

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.

JISA1216

Issued and approved by Cofunds Limited, Level 43, The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AB. Registered in England and Wales No.3965289. Authorised and regulated by the Financial Conduct Authority (FCA). FCA Registration No. 194734.

JCF33SDUB 12/16



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 Conduct Authority (FCA) 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. The use of 'intermediary' in this document can mean either your Adviser or your Intermediary, as relevant to 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. If a fund falls in value, you may not get back the amount you invested.

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

For risks specific to each fund, please see the relevant fund specific information, including Fund Key Investor Information Documents, fund prospectuses, or Fund Key Features Documents.

Charges:

For information on your specific charges please refer to the Fees and Charges Schedule.

Questions and Answers

Your investment

Q. What's a JISA?

A type of Individual Savings Account (ISA) for children that's managed by a Registered Contact. There are 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 in the UK for tax purposes, unless you are currently a Crown employee, their spouse, civil partner or dependent
- Be signed up to our Terms and Conditions of the Cofunds Platform for the Junior Investment ISA.

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. Whose 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 turns 16?

We'll 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.

Please note that the ISA will be subject to Cofunds Platform Charges and intermediary charges, and so will be more expensive than the JISA. Please speak to your intermediary to discuss whether this is right for you.

Q. What are commission-free share class funds?

A fund share class where the relevant fund manager doesn't pay commission to your intermediary, or include any payment to Cofunds in the purchase price.

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). The limit is £4,080 for the 2016/2017 tax year.

Q. Who can subscribe to make payments?

Any person can make subscriptions to the child's JISA by direct debit or cheque. A subscriber doesn't 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). If you don't use the whole of your Cash JISA allowance in a particular tax year, you can put the remainder in a Stocks and Shares JISA to bring you up to the annual allowance. In this way, you can tailor your balance of cash and stock-market based investments to meet your needs.

Questions and Answers

Holding Cash

Q. Can I hold cash in my Cofunds Investment JISA?

Yes, the Cofunds Investment JISA includes an interest-paying Cash Reserve. It isn't a Cash ISA, it's a facility that provides you with extra flexibility and control.

For example, it can allow you to:

- Shelter money away from the stock market when you feel conditions are uncertain or too volatile
- Secure your JISA allowance for the tax year without having to invest it right away

Money in the Cash Reserve earns interest - you can find the rate of interest paid on www.cofunds.co.uk/docs/gpub/cofundsiinterestrates/

Interest paid on the Cash Reserve is not subject to tax. Interest paid is unlikely to match the potential returns available on stock market-based investments over the long term, and may not outpace inflation.

A variety of cash funds are also available to invest in through the Cofunds Investment JISA.

Please speak to your intermediary about what type of cash investment is best for your circumstances.

Transferring a Child Trust Fund (CTF)

Q. Can I transfer an existing CTF to a Cofunds JISA?

Yes, you can transfer a CTF held with another provider to a Cofunds stocks and shares JISA. The minimum transfer value is £500. Cofunds does not make a direct charge to you for CTF transfers.

Transferring the CTF

You have to transfer the whole CTF, as you can't hold both a CTF and a JISA at the same time. The transfer closes your CTF and invests the money into a JISA with Cofunds.

You may be able to transfer the funds you already hold as a 're-registration', or you can sell them and transfer the cash, or a combination of these options. Any amount you've already subscribed in that tax year will not count towards the current tax year subscription.

The following stakeholder CTF features will not be included in a Junior ISA:

- Lifestyling from age 15;
- Minimum subscriptions of £10 allowed;
- Annual Charge cap of 1.5%.

You should consider the differences between the investments before you decide to transfer. It may not necessarily be in your best interests to transfer your CTF to a JISA.

Q. How do I transfer my CTF to Cofunds?

CTF 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 CTF, 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 CTF manager must support fund re-registration. Your money will remain fully invested in the funds and no initial charges will apply.

If we receive commission-included share class funds we will convert these to commission-free share class funds if there is an available equivalent. If there is no commission-free share class fund equivalent available this transfer will be rejected, however, you do have the option to transfer as cash.

- **Cash transfers:** If the existing CTF manager doesn't support fund re-registration or you want to have a different choice of funds, the funds you currently hold in your CTF 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.

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 doesn't make a direct charge to you for JISA transfers.

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. Cash funds formerly held within a Cash JISA can be re-registered into the Cofunds Stocks and Shares JISA.

- **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.

If we receive commission-included share class funds we will convert these to commission-free share class funds if there is an available equivalent. If there is no commission-free share class fund equivalent available this transfer will be rejected, however, you do have the option to transfer as cash.

- **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.



If you wish to transfer a CTF or ISA, you need to make a formal transfer through Cofunds. Do not attempt to cash in your investments yourself.



Ask your intermediary about the costs of transferring a CTF or JISA. Your existing manager may charge an exit fee.



Please note you won't have access to your JISA until the re-registration is complete.

Transferring CTFs and JISAs

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 won't be able to make further investment decisions until the transfer has been completed
- Your existing manager may charge an exit fee. Please check with them or a financial intermediary regarding the costs of transferring.

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. Your Cofunds JISA can be transferred in cash, or re-registered, please speak to your new plan manager for more information. You may lose opportunities for investment growth through this process. You won't have access to your JISA until the transfer is complete.

You can re-register commission-free share class funds off the platform if the new provider offers the same share class. Please check carefully with the platform/fund manager you're intending to move to as to the availability of your funds at their end.

You can transfer out of the Cofunds Investment JISA into a Cash JISA.

Questions and Answers

Managing your JISA

Q. Can I take money out of my JISA?

No, you can't withdraw or close the account until the child is aged 18. However, in the unfortunate event of their death or terminal illness the funds can be withdrawn irrespective to the child's age.

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?

No Income Tax or Capital Gains Tax arises in respect of the Junior ISA. There is no need to declare any gains or income received in the Junior ISA to HMRC and any income generated from parental subscriptions does not count towards the parent's income under the settlements legislation contained in section 629 ITTOIA 2005. When the Junior ISA plan value is paid out to the child at the age of 18, the lump sum is free of any tax charge. If the child dies then the money in the Junior ISA will form part of the named child's estate and may be liable for Inheritance Tax. Current tax laws and HMRC rules are subject to change in the future and may reduce the tax benefits of your Stocks and Shares Junior ISA. Your individual tax treatment will depend on your circumstances and you should seek advice where necessary.

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.
- Please note that monies will only be paid back to the beneficiary and not the subscriber.
- Interest will not be paid on money held in the Cash Reserve

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 a JISA or CTF transfer

The 14-day period also applies to transfer requests. Provided you cancel within the 14-day period, you will be given the option of transferring the JISA to an alternative ISA manager. You may be able to transfer your JISA back to your previous ISA manager. You can't transfer back into a CTF once it has been closed, although you may be able to transfer the investment back to your original provider as a JISA if they offer them.

Q. How can I complain?

If you have a complaint about our JISA product, please contact us at; Quality Management Team, Cofunds Ltd, PO Box 1103, Chelmsford CM99 2XY phone 0345 604 4001 or email complaintsteam@cofunds.co.uk. If you are eligible, we'll let you know when you can refer your complaint to the Financial Ombudsman service and how to do so.

The Financial Ombudsman, Exchange Tower, Harbour Exchange Square, London, E14 9SR.

Website: www.financial-ombudsman.org.uk

Email: complaint.info@financial-ombudsman.org.uk

Tel: 0800 023 4567

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. See this factsheet for more information:

www.cofunds.co.uk/docs/gbub/assetprotect/

