

Key Features of the Vantage ISA and Fund & Share Account

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The Financial Services Authority is the independent financial services regulator. It asks us to give you this important information to help you to decide if our services are right for you. Please read this document carefully so that you understand what you are buying and keep it safe for future reference. To keep this document short we have not outlined every feature so please also read the terms and conditions for your chosen account before investing.

Its Aims:

- The HL Vantage Stocks and Shares ISA allows you to make tax efficient investments in unit trusts, OEICs, shares, investment trusts, gilts, corporate bonds and cash.
- The HL Vantage Cash ISA allows you to save tax efficiently in cash.
- The HL Vantage Fund & Share Account allows you to invest in unit trusts, OEICs, shares, investment trusts, gilts, corporate bonds and cash.

The aims of each unit trust and OEIC are shown in the Fund Aims & Risks section of the Investment Times and on our website.

Your Commitment:

- The minimum initial investment in the Vantage Stocks and Shares ISA and Fund & Share Account is £3,000.
- If you are transferring to the Vantage Cash ISA we ask that you transfer a minimum of £5,000.
- The minimum investment per fund is £1,000 and the minimum top-up is £250. If the value of your investment falls below £1,000 we may ask you to sell it.
- There is no minimum length of investment. You can sell your investment at any time, but please remember that stock market investments are designed for the long term and are not suitable for money needed at short notice.

The Risks:

- The value of your investment and the income from it can go up and down so you may get back less than you invest.
- What you receive when you sell your investment is not guaranteed; it depends on how your investments perform.
- Governments can change the way ISAs, SIPP's and other investments are taxed.
- Inflation will reduce the real value and therefore what you could buy with your investments in future.

The risks of each fund are different. The risks of each unit trust and OEIC are shown in the Fund Aims & Risks section of the Investment Times and on our website.

Your questions answered

What is the HL Vantage Service?

The HL Vantage Service allows you to invest directly or within the tax shelter of an ISA or a pension and hold all your investments under one roof. It offers you more control and less paperwork at a low cost.

How much can I invest in an ISA?

- If you are over 50 on 5th April 2010, you can invest up to £10,200 each tax year. If you are under 50 on 5th April 2010 - you can invest up to £7,200 this tax year, next tax year your allowance increases to £10,200.
- You can invest up to half of your annual allowance in a Cash ISA, the balance (up to your full allowance) can go into a Stocks and Shares ISA.
- You can only invest in one Stocks and Shares ISA and one Cash ISA in each tax year (a tax year runs from 6th April to 5th April the following year).
- You can also transfer ISAs from previous tax years without affecting the amount you can invest in an ISA for this tax year.
- If you are transferring a Cash ISA to a Stocks and Shares ISA please remember that stock market investments can fall as well as rise, so your capital is not guaranteed, and once you have transferred to a Stocks and Shares ISA you cannot transfer back to a Cash ISA.

How much can I invest in the Fund and Share Account?

- There is no limit to the amount you can invest.

How do I invest?

- To invest a lump sum in a Stocks & Shares ISA please return your application form to us with a cheque. With a debit card you can also invest via our website or by calling 0117 900 9000.
- To transfer an ISA to the HL Vantage ISA please return an ISA transfer form to us.
- To invest a lump sum in a Fund & Share Account please return your application form to us with a cheque. You can also invest with a debit card via our website.
- To transfer unit trust or shares into the Fund & Share Account please return a Fund & Share Account transfer form and if you are transferring shares please include your share certificates.

Do you offer a regular savings plan?

- Yes, you can invest from £100 a month in the Vantage ISA and Fund & Share Account. We do not offer a regular savings plan for the Cash ISA. The maximum investment will depend on the account you have chosen.
- There is no need to return a new regular savings application form each year. We will simply roll over your regular savings plan into the new tax year until you ask us not to.
- If you would like to amend the amount you are saving or the funds into which it is invested please inform us in writing by the 21st day of the previous month.

What charges will I pay?

- There are no set up charges and the other charges will depend on the underlying investments you choose.

