



Stocks & Shares Individual Savings Accounts

Key Features Document

Important information about our Individual Savings Accounts

- ◆ Its aims
- ◆ Your commitment
- ◆ The risks
- ◆ Your Investment

This Key Features Document provides important information about the Balkerne Asset Management Stocks & Shares Individual Savings Accounts and is designed to help you make an informed choice about your intended investment. This document does not in itself constitute the provision of advice or make any assumptions as to the suitability of the investment for you.

Prior to investing in the Balkerne Asset Management Stocks & Shares Individual Savings Account you should consult with your Financial Adviser.

Balkerne Asset Management is a trading style of Capel Court Plc which is authorised and regulated by the Financial Services Authority.

KEY FEATURES OF OUR STOCKS & SHARES INDIVIDUAL SAVINGS ACCOUNTS

Its aims

- ◆ The aim of our Stocks & Shares ISA is to allow you to invest through a tax efficient account.

Your commitment

- ◆ Time – You should view this as a medium to long-term investment and should plan to keep it for at least five years.

Risk factors

- ◆ **The preferential tax treatment of ISAs may not be maintained in the future.**
- ◆ **The value of your Balkerne Asset Management Stocks & Shares ISA, and any income from it, is not guaranteed and you may not get back the amount invested. Past performance is not necessarily a guide to future returns.**
- ◆ **If you cancel your Balkerne Asset Management Stocks & Shares ISA, you may get back less than the amount you originally invested due to the application of charges and adverse movements in the market.**
- ◆ **If you decide to cash-in your Balkerne Asset Management Stocks & Shares ISA, particularly in the early years, you may get back less than the amount invested because of the application of charges and adverse movements in the market.**
- ◆ **If you are transferring your Stocks & Shares ISA(s) and/or Cash ISA(s) to us from another provider, your investment will be transferred as stock or cash. This means your investment could be out of the market for approximately twenty working days, during which time the market may move up or down, resulting in a potential loss of growth and income. Your existing provider may also charge you for transferring.**
- ◆ **Charges taken from capital may constrain the capital growth of your investment. Where charges are taken from income, and where there is insufficient income to meet such charges, any balance will be taken from the capital.**

Your investment

There are two types of ISA; a Cash ISA and a Stocks & Shares ISA.

- ◆ Balkerne Asset Management does not offer a Cash ISA.
- ◆ Subject to the maximum investment limits as determined by HM Revenue and Customs you may only subscribe to one Stocks & Shares ISA and one Cash ISA in each tax year.
- ◆ You can make lump sum investments into the Stocks & Shares ISA.
- ◆ You can transfer your existing Stocks & Shares ISA(s) and/or Cash ISA(s) to us from another Account Manager(s).
- ◆ You can transfer money saved in a Cash ISA to a Balkerne Asset Management Stocks & Shares ISA in the same tax year. Such transfers must be the whole amount saved in that tax year in that Cash ISA up to the day of the transfer. Once the money saved in that tax year is transferred from a Cash ISA to the Balkerne Asset Management Stocks & Shares ISA, it is treated as if it had been invested directly into the Stocks & Shares ISA in that tax year.
- ◆ The Balkerne Asset Management Stocks & Shares ISA will invest in UK blue-chip equities, fixed-interest/bond investments, collective investments and other securities.
- ◆ The level of income that your Balkerne Asset Management Stocks & Shares ISA will generate depends on the dividends, interest and the other income received by the ISA.
- ◆ You can choose whether you would like to have income paid out, directly to your bank account, or reinvested to add to the value of your investment.
- ◆ The date, frequency and amount of income paid out or reinvested varies. Details are given later in this document.

A CHOICE OF FIVE INVESTMENT STRATEGIES

1. **The Balkerne Asset Management INCOME ISA** is an actively-managed portfolio of 8 to 16 holdings, with a nominal cash holding and has the **Investment Objective** to provide a higher level of income than our alternative investment strategies and the prospect of some long-term capital appreciation with a **Lower Risk Profile**.

Investment Policy: To achieve the objective by investing principally, but not exclusively, in fixed-interest/bond investments and, as appropriate, UK blue-chip equities within the UK FTSE-350 Index, property and overseas and specialist stocks through collective investments and other securities.

