

PILLING & Co

STOCKBROKERS

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Child Trust Funds (CTF's)

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STOCKBROKERS
SINCE 1893

PILLING & Co STOCKBROKERS

Pilling & Co is proud to have offered skilled Stockbroking and Portfolio Management Services for over three centuries. Our head office is named after our founder, Henry Pilling, who launched the firm in 1893. We offer a professional and friendly service to clients from around the world and have also forged excellent working relationships with many Solicitors, Accountants and IFA's. We were pleased to receive numerous awards over the last decade from the Investors Chronicle voted for by their readers, the latest being for the UK's "Best Execution Only Stockbroker" for "Customer Service".

We pioneered Personal Equity Plans (PEPs) and their replacement Individual Savings Accounts (ISAs), and defined the development of this special market nationally. Our expertise in ISAs also covers "self-invested" Personal Pensions (SIPPs) of which many clients have already taken full advantage. In recent years we have added Child Trust Funds (CTFs) to the menu and more recently JISAs giving you the investment vehicles you need to look after all the family. However, we do not just give you sound information to enable you to choose your own investments, all administered by us, we also specialise in Investment Management and Discretionary Management services.



**HENRY PILLING HOUSE
BOOTH STREET, MANCHESTER M2 4AF**

Our aim is to help you achieve your investment goals with the minimum of fuss. This is why we offer an unrivalled telephone service where calls to Pilling & Co go directly to experienced staff.

The main number **0161 832 6581** is answered by qualified stockbrokers who have immediate access to the markets and can normally deal for you instantly. We also have a direct line **0161 819 4850** to our CTF administration department to save you annoying call transfers. This makes your phone call shorter and means your needs are dealt with more efficiently.

We find this the best way of giving you an efficient service, particularly when rapid market movements mean a surge of calls. In volatile market conditions the ability to trade instantly is critical, which gives Pilling clients a major advantage. We pride ourselves on our ability to answer promptly, even in very busy periods.

Introductory Guide and Application Forms (Forming our General Terms and Conditions for CTF Investors)

Child Trust Fund (CTF) Key features include:-

- choice of non-stakeholder or stakeholder CTF
- discretionary management of stakeholder CTF
- discretionary or investment managed of non-stakeholder CTF
- low administration fees
- minimum commission only £10 on non-stakeholder CTF
- free transfers from other managers
- invest up to £4128 per year

Your Questions Answered

Q. What is a CTF?

A. A CTF is a savings and investment account for children born on or after the 1st September 2002 and on or before the 31st December 2010.

Q. Who can open a CTF?

A. Subject to the dates above, a CTF application can only be made by a person aged 16 or over. The person with parental responsibility for the child can apply to open the child's CTF, and could be: -

- the child's natural parent,
- a person who has legally adopted the child, or
- a person who has been granted legal authority by the Courts.

Q. What types of CTF do Pilling offer?

A. We offer two types of CTF, a non-stakeholder CTF and a Stakeholder CTF.

Q. What is the difference between the two types of CTF?

A. The non-stakeholder CTF allows the registered person (the person with parental responsibility for the child) to make the investment decisions for the funds in the CTF whilst the Stakeholder CTF is run on a discretionary management basis by Pilling & Co. The qualifying investments in a non-stakeholder CTF are more wide ranging and the charges are different from those of a stakeholder CTF. (See charges section on pages 11 & 12)

Q. How much will the government put in to the CTF?

A. Unfortunately the government stopped all contributions to CTFs for children born on or after 1st January 2011 and cancelled the age 7 payments for existing CTFs.

Q. How did the government contribute to the CTF?

A. Up until December 31st 2010 the government will have sent the person with parental responsibility for the child a voucher.

Q. Can additional contributions be made?

A. Yes, family, friends, local authorities and charities can contribute up to **£4128 each year** to the fund. Each subscription year starts on the child's birthday and ends the day before the child's next birthday. Immediately after the child's birthday another £4128 can be contributed and so on in subsequent years between the child's birthdays up to the age of 18.

If contributions are made by family or friends they are deemed to be a gift to the child and cannot be repaid to the subscriber at a later date.

