

Investment Account Factsheet

2026/2027

A general investment account is an unwrapped investment which holds shares in Open-Ended Investment Companies, units in Unit Trusts or sometimes cash.

Open-Ended Investment Companies (OEICs)

An OEIC is a collective investment vehicle that pools your money alongside other investors in a single fund. The fund then invests in assets such as company shares or property, depending on its objective.

Your investment is managed by professional fund managers, who make decisions on what to buy and sell. The value of the fund will rise and fall in line with the performance of these underlying assets and is calculated daily.

OEICs are designed for medium- to long-term investing (typically at least 5 years). While you can usually access your money at any time, the value will fluctuate, and this is more noticeable in the early years, where there has been less time for growth to build. Staying invested gives your money more opportunity to recover from early short-term falls and grow.

The fund itself is taxed on income received, but not on capital gains within the fund, which can help it grow more efficiently over time.

When selling or switching funds, there may occasionally be a cancellation charge applied by the fund manager in certain market conditions. We will try to make you aware of this in advance but we cannot guarantee this.

Unit Trusts

Unit Trusts are very similar to OEICs in that they pool your money with other investors and are managed by professional fund managers.

The main differences are:

- When investing in a Unit Trust, you buy units rather than shares.
- Unit Trusts are set up under Trust Law, OEICs are structured as companies.
- They are priced slightly differently (as explained below).

In practice, both types of investment work in a very similar way and offer access to a wide range of underlying assets.

Pricing Differences

OEICs use a single price, making it straightforward to see the value of your investment. In some cases, they may apply "swing pricing", which adjusts the price slightly when there are large inflows or outflows. This helps protect existing investors from the costs of others buying or selling. There may also be an initial charge when investing.

Unit Trusts typically use two prices:

- A buy price (offer price) – the price you pay to invest
- A sell price (bid price) – the price you receive when you sell

The difference between these is called the bid-offer spread. This helps ensure that the costs of buying and selling assets within the fund are not passed on to existing investors.

Some OEICs and Unit Trusts can operate using a dual pricing approach, which can work in two ways:

- Quoted spread - the fund switches between buy & sell pricing depending on investor activity, with a fixed spread (e.g. 0.25%)
- Full spread - similar, but the spread is not fixed and can vary depending on market conditions.

For example, property funds often use a full spread of around 4.5%. This means if you invest, the initial value may appear lower (e.g. £1,000 invested may show as £955 shortly after), reflecting the cost of entering the fund.

Risks

The full product particulars supplied by the insurer or investment house should be read for specific details as this is only a summary. Once you have made the investment, its value can go down as well as up. Past performance is no guarantee of future performance. You may not get back the amount originally invested.

Information is based on our current understanding of taxation legislation and regulations. Any levels and bases of, and reliefs from taxation are subject to change.

Investment Account Key Facts

- On encashment, profit made may be subject to Capital Gains Tax (CGT).
- You have an annual CGT allowance (£3,000 for the 2026/27 tax year), up to which no tax will be payable.
- Any gains above this are taxed at the following rates:
 - 18% (basic rate taxpayer)
 - 24% (higher rate taxpayer)
- GIAs can be useful when tax efficient allowances, such as ISAs and pensions, have been used.
- Some funds offer a choice between:
 - Income units, which distribute dividends regularly; and
 - Accumulation units, where dividends are reinvested.
- Dividend income and capital gains realised may result in a self-assessment tax return needing to be completed.
- You have a dividend allowance of £500 for the 2026/27 tax year. Any dividend income above this is taxed at the following rates:
 - 10.75% (basic rate taxpayer)
 - 35.75% (higher rate taxpayer)
 - 39.35% (additional rate taxpayer)