

# Doing Business with FundsNetwork

Including the Key Features of the Investment Fund Account and ISA

## Contents

About FundsNetwork	1
About this document	1
Other documents to read	1
Communicating with you	2
Aims	2
Your commitment	2
Risks	2
Questions and answers	2
Can I invest through you?	2
How much can I invest?	2
What funds are available?	3
How do I invest?	3
What information do I receive after I invest?	3
Can I move existing investments and ISAs to you?	3
What is the CashManager Account?	3
What is the ISA Cash Park?	3
How can I find out how my investments are doing?	3
What are the charges?	3
<b>An overview of the types of charges you may pay</b>	<b>4</b>
<b>More about the fund charges</b>	<b>4</b>
<b>More about the service charges</b>	<b>4</b>
<b>How do the charges affect my investment?</b>	<b>5</b>
<b>More about adviser or intermediary charges</b>	<b>5</b>
<b>What other payments and benefits do we receive?</b>	<b>5</b>
<b>What other benefits may my adviser or intermediary receive?</b>	<b>7</b>
<b>What about tax?</b>	<b>7</b>
<b>How can I receive an income from my investment?</b>	<b>7</b>
<b>Can I switch between funds?</b>	<b>7</b>
<b>What price do I receive when I buy or sell investments?</b>	<b>7</b>
<b>Can I cancel my investment?</b>	<b>7</b>
<b>Compensation</b>	<b>8</b>
<b>If you would like to complain</b>	<b>8</b>
<b>Contacting us</b>	<b>8</b>

The Financial Conduct Authority (FCA) is our financial services regulator. It requires us, FundsNetwork™, to give you this important information to help you decide whether our Investment Fund Account and/or ISA is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

You must read this document along with the other essential documents which include the FundsNetwork Client Terms, Key Investor Information Document(s) and Associated Charges document(s) or Fund Specific Information that apply to your fund(s).

## About FundsNetwork

Welcome to FundsNetwork, the online investment services platform from Fidelity Worldwide Investment, administering £45.87 billion in assets (at 30 September 2013).

Using our services, you can access over 1,600 funds from more than 85 leading fund managers. We offer a selection of accounts to make investments through, including our Investment Fund Account, our ISAs (including Junior ISA), pension and international bond.

We offer accounts which allow you to invest in funds and other assets but we do not provide advice, and, therefore, we are not required to assess the suitability or appropriateness for you of:

- the investments that you choose, that we may hold for you; or
- the other services we provide to you through FundsNetwork

This means that you do not benefit from the protection of the Financial Conduct Authority's (FCA) rules on assessing suitability. If you are in any doubt about the suitability or appropriateness of any particular investment or service, we recommend that you speak with an adviser.

## About this document

This document contains the key features for our Investment Fund Account and ISA Accounts (Stocks and Shares ISA, Junior ISA and Cash ISA). This includes the aims, your commitment, the general risks, the charges, tax considerations and how your investments are administered.

It is provided as you are either working with a financial 'adviser' or investing through the third party website of an 'intermediary'.

The information we provide is correct as at December 2013, but we are always developing our services so it will change in future.

To check for the latest information please visit your intermediary's website or [fidelity.co.uk/importantinfo](http://fidelity.co.uk/importantinfo)

## Other documents to read

You must read this document along with the others outlined below. Together, they give you all the information you need to make an informed decision about your investment.

Find out how to get these documents at [fidelity.co.uk/importantinfo](http://fidelity.co.uk/importantinfo) or ask your adviser or intermediary for copies.

### FundsNetwork Client Terms

This is the legal agreement between you and us. It comes into force when we accept your application to invest through FundsNetwork, and sets out the legal basis for our relationship, including your rights and responsibilities.

## Key Investor Information Document (KIID)

This provides key information about a fund, including the fund's objectives, risks and charges. You may pay different charges for your funds through us than are shown in the KIID, so you should also read the Associated Charges document. Most funds have a KIID, but if they don't, they will have a Fund Specific Information document instead.

## Associated Charges document

This gives more specific information about the charges for your chosen fund through FundsNetwork and must be read when investing by telephone or by paper application. It covers the initial charge and our Service Fee, which are explained later in this document.

## Fund Specific Information (FSI)

This provides key information about a fund, including the fund's objectives, risks and charges. Not all funds have Fund Specific Information.

## Other information you may find useful

For more detailed information on a fund, please ask the fund manager for a copy of the Fund Prospectus. For help understanding unfamiliar investment terms, please read the 'Helping you understand financial terms' document available at [fidelity.co.uk/importantinfo](http://fidelity.co.uk/importantinfo)

### Communicating with you

All of our documents and communications with you will be in English.

We will only communicate with you by letter or over the phone, although if you register for online services on your intermediary's website or at [fidelity.co.uk](http://fidelity.co.uk) you can opt to receive secure messages, transaction confirmations and annual statements online if you prefer.

For details of how to contact us, see page 7.

### Aims

To allow you to invest in a range of funds over the medium to long term (which we consider to be five years or more).

To let you manage your investments in one place and make changes if you want to.

To pay you an income or make withdrawals from your investments, if you ask us to.

To offer a tax-efficient way of investing through an ISA.

