

Key features

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Reserve – Capital Redemption Personalised Assets

The Financial Conduct Authority is a financial services regulator. It requires us, Friends Provident International, to give you this important information to help you to decide whether our Reserve – Capital Redemption 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 – Capital Redemption is an international investment contract 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 – Capital Redemption is only available to those who are aged 18 and over, 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.
- To provide a guaranteed maturity value when cashing in the investment at the maturity date. **Please see your illustration for more details.**

Your commitment

- To invest a lump-sum payment of at least GBP 75,000.
- To view your contract 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 contract can go up and down. You could get back less than you've paid in. We only guarantee the maturity value when the contract is cashed in at the end of the 99-year fixed term. **Please see your illustration for more details.**
- When you cash in your contract, 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 – Capital Redemption contract may be eroded and the costs may be disproportionately high.
- If you invest in an asset denominated in a currency different to the contract currency, the value can go up and down simply because of changes in the currency exchange rate.
- If you decide to cancel your contract 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 – Capital Redemption?

- 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 a diverse range of international assets, including equities, fixed interest securities, structured notes and deposits, and collective investment funds.
- It can provide you with easy access to your money, through regular withdrawals.
- It runs for a fixed term of 99 years and has no lives assured. At the maturity date, the contract pays a guaranteed maturity value or, if greater, the cash-in value.

Where can I invest my money?

- You have the opportunity to invest in assets, including:
 - equities or 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
 - government securities
 - 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 an external manager
 - cash, including bank and building society deposits.
- We reserve the right to refuse some assets, including:
 - shares in Friends Life group
 - commodities
 - real property
 - futures and options
 - precious metals
 - UK National Savings and Investments products.

- This list is not exhaustive; we may refuse other assets which we believe are unsuitable.
- You can exchange existing assets into your contract which comply with the above list of permitted investments. The minimum value of an asset to be exchanged into your contract is GBP 5,000 (an asset exchange charge will apply).
- You can invest in an asset priced in a foreign currency. If so, any transactions will be shown in the foreign currency in your General Transaction Account.

How flexible is it?

- You can choose the contract currency in which you would like your contract 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 contract 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 and 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 contract at any time. The minimum additional payment is GBP 5,000 or GBP 10,000 for the annual contract 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 contract charges?'**
- We set up your contract as a series of identical contracts to give you more flexibility.

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- 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?

- At the maturity date, the greater of the cash-in value or the guaranteed maturity value (200% of the original contribution) will be paid. **Please see your illustration for more details.**
- If you cash in your investment at other dates, you'll get back the cash-in value of your contract 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.

What are the contract charges?

- We charge for setting up and administering your contract. You have a choice of two different plan charging structures; either the establishment charge structure, or the annual contract 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 contract charge option.
 - An annual contract 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 contract 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 for a 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 contract. 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 option, or an increased annual contract charge under the annual contract charge option. 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 contract.
 - An ad hoc charge taken from your General Transaction Account for additional services, for example:
 - a request for a one-off valuation
 - changing, adding or removing an external manager and/or custodian.
 - If you cash in your contract in full and your original investment or any subsequent investment(s) are still within their establishment or initial charge 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 contract.
- **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 contract, based on the charging structures you choose. Please see the 'Personal charging structure' section of your illustration.**
 - You should ensure that you have enough cash in your General Transaction Account to pay for these charges. If the account is overdrawn, we will levy interest at the rate of 2% above the three-month London InterBank Offered Rate (LIBOR). Where an external manager is appointed to the contract, 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 investment, 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 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 contract.
 - 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 invest in assets quoted on a stock exchange, assets 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 asset, the size of the transaction and other factors.
- 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 contract.

What are the external manager’s charges?

You can appoint an external manager to manage the investments within your contract, 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. 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 contract in full.
- You can cash in your contract 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 contracts 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 contracts. 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 contract will reduce.
- Please be aware that if you take money out of your contract, the guaranteed maturity value will be reduced in accordance with the terms of the contract. **Please see your contract conditions for more details.**
- We give example cash-in values in your illustration.

