

Contract conditions

Capital Redemption
Collective Investments

Capital Redemption Collective Investments

Contract conditions

Reserve is a capital redemption contract that is issued as a series of contracts. Each contract is a separate legal agreement issued by the Company and is based on an application by the contract holder named in the contract schedule.

The series of contracts are collectively referred to as the contract.

The completed application form, contract conditions (consisting of Part 1: Contract provisions, Part 2: Fund rules and Part 3: Definitions), the contract schedule and any endorsements issued by us shall be deemed to be incorporated into the contract.

For administrative purposes only, we treat all contracts issued under a single contract number in the same manner.

Important

This contract should be examined to ensure that it meets your requirements.

It should be kept in a safe place, as a duplicate cannot be issued.

Contract form number RCC4
September 2014

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Part 1: Contract provisions

1 Contract maturity date and contract guarantee

- 1.1 The **contract** will continue for a fixed term expiring on the **maturity date** unless terminated by full encashment under Part 1 provision 2 before that date. On the **maturity date** the **contract** will automatically terminate and **you** will be entitled to an amount equal to the higher of the **cash sum** or the **guaranteed maturity value**. **We** reserve the right to review the assets at year 25 onwards to ensure that the **contract** can achieve the **guaranteed maturity value**.
- 1.2 Subject to Part 1 provision 1.3, the **guaranteed maturity value** is equal to 200% of the **contribution** and is stated in the **contract schedule**.
- 1.3 If **you** make a withdrawal from the **contract** in accordance with Part 1 provision 3, the **guaranteed maturity value** will be reduced by an amount equal to the result of the following calculation:

$$A \times \frac{B}{C}$$

Where:

- A = The **guaranteed maturity value**, applicable at the time of the withdrawal.
- B = The **withdrawal sum**.
- C = The total **bid value** of the **contract** immediately before the withdrawal is taken.

2 Cashing in your contract

- 2.1 **You** may cash in **your contract** or individual **contracts** at any time by making a written request to **us** provided the **bid value** of the remaining **contracts**, if any, does not fall below the **minimum contract value**.
- 2.2 Should **you** request a cash-in of individual **contracts**, the **bid value** of the **contract** must be above the **minimum contract value** after completion of the cash-in, otherwise we reserve the right to reject the cash-in request.
- 2.3 **We** will pay the **cash sum** of the **contract** to **you** once **we** have received proof that **you** are the person legally entitled to the benefits payable under the **contract**.
- 2.4 Once the **cash sum** has been paid on the **contract** **we** will not accept any **additional contributions** nor will **we** pay any further benefits. The **contract** will terminate.

3 Withdrawals

- 3.1 This Part 1 provision 3 governs the terms upon which **you** can make a withdrawal of any kind from the **contract**.
- 3.2 In the case of any withdrawal, **you** must make a written request and the **withdrawal sum** must exceed the **minimum sum**.
- 3.3 Should **you** request a withdrawal, the **bid value** of the **contract** must be above the **minimum contract value** after completion of the withdrawal, otherwise **we** reserve the right to reject the withdrawal request.
- 3.4 **You** may make regular withdrawals from the **contract** provided the remaining **contract** value is above the **minimum contract value** after the completion of each withdrawal.
- 3.5 **We** will cancel **units** allocated to all **contracts** pro rata equal to the aggregate value of the **withdrawal sum** plus any money owing to **us**.
- 3.6 **You** may make regular withdrawals from the **contract** by making a written request to **us** provided the amount of each withdrawal exceeds the **minimum sum**. Regular withdrawals can be paid annually, half-yearly, quarterly or monthly. Regular withdrawals will normally commence one month after **we** have received the written request.
- 3.7 Where **you** have requested a regular withdrawal and **we** have subsequently increased the **minimum sum** resulting in **your** regular withdrawal falling below the **minimum sum**, **we** shall continue to pay **your** regular withdrawals until **you** change the regular withdrawal amount.
- 3.8 **We** will cancel all regular withdrawals if **we** receive notice of a change of ownership (or assignment) of the **contract**.

