

Child Trust Fund

Helping you invest in
your child's future



In this guide

Welcome to the NatWest Child Trust Fund. This brochure is split into 3 sections that help you easily understand the product, and give you enough information to make a decision as to whether it is right for your child.

1. Saving for your child's future

This section includes:

- Why should you save for your child's future?
- Saving with a Child Trust Fund
- What are your options?
- Why open a Child Trust Fund with us?

2. Understanding the nuts and bolts

This section includes:

- 'How it works' flow chart
- Your questions answered
- Key Features

3. Terms and Conditions of the Child Trust Fund

This section includes:

- The Terms and Conditions of the account
- Useful contacts and additional information

Section 1

Why should you save for your child's future?

Setting some money aside for your child as they grow up is a great way to give them a head start in life. Start saving when they're young and by the time they reach 18, the nest-egg you provide could really help them. For example, it could:

- go towards their first car
- help them through college or university
- contribute to a deposit for their first home

Just as important, you'll be setting your child a good example by showing them that saving can help you to achieve your goals in life.

Saving with a Child Trust Fund (CTF)

Child Trust Funds were introduced by the Government to make saving for your child's future easier. In fact they even give you a helping hand to get started! Provided your child was born between 1 September 2002 and 2 January 2011 and you're entitled to Child Benefit, you should have automatically received a Child Trust Fund voucher worth at least £50. You can use this voucher to open a Child Trust Fund Account.

Briefly, this is how a Child Trust Fund works:

- Once you've used your voucher to open an account, you – and friends or relatives – can top up the account at any time with amounts of £10 or more up to a maximum of £3,600 a year
- The fund will belong to your child and they will have access to the money when they are 18
- There are three types of Child Trust Fund available: Cash, Non-Stakeholder and Stakeholder Fund. We tell you more about these over the page
- Under current tax law, any income from a Child Trust Fund will not suffer additional tax and is reinvested, helping your savings grow even faster.

What are your options?

There are three different types of Child Trust Fund which have been approved by the Government. The table below explains how the different Funds are invested to help you decide which type might be best for you.

Type of account	Description	Might be suitable for
Stakeholder account (This is the type of account offered by NatWest)	<ul style="list-style-type: none"> This account buys stocks, shares, UK Government bonds and cash, and will only grow if those increase in value. The Government has put rules in place for stakeholder accounts which aim to reduce the risk of investing in shares by spreading it across a variety of investments. However, the value of the investments can fall as well as rise and you may not get back the value of your original investment. The charges are limited by the Government to 1.5%, so no more than £1.50 per £100 in the account each year. 	<ul style="list-style-type: none"> Someone who would like the potential for their child's savings to do well over the long term (up to 18 years) but accepts there are risks and wishes to reduce them by spreading their investments.
Share account (non-stakeholder account)	<ul style="list-style-type: none"> This account also buys shares in different companies and has the potential to do well over the long term as poor performance in some years can be made up by good performance in others. However, the value of shares can fall as well as rise and you may not get back the value of your original investment. Charges are usually a percentage of the value of the account. This would be confirmed by the provider. 	<ul style="list-style-type: none"> Someone who is happy to take a higher risk than investing in a savings account.
Savings (or cash) Account	<ul style="list-style-type: none"> A simple savings account which earns a variable rate of interest. The money you invest will not fall in value but it may not grow as much as if it was invested in shares. 	<ul style="list-style-type: none"> Someone who prefers not to take any investment risk.

NatWest offers a Stakeholder account because as a stock market investment we believe it offers the potential for higher returns over the longer term, while reducing the risk compared with investing only in shares by providing a spread of investments.

Why open a Child Trust Fund with us?

The earlier you invest your Child Trust Fund voucher, the sooner it can start working to give your child a head start in life. If you don't invest your child's voucher within a year of receiving it, the government will choose where to invest it. So act now to make sure the choice is yours.

Our Stakeholder Child Trust Fund will make your child's money work hard. It offers:

Potential for higher returns – your child's savings are invested mainly in the stockmarket and are managed by experts so your savings have more potential to grow. However, please bear in mind the value of the fund may fall as well as rise and returns are not guaranteed.

Lower risks than investing only in shares – because the Government ensures that we spread your investments. We also gradually move the money in your child's account to lower risk investments from when your child reaches their 13th birthday to help preserve the savings they have built up. This is phased at 20% per year between age 13 to 18.

Capped charges – the annual management charge is just 1.5% and there are no up-front charges, so more of your child's money stays invested.

A tax-efficient way to save – returns from growth in your Child Trust Fund is currently free of both income and capital gains tax.

