

Additional information for the RUTM ISA

We have explained the basics in the following paragraphs, however, where indicated please see the appropriate note at the end of the document for more information.

Please see 'Investing in a RUTM unit trust' leaflet for information on our range of unit trusts

What are the definitions used within this document?

ISA Regulations	The Individual Savings Account Regulations 1998 which currently apply to your ISA investment and which may be amended from time to time.
We, Our and Us	The Manager, Rathbone Unit Trust Management Limited.
You and Your	The Unitholder: the individual named as the applicant in the application form.

What is an Individual Savings Account (ISA)?

An ISA is a 'wrapper' in which you can put different types of investments (components) without having to pay tax on the investment growth or interest produced in the case of the Rathbone Ethical Bond Fund. You can hold two components within an ISA: stocks and shares (including unit trusts) and cash.

Who can invest in an ISA?

Anyone aged 18 or over may invest in an ISA, provided they are resident or ordinarily resident in the UK for tax purposes. This includes members of the armed forces, the Foreign Office and other Crown employees serving overseas, and their spouses, or those in a civil partnership with them.

What is a RUTM ISA?

When you invest in a RUTM ISA, your money will buy units in one or more RUTM unit trusts. The fund then invests the monies in accordance with the fund's investment objectives. The aim of the RUTM ISA is to generate income and/or capital growth within a tax efficient investment.

RUTM only offers a Stocks and Shares ISA.

Also see note 1 (RUTM ISA).

What types of ISA are available?

From 6 April 2010, up to £5,100 per tax year can be saved in a Cash ISA with one provider and up to £10,200 per tax year can be put into a Stocks and Shares ISA, with either the same or another provider, subject to an overall limit of £10,200 subscribed to both ISAs in a tax year.

RUTM does not offer a Cash ISA. It does, however, offer an ISA for stocks and shares (unit trust) investment.

Also see note 2 (ISAs available).

What has happened to PEPs?

6 April 2008: All PEP accounts became Stocks and Shares ISAs and in the case of RUTM PEPs, all accounts were consolidated with existing ISA accounts (if applicable).

What is the tax position of this product?

The income and capital growth generated within your ISA is exempt from Capital Gains Tax. In the case of interest distributions from non-equity assets held within an ISA, income tax at the current rate of 20% is reclaimable. The value of tax savings and eligibility to invest in an ISA will depend on individual circumstances and tax rules may change in the future. We will make all necessary claims for tax relief relating to your RUTM ISA, and provide all details of taxation to you as we may be required to do under the Regulations.

Also see note 3 (Tax position).

How do you invest in a new RUTM ISA?

Investments can be made as a lump sum, a regular monthly saving, or a combination of the two, by completing and returning a signed ISA application form with your initial cash subscription to our administrators or to your authorised intermediary. The total of all amounts invested in your ISA in a tax year must not be more than the annual limit set out in the Regulations. Lump sum cash subscriptions must be made by cheque. The first payment for regular savers must be made by cheque with following subscriptions paid by direct debit. For a regular monthly savings investment, a Direct Debit Instruction (**within the Simplified Prospectus folder**) must be sent with your application. ISAs may not be taken out in joint names.

For regular savings, direct debit payments will be deducted monthly from your bank account on the 1st of each month, or if that date falls on a non-business day, then the next business day, and the cash subscribed will be invested into units by us at the offer price ruling at the next valuation point following receipt of the payment. Regular subscriptions will be collected (including across the end of tax years) until you notify us otherwise. This means that you should not subscribe to another ISA of the same type during the same tax year that subscriptions are made.

Also see note 4 (How to invest).

How much can you invest in a RUTM ISA for 2010/2011?

	Investment levels		Minimum Additional
	Minimum	Maximum	
Lump Sum	£1,000	£10,200 ²	£500
Monthly Savings	£100	£850 ¹	–

¹ Maximum monthly savings over 12 payments. Investors investing in an ISA after the start of the tax year may exceed this monthly maximum up to a maximum contribution of £10,200 for the current tax year.

