

## Exchange Traded Instruments

*This document provides you with important information about exchange traded instruments (ETIs), which you should consider if you are thinking about investing in such assets.*

- Before investing, you should be aware of the risks involved in investing in ETIs and should always read the Key Investor Information Document (KIID) for ETFs and the Key Information Document (KID) for investment trusts and ETCs.
- If you are having difficulty understanding ETIs, you should seek professional advice.

### *Appropriateness*

- ▶ We regard ETIs as complex assets and we therefore recommend you either seek professional financial advice, or complete our appropriateness assessment, before investing in them.
- ▶ The appropriateness assessment includes a series of questions required by our regulators, which are designed to check that you understand the terms and risks involved and, therefore, whether the asset is appropriate for you.
- ▶ The assessment is carried out online at the time you select a complex asset for investment.

### *Overview*

Unlike collective investment funds, an ETI trades on a stock exchange, and can include:

- ▶ **Investment trusts** – these are much like funds in that they invest in other assets (such as stocks and shares), but they are publicly listed and closed ended, meaning there is a limited number of shares available in the trust
- ▶ **Exchange traded funds (ETFs)** – these are open-ended funds (meaning that shares can be created and cancelled as required), which typically track the performance of an index (eg the FTSE All Share Index)
- ▶ **Exchange traded commodities (ETCs)** – these are a type of debt security which tracks the performance of an underlying commodity (eg gold)

If your account with us forms part of an offshore bond investment please see the section overleaf regarding Tax on Offshore Bonds.

In order to trade in ETIs, please ensure you have provided the following information on your application:

- your nationality
- your National Identity/National Insurance Number, or
- (for entity investors) the Legal Entity Identifier (LEI) (including the expiry date where applicable).

### *Range of ETIs*

We offer a range of ETIs to invest in.

Please visit our website or Fund Centre for details:

- ▶ **Website** – [quilter.com](http://quilter.com)
- ▶ **Fund Centre** – <https://digital.feprecisionplus.com/quilter>

## Dealing charges

For each transaction, which involves buying or selling ETIs, we will take a charge to cover the costs we incur as a result.

These are described below:

	Transaction Type	Charge for each ETI that is traded
Dealing charge	Buy and sell instructions outside of a model portfolio of £10,000 or less	£3.50
	Buy and sell instructions outside of a model portfolio above £10,000	0.035% with a maximum charge of £15
	Buy and sell instructions inside a model portfolio	£1
PTM levy	Buy and sell instructions above £10,000 on investment trusts only, payable to the Panel on Takeovers and Mergers (PTM)	£1.50
Stamp Duty Reserve Tax	Buy instructions on investment trusts only, payable to HM Revenue & Customs (HMRC).	0.50% of the transaction value

## Trading ETIs

ETIs are normally traded throughout the day on a stock exchange, otherwise known as real-time trading. However, as set out in our Terms and Conditions, we will aggregate your trades with those of other customers and deal at distinct dealing points during the day. This means that the eventual price you receive is likely to be different from the prevailing price at the time of placing your order.

Our dealing points are at 12:15 and 15:15. When you submit a trading instruction for an ETI we will attempt to execute the trade at the next dealing point.

**The market may close early on certain dates, particularly Christmas Eve and New Year's Eve where we will typically have a single dealing cut off of 12:00 midday (or 10:30am for model portfolio trades)**

There may be times where it is not possible to buy or sell an ETI in accordance with your instructions.

**Examples of this may include:**

- a) the market being closed
- b) lack of liquidity
- c) the size of the buy or sell instruction
- d) unexpected volatility of the ETI.

## Roundings

ETI trading is restricted to whole shares, therefore:

- ▶ sell trades are rounded up to the nearest whole number of shares to ensure sufficient money is raised
- ▶ buy trades are rounded down to the nearest whole number of shares.

Any excess following the transactions will be held as cash.

