Autumn 2019

TALKING SHOP

INVESTORS NOW PAY A REDUCED AEGON ANNUAL FEE OF 0.2%

CONVENTIONAL WISDOM VS. REAL RISKS

'Conventional wisdom', when it refers to the public's perception of the stockmarket, is an oxymoron. Conventional it may be, wisdom it is not.

Investing has always entailed risk. This is particularly true of stockmarket investing. Paradoxically however, the further stockmarkets fall, the less risk they present to new investors. Why then do so many people turn their backs on the stockmarket whenever it falls?

Whatever the investment climate, people still need to invest. It is not a question of "should we invest" but rather "what should we invest in?". Despite conventional wisdom, investment risk can never be eliminated. All anyone can do is reduce its impact by diversification and 'averaging out' (i.e. by investing every year if possible).

Basing your investment decisions exclusively on the facts and ignoring the emotional response of others will make the right decision easier. As always, this publication addresses the issues in a factual and unemotional manner.

INDIVIDUAL SAVINGS ACCOUNTS LIMITED

AN ASSOCIATED COMPANY OF THE PEP SHOP LTD

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"Investing should be more like watching paint dry or watching grass grow. If you want excitement, take $800 and go to Las Vegas"

Paul Samuelson (American Economist)

ISA ALLOWANCE FOR 2019/20 TAX YEAR

2019/20 £20,000 (£1,666 per month)

You can now split the amount you contribute into an ISA between a Cash ISA and a Stocks and Shares ISA, as you choose – up to the new overall annual ISA limit of £20,000. Historically, it had only been possible to save up to half of the overall ISA subscription limit in a Cash ISA

Junior ISA Allowance

2019/20 £4,368 (£364 per month)

If you would like to receive a Junior ISA Application Pack, please contact us on **01509 670918** or email **enquiries@isa-ltd.co.uk**

Contents

Investing In An ISA

Welcome to our Autumn edition of Talking Shop. 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 14-19 and if you wish to proceed it should take you no more than five minutes to complete the application form, on page 29. This brochure covers both the AEGON (formally Cofunds) and FundsNetwork fund supermarkets.

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 stockmarket 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.

The information we provide in this publication is an opinion provided by ISA Ltd on whether to buy a specific investment. Please note that none of the opinions we provide is a ‘personal recommendation’, which means that we have not assessed your investment knowledge and experience, your financial situation or your investment objectives. Therefore, you should ensure that any decisions you make are suitable for your personal circumstances.

If you are unsure about the suitability of a particular investment or think that you need a personal recommendation, you should speak to a suitably qualified financial adviser.

2 Why An ISA?

Making it and keeping it is a simple philosophy and, patriotism apart, there is little point in making a taxable investment return if you can achieve the same gain tax-free. To re-cap, ISAs currently offer the following tax savings:

1. Interest

ISAs still have advantages over ordinary savings accounts despite the new personal allowance.

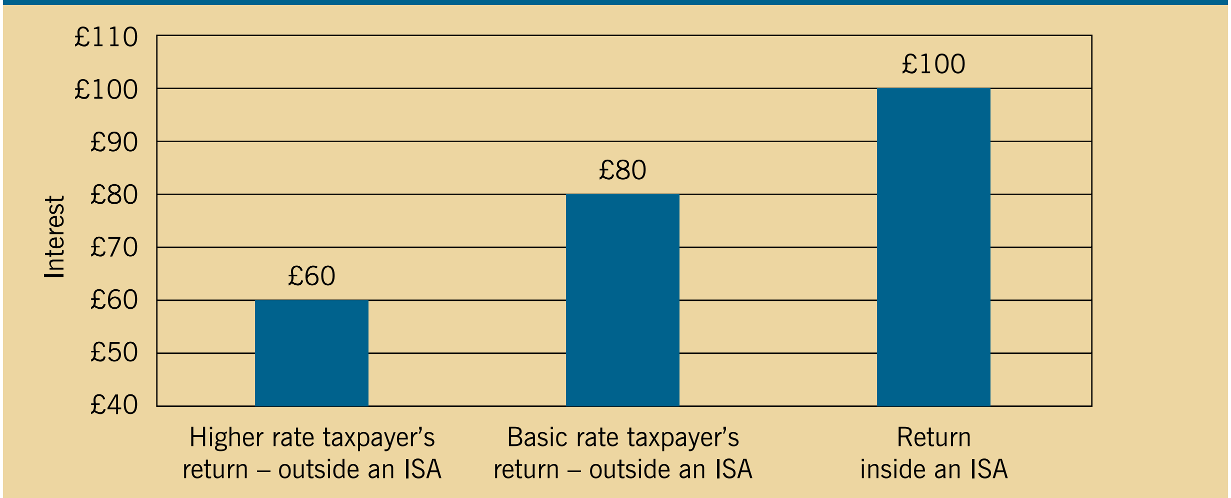
Although you can earn up to £1,000 (£500 for higher rate taxpayers) of interest tax-free on an ordinary savings account, that money will still count towards your income when you're assessed for things like child benefits and your personal allowance. Interest payments over the allowance need to be declared to HMRC each year and any tax due must be paid at the following rates: 20% for basic-rate taxpayers, 40% for higher-rate taxpayers and 45% for additional-rate taxpayers.

Where an ISA is partially or wholly invested in fixed interest (i.e. a Corporate Bond), there is no income tax whatsoever on this, neither at basic nor the higher rate.

Ignorance Is Bliss!

ISA income is completely outside your taxable income and does not need to be declared on your tax return.

£100 of Interest Earned – How Much Goes In Your Pocket?



Source: Fidelity

Those paying the additional higher rate of tax at 45% would only receive £55 for every £100 of taxed interest. Rate applied to interest above the personal allowance

2. Dividends

The government have recently introduced changes that have seen the removal of the dividend tax credit and the introduction of a new dividend allowance. Importantly, if your investments are held within an ISA there will be no change, yet another reason why ISA investments are so valuable.

Most people with investments held outside an ISA will also see little change, but the never-totally-understood 10% dividend tax credit has now been replaced by a new £2,000 tax-free dividend nil-rate band for all individual taxpayers. This was introduced on 6 April 2018.

Tax on dividends above this figure is set at the following rates:-

7.5% for basic rate taxpayers

32.5% for higher rate taxpayers

38.1% for additional rate taxpayers.

According to the Treasury, 85% of individuals in receipt of dividends will be better off or no worse off; however, this was before the decision in the 2016 Budget which reduced the allowance down to £2,000. Anyone with a portfolio outside an ISA in excess of £58,000 will now start paying income tax on any dividends they receive.

If you have investments outside an ISA, please telephone 01509 670918 to discuss how the change will affect you.

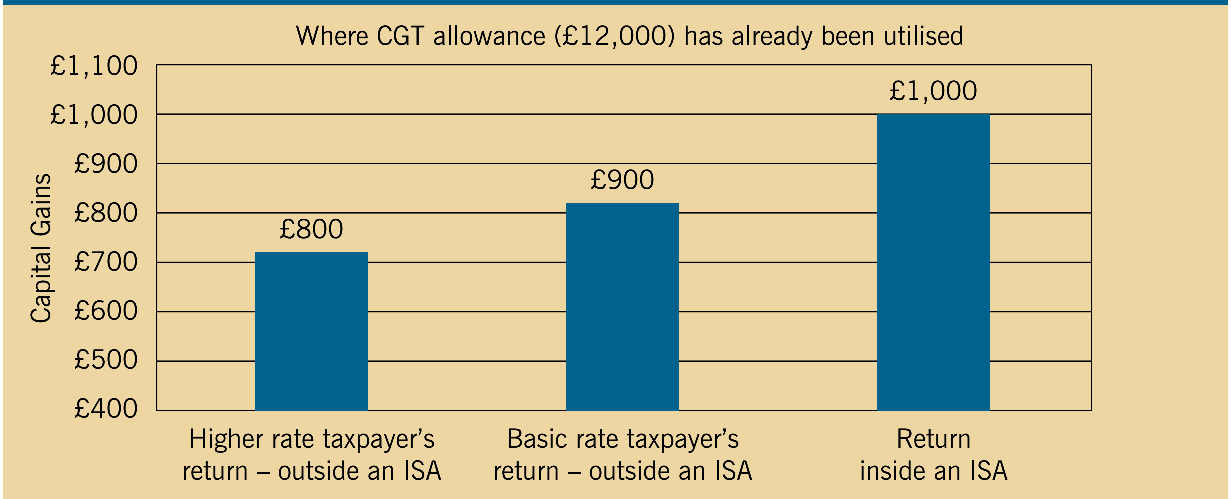
3. Capital Gains Tax

All capital gains within ISAs remain free of Capital Gains Tax and there is no need to include ISA gains in your tax return.

In addition to tax saving, the avoidance of record-keeping via ISAs is a meaningful advantage, which is especially valuable when compared to the meticulous long term records required for assets held outside an ISA.

The number of pensioners who have to file an annual tax return hit 1.8m in the 2017/18 tax year, more than a quarter of a million of these were aged 80 or over.

£1,000 Of Realised Gains – How Much Goes In Your Pocket?



Source: Fidelity. Theoretical comparison between the same equity growth investment fund achieving 7% growth per annum adjusted for an annual rise in the CGT allowance of 2% and annual charges of 1.67%.

** Higher rates (18%/28%) may apply to the disposal of certain residential property and carried interest.*

Spousal Exemption-Inheritable ISA Allowance

HMRC's annual report and accounts for 2017/18 revealed that the amount of money paid in Inheritance Tax (IHT) was £5.3bn – the highest level since the current system was introduced.