² Investors can invest up to £10,200 in a Stocks & Shares ISA or up to £5,100 in a Cash ISA with the balance in a Stocks & Shares ISA.

Are there additional RUTM ISA charges?

There are no separate ISA charges, and we will not impose any charges without notice to you and, in any event, will not apply any charges for the tax year in which the notice was given. There is however an initial charge included in the offer price of units purchased and an annual management charge paid by all unitholders in RUTM unit trusts.

Also see note 5 (Additional charges).

When will units be bought for your RUTM ISA?

Lump Sum

Your holding will be opened and units purchased at the next valuation point following receipt of your completed application form.

Savings Plan

Savings plan purchases by direct debit will be made at the next valuation point on the first business day of each month. Initial investment into the savings plan will be treated as a lump sum (first payment by cheque).

How do you transfer your existing ISA to RUTM?

If you wish to transfer either an existing ISA, Cash ISA or Stocks and Shares ISA from another Manager, please complete the ISA application form and the transfer authority (attached to the form), and return them to our administrators, or to your authorised intermediary. (Please note that your existing Manager may make a charge for carrying out the transfer.) This will be subject to, and in accordance with, the ISA Regulations.

We ask you to specify whether you wish to transfer the current tax year subscription only; or transfer all holdings (including current year); or transfer all holdings excluding current year; or transfer cash (excluding current year). Alternatively, you may state the name of the unit trust holding to be transferred.

The exact transfer value will not yet be known. The maximum you can transfer to us is the value of your existing ISA(s) if with more than one Manager. You cannot add to that amount from other sources.

We accept the assets of an ISA in cash form only. Your existing Manager therefore needs to sell all the assets currently held in the ISA and pay the proceeds to us. We then invest for you in your choice of our RUTM unit trust funds.

Also see note 6 (ISA transfer to RUTM).

How can you transfer between RUTM products?

If you wish to transfer between RUTM products, we require a letter stating your requirements, signed by all unitholders, to be sent to our administrators, or to your authorised intermediary.

Switching is allowed between RUTM ISA funds and involves selling your holding(s) at the current selling price and using the proceeds to buy new units in your chosen RUTM ISA fund(s) at what is known as 'creation' price (i.e. the current buying price with no initial charge) plus 1%.

You can switch between unit types (income and accumulation) of the same ISA unit trust at no cost.

You can transfer your RUTM unit trust holding(s) into a RUTM ISA, or vice versa. Your holding(s) will be sold at the current selling price and the proceeds will be used to buy new units at the current creation price plus 1%. If in this case, you are switching out of and back into the same fund, units will be bought at the current creation price.

For switching into a RUTM ISA, please also complete and sign a RUTM ISA application form, together with your letter, and send it to our administrators, or to your authorised intermediary.

How can you transfer your RUTM ISA to another ISA Manager?

Instructions to transfer all of your RUTM ISA and all rights and obligations attaching to it, must be made in writing through your new Manager to our administration office. No part transfers are allowed. Your holding will be sold at the selling price calculated at the next valuation point following receipt of your instruction and upon agreement with the new authorised ISA Manager. The proceeds will then be transferred to them.

Also see note 7 (ISA transfer from RUTM).

How can you close or sell part of your RUTM ISA?

Instructions to sell your RUTM ISA, or part thereof, must be made in writing to our administration office. Your holding will be sold at the selling price calculated at the next valuation point following receipt of your instruction and the proceeds will be sent to you.

Also see note 8 (Part sale or closure of your ISA).

How will your RUTM ISA be managed?

Your holding(s) will be managed by us subject to the Regulations and in accordance with the directions you have given us on your application form.

How do we treat income from your RUTM ISA?

