

Key Features of the King & Shaxson Asset Management ISA

This Key Features document provides you with the main points of your Individual Savings Account (ISA). Please read it carefully so that you understand what you are buying and then keep it with your other investment documents. This key features document is effective from August 2010 and meets rules set by the Financial Conduct Authority (FCA). The King & Shaxson Asset Management ISA invests in:

- the King & Shaxson Personal Discretionary Service – subject to meeting the minimum criteria to be a discretionary client (together “the Portfolios”)

Its aims

- To increase the value of the money you invest for growth or income or both.
- To let you invest your money in a choice of investments to meet your investment needs.
- To provide tax advantages.
- To let you invest according to your chosen ethical criteria.

Your investment

- You can invest up to your annual allowance as an initial single payment in your ISA. There is no minimum investment required, however a small investment may incur charges which are disproportionate to the size of the investment due to any minimum fee which may be applicable to your chosen Portfolio.
- You can keep the ISA for as long as you like but it needs time to grow. You should therefore regard it as a medium to long-term investment.

Risk factors

- The value of your ISA and any income you take from it can go down as well as up. You may get back less than the value of your original investment.
- What you get back from your ISA is not guaranteed. It will depend on the investment performance of the Portfolio you choose and any withdrawals you make.
- The tax advantages of ISAs may be withdrawn.
- Our charges may increase in the future.
- If you cancel your ISA within the 30 days allowed or cash in your investment after this time, you may get back less than you have paid in. See “What might I get back?” in the Questions and Answers section.
- If your ISA holds investments under the Portfolios we may not be able to sell a position taken in a company's shares where these shares are suspended on their listed exchange. This happens on rare occasions and this suspension is determined by the rules of the relevant listing authority.
- Legislation and tax rules may change in the future.
- Inflation will reduce the buying power of your money.
- For further investment risk factors, please refer to the “Investment Information” section.

Questions and Answers

- The King & Shaxson Asset Management ISA is a tax-efficient “wrapper”, through which you invest in your chosen Portfolio
- You have no personal liability to UK Income Tax on income or Capital Gains Tax on growth within your ISA and you do not have to declare your ISA on your tax returns.
- King & Shaxson offers a Stocks and Shares ISA only, which means that you have to invest your whole annual allowance in stocks and shares.
- You can transfer your previous and current tax year ISA investment to King & Shaxson, but you cannot transfer between components of an ISA i.e. from a Cash to a Stocks and Shares ISA component.

Who cannot invest in the King & Shaxson Asset Management ISA?

- Anyone who is not a UK resident or is not a Crown employee serving overseas, or is not married to or in a civil partnership with a Crown employee serving overseas.
- Anyone who is not aged 18 or over.
- You are not eligible to take out a King & Shaxson Asset Management ISA if you have already taken out an ISA in the current tax year.

What might I get back?

At the time you cash in your ISA, you will get back whatever your account is worth at the time. This amount is not guaranteed and will depend upon:

- The amount you invest and the time you allow it to grow.
- How the investment performs.
- Charges (please see “What charges will I pay? How will charges and expenses affect my investment”).
- Any income or withdrawals you take.

What charges will I pay? How will charges and expenses affect my investment?

King & Shaxson charges no set up cost and other charges will depend on the service that you choose. Our charges consist of an annual management fee and administration charges that will vary depending on which Portfolio you select. The full list of charges can be found in the relevant Portfolio's rate card. We may increase our charges if the cost of managing your ISA increases. Reasons would include changes in taxation, regulation, the law, administration and the cost of fund management. If we have to do this, we will tell you.

Effect of our charges – typical examples

- The example illustrations below show what you might get back from a £10,200 investment. The first example assumes that your investment grows at 7% a year and the second example assumes that your investment grows at 5% a year. The charges in these examples assume that you have invested in a **Standard Ethical Portfolio** which is subject to an annual charge of 1.25% of the portfolio value, an initial charge by your financial advisor of 3% of the investment and ongoing financial advisor charges of 0.5% of the portfolio value per annum.
- The figures are only examples and are not guaranteed. They are only to show the effect of charges on an investment.
- The single payment example assumes that income is reinvested.
- The figures do not take into account any additional discount you may receive on your investment.

At end of year	Investment to date	Effect of charges to date	What you might get back
1	£10,200	£706	£10,186
3	£10,200	£1,506	£10,834
5	£10,200	£2,306	£11,576
10	£10,200	£4,306	£13,936

The last line shows that, over 10 years, the effect of the total charges could amount to £4,306. Putting it another way, if the growth rate were 7% each year, which is in no way guaranteed, this would have the effect of reducing the growth rate to 3.2%.

