Our fund range and investments

Online investments

HALIFAX

Why is it important to read this document?

This document explains the funds available for you to invest in through our Investment ISA, which is a Stocks & Shares ISA, or our Investment Account, how they are managed, their objectives and risks, charges and terms.

This document also sets out the Service Fees, Ongoing Charge and Transaction Costs for maintaining your Investment ISA or Investment Account.

What kind of service do we provide?

This is a non-advised service so it is important that you read this document along with the Key Investor Information Document for the fund(s) you wish to invest in. These documents should help you decide if an investment into either the Investment ISA or Investment Account is right for you and help you understand any associated risks. **You should remember that the value of investments can go down as well as up, and you may get back less than you originally invested.**

How can I invest?

You can invest in our Investment ISA. This allows you to invest tax efficiently up to the current tax year's ISA allowance into the funds on offer. While returns can be higher than a cash ISA, there is always an element of risk associated with investing and you may get back less than you invested. You can subscribe to more than one type of each ISA in the same tax year or any combination of ISAs. This includes a cash ISA, Stocks & Shares ISA, innovative ISA or lifetime ISA.

If you have already used your ISA allowance for the current tax year but you have further money to invest you may invest in the Investment Account. The Investment Account will allow investments into the same funds as the ISA but will not benefit from the same tax efficiency. Tax treatment depends on individual circumstances and may change.

What can I invest in?

There are three funds for you to choose from: Managed Growth Fund 2, Managed Growth Fund 4 and Managed Growth Fund 6.

- The funds are multi asset funds. This means they invest into a mix of UK and international shares (equities), bonds, gilts (fixed interest securities) and property. Having a number of different assets within the funds helps to reduce risk because your investment is not fully invested into one sector or type of asset.
- The funds do not invest directly into the individual assets, but invest in a number of other funds, which in turn invest in the different asset types.
- The Managed Growth Funds are designed for growth, each with a varying level of risk and potential reward based on the mix of underlying funds and the assets they are made up of. This can be seen in the diagrams later in this document.
- You should be prepared to invest for a minimum of 5-10 years, due to the increased risks of holding this type of investment over a shorter period.

What are the fees and charges?

There is a Service Fee of 0.24% per annum (capped at £36) which covers our costs in providing the services required to maintain your account. It is calculated on a monthly basis and is based on the value of your Investment ISA or Investment Account. There are also an Ongoing Charge and Transaction Costs payable to the fund manager, Scottish Widows Unit Trust Managers Ltd (part of Lloyds Banking Group). They are both specific to each fund. The Ongoing Charge is 0.1% per annum of your holding in each fund. Transaction Costs range from 0.13% to 0.16% per annum of your holding in each fund. There is no initial charge on any of the funds in this range.

Making things simple – fees and charges explained

Fees and Charges

- The Fees and Charges are the same for both our Investment ISA or Investment Account.
- There are no entry or exit fees on either our Investment ISA or Investment Account.

Type of Fee or Charge	Fee or Charge Amount
Our fees and charges	
Service Fee • This applies to each Investment ISA or Investment Account that you hold. • It is calculated on a monthly basis and collected annually. • We will collect this annually using the debit card details you supply us with.	The Service Fee for your Investment ISA or Investment Account is 0.24% per annum (capped at £36) of the value of your investment. For example, this would equate to £24 for a £10,000 investment. The minimum fee will be £2.40 per year (20p per month) and the maximum would be £36 per year.
Fund manager's fees and charges	
Ongoing Charge • This applies to each fund that you are invested in. • It is calculated daily on the value of your investment in that fund. • It is taken into account before any valuation of your investment in that fund is provided.	The Ongoing Charge for each fund is 0.1%. For example, this would equate to £10 for a £10,000 investment. As part of your application, you will be asked to confirm that you have read the Key Investor Information Document. This contains further information on the Ongoing Charge.
Transaction Costs • This applies to each fund that you are invested in. • It is calculated daily on the value of your investment in that fund. • It is taken into account before any valuation of your investment in that fund is provided.	Transaction Costs are specific to each fund: – For Managed Growth Fund 2, it is 0.13%. For example, this would equate to £13 for a £10,000 investment. – For Managed Growth Fund 4, it is 0.16%. For example, this would equate to £16 for a £10,000 investment. – For Managed Growth Fund 6, it is 0.16%. For example, this would equate to £16 for a £10,000 investment.

Further Information

Service Fee

What does it cover?

The Service Fee covers our costs in providing the services required to maintain your Investment ISA or Investment Account. These include:

- Arranging the initial and any subsequent investments into the fund of your choice
- On-line access to your up to date fund values, transaction history and tax certificates
- Ability to switch your money between our range of funds and make withdrawals from your product
- Telephone Helpline.