While assets passing to a spouse upon death are IHT free; previously an ISA wrapper was lost upon death. Anyone whose spouse or civil partner died on or after 3 December 2014 is now eligible for a one-off additional ISA allowance. Where the investor died between 3 December 2014 and 5 April 2018 the additional allowance is equivalent to the value of the deceased person's ISA at the date of death. Where the investor died on or after 6 April 2018 the ISA additional allowance is equivalent to the value of the deceased person's ISA at the date of death or the date of transfer/closure, whichever is higher.

In Summary

The ISA structure is the only savings system available to UK investors which offers the same tax advantages during both the investment buildup and after the payment of income commences. All other 'Tax Incentivised' schemes confer reduced tax advantages once an income has been taken. The UK tax system offers taxpayers a number of annual allowances based on the principle of 'use them or lose them'. One such allowance is the ISA entitlement.

4 Indexation: A Panacea?

In its purest form, a stockmarket is simply a theoretical entity which endeavours to replicate the market capitalisation of a group of underlying shares in proportion to the size of the individual component companies. Among the best-known indices tracking these markets are;

INDEX	DESCRIPTION
FTSE 100	This index tracks the top 100 companies traded on the London market
FTSE All-Share	This index tracks 98% of UK market capitalisation
S&P 500	This index tracks 500 large U.S. companies across a wide span of industries and sectors
Nikkei 225	This index tracks the largest companies on the Japanese stockmarket

Tracker/Index/Passive

Tracker funds, also known as passive funds because they are not actively run by a fund manager, were launched in the United States in the 1970s. The performance of an index is 'notional' i.e. indices such as the FTSE 100 make no allowance for costs. In the real world, the index fund promoters incur dealing charges whenever they buy or sell shares as well as administrative expenses. In spite of this fact, time and again, the press has printed statements along the lines of 'most actively managed funds underperform the Index' leaving the general public with the false impression that they also habitually underperform trackers. A more accurate statement would be that 'most actively managed funds and **all** trackers underperform the index'!

Many investors will regard any aspirations to 'match the index' as unambitious. Yet why should this be? Supposing you had an opportunity to purchase a newly-built house in which the labour costs were ignored. If you did not have to pay the bricklayers, plasterers, decorators, plumbers, carpenters and architects the cost of the house would be reduced by half. Similarly, supposing you could buy a new car for a price which ignored labour costs. Once again, your car would be under half its present price.

INDEX FUND	CUMULATIVE % 5 YEAR RETURN	ACTUAL INDEX	CUMULATIVE % 5 YEAR RETURN
Fidelity Index Emerging Markets P Acc	49.4	MSCI EM (Emerging Markets) GBP	52.7
Fidelity Index UK P Acc	35.1	FTSE All-Share GBP	35.8
Fidelity Index World P Acc	85.4	MSCI World GBP	90.2
HSBC Japan Index C Acc	68.2	NIKKEI 225 GBP	77.3
Legal & General Pacific Index I Acc	58.5	MSCI AC Asia ex Japan GR GBP	72.6
Vanguard FTSE UK Equity Income Index Acc	21.0	FTSE All-Share GBP	35.8

Source: Financial Express

Is it really so surprising, therefore, that an index which incorporates no charges can outperform either a tracker fund or an active fund? In what field of human endeavour do we assume that a hypothetical product stripped of labour costs can be bettered by one which was exposed to the commercial reality of competitive charges?

Top Of The Table

One dubious gambit employed by the index marketeers is to measure funds on a year by year basis to see how often they underperformed the index. Surveys purport to show that very few funds remain in the top quartile (the best 25%) throughout, say, a 5-year period. To the untrained eye, such a survey appears to illustrate that there are almost no active funds which have a successful long-term record. However, a much fairer comparison would be to examine the record over the entire period. For so-called serious surveys to suggest a fund, which had only appeared in the top quartile 3 out of 6 years, is akin to suggesting that Manchester City should not be considered champions because they failed to win every single match.

ISA LTD GROWTH PORTFOLIO	CUMULATIVE % 5 YEAR RETURN	INDEX EQUIVALENT	CUMULATIVE % 5 YEAR RETURN
Fundsmith Equity I Acc	161.06	Vanguard FTSE Developed World ex-UK Equity Index A	88.40
Fidelity Global Special Situations W Acc	96.78	Vanguard FTSE Developed World ex-UK Equity Index A	88.40
Jupiter Global Emerging Markets I Acc	36.31	Fidelity Index Emerging Markets P Acc	31.07
Lindsell Train Global Equity B GBP Inc	169.90	Vanguard FTSE Developed World ex-UK Equity Index A	88.40
Man GLG Japan Core Alpha C Professional Acc	66.94	Fidelity Index Japan P Acc	71.60
TM CRUX European Special Situations I Acc GBP	69.68	Fidelity Index Europe ex UK P Acc	53.38

Source: Financial Express

All statistics are quoted ‘bid to bid’, or its OEIC equivalent (in both cases with net dividends reinvested) to 30th June 2019. Past performance is not necessarily a guide to future performance and may not be repeated.

The current theme in the media is that ‘active’ managers charge more, yet frequently deliver inferior performance. Unfortunately, the debate has become dominated by soundbites and slogans instead of the reasoned argument and rational analysis which this serious subject merits.

The Cost-Benefit Equation

When we as consumers buy anything (whether it is an ice cream or a house) there is a cost and a benefit. Subconsciously each time we consider a purchase we examine the benefit, then look at the cost before deciding whether to proceed. In addition, there is a further thought process which is undertaken when buying a better quality product. We expect to pay more, but weigh the extra cost against the enhanced benefit. ISA investors will need to give careful consideration to the second of these principles.

The attractions of index tracking funds are twofold. They offer investors a far wider spread of investment than, say, a managed unit trust ISA, and they do so at a much lower cost. This is usually achieved by buying every share in the index (in proportion to its size).

When comparing an ‘active’ managed fund with an index fund the only justification in paying the higher management charge required by the active fund is the expectation of better performance (i.e. after allowing for the extra cost). In reaching a decision, most investors will simply choose to compare the past performance of the fund, from its inception date, with the relevant index. This is partially correct but investors need to consider the risk the index/active fund is taking as well.

Choosing An Index Fund

In the UK, the two main indices which are tracked are the FTSE 100 Index (i.e. the hundred **largest** quoted companies in Britain) and the FTSE All-Share Index (which covers over 98% of the whole UK stockmarket). The latter index is more representative and is one which historically has also been the better performer. From June 1st 2009 to June 1st 2019 the FTSE 100 increased by 136.46% and the FTSE All-share returned 149.38%.

On the surface, comparing the performance of index funds against active funds is easy. A simple few clicks on the internet and masses of data is available.

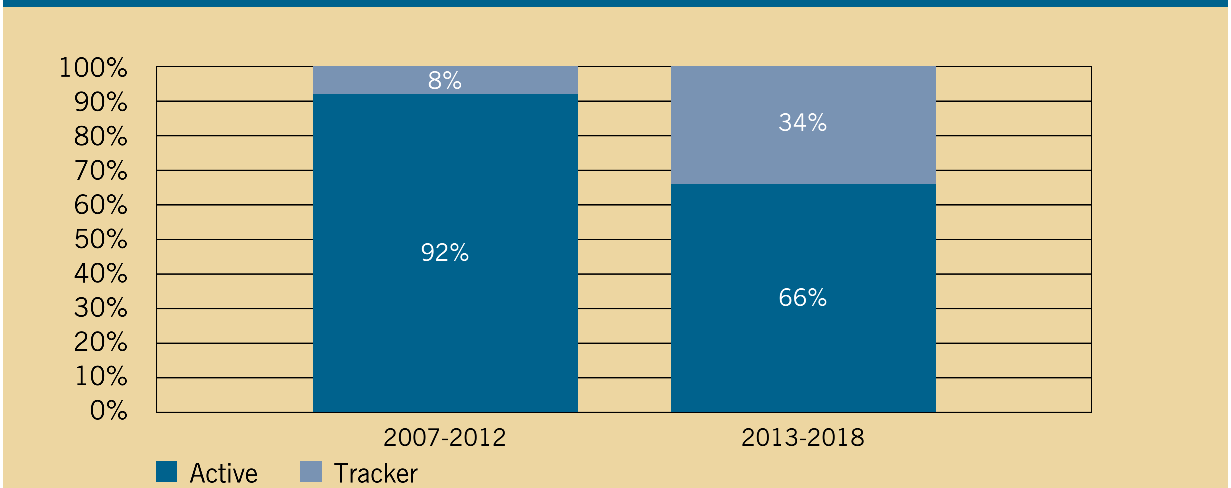
Index Funds – The Hidden Advantages

It is a great pity that much of the publicity for index trackers has concentrated on attacking the investment industry, whilst missing a more important point. The main advantage of index funds is to assure investors of an average performance. This is highly beneficial for first-time investors whose great fear may be that even if the stockmarket does well, they personally may choose the wrong fund and do badly. Index funds are the ultimate answer to this widespread fear and are therefore, ideal for first-time investors or nervous investors. Investors in index funds need to convince themselves only of the superiority of equities over deposits (a relatively easy task considering historical performance). Because they need not agonise over the wide range of active funds available, this represents an ideal way for the novice to get started.

