

Investment Funds

Provided by RBS Collective Investment Funds Limited.

Including:

Supplementary Information Document.

Investment Options ISA Terms.



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Supplementary Information Document

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About this document

This document is designed to provide you with information about Investment Funds. Please read it alongside the two-page Key Investor Information Document (KIID). Together, these two documents provide information to help you decide if it is right for you, and provide answers to some important questions.

Welcome to Investment Funds

Investment Funds is no longer available to new business.

Investment Funds offer a way of investing in Stocks and Shares and other assets with a choice of six funds. Depending on your objectives, you can invest for income or growth or a combination of the two.

The value of your investment and any income can go down as well as up, and you should be aware that you may not get back the value of your original investment.

How Investment Funds work

There are six funds available which invest in stocks and shares and other assets such as bonds, property and cash. The mix of assets the funds invest in will vary depending on whether the aim is income or growth. You can choose to invest in any combination of the six funds with the aim of providing income, growth, or a combination of the two.

When the assets increase in value – or pay a dividend or interest – the value of the fund increases and so too does the value of your investment. If however, those assets decrease in value, so too does the value of the fund, and therefore your investment.

The six funds available in which you may invest: Extra Income Fund; High Yield Fund; Equity Income Fund; Balanced Fund; Growth Fund; International Growth Fund. Each of these funds has a different strategy reflected in the mix of assets they invest in.

Who is Investment Funds suitable for?

You should consider investing in Investment Funds if:

- You want to invest in assets which offer the potential for capital growth or income – or a combination of the two
- You understand that the value of your investment can fall as well as rise
- You recognise that you could get back less than you put in
- You wish to invest tax-efficiently using your ISA Allowance
- You are prepared to keep your investment for a minimum of five years
- You are aged 18 or over

Flexibility of the funds

Investing in Investment Funds allows you to:

- invest single and/or monthly payments
- choose to invest in a range of funds
- take income or reinvest income from funds that offer an income option
- make withdrawals when you wish
- stop paying at any time (subject to leaving at least £500 per fund in value to keep your investment open unless you have an active Direct Debit)
- change the amounts of your monthly payments per fund (subject to a minimum monthly payment of £50 and minimum increments of £10)
- cash in your holding at any time
- invest directly in these funds in your own name or jointly with up to three other people. An ISA however must be in a single name only

You also have the option to change to other funds. If you wish to do this we will switch your investments no later than the next business day following receipt of your written instruction – providing we receive the instruction prior to the 5pm dealing cut-off point.

There may be a charge for this depending on the funds you choose, up to the current Initial Charge of the fund you wish to switch to. If you have an active Direct Debit, when we switch your funds, we'll also redirect future monthly payments to the other funds you have selected. We will do this on the next payment date after receiving your instructions.

We reserve the right not to act on an instruction if you have already requested six or more changes within that tax year.

The risks

You need to be aware that growth is not guaranteed and your original investment is not secure. So, if the assets of the fund that you have invested in perform poorly, you may get back less than the amount you've put in. You should also be aware that the amount you get back will be reduced by any charges and fees. If you are taking an income from your investment, the value of this income will also be affected as the value of the investment fluctuates. It is also worth noting that any increase in the value of investments may be less than the rate of inflation.

Our charges may increase in the future and inflation will reduce the buying power of your money. Legislation and tax rules could also change, which may affect the value of your investment.

If you make monthly payments and you do not maintain them, you may not achieve any target amount you are aiming for.

You may not be able to purchase or sell shares if dealing in the fund is suspended. This happens on rare occasions where we cannot make an accurate valuation of the fund due to a lack of market data or violent swings in the share exchanges. For example, this could happen when a stock market, or the shares listed in it, are suspended.

In the event of RBS Collective Investment Funds Limited being unable to meet its obligations (e.g. if it stops trading or becomes insolvent), you may lose some or all of your money.

As you have not received advice from Royal Bank of Scotland, you should make sure that these Investment Funds are suitable for your needs. If you are uncertain about the fund suitability you should seek professional advice.

For more information on risks involved in, and for risks relating specifically to, each fund please refer to the Key Investor Information document as you have not received any advice from RBS on your top up.

Your choice of funds

We offer six funds, each offering a different level of risk and potential for income, growth or a combination of the two. You can choose between:

Funds that mainly aim for income

These funds are designed to meet the needs of people who want to take an income from their investment.

Extra Income Fund

This fund aims to provide a high and stable level of income. This means that the income is paid out instead of being reinvested, so there is little prospect of any capital growth. This fund will invest in UK and European fixed income securities.

High Yield Fund

This fund aims to provide a high level of income. This fund will invest in a portfolio of fixed interest securities, mainly in bonds issued by companies and governments, preference shares and convertible bonds (these can be converted into shares). This fund will not be restricted to any particular geographic regions.

Funds that mainly aim for income and growth

These funds are designed to meet the needs of people who want a mix of income and growth from their investment.

Equity Income Fund

This fund aims to achieve a yield higher than the yield of the FTSE® All-Share Index, with the prospect of rising income and growth in the value of shares. This fund will be invested in UK securities, principally in UK equities judged to offer high yields and long-term growth prospects. A small proportion of this fund is invested in international equity and bond markets.

Balanced Fund

This fund aims to provide both long-term capital growth and income. This fund invests in a mixed portfolio of equities, bonds and cash, with the mix of these assets varying over time. The Authorised Corporate Director (ACD) that oversees this fund aims to place equal emphasis on the generation of income and capital growth. This fund invests in both UK-based and international assets – with no specific regional emphasis.

