

# SMARTFUND CLIENT TERMS

## June 2009

These terms and conditions (the "SMARTfund Client Terms" or "Terms"), together with the Application Form, form a legal agreement between you and SMARTfund Administration Limited. The Terms set out how you can purchase, redeem and switch investments in SMARTfunds (both within and outside of an ISA), and include provisions for the appointment of your Nominated Representative and the use of the SMARTfund Platform.

## Background

These Terms are divided into sections, as follows:

Section 1 (Definitions) applies generally throughout these Terms;

Section 2 (General Dealings) applies generally to dealings between you and the Manager; and

Section 3 (ISAs) applies only to ISAs unless expressly stated otherwise.

The products and services described in these Terms are available to residents of the UK and its Crown Dependencies only. By completing an Application Form and accepting these Terms, you warrant that you are resident in the UK or its Crown Dependencies. Dealings in Investments under these Terms may be restricted if you cease to be a resident of the UK or its Crown Dependencies.

These Terms are issued to you by and, if you invest in a SMARTfund, you will deal with SMARTfund Administration Limited which is a member of the Præmium Limited group of companies. SMARTfund Administration Limited is the Manager of all the SMARTfunds covered by these Terms, is responsible for managing the SMARTfund Platform in relation to investments in the SMARTfunds and is the Plan Manager of the SMARTfund ISA.

## Section 1 - Definitions

The definitions and rules of interpretation in this section apply throughout these Terms.

The term:	Means:
<b>Account</b>	A secure online account maintained by the Manager for you, if your application to invest in a SMARTfund is accepted. The Account provides you with access to information about your SMARTfund investment(s) i.e. your Unit(s).
<b>Adviser Charging</b>	The rate(s) of charges, being a percentage rate (which may be zero) that you agree with your Nominated Representative and initially specify on your Application Form and that is included as a component of the Manager's Initial Charge and/or Annual Management Charge. Adviser Charging is also known as "customer agreed remuneration".
<b>Application</b>	An application to make an Investment (i.e. purchase Unit) in a SMARTfund made on a hard copy Application Form.
<b>Application Form</b>	A hard copy SMARTfund application form or, in the case of an ISA, a hard copy SMARTfund ISA Application Form or Transfer In Application Form.
<b>Business Day</b>	Any day which is not a Saturday, Sunday or Bank Holiday in England or a day on which the London Stock Exchange is closed
<b>FSA</b>	The Financial Services Authority of 25 North Colonnade, Canary Wharf, London E14 5HS or any other regulatory body which may assume its regulatory responsibilities from time to time.
<b>FSA Rules</b>	The handbook of rules and guidance made by the FSA under the Financial Services and Markets Act 2000, as amended, updated or replaced from time to time.
<b>Manager's Group Company</b>	Any holding company of the Manager or any subsidiary of any such holding company (as defined in the Companies Act 2006);

The term:	Means:
<b>HMRC</b>	HM Revenue & Customs
<b>Investment</b>	Your Unit(s) in one or more SMARTfunds held directly or through an ISA.
<b>ISA</b>	An Individual Savings Account complying with the ISA Regulations.
<b>ISA Regulations</b>	The Individual Savings Account Regulations 1998 (as amended and in force from time to time).
<b>Key Features</b>	The Key Features Document (KFD) of the SMARTfunds and the SMARTfund ISA.
<b>Manager</b>	SMARTfund Administration Limited, being the manager of SMARTfunds and the entity which offers the particular Unit in a SMARTfund in which you invest. References to "Manager" in these Terms also include any company to which we may transfer our rights and obligations under the Terms in accordance with clause 16.1.
<b>Nominated Representative</b>	The Independent Financial Adviser (IFA) or other intermediary authorised by the FSA through which you apply for an Investment and with whom you agree the rate(s) of Adviser Charging that apply to your Investment.
<b>Prospectus</b>	The prospectus relating to the SMARTfund as published from time to time.
<b>Redemption</b>	A whole or partial withdrawal or other disposal of your Investment.
<b>SMARTfund</b>	A sub-fund within the SMARTfund range of unit trusts.
<b>SMARTfund ISA</b>	An ISA invested in one or more of the SMARTfunds which is a Stocks & Shares ISA and which is governed by these Terms.
<b>SMARTfund Platform</b>	The online interface which provides you and your Nominated Representative access to certain information relating to your Investment.
<b>Stocks &amp; Shares ISA</b>	An ISA which is invested predominantly in stocks and shares.
<b>Switching</b>	Exchanging all or part of your Investment in one SMARTfund for an Investment in Units in another.
<b>Terms or SMARTfund Terms</b>	These terms and conditions (as amended from time to time);
<b>Trust Deed</b>	The trust deed constituting the relevant SMARTfund as entered into between the Manager and the Trustee of the SMARTfund and as amended from time to time.
<b>Unit</b>	A unit of a SMARTfund and includes a fraction of a unit.
<b>Valuation Point</b>	The time the SMARTfunds are valued for the purposes of dealing which is generally 5.30 p.m. on each Business Day.
<b>Year</b>	A Tax Year beginning on 6 April in any year and ending on 5 April in the following year.
<b>You</b>	An individual who does business with SMARTfund under these Terms. The term "You" includes your personal representatives.

Headings shall not affect the interpretation of these Terms.

References to the singular shall include the plural and vice versa. References to clauses and sections are to clauses and sections of these Terms.

Unless otherwise stated, where reference is made to a particular day or date and such day or date is not a business day (being a day on which UK banks are open for business), that day or date shall be read and understood as if reference had been made to the next day that is a business day.

