

Addendum to the Cofunds Platform Key Features (1108R) – Cofunds Cash Account Regular Withdrawal Facility.

This addendum should be read in conjunction with the Key Features of the Cofunds Platform and Fund Key Features (1108). It should be read by investors who intend to apply for a regular withdrawal facility (level income) via their Cofunds Cash Account.

Regular withdrawals

Requests must be made using the Cofunds Cash Account Withdrawal form. We are unable to accept instructions by either fax or phone. You may set up either monthly, quarterly, half yearly or annual regular withdrawals to your nominated bank account. The instruction must be received at Cofunds by the last business day of the preceding month for it to commence on the selected start date. If your request is not received by this date, the first regular withdrawal will commence the following month.

Please note: due to UK anti-money laundering regulations, your intermediary may require documentary evidence of proof of your identity before your regular withdrawal is paid.

Balance required for regular withdrawals

On the Calculation Date, monies must be available in your Cofunds Cash Account for your regular withdrawal. If monies are not available, Cofunds will effect a sale of units from your investments. Your regular withdrawal will be deducted from your Cofunds Cash Account on the 20th of the payment month or next business day and will be available in your nominated bank account within 5 working days. Cofunds will not provide a confirmation note for each regular withdrawal. Initially, you must ensure you have sufficient monies available in your cash account to pay for your early regular withdrawals. If monies are not allocated, this will result in investment charges being incurred which could otherwise be avoided.

Consolidated Income

If you are receiving consolidated income and choose to take a regular withdrawal, this income will form part or all of your regular withdrawal amount. Your consolidated income payment will cease and all withdrawals will be via the Cofunds Cash Account.

Example:

Balance in Cofunds Cash Account	£100
Consolidated income:	£110
Total held in cash	£210
Less monthly regular withdrawal:	- £150
Monies held in cash after withdrawal:	£60

Sell-down process

If on the Calculation Date, your cash account has less than the required regular withdrawal amount, Cofunds will effect a sale of units (as per your instruction) on the 9th of the month or next available business day. Where larger numbers of instructions are received, Cofunds will effect a sale at the next available valuation point. Please note, you will not receive a confirmation notice for each sell down, it will appear on your statement.

You will be able to select from one of the following two options.

Option 1 – Proportional Sale of Units

For option 1, you can choose between a sale of units proportionately across funds from your ISA holdings (including any former ISA or PEP products) and/or from Investment Funds.

Option 2 – Specific Sale of Units

For option 2, you can nominate up to 5 funds from which units are to be sold from either your ISA (including any former ISA or PEP products) OR from Investment Fund holdings.

In the event of these funds being fully eroded your Nominated Intermediary will be contacted who will contact you for further instructions.

How will charges and expenses affect my investment?

The tables on the next page illustrate the total effect of charges and expenses on a typical Cofunds investment into an OEIC where sales of units (redemptions) of 5% per annum are applied as part of the sell-down process or otherwise. Dealing costs are not included. Allowance for any tax relief available has been made in the calculation. The effect of charges is based on a lump sum investment of £5,000 assuming a growth rate of 7% per year for ISAs and 6% for direct investments. These figures are laid down by the Financial Services Authority to demonstrate the effect of charges and expenses on an investment and are not guaranteed. The figures do not take into account any additional discount you may receive on your investment.

An example OEIC (Growth) Fund

Shares in an OEIC fund have a single price, which means there is no bid/offer spread, merely a single price at which you buy and sell. The initial charge is deducted from the amount you invest and the remaining subscription invested at the single price.

Initial charge: 4.25%

Annual Management Charge: 1.50%

Additional charges and expenses: 0.11%

Gross Distributions Yield: 3.27% per year

Level of redemptions: 5% per year.

Annual charges and expenses are deducted from Income. Figures are based on income units.

RISK WARNING: You will see from both examples on the following page that the capital value of your investment diminishes over time. This is because the 5% per year redemptions, as part of the sell-down process, or otherwise, exceed the reduced investment growth rate. Also, if this were to continue beyond 10 years, the selected level of redemptions could not be sustained, as your capital would eventually become depleted.

Investment within an ISA

At end of year	Investment to Date	Income to date	Redemptions to date	Effect of deductions to date	What you might get back at 7.00%
	£	£	£	£	£
1	5000	168	252	307	4615
3	5000	514	702	509	4288
5	5000	872	1084	729	3984
10	5000	1822	1761	1381	3315

The last line in the table shows that over 10 years the effect of the total charges and expenses could amount to £1,381. Putting it another way, if the growth rate were to be 7% per year, which is in no way guaranteed, the total charges would have the effect of reducing the growth rate to 4.76% per year. The 'Income to date' column represents the level of Income taken from your investment, whilst the 'Redemptions to date' column represents the total amount redeemed from your investment as part of the 'Sell-down' process or otherwise in addition to the Income taken.

Investment directly into Funds

At end of year	Investment to Date	Income to date	Redemptions to date	Effect of deductions to date	What you might get back at 6.00%
	£	£	£	£	£
1	5000	167	250	305	4572
3	5000	506	691	495	4169
5	5000	850	1058	695	3801
10	5000	1733	1689	1257	3018

The last line in the table shows that over 10 years the effect of the total charges and expenses could amount to £1,257. Putting it another way, if the growth rate were to be 6% per year, which is in no way guaranteed, the total charges would have the effect of reducing the growth rate to 3.85% per year. The 'Income to date' column represents the level of income taken from your investment, whilst the 'Redemptions to date' column represents the total amount redeemed from your investment, as part of the 'Sell-down' process or otherwise in addition to the income taken.