

## Key Features of the FundsNetwork ISA and FundsNetwork investment fund account

### What is the purpose of this document?

To give you a summary of information to help you decide if you want to invest in one or more of the funds in FundsNetwork's range.

You should read it alongside the fund-specific KFD tables, which provide more information about the objectives and charges of each fund.

The Financial Services Authority is the independent financial services regulator. It requires us, FundsNetwork, to give you this important information to help you to decide whether our ISA and/or investment fund account 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.

This document is divided into 9 sections.

1. Aims
2. Your commitment
3. Risks
4. What are the charges and expenses?
5. How will the charges and expenses affect what I might get back?
6. Will I receive an income from my investment?
7. What about tax?
8. Investing with FundsNetwork
9. Additional investor information
  - Account opening
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### What type of funds does FundsNetwork offer?

FundsNetwork offers three types of investment fund.

Unit trust: a UK-based investment product that is divided into units.

OEIC (Open Ended Investment Company): A different type of investment product that is divided into shares. Most OEICs are UK-based, although JO Hambro Continental European Fund, European Fund, European Select Values Fund, Japan Fund, UK Growth Fund and US Opportunities Fund are established in Dublin.

SICAV (Societe d'Investissement a Capital Variable): an investment product established in Luxembourg.

You can invest by buying units or shares in one or more of the funds. When considering investing, diversifying your portfolio can help reduce the overall risk of your investments.

Each fund is different and some will suit your needs better than others. To be confident that you are investing in the funds that are right for you, please read this document along with the accompanying KFD inserts carefully and compare the funds available.

Please note that we are not able to provide advice and therefore cannot assess the suitability or appropriateness of investments held for you or other services provided to you by FundsNetwork. This means you do not benefit from the rules of the Financial Services Authority on assessing suitability or appropriateness. If you are in any doubt about the suitability of investments or services you may acquire through FundsNetwork, we recommend you consult an authorised financial adviser.

### 1. Aims

The aims of each fund are listed in the accompanying KFD inserts.

### 2. Your commitment

To invest at least £1000 in each fund you choose (with the exception of the ones listed below), or £50 per fund if you are making regular monthly savings. Additional lump sum investments can normally be made from £250 per fund.

- The following funds have a lower minimum of £500 for the initial lump sum, all funds in Fidelity's MoneyBuilder range, Standard Life Global Advantage, Virgin Income Trust, Virgin UK Index Tracking Trust.
- Most of Fidelity's range of SICAV funds have a higher minimum of £1,500 for the initial lump sum and £500 for any additional lump sums when you invest outside an ISA
- The Fidelity Portfolio Selector (FPS) funds have a higher minimum of £4,000 for the initial lump sum

To tell us if you change your address. If you move abroad then we may need to place restrictions on your account, which could affect your ability to make additional investments or switch funds within your account.

### 3. Risks

Any investment carries an element of risk. You should be aware of the following risks which relate to some or all of the funds available from FundsNetwork.

#### All funds

- The value of your investment and the income from them can go down as well as up. You may not get back the amount you invested.
- What you get back is not guaranteed. It will depend on investment performance.
- External factors can cause an entire asset class to fall in value – in other words the value of all shares or all bonds could fall at the same time. This is called a market risk.
- Inflation will affect the future buying power of your investment. If your investment grows by less than rate of inflation it will have less buying power in the future.
- If you make regular withdrawals from your investment or sell units or shares to pay for your adviser's remuneration, this will reduce your capital over time if the fund's growth does not compensate for the withdrawals.
- Tax rules may change in the future. We cannot guarantee that all funds will remain eligible for ISAs.

#### Certain types of fund only

- If the main aim of the fund you choose is to produce income, there is little prospect of any real capital growth if that income is paid out instead of being reinvested.
- If the fund you choose invests in sub-investment grade bonds, these may produce a higher level of income than 'investment-grade' bonds but at greater risk to your capital.
- If the fund you choose invests in bonds, cash or other money-market instruments there is a risk that the issuer may default. The likelihood of this happening will depend on the credit-worthiness of the issuer. The risk of default is usually highest with bonds that are classed as sub-investment grade.
- Some funds take their annual management charge from your capital, and not from the income generated by the fund. This means that any

capital growth in the fund will be reduced by the charge. And, your capital may reduce over time if the fund's growth does not compensate for it. Please refer to the accompanying KFD inserts to see whether charges are taken from income or capital.

- If the fund you choose invests in overseas markets, changes in currency exchange rates will affect the value of your investment.
- If the fund you choose invests some or all of its assets in developing overseas markets, it will carry a higher risk than investing in larger, more established markets. Investments in emerging markets are likely to experience greater rises and falls in value and there may be trading difficulties.
- If the fund you choose invests in Africa, it may be affected by expropriation by the state, social or political instability, or other restrictions on the freedom of the fund to deal in its investments. The proceeds from the sale of a security, or dividend or other income that is due to foreign investors may not be payable, in full or in part, due to governmental or other restrictions. There may be delays in settlement and/or uncertainty in relation to the ownership of a Fund's investments. Any of the above restrictions may lead to investment losses. In certain circumstances, your right to sell or switch shares may be suspended. This will mean that you do not have access to your money.
- If the fund you choose only invests in a specific sector, it can have a narrow focus, which means it will be more risky than funds investing broadly across markets.
- Each of the sub-funds within an OEIC is operated as a separate entity with its own assets and liabilities. However, if the liabilities of one fund were to exceed its assets, the other funds within the scheme might have to transfer across money to cover the liabilities. This means the fund you invest in may be worth less if it has to transfer money to another fund.
- If the fund you choose invests directly in property and land, there may be a delay in acting on instructions to sell your holding because these assets can be difficult to sell. The value of property is generally a matter of a valuer's opinion rather than fact.
- If the fund you choose offers an element of protection against major stockmarket falls, this may be achieved by investing some of the fund in financial products known as derivatives. The fund may not be able to take full advantage of any rises in the stockmarket, because of the cost of protection. The level of protection will vary between funds and is not necessarily guaranteed.
- For some funds, derivatives and forward transactions may be used for specific investment purposes, as well as for hedging and other efficient management purposes as permitted for all funds. Where this is the case, their use may lead to greater swings in the fund's share price.
- If the fund you choose uses derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. The creditworthiness of counterparties is often assessed as part of the fund manager's risk management process.
- If a fund uses derivatives to create short exposure, while there is the potential for a gain to be made when the underlying securities are falling in value there is also the risk of loss when the underlying is rising in value. This means that the fund's performance will be less closely related to the performance of the type of assets in which it will ordinarily invest.
- If the fund you choose invests more heavily than others in smaller companies, this can carry a higher risk because their share prices may go up and down more than those of larger companies.
- If the fund you choose invests in unregulated Collective Investment Schemes, it can involve a higher degree of risk as these schemes are not regulated by the FSA. The schemes may be priced less frequently than a regulated fund, meaning that price swings may be more frequent

- If the fund you choose is able to borrow heavily, or invests in other funds that do so, that borrowing can result in changes to the fund's price that are significantly bigger than any changes in the prices of its underlying assets. There could be large and sudden falls in value, and it is possible that you will not get back any of your investment.
- If you choose a cash or currency fund, the value of the fund may be affected if any of the institutions with which cash is deposited becomes insolvent or experiences other financial difficulties.

### Fund-specific risks

#### *First State Global Listed Infrastructure Fund*

- Investments in new infrastructure projects during the construction phase are likely to retain some residual risk that the project will not be completed within budget, within the agreed timeframe or to the agreed specifications. The operations of infrastructure projects are exposed to unplanned interruptions caused by significant catastrophic events, such as cyclones, earthquakes, landslides, floods, explosion, fire, terrorist attack, major plant breakdown, pipeline or electricity line rupture or other disaster. Operational disruption, as well as supply disruption, could adversely impact the cashflows available from these assets.
- National and local environmental laws and regulations affect the operations of infrastructure projects. Standards are set by these laws and regulations are imposed regarding certain aspects of health and environmental quality, and they provide for penalties and other liabilities for the violation of such standards, and establish, in certain circumstances, obligations to remediate and rehabilitate current and former facilities and locations where operations are, or were, conducted. These laws and regulations may have a detrimental impact on the financial performance of infrastructure projects.

## Questions and answers

### 4. What are the charges and expenses?

They are summarised in the accompanying KFD inserts. There are different types of charges to be aware of.

#### Transaction charges

The amount paid when investing or cashing in your share in your fund.

##### Initial charge

- This is a percentage of your initial investment.
- Income is not subject to an initial charge when reinvested.

##### Switching fee

- If you are switching between funds rather than making a new investment, you will normally pay a switching fee of 0.25% instead of the initial charge. This will also be the case if you are moving money from ISA Cash Park into a fund.
- If you are switching into a fund with no initial charge, then there will be no switching fee.
- For investment fund accounts, if you are switching from a fund with no initial charge then when you first switch into a fund that does have one you will pay the initial charge rather than the switching fee.
- If initial commission is paid to your adviser then this will be deducted from your investment in addition to the switching fee.

##### Additional bid-offer spread

- Some funds are dual-priced, which means you will receive a different price depending on whether you are buying shares or selling them.
- The offer price is the price you pay for shares in a dual-priced fund. It is usually higher than the price you can sell them for (the bid price).
- The bid-offer spread is the difference between the buying and selling price, and includes any initial charge.

- We refer to any spread over and above the fund's initial charge as the "additional bid-offer spread". It has a similar effect to the initial charge.
- The actual amount will depend on the fund you have chosen, but typically is between 0% and 2% for dual-priced funds available through FundsNetwork.
- You can find out what the current additional bid-offer spread is for a fund by calling us on 08457 100 456.

#### Exit charge

- Currently there is no exit charge for cashing in any of our funds.

#### Dilution

- Where a fund is single-priced unusually high levels of buying and selling may increase the fund's dealing costs and affect the value of its assets. This is known as 'dilution'.
- To protect the interests of the majority of investors, the fund provider may charge a dilution levy on certain large purchases or sales.
- Alternatively, the fund provider may make a dilution adjustment to the price of shares. On days when there are net inflows to a fund, any dilution adjustment will have the effect of increasing the share price for all deals placed on that day. On days when there are net outflows from a fund, any dilution adjustment will have the effect of reducing the share price.
- Further details are available from FundsNetwork on request.

### Annual operating expenses

The amount paid out of your fund each year. These expenses are either paid out of the income produced by the funds, or out of the fund's capital value.

#### AMC (annual management charge)

- This is a charge for the ongoing management of the fund.
- For T Bailey Growth Fund Lite, the AMC shown is the maximum amount that will be charged. T Bailey have capped the total annual charges (ie the sum of the AMC and the additional expenses) for this fund and if necessary will reduce the amount of AMC that they take to ensure that annual charges do not exceed this cap. The cap is either 0.99% or 1.49%, depending on the share class you choose. Please be aware that this fund is only currently available to clients who have a financial adviser.
- The AMC for Gartmore European Focus, Global Focus and UK Alpha funds is 2%. However, at the end of each month, if the fund has failed to perform within the top 25% of investment returns in its sector (based on a twelve month rolling period) part of this fee will be rebated back to the fund. This rebate will reduce the management fee for a one month period to an effective annual management fee of 1.25%.

#### Other annual expenses

- These are based on historic expenses, or estimated at launch for new funds.
- They include costs such as audit/legal fees and registration costs.
- In future years expenses may be higher or lower.

#### Performance fee

- This is taken from the fund by the fund provider, in addition to the Annual Management Charge, if the fund exceeds a set performance target.
- The fee is shown as an annual percentage of any returns the fund achieves above that performance target. Unless otherwise stated, there is no maximum limit on the performance fee.
- Typically the performance target will relate to the fund outperforming a target rate or benchmark, however the precise calculation method will vary depending on the fund. For some funds a performance fee may apply even if the fund falls in value.

- It is important that you understand how this charge will apply to your chosen fund. We strongly recommend that you refer to the fund's Simplified Prospectus for full details of how a performance fee is calculated. This can be found in the Related Documents section of the fund factsheets on our website [www.fidelity.co.uk](http://www.fidelity.co.uk), or alternatively you can request a copy by calling us on 08457 100 456

- This type of charge applies to the following funds:

Aegon UK Equity Absolute Return Fund Acc: 20% outperformance

Aviva UK Absolute Return Fund: 15%

Baring Global Agriculture Fund: 15%

Blackrock European Absolute Alpha Fund and Blackrock UK Absolute Alpha Fund: 20%

Cazenove UK Absolute Target Fund: 20%

All JO Hambro funds: 15%

Gartmore Japan Absolute Return Fund and UK Absolute Return Fund: 20%

GLG UK Select Fund: 20%

Ignis Argonaut European Absolute Return Fund: 20%

Investec Enhanced Natural Resources Fund: 20%, up to a maximum of 6% per year.

Jupiter International Financials Fund and Jupiter Absolute Return Fund: 15%

Legal & General MultiManager Balanced, MultiManager Income and MultiManager Growth funds: 20%, up to a maximum of 1% per year

Liontrust European Absolute Return Fund: 20%

CF Miton Arcturus Fund: 10%

CF Octopus Absolute UK Equity Fund and UK Micro Cap Growth Fund: 20%

Schroder ISF Global Equity Alpha Fund: 15%

SVM Global Opportunities Fund: 10%

SVM UK Absolute Alpha fund: 20%

SWIP Multi-Manager Optimal Multi-Asset Fund: 15%

Threadneedle UK Accelerando Fund: 20%

Virgin Climate Change Fund: 20%

### What will FundsNetwork receive from the provider of my chosen funds?

- FundsNetwork receives a distribution fee from fund providers in respect of all funds purchased and held on the platform. This is part of the fund provider's annual management charge for the fund
- This does not affect the total amount you pay as your fund annual management charge.
- We may pass part of this fee on to your adviser as commission. The remainder is retained to cover our costs, including the administration of your account.
- The amount retained varies according to the type of fund and the annual management charge applied, but is usually up to 0.25% per year of the value of your fund.
- For example, if you invested £10,000 and the fund value did not change, we would typically receive a distribution fee of £25 per year
- FundsNetwork also receives an annual fund registration fee from fund providers in respect of each fund available on the platform. This is to cover certain administration costs. The amount may vary but is typically £600 per fund per year.
- Additionally FundsNetwork may receive non-monetary benefits from fund providers, such as invitations to business-related events. We can provide you with full details of benefits received from the provider of your chosen funds on request.

### 5. How will the charges and expenses affect what I might get back?

- The total charges deducted for each fund will reduce what you get back from your investment.
- You could get back less than you invested if the investment performance is less than the charges.
- Performance can't be guaranteed but if we assume a growth rate for each fund we can give you examples of how the charges will affect what you might get back. Fund-specific examples can be found in the accompanying KFD inserts.
- We have assumed that your money grows at 6% (7% inside an ISA ). This is not guaranteed.
- We have assumed a lower growth rate for funds that invest mainly in cash as they are generally likely to grow by less each year than funds investing in the stockmarket.
- Unless otherwise stated, we have assumed that no performance fee will apply.
  - For Aviva UK Absolute Return Fund, we have assumed that a performance fee will apply, consistent with the assumed growth rate.
  - For Cazenove UK Absolute Target, we have assumed that a performance fee will apply, consistent with the assumed growth rate.
  - For Ignis Argonaut European Absolute Return, we have assumed that a performance fee will apply if the fund grows by more than 5% per year after charges.
- For most funds, charges are updated at least six-monthly.
- For Fidelity funds, annual charges are based on the last annual report.

### Growth Funds (for illustrative purposes only)

Fid FIF MoneyBuilder UK Index Fund						
Maximum Initial Charges inside ISA	Maximum Initial Charges outside ISA	Annual Charges	Other Charges	Effect of Deductions p.a. inside ISA	Effect of Deductions p.a. outside ISA	Charges levied against
0.00%	0.00%	0.10%	0.17%	From 7.00% to 6.71%	From 6.00% to 5.71%	Income
ACD/Manager			Depository/Trustee			
FIL Investment Services (UK) Limited			J.P.Morgan Trustee and Depository Company Limited			

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

At end of year	Investment to date	Effect of Deductions to date	What you might get back at 7.00%
1	£1,000	£3	£1,060
3		£10	£1,210
5		£19	£1,380
10		£52	£1,910

In this example, charges would reduce the amount your investment grows by each year by 0.3%. Putting it another way, this would have the effect of bringing the illustrated investment growth down from 7.0% to 6.7%.