### Your commitment

You must tell us if you change address.

If you move abroad we reserve the right to place restrictions on your account or to close it. This may mean you can't make new investments or switch between funds in your account. We may also inform foreign authorities about your investments, if we are required to do so.

For lump sum investments, there is a minimum investment into each fund of £1,000, and £250 for each lump sum after that.

For regular monthly savings plans, there is a minimum investment of £50 per application with £25 a month into each fund.

For some funds, and in some circumstances, different minimum investments apply.

Exception	Minimum investment
Fidelity's MoneyBuilder range of funds Standard Life Global Advantage Fund Virgin Income Trust Virgin UK Index Tracking Trust	£500 initial lump sum
Most of Fidelity's offshore funds (if you invest in an Investment Fund Account)	£1,500 initial lump sum £500 for additional lump sums
Fidelity Portfolio Selector Funds	£4,000 initial lump sum
Fidelity offshore funds	£50 per fund for regular monthly savings plans
Any fund if you invest through a Junior ISA	£50 per fund for regular monthly savings plans

### Risks

#### Risks for all investments

**Their value:** The value of investments, and any income you receive from them, can go down as well as up. You could get back less than you invested.

**How long you hold them:** Investments are for the medium to long term. You can't rely on them for any money you might need in the short term.

**What you might get back:** The return you receive on your investments isn't guaranteed. It depends on how they perform and the charges.

**The effect of inflation:** Inflation will reduce the real value of your investment in the future. If your investment grows by less than the rate of inflation it will have less buying power in the future.

**Tax and tax relief:** Levels of tax and tax relief could change in the future.

**Market level risks:** Economic, political and other external events can mean that a whole asset class (for example all shares, or all bonds), or even the whole market, can fall in value at the same time.

**The effect of deductions:** If you take income or make withdrawals from your investments, or if you sell units or shares to pay charges to your adviser or intermediary, these deductions could reduce the value of your investments over time, unless investment growth covers the cost of future deductions.

**When assets are hard to buy and sell:** Fund managers sometimes find it difficult to buy and sell certain assets (for example commercial property, investments in emerging markets and corporate bonds). When this happens they may limit new investment into their funds, or you may experience delays if you are trying to sell units or shares in affected funds. This is known as 'liquidity risk'.

#### Risks for specific funds

Some funds have risks that are specific to their investment objectives and the way they are managed. These risks are outlined in the KIID or FSI. For more detailed information, please ask the fund manager for a copy of the Fund Prospectus.

Exchange Traded Products (ETPs), including Exchange Traded Funds (ETFs) and Exchange Traded Commodities (ETCs), are a more complicated type of investment with some unique characteristics and risks. The details of these are contained in the Prospectus which can be provided by the fund manager. You can find out more in the 'Supplementary information about Exchange Traded Products' document at [fidelity.co.uk/importantinfo](http://fidelity.co.uk/importantinfo) and your adviser or intermediary can explain how these investments work in more detail.

### Questions and answers

#### Can I invest through you?

Yes, if you are over the age of 18 and a UK resident. Investments in a Junior ISA can be made for children under the age of 18 who are UK residents, and who do not have a Child Trust Fund.

#### How much can I invest?

The minimum amount you can invest is shown in the 'Your Commitment' section. The maximum you can invest is shown below:

Account type	Maximum investment
Investment fund account	No maximum
ISA	£11,520 for the 2013/14 tax year. You can invest all of this in a Stocks and Shares ISA, or put up to £5,760 of it in a Cash ISA. £11,880 for the 2014/15 tax year. You can invest all of this in a Stocks and Shares ISA, or put up to £5,940 of it in a Cash ISA.
Junior ISA	£3,720 for the 2013/14 tax year. £3,840 for the 2014/15 tax year. This can be split as you like between a Stocks and Shares ISA and a Cash ISA

Currently annual ISA limits are updated in line with the Consumer Prices Index (CPI). A tax year runs from 6 April one year to 5 April the following year.

If you have an ISA with more than one provider, it is up to you to make sure you stay within the ISA investment limits for a tax year.

## What funds are available?

You can invest with us in three different types of fund.

An investment in a fund is held together with those of other investors.

### Unit Trusts

These are UK funds set up as trusts. The fund is divided into units, and your investment buys units in the trust.

### Open Ended Investment Companies (OEICs)

These are UK funds, set up as companies. The fund is divided into shares and your investment buys shares in the company.

### Offshore funds, including ETPs

These are funds based outside the UK, and the law and taxation of the country in which they are based applies. FundsNetwork lets you access:

- Société d'Investissement à Capital Variable (SICAV), a type of OEIC common in Western Europe
- Fonds commun de placement en valeurs mobilières (FCP), a type of open ended collective investment fund common in Western Europe, and managed by an Undertakings for Collective Investment in Transferable Securities (UCITS) licensed management company
- Irish-based OEICs and Unit Trusts including ETPs
- ETPs that are traded on the London Stock Exchange. This type of investment is designed to mirror the performance of a particular index or commodity

The price of units or shares in funds can go up and down. If you are at all unsure whether a fund is suitable for you, you should speak with your adviser or intermediary.

