

# Key features

## Reserve Collective Investment – Whole of Life

This document provides you with important information to help you to decide whether our Reserve is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

**Reserve is an international investment policy 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 only available to those who are aged 18 and over (at least one life assured must be 80 or younger), and are willing and able to accept the risks described in the 'Risks' section.

### Its aims

- To allow you to invest in assets to suit your investment needs.
- To allow you to take regular or one-off withdrawals.

### Your commitment

- To invest a lump-sum payment of at least GBP 50,000.
- To view your policy 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 policy can go up and down. You could get back less than you've paid in.
- When you cash in your policy, you may get back less than your illustration shows. This could happen for several reasons, for example:
  - 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 policy may be eroded and the costs may be disproportionately high.
- If you invest in an asset denominated in a currency different to the policy currency, the value can go up and down simply because of changes in the currency exchange rate.
- If you decide to cancel your policy during the 30-day cancellation period and the investment value has fallen, or there has been an adverse movement in currency exchange rates, you will get back less than you've paid in.
- Inflation will reduce the spending power of any money you get back in the future.

# 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's an investment product that gives you access to the world's investment markets through unit trusts, investment trusts and open-ended investment companies.
- It can provide you with easy access to your money, through regular withdrawals.
- It includes an element of life cover.

## Where can I invest my money?

- You have the opportunity to invest directly in external funds, including:
  - UK authorised investments trusts or an overseas equivalent (excluding warrants), within the meaning of section 842 ICTA 1988, and any subsequent amendments.
  - UK investment trusts, excluding warrants, within the meaning of section 842 ICTA 1988, and any subsequent amendments.
  - UK REIT or an overseas equivalent.
  - 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
    - Offshore reporting and non-reporting funds
    - hedge funds and exchange-traded funds, providing they comply with one of the structures above.
    - Authorised Contractual Schemes\*
    - Cash, including bank and building society deposits.
- You can exchange existing assets into your policy which comply with the structures above. The minimum value of an asset to be exchanged into your policy is GBP 5,000 (an asset exchange charge will apply).
- **Note:** Additional Declarations may be required depending on the type of asset that you wish to purchase.

\*Authorised Contractual Schemes – as defined by section 235A(1) of UK Financial Services and Markets Act 2000.

## Investor Status

- Your Investor status is used by us to understand what types of asset you wish to invest in. You should let us know whether you wish to hold retail or non retail assets. If you do not tell us we will assume you are a retail investor and wish to hold retail assets only.
- It is your responsibility to obtain and read the prospectus and/or offering documents of any assets that you wish to hold in your Reserve. This will help you decide whether the asset is suitable for you.

## How flexible is it?

- You can set up the policy on your own life, on another person's life, or on up to ten lives.
- You can choose the policy currency in which you would like your policy to be denominated. This can be in any one of the following:
  - UK pounds sterling (GBP)
  - US dollars (USD)
  - Euro (EUR)
  - HK dollars (HKD)
  - Swiss francs (CHF)
  - Australian dollars (AUD)
  - Swedish krona (SEK)
  - Japanese yen (JPY).
- All payments will be in your chosen policy 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 policy 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 policy charges?'**

- We set up your policy as a series of identical policies to give you more flexibility.
- You can appoint either an investment adviser or an external manager:
  - You can appoint an investment adviser to choose, and if appropriate, place deals on your behalf.
  - You can nominate an external manager to manage and hold custody of the investments.

## What might I get back?

- You'll get back the cash-in value of your policy at the time you decide to cash it in.
- 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. We don't guarantee the value as it can go up or down.

## What are the policy charges?

- We charge for setting up and administering your policy. You have a choice of two different plan charging structures; either the establishment charge structure, or the annual policy charge structure. These charges, and the other charges we take are detailed in this section.
  - 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.
  - 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.
  - A fixed administration charge taken quarterly from your General Transaction Account over the lifetime of your policy. 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 policy.
- An ad hoc charge taken from your General Transaction Account for additional services, for example:
  - a change of the life-assured (the tax consequences should be considered first)
  - a request for a one-off valuation
  - changing, adding or removing an external manager and/or custodian.
- If you cash in your policy 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 policy.
- **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 policy, 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 an external 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 the deal was placed. 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 policy.