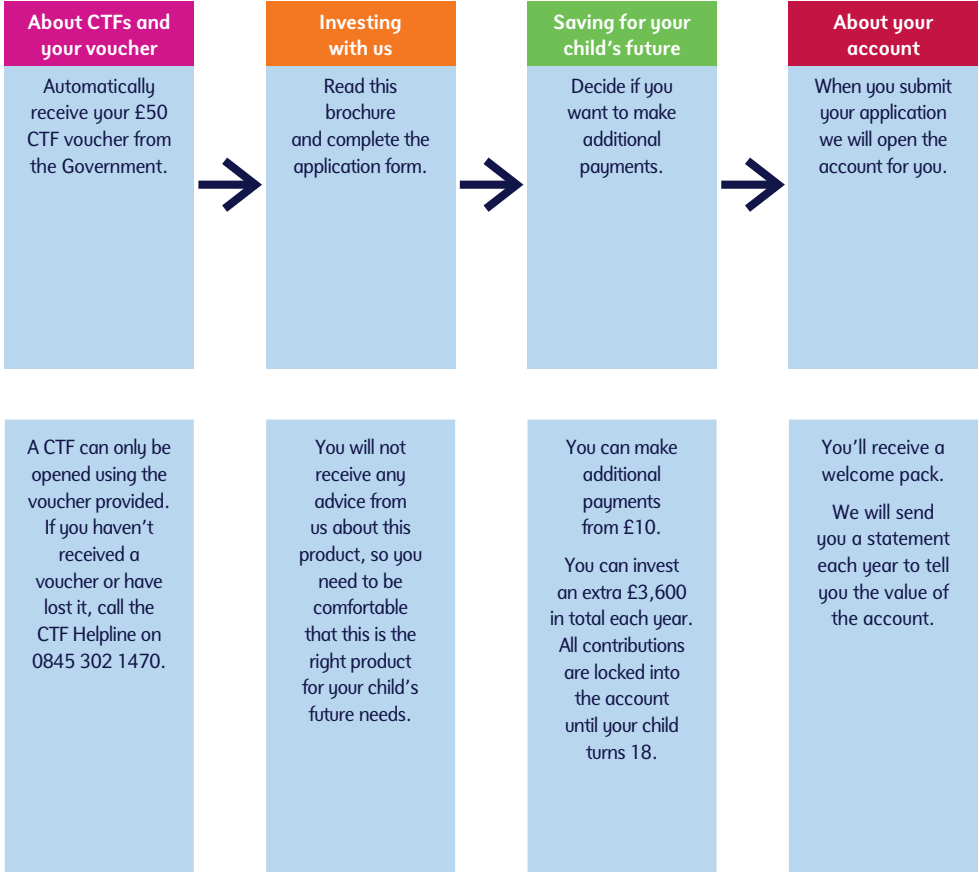
Top up when you please – you can save regularly by Direct Debit or you and friends or relatives can top up the account with £10 or more at any time – up to a maximum of £3,600 a year.

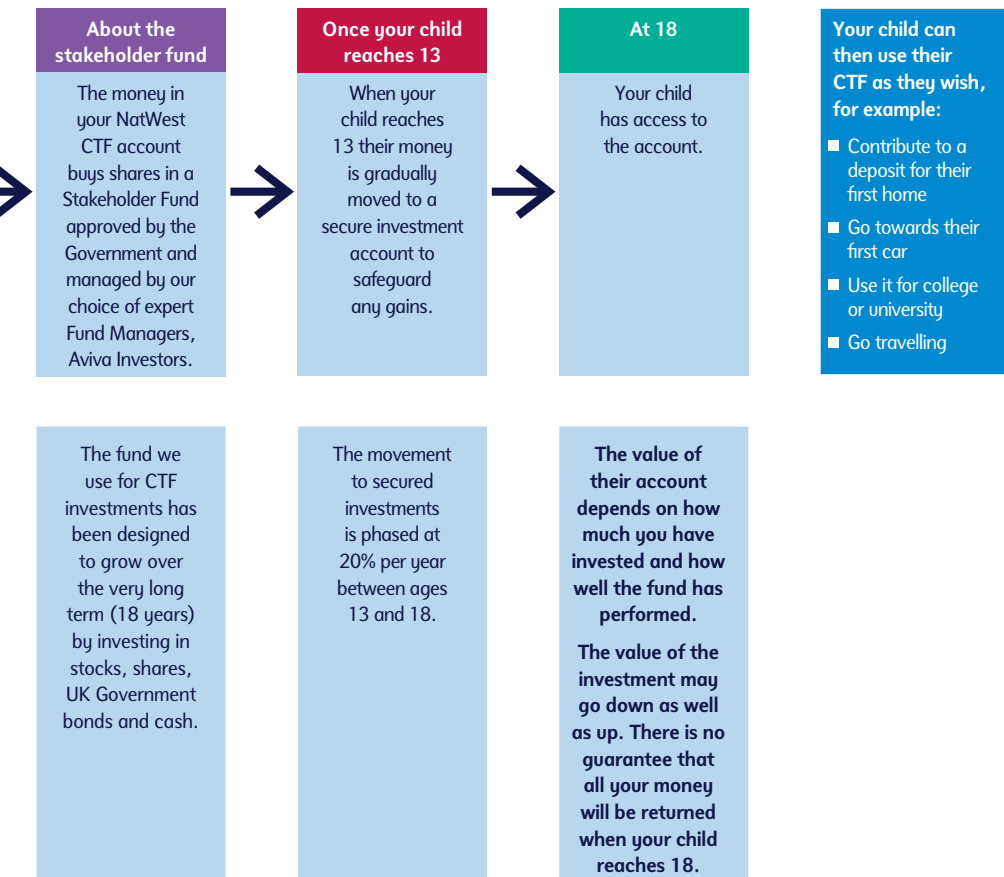
[Turn over to see the nuts and bolts of the product in section 2.](#)