What happens to the contract if I die?

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

What about tax?

- Contract holders may in certain circumstances be subject to currency or tax restrictions and/or legislation, which may affect their application or any benefits from the contract. We recommend that contract holders 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).
- Where a contract holds personalised assets it is regarded as a Personal Portfolio Bond (PPB) as defined by section 517 of the Income Tax (Trading and Other Income) Act 2005. Under the PPB regulations, an annual tax charge is imposed on UK residents. The PPB tax charge assumes a deemed gain of 15% of the lump-sum investment and the cumulative deemed gains for each year your contract has been in force. The tax charge is levied at the highest rate of tax you pay and top-slicing relief is not available.
- 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 – Capital Redemption – 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 contract, please complete the cancellation form within 30 days from the day you receive the cancellation notice 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 contract documents, full name and address and state that you wish to cancel your Reserve – Capital Redemption contract.
- If you don't cancel within 30 days, your contract will continue as set out in these key features and in the contract conditions, a copy of which can be obtained from your financial adviser.

How will I know how my contract 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 – Capital Redemption contract, 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:

**Service Improvement 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 **serviceimprovement@fpiom.com**

- Making a complaint will not affect your legal rights.

Contract conditions

- This leaflet sets out the main points about Reserve – Capital Redemption. It does not include all the definitions, exclusions, terms and conditions. If you would like a copy of the contract 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 – Capital Redemption contract 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 August 2014. 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 contract unless stated otherwise in your Reserve – Capital Redemption contract 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 contracts.

Client categorisation

- Friends Provident International has determined your client categorisation to be a 'professional client'. This entitles you to a level of regulatory protection which is greater than that afforded to eligible counterparties but less than that afforded to retail clients. You have the right to request that your classification be changed to either retail client or eligible counterparty by writing to us at Friends Provident International, Royal Court, Castletown, Isle of Man, British Isles, IM9 1RA.

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.jsp to view the full policy, or this can be provided on request.

Friends Provident International Limited: Registered and Head Office: Royal Court, Castletown, Isle of Man, British Isles, IM9 1RA. Telephone: +44 (0)1624 821212 | Fax: +44 (0)1624 824405 | Website: www.fpinternational.com. Isle of Man incorporated company number 11494C. Authorised and regulated by the Isle of Man Financial Services Authority. Provider of life assurance and investment products. Authorised by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request. **Singapore branch:** 4 Shenton Way, #11-04/06 SGX Centre 2, Singapore 068807. Telephone: +65 6320 1088 | Fax: +65 6327 4020 | Website: www.fpinternational.sg. Registered in Singapore No. T06FC6835J. Licensed by the Monetary Authority of Singapore to conduct life insurance business in Singapore. Member of the Life Insurance Association of Singapore. Member of the Singapore Financial Dispute Resolution Scheme. **Hong Kong branch:** 803, 8/F., One Kowloon, No.1 Wang Yuen Street, Kowloon Bay, Hong Kong. Telephone: +852 2524 2027 | Fax: +852 2868 4983 | Website: www.fpinternational.com.hk. Authorised by the Insurance Authority of Hong Kong to conduct long-term insurance business in Hong Kong. **Dubai branch:** PO Box 215113, Emaar Square, Building 6, Floor 5, Dubai, United Arab Emirates. Telephone: +9714 436 2800 | Fax: +9714 438 0144 | Website: www.fpinternational.ae. Registered in the United Arab Emirates with the UAE Insurance Authority as an insurance company. Registration date, 18 April 2007 (Registration No. 76). Registered with the Ministry of Economy as a foreign company to conduct life assurance and funds accumulation operations (Registration No. 2013). Friends Provident International is a registered trademark and trading name of Friends Provident International Limited.