Please read this in addition to the information contained in the Simplified Prospectus folder. You may elect to have the income in respect of your holding paid out to you. Distributions will be paid within seven business days of the trust(s) payment date. For the Rathbone Ethical Bond Fund, tax claims regardless of size, made on your behalf, will be reinvested within seven business days of receipt by us from HM Revenue & Customs. Income is normally paid directly into your bank account. We reserve the right to pay by Sterling cheque. If you terminate or transfer your holding, then any income due to you will be paid within seven business days of the trust distribution date.

Also see note 9 (Income from your ISA).

What access do you have to reports and voting?

We will mail you a copy of the annual and interim Manager's report and accounts that are relevant to your investment. We will also send you any other information issued to unitholders. If you wish to attend unitholder meetings and/or exercise your unitholder voting rights, either directly or by proxy, we will make the necessary arrangements. However, in the absence of any written instructions to the contrary, we will have absolute discretion in exercising all rights attached to investments held in your RUTM ISA.

What additional documentation will you receive?

When you invest in an ISA, we will send you an acknowledgement letter confirming details of your investment and confirmation that your holding has been opened.

All investors will receive a six-monthly statement giving a current valuation of the underlying unit trust investment(s) and details of all transactions for the period. Statements will be sent out within 25 business days of 30 June and 31 December.

What provisions have we made for the safe custody of ISA investments?

All units held within the RUTM ISA will be, and must remain, beneficially owned by you, and must not be used as a security for a loan. Units will be registered jointly in the name of Rathbone Unit Trust Management Limited and you. All certificates and other documents of title relating to the investments in unit trusts shall be held by us, or to our order, in safe custody. All unit trust holdings held within an ISA will be uncertificated and, therefore, the entry on the register is conclusive evidence of title.

Also see note 10 (Safe custody).

Can the RUTM ISA be terminated by RUTM?

We reserve the right to terminate your holding by giving you notice in writing if we consider, in our absolute discretion, it is impracticable to continue with it, or if you are in breach of any of the terms and conditions. If we terminate your holding for this reason, you will not be entitled to any compensation or damages under this clause.

What may happen if your RUTM ISA is declared void?

Your RUTM ISA will be managed by us in accordance with the Regulations, which take precedence over these terms and conditions. We will notify you if, by reason of any failure to satisfy the provisions of the Regulations, your holding has or will become no longer exempt from tax by virtue of the Regulations. When a RUTM ISA is voided, we will switch your holding to an unwrapped (unit trust) holding and write to you setting out the options that are available to you. We may deduct any tax liabilities due.

Under what circumstances may we delegate our responsibilities?

Subject to the Regulations, we can employ other people to advise on, or perform any of our obligations under the terms and conditions. We will satisfy ourselves that any person to whom we delegate any of our functions or responsibilities under the terms agreed with you is competent to carry out those functions and responsibilities.

Supplementary Notes:

To help declutter the document and to aid readability we have put some of the fine detail in this additional notes section. These notes are referenced from within the text in the document.

Note 1: RUTM ISA

The RUTM ISA was formerly known as Laurence Keen Unit Trust Management Limited (Laurence Keen) ISA.

Note 2: ISAs available

From 6 April 2008, the distinction between 'Mini' and 'Maxi' ISAs no longer exists. All ISAs will be deemed either 'Cash ISAs' or 'Stocks and Shares ISAs'.

Money subscribed in a Cash ISA in the current tax year can be transferred into a Stocks and Shares ISA and will be treated as if it was directly invested in a Stocks and Shares ISA. Such transfers must be the whole amount saved in that tax year in that Cash ISA up to the day of the transfer. You can then invest up to the full remaining balance of your £10,200 annual ISA allowance in ISAs in that tax year, including up to £5,100 in a Cash ISA. Previous-years subscriptions to a Cash ISA can be transferred in to a Stocks and Shares ISA without affecting the annual allowance. Transfers cannot take place in the other direction.

