

# Investing for **your children.**



**JISA** Junior Individual Savings Account

**JIA** Junior Investment Account

**CTF** Child Trust Fund

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# Investing for your child's future

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Like it or not financial planning has become part of the modern parent's ever widening remit. But don't be daunted as with time on your side you are in a good position from which to start thinking about investing for a child's future. At BMO, we manage the world's oldest *collective investment* fund (launched in 1868) and have been offering dedicated children's savings schemes for many years. This guide will talk you through our plans and investment options.

## Investing is easy with BMO: 5 simple steps

- 1 Start with a BMO plan**

We have three plans designed specifically to help you invest for the child in your life. With the annual management charge as low as £25 + VAT per year and the ability to invest from as little as £10 per month, our plans are an affordable way to start investing for your child.
- 2 Thinking about your investment approach**

Whether you're investing for a deposit for your child's first home, education or first car, you'll need to think about how to achieve that goal. You'll have to consider how much you can afford to put aside, how long you're investing for and how much risk you're comfortable with taking. Whatever your investment objective is for your child, we could help you get there.
- 3 Consider your risk appetite**

You need to ensure you are comfortable with risks involved in investing in our trusts. They are subject to differing risks and you may not get back your original investment.
- 4 Choosing your investment**

Investing for your child now could help them get ahead in the future so it's important to pick the right investments. With our 10 investment trusts, you can choose to invest globally, regionally or in the UK and choose from options targeting income, growth or both. To help grow the capital in your child's savings, there are no dealing fees when you reinvest dividends.
- 5 Invest – complete your application**

Opening a BMO plan is easy – simply complete an application form or apply online. Before investing, please make sure you have read our Key Features and Terms & Conditions, the Pre-Sales Cost & Charges Disclosure for your savings plan and selected investment(s), and the Key Information Document (KID) for each investment trust you select.

# 1. Start with a BMO plan

Start with picking a plan that reflects your goals. It might be that you're looking for a tax-efficient route or want a plan with less restrictions on how much you can invest and that keeps you in control. We have three options; the tax-efficient Junior ISA (JISA), the flexible Junior Investment Account (JIA) and for those born between September 1 2002 and January 2 2011, the Child Trust Fund (CTF).



## Junior ISA

If you're looking to provide your children with a financial boost when they reach their adult years, for example, a deposit on a first home; help towards university fees; or simply a savings pot, the Stocks and Shares JISA could be the ideal investment vehicle.

With the JISA, the whole family can participate. Your child's loved ones, including grandparents, godparents, friends and relatives can all contribute to your child's savings pot – great for birthdays or special occasions. The JISA limit is £9,000 for the 2021/22 tax year.

### Why choose the JISA?

#### Potential of investing long-term

When investing for children you've got time on your side, meaning you are better placed to harness the performance potential of stock markets and other financial assets like commercial property.

#### Avoid low interest rates on cash savings

With interest rates at or around historic lows, returns from cash savings can be decidedly lacklustre. A Stocks and Shares JISA offers the potential for higher returns albeit with a risk to the value of the investment.

#### Invest from as little as £25 a month

Given sufficient time even relatively small amounts can add up, particularly when you consider the impact of compounding over the long-term. With no dealing charges on regular investments by direct debit, investing monthly can be cost effective too.

#### You won't pay unnecessary tax

Any returns made are free of capital gains tax and there is no further income tax to pay so your child could make more of the money invested.<sup>1</sup>

#### You can get the whole family involved

Anyone can contribute, so it offers the opportunity for grandparents and loved ones to get involved in planning for your child's future.

JIA

## Junior Investment Account

The JIA is a simple way to invest in the global stock market through our range of investment trusts. It could provide a tax-efficient way for you to build a savings pot for the child in your life.

CTF

## Child Trust Fund

The CTF is a long-term tax-efficient savings account for children born between September 1 2002 and January 2 2011. Although you can't open a new CTF, as it has been replaced by the JISA, you can transfer an existing CTF from another provider to BMO.

### You may want to consider a JIA if:

#### You want to decide when the time is right

Unlike the JISA or CTF where the child automatically has access at 18, you decide when your child benefits from their savings pot. For example, you could use it to help pay for their education or invest it until they're ready to buy their first home.

#### You're looking to invest as much as you like

There is no maximum investment with the JIA, providing you the opportunity to invest more than the annual JISA or CTF limit. Contributions can also be made by family and friends.

