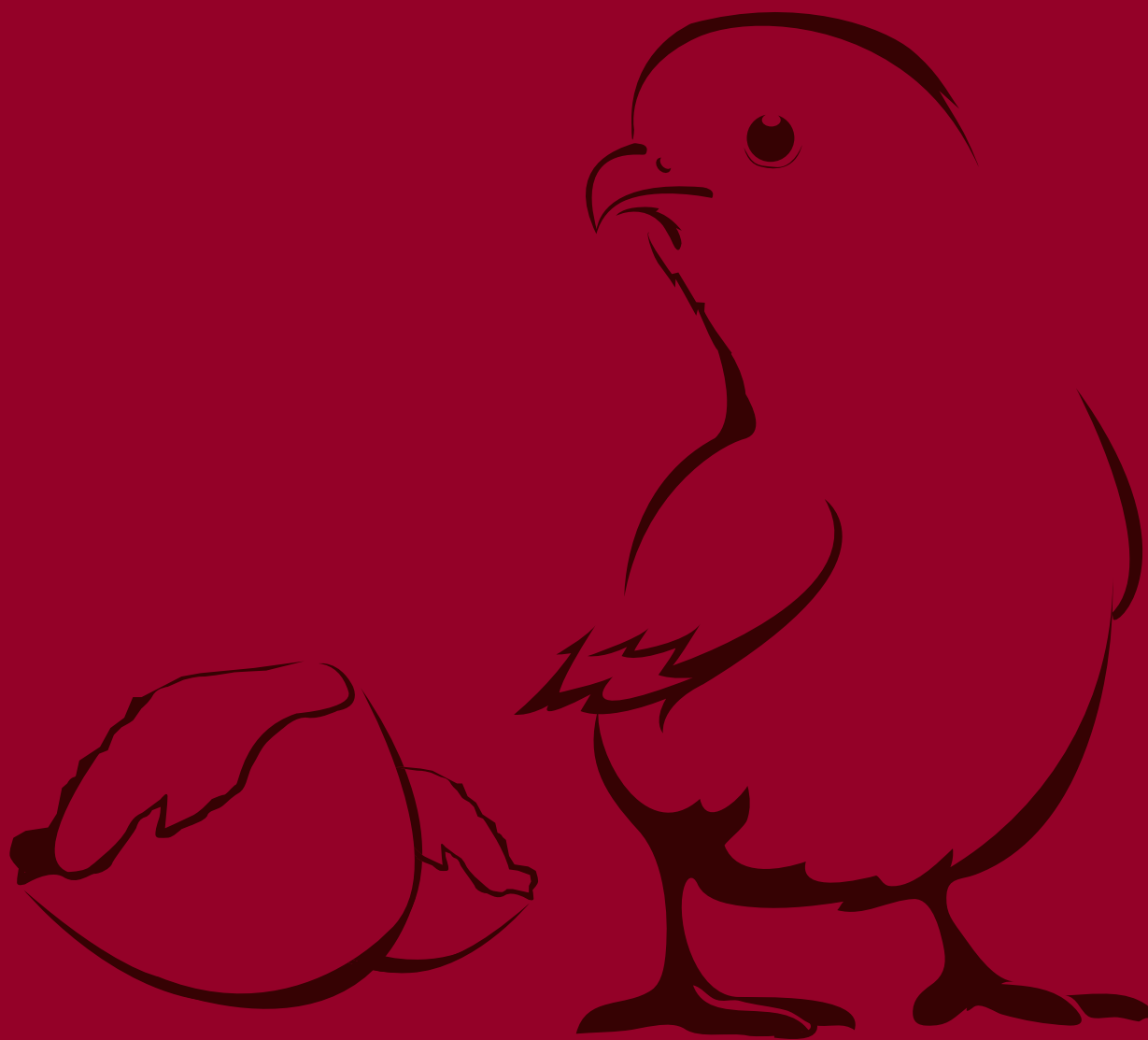


The SVM Saving Scheme for Children



Hatch a better future for your children or grandchildren

Why invest for Children?

We all know that bringing up children in today's world can be expensive. That is why starting to invest for children early on in their years – through a one-off lump sum or on a regular basis – is an ideal way to give any child a head start in life whether you are a parent, grandparent, godparent or any other relative or friend.

If you save a little bit here and there over the child's early years it could grow into a tidy sum that may be used to help with their education or perhaps fund a worthwhile interest or hobby.

For parents it makes sense to prepare for some of the more substantial costs involved in bringing up children, such as:

- An university education
- A first car
- A deposit for the first rung of the property ladder
- A wedding

For godparents, relatives and friends it may be appealing to help fund other worthwhile and meaningful experiences, such as:

- Helping to fund their hobbies and interests
- Preparing for a gap year and time spent travelling

As with all savings plans; the key thing is to start as early as possible.

Give a child a head start in life



What are some of the options?

Cash may be deposited with banks, building societies or as National Savings and this can be suitable if instant access or security of capital is required. But, where very long term savings plans are concerned, as is normally the case when saving for children, it is worth looking at the potential of stockmarket based investments. Whilst the stockmarket can be a volatile place over the short term, the overall trend is to deliver stronger returns over the longer term. Historically, the stockmarket has outperformed banks and building societies over every 18 year period for the last 40 years.¹

Please remember though, unlike savings accounts where your capital is secure, the value of shares can go down as well as up and you may not recover all the money invested. Past performance should not be seen as an indication of future performance.