Section 2

Understanding the nuts and bolts

This simple flow chart explains how our Child Trust Fund works step by step. The following pages explain each of these steps in more detail to answer any questions you might have. In this section we have referred to the Child Trust Fund as CTF.





Key Features

The Financial Services Authority is the independent financial services regulator. It requires us, NatWest, to give you this important information to help you decide whether our Child Trust Fund is 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. To help you understand the Key Features of this product we've thought of questions you may like to ask about our Child Trust Fund and have given you straightforward answers to them here.

About Child Trust Funds and your voucher

Can anyone set up a CTF?	No. Only the person with parental responsibility can open a CTF for a child. This person is called the Registered Contact. The Registered Contact is the only person who can manage the account until the child reaches 16. At 16 they can manage their own account, but cannot take money out of the account. If necessary, the Registered Contact can be changed, but there can only be one at a time.
How do I set up a CTF?	Before you can set up an account you will need to have your Government voucher. This will be automatically sent to you once you have made a claim for child benefit. Please see page 9 to find out how to open a NatWest account. If you have lost your Child Trust Fund voucher call the Child Trust Fund helpline on 0845 302 1470 (all contact details can be found on the official Child Trust Fund Government website).
How much is the voucher worth?	At least £50 per child born between 1 September 2002 and 2 January 2011. Additional payments are made to children who come from lower income families and receive tax credit and for children in care. You cannot encash the voucher or pay it in to your own bank account. You can only use it to open a CTF for your child.
Do I have to use it straight away?	The voucher is valid for 12 months from the date it is issued. If it is not used to set up an account within that time a stakeholder account will be set up for the child by the Government. The sooner you invest, the sooner it has the chance to grow.
When can my child access the account?	When they reach 18. If your child becomes terminally ill, the Registered Contact can access the account on their behalf. If your child dies, the money in the account will be paid to the child's representatives, usually their family, and will form part of their estate for inheritance tax purposes.
Does my child pay tax on their CTF?	No. Currently there is no need to pay any personal tax on a CTF investment. Also, the money in the CTF will not affect any claims for family benefit or tax credits.

Investing with us

<p>What does the NatWest CTF aim to do?</p>	<p>The main aims of our CTF account are to:</p> <ul style="list-style-type: none">■ Provide a Government approved scheme where you can use your CTF voucher.■ Grow your child's money in a tax-efficient way by investing in a mixed portfolio of stocks, shares, UK Government bonds and cash known as the stakeholder fund. (This fund has its own particular aims which can be found on page 11.)■ Allow additional contributions to be made.
<p>What are my commitments?</p>	<p>You must:</p> <ul style="list-style-type: none">■ Be the Registered Contact and use the voucher provided by the Government to open the account.■ Invest no more than £3,600 per year into the account on top of the Government contribution.■ Understand that the money is locked into the account until the child reaches age 18.
<p>Are there any risks in investing?</p>	<p>Yes. As this is a stockmarket-based investment, the value of the account can go down as well as up and your child may get back less than was invested.</p> <p>The value of the account depends on the amount invested, the performance of the fund and the charges taken from the account. The investment is not guaranteed and past performance is no indicator of future performance.</p> <p>Other risks that you need to know about are:</p> <ul style="list-style-type: none">■ The tax advantages of the CTF account may change or be withdrawn in the future by the Government.■ Contributions are locked into the account and once made cannot be redeemed by anyone other than the child when they reach 18.■ Inflation will reduce the buying power of your money in the future.■ Charges may change in the future.■ We currently take all of the annual management charge from the fund. This means that the capital may be reduced over time if the account's growth doesn't compensate for it.■ Before investing, you need to be certain this is the right investment for you. If in doubt, seek advice from an Independent Financial Adviser.

Saving for your child's future

Can I add to my child's account?

Yes. Anyone can pay money into your child's account as long as the total amount does not exceed £3,600 each year (on top of the original government contribution).

A year starts on your child's birthday and runs until the day before their next birthday.

With NatWest CTF, you can contribute from as little as £10. This can be paid as a one-off payment or monthly by Direct Debit. Of course, to generate a reasonable sum on their 18th birthday, you should consider regular contributions.

Additional contributions can be paid in by:

- Direct Debit
- Cheque
- Standing order

What if I put more than the annual allowance in by mistake?

The full payment will be returned to you. You will then need to put in the correct amount.