An example of the effect of charges and expenses on an investment directly into the fund

At end of year	Investment to date	Effect of Deductions to date	What you might get back at 6.00%
1	£1,000	£3	£1,050
3		£10	£1,180
5		£18	£1,320
10		£48	£1,740

In this example, charges would reduce the amount your investment grows by each year by 0.3%. Putting it another way, this would have the effect of bringing the illustrated investment growth down from 6.0% to 5.7%.

### Income Funds (for illustrative purposes only)

Fid FIF Income Plus Fund						
Maximum Initial Charges inside ISA	Maximum Initial Charges outside ISA	Annual Charges	Other Charges	Effect of Deductions p.a. inside ISA	Effect of Deductions p.a. outside ISA	Charges levied against
3.50%	3.50%	1.00%	0.17%	From 7.00% to 5.38%	From 6.00% to 4.39%	Capital
ACD/Manager			Depository/Trustee			
FIL Investment Services (UK) Limited			J.P.Morgan Trustee and Depository Company Limited			

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

At end of year	Investment to date	Effect of Deductions to date	What you might get back at 7.00%
1	£1,000	£49	£1,020
3		£84	£1,140
5		£126	£1,270
10		£279	£1,680

In this example, charges would reduce the amount your investment grows by each year by 1.6%. Putting it another way, this would have the effect of bringing the illustrated investment growth down from 7.0% to 5.4%.

An example of the effect of charges and expenses on an investment directly into the fund

At end of year	Investment to date	Effect of Deductions to date	What you might get back at 6.00%
1	£1,000	£49	£1,010
3		£81	£1,110
5		£120	£1,210
10		£254	£1,530

In this example, charges would reduce the amount your investment grows by each year by 1.6%. Putting it another way, this would have the effect of bringing the illustrated investment growth down from 6.0% to 4.4%.

### Cash Funds (for illustrative purposes only)

Fid MoneyBuilder Cash ISA Fund						
Maximum Initial Charges inside ISA	Maximum Initial Charges outside ISA	Annual Charges	Other Charges	Effect of Deductions p.a. inside ISA	Effect of Deductions p.a. outside ISA	Charges levied against
0.00%	0.00%	0.40%	0.00%	From 4.00% to 3.58%	From 3.00% to 2.59%	Income
ACD/Manager			Depository/Trustee			
FIL Investment Services (UK) Limited			J.P.Morgan Trustee and Depository Company Limited			

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

At end of year	Investment to date	Effect of Deductions to date	What you might get back at 4.00%
1	£1,000	£4	£1,030
3		£13	£1,110
5		£24	£1,190
10		£58	£1,420

In this example, charges would reduce the amount your investment grows by each year by 0.4%. Putting it another way, this would have the effect of bringing the illustrated investment growth down from 4.0% to 3.6%.

An example of the effect of charges and expenses on an investment directly into the fund

At end of year	Investment to date	Effect of Deductions to date	What you might get back at 3.00%
1	£1,000	£4	£1,020
3		£13	£1,080
5		£23	£1,130
10		£53	£1,290

In this example, charges would reduce the amount your investment grows by each year by 0.4%. Putting it another way, this would have the effect of bringing the illustrated investment growth down from 3.0% to 2.6%.

### 6. Will I receive an income from my investment?

- If you invest in an 'accumulation' fund, you will not receive an income payment from your investment. Any income generated will increase the share price of your fund.
- If you invest in an 'income' fund, in most cases any income from the fund will automatically be re-invested unless you tell us that you want to have it paid out to you.
- Some 'income' funds - for example many of Fidelity's SICAV funds - do not offer the option of having income paid out to you. It will automatically be reinvested.
- FundsNetwork will usually make income payments within ten days of receiving any distribution from the fund provider. Before the income is

paid out, it is held in a cash account and you will not receive any interest on it

- Payment is made by direct credit to your bank/building society account. You will need to complete an income mandate form.
- You can find out how often your chosen fund pays out an income, and when it will be paid, by calling us on 08457 100 456. We can also tell you the current yield for the funds.

#### ISA accounts

- ISA accounts make monthly income payments.
- These payments will include any income paid by the funds within your ISA during the previous month. The fund distribution dates will remain the same, however, the exact date on which the income is paid out may be different if you hold the funds within an ISA.
- If some of the funds in your ISA only pay income quarterly or twice a year, rather than monthly, the size of the income payments from your ISA will vary more noticeably from month to month. In some months, there may not be an income payment at all.
- Before the income is paid out from your ISA, it is held in a cash account and you will not receive any interest on it.

## 7. What about tax?

### Fund taxation

#### UK OEICs and authorised unit trusts

- Each fund is exempt from United Kingdom tax on capital gains realised on the disposal of investments held within them.
- Dividends from United Kingdom companies are received with a tax credit and no further tax is payable by the fund on that income.
- Funds will each be subject to corporation tax at 20% on the net chargeable income after deducting allowable expenses

#### Luxembourg based SICAVs

- Funds are not subject to any taxes in Luxembourg on income or capital gains.
- However, they are subject to a "taxe d'abonnement" at a rate of 0.05% per annum (0.01% for cash and currency funds) based on the net asset value of the Fund.

#### Dublin based OEICs

- In general, the funds are not subject to Irish tax on their relevant income or gains.

### Investor taxation

#### UK OEICs and authorised unit trusts

- You may be liable to capital gains tax on the sale of your shares if your total chargeable gains and losses in a tax year exceed the annual exemption.
- Stamp Duty Reserve Tax (SDRT) could be chargeable on the value of surrenders and transfers in the fund. The rate of SDRT is 0.5%.
- Income is distributed in the form of either dividend or interest distributions, depending on the type of fund you have chosen.
- Your tax position is the same whether your distribution is re-invested or paid to you.

#### Dividend distributions

- If you are a basic-rate taxpayer, there will be no further UK income tax to pay.
- Non-taxpayers cannot reclaim the tax credit on dividend income. If you are a higher-rate taxpayer, you will be liable to further tax on the grossed up dividend depending on your individual circumstances.

#### Interest distributions

- Interest distributions are paid after deduction of income tax at a rate of 20%. If you are a basic-rate taxpayer, there will be no further UK

income tax to pay.

- Non-taxpayers can reclaim the tax deducted from HM Revenue & Customs.
- If you are a higher-rate taxpayer, you will be liable to a further 20% tax on the grossed up distribution.

#### Luxembourg SICAVs and Dublin-based OEICs

There are currently two taxation regimes in operation for offshore funds; distributing and reporting. For further details of which regime is applicable to individual offshore funds please contact Fidelity directly.

#### Distributing / non-distributing funds

- Distributions before 22 April 2009 are deemed to be paid gross, i.e. without the deduction of any tax. UK investors will be taxed on this gross income as overseas dividends, at the relevant rate of income or corporation tax.
- Distributions on or after 22 April 2009 are subject to different tax treatments in the hands of investors according to whether the fund satisfies the 'qualifying investments test' during the accounting period to which the distribution relates.
- The qualifying investment test is satisfied if the proportion of the assets of the fund invested in 'debt-related securities' (e.g. bonds and other instruments which generate a return in the form of 'interest') did not exceed 60% at any time during the accounting period to which the distribution relates.
- Taxation of investors who are individuals resident / ordinarily resident and domiciled in the UK:
  - Where a fund has satisfied the qualifying investments test, distributions on or after 22 April 2009 are deemed to be paid net in the same way as UK dividends i.e. subject to a notional tax credit of 1/9th of the actual distribution, which may be offset against the income tax payable by the investor at the appropriate rate.
  - Where a fund has failed the qualifying investments test, distributions on or after 22 April 2009 are treated as interest income and subject to income tax at the appropriate rate.
- Investors who fall within the charge to UK corporation tax will generally be exempt from tax on foreign dividends paid on or after 1 July 2009. However, if the fund making the distribution fails the qualifying investments test for the relevant accounting period, the distribution will be treated as interest income in the hands of corporate investors and subject to tax accordingly.
- If you sell shares in an offshore fund which has been certified by HMRC as a 'distributing fund' throughout the period you held the shares, the same capital gains rules apply as for UK OEICs and Unit Trusts.
- However, if you sell shares in a fund which has not been certified as a distributing fund, the gain will be liable to corporation or income tax as an offshore income gain rather than to capital gains tax.
- Investors who are uncertain about the impact of offshore investment with regard to their personal circumstances should seek professional advice.

#### Reporting / non-reporting funds

- Investors which hold shares in a fund which has been certified by HMRC as 'reporting fund' will be subject to tax on the greater of any actual cash distribution received or the 'total reportable income' attributable to their holding for the relevant accounting period. If you sell shares in an offshore fund which has been certified by HMRC as a 'reporting fund', the same capital gains rules apply as for UK OEICs and Unit Trusts (with a deduction for any amounts already taxed as 'reportable income').
- Investors holding shares in non-reporting funds will be subject to income tax only to the extent that they receive cash distributions from the fund. However, if you sell shares in a fund which has not been certified as a reporting fund, the gain will be liable to corporation or

income tax as an offshore income gain rather than to capital gains tax.

- Distributions from offshore funds (whether reporting funds or not) are subject to different tax treatments in the hands of investors according to whether the fund satisfies the 'qualifying investments test' during the accounting period to which the distribution relates.
- The qualifying investment test is satisfied if the proportion of the assets of the fund invested in 'debt-related securities' (e.g. bonds and other instruments which generate a return in the form of 'interest') did not exceed 60% at any time during the accounting period to which the distribution relates.
- Taxation of investors who are individuals resident / ordinarily resident and domiciled in the UK:
  - Where a fund has satisfied the qualifying investments test, distributions are deemed to be paid net in the same way as UK dividends i.e. subject to a notional tax credit of 1/9th of the actual distribution, which may be offset against the income tax payable by the investor at the appropriate rate.
  - Where a fund has failed the qualifying investments test, distributions are treated as interest income and subject to income tax at the appropriate rate.
- Investors who fall within the charge to UK corporation tax will generally be exempt from tax on foreign dividends. However, if the fund making the distribution fails the qualifying investments test for the relevant accounting period, the distribution will be treated as interest income in the hands of corporate investors and subject to tax accordingly.
- Investors who are uncertain about the impact of offshore investment with regard to their personal circumstances should seek professional advice.

#### ISA accounts

- You don't currently have to pay any UK income or capital gains tax on income or growth within your ISA and you don't need to mention ISA investments on your tax return. However, you cannot reclaim the tax credit on dividend distributions.
- Remember that tax rules may change, so these benefits may not be maintained in future years.

## 8. Investing with Fidelity

### How do I pay for my investment?

#### Lump sum investments

- You can pay for your investments by cheque, debit card, or by using money held in your CashManager Account.
- Personal cheques should be made payable to Fidelity. The account name on the cheque must be the same name as the person who is making the investment - we do not accept third-party cheques on any investments.
- Banker's drafts or building society cheques must be endorsed by the bank or building society with its stamp and your name and address on the back of the cheque.
- Unless you are buying funds online where payment must be in sterling, you can also pay for investments in Fidelity's SICAV funds in a currency other than sterling. In this case, payment should be by bank transfer net of all bank charges. FundsNetwork can give you details of the bank account to use.
- If you want to pay for your investments from your CashManager Account, you should send us your instruction in writing, quoting your CashManager Account Number and clearly state that you want to use money from this account to pay for your investment. If you are making your first investment into an ISA or investment funds account, you will also need to complete the relevant application form. Please note that this type of transaction is treated as a new purchase rather than a switch.

- You can make additional investments by post, online or over the phone (see contact details at the end). Additional investments that are paid for from your CashManager account can only be made in writing.
- For funds with a limited number of shares available for sale, you may not be able to make additional investments.
- Once those shares have all been purchased, investors will not be able to make further investments unless the fund manager decides to issue further shares. FundsNetwork may decide to stop accepting new investments into a fund before the issue limit has been reached.
- JPM UK Focus Fund will initially only issue 1000,000,000 shares.

#### Monthly savings plans

- You will need to complete the direct debit mandate section of the application form if you want to open a monthly savings plan. We will tell you when the direct debit has been set up and the date we will collect your payment each month.
- If you would like to set up a monthly savings plan for an existing investment you can call us on 08457 100456 to request a form.
- You can increase, decrease (subject to our minimum) or stop your monthly contributions at any time - all you have to do is give us 5 business days' notice.

### What documentation will I receive after I invest?

- For lump sum investments you will be sent a confirmation note showing details of your purchase.
- If you set up a monthly savings plan, you will receive a letter confirming that the plan has been set up and the monthly collection date. We will not send you confirmation of each monthly investment after that, although full details will appear on your statements.
- FundsNetwork does not issue share certificates, so you should keep this safe as a record of your transaction.
- We will also send you a statement and valuation at least annually.

### Can I cancel my investment?

- You may cancel your investment if you are a resident of the United Kingdom (which doesn't include the Channel Islands or the Isle of Man) and make a new investment or switch funds as a result of receiving investment advice. FundsNetwork does not give investment advice. We will assume that you have not received advice from anyone else unless you tell us that you have.
- For monthly savings plans and ISA Phased deals the right to cancel will only apply to the initial investment.
- You have a 14 calendar day period in which you may cancel your investment, which starts when the deal is placed.
- If you decide to cancel your investment, we will repay any money paid minus the amount, if any, by which the value of your investment has fallen. For higher-risk funds any fall in the value of the investment could be substantial. You will have to repay any amounts already paid to you under the contract.
- If you decide not to exercise your right to cancel, you will still be able to withdraw your money whenever you want. However, we will not refund any charges you have paid.

### How do I cancel my investment?

- If you want to cancel, you should write to Cancellations Department, Fidelity International, Oakhill House, 130 Tonbridge Road, Hildenborough, Kent, TN11 9DZ, giving details of the investment that you would like to cancel. You must include the deal/transaction reference as specified on your confirmation of transaction.

#### New Investments

- If your subscription was paid by debit card then cancellation monies will be refunded back to the same card. All other cancellation payments will be electronic transfer to bank details that you have provided to us previously or by cheque payable to yourself.

**Switches**

- A switch involves the sale of the original holding and purchase of the new holding. The right to cancel only applies to the purchase of the new holding. The sale of the original holding will still continue.
- If you cancel a switch relating to an investment fund account, we will return the proceeds of your investment back to you.
- If you cancel a switch relating to an ISA account, you'll need to tell us whether you want us to:
  - invest the proceeds into a different fund (please provide fund code and fund name), or
  - return the proceeds to you. This means that you will lose the tax benefits of the investment.
- If your instruction does not specify one of these options then the proceeds from the cancelled deal will be placed in the Fidelity ISA Cash Park pending your investment instruction. Please note that money may only be held in the ISA Cash Park on a temporary basis. HM Revenue & Customs may require us to return the cash to you if you do not invest it in stocks and shares of qualifying funds. This would mean that you would lose a proportion of your ISA allowance and the tax benefits associated with it.

**ISA transfers**

- If you are cancelling a transfer to Fidelity from another ISA Manager then you must confirm whether:
  - You require a cheque payable to your previous ISA manager. You are responsible for passing the cheque on to your previous plan manager.
  - You wish the payment to be paid to yourself. If you take this option you will lose all future tax benefits associated with the sum and cannot re-instate this into an ISA.

**Where can I find the latest prices?**

- Your investment in each fund is divided into shares. The value of your investment depends on how many shares you hold and the value of each share.
- Most funds only have a single price.
- Some funds have different prices, depending on whether you are buying or selling.
- Share prices may be obtained from our website [www.fidelity.co.uk](http://www.fidelity.co.uk) or by calling 08457 100456.
- Some of our fund prices are listed in national newspapers, however for reasons beyond our control, the published price may not be the current price.

**Can I switch from one fund to another?**

- You can move your money from one fund to another at any time after your investment has settled, which usually takes up to 7 working days.
- ISA investors can also move money between funds in the Stocks and Shares component of their ISA and the ISA Cash Park.
- Fidelity will carry out the switch transactions as soon as practicable after receiving your instruction. Switch transactions will normally be processed within the course of two consecutive business days, although a switch into the cash funds may take up to five business days.
- If you switch all of your holdings out of a fund which is part of a regular withdrawal plan, the regular withdrawal plan for this fund will be terminated. It will not automatically carry over to the new fund.
- FundsNetwork actively monitors levels of trading as short-term, or excessive trading may harm a fund's long-term performance. We may refuse to accept applications if we consider that you have a history of short-term or excessive trading, or if your trading has been or may be disruptive.

