

# Guide to OEICs

## What is an OEIC?

OEIC stands for Open Ended Investment Company.

An OEIC is a savings vehicle which provides investors with a route to investing in amongst other things, stocks and shares. When you invest in an OEIC your money is pooled with the money of other investors and used to buy units in that fund. This pot of money is then used by the fund manager to buy for example stocks and shares.

Each OEIC is managed by a professional fund manager which provides both novices and experts with an easy way to invest.

OEICs are similar to Unit Trusts, the main difference between the two being how the units are priced.

Units in an OEICs are bought and sold at the same price. Unit Trusts are dual priced. This means you can sell units at one price and buy units at another. The difference between the two is called the bid/offer spread.

## Why should I buy an OEIC?

If you want to invest in the stock market, but have already utilised your ISA allowance then an OEIC is one option for you with the added benefit of not being restricted as to how much you can invest.

The management of your money is in the hands of skilled professionals so you have access to a wealth of expertise not normally available to the public. In addition, as OEICs are pooled investments, you can usually benefit from competitive charges and dealing costs.

## Who can invest in an OEIC?

If you are 18 or over and are looking for a home for your savings then an OEIC could be right for you.

## When can I buy an OEIC?

You can buy an OEIC at any time.

## How much can I invest in an OEIC?

You can either invest a lump sum or make monthly contributions to your OEIC, there are no limits to the amount you can invest. There is however a minimum investment amount for an OEIC.

	Lump Sum	Monthly
Min:	£1,000	£50
Max:	No Max	No Max

## How often can I invest in a tax year?

You can invest as much and as often as you like throughout the year.

## How long should I invest for?

Stocks and shares should be seen as medium to long term investments. SFS Invest Direct suggests that you always consider investing your money for at least five years, preferably longer, to increase your chances of a greater return.



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## Can I switch between funds?

Once you have bought your OEIC you will have an online account. You can then go online and sell shares in one fund and use the proceeds to buy shares in another within your OEIC. This is called switching.

## What are the charges?

There are two types of charges which are payable when you take out an investment of this nature, an **Initial Charge** and **Annual Management Charge**. You may want to print off the section on 'Charges and commissions' from [SFSinvestdirect.co.uk](http://SFSinvestdirect.co.uk) for further information.

## Can I withdraw from my OEIC?

You can make withdrawals from your OEIC at any time. However, you will need to seek tax advice to establish whether a further tax charge is payable.

## What about the risks of investing in shares?

Stock market investments are subject to greater risk than, for example, a building society account and the initial capital and returns are not

guaranteed. Consequently, if you are unhappy with the prospect of losing all or part of your capital you should not invest.

Generally, the level of investment risk and potential reward go hand in hand.

## Can I re-register my existing OEIC?

Most OEICs can be re-registered. For a full list of re-registerable funds, please see the section 'Can I re-register my existing OEIC?' on [www.sfsinvestdirect.co.uk](http://www.sfsinvestdirect.co.uk) in 'Guides'.

## What are the tax implications?

Unfortunately unlike an ISA/PEP any income, dividends or capital gains that you receive from your OEIC investment could be subject to income and capital gains tax.

## I've read the guide but I'm still unsure, can you help?

If you are unsure about making an OEIC investment or choosing a suitable fund, please contact Skipton Financial Services to see whether it is worthwhile seeing one of our 120 whole of market financial advisers.