Index Popularity

In 2016 passive funds attracted five times more money than active funds.* The main danger of index funds is the feedback effect: as more and more money pours into index funds their prices rise, attracting even more money into the underlying index funds (irrespective of their actual prospects). But should a large number of investors change their mind and want to withdraw their money at the same time, there could be a sharp fall in these shares.

Active Sales vs Index Sales



Source: Investment Association

Since their inception, financial markets have been driven by greed and fear. No matter how advanced technology becomes, human nature isn't changing. In June 2017, the Financial Conduct Authority issued its final report on the Asset Management industry. In the report, it highlighted that it had found poor value for money in both active and passive funds. Mike Barrett Director at the Lang Cat, a financial consultancy, says about index funds, 'Some of the worst cases of overcharging in the asset management industry'. For example, the Virgin Money UK Index tracking trust charges investors 0.6% per annum whereas the Fidelity Index UK is only 0.06% per annum, 10 times cheaper for the same product!

*** According to Morningstar**

It is extremely difficult for an active manager to outperform the market on the way up, as Warren Buffett, the most famous investor in the world is quoted "It is only when the tide goes out do you know who's wearing trunks!!" The popularity of index funds has been driven by the rising bull market which began in 2009. Index funds follow the index blindly, therefore, they will go down by the full extent of any market drop whereas with an active manager there is at least the possibility of avoiding the harder fall.

The Popularity Of Index Funds: An Opportunity For Active Investors?

In 1994 1.4% of all PEP investment was allocated to index trackers. Since then, however, their popularity has spread rapidly and in 2018 their market share in the UK exceeded 18%. Quite simply, a market dominated by passive investors would distort the market to the point of creating the very market anomalies that will create an advantage for active managers. Investors need to learn lessons from the dotcom bubble of the late 1990s. Back then, index trackers contributed to the overvaluation of internet stocks because they were forced buyers. As money flowed into the index funds they were obliged to buy already overweight and overpriced stock. This implicit destabilising effect was revealed when the bust came.

Investors in index funds often unwittingly break some of the most basic rules of prudent portfolio management. For example, the Nasdaq 100 index on which the popular Invesco QQQ ETF is based. It has almost $75bn of assets, making it one of the largest ETF's in the US. Within this index Apple, Alphabet, Microsoft, Amazon and Facebook comprise 45% of the value of the entire index. As John Plender in the Financial Times points out "If an active manager took on such a concentration of risk, it would be regarded as daring, bordering on reckless".

TOP FUND HOLDINGS (%)

NAME	WEIGHT
Microsoft	11.21
Amazon	10.19
Apple	9.95
Facebook 'A'	5.11
Alphabet 'C'	4.14
Alphabet 'A'	3.64
Cisco Systems	2.84
Intel	2.60
Comcast 'A'	2.32
PepsiCo	2.23

Source: Invesco

There are some weird and wonderful indices out there. For those who want to beat the peat there's a Whiskey & Spirits Index. If you feel like betting that the Vegas house will win, there's the Dow Jones US Gambling Index, and for the health conscious, there's even a Solactive Obesity Index!

Index funds now account for nearly 20 per cent of about £7tn of assets managed by UK based businesses. As the Lex column in the Financial Times states; 'It is not a better system, merely one that worries regulators and disengaged investors less'.

Woodford: The Lessons

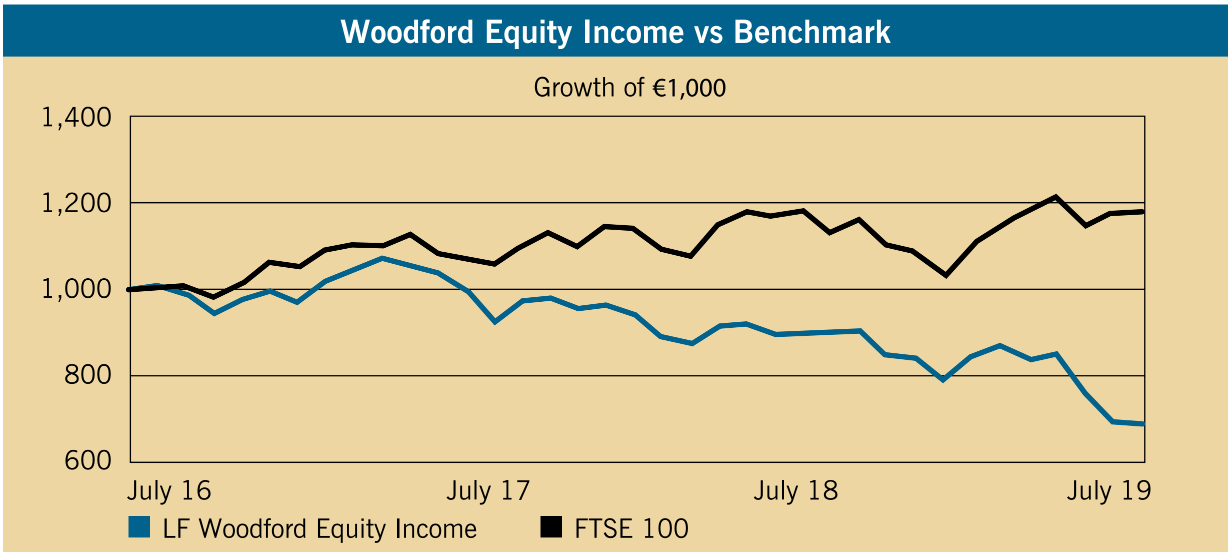
January 2020, we have now learned, will be the beginning of the end for the Woodford Equity Income Fund. This will mark a dramatic change in the fortunes of one of Britain's most successful investment managers of the past twenty years. For the last few months investors in the Woodford fund have expressed their concern to us. Usually, these are ISA investors who have previously invested in the successful Invesco Income/High Income funds.

The History

The problems that beset Woodford were unusual if not unique. Neil Woodford invested in numerous companies which were yet to come to the stockmarket, the so called 'illiquid stocks'. The rationale was that using his expertise and contacts, he would be able to invest in 'up and coming' companies, and therefore, provide investors with excess return compared to more traditional equity income funds. The first year following the launch of the fund proved very successful and it appeared the manager's star status would continue where he left off at Invesco.

In June 2019, following several years of poor performance and after months of redemptions, Link Fund Solutions (The authorised corporate director) controversially announced that due to a large redemption order by Kent County Council they were temporarily 'gating' the fund, which in effect restricted all buys and sales of the fund.

Unfortunately, investors' expectations have not been fulfilled. The exceptional long-term performance of the manager pre-2017 has been replaced by bottom of the league performance. As the chart below shows, since July 2016, the Woodford Equity Income fund is firmly anchored to the bottom of the equity income sector.



Source: Morningstar

Wind Up!

On 15th October 2019 Link Fund Solutions said it had concluded that it was in investors' best interests that the fund be wound up. It said the process of repositioning the portfolio into more liquid FTSE 100 stocks had, 'Unfortunately not been sufficient to allow certainty as to when the repositioning would be fully achieved and the fund could be reopened'.

It is expected that the winding up of the fund will commence on 17January 2020. It is not possible to commence the winding up any earlier due to the need for three months' notice to be given to investors under the applicable European Directive and as implemented into FCA rules. Link said; 'This orderly realisation will allow the return of money through interim payments to investors more quickly than if the fund had remained suspended for a longer period of time'.

Link added it had considered extending the suspension of the fund and merging it with another fund, but concluded neither would be in investors' best interests, nor would they be viable options.

The portfolio has been split into two portfolios: Portfolio A comprises the listed stocks and its winding up period will be overseen by BlackRock Advisers (UK) Limited; Portfolio B comprises the unlisted assets and will be overseen by PJT Partners (UK) Limited during the winding up process.

Link said the fund's repositioning will continue, but with the aim of preparing the portfolio to be wound up. After taking into account any liabilities the fund owes, the proceeds of an orderly realisation of its assets will be returned to investors in a series of capital distributions.

Link said it expects the first capital distribution made to investors to be by the end of January 2020. 'The size of this first capital distribution will depend upon how quickly the value of the Fund's assets can be realised'.

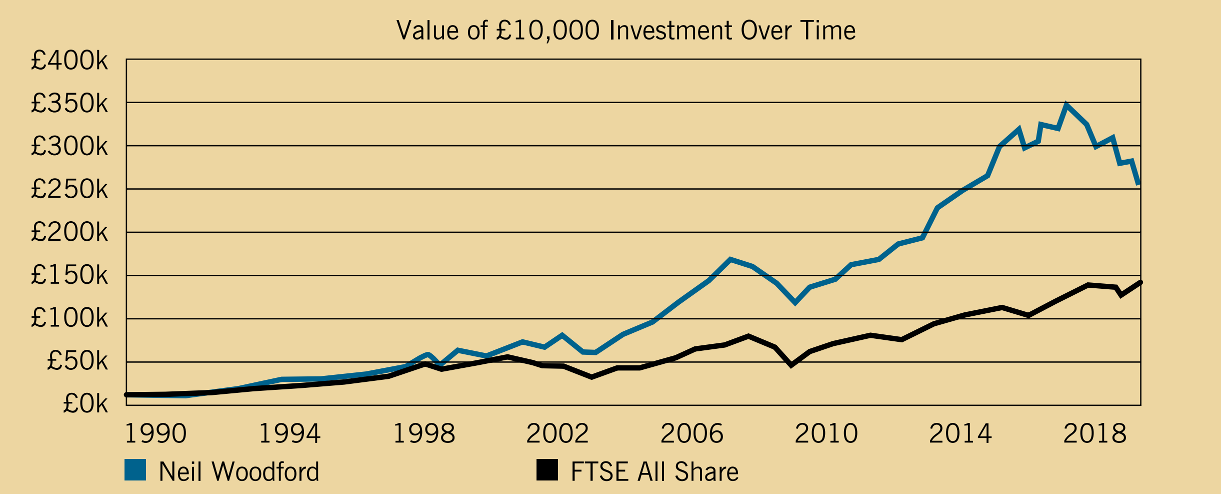
The less liquid assets, 'Will continue to be sold over time in an orderly manner to seek to limit the loss of value which would be the key risk if they were sold on a forced or fire sale basis'.