Q. How can these contributions be made?

A. Contributions can be made by cheque, bank transfer or direct debit (form enclosed). The minimum payment is £10. You can contribute a lump sum or by monthly instalment.

Q. Can payments be back dated if all the allowance is not used in an earlier year?

A. No, unfortunately any subscription limit not used in any year is lost and cannot be used in future years.

Q. What investments are allowable in a non-stakeholder CTF?

A. You can buy Qualifying shares officially listed on any recognised stock exchange. AiM shares, qualifying Investment Trusts, Unit Trusts, Open Ended Investment Companies and UCITS are allowed. You can also buy Gilts, PIBs, Bonds, Convertibles and Preference shares. Extra charges may apply to some overseas stocks so you should check with us before dealing.

Q. What's excluded from a CTF?

A. Options, Futures, Nil-Paid Shares, Warrants and shares in unquoted companies are excluded.

Q. Who chooses the Investments?

A. For a Stakeholder CTF all investments are made by Pilling & Co under a discretionary management arrangement. For a non-stakeholder CTF you make the investment decisions and you can trade as often as you wish, although there may be some restrictions on certain investment choices, (ie high risk stocks may not be allowed).

We try to make sure the investments you choose are eligible for your CTFs. However, we do not accept any tax consequences and/or liabilities of any kind should we later find that, whatever the reason, you have chosen non-qualifying or unsuitable investments.

Our Investment Managers will be happy to provide more detailed personal analysis of a CTF as part of your investment portfolio once you return our "Client Agreement." Details are available on request.

Q. What are the tax benefits?

A. Income and gains generated by CTF investments are exempt from income tax and capital gains tax. Also, income generated from additional subscriptions to the CTF does not count towards the subscribers income. Please note income cannot be withdrawn from the CTF.

Q. Do you deal "instantly?"

A. Yes, for a non-stakeholder CTF we will deal for you as soon as possible and you can often hold on the telephone while your deals are being done.

For a Stakeholder CTF we invest your cash on set days in our discretionary fund. (See Stakeholder Discretionary Section on page 9)

Q. Can I transfer shares held in my own name into a CTF?

A. Sorry, this is not allowed. However, you may use shares to fund the CTF by carrying out a "Bed & CTF". We sell the shares and then transfer the proceeds up to the subscription limit into the CTF. In a non-stakeholder CTF we can buy the shares back simultaneously into the CTF providing they are a qualifying investment. You may also buy different shares in the CTF from those you sell. We need your share certificate(s) and a signed CREST transfer form for each holding before proceeding. (see below and the "Charges Section" on pages 11 & 12).

Q. "Bed & CTF" - any special costs?

A. As "arm's length" deals, you pay the market-maker's "turn" - ie the spread between the selling and buying prices goes to the market-maker. (We can often reduce this for you). You also pay 0.5% Government stamp duty on most purchases.

If the same holding is sold and then bought straight away in the non-stakeholder CTF, you pay no commission on the sale and you just pay our normal rates on the purchase. If you do not buy the same stock in the CTF as the stock you are selling, then you pay a nominal charge of £10 per sale as well as the normal purchase commission. Any sales could have capital gains tax (CGT) implications.

Q. May I leave the CTF in cash?

A. Yes, cash is a qualifying investment for a CTF, but you may only do this in our non-stakeholder CTF .

Q. Do you pay interest on cash?

A. Yes, providing base rate is above 1%, we will credit the account every year, our rate will be no lower than 1% below base rate at the time. Our current rate is available on request.

Q. How is my money held?

A. Your cash is always held in accounts segregated from our own, and only in banks which are authorised and regulated by the FCA. Your money will be held by the approved banks in a pooled account with other clients' money and will not therefore be separately designated with your name. In the unlikely event of the failure of the approved bank resulting in an unreconcilable shortfall, clients may share in that shortfall in proportion to their share of the cash in the pool.

Q. How are dividends dealt with?

A. Dividends are credited to the CTF account. If there is any tax due from interest payments on gilts for example, we will reclaim this from the Inland Revenue and add this to the CTF.