**How do I cash in my investment?**

- You can cash in all or part of your investment at any time without paying an exit penalty.
- If you would like to start a regular withdrawals plan you can call us on 08457 100456 to request a form.
- You should send your instruction to us in writing.
- We will carry out your instructions on the day we receive them provided this is before the appropriate daily dealing cut-off time. Payment is normally by direct credit to your personal bank or building society, unless prior agreement has been obtained from Fidelity for a cheque payment. Alternatively, payment can be made to your CashManager Account. Please note that payments cannot be made to third parties without prior agreement from Fidelity.
- If you would like us to pay the proceeds into your CashManager Account, your instruction should quote both your CashManager Account Number and the account number relating to the investment that you are cashing in. The instruction must clearly state the amount that you wish to redeem from your investment (quoting the fund) and that the proceeds should be paid into your CashManager Account.
- If you are redeeming an ISA account we will not proceed with the transaction until the method of payment has been confirmed and full bank details have been provided.
- Payment will be made to you within 7 business days of receiving your full and valid instructions. If a monthly saving collection takes place while processing your request, we will require a new instruction to redeem the remaining amount.
- If you are redeeming investments held outside of an ISA, once the deal is placed, payment will be made the next business day for the Fidelity Cash Fund, or after 4 business days for OEICs and other Unit Trusts, or 5 business days for Fidelity SICAVs. If you place your instruction over the telephone, payment will not be made until we receive your signed renunciation form.
- If you are investing on a monthly basis, please give us at least 5 business days to cancel your direct debit.
- You can also arrange to take regular withdrawals from your investment on a monthly, quarterly, semi-annual or annual basis. Payments will be made to your bank account within 7 business days of the specified withdrawal date. Regular withdrawals cannot currently be paid into a CashManager Account.

**What price will I get when I buy or sell shares?**

- For most funds, we will buy or sell the shares on the day we receive your instructions, so long as we get them before the dealing cut-off time.
- Fund prices are set on a forward-pricing basis, which means that you won't know in advance exactly what price you will receive.
- Unless shown in the following table, funds are priced at 12.00 noon and the cut-off point for deals is 11.00 am.
- Please note that in the event of a fund pricing more frequently than once a day, FundsNetwork will use only the provider's main valuation point. Deals received after the relevant cut-off point will get the next available price.

Fund	Pricing time	Dealing cut-off time
7IM	11.00am	4.00pm previous day
Architas	8.00am	4.00pm previous day
Aviva Investors Balanced Fund of Funds, Cautious Fund of Funds and Growth Fund of Funds	9.00am	4.00pm previous day

Aviva Investors Diversified Assets Fund, Diversified Strategy Fund and UK Index Tracking Fund.	5.00pm	4.00pm **
Other Aviva funds	12.00 noon	11.00am
AXA Global High Income Fund.	7.30am	4.00pm previous day *
Other AXA funds. NB: Excludes AXA Framlington funds	2.00pm	1.00pm **
Baillie Gifford	10.00am	4.00pm previous day *
City Financial Strategic Gilt Fund	10.00am	4.00pm previous day *
Other City Financial funds	12.00 noon	11.00am
Clerical Medical	12.00 noon	4.00pm previous day *
Fidelity - OEICs, unit trusts and recognised offshore currency funds. Exception: where an investment into Fidelity Cash Fund is paid for by cheque, instructions received before the dealing cut-off will get the next business day's price.	12.00 noon	12.00 noon
Fidelity SICAV funds (except 23 listed below)	5.00pm	5.00pm **
Fidelity ASEAN, Asia Pacific Property, Asian Special Situations, Australia, China Focus, Euro Cash, Euro Stoxx 50, Greater China, India Focus, Indonesia, Japan, Japan Advantage, Japan Dividend Growth, Japan Smaller Companies, Korea, Malaysia, MoneyBuilder European Index, Pacific, Singapore, South East Asia, Taiwan, Thailand, US Dollar Cash	5.00pm	12 noon
Fidelity - any SICAV fund held within an ISA	5.00pm	12 noon
Henderson Active Portfolio; American Portfolio; Asia Portfolio Balanced Portfolio; Cautious Portfolio; European Portfolio; Managed Portfolio and Tactical Portfolio	4.00pm	3.00pm **
Other Henderson funds	12.00 noon	11.00am
Ignis MultiManager funds	10.40pm	2.00pm **
Ignis UK Property Fund	2.00pm	1.00pm **
Other Ignis funds	12.00 noon	11.00am
J O Hambro Capital Management - Continental European, European, European Select Value, Japan, UK Growth and US Opportunities Funds	11.30am	4.00pm previous day *
J O Hambro Capital Management - other funds	12.00 noon	11.00am
L&G (Barclays)	1.00am	4.00pm previous day *
L&G Global 100 Index, Global Health & Pharmaceuticals Index, Global Technology Index, International Index, North American and US Index Trusts.	3.00pm	2.00pm **
Other L&G funds	12.00 noon	11.00am
Octopus UK Absolute Equity	7.00am	4.00pm previous day *

Octopus (All other funds)	10.00am	4.00pm previous day *
Prudential Defensive Portfolio, Cautious Growth Portfolio and Portfolio, Cautious Balanced and Adventurous Portfolio	12.00 noon	4.00pm previous day *
Psigma Balanced Managed Fund of Funds	8.00am	4.00pm previous day *
Other Psigma funds	12.00 noon	11.00am
Rensburg	2.00pm	1.00pm **
Russell	7.00am	4.00pm previous day *
Scottish Widows - except for High Income Bond Fund	8.00am	4.00pm previous day *
Scottish Widows High Income Bond Fund	2.00pm	11.00am
Standard Life	7.30am	4.00pm previous day *
SWIP High Yield Bond Fund	2.00pm	1.00pm **
SWIP Asia Pacific, European Corporate Bond, European, Global, Global SRI, Japanese, North American, Pan-European Equity, Pan-European Smaller Companies, Pan-European SRI Equity, UK Smaller Companies.	8.00am	4.00pm previous day *
SWIP - other funds	12.00 noon	11.00am
UBS Global Emerging Markets Equity Fund	2.00pm	1.00pm **
Other UBS funds	12.00 noon	11.00am
Virgin	5.00pm	4.00pm **

\* For deals received by fax, the dealing cut-off time for these funds is 12.00 noon previous day.

\*\* For deals received by fax, the dealing cut-off time for these funds is 12.00 noon.

## 9. Additional investor information

### Account opening

#### What type of shares are available?

- Many funds only offer a single class of shares.
- Some funds offer both income and accumulation shares. The way income is distributed will vary depending on the type of share. For more information, see 'Will I receive an income from my investment'
- Some funds offer a standard share class and an ISA share class. Both types have the same aim and investment policies but the charges may be different.
- Some funds offer a standard share class and a gross share class. Both types have the same aim, investment policy and charges. The gross share class is primarily for investments through an ISA. The income from this share class is paid without deducting any tax. The standard class is for investments outside an ISA.
- Some funds offer shares in different currency denominations. However, shares in currencies other than sterling cannot be held in an ISA. You should also note that not all sterling share classes can be held in an ISA.
- L&G (Barclays) MultiManager funds offer both A shares and B shares. Both types have the same aim and investment policies but the charges are different.
- You will need to make clear on your application form which shares you would like to buy.

### How can I open an account?

- You can only open an account if you are aged 18 or over and resident in the UK.
- Your first investment can usually either be by application form, by phone or online at [fidelity.co.uk](http://fidelity.co.uk).
- Investments in Fidelity's range of SICAV funds outside an ISA cannot currently be made by phone.
- If you open an investment fund account by phone or online you must also sign the registration document which accompanies your confirmation note and return it to us, otherwise you won't be able to cash in your investment or switch it to another fund.
- Contact details for applications by post are at the end of this document.
- You can also open an account by transferring an existing ISA to FundsNetwork.

### Investing in an ISA

#### What are ISAs?

- ISAs are accounts that act as "wrappers" to protect your investments from income tax and capital gains tax.
- ISAs are available to all UK residents over the age of 18.
- There are 2 different types of ISA - a Stocks and Shares ISA and a Cash ISA.
- Fidelity MoneyBuilder Cash ISA is the only FundsNetwork fund currently available through a Cash ISA.
- Other FundsNetwork funds which are eligible for ISA investment are available through a Stocks and Shares ISA.
- ISA investments will be purchased and held on your behalf in the name of a Fidelity nominee company.

#### How much can I invest in an ISA?

- You can invest a maximum of £5,100 in a Cash ISA.
- You can invest a maximum of £10,200 in our other funds within a Stocks and Shares ISA.
- You can open one Cash ISA and one Stocks and Shares ISA in each tax year. These can either be with a single ISA provider, or with 2 different ISA providers.
- If you take money out of your ISA account, you will lose that part of your ISA allowance. If you want to pay the money back into your ISA at a later date, it will count towards your annual limit.

#### Can I change my ISA account type?

- You cannot transfer money held in a FundsNetwork Stocks and Shares ISA to a FundsNetwork Cash ISA.
- You can transfer money held in a FundsNetwork Cash ISA to a FundsNetwork Stocks and Shares ISA, by completing the relevant application form and returning it to FundsNetwork.
- However, if you do so, you will not be able to move the money back into a cash fund at a later date.

#### Can I move funds held in an Investment Fund account into an ISA account?

- No. However you can instruct us to cash in your investment and use the proceeds to buy funds within an ISA.
- If you do not already have an ISA with us for the current tax year, you will also need to complete an ISA application form.
- A switching charge will apply rather than the fund's normal initial charge. For more information see 'What are the charges and expenses?'

### Can I transfer my ISA account to another company?

- You can transfer your FundsNetwork ISA to another investment company.
- Normally we will do this by selling your investments and sending the proceeds to the company as cash.
- In some cases it may be possible to transfer your ISA without selling the investments. For more information see "Reregistration" in section 9 (Additional Investor Information).
- Contact the company you want to transfer to and ask for the relevant form.

### Can I hold cash in a Stocks and Shares ISA?

- You cannot invest into cash funds within a Stocks and Shares ISA.
- However, you may temporarily hold cash within a Stocks and Shares ISA in the ISA Cash Park service.
- The ISA Cash Park service is aimed to provide temporary shelter in times of market volatility, or to secure your ISA allowance for the current tax year until you have selected suitable investments.
- Cash can only be held in a Stocks and Shares ISA for the purpose of investing in qualifying stocks and shares investments, and so the ISA Cash Park should not be seen as a longer term investment choice. HM Revenue & Customs may require us to return the cash to you if you do not invest it. This would mean you would lose that proportion of your ISA allowance and the tax benefits associated with it.
- The minimum initial lump sum investment in the ISA Cash Park is £1000. You cannot set up a monthly savings plan into ISA Cash Park.
- Money within the ISA Cash Park will be held by The Royal Bank of Scotland plc on behalf of FundsNetwork. FundsNetwork will retain some of the interest earned, typically at a rate of 0.4% of the balance. This rate may be higher depending on the total amount deposited with The Royal Bank of Scotland plc. We can provide you with full details on request.
- You will start to earn interest on the 4th business day after a deal is placed into the ISA Cash Park, at a rate of 0.4% p.a. less than the Bank of England bank rate. Interest is accrued daily and paid monthly. For the latest interest rates, please visit [www.fidelity.co.uk](http://www.fidelity.co.uk)
- You will continue to earn interest up to the day that a deal is placed to move money out of ISA Cash Park. If we receive your instruction before midday, we will place the deal that day. If we receive it after midday then the deal will be placed on the following day.
- Interest on money held in ISA Cash Park is paid net of a 20% HMRC interest charge which is not reclaimable. Higher rate tax payers are not liable for any additional charge.
- The ISA Cash Park is not available within a Cash ISA.

### Reregistration

#### What is re-registration?

- Re-registration allows you to move the administration of your funds from one company to another.
- Your funds are not sold at any point in a re-registration - you remain fully invested throughout the process.
- Re-registration to FundsNetwork is completely free of charge. In the unlikely event that a charge for re-registration is levied by your fund provider, FundsNetwork will meet this cost.

#### Can I reregister my investment with other companies to FundsNetwork?

- You can reregister most OEIC and unit trust funds that are offered by FundsNetwork. However, you cannot re-register cash funds to FundsNetwork.
- FundsNetwork also cannot accept re-registrations of ISAs that contain a cash or insurance element, or that are held with other fund

supermarkets.

### Do I have to re-register all of the funds in my account?

- For non tax-wrapped accounts, you can re-register all of your funds, or just some of them
- For funds held within an ISA, you can either reregister your current year ISA, holdings from all previous tax years, or both.
- It is possible to re-register a current year's ISA from a company and leave previous years' ISAs behind, or vice versa. However, this will not give you one of the main benefits of re-registration, which is to consolidate all of your investments in one place.
- ISAs that are re-registered retain their tax-efficient status.

### How long will the re-registration take?

- The re-registration process will normally take up to four weeks.

### How do I re-register my funds to FundsNetwork?

- You need to complete a re-registration application form and return it to FundsNetwork.
- There are separate forms depending on whether your funds are held inside or outside an ISA.
- The form includes a Letter of Authority, which you also need to sign. This gives FundsNetwork permission to approach your current investment company.

### What documentation will I receive?

- We will send you a letter of acknowledgement as soon as we receive your application form.
- When the re-registration process is completed you will receive a Confirmation of Transaction detailing your holdings on the day they were re-registered.
- Fidelity does not issue share certificates or unit trust certificates, so you should keep acknowledgement letters and Confirmations of Transactions for your records.
- Once you have received confirmation that your funds have been re-registered you can then top up, switch and redeem your investments in the usual way.

### Can I change my mind about a re-registration?

- You have a 14-day period in which you may cancel a re-registration, whether or not you have received advice about it.
- The 14-day period starts when FundsNetwork receives your re-registration application.
- If you want to cancel, you should write to Fidelity, Oakhill House, 130 Tonbridge Road, Hildenborough, Kent, TN11 9DZ, stating that you wish to cancel the re-registration of your funds to FundsNetwork.
- If possible, we will stop the re-registration process, so that your investments remain with your previous fund manager.
- However, if the re-registration process cannot be stopped, or has been completed before we receive your cancellation instruction, we cannot re-register the funds back to your old company. If this is the case we will contact you for more information.
- For ISA investments, if you want to cancel the reregistration to FundsNetwork but would like your investments to keep their tax-efficient status, you may have the option of transferring it back to your original manager.
- Alternatively you may ask us to sell your investments and return the proceeds to you. However, for ISA investments this means that you will lose the tax benefits of the account.
- In the case of an ISA from the current tax year, you would then not be able to an ISA of that type with another manager until the following tax year.

### Can I re-register my FundsNetwork investments to another fund supermarket?

- Re-registration to another fund supermarket is not available for funds that are held in an ISA account.
- Other funds may be re-registered subject to a minimum investment value of £40,000. Contact the company you want to re-register to and ask for the relevant form.
- Once we receive notice of the re-registration we will cancel any Monthly Savings Plans and Regular Withdrawal Plans relating to the funds being re-registered. If you are invested in an "income" fund, any income we receive during the transfer process will be paid out to you rather than re-invested. This is to ensure that we can give clear instructions to each of the relevant fund providers.
- Although most fund supermarket to fund supermarket re-registrations are completed within 6 - 8 weeks, they can take significantly longer.
- You will not be able to top-up, switch or sell your funds while the transfer process is taking place. We strongly recommend, therefore, that you review your investments and make such adjustments as are required before instructing the re-registration. FundsNetwork will make every effort to ensure your funds are transferred as quickly as possible. The process is however reliant on prompt action by third parties whose service levels can be variable.
- We do not currently make a charge for re-registering your funds to another company, although we may do so in the future. Other companies may charge a fee for accepting your investment

### Other information

#### What will FundsNetwork pay to my adviser?

- If you have an adviser he or she may receive an initial commission payment from us. We pay this out of the initial charge that is applied when you make your investment.
- Depending on what you have agreed with your adviser, we may also pay them either ongoing commission or an adviser ongoing fee.
- We pay ongoing commission out of the distribution fee that we receive from fund providers, and you will not pay any extra to cover it.
- If you have chosen to pay an adviser ongoing fee through FundsNetwork, the ongoing commission we would have paid your adviser will be offset against the adviser ongoing fee you have agreed with your adviser.
- The amount paid will depend on the size of your investment and the length of time you invest it for.
- Your adviser will tell you how much they will receive.
- Additionally FundNetwork may provide your adviser with other non-monetary benefits such as training, marketing literature, conferences, IT facilities and invitations to business-related events. We can provide you with full details of actual benefits provided on request.

#### How do I make a complaint?

- If you would like to make a complaint, you should write to FundsNetwork, Oakhill House, 130 Tonbridge Road, Hildenborough, Kent TN11 9DZ, or phone us on 08457 100 456.
- We can give you full details of the procedure we have set up for dealing with complaints.
- Alternatively, you may wish to make a complaint through your adviser.
- If you are not satisfied with FundsNetwork's response, you may take your complaint to the Financial Ombudsman Service.

