

# Investing via a Junior Stocks and Shares ISA

## What is a Junior ISA?

A Junior ISA is an Individual Savings Account for Children. Junior ISAs are available from 1 November 2011. A Junior ISA is a scheme for investment managed in accordance with the ISA Regulations under terms agreed between the Junior ISA Manager and the Registered Contact who acts on behalf of the Child.

The Registered Contact is the person who can agree with the Junior ISA Manager the terms and conditions under which the Junior ISA will operate and give instructions to the Junior ISA Manager for the management of the Junior ISA. There can be only one registered contact at any one time.

The Registered Contact can be a person with parental responsibility for the Child or the Child holding the account (except in certain circumstances detailed in the terms and conditions) if they are aged 16 or over and have taken on the management of the Junior ISA by making an application to the Junior ISA Manager for registered contact status.

Income and gains generated by Junior ISA investments are exempt from any further UK income tax as well as capital gains tax in the hands of the Child.

Up to two accounts can be held on behalf of the Child, one Junior Cash ISA and one Junior Stocks and Shares ISA. Marlborough offer the Junior Stocks and Shares ISA only.

The Registered Contact, on behalf of the Child, can open one Junior Stocks and Shares ISA and one Junior Cash ISA. The Registered Contact may transfer existing Junior ISAs between providers without affecting the Child's current year's allowance. Junior Stocks and Shares ISAs from both existing and previous years may only be held with one Manager at any time.

Up to £3,600 may be invested for 2011/2012 and for 2012/2013 in either a Junior Stocks and Shares ISA or Junior Cash ISA or any combination of the two, providing no contribution has already been made to another Junior Stocks and Shares ISA or Junior Cash ISA with another provider. The total that may be invested in a Junior Stocks and Shares ISA is £3,600 less any amount already invested in a Junior Cash ISA in that same year. The below illustration gives examples of the limits for Junior Stocks and Shares and Junior Cash ISAs in the tax year 2011/2012:

- If the maximum £3,600 is invested in a Junior Stocks and Shares ISA or Junior Cash ISA, no further investment may be made into any Junior ISA of any kind in this tax year.
- If £1,800 has been invested in a Junior Cash ISA, a further £1,800 may be invested in a Junior Cash ISA or a Junior Stocks and Shares ISA in this tax year.
- If no investments have been made into a Junior ISA in this tax year, £3,600 may be invested in any proportion to both types of ISA in this tax year.

The maximum amount that may be invested in a Junior ISA will increase by the rate of inflation (as measured by the Consumer Prices Index) each year. The Registered Contact

may contact us or their financial adviser for the latest applicable limits.

A Child must be under 18, must not have a Child Trust Fund and be resident or ordinarily resident in the UK for tax purposes to open a Junior ISA or have their Registered Contact open one for them. The Child can also be a UK Crown servant, married to or in a civil partnership with a Crown servant or a dependent of a Crown servant.

## How do I invest via a Marlborough Junior Stocks and Shares ISA?

The Registered Contact may invest by completing a Junior Stocks and Shares ISA Application Form, which can be obtained from our website or by calling our Customer Support Team free on 0808 145 2500. We are not able to accept deals over the telephone.

Once the Junior ISA has been opened by the Registered Contact, anyone can contribute to a Child's Junior ISA.

The investment will be made at the next available valuation point.

The minimum investment can be found in the relevant Simplified Prospectus or Investing with Marlborough document.

All subscriptions to a Junior ISA are a gift to the child and as such cannot be repaid to the subscriber if, at a later date, they change their mind.

## Can the Registered Contact transfer an existing Junior ISA to Marlborough?

Yes. As well as subscribing each tax year previous year's Junior Stocks and Shares ISAs may be transferred in full to a new provider. To transfer an existing Junior Stocks and Shares ISA to Marlborough the Registered Contact must complete our Junior Stocks and Shares ISA transfer form. Junior Stocks and Shares ISA subscriptions may also be transferred in whole or in part to a Junior Cash ISA. Subscriptions to a Junior Cash ISA with another ISA Manager may also be transferred in whole or in part to a Junior Stocks and Shares ISA. No Child may have more than one Junior Stocks and Shares account and one Junior Cash ISA account at any one time.

## How does tax affect the Junior ISA?

Any capital gains or income from investments in a Junior ISA are free from income tax and CGT. If the fund pays interest distributions they are paid without deduction of income tax at 20%. All income must be reinvested so we will use the gross distribution to buy additional units for the Child at the next valuation point after the payment date.

If the fund pays dividend distributions they are paid net of a notional tax credit equivalent to a deduction of 10% of the gross dividend. This tax credit cannot be reclaimed within a Junior ISA.