About your account

<p>Can I transfer an existing account to NatWest?</p>	<p>Yes, you can transfer an existing account. You need to check with your existing provider if any charges or transfer costs will apply and consider the level of risk if this will be higher than that of your existing plan. There is the potential for loss of income or growth depending on the type of Child Trust Fund you hold following a rise in the markets whilst the transfer is pending. We will provide you with a transfer application form for you to complete and return. We then organise the transfer with your existing provider.</p> <p>Please call 0845 603 0313 for a form. Calls may be recorded.</p>						
<p>Can I transfer the account to another provider?</p>	<p>Yes. The new CTF provider will need to provide you with their transfer form and then once completed and returned agree to the transfer. You may lose a potential gain if markets rise during the transfer process. We do not charge for CTF transfers.</p>						
<p>How do I open a NatWest CTF account?</p>	<p>Complete the application form and send it back to us with your CTF voucher in the envelope provided.</p>						
<p>What are the charges?</p>	<p>There is an annual management charge of 1.5% of the value of the account. This pays for the running of your account.</p> <p>So, this means:</p> <table border="1" data-bbox="389 834 995 911"> <tr> <td data-bbox="389 834 693 871">Fund value throughout the year</td> <td data-bbox="693 834 846 871">£50</td> <td data-bbox="846 834 995 871">£100</td> </tr> <tr> <td data-bbox="389 871 693 911">Charge</td> <td data-bbox="693 871 846 911">£0.75</td> <td data-bbox="846 871 995 911">£1.50</td> </tr> </table> <p>The annual management charge is deducted from the fund so may reduce the value of your child's account if the growth in the fund does not compensate for it.</p>	Fund value throughout the year	£50	£100	Charge	£0.75	£1.50
Fund value throughout the year	£50	£100					
Charge	£0.75	£1.50					
<p>Are there any other costs associated with the account?</p>	<p>Because the fund trades in investments it may also incur unavoidable associated costs which could add to the overall costs of running your account. We aim to keep these to a minimum but it could mean for example, that you may see any gains reduce by 1.6% during a year, rather than 1.5% which is the annual management charge explained above.</p>						

About your account

How do the charges affect my child's investment?

The table below shows how, if you invest £50 and do not make any additional contributions, the charges would affect the value of your child's investment over certain periods of time.

At end of year	Investment to date	Effect of deductions	What the child might get back
1	£50	£1	£52
2	£50	£2	£54
3	£50	£3	£56
4	£50	£3	£59
5	£50	£3	£62
10	£50	£7	£77
18	£50	£21	£108

The last line in the table shows that if you invested £50, at the end of 18 years your child's account could be worth £108, assuming an investment growth rate of 6.0% per annum, after all the charges and expenses outlined above have been deducted. Therefore in this example, the impact of all the charges would have the effect of reducing the 6.0% growth rate to 4.4% a year.

Can I change my mind?

Yes. You have 14 days from when you receive your welcome letter confirming we have opened your account to tell us that you have changed your mind. Our address is at the back of this brochure.

If you exercise your right to cancel and you have provided us with your paper HM Revenue & Customs Child Trust Fund Voucher, we will return the Voucher to you and cancel any Direct Debit Instruction we have received from you or any third party.

(Note: If you open your Child Trust Fund Account via the internet you are not required to send us your paper Voucher as these transactions are permitted as paperless by the HM Revenue & Customs.)

About the stakeholder fund

<p>Where is my child's CTF money invested?</p>	<p>The money is invested in a stakeholder fund called The Royal Bank of Scotland Stakeholder Investment Fund ICVC. Your money is pooled with the money from other peoples CTFs and collectively the stakeholder fund buys stocks, shares, UK Government bonds and invests in cash.</p> <p>The Fund typically invests:</p> <ul style="list-style-type: none"> ■ 55% UK Equities (UK company stocks and shares) ■ 43% UK Gilts (UK Government bonds) ■ 2% cash
<p>Does the money stay in this Fund for the full 18 years?</p>	<p>No. When your child reaches 13, their investment will gradually be switched into less volatile investments to protect the gains made up to that point. This is phased at 20% per year between age 13 and 18.</p>
<p>What is the aim of the Stakeholder Investment Fund?</p>	<p>The aim is to provide growth and income on the original investment. The fund will do this by investing in a mixture of assets. This is the aim of NatWest Stakeholder Child Trust Fund too.</p>
<p>Are there risks with this type of Fund?</p>	<p>Yes. The Fund invests in stocks, shares and UK Government bonds as mentioned above. These types of investments have risks associated with them.</p> <p>For investments lasting five years or more, equities have the potential to provide higher returns, but these returns are at risk of sharp rises and falls over days or months. This means that the value of your child's account will vary from week to week.</p> <p>Also, gilt returns are susceptible to rises and falls in interest rates, so will also contribute to changes in the value of your child's account.</p>
<p>Can I find out how much each share is worth?</p>	<p>Yes. The share price is published daily in the 'Managed Funds Service' section in the Financial Times and is now available online at natwest.com.</p>
<p>How will I know how the account is doing?</p>	<p>Each year, approximately a month before your child's birthday, we'll send you a statement showing the contributions to the account and its current value. You can also check the value of the account at any time by calling our helpline on 0845 603 0313.</p>

What to do next

Read the brochure and complete the application form

If you have any questions, please call us on 0845 603 0313. Make sure you have signed and dated the form.