## How do I invest?

FundsNetwork is an online investment service for individuals investing via an adviser or intermediary and the normal way to invest is online. But we can also take instructions by post or over the phone.

All investments made into an account online must be in sterling. If you want to invest in an alternative currency of an offshore fund, please instruct us by post or over the phone. Payments that are not in sterling must be made by bank transfer.

### One-off investments

You can make one-off investments online or over the phone using your debit card. You can also make one-off investments by cheque.

Cheques must be made payable to Fidelity, and must be drawn on your own account (unless you are investing in a Junior ISA or acting under a Power of Attorney).

Our ISA phasing option can be used for a one-off investment, which gradually invests your money over a six-month period.

### Regular investments

You can set up a monthly savings plan for regular payments either online or by post, by completing a direct debit mandate.

Your instructions will be processed within five days, but may not take effect until the next monthly collection cycle.

Once set up, you can ask us to increase, reduce (subject to minimum levels), suspend or stop your regular investments at any time.

## What information do I receive after I invest?

We send you information by post, but if you register for the online document service at [fidelity.co.uk](https://www.fidelity.co.uk) you can opt to receive documents online only or both online and by post, if you prefer, although you may be charged for receiving documents by post.

### Each time you make a transaction

Each time you ask us to carry out a new transaction we will send you a confirmation.

For a monthly savings plan we only send this confirmation at the start, to let you know that the regular payments have been set up.

### Account statements

We will send you a statement at least once a year to show you a summary of all your investments held through us, and all the transactions we have made for you.

### Adviser fee confirmations

Each time you set up a new fee or change an existing fee which you have asked us to pay to your adviser or intermediary, we will send you a letter to confirm the details.

## Can I move existing investments and ISAs to you?

If you have investments or ISAs with other providers you can ask to move them to us. You can also move them away from us to other providers.

There are some restrictions on moving ISAs though:

- You can't move a Stocks and Shares ISA into a Cash ISA
- If you move a Cash ISA into a Stocks and Shares ISA you won't be able to move the money back to a Cash ISA at a later date
- We have to move all of your ISA investments with a particular provider together (including us, if you ask to move an ISA away from us)

There are two ways to move investments and ISAs from other providers.

### Re-registration

You can re-register your investments or ISAs, which means moving your holdings to us without selling them, where possible. For certain investments where we do not offer the same share class in which you are invested prior to re-registration, we will switch your holdings into a different share class of the same fund as soon as we have received them from your existing provider. Where the switched investments include dual-priced funds, you may be subject to a bid-offer spread and your resulting amount to invest may be lower. The switched assets will be out of the market for up to three business days.

For ISAs, we will re-register (and switch where applicable) any investments we can and transfer the rest to the ISA Cash Park. For investments in an Investment Fund Account, if we don't support the investments being moved, we will only re-register (and switch where applicable) those we can. Please ask your adviser or intermediary for more information about this.

To find out more about re-registration, please read the '**Re-registration: What you need to know**' document. Your adviser or intermediary can give you a copy of this. You can also find it at [fidelity.co.uk/importantinfo](https://www.fidelity.co.uk/importantinfo)

### Transfer

For ISAs only, you can transfer your investments, which means selling your holdings and reinvesting with us. Where we are transferring investments you will be out of the market for up to three business days.

If you have an Investment Fund Account with us you can move investments in it to a Stocks and Shares ISA Account with us. If you do this, you will be out of the market for up to three business days, while we sell your Investment Fund Account holdings and reinvest them in your ISA. You will need to complete an ISA application form if you want to move an ISA to us and you do not have an ISA with us for the current tax year. For some funds you may also have to pay a switching charge. Please see the 'What are the charges?' section for details.

## What is the CashManager Account?

This account is specially designed to help you manage your investments. You can hold cash in it until you are ready to invest in funds, with interest being accrued daily and paid quarterly. For current interest rates please visit [fidelity.co.uk/importantinfo](https://www.fidelity.co.uk/importantinfo)

## What is the ISA Cash Park?

The ISA Cash Park is a service that can be used as a temporary home for cash in your Stocks and Shares ISA, for example if stock markets are very volatile or if you want to secure your ISA allowance for a tax year and decide where to invest later. The minimum initial amount you can put in is £1,000.

ISA rules allow cash to be held in a Stocks and Shares ISA only for the purpose of investing in stocks and shares. If you don't invest the money in the ISA Cash Park we will request that you do so, and if you do not, we may have to return the cash to you and you would lose that part of your ISA allowance and the tax benefits associated with it.

We will place a deal into the ISA Cash Park on the day we receive your instruction, provided it is accepted before midday.

You will start to earn interest on the fourth business day after cash is put into the ISA Cash Park. Interest is accrued daily and is paid monthly. For current interest rates please visit [fidelity.co.uk/importantinfo](https://www.fidelity.co.uk/importantinfo)

## How can I find out how my investments are doing?

You or your adviser can easily check the current value of your investments online through FundsNetwork.

Fund prices are also available to view at [fidelity.co.uk/importantinfo](https://www.fidelity.co.uk/importantinfo) or in the financial press.

## What are the charges?

The charges you pay depend on the investments you choose and what you agree with your adviser or intermediary. The main types of charges are shown in the table overleaf.

