2017 RECOMMENDATIONS

INDIVIDUAL SAVINGS ACCOUNTS LIMITED

- Value Investing
- Review of 2016
- Inherited ISA Allowance

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The promoter and publisher of this booklet is Individual Savings Accounts Limited, and its content is representative of the views we hold on investment planning and personal financial structuring. The company operates in association with The PEP Shop Ltd (which pioneered the discount marketing of PEPs in 1992). Both companies are appointed representatives of Expatriate Advisory Services Plc who are authorised and regulated by the Financial Conduct Authority. Each company is, therefore, dedicated to a specialist market whilst operating within a group of financial advisors. The companies are registered at, and operate from, 16 High Street, Kegworth, Derby DE74 2DA.

“There are decades where nothing happens; and there are weeks when decades happen.”

Vladimir Ilrich Lenin

Contents

Investing In An ISA

Welcome to our 2017 Recommendations publication. Investing in an ISA can be as straightforward or as complex as you would like it to be. To simplify the process we have set out three alternative portfolios each containing six different funds. These packages are described in this brochure on pages 16-21 and if you wish to proceed it should take you no more than five minutes to complete the application. This brochure covers both the Cofunds and FundsNetwork supermarkets.

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Please note that past performance should not be seen as a guide to future performance. The value of any investment and income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount you originally invested. All the investments in this publication should be regarded as long term investments. All investors need to reflect on the volatility of share based investing and the fact a bank deposit is now guaranteed up to £85,000. Whilst we may draw your attention to certain investment products we cannot know which of them, if any, is best for your particular circumstances and must leave that decision to you.

2 Review of 2016

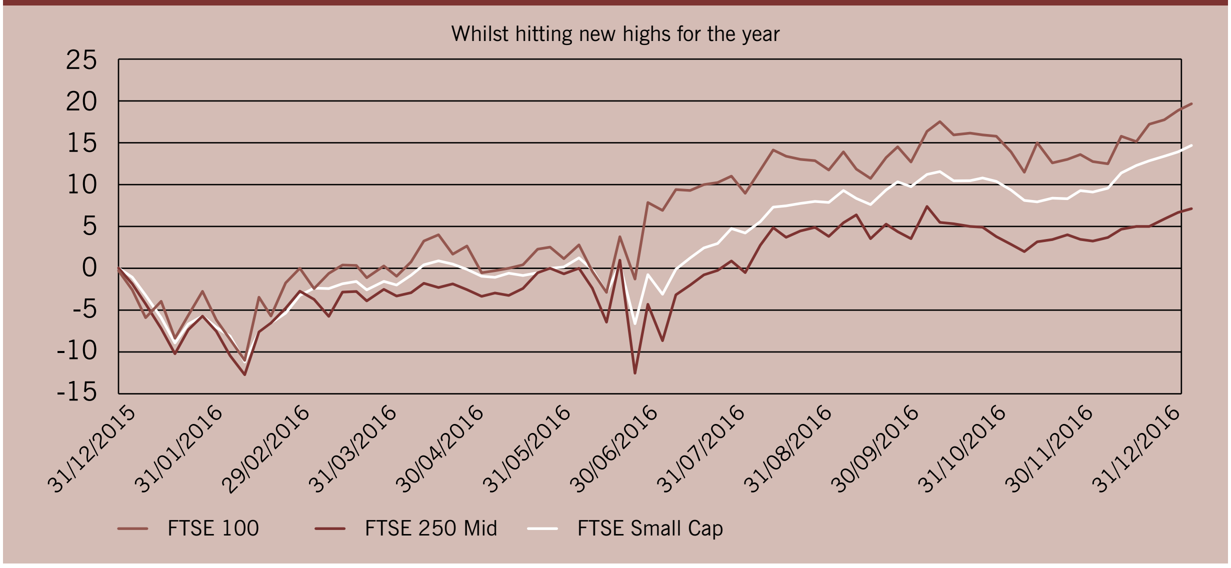
Tales Of The Unexpected

2016 was an event filled year that provided plenty of surprises; we experienced sharp reversals in a number of entrenched market trends and may have witnessed the bottom of the interest rate cycle.

Not the Best Start

The year started badly with the prospect of rising interest rates in the United States (US) hanging over world markets. In the event, the fear of such a downward spiral prompted the US to change policy by backing away from interest rate rises. In February, the Chinese government ramped up support for their economy and this led to a pick up in commodity prices globally which had previously been on a three year decline. Markets then slowly moved upwards until June when the world waited to see how the UK would vote in the European Union (EU) referendum.

UK Equities Suffered Then Recovered



Source: Lipper IM, as at 31 December 2016. FTSE 100 TR: FTSE 250 Mid TR: FTSE Small Cap TR

The End Of The Establishment

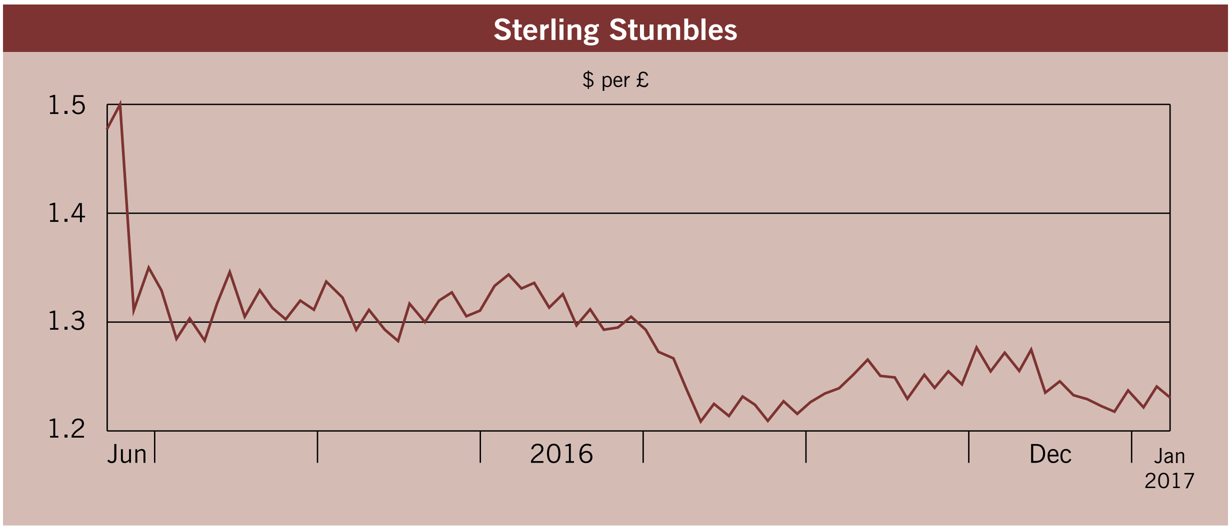
Looking back to June 2016 it provided proof to William Goldman's famous quote, "Nobody knows anything!" At 2300 hours on Thursday 23rd June 2016, the media, the bookmakers, the pollsters and even Nigel Farage were all still convinced that the UK would vote to remain within the European Union; just a few hours later they were all proved wrong.

Sterling Stumbles

If possible, cast your mind back to that surreal period just after the referendum. Leaderless Britain, Tory party turmoil, the spectacular Boris Johnson and Michael Gove fallout, England losing at football to Iceland?

In the first few days after the vote, markets fell sharply, then with the realisation that nothing would immediately change, markets began to recover. However, there was one casualty: sterling. In just a few days it fell 12 per cent.

As Always, There Were Winners And Losers



Source: Thomson Reuters

Winners From The Weak Pound

- Any UK exporters who will be more competitive.
- Any foreign tourists coming to UK (a little ironic given the context of Brexit vote!).
- Any foreign investors who find British assets / housing cheaper.
- Any UK firms who earn profits abroad, (e.g. firms who have investments in US Dollars).

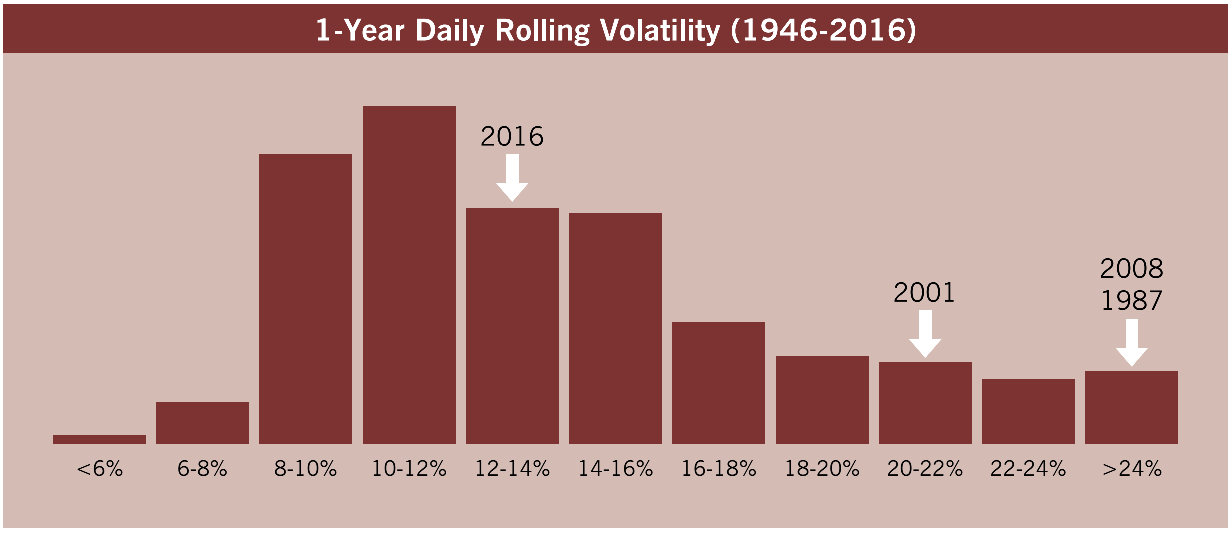
Examples include the likes of HSBC, GlaxoSmithKline and Wolseley who all saw nice boosts to their share prices. Even the mid-cap 250 index, which has a more diverse group of companies that better reflect the UK economy, enjoyed sterling's pain, since it is populated by commodities companies. It is not surprising that with sterling falling so heavily and with interest rates so low, a dividend yield of 3% from equities was temptation enough to help equities rebound.

