



Establishing a collective investment scheme

An outline of the steps involved

Smith & Williamson Fund Administration Limited can assist with the set up and ongoing operation of open-ended investment companies and unit trusts.

Smith & Williamson Fund Administration Limited (SWFAL) is particularly well-placed to provide the range of expertise required in the set up and ongoing administration of open-ended investment companies (OEICs) and authorised unit trusts (AUTs). Having launched our first unit trust in 1983 we currently manage c170 funds, valued at over £20bn (as at 31 March 2021). We therefore have extensive experience in acting as an authorised fund manager (AFM). SWFAL can also act as third-party administrator for AFMs who do not have in-house administration systems. In addition, we can act for clients wishing to select their own investment manager.

The SWFAL team is divided into five areas.

1. **Client relationship** – providing an efficient and professional client service, tailored to the specific needs of delegates, investment managers, family offices and private individuals.
2. **Transfer agency** – shareholder services responsible for the on-boarding and maintenance of all fund registers and oversight of anti-money laundering documentation, dealing, settlement, distributions and re-registration matters.
3. **Pricing and valuations** – control, production and calculation of each funds class specific NAV price at the required valuation point specified within the fund's prospectus.
4. **Statutory reporting and tax accountants** – responsible for the preparation and production of the interim and annual report & accounts in accordance with all relevant mandatory reporting standards, submission of annual tax returns to HMRC and arrangement of any corporation tax liability payment.
5. **Fund governance** – legal and technical: responsibility for the creation and ongoing maintenance of all fund scheme documentation and applications to the FCA to launch, change or wind-up schemes.

Fund Governance – monitoring and risk reporting: oversight of funds' investment and borrowing restrictions and areas such as stress testing, liquidity, performance, charges, turnover and best execution.

Fund Governance – delegate oversight: responsibility for conducting initial due diligence on new investment managers and new fund propositions, as well as ongoing due diligence on existing relationships.

In order to establish the fund, SWFAL will need to execute a letter of engagement and complete client verification procedures. We will then appoint a lawyer to prepare the necessary legal documentation, including a prospectus, trust deed or instrument of incorporation and application to the Financial Conduct Authority (FCA), as well as arranging a solicitor's certificate. Such documentation needs to include details such as the name of the fund, investment manager (IM), investment objectives and policy, fee structure, accounting dates, share or unit classes and the trustee or depositary. We are able to facilitate the selection of a custodian (subject to the approval of the trustee or depositary).

Upon submission of the application, depending upon the type of fund, the FCA are permitted up to either two or six months in order to grant approval. During this time, it is necessary to ascertain the source and nature of assets of the fund and prepare agreements with the IM. In addition, the trustee or depositary needs to appoint SWFAL as AFM and arrange for the opening of bank and custody accounts. Once completed, a fund can typically be launched within five working days upon receipt of FCA approval.



We offer an efficient and professional service at competitive rates tailored to the specific needs of individual clients.



About us

Smith & Williamson is an independently owned professional and financial services group with around 1,600 people. The group is a leading provider of investment management, financial advisory and accountancy services to private clients, professional practices, mid to large corporates and non-profit organisations.

Further information

Investment does involve risk. The value of investments can go down as well as up. Investors may not receive back the amount invested. Tax treatment depends on individual circumstances and may be subject to change in the future. This document is only intended to provide an outline of the steps involved in establishing a collective investment scheme. SWFAL cannot give tax or investment advice. You should consult your tax and investment adviser(s) before taking any action based on this information.

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By necessity, this briefing can only provide a short overview and it is essential to seek professional advice before applying the contents of this article. This briefing does not constitute advice nor a recommendation relating to the acquisition or disposal of investments. No responsibility can be taken for any loss arising from action taken or refrained from on the basis of this publication. © Tilney Smith & Williamson Limited 2021.

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