## An overview of the types of charges you may pay

You can find out more about the charges in the FundsNetwork Client Terms and in the KIID and Associated Charges document or FSI for each fund you invest in.

<p><b>1. Fund Charges</b> Set by the fund manager</p>	<p><b>Initial charge</b> Where this applies it is a percentage of the total amount invested, paid to us each time you invest money in a fund (that's each single and each regular monthly savings plan payment). Most funds we offer do not have initial charges.</p>	<p><b>Ongoing charges</b> These are shown as a percentage amount of the value of your funds each year. All funds have ongoing charges. These are referred to as the ongoing charge figure (OCF) or total expense ratio (TER), both of which include the annual management charge (AMC) and other expenses for a fund.</p>	<p><b>Other charges</b> Other charges you may pay depending on the type of fund you invest in. For example a performance fee, paid to the fund manager if a fund exceeds pre-set performance targets.</p>									
<p><b>2. Service Charges</b> Set by us as the provider of platform services or by our service provider partners</p>	<p><b>Platform fees</b> Paid to us for providing platform services such as the administration of your assets. Our fees are made up of two separate annual charges: an <b>Investor Fee</b>, typically £45 per year, and a <b>Service Fee</b>, typically 0.25% per year of the assets you hold in clean share classes*.</p>	<p><b>Switching fee</b> Where this applies it is typically 0.25% of the value of your transaction, paid to us when you switch between funds held with us, or from the ISA Cash Park into a fund. Most funds we offer do not have switching fees.</p>	<p><b>ETF dealing fee</b> 0.1% of the value of a transaction, levied and deducted by the stockbroker, each time we ask them to carry out a transaction on your behalf that involves buying or selling ETPs (including switches and dividend reinvestments).</p>	<p><b>Foreign Exchange service charges</b> Paid to us if we have to process foreign exchange deals on your behalf. Taken into account in the exchange rate you receive:</p> <table border="1" data-bbox="1220 728 1473 891"> <thead> <tr> <th>Value</th> <th>Charge</th> </tr> </thead> <tbody> <tr> <td>Up to \$50,000</td> <td>1.0%</td> </tr> <tr> <td>\$50,001 to \$150,000</td> <td>0.5%</td> </tr> <tr> <td>Over \$150,000</td> <td>0.25%</td> </tr> </tbody> </table>	Value	Charge	Up to \$50,000	1.0%	\$50,001 to \$150,000	0.5%	Over \$150,000	0.25%
Value	Charge											
Up to \$50,000	1.0%											
\$50,001 to \$150,000	0.5%											
Over \$150,000	0.25%											
<p><b>3. Adviser or Intermediary Charges</b> Agreed between you and your adviser or intermediary for services that may or may not include advice and which you have asked us to pay on your behalf</p>	<p><b>Initial Fee</b> Paid when you make a lump sum investment, regular monthly savings plan contribution or transfer as a percentage or fixed cash amount, paid on top of or as part of the amount you are investing, as applicable.</p>	<p><b>Ongoing Fee</b> Paid on a monthly basis as a percentage or fixed cash amount by deducting units from your account.</p>	<p><b>Specified Fee</b> A fixed cash amount paid for a specific purpose by deducting units from your account.</p>	<p><b>Commission</b> For some funds, where you have agreed to pay by commission, an initial commission and/or ongoing commission is paid from the fund charges to your adviser or intermediary.</p>								

\*Clean share classes are investments where the Service Fee due to FundsNetwork (in return for providing platform services such as the administration of your investments) is charged in addition to the fund provider's quoted AMC. The fund manager retains all of the AMC for clean share classes. Bundled share classes will generally have a higher AMC than their clean alternative as the AMC typically includes the fund provider's charge for managing the investment, adviser ongoing commission and the platform Service Fee which is passed on to FundsNetwork.

### More about the fund charges

#### Initial charge

Fund managers use a range of methods to value their funds.

Dual-priced funds have a price you buy at (the 'offer price') and a price you sell at (the 'bid price'). The difference between this (known as the 'bid-offer spread') will include the initial charge, if there is one. Therefore the offer price, which you buy at, is normally higher than the bid price. The additional bid-offer spread is the element of the bid-offer spread that exceeds the initial charge. The size of the spread will differ between funds. Certain funds such as property funds can have significant spreads. The size of the bid-offer spread also changes daily as the difference between the buying and selling prices of the underlying assets changes.

If you invest in a fund with one price to buy and sell (a 'single-priced fund'), any initial charge will be taken from your money before it is invested. The managers of some single-priced funds may make 'dilution adjustments' to the price by moving it up or down at their discretion. The managers of other single-priced funds may charge an extra 'dilution levy' to new investors. In both cases they do this to protect existing investors from the costs of buying and selling assets that the fund is invested in.

To find out whether the fund you are investing in is dual-priced or single-priced please visit [fidelity.co.uk/importantinfo](http://fidelity.co.uk/importantinfo)

#### Clean share class rebates

For some clean share class funds we may receive a rebate from the fund manager. After deducting any tax that is due we will reinvest the rebate back into your account so that you benefit from it.

