thesharecentre: keyfacts®

funds key features

The Financial Services Authority is the independent financial services regulator. It requires us, The Share Centre, to give you this important information to help you decide whether funds available through The Share Centre are right for you. You should read this document carefully so that you understand what you are buying and then keep it safe for future reference.

Key features of funds available through The Share Centre

The purpose of this Key Features document is to give you a summary of the main points about the range of funds that The Share Centre provides access to. It is intended to help you decide if you want to invest in one or more of the funds in our available range, which includes funds admitted to the Cofunds Fund Platform.

You should also read and retain a copy of the Key Features document(s) specific to the fund(s) you choose to invest in. These are available via our website **www.share.com** from the FundPicker section. If you have any queries or need any additional information, please call our Customer Services team on **01296 41 41 41**.

Its aims

- To give you the opportunity to invest a sum of money for as long as you choose, with the aim of increasing the value of your investment.
- To allow you to invest in a wide range of funds with the flexibility to switch between these funds.
- To give you access to the country's leading fund managers in one place.
- To provide a one-stop investment dealing and custody service.

Your investment

You can invest into unit trusts and OEICs through an account with The Share Centre:

- **Unit Trusts** – A Unit Trust is an easy way to invest in stock market investments. Investors' money is 'pooled' and invested across a wide spread of investments on their behalf by professional fund managers. You own units in the fund, which represent your share of the 'pool'.
- **Open Ended Investment Company (OEIC)** – An OEIC is similar to a unit trust. The main difference is that OEICs have a corporate structure and offer shares rather than units.

Unit Trusts and OEICs can offer two types of pricing; dual pricing (with a bid and offer price) and single pricing.

It is possible, subject to certain limits, to make contributions to both types of investment within a Child Trust Fund (CTF) and a Stocks and Shares ISA.

It is also possible to transfer existing CTFs and Stocks and Shares ISAs to The Share Centre and invest the proceeds of both types of investment.

The minimum investment is £10 for both lump sums and monthly payments although small investments may not be cost effective due to the impact of account charges.

You can find more information in the 'Your questions answered' section.

Risks

It is important to understand that the investment aim and risks of each available fund differ. Each fund has specific key features that explain this, which you must read before making your purchase. You can read these at www.share.com, by using our FundPicker tool. This online tool helps you choose and find out information about funds available to buy, and by clicking on the 'Key Features' tab you can find out the specific aims and risks of that investment.

Do remember investing isn't right for everyone – the value of your investment and any income you choose to receive from it can go down as well as up, and you may get back less than you originally invested. What you do get back will depend on the performance of the fund(s) you choose; nothing is guaranteed and past performance is no guarantee of future performance.

Also, please be aware that inflation will reduce your purchasing power in the future.

Charges – The charges on the fund(s) you choose may be increased by the fund manager(s) and we may increase our charges.

Taxation – Please note that the value of any tax relief will depend on your own circumstances and that tax rules could change.

Cancellation – Please refer to the 'Your questions answered' section overleaf to understand what will happen if you decide to cancel.

Questions and Answers

Am I eligible to invest in funds?

There are no restrictions on investing in a unit trust or OEIC other than the purchaser must be aged 18 or over. Children under the age of 18 cannot hold these investments in their own name, although parents can invest in a designated account on their behalf.

In relation to the CTF, the registered contact is acting on behalf of the child which therefore means this age requirement is met. To invest in an ISA, you must be aged 18 or over and be either resident or ordinarily resident in the UK for tax purposes, or be a Crown employee serving overseas, or their spouse/civil partner. In any one tax year you may only contribute to one Stocks and Shares ISA.

Where can I find out which fund managers and funds are available?

Details of the participating fund managers and their funds can be found in the FundPicker section of The Share Centre's website, www.share.com, and on the Cofunds website at www.cofunds.co.uk. If you would like a paper copy, please let us know and we'll send you one.

What is an ISA?

An ISA is an Individual Savings Account where your money can grow free of Capital Gains Tax (CGT), and any income tax payable has already been deducted. Even if you're a higher rate taxpayer, you've nothing more to pay. This makes it particularly useful when you're building capital for the future. Plus, you don't even need to put details on your annual tax return.

What types of ISA are there?

If you decide to invest in an ISA, you need to consider what type of ISA is appropriate. There are two types of ISA:

- Stocks and Shares, which includes many unit trusts, OEICs, investment trusts, shares, corporate bonds and gilts;
- Cash, which includes building society and bank deposits, National Savings and Money Market funds.

The maximum you can invest in an ISA each tax year is £7,200, and you can invest this in a couple of ways. Put all of your allowance in a stocks and shares ISA, or if you want you can split it and put up to a maximum of £3,600 into a cash ISA, with the remainder going into the stocks and shares element.

