

Key Features of the Cofunds Junior Investment ISA

This document relates to the Cofunds Junior Investment ISA.

This is the only product available on the Cofunds platform for a person under the age of 18.

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This document provides you with information about the Cofunds Junior Investment Individual Savings Account. This is a stocks and shares Junior Individual Savings Account (JISA) that can be used to hold funds available on the Cofunds platform in a tax-efficient way.

The Financial Services Authority is the independent financial services regulator. It requires Cofunds to give you this important information to help you to decide if investing through the Cofunds Junior Investment ISA is right for you.

This document is important as it governs your rights as an investor. You should read it carefully so that you understand what you are buying, and then keep it safe for future reference. If you are unsure about any of the information provided, or have any questions, please speak to your intermediary who will be able to help you.

Its aims:

The Cofunds Junior Investment ISA (Cofunds JISA) aims to provide capital growth over the medium to long-term and you can invest in the wide range of funds available on the Cofunds platform.

Your commitment:

The Cofunds JISA is a stocks and shares account. To open the account you must have parental responsibility for an eligible child, or be the child provided you are aged 16 or 17 and wish to operate the account yourself.

You must invest into one or more funds within the Cofunds JISA up to the current maximum JISA allowance (see 'What's the maximum I can invest?' in the Questions and Answers section).

Once the account has been opened the account will remain in place until the child is 18. During this time you may not hold another stocks and shares JISA with another provider but may also hold a cash JISA with another provider if you wish. You'll also have the right to transfer either account to another ISA Manager at any time.

Risks:

When you use the Cofunds JISA your main risk is that the value of the funds in which you have invested may go down in value. For risks specific to each fund, please see the relevant Fund Key Features.

The tax treatment of JISA may change so that investing in funds through the Cofunds JISA is no longer a tax-efficient option.

Charges:

Cofunds does not charge you for holding your JISA wrapper on the Cofunds platform. However, some platform charges may apply – please see the Cofunds Platform Key Information Document for more information. Also, refer to the Fund Key Features Document for fund charges that may apply.

Questions and Answers

Your investment

Q. What's a JISA?

A type of Individual Savings Account for children that's managed by a Registered Contact. There's two types of account: stocks and shares; and cash. You may open both types of account provided you do not hold more than one of each type. Cofunds only offers a stocks and shares JISA.

Q. Can I open a Cofunds JISA?

To invest in the Cofunds JISA the child needs to:

- be under the age of 18
- have been born on or after 3 January 2011 or not hold a Child Trust Fund account
- be resident and ordinarily resident in the UK for tax purposes, unless you are currently a Crown employee, their spouse, civil partner or dependent.

Q. Can a JISA be held jointly?

No, a JISA is for an individual who is under the age of 18 – it cannot be held jointly.

Q. Who's name will the JISA be in?

The account will be in the name of the child, who remains the beneficial owner. However the person with parental responsibility for the child, known as the 'Registered Contact', will be responsible for administering the account until the child becomes 18, or if the child applies to operate the account once they are 16.

Q. What happens when the child's turn 16?

We will contact the child to advise that they have the option to take control of the JISA by becoming the Registered Contact. In addition, a child turning 16 can apply to open a JISA, if they do not already hold one, and act as the Registered Contact.

Q. What happens to the child's JISA when they turn 18?

Prior to turning 18 we will contact the child to advise that their JISA will be rolled-over to an Individual Savings Account (ISA) and explain the formalities that need to be completed. Upon reaching 18, we will automatically roll the JISA over into an ISA.

Q. Does Cofunds offer a cash JISA?

No, although you can take out a cash JISA with another provider, provided that you don't invest over £3,600 between both your cash and stocks and shares JISAs in any one tax year.

Q. What's the minimum I can invest?

- Lump sum: £500 per fund
- Further top-ups: £50
- Regular investments: £25 per fund a month

Q. What's the maximum I can invest?

There are strict limits on how much you can invest in a JISA each tax year (6 April to 5 April the next year). For the tax year 2011/12 and the next tax year 2012/2013, the annual allowance is £3,600. From the tax year 2013/2014 this will increase annually in line with the Consumer Prices Index (CPI).

Q. Who can subscribe to make payments?

Any person can make subscriptions to the child's JISA by direct debit or cheque. A subscriber does not need to be resident in the UK but the payment must be in sterling drawn on a UK bank account.

All subscriptions will be deemed to be a gift to the child and cannot be repaid or refunded to the subscriber at any time.

Q. How can I use my JISA allowance in the current tax year?

- You can invest the whole of your annual JISA allowance in a stocks and shares JISA, such as the Cofunds JISA
- Alternatively, you can invest a proportion of your allowance in a cash JISA (Cofunds does not offer a cash JISA).

Questions and Answers

Transferring JISAs

Q. Can I transfer an existing JISA into a Cofunds JISA?

Yes, you can transfer existing stocks and shares and/or cash JISAs held with another provider into the Cofunds JISA. Cofunds does not make a direct charge to you for JISA transfers.