Funds that mainly aim for growth

These funds are designed to meet the needs of people looking for potential growth from their investment.

Growth Fund

This fund aims to achieve long-term capital growth. This fund will invest mainly in UK equities – based on price and the prospect of above-average earnings growth. A small proportion of this fund may be invested in international shares and bonds.

International Growth Fund

This fund aims to achieve long-term capital growth. This fund will invest in a well-diversified portfolio of global shares. This fund may be invested in any recognised stock exchange worldwide with no limit on the amount of the portfolio that may be invested in any one market.

How to invest

Your options

Investment Funds are only available for you to invest in if you already hold shares, either directly or in an ISA, in one of the Investment Funds. If you have an existing ISA that is invested in shares in the Investment Funds you may top up, or make an ISA transfer into, that ISA. If you hold shares directly in the Investment Funds you may top up directly into shares in the Investment Funds.

Investments can be made with an initial lump sum, regular monthly payments or both.

Top-Ups using your Stocks and Shares ISA allowance

- You can top-up in Investment Funds using your annual Stocks and Shares ISA allowance
- This is a tax allowance from the Government. For details of this tax year's allowance go to: www.hmrc.gov.uk/isa
- Any growth in the value of your ISA investment will be free from Capital Gains Tax
- You can invest additional single increments of £250 or more per fund
- You can invest a regular monthly amount from £50 a month per fund with increments of £10 or more

Invest by transferring an existing ISA

- If you have Cash, Innovative Finance or Stocks and Shares ISAs with other providers, you can transfer them into your existing Investment Funds (the minimum you can transfer in is £1,000)
- Please note your existing ISA provider may charge you a fee to transfer the ISA, and that the risk level of your existing ISA may not match that of your chosen Investment Funds ISA
- There is a possibility that you may miss out on growth while the transfer (that can take up to 30 days) takes place

Invest outside ISA wrapper

- You can top up directly into Investment Funds, whether or not you also use your annual ISA allowance or transfer any existing ISAs
- When you invest directly, the minimum remains the same as within ISAs, with additional single increments of £250 or more per fund
- Alternatively, you can invest a regular monthly amount from £50 a month per fund with increments of £10 or more

Please note that any tax treatment and/or reliefs referred to are those that apply under current legislation. They may change in the future and their availability will depend on your individual circumstances. The favourable tax treatment of ISAs may not be maintained.

Customers are permitted to transfer a Stocks and Shares ISA into a Cash ISA or an Innovative Finance ISA.

Stocks and Shares ISA	vs Cash ISA
• Invests in shares and related assets	• Typically a deposit or interest bearing account
• Potential for capital growth	• Fixed or variable interest
• Risk of losing money	• Greater capital security

How to make a payment

Additional investment – Lump sum top-ups can be funded by cheque, with a completed Additional Payment Form. Alternatively, you can call 0345 300 2585 to make a payment for a lump sum top-up by debit card. To start a monthly investment, or increase an existing monthly investment, an Additional Payment Form can be completed, or alternatively you can call 0345 300 2585 to arrange.

If you are investing monthly, you must make your payment by Direct Debit. If you are investing by an ISA transfer, your payment must be by cheque from the other ISA manager.

If you are paying by monthly Direct Debit, your first payment will be collected on a date approximately 10 working days after our administration department receives your correctly completed mandate form.

Future payments will be collected on this date each month, or the next working day if this falls on a weekend or bank holiday.

There is the potential for loss of income or growth depending on market movements while your Direct Debit collection is awaiting completion.

Cash Held

Interest will not be paid on any money held by us on your behalf that is not invested in Shares at any time.

We reserve the right not to treat any cash balances due to you as client money and make a payment to charity if they remain unclaimed for a period of over 6 years (after exhausting all attempts to contact you). We will continue to accept and process any valid claims against such money during and after this period.

To ensure protection of your client money (typically money that is being held pending an investment or during the encashment of an investment), we hold this in a client money bank account. This bank account is in trust for clients only and is separate from any account holding the firm's own money. At all times, our records reflect the money that we hold for you and we also ensure that the bank account balances mirror those of our internal records. We check daily to ensure they remain accurate.

Trading cut-off point

Unless you are paying monthly by Direct Debit or by a single Direct Debit, we will invest your money no later than the business day after we receive your application and payment, providing it is received and accepted before the 5pm dealing cut-off point.

If you pay monthly by Direct Debit, we'll buy your shares on the day of collection each month or the next business day. For single Direct Debits, the shares will be purchased the day after the monies have been received by us – normally 10 business days following receipt of the application form.

We'll send you details of the number of shares we buy for you, and the price paid for each share, but we won't issue share certificates.

To calculate the price you pay for your shares, we value the fund you select at 2pm daily. The price of each share is the value of the fund divided by the number of shares.

The funds you are invested in have a 5pm dealing cut-off point. This means that any share dealing instructions we receive and accept before 5pm on a business day will be processed at the 2pm valuation point on the next business day.

Single payments (including ISA transfers), will normally be invested using the next calculated price providing your correctly completed application form and payment are received and accepted before the 5pm dealing cut-off.

The specific valuation procedure and pricing methodology for the pricing of these funds can be found within the unit pricing policy available on the investment pages of www.rbs.co.uk/investmentpolicies. You can also request copies of this document by phoning us on 0345 300 2585.