Losers From The Weak Pound

- Any foreign firms exporting to UK (e.g. Irish farmers hit by fall in Sterling).
- Any British holidaymakers going abroad will find US and EU more expensive.
- Any Foreign workers in UK. Working in UK is relatively less attractive (could reduce incentive for net migration to UK).

Top Trumps!

In most years, such a seismic event (the referendum) would clearly be the most significant story of the year, but not to be outdone, Donald Trump again surprised the media, bookmakers and the pollsters to win the election for the President of the United States. Amazingly, two such significant 'shocks' to the system did not result in major falls in share prices. On the contrary, both events have been seen as positive, something that was inconceivable at the start of the year. The real impact of a Trump presidency will not be known for some time. Until then, we are left with further evidence that financial markets are not only as poor as everyone else at predicting political events but are sometimes even unsure about what they want once the results are in!



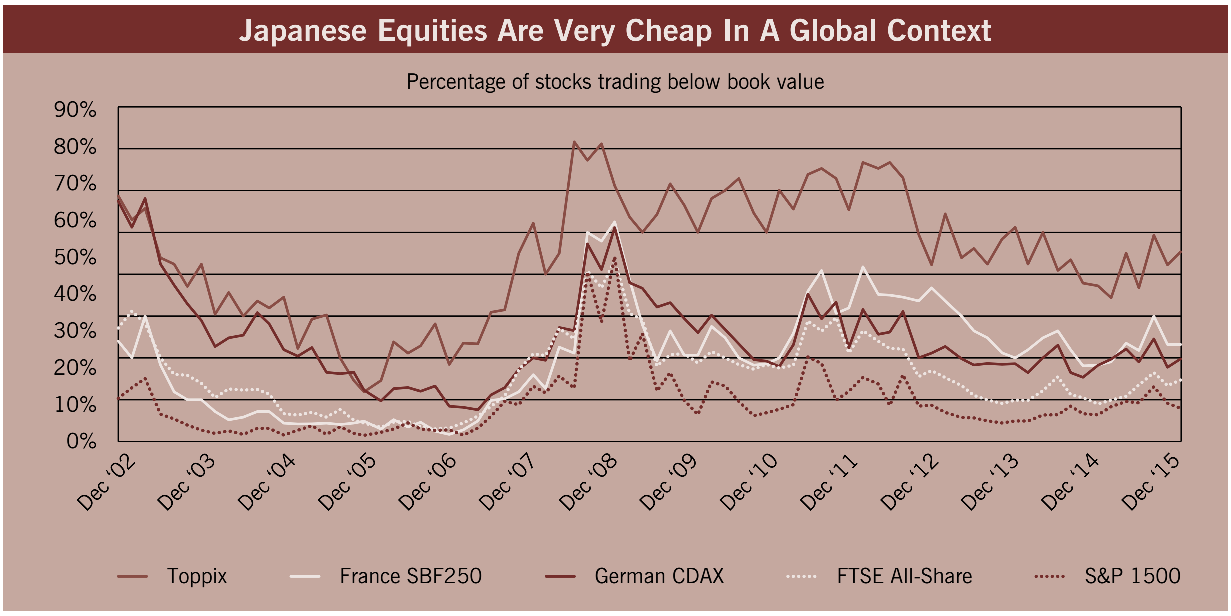
Source: AQR and Bloomberg using the S&P 500 index

All of the above may make you think that 2016 was a crazy year. It wasn't. In fact, it was amazingly calm.

Where To Invest Now

With markets performing well towards the end of 2016 the next question is where to invest now.

While there is a strong case for arguing that Trumponomics might just work, we believe that US equities are priced accordingly. Valuations in the US look stretched and we believe investors need to look further afield. Japan continues to be one of our favoured areas. When compared to the US, valuations have diverged massively in recent years. History suggests this should result in either US shares falling in value or Japanese shares moving upwards; either way we believe the outlook for Japanese shares looks positive as both the government and the Central Bank join forces to stimulate inflation within the economy. While this may take time, investors buying a Japanese fund or a global fund biased towards Japanese shares, are at least buying below the long-term average.



Source: Investec

Value Investing

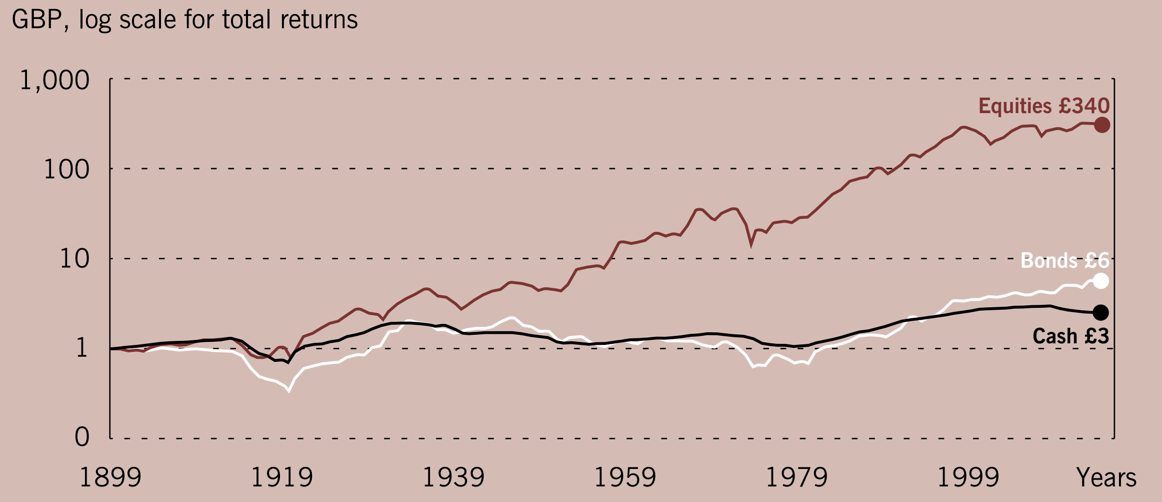
The expression 'value investor' refers to those single-minded individuals who have one objective only: the maximisation of returns over the long term, irrespective of short term considerations. Value investors are more dedicated than the average investor. They are usually conversant with most successful investment strategies and understand the need to remain committed through bad times as well as good.

The Conservative Investor

Inexperienced investors and the majority of income investors will attempt to seek out what they describe as stable funds (with a heavy emphasis on 'blue chips' or dividends). These are seldom the best growth investments but at least they have outperformed bank deposits over the long term, a satisfactory outcome for the conservative investor, see graph below.

A blue-chip share is the share of a large, well-established and financially sound company that has operated for many years. A blue-chip share typically has a market capitalisation in the billions.

Total Return Of £1 In Real Terms



Source: Dimson, Marsh and Staunton ABN AMRO/LBS Global Investment Returns Yearbook 2008, FactSet, J.P. Morgan Asset Management. J.P. Morgan estimates from 2008. Equities: FTSE 100; Bonds: JPMorgan GBP Government Bond Index; Cash: three-month GBP Libor (prior to 2008 cash is short dated Treasury bills). Guide to the Markets -UK. Data as of 31 December 2016.

Although the above attempts to explain the superiority of equities over deposits, investors need to reflect on the volatility of share based investing and the fact a bank deposit is now guaranteed up to £75,000.

The Conventional Investor

Conventional 'middle of the road' investors are more ambitious, and will opt for investments which offer the widest possible spread. These investors choose household name investment organisations with solid all round capabilities. Effectively, they are placing the greatest emphasis on the overall performance of the portfolio, rather than opting for a specific fund which has a 'narrow based' investment objective. These people accept the inherent superiority of equity investment, but have no detailed knowledge of stock market sectors. They therefore prefer the 'general' rather than the 'focused' (i.e. specialist) funds. For these investors, we consider our growth portfolio the most appropriate. See pages 18-19.

The Value Investor

Our **Equity Income** and **Growth portfolios**, we believe, cater for the above two categories of investor. This article, however, is focused on a different kind of investor, who place reason before emotion. In particular, it is addressed to what has become known as the **'value strategist'** – one who accepts that the best returns are to be made by pursuing strategies which offer better long term results than investment into 'blue chips'. Within the framework of the ISA rules, these opportunities lie in 'Recovery' funds and 'Special Situations'. We consider that these investments look particularly attractive right now and have included funds specialising on value within our **Star Managers Portfolio**, see pages 20 and 21.

Growth Outperforms Value

Source: Investec

Value focused investors have faced a difficult environment over the last few years (see graph above). In particular, the most expensive shares (in relation to their earnings) had the strongest performance while the cheapest performed much worse (see the M&G Recovery Fund as an example), and we have reached unprecedented levels of underperformance of value versus growth. However, we believe in the next few years value stocks have a good chance of producing reasonable returns versus growth stocks, and the market has started to show signs of a recovery in value shares.

Patience Is A Virtue

Taking a value driven, disciplined approach to investment can deliver strong returns for investors over the long term, although this is not guaranteed. It can be achieved by identifying and investing in out-of-favour, lowly-priced shares in good quality companies that have sound balance sheets, on the basis that any weakness is only temporary. Investors often overreact to news events or changes in policy and can fail to consider the true intrinsic value of an asset. Value investors use their market expertise to seek out these assets when they deem the share price to be cheap, with a long-term view of profiting when the asset has moved back to its fair value. The average holding period for a share is likely to be several years with fund turnover consequently low. This may result in short-term periods of underperformance as it can take time for the market to recognise valuation abnormalities.

We have always emphasised our view that ‘Special Situation’ funds offer better long term value than the ‘blue chip’ (i.e. FTSE 100) sector. We also believe no growth portfolio should be without some exposure to South East Asia. Unfortunately however, not everyone is receptive to the message, and we are frequently dismayed at the large number of investors who are only interested in ‘the funds that did best last year’.

