

Key Features of the Vanguard Managed Individual Savings Account (ISA)

July 2023

The Financial Conduct Authority is a financial services regulator. It requires us, Vanguard, to give you this important information to help you decide whether our Vanguard ISA, Vanguard Junior ISA and the Vanguard General Account are right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

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About this document

This document provides you with important information which you should know before investing with Vanguard. It sets out the main features of investing in funds through the Vanguard Managed Stocks and Shares ISA. It describes the aims of the product, your commitment as an investor, the risks involved, the charges which you will pay, the tax implications, and how we administer your investments.

This document should be read together with Vanguard's Managed ISA Service Terms and Conditions which form the legal agreement between you and Vanguard.

About Vanguard

Vanguard Asset Management, Limited ("**Vanguard**") provides the Vanguard Managed ISA. Vanguard is authorised and regulated by the FCA. Vanguard's registered office is at 4th Floor, The Walbrook Building, 25 Walbrook, London EC4N 8AF.

For more information about Vanguard, please visit our website at **www.vanguardinvestor.co.uk**.

Key Features

Its Aims

- To grow the value of your investments over the long term where you are willing to take investment risk but don't have the time or expertise to manage your own investments. Vanguard, will "rebalance" your investments as appropriate to remain within the stated parameters of the pre-built investment portfolio you have chosen.
- Objectives – giving you the opportunity for capital growth.
- To provide flexible, tax-efficient investment through an ISA.

Your Commitment

- To satisfy the minimum initial investment or the minimum monthly payment for regular investors.
- To observe the annual subscription limit if you invest through a Vanguard Managed ISA, and not to subscribe to another stocks and shares ISA in the same tax year as you invest via a Vanguard Managed ISA. Failure to comply with these requirements may render your ISA void.
- You should be prepared to invest for the long term, meaning at least five years normally and generally for a longer period.
- You must notify us of a change of address or of any other important changes to your personal details or changes to your payment details (i.e. cancellation of direct debits). Please note that, if you move abroad, we reserve the right to place restrictions on your account. This may affect our ability to provide you with the Vanguard Managed ISA. If required to do so, we may also inform any relevant foreign authority about your investments.

Please see the "Questions and Answers" section below for details of the minimum investment conditions and HMRC subscription limits for ISAs.

Risks

General investment risks

It is important to understand the risks before investing in any fund. All investments involve some degree of risk. Some of the risks involved are described below.

What you get back depends on how your investments perform, the charges which are made, and any other deductions. The performance of investment funds is not guaranteed, and past performance is not a reliable indicator of future results. The value of investments, and the income from them, can fall as well as rise. You may get back less than you invest.

Any money which you hold as cash within your Vanguard Managed ISA will not benefit from any market appreciation.

Inflation will affect the real value of your investments (including any cash) in the future. If the growth of your investments (after the deduction of charges) is lower than the rate of inflation, the real value of your investments will be reduced over time.

Although Vanguard is committed to low-cost investing, fund charges can vary and may increase, and these will reduce the potential for growth and / or income.

Levels of tax and available tax reliefs may change in the future. Any tax benefits are subject to your individual circumstances.

Specific risk factors for funds

Investment funds carry certain risks which are specific to their objectives and the management of their assets.

You are responsible for evaluating the risks associated with investing in any fund. The investment products offered on this website are intended generally for retail clients but may not be suitable for all investors. Further information regarding the target market for each fund is available on our website. If you are unsure of the implications or of the suitability for you of a particular fund, you should obtain personal advice from an authorised financial adviser.

Questions and Answers

What is the Vanguard Managed ISA?

An ISA is a type of product wrapper, or account, which is used to hold investments in a tax-efficient way. It is not itself an investment. There is an annual subscription limit set by the Government which can be found on our website.

The Vanguard Managed ISA is a "stocks and shares ISA", which allows you to invest in our range of funds. We do not offer a "cash ISA" (a different type of ISA which holds investors' money in cash products).

The Vanguard Managed ISA is a "flexible" ISA, meaning that money you withdraw may generally be paid back in during the same tax year without counting towards your annual allowance (see also "Can I withdraw my money?" below).

Who can open an account?