How is it calculated?

- The Service Fee is calculated based on the value of your Investment ISA or Investment Account on the last working day of each month (irrespective of the number of days in the month you have held the account).
- The Service Fee is deducted every 12 months with the 12 month period running from 1st October to 30th September. This means that if your investment is active for 6 months within the 12 month payment period you would only pay the Service Fee applicable for those 6 months.
- The performance of the funds you hold in your Investment ISA or Investment Account could affect the Service Fee you pay.
- A Service Fee will be calculated separately for each Investment ISA or Investment Account you hold.

How is it paid?

- It is payable by you to Halifax Share Dealing Limited, part of Lloyds Banking Group. We will collect this annually using the debit card details you supply us with.
- All fees and charges include VAT where applicable.

Ongoing Charge

What does it cover?

- The Ongoing Charge is charged by the manager of the relevant fund to cover the cost of maintaining and managing the fund(s) that you hold in your Investment ISA or Investment Account.

How is it calculated?

- The charge is 0.1% per annum of the value of your investment for each of the funds held in your Investment ISA or Investment Account.
- It is calculated on a daily basis and reflected in the value so what you see online is what your holding is worth.
- It is important to note that the amount of Ongoing Charge you pay will vary as the value of your holding in each fund moves up and down.
- The Ongoing Charge has the effect of reducing the value of your holding in each fund.
- The Ongoing Charge may be varied by the fund manager in accordance with the terms that govern that fund.

How is it paid?

- The Ongoing Charge is taken daily from the overall fund and is reflected in the fund values. This means that any valuation you receive has already taken the Ongoing Charge into account.

Further information on the Ongoing Charge and the funds is set out in the Key Investor Information Document for each fund, which you should read.

Transaction Costs

Transaction Costs include costs incurred by the fund manager buying or selling financial securities and instruments.

Example
Any charges you pay will reduce the value of your investment. The opposite table shows how charges would affect an investment of £10,000 if it didn't change in value at all, or it grew by 2%, 5% or 8% over the course of three years (these are just example growth rates). The value of any investment can go down as well as up and you could get back less than you originally invested.

Amount invested £10,000					
Example growth rate per year	**Value of investment after 3 years: before charges**	**Impact of charges on return**	**Value of investment after 3 years: after charges**	**Total growth after 3 years: before charges**	**Total growth after 3 years: after charges**
0%	£10,000	£208.86	£9,791.14	0.00%	-2.09%
2%	£10,612.08	£237.79	£10,374.29	6.12%	3.74%
5%	£11,576.25	£231.32	£11,344.93	15.76%	13.45%
8%	£12,597.12	£245.63	£12,351.49	25.97%	23.51%

- These examples are for illustrative purposes only and the actual cost will be different for your Investment ISA or Investment Account.
- Charges based on Managed Growth Fund 6, which has transaction costs of 0.16% and an ongoing charge of 0.1%.

Additional charges

We do not currently make any additional charges for providing other ad hoc services.

Other Important Information

Failed payments

If we are unable to collect the Service Fee from your nominated bank account we will contact you to inform you and arrange alternative payment.

Cancellations

In respect of the Service Fee, if you inform us that you wish to cancel the investment during the cancellation period you will not be charged. If a Service Fee has been collected it will be refunded to you.

In respect of the funds, you should be aware that you will receive the value of your investment at the time of cancellation and if the value has fallen, you will receive back less than you originally invested.

Withdrawals

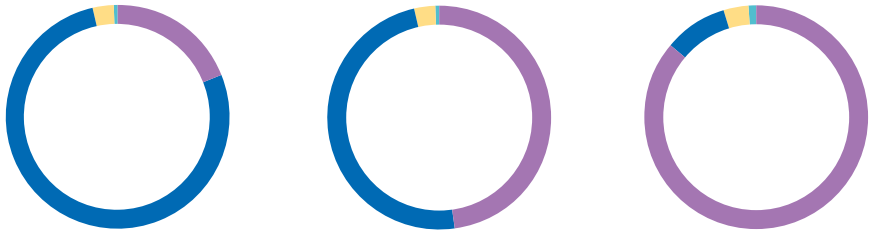
You can withdraw money from your investment at any time. You need to be aware that you will still incur a monthly Service Fee based on the reduced value of your fund.

Fund objectives

The funds are managed by Scottish Widows Unit Trust Managers Limited, and they are responsible for the maintenance of the funds. Each fund has its own objective determined by the level of risk and potential reward it intends to maintain from the mix of assets used.

