



Child Trust Fund

September 2024

Child Trust Fund Terms and Conditions



Scottish Friendly Child Trust Fund Terms & Conditions

These Terms, together with the Application Form, form a legal agreement between you and Scottish Friendly Asset Managers Limited (the Account Manager) which sets out how the Child Trust Fund will be operated.

1. Definitions

The following words and expressions, when used in these Terms, have the meanings set out opposite them:

Accounts or CTF – a Scottish Friendly Child Trust Fund governed by these Terms;

Account investments – Shares, Units and any other investments held in the CTF Account;

Account Manager or Scottish Friendly – Scottish Friendly Asset Managers Limited;

Application Form – a Scottish Friendly CTF application form or transfer application form;

Associate – any holding company of the Account Manager or a subsidiary of any such holding company (as defined in the Companies Act 1985);

Assets – investments, income, interest, cash deposits and any other rights and entitlement from time to time held in the CTF Account;

Bank – the Governor and Company of Lloyds Bank plc, having its Head Office at 25 Gresham Street, London, EC2V 7HN, an authorised institution under the Banking Act 1987;

Business day – Any day except a Saturday, Sunday, a Bank Holiday in England and other days at the Authorised Corporate Director's discretion;

Client Account – a bank account held by us with the Bank under the FCA's client money rules Client Money Regulations;

The Child – the child named on the CTF Voucher;

CTF – The Child Trust fund regulations 2004 as amended from time to time;

CTF Regulations – The Child Trust fund regulations 2004 as amended from time to time;

FCA – Financial Conduct Authority;

Government Contributions – amounts received by the Account Manager from HM Revenue and Customs in respect of the CTF Account;

Scottish Friendly OEIC – the open-ended investment company Scottish. The Scottish Friendly Investment Funds ICVC, operated by the Account Manager (and, in the case of an umbrella company, a sub-fund of such company);

OEIC Shares – shares in a Scottish Friendly OEIC which may be held in the CTF Account;

Registered Contact – you, the applicant named on the Application Form or another person with parental responsibility for the Child who subsequently applies to be the Registered Contact or the Child on reaching the age of 16;

Regulations – the Child Trust Fund Regulations 2004, as from time to time amended and in force;

Subscription – a payment in sterling to be applied to an Account from your own resources or resources of another person;

Subscription Year – a year running from the Child's previous birthday to the day before the next birthday. For the year in which the CTF opens the Subscription Year starts from the date of opening and ends on the day before the Child's next birthday;

Terms – these Terms (as amended from time to time), together with the Application Form;

Voucher – The CTF voucher issued by HM Revenue and Customs to the Child Benefit claimant;

We, us and our – the Account Manager, Scottish Friendly Asset Managers Limited;

You and your – an individual who has opened an Account under these Terms.

These Terms will be governed by and construed in accordance with Scottish Law. Reference to any statutory provision or regulation includes any modification or re-enactment.

Any headings and subheadings are not a legally binding part of these Terms.

Where appropriate, the words in the singular will include the plural, and the masculine will include the feminine.

2. Account Manager

- A. Scottish Friendly Asset Managers Limited agrees to act as Account Manager for the CTF Account. We do not review the portfolio and we do not give advice about the CTF Account. We are authorised and regulated by the Financial Conduct Authority.
- B. Scottish Friendly Asset Managers Limited, Galbraith House, 16 Blythswood Square, Glasgow, G2 4HJ
- C. We may assign to any appropriate Associate all of the benefits and obligations under these Terms. The Registered Contact will be notified of any such assignment.
- D. We may appoint any person (whether or not an Associate) to advise on or to perform any of our functions or responsibilities under these Terms and may provide information about the Child, the Registered Contact and the CTF Account to any such person. We will satisfy ourselves that any person to whom we delegate any of our functions or responsibilities under these Terms is competent to carry out those functions or responsibilities.
- E. We may amend these Terms by writing to the Registered Contact. Any amendments will comply with the Regulations and the rules of the FCA.