We will normally pay the rebate to the largest clean share class fund holding (by value) on a quarterly basis, with the exception of any rebate that may be owed to you from the first 2 quarters of 2014 which will be paid together after the end of July 2014.

### More about the service charges

#### Investor Fee

Our platform fees are made up of two separate annual charges, one of which is an Investor Fee, charged as a fixed monetary amount (the other is a Service Fee). The annual Investor fee is non-refundable and is charged six-monthly in advance and becomes payable after your first qualifying transaction from 16 December 2013 onwards. Qualifying transactions include buying a new investment or topping-up an existing investment, switching your investments, transfers and re-registration of investments held elsewhere to FundsNetwork, increasing monthly amounts invested in a monthly savings plan or adding new funds to a monthly savings plan.

An Investor Fee is charged for both single and joint accounts. If you have accounts in your sole name, you will pay one Investor Fee irrespective of the number of single accounts in which you invest.

Similarly, for joint accounts, only one Investor Fee will be payable across multiple accounts where the individuals named on those accounts are the same. If you are a holder of multiple joint accounts, but the individuals named on those accounts differ, an additional Investor Fee will be payable for each different combination of named account holders. For example, two joint accounts in the name of Mr and Mrs Jones will attract one Investor Fee and an additional joint account in the name of Mr Jones, Mrs Jones and Miss Jones will attract a further Investor Fee.

The Investor Fee is taken from a CashManager Account if you have one, or else by selling units or shares from your investments.

If you have been paying an Account Fee, then from 16 December 2013 you will automatically stop paying the Account Fee and will start paying the Investor Fee.

The Account Fee, which preceded the Investor Fee, enabled investors who worked with an adviser or intermediary to submit business online into Investment Fund Accounts and ISAs without incurring any initial or fund switching charges and to submit ISA transfers using an application form without incurring any initial charges.

## Service Fee

Our platform fees also include a Service Fee. For clean share classes, the Service Fee is typically 0.25% a year (normally calculated against the value of your clean share class investments at the start of the month) and is payable monthly in arrears in addition to the fund's ongoing charges. For example, if you invest £10,000 and the value of your investments does not change, we will typically charge a Service Fee of £25 a year.

For bundled share classes, our Service Fee is included in the fund provider's ongoing charges. Therefore, we do not charge an additional Service Fee for these funds. The Service Fee built into the ongoing charges of a bundled fund is typically 0.25% a year of the value of your investments.

The FSI or Associated Charges document for each of your chosen fund(s) details how much of our Service Fee is covered by the ongoing charges and how much you will have to pay from your fund(s) as a separate charge.

The Service Fee is taken by selling units or shares from your investments.

## Switching Fee

You won't pay a Switching Fee if you switch into a fund that has no initial charge, or you switch from a fund that has no initial charge into a fund that does (in which case you pay that initial charge instead of a Switching Fee). When you switch funds, on top of any Switching Fee you may also pay any initial commission due to your adviser or intermediary and, for ETPs, the dealing fee of 0.1%.

## How do the charges affect my investment?

The charges you pay will affect what you might get back from your investment. To show the effect that charges could have, please see examples 1, 2 and 3.

Each example uses standard growth rates as these make the impact of charges easier to compare and assumes that your money grows at 6% a year in an Investment Fund Account and 7% in an ISA, although these growth rates are not guaranteed and you could get back less than you invest.

Examples 1 and 2 show the effect of charges when you invest £10,000. Example 1 includes an example adviser or intermediary ongoing fee of 0.25% per year. Example 2 includes an ongoing fee of 0.5%.

Example 3 shows the effect of charges when you invest £25,000 and also includes how much an Investor Fee of £45 per year might reduce the growth of your investment. The Investor Fee is a flat annual charge, payable irrespective of how much you hold in your ISA, FundsNetwork Pension and Investment Fund Accounts and so its impact should be considered across the total value of all your accounts, not just a single transaction. This example does not include the impact of the charges you will pay to your intermediary. Any fees you pay them will further reduce what you might get back.

Each example shows the charges that will be used and the columns in the table show how much your investment might be worth at different times if it grows at the standard growth rate and the charges that are taken off.

However, these projections do not show what the actual value of each fund might be in the future – the real growth rate of each fund will depend on that fund's future performance.

Please note that all projected figures are rounded down and shown to 3 significant figures.

## More about adviser or intermediary charges

### Initial Fee

If you instruct us to pay an Initial Fee to your adviser or intermediary each month, this is paid in addition to the lump sum investment amount; or taken from regular monthly savings plan payments; or taken from the transfer amount where you are transferring cash to us from another provider or ISA Manager. Initial Fees received by the 18th of each month will be paid to your adviser or intermediary by the 25th of the same month, or earlier, if not a business day.

### Ongoing Fee

If you instruct us to pay an Ongoing Fee to your adviser or intermediary each month we sell units in a fund you have nominated. If you haven't nominated a fund we take money from a CashManager Account, if you have one, otherwise we sell units from the largest fund holding in your account.

If your Ongoing Fee includes Value Added Tax (VAT) and the VAT rate changes, we will automatically adjust your Ongoing Fee to reflect this.