Link gave no timeframe as to when the winding up process would be completed.

The Lessons

There are many organisations who gain 'strength in adversity', and rise to the challenge. However, the decision by Woodford to continue taking their management fee even when investors could not access their investments showed a complete lack of understanding of the depth of hurt felt by investors and advisers alike. It now looks like the Woodford reign will end, not with a bang, but with a whimper.

The Woodford Effect



Source: Morningstar

All statistics are quoted 'bid to bid', or its OEIC equivalent (in both cases with net dividends reinvested) to 30th June 2019. Past performance is not necessarily a guide to future performance and may not be repeated.

Although the decision to close the fund was taken in consultation with the Financial Conduct Authority, we still feel uneasy when a decision to sell a fund is taken away from the end investor. The main concern now is that BlackRock will seek to sell the assets in Portfolio A and use the proceeds to purchase money market funds and FTSE 100 index instruments. This will frustrate the many investors who were holding the Woodford Fund precisely because it was exposed to shares that are linked to performance of the UK economy and which are currently undervalued only to buy more expensive shares which are exposed to the global economy. If you would like to discuss the Woodford closure in more detail please contact us on **01509 670918** or email **enquiries@isa-ltd.co.uk**.

The first rule of portfolio management is, and always will be, diversification. Anyone with an overweight position in the Woodford fund has had a tough year. All investors should arrange their annual ISA investments with different funds; that is the main lesson to be learned from the Woodford woes.

Bubble Bath

Stockmarkets are emotive, even though history shows us that they tend to move two steps forward, one step back. Commentators, especially now in the age of social media, continue to be full of hyperbole, constantly referring to any rising market as a 'bubble'. The word has become overused and has lost its nuance, but this does not mean that bubbles do not occur and by most measures, bonds (loans to governments and companies) are currently in a bubble.

One of the best books on this topic is by Charles Kindleberger, 'Manias, Panics, and Crashes.' Kindleberger wrote that there needed to be four conditions before a bubble can be diagnosed.

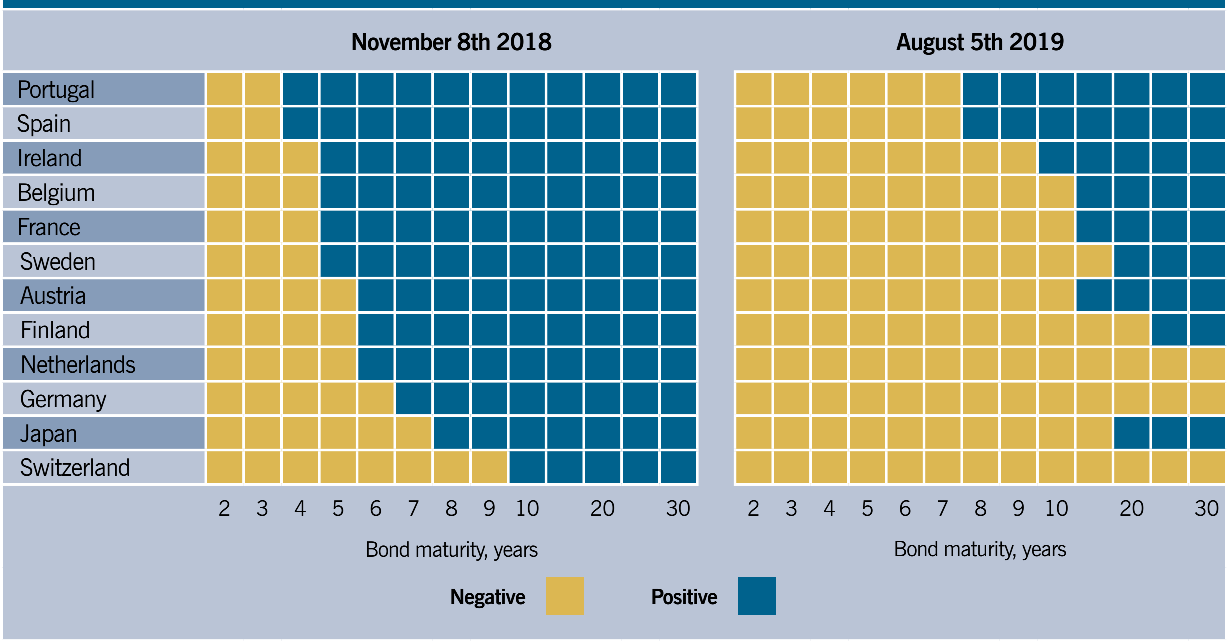
i	Cheap money underpins and creates the bubble
ii	Debt is taken on during the bubble build-up, which helps fuel much of the speculative price increases (e.g. buying with borrowed money)
iii	Once a bubble is formed, the asset price has a notably expensive valuation
iv	A narrative to 'explain away' the high price: 'This time it's different'

So, how many of these conditions are being met in the current bond market?

Cheap Money

Since the financial crisis of 2009 central banks around the world have significantly increased the amount of money in circulation. Prior to the crisis, interest rates were at 'normal' levels. However, since 2009 we have seen historically low levels of interest rates. We are now even at the point where huge amounts of money are being lent at negative interest rates i.e. the investor is agreeing to lend money and receive less than the original amount in return!

Prognosis Negative – Government Bond Yields by Bond Maturity

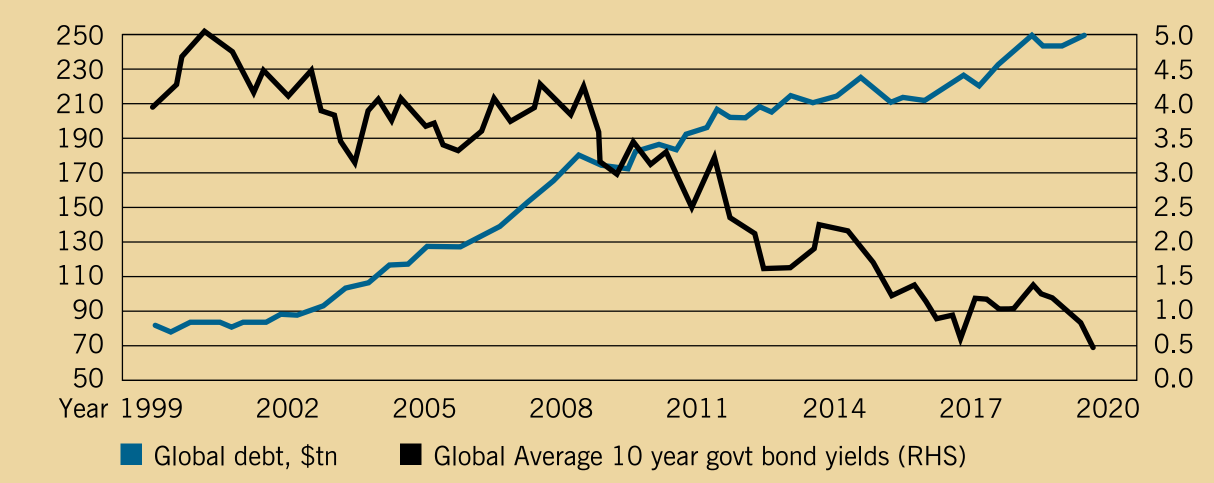


Source: Bloomberg

Debt Build-Up

As the graph below shows, as the cost of borrowing has fallen (black line), unsurprisingly, we are also seeing an increase in the amount of cheap debt being taken on (blue line).

Global Debt

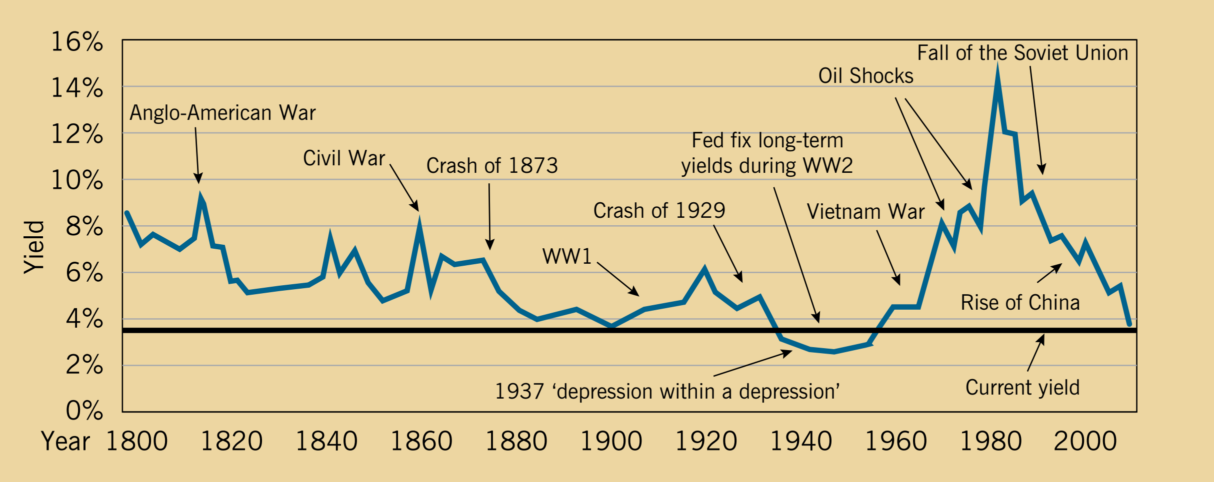


Source: BofA Merrill Lynch Global Investment Strategy, EPFR Global, IIF

Valuation

Yield (the amount of income an investment pays) is an indicator of value; the lower the yield on the bond, the more expensive that bond is perceived to be. By this measurement bonds are very expensive. Something can be expensive but not in a bubble, however, as the chart below shows, not since the great depression of the 1930s have bond yields been so low.

