
ADVANCED INVESTMENT SCHEMES ADMINISTRATION

DATE OF EXAM	Thursday 26 June 2008
3 HOURS	10.00 am – 1.00 pm
RUBRIC	SECTION A - <i>ALL</i> questions in this section are to be answered SECTION B – <i>TWO</i> questions in this section are to be answered SECTION C – <i>ONE</i> question in this section is to be answered SECTION D – <i>ONE</i> question in this section is to be answered

Candidates are reminded that no marks will be awarded for illegible work

NOTES TO CANDIDATES

1. Please insert your Candidate Number on the cover of your Answer Book. *Do not insert your name.*
2. Show *all* workings in your Answer Book.
3. Candidates may attempt the sections in any order. Please indicate clearly in your Answer Book which questions you are answering.
4. Please insert in the box provided on the cover of your Answer Book the numbers of the questions you have attempted in the order in which they appear in the Answer Book.
5. You may use only the calculator provided.
6. You must hand your Answer Book to an invigilator before you leave the Examination Hall. *Failure to do so will result in disqualification.*
7. The decision of the panel is final and no correspondence will be entered into concerning the grade awarded.
8. Once submitted, the examination scripts become the property of the Securities & Investment Institute and will not be returned to candidates.

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PLEASE TURN OVER WHEN INSTRUCTED

This section contains TEN short answer questions each carrying two marks. In order to obtain maximum marks in each question candidates should provide two clear and relevant sentences appropriate to the question.

Answer ALL questions in this section

- 1 Explain the key aspects of the Capital Gains position of UK Investment Schemes. *(2 marks)*
- 2 Why might a fund manager prefer to have a regular savings scheme for contributions to their fund? *(2 marks)*
- 3 Give TWO duties / responsibilities of the Authorised Corporate Director. *(2 marks)*
- 4 Most OEICs are non-certificated because they fall into certain categories. Identify TWO of these categories. *(2 marks)*
- 5 The COLL Rules state what must NOT be contained in an instrument constituting a pooled fund. Give TWO examples. *(2 marks)*
- 6 Identify TWO instances whereby, in an authorised collective investment scheme, the 'swinging single price' might be applied. *(2 marks)*
- 7 What are the minimum pricing checks that must be made by a trustee / depositary according to the FSA? *(2 marks)*
- 8 Double Taxation Agreements are becoming more common; however, Investment Schemes face complex rules to be able to deal with tax reclaims. Give TWO factors that affect the level and success of a reclaim. *(2 marks)*
- 9 In October 2002, HMRC announced a relaxation of the requirements for overseas investors who wish to receive gross interest from collective investment schemes. For example, previously they had to make a declaration that they were not ordinarily resident. Give ONE further example of change and a reason why it was made. *(2 marks)*
- 10 List TWO of the main requirements of FRS17 for Pension Schemes. *(2 marks)*

SECTION B**TOTAL 20 MARKS****Answer TWO questions in this section**

- 11 Explain SEVEN of the distinctive features of a Qualified Investor Scheme. *(10 marks)*
- 12 By law, Pension Trustees must keep records of all the scheme's financial transactions. Outline, giving relevant details, FIVE types of financial transactions where such records should be kept. *(10 marks)*
- 13 Investor services providers have to produce reports to meet the requirements of different investor types. Give FIVE detailed examples of the reporting requirements for a retail investor. *(10 marks)*

SECTION C**TOTAL 30 MARKS****Answer ONE question in this section**

- 14 a) UCITS Schemes can be marketed in the European Economic Area. What must the Authorised Fund Manager do to comply with the regulations? *(4 marks)*
- b) Outline the FOUR key COLL requirements relating to the drafting of a prospectus to provide information to investors. *(4 marks)*
- c) The Prospectus contains information on numerous aspects of the operation of the scheme which investors may require. Explain in detail what must be specified with regard to the following items:
- i) The description of the authorised fund; *(9 marks)*
 - ii) Contractual relationships; *(5 marks)*
 - iii) Payments. *(8 marks)*
- 15 Different types of investment funds calculate the return to investors in different ways. Explain how returns are calculated for the following types of investment fund:
- a) Life Funds; *(6 marks)*
 - b) Pension Funds; *(3 marks)*
 - c) Pooled Funds; *(11 marks)*
 - d) How this information is conveyed is subject to certain standards. Explain why these standards have been set by organisations such as the National Association of Pension Funds (NAPF). *(10 marks)*

Answer ONE question in this section

- 16 The FSA requires Authorised Fund Managers to provide annual and interim reports to investors. The COLL Sourcebook requires Long and Short Reports to be available to investors. You are employed by Apolachian Investment Funds and you have been asked by your marketing department to summarise briefly the main sections of the Long and Short reports, outlining how these might be of particular interest to the retail investor. *(30 marks)*
- 17 Apolachian Investment Funds are finalising the launch of their first investment fund in the UK. You have been asked by the managers to outline what is required in their fund's Key Features Document (using examples where necessary to illustrate your meaning). *(30 marks)*