### Commission and fees

If your adviser or intermediary would normally be paid commission for an investment on which you've also agreed to pay a fee, we will pay that commission back to you as a commission rebate. This will be done on a quarterly basis. We will

use the rebate to buy units in a fund you have nominated. If you haven't nominated a fund we will buy units in the largest fund holding in your account.

You will see any commission rebates shown on your account statement as an 'AMC rebate'.

## What other payments and benefits do we receive?

Currently we receive a quarterly fee from fund managers for every fund offered on FundsNetwork, typically ranging from £100 to £250 a quarter for each fund. These quarterly fees will stop being received after 5th April 2014. We also offer optional services to fund managers that they pay us for. (You can get the details by contacting us.)

Each year we are paid the equivalent of 0.4% of the annual value of any money you have in the ISA Cash Park and CashManager Account. This is paid to us by the bank that holds that money on your behalf. It is not taken out of the money you hold.

We sometimes receive other benefits such as invitations to business-related events. Please contact us if you would like more details.

### Example 1: a growth fund with a 0.25% intermediary ongoing fee

Investment amount	
Lump sum	£10,000
Initial charges	
Maximum initial charge	0.00%
Ongoing charges	
Annual management charge	0.75%
Other expenses	0.33%
Service Fee (not inc in AMC)*	0.25%
Ongoing Fee	0.25%

\*This is the rate that will be applied to your holdings in addition to the annual management charge.

### An example of the effect of charges and expenses on an ISA investment

At end of year	Investment to date	Effect of charges to date	What you might get back at 7.0%
1	£10,000	£168	£10,500
3	£10,000	£567	£11,600
5	£10,000	£1,060	£12,900
10	£10,000	£2,870	£16,700

In this example, charges would reduce the amount your investment grows each year by 1.68%. Putting it another way, this would have the effect of bringing the illustrated investment growth rate down from 7.00% to 5.32%.

### An example of the effect of charges and expenses on an Investment Fund Account

At end of year	Investment to date	Effect of charges to date	What you might get back at 6.0%
1	£10,000	£166	£10,400
3	£10,000	£552	£11,300
5	£10,000	£1,010	£12,300
10	£10,000	£2,610	£15,200

In this example, charges would reduce the amount your investment grows each year by 1.66%. Putting it another way, this would have the effect of bringing the illustrated investment growth rate down from 6.00% to 4.34%.

- If you invest £10,000 and you have agreed to pay an ongoing fee of 0.25% to your intermediary, then you would pay £25 in the first year based on your investments achieving zero growth or £50 in the first year if your investment doubled in value.

### Example 2: a growth fund with a 0.50% intermediary ongoing fee

<b>Investment amount</b>	
Lump sum	<b>£10,000</b>
<b>Initial charges</b>	
Maximum initial charge	<b>0.00%</b>
<b>Ongoing charges</b>	
Annual management charge	<b>0.75%</b>
Other expenses	<b>0.33%</b>
Service Fee (not inc in AMC)*	<b>0.25%</b>
Ongoing Fee	<b>0.50%</b>

\*This is the rate that will be applied to your holdings in addition to the annual management charge.

#### An example of the effect of charges and expenses on an ISA investment

At end of year	Investment to date	Effect of charges to date	What you might get back at 7.0%
1	£10,000	£194	£10,500
3	£10,000	£655	£11,500
5	£10,000	£1,220	£12,700
10	£10,000	£3,290	£16,300

In this example, charges would reduce the amount your investment grows each year by 1.94%. Putting it another way, this would have the effect of bringing the illustrated investment growth rate down from 7.00% to 5.06%.

#### An example of the effect of charges and expenses on an Investment Fund Account

At end of year	Investment to date	Effect of charges to date	What you might get back at 6.0%
1	£10,000	£192	£10,400
3	£10,000	£636	£11,200
5	£10,000	£1,170	£12,200
10	£10,000	£2,990	£14,900

In this example, charges would reduce the amount your investment grows each year by 1.92%. Putting it another way, this would have the effect of bringing the illustrated investment growth rate down from 6.00% to 4.08%.

- If you invest £10,000 and you have agreed to pay an ongoing fee of 0.50% to your intermediary, then you would pay £50 in the first year based on your investments achieving zero growth or £100 in the first year if your investment doubled in value.

### Example 3: an income fund

<b>Investment amount</b>	
Lump sum	<b>£25,000</b>
<b>Initial charges</b>	
Maximum initial charge	<b>0.00%</b>
<b>Ongoing charges</b>	
Annual management charge	<b>0.50%</b>
Other expenses	<b>0.33%</b>
Service Fee (not inc in AMC)*	<b>0.25%</b>

\*This is the rate that will be applied to your holdings in addition to the annual management charge.

#### An example of the effect of charges and expenses on an ISA investment

At end of year	Investment to date	Effect of charges to date	Income paid out	What you might get back at 7.0%
1	£25,000	£261	£1,010	£25,400
3	£25,000	£819	£3,090	£26,300
5	£25,000	£1,420	£5,240	£27,200
10	£25,000	£3,190	£10,900	£29,700

In this example, charges would reduce the amount your investment grows each year by 1.09%. Putting it another way, this would have the effect of bringing the illustrated investment growth rate down from 7.00% to 5.91%. If the impact of an Investor Fee of £45 per year is also taken into account, this would have the effect of bringing the illustrated investment growth rate down further to 5.74%.