## Are there any additional risks associated with investing in a Marlborough Junior ISA?

The risks are the same as those associated with all stock market investments and with the specific fund(s) you choose.

**The address for sending your written instructions, cheques and application forms is: Marlborough Fund Managers Ltd, Marlborough House, 59 Chorley New Road, Bolton, BL1 4QP. Cheques should be made payable to Marlborough Fund Managers Ltd. Our Dealing Team can be contacted free on 0808 145 2501**

These can be found in the prospectus. In addition, it should be noted that the favourable tax treatment given to Junior ISA's may not be maintained. The rates of and relief from taxation depend on your own circumstances and may change over time.

#### **Regular Savings in a Junior ISA**

Regular, monthly contributions may be made into a Junior ISA.

The minimum subscription for this is £100 per month and the maximum is £300 for 2011/2012 and 2012/13 subject to the overall Junior ISA investment limits.

The Registered Contact will be sent a statement showing the Child's transactions twice each year, within 25 business days of the 6<sup>th</sup> April and 6<sup>th</sup> October.

When the Registered Contact applies for regular savings within a Junior ISA they do so by making a continuous application. This means that they can continue making contributions each year without completing additional application forms. If they wish to cancel their regular savings to the Junior ISA they will need to write to us with their instructions. They will also need to cancel the direct debit instruction with their bank or instruct the subscriber to do this.

#### **How do I sell the Child's Marlborough Junior ISA?**

Investments in the Junior ISA cannot be withdrawn until the Child's 18<sup>th</sup> birthday except where a terminal illness claim made on behalf of the Child has been. A Junior ISA can only be closed on the Child's 18<sup>th</sup> birthday, or on direct instruction from HMRC (where the Junior ISA is void) or on the death of the Child.

#### **What happens when the Child turns 18?**

When the Child turns 18 their Junior ISA will automatically become a regular ISA, at which point the Registered Contact will cease to have control of the account.

#### **Can the Registered Contact be changed?**

Yes, the Registered Contact may be changed by completing a form available from Marlborough. The new Registered Contact must also be 16 years of age or over and have parental responsibility for the Child. Where the Child is 16 years of age or over they may also apply to become the Registered Contact for their account.

#### **Can I withdraw this application? (Cancellation Rights)**

If the Registered Contact received advice when they invested in a Junior ISA with Marlborough we will give them 14 days in which to change their mind and cancel their investment. The Registered Contact will receive a letter from us detailing cancellation rights. It is important to note that if a Junior ISA transfer is cancelled the tax exempt Junior ISA status of the investment may be lost.

# Junior Stocks and Shares ISA Terms and Conditions

These terms, together with the Application Form, form a legal agreement between you and Marlborough Fund Managers Ltd (the Account Manager) which sets out how your account will be operated.

Definitions	
Account Manager	Marlborough Fund Managers Limited, who are approved by HM Revenue and Customs to be ISA Managers
Account Investments	Units/shares purchased in a Marlborough unit trust or OEIC
Application Form	A Marlborough application form or transfer application form completed by the Registered Contact
Associate	Any company legally associated with the Account Manager or a subsidiary of any such company (as defined in the Companies Act 1985)
Business Day	Any day that is a business day as defined in the Prospectus document of the relevant fund
Child	The child for whom the Junior ISA is opened and who is the beneficial owner of the account investments
Distribution Date	The date the Manager of the fund distributes income or notifies the holder of any accumulation income
FSA	Financial Services Authority
Fund	The unit trust or OEIC in which account investments are made
Junior ISA	A Marlborough Junior Individual Savings Account governed by these Terms and Conditions and which is a Junior Stocks & Shares ISA
Junior ISA Holder	A person who qualifies under the terms of the Individual Savings Account Regulations 1998, as amended, to hold a Junior ISA and has fulfilled the requirements to become so
ISA Manager	Marlborough Fund Managers Ltd
ISA Regulations	The Individual Savings Account regulations 1998, as from time to time amended and in force
Manager	Marlborough Fund Managers Ltd
Marlborough	Marlborough Fund Managers Ltd
Marlborough Funds	Any authorised unit trust or OEIC managed by Marlborough Fund Managers Ltd
Nominee	A nominee name in which the holding(s) will be held on the fund register
Junior Stocks and Shares ISA	A Junior Stocks and Shares ISA making up the whole or part of an annual ISA entitlement
Registered Contact	The individual with parental responsibility for the Child, or the Child if 16 years of age or over, who has been accepted by the Manager to act as the Registered Contact for the Junior ISA, in accordance with the ISA Regulations.
Terms	These Terms and Conditions (as amended from time to time) together with the Application Form
Transfer Form	The form used to transfer a holding from one ISA Plan Manager to another
Units/Shares	Units or shares in a Marlborough unit trust or OEIC which may be held in a Junior ISA account
Year	A tax year beginning on 6 April in any calendar year and ending on 5 April in the following year