The latest market price can be found on www.rbs.co.uk/fundprices

Withdrawing from a fund

Investment Funds are designed as a medium to long-term commitment which you should plan to stay invested in for at least five years. You can, however, take an income from our income funds and our combined income and growth funds. You can make withdrawals from any of the six funds offered.

Do remember that taking an income or making lump sum withdrawals will affect what you get back when you cash in your investment. You should also bear in mind the following:

- The minimum withdrawal amount is £500 per fund you are invested in
- You must keep at least £500 in each fund that you are invested in, unless you have an active Direct Debit linked to a particular fund
- If you choose to take income but don't provide us with your bank or building society details, we'll reinvest your income until we receive this information. If the fund (or funds) in which you have invested falls in value during this period, so will the value of your reinvested income
- If you invest the maximum amount into a Stocks and Shares ISA and then make a withdrawal, you will not be able to reinvest that amount back into an ISA in the same tax year
- If you invest directly, you can sell shares by calling our dealing team 0345 300 2585 or Minicom 0800 404 6160. If you sell shares, we'll pay the money to you by cheque or by Direct Credit (if your account details are provided)
- We will send you a cheque or direct credit payment five working days after receiving your signed written request, subject to our requirements being met, which include having a clear and unambiguous request to withdraw funds, and provision of any identification that may be necessary to satisfy anti-money laundering requirements

Product Charges

The Initial Charge – there is now no initial charge on existing monthly contributions or on lump sum top-ups.

The Ongoing Charges – The Ongoing Charges are the annual operating costs of the fund. It is the total of the annual management charge (paying for the expertise of fund managers, researchers and analysts), service charges, registrar charges and other expenses relating to the management of the fund. All European funds highlight the Ongoing Charges to help you compare the annual operating expenses of different funds. Please note that the Ongoing Charges may vary from year to year.

IMPORTANT Please be aware that the fund manager is able to vary the charges applied, but we will inform you of any changes in advance.

Investor Protection Fee – We may, in exceptional circumstances, apply an Investor Protection Fee to ensure fairness between all investors in the fund. We apply it when you buy or sell shares in the fund and it will reduce the value of your investment. The fee will be retained in the fund for the benefit of all existing investors.

The Investor Protection Fee may be applied in the following circumstances:

- An investor wants to sell a significant number of shares in a fund or invest a significant amount
- The fund manager may have to sell assets from the fund or buy new assets
- The fund may incur significant dealing costs which would mean other investors would be disadvantaged if the Investor Protection Fee wasn't applied

The Investor Protection Fee is applied by:

- Reducing the money paid to the investor selling shares or
- Deducting the fee from the money being invested by an investor buying shares

Potential returns

Investment Funds aims to grow the money you invest over a medium to long-term period – that is, over five or more years. The amount you get back will be determined by the value of your shares in the fund or funds you have invested in when you choose to cash in.

You should remember that the amount you get back is not guaranteed and will be affected by factors including:

- The amount you invest and the time you allow it to grow
- The performance of your fund
- Our charges and fees
- Any income taken or withdrawals you make

How your investment is taxed

The amount of tax you pay on your investment will depend on a number of factors, including how you invest, how your investment performs and whether you are a non-taxpayer, a basic rate taxpayer or pay tax at one of the higher rates.

When investing directly (outside an ISA)

Please note, you must declare taxable income or gains from your direct investments to HM Revenue & Customs.

Income Tax

Dividend distributing funds

New rules apply to dividends paid on or after 6 April, 2016 to individuals resident in the UK.

- The 10% tax credit, which applied to dividends paid before 6 April, 2016, is replaced with a £5,000 tax-free allowance.
- If your total dividend income received during the tax year is less than £5,000, this amount will be tax-free.

If your total dividend income during the tax year exceeds £5,000, then:

- If you pay tax at the basic rate (20%), you will have to pay tax at 7.5% on your dividend income which exceeds £5,000.
- If you pay tax at the higher rate (40%), you will have to pay tax at 32.5% on your dividend income which exceeds £5,000.
- If you pay tax at the additional tax rate (45%), you will have to pay tax at 38.1% on your dividend income which exceeds £5,000.
- We will send you a voucher showing the amount of the dividend paid.

Interest distributing funds

- The interest distributing funds within this range of investments are the High Yield Fund and the Extra Income Fund.
- If the fund you invest in pays interest distributions, 20% tax is deducted automatically.
- You may have to complete a Self Assessment Tax Return, in which case we suggest that you speak to either HM Revenue & Customs or a professional tax adviser.

The Personal Savings Allowance is being introduced on April 6, 2016.

It applies to all types of savings income including interest on savings accounts and distributions from open-ended investment companies (OEICs), where the payments are treated as interest for income tax purposes. For the 2016-2017 tax year the Personal Savings Allowance is as follows:

- If you pay tax at the basic rate (20%), you will be eligible for a £1,000 tax-free Personal Savings Allowance.
- If you pay tax at the higher rate (40%), you will be eligible for a tax-free Personal Savings Allowance of £500.
- If you pay tax at the additional rate (45%), you will not be eligible for a tax-free Personal Savings Allowance.

Capital Gains Tax

- You may have to pay Capital Gains Tax if you cash in your investment and make a profit (a gain).
- However, you could minimise any Capital Gains Tax liability by using your Capital Gains annual exemption in the year that you cash in your investment.
- We do not deduct Capital Gains Tax before we pay out the value of your investment.
- You must declare income and gains from your direct investments to HM Revenue & Customs, where you have a tax liability.