The Vanguard Managed ISA is generally available to individual applicants aged 18 or over who reside in the UK and pay tax in the UK (and in the case of the Vanguard General Account pay tax in the UK only). The products and services are not available to US persons. Joint name accounts are not permitted.

If you already hold, or wish to open, a Vanguard SIPP, JISA or General Account it is not possible to open a Vanguard Managed ISA account.

You must have a UK bank account, as defined in the Vanguard Managed ISA Service Terms, in order to open a Vanguard account.

Which funds are available?

We invest in a diversified range of Vanguard index funds spanning equity and fixed income across the globe. The pre-built investment portfolios available through the Vanguard Managed ISA will consist of a mix of broadly diversified, low-cost index funds.

Within each fund, investors' money is pooled to purchase a diversified portfolio which may include shares, bonds and other securities, depending on the individual fund's investment objective and policy.

Many of the funds aim to replicate the performance of a particular index of securities (these are known as "index" or "tracker" funds), but funds which pursue an actively-managed investment strategy are also available, together with certain "funds of funds" which themselves invest in other Vanguard funds.

Can I hold cash in my account?

No, we may hold cash in your Vanguard Managed ISA while you decide where to invest, for example, or to pay charges. Any cash above a value of £100 will be invested in line with the funds which we select for you. Cash held in your account will be out of the market and so will not benefit from any market growth whilst not invested.

We will deposit any cash you pay us in one or more trust accounts with one or more authorised banks. You may earn a rate of interest on cash as described in Vanguard's Managed ISA Service Terms.

How do I open an account?

You must open your account online. Please have your National Insurance Number to hand.

Before opening your account, you should carefully read these Key Features, the Initial Disclosure Document, our Privacy Policy, and Vanguard's Managed ISA Service Terms and Conditions (which you must accept in order to open an account). You will also be asked to confirm your nationality and to the extent you are a non-UK national or have dual nationality you will be required to provide details of your passport (or such other form of national identification as may be acceptable to us to verify your nationality).

How do I invest?

You may make a lump sum payment electronically using a UK bank debit card. We do not accept payments made from pre-paid cards, credit cards, cheque or through other types of payment provider.

Once you have made your initial investment we will manage your account on your behalf under the Vanguard Managed ISA service and you will be not be able to make your own investment decisions. Instead, we will make investments and manage your account on your behalf in line with the pre-built investment portfolio you accept when you sign up for the service.

If you wish to make monthly payments into the Vanguard Managed ISA you may set up a Regular Savings Plan by completing a direct debit mandate linked to your bank account. We will notify you when the payments will be collected. You can increase, reduce or stop your monthly payments under a Regular Savings Plan at any time, although it may not be possible to implement your instructions until after the next collection point.

To view how your funds are being invested log into your account and your dashboard will display your account.

We will not complete investment order(s) before we receive payment in full from you. Payments made by direct credit transfer may not be received by us as cleared funds for up to two Business Days.

All investments must be made in pounds sterling.

Can I transfer existing ISAs and investments to Vanguard?

Yes, you may be able to transfer an existing ISA you hold through another ISA provider into a Vanguard Managed ISA Account. You can only make a transfer once you have opened a Vanguard Managed ISA Account. You cannot transfer a current Year ISA.

If you would like to make a transfer into a Vanguard Managed ISA Account, once you have opened it, you will first need to contact us either by secure message or by calling us on 0800 587 0460. We will discuss the transfer with you and will let you know if it can proceed.

If the ISA you are transferring includes Vanguard Funds, these may be able to be transferred into your Vanguard Managed ISA Account without first being sold to cash. However, Vanguard ETFs cannot be transferred into your Vanguard Managed ISA Account without first being sold to cash. We would only be able to make a transfer if it is something which is offered by your existing provider.

All investments in non-Vanguard Funds and Vanguard ETFs must be transferred in cash.

These holdings will then be rebalanced in line with the portfolio which we will manage for you.

Transfers of ISAs

If you have previously opened any ISAs with other ISA managers, you can ask for these to be transferred to Vanguard, once you have opened and funded your Vanguard Managed ISA in line with the minimum investment without losing any accrued tax benefits. Please note that the value of an ISA opened during the current tax year must be transferred in full.