1. Transferring JISAs

Stocks and shares JISA – If you have set up a stocks and shares JISA with another provider and then decide you would prefer to hold it with Cofunds, you must transfer the full amount, as you can only have one stocks and shares JISA. The amount already subscribed in the current tax year will continue to be treated as part of your current tax year JISA allowance.

Cash JISA – You can transfer a cash JISA to the Cofunds JISA. However, it will be converted into a stocks and shares JISA. Again, the amount already subscribed in the current tax year will continue to be treated as part of your current tax year JISA allowance.

Q. How do I transfer my existing JISA to Cofunds?

JISA transfers can take place by re-registering funds or as cash.

- **Re-registration of funds:** If you wish to keep the same choice of funds when you transfer your JISA, it may be possible for you to re-register them. This means that the funds will simply be moved to sit within your new Cofunds JISA. To do this the funds will need to be available on the Cofunds platform and your existing ISA manager must support fund re-registration. Your money will remain fully invested in the funds and no initial charges will apply.
- **Cash transfers:** If the existing ISA manager doesn't support fund re-registration or you want to have a different choice of funds, the funds you currently hold in your JISA will be sold. The cash proceeds will then be transferred directly to Cofunds to purchase the funds of your choice.

A 'cash transfer' requires your investments to be sold then reinvested. Please be aware that:

- You may lose out on income or investment growth while your money is not invested during the transfer period
- Initial charges may apply when new funds are purchased through the Cofunds JISA
- You will not be able to make further investment decisions until the transfer has been completed
- Your existing ISA manager may charge an exit fee. Please check with them or a financial intermediary regarding the costs of transferring a JISA.

Q. Can I transfer to another provider?

You can transfer your Cofunds JISA to another ISA manager. To do this, Cofunds requires a completed Transfer Authority Form from your new ISA manager. You can transfer a stocks and shares JISA into another stocks and shares or cash JISA. JISA transfers from Cofunds to another provider can only be completed by selling out of all your existing investments, and transferring the cash to the new ISA manager. You may lose opportunities for investment growth through this process. You will not have access to your JISA until the transfer is complete.

Managing your JISA

Q. Can I take money out of my JISA?

No, you cannot withdraw or close the account until the child is aged 18, or in the event of their death or terminal illness.

Q. Do I need to complete an application for my existing Cofunds JISA every new tax year?

No, your existing JISA will continue to be invested until you provide Cofunds with instructions otherwise.

Tax treatment

Q. What is the tax treatment of JISAs?

All income and growth generated by your JISA investments is free of personal UK income and capital gains tax. However, any losses made in a JISA cannot be set against gains elsewhere in your portfolio for tax purposes.

Tax is not payable by any subscriber on the income generated by money they have paid into the JISA by way of a gift, even where that income exceeds the £100 limit which applies to gifts from parents.

Also, any income generated from parental subscriptions does not count towards the parent's income under the settlements legislation.

Please note, JISAs do not offer protection from inheritance tax and gifts made by a parent to a JISA are treated in the same way as any other gifts they make. On death JISAs cease but the value of the investment may still be included in an estate for tax purposes.

A 10% tax applies on dividend distributions. This is not reclaimable under current HMRC ISA rules, even by non-taxpayers. Tax treatment depends on the individual circumstances of each investor and may change in the future.

Questions and Answers

Changing your mind

Q. What happens if I change my mind about setting up a JISA?

If you wish to cancel your JISA, you must inform Cofunds in writing within 14 days of receipt of your confirmation notice. Please send your cancellation request to:

Cofunds, PO Box 1103, Chelmsford CM99 2XY.

Provided you cancel within the 14-day period, the monies will be paid to you – subject to the conditions below – and your JISA allowance will be unaffected.

Please note:

- If the value of your chosen investment falls between the date your subscription was invested and the date Cofunds receives your instruction to cancel, you may not receive a full refund of the amount you have invested.
- If the value of your investment rises between these two dates, you will only receive back the amount invested.

Before sending you your money, Cofunds may need to carry out additional security checks and ensure all payments have been cleared, which may delay payment to you.

Withdrawing after 14 days

You will not be able to cancel your JISA following the 14-day period of receipt of your initial subscription.

Cancelling an JISA transfer

The 14-day period also applies to JISA transfer requests. Provided you cancel within the 14-day period, you will be given the option of transferring the JISA back to your previous ISA manager or to an alternative ISA manager.

Q. How can I complain?

If you have a complaint about our JISA product, please send a letter to Head of Customer Experience at Cofunds, PO Box 1103, Chelmsford CM99 2XY. If you are eligible, we will let you know when you can refer your complaint to the Financial Ombudsman service and how to do so.

Q. Can I get compensation from the Financial Services Compensation Scheme?

If you meet the eligibility criteria of the Financial Services Compensation Scheme you will be able to seek compensation from the Financial Services Compensation Scheme for up to £50,000 should we become unable to meet our liabilities to you.