Cash

- There are no charges to hold cash.

Unit trusts and OEICs

- We make no charges to buy and sell unit trusts or OEICs and can discount the fund's initial charge by up to 5.5%.
- There are no charges to hold almost all funds within the Vantage Stocks and Shares ISA, and we can discount the funds' annual charges through annual loyalty bonuses of up to 0.5% a year. Where we do make an annual charge to hold funds it is 0.5% (+VAT) a year, restricted to a maximum of £200 (+VAT) a year.
- There are no charges to hold any funds in the Vantage Fund & Share Account.
- For more details about savings and charges please see the Fund Savings and Charges section.

Shares, gilts and corporate bonds

- The charges for buying, selling and holding shares, gilts and corporate bonds depend on whether you deal by telephone, in writing or online and the Vantage Account you choose.
- Within the Stocks and Shares ISA the annual charge to hold shares, gilts and

corporate bonds is 0.5% (+VAT) per year, restricted to a maximum of £200 (+VAT) a year.

- There are no annual charges to hold shares, gilts and corporate bonds in the Vantage Fund & Share Account.

For more details about the charges see the Terms and Conditions.

How do I receive my initial savings and annual loyalty bonuses?

- In most cases the initial savings are used to reduce the price you pay for each unit and you will receive your saving in extra units.
- The annual loyalty bonus is paid into your Annual Loyalty Bonus Account which is held alongside your other accounts.

Will I receive interest on the cash I hold?

- Yes, for our current interest rates please call our Helpdesk or visit our website.

Will I receive income?

- If you choose an investment which pays income you can choose to have the income paid out of your account. We will sweep up any income you have received and pay it directly into your bank account within the first 10 working days of each month.
- Alternatively, you can choose to have the income automatically reinvested within your account or held pending your instructions.

Can I change the investments I hold within my Vantage account?

- Yes, you can switch between investments whenever you like.

Can I cancel my investment?

- You can cancel your initial investment within 14 days and withdraw from your Vantage account.

- If you cancel your initial investment and it has fallen in value you will not receive the amount you initially invested.
- For more detail about withdrawing from your investment please see the Terms and Conditions.

How will I know how my investment is performing?

- We will send you a valuation every six months. You can also log into your account via our secure website and follow your investments 24 hours a day, seven days a week.

What tax will I pay?

- Within stocks and shares ISAs there is no capital gains tax to pay on any gains and no further tax on the income. We can also reclaim the 20% tax deducted from the income paid by corporate bond funds.
- Interest on cash held in a Stocks and Shares ISA is, in effect, paid net.
- Within Cash ISAs you receive tax free interest.
- Within the Fund and Share Account your tax liability will be the same as if you held funds and shares in your own name. We will provide you with a schedule of income once a year to help you complete your tax return.

What can I do with my loyalty bonus?

- You can withdraw cash from your loyalty bonus at any stage, see below for more details.
- Alternatively, you can move money from your loyalty bonus account into any other HL Vantage account you hold by calling our Helpdesk.

How do I close my account or withdraw cash and how much will I receive?

- To close your account or withdraw cash please write to us. We will send you a cheque but we cannot tell you at this stage what you will receive because that depends on factors such as how your investments perform.
- If you want to transfer your investments to another manager please contact them and ask them to arrange the transfer with us. There are no charges to transfer your holding as cash. If you transfer your holdings as stock the re-registration fee for stocks held in the Stocks and Shares ISA is £20 (+VAT) per holding. Within the Fund & Share Account the re-registration fee is £20 (+VAT) for each fund holding and £12.50 (+VAT) per holding for shares and other investments, subject to a minimum charge of £25 (+VAT).

What happens to my investments when I die?

- If you hold investments with us when you die your investments are not necessarily sold; we follow the instructions that your executors give us.

If I am not happy with the service I have received how do I complain?

- Please write to us at the address below. We have a clear policy to ensure that we deal with complaints promptly and fairly. If you are not happy with our response you can also complain to the Financial Ombudsman Service.