**What will happen if FundsNetwork becomes insolvent?**

- Financial Administration Services Limited, who operates the FundsNetwork service, is covered by the Financial Services Compensation Scheme.
- You may be entitled to compensation from the scheme if we cannot meet our obligations, but this will depend on the type of investment you made and the circumstances of the claim.
- The maximum compensation is £50,000 per claimant.
- Further information about the compensation arrangements is available from the Financial Services Compensation Scheme. FundsNetwork can give you full details of your right to lodge a claim with the scheme.

**How can I obtain further information?**

- Copies of the Simplified Prospectus (if applicable), Full Prospectus or Scheme Particulars and annual and semi-annual reports for any of the funds available through FundsNetwork can be obtained by either phoning us on 08457 100 456 or by emailing [info@fil.com](mailto:info@fil.com)

**FundsNetwork contact details**

You can contact FundsNetwork by:

Post: Oakhill House  
130 Tonbridge Road  
Hildenborough  
Kent TN11 9DZ  
United Kingdom  
Phone: 08457 100 456  
Fax: 0800 783 9646

*This Key Features Document was published in June 2010. CSO963/0710*

## Fidelity Client Terms (Incorporating FundsNetwork) June 2009

**These Terms, together with the Application Form, form a legal agreement between you and Fidelity. The Terms set out how you can purchase, redeem and switch Investments both within and outside ISAs, and include provisions for dealings through FundsNetwork. They also set out how the Investment Trust Share Plan will be operated.**

The Terms are divided into sections, as follows:

Section 1 applies generally to dealings between you and Fidelity;

Section 2 applies only to ISAs (unless expressly stated otherwise);

Section 3 applies only to the Fidelity Investment Trust Share Plan.

Section 4 applies only to the FundsNetwork CashManager Account.

The products and services described in these Terms are available to UK residents only. By accepting these Terms, you warrant that you are resident in the UK. Dealings in products under these Terms will be restricted if you cease to be resident in the UK.

These Terms are issued to you by FIL Investment Services (UK) Limited, FIL Investments International and Financial Administration Services Limited which are all companies within the FIL Limited group of companies. You will deal with FIL Investment Services (UK) Limited in regard to Fidelity funds which are domiciled in the United Kingdom (OEICs and Unit Trusts). FIL Investment Services (UK) Limited is the Authorised Corporate Director of Fidelity Investment Funds OEIC, Fidelity Investment Funds IV OEIC and Fidelity Investment Funds III OEIC, and the Manager of Fidelity Unit Trusts. FIL Investments International acts as a distributor of various Fidelity funds in the UK and other jurisdictions. It distributes the Fidelity funds which are domiciled in Luxembourg (Recognised Funds) and this company also manages the Fidelity Investment Trusts and Investment Trust Share Plan. Financial Administration Services Limited is the plan manager of Fidelity's ISA and also offers the FundsNetwork service, and so if you are a FundsNetwork customer or have an ISA with us you will deal with Financial Administration Services Limited. Financial Administration Services Limited administers the FundsNetwork CashManager Account so if you have a FundsNetwork CashManager Account you will deal with Financial Administration Services Limited.

**The definitions below apply throughout these Terms.**

### 1. Definitions

The following words and expressions, when used in these Terms, have the meanings set out opposite them:

**Act** - the Financial Services and Markets Act 2000 (as amended from time to time);

**Application Form** - a Fidelity application form, or (in the case of an ISA) a Fidelity ISA application form or transfer application form, or in the case of a Share Plan, a Fidelity Investment Trust Share Plan application form;

**Cash ISA** - an ISA which, in accordance with the Regulations, contains predominantly cash;

**Fidelity** - FIL Investment Services (UK) Limited, FIL Investments International or Financial Administration Services Limited as relevant. The relevant company will be the one which manages or offers the particular product in which you invest as explained in the Preamble. References to "Fidelity" in the Terms will also include any company to which we may transfer our rights and obligations under the Terms in accordance with clause 14(a).

**Fidelity's Electronic Services** - the provision from time to time of access to certain information and services via the Internet and other electronic media;

**Fidelity Group Company** - any holding company of Fidelity or any subsidiary of any such holding company (as defined in the Companies Act 2006);

**Fidelity Product** - any Investment Trust, OEIC, Recognised Fund or Unit Trust managed or operated by a Fidelity Group Company;

**FSA** - the Financial Services Authority, located at 25 North Colonnade, Canary Wharf, London E14 5HS;

**FSA Rules** - the FSA's Handbook of rules and guidance (as amended from time to time);

**FundsNetwork** - the fund supermarket service offered by Financial Administration Services Limited and through which certain investment funds and other products are available;

**FundsNetwork CashManager account** - an account administered by Fidelity for investment related purposes;

**FundsNetwork Product** - any Investment Trust, OEIC, Recognised Fund or Unit Trust managed or operated by a company other than a Fidelity Group Company and available on FundsNetwork;

**HM Revenue & Customs Charge** - a charge levied by HM Revenue & Customs on cash amounts in ISAs;

**Investment Trust** - an investment trust company managed by FIL Investments International or any other Fidelity Group Company;

**Investment Trust Shares** - shares in an Investment Trust;

**Investments** - Shares and Units;

**ISA** - a Fidelity Individual Savings Account governed by these Terms and which is a Cash ISA or a Stocks and Shares ISA;

**ISA Cash Park** - a facility for temporarily holding cash within an ISA in an interest-bearing account for which investors may apply;

**ISA Mortgage** - an ISA originally opened under the Fidelity PEP mortgage plan;

**Key Features** - the key features document of the Fidelity ISA and, where applicable, the key features document/simplified prospectus of any OEIC, Recognised Fund or Unit Trust and the FundsNetwork CashManager Account;

**Lender** - the lender with whom you have your mortgage (ISA mortgages only);

**OEIC** - an open ended investment company domiciled in the UK (and, in the case of an umbrella company, a sub-fund of such company);

**OEIC Shares** - shares in an OEIC;

**Recognised Fund** - an offshore fund recognised in the United Kingdom under section 264 of the Act;

**Recognised Fund Shares** - shares in a Recognised Fund;

**Regulations** - the Individual Savings Account Regulations 1998 as from time to time amended and in force;

**Re-registration** - where shares or units held by you in non-Fidelity Products with a different provider are transferred and registered to be held with Fidelity on FundsNetwork;

**Share Plan** - the Fidelity Investment Trust Share Plan;

**Share Plan Administrator** - the agent, if any, as Fidelity may appoint to provide administrative services for the Share Plan from time to time (as mentioned in Clause 47);

**Shares** - Investment Trust Shares, OEIC Shares, Recognised Fund Shares or Windfall Shares;

**Stocks and Shares** - an ISA which, in accordance with the Regulations, contains predominantly stocks and shares;

**Switch** - related transactions whereby Shares or Units which are held in a Fidelity Product or FundsNetwork Product are sold and Shares or Units to a corresponding value are bought in a different Fidelity Product or FundsNetwork Product. Shares or Units will effectively be "switched" from one Product to the other;

**Terms** - these Terms (as amended from time to time);

**Units** - units in a Unit Trust;

**Unit Trust** - an authorised unit trust;

**Windfall ISA** - an ISA originally opened as a Windfall PEP and which is invested or partly invested in Windfall Shares;

**Windfall Shares** - shares received by members, employees or pensioners of a building society on its conversion to a company or by members, employees or pensioners of a mutual insurer on its demutualisation;

**Year** - a tax year beginning on 6 April in any calendar year and ending on 5 April in the following calendar year;

**You** - an individual who does business with Fidelity under these Terms. The term "You" includes your personal representatives.

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

Unless otherwise stated, in any case 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 construed as if reference had been made to the next succeeding business day.

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

## SECTION 1 - GENERAL DEALINGS

### 2. Application and Payment

*Note: see Section 2 for details of opening an ISA, Section 3 for details of opening a Share Plan and Section 4 for details of opening a FundsNetwork CashManager Account.*

- (a) An application to purchase Investments or to open an account may be made by any investor over the age of 18 on a hard copy Application Form, by telephone or via Fidelity's Electronic Services. An application made via Fidelity's Electronic Services may be invested in any funds or products offered via FundsNetwork.
- (b) These Terms will come into force when your application is accepted by Fidelity, 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.
- (c) You must specify an investment choice 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 to purchase Investments. The prices of Shares and Units are rounded to three or four significant figures.
- (d) Fidelity will accept payment by debit card with the Maestro or Visa symbol for the full amount of your initial investment and for any subsequent contributions if you are buying online or over the phone. Payment for the full amount of your initial investment must be made by cheque if accompanied by a hard copy Application Form (which may be downloaded via Fidelity's Electronic Services), and Fidelity will also accept payment by cheque for subsequent contributions. If you submit a hard copy Application Form, you may alternatively (unless otherwise provided) make regular contributions by direct debit under a monthly savings plan, in which case a direct debit instruction to your bank or building society must also be submitted. Payment may also be made from a FundsNetwork CashManager Account.

- (e) Fidelity acts as your agent in all dealings via FundsNetwork. The prices of shares and units in all dual priced (only) investment funds offered on FundsNetwork are rounded to three or four significant figures for FundsNetwork dealings, even if the fund operator normally rounds prices to five or six figures. If you make an application to purchase Investments via FundsNetwork, Fidelity will normally place your order in advance of receiving payment from you. Once Fidelity has placed your order, cleared funds received from you will be immediately due and payable to Fidelity. Clause 11(c) will apply if you fail to provide cleared funds within seven days of Fidelity accepting your instructions.
- (f) You may apply for your account to be in the name of up to four registered holders except for ISA accounts or a FundsNetwork CashManager Account. This will be considered a joint account by Fidelity. The names, addresses, dates of birth and signatures of all joint holders will be required before a joint account can be opened. Instructions must generally be signed by all joint holders before Fidelity will accept them, unless all the joint holders sign a joint renunciation form. A joint renunciation form allows Fidelity, at its discretion, to accept certain types of instructions from only one holder. All payments, account documentation and notices will be sent to the first named holder at the last address registered with us.
- (g) If you are in any doubt as to the tax consequences of the acquisition, holding or disposal of Investments either generally or through an ISA or Share Plan, you should consult a professional adviser.
- (h) If you wish to purchase Investments on behalf of a child, you may do so by completing the account designation section of the Application Form, but the adult investor will be treated by Fidelity for all purposes as the investor. When the child reaches the age of 18 you may request to have the investments registered in the name of the individual. Persons investing on behalf of children are advised to consult a professional tax adviser regarding the tax implications of such an investment.

### 3. Minimum Subscription

- (a) **Lump sums:** The minimum investment amount for the initial investment and subsequent investments in any fund is as specified in the Key Features, Fund Factsheets etc.
- (b) **Monthly savings plans:** The minimum monthly contribution is as specified in the Key Features, and Fidelity may terminate your savings plan by giving you three months' notice or, if the total amount invested during a calendar year is less than £600, one month's notice. Your contribution will be collected each month on the date notified to you by Fidelity. Your contribution will be invested by Fidelity on the next day on which deals are placed for contributions under savings plans. No interest is payable on your contributions before they are invested. You must inform Fidelity if you wish to increase or decrease your monthly contribution, or to stop saving (either temporarily or completely). Fidelity may sell such of your investments purchased by direct debit arrangements as may be required to adjust your holdings to reflect the cancellation of the relevant direct debit payment. If your instructions are received at least seven business days before the next collection date, Fidelity will normally give effect to them from that date.
- (c) Fidelity may reduce or waive the minimum subscription.

### 4. Cancellation

You may have the right to cancel your investment. Please note that our cancellation right notices and forms are to be discontinued therefore to exercise your right to cancel, you should write to Fidelity – please refer to the Key Features for further details. If you exercise your right to cancel, any money paid to Fidelity will be repaid (subject to deduction of the amount, if any, by which the value of your Investments has fallen). Electronic payments will normally only be made to the same account from which the monies were received.

*5. Title and Registration of Investments and Client Money*

**Investments**

- (a) Your Investments will be beneficially owned by you at all times and will be registered in your name unless otherwise provided in these Terms. ISA holders should note "Investments and Title" in Section 2. Share Plan holders should refer to the "Holding of Securities" in Section 3.
- (b) If you acquire Investments which are not Fidelity Products via FundsNetwork, your Investments will be registered either in the name of a nominee of Fidelity (which may be a Fidelity Group Company) or jointly in the name of such a nominee and in your name.
- (c) Whenever your Investments are registered in the name of a nominee, that nominee will hold them on trust for you. This means that you are the beneficial owner of the Investments, and the Investments will continue to belong to you even if the nominee becomes insolvent.
- (d) Any Investments held by a nominee will be held in an omnibus account. Fidelity will keep a record of your Investments but your individual holding may not be identifiable via separate unit or share certificates or other paper or electronic proof of title. This means that in the event of a default (for example, if the nominee improperly fails to retain all of the assets entrusted to it), any shortfall in the investments registered in the name of the nominee may be shared pro rata by all the investors whose holdings are so registered.

Fidelity will be responsible for the acts and omissions of any nominee it uses for the purposes of these Terms.

- (e) If you wish to transfer an existing holding of Shares or Units which are held with one or more different fund providers, to be held within a FundsNetwork account, Fidelity will arrange the Re-registration of such Shares or Units in the name of its nominee. 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 in any circumstances. If, following the Re-registration of more than one holding of Shares or Units, Fidelity receives an income payment, dividend or other cash amount from the former account provider, Fidelity may invest such amount in the largest holding by value (unless you have elected to be paid income). A charge may be made by the existing provider when you reregister Shares or Units with Fidelity. Re-registration is only available where the relevant other provider agrees with Fidelity to provide this service.
- (f) No Unit or Share certificates will be issued to you. If you acquire Investments which are not Fidelity Products via FundsNetwork, Fidelity (or a nominee, which may be a Fidelity Group Company) will hold any title documents or documents evidencing title to the Investments. Otherwise, you will be sent an acknowledgement of your acquisition (or disposal) of Investments.
- (g) Fidelity may not lend Investments or title documents to any third party, and may not borrow against the security of Investments or such documents.
- (h) If you wish to re-register an existing holding of Shares or Units to be held within your account with a different provider, Fidelity will arrange this at your request if the other provider is willing to accept the re-registration. Only complete holdings of Shares or Units in such Fidelity Products may be re-registered in this way. A charge may be made by the other provider when you re-register Shares or Units. If, following re-registration of the Shares or Units, Fidelity receives an income payment, dividend or other cash amount relating to such Shares or Units, this amount will be paid by direct credit into your bank or building society or in any other way Fidelity may decide.

**Client money**

- (l) All cash held by Fidelity under these Terms will be held as client money if required under the FSA Rules and as follows: (i) Fidelity will deposit the cash in the UK with an authorised bank.

- (II) The bank will hold the cash on Fidelity's behalf in a trust account separate to any account used to hold money belonging to Fidelity in its own right.
- (III) Fidelity will not, however, be responsible for any acts or omissions of the bank.
- (IV) If the bank becomes insolvent, Fidelity 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.
- (V) Interest will not be paid on cash balances held on your behalf unless otherwise stated in these Terms.

*6. Income*

- (a) Fidelity may reinvest any income in respect of Investments, without requiring further instruction from you, unless you elect to be paid the income. You can elect to receive the income by completing the relevant section of the Application Form or by notifying Fidelity. Payment is by direct credit to your bank or building society. If your bank or building society details are invalid or a payment fails or is returned, your income may be reinvested automatically. You must notify Fidelity if you wish to cancel a previous election to receive income. As regards income, ISA holders should note clause 21, and Windfall ISA holders should note clause 32.
- (b) **FundsNetwork only:** amounts of income equalisation received as part of distributions on OEIC Shares and Units of the same type and in the same fund may be aggregated and the average amount of income equalisation attributed to each such OEIC Share or Unit acquired during the relevant period.
- (c) Fidelity OEICs and Unit Trusts only: 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 OEIC/Unit Trust.

*7. Reports and Voting*

- (a) If you invest in Fidelity Products outside an ISA, you will automatically receive (as the registered holder of the Units or Shares) copies of the annual reports and accounts and any other information issued to investors, and you will automatically be entitled to attend any meetings of investors and to exercise voting rights attaching to such Investments.