Asset Allocation Guideline:	Fixed Interest	60-100%	International	0-5%
	Cash	0-25%	Property	0-5%
	UK Equities	0-10%		

2. **The Balkerne Asset Management UK MIXED ISA** is an actively-managed portfolio of 25 to 35 holdings, with a nominal cash holding and has the **Investment Objective** to provide long-term capital and income appreciation with a **Lower than Medium Risk Profile**.

Investment Policy: To achieve the objective by investing principally, but not exclusively, in UK blue-chip equities within the UK FTSE-350 Index, fixed-interest/bond investments and, as appropriate, property and overseas and specialist stocks through collective investments and other securities.

Asset Allocation Guideline:	UK Equities	35-75%	International	0-10%
	Fixed Interest	25-50%	Property	0-10%
	Cash	0-20%		

3. **The Balkerne Asset Management UK STOCKMARKET ISA** is an actively-managed portfolio of 20 to 30 holdings, with a nominal cash holding and has the **Investment Objective** to provide long-term capital and income appreciation with a **Medium Risk Profile**.

Investment Policy: To achieve the objective by investing principally, but not exclusively, in UK blue-chip equities within the UK FTSE-350 Index and, as appropriate, fixed-interest/bond investments, property and overseas and specialist stocks through collective investments and other securities.

Asset Allocation Guideline:	UK Equities	65-100%	International	0-10%
	Cash	0-20%	Property	0-10%
	Fixed Interest	0-10%		

4. **The Balkerne Asset Management UK & DIVERSIFIED ISA** is an actively-managed portfolio of 25 to 35 holdings, with a nominal cash holding and has the **Investment Objective** to provide long-term capital and income appreciation with a **Medium Risk Profile**.

Investment Policy: To achieve the objective by investing principally, but not exclusively, in UK blue-chip equities within the UK FTSE-350 Index, fixed-interest/bond investments, property and overseas and specialist stocks through collective investments and, as appropriate, other securities.

Asset Allocation Guideline:	UK Equities	40-80%	Cash	0-20%
	Fixed Interest	10-35%	Property	0-10%
	International	5-25%		

5. **The Balkerne Asset Management UK & INTERNATIONAL ISA** is an actively-managed portfolio of 25 to 35 holdings, with a nominal cash holding and has the **Investment Objective** to provide long-term capital and income appreciation with a **Higher than Medium Risk Profile**.

Investment Policy: To achieve the objective by investing principally, but not exclusively, in UK blue-chip equities within the UK FTSE-350 Index, property and overseas and specialist stocks through collective investments and, as appropriate, fixed-interest/bond investments, and other securities.

Asset Allocation Guideline:	UK Equities	40-80%	Property	0-15%
	International	20-50%	Fixed Interest	0-10%
	Cash	0-20%		

Questions and answers

1 Who can invest in a Stocks & Shares ISA?

Any individual who is aged 18 or over AND be resident and ordinarily resident in the UK for tax purposes, or be performing duties as a Crown employee serving overseas and paid out of the public revenue of the United Kingdom (typically a serving member of the armed forces, or a diplomat), or be married to, or in a civil partnership with, such a person.

In addition, an investor must not have subscribed to another ISA of the same type in that tax year and must not have exceeded the overall subscription limits.

2 What investments are allowed in a Stocks & Shares ISA?

A broad range of investments can be included in your Stocks & Shares ISA, including:

- Qualifying shares issued by companies incorporated anywhere in the world that are officially listed on a "recognised stock exchange"
- Qualifying securities issued by a company that is incorporated anywhere in the world that are listed on the official list of a "recognised stock exchange".
- Government securities - Gilt edged securities, gilt strips, securities and strips of securities issued by or on behalf of a government of any EEA State, that have at least 5 years to run to maturity.
- Qualifying authorised funds – Authorised unit trusts and open ended investment companies.
- Qualifying investment trusts
- Qualifying units or shares in a relevant UCITS.
- Cash

3 What is the minimum initial investment level?

The minimum initial investment level is £4,000 for lump sum investments.

4 What is the maximum investment limit for the ISA?

For the tax year 2011/12, investors can subscribe up to £10,680 and subject to this overall limit, the amounts that an investor can put into each type of ISA are as follows:

Stocks & Shares ISA up to £10,680

Cash ISA up to £5,340

An initial charge is taken from your investment before your shares are purchased. To enable you to maximise the tax efficiency of your ISA where you invest the maximum lump sum, you can pay the initial charge on top of your investment so your full ISA allowance is invested. For example, with an initial charge of £50 inclusive of VAT, you can choose to pay £10,730 into your Stocks & Shares ISA; the £50 will be used to pay the initial charge, leaving the full £10,680 available for investment.