- 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?

- If you invest 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.
- If you invest in funds quoted on a stock exchange, funds are purchased at the offer price and sold at the bid price. The offer price is higher than the bid price and the difference is called the bid/offer spread. The bid/offer spread will vary depending on the liquidity of the fund, the size of the transaction and other factors.

## 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 policy.

## What are the external manager charges?

You can appoint an external manager to manage the investments within your policy, either on a discretionary or advisory basis, and to be the custodian of your investments. For this service the external 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 external manager's published rates. We may apply a dealing charge when we send money to or receive money from the external manager. **Please refer to your external manager's schedule of charges for more details.**

## Can I take money out?

- You can cash in your policy in full.
- You can cash in your policy 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 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 policy will reduce.
- We give example cash-in values in your illustration.

## What happens to the policy if I die?

- If you set the policy up on your own life, the policy 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 policy 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 policy will then end.
- The death benefit is not a guaranteed amount because we cannot guarantee the value of your policy. It will depend on the cash-in value at the time of death.

## 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 policy. 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 these key features 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).
- Asset exchanges may result in a personal 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. We do not condone tax evasion and our products and services may not be used for evading your tax liabilities.

## How do I apply?

- Investors should complete the application form and return it to their 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.

## Can I change my mind?

- If you decide that you do not want to keep the policy, please complete the cancellation form within 30 days from the day you receive the cancellation notice and the contract documentation, and we will give you your money back less any fall in the investment value and, where applicable, less any initial fee paid to your financial adviser. Please remember to include your policy documents, full name and address and state that you wish to cancel your Reserve policy.
- If you don't cancel within 30 days, your policy will continue as set out in these key features and in the policy conditions, a copy of which can be obtained from your financial adviser.

## How will I know how my policy is doing?

- We will send you a quarterly statement to show how your investment is performing.
- You can also ask for an up-to-date statement at any time. An ad hoc charge will apply.

## 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**

- To cash in your Reserve policy, please contact us for requirements.
- To place a deal, please contact us via email: **dealing@fpiom.com** or telephone: **+44 (0) 1624 821 239**.

# Other information

## How to complain



Please write to:

**Customer Relations Department  
Friends Provident International Limited  
Royal Court, Castletown, Isle of Man  
British Isles, IM9 1RA**

- 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 **customer.relations@fpiom.com**
- Making a complaint will not affect your legal rights.

## Policy conditions

- This leaflet 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.
- Although the terms described in this guide are those normally intended to apply, they may be varied at the discretion of Friends Provident International before the Reserve policy commences. In this case, the investor will be contacted and asked if they wish to proceed.

## Law

- The information in this guide is based on Friends Provident International's understanding of law and practice of the Isle of Man as at March 2019. Whilst every effort has been made to ensure that this information is correct, we cannot accept any responsibility for its interpretation or for any future changes in law or practice.
- The laws of the Isle of Man are applicable to this policy unless stated otherwise in your Reserve policy schedule.

## Language

- The literature and the terms and conditions are in English and all other communication with you will be in English.

## Compensation

- All our investors receive the protection of the Isle of Man Policyholders Protection Scheme (the protection scheme), information on which is available from our offices on request.
- The protection scheme protects up to 90% of the liability owed to investors by Friends Provident International should we become unable to meet our liabilities.
- Friends Provident International is not based in the UK, so the UK Financial Services Compensation Scheme is not available.
- Investors should be aware that specific investor protection and compensation schemes that may exist in relation to collective investments and deposits are unlikely to apply in the event of failure of such an investment held within insurance policies.



## Important information

We are a leading financial services provider, with a reputation of trust, commitment and integrity, offering financial solutions to customers throughout their lives.

Friends Provident International has over 35 years of international experience and our heritage dates back over 180 years.

### 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](http://www.fpinternational.com/legal/privacy-and-cookies) to view the full policy, or this can be provided on request.

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