As noted above, Vanguard fund holdings within an existing ISA can be transferred directly into the Vanguard Managed ISA if we offer the fund(s) on the Vanguard platform though this will be rebalanced in line with the investment portfolio as part of the Vanguard Managed ISA. If you wish to transfer an existing holding in a non-Vanguard fund (or in a Vanguard fund which we do not make available on our platform), it will first be sold by your current ISA manager so that the cash proceeds (after deducting any charges due to the existing manager) can be transferred to your Vanguard Managed ISA. This money will then be invested in the portfolio that we manage for you. Please note that, if you make a transfer in cash, you will not benefit from any rise in value of investments while your money is not invested.

What is the minimum investment?

Your initial minimum investment into the Vanguard Managed ISA is £500 which can be funded by one or a mixture of an existing Vanguard ISA or a lump sum payment. The minimum payment under a monthly savings plan should be £100.

What is the maximum investment?

There is no overall investment limit. However, if you are investing in a Vanguard Managed ISA, HMRC's annual subscription limits apply. The current limits can be found on our website.

How are funds priced?

All funds are normally priced on each Business Day, at the applicable pricing point. When we buy or sell investments, under the Vanguard Managed ISA service the transaction will be carried out at the price which is calculated (based on the valuation of the fund) at the next fund pricing point.

Please note that shares in ETFs are listed on the London Stock Exchange, and their price is affected by supply and demand during the trading day. Normally, ETF trades will be placed at or shortly after the next dealing point (10.15am or 2.10pm), free of any brokerage charge. Alternatively, you may opt to use our quote and deal service to trade at a market quoted price. This service carries a charge of £7.50 per trade.

For more information about fund pricing, please visit www.vanguardinvestor.co.uk. In addition, the Order Execution Policy (a summary of which is appended to Vanguard's Managed ISA Service Terms) describes how we deliver the best possible result for you when dealing in investments for you.

What documentation will I receive?

It is a feature of Vanguard's personal investor service that we will only issue documents online, and you consent to this by accepting Vanguard's Managed ISA Service Terms and Conditions. You may of course download or print any items which you wish to retain in hard copy form.

At least once every quarter, we will provide you with a summary statement and valuation of your account investments, and this will confirm all the investment transactions which you have made since the previous statement. You may log in to your account at any time for a current valuation of your holdings.

We will also provide you with an annual statement detailing the actual costs and charges which your account and the investments in it have incurred during the preceding year.

We will also disclose details of our relevant policies to you on our website, including summaries of our Conflicts of Interest Policy and Order Execution Policy which appear in Vanguard's Managed ISA Service Terms and Conditions.

You can ask us for further information about our policies and services at any time.

You are also entitled to ask us for copies of certain telephone calls and electronic communications which relate to or are intended to lead to the conclusion of an order, as explained in Vanguard's Managed ISA Service Terms and Conditions.

Can I change my mind? What are my cancellation rights?

Yes – you may cancel your Vanguard Managed ISA by informing us in writing via secure message within 14 days from the date we served you with cancellation rights, normally this will be the date when the account was opened. The cancellation amount will be equal to the value of any Payments made prior to the cancellation or value of your investments at the time Vanguard sells them, whichever is lower. Product charges will also apply until the account is closed, and charges which have already been deducted will not be refunded.

If you cancel an ISA within the cancellation period, it is treated as not having been opened and so you can apply to open another one during the same tax year.

After the 14 day cancellation period expires, you may withdraw your money at any time by selling or transferring your investments (see further below).

How do I switch investments?

The Vanguard Managed ISA offers a managed investment service, as such it is not possible to manage any part of the investments yourself.

How will my investments be held?

We will register your fund holdings in the name of a Vanguard nominee company (Vanguard UK Nominees Limited), which will hold them on your behalf. You will remain the beneficial owner.

Can I choose to take income?

It is not possible to choose to take income from your Vanguard Managed ISA.

Can I withdraw my money?

Generally, you can take money out of your account at any time without charge, but withdrawals will reduce capital growth.

