



## Key Features and Terms & Conditions

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# Introduction.

The Financial Services Authority is the independent financial services regulator. It requires us, F&C Management Ltd, to give you this important information to help you decide whether our Child Trust Fund is 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.

This document contains important information about your F&C Child Trust Fund. There are two sections: Key Features and Terms and Conditions. Along with the enclosed brochure, these will help you consider the relevant facts and figures before making your investment decision. Please read both sections, the brochure and any other information that has been enclosed as it is important that you fully understand the investment that you are about to make.

If there is anything that you do not fully understand, or if you would like further information, please call our Investor Services team on **0800 136 420**. Lines are open Monday to Friday from 8:30am to 5:30pm. You can also email us at [info@fandc.com](mailto:info@fandc.com). Alternatively, visit our website [www.fandc.co.uk](http://www.fandc.co.uk).

Please note, however, that our Investor Services team cannot give you any advice on the suitability of investing in our plans. If you are in any doubt about your investment choices you should contact your financial adviser.

## Key Features and Terms and Conditions

The following pages contain important information about your Child Trust Fund (CTF) account. There are four sections:

1. **Key Features**
2. **Simplified prospectus information relating to the F&C FTSE All-Share Tracker Fund (stakeholder account)**
3. **Further information**
4. **Terms and Conditions**

Along with the brochure, these will help you to consider the relevant facts and figures before making your investment decision. Please read all sections, the brochure and any other information that has been enclosed as it is important that you fully understand the investment that you are about to make.

## 1. Key Features

### The aims of the account, the investment trusts and the F&C FTSE All-Share Tracker Fund

The F&C CTF allows you to invest your child's CTF voucher in a choice of investments and make contributions in addition to the voucher.

We offer a range of investments, which aim to provide income, capital growth, or a combination of both, within a tax-efficient wrapper. The objective of each investment trust is set out in the enclosed brochure. The objective of the F&C FTSE All-Share Tracker Fund is set out in section 2.

### Your investment

The F&C CTF is available as either a shares account or stakeholder account. You have a choice of investment trusts for the shares account

but the stakeholder account is restricted to the F&C FTSE All-Share Tracker Fund. A CTF can only be opened with the Government voucher. Within the F&C CTF, the voucher can be invested in one investment trust or the F&C FTSE All-Share Tracker Fund only.

**Lump sum investments** – for the shares account, the minimum investment is £100 per trust. For the stakeholder account the minimum investment is £10.

**Regular investments** – for the shares account, the minimum monthly investment is £25 per trust. For the stakeholder account the minimum monthly investment is £10. From 1 November you can invest up to a maximum of £3,600 each year (or £300 every month for 12 months) over and above the amount of the Government voucher.

	Minimum lump sum per trust	Minimum lump sum top-up per trust	Minimum monthly saving per trust	Maximum lump sum*	Maximum monthly saving
<b>Stakeholder Account</b>	£10	£10	£10	£3,600	£300
<b>Shares Account</b>	£100	£100	£25	£3,600	£300

\*Maximum limit each birthday year.

## IMPORTANCE NOTICE:

The Child Trust Fund (CTF) is a long-term tax-free savings account for children born between 1 September 2002 and 2 January 2011.

If your child is eligible, then you can either open his or her CTF with F&C, or switch your child's existing CTF to us. For further information please visit [www.fandc.co.uk](http://www.fandc.co.uk) or the Treasury website [www.hmrc.gov.uk](http://www.hmrc.gov.uk).

## Your investment options

Our range of investment trusts are divided up into three categories – Core, Specialist and Alternative. This will help you decide which individual trusts or combination of trusts, are most suitable to meet your particular investment objectives and your appetite for risk and reward. The enclosed brochure sets out the trusts' objectives, investment risk factors, profiles and performance over the last five years.

To view daily updated performance information, please log onto our website: [www.fandc.co.uk](http://www.fandc.co.uk). There are also monthly fact sheets to download and copies of the latest set of Report and Accounts.

## Risk factors

All of our range of investment trusts invest in the stock market and some of them also invest in unlisted companies and funds and property. As well as looking at the potential rewards that this can bring, it's important that you are aware of the potential risks involved so that you can make an informed decision.

### General risks

**Gearing** – Investment trusts can borrow money, which can then be used to make further investments (gearing). They can also invest in instruments such as warrants or derivatives, where a small movement in the value or price of the underlying right or asset results in a larger

movement in the value or price of the instrument. In a rising market, this 'gearing' can enhance returns to shareholders. Correspondingly, if the market falls, losses may be greater.

**Insufficient income** – Where the income earned by an investment trust is insufficient to cover its charges and expenses, the balance may be charged to capital, which will to that extent, constrain capital growth.

**Liquidity** – Shares in smaller companies are generally traded less frequently than those in larger companies. This means that there may be difficulty in both buying and selling shares and individual share prices may be subject to short-term price swings.

**Premiums and discounts** – As investment trust shares are publicly traded on the London Stock Exchange, their price is determined by market factors, such as demand and supply between buyers and sellers. That price will not necessarily accurately reflect the underlying value of the trust's portfolio of investments (its 'net asset value' or 'NAV').

The share price may be either higher than the NAV; at a 'premium', or more commonly, lower than the NAV; at a 'discount'. Discounts and premiums vary constantly. Although buying shares at a discount could be seen as value for money, there is no guarantee that the discount will narrow and there is a risk that it may widen further. Many factors influence the discount or premium and a large discount does not necessarily indicate a bargain.

**Price volatility** – The value of shares and the income from them is not guaranteed and can fall as well as rise due to stock market and currency movements. Past performance is not a guide to future performance. When you sell your shares, you may get back less than you originally invested.

### **Underlying investment exposures**

In addition to these general risks, the shares of a particular investment trust will be exposed to the investment risks associated with the assets held in its portfolio. These specific investment risks, together with an indication of the investment trusts to which they may apply particularly, are set out on pages 11 and 12 of the enclosed brochure.

## **Your questions answered**

### **What is a Child Trust Fund (CTF)?**

It is a tax-efficient savings and investment account for children into which the Government makes the first contribution of £50 or more through the CTF voucher.

### **Is my child eligible?**

Every child born on or after 1 September 2002 and on or before 3 January 2011 is eligible to receive a lump sum from the Government in the form of a CTF voucher, as long as Child Benefit has been awarded and they are resident in the UK.

### **How much will they receive?**

All eligible children will receive at least £50. The payment will take the form of a voucher that will be sent to the Child Benefit claimant. This voucher must be used to open a CTF. If your baby was born on or before 30 September 2010 and you successfully claimed Child Benefit by the 1st November 2010, you should receive a voucher for £250, and children in lower income families will receive an additional payment of £250. If your baby was born on or after 1 August 2010 up to and including 31 December 2010 and you successfully claim Child Benefit by 2nd April 2011, you should receive a £50 voucher and children in lower income families should receive an additional £50 paid into their account.

### **Who can open a CTF?**

To be able to open a CTF on behalf of a child, you must have parental responsibility for that child. You may be the child's natural parent, or a person who has legally adopted the child or a person who has been granted legal authority by the courts. The person opening the CTF will become the 'Registered Contact'. The registered contact is responsible for investment choices within the CTF and all further instructions regarding the account must come from them.

### **Investors should also remember the following:**

**Changing your mind** – For new plans, if you decide to exercise your cancellation rights within the 14-day period, you may not get back the amount you invested. The value of your investment may have fallen before you notify us that you wish to exercise your cancellation rights.

Should personal circumstances change, we can amend details of the Registered Contact. Please contact our Investor Services team for further details.

### **What if my child is not eligible?**

There are a variety of other savings plans available, including the F&C Children's Investment Plan. Please ask us for a booklet if it isn't included in this pack.

### **Who can contribute to a CTF account?**

Anyone can make contributions to the account whether they are parents, grandparents, other family members or friends. Only the Registered Contact is allowed to make investment decisions. Contributions made by other people will therefore be invested into a default fund unless we receive written instructions from the Registered Contact to the contrary. The default fund is set at outset and is the fund into which the CTF voucher is invested. This default fund can be changed by the Registered Contact at any time. We will notify the Registered Contact when further contributions are made to the CTF.

### **Can I add to my CTF investment?**

Yes, additional contributions can be made to the CTF up to a limit of £3,600 each birthday year. For this purpose, a 'year' is the 12 month period starting on your child's birthday. For example, if the child's birthday is on 9 January, the birthday year will end on 8 January the following year.

### **Can I pay more the following birthday year if I don't reach the £3,600 limit in one year?**

No, the limit of £3,600 applies to each birthday year individually and cannot be carried forward. Nor can the limit be carried back if the full £3,600 is not invested in a previous birthday year.