King For A Day Funds

Most consumer products which you see advertised can be purchased at little downside risk. If the ‘miracle washing powder’ proves to be no better than the usual brand, so what? If it cost you a few pence more, in any event you probably found the ‘ad’ amusing. Similarly, if you bought a car recently, then the advertisement was only responsible for getting you to visit the showroom – nothing more. Your decision to buy no doubt came after close examination and considerable thought.

Myopic Folly

Financial advertising is different. If you buy an ISA fund on the back of its exceptional short-term performance, then the subsequent experience may prove to be unpleasant. Short term performance should always be ignored (however skilfully this is promoted by the advertisers). Regulators of fund management industry require that advertisements should be ‘clear, fair and not misleading’, but is that sufficient to protect your interests?

As providers of generic financial information, we consider we have an obligation to act as an interface between fund groups and our clients. We are frequently asked to promote ‘king for a day’ products; arrangements which due to one fluke or another can evidence a dramatic increase recently. We always resist these approaches and never endorse short-term performance or superficial propositions.

A ‘common thread’ is in evidence with all such funds. The promoters would have you believe that the investment offers a new unexploited opportunity with outstanding growth prospects. Unlike other funds, the picture painted is one of excitement. The simple argument against these funds is that any one of the hundreds of non-specialist-funds can invest in, say, technology shares if they appear good value. However, these funds are not hostage to any sector (i.e. they are not obliged to invest in any one sector, and can compare the merits of one type of share against all others).

Kingdom For A Day Funds

Not only is it dangerous for investors to concentrate on a single investment area (such as robotics), it is equally risky to concentrate all or most of your investments on a single country (even the UK). The table on the next page illustrates just how ‘hit and miss’ the returns can be with this approach.

Boring But Devastating...

There are two motivational forces which adversely influence the way people handle money, namely greed and fear. It is greed which encourages people to behave irrationally in pursuit of wealth. By taking wild and uncalculated risks with their investments, some people hope to ‘get rich quick’. At the other end of the spectrum are those who harbour irrational fears about the dangers of stockmarket investment. In their case, it is inertia which will leave them less well-off than they otherwise might have been. In between are the fund companies who have been pooling investors together, spreading their investments and pursing the boring objective of helping people improve their financial well-being in a slow, reliable and unexciting manner. Boring it may be but the method is devastatingly effective.

10 Best-Performing Stock Markets In 2016		
Rank	Country	Stock market return (%)
1	Peru	90.19
2	Russia	84.13
3	Brazil	81.00
4	Hungary	57.41
5	Canada	48.52
6	Thailand	47.45
7	Colombia	46.82
8	Chile	40.89
9	Norway	39.72
10	Taiwan	38.37

10 Worst-Performing Stock Markets In 2016		
Rank	Country	Stock market return (%)
1	Egypt	-9.82
2	Israel	-6.01
3	Denmark	1.25
4	Italy	1.35
5	Mexico	5.81
6	Portugal	7.98
7	Belgium	9.52
8	Turkey	10.05
9	Ireland	10.30
10	Czech Republic	11.48

Source: Morningstar country indices. Data from 1 January 2016 to 20 December 2016

Investment risk can never be eliminated but it can be reduced by observing two basic disciplines. The first of these is to ensure that your investments are diversified into different sectors and geographical markets. Having done this, the second discipline is to allow them the necessary time to work for you. History proves convincingly that maintaining these two disciplines will deliver competitive returns.

It is impossible to 'get rich quick' by investing – only by speculating. As with other forms of gambling, speculation creates far more losers than winners. In contrast, long term disciplined savings into collective funds is the most tried and tested system for providing long term returns.

Collective equities over the long term have outperformed all other mainstream systems of wealth management, such as deposits, bonds and property. We have no doubt that they will continue to do so.

We have deliberately chosen to adopt a different approach to that of the majority of our competitors. Needless to say, long term performance statistics and the lessons of history provide a better basis for serious investment planning.

"High quality assets can be risky, and low quality assets can be safe. Its just a matter of the price paid for them."

Howard Marks

Although the above attempts to explain the superiority of equities over deposits, investors need to reflect on the volatility of share based investing and the fact a bank deposit is now guaranteed up to £75,000.

Lifetime ISAs

In the 1999 Budget the announcement of the ISA came as no surprise; the Personal Equity Plan (PEP) was a Conservative party idea and that simply wouldn't do, therefore, Gordon Brown created the Individual Savings Account: the ISA.

Amazingly for Mr Brown the ISA was a simple, accessible savings vehicle that most investors understood after only a few minutes. Sadly, as with most things in financial services and Chancellors of the Exchequer, a simple product was too tempting not to tinker with. 2017 brings the sixth addition to the ISA family!

Type of ISA	Subscription permitted in 2016/17 tax year	Subscription permitted in 2017/18 tax year	Can be transferred into	Notes
Stocks and Shares ISA	£15,240	£20,000	Cash ISA	£20,000 will be limit for all ISA types
Cash ISA	£15,240	£20,000	Stocks and shares ISA	£20,000 will be limit for all ISA types
Flexible ISA	£15,240	£20,000	Stocks and shares or cash ISA	Introduced in 2016, flexible Stocks and Shares or Cash ISAs allow withdrawals to be replaced in the same year
Junior ISA	£4,080	£4,128	'Full' ISA at age 18	For child under 18
Child Trust Fund	£4,080 (for existing a/cs)	£4,128 (for existing a/cs)	Junior ISA	No new accounts can be opened (only junior ISAs can now be started for children) but you can top up an existing CTF
Help to Buy ISA	£200 per month (+initial deposit of £1,200)	£200 per month (+initial deposit of £1,200)	Lifetime ISA from April 2017 to April 2018	Potential 25% government bonus. New accounts not allowed after 2019
Lifetime ISA	n/a	£4,000		Any subscriptions are part of £20,000 limit. Government pays 25% bonus if saving for 1st time property or until aged 50. Aged 18 to 40 when you start
Additional Personal Subscription	Value of previous ISA at date of death	Value of previous ISA at date of death	ISA deceased client's spouse or civil partner	The additional subscription allows surviving spouse to 'inherit' the value of their partner's ISA into their own ISA, see pages 12 and 13 for more information
Innovative Finance ISA	£15,240	£20,000	Other ISA types	For investment in peer-to-peer loans. Potentially higher risk. No protection from Financial Services Compensation Scheme

N.B. It is possible to have multiple ISAs up to the annual personal subscription limit, i.e. a lifetime ISA, Cash ISA and a Stocks and Shares ISA.

The Lifetime ISA is a house purchase and retirement savings hybrid and upon its announcement received its fair share of unfavourable reactions. It will allow younger people to save for both their first home and their retirement in the same plan.

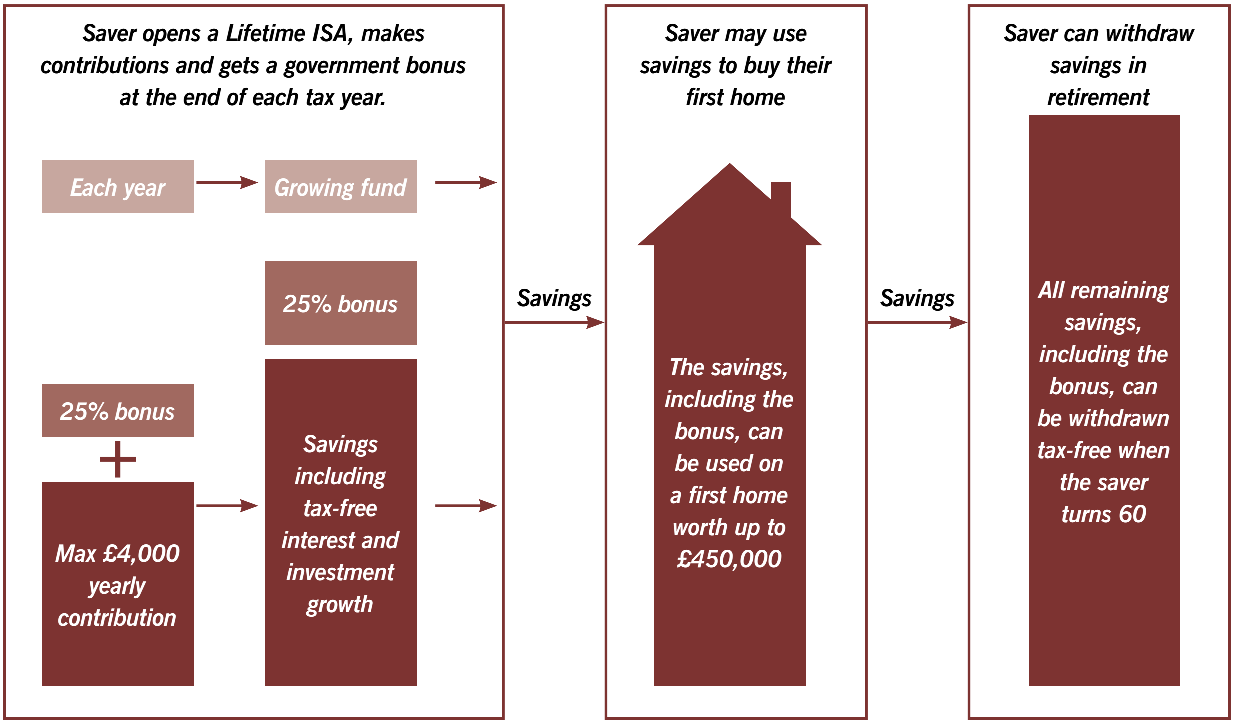
It takes many familiar features of the ISA and adds the promise of a 25% government bonus.

Contributions to a Lifetime ISA will count towards the increased £20,000 overall ISA limit for 2017/18. The £20,000 limit also covers contributions to Cash ISAs, Stocks and Shares ISAs and Innovative Finance ISAs.

The qualifying investments will be the same as for Stocks and Shares ISAs, and investors will be able to have more than one Lifetime ISA, as long as they pay into just one in a tax year. It will be possible to transfer Lifetime ISAs between providers in the normal way and to fund a Lifetime ISA by transferring funds from existing ISAs.