Two Hundred Years of US Government Bond Yields (year end%)



Source: SG Cross Asset Research

In a recent paper, Longview Economics Chief Market Strategist, Chris Watling argues perfectly convincingly that the concept of negative yields is inconsistent with how a financial system should work:

In a normal system, savers are compensated for deferring consumption and thereby paid for the time value of their money and borrowers pay for the privilege of borrowing money. In certain parts of the western world though, some mortgage holders are now being paid to borrow money to buy their house. Governments, of course, are also being paid to borrow (and therefore spend)… Equally, if borrowers don't pay for the privilege of borrowing money, capital allocation discipline should then break down.

Quite simply, the borrower is being paid to borrow, thereby distorting incentives in the economy which in turn leads to misallocation of resources.

Narrative

Finally, we have the issue of the narrative. Just 12 months ago it was thought that yields had fallen to their nadir and that markets would begin to normalise. However, this was on the presumption that markets were still working within historical 'norms'. The narrative today has moved to western economies being stuck in a morass, and central banks will have no choice but to keep cutting rates and printing money. In the Japanification of the world, bond yields will continue to fall.

In conclusion, based on Kindleberger's conditions, bonds are in a bubble.

Kindleberger discovered that there was always one factor that burst a bubble: the removal of cheap money. While there currently does not appear to be any prospect of the removal of cheap money circumstance may change and when markets move they can move very quickly.

Why Are Investors Still Buying Bonds?

Why do people buy these investments you may ask? Some fear deflation, some are forced to by government regulation. It seems the main philosophy is that there will be someone willing to buy the investment some time in the future at an even lower negative yield, 'a greater fool' as the expression goes. John Plender in the Financial Times wrote, "A much bigger area where the greater fool theory is at work is the bond market, in which both sovereign and corporate borrowers are raising money at negative rates of interest".

Some investors are buying such IOU's for regulatory reasons, others because they are so anxious for the protection of a safe asset that they are willing to give up income and incur a capital loss. But then there are still more who buy on the assumption that the central banks will play the role of the greater fool through their asset purchasing programmes, thereby providing a profitable exit from a profoundly unattractive investment."

We believe the biggest danger would be a resolution in the US – China trade war. While this does not look likely, especially if you are following the President's tweets, it would also take away the pressure on the US central bank to keep cutting rates.

While it helps to know that bonds are in a bubble and we do not currently recommend any bond funds, there is no obvious catalysts to burst the bond bubble. However, it is our role to alert investors to the risks involved in what used to be seen as a safe investment. If you conclude that lending money to governments for 5 years and receiving less back than you originally lent them is a great investment, bonds may be for you!

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 the fund supermarkets offer over 1,000 funds from over 200 different fund groups, 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 JISAs 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.*

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, BNY Mellon 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 30/06					Yield*
	2015	2016	2017	2018	2019	
Guinness Global Equity Income Y GBP Dis	5.4	18.9	16.1	5.3	13.7	2.5
Jupiter Asian Income I Class Inc	n/a	n/a	20.4	3.7	11.2	3.6
LF Miton UK Multi-Cap Income B Inc	12.7	-1.8	24.4	9.1	-6.1	4.6
M&G Global Dividend Sterling I Inc	0.8	7.1	26.9	9.1	6.2	2.9
Rathbone Income Inst Inc	9.1	1.4	20.1	1.1	0.9	4.1
TB Evenlode Global Income B Inc	n/a	n/a	n/a	n/a	19.5	2.4

All statistics are quoted 'bid to bid', or it's OEIC equivalent (in both cases with net dividends reinvested) to 30th June 2019. 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.

**Historic yields are not indicative of future yields. As at 30th June 2019.*

Guinness Global Equity Income **Managers: Matthew Page and Dr. Ian Mortimer**	**Date of Inception** **December 2010**	**SEDOL** **BVYPP13**

Managed by Matthew Page and Ian Mortimer, the fund is relatively small (currently only £800m 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 better performers in the global equity income sector since launch and has been able to grow it's dividend every year. The managers concentrate on companies with low debt and try to avoid higher risk smaller companies.

Jupiter Asian Income **Manager: Jason Pidcock**	**Date of Inception** **March 2016**	**SEDOL** **BZ2YMT7**

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. He 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 30-50 companies from across the region, including both developed and developing markets.

LF Miton UK Multi-Cap Income **Managers: Gervais Williams and Martin Turner**	**Date of Inception** **October 2011**	**SEDOL** **B4M24M1**

Co-managed by the renowned fund manager, Gervais Williams. The fund has a bottom-up investment approach, with a diversified portfolio of primarily smaller market capitalisation sizes and the fund will not target any particular benchmark. The fund struggled in 2018 due to the fall out from BREXIT and we believe for a long term investor this fund offers a unique entry point.

M&G Global Dividend **Manager: Stuart Rhodes**	**Date of Inception** **July 2008**	**SEDOL** **B39R2R3**

M&G Global Dividend was one of the first global equity income funds available to investors and it quickly built a strong performance record. It has been managed since it's inception in 2008 by Stuart Rhodes; 2018 was a tough year but we still view this fund as a steady consistent performer.

Rathbone Income **Managers: Carl Stick and Alan Dobbie**	**Date of Inception** **Feb 1971**	**SEDOL** **B7FQLQ4**

Carl Stick has been running this fund for over 19 years and has proved a very capable manager. Defensive in nature, Carl holds a conservative portfolio which means when markets are performing well the fund can underperform, however, during more challenging times, this cautious stance results in the fund being able to weather the storm better than some of the more aggressive funds within the sector.

TB Evenlode Global Income **Managers: Ben Peters and Chris Elliott**	**Date of Inception** **November 2017**	**SEDOL** **BF1QNC4**

Evenlode is a Cotswolds-based fund house, named after the village that it operates from, and is headed by brothers-in-law Hugh Yarrow and Ben Peters. It's hugely successful UK equity income fund is currently soft closed, however, they have recently launched a global income fund based on the same principles. The managers focus on larger companies and have a low portfolio turnover which results in many of the holdings being held for long periods.

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 30/06/2019				
	2015	2016	2017	2018	2019
Fidelity Global Special Situations W Acc	18.9	7.4	31.9	10.1	7.5
Fundsmith Equity I Acc	19.6	33.4	24.9	15.1	18.4
Jupiter Global Emerging Markets I Acc	5.2	7.5	31.8	-0.3	-5.4
Lindsell Train Global Equity B Inc	23.9	18.0	27.1	23.8	18.6
Man GLG Japan Core Alpha Pro Acc C	21.1	-5.7	42.1	4.9	-2.3
TM Crux Euro Special Situations I Acc	8.2	13.5	24.9	2.9	1.4

All statistics are quoted ‘bid to bid’, or its OEIC equivalent (in both cases with net dividends reinvested) to 30th June 2019. 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

Fidelity Global Special Situations **Managers: Jeremy Podger and Jamie Harvey**	**Date of Inception** **September 2006**	**SEDOL** **B8HT715**

The manager, Jeremy Podger has been managing global funds since 1990. He was previously at Investec and Threadneedle, prior to taking over the high profile Global Special Situations fund at Fidelity in March 2012. He has outperformed what has been a strong market in the last few years and we favour this fund for investors seeking exposure to a truly diversified global portfolio.

Fundsmith Equity **Manager: Terry Smith**	**Date of Inception** **November 2010**	**SEDOL** **B41YBW7**

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 forever, if possible. His straightforward approach is evident in his choice of stocks, currently holding just shy of 30% in technology and consumer staples as he continues to focus on the markets that he knows best.

Jupiter Global Emerging Markets **Manager: Ross Teverson**	**Date of Inception** **November 2010**	**SEDOL** **B4PF591**

The Jupiter Global Emerging Markets Fund aims to achieve long-term capital growth by investing primarily in companies listed or exposed to emerging markets worldwide. The fund has been managed by Ross Teverson since January 2015. Ross is Jupiter's Head of Strategy, emerging markets. Ross and his team focus on companies undergoing positive changes that they believe have not been recognised by the stockmarket.

Lindsell Train Global Equity **Managers: Nick Train, Michael Lindsell and James Bullock**	**Date of Inception** **March 2011**	**SEDOL** **B3NS4D2**

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. The manager is currently heavily invested in consumer staples.

Man GLG Japan Core Alpha **Manager: Stephen Harker**	**Date of Inception** **February 2006**	**SEDOL** **B0119B5**

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 should reward patient investors.