#### An example of the effect of charges and expenses on an Investment Fund Account

At end of year	Investment to date	Effect of charges to date	Income paid out	What you might get back at 6.0%
1	£25,000	£258	£1,000	£25,200
3	£25,000	£796	£3,040	£25,600
5	£25,000	£1,360	£5,120	£26,000
10	£25,000	£2,900	£10,400	£27,000

In this example, charges would reduce the amount your investment grows each year by 1.08%. Putting it another way, this would have the effect of bringing the illustrated investment growth rate down from 6.00% to 4.92%. If the impact of an Investor Fee of £45 per year is also taken into account, this would have the effect of bringing the illustrated investment growth rate down further to 4.74%.

- If income is paid out and the amount of the income plus the amount of the charges paid is more than the amount your investment increases in any year, then the value of your investment will reduce.

## What other benefits may my adviser or intermediary receive?

Your adviser or intermediary may receive benefits from us such as training, marketing literature, conferences, IT facilities and invitations to business-related events. (You can find out the details for your adviser or intermediary by contacting us.)

Some advisers or intermediaries have financial interests in particular fund managers. If that is the case, your adviser or intermediary will tell you about this.

## What about tax?

The personal tax that you pay will depend on your individual circumstances and the investments you make.

All UK residents and UK funds are subject to the UK tax regime. All offshore funds are subject to local tax rules, but if you are a UK resident UK tax applies to the gains and income you receive from them.

### ISAs and Junior ISAs

- You don't pay tax on income including commission and AMC rebates or capital gains from your ISA, so you don't have to declare these on your tax return
- We reclaim any basic rate tax that's deducted from interest distributions on your ISA and pay it back into the ISA on your behalf
- Any dividends paid on ISA investments are paid after tax at 10% has been deducted. This tax can't be reclaimed
- We have to deduct an HM Revenue and Customs charge of 20% from any interest you earn on cash that is temporarily held in a Stocks and Shares ISA in the ISA Cash Park. You can't reclaim that charge, but higher and additional rate taxpayers don't have to pay any more than 20% and the charge doesn't apply to Junior ISAs

### Investment Fund Accounts

- Income or capital gains should be declared on your tax return
- Selling units or shares (including in ETPs) for any reason, including those we sell to pay fees, could make you liable for capital gains tax
- Any dividends paid on Investment Fund Account investments are paid after tax has been deducted at 10%
- Any commission rebates and AMC rebates we pay are subject to income tax. We'll buy units on your behalf after we have deducted basic rate tax of 20%
- In the two cases above, basic rate taxpayers will have nothing further to pay. Higher and additional rate taxpayers may be liable to additional income tax

An adviser or intermediary will be able to help you if you need more information on the tax treatment of any individual fund. You should also speak to your adviser or intermediary if you are at all unclear about your own personal tax position.

You can find more detailed tax information in the **'Supplementary information about taxation'** document at [fidelity.co.uk/importantinfo](https://www.fidelity.co.uk/importantinfo)

Please remember that all tax rules may change in the future.

## How can I receive an income from my investment?

You can use your investment to provide you with an income through:

- the payment of interest or dividends
- taking regular withdrawals
- selling all or part of your investment

You can't take any income from a Junior ISA, or sell the investments in it, in whole or in part, until the child it has been opened for reaches the age of 18. All income must be reinvested on their behalf.

### Interest or dividend payments

**For Investment Funds Accounts** – if income is paid by a fund (the Fund Prospectus will tell you this) you can ask to have it paid out to you (otherwise we will reinvest it on your behalf). We will pay you within ten days of receiving the money from the fund manager.

**For ISA Accounts** – if you choose to have income paid out to you, we will pay you all the income due from all the funds in your ISA in one amount every month. This means that if you hold the same fund both inside and outside of an ISA you may receive income on different days. Some funds don't pay every month, so you will only get income from them after we are paid it. You won't earn interest on any payments while we are holding them before paying them out to you.

### Regular withdrawals

You can take a set amount of money out of your investments on a regular basis, by setting up a Regular Withdrawal Plan.

You can ask for withdrawal proceeds to be paid monthly, quarterly, semi-annually or annually. We will sell investments on your behalf and pay the proceeds within seven business days of the withdrawal date.

### Selling all or part of your investments

You can do this at any time. We will carry out your instructions on the day we receive them, as long as they arrive before the dealing cut-off time (unless it is not possible due to a public holiday in the UK or in the country in which a fund is based). You can find the dealing cut-off time for any fund at [fidelity.co.uk/importantinfo](https://www.fidelity.co.uk/importantinfo)

**For Investment Fund Accounts** – if you place your sell instruction over the telephone we will not release the proceeds until we have received your signed renunciation form.

**For ISA Accounts** – If you sell all or part of the investments, please be aware that you will lose that part of your annual ISA allowance. You won't be able to invest more money into your ISA in its place. If a monthly savings plan contribution is made while processing your request, we will require a new instruction to sell the remaining investments.