People aged between 18 and 40 will be able to open Lifetime ISAs from April 2017. Between the ages of 18 and 50, they'll be able to save up to £4,000 a year out of after-tax income and receive a 25% Government bonus at the end of the tax year. Investment growth on the saver's own contributions and the Government bonus will be tax-free.

How The Lifetime ISA Works



Source: HM Treasury

The Hidden Dangers

One of the main criticisms of the Lifetime ISA is that people may be encouraged to forego paying into their workplace pension scheme which may include employer contributions and thereby miss out on additional contributions.

Frustratingly, the ISA brand has for years been recognised with 'access', unlike a pension; if an investor wished to access their ISA they could at any time and not suffer any tax penalties (other than the loss of the allowance itself). Investors in a Lifetime ISA must have a short-term buffer to deal with any unexpected expenditure that may come their way.

Who Offers the Lifetime ISA

Currently neither Cofunds nor FundsNetwork are offering the Lifetime ISA. Both are aiming to have a Lifetime ISA available by the end of the 2017/18 tax year, we will provide updates on the progress during the year.

Thin End Of The Wedge

Many commentators are predicting that the Lifetime ISA annual allowance will be revised up over the years with the corresponding pension allowance coming down at the same time. The rationale being that the Lifetime ISA limits tax relief to 25% whereas a pension could potential cost the Treasury 45% in personal tax relief.

There are currently 3.2 million people under the age of 40 who have cash ISA's, therefore, the potential uptake into a Lifetime ISA could be significant. Indeed, the FCA have their own reservations about the Lifetime ISA, citing concerns that investors may not get back as much as they put in should they withdraw funds early.

The FCA have instructed firms to ensure that Lifetime ISA investors are aware of the importance of retaining a mixture of savings vehicles.

Interest And Dividend Tax Changes (For Investments Outside An ISA)

In the 2016 budget, the UK government announced that the way interest payments from funds are taxed is due to change. Investors with savings income (interest) are now entitled to a personal savings allowance [PSA] of £1,000 (basic rate taxpayers) or £500 (higher rate taxpayers). Income within the PSA is taxed at a zero rate.

- Funds pay interest when they are invested in assets such as Cash, Gilts and Corporate Bonds. From 6th April 2017, all interest bearing funds must pay distributions 'gross' (i.e. with no tax withheld, as is currently the case).

There are two ways that providers can change to gross payments to meet the new Government Regulation and the approach is likely to differ between fund providers.

- Some fund providers intend to merge the existing fund into a gross version.
- Others will simply change the way their funds operate to pay gross from the next tax year.

Although the provider will no longer be deducting tax from your income from April 2017, you may still be required to pay tax on your investment if it is held outside an ISA. If you are concerned this change may affect you please contact us on **01509 670918**.

Dividends

A new system of dividend taxation was introduced on 6th April 2016. All individuals now receive a tax free annual dividend allowance of £5,000. Above that, dividends are taxed according to the marginal rate(s) of income tax an individual pays: 7.5% (basic), 32.5% (higher) and 38.1% (additional-rate taxpayers and trustees). See our Autumn 2016 Talking shop publication for more detailed information.

Inherited ISA Allowance or APS

Inherited ISA Allowance Or Additional Permitted Subscription (APS)

It has now been 2 years (3 December 2014) since George Osborne announced the introduction of the Additional Permitted Subscription (APS) which allows the spouse or civil partner of someone who dies to inherit the value of that person's ISAs as at the date of death as an additional allowance, over and above the annual ISA allowance available to them.

This is good news for the surviving spouse or partner but in practice, it can be very confusing and complicated at a very difficult time.

The rules regarding ISAs at the date of death have not changed at all and the ISA investments legally lose the ISA status as at the date of death.

Under these 'old' rules, once the Executor(s) have obtained a Grant of Probate or letters of administration they could transfer the ISA investment assets to the beneficiaries of the estate outside the ISA wrapper. This is often the spouse, civil partner or children of the deceased, depending on the terms of the Will.

The beneficiaries would then have to sell and buy back the assets inside the ISA, sometimes referred to as Bed & ISA, until the total amount is inside the ISA and protected from income tax and capital gains tax. Depending on the amount of the inheritance and the annual ISA allowance available in each tax year, this could take several years.

However, the surviving spouse or partner can now claim this additional, allowance subject to certain conditions and time limits being met. The conditions are that at the date of death the surviving partner must be:

- Over 16 years of age
- Married or in civil partnership
- Not divorced or legally separated
- Living at the same address (unless in hospital or a care home)
- Must claim the allowance within 3 years of the date of death or 180 days after administration of the Estate is complete

This sounds fairly simple but as with any regulations introduced by governments and affecting tax, there are complications when the actual process is applied.

Some of these complications include:

- Some ISA providers will NOT allow an Additional Permitted Subscription (APS)
- Some ISA providers will NOT allow transfers of an Additional Permitted Subscription (APS)
- Some ISA providers will insist on selling the assets and transferring as cash
- Some ISA providers require several different forms to achieve a simple transfer

"By failing to prepare you are preparing to fail"

Benjamin Franklin

No one wants to think about what will happen when they die but failing to do so can leave loved ones with significant problems and stress at a difficult time.

From our experience over the last two years, it has become evidently clear that, as with other aspects of estate planning and taxation, a little forward planning can help to reduce the complications and make life simpler for those we leave behind.

Summary

If you die:

Your ISA benefits end on the date of your death.

There will be no Income Tax or Capital Gains Tax to pay up to that date but ISA investments will form part of your estate for Inheritance Tax (IHT) purposes.

The Estate is subject to taxation, depending on who, how and when the Estate is distributed.

Your Executors can arrange to:

- Pay the proceeds to the beneficiary / beneficiaries of your estate
- Transfer the investments directly to them without selling them

If your spouse or civil partner dies:

If your spouse or civil partner died on or after 3 December 2014, you can inherit the value of their ISA allowance as at the date of death, as well as your normal ISA allowance.

For more information regarding how to make life after your death a little easier, or using the Additional Permitted Subscription (APS) to inherit or transfer an ISA allowance, please contact ISA Ltd at **enquiries@isa-ltd.co.uk** or telephone **01509 670918**.

Premium Bond Updates

There are about 21 million Premium Bond holders in the UK. The bonds are issued by NS&I which is guaranteed by the Treasury.

The total number of tax-free prizes will fall in May 2017 to an estimated 2,219,493 from about 2,224,513 now. There will be more £25 prizes but fewer of most of the higher value awards.

The total prize fund will drop from £69.5m to £63.8m over the same period, although the two jackpot prizes of £1m each month will remain.

	Current prize fund rate	New prize fund rate	Effective date
Premium Bonds	1.25% tax-free	1.15% tax-free	1 May 2017

While the ‘return’ that holders enjoy is going down, the odds of winning a prize with each £1 bond number will remain unchanged, at 30,000-1. This is due to changes to the prize bands. There will be an estimated 95,000 more £25 prizes (the smallest payout) in May than there are this month, while most of the other prize bands are being cut. For example, the number of £100,000 prizes will fall from three this month to two in May, while the number of £10,000 payouts will be cut from 31 to 23.

Ironically with savers struggling to find any meaningful return on their cash deposits, Premium Bonds still look reasonable – if your savings are returning basically nothing, why not opt for the chance of the jackpot prize.

Junior ISAs

What Is A Junior ISA?

A Junior ISA or Junior Individual Savings Account is a simple savings account for your child and unlike normal savings accounts, they are allowed to keep any interest earned without having to pay income tax on it.

Who Is Eligible For A Junior ISA?

Junior ISAs are available to all children up to the age of 18.

How Many Junior ISAs Can A Child Have?

A child can hold a Junior ISA with only two providers (one for stocks and shares and one for cash) throughout their childhood. Therefore choosing the most appropriate provider is crucial, and as Cofunds offer over 1,000 funds to choose from, they offer an ideal home for the JISA.

What Charges And Discounts Are Applicable To Junior ISAs?

The charges and discounts on the JISAs are exactly the same as those of the adult ISA, therefore, anyone investing in our recommended funds will pay no initial charges.

Who Can Open A Junior ISA?

A JISA can be opened by anyone with parental responsibility for the child concerned or by the children themselves if aged at least 16 years. That person becomes the 'registered contact' and is able to give instructions for the JISA's management.

Why A Junior ISA?

Research carried out by Fidelity has calculated that if a parent invests £4,000 each year they could accumulate savings of £136,972.22 by the time their child reaches 18 (based on growth of 5% per annum and assuming the allowance rises each year by an inflation rate of 2%).

The research has also calculated someone going to university in London in 18 years time could need £73,363 to cover their living costs and tuition fees for three years.*

The Junior ISA is a simple way of planning for university fees by creating an easy to understand product. With the JISA the government have at last introduced a product that can be utilised by investors as an addition to their existing ISAs.

Are There Any Negatives?

A potential issue in the future is that you may be placing a significant amount of money into the hands of an 18 year old who may not appreciate the value of money. As the account cannot be accessed before the child is 18, we believe an investor should use their full ISA allowance first as this can be accessed at any time.

**These are estimated figures and not guaranteed.*

Transferring A Child Trust Fund To A Junior ISA

In Autumn 2014, The Chancellor George Osborne announced that in April 2015 any savings held in a Child Trust Fund can be transferred into a Junior ISA. This change could benefit up to 6.1 million children who currently have savings in a Child Trust Fund allowing them to gain better returns on their investment, pay lower charges and have a wider choice of products.

What Is The Difference Between A Child Trust Fund And A Junior ISA?

Junior ISAs were introduced in 2010 following the closure of the Child Trust Fund Scheme. A Junior ISA offers a wider selection of investments and due to their availability on Cofunds, you can benefit from the same discounts and choice of products as with an Adult ISA.

Can I Transfer A Child Trust Fund From Another Provider?

Yes, although a child can only hold a Junior ISA with two providers, one of each type (a cash JISA provider and stocks and shares JISA provider).

Will I Lose The Government Contribution If I Switch?