Inheritance Tax

- The value of your investment will form part of your estate for Inheritance Tax purposes if you die.
 - The money will remain invested until we receive instructions from your legal personal representatives.
-

When investing via an ISA

- You do not have any personal liability to Income Tax or Capital Gains Tax on an ISA investment.
- The value to an investor of the tax advantages of an ISA will depend on personal circumstances, which may change.
- Where your fund receives interest distributions they will be received gross with no liability to tax.
- There is no need to declare income or gains from your ISA to HM Revenue & Customs.
- Your investment can no longer be held as an ISA after you die and its value will form part of your estate for Inheritance Tax purposes. The money will remain invested until we receive instructions from your legal personal representatives.

This is not a Flexible ISA

From 6 April 2016 ISA Regulations permit Flexible ISAs.

A Flexible ISA is an ISA whose terms and conditions allow the investor to replace cash they have withdrawn, without the replacement counting towards their annual subscription limit. Replacement subscriptions must be made to the ISA from which the withdrawal was made, and in the same tax year. It is for ISA Managers to decide whether they offer Flexible ISAs.

At present we are not changing the terms and conditions of this ISA to make it a Flexible ISA. We will keep this decision under review, and if any change is made we will let you know. This means that if you make a cash withdrawal from the ISA and then place it back into the ISA, it will count towards your annual ISA subscription limit.

What happens if you change your mind

Investment Funds are open to existing investors only.

You can change your mind within 30 days from the date you receive written confirmation from us of any lump sum top up being invested. Your investment will continue if we do not receive your cancellation notice within this 30 day period.

If you decide you do not want to invest your top up investment, we'll give you your money back, less any fall in the investment value in this period.

These rights do not apply to any regular payment transactions.

The cancellation notice will include the address you must send it to if you change your mind about your investment. Alternatively, you can contact us at:

RBS Collective Investment Funds Limited
PO Box 9908
Chelmsford
CM99 2AF

What to do if you have a complaint

How do I make a complaint?

If you wish to complain about the services you have received or the operation of the funds or the ISA, please contact:

RBS Collective Investment Funds Limited
PO Box 9908
Chelmsford
CM99 2AF

Telephone: 0345 300 2585

Fax : 0870 703 0510

Complaint Handling

If you make a complaint we aim to resolve it as soon as possible. However, if we have not been able to resolve your complaint within one working day, we will write to tell you:

- Why we have not yet resolved your complaint
- Who is dealing with your complaint
- When we will contact you again
- We will contact you regularly until your complaint has been resolved and we aim to resolve your complaint as quickly as possible.

When we have completed our investigation, we will issue our final response letter within 8 weeks of your initial complaint. You would also receive a leaflet explaining your referral rights to the Financial Ombudsman Service. If you are not satisfied with our decision or explanation, we will be happy to discuss it further with you. Should you not wish to discuss the outcome of your complaint with us, you can contact the Financial Ombudsman Service directly at Exchange Tower, London E14 9SR.

Alternatively call on 0800 023 4567 or 0300 123 9123 (for mobile users). For more information visit their website at <http://www.financial-ombudsman.org.uk/>

If your complaint is particularly complicated, it may take longer to resolve. If we cannot issue a final response letter 8 weeks after receiving your complaint, we will send you a letter giving our reasons for the delay and an indication of when we expect to provide a resolution. You will then have the choice to await our final response or contact the Financial Ombudsman Service if preferred.

This doesn't affect your legal rights.

Your classification

We will treat you as a "retail client" (as defined in the FCA Rules) for regulatory purposes. This affords you the highest degree of protection under the UK regulatory system. You may request to be classified differently. However, if we are able to do this, you will be afforded a lower level of client protection. For more information about the protections you would lose please contact us.

Your questions

Q: How can I see how my investment is performing?

A: You'll receive a statement in May and November every year showing transactions throughout the period and a recent valuation of your investment. You can get a valuation of your investment by calling us on 0345 300 2585. You can track the performance of your fund online by visiting the investments page of our website at rbs.co.uk/fundprices

Q: What happens to my investment if I die?

A: If you've invested on your own:

We'll pay the full value of your investment to your legal personal representatives on request, provided we receive the necessary documents and information. It will form part of your estate and may be subject to Inheritance Tax. We can transfer the shares to another person at the request of your legal personal representatives. Your investment can no longer be held as an ISA after you die. The money will remain invested until we receive instructions from your legal personal representatives.

If you've invested with someone else or other people:

The investment will continue and they will own it. The value of your share of the investment may be subject to Inheritance Tax.

When a husband, wife or civil partner dies, an additional ISA allowance equal to the total value of cash or investments held in their ISA at the date of death, will now be inherited by their surviving spouse or civil partner. This applies to any investor who died on or after 3 December 2014. The assets themselves don't pass automatically. They remain part of the estate of the deceased investor.

Q: Is my investment protected by any compensation scheme?

A: RBS Collective Investment Funds Limited is a member of the Financial Services Compensation Scheme (FSCS). The Scheme can pay compensation to customers if they are eligible and a regulated firm is unable to pay claims against it, usually if the company stops trading or is insolvent, as long as the company is registered with the scheme. Compensation limits apply depending on the type of claim. For investments, the maximum is £50,000 per person i.e. 100% of the first £50,000. Most retail customers (this includes private individuals and some small businesses) are eligible under this Scheme. For more details, please visit www.fscs.org.uk

Q: How do you protect my personal data?