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- 1 The Registered Contact's offer contained in the completed Application Form/Transfer Form to enter into a Junior ISA on behalf of the Child will, subject to the Regulations and provisions therein, be accepted by the ISA Manager on receipt.
- 2 The Junior ISA will, subject to the Regulations, be managed by the ISA Manager in accordance with the Registered Contact's directions set out in the Application/Transfer Form under terms agreed in writing between the ISA Manager and the Registered Contact.
- 3 One or more lump sums may be invested into the Junior ISA during the Year subject to the Regulations. The initial investment or any additional lump sum contributions are subject to the minimum as specified in the Simplified Prospectus or Investing with Marlborough document. A cheque must accompany the Application Form.
- 4 All subscriptions to a Junior ISA are a gift to the Child. They may not be returned to the subscriber if, at a later date, the subscriber changes their mind.
- 5 A Junior ISA can also be transferred from another ISA Manager (in whole or in part) subject to the Regulations.
- 6 The ISA Manager is not obliged to accept the Junior ISA transfer.
- 7 After acceptance of a correctly completed Junior ISA Application Form by the ISA Manager, Junior ISA lump sum investments will be carried out at the next valuation point as specified in the fund's Prospectus. Contract notes will be dispatched to the Registered Contact not later than the Business Day immediately following any investment.
- 8 After acceptance of a Junior ISA Transfer Form by the ISA Manager the form will be forwarded to the previous ISA Manager within the period set by the current legislation. In the case of a Junior ISA transfer, the Registered Contact can in accordance with current legislation stipulate the date on which he or she wishes the holding or part of a holding to be sold by the previous ISA Manager so as to avoid exit or penalty charges if he or she so wishes.
- 9 On receipt of the proceeds of the sale of units/shares from the previous ISA Manager purchases of the units/shares in the Marlborough fund(s) will be carried out at the next valuation point as specified in the fund's Prospectus. Contract notes will be dispatched to Registered Contact not later than the Business Day immediately following any investment.
- 10 The Junior ISA investments will be and must remain in the beneficial ownership of the Child and must not be used as security for a loan.
- 11 Only designated investments may be included within the Junior ISA.
- 12 Investments into a Marlborough Junior Stocks and Shares ISA can only be made into Marlborough funds.
- 13 The ISA Manager shall not advise on the suitability of investments for individual circumstances. If there is any doubt the Registered Contact should consult his or her Financial Adviser.
- 14 Documents evidencing title to ISA investments will be held by the ISA Manager or as the ISA Manager may direct.
- 15 The title to the Junior ISA investments will be registered in the name of the Child and the ISA Manager's Nominee.
- 16 At the written request of the Registered Contact and within the time stipulated by the Registered Contact a Junior ISA with all rights and obligations of the parties to it may be transferred to another ISA Manager in accordance with the ISA Regulations.
- 17 Where a Junior ISA is transferred either at the request of the Registered Contact or because the previous Plan Manager is no longer offering or able to offer Junior ISAs, all the tax benefits are preserved.
- 18 Junior ISAs may not be terminated except in exceptional circumstances, where the Junior ISA is found to be invalid and on instruction from HMRC.
- 19 If the Junior ISA is terminated or transferred the ISA Manager shall make or cause to be made such payments, subject to any reasonable retentions or deductions which the ISA Manager may be entitled or bound to make for any purpose, including recovery of expenses properly incurred by the ISA Manager.
- 20 Following the appointed date to transfer a Junior ISA a contract note will be sent to the Registered Contact or the new ISA Manager no later than the Business Day following that on which the units/shares were sold. Redemption proceeds will be remitted within four Business Days after the date on the contract note. If the ISA Manager has not previously been notified by a Registered Contact of a change of name or address, this may delay remittance of redemption proceeds.
- 21 The Registered Contacts of new Junior ISAs may be entitled to cancellation rights under the Financial Services Authority's Conduct of Business Rules if they have received investment advice. Where applicable the Registered Contact will have the right to cancel the account within 14 days after receiving notice of the cancellation rights from the ISA Manager. If you exercise the right to cancel, any money paid to the Junior ISA Manager will be repaid (subject to deduction of the amount, if any, by which the value of the Junior ISA Investment has fallen).
- 22 Charges will be as those specified in the Simplified Prospectus / Key Investor Information Document.
- 23 On the appropriate distribution dates income payments will be reinvested. Where accumulation units/shares are held details of the income accumulation on the