TM Crux Euro Special Situations **Managers: Richard Pease and James Milne**	**Date of Inception** **October 2009**	**SEDOL** **BTJRQ06**

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.

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

The Low Cost Portfolio

2019 saw the introduction of annual cost and charges information being sent to all investors.

Whilst the majority of investors knew how much they were paying their intermediary and platform, many were unaware of the fees taken by the actual fund managers.

Now that this information has become more readily available, it allows us to pressure fund managers to reduce their annual fees taken from the fund. We suspect many fund managers will resist this demand and, therefore, we have created a diversified portfolio that adheres to all our usual criteria but with the added requirement that the annual fees are dramatically lower than their peer average. Overleaf we have highlighted the annual fee charged by each fund manager on these funds. For more information see the article on page 4-7.

Fund	Discrete Annual Performance % up to 30/06				
	2015	2016	2017	2018	2019
Fidelity Index Emerging Markets P Acc	1.5	2.4	28.8	6.1	5.1
Fidleity Index UK P Acc	3.1	-0.7	21.3	8.6	0.1
Fidelity Index World P Acc	10.6	11.9	24.3	9.5	10.1
HSBC Japan Index C Acc	18.3	6.1	25.2	9.2	-1.9
Legal & General Pacific Index I Acc	0.4	9.5	28.7	5.1	6.7
Vanguard FTSE UK Equity Income Index	3.3	-1.2	14.5	6.2	-2.5

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 30th June 2019. 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.

Fidelity Index Emerging Markets	**Date of Inception**	**SEDOL**
Manager: Geode Capital Management LLC	**March 2014**	**BHZK8D2**

The fund is indexed to the MSCI Emerging Markets Index which captures large and mid-cap representation across Emerging Market countries.

Fidelity Index UK	**Date of Inception**	**SEDOL**
Manager: Geode Capital Management LLC	**January 1996**	**BJS8SF9**

This fund aims to achieve long term capital growth by closely matching the performance of the FTSE All-Share Index. The fund will hold the larger company shares that represent the benchmark index and hold a selection of smaller capitalised company shares to align the fund as closely as possible to the benchmark index.

Fidelity Index World	**Date of Inception**	**SEDOL**
Manager: Geode Capital Management LLC	**December 2012**	**BJS8SJ3**

The fund is managed to track the performance of the MSCI World Index. While the fund is designed to replicate the characteristics of the index, it may not necessarily hold all the company shares that make up the index, or hold shares in exactly the same weightings as the index. The costs that the fund incurs mean that its returns may not match the combined performance of the shares included in the index.

The Fidelity Funds are managed by Geode Capital Management LLC, which is based in Boston and is a leading specialist in the management of index-based strategies.

HSBC Japan Index	**Date of Inception**	**SEDOL**
Manager: Patricia Keogh	**January 1989**	**B80QGN8**

The Fund's investment objective is to provide long term capital growth by matching the capital performance of the FTSE Japan Index by investing in companies that make up the index. Japan shares are currently trading on valuation levels lower than those in the United States.

Legal & General Pacific Index	**Date of Inception**	**SEDOL**
Manager: LGIM Index Management Team	**February 1997**	**B0CNGY2**

The objective of this fund is to provide growth by tracking the performance of the FTSE World Asia Pacific ex Japan Index.

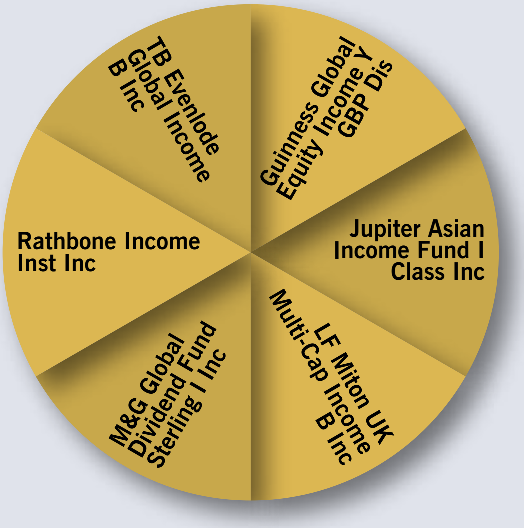
Vanguard FTSE UK Equity Income Index	**Date of Inception**	**SEDOL**
Manager: Vanguard Equity Index Group	**June 2009**	**B59G4H8**

The Fund seeks to track the FTSE U.K. Equity Income Index. The Fund employs an indexing investment strategy designed to achieve a result consistent with the replication of the index by investing in all, or a representative sample of, the securities that make up the index, holding each stock in approximate proportion to its weighting in the index.

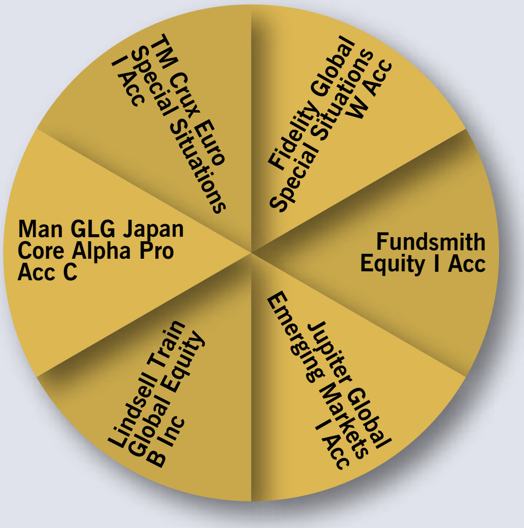
Fidelity Index Emerging Markets P	Fund Ongoing Charges	0.20%
Fidelity Index UK P	Fund Ongoing Charges	0.06%
Fidelity Index World P	Fund Ongoing Charges	0.12%
HSBC Japan Index C	Fund Ongoing Charges	0.18%
Legal & General Pacific Index I	Fund Ongoing Charges	0.19%
Vanguard FTSE UK Equity Income Index	Fund Ongoing Charges	0.22%

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

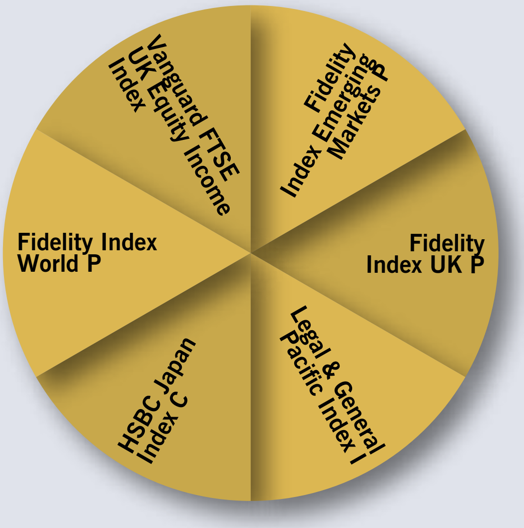
The Equity Income Portfolio



The Growth Portfolio



The Low Cost Portfolio



No Switch Fees

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.

No Initial Charges

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

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.

Q. Can I invest online?

Yes, AEGON investors see page 23-24, FundsNetwork investors see page 25-26. 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 transfer these investment funds into an ISA in subsequent years?

Yes, subject to the ISA allowance(s) for that year and you should ensure that you use the correct forms to avoid being out of the market for a long period.

Q. Can I invest monthly?

AEGON 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 and from the same account shown on the direct debit mandate.

FundsNetwork Investors must now complete this process online. Please contact us for assistance.

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.

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**

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 £20,000 ISA investment if the fund chosen is of such poor standard that it underperforms by, say, several thousand pounds in subsequent years. Lower fees 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. The **ISA Ltd's Growth Portfolio** has been 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 AEGON/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 two 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 AEGON/ FundsNetwork account online. If you wish to access your account via the web please contact our office.

2. 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 (AEGON) enclosed with this brochure or alternatively you can invest online via our website **www.isa-ltd.co.uk** (see page 23-24). 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:

1. Go to **www.isa-ltd.co.uk**
2. Select the 'Invest Now' tab.
3. Click go to AEGON.
4. Click to Tick 'I confirm I have read the Promoter's Notice including Terms of Business, Key facts of ISA Ltd and the relevant Key Features document'.
5. Select either **NEW CUSTOMER** or **EXISTING CUSTOMERS** option

If you are a NEW CUSTOMER follow the steps below:

1. You will be transferred to 'Individual Savings Account Dashboard' page.
2. Click the 'Purchase a stocks and shares ISA' link in the New Customer box.
3. Read the Stocks and Shares Individual Savings Account (ISA) FAQ. Click 'Apply now for Stock and Share Individuals Savings Account' to proceed.

Begin

4. Read 'Before you apply' Click to Tick 'I've read all of the information above including the key features and terms and conditions and want to continue with my application'. Click 'Start your application' to proceed.*You will require your National Insurance Number and bank account details*.

About You

5. Enter your Details. Gender, Name, Email address, Date of birth, National Insurance Number, Nationality and Postcode. Click 'Find address' or fill in manually.
6. Click to Tick ' I'm not a robot'.
7. Click 'Payment details' to proceed.

Payments

8. Choose to make an initial one-off payment, set up regular payments or a combination of both.
9. Initial Payment requires a one off amount payable by Debit Card, Cheque or Bank Transfer. Select the 'Source of wealth' from the drop down box.*Making sure it is within your £20,000 ISA annual allowance*.
10. Monthly Payments are collected by direct debit. Type the amount you wish to pay monthly. Select the Day of the month you wish the monies to be collected from the 'Day of the month payment collected?' drop down box. Select the 'Source of wealth' from the drop down box.*Making sure it is within your £20,000 ISA annual allowance*.
11. Enter your Bank Account details. Full Name, Bank Account Number and Sort Code. *Building Society roll number optional*.
12. Click 'Select Funds' to proceed.