We will normally pay the proceeds once we have received them from the relevant fund provider(s) (or our custodian, in the case of Fidelity funds). In some cases we may pay expected proceeds to you in advance. If for any reason we then don't receive the actual proceeds you will have to pay us back.

## Can I switch between funds?

Yes, you can ask us to switch between funds at any time. For some funds, there may be a charge for switching. Please see the 'What are the charges?' section for details.

## What price do I receive when I buy or sell investments?

All funds are priced daily at a set time (the 'daily pricing point'). You can find the details for each fund at [fidelity.co.uk/importantinfo](https://www.fidelity.co.uk/importantinfo)

When you buy or sell funds you will normally get the price that applies at the next daily pricing point after we receive your instruction.

Trades in ETPs are dealt with differently. We put together (aggregate) customer orders and pass these once a day to a third-party broker who is tasked with securing the best price for you. The prices we receive and allocate to your order include the ETF dealing fee.

Shares in ETPs are listed on a stock exchange and their price is affected by supply and demand. The liquidity risk (that's the risk of assets being hard to buy and sell) is carefully managed by the broker. They can request that the ETP product provider issues or redeems shares directly, with the aim of making sure that any index the ETP is designed to mirror is tracked as accurately as possible.

## Can I cancel my investment?

If you are acting on advice from an adviser, you have the right to change your mind and cancel your investment or fund switch.

You must cancel within 14 days of us placing the deal to buy. For regular monthly savings plans, or when using our phasing option for lump sum ISA investments, your right to cancel only applies to your initial investment.

If you cancel your investment you may not get back the amount you invested. We will refund the money paid to us, less any amount by which the value of your investment has fallen. For some funds this could be substantial. If you have already asked us to sell any investments on your behalf by the time you cancel, you must pay us back any sums we paid you as a result.

### How to cancel

If you want to cancel you must write to: Cancellations Department, FundsNetwork, Oakhill House, 130 Tonbridge Road, Hildenborough, Kent TN11 9DZ, giving details of the relevant investment and including the deal or transaction reference shown on the confirmation of transaction we sent to you, together with your confirmation that you have received financial advice on the investment you are cancelling.

### ISAs and Junior ISAs

If you cancel your investment into an ISA or Junior ISA you will not lose your annual ISA allowance, other than when the cancellation occurs at tax year end, when it may not be possible to action cancellation in time to allow you to reinvest.

If a Junior ISA is cancelled or voided, the original monies will be returned directly to the child by cheque. This is because any money invested into a Junior ISA must be treated as a gift to the child, so it can't be returned to the person who contributed it if they later change their mind.

Your right to cancel an ISA transfer only applies to buying your ISA investments with your new provider (us, or another provider if you are transferring away from FundsNetwork). The sale of the investments by your previous ISA provider will still go ahead and you must tell your new ISA provider (us, if you are transferring to FundsNetwork) what you want them to do with the proceeds. If you want the money paid to you, you will lose your ISA tax benefits.

### Adviser fee

Any type of adviser fee we've paid on your behalf before you cancel your investment won't be paid back to you as part of the cancellation.

You may still have to pay any outstanding adviser fees if you have agreed with your adviser to spread these over a period of time.

In the case of an Initial Fee, if you have agreed that this will be refunded if you cancel, you must speak to your adviser directly to arrange repayment.

### Switches

Your right to cancel a switch only applies to buying the new investment – the sale of the original holding will still take place.

If you cancel a switch in an Investment Fund Account, we will pay the money from the sale back to you.

If you cancel a switch in an ISA you must tell us what you want us to do with the money.

If you want the money to be paid to you, you will lose your ISA tax benefits and some or all of your ISA allowance. If you don't tell us what to do, we will pay the money to the ISA Cash Park until you give us instructions.

## Compensation

Financial Administration Services Limited operates the FundsNetwork service and we are covered by the Financial Services Compensation Scheme. If we cannot meet our obligations you may be entitled to compensation from the Scheme. There are different levels of compensation for different types of investment, including the ISA Cash Park and CashManager Account. Further information on the Scheme and how it might apply to your investment is available at [fscs.org.uk](https://www.fscs.org.uk) or in the **FundsNetwork Client Terms**.

Investments in offshore funds, including ETPs, are not covered by the Financial Services Compensation Scheme.

## If you would like to complain

If you would like to complain you can contact us as shown in the 'Contacting us' section below and we can give you details of our complaints procedure. If you are not happy with our response you can refer your complaint to the Financial Ombudsman Service by writing to:

Financial Ombudsman Service  
South Quay Plaza  
183 Marsh Wall  
London E14 9SR

## Contacting us

If you have any questions, please contact your adviser or intermediary in the first instance.

Alternatively, if you have registered for online services on your intermediary's website or at [fidelity.co.uk](https://www.fidelity.co.uk), you can use secure online messaging at any time.

If you need to write to us, our address is FundsNetwork, Oakhill House, 130 Tonbridge Road, Hildenborough, Kent TN11 9DZ. Please include your customer reference number or account number.

You can call us on **0845 744 66 00** (9am to 6pm on any business day). Please have your customer reference number to hand as we will check it for identification and security purposes.