Decide if you would like to make additional payments

If so, complete and sign the Direct Debit instruction for regular payments. If you wish to pay by any other method, please telephone 0845 603 0313.



Return the application form

Place both the Child Trust Fund voucher and the application form in the pre-paid envelope provided and put it in the post.



That's all there is to it!

When we receive your application, we will set up the child's account and send you a welcome pack. Our lines are open Monday to Thursday 8am–8pm, Fridays 8am–6pm and Saturdays 9am–5pm. Calls may be recorded. If you have hearing or speech difficulties, please dial Minicom 0845 404 6161.

Section 3

Terms and Conditions of the Account

Introduction

You should read these Terms and Conditions 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 Account.

- a) You appoint us to manage the Account 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.
- b) We are authorised and regulated by the Financial Services Authority (FSA) in the conduct of investment business. The CTF Provider is approved by HM Revenue & Customs as a CTF Provider under the Regulations.

1. Definitions of words used in this section

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

“Account” means a Child Trust Fund provided by the CTF Provider and opened and subscribed to on behalf of the Account Holder in accordance with these Terms and Conditions.

“Account Holder” means the child named on the application form and voucher.

“Account Number” means the unique reference number for the Account provided to you by the Administrator.

“ACD” means RBS Collective Investment Funds Ltd, which is the Authorised Corporate Director of the Company.

“Accumulation Shares” means all income earned within the fund is reinvested to purchase more shares.

“Additional Subscription” means any cleared additional payments made by Direct Debit, Cheque or Standing Order into the Account after the Account has opened.

“Administrator” means Mellon European Fund Services Limited, which provides administration services to the CTF provider. The Administrator’s offices are currently at BNY Mellon House, Ingrave Road, Brentwood, Essex CM15 8TG.

“Annual Subscription Limit” means the maximum amount that can be paid into the Account each year determined by the Regulations and further detailed in the Key Features.

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

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

“Cancellation Period” means a period of 14 days following receipt of our acknowledgement of account opening.

“Company” means RBS Stakeholder Investment Fund ICVC, an Open Ended Investment Company (OEIC).

“CTF” and **“Child Trust Fund”** means a stakeholder child trust fund as referred to and described in the Regulations.

“CTF Provider” means NatWest Plc.

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

“OEIC Regulations” means the open Ended Investment Companies 2001 as amended or re-enacted from time to time.

“Registered Contact” means the person with parental responsibility for the Account Holder to whom the Voucher has been issued.

“Regulations” means the Child Trust Fund Regulations 2004 as amended or re-enacted from time to time and any other applicable regulations and statutes.

“Shares” means shares in the Company held within the Account.

“Statement” means a statement of all transactions and holdings taken place in respect of the Account.

“Voucher” means a CTF voucher issued by HM Revenue & Customs to the Registered Contact.

“Voucher Number” means the unique reference number provided by HM Revenue & Customs in respect of the Account Holder and quoted on the Voucher.

“we”, “us”, “our” means the CTF Provider.

“you” and “your” means the Registered Contact.

2. Your Application

- a) We will open the Account only when we have received a correctly completed application form and the Cancellation Period has expired. We reserve the right to reject an application where all our requirements or the requirements of the Regulations have not been met.
- b) If we cannot accept your application and/or Voucher they will be returned to you with an explanation.

- c) Once we have accepted your application we will invest the amount stated on the Voucher no later than 5 Business Days following the expiry of the Cancellation Period and when we are in receipt of monies in respect of the Voucher from HM Revenue & Customs.
- d) You will then receive written confirmation detailing the purchase of Shares.

3. Additional Subscriptions

- a) Additional Subscriptions can be made into the Account providing the Annual Subscription Limit is not exceeded. The minimum Additional Subscription amount is £10.
- b) Additional Subscriptions made by cheque and standing order will only be accepted if the Voucher Number or the Account Number is quoted in the payee reference of the payment or on any correspondence attached to the payment.
- c) Payments by credit card, debit card or in cash are not accepted.
- d) If we cannot accept any Additional Subscriptions because all our requirements or the requirements of the Regulations have not been met, they will be returned to the payee and an explanation of the rejection will be sent to you.
- e) If the Account has already been opened then the Additional Subscription will be invested no later than the next Business Day following the receipt of the Additional Subscription by us.
- f) You will receive confirmation of the Shares purchased in respect of Additional

Subscriptions made by cheque and standing order. For Direct Debit payments a confirmation will only be issued for the first Direct Debit payment made, but all payments will be detailed in the Statement sent to you each year.

- g) If any Additional Subscription results in the Annual Subscription Limit being exceeded then the full amount of the Additional Subscription will be rejected and returned to you.