Funds

13. Select which funds you want to invest in, and how much you want to hold in each one.
14. Click on 'Add new Fund'.
15. Select 'All Funds' from the 'Select from all funds or advisor panel' drop down box.
16. Type the name, SEDOL, ISIN or Citicode of the fund you wish to add. Search results are displayed below. When you have found the correct fund you wish to invest in it can be added to your list of funds by clicking on the Purple Plus button displayed in the top right.
17. Repeat for all funds you wish to add.
18. Add in the amount you wish to invest by indicating the percentage % you want to allocate to each fund, ensuring the total is 100%.
19. Click to tick 'I confirm I have read and understood the KIID for each fund listed above and would like to buy these funds'.
20. Click 'Review and Confirm' to proceed.

Confirm

21. Review and confirm the important details, document and declarations. Click to tick 'I confirm I've read the important information documents, including the KIID for each selected fund, the declaration and I apply for an Aegon ISA and, where relevant, an Aegon GIA, on the basis set out above'.
22. Click 'Submit application' to proceed.

Pay

23. Please provide your card details and Click 'Make Payment' to proceed.
24. **Success**

If you are an EXISTING CUSTOMER and HAVE NOT activated your account follow the steps below:

1. You will be transferred to 'Your Individual Savings Account investment account has been upgraded' page. On the page click 'Update your account'.
2. Read the 'Before you begin' and click 'Start' to proceed.
3. Enter your 7-digit client reference number (which you used to log into the Cofunds platform). Your Cofunds Password and your date of birth. Click to 'Confirm I'm not a Robot'
4. Click 'Next' to proceed.

If you are an EXISTING CUSTOMER and HAVE activated your account follow the steps below:

1. You will be transferred to 'Individual Savings Account Dashboard' page.
2. Click 'Check you're in the right place' which is after 'First time signing in here?' It takes you to forgotten your password or I'm a brand new customer.

You can also invest online and benefit from our discounts and terms by going to **www.isa-ltd.co.uk** and click on the FundsNetwork fast login button:

FundsNetwork™

For new clients to FundsNetwork:

1. Select Invest and then confirm that you have read the terms and conditions by clicking Accept.
2. This will take you to the FundsNetwork site, from here please complete all personal details and select a username and password then click next.
3. Select how you wish to fund your account and add funds via your debit card.
4. Once money has been added, to invest choose invest now and select your account.
5. From here you can add investments. Use the search function to find your required funds and click on the plus sign to add. Choose all funds you wish to invest in and then select done.
6. From here, allocate how much you wish to invest in each particular fund and once done, click buy.
7. To complete the transaction, you need to confirm that you have read the Doing Business with Fidelity document (incorporating the Fidelity Client Terms), the Key Information Document and Illustrations by clicking Place Order.
8. Print the confirmation screen containing the reference number.

Fund Name	FundsNetwork Codes	
	Acc	Inc
Guinness Global Equity Income Class Y GBP	GUGEA	GUGEI
Jupiter Asian Income Fund I GBP	JUIAA	JUIAI
LF Miton UK Multi Cap Income Fund B	MIMCA	MIMCI
M&G Global Dividend Fund Sterling I	MGLVA	MGLVI
Rathbone Income Fund Institutional	RAISA	RAISI
TB Evenlode Global Income Fund B	TBGBA	TBGBI
Fidelity Global Special Situations Fund W	WGSA	–
Fundsmith Equity I	FDEIA	FDEII
Jupiter Global Emerging Markets I	JUGKA	JUGKI
Lindsell Train Global Equity Fund B	–	LTGEQ
Man GLG Japan Core Alpha Professional	SGJCA	SGJCD
TM Crux Euro Special Situations I	CRSIA	CRSII
Fidelity Index Emerging Markets P	PIEMA	PIEGI
Fidelity Index UK P	PIUKA	PIUKI
Fidelity Index World Fund P	PIWOA	PIWOI
HSBC Japan Index C	HCJIA	HCJII
Legal & General Pacific Index Trust I	LGPXA	LGPXI
Vanguard FTSE U.K. Equity Income Index	VAFIA	VAFAI

For existing FundsNetwork clients:

1. Enter your FundsNetwork account number, select Manage My Account and confirm you have read the terms and conditions by clicking Accept.
2. This will take you to the FundsNetwork site, if you have previously registered online then log in here using your username and password.
3. If you have not previously registered then click register for online access now and complete the registration processed.
4. Once logged in you can view your account(s). To invest you will need to add money to your account first by clicking add cash.
5. Once added, click invest now and then select which account you would like to add to.
6. From here you can add investments. Use the search function to find your required funds and click on the plus sign to add. Choose all funds you wish to invest in and then select done.
7. From here, allocate how much you wish to invest in each particular fund and once done, click buy.
8. To complete the transaction, you need to confirm that you have read the Doing Business with Fidelity document (incorporating the Fidelity Client Terms), the Key Information Document and Illustrations by clicking Place Order.
9. 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.

From Sept 1st 2019 all AEGON investors have benefited from a reduced AEGON annual fee of 0.20%.

This is now 20% cheaper than the FundsNetwork annual fee of 0.25%.

If you would like to discuss re-registering your funds over to AEGON at no cost please contact us on enquiries@isa-ltd.co.uk or telephone 01509 670918.

Lump Sum and Monthly Investors (AEGON)

AEGON Application Form – Pages 29-30.

This form allows you to invest both lump sums and monthly investments in the 2019/20 tax year. The form covers all three portfolios detailed in this publication and allows you to select your own funds.

Monthly Investors (AEGON)

For anyone investing on a monthly basis a direct debit mandate should be completed ('Investment by Direct Debit') on page 31.

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 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 '**AEGON**'.

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 include the title and name of the investor e.g. AEGON - re Mr J Smith

The reverse of the cheque must contain details of the original account debited; full name, account number and sort code. Cheque must be endorsed with the banks official stamp.

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 (AEGON: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 a UK resident and 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 'AEGON'?

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 upfront costs of their PEPs and ISAs for over 25 years. 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 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 AEGON (including AEGONs discounted annual charge):

0.67% on investment amounts up to £25,000. A saving of 10.66%*
0.62% on investment amounts between £25,000 – £50,000. A saving of 17.33%*
0.57% on investment amounts between £50,000 – £100,000. A saving of 24%*
0.52% on investment amounts between £100,000 – £150,000. A saving of 30.66%*
0.47% on investment amounts between £150,000 – £250,000. A saving of 37.33%*
0.42% on investment amounts between £250,000 – £500,000. A saving of 44%*
0.40% on investment amounts over £500,000. A saving of 46.66%*

For example, a client with a £120,000 portfolio would pay a blended rate of 0.59%. A saving of 21%*

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.*

Investment ISA Application
(Stocks and Shares) 2019/2020 Tax Year

This form is to be used for a 2019/20 AEGON ISA. The ISA allowance for all investors is £20,000 for the 2019/20 tax year.
Please complete this application form using black ink and BLOCK CAPITALS and return to: ISA Ltd, 16 High Street, Kegworth, Derby, DE74 2DA

You must have been provided with ISA Ltd's Terms of Business, an illustration, terms and conditions AEGON ISA key features, AEGON platform terms and conditions, Key Investor Information document (KIID) for each fund you're investing in before completing this form. If you haven't, please contact us on 01509 670918 to request an illustration.

1 Personal details (please complete this section in full)

Existing AEGON Client Reference ☐☐☐☐☐☐☐☐

Mr/Mrs/Ms/Miss/Other

Surname

Full first name(s)

Male ☐ Female ☐ Date of Birth __ __ / __ __ / __ __ __ __
D D M M Y Y Y Y

National Insurance Number __ __ / __ __ / __ __ / __ __ / __

If you **don't** have a National Insurance Number, please tick here ☐

Please read the following sentence and confirm by ticking the box if applicable. If you can't confirm and tick the box, please complete the Individual Self-Certification Form that can be issued to you by your intermediary.

I confirm that I am solely UK resident for tax purposes and not a US citizen ☐

Permanent residential address

Postcode

If at current address for less than two years, please supply previous address

Postcode

If more than one previous address in the last two years, please provide full details including the time at each address on a separate sheet of paper and staple securely to this application form.

Telephone Number

2 Funding your investment (tick all that apply)

☐ **Cheque** (made payable to **AEGON**, in the name of the person funding the investment) Amount £

☐ **Cash From GIA** Amount £

☐ **Monthly Direct Debit** (please ensure you complete the Investment by Direct Debit instruction on page 31)

3 Nominated bank account

Complete this section to set up a new nominated bank account. We'll use the details below to pay any future income/withdrawals to.

Name of account holder

Bank/Building Society Account Number ☐☐☐☐☐☐☐☐

Branch Sort Code ☐☐ – ☐☐ – ☐☐

Building Society Roll Number ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

4 Investment selection

For further details about the available funds, please refer to the Key Investor Information Documents (KIIDs) and/or Fund Key Features Document.