At end of year	Investment to date	Effect of charges to date	What you might get back
1	£10,200	£706	£9,988
3	£10,200	£1,506	£10,192
5	£10,200	£2,306	£10,417
10	£10,200	£4,306	£11,085

The last line shows that, over 10 years, the effect of the total charges could amount to £4,306. Putting it another way, if the growth rate were 5% each year, which is in no way guaranteed, this would have the effect of reducing the growth rate to 0.80%.

Please be aware – the above examples assume that you are investing your ISA allowance in the King & Shaxson Asset Management ISA only and do not also hold investments in any other King & Shaxson Asset Management product. If you hold investments in any of the regular King & Shaxson Portfolios as well as the ISA, this may have the effect of reducing your overall charges. The example below assumes the same charges as the above, but also assumes that the amount invested in the King & Shaxson Asset Management ISA makes up a minimum total investment amount with King & Shaxson of £32,000. Examples are given assuming growth of 7% in the first scenario and 5% in the second scenario.

At end of year	Investment to date	Effect of charges to date	What you might get back
1	£10,200	£530	£10,363
3	£10,200	£1,001	£11,377
5	£10,200	£1,509	£12,500
10	£10,200	£2,964	£15,867

That last line shows that over 10 years, the effect of the total charges could amount to £2,964. Putting it another way, if the growth were 7% each year, which is in no way guaranteed, this would have the effect of reducing the growth rate to 4.5%.

At end of year	Investment to date	Effect of charges to date	What you might get back
1	£10,200	£530	£10,165
3	£10,200	£990	£10,735
5	£10,200	£1,471	£11,342
10	£10,200	£2,771	£13,043

That last line shows that over 10 years, the effect of the total charges could amount to £2,964. Putting it another way, if the growth were 5% each year, which is in no way guaranteed, this would have the effect of reducing the growth rate to 2.5%.

Please be aware – these examples are based on the minimum charges associated with the Standard Ethical Portfolio. Other products may have different minimum charges which may affect the growth rate depending on the amount invested. Please consult your IFA for a full explanation.

How much will any advice cost?

- Your adviser, if you have one, will give you details about the cost. The amount may depend on the size of your investment. Advisor charges may be settled in any number of ways including, if you and your advisor agree, the charges may be paid for out of your account. Typical advisor charges include an initial charge of 3% of your investment and an annual fee for services of 0.5% of your account value.

How can I take money out?

- You can take an income from Portfolios that facilitate this.
- You can also ask for one-off withdrawals.
- If you would like to withdraw money, the request should be made in writing.

Can I transfer my ISA?

- You can transfer the cash value of your Stocks and Shares ISA from another fund manager to the King & Shaxson Asset Management ISA by completing a transfer application form.
- You will not get the benefit of any investment growth between the date your money is transferred from your previous

- ISA to the date that it is received by us.
- You can also transfer your King & Shaxson Asset Management ISA to another fund manager who is prepared to accept the transfer into their Stocks and Shares ISA.
- You will not lose any tax benefits as a result of a transfer.
- Transfers out of the King & Shaxson Asset Management ISA can be made in the form of cash.

Can I switch between Portfolios within the King & Shaxson Asset Management ISA?

- Yes, you can transfer from one Portfolio to another subject to meeting any minimum investment criteria.
- Instructions must be received in writing.

What tax is payable?

- Any growth or withdrawals will be free of any UK income and capital gains tax. You therefore do not need to declare any income or capital gains for your ISA on your tax return.
- Most other countries deduct tax from interest and dividend payments so interest and dividend payments relating to overseas assets may be received after tax has been deducted and we cannot reclaim this tax.
- The tax advantages of the ISA end when the investor dies and any proceeds form part of their estate.

What happens if an investor dies?

- If an ISA is still active when an investor dies, it will remain invested until we are instructed by their legal representatives.
- We will pay the future value of their ISA to their legal representatives when they ask for it and when we receive the documents required to process the request.

Can I change my mind?

- You can change your mind within 14 days from the date you receive your cancellation notice.
- If you wish to cancel the ISA, the cancellation notice should be returned to the address shown in the "How to contact us" section. Otherwise your ISA will continue if we do not receive your cancellation notice within the 14 days.
- If you decide you do not want your ISA and you have made a lump sum payment, we will give you back your money plus or minus any change in the investment value over this period.
- For ISA transfers, if you exercise your right to cancel you should be aware that the cancellation will apply to all your investments being transferred. If your investment is sold and the proceeds returned to you all future tax advantages will be lost. On cancellation, you will be given the following options:
 - Your ISA will be closed and the proceeds returned to you, or
 - Your ISA can be transferred back in cash to the original Plan Manager(s), subject to their acceptance of the transfer, or
 - Your ISA can be transferred to any other Plan Manager(s), subject to their acceptance of the transfer.

How can I keep track of my investments?