A: Any personal information obtained by us will be processed and protected in accordance with the Data Protection Act 1998. You can obtain copies of the information we hold about you by writing to: The Chief Operating Officer, SAR Team, Ground Floor, RBS Gogarburn, PO Box 1000, Edinburgh EH12 1HQ. A fee may be payable.

Q: Can I transfer an ISA?

A: You can transfer part or all of a previous year's investment to another ISA manager. If you want to transfer an ISA investment made in the current tax year you must transfer the whole amount. Please note however that the risk level of your existing ISA may not match that of your chosen Investment Funds ISA.

To transfer to RBS Collective Investment Funds Limited from another ISA manager, you will need to complete and sign an ISA transfer application form and send it to us. We will then send it to your current ISA manager. Charges may apply on transferring an ISA from one provider to another. These charges can include for example, exit charges, initial charges and transaction costs. An initial charge does not apply on transferring an ISA from another ISA manager to an Investment Funds ISA.

The Authorised Corporate Director (ACD)

The ACD for the Investment Company with Variable Capital (ICVC) is RBS Collective Investment Funds Limited. The ACD is responsible for all aspects of the administration and management of the funds and pays any commission. The ACD is authorised and regulated by the Financial Conduct Authority. Financial Services Register number 122139. The ICVC is authorised by the Financial Conduct Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS, UK.

RBS maintains Professional Indemnity Insurance that applies to all operations of the ACD. This provides additional customer protection in the event of any wrong doing by members of staff acting on behalf of the ACD that cause any customer detriment.

Delegated Arrangements

The Depository for RBS Investment Funds ICVC is: J.P. Morgan Europe Limited, 25 Bank Street, Canary Wharf, London E14 5JP, UK.

The Depository is responsible for the safekeeping of the ICVC's assets and ensuring that the Investment Company Variable Capital is managed in accordance with FCA rules. The Depository delegates the safekeeping of the ICVC's assets to J.P. Morgan Europe Limited (Securities Services Division).

The ACD delegates the Portfolio Management of these Funds to Aviva Investors Global Services Limited with a contractual agreement in place setting out the policies and objectives of the Funds and defines agreed Benchmarks against which the Funds are measured.

Valuation and daily pricing of the Funds within the RBS Investment Funds ICVC has been delegated to Bank of New York Mellon (International) Limited who are industry experts in performance of this function. The function includes daily price gathering for the underlying assets of the fund, monitoring of sale prices, checks on price movements, ensuring bulk trades are applied correctly into the funds, creation and redemption of shares, and finally valuation of the fund to generate a daily price.

All processing of retail customer applications and register maintenance, including processing of sales and repurchases on customer accounts has been delegated to Aviva Life Services UK Limited.

RBS Collective Investment Funds Limited has in place a conflicts of interest policy which ensure that any conflicts that arise as a result of these delegated arrangements are managed and resolved. The policy is available on the investment pages of www.rbs.co.uk/investmentpolicies. You can also request copies of this document by phoning us on 0345 300 2585.

The Auditor for these funds is Deloitte LLP, Lomond House, 9 George Square, Glasgow G2 1QQ.

How to contact us

If you have any questions, you can write to us. For copies of the full Prospectus and annual and interim Report and Accounts of the ICVC at no charge, please write to us at:

RBS Collective Investment Funds Limited
PO Box 9908
Chelmsford
CM99 2AF

Telephone: 0345 300 2585

Customers with hearing and speech impairments can contact us by Minicom 0800 404 6160.

Telephone lines open Monday-Friday 8am – 6pm (excluding bank holidays). Calls may be recorded for training or monitoring purposes.

Investment Options ISA Terms

1. Definitions

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

“**Account**” an Individual Savings Account, referred to in the Regulations and subscribed to by you as the Account Holder.

“**ACD**” means RBS Collective Investment Funds Ltd, which is the Authorised Corporate Director of The Company and The ISA Manager.

“**Administrator**” means Norwich Union Life Services Ltd, which provides administration services to RBS Collective Investment Funds Ltd. The Administrator’s offices are currently at PO Box 249, York YO90 1WZ.

“**Associate**” means an associate of RBS Collective Investment Funds Ltd as defined in Section 52 of the Companies Act 1989.

“**Business Day**” any day on which we are open for business.

“**Investment**” the investment taken out via an ISA by you on these Terms and Conditions.

“**ISA Manager**” currently RBS Collective Investment Funds Ltd.

“**Key Features**” means the document describing the important characteristics of the Investment including the investment aims and associated risks.

“**OEIC Regulations**” the Open Ended Investment Company Regulations 2001 as amended or re-enacted from time to time.

“**Regulations**” shall mean the Individual Savings Account Regulations 1998 as amended or re-enacted from time to time and any other applicable regulations and statutes.

“**The Company**” means RBS Investment Funds ICVC, an Open Ended Investment Company (OEIC).

“**We**”, “**Us**”, “**Our**” the ISA Manager and ACD (RBS Collective Investment Funds Ltd).

“**You**” and “**Your**” the investor: the individual named as the applicant in the application form.

2. Introduction

These terms apply to your ISA, and by requesting us to open an ISA you agree to be bound by these terms.

- a) You should read these terms along with the other information contained in our literature including the Key Features and the application form, which together makes up the agreement between you and us in respect of the Investment.
- b) You appoint us to manage your investment in accordance with the Regulations. We may delegate any of our functions or responsibilities under this agreement provided we are satisfied that the person we delegate to is competent to carry them out.
- c) You will inform us immediately if you cease to be eligible to invest via an ISA.
- d) We are authorised and regulated by the Financial Conduct Authority (FCA) in the conduct of investment business. The ISA Manager is approved by HM Revenue & Customs as an ISA Manager under the Regulations.