3. Application to Open an Account

- A. An application to open a CTF Account must be made in writing on an Application Form and it must be accompanied by the original Voucher. Subject to the Regulations, the CTF Account will be managed in accordance with your directions so long as you remain the Registered Contact for the CTF Account.
- B. These terms will come into force when your Application Form is accepted by us, which will normally be on the day of its receipt. We reserve the right to reject any application where we have reason to believe that the Voucher has expired, is or might not be genuine, or that false information has been given on the Application Form.
- C. You or anyone else may invest one or more lump sums in the CTF Account during each Subscription year. In addition or alternatively, you or anyone else may make regular

subscriptions by Direct Debit under a monthly savings plan.

- D. An acknowledgement will be sent when you or anyone else makes a lump sum subscription or sets up a monthly savings plan.
- E. Any payments that cannot be allocated to a CTF or returned will be kept in a client money account until we are contacted by you or the person who made the payment.


4. Minimum Subscriptions

a) Lump Sums

The minimum lump sum subscription is £10.

b) Monthly Savings Plans

The minimum monthly subscription is £10. Monthly Direct Debits will normally be collected on the 1st of each month and invested by us on the same day. If the 1st of the month is not a Business Day the payment will be invested on the next Business Day. If new Direct Debit instructions are received at least five Business Days on or before the last day of the month, the first monthly payment will be collected by Direct Debit on the 1st of the following month, otherwise it will be collected on the 1st of the month after next.

Direct Debit Guarantee: This guarantee is offered by all Banks and Building Societies that take part in the Direct Debit Scheme. 

The efficiency and security of the Scheme is monitored and protected by your own Bank or Building Society. If the amounts to be paid or the payment dates change, Scottish Friendly will notify you 5 Business Days in advance of the CTF Account being debited or as otherwise agreed. If an error is made by Scottish Friendly or your Bank or Building Society you are guaranteed a full and immediate refund from your branch of the amount paid. You can cancel a Direct Debit at any time by writing to your Bank or Building Society. Please also send a copy of your letter to Scottish Friendly. You should inform us in writing if you wish to increase or decrease your monthly subscription, or to stop saving (either temporarily or completely). If your instructions are received at least 10 Business Days before the next collection date, we will normally give effect from that date.

5. Maximum Subscriptions

There is a maximum amount that can be paid into CTFs each subscription year. For current limits please go to gov.uk/child-trust-funds.

If any oversubscriptions are received by us we will make all reasonable endeavours to return the payment to the sender. If we are unable to trace the sender of the oversubscription the payment will be returned to the Registered Contact.

6. Cancellation

- A.** You have the right to cancel your initial management agreement with the Account Manager. If you wish to cancel you must do so within 14 days after receiving confirmation that we have received your Voucher.
- B.** The CTF Account will not be opened until the 14 day cancellation period has expired.
- C.** If you exercise your right to cancel, the Voucher and any subscriptions you have sent to us will be sent back to you. Any subscriptions sent to us for the CTF Account by anyone else will be sent back to them.
- D.** Any additional subscriptions paid into the CTF Account after the cancellation period has expired will have no cancellation rights.

7. Investment Strategy

- A.** The CTF Account will be invested in shares of the Scottish Friendly Managed Growth Fund, a sub-fund of the Scottish Friendly OEIC. The Account will have exposure to a diversified range of investments including equities.

8. Account Investments

- A.** The CTF Account includes the Account Investments and any cash balances, all income and other rights, and the benefit of any tax relief in respect of such investments.
- B.** For each subscription or transfer payment received, we will allocate OEIC Shares using the share price effective at the next 12-noon valuation following receipt of the payment. The total value of the OEIC Shares we allocate at those prices will be equal to the payment received.
- C.** We will automatically reinvest all income in respect of CTF Account investments and all related tax

reclaims.

9. Title

- A.** The CTF Account Investments shall be in the beneficial ownership of the Child at all times, and this cannot be changed. The CTF cannot be assigned to a third party or used as security for a loan.
- B.** OEIC Shares will be registered in the name of the child.
- C.** No OEIC share certificates will be issued to the Registered Contact or the Child. We will hold any records evidencing title to the CTF Account Investments.
- D.** We will not lend CTF Account Investments or the title documents to a third party and will not borrow against the security of CTF Account Investments or such documents.

Taxation

We will make all necessary claims for tax relief relating to the CTF Account. We are no longer able to reclaim the tax credit prepaid on dividend income from UK equities.