References to statutes, rules or regulations shall be taken to include any amendments made to them from time to time.

## Section 2 – General Dealings

*See also Section 3 if you are opening an ISA*

### 1. Application and payment

- 1.1 An application to invest in a SMARTfund and purchase Investments and thereby to open an Account may be made by any investor over the age of 18 on a hard copy Application Form.
- 1.2 Applications to purchase, once made are irrevocable unless you have the right to cancel your application – see clause 3.
- 1.3 An Application Form may be generated from the SMARTfund Platform by your Nominated Representative. It is initially completed online but must then be printed for signature by you.
- 1.4 You must specify the SMARTfund(s) in which you wish to invest and the amount or rate of Adviser Charging, which may be NIL, that you have agreed with your Nominated Representative in order for your Application to be processed (unless otherwise provided in these Terms). You will be sent an acknowledgement when you make an Application.
- 1.5 The Manager will accept payment by cheque for the full amount of your initial investment and for any subsequent contributions. Payment for the full amount of your initial investment must accompany your hard copy Application Form. All cheques must be drawn on a UK bank account and made payable as directed on the application form.
- 1.6 These Terms will come into force when your Application is accepted by the Manager, which will normally be on the day of its receipt. You will be classified as a Retail Client for the purposes of the FSA Rules unless we advise you otherwise.
- 1.7 The Manager may, subject to its obligations under the FSA Rules, reject any Application in whole or part on reasonable grounds. If it does so, the Manager will return to you any money sent, or the balance of such monies, at your risk.
- 1.8 When your Application is accepted the Manager will, as Principal, request the creation of Units for immediate transfer to you.
- 1.9 The Manager will accept your Application on cleared funds received only from you. Clause 15.1 will apply if you fail to provide cleared funds for any reason.
- 1.10 You may apply for your Investment to be in the name of up to four registered holders unless you are applying for an ISA. This will be considered a joint holding by the Manager. The names, addresses, dates of birth and signatures of all joint holders will be required before a joint Application can be considered. Applications must be signed by all joint holders before SMARTfund will accept them. For joint holdings, the Manager is entitled to take instructions from and otherwise deal with the first named holder on the relevant register of

Unit holders to the exclusion of all other joint holders. All payments, account documentation and notices will be sent to the first named holder at the contact details most recently registered with the Manager.

- 1.11 If you are in any doubt as to the tax consequences of the acquisition, holding or disposal of Investments (whether held directly or through an ISA), you should consult your Nominated Representative or other appropriate professional adviser.
- 1.12 If you wish to purchase Investments on behalf of a child or other person, you may do so but you will be treated by the Manager for all purposes as the investor. The Manager is not required to recognise any trust or other arrangement for the purchasing or holding of Investments on behalf of others. If you are investing on behalf of children or other persons you are strongly advised to consult a professional tax adviser regarding the tax implications of doing so.

### 2. Minimum Subscription

- 2.1 The minimum initial investment in each SMARTfund is as specified in the Key Features. Additional lump sum contributions may be made subject to the minimum specified for the relevant SMARTfund in the Key Features.
- 2.2 The Manager may reduce or waive the minimum subscription for any or all of the SMARTfunds.

### 3. Cancellation

- 3.1 You may have the right to cancel your application - please refer to the Key Features.
- 3.2 The Manager will notify you if you have a right to cancel your application. If you wish to exercise the right to cancel, you must return a signed instruction to the Manager by post. Exercising your right to cancel does not necessarily mean that you will receive back the amount that you invested.
- 3.3 If you validly exercise your right to cancel, any money paid to the Manager will be repaid (subject to deduction of the amount, if any, by which the value of your Investment has fallen).
- 3.4 Your right to cancel an application may depend on whether you have been advised in relation to acquiring your Investment. The Manager is entitled to rely on any indication on your Application Form as to whether or not you have been advised.

### 4. Your Account

- 4.1 When you first invest in a SMARTfund the Manager will open an Account for you. You will be able to access your Account online and view details of your investment and a variety of investment reports. The information available to a Unit holder is more fully described in the Key Features.

4.2 Your Account is updated to reflect any additional investments or withdrawals you make.

## 5. Your Nominated Representative and Adviser Charging

5.1 The SMARTfunds are only available through financial advisers and other appropriate intermediaries and approved by the Manager. The Manager will only approve such advisers and intermediaries if they are authorised by the FSA and have in place the arrangements necessary for them to be able to agree Adviser Charges with those of their clients who wish to become investors in a SMARTfund.

5.2 You appoint your Nominated Representative as your agent in relation to your Investment and other dealings with the Manager and SMARTfunds subject to these Terms. It is for you and your Nominated Representative to agree the scope of any authority you decide to give them in relation to your Investment and other affairs. However, the Manager is entitled to treat as valid instructions given by your Nominated Representative which we reasonably believe have been given legitimately on your behalf even if that is not the case.

5.3 Your Application Form must specify who your Nominated Representative is and what rates of Adviser Charges you have agreed with them (which may be NIL) in relation to the Investments you wish to make. Your Nominated Representative will assist you in generating your Application Form from the SMARTfund Platform and completing the relevant details.

5.4 If you specify rates of Adviser Charges greater than NIL on your Application Form the Manager will pay amount(s) to the Nominated Representative stated in your Application Form equivalent to the Adviser Charging component(s) of the Manager's initial and annual management charges. These payments are made by the Manager and are not charged to the SMARTfunds (although the level of the Manager's initial and annual charges for your Investment will reflect the fact that the Manager will make these payments).

