

# Product guide

Reserve is an international investment plan suitable for customers with a lump sum to invest for a minimum of five years, who seek capital growth or regular withdrawals, or a combination of both.

Reserve is available to those who are aged 18 and over. If the plan has lives assured, the minimum age is 2 years old and at least one life assured must be 80 or younger.

We've provided this information to help you decide whether Reserve is right for you. You should read this document carefully so that you understand what you are buying, and keep it safe for future reference.

## Its aims

- To allow you to invest in assets to suit your investment needs.
- To allow you to take regular or one-off withdrawals.
- If the capital redemption option is chosen, to provide a guaranteed maturity value at the maturity date.

## Your commitment

- To invest a lump-sum payment of at least GBP 50,000.
- To view your plan as an investment for at least five years, although you can cash it in whenever you want (an early cash-in charge may apply).

## Risks

- What you get back in the future depends on how well the investments perform.
- The value of the plan can go up and down. You could get back less than you've paid in.
- We only guarantee the value if the capital redemption version is chosen and the plan is cashed in at the end of the 99-year fixed term.
- When you cash in your plan, you may get back less than your illustration shows. This could happen for several reasons, for example, if:
  - investment returns are lower than shown
  - our charges are higher than shown
  - you take out more money than shown.
- Some assets carry a higher level of risk than others and may be subject to sudden and large falls in value. This could erode some or all of your capital.
- If you or your investment adviser deal excessively and your portfolio value is relatively small, then the value of your Reserve plan may be eroded and the costs may be disproportionately high.
- If you invest in an asset denominated in a currency different to the plan currency, the value can go up and down simply because of changes in the currency exchange rate.
- Inflation will reduce the spending power of any money you get back in the future.

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## Questions and answers

### What is Reserve?

- It's an international lump-sum investment product that offers potential for capital growth over the medium to long term (five years +).
- It has two plan options – whole of life and capital redemption. The whole of life version includes an element of life cover, whereas the capital redemption version provides a guaranteed maturity value. Your financial adviser will be able to help with which is the most appropriate for you.
- It then has two investment options – collective investments and personalised assets. Again, your financial adviser will be able to help with which is the most appropriate.
- It gives you access to the world's investment markets through unit trusts, investment trusts and open-ended investment companies. The personalised assets version could also include international equities, fixed interest securities, structured notes and deposits.
- It can provide you with regular withdrawals, although please note this will reduce your capital value. If the capital redemption version has been chosen, withdrawals will also reduce the guaranteed maturity value.

### How flexible is it?

- You can choose the plan currency in which you would like your plan to be denominated. This can be in any one of the following:
  - UK pounds sterling (GBP)
  - US dollars (USD)
  - Euro (EUR)
  - HK dollars (HKD)
  - Australian dollars (AUD)
  - Japanese yen (JPY)
  - Swedish krona (SEK)
  - Swiss francs (CHF).

- All payments will be in your chosen plan currency, unless requested otherwise.
- We set up General Transaction Accounts in the currencies you choose. These operate as cash accounts and receive any payments you make to us or we make to you. Any transactions such as charges to be taken, and the buying and selling of investments, will also pass through these accounts.
- Your lump-sum payment can be made in any freely convertible currency.
- You can make additional lump-sum payments into your plan at any time. The minimum additional payment is GBP 5,000 or GBP 10,000 for the annual policy charge option.
- You can cash it in (in full or in part) at any time; an early cash-in charge may apply. **Please see 'What are the plan charges?'.**
- We set up your plan as a series of identical policies to give you more flexibility.
- You can appoint either an investment adviser or a discretionary fund manager:
  - You can appoint an investment adviser to choose, and if appropriate, place deals on your behalf.
  - You can nominate a discretionary fund manager to manage and hold custody of the investments.
- If the whole of life version is chosen, you can set up the plan on your own life, on another person's life, or on up to ten lives.

## How much can I pay in?

- The minimum initial payment is as follows:

Currency	Establishment charge option						Annual policy charge option
	No discretionary fund manager appointed		Discretionary fund manager appointed		Partially managed by a discretionary fund manager <sup>†</sup>		
	Whole of life	Capital redemption	Whole of life	Capital redemption	Whole of life	Capital redemption	
GBP	50,000	100,000	75,000	100,000	150,000	150,000	100,000
USD	75,000	150,000	112,500	150,000	225,000	225,000	150,000
EUR	75,000	150,000	112,500	150,000	225,000	225,000	150,000
HKD	600,000	1,200,000	900,000	1,200,000	1,800,000	1,800,000	1,200,000
AUD	150,000	300,000	225,000	300,000	450,000	450,000	300,000
JPY	10,000,000	20,000,000	15,000,000	20,000,000	30,000,000	30,000,000	20,000,000
SEK	650,000	1,300,000	975,000	1,300,000	1,950,000	1,950,000	1,300,000
CHF	125,000	250,000	187,500	250,000	375,000	375,000	250,000

† These minimums also apply to plans partially managed by a discretionary fund manager, taken out under the annual policy charge option.