Statements

We will send the Child a statement every year showing the value of the CTF Account and details of all transactions in the CTF Account since the previous statement. The statements will not include a measure of performance.

Reports and Voting

- A.** If the Registered Contact so elects, we will arrange for them to receive copies of the annual reports and accounts available to investors in any Scottish Friendly OEIC in which the CTF Account is invested. We reserve the right to debit the CTF Account with our standard charge for making such arrangements (currently £20 per communication).
- B.** Subject to any applicable law or regulation and if the Registered Contact so requests, we will arrange for them to be able to attend any meetings of investors in any Scottish Friendly OEIC in which the CTF Account is invested, to exercise voting rights, and to receive, in addition to the documents referred to in paragraph a) above, any other information issued to investors. We reserve the right to debit the CTF

Account with our standard charge for making such arrangements (see paragraph a) above).

- C.** Subject to any applicable law or regulation, we may exercise any voting rights attaching to CTF Account Investments unless the Registered Contact has elected to exercise such rights themselves.

13. Withdrawals

a) Investments in the CTF Account may only be withdrawn in the following circumstances:

- 1.** for stamp duty, stamp duty reserve tax or dealing charges associated with the sale and purchase of investments in the CTF Account;
- 2.** for charges incurred where the Registered Contact has elected to receive a copy of the annual report and accounts or attend meetings of investors, associated charges (see section 12);
- 3.** for charges agreed between the Account Provider and the Registered Contact for the management of the CTF Account;
- 4.** where a terminal illness claim made on behalf of the Child has been confirmed by HM Revenue and Customs.
- 5.** on closure of the CTF Account.

b) The CTF Account can only be closed on the Child reaching his or her 18th birthday, on the death of the Child or on direct instruction from HM Revenue and Customs.

c) On the death of the child, we will pay the value of the Account investments effective on the date we receive the satisfactory notification.

14. Transfers to Another Provider

On the instructions of the new provider and within a reasonable business period subject to a maximum of 30 days, the CTF investments will be sold and the proceeds transferred together with all rights and obligations free of charge (except charges such as stamp duty and other dealing costs connected with the disposal or acquisition of investments) to the new provider.

15. Charges

Charges for CTF Account management and other expenses will be made up to a maximum of 0.00411% of the value of the CTF Account for each day in which the CTF Account is held. This is the equivalent to 1.5% per year. The following charges and expenses may be deducted in full from the CTF Account and are not subject to and do not count towards the maximum daily charge above:

- A.** any stamp duty, stamp duty reserve tax or other charges incurred directly or indirectly in the sale or purchase of investments held under the CTF Account;
- B.** any charges or expenses incurred directly or indirectly in complying with an order of the court or any other requirements imposed by law.

16. Share Prices

- A.** The price of shares is calculated every working day by dividing the total value of the assets of The Scottish Friendly Managed Growth Fund by the number of shares in existence. Share prices are quoted daily in on our website **www.scottishfriendly.co.uk**.
- B.** We will allocate units to you at the next 12-noon valuation following receipt of your instructions. This is known as forward pricing.

17. Client Money

Any uninvested cash held on your behalf (e.g. money awaiting investment or the proceeds of encashment) will be held in a specific client money bank account with the Bank, separate from our money in accordance with the FCA's client money rules. You will not receive interest on any money held in a client money account.

If the bank we have chosen to hold your money becomes insolvent, we will have an unsecured claim on behalf of all of our clients regarding the client money bank account. This means that you will share proportionately in any shortfall with other creditors of the credit institution or bank. If you have a shortfall, you may be eligible for compensation under the Financial Services Compensation Scheme (FSCS). If we were to become insolvent and there's a shortfall in the client money account, any losses will be shared proportionately across all our customers with money in that account in accordance with Client Money Rules. Again, you may be entitled to compensation under the FSCS.

We will exercise all due skill, care and diligence and will periodically (usually annually) review the adequacy and appropriateness of any bank selected to hold your money, in accordance with FCA Rules. We will otherwise not be liable for any losses arising from any acts or omissions of the bank in connection with the client money account resulting from the bank's negligence, wilful deceit, or fraud.