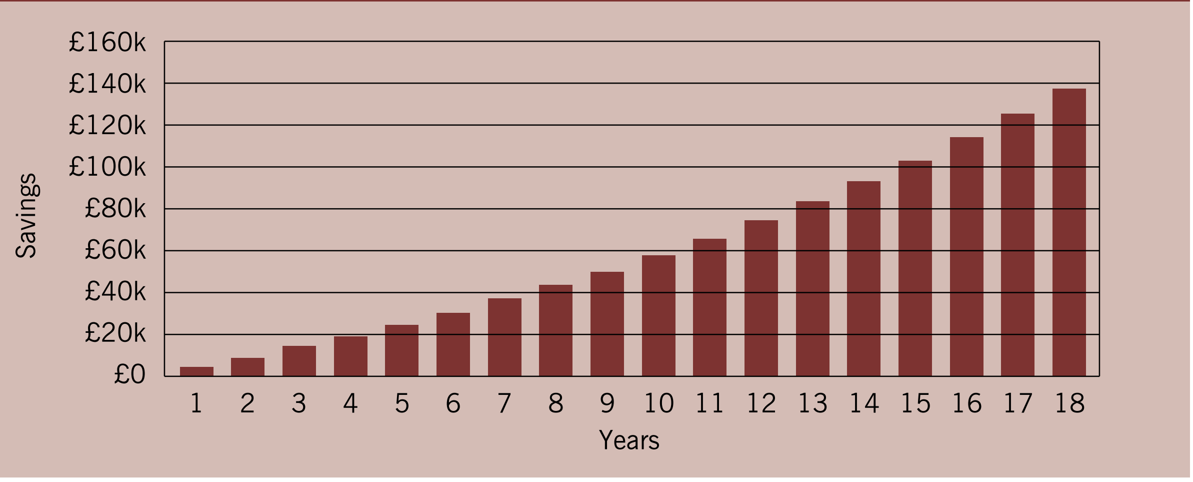
No, all savings currently held in the Child Trust Fund will be transferred into the Junior ISA.

How Can I Transfer A Child Trust Fund Into A Junior ISA?

In order to convert a Child Trust Fund into a Junior ISA you will need to complete a Junior ISA transfer form. Please contact our office on **01509 670918** or **enquiries@isa-ltd.co.uk** and we can supply the relevant form.

The table below shows the potential savings that could be accumulated through a Junior ISA account by the time a child reaches 18 using the full annual allowance (based on growth of 5% per annum and assuming the allowance rises each year by an inflation rate of 2%).

Junior ISA Potential Savings Growth



Figures calculated as: Previous yearly allowance x 2% to show yearly allowance/inflation growth. Growth is last year's calculation (including inflation growth) x 5% to show accumulated growth

The Equity Income Portfolio

One of the benefits of income investing is that dividends are not necessarily subject to market sentiment, which can affect share prices positively and negatively. Indeed, companies are particularly keen to maintain dividends during tough times as an indication of their long term health. We believe this means that dividend paying companies have the potential to generate long-term performance with lower volatility.

Due to the prolonged period of low interest rates, more and more people have become frustrated with having to move their cash around looking for better returns. This often involves restrictive conditions and being tied into long fixed terms. Some investors have realised that in return for an increase in risk there are alternative income sources to be found in equity investments and have transferred their cash ISAs into equity ISAs.

The portfolio below is, in our view, appropriate to an equity income investor wishing to allocate their ISA allowance. However, investors intending to transfer existing holdings into equity income funds may wish to broaden their portfolio by including some additional funds, in particular, Newton Global Income W, Artemis Global Income I, Schroder Asian Income Z, JO Hambro UK Equity Income Y and Lazard Global Equity Income C.

Fund	Discrete Annual Performance % up to 31/12/2016					
	2016	2015	2014	2013	2012	Yield*
CF Woodford Equity Income C	3.2%	16.2%	n/a	n/a	n/a	3.4%
Guinness Global Equity Income Y	26.9%	2.2%	10.5%	26.6%	5.7%	2.8%
Invesco Perpetual European Equity Income Y	21.4%	6.3%	n/a	n/a	n/a	3.5%
Jupiter Asian Income I	n/a	n/a	n/a	n/a	n/a	#4.0%
Marlborough Multi-Cap Income P	(-3.2%)	14.1%	5.3%	43.8%	24.0%	4.7%
Newton Emerging Income Inst W	29.9%	(-12.9%)	1.1%	(-6.8%)	n/a	3.6%

All statistics are quoted 'bid to bid', or it's OEIC equivalent (in both cases with net dividends reinvested) to 31st December 2016. Where funds have less than a five year record, the periods quoted are those in respect of complete calendar years only. Past performance is not necessarily a guide to future performance and may not be repeated. The value of an investment, and any income from it, can fall as well as rise as a result of market and currency fluctuations and you may not get back the original amount invested. Investors electing to receive an annual income should be aware that the dividends (on which the investor's income is based) are not guaranteed.

The above funds' annual management charges are charged to capital. This has the effect of increasing the distribution and constricting the funds' capital performance to an equal extent.

Previously we have always used the bundled share class when presenting performance statistics as these included all costs. As the bundled share class is no longer available, all performance figures are representative of the new 'clean' share class that do not include any of the administration charges detailed on page 28.

#This is an estimated yield that reflects the amount expected to be distributed over the next twelve months.
**Historic yields are not indicative of future yields. As at 31st December 2016.*

	Date of Inception	Inc	Acc
CF Woodford Equity Income C **Manager: Neil Woodford**	**Date of Inception** **June 2014**	**Inc** **WIEII**	**Acc** **WIEIA**

Managed by the legendary Neil Woodford, the fund had a good start to 2016, however, towards the end of the year the fund suffered as investors began to sell the defensive shares Neil holds within the fund. One of the reasons we favour this fund is the manager's ability to ignore the 'noise' of the market and remain committed to his style which has always rewarded investors in the past and we see no reason why it cant repeat that success in the future.

	Date of Inception	Inc	Acc
Guinness Global Equity Income Y **Managers: Matthew Page and Ian Mortimer**	**Dec 2010**	**GUGEI**	**GUGEA**

Managed by Matthew Page and Ian Mortimer the fund is relatively small (currently only £250m in size) it has a value discipline and has a concentrated share portfolio (typically 30-40 stocks). The fund has been consistently one of the top performers in the global equity income sector since launch and has been able to grow its dividend every year. The managers concentrate on companies with low debt and try to avoid higher risk smaller companies.

	Date of Inception	Inc	Acc
Invesco Perpetual European Equity Income Y **Manager: Stephanie Butcher**	**March 2009**	**IEIYI**	**IEIYA**

With 23 years experience, Stephanie Butcher aims to generate a rising level of income, together with long-term capital growth investing primarily into European equities, excluding the UK. European shares are currently a neglected area of investment where investors are scared of the political landscape. This offers experienced value managers a great opportunity to invest at attractive prices.

	Date of Inception	Inc	Acc
Jupiter Asian Income I **Manager: Jason Pidcock**	**October 2006**	**JUIAI**	**JUIAA**

Before joining Jupiter, Jason Pidcock was at Newton (joining in 2004) where he ran an Asian equity income fund from 2005 until his departure in 2015. The manager aims to make use of his long experience of income investing by bringing together a portfolio of his best investment ideas from across the Asia ex Japan region. The fund will typically hold shares in 40-50 companies from across the region, including both developed and developing markets.

	Date of Inception	Inc	Acc
Marlborough Multi-Cap Income P **Managers: Giles Hargreave and Siddarth Chand Lall**	**June 2011**	**MHMUI**	**MHMUA**

Joint fund manager Giles Hargreave continues his success by seeking to generate an attractive and growing level of dividend income in addition to long term capital growth by investing in a diversified portfolio of equities predominantly listed in the UK. The fund invests primarily in the shares of small to medium capitalisation companies where both capital and dividend growth are anticipated, albeit with a higher level of volatility.

	Date of Inception	Inc	Acc
Newton Emerging Income W **Manager: Sophia Whitbread**	**October 2012**	**NWEII**	**NWEIA**

Emerging Markets rebounded in 2016 following a few years of under-performance. We continue to see the best opportunities in the world in emerging markets and Newton has an excellent track record running worldwide equity income funds. A volatile fund but one we believe should pay dividends over time.

DISCOUNT EFFECT: A client investing in any of the above funds via this brochure will pay
NO INITIAL CHARGE ON ANY FUND.

The Growth Portfolio

For those investors not in need of an immediate income, we recommend a portfolio based on an internationally diversified selection of unit trusts/OEICs.

Over the years we have maintained a consistent stance on the most effective approach for clients who are investing for capital growth. For growth investors, the key elements of diversification and patience are as valid today as they were ten, twenty and thirty years ago. It will doubtless be the same in the years and decades ahead. To obtain a truly international spread, investors should invest in different geographical markets (such as Europe, Asia and emerging markets).

Whilst we continue to recommend funds with exposure to emerging markets, we would caution that these funds are traditionally more volatile than the established markets of the Western World. Nevertheless, we believe that experiencing periods of extreme volatility is a price worth paying in return for better long-term returns.

Fund	Discrete Annual Performance % up to 31/12/2016				
	2016	2015	2014	2013	2012
CF Lindsell Train UK Equity I	11.3%	11.5%	7.3%	35.3%	21.4%
FP Crux European Special Situations I	21.4%	13.2%	1.7%	25.3%	22.3%
Fundsmith Equity I	28.3%	15.8%	23.5%	25.4%	12.6%
Invesco Perpetual Global Emerging Markets Y	32.9%	(-4.8%)	n/a	n/a	n/a
Man GLG Japan Core Alpha Prof C	32.4%	18.2%	1.1%	32.6%	1.1%
Schroder Asian Alpha Plus Z	25.8%	(-0.9%)	11.6%	(-1.4%)	23.3%

All statistics are quoted ‘bid to bid’, or its OEIC equivalent (in both cases with net dividends reinvested) to 31st December 2016. Past performance is not necessarily a guide to future performance and may not be repeated.