#### You wish to maximise your inheritance tax advantages

Our plans can help you reduce your inheritance tax liability by gifting money to a child. With no upper limit you can use our JIA to make the most of your allowances.



If a child already has a Child Trust Fund (CTF), they cannot also have a Junior ISA. They are however able to transfer a Child Trust Fund into a Junior ISA.

### Why transfer to the BMO CTF?

#### Benefit from the potential of longterm investing

Tap-into the growth potential of investing in stock markets and other financial assets like commercial property.

#### You won't pay unnecessary tax

Neither you nor your child will pay income or capital gains tax on any potential growth on the investment in the CTF, so your child could make more of the money you've invested. The annual subscription limit is £9,000 for the 2021/22 tax year.

#### Invest from just £10 per month with our Stakeholder CTF

With our Stakeholder CTF, you can start investing from just £10 per month. It could be a great way to involve friends and family who would like to help you invest for your child's future as well. To make every penny count, there are no dealing charges for monthly investments by direct debit.

We do not offer inheritance tax advice, please consult an independent tax or financial adviser.

## Investing for your children - comparison table

	Junior ISA (JISA)	Junior Investment Account (JIA)
<b>Product information</b>		
Who is eligible?	A child under 18 who is UK resident and doesn't already have a Child Trust Fund or existing Child Trust Fund holders	Anyone investing on behalf of a child
Can anyone make contributions?	✓	✓
Can the account be accessed before the child is 18?	✗	✓
<b>Investment information</b>		
Minimum Lump Sum	£100	£100
Minimum monthly investment	£25	£25
Maximum monthly investment*	£750 for 2021/2022 tax year	No limit
Annual limit*	£9,000 for 2021/2022 tax year	No limit
<b>Plan information</b>		
Choice of investment trusts	10	10
Annual charge	£25 + VAT	£25 + VAT
Dealing fees	<b>No dealing fees</b> on monthly direct debits, reinvesting dividends, purchases or sales made online.  £12 (per investment option) only applies to purchase or sale instructions received by post.	<b>No dealing fees</b> on monthly direct debits, reinvesting dividends, purchases or sales made online.  £12 (per investment option) only applies to purchase or sale instructions received by post.
Stamp duty	0.5% Government stamp duty (on purchase of UK shares only)	0.5% Government stamp duty (on purchase of UK shares only)
Fund switching	Dealing & stamp duty apply	Dealing & stamp duty apply

Child Trust Fund (CTF) Shares account	Child Trust Fund (CTF) Stakeholder account
Children born from Sept 1 2002 to Jan 2 2011	Children born from Sept 1 2002 to Jan 2 2011
✓	✓
✗	✗
£100	£10
£25	£10
£750 for 2021/2022 tax year	£750 for 2021/2022 tax year
£9,000 for 2021/2022 tax year	£9,000 for 2021/2022 tax year
10	Invests in the BMO FTSE All-Share Tracker Fund (OEIC) only
£25 + VAT	Annual account charge of 0.7% plus the fund expenses will never exceed 1.5% <sup>2</sup>
No dealing fees	No dealing fees
0.5% Government stamp duty (on purchase of UK shares only)	-
-	No other funds available for switching



We offer two types of CTF accounts, CTF Shares Account and CTF Stakeholder Account. The annual charge on the Stakeholder account is 0.7% and differs from fixed fees on our other products.



## 2. Deciding your investment goals

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You may have a clear idea of what you would like your child to use this money for or you may be putting it away simply to help them in later life. If you want them to use it for something further down the track, for example a house deposit or university fees, then you should consider investing for growth.

All of our investment trusts can be used as part of a growth strategy as they all seek to grow the value of your investment and you can choose to reinvest dividends if applicable. You may want to consider the JISA or transferring your child's CTF into our CTF. Both these accounts encourage growth by reinvesting all dividends where applicable and don't allow any withdrawals before the child is 18. The good news is that reinvesting dividends through all our children's plans is free.

Remember that a JISA and CTF automatically converts into the child's name at age 18 so if you want to have more control over how the money is spent then our JIA may suit you better.

If you're looking to use the money before they reach adulthood for costs such as school fees we have a range of investment trusts that aim to provide income, normally in the form of dividends and often paid quarterly. The JIA is our only children's plan that allows you to withdraw money before they reach 18. You can either sell shares when you need the money or have the dividends paid out to you. To find out more about the dividend yield and payment frequency for each of our investment trusts, please see page 13. Dividend income may fluctuate and income may be paid at the expense of capital.