Compensation arrangements

- Hargreaves Lansdown contributes to the Financial Services Compensation Scheme (FSCS), details of which are available from the FSCS or the Financial Services Authority.

Fund Specific Key Features

In addition to the risks outlined in the first section, funds are affected by two other types of risk; general risks, which affect all funds, and specific risks which only affect certain funds.

General risks which can result in a fall in the value of funds

Economic factors such as changes in interest rates, inflation and supply and demand can affect all investments.

These investments should be held for the long-term and so are not suitable for money that may be needed at short notice.

Some funds focus on providing an income and, where this income is not reinvested, this can reduce the prospects for capital growth and in some cases the capital value may fall.

Governments can change the way ISAs, SIPP's and other investments are taxed and the value of these tax shelters will depend on your own circumstances.

The value of funds which hold overseas investments will be affected by changes in exchange rates.

If a newly launched fund does not reach the assumed size, the charges and expenses may make up a higher proportion of the fund than initially estimated.

If a fund has a high cash exposure when markets are rising, the returns could be less than if the fund was fully invested.

Some Open Ended Investment Company Funds (OEICs) are part of an umbrella structure. Although each fund is operated separately, with its own assets and liabilities, if the liabilities of one of the funds exceeded its assets, the other funds in the scheme may be required to transfer across assets to cover these liabilities.

In truly exceptional situations the manager may seek the permission of the FSA to suspend dealing, if this is granted you will not be able to sell your holding until the suspension is lifted.

Funds that invest in derivatives, capital shares, income shares or zero dividend preference shares (zeros) may carry higher risks and may suffer sharper falls than other funds because these types of investments do not rise and fall

in the same way as other investments.

Risks which can result in a fall in the value of specific funds

Your chosen fund may also face additional risks and the key below explains these risks. For more details about the risks that currently apply to your chosen fund please see the tables in our Investment Times and on our website.

Please note that if your manager moves into different investment areas, your fund could face other investment risks, please see our website for details.

- A** These funds take part or all of the annual management charges from capital rather than the income generated by the fund, increasing the potential for the capital value of your investment to be eroded.
- B** Emerging markets are generally less well regulated than the UK and it can sometimes be difficult to buy and sell investments in these areas. There is also an increased chance of political and economic instability and so these funds carry higher risks than those

investing in larger, more established markets.

- C** These funds invest in a relatively small number of companies and so carry more risk than funds which are more diversified.
- D** These funds invest in smaller companies, which are more volatile and sometimes more difficult to trade than larger companies.
- E** These funds invest in high yield bonds, which carry a greater risk of default than investment grade corporate bonds. Economic conditions will also have a greater effect on their price.
- F** Funds which invest in specific sectors may carry more risk than those diversified across a number of different sectors.
- G** Funds which focus on geared investments such as warrants or options carry higher risks because the risk of the underlying investments could be very high. Losses could even equal the amount invested, in which case you would get nothing back.
- H** These funds invest in property. Valuations

are made by independent agents and are based on subjective opinions. Buying and selling property is usually more expensive and more difficult than trading other types of assets. Therefore, in exceptional circumstances, dealing in property funds may be suspended and there may be a delay in selling your units.

- I** The value of investments and the income you receive from them can fall as well as rise.
- J** Stock market investments should be regarded as long term investments.
- K** This fund is specifically aimed at sophisticated investors and is particularly high risk because it concentrates on an investment area that may be exposed to unusual political or economic risks. You should only invest if you are comfortable with the specific risks pertaining to this fund. If you are not familiar with these you should ask us for a copy of the provider's Key Features or simplified prospectus and brochure.
- L** This fund makes charges that depend on the fund's performance. For full details please

refer to the fund prospectus which is available from Hargreaves Lansdown.