3. Your Application

- a) Although we do reserve the right to reject an application:
 - i) We will open your Account only when we have received a correctly completed application form and payment. You can make payment by cheque or Direct Debit, although monthly payments must be made by Direct Debit. All payments to us must be from your own resources and we reserve the right to satisfy ourselves of this. Payments in cash are not accepted.
 - ii) The minimum single payment into any one fund is £500, unless payments are already being made in which case it is £250. The minimum monthly payment into any one fund is £50. You may increase your monthly subscription by a minimum of £10 per fund with our agreement provided the overall maximum subscription is not exceeded.
 - iii) If we cannot invest your payment for you because all our requirements have not been met, it will be returned to you with an explanation. If we receive your completed application prior to the tax year to which it relates, we cannot invest your payment until the start of the tax year you have applied for. In such circumstances we may retain your application and payment pending the start of the new tax year.
- b) Once we have accepted your application we will invest your subscription (net of any initial charge applicable) in the funds you have selected no later than the Business Day following the receipt by the ISA Manager of your application and subscription.

We calculate the value and price of the shares on a daily basis in accordance with the OEIC Regulations and the Company’s instrument of incorporation. The buying price will be the one calculated at the next valuation point following our receipt of your instructions and subscription at our Administrator’s office. You will then receive written confirmation detailing your investment with us. The purchase of shares in respect of regular savings plans will not be confirmed each month, but will be detailed in the valuations and statements sent to you twice each year.

If you choose to split your investment across the different fund options and this results in a surplus amount, this will be invested in one of the funds you have chosen, at our discretion. It should be noted that this amount will normally be a penny. This will be reflected in any documentation you receive.

4. Cash Held

- a) Interest will not be paid on any money held by us on your behalf that is not invested in shares at any time.
- b) We reserve the right not to treat any cash balances due to you as client money if they remain unclaimed for a period over 6 years. We will continue to accept and process any valid claims against such money during and after this period.

5. Management of Investments

Investments may be managed in common with other investments of other ISAs managed by us and may be aggregated for transactions. Investments within the Account may be consolidated with other Accounts which we hold for you.

6. ISA Transfers

- a) You may transfer to us Stocks and Shares ISAs for the current and/or previous tax years that are managed by any ISA Manager, provided the value of each ISA is at least £500. Transfers will only be accepted in the form of payments by cheque from a previous ISA Manager. Once your ISA has been transferred you will be subject to these terms.
- b) Any distributions (including tax credits) received from a previous ISA Manager after the transfer of an ISA investment to The Royal Bank of Scotland Investment Funds ISA will be accepted and reinvested in your Account provided that value is at least £50. Any such payments under £50 will be returned to the previous ISA Manager for payment directly to you.
- c) You may transfer all of your Account or part of your Account (subject to Clause 6(d) below) to another ISA Manager who is prepared to accept the transfer. You must provide us with written notice of your wish to transfer your Account. Only the cash value of the Account can be transferred. The new ISA Manager will have to provide us with your written authority for the transfer before it can take place. We do not make any charge for the transfer. Your ISA will be transferred to another ISA Manager on your instructions and within the time you stipulate. However, we cannot guarantee that the transfer will take place on the date requested unless such suggested date is at least 28 days after receipt of your instructions.
- d) A transfer of part of your Account to another ISA Manager is only available to you in respect of investments made in previous tax years and where the amount to be transferred is £500 or more, and where the amount remaining in each fund is at least £500.

7. Switching

You may switch your investments between the different fund options within The Royal Bank of Scotland Investment Funds ISA by giving us your written instructions. A switching fee maybe charged, and this will not exceed an amount equal to the then prevailing initial charge (if applicable) for the fund into which your investment is being switched. For details of the current charges that apply, please contact us. A request to switch investments is subject to the following conditions:

- a) We will sell your shares in the old fund and buy new shares with the proceeds in accordance with your switch request.
- b) We will switch your investments no later than the next Business Day following our receipt of your written instructions.
- c) If you contribute to your Account monthly and switch your entire investment from one fund to another then we will automatically redirect your Direct Debit instruction to the new fund unless we are otherwise directed by you.

8. Withdrawal

- a) You may withdraw some or all of your investment at any time by providing us with written instructions to withdraw. Unless you are making a full withdrawal, the minimum withdrawal amount for any fund is £500. If you are not withdrawing your total investment in a fund, the remaining value of your holding in that fund after the withdrawal must be at least £500.
- b) We will normally sell your shares no later than the next Business Day following receipt of your request to make a withdrawal. The selling price will normally be the one calculated at the next valuation point following our receipt of your instructions at our Administrator's office. You may stipulate a date on which your withdrawal should take place. However, we cannot guarantee that the withdrawal will take place on the date requested unless such requested date is at least 28 days after receipt of your instructions. Shares will be sold at the price calculated in accordance with the Regulations on the day of the sale.
- c) If you have holdings in two or more funds and your withdrawal request does not specify the shares to be sold to fund your withdrawal, we will normally sell shares from the largest holding(s) available, subject to the transaction(s) complying with the minimum transaction and holding values set out in clause 8(a). However, we also reserve the right to contact you for clarification of your wishes before processing your request if we deem this appropriate.
- d) Payment of your withdrawal will be made to your chosen UK Bank or Building Society account by direct credit or by cheque payable to you, and this will be posted to you within 4 Business Days of the sale of your shares, subject to our requirements being met. These can include having a clear and unambiguous request to withdraw, proof of your authority to give that instruction and any identification that may be necessary for payment purposes or to satisfy anti-money laundering requirements.