**Paragraphs (b), (c) and (d) below apply only in relation to Investments held within an ISA or Share Plan and to Investments acquired via FundsNetwork which are not Fidelity Products.**

- (b) If you so request, and if you have not received such pursuant to clause 7(a) above, Fidelity will arrange for you to receive copies of the annual reports and accounts issued to investors in each OEIC, Recognised Fund, Unit Trust, Investment Trust or other entity in which you have invested. If your investment is in OEIC Shares, Recognised Fund Shares and/or Units, Fidelity may debit your account with its standard charge for making such arrangements at your request (currently £20 per communication with you). Reports and accounts may be sent to you electronically if you are a user of Fidelity's Electronic Services.
- (c) Subject to any applicable law or regulation and if you so request, Fidelity will arrange for you to be able to attend any meetings of investors in each OEIC, Recognised Fund, Unit Trust, Investment Trust or other entity in which you invest, to exercise voting rights, and to receive, in addition to the documents referred to in paragraph (b) above, any other information issued to investors. Fidelity reserves the right to debit you with its standard charge for making such arrangements at your request (see paragraph (b) above). Such other information may be sent to you electronically if you invested via Fidelity's Electronic Services.
- (d) Subject to any applicable law or regulation, Fidelity may exercise or refrain from exercising any voting rights attaching to Investments unless you have elected to exercise such rights yourself.

### 8. Switching Investments and Redemption; Withdrawal Plan

- (a) You may instruct Fidelity to sell Shares or Units and to reinvest the proceeds in other Shares or Units. Fidelity will effect the transaction as soon as practicable after receiving your instructions. Switch transactions involving funds in FundsNetwork will normally be processed during the course of two consecutive days, although a Switch transaction into the Fidelity cash funds may take up to five business days. Fidelity will normally charge a switching fee - see "Charges".
- (b) You may sell Investments by giving notice in writing to Fidelity. We will carry out your instructions on the day of receipt or on the following day if not received before the relevant deal cut-off time. Fidelity will sell the Investments and pay you the proceeds, subject to the following provisions. Payments cannot be made to third parties without prior agreement. Payments can be made to your FundsNetwork CashManager Account, your bank, building society, or by cheque (if previously agreed). If not using your FundsNetwork CashManager Account you must provide us with your account details at your personal bank or building society, and we will make payments directly to this account, rather than issue a cheque. Payments can only be made in Pounds Sterling. 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 11(a) will apply if such provision of incomplete or incorrect details or your failure to notify us of such changes cause Fidelity costs or losses. Fidelity may deduct any charges or other amounts due to it, any tax liabilities, and any additional expenses incurred in selling the Investments. Fidelity is not able to switch or redeem any Units or Shares which have recently been subject to an instruction and if that prior transaction has not been completed.
- (c) Fidelity acts as your agent in all dealings via FundsNetwork. If you give notice to sell Investments via FundsNetwork, Fidelity will normally place your order with the provider of the Investments in advance of receiving the necessary documentation from you. Fidelity may also pay you an amount equal to the expected sale proceeds in advance of receiving them from the provider, and, if Fidelity does so, then (i) the proceeds will be due and payable to Fidelity on receipt from the provider; and (ii) you agree that if the provider fails to pay the proceeds to Fidelity then you will repay to Fidelity the amount paid to you by Fidelity in advance.
- (d) If you have invested (outside an ISA) via FundsNetwork in a fund which ceases to be offered via FundsNetwork, Fidelity will encash your Shares or Units and seek your instructions. Fidelity will retain the proceeds in the Fidelity Cash Fund (see Key Features for details of interest payment) pending reinvestment in one or more alternative funds within FundsNetwork or (at your option) pay them to you.
- (e) You may instruct Fidelity to make a monthly cash withdrawal from your Investments (but not from Investments held in an ISA or within the Share Plan), to be met by selling Investments. Unless you give Fidelity instructions with your withdrawal request, Fidelity will have discretion to choose which Investments to sell. Fidelity will effect the transaction on a set day of each month and will only pay the sale proceeds directly to your bank or building society.
- (f) If you hold Investments outside an ISA, and you switch from one Investment to another, or sell your Investments or any part thereof, you will receive a notice confirming your transaction following the completion of the transaction. If you hold units in the Fidelity Cash Fund, outside an ISA, and you place a Switch out of the Fidelity Cash Fund or an instruction to sell all or some of your Units in the Fidelity Cash Fund, you will receive a statement which confirms your transaction in the Fidelity Cash Fund at the end of the month in which the transaction is made.

ISA holders should note "Switching", "Withdrawals" and "Charges" in Section 2.

### 9. Charges and Fees

**Note: charges for ISA investments are detailed in Section 2. Charges for the Share Plan are detailed in Section 3.**

#### (a) Initial Charge

For actual charges as they apply to individual Products, please refer to the relevant Simplified Prospectus or Key Features Document.

#### **Fidelity Products:**

##### **OEIC/Recognised Funds**

If your first lump sum investment is in Shares in a Fidelity OEIC or Recognised Fund, you pay an initial charge of up to 5.25% of your contribution. This charge is taken from the amount you send to us to invest and the remainder is invested in the Shares. Subsequent investments are subject to the same initial charges. Regular contributions under a monthly savings plan are also subject to an initial charge of up to 5.25%.

##### **Unit Trusts**

If your first lump sum investment is in Units in a Fidelity Unit Trust, you pay an initial charge of up to 5.25% of your contribution. This charge is added to the net price of the Units and so you will pay the 'offer price' which is made up of the unit price plus the initial charge. Subsequent investments are subject to the same initial charges. Regular contributions under a monthly savings plan are also subject to an initial charge of up to 5.25%.

##### **Other Products - FundsNetwork:**

If your first lump sum investment is in Shares or Units in a fund which is not a Fidelity Product, you pay an initial charge of up to 5.5% of your contribution. Depending on the basis used to calculate the fund price, the initial price is either (i) taken from the amount you send us to invest (with the remainder being invested in the Shares or Units), or (ii) added to the net price of the Shares or Units so that you will pay the 'offer price' which is made up of the Share or Unit price plus the initial charge. Subsequent investments are subject to the same initial charges. Regular contributions under a monthly savings plan are also subject to an initial charge of up to 5.5%.

#### (b) Switching Charge

If you switch Units or Shares, you will normally pay a switching charge equivalent to 0.25% of the net price of the new Units or Shares, although in some cases the normal initial charge may apply (see paragraph (a) above). If, you switch Units or Shares for which there was no initial charge on purchase, normal initial charges apply (see paragraph (a) above).

If you switch Units or Shares in a Recognised Fund, you will normally be charged a switching charge equivalent to 1.00% of the net price of the new Units or Shares, although in some cases the normal initial charge may apply (see paragraph (a) above). If you switch Units or Shares for which there was no initial charge on purchase, normal initial charges apply (see paragraph (a) above).

#### (c) Management Fees

Holdings of Units and Shares are also subject to management fees, charges and expenses. These are deducted from the property of the Unit Trusts, OEICs or Recognised Funds.

(d) Fidelity may in its absolute discretion discount or waive any charges in relation to Fidelity Products. Fidelity may increase charges in relation to Fidelity Products but only after giving you written notice in accordance with the FSA Rules. Fidelity shall be entitled to deduct and retain all charges payable under these Terms.

(e) FundsNetwork Products may be subject to increases in charges, and Fidelity will give you as much notice as reasonably practicable of such amendments, and in any case, in accordance with the FSA Rules.

(f) All charges are stated exclusive of value added tax, at the current rate which will also be charged where applicable.

**(g) Adviser Ongoing Fee**

- i Adviser Ongoing Fee is a payment paid in accordance with a fee based remuneration agreement entered into between you and your financial adviser. Adviser Ongoing Fee will be calculated as a percentage of the value of the OEICs, Unit Trusts, the ISA Cash Park and Recognised Funds which are registered in your name or held by Fidelity or a nominee on your behalf in the relevant account, including those held in an ISA. It is a fixed percentage of this value, which normally will not exceed 0.75% but may in exceptional circumstances be up to a maximum of 1.5% each year.
- ii If you and your adviser agree on Adviser Ongoing Fee, we will pay the Adviser Ongoing Fee to your adviser on your behalf on a quarterly basis in arrears based on the aggregate value as at the quarter end of those accounts for which you have elected that Adviser Ongoing Fee be applied. In this case we will not pay an ongoing commission to your adviser. Where the amount of the Adviser Ongoing Fee is larger than the normal rate of ongoing commission, Shares or Units will be redeemed on a quarterly basis in accordance with the instructions you have given. Where the normal rate of ongoing commission is larger than the Adviser Ongoing Fee payable, we will transfer the surplus into a client money account no later than the 21st day of the month following the end of the quarter. From there we will then transfer the money to your nominated bank account.
- iii We will rely on instructions given by your adviser on your behalf with regard to payments of Adviser Ongoing Fee. We will not be liable for any delays, losses or costs if your adviser provides incomplete or incorrect information.
- iv You may ask us to stop paying and calculating the Adviser Ongoing Fee at any time by notifying us in writing. Should you appoint a new adviser, we will pay normal ongoing commission to your adviser unless you decide to enter into a new Adviser Ongoing Fee agreement. For further details on Adviser Ongoing Fee please refer to your Adviser Ongoing Fee client guide.

**10. Statements**

- (a) Fidelity will send you a statement at least annually as follows.
    - . If you hold Investments in Fidelity OEICs or Unit Trusts either directly or through FundsNetwork you will receive a statement on the anniversary of your first investment with us.
    - . If you hold Investments in a Fidelity Recognised Fund either directly or through FundsNetwork statements will be generated twice yearly as at 31 December and 30 June.
    - . If you hold Investments in an ISA, you will receive an annual statement, which is sent to you at the same time each year.
    - . If you have a FundsNetwork CashManager Account you will receive an annual statement which is sent to you at the same time each year.
    - . For any other accounts with FundsNetwork, statements will be generated twice yearly as at 31 December and 30 June.
- In any case, however, where you hold a mix of Fidelity Products and FundsNetwork Products (other than Share Plan), statements will be generated twice yearly as at 31 December and 30 June. This may be in the form of a consolidated statement. We will send all of the above statements out to you within twenty-five (25) Business Days of the date of the statement.
- (b) If you invest via the Share Plan, statements will be sent to you by the Share Plan Administrator as at 30 April and 31 October each year.
  - (c) Statements will show details of all transactions in your account since the previous statement, listing the investments and cash transactions on your account, and explaining other matters as required by the FSA

Rules. The statements will not include a measure of performance.

**11. Liability**

- (a) You agree to indemnify Fidelity against all liabilities incurred by Fidelity in connection with your Investments and accounts, other than liabilities caused as a direct result of Fidelity's negligence, knowing default, fraud or breach of the FSA Rules or of these Terms.
- (b) Fidelity 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, Fidelity 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). Fidelity is not liable for any unauthorised use or other misuse of your debit card.
 

Fidelity 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 Fidelity's part.
- (c) Fidelity accepts no responsibility for Investments until cleared funds are received, nor for any loss or delay caused in the payment or transfer of funds to Fidelity. Fidelity shall be entitled to cancel any transaction for the purchase of Investments if cleared funds are not received by Fidelity within seven days of accepting your instructions (regardless of the method of payment), and you agree to indemnify Fidelity against any resulting liabilities incurred by Fidelity in accordance with clause 11(a) above.
- (d) Neither Fidelity 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.
- (e) 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. Fidelity 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.
- (f) Fidelity 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 Fidelity's reasonable control (including without limitation, any losses following any failure, interruption or delay in the performance of Fidelity's obligations resulting from a breakdown, failure or malfunction of any telecommunications or computer service or system outside Fidelity's reasonable control), provided that Fidelity has complied with the FSA Rules on business continuity in all relevant respects. Fidelity does not accept any responsibility for and will not be liable for the performance of any third party involved in the provision to you of products or services (including, without limitation, any non-Fidelity product provider whose products are available through FundsNetwork).
- (g) For the purposes of this clause, references to Fidelity include its nominees. Fidelity will be responsible for the acts and omissions of any nominee it uses for the purposes of these Terms.
- (h) 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.
- (i) Fidelity will not be liable for any loss to you other than as expressly stated in this clause.

**12. Data Protection**

- (a) For the purposes of the Data Protection Act 1998 ("DPA"), Fidelity is the data controller in respect of the personal information which you

provide.

- (b) The personal information which you provide to Fidelity will be used for a number of different purposes including:
- (i) to administer the product or service for which you apply;
  - (ii) to comply with legal and regulatory requirements;
  - (iii) to identify you when you contact Fidelity;
  - (iv) for internal analysis and research; and
  - (v) to offer you investment services and products (except where you were introduced to Fidelity by an intermediary or if you ask Fidelity not to do so), and to help Fidelity to develop new ones.

Fidelity 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 14(a).

- (c) Fidelity may share your personal information with the following third parties:
- (i) your financial adviser and any other party to the business relationship whom you tell Fidelity about (you should notify us in writing if you no longer wish us to share your personal information with any such party);
  - (ii) other associated or affiliated Fidelity Group Companies for the purposes set out in this data protection statement;
  - (iii) the Unclaimed Assets Register, in connection with the possible recovery by you of (for example) unclaimed distribution payments;
  - (iv) other organisations for any of the following purposes: (a) compliance with any legal or regulatory requirements; (b) to protect Fidelity and its customers from theft and fraud; and (c) to take appropriate steps if Fidelity considers your levels of trading in Fidelity's funds or in other funds made available by Fidelity to be short-term, excessive or disruptive.
  - (v) If false or inaccurate information is provided and fraud is identified, details will be passed to fraud prevention agencies. Law enforcement agencies may access and use this information. Fidelity Group Companies and other organisations may also access and use this information to prevent fraud and money laundering, for example, when:
    - . checking details on applications for credit and credit related or other facilities;
    - . managing credit and credit related accounts or facilities;
    - . recovering debt;
    - . checking details on proposals and claims for all types of insurance; and
    - . checking details of job applicants and employees

Please contact us at the address given below if you wish to receive details of the relevant fraud prevention agencies. We and other organisations may access and use from other countries the information recorded by fraud prevention agencies.

- (d) Except as outlined in the preceding provisions of this clause or otherwise required by law, your personal information will not be passed to anyone without your permission. To comply with money laundering regulations, Fidelity may need to request additional evidence of identity from you, and may use a credit reference agency for this purpose (who will record that any enquiry has been made).
- (e) The personal information which you provide will be processed by Fidelity or 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, Fidelity will ensure that the recipient agrees to keep your information confidential and process it securely in accordance with the requirements of the DPA and only according to Fidelity's instructions.

- (f) 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 Fidelity 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 product or service for which the applicant has applied.
- (g) With limited exceptions, you may ask for a copy of the personal information which Fidelity holds on you. Fidelity 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.

### 13. Complaints and Compensation

- (a) Fidelity 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 Fidelity on request.
- (b) Fidelity is covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the Scheme if Fidelity cannot meet its obligations. This depends on the type of business and the circumstances of the claim. Most types of investment business are covered for 100% of the first £30,000 claimed and 90% of the next £20,000, so the maximum compensation is £48,000. Further information about compensation arrangements is available from Fidelity or from the Financial Services Compensation Scheme. Recognised Funds are not covered by the Financial Services Compensation Scheme.
- (c) Money in the CashManager Account will be held by The Royal Bank of Scotland plc on behalf of Financial Administration Services Limited. Financial Administration Services Limited is covered by the Financial Services Compensation Scheme. The Scheme can pay compensation to customers if a regulated firm is unable to pay claims against it, usually if the firm stops trading or is insolvent. In respect of bank deposits made with a UK office, payments under the Scheme are limited to a maximum of £35,000 per claimant. Further information about compensation arrangements is available from Fidelity or from the Financial Services Compensation Scheme.

### 14. Assignment, Delegation, Amendments and Termination

- (a) You consent to Fidelity's assigning to any appropriate Fidelity 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.
- (b) Fidelity may appoint any person (whether or not a Fidelity 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. Fidelity 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.
- (c) Fidelity may amend these Terms to:
- (i) comply with changes in law or regulation;
  - (ii) correct inaccuracies, omissions, errors or ambiguities;
  - (iii) take account of any corporate reorganisation inside the Fidelity group of companies and/or a transfer of our rights and obligations under these Terms to another company as contemplated by clause 14(a); and
  - (iv) 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. (See clause (d) - (f) below for how to terminate the Terms overall, and see also clause 26 for ISA holders or clause 43 for Share Plan holders.)

- (d) These Terms will terminate if you sell all the units which you hold with Fidelity or FundsNetwork, following the completion of any such instruction. Subject to clause (f) you may also terminate these Terms by giving notice to Fidelity which will be effective on receipt but will not affect transactions already initiated, or the completion of the requirements under clause (f) below.
- (e) Fidelity may terminate these Terms with you by giving you one month's notice in writing. Where required to do so by any applicable law, Fidelity may terminate these Terms immediately, in which case you will be notified in writing.
- (f) When these Terms are terminated under clause (d) or (e) above, if you have not already done so, Fidelity will sell the Investments and pay you the proceeds together with any cash balance held in your account. Interest will not be paid on any cash balance if you have given notice of termination since the last monthly interest payment date. Fidelity 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.