5.5 The Manager will continue to pay amounts in respect of the Adviser Charges you have agreed (if any) to the Nominated Representative specified on your Application Form in accordance with the Manager's agreement with that Nominated Representative. Under that agreement payments may not be made in certain circumstances, for example:

- (a) If you have agreed to change your Nominated Representative and the Manager has been notified of the change in writing by you as well as both the old and the new Nominated Representatives;
- (b) If your Nominated Representative ceases to have the FSA authorisation required to give investment advice;

(c) If your Nominated Representative becomes insolvent or otherwise unable to meet its debts as they become due.

5.6 The rates of Adviser Charges you specify on your Application Form and therefore the Manager's Initial and Annual Management Charges will apply to future investments in the same SMARTfunds. The Manager will not change its rates of Initial or Annual Charges to reflect any change you may agree in the future with your Nominated Representative until:

- (a) You and your Nominated Representative have confirmed the change to the Manager in writing; and
- (b) The requirements of all applicable FSA Rules have been complied with.

5.7 You are not required to receive any service or advice from your Nominated Representative merely by virtue of being invested in a SMARTfund. However, the SMARTfund Platform will provide your Nominated Representative with detailed information about your Investment that may assist them to provide services or advice to you.

5.8 You may change your Nominated Representative in future but the Manager will continue to pay amounts in respect of the Adviser Charges you have agreed (if any) to the original Nominated Representative until it has been notified in writing of the change by you as well as both the new Nominated Representative.

## 6. Title and registration of your Investments

*See also "Title and registration" in Section 3 if you have a SMARTfund ISA*

6.1 Ownership of your Unit(s) will be evidenced by the entry of your name on the register of Unit holders for the SMARTfund concerned. No Unit certificate will be issued to you.

6.2 Registration of your Investment can only be completed by the Manager upon receipt of any required registration details. These details may be supplied in writing to the Manager or by returning to the Manager the properly completed Application Form.

6.3 Your Investments will be beneficially owned by you at all times and will be registered in your name unless otherwise provided in these Terms.

## 7. Anti-Money Laundering

7.1 The Manager is required to undertake procedures and controls to combat money laundering. The Manager may need at any time (both before and after you invest in a SMARTfund) to request additional evidence of identity from you. If asked for evidence, you must provide it. The Manager may also request information from third parties and may use a credit reference agency for this

purpose (who will record that any inquiry has been made).

- 7.2 All information obtained for verification of identity will be used for that purpose and no other.
- 7.3 Instructions will be accepted and Units will only be dealt in subject to completion of identification procedures to the Manager's satisfaction and, where appropriate, receipt of cleared funds.
- 7.4 If the Manager is unable to verify your identity the requested transaction may be refused, reversed or cancelled.

## 8. Client Money

- 8.1 All investors' cash held by the Manager under these Terms will be held as client money under the FSA Rules. Consistent with those FSA Rules:
- (a) The Manager will deposit the cash in the UK with an authorised bank; and
  - (b) The bank will hold the cash on the Manager's behalf in a trust account separate to any account used to hold money belonging to the Manager in its own right.
- 8.2 The Manager will not, however, be responsible for any acts or omissions of the bank. If the bank becomes insolvent, the Manager will have a claim on behalf of its clients against the bank. If, however, the bank cannot repay all of its creditors, any shortfall may have to be shared pro rata between them.
- 8.3 Interest will not be paid on cash balances held on your behalf unless otherwise stated in these Terms.

## 9. Income

*See also "Income" in Section 3 if you have a SMARTfund ISA*

- 9.1 The Manager will reinvest any income in respect of Investments, without requiring further instruction from you, unless you elect to be paid the income (provided that income payments of less than £10 will always be reinvested).
- 9.2 You can elect to receive the income by completing the relevant section of the Application Form or by notifying the Manager. Payment is by direct credit to your bank or building society.
- 9.3 You must notify the Manager if you wish to cancel a previous election to receive income.
- 9.4 If any such income remains unclaimed by you for any reason for a period of six years after it has become due, it will be forfeited and will revert to the relevant SMARTfund.

## 10. Reports and Voting

*See also "Reports and Voting" in Section 3 if you have a SMARTfund ISA*

- 10.1 If you invest in a SMARTfund and acquire a Unit, you will automatically receive (as the registered holder of the Unit(s) concerned) copies of the interim and annual reports and accounts and any other information issued to Unit holders of that SMARTfund. You will also be entitled to attend any meetings of Unit holders and to exercise voting rights attaching to your Investment(s).

## 11. Switching Investments

*See also "Switching" in Section 3 if you have a SMARTfund ISA*

- 11.1 You may exchange all or part of your investment in one SMARTfund for an investment in another SMARTfund provided that in doing so you maintain at least the minimum holding in each and the amount 'Switched' is not less than either the minimum withdrawal amount from the SMARTfund 'Switched from' or the minimum investment amount in the SMARTfund 'Switched to'. If a partial Switch would result in you holding less than the minimum holding in either of the SMARTfunds concerned, the Manager may convert the whole of your investment into the new SMARTfund or refuse to effect that partial Switch.
- 11.2 The Manager may at its absolute discretion make a charge on each Switch of an Investment and the application of any such charge will be reflected in the value of the new Unit. The Manager's charges, if any, for switching are as specified in the Key Features.
- 11.3 If you wish to Switch all or part of your Investment you must give written notice to the Manager for each SMARTfund you wish to Switch from. You will not be able to withdraw such a notice or instruction after the relevant cut-off time.