# 3. Choosing your investment

Once you've chosen your plan and have a clear understanding of your investment goals, the third step is to choose the investment trust or combination of trusts that you feel meets your goals.

## What is an investment trust?

An investment trust is a pooled investment fund that is structured as a company and is listed on the stock exchange. As a listed company, each investment trust is overseen by a Board of Directors. They have a number of responsibilities, but their main one is looking after the interests of individual shareholders.

When you invest, your money is added to that of many other investors. Professional Fund Managers then invest this in a wide range of different investments e.g. companies or properties.

Because your money is pooled with other investors, it means that, even if you only have a small amount to invest, you can access a range of investments that you may not have been able to otherwise.

If the investments that our Fund Managers make perform well, the value of your

shares should increase. As well as investing in companies both in the UK and abroad, investment trusts can also invest in other assets such as property, bonds<sup>5</sup> or private equity (companies that are not listed on a stock exchange).

Investment trusts are investments rather than savings and unlike bank and building society accounts you may not get back the full amount invested.

## How many investment trusts can you choose?

You can invest in a single trust or in a combination. For example, you could choose to complement one of our global trusts with a more regionally focused one or supplement your investments in smaller companies with a holding in commercial property – it's up to you.



If you feel you need specific investment advice that takes your individual circumstances fully into account, please talk to a financial adviser. Please make sure you have read the Key Information Document (KID) for each investment trust you select.

## Did you know?

With university fees costing up to £9,250 a year currently<sup>3</sup> and the typical wedding costing around £31,974<sup>4</sup>, being able to help your child with these expenses could be invaluable.



## Core and Specialist trusts

**Core trusts** - These trusts invest in a wide range of companies across different asset classes, markets and sectors. This level of diversification helps to reduce risk. Their broad approach could make them appealing as the base of your investment portfolio to which you can add more specialist trusts.

**Specialist trusts** - These trusts invest in a specific type of investment or sector, for example property, private equity or smaller companies. Their more targeted investment approach could provide the potential for strong growth, however this can come with a greater level of risk. These trusts can act as a complement to a broader investment portfolio.



Investment trusts are overseen by an independent board that acts on your behalf and closely monitors investment performance.

### Opening a new BMO plan for your child is easy:



Complete and return the appropriate form(s) in the prepaid envelope



Apply online at **[bmoinvestments.co.uk](https://www.bmoinvestments.co.uk)**



Call one of our friendly UK-based consultants on **0800 136 420\***

### To transfer an existing JISA or CTF from another provider to BMO:



Download a transfer form at **[bmoinvestments.co.uk/documents](https://www.bmoinvestments.co.uk/documents)**



Call us on **0800 136 420\*** and we can send a transfer form to you



## 6 good reasons to consider investment trusts

- 1 Professional experts**

Your investment is looked after by professional Fund Managers who are dedicated to managing the assets in the trust. They commit their time to researching individual companies and markets to ensure investments are aligned with the trust's aims and in the interest of shareholders.
- 2 Investing into a wide range of asset classes and markets**

The wise old saying of 'don't put all your eggs in one basket' could be applied to investing. To spread the risk, your investment is diversified across a range of companies, asset classes and geographical regions.
- 3 Ability to borrow could enhance returns**

The Fund Manager can borrow money to take advantage of more opportunities – a tool that could help boost returns in rising markets (also known as gearing<sup>6</sup>). Remember, markets can go down as well as up and gearing can further reduce fund performance if markets fall.
- 4 Regular and consistent income**

In contrast to open ended funds – which are obliged to pass on all the dividends they receive in any given year – investment trusts can keep some of the income they generate in the good years to maintain similar dividend levels in the not so good years. This may be particularly attractive if you are looking to invest for income as it could help to give you a regular and consistent flow of income.
- 5 Value for money**

Many other collective (or pooled) investments involve higher initial charges. This normally applies to all investments, even if you are paying in monthly. Ongoing charges on investment trusts tend to be lower which helps make them a relatively cost effective way of accessing the stock market.
- 6 Independent board**

Like any listed company, investment trusts are overseen by an independent board that acts on your behalf and closely monitors investment performance. They also have the ability to change the Fund Manager should they be concerned about the performance of the trust.