The diagram shows the asset mix of each of the Managed Growth Funds

Managed Growth Fund 2 | **Managed Growth Fund 4** | **Managed Growth Fund 6**



Assets

Shares | Bonds and Gilts | Property | Other

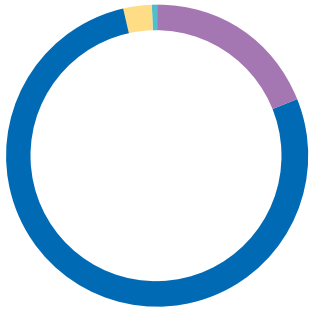
Given that the performance of assets changes over time, the funds are regularly rebalanced to maintain the asset mix weightings. In addition, the fund manager reviews the asset allocation every 18 to 24 months and may decide to change the asset mix, including adding or removing asset types, in order to improve the projected performance of the fund.

- Each of the Managed Growth Funds invests into underlying funds.
- The underlying funds are mostly invested in non-passive funds.

Each of the three **Managed Growth Funds** offered has a mandate that sets out the asset mix, risk profile and overall benchmark to measure performance. This includes the ability to invest in both passively and actively managed funds. The Managed Growth fund manager will only select actively managed underlying funds where they believe there is an opportunity to outperform the market at a reasonable level of risk and cost.

Managed Growth Fund 2

Shares	19.0%
Bonds and Gilts	77.5%
Property	3.0%
Other	0.5%



Assets

Shares | Bonds and Gilts | Property | Other

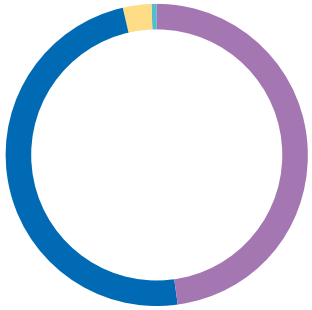
Managed growth fund 2 objective

The Fund aims to achieve capital growth by investing in a portfolio of collective investment schemes to achieve exposure to a wide range of investments, consisting of UK and Global fixed interest securities, shares and property assets.

The Ongoing Charge for this fund is 0.1% per annum.

Managed Growth Fund 4

Shares	48.0%
Bonds and Gilts	48.5%
Property	3.0%
Other	0.5%



Assets

Shares Bonds and Gilts Property Other

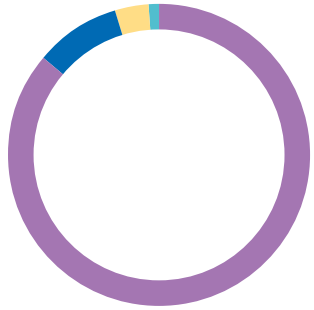
Managed growth fund 4 objective

The Fund aims to achieve capital growth by investing in a portfolio of collective investment schemes to achieve exposure to a wide range of investments, consisting of UK and Global shares and fixed interest securities, with the remainder in property assets.

The Ongoing Charge for this fund is 0.1% per annum.