## 12. Dealings

*See also "Withdrawals" in Section 3 if you have a SMARTfund ISA*

- 12.1 You may withdraw all or part of an Investment and Units in each SMARTfund (or fractions of them) may be Redeemed and a corresponding Investment decreased on any Business Day by giving notice in writing to the Manager.
- 12.2 The Manager will process dealing requests received before the cut off point (which is normally 3:00pm each Business Day) on the same day. The Manager may vary the cut off point at its discretion.
- 12.3 Dealings for valid requests received by the cut off point will normally be effected at prices calculated at the next Valuation Point. In times of high

volumes of Redemptions (where Redemptions of Units exceed 10% of a SMARTfund's value), to protect the interests of continuing investors, the Manager may defer redemptions at a particular Valuation Point to the next Valuation Point.

- 12.4 An instruction to the Manager to realise all or part of your investment, although irrevocable, may not be settled by the Manager if the money due on the earlier purchase of the Unit(s) concerned has not yet been received or if insufficient documentation or anti-money laundering information has been received by the Manager.
- 12.5 In its dealings in Units, the Manager deals as Principal. The Manager is not accountable to Unit holders for any profit it makes from dealing in Units as Principal.
- 12.6 The Manager may refuse a partial Redemption request if either: a) the value of the Units to be redeemed is less than the minimum stated in respect of the SMARTfund in question; or b) a Redemption of the amount requested would bring the value of your holding in that SMARTfund below its minimum holding value.
- 12.7 The minimum redemption and holding amounts for each SMARTfund are as specified in the Key Features.
- 12.8 The Manager may, at its absolute discretion, accept redemptions lower than the minimum amounts.
- 12.9 When a valid instruction is received, the Manager will sell the relevant Investments and pay you the proceeds, subject to the following provisions.
- 12.10 Payment will be made no more than four Business Days after the Valuation Point at which the price is determined or, if later, the receipt by the Manager of the relevant withdrawal or Account closing instructions.
- 12.11 You must provide us with your account details at your personal bank or building society, initially by completing your Application Form. We will make payments directly to this account, rather than issue a cheque (except in exceptional circumstances and only if previously agreed by the Manager). Payments will not be made to third parties.
- 12.12 When we make payments to your bank or building society, we will use the most recent account details provided by you. We will not be liable for any delays, losses or costs if you provide incomplete or incorrect details or if you fail to advise us of any changes to your account details or your circumstances that may affect payments we make to you. Clause 15.1 will apply if such provision of incomplete or incorrect details or your failure to notify us of such changes causes the Manager costs or losses. The Manager may deduct any charges or other amounts due to it, any tax liabilities, and any additional expenses incurred in selling the Investments. The Manager is not able to switch or redeem any Units which

have recently been subject to an instruction until that prior transaction has been completed.

- 12.13 If you switch from one Investment to another, or sell all or part of your Investments, you will receive a notice confirming your transaction following its completion.

## 13. Charges

*See also "Charges" in Section 3 if you have a SMARTfund ISA*

### Adviser Charging

- 13.1 The initial and annual management charges for each SMARTfund are different for each Unit holder. This is because the SMARTfund Platform enables individual charging levels to be set so that an element of them reflects the charges you agree with your Nominated Representative.
- 13.2 You and your Nominated Representative agree the levels of Adviser Charges that are to be reflected in the Manager's charges. The element of Adviser Charging is specified on your Application Form (and reflected in the Key Features you receive for the SMARTfund(s) in which you invest).
- 13.3 The Manager will pay amounts to your Nominated Representative that are equivalent to the element reflected in the Initial and Annual Management Charges – as described in clause 5 above.

### Initial Charge

- 13.4 The Initial charges for each SMARTfund are as specified in the Key Features.
- 13.5 If an Initial Charge applies it is added to the net price of the Unit(s) you buy and so you will pay the unit price plus the initial charge. Subsequent investments are subject to the same initial charges.

### Switching Charge

- 13.6 The Manager does not currently levy a switching charge on any SMARTfund. However, if you switch into a SMARTfund for which there is an initial charge on purchase, normal initial charges will apply (see clause 13.4 above).

### Management Fees

- 13.7 Investments are also subject to ongoing management fees, charges and expenses. These are deducted from the property of the relevant SMARTfund.
- 13.8 The Annual management charges for each SMARTfund are as specified in the Key Features.
- 13.9 The Manager may at its absolute discretion, discount or waive any charges in relation to SMARTfunds. The Manager may increase charges in relation to SMARTfunds but only after giving you written notice in accordance with the FSA

Rules. The Manager shall be entitled to deduct and retain all charges payable under these Terms.

- 13.10 All fees, charges and expenses are stated exclusive of value added tax, which will also be charged where applicable. As at the date of these Terms, the rate of value added tax in the UK is 15% and is expected to revert to 17.5% on 31<sup>st</sup> December 2009. The VAT rates may change from time to time.

## 14. Statements

- 14.1 All investor reporting is available to you online through your Account which can be accessed either via your adviser website, if a login button has been set up, or from [www.smartfund.co.uk](http://www.smartfund.co.uk).
- 14.2 You (or in the case of joint holders, the first named Unit holder) will be sent copies via email of the short reports relating to each of the SMARTfunds in which you are invested and may also elect to receive emailed copies of the annual and half-yearly long reports.
- 14.3 The value of your Investment quoted in your Account will represent the value as at the most recent Valuation Point (being 5:30pm on each Business Day). The Manager will, other than in exceptional circumstances, update your Account by 10am each Business Day.
- 14.4 In certain circumstances, the 'see through' stock holding underlying your Investment may not be visible for a "black out" period at the absolute discretion of the Manager. If a "black out" period applies, you will be able to identify the securities allocated to your Investment as at an earlier date. This 'blackout' will not affect the accuracy of the valuations provided for your Investment.

