisation included in the price of the unit is a return of capital and is not taxable in the hands of the Unitholders. This amount should be deducted from the cost of the unit in computing any capital gains realised on their disposal.

Corporate Unitholders

Income allocated to corporate investors may comprise both franked and unfranked dividends in proportion to the amount of dividend income exempt from corporation tax and other income received by the Fund. The former is exempt from corporation tax in the hands of the investing company whereas the latter is treated as taxable income in the form of an annual payment. The unfranked taxable income is deemed to be net after deduction of tax at 20% and this deemed credit may be set against the investing company's corporation tax liability.

Gains and losses arising on disposal of units are calculated by reference to the capital gains tax rules as applied to companies. Gains are reduced by an indexation allowance which reflects the positive movement in the Retail Price Index applied to the cost of the units over the period of ownership. The allowance can neither create nor enhance a loss. Net gains are aggregated with other profits and income for the accounting period in which they accrue and are charged to corporation tax at the company's marginal rate.

Generally

These statements are based on UK law and HM Revenue and Customs practices as known at the date of this document. The rates and basis of taxation may change in the future. You should remember that the tax law applicable depends on your own personal situation and residency status. It is recommended that investors seek advice from a competent professional advisor concerning their tax position before acquiring units in this Fund.

26. COMPLAINTS AND COMPENSATION

If you have a complaint please write in the first instance to the Manager at the address shown below. If we are unable to resolve your complaint you may also write directly to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR, or telephone them on 08000 234 567 (free if calling from a fixed line e.g. landline), or 0300 1239 123 (free for mobile phone users who pay a monthly charge for calls to numbers starting 01 or 02).

If the Manager cannot meet their financial obligations to you, you may be entitled to compensation under the Investors Compensation Scheme (FSCS). Further details are available from the Manager or refer to the FSCS website www.FSCS.org.uk or call the FSCS on 0800 678 1100 or 0207 741 4100.

All clients are classified as retail customers. Certain clients who would otherwise be an eligible counterparty or a professional client may not necessarily have rights under the Financial Ombudsman Service or the compensation scheme.

27. CHANGES

Fundamental changes to the Fund (as defined in the Rules) will not be made without prior approval by a meeting of Unitholders.

Significant changes to the Fund (as defined in the Rules) will not be made without giving 60 days' notice in writing to Unitholders.

Notifiable changes to the Fund (as defined in the Rules) will be advised to Unitholders in an appropriate manner and timescale of any notifiable changes that are reasonably likely to affect, or have affected, the operation of the Fund.

28. RISKS

Is your investment guaranteed?

No. As with any investment where the underlying investments are stocks and shares, the price of units and the income from them can go down as well as up, and you may get back less than the amount originally invested. Investment in the Fund should be considered a medium to long term investment (5 to 10 years).

What are the specific risks of the UK 100 Companies Fund?

The Fund is exposed to market price fluctuations. This risk is managed by adherence to the investment guidelines and to the investment and borrowing powers set out in the Trust Deed and Prospectus to reduce excessive exposure to any particular type of security or issuer.

Although your investment is spread across the 100 companies that make up the FTSE 100® Index, some companies and/or sectors can grow so large that they make up a large percentage of the index which increases risk.

The Fund will not track the FTSE 100® Index exactly. In other words there will be a difference between the performance of the Fund and the FTSE 100 Index.

Certain transactions that the Fund enters into expose it to the risk that the counter-party will not deliver the investment when the Fund buys investments, or, on the sale of investments, does not deliver the cash proceeds. However the Fund only buys and sells investments via brokers the Manager has approved as acceptable counter-parties, and this is reviewed annually.

What other risks should you be aware of?

Past performance is no guarantee of future performance.

If you apply to invest in the Fund following investment advice from a financial adviser, you will have the right to cancel your application. If you exercise your right to cancel, the amount returned maybe less than the amount you invested if there has been a downward movement in the stock market, from the date of investment to the date your instruction to cancel was received.

Inflation will reduce what you could buy in the future.

The regulatory and taxation regime under which the Fund operates may change in the future.

29. OTHER MATTERS

Other than already disclosed in this document the Manager is not aware of any possible fees or expenses that may become payable by either the Fund or a Unitholder.

References to 'COLL' means the FSA Collective Investment Schemes Sourcebook

References to 'Rules' means the FSA Collective Investment Schemes Sourcebook ('COLL').

References to 'Regulations' means:

Financial Services and Markets Act 2000

and in relation to ISAs

Income and Corporate Taxes Act 1988

Finance Act 1992

Taxes of Chargeable Gains Act 1992

The Individual Savings Account Regulations 1998

The Inland Revenue Guidance Notes for ISA Managers.

The Manager is under no obligation to account to the Trustee or to Unitholders for any profit made on the issue of units or on the reissue or cancellation of units which it has redeemed. The Manager does not seek to make a profit by holding units as principle, rather its policy is to hold sufficient units to meet the regulatory requirement for the adequate controls over the issue and cancellation of units.

The Manager, Trustee, Custodian and any "affected person" are not liable to account to the Unitholders of the Fund for any profits or benefits it makes or receives that are derived from or in connection with dealings in units; any transaction in scheme property; and the supply of services to the Fund.

Any person relying on this Prospectus which was current at the date shown, should check with the Manager that this document is the most current version and that no revisions or corrections have been made. This Prospectus is intended to provide comprehensive details to enable investors to make a balanced and informed decision about the merits of participating in the Fund.

This document is important and you should read all the information contained in it carefully. If you are in any doubt about its contents, you should consult the Manager or your independent financial advisers.

Marks and Spencer Unit Trust Management Limited, Kings Meadow, Chester Business Park, Chester CH99 9UT, Telephone 0808 005 5555. Website www.marksandspencer.com/money.

The address of the Financial Services Authority, is 25 The North Colonnade, Canary Wharf, London E14 5HS Telephone 020 7066 1000

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