- If you later wish to add to your plan, the minimum additional payment is as follows:

Currency	Establishment charge option	Annual policy charge option
GBP	5,000	10,000
USD	7,500	15,000
EUR	7,500	15,000
HKD	60,000	120,000
AUD	15,000	30,000
JPY	1,000,000	2,000,000
SEK	65,000	130,000
CHF	12,500	25,000

## Where can I invest my money?

- This depends on which investment option is selected:

### Collective investments

- UK authorised unit trusts within the meaning of section 468 of UK's Income & Corporation Taxes Act 1988 (ICTA) 1988, and any subsequent amendments.
- UK investment trusts, excluding warrants, within the meaning of section 842 ICTA 1988, and any subsequent amendments.
- Open-ended investment companies within the meaning of section 236 of the UK Financial Services & Markets Act 2000, and any subsequent amendments.
- An interest in an overseas collective investment scheme (as defined in section 235 of the UK Financial Services & Markets Act 2000, and any subsequent amendments) that is structured as one of the following:
  - an open-ended investment company
  - a unit trust
  - any other arrangement creating co-ownership rights
  - hedge funds and exchange-traded funds, providing they comply with one of the structures above
- Cash, including bank and building society deposits.

### Personalised assets

- Equities and fixed interest securities (including Sukuks) quoted on most recognised stock exchanges
- Unit trusts
- Open-ended investment companies
- Investment trusts
- Offshore reporting and non-reporting funds
- Hedge funds, funds of hedge funds and exchange traded funds
- Structured notes and structured deposits
- US, Canadian and Australian mutual funds where your investments are held with a discretionary fund manager
- Cash, including bank and building society deposits

You can exchange existing assets into your plan which comply with the structures opposite. The minimum value of an asset to be exchanged into your plan is GBP 5,000 (an asset exchange charge will apply).

We reserve the right to refuse some assets, such as:

- shares in any company which is part of the group of companies of which Friends Provident International Limited is a member
- commodities
- real property
- futures and options
- unquoted securities
- precious metals
- UK National Savings and Investments products.

This list is not exhaustive; we may refuse other assets which we believe are unsuitable.

## What are the plan charges?

We charge for setting up and administering your plan. You can choose between an establishment charge structure or an annual policy charge structure. All other charges mentioned apply to both charging structures.

### Establishment charge structure

If the establishment charge structure is chosen the establishment charge will apply.

- An establishment charge, as a percentage of your original investment and any additional investment(s), taken at outset, or quarterly from your General Transaction Account during your selected establishment charge period of five, eight or ten years. Note that an establishment charge will not apply if you have chosen the annual policy charge option.

### Annual policy charge structure

If the annual policy charge structure is chosen then the annual policy charge and the initial charge will apply.

- An annual policy charge equal to a percentage of the fund value or the total investment, whichever is higher, is taken at the end of each calendar quarter. Note that an annual policy charge will not apply if you have chosen the establishment charge option.
- An initial charge, as a percentage of your original investment and any additional investment(s), taken at outset, or quarterly from your General Transaction Account over an initial charge period of five years. Note that an initial charge will not apply if you have chosen the establishment charge option.