## 15. Liability

- 15.1 You agree to indemnify the Manager against all liabilities incurred by the Manager in connection with your Investments and your Account, other than liabilities caused as a direct result of the Manager's negligence, knowing default, fraud or breach of the FSA Rules or of these Terms.
- 15.2 The Manager is liable for the direct results of its negligence, knowing default, fraud and for any breach of the FSA Rules or of these Terms. Subject to this, the Manager is not liable for any loss caused through a fall in value of Investments (including, without limitation, those which may occur due to delays during the process of verifying an investor's identity in compliance with anti-money laundering regulations). The Manager is also not liable for any indirect, special or consequential loss you might suffer (including direct or indirect loss of profit). The only exception is where this results from fraud or a breach of the Conduct of Business Sourcebook or the Client Assets Sourcebook in the FSA Rules, on the Manager's part.
- 15.3 The Manager accepts no responsibility for any loss or delay caused in the payment or transfer of

funds to the Manager. The Manager shall be entitled to cancel any transaction for the purchase of Investments if cleared funds are not received by the Manager within four days of accepting your instructions (regardless of the method of payment) and you agree to indemnify the Manager against any resulting liabilities incurred by the Manager in accordance with clause 15.1 above.

- 15.4 Neither the Manager nor any agent shall be accountable to you or to any trust for any profit or benefit properly made or received by it in connection with Investments.
- 15.5 Investment products are generally designed and managed as longer-term investments. Short-term or excessive trading is discouraged because it may harm performance by disrupting portfolio management strategies and by increasing expenses. The Manager actively monitors levels of trading and reserves the right to refuse to accept applications from anyone who is considered to have a history of short-term or excessive trading or whose trading has been or may be disruptive.
- 15.6 The Manager will not be liable or have any responsibility of any kind for any loss or damage incurred or suffered by you as a result of any event or circumstance outside the Manager's reasonable control (including without limitation, any losses following any failure, interruption or delay in the performance of the Manager's obligations resulting from a breakdown, failure or malfunction of any telecommunications or computer service or system (including the SMARTfund Platform) outside the Manager's reasonable control), provided that the Manager has complied with the FSA Rules on business continuity in all relevant respects.
- 15.7 For the purposes of this clause, references to the Manager include its nominees. the Manager will be responsible for the acts and omissions of any nominee it uses for the purposes of these Terms.
- 15.8 The only remedy available to the parties in respect of matters relating to the subject matter of the Terms is for breach of contract, other than where fraud or a claim under section 150 of the Financial Services and Markets Act 2000 is involved.
- 15.9 The Manager will not be liable for any loss to you other than as expressly stated in this clause.

## 16. Data Protection Statement

- 16.1 For the purposes of the Data Protection Act 1998 ("DPA"), the Manager is the data controller in respect of the personal information which you provide.
- 16.2 The personal information which you provide to the Manager will be used for a number of different purposes including:
- (a) To administer the product or service for which you apply;

- (b) To comply with legal and regulatory requirements;
  - (c) To identify you when you contact the Manager; and
  - (d) For internal analysis and research.
- 16.3 The Manager may use external third parties to process your personal information on its behalf in accordance with the above purposes. It may also provide your personal information to any company to which it may transfer its rights and obligations under these Terms in accordance with clause 18.1.
- 16.4 The Manager may share your personal information with the following third parties:
- (a) Your Nominated Representative, financial adviser and any other party to the business relationship whom you tell the Manager or your Nominated Representative about (you should notify us in writing if you no longer wish us to share your personal information with any such party);
  - (b) Other associated or affiliated Manager Group Companies for the purposes set out in this data protection statement;
  - (c) The Unclaimed Assets Register, in connection with the possible recovery by you of (for example) unclaimed distribution payments.
  - (d) other organisations for any of the following purposes:
    - (i) Compliance with any legal or regulatory requirements;
    - (ii) To protect the Manager and its customers from theft and fraud; and
    - (iii) To take appropriate steps if the Manager considers your levels of trading in funds managed by the Manager to be short-term, excessive or disruptive.
- 16.5 The personal information which you provide will be processed by the Manager or its associated or affiliated companies, who may be based outside of the EEA. This may involve the transfer of data by electronic media including the internet. Where your data is transferred outside of the UK, the Manager will ensure that the recipient agrees to keep your information confidential and hold it securely in accordance with the requirements of the DPA.
- 16.6 Except as outlined in this clause or otherwise required by law, your personal information will not be passed to anyone without your permission.
- 16.7 If you complete an application on behalf of the applicant pursuant to a power of attorney, the personal information which you provide about the applicant (including information about the applicant's mental health) may be processed by the Manager and its associated and affiliated companies as set out in this clause. In addition, information about your position as attorney will be held for the purpose of administering the investment or service for which the applicant has applied.

- 16.8 With limited exceptions, you may ask for a copy of the personal information which the Manager holds on you. The Manager is allowed by law to make a charge for this. If any of the information which we hold about you is incorrect, you should tell us and we will amend it.

## 17. Complaints and Compensation

---

- 17.1 The Manager has established procedures in accordance with the FSA's requirements for the consideration of complaints. In addition, you have the right to complain directly to the Financial Ombudsman Service. Details are available from the Manager on request.
- 17.2 The Manager is covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the Scheme if the Manager cannot meet its obligations. This depends on the type of business and the circumstances of the claim. Further information about compensation arrangements is available from the Manager or from the Financial Services Compensation Scheme.