Q. Can income be paid out of the CTF?

A. No, withdrawals of any kind can only be made by the child at age 18 or over.

Q. Can I close the CTF?

A. A CTF can only be closed for the following reasons :-

- on the death of the child,
- on the child reaching their 18th birthday, or
- on direct instruction from HMRC (where the CTF is void).

A CTF cannot be closed because the child has become non-resident in the UK.

Q. Can I transfer a CTF to Pilling?

A. Yes, we make no charge to receive CTFs from other managers. However, a child must only have one CTF provider and their CTF must be either non-stakeholder or stakeholder, not a combination of both. (See transfer form at the back of this brochure)

Q. Can I switch between non-stakeholder and stakeholder?

A. Yes, we can carry out an internal transfer, however the criteria for qualifying investments are different and your investments may have to be sold and reinvested into qualifying investments.

Q. Can I transfer my Pilling CTF to another provider?

A. Yes, upon receipt of your new CTF providers signed transfer form we will transfer either a stakeholder or non-stakeholder CTF to a new manager of your choice. However, we will only transfer a CTF in the form of cash so any investments will have to be sold. (See charges section pages 11 & 12)

Q. How are my CTF investments registered?

A. Through CREST, where available, in our nominee "St Anns Square Nominees Limited"(SASNL). The child is always the beneficial owner of the investments. They are never part of Pilling & Co's assets nor, indeed, of the nominee company's assets. There may be occasions when identical stocks are pooled together within Crest, at another custodians or at unit trust managers, as one block under the title of SASNL. These cannot then be attributable to any individual client and ownership will be evidenced by an electronic bookkeeping entry at Pilling & Co instead of a physical certificate. In these circumstances you are warned, that in the unlikely event of an unreconcilable shortfall after the failure of a custodian, clients may share in that shortfall in proportion to their original share of the assets in the pool.

Q. Are my investments secure?

A. Yes. Pilling & Co accepts absolute responsibility for St Ann's Square Nominees Limited. Your investments are not only protected under the Financial Services Compensation Scheme (FSCS), but, with the security of Pilling clients in mind, we also maintain additional professional financial risk insurance to cover the changing level of turnover in our business. If your investments must be held by a third party, we will use our best endeavours to make sure that only recognised and well-respected financial institutions are used. There may be further risk with non-UK based custodians because of different settlement, legal and regulatory requirements. In some cases dividend payments may be briefly held in a custodian's overseas bank account before payment is made to Pilling & Co. However, we do not accept responsibility for such third party safe custody obligations.

Q. How do you deal with "Corporate Actions?"

A. For a non-stakeholder CTF we write to inform the registered person of any action affecting the investments including conversion and subscription rights, takeovers and similar offers. We process any capital reorganisations, demergers etc. You may only take up rights issues and open offers in a CTF if you have cash in the plan, or can add new cash. If you do not have enough cash, then the funds must be raised inside the CTF. Rights and open offer entitlements can not be taken up outside the CTF. Where investments are pooled, entitlements are allocated on a "pro rata" basis and are rounded down to the nearest whole unit.

You must give your clear instructions direct to the Pilling Administration Department by phone or by email to caisa@pilling.co.uk by the requested date, or we can accept no responsibility whatsoever for any resulting losses or liabilities.

Q. Can I borrow against my CTF?

A. No. The child must always remain the beneficial owner of the CTF investments. They may not be used as security for a loan.

Q. When do I get a valuation and statement?

A. The registered contact can request a statement at any time and you can access the account online via our Client Web Access (CWA) Service.

Q. How do I register for CWA?

A. Simply send an email detailing the account name and number to compliance@pilling.co.uk requesting to join CWA. You will be issued an exclusive login and password.

Q. Can I have Company Reports and Accounts?

A. Yes. We can arrange this but, to keep down costs, we suggest you get these from the Company Registrars direct. They are generally available on company websites.

Q. Do I have the same rights as an ordinary shareholder?

A. Yes. By negotiation, we can arrange for you to attend company meetings, to vote and to receive any other relevant information that is sent to share or unitholders direct.