## What is the difference between ‘shares’ and ‘stakeholder’ CTF accounts?

The stakeholder account must comply with certain Government criteria, although stakeholder status does not imply any endorsement from the Government. The stakeholder CTF account must have some exposure to equities, although the investment choice is limited. The minimum contribution for all stakeholder CTFs is £10 and charges are capped at 1.5% a year. Stakeholder CTFs will also use ‘lifestyling’ – this means once the child is 13, money in the account will gradually be switched into lower risk assets or cash, so that by the child’s 18th birthday, the stakeholder account will have all its assets in cash or low risk investments. The ‘shares’ CTF account is not subject to these requirements. See ‘Where can the money be invested?’ and ‘Do you have a Deposit Account within the CTF?’ for further information on the differences between the two types of account.

## Where can the money be invested?

This will depend whether you take out a shares account or a stakeholder account. You must choose one or the other as you cannot open both at the same time. If you choose the stakeholder option, you must have some exposure to equities, and your investment choices are limited. The options you have within a shares account are much wider.

	Stakeholder account	Shares account
OEICs/ICVCs	Y	Y
Investment trusts	N	Y
Unit trusts	N	Y
Life assurance	N	Y
With-profits	N	Y
Endowments	N	Y
Insurance bonds	N	Y
Deposit accounts and cash	N*	Y

\* Deposit accounts are allowed for ‘lifestyling’ only. See ‘Do you have a Deposit Account within the CTF?’ for further details

## Will I have access to the money in my child’s CTF account?

No, any money in your child’s CTF account (whether it is the Government contribution or money paid in by you and other family members) belongs to your child and will be locked away until the child reaches 18.

## Will there be any restrictions on how my child can use the money when he/she reaches age 18?

No. Once your child reaches the age of 18, the money in the account becomes theirs and there are no restrictions on how they use or spend it.

## Will there be any tax payable on my child’s CTF account?

No. Proceeds from CTFs are free from both income and capital gains tax.

## How many funds are available within the F&C CTF?

F&C offers both types of CTF account – shares and stakeholder. The stakeholder account invests solely in the F&C FTSE All-Share Tracker Fund. The shares account offers the choice of 13 different investment trusts and a deposit account. Further details about the individual trusts can be found in the enclosed brochure.

## Can I switch between the different investment trusts within the shares account?

Yes, you may switch your holding between trusts up to twice a year at no charge. Should you wish to switch more frequently, the charge will be £25+VAT per switch.

## Can I transfer between the shares and stakeholder accounts?

Yes, it is possible to transfer between the two types of account. The entire CTF must be transferred; partial transfers are not allowed. This can be done by completing a simple form available on our website or from our Investor Services team. Please note that there is only one fund available under the stakeholder account.

## Do you have a Deposit Account within the CTF?

Yes, there is a Deposit Account within F&C’s CTF. This gives you the option to protect some or all of your CTF investment against falls in the stock market. This may be of particular benefit as your child nears the age of 18 when a sharp fall in share prices could reduce the value of your investment just as your child needs it. Please note, the Deposit Account is not available as an investment option at outset, nor is it available to receive additional subscriptions or Direct Debit payments. The account will pay interest equivalent to the Bank of England base rate less 1%.

If you hold a stakeholder account, you will not be allowed to switch into the Deposit Account and must remain invested in the F&C FTSE All-Share Tracker Fund. After your child has reached the age of 13, however, HM Revenue & Customs rules require us to begin switching the investment into cash. This is called ‘lifestyling’. The proportion of the CTF account being held in cash each year is outlined in the Terms and Conditions. It is possible to opt out of the lifestyling option at any stage. Should you decide to opt out we will require written instructions from the Registered Contact.

## Can I take an income from the CTF account?

No. Any income generated within the account will be reinvested and used to buy further shares.

## What confirmation will I receive?

We will send you written confirmation that we have received and are processing your application within five working days of our receiving it. Once your shares have been bought, we will send you details of the transactions within a further five working days. Please note that share certificates and contract notes will not be issued. Shares bought for you will be held on your behalf by the Nominee.

## How can I keep track of the CTF account?

We will send a statement to the registered contact each year, within 61 days of the child's birthday, which will show how much has been paid into the account that year and its current value. Once your child reaches the age of 16, they must become the Registered Contact and can assume control over the account should they so wish and all future statements will be sent directly to them. Please note that a charge will be made for duplicate or replacement statements, should they be requested. For more regular updates, you can refer to the Financial Times which gives the daily mid-market price for each investment trust together with the estimated NAV, dividend yield and discount or premium, and the NAV price for the F&C FTSE All-Share Tracker Fund. Alternatively, you can visit our website [www.fandc.co.uk](http://www.fandc.co.uk) where share prices are listed daily.

## How do I withdraw funds from the CTF Account?

You cannot withdraw funds from the account before the child's 18th birthday. Once the child has reached 18, they will need to establish their identity to our satisfaction and to the satisfaction of current law before they will be able to close the account and access the funds. Confirmation of how to establish their identity will be included with the statement sent out prior to their 18th birthday. Please note, under normal circumstances CTF accounts cannot be closed before the child reaches the age of 18. See the Terms and Conditions for further details.

## What if I wish to transfer my F&C CTF account to another manager?

Your new CTF manager will advise you of the procedure for transferring and provide you with the necessary transfer form. F&C will not charge you for this transfer.

## How do I transfer my CTF from another manager to F&C?

Simply complete the CTF transfer form, which is available on request, and we will contact your existing CTF manager and arrange the transfer. F&C will not charge you for this transfer. Transfers can only be accepted as cash and not as in-specie transfers. Please note that we are unable to accept new contributions into your new F&C CTF until the transfer has been completed by your existing CTF manager.

## What happens if I change my mind?

When you apply to open a CTF account you will be given 14 days from when we receive your application to change your mind. If we do not receive instructions from you, we will then forward your voucher details to HM Revenue & Customs and open a CTF account. Amounts over and above the Government contribution will be invested as soon as the account is opened.

For CTF transfers – you will be given 14 days from when we receive your transfer application to change your mind. If we do not receive instructions from you, we will then write to the current CTF provider and arrange for the transfer to take place within 30 days. Please note, for both new CTF accounts and transfers, we can only take instructions from the Registered Contact. Any cash received by the CTF manager will be paid into a client money bank account pending investment in your CTF. No interest will be paid on these cash balances.

## What are the fees and expenses for the shares account?

There are various costs associated with buying an investment through the F&C CTF shares account that affect the overall return on your investment.

### Actual CTF charge – shares account

Initial charge	Nil
Annual charge	Nil
Government stamp duty (where applicable)	Purchases – 0.5% Sales – Nil

Government stamp duty applies to share purchases on all UK registered companies (or companies which maintain a UK register of shareholders). F&C Commercial Property Trust IRP Property Investments Limited and Thames River Hedge+ are registered overseas and therefore Government stamp duty does not apply.

### Other charges and costs

#### Bid/offer spread

The difference between the buying price (offer) and selling price (bid) of investment trust shares. The spread varies according to the number of shares being traded and their availability on the market.

#### Total expenses

The operating costs associated with running an investment trust, for example: the management fee paid to the investment manager or its associates, auditors' fees, directors' remuneration and promotional expenditure. These expenses are borne by the trusts and are included in the calculation of the illustration of effect of charges and expenses below. Details of each trust's expenses are included in that trust's page in the enclosed brochure and the latest Report and Accounts.

## What is the effect of these charges and expenses on the shares account?

The tables below illustrate the effects of all charges and expenses on an investment in Foreign & Colonial Investment Trust through the F&C CTF. The calculations are based on a lump sum investment of £1,000 and regular savings of £25 a month. The figures assume a growth rate of 7% a year, with the spread as at 05.10.11 and expenses as in the trust's latest published Annual Report at the time of preparation. These figures are examples only and are not guaranteed – they are not maximum or

Lump sum			
End of year	Investment to date (£)	Effect of deduction to date (£)	What you might get back at 7% growth (£)
1	1,000	13	1,050
3	1,000	28	1,190
5	1,000	47	1,350
10	1,000	116	1,850

The last line in the table shows that over 10 years, the effect of the total charges and expenses could amount to £120. Putting it another way, if the growth rate was 7%, this would have the effect of reducing it to 6.3% a year.

minimum amounts. You could get back more or less than this. What you will get back depends on how your investment grows and on the tax treatment of the investment.

The assumed growth rates are those stipulated by the FSA to use for illustrative purposes, and were not achieved in the last 12 months.

The charges which have been included are as follows: 0.69% initial expenses (which includes the bid/offer spread and Government stamp duty) and annual expenses of 0.54%.