## Other charges

- A fixed administration charge taken quarterly from your General Transaction Account over the lifetime of your plan. The applicable charge is determined by the charging structure you choose and the amount of the initial investment you make.
- If you have agreed to your adviser receiving trail commission, you will pay an increased administration charge under the establishment charge structure, or an increased annual policy charge under the annual policy charge structure. The trail commission is calculated as a percentage of the value of your investments, taken quarterly from your General Transaction Account over the lifetime of your plan.
- An ad hoc charge taken from your General Transaction Account for additional services, for example:
  - a change of the life-assured
  - a request for a one-off valuation
  - changing, adding or removing a discretionary fund manager and/or custodian.
- If you cash in your plan in full and your original investment or any subsequent investment(s) are still within their establishment or initial charging period, an early cash-in charge will be taken from the final payment equal to any establishment or initial charges which would have been deducted had you not cashed in the plan.
- **More detail on all our charges is available in the 'Reserve – charging structures' document which can be obtained from your financial adviser.**
- **Your illustration will reflect the charges applicable to your plan, based on the charging structures you choose. Please see the 'Personal charging structure' section of your illustration.**
- A General Transaction Account (GTA) will be opened in connection with your policy. If the account is overdrawn, we will levy interest at an appropriate rate based on a suitable reference index approved by our appointed actuary. If you have a discretionary fund manager for your policy, interest will not currently be applied if the account is overdrawn. We reserve the right to review this provision at any time.
- If you don't appoint a discretionary fund manager to manage your investments, we will take the following charges from your General Transaction Account:
  - Fixed dealing charges each time you buy or sell an asset, taken in the currency of the deal on the last day of the calendar quarter in which we confirm completion of the deal. A calendar quarter is defined by the period of three consecutive months ending 31 March, 30 June, 30 September and 31 December.
  - A fixed charge of GBP 100 is taken for each individual asset you exchange into your plan.
  - Any charges deducted by our bank from payments made. **For more details, please see the 'Dealing and settlement charges' document, which can be obtained from your financial adviser.**
  - Any charges from our custodian relating to certain assets for which there are handling and safe custody fees. **For more details, please see the 'Dealing and settlement charges' document, which can be obtained from your financial adviser.**

## What are the investment charges?

- When investing in funds, the fund management group will deduct their own management and administration charges. There may be further underlying charges. **Please refer to the fund manager for more details.**
- If you purchase or sell a fund listed on a stock exchange, stockbroker, settlement and safe custody fees will apply.

## What are the investment adviser charges?

If you appoint an investment adviser to choose and, if appropriate, place deals on your behalf, you can agree to pay them, by regular withdrawals, a fixed fee per quarter or a percentage of the value of the investments at each valuation over the term of your plan.

## What are the discretionary fund manager's charges?

You can appoint a discretionary fund manager to manage the investments within your plan, either on a discretionary or advisory basis, and to be the custodian of your investments. For this service the discretionary fund manager will charge a fixed fee or a percentage of the value of your investments. Expenses and charges will also apply in respect of services for safe keeping, handling and carrying out of transactions, in accordance with the discretionary fund manager's published rates. We may apply a dealing charge when we send money to or receive money from the discretionary fund manager.

**Please refer to your discretionary fund manager's schedule of charges for more details.**

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## Can I take money out?

- You can cash in your plan in full.
- You can cash in your plan in part or take withdrawals provided the cash-in value left isn't below GBP 10,000 or, if greater, 10% of the original investment or additional investment(s) which is still within its establishment or initial charging period.
- If you have made a withdrawal and wish to reinvest it, you can and no additional establishment charge will apply to the amount reinvested. Only one additional payment may be reinvested in respect of each withdrawal and the additional payment amount cannot be more than the amount withdrawn. The additional payment is subject to the minimum additional payment limits.
- If you cash in in part, we'll cash in one or more policies to make the payment. We'll make the payment from your General Transaction Account.
- If you take withdrawals, they will be taken proportionately across all policies. We'll make the payment from your General Transaction Account.
- If you take regular withdrawals, you choose how much (minimum GBP 250 each payment) and how often (every month, quarter, half-year or year) you want us to pay the money into your bank account. We reserve the right to stop the withdrawals if the cash-in value left falls below the minimum allowed.
- If you take money out, in excess of the rate at which your investment grows, the value of your plan will reduce.
- If you have selected the capital redemption option please be aware that if you take money out of your plan, the guaranteed maturity value will be reduced in accordance with the terms of the policy. **Please see your policy conditions for more details.**
- We give example cash-in values in your illustration.

## What might I get back?

- You'll get back the cash-in value of your plan at the time you decide to cash it in.
- If you have chosen the capital redemption option, at the maturity date the greater of the cash-in value or the guaranteed maturity value, 200% of the original payment will be paid. **Please see your illustration for more details.**
- The cash-in value will depend on several things, including how long you invest for, how well the investments perform, the charges and any withdrawals you take.

## What happens to the plan if I die?

This depends on whether a whole of life plan or a capital redemption plan is selected.