The **SVM Saving Scheme for Children** offers two funds, both of which are suitable for long term savings. They are run by experienced managers who carefully choose a good spread of investments, both in the UK and globally. It is this management which really distinguishes our funds from that of our peers and should give you the confidence to entrust us with your children's savings over the long-term.



¹ Basis: Barclays Capital Equity Gilt Study 2006

Low Cost

The **SVM Saving Scheme for Children** is a low cost option available to any adult who wants to invest for children. You can start investing from just £25 a month (per fund).

There is **no initial plan management charge** and **no annual plan management charge**, so your money goes further. However, when shares are purchased you will be charged Government stamp duty of 0.5%, which is payable on all share purchases. The purchase will also be affected by the dealing spread (the difference in value between the buying and selling prices of the investment trust shares). More information on the dealing spread is contained in the Key Features Document. There is also a £30+VAT charge per fund each time you make a partial or full sale of the investment.

Start to invest from
just £25 a month

Choose the way you invest

There are several decisions you need to make before getting started.

Which fund(s) do I choose?

- **SVM UK Active Fund.** This Fund benefits from SVM's research and stock selection process. It aims to outperform the average of UK shares (FTSE All-Share Index) over the long-term by carefully investing in the UK companies which we believe offer attractively priced growth. Overall it represents a good spread of UK shares and could be regarded as a core long-term fund for first time investors. The Fund was launched in 1994.
- **SVM Global Fund.** As the name suggests, this Fund aims to benefit from the exciting opportunities for long-term growth which arise in the established and the growing economies around the globe. It does so by picking some of the most talented fund managers who run the best funds in different parts of the world and putting them together in one portfolio. The result is a unique combination of some of the world's greatest investment talent and a stake in the growing global companies of the future. The Fund was launched in 1991 and has an enviable track record.

There is nothing to stop you choosing to invest in both funds, subject to the minimum investment levels (see below).

How much should I invest?

- You choose how much to invest, lump sum (£200 min) or monthly investments (£25 min per fund).
- The plan is entirely flexible; you can stop or re-start the plan (without penalty) at any stage. And you can always add a lump sum for Christmas or birthdays, or whenever suits.

Choose the type of Plan

- There are two ways that you can invest on behalf of a child;² either by Designated Account or a Bare Trust. The choice allows you to retain as much control as you want. For an explanation of the differences please see the table on the page opposite.

² Children cannot hold shares in their own name until they are 18 years old.



SVM Saving Scheme for Children		
	Designated Account	Bare Trust
Eligibility	Any child aged under 18	
Min Investment	£200 lump sum, £25 per month	
Max Investment	No Maximum	
Ownership	The money is controlled by you, but is designated for the child. Allows you to retain ownership of shares, and decide when to hand the investment over to the child. There is an option to transfer the investments to the child on reaching the age of 18.	The money is held in trust for the child. You have no rights to the shares, as the Trustees retain legal control until the child reaches 18 – at which point the shares are automatically transferred into the child's name.
Withdrawals	Yes	Yes (as long as for the child's benefit).
CGT Applies	Yes, treated as a gain of the adult if gains exceed the annual CGT allowance. ³	Yes, treated as a gain of the child if gains exceed the annual CGT allowance. ³
Income Tax	The investment and any income generated may be counted as the Adult's tax allowance. (if the investment generates income more than £100 per annum). ⁴	Investments held are taxed in the child's name. Therefore the investment and any income generated is counted as part of the child's tax allowance.
Inheritance Tax	Money held in a designated account may not be treated as a gift and could remain within your estate for IHT purposes.	If you gift more than £3,000 per annum to a bare trust, there may be inheritance tax to pay if you die within 7 years of making the gift.

* The information noted above is for general guidance only. For more detailed tax advice you should speak with your financial adviser. Tax treatment depends on the individual circumstances of each person and may change in the future.



What Next?

Well, once you have made a decision that you would like to invest in the **SVM Saving Scheme for Children**, you will need to complete the accompanying application form(s), after having read the Key Features Document and information on our range of funds. We hope that these documents will help to answer all of your questions. Please note that we are unable to give you financial advice, but if you have any queries about the completion of the form please contact us on 0800 019 9440 or consult your financial adviser.

Your completed application form(s) should then be returned to your financial advisor or directly to us in the envelope provided. Don't forget to enclose either a cheque for lump sum investments or a completed direct debit mandate and cheque for your initial payment, if you want to save with us on a monthly basis.

It's simple to get started

³ Currently £8,500 per annum for the tax year 2005/2006.

⁴ If you are a **parent** – income of up to £100 per annum from an investment designated by a parent is taxed in the child's name. But if income exceeds £100 per annum, it is taxed in the parent's name.

If you are **not a parent** – all income arising from investments designated by anyone other than the parents is always treated as the child's and will therefore be tax free if they do not exceed their personal allowance (children have the same personal allowance as adults).

Investment Checklist

Please complete and return the following documents in the prepaid envelope provided:

- Designated Account Application Form (Completed and Signed)
- Bare Trust Form (if relevant)
- Cheque (for a lump sum investment)
- Direct Debit Mandate + Cheque (for monthly investments)

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