The Vanguard Managed ISA is a “flexible” ISA, which means that, while it remains open (and subject to certain exceptions noted in Vanguard’s Client Terms), money you withdraw may be paid back in during the same tax year without counting towards your annual ISA allowance. A payment into your ISA will first be treated as a repayment of a previous withdrawal in the same tax year, if applicable.

You may make one-off withdrawals from time to time. There is no minimum withdrawal amount and no requirement to maintain a minimum account balance. These instructions can be varied or cancelled at any time. We will sell investments for you and pay the money directly to your nominated bank account once we receive it from the relevant fund manager.

What costs and charges will I pay?

Vanguard is committed to keeping costs low for all investors. The charges set out below may apply to your account as a personal investor. Further information is also provided under the heading “How will costs and charges affect my investment?” below.

Fund charges

These are set by Vanguard and apply at the level of the particular fund(s) in which you invest and are also referred to as fund management costs.

The ongoing charges figure (OCF) is expressed as an annual percentage of the value of a fund, and includes Vanguard’s charge for managing the fund and its assets as well as administrative expenses such as the fees of the independent custodian, the registrar, the fund auditor and other regulatory expenses.

In addition, the funds incur transaction costs (including when buying and selling underlying investments) and other incidental costs. These costs are included within the estimate of costs and charges disclosure provided as described under the heading “How will costs and charges affect my investment?” below.

Vanguard account and management fee

The account fee is what you pay in return for the provision of account services. These services include the fund dealing facility, the recording of transactions and holdings, the safeguarding of your investments by our nominee, and other ancillary services. These comprise certain online services as well as the provision of access to our personal investor service representatives.

The account fee is an annual charge which we accrue daily and deduct proportionately in arrears on a quarterly basis commencing three months after the earlier of (i) the date of your first investment; or the opening of your Account where you have instructed a transfer or regular monthly savings plan. The amount which you pay is based on the overall value of your Vanguard personal investor account, including any cash held. The rate of charge is 0.15% per annum of the value of your account holdings up to £250,000, such that the maximum annual charge is £375.

The management fee is what you pay in return for the Vanguard Managed ISA service – including our initial composition of the pre-built investment portfolios, making the initial investments for you in line with your chosen pre-built portfolio and our ongoing monitoring and rebalancing of your investments within the parameters of that investment portfolio.

The amount you pay is based on the overall value of your account, including any cash held. The rate of charge is 0.30% per annum of the value of your account holdings up to £250,000, such that the maximum annual charge is £750.

The account fee (0.15%) and the portfolio management fee (0.30%) will be deducted as one fee of 0.45%. This is how it will appear on your costs and charges statements. The combined fee is capped at £1,125.

You have the option, when you open your account or at any later time, to arrange payment of your account fee by direct debit from your nominated bank account. Alternatively, we will deduct the fee from available cash (and, failing that, from fund holdings) within your account in accordance with the disinvestment strategy set out in Vanguard's Managed ISA Service Terms and Conditions.

Transaction fees

If you buy or sell an ETF through our optional quote and deal service, we will deduct a fixed charge of £7.50 to cover the fee of our nominated stockbroker. Payments made to you via CHAPS at your request will be charged at the rate of £25 per payment.

Interest on cash

Interest will be earned on cash balances at a managed rate, meaning that it will be fixed and updated from time to time. The rate will be determined by reference to the interest we receive from the bank(s) we deposit your money with and the cost to us of managing cash within your account. We will retain any extra interest we receive on your cash above the stated rate to cover the costs of administration. Further information on the applicable interest rates can be found [here](#).

In the event that we are not able to sufficiently recover our costs from the interest we receive we reserve the right to levy an additional service fee by written notice as set out in the Vanguard's Managed ISA Service Terms and Conditions.

We will let you know if this changes in the future.

How will costs and charges affect my investment?

What you get back will depend on the performance of the fund(s) in which you invest and the impact of charges and other deductions, including any income which is paid out. Performance cannot be guaranteed.

An estimate of the effect of costs and charges is provided when you invest a lump sum in any fund or, in the case of a regular savings plan, when you set it up. Each year you will receive a statement setting out the costs and charges which you actually incurred in the previous year and their impact on the value of your fund investments.

What are the tax implications?