4. Valuation points

- a) We calculate the value and price of the Shares at 12 noon on every Business Day in accordance with the OEIC Regulations and the Company's instrument of incorporation.
- b) We will buy Shares for your Account at the price calculated by the ACD (in accordance with 4(a) above) on the day of the purchase of the Shares.

5. 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 although we will continue to accept and process any valid claims against such money during and after this period.

6. Management of Accounts

- a) Accounts may be managed in common with other investments of other Child Trust Fund accounts managed by us and may be aggregated for the purposes of buying and selling Shares.

- b) We will gradually move the Shares or the value of the Shares into less volatile asset classes when the Account Holder attains the age of 13 (or such other age provided for in the Regulations). This is phased between age 13 and 18 at 20% a year.

7. Transfers

- a) You may transfer to us a Child Trust Fund account that is managed by any Child Trust Fund provider, provided the value to be transferred is at least £10. Transfers will only be accepted in the form of payments by cheque from a previous CTF Provider. Once the Child Trust Fund account has been transferred you will be subject to these Terms and Conditions.
- b) Any distributions (including tax reclaims) received from a previous Child Trust Fund provider after the transfer to us will be accepted and reinvested in the Account.
- c) You may transfer all of the Account to another Child Trust Fund provider who is prepared to accept the transfer. You must provide us with written notice of your wish to transfer the Account. Only the cash value of the Account can be transferred. The new Child Trust Fund provider 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. The Account will be transferred to another Child Trust Fund provider on your instructions and within the time stipulated in the Regulations which is currently 30 days.
- d) It is not possible to transfer part of the Account.

8. Death

- a) The Account will cease to qualify for tax exemption under the Regulations from the date of the Account Holder's death.
- b) On the death of the Account Holder legal title in the Shares within the Account will be held by the Account Holder's personal representatives. We will sell the Shares in the Account by the end of the next Business Day following receipt by us of the evidence we require to make payment. The proceeds of any sale will be paid by cheque and this will be posted to the Account Holder's personal representatives within 5 Business Days of the sale. These Terms and Conditions are binding on the Account Holder's personal representatives.

9. Withdrawal

- a) It is only possible to make withdrawals from the Account if the Account Holder is terminally ill. You will need to make a claim to HM Revenue & Customs CTF Office and wait for HM Revenue & Customs to inform you and us of their acceptance of this claim before you can make such withdrawals.

If HM Revenue & Customs CTF Office accept your claim, you may withdraw some or all of the Account by providing us with written instructions to withdraw. If you are not withdrawing the full amount of the Account, the remaining value of the Account after the withdrawal must be at least £10.
- b) We will normally sell the Shares in respect of the Account 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.

- c) 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 5 Business Days of the sale of the Shares.
- d) On rare occasions dealing in the account may be suspended. If this happens it may delay withdrawals being taken.

10. Termination

- a) The Account will cease to be a Child Trust Fund from the date of the Account Holder's 18th birthday at which time the legal title to the Shares in the Account will be held by the Account Holder absolutely.
- b) We reserve the right to terminate your investment by giving 30 days' written notice. 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.
- c) In the event that we intend to stop acting as a CTF Provider, the investment will be terminated following the giving of 90 days' notice to you. You will be required to transfer the Account to another Child Trust Fund provider.
- d) When your Account is terminated, the Shares in it will be sold. After we have started selling your Shares we will not accept any further instructions from you concerning the Account. The Account will be terminated without prejudice to any transactions already initiated.

- e) The 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, the Account becomes void under the Regulations, and we may deduct our unpaid charges and any tax liabilities from the Account.

11. Cancellation

You have the right to change your mind and withdraw the application within 14 days after you receive acknowledgement of the account opening. If you exercise your right to cancel, we will return the Voucher to you and cancel any Direct Debit Instruction we have received from you or any third party.

12. Charges and Expenses

- a) The annual management charge is currently 1.5%. The charge is the maximum permitted under the current limits for a stakeholder CTF. The whole of the charge is currently absorbed by the charge made by the ACD for carrying out its responsibilities under its agreement with the Company.
- b) When the Company receives investment monies or when investments are withdrawn, the ACD may impose a dilution levy in circumstances where remaining investors might otherwise be adversely affected. Further details of the ACD's policy are contained in the prospectus of the Company.
- c) We may increase or reduce the annual management charge by giving you written notice. We will give you not less than 90 days' notice of an increase and not less than 14 days' notice of a reduction. We will only increase the annual management charge:

- to reflect an increase in the charges made by the ACD under its agreement with the Company; or
- to cover the management and other expenses we reasonably incur in carrying out our functions as CTF Provider at any time when the charges made by the ACD are less than the maximum permitted for a stakeholder CTF.

- d) 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.

13. Income Accumulation and Tax Reclaims

Any income arising in respect of the Shares held within the Account will automatically accumulate within the fund and is reflected in the price of each Share. Any tax reclaims which are received from HM Revenue & Customs in respect of holdings of Accumulation Shares will be reinvested to buy additional Shares. Tax reclaims will be reinvested once we have received monies from HM Revenue & Customs.