9. Termination

- a) You may terminate your investment by giving notice to us in writing which will be effective on receipt but will not affect any transactions already initiated.
- b) We reserve the right to terminate your investment by giving 60 days prior written notice.
- c) We are obliged to terminate your investment immediately having given notice if we are of the opinion that it is impossible to administer it in accordance with the Regulations.
- d) In the event that we intend to stop acting as ISA Manager, the investment will be terminated following the giving of 90 days' prior written notice to you. You may then transfer the Account to another ISA Manager.
- e) When your Account is terminated, the shares in it will be sold and the proceeds sent to you. After we have started selling your shares we will not accept any further instructions from you concerning your Account. The Account will be terminated without prejudice to any transactions already initiated.
- f) Your Account will be managed in accordance with the Regulations. We will inform you if, by reason of any failure to satisfy the provisions of the Regulations, your Account becomes void under the Regulations, and we may deduct our unpaid charges and any tax liabilities from your Account.
- g) If you stop making your regular payments into your Plan and your fund is below £500, we reserve the right to terminate your investment by giving 30 days' prior written notice.

10. Cancellation

You have the right to cancel your investment within 30 days after receiving notice from us of your cancellation rights. These will be sent to you once your ISA has been set up. If you exercise your right to cancel, any money paid to us will be repaid (subject to deduction of the amount, if any, by which the value of the shares bought on your behalf has fallen).

If you do exercise the right to cancel an ISA transferred from another ISA Manager you may not have the right to reinstate your ISA with your previous ISA Manager and all future tax benefits, which would otherwise have been attached to the Plan, may be lost.

11. Charges and Expenses

- a) We will deduct an annual management charge and an initial charge may also apply. Details of these charges that applied when you took out your ISA are set out in the 'Key Features' document. Details of the current charges are available on request.
- b) Where you switch your investment from a fund which had no initial charge when you first invested in it, to a fund which does have an initial charge, the switch will incur the initial charge.
- c) When the Company receives investment monies or when investments are withdrawn, we may impose a dilution levy in circumstances where remaining investors might otherwise be adversely affected. Further details of our policy are contained in the Prospectus.
- d) We are entitled to charge for our services at the rates and on the terms set out in the Key Features. We reserve the right to increase our charges by giving 90 days' prior written notice, and to decrease our charges, either temporarily or permanently, without giving notice.
- e) The Funds may bear other charges and expenses as outlined in the Key Features.
- f) We reserve the right to pay commission to authorised intermediaries including Associates. Such commission will be disclosed in the confirmations of investments supplied to you. This commission is paid out of our charges.

12. Income Reinvestment and Distribution

- a) We will automatically reinvest all income due to your Account, and all related tax credits, unless you elect to take income from your Account. The option to take income is only available for certain funds. Details of these funds and the income payment dates are detailed in the Key Features. Income payments will be paid into your chosen UK Bank or Building Society account by Direct Credit. If we are not able to pay to this account, income will be reinvested. Please note that income is not available for funds which offer accumulation shares only.
- b) If you have not elected to take income from your Account it will be reinvested to buy further shares in the appropriate fund for your Account. Where applicable, distributions, and all related tax credits, will be reinvested no more than 5 Business Days before the relevant payment dates.
- c) Holders of accumulation shares do not receive income payments. Any income arising in respect of an accumulation share is automatically accumulated within the fund and is reflected in the price of each accumulation share.
- d) If income from your Account is being paid to you and we are notified of your death we will automatically change your Account so that any subsequent income is re-invested.

13. Valuation points

All our funds are valued at 12 noon every Business Day.

14. Taxation of the Individual

All income and capital growth produced by your ISA is free of any UK Income and Capital Gains Tax. Neither income nor capital gains need to be declared on your tax return. We will notify you if by means of any failure to satisfy the provisions of the Regulations, your ISA is or will become no longer exempt from tax by virtue of the Regulations.

15. Ownership/Documentation

- a) All shares held in your Account will be registered in our name or that of our nominee for you. As shares held in all Accounts will be registered collectively in the same name, your shares may not be identifiable by separate certificates or other physical documents of title, and in the event of our default, any shortfall in customer investments may be shared pro rata amongst all customers. Any certificates or other documents of title will not be lent to third parties or used as security for borrowing. They will be held by us or as we direct. Shares held in the Account are beneficially owned by you. You are not entitled to sell or dispose of, or transfer any interest in the investments within the Account or use them as security or create any legal charge over them.
- b) Valuations will be drawn up as at 30 April and 31 October each year. We will send you a valuation of your Account based on the price calculated by us in accordance with the OEIC Regulations, together with a statement which will show details of all transactions and holdings since the previous statement.

16. Company Information and Voting Rights

- a) Copies of the Company's annual and half yearly Managers' Reports and Prospectus and any other information issued to shareholders are available on request.
- b) If you wish to attend or vote at general meetings of the Company then you should write to us. If you do not exercise your right to vote we may, at our absolute discretion, exercise the voting rights confirmed by the shares in your investment. This paragraph is our voting instruction for the purpose of the Regulations.