Regular savings			
End of year	Investment to date (£)	Effect of deduction to date (£)	What you might get back at 7% growth (£)
1	300	4	308
3	900	17	983
5	1,500	41	1,740
10	3,000	165	4,130

The last line in the table shows that over 10 years, the effect of the total charges and expenses could amount to £165. Putting it another way, if the growth rate was 7%, this would have the effect of reducing it to 6.3% a year.

For our other trusts, which have different spreads, underlying operating expenses and stamp duty requirements, the equivalent figures are in the table below.

Trust	Reduction in growth from 7% to:		Management fee rate (%)	Annual expenses	Bid/Offer Spread*	Growth, Income or Both
	Lump sums (%)	Regular savings (%)				
<b>Core</b>						
British Assets Trust	6.1	6.0	0.40	0.72	0.36	B
F&C Capital and Income Investment Trust	6.0	5.8	1.00	0.81	1.14	B
Investors Capital Trust	5.5	5.3	0.90	1.10	2.22	I
<b>Specialist</b>						
European Assets Trust	5.0	4.9	0.80	1.70	0.94	G
F&C Global Smaller Companies	5.8	5.5	0.40	0.74	3.10	G
F&C Managed Portfolio Trust Income	4.7	4.0	0.65	1.50	6.59	I
F&C Managed Portfolio Trust Growth	4.6	4.0	0.65	1.50	6.59	G
F&C US Smaller Companies Trust	5.7	5.5	0.80	1.12	0.69	G
<b>Alternative</b>						
F&C Commercial Property Trust**	5.9	5.8	0.60	1.00	0.31	I
F&C Private Equity Trust	5.0	4.7	0.90	1.50	2.89	G
Graphite Enterprise Trust	5.2	4.9	1.50/0.50	1.40	2.30	G
IRP Property Investments	5.5	5.3	0.70	1.30	1.29	I
Thames River Hedge+ **	5.1	5.0	1.50	1.71	0.21	G

Please note these figures are not guaranteed, they are designed purely to show how charges may affect your investment.

The assumed growth rates are those stipulated by the FSA to use for illustrative purposes, and were not achieved in the last 12 months.

\*Prices at 05.10.11. \*\*No Stamp Duty charge.

## 2. Simplified prospectus

Information for the F&C FTSE All-Share Tracker Fund (stakeholder account).

The following information relates only to the investment option for the stakeholder account and does not apply to the shares account.

This section contains key information about the F&C FTSE All-Share Tracker Fund ('the Fund'), which is a sub-fund of the F&C Investment Funds ICVC ('the Company'), an investment company with variable capital incorporated in England and Wales under the Open-Ended Investment Companies Regulations 2001 and governed by the COLL New Collective Investment Schemes Sourcebook. The Fund is authorised by the Financial Services Authority (FSA).

### What is the Fund's investment objective and policy?

The objective of the Fund is investment in the UK in all economic sectors to match the capital growth of the UK ordinary share market as represented by the FTSE All-Share Index. It is intended that this will be achieved by statistical sampling of the index. The fund may use traded options and other derivative products in accordance with relevant regulations.

### What are the risks of investing in the Fund?

The value of shares and the income from them is not guaranteed and can fall as well as rise due to stock market and currency movements. Past performance is not a guide to future performance. When you sell your shares you may get back less than you originally invested.

FSA regulations concerning the use of derivatives and the requirements for the spread of investments may result in the fund being unable to track the benchmark as closely as would otherwise be possible. If this were to happen, it would increase the amount by which the fund diverges from or under/over performs the Index.

Where investments are made in smaller companies and businesses at an early stage of their development, there may be a higher degree of risk. The value of such investments is usually more sensitive to market movements. Shares in smaller companies are generally traded less frequently than those in larger companies and established markets. This means that there may be difficulty in both buying and selling shares and individual share prices may be subject to short-term price swings.

Shareholders are not liable for the debts of the Company and the assets of the Fund are treated as separate from those of every other fund and are invested in accordance with the investment objectives and policy of the Fund. However, the Fund is not a legal entity and consequently if the assets attributable to any Fund were insufficient to meet the liabilities attributable to it, the shortfall might have to be met out of the assets attributable to one or more other funds of the same Company.

### What are the characteristics of an Investment Company with Variable Capital (ICVC)?

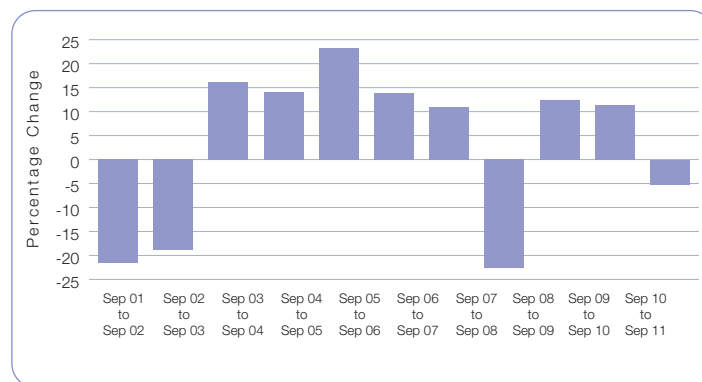
An ICVC is an umbrella company containing a number of subfunds. They are incorporated in England and Wales under the Open-Ended Investment Companies (OEIC) Regulations 2001. An ICVC sub-fund enables investors to pool money together. This money is then invested across a wide range of holdings such as company shares, government securities and other permitted investments. The investor's exposure is diversified across the portfolio in which the fund invests. A professional fund manager then looks after these investments. Shares in the OEIC are bought and sold at 'NAV' price. The NAV price is calculated by valuing the fund's investments and dividing it by the number of shares in issue at the valuation point. The NAV will go up and down depending upon the performance of the investments held by the fund.

### What types of share are available?

Only accumulation shares in the Fund are available through the F&C CTF stakeholder account. Dividends in respect of accumulation shares are retained in the fund and added to the value of the shares so there will be no entries for dividends on your plan statements.

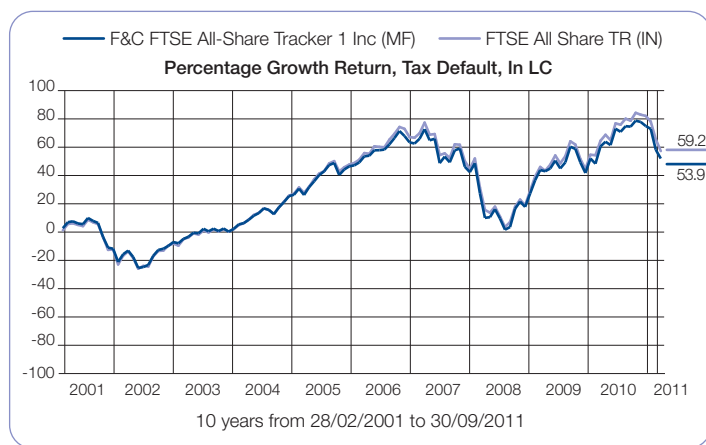
### How has the Fund performed?

Annual returns – This chart shows the annual returns for the Fund for the last ten full consecutive years to 30.09.11.



F&C FTSE All-Share Tracker Fund. Annual Returns (Percentage Growth)

**Cumulative performance** – This chart shows the Fund’s cumulative returns for the past ten full years to 30.09.11, with a comparison against the Fund’s benchmark.



Source: Lipper, percentage growth total return (UK net tax), single price basis with no initial charges.

**Standardised performance (percentage growth)** – The following table shows the Fund’s performance in percentage terms over the last 5 discrete years to 30.09.11.

30 Sep 2006 to 30 Sep 2007	11.06%
30 Sep 2007 to 30 Sep 2008	-22.91%
30 Sep 2008 to 30 Sep 2009	12.65%
30 Sep 2009 to 30 Sep 2010	11.42%
30 Sep 2010 to 30 Sep 2011	-5.27%

Source: Lipper, percentage growth total return (UK net tax), single price basis with no initial charges. Past performance is not a guide to future performance.

### What is the profile of a typical investor?

The Fund is suitable for retail investors seeking an equity investment with an investment horizon of at least five years. If you are in any doubt as to the suitability of an investment, please consult a financial adviser.

### What is the Portfolio Turnover Rate (PTR) of the Fund?

The PTR is the rate at which the fund manager buys and sells stocks within the Fund, expressed as a percentage. There are costs associated with such transactions, such as broker commission and Government stamp duty. Therefore if the PTR is high, these costs may have a higher impact on your investment. The PTR is calculated from the latest annual report and accounts, using the following formula:

$$\frac{(\text{Purchase of securities} + \text{sales of securities}) - (\text{subscription of shares} + \text{redemption of shares})}{\text{Average fund value over 12 months} \times 100}$$

Using this formula, the PTR for the Fund over the period covered by the last annual report and accounts (30.04.11) was 0%.