If, for whatever reason, payments made to you remain unclaimed and there has been no movement on the account, we will hold that money for a period of at least six years during which time we will make reasonable attempts to contact you in accordance with FCA Rules.

After six years we may make further efforts to contact you and let you know that we no longer intend to continue to hold the money and intend to transfer it to a registered charity of our choice unless you let us know what you would like us to do with it. If we receive no response, we shall be entitled to no longer treat that money as client money in accordance with FCA Rules and shall pay it to charity. If you subsequently make a valid claim for the money, we will still pay it to you. Any unclaimed money will no longer be protected by client money regulations.

18. Stamp Duty Reserve Tax

The Finance Act 1999 introduced, from 6 February 2000, a new system of Stamp Duty Reserve Tax (SDRT) for certain deals in the shares of Open Ended Investment Companies (OEIC) The liability for payment of this duty lies with the OEIC and the regulations permit that payments of SDRT may either be paid from the property of the fund or for the company to levy an SDRT provision against the individual purchase and sale of shares. This would, if imposed, increase the cost of buying shares and lessen the proceeds of sales by the investor. It is not Scottish Friendly's intention to apply the SDRT charge against deals, our policy is that SDRT will be charged as an expense to the property of the fund.

19. Void Accounts

The CTF Account will be managed in accordance with the Regulations, which take precedence over these Terms. We will notify the Registered Contact if, by reason or any failure to satisfy the provisions of the CTF regulations, a CTF has, or will, become void.

20. Notices and Instructions

- A. Notices and instructions to us should be in writing and signed by the Registered Contact. Notices and instructions sent by facsimile will be accepted.
- B. Notices and other documents to be given to the Child will be posted to the Registered Contact at the last registered address and will be considered received two days after posting.
- C. We are entitled to treat as valid instructions given by the Registered Contact or on their behalf even if that is not the case because of the wrongdoing of another person, unless that person is an employee or agent of the Account Manager.

21. Liability

- A. You indemnify us against all liabilities incurred by us in connection with the CTF Account, other than liabilities caused as a direct result of our negligence, knowing default, or breach of the rules of the FCA or of these Terms.
- B. We are liable for our negligence, knowing default, and for any breach of the rules of the FCA or of these Terms. We are not liable for any loss caused through a fall in value of CTF Account Investments.
- C. We accept no responsibility for the CTF Account until cleared funds are received, nor for any loss or delay caused in the payment of funds to us.
- D. For the purposes of this paragraph 18, references to you include your personal representatives and references to the Account Manager include its nominees.

Authorised Corporate Director

The Authorised Corporate Director of the Scottish Friendly Investment Funds OEIC is Scottish Friendly Asset Managers Ltd, Galbraith House, 16 Blythswood Square, Glasgow G2 4HJ.

Depository

The Depository of the Scottish Friendly Investment Funds OEIC is J.P.Morgan.

Law

In legal disputes, the law of Scotland will apply.

Language

The contractual terms and conditions and all communications in relation to the CTF Account will be supplied in English.

Further Information

Further information about the Scottish Friendly OEIC can be found in the Prospectus. A copy of the Fund's annual reports and accounts and prospectus can be obtained on request. If you would like a copy, please contact Scottish Friendly at the address below. A charge may apply.

Complaints

If you wish to complain about any aspect of the service you have received, please contact Scottish Friendly Asset Managers Ltd, Galbraith House, 16 Blythswood Square, Glasgow G2 4HJ. If your complaint is not dealt with to your satisfaction you can write to the Financial Ombudsman Scheme; please contact us for this address. This will not affect your right to take legal action.

Compensation

If Scottish Friendly is unable to meet its liabilities, compensation may be payable by the Financial Services Compensation Scheme. If Scottish Friendly is unable to meet its liabilities, compensation may be payable by the Financial Services Compensation Scheme. The maximum level of compensation for claims against firms declared in default is 100% of the claim with no upper limit. Further information on the Scheme can be obtained from the Financial Services Compensation Scheme.

Tel: 0800 678 1100

www.fscs.org

**Scottish Friendly Asset Managers Limited,
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www.scottishfriendly.co.uk

Authorised and regulated by the Financial
Conduct Authority. Details can be found on
the FS register – Registration No. 188832.
Member of The Investment Association.