## Our Investment Trusts

Trust Name	Investment Objectives
<b>F&amp;C Investment Trust</b>	Our flagship trust launched in 1868. The objective of the trust is to secure long-term growth in capital and income through a policy of investing primarily in an internationally diversified portfolio of publicly listed equities, as well as unlisted securities and private equity, with the use of gearing. FCIT invests in more than 450 companies globally.
<b>BMO Managed Portfolio Trust</b>	<p><b>Growth Portfolio:</b> To provide shareholders with capital growth from a diversified portfolio of investment companies. The Portfolio invests in a diversified portfolio of at least 25 investment companies that have underlying investment exposures across a range of geographic regions and sectors.</p> <p><b>Income Portfolio:</b> To provide shareholders with an attractive level of income, with the potential for income and capital growth from a diversified portfolio of at least 25 investment companies that have underlying investment exposures across a range of geographic regions and sectors.</p>
<b>BMO Capital &amp; Income Investment Trust</b>	To secure long-term capital and income growth from a portfolio consisting mainly of UK FTSE All-Share companies. The Portfolio of around 80 holdings is diversified with the majority in large and midcapitalisation companies.
<b>BMO UK High Income Trust</b>	To provide an attractive return to shareholders each year in the form of dividends and/or capital repayments, together with prospects for capital growth. The company invests predominately in UK equities and equity related securities of companies across the market capitalisation spectrum.
<b>European Assets Trust</b>	To achieve growth of capital through investment in quoted small and medium-sized companies in Europe, excluding the UK. A high distribution policy has been adopted and dividends have been paid from a mix of income and capital reserves.
<b>BMO Private Equity Trust</b>	To achieve long-term capital growth through investment in private equity assets, whilst providing shareholders with a predictable and above average level of dividend funded from a combination of the trust's revenue and realised capital profits.
<b>BMO Commercial Property Trust</b>	To provide ordinary shareholders with an attractive level of income together with the potential for capital and income growth from investing in a diversified UK commercial property portfolio.
<b>BMO Real Estate Investments</b>	To provide ordinary shareholders with an attractive level of income together with the potential for income and capital growth from investing in a diversified UK commercial property portfolio.
<b>BMO Global Smaller Companies</b>	One of the largest specialist global smaller companies investment trusts, the objective is to secure a high total return by investing in smaller companies worldwide with a blend of direct equity and collective investments.
<b>TR Property Investment Trust</b>	The trust's objective is to maximise shareholders' total returns by investing in property shares and property on an international basis. Although the investment objective allows for investment on an international basis the benchmark is a Pan-European index. The majority of investments will be located in the Pan-Europe region and direct property investments are located in the UK only.

Investors Objectives	Geographic Focus	Income Payment Frequency	Current Net Dividend Yield <sup>7</sup>	Management Fee <sup>7</sup>	Ongoing Charges <sup>7</sup>
	Worldwide	Feb, May, Aug, Nov	1.40%	0.35% p.a. based on Market Capitalisation <sup>^</sup>	0.59%
 	Worldwide	<b>Growth Portfolio:</b> None  <b>Income Portfolio:</b> Jan, Apr, Jul, Oct	N/A  4.20%	0.65%  0.65%	1.03%  1.10%
	UK	Mar, Jun, Sept, Dec	3.55%	0.40%	0.58%
	UK	Feb, May, Aug, Nov	5.67%	0.65%	0.96%
	Europe exc. UK	Jan, Apr, Jul, Oct	5.27%	0.75%	0.95%
	Worldwide	Jan, Apr, Jul, Oct	5.20%	0.9%	1.30%
	UK	Monthly	5.30%	0.55% of gross assets p.a.	0.83%
	UK	Mar, Jun, Sept, Dec	5.49%	0.60% of gross assets p.a.	1.30%
	Worldwide	Aug, Jan	1.01%	0.55%	0.75%
	Europe & UK	Jan, Jul	3.21%	£3.745m plus 0.20% of net assets p.a.	0.63%

## For more information, up-to-date performance and valuation information

You can find the latest factsheet and performance details about each of our investment trusts online at [bmogam.com/trusts](http://bmogam.com/trusts). Alternatively, you can call one of our specially trained UK-based consultants to send you a copy of the factsheet on each of our trusts on **0800 136 420\***.

Please make sure you have read our Key Information Document (KID) for each investment trust you select.