14. Taxation of the Individual

Child Trust Fund accounts are not currently subject to personal taxes. All income and capital growth produced by the Account is free of any UK Income and Capital Gains Tax. Neither income nor capital gains need to be declared on your tax return. Although Child Trust Funds are tax-efficient investments for individuals, the underlying funds may have already paid such taxes as income tax, corporation tax or withholding tax where applicable.

15. Ownership/Documentation

- a) All Shares held in the Account will be registered in our name or that of our nominee. The Shares held within the Account are beneficially owned by the Account Holder. You or the Account Holder 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) As Shares held in all accounts will be registered collectively in the same name, the Shares in respect of the Account 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.

- c) We will send you a valuation of the Account each year 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. The Statement will be issued annually at least 30 days prior to the Account Holder's birthday.

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 and an additional charge may be made for these.

- 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 in respect of the Shares in the Account. This paragraph is our voting instruction for the purpose of the Regulations.

17. Potential Conflict of Interest

We are not prevented from providing services under these Terms and Conditions 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.

18. HM Revenue & Customs

The Account complies with HM Revenue & Customs requirements and the Regulations. You authorise us to provide HM Revenue & Customs with relevant information about the Account.

19. Amendment

We may vary these Terms and Conditions for any of the following reasons:

- to reflect a change in any requirements or guidance from HM Revenue & Customs or the FSA or any other regulatory authority;
- to reflect a change in the law, or a decision by a court or ombudsman;
- to enable us to make reasonable changes to the way the Account is managed as a result of changes in technology or in the systems used by us or by the Administrator;
- to provide for the improvement of any services or facilities we offer in connection with the Account, or the introduction of any new service or facility;

- to make these Terms and Conditions clearer or fairer to you.

We will normally give you not less than 30 days' written notice of any change we make under this paragraph. However, if we are legally obliged to implement the change immediately, or by a date which does not leave us enough time to give you 30 days' notice, we will instead give you written notice of the change as soon we can.

20. 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 CTF Provider of your Child Trust Fund under these terms and conditions having given you 30 days prior written notice. The new CTF Provider must be approved to act as a CTF Provider by the Commissioners of HM Revenue & Customs.

21. Liabilities

The value of the 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.

22. Notices or Requests

- a) We will send any notices or other correspondence to the address you have given us in the 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:

The NatWest Child Trust Fund,
BNY Mellon House, Ingrave Road,
Brentwood, Essex CM15 8TG.
Telephone 0845 603 0313.

- c) Should you telephone us then your call may be monitored/recorded for training purposes.

23. Third Party Rights

Nothing in these 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.

24. 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 if your investment has become, or will become, void as a result of a failure to comply with the Regulations and is therefore terminated.

Useful contacts and additional information

The Child Trust Fund Provider

National Westminster Bank Plc
135 Bishopsgate
London EC2M 3UR

NatWest Plc is authorised and regulated by:

The Financial Services Authority (FSA)
25 The North Colonnade
Canary Wharf
London E14 5HS

The Authorised Corporate Director (ACD) of the investment fund

RBS Collective Investment Funds Ltd.
24-25 St Andrew Square
Edinburgh EH2 1AF

This is the company that manages the operation of the investment fund (RBS Stakeholder Investment Fund ICVC).

The ACD is also authorised by the Financial Services Authority and has appointed Aviva Investors as Investment Manager to invest the assets of the investment fund.

The Depository and Custodian

This is the independent company who oversees the operation of the investment fund and ensures it is in accordance with FSA rules.

J.P. Morgan Trustee and Depository Company Ltd.
125 London Wall
London EC2Y 5AJ

The Auditor

Deloitte & Touche LLP
Lomond House
9 George Square
Glasgow G2 1QQ

Complaints

If you wish to complain about any part of the service you receive, please write to:

NatWest Child Trust Fund
BNY Mellon House
Ingrave Road
Brentwood
Essex CM15 8TG

Or call us on 0845 603 0313. Lines are open Monday to Friday 8.30am to 5.30pm. Calls may be recorded and monitored.

If you are not satisfied with our response, you can complain to:

Investment Division
Financial Ombudsman Service
South Quay Plaza
183 Marsh Wall
London E14 9SR

or call them on 0845 080 1800
This won't affect your legal rights.

Terms and Conditions

The first two sections of this brochure (including the Key Features) give you a summary of the NatWest Child Trust Fund. They don't include all the definitions, exclusions, terms and conditions. These are contained within section 3, Terms and Conditions on the previous pages.

Law

The law and courts of England will apply in legal disputes and your contract will be written in English. We'll always write and speak to you in English.

Compensation

NatWest 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 firm stops trading or is insolvent. Compensation limits apply depending on the type of claim.