However, if you decide to put less into your cash ISA you can then use the remainder of your allowance in your stocks and shares ISA.

How you split your overall ISA allowance is up to you (subject to the £3,600 cash ISA maximum), please note that it is your responsibility to ensure you have not exceeded the total ISA allowance of £7,200 for the current year.

Are there any restrictions to transferring my ISA to another ISA manager?

You can transfer any money you currently hold in an existing cash ISA into a stocks and shares ISA, and this does not affect your current year's allowance. It is not possible to transfer existing stocks and shares ISAs into a cash ISA, so you will need to ensure a stocks and shares ISA is right for you. You will not be able to buy or sell investments whilst your account is being transferred, which means you might lose out if the market changes whilst the transfer is taking place.

What is a CTF?

A Child Trust Fund (CTF) is a Government initiative designed to help you put money aside for your children. The money in the CTF is released on the child's 18th birthday to give them a financial start in adult life. There are three types of CTF: one based on cash savings and the other two on stock market growth: we do not offer cash-based CTF accounts. Our two stock market based CTFs comprise a Stakeholder (with a capped annual charge) and a Non-Stakeholder (capable of investing in a broader range of investments). CTFs are Capital Gains Tax free and there is no further income tax to pay.

How will charges and expenses affect my investment?

You will pay charges on the funds in which you choose to invest. The level of charges and their affect on the money you invest are detailed in the Key Features document(s) specific to the fund(s) you choose to invest in. These are available via our website.

What are the fees relating to my Share Centre account?

You will normally pay two types of fee

- dealing commission when you buy or sell funds;
- an account administration fee related to the type of account in which your investments are held.

Details of both fees are set out in the applicable Share Centre account tariff and available via **www.share.com**.

How much will advice cost?

The Share Centre can provide investment advice on the unit trusts and OEICs that are available on the Cofunds trading platform. No extra charge is made for advice, although dealing commission will be charged should you decide to buy or sell a unit trust or OEIC. The amount will depend on the size of your investment or contributions and, in the case of regular savings, the period for which you make them.

In addition, an annual trail commission may be payable by the fund manager to The Share Centre based on the valuation of your investment. Further details are contained within our account tariff and the 'About our services and costs' document . If you are in any doubt about the suitability of a fund, you should speak to our Advice team or another financial adviser.

How do I invest?

Firstly, ensure that you have read and understood:-

- these Key Features;
- the Key Features specific to the fund(s) you want to invest in; and
- the Terms of Business, tariff and brochure for The Share Centre account in which your investment will be held.

You should also keep a copy of all these documents as they contain specific information relating to the operation of the account and the investments.

When you have done so and have made your investment decision, you can purchase it by using money in your account. Money can be paid in to your account in a variety of ways including; by debit card, cheque or by Direct Debit.

Where a 'cooling off' period applies to your chosen account you should first open your account and then, once the appropriate period has expired, make your investment.

When will my money be invested?

With most fund investments, dealing usually takes place once a day at a time determined by each individual fund manager and based upon the price as at the valuation point of each fund. The Share Centre has a 08:45 cut off for most orders to be processed on that day. Any orders received after 08:45 will generally be processed the next working day.

Can I change my mind?

Applications for an account are subject to a 14 day cancellation period (or 30 days in the case of a pension) from the point of receipt by The Share Centre. Cancellation rights apply to the account and not to your request to purchase funds: once a valid instruction for an investment has been dealt you may not cancel it.   Additionally, applications for a CTF account are subject to a 14 day 'cooling off period' during which your account will not be opened.

Can an income be taken from the investments?

Income arising from investments will be added to your account and may then be withdrawn at your request. However, in some circumstances, such as those which apply to a CTF account, you may not withdraw income until a particular point in time, e.g. the child's 18th birthday.

Can income be reinvested?

Yes. If your fund has income distributions, these can be reinvested in accordance with the terms of the account. Alternatively, you should consider buying accumulation units/shares, where the net income is retained by the fund manager and reflected in the price of the units/shares.

How will tax affect the investments?

For investments held within a tax-efficient account such as an ISA or CTF, any capital growth is free of further UK Capital Gains Tax. If you invest outside of a tax-efficient 'wrapper' you may be liable to tax, as follows:

Income tax

- Dividends: UK dividend distributions, whether they are paid to the investor or left to accumulate in the fund will be paid with a 10% tax credit. UK resident starting rate or basic rate taxpayers will have no further liability to tax. Higher rate taxpayers will have to pay additional income tax of 22.5% on the gross dividend.
- Interest: Interest distributions, whether they are paid to you or left to accumulate in the fund will be paid after income tax at 20% has been deducted and paid to HM Revenue and Customs. For individual investors, the gross interest will be subject to UK income tax. UK resident starting rate and basic rate taxpayers will have no further liability to tax and starting rate taxpayers may reclaim part of the tax deducted from HM Revenue and Customs. Higher rate taxpayers will have to pay additional income tax on gross interest. Non-taxpayers may reclaim the tax deducted from HM Revenue and Customs.