### How do I buy shares in the Fund within the stakeholder account?

To open a CTF stakeholder account and to buy shares in the Fund you should complete the application form and return it with your Government CTF voucher.

### How do I sell shares or switch account?

You cannot sell shares and receive the cash proceeds, as all contributions must remain within the CTF until at least the child’s 18th birthday. There are no other fund choices available under the stakeholder account to switch into. You can, however, instruct us to transfer from the stakeholder account into the shares account. You must transfer the entire account, as partial transfers are not permitted.

### What happens if I change my mind?

For new CTF plans you will be given 14 days from when we receive your application to change your mind. If we have not received instructions from you, we will then forward your voucher details to HM Revenue & Customs and open a CTF account. Amounts over and above the Government contribution will be invested as soon as the account is opened.

For CTF transfers – you will be given 14 days from when we receive your transfer application to change your mind. If we have not received instructions from you, we will then write to the current CTF provider and arrange for the transfer to take place within 30 days. Please note, for both new CTF accounts and transfers, we can only take instructions from the Registered Contact. Any cash received by the CTF manager will be paid into a client money bank account pending investment in your CTF. No interest will be paid on these cash balances.

### How much can I invest?

You can only open a CTF with a Government CTF voucher. Thereafter, the minimum lump sum investment in the stakeholder account is £10. The minimum regular savings amount is £10 per month. You can

invest up to a maximum of £3,600 each year (or £300 every month for 12 months) over and above the amount of the Government voucher.

### Can I take an income from the CTF account?

No. Any income generated within the Fund is accumulated and reflected in the price of shares.

### What are the fees and expenses for the stakeholder account?

There are various costs associated with buying an investment through the stakeholder account that affect the overall return on your investment.

#### Actual CTF charge – stakeholder account

Initial charge	Nil
Annual charge	Capped at 1.5% – see below of indication of the actual charge (Total Expense Ratio plus CTF annual charge)

Based on the latest annual report and accounts for the Fund, the Fund's Total Expense Ratio (TER) is 0.40%. The TER is made up of the annual management charge (AMC) of 0.30% and additional annual expenses such as registration fees, depositary and custody fees, fees for regulation, audit and Stamp Duty Reserve Tax. The AMC and additional expenses are deducted from the income of the fund and so are reflected in the daily NAV price.

The TER shows the annual operating expenses of the Fund expressed as a percentage of average net assets – it does not include transaction expenses. All European funds highlight the TER to help you compare the different annual operating expenses.

There is also an annual CTF charge of 0.7%. This charge will be taken by selling further shares for cash or from uninvested cash held in the CTF account as appropriate. Further details about these charges can be found in section 10 of the Terms and Conditions.

### What is commission sharing and does it affect my investment?

F&C uses commission sharing agreements when dealing on behalf of the Fund. Under commission sharing agreements, a proportion of the commission paid to the broker may be used to purchase execution or research services in accordance with FSA regulations. F&C's policy on the use of commission sharing agreements is available on request.

### What is the effect of these charges and expenses on the stakeholder account?

The following table sets out the effect of charges and expenses on a lump sum investment of £250 and regular savings of £10 a month in

the F&C FTSE All-Share Tracker Fund through the stakeholder account. The charges which have been included in these calculations are as follows: an initial charge of zero, total expenses figure of 0.40%, and annual CTF charge of 0.7%. All figures are as at April 2011. Please note these figures are not guaranteed, they are designed purely to show how charges may affect your investment over time.

Lump sum			
End of year	Investment to date (£)	Effect of deduction to date (£)	What you might get back at 7% growth (£)
1	250	3	264
3	250	10	296
5	250	19	331
10	250	51	440

*The last line in the table shows that over 10 years, the effect of the total charges and expenses could amount to £51. Putting it another way, if the growth rate was 7%, this would have the effect of reducing it to 5.8% a year.*

Regular savings			
End of year	Investment to date (£)	Effect of deduction to date (£)	What you might get back at 7% growth (£)
1	120	1	124
3	360	7	393
5	600	21	695
10	1,200	102	1,610

*The last line in the table shows that over 10 years, the effect of the total charges and expenses could amount to £102. Putting it another way, if the growth rate was 7%, this would have the effect of reducing it to 5.8% a year.*

### Will there be any tax payable on my child's CTF account?

No. Proceeds from CTFs are free from both income and capital gains tax.

### What is Stamp Duty Reserve Tax?

The Fund bears Stamp Duty Reserve Tax (SDRT) levied on transactions in shares in the fund rather than it being charged to the individual investor. SDRT is payable when shares in the Fund are repurchased, except where sales in aggregate exceed repurchases. The amount payable is calculated in arrears, based on the total sales and repurchases in the preceding two weeks.

### What is the dilution policy?

Investors buy and sell shares at the net asset value price which is in between the price at which the ICVC fund buys and sells the shares that make up the underlying portfolio. This means that a sufficient number of deals of one type in the shares of the Fund or a single large deal of sufficient size in the shares of the Fund might cause a loss to the Fund. This effect is called dilution. In order to reduce the effect of

dilution and to protect investors in the Fund, the ACD has adopted swinging single prices, so that a share price may be moved towards the offer value when purchases exceed sales and towards the bid value when sales exceed purchases. Full details of the dilution policy and the application of swinging prices are available on request.

### Where can I check the latest price for the Fund

The Fund's NAV is published daily in the Financial Times and on our website.

### Who is the ACD and what do they do?

F&C Fund Management Limited is the Authorised Corporate Director (ACD), which is authorised and regulated in the UK by the Financial Services Authority. It provides professional investment management services and controls the assets and operation of the Fund. Its address is F&C Fund Management Limited, Exchange House, Primrose Street, London EC2A 2NY.

## 3. Further information

### How much will any advice cost?

Your financial adviser, if you have one, will give you details about the cost of their advice.

### CTF manager

The CTF manager provides administration services for the plan. It is F&C Management Limited, Exchange House, Primrose Street, London EC2A 2NY, which is authorised and regulated by the Financial Services Authority (FSA) and is entered on the FSA register No. 119230.

### Nominee and Administrator

The nominee for the Shares Account is Puddle Duck Nominees Limited, 55 Moorgate, London, EC2R 6PA. The nominee for the Stakeholder Account is Cogent Nominees Limited, 55 Moorgate, London, EC2R 6PA. The administrator is appointed by the CTF manager and is BNP Paribas Securities Services Ltd, Block C, Western House, Lynch Wood Business Park, Lynch Wood, Peterborough PE2 6BP.

### Confirmation of identity

We are obliged to check all applications received for money laundering purposes. Exceptionally, this may involve us obtaining information about you from a credit reference agency. However, we will use any information we obtain in this way only for verification of your identity

### Who is the Depositary and what do they do?

The Depositary for the F&C funds is JP Morgan Trustee and Depositary Company Ltd, which is authorised and regulated in the UK by the Financial Services Authority. It is an independent body designed to safeguard the interests of the shareholders. It ensures that the ACD acts in accordance with the Prospectus and adheres to the relevant regulations. Its address is JP Morgan Trustee and Depositary Company Limited, Chaseside, Bournemouth, Dorset BH7 7DA. State Street Trustees Limited will replace the current Depositary from 10 November 2011, registered office 20 Churchill Place, London E14 5HJ, principal place of business 525 Ferry Road, Edinburgh EH5 2AW. State Street Trustees Limited are regulated by the Financial Services Authority.

### Where can I get further information?

Interim short reports (six months to 31 October), annual short reports (to 30 April), and audited annual accounts are available on request. You can get these reports and further information on the Fund, including the full prospectus, by contacting our Investor Services team on **0800 136 420**. Regular factsheets are also available on the F&C website – **www.fandc.com**

and not for any other purpose. In the event that we may need to request additional information to verify your identity we will write to you to request further evidence of identity. This will not delay your investment, however we may need this documentation before we can act on any further instructions from you regarding your CTF application.

Please note a recent change of address may mean we cannot verify you successfully electronically.

### Dealing

Shares will be bought on the next available dealing day. These dates are at the discretion of the CTF manager and normally occur daily. Your shares are bought at the prevailing market price at the same time as we buy shares for other CTF holders. Please note that we will wait to receive funds from HM Revenue & Customs in respect of the Government voucher before shares will be bought. This process may take a month to complete.

For regular investors, Direct Debits will be collected on the first business day of every month. The funds are made available for investment five business days later and invested on the next available dealing day. The first payment will be taken on the first available collection date following the end of the 14 days during which the Registered Contact can change their mind.

## Publicly available information

Listed companies are required to make announcements and publish information direct to the market and to shareholders in accordance with the Listing Regulations. The Plan Manager will endeavour to make information intended for shareholders and received direct from the company available to planholders holding shares in the company on the same basis that it is made available by the company to other registered holders of the shares.