#### 15. Conflicts of Interest and Best Execution

- (a) A statement of Fidelity's policy regarding Conflicts of Interest is attached hereto at Appendix 2. This describes how we deal with different conflicts that may arise within our business.
- (b) A statement of Fidelity's Best Execution policy is attached hereto at Appendix 1 and forms part of these Terms. This describes our policy to enable us to deliver the best possible result for clients when dealing with orders for them under these Terms. By accepting these Terms, you consent to the Best Execution policy and, where applicable, you give your prior express consent to Fidelity's executing orders outside a regulated market or a multilateral trading facility (within the meaning of the FSA Rules).

#### 16. Notices and Instructions

- (a) Notices and instructions to Fidelity 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:

**Fidelity International  
Oakhill House  
130 Tonbridge Road  
Hildenborough  
Tonbridge, Kent TN11 9DZ**

Instructions to purchase or redeem Investments should be made according to the directions on our website or in our literature. Notices relating to the Share Plan should be given in accordance with the provisions in Section 3.

- (b) Notices and other documents (including statements, valuations and payments) 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. Fidelity 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.
- (c) If you are a user of Fidelity's Electronic Services, notices and documents (including statements and fund reports), instructions and other communications generally between you and Fidelity may be

provided electronically, subject to applicable regulations, and provided that instructions to redeem Investments must be confirmed in writing.

- (d) Fidelity 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 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 Fidelity or unless Fidelity has in some way failed to comply with any relevant obligation under the FSA Rules).

#### 17. Law

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

#### SECTION 2 - ISAS

##### 18. Manager

Fidelity ISAs are managed by Financial Administration Services Limited, which is authorised and regulated by the FSA in the conduct of its investment business. Subject to the Regulations, your ISA will be managed in accordance with your directions set out in your Application Form.

##### 19. Investment Objective

The investment objective of your ISA will correspond to the Shares, Units or other qualifying investments specified in your Application Form.

When you apply to open an ISA, you must specify an investment choice in order for your application to be processed. If, however, in respect of the whole or part of your Application Form, you have selected a particular product provider and specified the amount of your contribution but have not clearly chosen the investment fund(s) in which you wish to invest, Fidelity may at its discretion invest your contribution in any one fund operated by that provider (being a fund agreed in advance for such purpose with the relevant provider), or where such a fund is not agreed or if you have not selected a particular product provider, in the ISA Cash Park. Fidelity 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.

##### 20. Investments and Title

- (a) Your 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. OEIC Shares, Recognised Fund Shares and Units will be registered either in the name of a nominee of Fidelity (which may be a Fidelity Group Company) or jointly in the name of such a nominee and in your name. Investment Trust Shares and Windfall Shares will be registered in the name of a nominee of Fidelity, which may be a Fidelity Group Company. Your ISA Investments will be, and must remain, beneficially owned by you and must not be used as security for a loan.
- (b) Your cash contributions and any other cash held under your ISA will be deposited, pending investment, with a bank selected by Fidelity, in an account in the name of Fidelity or its nominee (which may be a Fidelity Group Company). Interest will not be paid on cash balances held within your ISA unless you have elected for your cash to be held in the ISA Cash Park (see clause 35) or unless otherwise stated in these Terms. Fidelity does not accept liability for default by any bank which holds cash for your ISA. Fidelity will return the cash to you if it does not receive investment instructions from you within any period prescribed by the Regulations or otherwise permitted by HM Revenue & Customs.
- (c) If you transfer an existing ISA to Fidelity from another manager, Fidelity can, for certain funds and subject to the agreement of the existing manager, reregister the underlying shares or units in the name of its nominee. Reregistration 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 in any circumstances. If, following the

Re-registration of more than one holding of shares or units, Fidelity receives an income payment, dividend, tax credit or other cash amount from the former manager, Fidelity may invest such amount in the largest holding by value (unless you have elected to be paid income). A charge may be made by the existing manager when you reregister the underlying shares or units with Fidelity. Alternatively, we can accept ISA transfers in the form of cash from your existing ISA manager.

- (d) If you transfer two or more ISAs from previous years to Fidelity, Fidelity may treat such previous ISAs as relating to a single year (and will do so if the existing manager has already bundled the products in this way).
- (e) Investment Trust Shares and Windfall Shares: Fidelity will aggregate orders for deals on each business day, and place all deals together. This may work to your advantage or disadvantage, in relation to a particular order, compared with the price you would have received if your order had been executed separately. Please see also Appendix 1.

### 21. Income

- (a) Generally, Fidelity will reinvest all income in respect of Investments and all related tax reclaims, net of any tax liability (for example, stamp duty), without further instruction from you, unless you elect to be paid the income from your ISA as provided under "Income" in Section 1. Except in relation to shares in Edinburgh Investment Trust plc, no such election may be made in respect of Investment Trust Shares, the income from which will be reinvested. Fidelity MoneyBuilder Cash ISA Fund only - see Section 2.
- (b) Amounts awaiting reinvestment will earn interest, which is accrued daily and paid into your account monthly, at a variable rate of interest based on a deposit rate obtained from a bank selected by Fidelity, and will be applied to the individual cash balances held by you for each Year in your ISA (for interest on cash held within the ISA Cash Park, see clause 35). The HM Revenue & Customs Charge will be deducted on interest which is earned on cash held within your ISA. This will be deducted before the interest is paid into your account. Interest earned will be used to buy Units or Shares in a fund which you have Investments where there has most recently been activity, provided that sufficient interest has accrued to buy at least 0.01 Units or Shares.
- (c) If you terminate your ISA with us, you may still be eligible for income or tax reclaims from the period in which the ISA was held. Such income or tax reclaims received on your behalf will be allocated to your account and will be automatically paid to you, at a date to be selected by Fidelity, to your bank or building society, provided that no such payments will be processed unless the amount due is at least £1.

### 22. Taxation

Fidelity will make all necessary claims for tax relief relating to your ISA. You must provide Fidelity with all information which it reasonably requests and you must immediately inform Fidelity of any change in your tax status or any other material change in your circumstances.

### 23. Switching Investments

- (a) You may instruct Fidelity to sell Shares or Units and either to reinvest the proceeds in other Shares or Units, or to hold the proceeds temporarily in the ISA Cash Park (see clause 35). Such other Shares or Units or cash will still be held within your ISA.
- (b) If you have invested via FundsNetwork in a fund which ceases to be offered via FundsNetwork, Fidelity will encash your Shares or Units and retain the proceeds in the ISA Cash Park pending your reinvestment instructions (see clause 35).
- (c) In accordance with UK tax law, in order to pay interest distributions without deduction of income tax to eligible investors, special "gross paying" share classes may be established in certain funds. Fidelity will have the right to switch your Investments into a gross paying share class if Fidelity reasonably believes that you are eligible to receive interest distributions without deduction of tax. Fidelity will also have the right to switch your Investments out of a gross paying share class if notified of your death or otherwise if Fidelity ceases to believe that you

are eligible to receive interest distributions without deduction of tax. Any such Switch will be carried out without cost to you.

- (d) If you switch from one Investment to another, or sell your Investments or any part thereof, you will receive a notice confirming your transaction following the completion of the transaction.

### 24. Cash Withdrawals

- (a) You may, by request in writing to Fidelity, make cash withdrawals from your ISA, which will be met by selling Investments or (if applicable) returning cash held in the ISA Cash Park. Unless you give Fidelity instructions with your withdrawal request, Fidelity will have discretion to choose which Investments to sell. See generally clause 8(b) for provisions relating to payments to you.
- (b) Unless otherwise permitted by Fidelity from time to time, the minimum withdrawal is £1,000 and the Investments remaining in your ISA after a withdrawal must have a minimum value of £1,000 (failing which Fidelity may treat your request as an instruction to terminate your ISA).
- (c) A charge may be payable in respect of withdrawals of the proceeds of sale of Windfall Shares from Windfall ISAs - see "Charges for Windfall ISAs" in Section 2.

### 25. Charges

#### (a) Initial Charge

The following initial charges are payable both in respect of an ISA opened with Fidelity and an existing ISA transferred in cash to Fidelity. In the latter case, the charge will be deducted from the amount transferred. For actual charges as they apply to individual Products, please refer to the relevant Simplified Prospectus or Key Features Document.

#### *Fidelity Products:*

Except as provided below in relation to Investment Trusts, if your first lump sum investment in a Year is in Units or Shares in a Fidelity Product, you pay an initial charge of up to 3.5% of your contribution. This charge is taken from the amount which you send to us to invest and the remainder is invested in the Shares/Units. Regular contributions under a monthly savings plan are subject to an initial charge of up to 3.5%. If your first investment in a Year is in Investment Trust Shares, you will pay an initial charge of up to 3.5% of your contribution. Subsequent investments in Units and Shares in Fidelity Products in the same Year are subject to an initial charge of up to 3.5%.

#### *Other Products - FundsNetwork:*

If your first ISA investment in a Year is in funds which are not Fidelity Products, you will pay an initial charge of up to 5.5% of your contribution, which is added to the net price of the Shares, Recognised Fund Shares or Units which you choose. Regular contributions under a monthly savings plan are subject to an initial charge of up to 5.5%. Subsequent investments are subject to the same initial charges. The net price of the OEIC Shares, Recognised Fund Shares or Units means the normal price for the relevant OEIC, Unit Trust or Recognised Fund or the normal offer price for the relevant Unit Trust (where the Unit Trust is dual priced), as the case may be, reduced by the full amount of its standard initial charge.

#### (b) Switching Charge

#### *Fidelity Products:*

If you switch Units or Shares, you will normally pay a switching charge equivalent to 0.25% of the net price of the new Units or Shares, although in some cases the normal initial charge may apply (see paragraph (a) above). If, however, you switch Units or Shares for which there was no initial charge on purchase, normal initial charges apply (see paragraph (a) above).

#### *Other Products - FundsNetwork:*

If you switch some or all of the OEIC Shares, Recognised Fund Shares or Units held in your ISA, you will pay a switching charge equivalent to 0.25% of the net price of the new OEIC Shares, Recognised Fund Shares or Units.

**(c) Equity Dealing Charges**

For all purchases and sales of equities in an ISA which invests in Investment Trust Shares or Windfall Shares, Fidelity will deduct any commission, charges (including electronic brokerage dealing charges), levies or taxes (including stamp duty) incurred on these transactions.

**(d) Management Fees and Adviser Ongoing Fee**

Holdings of Shares and Units are also subject to management fees, charges and expenses. These are deducted from the property of the Investment Trusts, OEICs, Recognised Funds and Unit Trusts and not from your ISA. If you and your adviser agreed on Adviser Ongoing Fee 9 (g) will apply.

**(e) Edinburgh Investment Trust - Annual ISA Administration Charge**

If you hold shares in Edinburgh Investment Trust plc ("EIT Shares") within an ISA, an annual management charge will be deducted in arrear in two half-yearly instalments, based on the value of your EIT Shares on 30 June and 31 December. The charge is 0.25% plus VAT per half year. Fidelity will have the right to levy an additional charge of 0.25% plus VAT per half year if you invested via an authorised intermediary.

(f) Fidelity 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 ISA.

**26. Termination**

(a) You may terminate your ISA by giving notice to Fidelity which will be effective on receipt but will not affect transactions already initiated.

(b) Fidelity may terminate your ISA by giving you one month's notice in writing. If it becomes impractical or impossible to comply with the Regulations, Fidelity may terminate your ISA immediately, in which case you will be notified in writing.

(c) When an ISA is terminated under paragraph (a) or (b) above, Fidelity will sell the Investments and pay you the proceeds together with any cash balance held in the ISA. Payment will be by direct credit to your bank or building society (see generally Clause 8(b) for provisions relating to payments to you). Interest will not be paid on any cash balance if you have given notice of termination since the last monthly interest payment date. Fidelity may deduct any charges or other amounts due to it, any tax liabilities under the ISA, and any additional expenses incurred in terminating the ISA.

(d) Your ISA ceases to be exempt from tax on your death and will terminate. Fidelity will reinvest any income received after your death and any previous election to be paid income will lapse. Any outstanding instalments under a phased investment option for an ISA will be invested as a single lump sum after your death.

**Investments other than Investment Trust Shares and Windfall Shares:** when informed of your death, Fidelity will close your ISA but continue to hold the Investments 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. Fidelity will then seek instructions from your personal representative(s).

**Investment Trust Shares and Windfall Shares only:** when informed of your death, Fidelity will close your ISA, sell the Investments and hold the proceeds in a client account (which shall earn interest) until the original or a sealed office copy of the grant of representation is received. Fidelity will then seek instructions from your personal representative(s). Interest earned will be accrued daily and paid into your account monthly. The rates of interest which will be applied are variable based on a deposit rate obtained from a bank selected by Fidelity. On the interest which is earned Fidelity will retain an administration charge of typically 0.4% of the deposit value (full details

can be provided on request). The interest earned will be subject to a charge levied by HM Revenue & Customs in regard to interest earned on monies held for a deceased person. This will be deducted before the interest is paid into your account.

In either case, Fidelity may deduct any charges or other amounts due to it, any tax liabilities under the ISA, and any additional expenses incurred in terminating the ISA. When the formalities are concluded, Fidelity will transfer the cash balance of your ISA to your personal representative(s) or reregister the Investments in a different name or names if so instructed by your personal representative(s). These Terms are binding on your personal representative(s).

**27. Void ISAs**

Your ISA will be managed in accordance with the Regulations, which take precedence over these Terms. Fidelity will notify you if, by reason of any failure to satisfy the provisions of the Regulations, your ISA has or will become no longer exempt from tax by virtue of the Regulations. When an ISA is voided, Fidelity will sell the Investments and, after making the deductions referred to below (if any), pay to you the proceeds together with any cash balance held in the ISA. Fidelity may deduct any charges or other amounts due to it, any tax liabilities under the ISA, and any additional expenses incurred in terminating the ISA.

**28. Application to Open an ISA; Method of Payment**

(a) An application to open an ISA must be made on an Application Form, which may be completed in hard copy, by telephone or via Fidelity's Electronic Services.

(b) A FundsNetwork ISA opened via Fidelity's Electronic Services may be invested in any funds offered via FundsNetwork. In addition, a FundsNetwork ISA may be opened with a hard copy FundsNetwork Application Form specifically branded as such and offering a choice of funds available via FundsNetwork. Otherwise, an ISA opened by hard copy or telephone application may be invested only in Fidelity Products.

(c) On acceptance of an application, each new ISA will be designated by Fidelity as either a Cash ISA or a Stocks and Shares ISA. You may not subscribe for more than one Cash ISA or more than one Stocks and Shares ISA in the same tax year.

(d) You may invest one or more lump sums in your ISA during the Year. In addition or alternatively, when provided in the Application Form you may 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. NOTE: Applications for monthly savings plans must be received by the end of February in any year to ensure that the first contribution will be made in the then current tax 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 ISA would fall into the next tax year.

(e) When provided in the Application Form, you may request Fidelity to invest your initial lump sum subscription and any additional lump sums in up to 6 equal monthly instalments starting immediately, with subsequent investments made at the same date each month. Pending investment, your money will be held on deposit and will earn interest, which is accrued daily and paid into your account monthly. The rates of interest which will be applied are variable based on a deposit rate obtained from a bank selected by Fidelity, and will be applied to the individual cash balances held by you for each Year in your ISA. The HM Revenue & Customs Charge will be deducted on interest which is earned on cash held within your ISA. This will be deducted before the interest is paid into your account. Interest earned will be used to buy Units or Shares in a fund which you have Investments where there has most recently been activity, provided that sufficient interest has accrued to buy at least 0.01 Units or Shares.

(f) If at any time during the phasing period you wish Fidelity to invest the remaining balance of the money awaiting investment as a lump sum,

you may instruct Fidelity to effect this. You must inform Fidelity if you wish to change your selection of Units or Shares during the phasing period or when you invest an additional lump sum. Fidelity will effect the change as soon as practicable after receiving your instructions. For details of how to switch Investments already held, see under "Switching Investments".

- (g) If your ISA is opened by hard copy application, you must (in the case of a lump sum investment) submit with your Application Form a cheque for the full amount of your initial subscription. In addition or alternatively, in the case of regular contributions, you must submit a direct debit instruction to your bank or building society. If your ISA is opened by telephone application, you may also use any of these methods of payment. Fidelity will accept your instructions by telephone for subsequent lump sum contributions if payment is made by debit card with the Maestro or Visa symbol. Subsequent lump sum contributions may also be made by cheque. Payments may also be made from a FundsNetwork Cashmanager Account.
- (h) The phased investment option mentioned above at 28(e) is not available for ISAs being transferred in from other managers, or when switching Investments within your ISA.
- (i) If you wish to redeem any Shares or Units in order to invest the proceeds in an ISA, such instruction for redemption must be received by Fidelity not later than five 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 the ISA.