There are a number of ways that you can do this:

- King & Shaxson will send a statement direct to you every six months, showing the value of your investments and all the transactions since the previous statement.
 - You can request a valuation, via your Intermediary, at any time.
- Additionally, you can access your account via our online client log-in by visiting our website via the following link: www.kingandshaxsonethical.co.uk

Investment Information

Investment objectives

The Portfolio you choose will determine your investment objectives. The investment objectives of the King & Shaxson Discretionary Portfolios are:

Cautious

A "Cautious" portfolio seeks to provide investment returns that are in excess of returns offered by cash on deposit whilst maintaining the security of the investment in real terms. The portfolio is suitable for those investors who need to keep their money in very stable investments.

Cautious Balanced

A "Cautious Balanced" risk portfolio seeks to provide a high level of capital protection whilst still allowing investors the ability to achieve long-term growth (10 years). The portfolio is suitable for risk-averse investors whose financial temperament cannot tolerate much variation in performance.

Moderate Balanced

A "Moderate Balanced" risk portfolio seeks to provide a balance between capital appreciation and income enhancement by investing in a diversified portfolio of asset classes over the long term (10 years). The portfolio is suitable for those whose financial situation can tolerate a moderate level of volatility in performance.

Moderate

A "Moderate" risk portfolio seeks to have a higher bias towards capital appreciation and income enhancement and will adopt a higher risk profile than a balanced risk portfolio.

Dynamic

A "Dynamic" risk portfolio seeks to achieve high returns. Investors must be prepared to accept a higher level of risk and volatility in expectation of than average returns over the longer term (10 years).

The Personal Discretionary Service aims to generate capital growth and income based on your specific criteria (outlined in the Values Based Investment Questionnaire). This criteria includes your requirement for income, your ethical values and your risk appetite.

Past performance

Past performance information is available in quarterly valuations which are available in the client portal via our website www.kingandshaxsonethical.co.uk

Risk factors

In addition to the general risk factors at the beginning of this Key Features document there are different risks for each fund. These are as follows:

Annual charge from capital

We take the annual management charge from capital. Because of this, your capital may be reduced over time if the fund's growth does not compensate for it. Also, any capital growth the fund produces will be reduced by the charge.

Equity Securities

Investments will include equity securities and equivalents of issuers in multiple jurisdictions, including issuers in emerging markets, of an market capitalization (e.g. small, mid or large). Equity securities may include common and preferred stocks and warrants and equivalents (including convertible securities). As a result of investments in equity securities, the Portfolios will be exposed to the risks typically associated with equity investing. These risks include the general risk of broad market declines and specific risks relating to an issuer, such as a management performance, financial leverage, financial position, industry problems and reduced demand for the issuer's goods or services.

Fixed Income Securities

Investments will include fixed income securities of corporate and government issuers in multiple jurisdictions. Such fixed income securities are not required to satisfy any minimum rating standard and may include instruments that are in poor standing and that have predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal. Fixed income securities are subject to the risk that the issuer may default on the payment of principal and/or interest. The prices of fixed income securities are inversely affected by changes in interest rates and thus are subject to the risk of market price fluctuations. In addition, changes in the credit ratings of a fixed income security or in the perceived ability of the issuer to make payments of principal and interest also may affect the security's market value.

Property Funds

Investments will include property and land through holding investments in property funds. Property and land can be difficult to sell so the fund may not be able to react to prevailing market conditions by selling/cashing in these holdings when they would like to. This may result in shares in the property fund losing value. In extreme circumstances, trading in the property fund could be suspended. A further risk to the value of a property fund is that the value of the property is often a matter of a valuer's opinion rather than fact.

Commodities

Investments in commodities whether by funds or via companies substantially involved with them may expose investors to risks not typical of other investments. Companies associated with commodities and the funds invested in them may have assets in less developed countries which have political, legal and social systems that are less stable than those found in developed countries or markets. The assets of the companies, the commodities and derivatives associated with them may be subject to or affected by conditions such as drought, flood, weather, disease, trade embargo, war or political unrest etc which may substantially affect their value. Commodity funds may hold physical assets which may not be insured and subject to risks associated with high value items.

Suspensions of Trading

Under certain trading conditions it may be difficult or impossible to liquidate a position. This may occur, for example, at times of rapid price movement if the price rises or falls in one trading session to such an extent that under the rules of the relevant exchange trading is suspended or restricted.

Exchange rate

When funds invest in overseas stocks, the value will fluctuate in line with movements in exchange rates as well as the changes in the value of the underlying stocks.