## Queries and complaints

If you have any queries or complaints, or would like a leaflet outlining our complaints procedure, please contact the Investor Relations Manager, F&C Management Limited, 80 George Street, Edinburgh EH2 3BU. If we do not investigate the complaint to your satisfaction, you have the right to refer any complaint to the Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London E14 9SR. Making a complaint will not prejudice your right to take legal proceedings.

## Compensation

The plan manager is covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the scheme if the plan manager cannot meet its obligations. This depends on the type of business and the circumstances of the claim. Most types of investment business are covered for up to £50,000. Further information about compensation arrangements is available from the Financial Services Compensation Scheme.

## Corporate activity

Where appropriate, if any of the investment trusts you have chosen to invest in is involved in a rights issue, an issue of new shares, a takeover bid or anything similar, the Registered Contact will be given information to allow them to take whatever action they decide on. In the absence of a clear instruction from the Registered Contact, the CTF manager will not act on their behalf, unless this is stated in the documents relating to the specific corporate event.

You have the right to attend and vote at any General Meetings of the company in which you are invested and will be provided with a form of direction so shares may be voted on your behalf. The plan manager may vote shares for which no instructions have been received in the same proportions as the shares for which instructions are received.

## Additional information

Please also read the Terms and Conditions. Further information on the trusts in which the CTF is invested may be found in their Report and Accounts, or, where available and unless otherwise requested, summary financial statements, which will be made available to the Registered Contact or which they can download from our website. The Registered Contact will also receive any other information on the same basis as it is issued by the trust to its shareholders.

## 4. Terms and Conditions

### 1. Introduction

- 1.1 These Terms and Conditions, which are subject to the CTF Regulations, set out the basis on which the Manager will operate CTF Accounts and hold the Investments in the Accounts.
- 1.2 The Manager is authorised and regulated in the conduct of its investment business by the Financial Services Authority and is approved by HM Revenue & Customs to act as a Manager of CTFs.
- 1.3 These Terms and Conditions apply to transactions by Stakeholder Accounts and Shares Accounts in shares in F&C Investment Trusts and F&C OEIC sub-funds and in the Deposit Account.
- 1.4 Expressions defined in the CTF Regulations or the FSA Regulations shall, unless the context otherwise requires, have the same meanings in these Terms and Conditions.
- 1.5 Reference to statutory or regulatory provisions shall, unless the context otherwise requires, be construed as references to those statutes or regulations as amended and from time to time in force, or any statutes or regulations replacing or superseding those statutes or regulations.

### 2. Definitions

**Approved CTF Manager** – a manager approved by HM Revenue & Customs to operate CTFs.

**Birthday Year** – a year that starts on the birthday of the Child and finishes on the day before the following birthday and is the period to which the annual subscription limits apply. For a child born on 29 February the birthday will mean the last day of February each year.

**Business Day** – any day (excluding Saturdays, Sundays and public holidays) on which banks are open to conduct normal banking business in London.

**Child** – the Child named on the Government Voucher for whom the CTF has been opened.

**Child Trust Fund** – Child Trust Fund as defined by and operated in accordance with the Child Trust Fund Act 2004.

**Child Trust Fund Account** – a scheme of investment to be managed in accordance with the CTF Regulations by the Manager under terms

agreed between the Manager and the Registered Contact. The CTF Account must be held in the name of the Child.

**Child Trust Fund Manager or CTF Manager or Manager** – F&C Management Limited.

**CTF Regulations** – the Child Trust Fund Act 2004 Regulations.

**Dealing Day** – in the case of an OEIC sub-fund a day on which the ACD buys and sells the shares of the OEIC sub-fund, normally any Business Day. In the case of an investment trust, any business day on which the London Stock Exchange is open for business. In the case of the Deposit Account, any Business Day.

**Default Fund** – the OEIC sub-fund or Trust selected by the Registered Contact as the Default Fund for future subscription or, failing such selection, the OEIC sub-fund or Trust into which the first Voucher was invested.

**Deposit Account** – a holding in cash in a deposit account within a Stakeholder Account or Shares account within a CTF offered by the Manager and described in these Terms and Conditions and the Key Features.

**F&C** – F&C Asset Management plc and its subsidiaries and associates.

**FSA** – the Financial Services Authority.

**FSA Regulations** – regulations made by the FSA as applicable to the operation of Child Trust Funds.

**Internal CTF Transfer** – the transfer from the Stakeholder Account to the Shares Account or the transfer from the Shares Account to the Stakeholder Account within the F&C CTF Account.

**Investments** – the assets from time to time held within the CTF Account.

**Investment Trust or Trust** – investment trusts managed by F&C and such other investment trusts as are accepted by the CTF Manager and are Permitted Investments in accordance with these Terms and Conditions.

**Lifestyling** – the holding of a progressively increasing proportion of the assets of a Stakeholder Account in a Deposit Account starting from the thirteenth birthday of the Child to be achieved by switches in accordance with Clause 8.2.

**OEIC sub-fund** – a sub-fund of an open-ended investment company for which F&C Fund Management Limited or its associate is the Authorised Corporate Director (ACD) and such other OEIC sub-funds as are accepted by the CTF Manager and are Permitted Investments in accordance with these Terms and Conditions.

**Permitted Investment** – an investment included in the current Key Features as available for investment to the Stakeholder Account or the Shares Account as the case may be.

**Registered Contact** – the responsible person accepted by the Manager who may give instructions to the Manager with respect to the CTF Account, or the Official Solicitor or Accountant of the Court.

**Regulations** – the CTF Regulations and/or the FSA Regulations (amended from time to time).

**Responsible Person** – a person (not local authority) who is aged 16 or over who has parental responsibility for the Child.

**Shares Account** – a CTF offered by the Manager and described in these Terms and Conditions and the current Key Features that does not meet the regulatory requirements for a Stakeholder CTF.

**Stakeholder Account** – a CTF offered by the Manager and described in this Terms and Conditions and the current Key Features that meets the regulatory requirements for a Stakeholder CTF.

**Switch** – a transaction described in Clause 6.

**Terms and Conditions** – these Key Features and Terms and Conditions (as amended from time to time) and the statements and declarations made by the Registered Contact on his or her application form.

**Government Voucher** – the initial or any subsequent Voucher issued by HM Revenue & Customs under the CTF Regulations in the name of the Child to be invested by the responsible person in a CTF.

### 3. Taking out a CTF and the Registered Contact

- 3.1 The F&C CTF Account offers a Shares Account and a Stakeholder Account. The Responsible Person may open either a Shares Account or a Stakeholder Account for the Child but not both. It is possible to change the selection at a later date; see Clause 13 'Internal CTF Transfers'.

- 3.2 Applications for a CTF Account must be made on the appropriate application form available from the Manager (either for a new account or to transfer an existing CTF from another Approved Manager). An application for a new account must be accompanied by the initial Government Voucher.
- 3.3 Where the Child is 16 or over, only the Child can apply to open their CTF. Where the Child is under 16 only a Responsible Person can apply to open the Child's CTF.
- 3.4 Where the application to open a new CTF or transfer another account is made without face to face contact (a distance contract) or as a result of investment advice, the application will be subject to cooling off or cancellation rights (see Clause 23). There are no other cooling off or cancellation rights in respect of the CTF Account and any subsequent instructions, including investment instructions will be processed on receipt by the Manager in accordance with the Terms and Conditions. Please note the 14 day cooling off period cannot be waived.
- 3.5 Once the Application and any Voucher have been accepted the Responsible Person or Child, if the Child is aged 16 or over, will be registered on the CTF Account as the Registered Contact.
- 3.6 Once the CTF Account is opened the Manager will invest any cash subscription and will apply to HM Revenue & Customs for payment of the Government Voucher. The proceeds of the Government Voucher will be invested upon receipt of funds from HM Revenue & Customs. Each Government Voucher may be invested in entirety in only one Trust or OEIC sub-fund as available.

#### 4. Cash subscriptions to a CTF Account

- 4.1 Additional subscriptions may be made at any time by the Registered Contact or by a third party. An additional subscription may accompany an initial application with the Voucher but not an application to transfer a CTF to the Manager. The amount to be invested must be within the current Birthday Year's subscription limit. Any additional cash subscription, either as a cash lump sum by cheque, direct debit, and in the case of Stakeholder Accounts as a standing order, is subject to the minimum investment amounts

outlined in the Key Features and any prescribed minimum or maximum set by the Regulations.