Managed Growth Fund 6

Shares	87.0%
Bonds and Gilts	9.5%
Property	3.0%
Other	0.5%



Assets

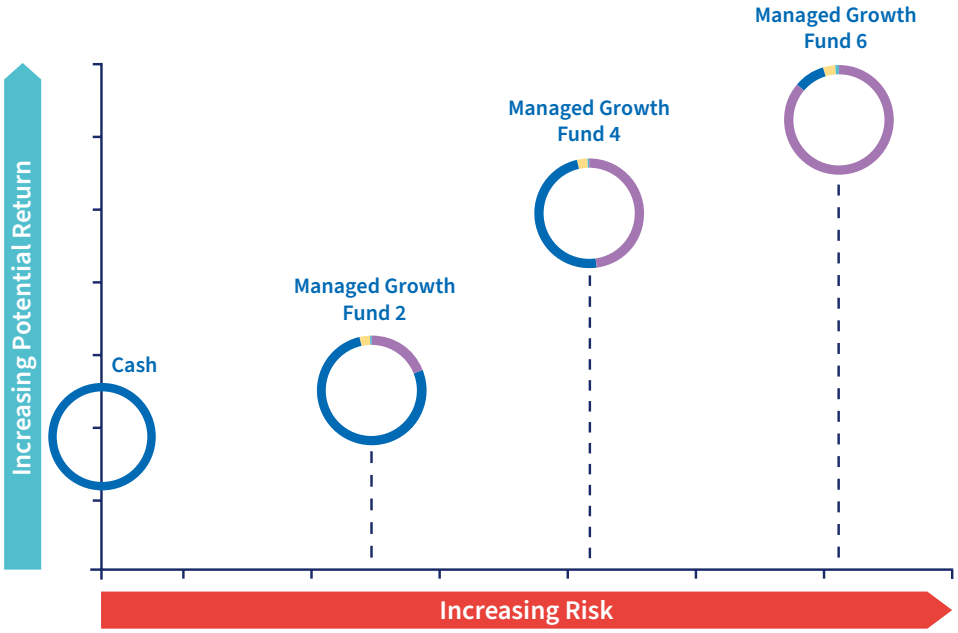
Shares Bonds and Gilts Property Other

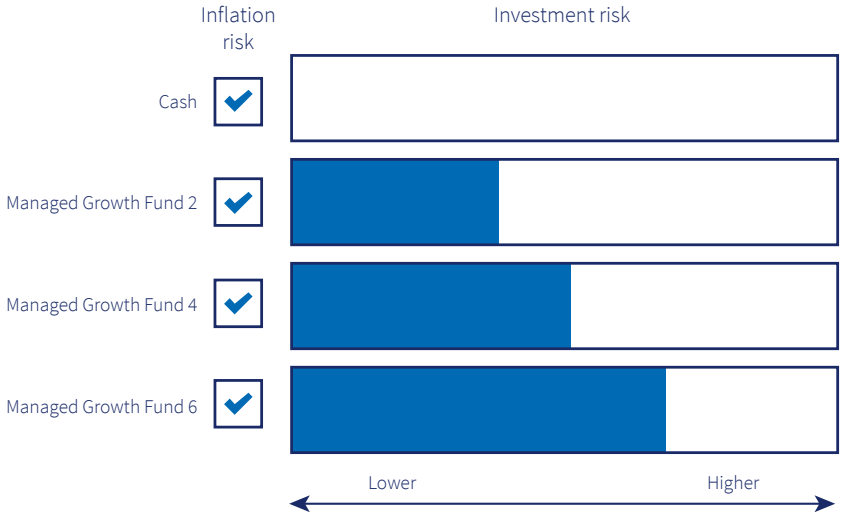
Managed growth fund 6 objective

The Fund aims to achieve capital growth by investing in a portfolio of collective investment schemes to achieve exposure to a wide range of investments, consisting of UK and Global shares, plus fixed interest securities and property assets.

The Ongoing Charge for this fund is 0.1% per annum.

Risk and potential return





Holding cash in a company, such as bank or building society, is not completely free from risk. One such risk is known as credit default risk. This is where a company holding your investments or savings can no longer meet its obligations and will fail. It is important to note that the credit default risk of cash is not allowed for in either of the above diagrams. For information about what financial protection you are entitled to, and how the FSCS applies to the Managed Growth Funds, please refer to the **Terms and Conditions**.

What does the graph tell you?

Cash has the lowest potential for growth and the least risk of losing you money.

Of the three funds, Managed Growth Fund 2 has the lowest potential to make or lose you money.

Managed Growth Fund 6 has the greatest potential to make or lose you money.

Given that the performance of assets changes over time, the funds are regularly rebalanced to maintain the asset mix weightings. In addition, the fund manager will review the asset allocation every 18 to 24 months and may decide to change the asset mix, including adding or removing asset types, in order to improve the projected performance of the fund.

Whilst taking more risk means the potential for higher returns it also has the potential to have bigger losses.

The charts are for illustrative purposes only and the potential returns are not guaranteed. You should remember that the value of investments can go down as well as up, and you may get back less than you originally invested.

Cash

Money deposited in savings accounts in banks or building societies carries a lower risk than investing. Your capital is generally secure however interest rates remain at very low levels and it is possible that future market conditions may result in negative interest rates. This is based on the view of the market and potential interest rates that may develop in the future, and does not necessarily represent the expectations of Lloyds Banking Group.

Furthermore your deposit may fail to pay a return that beats inflation. Inflation is the general increase in prices and includes costs such as your weekly groceries. It is expressed as a percentage, just like interest rates. If the level of inflation is greater than the level of interest you are earning then, in real terms, your money is reducing in value.

Funds

The level of risk within the investment funds depends on what the fund invests in e.g. shares have a higher risk than bonds and gilts. The risk affects the range of returns you might get back and the number of good and bad years over the time you are invested. The higher the risk, the greater the chance of having a good or a bad year, which in turn means the higher the amount of gain or loss.

Having a fund with different asset types can help to manage a fund's exposure to risk. This is because holding a range of assets in different sectors and markets can help to balance out the ups and downs of the stock market, as any poor performance by an asset type may be offset by gains in others, which may reduce the risk of loss.