## 18. Assignment, Delegation and Amendments

---

- 18.1 You consent to the Manager assigning to any appropriate Manager Group Company or any third party which is appropriately regulated and authorised by the FSA, all or any of its benefits and obligations under these Terms. You will be notified of any such assignment.
- 18.2 The Manager may appoint any person (whether or not a Manager Group Company) to advise on or perform any of its functions or responsibilities under these Terms and may provide information about you and your Investments to any such person. The Manager will satisfy itself that any person to whom it delegates any of its functions or responsibilities under these Terms is competent to carry out those functions or responsibilities.
- 18.3 The Manager may amend these Terms to:
- (a) Comply with changes in law or regulation;
  - (b) Correct inaccuracies, omissions, errors or ambiguities;
  - (c) Take account of any corporate reorganisation inside the Manager Group of Companies and/or a transfer of our rights and obligations under these Terms to another company as contemplated by clause 18.1; and
  - (d) Reflect changes in the scope and nature of the services, products or investments we provide or wish to provide under these Terms, or changes to our computer or database systems, our administrative processes and procedures, market practice or customer requirements.

We will notify you of any amendments by writing to you, giving twenty-eight (28) days' notice of a proposed amendment. Any amendments will

comply with applicable laws and regulations including the FSA Rules. Remember also that you have a right to terminate at any time, if you do not like an alteration that we propose to make to the Terms, by following the procedure in these Terms.

## 19. Termination

---

- 19.1 These Terms will terminate if you sell all the SMARTfund Units which you hold, following the completion of any such instruction. Subject to clause 19.3 you may also terminate these Terms by giving notice to the Manager which will be effective on receipt but will not affect transactions already initiated, or the completion of the requirements under clause 19.3 below.
- 19.2 The Manager may terminate these Terms with you by giving you one month's notice in writing. Where required to do so by any applicable law, the Manager may terminate these Terms immediately, in which case you will be notified in writing.
- 19.3 When these Terms are terminated under clause 19.1 or 19.2 above, if you have not already done so, the Manager will sell your Investments and pay you the proceeds together with any cash balance held. Interest will not be paid on any cash balance. The Manager may deduct any charges or other amounts due to it and any reasonable additional expenses incurred in terminating your Account. These Terms will not be considered terminated until this process is complete.

## 20. Notices and Instructions

---

- 20.1 Notices and instructions to the Manager should generally be in writing and signed by you. You should quote your account number in all communications. All communications and notices from you should be addressed to:
- SMARTfund Administration Limited  
PO Box 60294  
London, EC2P 2DL
- 20.2 Instructions to purchase or redeem Investments should be made according to the directions on our website or in our literature.
- 20.3 All notices and documents (including statements and fund reports), instructions and other communications generally between you and the Manager may be provided electronically through the SMARTfund Platform (or otherwise), subject to applicable regulations, and provided that instructions to redeem Investments must be confirmed in writing. Such electronic communications will be deemed received by you one day after sending unless a non-delivery receipt is returned.
- 20.4 Notices and other documents (including statements, valuations and payments) required to be given to you by post will be sent to the last address you registered with us and will be deemed received by you five days after posting. The

Manager will not take responsibility if you fail to provide us with any change in address, or for any mail which is intercepted or does not reach you. All communications between us shall be in English only.

- 20.5 The Manager is entitled to treat as valid, instructions given by you, or which we reasonably believe have been given by you or legitimately on your behalf by your Nominated Representative or other representative even if that is not the case because of the wrongdoing or fraud of another person (unless that other person is an employee or agent of the Manager or unless the Manager has in some way failed to comply with any relevant obligation under the FSA Rules).

## 21. Law

---

- 21.1 These Terms will be governed by and construed in accordance with English law. You and the Manager submit to the exclusive jurisdiction of the English courts to settle any disputes arising under these Terms. Neither The Manager nor you intend any provision of these Terms to be enforceable by any person other than themselves or their permitted successors or assignees.

## Section 3 – ISAs

### 1. Manager

- 1.1 The SMARTfund ISAs are managed by SMARTfund Administration Limited (The Manager), which is authorised and regulated by the FSA in the conduct of its investment business. Subject to the ISA Regulations, your SMARTfund ISA will be managed in accordance with your directions set out in your Application Form.

### 2. Investment Objective

- 2.1 The investment objective of your SMARTfund ISA will correspond to the SMARTfund(s) specified in your Application Form.
- 2.2 When you apply to open a SMARTfund ISA, you must specify the SMARTfund(s) in which you wish to invest in order for your application to be processed. If, however, in respect of the whole or part of your Application Form, you have not clearly chosen the SMARTfund(s) in which you wish to invest, the Manager may at its discretion invest your contribution in SMARTfund Defensive. The Manager shall have no liability to you in respect of its exercise of such discretion or its decision in any particular case not to exercise such discretion.