- 4.2 Any additional subscription amount will be invested in accordance with the Registered Contact's current investment instructions unless accompanied by written instructions from the Registered Contact. Written instructions should be given on the appropriate lump sum, direct debit or standing order application form, available from the Manager. Third party subscribers should note that only the Registered Contact may give investment instructions. In the event a subscription is received without specific investment instructions or from a third party without instructions from the Registered Contact, investment will be made into the Default Fund. Additional subscriptions may not be made direct into the Deposit Account.
- 4.3 Additional subscriptions will be available for investment as follows;
- (a) additional subscriptions by cheque received by 5pm on a Business Day will be available for investment on the next available Dealing Day.
  - (b) regular direct debit collections will be made on the 1st of the month or next available Business Day. The subscription amount will be available for investment on the first Dealing Day after 5 Business Days have elapsed since the collection was made.
  - (c) standing order payments into the Stakeholder Account may be made on any day, however we request that you make the payment on the 1st day of the month or next Business Day as we will deal the standing order payments only once a month on the Dealing Day after the 1st day of the month or next Business Day. This will ensure that the money is invested promptly.
- 4.4 The Registered Contact and any third party that makes an investment into the CTF should be aware that the investment is an irrevocable gift to the Child that will remain within the CTF until the Child's eighteenth birthday or the CTF is otherwise closed in accordance with Clause 12 of the Terms and Conditions.
- 4.5 An additional subscription received in excess of the subscription limit for the current Birthday Year will be returned. The balance will be repaid to the Registered Contact or third party if

known, dependent on who made the additional subscription. Repayment is subject to the Manager having sufficient information to instruct payment and will normally be made direct to the bank account of the relevant person.

- 4.6 A direct debit collection that would cause the CTF Account to exceed its subscription limit will be invested in the CTF Account up to the subscription limit and the balance returned to the account from which the collection was made. We will resume collections on the first collection day in the next Birthday Year.

#### 5. Management of Investments

- 5.1 Subscriptions will be invested in the Shares or Stakeholder Accounts in Permitted Investments in accordance with the selection made by the Registered Contact on the application form or in a subsequent instruction from the Registered Contact.
- 5.2 F&C reserves the right to add and remove Trusts and OEIC subfunds to or from the list of Permitted Investments. Should a Trust or OEIC sub-fund be removed, F&C reserves the right to sell the holding in that Trust or OEIC sub-fund and to invest the proceeds in accordance with the instructions of the Registered Contact.
- 5.3 Permitted Investments within the Shares Account comprise shares and associated instruments of the Investment Trust(s) listed in the current Key Features and the Deposit Account.
- 5.4 Permitted Investments within the Stakeholder Account comprise shares of the OEIC sub-fund named in the Key Features and the Deposit Account.
- 5.5 On the last day of the month prior to the Child's 13th birthday, Lifestyling will be applied to Stakeholder Accounts. The Registered Contact of a Stakeholder Account may, at any time, by written notice, amend their choice to include or remove Lifestyling from that point onwards. Lifestyling is not available for the Shares Accounts.
- 5.6 Subject as provided below, interest, dividend income, tax credits and or any valid amount due from the reclaim of tax as allowed by the Regulations within the CTF Account received by the Manager on behalf of the CTF Account will be reinvested following receipt in shares of the OEIC or of the Investment Trust(s) selected

- by the Registered Contact on his or her application form (or as agreed between the Manager and the Registered Contact) and, if more than one Investment Trust is selected or agreed, the proportion reinvested in each such Investment Trust will, subject to the CTF Regulations, be at the Manager's discretion.
- 5.7 Interest is credited to the Deposit Account quarterly in arrears on the last day of March, June, September and December or next Dealing Day.
- 5.8 No re-investment into Investment Trusts will be made if the amount to be reinvested in any trust or class of shares is less than the price (including stamp duty) of one share in which case such amount shall be carried forward to the next Dealing Day. The minimum investment amount in the case of re-investment into OEIC sub-funds or the Deposit Account is one penny.
- 5.9 The Registered Contact's attention is drawn to the fact that Permitted Investments may comprise investments:
- (a) of which the issue or offer for sale was underwritten, managed or arranged by the Manager or any of its associates; or
  - (b) of an investment trust either managed or advised by the Manager or one of its associates and in respect of which the Manager or its associates may receive payment.
  - (c) of an OEIC sub-fund either managed or advised by the Manager or one of its associates and in respect of which the Manager or its associates may receive payment.
- 5.10 The Manager may employ agents in connection with the services it is to provide and may delegate all or any of its powers or duties to any delegate(s) of its choice. The Manager will satisfy itself that any person to whom it delegates any of the Manager's functions under these Terms and Conditions is competent to carry out those functions. The Manager shall not be liable for the negligence or misconduct of any such agent or delegate, except where it has been negligent in its choice of such agent or delegate; provided that this Clause 5.9 shall not exclude or restrict any liability towards the Registered Contact to which, by virtue of the CTF Regulations or the FSA Regulations, the Manager may be subject.
- 5.11 Legal title to the Investments will be vested and registered in the name of Puddle Dock Nominees Limited or Cogent Nominees Limited, or such other nominee as the Manager may from time to time nominate. Such other nominee may include persons who are associates of the Manager. Share certificates or other documents evidencing title to Investments will be held by the Manager or its delegates or as it may direct. Beneficial ownership of Investments will be vested in the Child. Investments will not be lent to third parties or used as security for a loan. Investments will be registered collectively together with those of other Registered Contacts. They may, therefore, not be separately identifiable and, in the event of a default by either the Manager or its delegate(s), any shortfall may be shared pro rata among all Registered Contacts whose Investments are so registered.
- 5.12 Cash received by the Manager on behalf of the Registered Contact will be paid into a client money account with The Royal Bank of Scotland plc or The Bank of New York Limited, entitled F&C Management Limited – CTF Client Account, and may be aggregated with monies held by the Manager for other Child Trust Funds Registered Contacts. Such cash will be held in accordance with the FSA Regulations as may be amended from time to time. No interest will be paid on these cash balances. Any amounts credited by the bank to the Client Money Accounts in excess of that allocated to the Registered Contacts represented by multiple fractions or not otherwise due to a CTF account in accordance with these Terms and Conditions will be appropriated for the sole benefit of the Manager. Additional provisions, including the payment of interest, apply to the Deposit Account.
- 5.13 Money will not be borrowed on the Registered Contact's or the Child's behalf nor, will the Registered Contact or the Child be committed to supplement funds in the CTF. The Registered Contact or the Child will not be committed to underwrite any issue or offer for sale of securities.
- 6. Switching**
- 6.1 Within the Shares Account switches between investment trusts and to/from the investment trusts and the Deposit Account may be executed on the instruction of the Registered Contact. Instructions for switching received by 5pm on a Business Day will be executed on the next Dealing Day. The Manager will sell any holdings and reinvest the proceeds as instructed on the same Dealing Day.
- 6.2 The Registered Contact may instruct two switches per Birthday Year free of charge after which a charge of £25 plus VAT will be taken from the proceeds prior to re-investment.
- 6.3 Switching is not currently available within the Stakeholder Account except as part of the Lifestyling option.
- 6.4 It is possible to transfer the entire CTF holding between the Stakeholder and Shares Account, and vice versa. It is not possible to hold both a Stakeholder and a Shares Account at the same time. The terms for transferring between Accounts are explained in clause 13.
- 7. Dealing in Investments**
- 7.1 Cleared subscription monies will be applied by the Manager for investment in the OEIC or relevant Investment Trust(s) at such time or times as the Manager deems appropriate. Applications, and/or top up instructions must be received by 5pm on a Business Day to be available for investment on the next Dealing Day.
- 7.2 Sales and purchases of Investments may be effected with or through any person, firm or corporation selected by the Manager, including associates of the Manager, who will be entitled to charge and retain normal charges, fees, brokerage and/or commission. Shares in Investment Trusts may be acquired directly from the relevant Investment Trust where, in the Manager's opinion, it is in the Child's best interests to do so. Shares in the OEIC sub-funds may be acquired from the ACD.
- 7.3 Orders made on behalf of the Registered Contact may be combined with other orders of the Manager, its associates and of other clients of the Manager or their associates. The combination of orders may result in the CTF

Account obtaining a more, or less, favourable price than if the order had been executed separately. Investments may be consolidated with those of other Child Trust Funds, Savings Accounts, Individual Savings Accounts and Personal Equity Plans and similar plans which the Manager manages.

- 7.4 The Manager shall be entitled to effect transactions with or through the agency of another person with whom the Manager has an arrangement under which that person may from time to time provide to or procure for the Manager services or other benefits the nature of which are such that their provision results, or are designed to result, in an improvement in the Manager's performance in providing services for its clients and for which the Manager makes no direct payment but instead undertakes to place business with that person.
- 7.5 The Manager shall be entitled, without prior reference to the Registered Contact, to effect transactions in which it has, directly or indirectly, a material interest or a relationship with another party which may involve a conflict with the Manager's duty to the CTF Account and shall not be liable to account to the Registered Contact or the Child for any profit made or received. In particular (but without limitation) the Manager and/or any of its associates shall, subject to the Regulations, be entitled, without prior reference to the Registered Contact, to:
- act in the same transaction as both an agent for the Registered Contact and also as an agent for the counterparty; and
  - act in the same transaction or series of transactions as agent for more than one client (including the Registered Contact) collectively.