5 Can I make additional investments?

Subject to the maximum ISA investment limits you can make additional investments into your Stocks & Shares ISA at any time subject to the current minimum increase of £500 for lump sum investments.

6 How many ISAs can I subscribe to during the tax year?

In each tax year and subject to the maximum ISA investment limits, you can subscribe to:

- One Stocks & Shares ISA with one ISA Manager, or
- One Stocks & Shares ISA and one Cash ISA with up to two ISA Managers.

7 Will my ISA provide me with income?

You can elect to have income paid directly to your bank account. Alternatively you can elect to have income reinvested to add to the value of your investment.

8 How much income will be paid or reinvested?

You decide on the amount of income that you will receive or that is reinvested.

Income paid directly to your bank account may either be a fixed amount as decided by you or a variable amount which depends on the dividends, interest and other income received from the investments in your ISA.

Income reinvested in your ISA depends on the dividends, interest and other income received from the investments in your ISA.

9 What date is income distributed/reinvested?

Income is received into your ISA throughout the year and is accumulated. Where requested, you may have income paid to your bank account either:

1. As a variable amount each quarter on the 18 January, 18 April, 18 July and 18 October, which will be dependent upon the dividends, interest and other income received from the investments in your ISA.
2. As a fixed amount decided by you each quarter on 18 January, 18 April, 18 July and 18 October.
3. As a fixed amount decided by you on 18 of each month

You should bear in mind that the amount paid to you as a fixed amount each month or quarter may be greater than the amount of income received into your ISA by way of dividends, interest and other income. Where this happens, the balance will be taken from the capital.

Where income is received, this will normally be credited to the income account by the next working day following receipt. The money is held in the income account pending reinvestment or distribution.

10 Can I be sure how much my ISA will be worth at any time in the future?

NO. The value of your ISA is determined by the value of the underlying investments that it invests in.

You should bear in mind that the value of your underlying investments will vary from day to day. Past performance is not necessarily a guide to future performance. Stock and Share prices can fall as well as rise and you may not get back the amount you originally invested.

11 How am I kept informed about my ISA?

You will receive regular statements, which will be sent out within 21 days of 5 April and 5 October.

12 What happens to my ISA if I move abroad?

You can continue to hold your ISA if you move abroad but in most circumstances you will not be able to make any further contributions. If you move abroad, you must notify us in writing of your new mailing address, quoting both your new and old addresses.

13 Can I take my money out?

You can cash in part or all of your investment at any time, subject to a minimum withdrawal of £250. If you cash in part of your investment, the value of the remaining shares must be above the minimum investment level of £4,000.

If you make a withdrawal from your ISA this will not affect your maximum subscription limit. This is because you have already utilised that part of your annual ISA allowance. For example, if you subscribe £6,000 into a Stocks & Shares ISA, and withdraw £2,000, you will only be permitted to subscribe a further £4,680 into either the same Stocks & Shares ISA or a Cash ISA. This is because the annual allowance is £10,680 and you have already utilised £6,000 of this allowance.

To withdraw monies from your ISA you should advise the Account Manager in writing.

14 How much will any advice cost?

For arranging this transaction we will pay your adviser an initial commission, based on the amount you have invested, as per your instruction on the adviser agreed remuneration form. We will also pay portfolio-based renewal commission, quarterly in arrears, based on the value of your investment per annum, as per your instruction on the adviser agreed remuneration form.

15 How will charges and expenses affect my investment?

- 15.1 There is an Initial Charge of £50 inclusive of VAT when you first open an account by subscription, or transfer into the Balkerne Asset Management Stocks & Shares Individual Savings Account.
- 15.2 There is an Annual Management Charge (AMC), which is a percentage of the value of the account. This is charged quarterly on 5 January, 5 April, 5 July and 5 October and is currently 0.75% plus VAT.
- 15.3 In addition, dealing charges relating to the buying and selling of equities, gilts, investment trusts, unit trusts, OEICs, fixed-interest stock and other collective investments are levied at the following scale:

1.25%	on the first	£ 7,500
0.75%	on the next	£12,500
0.50%	thereafter	

The Company will retain the difference between the above scale and lower dealing charges. Other mandatory charges e.g. Stamp Duty and Panel of Takeovers & Mergers Levy will be applied when applicable. All commissions payable to the Company on unit trusts and other collective investments will be fully rebated to the client.