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- appropriate Distribution Date will be sent to the Registered Contact. There will be no charges added. Details of the units/shares acquired and the cost of them will be provided on the usual half yearly statements issued as at 5 April and 5 October each year. Short Reports will also be distributed to the Registered Contact.
- 24 The ISA Manager may terminate a Junior ISA only in exceptional circumstances and where instructed to do so by HMRC. Any termination of a Junior ISA by the ISA Manager shall not entitle the relevant Registered Contact or Child to any compensation or damage under this clause. Termination of a Junior ISA will be without prejudice to the completion of incomplete transactions undertaken as part of that Junior ISA.
  - 25 The ISA Manager will notify the Registered Contact if, by reason of any failure to satisfy the provisions of the ISA Regulations, a Junior ISA has, or will, become void.
  - 26 The ISA Manager will report to Registered Contacts twice yearly at 5 April and 5 October with details of the number and value of investments held within the respective Junior ISA, the amounts of any distributions and tax reclaims deriving thereon and details of all transactions undertaken within the Junior ISA during the preceding half year. The statements will not include any measure of the investment performance.
  - 27 On the day of the Child's 18<sup>th</sup> birthday the Junior ISA will become an 'adult' ISA. The ISA Regulations and these Terms and Conditions as applicable to Junior ISAs will cease to apply to the ISA account. As an 'adult' ISA the account will become subject to the ISA Manager's relevant Terms and Conditions, which will be sent to the Child prior to their 18<sup>th</sup> birthday. No action need be taken by the Child or Registered Contact for this process to take place.
  - 28 When the Junior ISA becomes an 'adult' ISA the Registered Contact will cease to have any control over the account. The account will at that point be under the sole control of the Child.
  - 29 The ISA Manager shall exercise due care and diligence in the management of all Junior ISAs but subject to the ISA Regulations and to Sections 71 and 150 of the Financial Services and Markets Act 2000, the ISA Manager shall not be liable to a Registered Contact or Child for any costs, claims, demands, losses or expenses suffered by or arising from any depreciation in the value of the Junior ISAs or for acts or omissions of the ISA Manager or of any third party whether or not that third party is acting as agent of the ISA Manager, except in so far as the same arises as a result of negligence or wilful default.
  - 30 Any instructions from Registered Contacts shall be sent in writing to the ISA Manager at the address specified herein.
  - 31 The ISA Manager will satisfy himself that any person to whom he delegates any of his functions or responsibilities under the terms agreed with the investor is competent to carry out those functions and responsibilities
  - 32 The Registered Contact will automatically receive a copy of the annual/interim short reports in respect of units/shares which are held directly in the Junior ISA.
  - 33 The ISA Manager is under an obligation (subject to any provisions made by or under any other enactment) if the Registered Contact so elects, to arrange for the Registered Contact to be able to attend and vote at unitholder/shareholder meetings and to receive any information issued to unitholders/shareholders which is in addition to the annual report and accounts which are sent to the unitholders/shareholders on the Distribution Dates.
  - 34 The ISA Manager is regulated by the Financial Services Authority in the conduct of investment business, which includes the business of acting as ISA Manager. A Registered Contact should send to the ISA Manager (marked for the attention of the Compliance Officer) any complaints he/she may have in relation to the Junior ISA and its operation. Registered Contacts have the right to complain directly to the Financial Ombudsman Service. Details of rights in the event of the ISA Manager being unable to meet any of their liabilities to Junior ISA Holders may be obtained from the ISA Manager's Compliance Officer.
  - 35 Subject to the Regulations, the ISA Manager may, in their absolute discretion, alter any of the terms of the Junior ISA from time to time. Registered Contacts will be notified in advance of any significant changes.
  - 36 For the purposes of constituting a quorum at any meeting of unitholders/shareholders, the ISA Manager shall be entitled to count holdings of units/shares in collective schemes operated by the Manager.
  - 37 If a Registered Contact carries out any transactions in the Junior ISA through an Independent Financial Adviser, the ISA Manager will treat that IFA as the Registered Contact's agent and may disclose full details of the Junior ISA to any such agent and may accept instructions from any such agent in respect of the Junior ISA.
  - 38 Commission can be paid to IFAs where indicated on the application form. The normal maximum rate of initial commission is 3%. Renewal commission may also be paid at levels to be agreed between the IFA and the ISA Manager.
  - 39 Governing Law. The interpretation of these Terms and Conditions and the accompanying documentation will be governed by the Laws of England and Wales, including all questions of validity and capacity and in particular the relationship between the parties hereto.

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