## 8. Investment objective

- 8.1 The investment options all have the objective of delivering long term capital growth or long term capital growth and some income or income. Achievement of these objectives will be carried out in accordance with the detailed investment objective of each investment trust which is set out in the 'Trust profiles' booklet. Each investment trust also has a more specific objective which is set out

in the 'Trust profiles' booklet. For the FTSE All-Share Tracker Fund (the Stakeholder Account option) the objective is set out in the simplified prospectus and in the Prospectus of the F&C Investment Funds ICVC.

- 8.2 The objective of Lifestyling is to reduce the investment risk of the CTF Account across 5 years from before the Child's 13th birthday to before the Child's 18th Birthday by switching from equity investment to the Cash Deposit Account across that period. The objective of the cash Deposit Account is to provide income in the form of interest which will be reinvested to increase the capital amount in the Account. The proportions will be as follows:

Age of child on next birthday:	Proportion of equity holding to switch to cash on the last Dealing Day of the month prior to the child's birthday:
13	16.7%
14	20%
15	25%
16	33.3%
17	50%
18	100%

- 8.3 Should the Registered Contact opt out of Lifestyling no further annual switches into the Deposit Account will be processed. Should the Registered Contact then re-select the Lifestyling the appropriate proportion will be switched into the Deposit Account on the last Dealing Day of the month prior to a birthday of the Child.

## 9. Notice of meetings reports and rights attaching to investments

- 9.1 The annual report and accounts or, where available and unless otherwise requested, summary financial statements, and any other information issued to shareholders by Investment Trusts and OEICs which comprise Investments will be made available on the same basis to the Registered Contact.
- 9.2 Annual statement will be sent to the Registered Contact at least 61 days before or after the Child's birthday. Replacement and additional statements are available on

request although there may be a charge for this service.

- 9.3 Voting rights attaching to Investments will not be exercised by the legal owner of those Investments but arrangements will be made by the Manager for the Registered Contact, if he or she so wishes, to attend shareholder meetings and to exercise voting rights.
- 9.4 Where voting instructions are not received the Plan Manager may vote any uninstructed shares in the same proportions as the instructions received from other planholders.

## 10. Fees, commissions and expenses

- 10.1 The CTF Account shall pay, or reimburse the Manager in respect of Stamp Duty and other normal charges or out-of-pocket expenses, dealing commission or expenses and VAT where applicable.
- 10.2 The Investment Trusts each pay a fee to an investment adviser that may be the Manager or a member of the F&C Group. This fee plus any other expenses experienced by the Investment Trusts are set out in the Trust Profiles booklet.
- 10.3 For Stakeholder Accounts an annual charge of up to 1.5% will apply. This annual charge is made up of an annual management charge (AMC) and additional expenses charged to the OEIC sub-fund and a charge for the CTF Account (CTF Charge). These charges may not exceed 1.5% per annum in aggregate. The AMC and the additional expenses are calculated into the daily NAV price, as explained in the Key Features, and are paid from the OEIC sub-fund. The CTF Charge is calculated monthly in arrears at the rate of 0.7% per annum calculated for the number of days the investment is held, based on the account value at the month end. Shares will be sold or cash taken from the CTF Account to pay the CTF Charge on an annual basis in arrears. Should the CTF Account be closed or transferred out of the Stakeholder Account, prior to the charge being made, the annual charge due will be taken when shares are sold to close or transfer the CTF Account. In the unlikely event that the sum of the AMC and additional expenses and the CTF Charge exceed 1.5% a rebate may be applied to the CTF account or part of the CTF charge

waived to reduce the aggregate charge to 1.5%. Fees and expenses that are outside the 1.5% cap may also apply to the underlying OEIC sub-fund, such as dealing commission and stamp duty.

10.4 Such fees, commissions and expenses may supplement or abate other fees payable to the Manager in connection with transactions effected hereunder. The Manager may, insofar as permitted by the Rules of the FSA, vary the amount of fees, commissions or expenses payable, the basis on which they are charged or reimbursed and/or the due date for payment on giving not less than 7 Business Days written notice to the Registered Contact.

10.5 There is no charge for a holding in the Deposit Account within the CTF Account, however the Manager reserves the right to levy a charge in the future by giving 21 days notice.

10.6 Where a CTF has to be made void or repaired in accordance with Clauses 12.3 or 12.4, the Manager may charge an administration fee. Details of any such charge are available from the Manager.

## 11. Rights of the Manager

11.1 The Manager may retain sufficient cash in the CTF Account to pay future fees and this may result in some or all of the income arising in the CTF Account not being reinvested.

11.2 The Manager may, without prior notice to the Registered Contact, apply any cash or sell or realise any Investments in payment of any taxes or fees, commissions and/or expenses payable in respect of the CTF Account to the Manager. In the event such liabilities remain unsatisfied after such action, the Registered Contact shall promptly on demand pay the Manager any shortfall. The Registered Contact shall indemnify the Manager in respect of any loss, damage or cost which might be incurred or arise in respect of any such liability remaining unsatisfied.

## 12. Termination and withdrawal

12.1 The CTF may not be closed, nor may any money or investments be withdrawn from the CTF before the Child's 18th birthday

except in the following circumstances:

- (a) The death of the Child, or
- (b) HM Revenue & Customs informs the Manager that the Child is terminally ill.

12.2a The exemption from tax shall terminate automatically on the death of the Child. The CTF Account will remain invested until valid instructions are received from the Child's Executors or Administrators. Dividends or gains in respect of investments in the CTF Account which arise after the date of death to the date of closure are not exempt from tax, but there is no loss of exemption on interest, dividends or gains which arise before the date of death. On receipt of valid instructions from the Child's Executors or Administrators, and subject to any verification the Manager may reasonably require, the Manager shall realise the shares and other securities held as Investments and pay over the net proceeds of any sale and any other cash held to or as directed by the Child's Executors or Administrators. Such instructions, shall be executed on the next Dealing Day following acceptance of the instructions by the Manager and the net proceeds of the CTF Account in the form of cash will normally be sent, at the Executors' or Administrators' risk, within 8 Business Days following execution of the sale.

12.2b Upon instructions from HM Revenue & Customs that the Child is terminally ill the Manager shall allow early access to the CTF in accordance with the Regulations. Once a withdrawal has been made from the CTF Account, the amount withdrawn will cease to be tax exempt and may not be reinvested within the CTF Account. The CTF Account will continue and the Manager will retain at least the minimum balance to keep the account open. In such circumstances the required minimum balance is £1.00.

12.3 On direct instruction to close the CTF Account from HM Revenue & Customs:

- (a) due to an invalid application; or
- (b) due to the Registered Contact already having subscribed to another CTF for the same Child; or
- (c) where a CTF Account has or part thereof is to be treated as void the Manager will

notify the Registered Contact that the CTF Account, or part thereof, has not qualified or will no longer qualify for tax relief.

The Manager will then void the CTF Account, or part thereof, realise the value of the relevant Investments and, subject to Clause 12.5 and the deduction of the charge permitted under Clause 10.6, pay the proceeds to the Registered Contact.

12.4 In certain circumstances where there is a failure to satisfy the CTF Regulations, HM Revenue & Customs may require the CTF Account, or part thereof, to be repaired. The Manager will then repair the CTF Account, or part thereof, in accordance with the regulations. The Account may be subject to the deduction of the charge permitted under Clause 10.6.

12.5 The tax benefits of the CTF Account terminate automatically on the Child's eighteenth birthday. The CTF Account will remain invested in accordance with the Registered Contact's investment instructions until instructions together with such evidence of identity as the Manager may reasonably require are received from the Child, for the distribution of the Investments. Details of the terms on which the account will be administered following the Child's eighteenth will be provided by the Manager together with details of any tax efficient roll-over savings account approved by HM Revenue & Customs.

12.6 Notwithstanding Clauses 12.1-12.5, the Manager may withhold and retain from any such withdrawal or transfer an amount sufficient to satisfy:

- (a) any sums due to the Manager under these Terms and Conditions;
- (b) tax liabilities of the Child (or his or her estate if deceased) for which the Manager may be accountable, including any repayment in respect of any Voucher.

## 13. Internal CTF Transfers

13.1 A request to transfer investments within the F&C CTF from the Shares Account to the Stakeholder Account or from Stakeholder Account to Shares Account at any time will be treated as an internal CTF Transfer by the Manager and will be subject to the same cooling-off period as an External Account

Transfer to another Approved Plan Manager. The transfer instruction from the Registered Contact will be executed on the first Dealing Day 14 days after receipt in accordance with Cancellation or Cooling off explained in Clause 23.