### Whole of life plan

- If you set the plan up on your own life, the plan will end if you die. We'll pay a lump sum equal to 101% of the cash-in value, or, if lower, the cash-in value plus GBP 10,000, on your death.
- You can set up the plan on up to ten lives, so that it continues after the first death. We'll pay 101% of the cash-in value, or, if lower, the cash-in value plus GBP 10,000, on the death of the last survivor only and the plan will then end.
- The death benefit is not a guaranteed amount because we cannot guarantee the value of your plan. It will depend on the cash-in value at the time of death.

### Capital redemption plan

- As there are no lives assured, the plan continues until it is fully cashed in, or until it matures at the end of the 99-year term. Following your death the plan may be assigned to the beneficiaries or cashed in by your personal representatives, or by the trustees if the plan is written in trust. If cashed in, the cash-in value of the plan will be paid.

## What about tax?

- Policyholders may in certain circumstances be subject to currency or tax restrictions and/or legislation, which may affect their application or any benefits from the plan. We recommend that policyholders consult their legal, tax or financial adviser regarding their own position, as Friends Provident International does not provide legal, taxation or investment advice. Information relating to tax in this product guide is based on our understanding of current tax legislation. **Please note that tax legislation may change.**
- Friends Provident International Limited is a tax-exempt insurance company registered in the Isle of Man. Consequently, Friends Provident International is not subject to income tax, capital gains tax or corporation tax in the Isle of Man or the UK. Our funds accumulate free of tax (apart from any withholding tax on investment income, deducted at source in the country of origin).
- If you take withdrawals (including any to pay investment adviser charges) and later become UK resident, they will count towards the annual 5% withdrawal allowance that you are entitled to take from your policy. This allowance is based on the payment amounts that you invest in the policy. Withdrawals taken which exceed this cumulative allowance could result in a personal income tax liability.
- Asset exchanges may result in a tax liability, depending on your country of residence. Any liability must be met from your own resources.
- Tax rules are subject to change and the extent of your tax liability depends on your country of residence and personal circumstances. We recommend that you consult a financial or tax adviser for professional guidance.

## Important notes on taxation if you plan to live in the UK

If you are planning to live in the UK in the future, we have a statutory obligation to report to HM Revenue & Customs certain events when you receive benefits from your Reserve plan.

If you choose the Personalised Assets option of Reserve, we believe it will be classed as a Personal Portfolio Bond, as defined by section 517 of The Income Tax (Trading and Other Income) Act 2005 and any subsequent amendments thereof. If you become UK tax resident you will be subject to an annual tax liability based on annual, cumulative 'deemed gains'. To prevent your Reserve plan being subject to this tax, you can contact us before moving to the UK and request that the terms of your policy are changed, to restrict it to investing in collective investments.

If you choose the Collective Investments option, your investment will not be classed as a Personal Portfolio Bond, as defined by section 517 of The Income Tax (Trading and Other Income) Act 2005 and any subsequent amendments thereof.

This information is based on our understanding of current law and taxation practice as at May 2015, which may change in the future. No liability can be accepted for any personal tax consequences of this policy or for the effect of future tax or legislative changes. Please speak to your adviser before you invest to fully understand all the tax considerations. Friends Provident International does not condone tax evasion and the company's products and services may not be used to evade taxes.

## How do I apply?

- Simply complete the application form and return it to your financial adviser along with the required documents.  
**For the required documents, please see the 'Reserve — application form', which can be obtained from your financial adviser.**
- Payments will only be accepted by:
  - telegraphic transfer
  - banker's draft
  - cheque
  - asset exchange.

## How to contact us

Your financial adviser will normally be your first point of contact. If you have any questions you can phone, fax, email or write to us.



Call us on **+44 (0) 1624 821 212** Monday to Friday, between 9am and 5pm (GMT/BST). We may record calls in order to improve our service.



Fax us on **+44 (0) 1624 824 405**



Email us at **customerservices@fpiom.com**



Write to us at  
**Friends Provident International Limited**  
**Royal Court**  
**Castletown**  
**Isle of Man**  
**British Isles**  
**IM9 1RA**



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This document sets out the main points about Reserve. It does not include all the definitions, exclusions, terms and conditions. If you would like a copy of the policy conditions, please ask your financial adviser or contact us directly.

The information in this document is based on our current understanding of law and practice, which may change in the future.

### Data Privacy

We take the responsibility of handling your personal data very seriously and we will only ask you for details required to process your requests to us. Please be aware of our privacy policy – please visit [www.fpinternational.com/legal/privacy-and-cookies.jsp](http://www.fpinternational.com/legal/privacy-and-cookies.jsp) to view the full policy, or this can be provided on request.

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