The value of an investment, and any income from it, can fall as well as rise as a result of market and currency fluctuations and you may not get back the original amount invested. Some of the funds listed above invest in emerging markets or Pacific Rim economies. These investments are more volatile and as such, they expose the investor to greater risks than mature markets such as the UK. These risks include currency movements and exchange control restrictions, as well as political and economic instability in the countries concerned. In addition, under certain circumstances investors may suffer if the underlying investments become illiquid, or experience other problems due to the underdeveloped nature of the securities markets in some emerging countries.

Previously we have always used the bundled share class when presenting performance statistics as these included all costs. As the bundled share class is no longer available, all performance figures are representative of the new ‘clean’ share class that do not include any of the administration charges detailed on page 28.

FUNDSCAPE TOP 3 PORTFOLIO

FUNDSCAPE TOP 3 PORTFOLIO

CF Lindsell Train UK Equity I	**Date of Inception**	**Acc**
Manager: Nick Train	**July 2006**	**LTUEA**

A highly concentrated fund run by Nick Train, a manager with an impressive individual record. He adopts a unique investment approach which has led to a long history of out-performance. This fund is not constrained to the FTSE AllShare Index which is the reference benchmark. The manager generally favours financial services, media companies and consumer staples in the UK market.

FP Crux European Special Situations I	**Date of Inception**	**Acc**
Manager: Richard Pease	**October 2009**	**CRSIA**

Richard Pease has over twenty years' experience investing in European equities and has built a formidable reputation. We believe the fund is an excellent choice for long term investors willing to look past the Eurozone's economic problems and focus on the prospects of well-run, attractively-valued companies.

Fundsmith Equity I	**Date of Inception**	**Acc**
Manager: Terry Smith	**November 2010**	**FDEIA**

City veteran Terry Smith has his own unique, stubborn approach to fund management which has paid off handsomely in the past with his fund out-performing his peers consistently. Smith's philosophy is simple: invest in good companies, don't pay too much for them and then do nothing, holding on to good performing stocks for ever, if possible. His straightforward approach is evident in his choice of stocks, currently holding just shy of 40% in consumer staples as he continues to focus on the markets that he knows best.

Invesco Perpetual Global Emerging Markets Y	**Date of Inception**	**Acc**
Manager: Dean Newman	**June 1987**	**IECYA**

Managed by Dean Newman who has over 30 years' experience, his investment approach places a strong emphasis on valuation, which he believes is a key determinant of future returns. The fund is currently finding the EMEA (Europe, Middle East and Africa) region particularly interesting because it offers a wide range of diversified companies with strong management teams operating in areas of growth.

Man GLG Japan Core Alpha Prof C	**Date of Inception**	**Acc**
Manager: Stephen Harker	**November 1999**	**SGJCA**

Stephen Harker is a contrarian investor, investing in out-of-favour companies. He selects sound businesses which he believes are capable of a turn around, aiming to buy them when they are cheap and before a change in sentiment occurs. Over the long term, we believe this approach along with Stephen Harker's experience and talent could reward patient investors.

Schroder Asian Alpha Plus Z	**Date of Inception**	**Acc**
Managers: Matthew Dobbs and Richard Sennitt	**November 2007**	**SZAAA**

Both Matthew Dobbs and Richard Sennitt (the manager of the Schroder Asian Income Fund) are very experienced market analysts within the Asia Pacific ex Japan area. Their combined flair and enthusiasm produces a portfolio of primarily growth orientated companies. It's relatively concentrated stock position of around 40-60 holdings has, without excessive volatility, delivered consistent out-performance and the strong and sustainable investment process gives confidence this can continue.

DISCOUNT EFFECT: A client investing in any of the above funds via this brochure will pay
NO INITIAL CHARGE ON ANY FUND.

The Star Managers' Portfolio

In the investment arena as in any other walk of life, some people are more successful than others. Why not, therefore, invest with fund managers whose long-term performance record is better than most?

There are many approaches to fund management, but the 'star managers' concept differs radically from all others. Backing so-called 'star managers' is a worthwhile investment strategy provided you are completely mindful of the limitations of the concept. The most noteworthy of these is that such managers usually have concentrated portfolios, i.e. only a small number of holdings, normally in the region of only 30-35 shares compared to a more traditional unit trust which would typically have over 70 shares within the portfolio. For the purist, there is a compensating disadvantage to following this investment approach. By investing most or all of their savings in concentrated holdings investors lose the opportunity for risk reduction which a diversified spread traditionally confers. Anyone who follows a narrow approach, therefore, is likely to be motivated primarily by a sense of adventure rather than the orthodox one of portfolio discipline.

Fund	Discrete Annual Performance % up to 31/12/2016				
	2016	2015	2014	2013	2012
AXA Framlington Health Z	7.9%	12.3%	30.4%	35.4%	11.8%
Investec Cautious Managed I	19.1%	(-2.2%)	0.4%	8.4%	10.0%
Jupiter Absolute Return I	10.2%	5.9%	(-0.2%)	2.2%	0.9%
Marlborough Special Situations P	10.5%	20.1%	5.8%	36.9%	21.1%
R&M UK Equity Long Term Recovery	27.9%	(-0.8%)	(-6.0%)	58.8%	29.9%
Schroder Global Recovery Z	37.1%	n/a	n/a	n/a	n/a

Where funds have less than a five year record the periods quoted are those in respect of complete calendar years only. All statistics are quoted 'bid to bid', or its OEIC equivalent (with net dividends reinvested) to 31st December 2016. Past performance is not necessarily a guide to future performance and may not be repeated. The value of an investment, and any income from it, can fall as well as rise as a result of market and currency fluctuations and you may not get back the original amount invested. Some of the funds listed above invest in emerging markets or Pacific Rim economies. These investments are more volatile and as such they expose the investor to greater risks than mature markets such as the UK. These risks include currency movements and exchange control restrictions, as well as political and economic instability in the countries concerned. In addition, under certain circumstances investors may suffer if the underlying investments become illiquid, or experience other problems due to the underdeveloped nature of the securities markets in some emerging countries. Where funds invest in relatively few individual assets, the performance of the fund is significantly influenced by a small number of companies. Where fund managers use derivatives, this may increase the funds volatility and may restrict growth in a rising market.

Previously we have always used the bundled share class when presenting performance statistics as these included all costs. As the bundled share class is no longer available all performance figures are representative of the new 'clean' share class that do not include any of the administration charges detailed on page 28.

FUNDSCAPE TOP 3 PORTFOLIO

FUNDSCAPE TOP 3 PORTFOLIO

AXA Framlington Health Z	**Date of Inception**	**Acc**
Manager: Dani Saurymper	**February 1987**	**FMHEA**

The fund aims for capital growth through investment in healthcare/medical services and product companies worldwide. Investment will be in producers of pharmaceuticals, biotechnology firms, medical device and instrument manufacturers, distributors of healthcare products, care providers and other healthcare services companies. We have recommended this fund for over a decade and although in a volatile area of investing, its performance speaks for itself. Not for the faint hearted but a good investment for the patient investor.

Investec Cautious Managed I	**Date of Inception**	**Acc**
Manager: Alastair Mundy	**June 1993**	**ICCIA**

As the name suggests, a cautious approach is taken by Alastair Mundy. This fund is currently positioned even more cautiously than normally with only a 30% exposure to equity shares. The remainder of the portfolio is invested in hard commodities such as Gold, Silver and inflation linked bonds. This fund is for the nervous investor.

Jupiter Absolute Return I	**Date of Inception**	**Acc**
Manager: James Clunie	**December 2009**	**JUAIA**

The fund seeks to generate an absolute return over a 3 year rolling period, independent of market conditions, by investing on a global basis. The fund has a diversified portfolio with many ideas but aiming to limit market risk. The greatest strength of this manager is his expertise in single stock selling. This allows him to make money when he believes a share is overvalued.

Marlborough Special Situations P	**Date of Inception**	**Acc**
Manager: Giles Hargreave	**July 1995**	**MHSPA**

The Marlborough Special Situations fund is based on a very simple premise: smaller companies tend to grow quicker than large ones. This fund continues its success in the UK smaller companies sector with the very knowledgeable Giles Hargreave at its helm. The main focus of special situations is emphasised by investing in companies going through a difficult period with good recovery prospects, restructurings or takeovers.

R&M UK Equity Long Term Recovery	**Date of Inception**	**Inc**
Manager: Hugh Sergeant	**April 2009**	**RVLTI**

Hugh Sergeant has been running this fund since its launch in 2008. The manager is looking for recovery stocks where good businesses are currently experiencing below normal profit levels, which are depressing their valuations. The manager currently believes the fund represents the best opportunity to buy value type shares since the end of the TMT bubble in 2000.

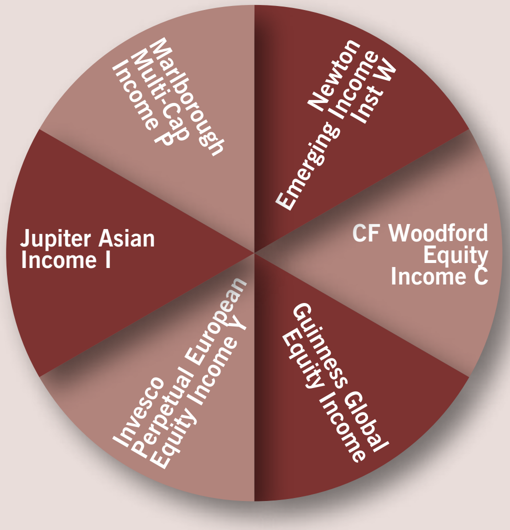
Schroder Global Recovery Z	**Date of Inception**	**Acc**
Managers: Nick Kirrage and Kevin Murphy	**October 2015**	**SZGRA**

The global value team at Schroder manage over £11,250 million. The managers focus on low valuations as they believe these are the greatest driver of long-term returns. The fund follows a patient, long-term investment approach and is most suited to patient long-term value investors.

DISCOUNT EFFECT: A client investing in any of the above funds via this brochure will pay
NO INITIAL CHARGE ON ANY FUND.