### 3. Application and Payment

- 3.1 An application to open a SMARTfund ISA and purchase Investments must be made on the relevant hard copy Application Form accompanied by a cheque for the full amount of your initial subscription.
- 3.2 On acceptance of an application, each new SMARTfund ISA will be designated by the Manager as a Stocks and Shares ISA. You may not open more than one Stocks and Shares ISA in the same tax year.
- 3.3 You may invest one or more lump sums in your ISA during the Year. By completing the relevant sections of your Application Form you may also make regular contributions by direct debit under a monthly savings plan. You will be sent an acknowledgement when you make a lump sum contribution or set up a monthly savings plan. Payment for the full amount of your subscription(s) must be made by cheque with your Application Form or, in the case of regular contributions, by completing the relevant sections of your Application Form to allow us to submit an appropriate direct debit instruction to your bank or building society.
- 3.4 If you wish to ensure that the first contribution of a monthly savings plan is made in the current tax year you must ensure the relevant Application is received by the Manager by the end of February in that year. Applications received after the end of February will be processed as soon as practicable but the first payment may not be collected until after 5 April, in which case your SMARTfund ISA would fall into the next tax year.
- 3.5 If you wish to redeem any part of your existing Investment in order to invest the proceeds in a

SMARTfund ISA for the current tax year, your instruction for redemption must be received by the Manager not later than five business days before the end of the tax year. The end of the tax year is 5 April of each year. This is due to the time required for the instruction to be processed and the amount generated by the redemption to be available for re-investment in your SMARTfund ISA.

### 4. Title and Registration

- 4.1 Your SMARTfund ISA includes your Investments and any cash balances, all income and other rights, and the benefit of any tax relief in respect of such Investments. Title to SMARTfund Units and any other asset held in your SMARTfund ISA will be registered either in the name of a nominee of the Manager (which may be a member of the Manager's Group) or jointly in the name of such a nominee and in your name. Share certificates (if any) or other documents evidencing title to ISA investments will be held by the Manager or as the Manager may direct.
- 4.2 Your SMARTfund ISA Investment will be and must remain, beneficially owned by you and must not be used as security for a loan.
- 4.3 Your cash contributions and any other cash held in your SMARTfund ISA will be deposited, pending investment in a SMARTfund, with a bank selected by the Manager, in an account in the name of the Manager or its nominee (which may be a member of the Manager's Group). Interest will not be paid on cash balances held within your SMARTfund ISA unless otherwise stated in these Terms. The Manager does not accept liability for default by any bank which holds cash for your SMARTfund ISA. The Manager will return the cash to you if it does not receive investment instructions from you within any period prescribed by the ISA Regulations or otherwise permitted by HMRC.
- 4.4 You may transfer an existing ISA from another ISA manager in the form of cash. Any residual income arising from that existing ISA will be paid to you by your former ISA manager. Alternatively, in certain limited circumstances and subject to the agreement of the existing ISA manager, the Manager can re-register the underlying shares or units of your existing ISA in the relevant SMARTfund(s). Re-registration may save you certain costs which might be incurred if cash only were transferred but may result in the loss of a very small fraction of one share or unit (less than 0.01%). This small loss will not be returned to you in any circumstances. If, following the re-registration of more than one holding of shares or units, the Manager receives an income payment, dividend, tax credit or other cash amount from the former ISA manager, the Manager may invest such amount in the largest SMARTfund holding by value (unless you have elected to be paid income). A charge may be made by the existing ISA manager if the underlying shares or units are re-registered with the SMARTfund(s) in this way.
- 4.5 If you transfer two or more ISAs from previous years to the Manager, it may treat those previous ISAs as relating to a single year (and will do so if

the existing ISA manager has already bundled them in this way).

- 4.6 The Manager accepts no liability for any loss caused in the transfer of investments or payment of funds to it. You must ensure that your existing ISA manager complies with instructions for transfers.

## 5. Reports and Voting

- 5.1 You will automatically receive copies of the interim and annual reports and accounts and any other information issued to Unit holders of any SMARTfund held in your SMARTfund ISA.
- 5.2 Although you will not be the registered holder of Investments held in your SMARTfund ISA (see clause 4.1 above), if you so elect, the Manager will arrange for you to attend any meetings of Unit holders and to exercise voting rights attaching to the Investment(s) held in your SMARTfund ISA.

## 6. Income

- 6.1 The Manager will reinvest all income from your SMARTfund ISA and all related tax reclaims, net of any tax liability (for example, stamp duty), without further instruction from you, unless you have elected to be paid the income from your SMARTfund ISA as provided under "Income" in Section 1.
- 6.2 Interest will not be paid on any amounts awaiting reinvestment.

## 7. Tax

- 7.1 The Manager will make all necessary claims for tax relief relating to your SMARTfund ISA. You must provide the Manager with all information which it reasonably requests and you must immediately inform the Manager of any change in your tax status or any other material change in your circumstances.
- 7.2 Your SMARTfund ISA will be managed in accordance with the ISA Regulations, which take precedence over these Terms. The Manager will notify you if, by reason of any failure to satisfy the provisions of the ISA Regulations your SMARTfund ISA has or will become void and cease to be exempt from tax by virtue of the ISA Regulations. When a SMARTfund ISA is voided, the Manager will sell the Investments previously held in it and, after making any deductions (if any) permitted by these Terms, pay you the proceeds together with any cash balance previously held in the SMARTfund ISA. Alternatively, the Manager may transfer into your name any SMARTfunds previously held in your ISA for you to hold them as an Investment outside an ISA. The Manager may deduct any charges or other amounts due to it as well as any tax liabilities under the SMARTfund ISA and any additional expenses incurred in terminating the SMARTfund ISA.

## 8. Switching

- 8.1 You may instruct The Manager to sell all or part of your Investment(s) held in a SMARTfund ISA and either to reinvest the proceeds in other SMARTfunds, or to hold the proceeds temporarily

in cash. Any such SMARTfund Unit(s) or cash will still be held within your SMARTfund ISA but no [interest will be paid on any such amounts.