Derivatives

The prices of derivative instruments, including futures and options prices, are highly volatile. Price movements of forward contracts, futures contracts and other derivative contracts are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programmes and policies of governments, and national and international political and economic events and policies. The securities of small-to-medium-sized (by market capitalisation) companies, or financial instruments related to such securities, may have a more limited market than the securities of larger companies. Accordingly, it may be more difficult to effect sales of such securities at an advantageous time or without a substantial drop in price than securities of a company with a large market capitalisation and broad trading market. In addition, securities of small-to-medium-sized companies may have greater price volatility as they are generally more vulnerable to adverse market factors such as unfavourable economic reports.

Market risk

Some of the Recognised Exchanges in which we may invest may be less well-regulated than those in developed markets and may prove to be illiquid, insufficiently liquid or highly volatile from time to time. This may affect the price at which we may liquidate positions to meet redemption requests or other funding requirements.

Exchange control and repatriation risk

It may not be possible for us to repatriate capital, dividends, interest and other income from certain countries, or it may require government consents to do so. The investment could be adversely affected by the introduction of, or delays in, or refusal to grant any such consent for the repatriation of funds or by any official intervention affecting the process of settlement of transactions. Economic or political conditions could lead to the revocation or variation of consent granted prior to investment being made in any particular country or to the imposition of new restrictions.

Emerging markets risk

We may invest in equity securities of companies in emerging markets. Such securities may involve a high degree of risk and may be considered speculative. Risks include (i) greater risk of expropriation, confiscatory taxation, nationalisation, and social, political and economic instability; (ii) the small current size of the markets for securities of emerging markets issuers and the currently low

or non-existent volume of trading, resulting in lack of liquidity and in price volatility, (iii) certain national policies which may restrict our investment opportunities including restrictions on investing in issuers or industries deemed sensitive to relevant national interests; and (iv) the absence of developed legal structures governing private or foreign investment and private property.

Political, regulatory, settlement and sub-custodial risk

The value of a security may be affected by uncertainties such as international political developments, changes in government policies, changes in taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investment may be made. As we may invest in markets where the trading, settlement and custodial systems are not fully developed, the securities which are traded in such markets and which have been entrusted to sub-custodians in such markets may be exposed to risk in circumstances in which the Custodian will have no liability.

Liquidity risk

Not all securities or instruments invested in by us will be listed or rated and consequently liquidity may be low. Moreover, the accumulation and disposal of holdings in some investments may be time consuming and may need to be conducted at unfavourable prices. We may also encounter difficulties in disposing of assets at their fair price due to adverse market conditions leading to limited liquidity.

Credit risk

There can be no assurance that the securities or other instruments in which we invest will not be subject to credit difficulties leading to the loss of some or all of the sums invested in such securities or other instruments. Investments will also be exposed to a credit risk in relation to the counterparties with whom we trade and investors may bear the risk of counterparty default. Investment holdings may have credit exposure to counterparties by virtue of investment positions in equity-linked securities. To the extent that a counterparty defaults on its obligations and we are delayed or prevented from exercising the rights with respect to the investments in any portfolio, investments may experience a decline in value, lose income and incur costs associated with asserting the rights.

How to contact us

If you have a financial adviser, they will normally be your first point of contact. Their contact details will be on the literature they have given you. If you need to contact us, our contact details are:

Web: www.kingandshaxsonethical.co.uk

Email: Ethical@kasl.co.uk

Telephone: 020 7426 5956

King & Shaxson Asset Management Limited,
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155 Fenchurch Street
London
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Other Information**Terms and conditions**

This Key Features document gives a summary of the King & Shaxson Asset Management ISA. You should also see the full terms and conditions. You can obtain a copy from the web site.

How to complain

If you need to complain please write to the Compliance Officer at the above address. If you are not satisfied with your response, you can write to: Financial Ombudsman Service, Exchange Tower, Harbour Exchange, London, E14 9SR. This does not affect your legal rights.

Compensation

We recommend that you take advice before buying a King & Shaxson Asset Management ISA. If you do, qualified advisers will recommend products suitable for your needs. You have a legal right to compensation if at any time it is shown that a recommendation was unsuitable when it was made. If you buy your King & Shaxson Asset Management ISA without advice, you will have no legal right to compensation if you later decide that the ISA was unsuitable for you. The Financial Services Compensation Scheme covers your plan. It will cover you if King & Shaxson becomes insolvent and is unable to meet its obligations under this plan.

The maximum level of compensation you can receive from the Scheme for a claim against an investment firm is £50,000 per person. Please remember that the value of investments and the income arising from them may fall as well and rise and is not guaranteed. Investors should be aware of the underlying risk associated with investing in shares of small-cap stocks and emerging markets. These can prove to be more volatile than in more developed stock markets.

Group Information

King & Shaxson Limited (Company Number: 869780) and King & Shaxson Asset Management Limited (Company Number: 3870667), are companies registered in England and are part of the PhillipCapital Group. The registered office for both companies is 1st Floor, 155 Fenchurch Street, London, EC3M 6AL.

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