Capital Gains tax

All funds are exempt from tax on capital gains realised within the fund. However, you may have a liability to Capital Gains Tax (including fund switches) should the total net gains from all sources exceed your annual exemption level on a tapering relief basis.

You should seek independent tax advice if you are unsure of your tax position.

Investors residing abroad

Depending on the country in which you live, you may be liable to local taxation on any income or capital gains. If you need any advice, you should consult a local tax adviser or the tax authorities.

Corporate investors

Corporate investors are subject to different tax regulations. If you require further details you should consult a local tax adviser or the tax authorities.

What documentation will I receive?

When you invest in a fund you will receive a contract note confirming details of your investement.

How can I keep track of my investments?

There are a number of ways that you can do this. The latest buying and selling prices and estimated distribution yield for many of the funds can be found in the Financial Times and other publications. Additionally, The Share Centre will send you statements, as set out in the account information, showing the value of the investments and all transactions since the previous statement. You may view the investments within your account online at www.share.com, upon acceptance of the Internet terms and conditions. You can request us to provide you with the report and accounts and to attend and vote at unitholder meetings for each fund in which you invest.

Can I make withdrawals from funds?

You may sell funds and reinvest as permitted by the type of account you hold. Certain restrictions apply when investments are held in an ISA or CTF. For example, you are not able to make withdrawals from a CTF in cash and monies must remain within the CTF until the child reaches his/her 18th birthday, unless specifically authorised by HM Revenue and Customs. Once monies have been withdrawn from an ISA they cannot be replaced if, in doing so, you exceed your annual ISA allowance.

How easy is it to move between funds?

Very easy. You may sell units in one fund and re-invest in another fund the following day by calling The Share Centre. Generally, if an order is received before 08:45, The Share Centre will sell that day and will switch into the new fund the following day. In most cases, if an order is received after 08:45, the sale will be processed the following day, and the re-purchase will be the day after that.

Reinvestment options will depend upon the type of account you hold. Investments into funds take place as detailed on the appropriate account information and tariff and are subject to the dealing fees detailed therein. Please note that you do not have any right to cancel or withdraw the instruction once executed.

Can I transfer my funds to another account provider?

Yes. You can transfer either your individual funds or your Share Centre account, subject to acceptance by your new account provider. The manner in which any transfer is effected may vary and, for instance, may mean your holding is sold and the proceeds transferred to your new provider; in such circumstances dealing commission will be payable. Details of transfer and dealing charges are set out in the applicable Share Centre account tariff. For ISA and CTF accounts, you will need to provide a completed transfer authority from the new account provider. Please note: fund holdings can not be transferred in certificate form.

What if I have a complaint?

We want you to be entirely happy with your investment. If the department you have an issue with isn't able to resolve your complaint you should write to The Compliance Manager, The Share Centre, PO Box 2000, Aylesbury, Bucks HP21 8ZB, who will be pleased to try to resolve your concerns to your complete satisfaction. If you are not happy with the way your complaint is handled, you have the right to refer the matter to the Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London E14 9SR. Making a complaint will not affect your right to take legal action.

What happens if The Share Centre cannot meet its liabilities on my account?

The Share Centre participates in the Financial Services Compensation Scheme (FSCS). You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim.

Most types of investment business are covered for 100% of the first £30,000 and 90% of the next £20,000, so the maximum compensation is £48,000. Further information about the compensation scheme arrangements is available on request from the FSCS at:

- www.fscs.org.uk.
- Telephone number: 020 7892 7300.

Who is the account provider?

The Share Centre Limited, is authorised and regulated by the Financial Services Authority under reference number 146768. The Share Centre is registered in England, company number 2461949; registered office: Oxford House, Oxford Road, Aylesbury, Bucks HP21 8SZ.

How will my investments be registered?

Units will be registered in either the name of Cofunds Nominees Limited or Share Nominees Limited. For further details, please see The Share Centre Terms of Business applicable to your Account.

What if I need further information?

The information provided is based on our understanding of current legislation. If you wish to receive further information about the funds or copies of the scheme particulars, prospectuses, annual reports and accounts of any of the funds offered, we can arrange this for you upon your request in writing.

thesharecentre:

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KFfunds 0109