The historic yield reflects distributions declared over the past 12 months as a percentage of the mid-market unit price, as at the date shown. It does not include preliminary charge and investors may be subject to tax on their distributions.

## Risks to consider when investing

**Performance & Price Volatility** - Past performance is not a guide to future performance. The value of all stock market investments can go down as well as up and you may not get back the full amount originally invested. If you feel you need specific investment advice that takes your individual circumstances fully into account, please talk to a financial adviser.

**Gearing<sup>6</sup>** - Investment trusts can borrow money to make further investments. This is known as gearing. In a rising market, this can enhance returns to shareholders. Correspondingly, if the market falls, losses may be greater.

**Insufficient Income** - If the income earned by an investment trust is insufficient to cover its charges and expenses, these may be charged to capital, which will constrain capital growth.

**Liquidity** - Shares in smaller companies are generally traded less frequently than those in larger companies. This means that there may be difficulty in both buying and selling shares and individual share prices may be subject to short term price swings.

**Net Asset Value (NAV) & Premiums/Discounts** - Investment trust shares are publicly traded on the London Stock Exchange. Their price is determined by market factors, such as demand and supply. That price will not necessarily reflect the underlying value of the trust's portfolio of investments (its 'Net Asset Value' or 'NAV'). The share price may be either higher than the NAV; at a 'premium', or lower than the NAV; at a 'discount'. Many factors influence the discount or premium and a large discount does not necessarily indicate a bargain.



## 7 reasons to choose BMO

- 1 Expertise**  
Founded over 200 years ago, today BMO is the 8<sup>th</sup> largest bank (by assets) in North America, and provides a broad range of financial products to over 12 million customers worldwide.
- 2 Transparency**  
Our annual management charge is fixed\* – no matter how much, or how many times you top up your investment. Although stamp duty may apply, there are no dealing charges for monthly contributions or lump sums made online.
- 3 Free paper statements**  
You will receive statements and valuations each quarter at no extra cost.
- 4 Manageable**  
Keeping an eye on your investment is easy – do it all online.
- 5 Flexibility**  
We know that your circumstances can change so you can start, change or stop monthly contributions at any time. Or make a lump sum whenever suits you.
- 6 Support**  
Any questions? Just call our friendly, UK-based team. When you call, you won't be selecting from an endless list of options – pushing 1 for this and 6 for that. You'll be straight through to someone who can help you.
- 7 Focus**  
Our only job is managing your investment.

# Complete your application

We look forward to helping you invest for the child in your life and working hard to maximise your returns, to the very best of our ability.

Opening a new BMO plan for your child is easy:

-  Complete and return the appropriate form(s) in the prepaid envelope
-  Apply online at [bmoinvestments.co.uk](https://bmoinvestments.co.uk)
-  Call one of our friendly UK based consultants on **0800 136 420\***

To transfer an existing JISA or CTF from another provider to BMO:

-  Download and complete a transfer form at [bmoinvestments.co.uk/documents](https://bmoinvestments.co.uk/documents)
-  Call us on **0800 136 420\*** and we will send a form to you

Information correct as at January 2019



\* Monday to Friday, 8.30am to 5.30pm. Calls may be recorded or monitored for training and quality purposes.

^ Based on market capitalisation up to £3.0 billion, 0.30% between £3.0 and £4.0 billion, and 0.25% above £4.0 billion

<sup>1</sup> BMO does not offer tax advice. If you are unsure, please consult your tax or financial adviser. Tax allowances and the benefits of tax-efficient accounts are subject to change and tax treatment depends upon your individual circumstances.

<sup>2</sup> Including on-going expenses charged in the fund, which are currently 0.39%.

<sup>3</sup> [www.thecompleteuniversityguide.co.uk](http://www.thecompleteuniversityguide.co.uk)

<sup>4</sup> [www.manchestereveningnews.co.uk/news/uk-news/how-much-wedding-cost-uk-16864916](http://www.manchestereveningnews.co.uk/news/uk-news/how-much-wedding-cost-uk-16864916)

<sup>5</sup> Bonds – A form of loan paying a generally agreed rate of interest over a fixed term, with the principal paid at maturity.

<sup>6</sup> Gearing – The amount of borrowing a company or trust has relative to its share capital.

<sup>7</sup> Information as at April 2021 and is subject to change.

<sup>8</sup> CTF Stakeholder account has a 0.7% annual management charge.

## BMO Asset Management Limited

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