Note 3: Tax position

The favourable tax situation of ISAs may not be maintained. (The 10% tax credit on UK equity dividends was abolished from 6 April 2004.)

On death, the RUTM ISA will cease to be exempt from tax and the units will be transferred to the main unit register awaiting further instructions from personal representatives.

Note 4: How to invest

If you want to stop saving either temporarily or permanently, please let us know in writing. If you wish to start saving again, please let us know in writing. You will not need to complete the Direct Debit Instruction again unless you have cancelled your existing direct debit with your bank or building society. If your savings break exceeds one full tax year, you are required to complete a new application form. If you wish to change the amount of your monthly payment, the change will be subject to the current minimum investment limit.

Your application covers the current tax year, and for monthly savers each subsequent tax year until we receive no cash subscription for one full tax year. We have the right to refuse any application which does not meet these terms and conditions and/or the Regulations. You may subscribe to only one ISA in any one tax year.

If you have invested in your RUTM ISA in the previous tax year or have not already invested in another ISA of the same type (Cash ISA or Stocks and Shares ISA) during the current tax year, you do not have to complete and sign new application forms, and can continue to invest in that ISA up to the current limits.

Note 5: Additional charges

We reserve the right to discount or waive any part of the charges. We may increase charges contained in the current Prospectus of the unit trust, but only after we give you written notice and 90 days have elapsed since the revised Prospectus for the unit trust has become available.

Note 6: ISA transfer to RUTM

The terms and conditions will apply to the transferred holding(s) or part holding(s) from acceptance of your ISA application form and transfer authority. You should note that there may be a loss of income or growth, following a rise in the market, whilst the ISA transfer remains pending.

Note 7: ISA transfer from RUTM

Sales constituting a 'large deal' of £50,000 or more may receive a lower price than the published selling price.

If you transfer your RUTM ISA to a new provider and you did not sign to make continuous regular investment in the RUTM ISA, or you did not save in your RUTM ISA in the previous tax year then you will have to complete a new ISA application form with the new provider.

Note 8: Part sale or closure of your ISA

Sales constituting a 'large deal' of £50,000 or more may receive a lower price than the published selling price.

For re-registration of ISAs involving a change of nominee, a charge may be applied. RUTM reserves the right, to vary any charge without prior notice.

Note 9: Income from your ISA

We reserve the right to pay any outstanding tax claims when you terminate your holding in advance of receipt from the HM Revenue & Customs. In these circumstances, we reserve the right to withdraw the tax claim from your holding to terminate the ISA and to use the proceeds to repay the equivalent amount paid in advance. If you decide at any time that you wish to reinvest your income you may do so by giving us signed written instructions. For the Rathbone Ethical Bond Fund, tax credits, regardless of size, will be reinvested in further units at the offer price prevailing at that valuation point, within seven business days of receipt by us of such amounts from the HM Revenue & Customs.

Note 10: Safe custody

Any cash held under the RUTM ISA shall be deposited in a client account at any bank selected by us and held in our name on your behalf. We are satisfied that any nominee is competent to carry out the delegated functions. None of the investments or certificates of title thereto shall be lent to, or deposited by way of collateral with any third party. We shall accept responsibility for any loss caused to you due to the default of any associate or appointed agent of ours in respect of investments taken in their nominee names. We may act as Principal in a transaction with a customer.

Rathbone Unit Trust Management Limited

159 New Bond Street, London, W1S 2UD

Information Line: 020 7399 0399

Telephone: 020 7399 0000

Facsimile: 020 7399 0057

Email: rutm@rathbones.com

Website: www.rutm.com

Authorised and regulated by the Financial Services Authority

A member of the Investment Management Association

A member of the Rathbone Group

Registered No. 2376568

Copies of the Prospectus, the latest Manager's report and the Trust Deed in respect of each fund are available on request, free of charge, from the Manager.

Historic TER (Total Expense Ratio) figures are available on request, free of charge, from the Manager.