Q. Can my CTF be "voided"?

A. Yes. We regret that if your plan fails the provisions of the CTF Regulations, it may have to be cancelled ("voided") and we will tell you as soon as possible. However, this is a rare occurrence and we make every effort to ensure this does not happen.

Q. Does Pilling administer its own CTFs?

A. Yes. All our CTFs are administered "in-house" by our own staff and we never delegate our CTF role to a third party.

Q. Can the investments be sold without my permission?

A. We reserve the right to sell or realise any investment in the CTF which we are holding on your behalf in order to meet any fees or liabilities you may have incurred to us. No sales will be carried out before reference to the registered contact first.

Q. Can I open a CTF for my child born before the 1st September 2002 or after 31st December 2010?

A. No. However, the government has recognised this in-balance and introduced a Junior ISA (JISA). This allows you to invest the same amount for your other children. Like the Stakeholder CTF you can take out a stakeholder or non-stakeholder JISA. Our Stakeholder JISA will be invested in the same fund at the same terms as the CTF.

Stakeholder Discretionary

Q. Do you only offer stakeholder CTFs on a discretionary basis?

A. Yes, however, if you wish to make your own investment decisions, we also offer a non-stakeholder CTF.

Q. If I elect for a stakeholder CTF how will you invest the money?

A. Pilling & Co invest monies via a discretionary management facility. That is to say we decide on your behalf how to invest CTF money to provide a suitable risk and reward solution. All of our discretionary managed stakeholder CTFs will have the same approach until life-styling (see below) takes effect at age 15.

In choosing our risk/reward profile we have taken into account the guidelines set out by the government in its information to stakeholder CTF providers. This means that investment can be made into equities, both in the UK and overseas, as well as proportions of cash and bonds, both corporate and government-issued, within a single priced fund. Pilling & Co's investment managers will decide how this investment process is to be styled, whether it be via a single fund or multiple funds. Pilling's Investment Managers are currently allocating 100% of CTF monies to the Baillie Gifford Managed Fund.

Further details of the fund can be found at: -

www.bailliegifford.com/individual-investor/featured-funds

Q. What is life-styling?

A. Life-styling is the requirement for a stakeholder CTF to be switched into lower risk investments when the child reaches age 15. It is designed to protect the value of the fund over the last few years before the child reaches age 18.

Q. How often do you deal in the stakeholder CTF?

A. We generally deal twice a month to invest new contributions and to sweep up any cash on the account into the fund. In the event of a large number of contributions arriving shortly after investment day we may, at our discretion, add additional investment days to invest those new funds.

If we decide to switch funds or diversify into additional funds under the discretionary arrangement, then this may result in extra deals in that particular month.

Q. Will I know when deals are being carried out on my stakeholder CTF?

A. Investment decisions will be made without prior reference to you. However, full details will show on your statements and online access so you can always see what is going on with the account.

Q. Can I cancel the discretionary agreement?

A. Yes, you must give us written notice to cancel the agreement and stipulate if you wish the investments to be sold. Your CTF will automatically be transferred to a non-stakeholder CTF with Pilling & Co (which will incur different charges and investment parameters) unless you ask us to transfer it to another CTF provider. If you elect for a stakeholder CTF on our application form you are agreeing to these terms and conditions under a discretionary management agreement.

Charges

Non- Stakeholder

Q. What are the annual costs of a non-stakeholder CTF?

A. The annual custody charge for your Pilling CTF is 0.5% of the value with a minimum of **only £20 and a maximum of £70.**

Q. What are the standard dealing charges for a non-stakeholder CTF?

A. With a minimum of only £10, our commission per deal is 1.65% of the first £10,000 value and 0.5% thereafter on any excess. We must charge you Government stamp duty at 0.5% of the value when buying UK shares, preference stocks and convertibles.

Q. Are there any extra charges on overseas securities?

A. Whenever possible we trade and hold overseas securities through Crest and although the handling costs are higher than UK securities, Pilling & Co absorb the fees and no extra charge is made.