### 29. Fidelity MoneyBuilder Cash ISA Fund (Cash ISAs only)

- (a) The provisions of this clause apply only to investment in Fidelity MoneyBuilder Cash ISA Fund (the "Cash ISA Fund") within a Cash ISA. In the event of any conflict between this paragraph and any other provision of these Terms, this clause will take precedence.
- (b) If you hold income units in the Cash ISA Fund, your income will be reinvested without requiring further instruction from you in further income units.
- (c) It is a condition of investment in the Cash ISA Fund that you are a qualifying individual for the purposes of the Regulations. If you do not comply or cease to comply with this condition, your units will be cancelled (at the direction of Fidelity acting as your agent).

### 30. Transfer to a Different ISA Manager

- (a) You may instruct Fidelity to transfer to another approved manager either (i) the whole of your ISA, or (ii) part of your ISA ("a partial transfer", that is a transfer of part of the realised Investments and cash held in your ISA) subject to and in accordance with the Regulations. Transfers will be processed by Fidelity within such time as you may stipulate (not being less than 14 days) and in any event within 30 days of receipt of your instruction. Except as provided in clause 5(e) (Re-registration of Fidelity Products), only cash may be transferred, and Fidelity will convert your Investments into cash after agreeing the transfer with the new manager. Fidelity may deduct from the transfer any sums due to it.
- (b) In the case of a partial transfer, the Investments remaining after the transfer must, unless otherwise permitted by Fidelity, have a minimum value of £1,000 failing which Fidelity may treat your instruction as an instruction to transfer the whole ISA.

### 31. Charges for Windfall ISAs

- (a) **If you had an account with Fidelity on 5 April 1997:**

There are no annual charges to hold Windfall Shares in a Windfall ISA, and no fee is charged for processing dividends. No brokerage charges will be payable on the sale of Windfall Shares held within a Windfall ISA. However, Fidelity may charge a fee of £35 for each sale transaction in respect of each type of Windfall Share held in a Windfall

ISA if the sale proceeds are withdrawn from the ISA. If the proceeds of sale of Windfall Shares are reinvested in Shares or Units in an ISA (other than OEIC Shares or Units in the MoneyBuilder Range), an initial charge of up to 3.5% will be deducted.

- (b) **If you did not have an account with Fidelity on 5 April 1997:**

There are no annual charges to hold Windfall Shares in a Windfall ISA if you made an investment with Fidelity in addition to your Windfall ISA by 5 April 1999, failing which an annual charge of £15 (plus VAT at the current rate where it is relevant) will be made. No brokerage charges will be payable on the sale of Windfall Shares held within a Windfall ISA, but a handling fee may be payable. If the proceeds of sale of the Windfall Shares are withdrawn from the ISA, a handling fee of £35 may be charged for each sale transaction in respect of each type of Windfall Share sold. If the proceeds of sale of Windfall Shares are reinvested in Shares or Units in an ISA (other than Shares or Units in the MoneyBuilder Range), initial charges will apply as in paragraph (a) above.

- (c) If the Windfall Shares held in a Windfall ISA are sold and reinvested in a general ISA, all of the terms for ISAs (other than for Windfall ISAs) will apply to the ISA after the sale of the last Windfall Shares held and it will cease to be a Windfall ISA.

### 32. Income

Income from Windfall Shares held in a Windfall ISA and any capital repayment or other extraordinary payment relating to Windfall Shares, together with all related tax reclaims, will be reinvested net of any tax liability without requiring further instruction from you, unless you elect to be paid income from your ISA - see "Income" in clause 21 for details of how income will be treated and the application of interest to the income. Where income is automatically reinvested, annual statements will show details of the purchase of additional Windfall Shares without separately recording the receipt of income. The income option for Windfall Shares is not available where Investment Trust Shares are also held within your ISA.

### 33. Sales of Windfall Shares

Fidelity shall have discretion as to the timing of the sale of Windfall Shares, but sales will in any event be effected within one business day of receipt of your valid instruction to sell.

### 34. ISA Mortgages

- (a) Fidelity may advise the Lender if your ISA is transferred to another manager if requested to do so.
- (b) You authorise Fidelity to disclose to the Lender full details regarding any request to terminate your ISA, your contributions to your ISA, the value and projected value of your ISA, and any other information regarding your ISA which the Lender may reasonably request.
- (c) Fidelity is not responsible for the conduct of the Lender or of your insurer and Fidelity gives no warranty in relation to your mortgage with the Lender or insurance policy with your insurer.

### 35. ISA Cash Park

When provided for in an Application Form or otherwise permitted, you may elect to use the ISA Cash Park. Cash pending investment will be held on deposit and will earn interest, which is accrued daily, commencing the fourth business day after receipt, and paid into your account monthly. The rates of interest which will be applied are variable based on a deposit rate obtained from a bank selected by Fidelity, and will be applied to the individual cash balances held by you for each Year in your ISA. On the interest which is earned Fidelity will retain an administration charge of typically 0.4% of the deposit value (full details can be provided on request). The HM Revenue & Customs Charge will be deducted on interest which is earned on cash held within your ISA. This will be deducted before the interest is paid into your account. Fidelity will return the cash to you if it does not receive investment instructions from you within any period prescribed by the Regulations or otherwise permitted by HM Revenue & Customs.

**SECTION 3 - SHARE PLANS ONLY**

In this Section 3, "**Trusts**" shall mean Fidelity European Values PLC, Fidelity Japanese Values PLC, Fidelity Special Values PLC, Fidelity Asian Values PLC, The Edinburgh Investment Trust plc and any other investment trust company which may from time to time be managed by Fidelity and whose ordinary shares are quoted on the Daily Official List of the London Stock Exchange. Fidelity may not accept any new investments into the Edinburgh Investment Trust plc. "**Securities**" shall mean ordinary shares in the issued share capital of any of the Trusts (and any other class of capital in the Trusts which Fidelity makes available in the Share Plan). In relation to the Share Plan, Nominee shall mean such nominee as may be appointed by the Share Plan Administrator.

**36. Application and Investment**

- (a) You may invest in the Share Plan either by investing a lump sum in accordance with clause 38 below, or by opting for the Regular Savings option under clause 37. Fidelity will accept payments by cheque for the full amount of your initial investment and for any subsequent contributions, or by regular contributions (as set out in clause 37) by direct debit under Regular Savings, in which case a direct debit instruction to your bank or building society must also be submitted. The Share Plan is open to residents of the UK only.
- (b) You may invest in the Share Plan by lump sum and simultaneously set up a Regular Savings account, provided that the requirements in respect of each of these options are satisfied.
- (c) Subject to clause 45 below, an application to participate in the Share Plan will become irrevocable on receipt by the Share Plan Administrator of the Application Form. Thereafter, you may only leave the Share Plan in accordance with the provisions of these Terms.
- (d) Fidelity reserves the right to reject, at its sole discretion and without giving any reason, any application to participate in the Share Plan (including an application in respect of a person who may already be a participant under one or both of the Share Plan options). In particular, Fidelity may from time to time set a limit on the value of any securities which may be purchased or sold through the Share Plan, details of which will be available on request from Fidelity.
- (e) You are not entitled to transfer or otherwise assign your participation in the Share Plan.
- (f) Fidelity and the Share Plan Administrator cannot give advice on whether investment in investment trusts or participation in the Share Plan is suitable for you, or recommend in which type of security you should invest. As with all Stock Exchange investments, the market prices of securities in any Trust will fluctuate according to supply and demand, market conditions and other factors. The value of securities in the Trusts can fall as well as rise and you may not get back the full amount invested.

**37. Regular Savings**

- (a) You may make a regular payment into the Share Plan to purchase securities subject to the following conditions:
- (b) Payments may be made monthly into one or more of the Trusts, provided that the minimum amount of the monthly payment shall be £50 per Trust.
- (c) All regular savings payments should be made monthly by direct debit, to be collected by the Share Plan Administrator on behalf of Fidelity on the 12th day of the month or, if not a business day, the next business day. Money received will be used to purchase securities five working days after the collection date.
- (d) Payments not received on the 12th day of any month will not, unless Fidelity in its sole discretion decides otherwise, be eligible for investment until the following month.
- (e) You may from time to time increase or decrease the regular payment (subject to the minimum amounts specified in clause 37(a) above) or change the Trust(s) in which investment is to be made by writing to the

Share Plan Administrator with details of your Share Plan account number, full name and address (or the full name and address of the first holder in the case of joint holdings) and specifying the revised regular payment and/or the Trust(s) into which investment is to be made and the proportional split of such investments.

- (f) If you are making regular payments in accordance with clause 37(a) above you may make 'top-up' contributions of £250 or more per Trust at any time by writing to the Share Plan Administrator with details of your Share Plan account number, full name and address (or the full name and address of the first holder in the case of joint holdings), the Trust into which the investment is to be made (which must be a Trust into which regular contributions are being made or have been made) and enclosing a cheque for the relevant amount made payable to FIL Investments International.
- (g) Top-up payments which have been received by 11am on any business day will be invested on the next Business Day on which investments are made into the Trusts.
- (h) Cash dividends received on your behalf will not be distributed but will be used to purchase further securities in the Trust to which such dividends relate, on the next Business Day on which investments are made into the Trusts.
- (i) Where dividend reinvestment is being made, dividends amounting to less than the cost of purchasing a share will be held on your behalf until further cash is available for investment.

**38. Lump Sum**

- (a) You may at any time invest a lump sum in the Share Plan subject to the following:
- (b) The minimum initial investment for the lump sum option shall be £1,000 per Trust. A subsequent lump sum investment may be invested in the same Trust provided that the minimum amount is not less than £250 per Trust.
- (c) Payments made by new investors must be accompanied by an Application Form: if you are an existing participant you need not fill in an Application Form but should supply details of your Share Plan account number and full name and address (or the full name and address of the first holder in the case of joint holdings).
- (d) Payments which have been received by 11am on any business day will be invested on the day of receipt. Payments received after 11 am on any business day will be invested on the next business day.
- (e) You may elect that cash dividends received in respect of securities held in the Share Plan are distributed to you. Cash dividends received will, unless you elect to have them distributed to you, be used to purchase further securities in the Trust to which such dividends relate.
- (f) Where dividend reinvestment is being made, dividends amounting to less than the cost of purchasing a share will be held on your behalf until further cash is available for investment.

**39. Operation and Administration of the Share Plan**

- (a) Fidelity will be responsible to you for, and may delegate to, the Share Plan Administrator
  - (i) the safe custody of monies received;
  - (ii) the distribution of details regarding purchases or sales made on your behalf; and
  - (iii) the maintenance of the necessary records.
- (b) Fidelity may, at its discretion, employ any other agent or agents in place of or in addition to the Share Plan Administrator to provide administrative services to the Share Plan on its behalf and Fidelity may delegate all or any of its rights and functions in relation to the Share Plan to its agent or agents from time to time. Fidelity or any such agent or agents may charge for their services and neither Fidelity nor any agent or agents shall be accountable to you for any such charges made.

(c) Neither the Trusts (nor any of them) nor the directors of the Trusts (nor any of them) are liable for any loss that may be suffered by you in the Share Plan or for any misconduct or irregularity on the part of Fidelity, or the Share Plan Administrator or any other agent in carrying out their respective responsibilities for setting up, operating and administering the Share Plan.

#### 40. Purchase of Securities

- (a) Fidelity will purchase, at its discretion as to timing and price (subject to both the other provisions of these Terms and all legal and/or regulatory requirements to which it may be subject from time to time), the maximum possible whole number of securities chosen by you on one or more days on which Fidelity deals. It shall use its reasonable endeavours to fulfil all orders but shall not be liable for failure to do so for reasons beyond its control (subject to compliance with the FSA Rules on business continuity).
- (b) Shares may also be acquired by subscribing for new shares. The subscription price will be the market offer price at the time of the subscription.
- (c) You are required to sign a waiver of your right to interest on monies held by Fidelity prior to purchase of securities under the Share Plan or (if applicable) their return.
- (d) All monies received under the Share Plan are paid into a separate non-interest bearing client account (in accordance with the FSA Rules) on behalf of Fidelity until the monies are invested pursuant to the Share Plan. Any uninvested cash balance will be carried forward without interest and added to your next payment for investment. In the case of the lump sum option, uninvested cash balances will be retained by Fidelity, and if you have elected for cash dividends to be reinvested, the cash balance will be aggregated with the next cash dividend for reinvestment.
- (e) In the event that the Share Plan Administrator is unable to purchase Securities required under the Share Plan within any period provided for under these Terms, the relevant uninvested cash will be carried forward without interest until the relevant Securities may be purchased.
- (f) As soon as reasonably practicable after the date of each purchase under the lump sum option, and any top-up purchase under the Regular Savings option, the Share Plan Administrator will send an advice note to you detailing the amount available for investment, the date of purchase, the number of securities purchased on your behalf in the relevant Trust, the price paid per security and the total cost of the purchase (including dealing charges (if any), stamp duty and commission payable, as applicable). Statements containing relevant trade confirmation information (as defined by the FSA Rules) will be sent to you in respect of purchases and redemptions effected through the Share Plan.
- (g) Fidelity reserves the right to deal before the receipt of cleared funds. Fidelity further reserves the right, if such funds are not received within five days of the receipt by the Share Plan Administrator of an Application Form or other instruction, to sell or realise the relevant securities without further notice to you in order to meet any liabilities which Fidelity may have incurred on your behalf. In the event of such a sale or realisation the Nominee shall be entitled to transfer such securities to such persons as Fidelity shall specify.

#### 41. Holding of Securities

The Nominee will be the registered holder of Securities purchased through the Share Plan on your behalf. The Nominee will hold the Securities in uncertificated format in CREST, to your order. The Nominee may be changed from time to time. Further information on nominees is set out in clause 5(c).

#### 42. Sale and Transfer of Securities

(a) Fidelity is able to arrange for the sale of securities acquired and held through the Share Plan on your behalf provided that such securities have been paid for.

(b) Written instructions to sell together with all relevant details should be sent to the Share Plan Administrator, in which event the securities to which the instruction relates will be sold and the proceeds of sale sent by cheque one day prior to the relevant settlement day to your registered address.

(c) Sales of securities for which instructions have been received by 11am on any business day will be effected daily upon receipt.

(d) A statement showing the number of securities sold and the net proceeds of the sale will also be sent separately to you.

(e) Alternatively, you may arrange the sale of securities through a different broker, in which case you must inform the broker that the securities are held in the Share Plan and inform the Share Plan Administrator as soon as possible. If you wish to transfer securities held in the Share Plan into your own name (or into the name of another) you should notify the Share Plan Administrator in writing. Sales or transfers of only part of your holding in the Share Plan will be permitted subject to retaining the minimum investment in the Share Plan specified for the lump sum option or continuing to participate under the Regular Savings option.

#### 43. Charges and Expenses of the Share Plan

(a) Purchases and sales of securities on your behalf will be made free of any charges, but you will pay stamp duty of 0.5% on purchases and other costs that may be applicable from time to time.

(b) Where you have been introduced to the Share Plan by an independent financial adviser, a commission may be paid to the independent financial adviser of up to 3% of the proposed monthly contribution or the lump sum investment. The commission will be deducted from each relevant contribution.

(c) The Share Plan Administrator charges fees for providing administrative services in connection with the Share Plan. The Share Plan Administrator's fees, together with certain other costs relating to the Share Plan, are borne by Fidelity with the exception that Edinburgh Investment Trust Plc bears these fees and costs directly insofar as they are attributable to The Edinburgh Investment Trust plc.

(d) Except as noted below, Fidelity receives fees from the Trusts for managing and administering the Share Plan and also for distribution and promotional services in connection with the Share Plan in such proportions as may be agreed between Fidelity and the Trusts from time to time. In relation to The Edinburgh Investment Trust plc only, Fidelity discharges all such costs out of the fee which it receives from the Trust for acting as investment manager.

#### 44. Leaving the Share Plan

(a) You may leave the Share Plan at any time (and with immediate effect) by giving notice of such in writing to the Share Plan Administrator.

(b) You shall be treated by Fidelity as having left the Share Plan:

(i) On disposing of all of your securities held in the Share Plan or on a sale leaving less than £1,000 worth of securities held in the Share Plan (unless you continue to participate under the Regular Savings option); or

(ii) Fidelity or the Share Plan Administrator on receiving notice in writing or otherwise becoming aware of your death or insolvency; or

(iii) On the termination of the appointment of the Nominee holding securities purchased through the Share Plan on your behalf, except if such termination is followed by the appointment of a new nominee company to hold the securities approved by Fidelity.