I've included a separate list of funds with this form ☐ **or** I've listed funds below ☐

Fund manager, fund name and share class	Type of unit/share **(delete as appropriate)**	Lump sum £1,000 per fund (minimum)	New monthly saving £100 per fund (minimum)
(example) World Equity Z Fund	N/A	£	£
Equity Income Portfolio	ACC/INC	£	£
Growth Portfolio	ACC/INC	£	£
Low Cost Portfolio	ACC/INC	£	£
	ACC/INC	£	£
	ACC/INC	£	£
	ACC/INC	£	£
AEGON ISA cash facility		£	£
TOTAL AMOUNT		**£**	**£**

[1]**ACC/INC** – if you don't specify ACC or INC in this column, and don't complete Section 5, AEGON will invest into accumulation units/shares where available.

4A. NEW MONTHLY SAVING (please tick one of the following options)

Start as soon as possible[2] (default) – we'll aim to collect your first payment on the 25th of this month ☐

Specify a month – we'll collect your first payment on the date you provide ☐ 2 5 / __ __ / __ __ __ __

[2] Depending on when we receive your application, we may not collect until the 25th of the following month.

5 Income (please tick one of the following options)

The option you choose will be applied to all income units/shares you hold within this product.

Retain in fund (default) – reinvest any income back into the fund ☐

Consolidated monthly income – pay any income to my bank account on a monthly basis ☐

Cash Account – pay any income into my Cash Account within the product ☐

If you already hold income units/shares within this product and you don't tick one of the boxes above, we'll apply your existing income option.

6 Service charge (for intermediary use only)

Service charge model name	**047 SDE TIERED**	Annual service charge	**0.47**%

VAT[4] ☐ Yes X No

7 Declaration and authorisation

7A. I declare that
In this declaration: 'I', 'me', 'you', 'your' or 'my' refers to you, the customer named in section 1, and 'Aegon', 'we' or 'our' refers to Cofunds Limited.

General declaration

10.1 I acknowledge that Aegon will rely on the information contained in the following documents as they form the basis of the contract(s) being applied for:

- ISA Ltd's terms and conditions.
- this application form and any additional application forms,
- the declarations given in this section 7 and any other declarations made when applying for an Aegon ISA, and where relevant, an Aegon GIA,
- the first contract note for the Aegon ISA and,where relevant, the first contract note for the Aegon GIA, and
- the Aegon Platform terms and conditions.

I confirm that I have had the opportunity to read these documents carefully (other than the first contract note(s) which will be given to me in accordance with the Aegon Platform terms and conditions), along with the key features document(s), my personal illustration for the Aegon ISA, key investor information document(s) and the declarations in this application, before completing this application process.

10.2 I confirm that I have had the opportunity to read the Aegon UK Retail Order Execution Policy and I agree to its terms.

10.3 I confirm that I am habitually resident in the United Kingdom.

10.4 I accept that Aegon & ISA Ltd has not and will not assess my suitability for the Aegon ISA, and where relevant an Aegon GIA, or any investment decisions I make. This means that I will not benefit from the protection of the Financial Conduct Authority's rules on assessing suitability in relation to Aegon & ISA Ltd.

I declare that:

10.5 I apply to subscribe for a stocks and shares ISA for the tax year 2019/20 and each successive year until further notice.

10.6 I apply for an Aegon ISA, and where relevant an Aegon GIA, and services outlined in the application and agree to be bound by the Aegon Platform terms and conditions.

10.7 All subscriptions made, and to be made, to the Aegon ISA belong to me.

10.8 I am 18 years of age or over.

10.9 Except where allowed by legislation, I have not subscribed/made payments, and will not subscribe/make a payment more than the overall subscription limit in total to any combination of permitted ISA types in the same tax year.

10.10 Except where allowed by legislation, I have not subscribed, and will not subscribe, to another stocks and shares ISA in the same tax year that I subscribe to this stocks and shares ISA.

10.11 I am resident in the United Kingdom for tax purposes or, if not so resident, either perform duties, which by virtue of Section 28 of Income Tax (Earnings and Pensions) Act 2003 (Crown employees serving overseas), are treated as being performed in the United Kingdom, or I am married to, or in civil partnership with, a person who performs such duties. I will inform Aegon if I cease to be so resident or to perform such duties or be married to, or in civil partnership with, a person who performs such duties.

10.12 I agree to the Aegon ISA and, where relevant, the Aegon GIA terms and conditions.

10.13 I agree that any direct debit instructions in the application will continue into subsequent tax years until I tell Aegon to stop taking payments.

10.14 The information supplied in this application, and any supplementary forms related to it, including transactional data, is correct and complete to the best of my knowledge and belief, I am aware that it is a serious offence to knowingly provide false or misleading information on the application.

10.15 I confirm that, if I have not received face to face advice from ISA Ltd in connection with this application, I have received and had the opportunity to read the key features document, illustration, key investor information document(s) and the Aegon Platform terms and conditions that are relevant to this application.

10.16 Where regulations allow, I nominate my appointed intermediary to receive correspondence in relation to my investments. This instruction will remain in force unless my appointed intermediary has informed Aegon that they wish for this correspondence to be sent directly to me, or I no longer have an appointed intermediary to whom Aegon can send these.

10.17 Any payment into the Aegon ISA, or where relevant, the Aegon GIA, including contributions and transfers, will be placed in the appropriate cash facility. Thereafter, investments will be purchased in accordance with the investment instructions given by me or my appointed intermediary.

10.18 Where I am applying for an Aegon GIA, through self-certification I will provide details of all countries in which I am resident for tax purposes. If I do not provide these details, I will be reportable to HM Revenue & Customs (HMRC) as undocumented.

10.19 Where required to under UK law, Aegon can share information about you and your Aegon GIA to HMRC, who will then share that information with tax authorities in the relevant countries and territories.

10.20 Where I have requested Aegon to pay regular withdrawals from my Aegon ISA, if the sum total of the amount in the product's cash facility and the amount realised by this instruction does not meet the amount of the regular withdrawal request, I am aware that Aegon will sell the largest value investment to cover any shortfall.

10.21 I am aware that the Aegon ISA is not a flexible ISA and I cannot replace any amount taken, either as consolidated natural income or as a regular withdrawal, from it into any ISA without that replacement counting towards my ISA allowance for the current tax year.

I authorise Aegon to:

10.22 Hold my cash, subscriptions, investments, interest, dividends and any other rights or proceeds in respect of those investments and any other cash.

10.23 Make on my behalf any claims to relief from tax in respect of any of my ISA investments.

10.24 Arrange any transfer of an existing ISA or GIA I hold with a different provider to my Aegon ISA, or Aegon GIA (as appropriate), as and when I request that Aegon do so.

10.25 Obtain details from my existing ISA Manager(s) or existing GIA provider(s) (as appropriate) and authorise the giving of any such details to Aegon.

10.26 Where regulations allow, accept investment and disinvestment instructions from my appointed intermediary and to accept instructions from my appointed intermediary with regard to all aspects of the running of the Aegon ISA, and where relevant, the Aegon GIA.

10.27 Make any payments specified by me to my appointed intermediary on my behalf from the Aegon ISA, (including any adviser or service charges set out in section 6) and where relevant, the Aegon GIA. I agree that these payments reflect the terms of the agreement I have entered into with my appointed intermediary.

The contract note will confirm the actual amount of the payment to be deducted and paid to my appointed intermediary. I agree that once any adviser charge has been deducted from my Aegon ISA, or Aegon GIA where relevant, Aegon cannot return it to me and I will have to discuss any refund of the adviser charge direct with my intermediary.

I confirm that I have received an illustration showing the impact of the charges.

Signature X	Date

This form will be returned if it's not signed and dated.

Instruction to your bank or building society to pay by Direct Debit

You should complete this form in BLOCK CAPITALS and ballpoint pen.

Please complete this form and return it to:

Aegon Cofunds Administration
PO Box 17491
Edinburgh
EH12 1PB

Name(s) of account holder(s)

Bank/Building society account number

Branch sort code

Name and full postal address of your bank or building society

To: The Manager Bank/building society

Address

Postcode

Service user number

1	6	9	5	5	7

Reference

Aegon ISA

Instruction to your bank or building society
Please pay Aegon Cofunds Direct Debits from the account detailed in this instruction subject to the safeguards assured by the Direct Debit Guarantee. I understand this instruction may remain with Aegon Cofunds and, if so, details will be passed electronically to my bank/building society.

Signature(s)

✗ ✗

Date

D D M M Y Y Y Y

Banks and building societies may not accept Direct Debit instructions for some types of account.

This guarantee should be detached and retained by the payer.

The Direct Debit Guarantee

- This Guarantee is offered by all banks and building societies that accept instructions to pay Direct Debits.
- If there are any changes to the amount, date or frequency of your Direct Debit, Aegon Cofunds will notify you 10 working days in advance of your account being debited or as otherwise agreed. If you request Aegon Cofunds to collect a payment, confirmation of the amount and date will be given to you at the time of the request.
- If an error is made in the payment of your Direct Debit, by Aegon Cofunds or your bank or building society, you are entitled to a full and immediate refund of the amount paid from your bank or building society.
  – If you receive a refund you are not entitled to, you must pay it back when Aegon Cofunds asks you to.
- You can cancel a Direct Debit at any time by simply contacting your bank or building society. Written confirmation may be required. Please also notify us.

Promoter's Notice

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 0.06%) for your selected funds.
- **(AEGON:Cofunds)** A maximum annual administration charge of 0.67%; this is made up of two parts, Platform charges of up to 0.20% 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 they themselves have independently researched and selected, this is deemed to be 'execution-only'.

“Prediction is very difficult, especially if it’s about the future”

Nils Buhr, Nobel Laureate (1885-1962)

ISA