- 13.2 All internal CTF transfers will involve selling the investments in the existing CTF Account and using the proceeds to purchase investments in the new Account.
- 13.3 It is not possible to hold a Stakeholder Account and a Shares Account within the same CTF at the same time.

#### **14. External Account transfer**

14.1 The Registered Contact can at any time by written notice to the Manager terminate the CTF Manager's appointment and require the CTF Manager to realise the value of the Investments and transfer the proceeds relating to that part of the CTF Account, together with all rights and obligations of the parties thereunder to another Approved CTF Manager. Please note, any transfer will occur up to 30 days after the receipt of a valid transfer request and will be made in cash. We do not undertake in specie transfers. On receipt of a valid transfer application to transfer a CTF from another Approved CTF manager to the Manager, the Manager will hold the instruction for 14 days after receipt to allow for the cooling-off period as described in Clause 23 of the Terms and Conditions. The Manager will then write to the current CTF provider and arrange for the Account to be transferred to the Manager in cash within 30 days. The Manager will invest the proceeds of the transfer on the Dealing Day following receipt of cleared funds.

14.2 The Manager may retire as Manager of the CTF by giving not less than 30 calendar days notice in writing to the Registered Contact. On such retirement, the Registered Contact may either elect for a transfer to another CTF manager in accordance with Clause 14.1 or the Manager may transfer the CTF Account to another Approved CTF Manager of its choice.

#### **15. Change of Registered Contact**

15.1 Where the Child is under 16, the current Registered Contact may be replaced by a

different responsible person. There is a form to complete in order to change the Registered Contact that is available from the Manager. Adequate proof of identity and of parental responsibility for the Child will also be required. Change of Registered Contact may not be made by telephone. In the case of death of the Registered Contact the Manager may require sight of the death certificate or in the case of incapacity the Power of Attorney or doctor's certificate prior to changing the Registered Contact for the CTF. The Registered Contact may only be a person aged 16 or more with parental responsibility for the Child. Please contact F&C for further details.

- 15.2 On the Child's 16th birthday the Child becomes the Registered Contact, however, current investment instructions will stand unless new instructions have been received from the Child. Instructions from the Child will only be implemented once the identity of the Child has been established to the satisfaction of the Manager and the Child has been registered on the CTF Account as the Registered Contact.
- 15.3 The Manager will write to the Registered Contact prior to the 16th Birthday of the Child with details of how the Child may become the Registered Contact for their CTF Account. Should the Child at age 16 have not been registered on the Account as the Registered Contact then the CTF does not have a Registered Contact. Instructions on management of the CTF given by the previous Registered Contact remain in place but further instructions may only be given by the Child following his/or her registration by the Manager as Registered Contact.

#### **16. General**

- 16.1 To the extent permitted by the CTF Regulations, the Manager shall be entitled to make tax claims, conduct appeals and agree on the Child's behalf liabilities for and relief from tax in respect of the CTF Account.
- 16.2 Subject to duties or liabilities under the FSA Regulations the Manager shall not be liable to the Child for any losses arising from any depreciation in the value of the Investments (including, without limitation, depreciation resulting from capital loss or taxation liability)

except insofar as the same arises as a result of the Manager's fraud, wilful default or negligence. Save to the extent provided for in the FSA Regulations the Manager shall not be liable for any default by any nominee appointed by it in connection with the CTF Account to be the registered holder or custodian of Investments.

- 16.3 Nothing in the Terms and Conditions shall restrict the Manager's right to provide investment services to others.

#### **17. Alterations**

17.1 Without prejudice to Clause 10, and save to the extent that other provisions are made in the Regulations the Manager may for valid reasons amend, alter or add to the Terms and Conditions from time to time by giving at least 21 calendar days' notice in writing to the Registered Contact. No notice is required in the case of amendments required to reflect changes to the CTF Regulations or necessary to ensure the CTF complies with the CTF Regulations or the FSA Regulations.

#### **18. Restricted communication**

18.1 In making investment decisions, the Manager and/or its agents will not have access to information which is privileged or confidential and, in the event that such information comes to the knowledge of any of them, they shall not be under any duty to use or attempt to use such information on the Registered Contact's and/or the Child's behalf.

#### **19. Confidentiality**

- 19.1 The Manager will not disclose confidential information obtained by it relating to the affairs of the Registered Contact or the Child to any third party (excluding any agent appointed by the Manager who will be bound by the same duty of confidentiality) except with the prior written consent of the Registered Contact or where the Manager is under a legal or regulatory obligation to do so.
- 19.2 The Manager will not disclose confidential information obtained by it relating to the affairs of third parties who may have invested in the CTF to any third party (excluding any agent appointed by the Manager who will be bound by the same duty of confidentiality) except to the Registered Contact with the prior written

consent of that Third Party or where the Manager is under a legal or regulatory obligation to do so.

## **20. Data Protection**

20.1 The Data Protection Act 1998 regulates the use of data. The F&C Group is required to obtain consent from individuals before using their personal data. Personal data provided to the F&C Group is used solely for the purposes of administration, direct marketing and business analysis. On occasion, Registered Contacts may be contacted (either by mail, telephone or email) by the F&C Group for the above purposes.

20.2 The Registered Contact may decline to receive direct marketing material from F&C by giving written notice to that effect to the F&C Group Data Controller at F&C Asset Management plc, 80 George Street, Edinburgh EH2 3BU.

## **21. Complaints and compensation**

21.1 Complaints should be referred to the Investor Relations Manager, at 80 George Street, Edinburgh EH2 3BU. If the complaint has not been resolved to the Registered Contact's full satisfaction, the Registered Contact may have the right to refer his or her complaint to the Financial Ombudsman Service. This service is independent to the Manager and is available to all eligible complainants. Full details of the Manager's procedures on the handling of complaints and details of the Financial Ombudsman Service are available on request from the Manager.

21.2 In the event of default by the Manager, the Registered Contact may be entitled to compensation under the Financial Services Compensation Scheme. Information about the Scheme is available on request from the Financial Services Authority and the Financial Services Compensation Scheme itself.

## **22. Notices and instructions**

22.1 Any notice or instructions to be given to the Manager should be sent to the F&C Plan Administration Centre, Block C, Western House, Lynch Wood Business Park, Lynch Wood, Peterborough, PE2 6BP or to such other address as may be notified to the Registered Contact. Notices to be given to

the Registered Contact will be sent by post, at the Registered Contact's risk, to the address last notified to the Manager, and will be deemed duly given two Business Days following the day of posting.

22.2 The Manager will acknowledge in writing and comply with the Registered Contact's proper written or electronic instruction as soon as is practicable.

## **23. Cancellation/Cooling Off**

23.1 An application to open an F&C CTF (including a transfer from another CTF provider and an internal CTF transfer) will be accepted on the day of receipt of the completed application together with any applicable Voucher subject to a 14 day cooling-off period. The Voucher and/or any additional subscription will be held by the Manager during the 14 days cooling off period in accordance with the Regulations. The cooling off period cannot be waived. If F&C receive an instruction from the Applicant to cancel the application within the cooling-off period F&C will return the Voucher and/or any additional subscription to the Applicant and a CTF Account will not have been opened. At the end of the cooling-off period if no cancellation instruction has been received by F&C the CTF Account will be opened. The Voucher information will be sent to HM Revenue & Customs at the next available opportunity. On receipt of confirmation and appropriate cash from HM Revenue & Customs, investments will be made as instructed on the first available Dealing Day. Any additional subscription in the form of a cheque or standing order and accompanying the application form and the Voucher will be invested in the CTF Account on the first Dealing Day following the 14 days cooling off or processed in the case of a direct debit. If the Applicant wishes to change their mind they must give written notice to F&C within the time frames stipulated and at the address provided on the application form.

## **24. Terms of the contract with the Manager**

24.1 Once the Registered Contact has completed the application form and it has been accepted by the Manager, it will constitute a legally binding agreement between the Child, Registered Contract and the Manager.

24.2 The Key Features, simplified prospectus and Terms and Conditions set out how instructions will be processed and how their investments are administered.

24.3 The Terms and Conditions are subject to English Law and the exclusive jurisdiction of the English Courts. All documentation will be provided in English.

These Key Features, simplified prospectus and Terms and Conditions are based on our understanding of current legislation and HM Revenue and Customs practice as at October 2011.

# Contact us.



Call us on **0800 136 420** (8:30am - 5:30pm, weekdays, calls may be recorded)



Email us at **info@fandc.com**



Visit **www.fandc.co.uk**

Please note that we cannot give you any advice on the suitability of investing in our plans.

If you have difficulty reading this pack and need a copy in large print, please contact us.

If you are deaf or hard of hearing, remember you can use the Typetalk facility.

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