

# Key features of collective investments

## What is a collective investment?

Collective investments (often described as ‘funds’) are any form of investment that involves the pooling of investors’ funds. Investors’ contributions are pooled and invested on their behalf by professional fund managers. The most common form of collective investment schemes are unit trusts and Open-Ended Investment Companies (OEICs).

## Your commitment

You may need to commit to investing for a long time period to achieve a return on some funds.

It is your responsibility to assess the risk of an investment before investing your money.

Funds will generally be subject to a minimum investment. Details can be found in the fund-specific information within the ‘research centre’ in the secure area of [investcentre.co.uk](https://investcentre.co.uk).

Once you have placed an order to purchase a collective investment, you will not be able to cancel the order.

## The risks

The value of your investments and the income from them can go down as well as up and are not guaranteed. You may get back less than the amount invested.

If you invest in a fund, the degree of risk will depend upon the underlying securities held within the unit trust or OEIC. The risk is likely to be higher where a fund has a high degree of concentration on a particular type of investment or sector than where it is well diversified. Some specific areas of investment which may lead to higher risk are:

- smaller companies, the prices of which can be more volatile;
- overseas investments, which may carry an exchange-rate risk and may be based in less well regulated jurisdictions;
- options, warrants and other highly-g geared investments – the prices of which are normally volatile.

Information about the risks associated with specific collective investments is available in the research centre within the secure area of [investcentre.co.uk](https://investcentre.co.uk) and on individual fund managers’ websites.

Non-UCITS funds carry additional risks. Please see “What are non-UCITS funds?” below.

## Does AJ Bell Investcentre provide investment advice?

No. AJ Bell Investcentre’s Funds & Shares Service for collective investments is provided on an execution-only basis. If you need investment advice, you should consult a suitably qualified financial adviser before you deal.

## When are deals carried out?

Unit trusts and OEIC deals are processed daily, depending on the dealing cut off-time for the fund (this varies from fund to fund). Orders received after the dealing cut-off time will be executed the next business day.

## When do unit trusts and OEICs settle?

There is a standard settlement period of four business days for unit trusts and OEICs.

## What can I invest in?

You can deal in unit trusts and OEICs.

You will have access to a wide range of unit trusts and OEICs. Any specially-negotiated discounts on unit trusts and OEICs are passed on to you.

You can deal in most unit trusts and OEICs online, with other unit trusts and OEICs available via telephone dealing. You can view details of the funds available via the link ‘Funds & Shares Service funds terms’ or on the ‘investment options’ web page within the ‘Funds & Shares Service’ section.

## What is the difference between unit trusts and OEICs?

Both unit trusts and OEICs are open-ended investments. This means that more shares or units can be issued or cancelled according to supply and demand at any stage. There are some key differences.

- Unit trusts issue units and OEICs issue shares.
- Unit trusts generally have two prices: a bid price at which you sell and an offer price at which you buy. OEICs have one price called the single price, at which you buy and sell.

## What do unit trusts and OEICs invest in?

This will depend on the fund's specific investment objectives and could include equities (UK and overseas), company and government bonds (UK and overseas), property, derivatives and cash.

## What is the difference between income and accumulation units?

Unit trusts and OEICs are usually issued in two classes – income units (sometimes called 'distribution units') and accumulation units. Income units pay out a distribution of the income derived from the fund, whereas accumulation units retain this cash within the fund.

## How do I get more information about unit trusts and OEICs?

The research centre within the AJ Bell Investcentre dealing area contains comprehensive research, analysis and news on funds. You can search for information by fund name or keyword or by browsing the fund manager or sector.

If you are investing in a UCITS fund, please read the Key Investment Information Document (KIID) before the investment is made and, if you have any questions, discuss these with your adviser. For other forms of investment, you should read the key features document or simplified prospectus for information about the investment.

You can view the KIID, key features document or simplified prospectus for almost all funds via the link 'View KIIDs and other fund documents' on our 'Investment options' web page within the 'Funds & Shares Service' section.

## How can I find out about the past performance of a unit trust or OEIC?

The research centre within the AJ Bell Investcentre dealing area contains comprehensive fund performance data.

## What are non-UCITS funds?

The UCITS (Undertakings for Collective Investment in Transferable Securities) framework provides a set of European standards for the operation of collective investment funds with the intention that funds may be sold across the EU. It places restrictions on the nature of underlying investments and the proportions in which they may be held within a UCITS fund. This tends to restrict the risk which may be taken by the manager of a UCITS fund. Non-UCITS funds are those which do not comply with the UCITS framework and such funds are likely to carry a higher degree of risk. In some cases the risk may be so high that you could lose all the money you have invested.

## Can I use the AJ Bell Investcentre Funds & Shares Service to deal in funds outside my GIA?

No. We only accept instructions to deal in funds held within your AJ Bell Investcentre accounts.

## What charges do I pay for investing in unit trusts and OEICs?

Please read our charges and rates. In addition, unit trust managers normally charge investors an initial charge and annual management charge. We have negotiated special discounted rates with the unit trust managers. See our website for more details.

Fund managers also make annual management charges and details of these can be found within the fund section of the research centre.

## Do I pay tax on any income or gains within my SIPP, Retirement Investment Account or ISA portfolios?

No, there is no tax to pay on any income or capital gains from investments held within your AJ Bell Investcentre SIPP, Retirement Investment Account or ISA.

## How do I obtain a valuation for my investments?

Once you are registered with AJ Bell Investcentre and are able to access the secure area of the AJ Bell Investcentre website, you will be able to see a current valuation of your investment portfolio(s).

## **How can I monitor the value of my SIPP, Retirement Investment Account, ISA or GIA?**

You can easily monitor the value of your SIPP, Retirement Investment Account, ISA and GIA investments by viewing your portfolios online. You can assess your portfolios by logging into AJ Bell Investcentre and then selecting the product portfolio you want to view.

## **What should I do if I have a complaint?**

If you are in any way dissatisfied with our service, you should contact us via the details below. We will deal with any complaint promptly and efficiently.

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If you are not satisfied with our response, you may refer your complaint to the Financial Ombudsman Service.