16 What happens if I close my ISA?

If you close your ISA completely, the Stocks and Shares will be sold. The proceeds and any cash held within your Stocks & Shares ISA will be paid to you. You may also be entitled to a further payment for items such as income distributions, tax repayments and interest accrued during the term of the ISA but not received until after the proceeds have been paid to you. Any such further payment will be sent to you normally within four months of receipt of your notice to close the ISA. On closure, disposal of the Stocks and Shares will be subject to our normal dealing charges as detailed in 13.3 above and any outstanding management fees will be debited to the ISA up to and inclusive of the date of closure.

17 Can I transfer an existing ISA from another provider to Balkerne Asset Management?

Yes. ISAs from other providers can be transferred to the Balkerne Asset Management ISA using the ISA Transfer Application form.

Balkerne Asset Management only offers a Stocks & Shares ISA. Cash and Stocks & Shares ISAs may be transferred in, but ISAs containing an insurance or stakeholder component may not.

While ISA regulations allow for partial ISA transfers, if your existing Account Manager has amalgamated your subscriptions into a single Account, you may only be able to transfer the whole Account to us.

If you are transferring only part of a previous years' ISA, you must provide details of how much and from which tax year you wish to transfer on the Transfer Application form.

For transfers of your current tax years' ISA, regulations only allow you to transfer the whole amount saved (right up to the day of transfer) in the current tax year.

If you transfer an ISA to us from another provider, you will not receive a cancellation notice from us, which means you will not have the option of immediately transferring your ISA on again to another ISA manager. You may however chose to have your ISA proceeds returned to you though this may lead to you getting back less than was transferred if the market has fallen in that time and it will also result in the loss of the ISA status relating to those proceeds.

Upon receipt of your completed Transfer Application form we will contact your existing ISA Account Manager to arrange the transfer and contact you once the proceeds have been received (this may take up to 20 working days to complete). You should be aware that where stocks in your existing ISA are sold prior to transferring the proceeds to us the monies will be out of the investment market during the period of the transfer.

You may continue to receive income from your investments with your existing Account Manager(s) after the date of transfer. This income will either be forwarded to us by your existing Account Manager(s) or paid by them directly to you according to your agreement with them.

Transfers can be made either as stock (in specie) or as cash; either way the investment does not lose its ISA tax status during the transfer process.

18 Can I transfer my Balkerne Asset Management ISA to another provider?

Yes. In accordance with the ISA regulations, you may transfer all or part (but not part of the current tax year) of your Stocks & Shares ISA to another ISA Account Manager where they agree to such a transfer.

Following receipt of your written instructions and acceptance from the new Account Manager we will sell the shares in your ISA and transfer the proceeds or, if requested by you, transfer the account investments (without selling the shares i.e. in specie) to the ISA Account Manager of your choice.

Subscriptions to a Stocks & Shares ISA can only be transferred to another Stocks & Shares ISA.

Transferring the account investments in specie are subject to a charge of £25 plus VAT per holding. Any outstanding management fees will be debited to all ISA's transferred to another provider up to and inclusive of the date of transfer.

19 What happens if I die?

The tax benefits of your ISA cease immediately and the value of your ISA at the time of your death will form part of your estate for Inheritance Tax purposes.

Until your executor's instructions and Grant of Probate or Letters of Administration are received, your investment will continue to be subject to market movement.

Further Information

Cancellation Rights

Cancellation rights do not apply.

Tax

You will not pay any tax on capital gains made within the ISA.

You will not pay any tax on income withdrawn from your ISA.

This information is based on current legislation and HM Revenue & Customs practice. Legislation and tax practice may change in the future.

Cash held in the Stocks & Shares ISA

Any interest arising on cash held in your ISA pending investment or payment to you will be credited to your account net of an amount representing the Flat Rate Charge, as dictated by HM Revenue & Customs.

Buying and selling Investments

The underlying investments which make up your ISA are brought and sold by the account manager who has total discretion as to the timing of such transactions.

Money Laundering

We reserve the right to carry out any money laundering checks as may be required by regulations.

Law

This investment is governed by the Law of England and Wales.

Health warning

The value of investments can go down as well as up, and as a consequence, the value of your portfolio at any given point in time cannot be guaranteed. Upon withdrawal or transfer of your portfolio you may not realise the sum originally invested. Past performance is not necessarily a guide to future returns.

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