

What Is An OEIC? (Open Ended Investment Company)

Henderson Global Investors has available a range of its United Kingdom OEIC funds in New Zealand.

These funds are available via selected New Zealand Administration and Custodial Services. An investment statement is available which must be provided to New Zealand investors before investing. For details on the particular Henderson OEIC funds available in New Zealand, please see the investment statement for the New Zealand offer.

What is an OEIC?

An OEIC (Open Ended Investment Company) is a company within which can be established a range of investment funds. These investment funds are very similar to UK authorised unit trusts: each allows many investors to pool their money together to make joint investments under a professional fund manager. 'Open ended' means that investors can freely buy and sell shares in the fund, which grows or shrinks accordingly. Therefore, the value of the shares you own in an OEIC always reflects the value of the fund's assets.

As an OEIC is actually a company, its units are technically shares and its founding document is the Articles of Incorporation. OEICs are offered to investors by way of a Prospectus and a key features document. Under a change to Securities Regulations in New Zealand in December 1999, the offer of United Kingdom OEICs directly to the public of New Zealand have been permitted. They can be offered under the United Kingdom key features document, or, an investment statement can be prepared to take its place. The Henderson funds are offered under an investment statement written for New Zealand conditions.

OEICs, like unit trusts, have an outside third party to ensure that the Prospectus is adhered to by all parties. In the case of a unit trust it is the Trustee that fills this role. In the case of an OEIC, this role is taken by the Depositary.

The Depositary of the Henderson OEICs is Chase Manhattan Trustees Limited, resident in the United Kingdom.

Benefits of an OEIC?

Single pricing

An OEIC fund has a single price, directly linked to the value of the fund's underlying investments. All shares are bought and sold at this single price so there is no need to calculate the 'spread', as with a dual priced UK unit trust.

More choice and flexibility

OEIC funds can offer different types of share to suit different types of investor, so private individuals can invest in the same funds as large institutions and pension fund managers. The expertise of different fund management teams can be combined to benefit both large and small investors, while streamlining the administration and management costs of the fund.

The tax position of OEICs

As investors have different taxation positions, investors are urged to consider their own taxation position before subscribing for shares and, if necessary, seek professional advice.

In the UK the funds are exempt from United Kingdom tax on capital gains realised on the disposal of investments held within them.

OEICs are subject to corporation tax at 20% on most income but after deducting allowable expenses. Some income is exempt such as dividends from UK companies and income derived from transactions in futures or option contracts.

More detail on the UK tax situation is available in the investment statement.