ISA

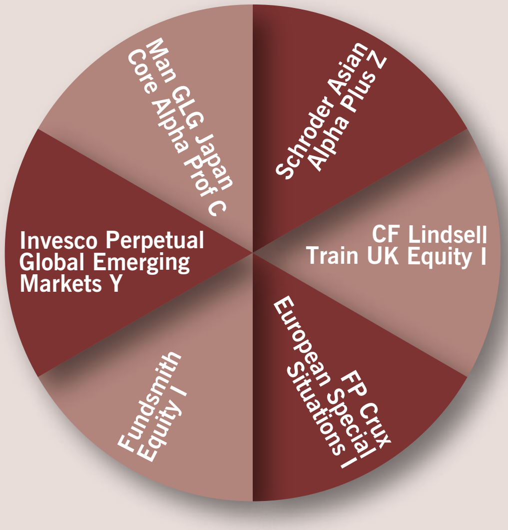
The Equity Income Portfolio



No Switch Fees

Switching funds usually costs 0.25% or £25 for each £10,000 moved between funds. For clients of ISA Ltd, all switches are now offered at a 0% switch fee. This means investors can move out of poor performing funds or rebalance their portfolio all at no switching cost. The free switch service is available online or via a switch form, available on our website or by request.

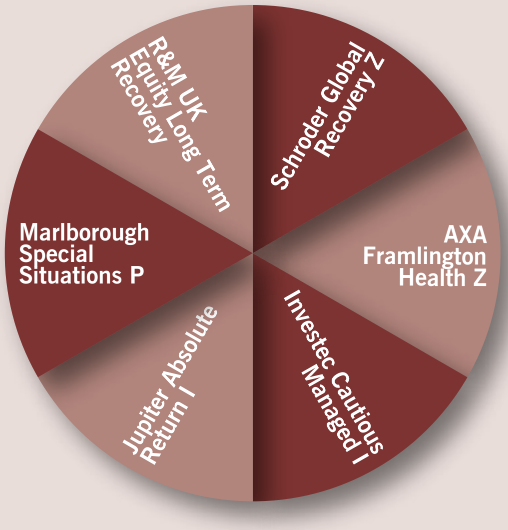
The Growth Portfolio



DISCOUNT EFFECT

A client investing a lump sum or monthly in any of the funds or portfolios on this page will pay no initial charge.

The Star Managers' Portfolio



Important Information

The portfolios described on these pages are not managed for you. It will be your responsibility if you wish to switch or sell any particular fund.

ISA Ltd select the funds for these portfolios but it is up to you to decide whether the selection will suit your investment requirements. Returns cannot be guaranteed and your attention is drawn to the promoter's notice on page 32.

Frequently Asked Questions

Q. Can I invest online?

Yes, Cofunds investors see page 25, FundsNetwork investors see page 26. Please note, a debit card in your own name (not credit card) will be required to invest online.

Q. Can I transfer a cash ISA into a stocks and shares ISA? Yes, but…

- You should ensure that you use the correct form(s) to avoid losing your ISA status.

Q. Can I make investments with ISA Ltd outside an ISA if I have already used my allowance for this year? Yes, but…

- Any income may be liable to Income Tax.
- Any growth may be subject to Capital Gains Tax (subject to annual allowance when sold).

Q. Is there any limit to the amount I can invest outside an ISA?

No, but you should ensure that you retain a sufficient amount in cash for emergencies to avoid selling when markets are low.

Q. Can I invest monthly?

Cofunds Investors

For anyone investing on a monthly basis a direct debit mandate must be completed. A cheque for the first month's payment should also accompany the application. This cheque must be drawn in the applicant's name, be from the same account shown on the direct debit mandate and made payable to 'Cofunds Ltd'.

FundsNetwork Investors must now complete this process online.

Q. Do I need to include any identification (anti-money laundering) documents?

No. As authorised agents we are required to take additional steps to assist in verifying the identity and place of residence of each investor. In some circumstances we may need to request additional evidence from you, especially if you have moved house during the last two years. Whilst we cannot accept responsibility for delays arising from these procedures, we will endeavour to assist if requested. Anti-money laundering vetting procedures will not usually result in a delay in the allocation of your investment.

Q. I have a Power of Attorney, what documents do I need to supply?

There are very strict rules governing investments made via a Power of Attorney. Please contact us on the number below for the most up-to-date guidelines.

Q. Who do I contact if I have any queries?

We can be contacted on **01509 670918** or via e-mail at **enquiries@isa-ltd.co.uk**

Selling Funds

Please note that when you wish to withdraw money from Cofunds and Fidelity and have it sent to your Bank Account we need a completed withdrawal/sale form together with a blank cheque with the word 'Void' written across it. You do not need to sign the cheque. Alternatively, you can send a current, original Bank Statement. Once your account has been verified like this, you do not need to do it again unless you wish to change the Bank Account. Withdrawal forms are available to download at https://www.isa-ltd.co.uk/invest/request-literature/

Before You Invest

Saving money on the cost of any investment should not be the overriding consideration. Clearly there is no point in saving £300 on a £15,240 ISA investment if the fund chosen is of such poor standard that it underperforms by, say, several thousand pounds in subsequent years. Discounts are only worth taking if you are convinced that the quality of both the investment manager and the intermediary you use are as good as any in the market.

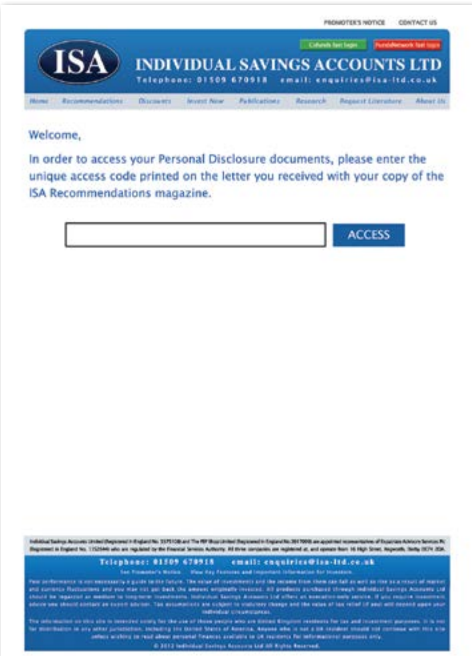
Whilst we cannot pass an objective opinion on the latter, we do consider that the funds we select for our recommendations are amongst the better opportunities in the market today. In the past two years, both the **ISA Ltd's Growth Portfolio** and the **ISA Ltd's Star Managers Portfolio** were ranked in the top three portfolios available in the UK; testament to our rigorous selection process.

If you decide to invest via this publication or our website **www.isa-ltd.co.uk**, it is essential that you read the relevant Key Features Documents before investing. These documents include the Key Features, Key Investor Information Document (KIID) and the Terms and Conditions for Cofunds/FundsNetwork.

The purpose of these documents is to provide, in a clear and concise way, the important information about the product and funds on offer via this publication.

There are three ways to access this information:

1. Enclosed with this brochure is a letter providing a password which will allow you to access the necessary documents online and store for future reference. Simply go to **www.isa-ltd.co.uk/disclosure** and enter your personalised password. The password is for you to access your disclosure documents only; it will not give you access to your Cofunds/FundsNetwork account online. If you wish to access your account via the web, please contact our office.
2. Visit our website **www.isa-ltd.co.uk/Recs2017/keyfeatures** here you will be able to view and print the necessary information.



3. If you would prefer a paper version of the Key Features documents and Terms & Conditions, you can either e-mail us at **enquiries@isa-ltd.co.uk** or telephone **01509 670918** requesting the Key Features documents.

Once you have referred to the Key Features and are happy with the investment you are making, simply complete the application form (Cofunds) enclosed with this brochure or alternatively you can invest online via our website **www.isa-ltd.co.uk** (see page 25). FundsNetwork now insist that all new investments and switches are completed online. If you are unhappy with this restriction, please contact us to discuss alternative ways to invest.

Online Investing – Cofunds

You can also invest online and benefit from our discounts and terms by going to **www.isa-ltd.co.uk**.

cofunds

Cofunds Online Investor Service

Select the Invest Now page followed by Go to Cofunds.

1. **Tick** 'I confirm I have read the Promoter's Notice including Terms of Business, Keyfacts of ISA Ltd and the relevant Key Features document,' followed by Go to Cofunds.
2. **Select** 'New Customer'. Or Login if you are an existing investor.
3. Enter your details e.g. name, date of birth, National Insurance Number and home address. Following recent legislation, you must be able to tick the box at the bottom of this page to confirm you are a UK resident and not a US citizen.
4. **Select Next >** for Product & Fund Details. Now select the product you wish to invest in (i.e. Cofunds Investment ISA) from the drop down list.
5. **Select** either one of the model portfolios or your own fund selection (Go to no. 8 if you select the model portfolios.) If you wish to make your own fund selection, choose the Fund Manager and then the Fund from the drop down boxes within the fund selection section.
6. **Click** 'add fund' and if required, repeat for any additional funds you require.
7. Add in the amount you wish to invest or indicate the percentage % you want to allocate to each fund, ensuring the total is 100%.
8. Now download or print the relevant documents and tick the box to confirm you have read them.
9. **Select Next >** for Payment method i.e. Debit Card and also select Income Options (Income Funds only).
   1. Reinvest or Payaway.
   2a. Hold on Platform or Consolidated Monthly Income.
   2b. Select Cofunds Cash account or consolidated monthly income.
   3. Provide your bank details for income payments.
10. **Select Next >** for Legal Information. Carefully read the declaration and tick the box to accept.
11. Confirm the information provided is correct.
12. **Select Next >** for Summary. This section is a summary of the personal and investment information you have provided.
13. PLEASE double check this is correct and then submit the application.
14. **Select Next >** for Debit Card Payment details. Select your payment method and provide your debit card details.
15. Wait for a confirmation; this may take 30 seconds...
16. **DO NOT** click again or try to re-submit!

Please be aware that in order to invest online, you will require a debit card (not credit card) in your own name. All online applications and paper based applications will receive the same levels of discount.