The amount of tax which you will pay depends on your personal circumstances. UK residents and UK-domiciled funds are subject to the UK tax regime. Funds domiciled in Ireland are subject to the tax rules of that jurisdiction, but UK tax applies to any capital gains and income which UK residents receive from them.

The tax information provided below is based on our understanding of current UK tax legislation and HMRC practice, which may change in the future. If you are in any doubt about the implications of buying, holding or selling an investment, you should speak to an independent adviser.

Tax and ISAs

You are not liable to pay tax on any income or capital gains arising from your ISA investments, and such amounts do not need to be declared on your tax return. If any basic rate UK income tax has been deducted from income or interest distributions, we will claim it back from HMRC on your behalf and add it to your ISA.

Can I transfer my investments to another account provider?

Yes, you may arrange for an alternative platform provider or ISA manager to take over the administration of the investments which you hold with Vanguard. Investments will be sold for transfer as cash, or it may be possible to have them transferred directly if this is supported by your new account provider.

What happens to my account investments if I die?

Generally, your money will remain invested as at the time of your death although we will cease any further rebalancing and will not perform any further trades. The investments and any cash will then form part of your estate. All applicable charges will continue to be deducted, and the value of your investments will rise and fall in the normal course. We will, however, cease to collect any further direct debits if you were investing under a regular savings plan, and we will cancel any regular withdrawal facility which you may have set up.

In the case of an ISA, your tax advantages will continue to apply after your death, in accordance with HMRC rules for a period of up to 3 years. No further subscriptions can be accepted. If you have a surviving spouse or civil partner, they may be eligible to receive a one-off additional ISA allowance equivalent to the value of your ISA at the time of death, or at the point when the ISA loses its tax advantages.

Once we have completed all necessary formalities with the person(s) responsible for administering your estate (your personal representative(s)), we will provide a final value of your investments and transfer over the proceeds realised from their sale. Alternatively, if so instructed, we may directly transfer your investments to be held in someone else's name.

Other information

Client status

If you open a Vanguard Managed ISA, we will treat you as a "retail client" for the purposes of the rules of the FCA, which gives you certain rights and protection under those rules. These rights include access to compensation and our complaints procedure, as noted further below.

Terms and Conditions

Vanguard is covered by the Financial Services Compensation Scheme (FSCS). You may be entitled to compensation from the Scheme if we are unable to meet our financial obligations to you. This may apply separately to both your investments and any cash held in your Account and the maximum amount of compensation available depends on the type of investment business, the FSCS compensation limits applying at the time of any failure and of your individual circumstances of the claim.

Further information on compensation under the FSCS is available as follows:

FSCS
10th Floor, Beaufort House
15 St Botolph Street
London EC3A 7QU

Telephone: 0800 678 1100
Email: enquiries@fscs.org.uk
Website: www.fscs.org.uk

Complaints procedure

Should you wish to complain about any aspect of our services, please first inform us using any of the contact methods described in the "How to contact Vanguard" section below. Information about our complaints procedure is available on request or alternatively can be found on our website.

If you are not satisfied with our handling of your complaint, you may refer it to the Financial Ombudsman at this address:

Financial Ombudsman Service
Exchange Tower
Harbour Exchange Square
London E14 9SR

Telephone: 0800 023 4567 (call charges will vary)
Email: complaint.info@financial-ombudsman.org.uk
Website: www.financial-ombudsman.org.uk

Making a complaint will not affect your right to institute legal proceedings.

Who regulates Vanguard?

Vanguard Asset Management, Limited is authorised and regulated by The Financial Conduct Authority (FCA). You can view the Financial Services Register for our details by going to <https://register.fca.org/>.

The FCA's contact details are:

The Financial Conduct Authority
12 Endeavour Square
London E20 1JN

Telephone: 0800 111 6768 (call charges will vary)
Website: www.fca.org.uk

How to contact Vanguard

We recommend that you contact us through secure messaging via your online account at www.vanguardinvestor.co.uk. Alternatively, you may email us at personalinvestors@vanguard.co.uk. Please do not include any account details if you contact us by email.

You can also call us on 0800 5870460. (Please refer to our website for details of our opening hours)

Important Information

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