17. Death

Your Account will cease to qualify for tax exemption under the Regulations from the date of your death. If income from your Account was being paid out, this will automatically be changed to reinvestment. We will sell the shares held within your Account by the end of the next Business Day following receipt by us of the evidence we require to make payment. The proceeds will be paid by cheque and this will be posted to your legal representatives within 4 Business Days of the sale of the shares that were held within your Account. These Terms and Conditions are binding on your personal representatives.

18. Potential Conflict of Interest

We are not prevented from providing services under these terms because of any conflict of interest or duties which may arise as a result of us having a material interest in any transaction or any Associate having a material interest.

19. HM Revenue & Customs

Your Account complies with HM Revenue & Customs requirements. You authorise us to provide the HM Revenue & Customs with relevant information about your Account.

20. Amendment

We may vary these terms and conditions;

- a) by giving you 90 days prior written notice where we increase our charges. This may be required if the cost of managing your investment increases.
- b) by giving you 30 days prior written notice where possible, if for example it is necessary to comply with or anticipate any changes in applicable laws, rules or regulations, or for example to take into account a ruling by a Court, Ombudsman, regulator or similar body.
- c) by giving you 30 days prior written notice where we have changed or introduced new systems, methods of operation, services or facilities. Such amendments will only be made if we have satisfied ourselves that the overall effect of the amendments mean that you receive broadly comparable terms for the ISA under the revised terms and conditions.
- d) without giving notice to you providing we have satisfied ourselves that the effect of the amendments mean that you receive no less favourable terms for the ISA under the revised terms and conditions.

21. Transfer

- a) You agree that we may transfer (subject to any necessary regulatory approval) our rights and obligations under this contract to another company provided we give you no less than 30 days prior written notice.
- b) We may appoint another company to be the Account Manager of your ISA under these terms and conditions having given you one month's prior written notice. The new Account Manager must be approved to act as an ISA Account Manager by the Commissioners of HM Revenue & Customs.

22. Liabilities

The value of your Account can go down as well as up and this investment risk is yours. However, we are responsible for any loss incurred as a result of our fraud or wilful neglect.

23. Notices or Requests

- a) We will send any notices or other correspondence to the address you have given us in your application form, or to a new permanent residential address provided you have notified us in writing of the change.
- b) You should send any notices, instructions, or requests for further information, to us at:
RBS Collective Investment Funds Ltd
PO Box 249
York
YO90 1WZ
Tel: 0345 300 2585
- c) Should you telephone us then your call may be recorded.

24. Third Party Rights

Nothing in the Terms and Conditions of this agreement confers or purports to confer on any third party any benefit or any right to enforce any term of these Terms and Conditions.

25. Law and Jurisdiction

- a) If these Terms and Conditions conflict with the Regulations then the Regulations will take priority.
- b) This document is based on our current understanding of English Law and HM Revenue & Customs practice, both of which may change in the future.
- c) These Terms and Conditions will be governed and construed in accordance with English Law.
- d) We will notify you and give you as much notice as reasonably practicable if your investment has become, or will become, void as a result of a failure to comply with the Regulations and is therefore terminated.

Your Information

Who we are

Your investment is with RBS Collective Investment Funds Limited. We are a member of the Royal Bank of Scotland Group (the Group). For information about our Group of companies please visit www.rbs.com and click on 'About Us', or for similar enquiries please telephone 0131 556 8555 or Textphone 0345 900 5960.

Your electronic information

If you contact us electronically, we may collect your electronic identifier, (e.g. Internet Protocol (IP) address or telephone number) supplied by your service provider.

How we use your information and who we share it with

Your information includes information about your transactions.

We may use and share your information with other members of the Group to help us and them:

- assess financial and insurance risks;
- recover debt;
- prevent and detect crime;
- understand our customers' requirements;
- develop and test products and services.

We do not disclose your information to anyone outside the Group except:

- where we have your permission; or
- where we are required or permitted to do so by law; or
- to other companies who provide a service to us or you;
- where we may transfer rights and obligations under this agreement.

We may transfer your information to other countries. If we do this we will ensure that anyone to whom we pass it provides an adequate level of protection.

From time to time we may change the way we use your information. Where we believe you may not reasonably expect such a change we shall write to you. If you do not object to the change within 60 days, you consent to that change.

If you would like a copy of the information we hold about you, please write to:

The Data Protection Manager, Retail Regulatory Risk, 2nd Floor, Business House B, RBS Gogarburn, PO Box 1000, Edinburgh EH12 1HQ. A fee may be payable.

Credit reference agencies

We may obtain information about you from credit reference agencies to verify your identity.

Fraud prevention agencies

If false or inaccurate information is provided and fraud is identified or suspected, details may be passed to fraud prevention agencies. Law enforcement agencies may access and use this information.

We and other organisations may also access and use this information to prevent fraud and money laundering, for example when:

- checking applications for, and managing credit or other facilities and recovering debt;
- checking insurance proposals and claims;
- checking details of job applicants and employees.

We, and other organisations that may access and use information recorded by fraud prevention agencies, may do so from other countries. We can provide the names and addresses of the agencies we use if you would like a copy of your information held by them. Please contact any branch. The agencies may charge a fee.



Braille, large print or audio format?

If you would like this information in another format, call us on 03457 24 24 24 (Minicom 0800 404 6160).

Calls may be recorded.

RBS Collective Investment Funds Limited. Registered in Scotland No. SC46694. Registered Office: 24-25 St Andrew Square, Edinburgh EH2 2YB. Authorised and regulated by the Financial Conduct Authority. Our Financial Services Register number is 122139.

RBS45589 April 2016