For Investments the maximum is £50,000, i.e. 100% of first £50,000 per person. Most retail consumers (this includes private individuals and some small businesses) are eligible under the Scheme. For further information on the conditions governing compensation and details on how to apply please refer to the www.fscs.org.uk

Your Information

Who we are

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 Minicom 0800 404 6161.

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 comprises all the details we hold about you and your transactions, and includes information obtained from third parties.

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 credit reference and fraud prevention agencies and other companies that provide a service to us or you; or
- where we may transfer rights and obligations under this agreement;
- we may disclose your information to government entities or regulatory bodies in order that those entities may discharge their responsibilities and obligations or exercise their powers or functions.

We may transfer your information to other countries on the basis that anyone to whom we pass it provides an adequate level of protection.

However, such information may be accessed by law enforcement agencies and other authorities to

prevent and detect crime and comply with legal obligations. 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, Business House B, RBS, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ. A fee may be payable.

Credit reference agencies

We may make periodic searches at credit reference agencies and will provide information to the Group to manage and take decisions about your accounts. This may include information about how you manage your account including your account balance, credit limit and any arrears. We will also provide this information to credit reference agencies who may make this information available to other organisations so that they can take decisions about you, your associates and members of your household. The information may also be used for tracing purposes.

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 credit reference and fraud prevention 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.

Helping you with your family's needs

To find out more about the other products that could meet the needs for you and your family, just pop into a branch to talk to an adviser, or pick up an information pack.

- **Life Insurance** – protect your family and help make sure you're properly covered
- **ISAs** – Consider their tax efficiency
- **Investments** – The harder your money works, the less you have to

keyfacts[®] about our services and costs

 NatWest

National Westminster Bank Plc
135 Bishopsgate
London
EC2M 3UR

1 The Financial Services Authority (FSA)

The FSA is the independent watchdog that regulates financial services. This document is designed by the FSA to be given to consumers considering buying certain financial products. You need to read this important document. It explains the service you are being offered and how you will pay for it.

2 Whose products do we offer?

- We offer products from the whole market.
 - We only offer products from a limited number of companies.
 - We only offer products from a single group of companies.
-

3 Which service will we provide you with?

- We will advise and make a recommendation for you after we have assessed your needs.
 - You will not receive advice or a recommendation from us. We may ask some questions to narrow down the selection of products that we will provide details on. You will then need to make your own choice about how to proceed.
 - We will provide basic advice on a limited range of stakeholder products and in order to do this we will ask some questions about your income, savings and other circumstances but we will not:
 - conduct a full assessment of your needs;
 - offer advice on whether a non-stakeholder product may be more suitable.
-

4 What will you have to pay us for our services?

We will tell you how we get paid, and the amount, before we carry out any business with you. See the NatWest Child Trust Fund Application Pack Key Features, which explains our charges.

5 Who regulates us?

National Westminster Bank Plc, 280 Bishopsgate, London EC2M 4RB is authorised and regulated by the Financial Services Authority. Our FSA Register number is 121878. Our permitted business is advising and arranging life insurance, pensions and investments.

You can check this on the FSA's Register by visiting the FSA's website www.fsa.gov.uk/Pages/register/ or by contacting the FSA on 0845 606 1234.

6 Loans and ownership

National Westminster Bank Plc and RBS Collective Investment Funds Ltd are wholly owned by The Royal Bank of Scotland Group plc.

7 What to do if you have a complaint

If you wish to register a complaint, please contact us:

...in writing Write to NatWest Child Trust Fund, BNY Mellon House, Ingrave Road, Brentwood, Essex CM15 8TG.

...by phone Telephone **0845 603 0313**. Lines are open Monday to Friday 8.30am to 5.30pm.
Calls may be recorded and monitored. If you have hearing or speech difficulties please dial Minicom **0845 404 6161**.

If you cannot settle your complaint with us, you may be entitled to refer it to the Financial Ombudsman Service.

8 Are we covered by the Financial Services Compensation Scheme (FSCS)?

We are covered by the FSCS. You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim.

Most types of investment business are covered up to a maximum limit of £50,000. Further information about compensation scheme arrangements is available from the FSCS.

Saving with us is easy

- Simply read this brochure
- Visit us at www.natwest.com or apply by post
- Any questions? Just ask in branch or call us on **0845 603 0313**

Our lines are open Monday to Thursday 8am-8pm, Fridays 8am-6pm and Saturdays 9am-5pm.

Calls may be recorded. If you have hearing or speech difficulties, please dial Minicom **0845 404 6161**.

All information in this leaflet is based on our understanding of current law and HM Revenue & Customs practice.

Further details of the Plan are contained in the policy schedule and standard provisions which make up the policy.

National Westminster Bank Plc. Registered in England No. 929027. Registered Office: 135 Bishopsgate, London EC2M 3UR.

National Westminster Bank Plc is authorised and regulated by the Financial Services Authority (FSA). Our FSA Register number is 121878.

You can check this on the FSA's Register by visiting the FSA's website www.fsa.gov.uk/register or by contacting the FSA on 0845 606 1234.

NWB4266

1 November 2011