- M** The fund invests in derivatives, or other complex or geared investments, as part of its investment strategy. Investors should be aware that the use of these instruments can, under certain circumstances, increase the volatility and risk profile of the fund beyond that expected of a fund that only invests in conventional equities. The fund may also be exposed to the risk that the company issuing the derivative may not honour their obligations which could also lead to losses. In certain circumstances some of these instruments can be difficult to trade or value and this may also affect the price of the fund.
- N** You are not normally entitled to compensation through the UK Financial Services Compensation Scheme for offshore funds.

Please contact us if you are unsure about any of these risks or you would like to see a copy of your fund's key features, which may offer more details about these risks.

Fund Savings & Charges

How will charges and expenses affect my investment if I choose to buy unit trusts or OEICs?

Normally OEICs have a single price. Unit trusts have a dual price, an offer price (at which you buy the units) and a bid price (at which you sell the units).

While, we can usually discount most if not all of the initial charge, please remember that there may be a small difference between the buying and selling price that we cannot discount.

When funds are experiencing unusually high levels of sales or purchases the managers of unit trusts may price the funds on what is known as a 'cancellation' basis or OEIC managers may introduce a dilution levy' or operate a swinging price. This may affect the savings we can offer. For more details about charges and our discounts please visit our website or call our Helpdesk.

The tables below show how the charges deducted from the funds can affect what you might get back.

Below we have shown two funds, the Cazenove UK Absolute Target Fund, a growth fund, and the Invesco Perpetual Income Fund, an income fund. These tables illustrate how charges can affect what you might get back so that you can compare these funds with other funds available. What you actually receive will

depend on a number of factors including how your investments perform.

To calculate these figures we have chosen an initial investment of £1,000 and then deducted the costs of buying the units/shares. It is then assumed that the investment grows by 6% and allowance is made for the annual management charges and other expenses borne by the fund. Please remember these figures are only examples, you could get back more or less than this.

Growth fund - Cazenove UK Absolute Target Fund			
At end of year	Investment to date (£)	Effect of deductions to date (£)	What you might get back at 6% (£)
1	1,000	75	985
3		132	1,059
5		199	1,139
10		426	1,365

The last line of the table shows that over 10 years the effect of the total charges and expenses could amount to £426. Putting it another way, if the growth rate were 6%, which is in no way guaranteed, this would have the effect of reducing it to 3.2% a year.

Income fund - Invesco Perpetual Income				
At end of year	Investment to date (£)	Effect of deductions to date (£)	Income to date (£)	What you might get back at 5% (£)
1	1,000	70	39	951
3		113	117	952
5		161	195	954
10		309	392	958

The last line of the table shows that over 10 years the effect of the total charges and expenses could amount to £309. Putting it another way, if the growth rate were 6%, which is in no way guaranteed, this would have the effect of reducing it to 3.6% a year.

How much will Hargreaves Lansdown receive for arranging this investment?

For arranging an investment Hargreaves Lansdown is entitled to receive renewal commission of up to 1% per year, and on average we currently receive 0.56% per year. At 0.56% on a typical investment of £3,000 we would receive an amount equivalent to £16.80, and if the investment doubled in value to £6,000 this would amount to £33.60. Hargreaves Lansdown is also entitled to receive initial commission of up to 4%. On a typical investment of £3,000 this would be equivalent to £120. All or part of the renewal and initial commissions will be used to help fund the initial savings and the ongoing loyalty bonuses we offer. If a fund is provided by Hargreaves Lansdown Fund Managers, the HL Group will also receive investment management fees.

The information shown here is correct at 11.03.2010 but it will change over time.

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Contact details:

- You can call our Helpdesk on **0117 900 9000** (calls may be recorded and monitored).
- You can write to us at Hargreaves Lansdown, One College Square South, Anchor Road, Bristol, BS1 5HL.
- You can visit our website at www.H-L.co.uk

Other information:

Scheme particulars, annual and half-yearly reports, prospectuses/simplified prospectus and annual reports and accounts or other information can be obtained directly from Hargreaves Lansdown by contacting us.

These Key Features are governed by English law and we shall communicate with you in English. Hargreaves Lansdown Asset Management Limited is authorised and regulated by the Financial Services Authority.