- 8.2 If you switch from one Investment to another, or sell all or part of your Investment(s), you will receive a notice confirming your transaction after it has been completed.

## 9. Withdrawals

- 9.1 You may, by request in writing to the Manager, make cash withdrawals from your SMARTfund ISA. You may also by request in writing transfer Unit(s) in any SMARTfunds held out of your SMARTfund ISA so that they are registered in your name but any Unit(s) transferred in this way will cease to benefit from any tax reliefs relating to your SMARTfund ISA.
- 9.2 The amount of requested cash withdrawal will be met by selling all or part of your Investment held in your SMARTfund ISA or (if applicable) returning cash held in your SMARTfund ISA. Unless you give the Manager instructions with your withdrawal request, the Manager will have discretion to choose which Investment(s) to sell. Payment will be made to you in accordance with these Terms – see clauses 12.9 to 12.12 of Section 2 in particular.
- 9.3 The minimum cash withdrawal from a SMARTfund ISA is £1,000 and the Investments remaining in your SMARTfund ISA after a withdrawal must have a minimum value of £1,000 (failing which the Manager may treat your request as an instruction to terminate your SMARTfund ISA and withdraw the proceeds in cash).
- 9.4 The Manager may at its discretion reduce or waive the minimum withdrawal and holding amounts for any SMARTfund ISA.

## 10. Charges

*See also "Charges" in Section 2 and relevant Key Features*

- 10.1 Individual SMARTfunds which you invest in and hold in your SMARTfund ISA have charges that will continue to apply. For actual charges as they apply to individual SMARTfunds, please refer to the relevant Key Features.
- 10.2 The Manager may at its discretion reduce or waive the rates or amounts of its charges for any SMARTfund within a SMARTfund ISA.
- 10.3 The Manager shall be entitled to deduct and retain all charges payable under these Terms and may apply any cash or sell any Investments to pay such charges or to pay any tax or other liabilities under your SMARTfund ISA.

### Initial Charge

- 10.4 Initial charges are payable both on the investment of cash in a SMARTfund ISA opened with the Manager and an existing ISA transferred (whether in cash or otherwise) to the Manager from a former ISA manager. In the latter case, the initial

charge will be deducted from the amount or value transferred.

- 10.5 The initial charges for each SMARTfund are as specified in the Key Features.

### Switching Charge

- 10.6 The Manager does not currently levy on switching any SMARTfund. However, if you switch into a SMARTfund for which there is an initial charge on purchase, normal initial charges will apply.

### Management Fees

- 10.7 The annual management charges for each SMARTfund are as specified in the Key Features.

## 11. Termination

- 11.1 You may terminate your SMARTfund ISA by giving notice in writing to the Manager which will be effective on receipt but will not affect transactions already initiated.
- 11.2 The Manager may terminate your SMARTfund ISA by giving you one month's notice in writing. If it becomes impractical or impossible to comply with the ISA Regulations, the Manager may terminate your SMARTfund ISA immediately. If this happens, you will be notified in writing.
- 11.3 When a SMARTfund ISA is terminated, the Manager will sell the Investments held in your SMARTfund ISA and pay you the proceeds together with any cash balance held in the SMARTfund ISA. Alternatively, the Manager may transfer into your name any SMARTfunds previously held in your ISA for you to hold them as an Investment outside an ISA. The Manager may deduct any charges or other amounts due to it, any tax liabilities under the ISA, and any additional expenses incurred in terminating the SMARTfund ISA.
- 11.4 Your SMARTfund ISA ceases to be exempt from tax on your death and will terminate. The Manager will reinvest any income received after your death and any previous election to be paid income will lapse.
- 11.5 When informed of your death, the Manager will close your SMARTfund ISA but continue to hold

the Investments previously held in it until the original or a sealed office copy of the grant of representation is received. The value of the Investments will continue to fluctuate during this period. The Manager will then seek instructions from your personal representative(s).

- 11.6 These Terms are binding on your personal representative(s).

## 12. Transfers to another ISA manager

- 12.1 You may instruct the Manager to transfer to another approved ISA manager all or part of the Investments held in your SMARTfund ISA subject to and in accordance with the ISA Regulations. You may specify a time period for processing the transfer but this must not be less than 14 days from the Manager's receipt of your request. The Manager will process the transfer within the period you specify and in any event within 30 days of receipt of your instruction.
- 12.2 Only cash may be transferred, and the Manager will convert the Investments held in your SMARTfund ISA into cash after agreeing the transfer with the new ISA manager. The Manager reserves the right to levy a charge in respect of a transfer to another ISA manager and may deduct from the transfer amount any sums due to it in respect of that charge or otherwise.
- 12.3 In the case of a partial transfer, the Investments remaining in your SMARTfund ISA after the transfer must have a minimum value of £1,000 failing which the Manager may treat your request as an instruction to transfer the whole of your SMARTfund ISA.
- 12.4 The Manager may at its discretion reduce or waive the minimum holding amounts for any SMARTfund ISA.
- 12.5 The Manager may appoint another company within its group to be the ISA manager of your SMARTfund ISA under these Terms. If it does so, the Manager will give you not less than one months notice. Any appointed company will be approved to act as an ISA manager under the ISA Regulations.



**SMARTfund Administration Limited**  
**PO Box 60294 Floor 6, London, EC2P 2DL**

**Tel: 0844 801 0700 Fax: 020 7562 2451**  
**[www.smartfund.co.uk](http://www.smartfund.co.uk)**

**Authorised and regulated by the Financial Services Authority**  
**whose address is 25 The North Colonnade, Canary Wharf, London E14 5HS.**