## Collective Retirement Account (CRA)

Where a crystallisation includes ETIs, the amount crystallised will be rounded down to the nearest whole share, with any shortfall taken from cash. If no cash is held in the CRA, the crystallisation amount will be reduced accordingly.

## Tax on offshore bonds

Life assurance and capital redemption investment bonds can invest in a limited range of 'permissible' assets defined by legislation. This is to ensure they are not considered 'highly personalised'. Bonds which invest outside of this permissible list of assets are considered 'highly personalised' and are subject to a yearly deemed gain charge, in addition to the standard tax treatment for gains made on investment bonds.

Some of the ETIs we offer are not considered 'permissible' and therefore could result in your offshore investment bond being considered 'highly personalised' and therefore being subject to yearly deemed gains. This could have adverse tax implications.



You should speak to your financial adviser and offshore bond provider to ensure the asset selection remains suitable for your circumstances.

## *Risks*

### **Risks specific to investment trusts**

In particular, you should note that unique risks such as gearing and premiums/discounts to the net asset value (the overall value of the assets within the trust, otherwise known as 'NAV') may exist when investing in investment trusts.

Gearing occurs when an investment trust borrows money to invest and this can have a significant impact on returns, either by magnifying losses or enhancing returns.

Investment trusts are traded on security exchanges, and market sentiment may result in the share price being different from the underlying valuation or NAV. This is referred to as a 'premium' when shares trade at a value greater than the NAV, and a 'discount' when shares trade at a value less than the NAV. This can create trading opportunities but can also signify potential risks when investing.

### **Risks specific to ETCs**

Before investing in ETCs, you should be aware that commodity prices are influenced by many factors including inflation, labour strikes, weather, economic forecasts and reports, politics, foreign events, new technology and public opinion. Events that affect commodity prices can happen at any time.

### **Risks specific to ETFs**

ETFs that track a particular index may not track that index perfectly and the potential gap in performance is known as a 'tracking difference'. There is no guarantee the ETF will track the index exactly and the difference may vary over time. The fluctuation in value (volatility) of an ETF may also depend on the breadth of any index it tracks or whether its focus is on a specific industry.

In the case of international or global ETFs, the fundamentals of the country that the ETF is following are important, as is the credit worthiness of the currency in that country. Economic and social instability will also play a huge role in determining the success of any ETF that invests in a particular country or region including exchange rate fluctuations, which will affect the value of the investment.

### **Liquidity risks**

Liquidity of an ETI is an important factor when considering whether to invest. If there is not enough trading interest when you buy the ETI, then you may not be able to sell out of it quickly without affecting the price. If an ETI is thinly traded there may be problems with selling the investment depending on the size of your investment and the average trading volume.

The liquidity of ETFs may depend on how liquid the underlying instruments are. ETFs that invest in the stocks of large companies, developed economies, broad market indices and investment-grade bonds will be much more liquid than those that invest in their riskier counterparts.

### **Financial Services Compensation Scheme**

You should be aware that ETIs are not protected by the Financial Services Compensation Scheme (FSCS) and there is no compensation in the event of insolvency of the underlying ETI.

## *quilter.com*

*Please be aware that calls and electronic communications may be recorded for monitoring, regulatory and training purposes and records are available for at least five years.*

*Quilter is the trading name of Quilter Investment Platform Limited which provides an Individual Savings Account (ISA), Junior ISA (JISA) and Collective Investment Account (CIA) and Quilter Life & Pensions Limited which provides a Collective Retirement Account (CRA) and Collective Investment Bond (CIB).*

*Quilter Investment Platform Limited and Quilter Life & Pensions Limited are registered in England and Wales under numbers 1680071 and 4163431 respectively.*

*Registered Office at Senator House, 85 Queen Victoria Street, London, EC4V 4AB, United Kingdom. Quilter Investment Platform Limited is authorised and regulated by the Financial Conduct Authority.*

*Quilter Life & Pensions Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Their Financial Services register numbers are 165359 and 207977 respectively. VAT number 386 1301 59.*

QIP 19005/165/14553 December 2025