However, if you choose an investment which cannot be traded or held via Crest and a third party has to be used, the cost incurred will be passed on to you. Although most overseas transactions can be accommodated within our commission rates, please enquire at time of dealing as additional charges may be applicable.

Stakeholder

Q. What are the annual costs of a stakeholder CTF?

A. The annual cost for the stakeholder CTF is a maximum of 1.5% of the value per annum. This is charged within the fund the CTF is invested in and will not show on your Pilling statement.

Q. What are the dealing charges for a stakeholder CTF?

A. No commission is charged on the purchase in the stakeholder CTF as we are paid commission by the managers out of their initial charge. There is no commission charged when sales are made to switch funds under the discretionary agreement. Sales to facilitate a transfer to another provider will be charged at our normal rate of 1.65% on the first £10,000 and 0.5% thereafter with a minimum of £10.

CHARGES AT A GLANCE

COMMISSIONS & CHARGES

Non-stakeholder CTF

Dealing commission per deal, UK Equities, Preference Shares, Convertibles, Investment Trusts, Overseas Transactions, UK Gilts, Debentures, Loan Stocks and Unit Trusts/OEICS

Minimum	£10
1.65% on the first	£10,000
0.50% on the next	£90,000
0.40% on the excess over	£100,000

UK purchases add 0.5% Stamp Duty

Although most overseas transactions can be accommodated within these rates, please enquire at time of dealing as additional charges may be applicable.

Bed & CTF Charges

Sales are free of commission, purchases are charged at normal rates. For sales of a different security to that repurchased we make a flat £10 charge.

Stakeholder CTF

No commission is charged on deals as commission is paid to Pilling & Co by the fund managers.

CTF Administration

Transfer in CTF	Free
Transfer out CTF	Free
Rights issues, takeovers, open offers	Free
Statement & valuation	Free
Client Web Access	Free

Stakeholder Annual Cost

Annual Fee 1.5% charged by fund managers

Non-stakeholder Annual Cost

Custody Fee 0.5% per annum charged six monthly in arrears on the value of the CTF account. The fee has a minimum of £20 and a maximum of £70.

WHAT TO DO NEXT

To transfer a CTF account to Pilling & Co, simply complete the CTF transfer form which is enclosed. Please ensure that you complete all sections of the form indicating whether you wish to open a stakeholder or non-stakeholder CTF to enable us to process your application as swiftly as possible.

If you are opening a non-stakeholder CTF and wish to deal with no advice, you may send details of the investments you wish to buy upon receipt of the transferred funds.

You can also send either a cheque payable to **Pilling & Co Stockbrokers Ltd** for an additional contribution of up to **£4128** or, share certificates with signed Crest transfers for a "Bed & CTF". **If you wish us to contact you before dealing please indicate this with your application and our dealing department will be happy to call you and discuss your requirements.**

Please call us with any questions you have about CTFs on **0161 819 4850** between 9.00am and 5.15pm on any business day when there is always somebody here to help you.

ENCLOSURES

Enclosed are the application forms you will need to open a Pilling CTF. Photocopies of these forms are acceptable providing that all copies contain an original signature. Additional copies are also available from our website www.pilling.co.uk or by request by phoning **0161 819 4850**.

IMPORTANT NOTICE—PLEASE READ CAREFULLY

Pilling & Co Stockbrokers Ltd is registered in England and Wales No. 9220456 and is authorised and regulated by the Financial Conduct Authority (FCA) No. 652114 and are members of the London Stock Exchange and the Wealth Managers Association (WMA).

A leaflet detailing our own internal Complaints Handling Procedure is available on request together with booklets describing the operation of the Financial Ombudsman Service (FOS) and the Financial Services Compensation Scheme (FSCS) and how to get in touch with them.

Information in this brochure is for guidance only. It is not a recommendation for CTFs or any other product or to join the Pilling Investment Management or Discretionary Service without proper consideration of your personal financial circumstances and investment needs. Whilst every effort is made to ensure accuracy, we cannot be held liable for any errors or omissions in this brochure. The past is not a guide to future performance, and the tax treatment of investments depends on individual circumstances and is subject to statutory change. Since the value of investments and the income they produce can go down as well as up, you may not always get back the full amount originally invested.