(c) Fidelity or the Share Plan Administrator may require you to leave the Share Plan on giving notice in writing in the following circumstances:

(i) Where a payment which ought to have been made by you or on your behalf under the Regular Savings option was not made on the due date; or

(ii) Where you have otherwise breached any of these Terms; or

- (iii) Where any of the information given by you or on your behalf on any Application Form proves to be incorrect; or
- (iv) Where any Trust in which you hold securities under the Share Plan has ceased or is about to cease its participation in the Share Plan.
- (d) In the event of termination pursuant to any of the above, you will, unless Fidelity or the Share Plan Administrator advise you otherwise, cease to participate in the whole Share Plan notwithstanding that the reason for this termination may have arisen from only one of the Share Plan options and/or in respect of only one or more of the Trusts. Fidelity will arrange for the transfer of securities held under the Share Plan to you as soon as reasonably practicable but subject to prior payment by you of any of Fidelity's charges and other costs.
- (e) In the event of termination pursuant to any of the above any uninvested cash held on your behalf will be returned to you after the relevant securities have been transferred to you out of the Share Plan, except where you had been a Participant under the Regular Savings option and your participation in the Share Plan terminated after the 7th day of any month, in which case any uninvested cash will be deemed available for investment during that month and may be invested pursuant to the Share Plan.
- (f) Termination will be without prejudice to transactions already initiated.

#### 45. Termination of the Share Plan

- (a) Fidelity may at any time terminate the Share Plan or any of its provisions on giving not less than one month's notice in writing to you at the time of such notice.
- (b) On termination of the Share Plan, all securities held under the Share Plan will be transferred to you if you are entitled to receive them. Any uninvested cash held on your behalf will be returned to you.

#### 46. Rights Issues, Bonus or Scrip Issues etc

- (a) Fidelity will, subject to the terms of issue and to any legal or other restrictions, endeavour to arrange for you to have an opportunity to instruct the Nominee to take up at your expense, or if appropriate, to dispose of securities offered by way of rights, open offer or otherwise relative to securities owned by you under the Share Plan.
- (b) Any securities allotted to the Nominee pursuant to your instructions in respect of such rights, open offer or otherwise or pursuant to a scrip or bonus issue relative to securities owned by you under the Share Plan shall, in the case of types of securities admitted to the Share Plan on the date of allotment or issue, be and continue to be held under the same Share Plan option as the securities which gave rise to the right and subject to these Terms and, in the case of types of securities not admitted to the Share Plan on the date of allotment or issue, be transferred to you at your expense, which expense may include the Share Plan Administrator's handling charge.

#### 47. Correspondence and Notices

All communications to Fidelity or to the Share Plan Administrator in relation to the Share Plan should be clearly marked the 'Fidelity Investment Trust Share Plan'. These communications should be sent to Fidelity Investment Trust Share Plan, Block C, Western House, Lynchwood Business Park, Peterborough, PE2 6BP, or to such other address as Fidelity or the Plan Administrator may notify you in writing.

### SECTION 4 - FUNDS NETWORK CASHMANAGER ACCOUNT ONLY

#### 48. Manager

FundsNetwork CashManager Accounts are managed by Financial Administration Services Limited (a Fidelity company), which is authorised and regulated by the FSA in the conduct of its investment business. Your money is held in a pooled client money account under the FSA rules at a UK authorised bank.

#### 49. The account

The FundsNetwork CashManager Account is available to UK residents who are over 18 years of age and are UK resident for UK tax purposes. A FundsNetwork CashManager Account may not be held under a trust arrangement.

#### 50. Interest

- (a) When provided for in an Application Form, you may elect to use the FundsNetwork CashManager Account. Fidelity may return the cash in your account to you if it does not receive investment instructions from you within any period prescribed under applicable law or regulations.
- (b) Money held in an account will earn interest, which is accrued daily, commencing the fifth business day after receipt, and paid into your account quarterly, at a variable rate of interest related to the Bank of England base rate. Interest will be payable on the business day after we receive it from the authorised UK bank holding your money. On the first £15,000 held in the account the interest rate applied will be 0.4% below the Bank of England base rate. For each day that the money held in the account exceeds £15,000 then daily interest will accrue on the whole amount at a rate of 0.2% below the Bank of England base rate. If the interest accrued to an account in one quarter is less than £1 then no interest will be payable in respect of that period. Any applicable charge under law or regulation (such as basic rate income tax) will be deducted on interest which is earned on cash held within your account before the interest is paid into your account. Fidelity will receive an additional payment for its own account from the bank holding the pooled FundsNetwork CashManager Account moneys. Details of this are available on request from Fidelity.

#### 51. Payments in

Payments into a FundsNetwork CashManager Account must be by direct debit transfer from your nominated bank account and they will be credited to the FundsNetwork CashManager Account within one business day of receipt.

#### 52. Withdrawals

You may, by request to Fidelity, make withdrawals from your FundsNetwork CashManager Account to your nominated bank account. Withdrawals will be processed by Fidelity within 1 business day of the receipt of your request. Payment is normally by direct credit to your nominated bank account.

These Terms are issued jointly by:

FIL Investment Services (UK) Limited (No.2016555) FSA registered No 121939

FIL Investments International (No.1448245) FSA registered No 122170

Financial Administration Services Limited (No.1629709) FSA registered No 122169

All of Oakhill House, 130 Tonbridge Road, Hildenborough, Kent TN11 9DZ

Authorised and regulated by the Financial Services Authority. Registered in England and Wales.

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### APPENDIX 1

#### Best Execution Disclosure Statement

The following describes our policy to enable us to deliver the best possible result for clients when dealing with orders for them under these Terms.

When we deal with an order to buy or sell Investments under these Terms, we will do so in a way that achieves the best possible result for you in the circumstances. In regulatory terms, this may involve execution outside of a regulated market or multilateral trading facility.

**Orders relating to funds** - The only method available for dealing with most of these in practice is to transmit them to the operator of the fund or its agent for execution. For the most part, operators will therefore be the only "execution venue" that we use. Our policy generally requires us to consider various execution factors in deciding how best to execute a client order. These include price, cost, speed, likelihood of execution and settlement, size, nature and other relevant matters.

Ordinarily, we will consider price to be the most important factor for you. However, where there is only one execution venue that we can use in practice to deal with your orders, we will have to use that venue regardless of the impact of other execution factors. Sometimes a fund may be available via another trading platform provided by a third party. Strictly speaking, this could be an alternative execution venue. However, we do not use such platforms, as we do not believe that we would obtain a better price by doing so.

**Orders relating to Investment Trust Shares** - When it is necessary to buy or sell these shares for you under the Terms, we send an order to a stockbroker selected by us. The stockbroker must provide us with the best possible result in terms of price and other relevant execution factors that it can achieve in the circumstances. At present, only one or two stockbrokers are used for this purpose, as we believe this helps us negotiate the lowest fees and charges possible. We pay these ourselves, without having to pass them on to you. We will monitor the prices they achieve on a regular basis to ensure they meet this obligation.

We will monitor the effectiveness of our best execution policy and arrangements and implement any necessary changes from time to time. In particular, we will consider what other possible execution venues and stockbrokers we could use, and whether doing so would generate a better result for you. We will notify you of any material changes to our best execution policy and arrangements made from time to time, where they are relevant to you.

Please note, however, that our best execution policy will not apply:

- When you give us specific instructions as to how you would like your orders dealt with. This may prevent us from taking steps that we have designed to obtain the best possible result in the circumstances.
- When you give us an order to deal shares or units in Fidelity funds domiciled in the UK and these are not held in an ISA that we provide. FIL Investment Services (UK) Limited as operator of the relevant funds will deal direct with these orders and there will accordingly be no obligation to provide best execution.

This Disclosure is made in accordance with the FSA's Conduct of Business Rule) 11.2.

This statement is issued for and on behalf of the following companies:

FIL Investment Services (UK) Limited

FIL Investments International

Financial Administration Services Limited

## APPENDIX 2

### Conflicts of Interest Disclosure Statement

#### Introduction

Conflicts of interest exist in all businesses and at all firms. We live in a complicated world and this is reflected everywhere. Nevertheless we recognise that our business is above all based on a contract of trust with our clients and we are duty and honour bound to manage those conflicts.

At Fidelity International we have put in place a variety of policies, procedures and processes designed to manage these conflicts of interest. The purpose of this disclosure statement is to identify in a summary form those conflicts which we experience as an organisation and to describe how we address the challenges such conflicts pose us.

In this disclosure statement we include within the concept of "firm" all associate companies within the Fidelity International group and their employees – together "Fidelity".

#### Principal Investing

Within Fidelity there are companies which invest as principal in equities, bonds, properties and other investments in which we may also invest for clients. Fidelity has an investment portfolio comprising equities, bonds, properties and holdings in collective investment schemes. Investment decisions regarding the investment portfolio are made independently of the

investment management process which supports our client funds and accounts. In particular we draw your attention to Fidelity's investment in COLT (a UK listed company) where we have a significant holding to the extent that we do not permit our active funds to invest in COLT securities.

#### Fidelity venture capital

Fidelity has a venture capital activity which specialises in "go-to-market" capital. This activity does not have access to Fidelity's research effort supporting external clients, though it is able to seek the counsel of in-house experts who may be part of the investment team. It operates in a physically segregated area and is subject to information firewalls.

#### Investing in FIL Funds

As a normal business procedure Fidelity will invest in Fidelity funds (both open-ended funds and close-ended trusts for which we are managers), either as seed money or for investment portfolio reasons. In all cases Fidelity is treated in a manner that does not conflict with the interests of any other investor or would-be investor.

#### Currencies

Fidelity trades currencies for the purposes of general balance sheet management as well as to support investment and commercial transactions within the group. This currency trading is carried out separately from the currency trading conducted on behalf of clients and client accounts.

#### Use of affiliates

When trading for clients we may use the services of affiliates or trading platforms in which affiliates have a financial interest. We may also use brokers, other counterparties and execution venues in which we or client funds and accounts may hold investments. Any such dealing is conducted on an arm's length basis and will always be subject to our best execution and trade allocation policies.

#### Pilot funds

Fidelity allocates funds from its balance sheet to be managed by an analyst as a Pilot Fund. This can be used as a means of road-testing an investment idea, providing experience for someone who might become a fund manager, or both. Such funds are managed by individuals involved in the general investment process, but we apply specific restrictions on the management of such funds. Pilot Funds are subject to a personal account trading restriction such that they may not trade on a Fidelity research rating upgrade or downgrade until two full days after that research note has been issued. Additionally, while Pilot Funds are traded through Fidelity trading desks, in the event of a shortage of liquidity all client orders must be completed in full before the Pilot Fund receives any allocation. Pilot funds may also not trade with client accounts.

#### Personal Account Dealing

All Fidelity staff are subject to a Code of Ethics which places restrictions on all staff, in particular those with access to confidential information about the funds. These restrictions include preclearance for many personal transactions for staff and their immediate family as well as regular reporting. At the heart of the Code is the principle that no employee may benefit from their knowledge of a client's affairs. The Code is monitored and includes a full sanction and disciplinary process in the event of breaches.

#### Business Entertainment and Gifts

While recognising the value of personal relationships with suppliers, service providers and clients, Fidelity lays down strict standards regarding what gifts and business entertainment are acceptable. This applies both in terms of giving and receipt of such items. Our policy on business entertainment and gifts is subject to the same disciplinary process as the Code of Ethics.

#### Research Material

Fidelity develops proprietary research material primarily for its own use. However, research is shared with Fidelity Management Research and its affiliates. Fidelity research material is not made available to the general public. Nevertheless, we place certain controls around our research process. If any research analyst has an interest in a stock on which he or

she is commenting, that must be disclosed within the research note. In addition the Fidelity Code of Ethics contains specific provisions regarding research analysts to manage any possible conflicts. Research is issued simultaneously across Fidelity.

Fidelity acquires research material from third parties which is paid for, in part, by commissions paid to brokers on fund and client account trades, but only where the client has explicitly consented. The value of research thus obtained is rigorously reviewed and payments through the commission system are only made if such research has been useful in managing client funds.

#### **Multi-Manager**

Fidelity has a business involving the investment by Fidelity funds and client accounts in other providers' funds and services. This is done through either an unfettered fund of funds or a multi-manager mechanism. As part of its due diligence Fidelity will need to understand details regarding another fund manager's investment process and so forth. To preserve the integrity of the unit and to provide comfort that confidential information is not shared with Fidelity's direct investment team, its research and information databases are not available outside the unit.

#### **FundsNetwork™**

FundsNetwork is operated as a commercially-run trading platform and equally operates in the interests of the wider Fidelity group through its promotion of authorised funds managed by Fidelity alongside the large choice of funds provided by third party fund managers. Third party fund groups and managers may make payments in order to have their funds listed and administered on the platform. In particular, such product providers may have made payments or given other non-monetary benefits to FundsNetwork for the provision of advertising, product placement and other promotional activities. Where FundsNetwork receives commission payments from product providers this will be disclosed to customers as required.

#### **Investment in client securities**

In all cases Fidelity's investment decisions will be guided by what we regard as the best interests of the relevant fund or account and its investors.

#### **Blocking trades, allocation and order priority**

When carrying out client transactions in securities, derivatives and currencies Fidelity will combine orders where this is in the best interests of clients as a whole. If there is insufficient liquidity for either purchases or sales then a strict pre-formulated allocation policy automatically attributes available liquidity proportionately across all client orders. When this would result in a client account receiving an uneconomically small amount of a security this is reallocated across the other participating accounts. Any Fidelity principal account will only be permitted to participate once all client orders are satisfied in full. The allocation process is subject to regular monitoring, internal and external audit.

#### **Interfunds**

As different funds expand and contract due to investor flows, or fund managers take differing views on a stock, one fund may be selling stock another wishes to buy. Such opportunities are identified by the trading system and treated as internal agency crosses or interfunds. Fidelity acts as agent for both sides of the transaction. The price used is a market price and the trade is executed with Fidelity taking no commission or spread. Interfunds are subject to our Best Execution policy, but benefit from no broker commission or spread being payable. The basis upon which interfunds are conducted is set out in a formal policy, adherence to which is regularly monitored and subject to both internal and external audit.

#### **Voting**

As a responsible investor Fidelity takes seriously its obligation to exercise voting rights. These will always be exercised on the basis of our Principles of Ownership which state that "in instances where our clients own shares in more than one party to a transaction or where there are potential conflicts

of interest, we will always act in the interests of the specific funds/clients holding the investment in question."

#### **Property**

Fidelity is involved in property investment both as a principal and as manager on behalf of clients. It is therefore possible that Fidelity's property funds or property company will be in competition with clients in similar businesses, for example when bidding for the same property. Fidelity will not knowingly place its own property interests in conflict with the interests of clients, and will seek to obtain the best result for its property fund clients regardless of other considerations.

#### **Market Timing**

Market timers speculate in open-ended funds through a variety of strategies, usually involving a high volume of transactions and short holding periods. While such investors are technically clients Fidelity regards their activities as contrary to the best interests of the funds and the funds' long-term investors. Accordingly, Fidelity employs an arsenal of tools, strategies and processes designed to frustrate market timing and retain value within the funds. There is clearly on paper a conflict between the normal buy-and-hold investor and the short-term speculator and Fidelity makes no apology for resolving this conflict in the interests of our longer-term clients for whom the funds were designed.

#### **Management of Multiple Accounts**

Fidelity manages the accounts of multiple clients on various terms and conditions, including different fee arrangements and investment mandates (including investment mandates involving the use of derivatives and short selling). Fidelity will not favour the account of one client over the account of another client to further its own interests or the interests of one client over the interests of another.

#### **Our undertaking**

We will maintain our principle of managing conflicts of interest in accordance with our regulatory and fiduciary obligations. However, should a situation arise when we cannot, for whatever reason, manage a conflict to our satisfaction and in accordance with the above outline, we will disclose to you the general nature or source of that conflict prior to undertaking business with you.

This policy is issued for and on behalf of the following companies:

- FIL Investments International
- FIL Investment Services (UK) Limited
- Financial Administration Services Limited
- FIL International Investment Advisors (UK) Limited
- FIL Pensions Management
- FIL Investments Management (Luxembourg) S.A.
- FIL (Luxembourg) S.A.
- FIL Fund Management (Ireland) Limited
- FIL Investment Management GmbH
- FIL Gestion
- FIL Real Estate Investment Management Limited
- FIL Life Insurance Limited

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