Online Investing – FundsNetwork

You can also invest online and benefit from our discounts and terms by going to **www.isa-ltd.co.uk**. Select the Invest Now page and confirm you have read the revised terms and conditions (existing ISA investors must also accept these conditions as they contain details of the ongoing fee agreement).

FundsNetwork™

1. If you are new to FundsNetwork, click on '**New Customer**' and **Click Continue**.
2. Select lump sum or Monthly Savings Plan. **Click Continue**.
3. Type the fund name in the **Search For Fund** box and use the < and > at the bottom of the drop down box to scroll through the funds. Click '**Add Fund**' next to the search bar and enter the amount to invest.
4. Repeat the fund search as required until all your funds have been added successfully, (please note all funds now include an additional Service Fee).
5. **Click Continue** > to check your selected funds and Adviser Ongoing Fee.
6. In order to proceed, you need to confirm you have either saved or printed a copy of the Fidelity FundsNetwork Key Features Document (incorporating the Fidelity Client Terms) and Key Investor Information Document (KIID, where applicable) and have read and agree to the ISA Declaration.
7. **Click Continue** > to provide personal and contact details.
8. **Click Continue** > to enter payment details.
9. Read the information notes carefully before entering your debit card details. Please note credit cards are not accepted.
10. Complete Income Payment details if you have selected income producing funds only.
11. **Click Continue** > to register your security details. Choose an easy to remember PIN number and password, and answer the security questions.
12. **Click Continue** > to see the Submit screen.
13. Check the details shown and read the instructions before clicking **Submit**.
14. You may be asked for additional verification of your debit card before seeing the confirmation.
15. Print the confirmation screen containing the reference number.

Please be aware that in order to invest online, you will require a debit card (not credit card) in your own name. All online applications and paper based applications will receive the same levels of discount.

Lump Sum and Monthly Investors (Cofunds)

Cofunds Application Form – Pages 29-30

This form allows you to invest both lump sums and monthly investments in the 2016/17 and 2017/18 tax year. The form covers all three portfolios detailed in this publication and allows you to select your own funds.

Monthly Investors (Cofunds)

For anyone investing on a monthly basis, a direct debit mandate should be completed ('Investment by Direct Debit') on page 3 of the application form.

Important notice for new monthly savers: A cheque for the first month's payment must accompany the application form; this cheque must be drawn in the applicant's name and from the same account as shown on the direct debit mandate.

Pick Your Own ISA

Clients who wish to construct their own portfolio from the full list of options on offer can either invest online **(www.isa-ltd.co.uk)** or via the form on pages 29-30. If you require additional forms, online; please contact us on **01509 670918** or **enquiries@isa-ltd.co.uk**.

Q. Who do I make the cheque payable to?

Cheques should be made payable to **'Cofunds Ltd'** (FundsNetwork investors dealing online will need a debit card).

Personal cheques must be drawn either on your own bank account or one held jointly with your partner. Cheques issued by building societies or internet banks must identify your name on the front of the cheque itself. Please telephone us if you are unsure of the correct procedure. Investors contemplating other forms of payment are advised to contact us first.

NB. Any cheque alterations must have a full signature against them, not just initials.

Q. Where do I post my application?

Please post your application form and cheque to: Individual Savings Accounts Ltd, 16 High Street, Kegworth, Derby, DE74 2DA.

Application Form Checklist (Cofunds Only)

Prior to posting your application form to us, have you:

- ☐ 1. Provided your National Insurance Number?
- ☐ 2. Supplied your date of birth?
- ☐ 3. Completed the Direct Debit mandate and included a cheque for the first month's payment? (Applicable to monthly savings only.)
- ☐ 4. Completed the box confirming you are not a US Citizen?
- ☐ 5. Signed and dated the application?
- ☐ 6. Included your Bank/Building Society details (this is for income and redemption payments)?
- ☐ 7. Enclosed your personal cheque payable to 'Cofunds Ltd'?
- ☐ 8. If investing in the 2017/18 tax year your cheque should be dated 6 April 2017 and you must complete the correct tax year on section 4 of the application form.

FundsNetwork investors must now invest online, if you would like to discuss alternative ways to invest, please contact us on **01509 670918**.

How We Operate

We have been helping investors reduce the up-front costs of their PEPs and ISAs for over 20 years. As experienced investment planners and discount brokers, we have worked through all the changes in regulations during this time and continue to communicate, explain and implement the latest rule changes and help our clients to make the transition to the new charging structures and clean share classes.

As a Family/Charity owned business, we have reduced our charges to benefit existing long term clients and continue to make contributions for the benefit of charitable causes. We are aware that many companies have announced charging structures designed to attract new customers. We will only reduce our charges to a level that is sustainable in the future and capable of maintaining an acceptable level of service, whilst rewarding existing long term investors.

We do not offer a low charge and then charge you more for each additional fund transaction, nor do we charge for selling funds, monthly investments or re-investing dividend income. We do not charge extra for paper statements or contract notes. There is no charge for probate valuations, stock transfers or explaining the probate process, nor is there any extra charge for transferring your funds or account closures. We do not entice you to transfer funds from another broker at no charge and then charge you to transfer them out later. The table below confirms we just have a simple charging structure to make your life easier.

We do not charge extra for any of the following:

Ad hoc paper statements	✔	Paper statements	✔
Duplicate tax certificates	✔	Payment by cheque	✔
No Exit Fees	✔	Probate valuation	✔
Investing via direct debit	✔	Registration of legal documents	✔
Online dealing	✔	Re-investing income	✔
Paper contract notes	✔	Sale of investments	✔

Total charge when investing via Cofunds (including Cofunds platform charge):

0.70% on investment amounts up to £25,000. A saving of 6.66%
0.65% on investment amounts between £25,000 – £50,000. A saving of 13.33%*
0.60% on investment amounts between £50,000 – £100,000. A saving of 20%*
0.55% on investment amounts between £100,000 – £150,000. A saving of 26.66%*
0.50% on investment amounts between £150,000 – £250,000. A saving of 33.33%*
0.45% on investment amounts between £250,000 – £500,000. A saving of 40%*
0.40% on investments over £500,000. A saving of 46.66%

For example, a client with a £120,000 portfolio would pay a blended rate of 0.62%.

Our role is to provide information on the options available, guidance on the process of charging, be available to answer questions when clients need help and to make them familiar with the new rules and charging structures.

As always our aim is to do this by offering clients the freedom to decide and choose the type of service most appropriate for them at a reasonable cost, rather than restricting their choice to an internet only service or making excessive charges for transactions or documents.

If you require further information, please contact us on **01509 670918** or **enquiries@isa-ltd.co.uk**

FundsNetwork terms are available on request.

** Based on the standard 0.75% annual administration charge of a bundled fund.*

All opinions expressed are those of Individual Savings Accounts Limited (the promoters and publishers of this booklet).

Remuneration Declaration

In our capacity as an 'information and discount broker', we aim to provide investors with access to a wide range of funds at the lowest cost. With over £½billion in assets under administration, we will be using our size to negotiate with both the fund managers and the fund supermarkets the best possible discounts and passing on these savings to you, the investor. This enables you to receive the maximum discount on each fund you purchase, resulting in no initial charge.

As a client of ISA Ltd you pay only two charges:

- A significantly reduced fund management charge (starting at 0.1%) for your selected funds.
- **(Cofunds)** A maximum annual administration charge of 0.70%; this is made up of two parts: Platform charges of up to 0.23% and ISA Ltd charges of up to 0.47%.
- **(FundsNetwork)** A maximum annual administration charge of 0.75%; this is made up of two parts: Platform charges of up to 0.25% and ISA Ltd charges of up to 0.50%.

There are no initial charges and no switching charges. Our sole means of remuneration will, therefore, be a maximum of 0.5% p.a. of the value of your investment. For example, if your fund is worth £7,500, we would receive £37.50 per annum. If it is worth £15,000, we would receive £75.00 per annum.

Restrictions and Regulations

The information contained in this publication is intended to enable investors to make their own decisions. If you require further information in respect of any of the products mentioned, then please telephone us. Please be aware, however, that we cannot offer personal advice and if you are uncertain as to the suitability of any product offered, it may be advisable for you to obtain independent advice (elsewhere) on a 'face to face' basis. Cancellation rights are not applicable to applications made via this promotion. Individual Savings Accounts are long-term investments and if you withdraw your investment in the early years, you may suffer a loss. The value of shares, and the income from them, may fluctuate or fall. Past performance is not necessarily a guide to the future. The value of any tax relief conferred by ISAs is dependant on the investor's tax position. Levels, bases of, and relief from taxation are all subject to legislative change. Yields are variable and neither capital values nor income are guaranteed. This publication has been issued by Individual Savings Accounts Limited. Our FCA authorisation references are 125686 and 188474.

If you have a complaint about our services, please send a letter to 'The Compliance Officer, 16 High Street, Kegworth, Derby, DE74 2DA'. If you are dissatisfied by how we have dealt with your complaint, you will be able to refer your complaint against us to the Financial Ombudsman Service. We will let you know when and how you can do this. The Financial Ombudsman, Exchange Tower, London, E14 9SR. Tel: 0800 023 4567.

You may be able to seek compensation from the Financial Services Compensation Scheme for up to £50,000 if we become unable to repay a loss we have caused you. See our Recommendations 2012 publication for more details.

Group Structure and Approach

Individual Savings Accounts Limited is an 'information and discount broker' specialising in ISA investments. The company operates in association with The PEP Shop Limited, which pioneered the discount-marketing of PEPs in 1992. Both companies are appointed representatives of Expatriate Advisory Services Plc who are regulated by the Financial Conduct Authority. All companies are registered at, and operate from, 16 High Street, Kegworth, Derby DE74 2DA.

This service is governed by the direct offer advertisement rule (where clients purchase an investment which we have promoted in our literature). Alternatively, if a client requests us to arrange the execution of an investment which he himself has independently researched and selected, this is deemed to be 'execution-only'.

“It ain’t what you don’t know that gets you into trouble. It’s what you know for sure that just ain’t so.”

Mark Twain