
Key Features of the Stakeholder Child Trust Fund



Its aims

To help grow the value of your child's money in a tax efficient way until they reach the age of 18

- The aims of the Legal & General UK Index Trust Fund are:
 - to provide the potential for reliable growth by tracking the performance of the FTSE All-Share Index. In order to accurately track this index, the trust's investment will closely replicate the holdings in that index, and
 - to gain exposure to the UK stock market but without the risk attached to individual stock selection.

Your investment

- The initial contribution to our Stakeholder Child Trust Fund (CTF) must be made using the Child Trust Fund voucher provided by Her Majesty's Revenue & Customs (HMRC).
- If you did not take any action with the voucher within a year of it being provided to you by HMRC, this Stakeholder CTF has been opened on your child's behalf.
- It is not necessary to make any additional payments.
- However, you, or anyone else, can choose to make additional payments into the CTF. These additional payments are subject to a total limit of £3600 per birthday year.
- Additional payments are considered a gift to the child and cannot be returned to the person who made them.
- Any investments made can only be held in Accumulation units of the Legal & General UK Index Trust Fund.
- When the child reaches age 13 we will, unless you tell us otherwise, start moving the investment into lower risk investments to help protect the value that has already built up.
- When the child reaches age 16, they take responsibility for the CTF and will become the Registered Contact.
- The money paid into the CTF can only be withdrawn by the child and only when they reach 18.

Risks

- Any contributions paid into your Stakeholder Child Trust Fund (CTF) are invested in the Legal & General UK Index Trust Fund which is linked to the performance of stocks and shares.
- Compared to lower risk investments such as a savings account, equity investments have the potential for greater returns over the longer term, but they can also have greater volatility and the value of the investment is not guaranteed.
- As a result the value of the CTF can go down as well as up and there is a chance that your child may get back less than was paid in.
- Past performance of the fund is not a reliable indication of future performance.
- The tax advantages of CTFs may change in the future and this could have a negative impact of the final return.

questions and answers

What is a Child Trust Fund?

The Child Trust Fund (CTF) is a Government initiative designed to help you put aside money for your children. The money in a CTF is released on the child's 18th birthday to give them a financial start in adult life. There are three types of CTF, one based on cash savings and two on stock market growth. The Share Centre does not offer cash based CTFs.

This Key Features Document relates to our Stakeholder CTF only.

What is a Stakeholder CTF?

A Stakeholder CTF has to meet certain standards which have been laid down by the Government relating to:

- How the investment is managed;
 - the investment fund needs to include a range of different investments and there must be some investment in shares.
 - unless you tell us otherwise, on or before the child's 13th birthday, we have to start moving the investment away from shares into lower risk investments like cash. This is called 'lifestyling' and helps guard against falls in the value of the child's account as their 18th birthday approaches.
- What we charge for providing the account;
 - we cannot charge more than 1.5% of the value of the account each year.
- How money can be paid in;
 - we have to accept contributions by direct debit, bank transfer, standing order and cheque.
- The minimum payment;
 - Stakeholder CTFs have to accept payments from as little as £10.

Who can open a CTF?

Only someone aged 16 years or over with parental responsibility for an eligible child can open a CTF. This person will be the 'Registered Contact' for the CTF. We are only able to accept instructions from the Registered Contact.

What charges and expenses will I pay on the CTF?

The charges on the CTF are as follows:

- an annual administration fee of 0.97% plus VAT of the value of the CTF which is charged quarterly in January, July, April and October. If you do not pay this fee it will be deducted from the value of the CTF, by selling units.
- the Legal & General UK Index Trust Fund includes a Fund Manager's Administration Charge of up to 0.03% per year inclusive of VAT if applicable.
- the Legal & General UK Index Trust Fund includes an Annual Management Charge of 0.5% per year inclusive of VAT if applicable.

How will these charges and expenses affect investments in the CTF?

£250 only – The effect of charges and expenses on a single lump sum investment of £250 assuming growth of 7% a year is set out below:

Year	Investment to date	Effect of deductions to date	What your child might get
1	£250.00	£3.98	£263.00
3	£250.00	£13.40	£292.00
5	£250.00	£25.30	£325.00
10	£250.00	£68.50	£423.00
15	£250.00	£139.00	£550.00
18	£250.00	£200.00	£644.00

The last line shows that over 18 years the effect of total charges and expenses would amount to £200. Putting it another way, if the growth rate were to be 7.00% per year, which is in no way guaranteed, the total charges would have the effect of reducing the growth rate to 5.40% per year.

£250 and £10 per month regular investment – The effect of charges and expenses on a lump sum investment of £250 plus £10 per month regular investment, assuming growth of 7% a year is set out below:

Year	Investment to date	Effect of deductions to date	What your child might get
1	£370.00	£5.00	£387.00
3	£610.00	£22.90	£683.00
5	£850.00	£53.40	£1,010.00
10	£1,450.00	£205.00	£2,000.00
15	£2,050.00	£520.00	£3,290.00
18	£2,410.00	£824.00	£4,250.00

The last line shows that over 18 years the effect of total charges and expenses would amount to £824. Putting it another way, if the growth rate were to be 7.00% per year, which is in no way guaranteed, the total charges would have the effect of reducing the growth rate to 5.40% per year.