In looking at our fund range: Managed Growth Fund 6 carries the highest risk level and has the greatest potential to make money. However, the higher the risk level of a fund, the more volatile a fund is likely to be. Volatility refers to how much the performance of an investment fluctuates. The higher the volatility of an investment, the higher the chance of getting back less than you invested. Managed Growth Fund 2 is the least volatile of our funds and has the lowest potential to make or lose you money.

Tax Information

Managed Growth Fund 2, Managed Growth Fund 4 and Managed Growth Fund 6 are accumulation funds. Accumulation funds automatically reinvest any income they receive, for example dividends paid by shares held within an accumulation fund are reinvested back into the fund to buy more assets. Therefore there is no option for the income to be paid to you. The price of the funds will reflect this reinvestment.

Income generated by the funds is distributed in two different ways depending on the types of assets held in the funds. When the fund holds a higher proportion of bonds and gilts the fund will make interest distributions. When the fund holds a higher proportion of shares it will make dividend distributions. The type of distribution affects the type of potential tax liability you may have or tax reclaim you may be entitled to from HM Revenue & Customs (HMRC).

Tax treatment depends on individual circumstances and may change.

Fund Name	Investment ISA or Investment Account	Income Fund	Accumulation Fund	Interest or Dividend Distribution
Managed Growth Fund 2	Both Available	No	Yes	Interest
Managed Growth Fund 4	Both Available	No	Yes	Dividend
Managed Growth Fund 6	Both Available	No	Yes	Dividend

If you hold our funds in our Investment ISA

If you hold our funds in our Investment ISA you do not have any personal liability to income tax or capital gains tax on an ISA investment.

Managed Growth Fund 2 makes interest distributions.

Managed Growth Funds 4 and 6 make dividend distributions.

If you hold our funds in an Investment Account

If you hold our funds in an Investment Account, you will only have a tax liability if you exceed your Dividend Allowance or Personal Savings Allowance. Interest accumulated in Managed Growth Fund 2 counts towards your Personal Savings Allowance from April 6th 2017 and dividends accumulated in Managed Growth Fund 4 and Managed Growth Fund 6 count towards your Dividend Allowance from 6th April 2016. Please refer to HMRC guidance for further information regarding thresholds and applicable tax rates.

Managed Growth Fund 2 makes interest distributions.

Managed Growth Fund 4 and Managed Growth Fund 6 make dividend distributions.

Capital Gains Tax is a tax on the increase in value of assets during the time you have owned them. Any tax is due when you dispose of them. You may have to pay Capital Gains Tax on any gain (profit) that you have made when you cash in these funds or you are switching to another fund.

There is an annual exemption for capital gains. If your profits together with any other gains you have made in the same tax year comes to more than the annual exemption you will have a liability to Capital Gains Tax on any gain above the annual exemption. Please refer to HMRC guidance for further information regarding Capital Gains thresholds and applicable tax rates.

If you withdraw money from, switch between funds or sell your investment we have no responsibility to deduct any Capital Gains Tax before we pay you your money. You must declare any interest or dividend distributions or gains from your Investment Account to HMRC.

Dilution

Dilution can arise in a single-priced fund when units are issued or cancelled as a result of large numbers of purchases or sales. Funds have to buy or sell the underlying investments, and these investments are not single-priced as there are separate prices for buying and selling. The fund manager will make a dilution adjustment to address this.

What is a Dilution Adjustment?

- A dilution adjustment might be made to the price of the fund to reflect the difference between the buying and selling prices of the investments of the fund and any costs incurred, including taxes.
- A dilution adjustment means that the impact of buying or selling investments is met by those moving into or out of the fund, rather than by those who remain.
- The dilution adjustment might affect the number of units you receive or how much you get back when you sell them.
- You usually buy or sell units in the fund at a price based on the mid-point between the buying and selling prices of the underlying investments but revised for any dilution adjustment.

It’s easy to get in touch

Visit our website

0345 835 5726

(Calls may be monitored or recorded and costs may vary depending on your service provider.)

If you need this communication in another format, such as large print, Braille or audio CD, please contact us.

If you have a hearing or speech impairment you can use Relay UK. On a smartphone, computer or tablet, you can call through the Relay UK app, our lines are open Monday to Friday, 9am to 8pm except on Public holidays where lines are open 9am to 5pm (closed Christmas day).

If you’re deaf and a BSL user, you can use the SignVideo service at **halifax.co.uk/accessibility/signvideo**, Monday to Friday 9am–5pm.

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