CTF TRANSFER FORM

I wish to transfer to a Pilling non-stakeholder CTF or a Pilling stakeholder CTF

Details of the person with parental responsibility for the child

Title First Names (in full)

Surname

Permanent Residential Address

Postcode

Tel (Home)

Tel (Work)

Fax

Tel (Mobile)

E-Mail

I apply to transfer a CTF for :-

Child's title First Names

Child's Surname

Child's Address

Post Code

Child's Date of Birth

Child's unique reference number (as on voucher)

if known

Current CTF providers details: - Name

Address

Telephone number

Account Number

(tick one box only)

Please transfer the above CTF immediately in its current form to Pilling & Co **OR**

Please liquidate the above CTF immediately and transfer the cash to Pilling & Co

Please deduct any charges for this service from the cash in the CTF

I declare that

- I am 16 years of age or over.
- I have parental responsibility for the child.
- I will be the registered contact for the CTF.
- I authorise Pilling & Co to hold the child's Inland Revenue contributions, subscriptions, CTF investments, interest, dividends and any other rights or proceeds in respect of those investments and cash, and to make on the child's behalf any claims to relief from tax in respect of CTF investments.
- I agree to the CTF terms and conditions.
- I agree to Pilling & Co's Terms & Conditions for this plan as set out in the "Introductory Guide" (enclosed or available on request) and that they may alter to comply with changes to CTF regulations.

Signed

Date

PLEASE NOTE :- For us to accept instructions on this account from someone other than the registered contact (eg. Spouse, partner etc.) please enclose a signed letter of authority with this form.

Only complete the box below if your are opening a non-stakeholder CTF.

Details of the funds you wish to invest in: - * see note below		
STOCK	No of Shares	or Amount of Money
<input type="text"/>	<input type="text"/>	<input type="text" value="£"/>

Important note

You have a responsibility when choosing investments for a non stakeholder CTF to ensure your selection has a suitable risk profile for the child. High risk investments may not be purchased for a CTF. We will use our best endeavours to inform you if we believe your investment choice is high risk. We reserve the right to refuse to carry out investment instructions if we believe them to be unsuitable. However, we accept no responsibility if high risk investments are purchased.

*

Taking the size of a CTF investment into account, you should be aware that if you elect for a non-stakeholder CTF and split the funds into more than one investment, the minimum commission charges and on going custody fees could negate any income or increase in value and affect the overall performance of the CTF. As an alternative, you may wish to consider our stakeholder CTF which is invested in a fund that gives a good spread of investments.

The value of investments may fall as well as rise and you might not get back all of your original investment.

Did you know you can add money every year to a Junior ISA or CTF? The maximum amount changes each year and the current limit can be found on our website www.pilling.co.uk. The money can come from friends and relatives and can ultimately help the child in later years with university fees, getting a place of their own or a car.

When the child becomes 18 the account does not have to be closed and the cash value does not have to be withdrawn. If the account is not closed we will automatically convert it into an adult ISA continuing to hold the same investment(s) which the child will be able to add to or withdraw from at any time.

One of the easiest ways to put money into a Junior ISA or CTF is on a monthly basis by Direct Debit. This means that once you have set up the instruction you can forget about it safe in the knowledge that we will collect the money every month from your designated bank account and invest it in to the account for you.

We collect Direct Debits on the 1st or 15th of the month. When completing this form overleaf please state in the box headed "For Pilling & Co Official Use Only" how much you wish to pay each month and whether you want us to take the money on the **1st** or the **15th** each month.

It is important you also put in this box the child's full name and account number which can be found at the top right of your Junior ISA or CTF account statement or valuation. If you cannot locate this number we can provide it over the phone to the registered contact on the account.

You must leave the "Reference Number" boxes on the left hand side of the Direct Debit form blank, as these are to be completed by us.

We can not set up a Direct Debit if you have filled in a reference number.

If you would like to make monthly payments please complete this Direct Debit form overleaf and **return it to us at Pilling & Co at the address shown.**