£250 and £100 per month regular investment – The effect of charges and expenses on a lump sum investment of £250 plus £100 per month regular investment, assuming growth of 7% a year is set out below:

Year	Investment to date	Effect of deductions to date	What your child might get
1	£1,450.00	£14.10	£1,490.00
3	£3,850.00	£107.00	£4,200.00
5	£6,250.00	£306.00	£7,200.00
10	£12,250.00	£1,440.00	£16,200.00
15	£18,250.00	£3,950.00	£28,000.00
18	£21,850.00	£6,440.00	£36,700.00

The last line shows that over 18 years the effect of total charges and expenses would amount to £6,440. Putting it another way, if the growth rate were to be 7.00% per year, which is in no way guaranteed, the total charges would have the effect of reducing the growth rate to 5.40% per year.

Please note in all the tables above, The Share Centre's dealing charges and account costs are not included in the calculations and the allowance for any tax relief available has been made in the calculations.

What commission will The Share Centre be paid?

Legal & General will make commission payments to The Share Centre each year based on the value of the CTF. This is known as "trail commission" and is currently paid at the rate of 0.30% per year. For example if the CTF was worth £250, we would receive commission of £0.75 for that year.

What tax is payable on the CTF?

CTFs are Capital Gains Tax free and there is no further Income Tax to pay.

Can I make further contributions?

Yes, you or anyone else can make further contributions at any time either as a one-off lump sum or on a regular basis. The minimum additional lump sum is £10.00 and the minimum regular payment is £10.00 per month up to a maximum total contribution of £3600 per birthday year

Any additional contributions will be invested in Accumulation Units of the Legal & General UK Index Trust Fund.

Don't forget, any additional investments are considered a gift to the child and cannot be returned to the person who made them.

Can I invest in other funds or shares?

It is not possible to hold other investments or change from the Legal & General UK Index Trust Fund in our Stakeholder CTF.

If you wish to make other investments you can convert this CTF to a non-Stakeholder CTF. Please ask us for further details.

Can I change my mind?

Applications for a CTF are subject to a 14 day cancellation period from the point of receipt by The Share Centre. However; no investments will be purchased in those 14 days. Cancellation rights apply to the account and not to your request to purchase funds: once a valid instruction for an investment has been dealt you may not cancel it.

How can I keep track of how the CTF is doing?

There are a number of ways that you can do this. The latest buying and selling prices and estimated distribution yield for the Legal & General UK Index Trust Fund can be found in the Financial Times and other publications.

Additionally, once a year The Share Centre will send you statements, as set out in the account information, showing the value of the CTF and all transactions since the previous statement.

You may also view the investments within the account online at www.share.com, upon acceptance of the Internet terms and conditions.

You can ask us to provide you with the report and accounts and to attend and vote at unit holder meetings for the Legal & General UK Index Trust Fund.

Can I make withdrawals from the CTF?

You are not able to make withdrawals from a CTF as monies must remain within the CTF until the child reaches his/her 18th birthday, unless specifically authorised by HM Revenue and Customs.

Can I transfer the Stakeholder CTF to another provider?

You can, and there is no administration charge for a transfer. Investments held in the CTF at the time of transfer will be sold and we will charge a dealing fee of 1% of the value (subject to a minimum of £7.50).

As the investment is sold at the time of transfer, there is the potential that you may have a loss of growth whilst the transaction is being completed.

What happens when the child reaches 18?

The CTF will close and the child will be able to withdraw the funds. We will contact your child detailing the options available at that time.

What if I have a complaint?

We want you to be entirely happy with the CTF. If the department you have an issue with isn't able to resolve your complaint you should contact The Compliance Manager, The Share Centre, PO Box 2000, Aylesbury, Bucks HP21 8ZB, who will be pleased to try to resolve your concerns to your complete satisfaction.

If you are not happy with the way your complaint is handled, you have the right to refer the matter to the Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London E14 9SR. Making a complaint will not affect your right to take legal action.

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

The Share Centre participates in the Financial Services Compensation Scheme (FSCS). You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim. Most types of investment business are covered for 100% of the first £50,000.

Further information about the compensation scheme arrangements is available on request from the FSCS at:

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

Who is the CTF provider?

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

How will my investments be registered?

Units will be registered in the name of Cofunds Nominees Limited. For further details, please see The Share Centre's Terms of Business applicable to your CTF. A copy is included in this pack.

What if I need further information?

Please refer to the Frequently Asked Questions enclosed in this pack. If you still have further queries please contact our Customer Service team on 01296 41 41 41.

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