4 Contributions

- 4.1 The **contribution** which **you** have agreed to pay is stated in the **contract schedule**. On the day that **we** receive the **contribution** or the **commencement date**, whichever is the later, **we** will use the **investible contribution** to purchase **units** in the **contract fund** at the **bid price**. These **units** will be allocated pro rata to each **contract**.
- 4.2 If **you** pay all or part of the **contribution** by way of a transfer of assets into the **contract** **we** will arrange for the transfer to be undertaken on **your** behalf. **We** will be deemed to have received the **contribution** only when **we** receive notification that all transfers have been completed and any expected cash **contribution** has been received.

- 4.3 **You** may pay **additional contribution(s)** at any time provided such **additional contribution(s)** are greater than the **minimum additional contribution**.
- 4.4 **You** may pay **additional contribution(s)** at any time provided the subsequent **establishment charge period(s)** or **subsequent initial charge period(s)** expire before the **maturity date**.
- 4.5 In the event that **you** have made a withdrawal from **your contract** and then subsequently pay an **additional contribution**, **you** may opt to take advantage of the **reinvestment facility**. The following conditions apply to the **reinvestment facility**:
- 4.5.1 **you** must request the **reinvestment facility** at the time **you** pay an **additional contribution**;
- 4.5.2 the **additional contribution** is subject to the **minimum additional contribution** amount;
- 4.5.3 only **additional contributions** that are equal to or less than the previous withdrawals taken will benefit from the **reinvestment facility**;
- 4.5.4 where more than one withdrawal has been taken prior to payment of an **additional contribution**, the **reinvestment facility** will initially apply by reference to the earliest withdrawal and then to each subsequent withdrawal;
- 4.5.5 should the **additional contribution** or part of the **additional contribution** be less than the withdrawal to which it is referenced, the remainder of that withdrawal cannot be taken into account when determining whether any subsequent **additional contribution** is eligible to benefit from the **reinvestment facility**;
- 4.5.6 subject to Part 1 Provision 4.5.5, any withdrawal to which an **additional contribution** or part of an **additional contribution** has not previously been referenced will be taken into account when determining whether any subsequent **additional contribution** is eligible to benefit from the **reinvestment facility**;
- 4.5.7 should the **additional contribution** exceed all withdrawals to which it is applied, the excess will be subject to the additional **establishment charge** or additional **initial charge** and applied over the **subsequent establishment charge period** or the **subsequent initial charge period** set out in Part 1 provision 5.

5 Charges

- 5.1 **We** make a number of charges to cover the costs of administering **your contract**. All charges will be deducted from the **contract fund** and will be reflected in the value of the **units**. The charges that may apply to **your contract** are contained within this Part 1 provision 5. The charges specifically relating to **your contract** will depend on the charging structure that **you** have chosen and are stated in the **contract schedule** and in any **contract** endorsement issued by **us**, if **you** pay any **additional contribution(s)** into the **contract**.

The charging structure **you** choose will either be on an **establishment charge** basis or an **annual contract charge** basis. If **your** charging structure is on an **establishment charge** basis, the **establishment charge** mentioned in Part 1 provisions 5.2 and 5.3 applies to **your contract**. If **your** charging structure is on an **annual contract charge** basis, the **initial charge** mentioned in Part 1 provisions 5.2 and 5.3, and the **annual contract charge** mentioned in Part 1 provision 5.5 apply to **your contract**. All other charges mentioned in Part 1 provision 5 apply to **your contract** regardless of which charging structure **you** choose.

- 5.2 **We** will deduct an **establishment charge** or an **initial charge** equal to a percentage of the **contribution** as indicated in the **contract schedule** and taken either:
- at outset, or
 - on the next working day following each calendar quarter end, commencing on the first calendar quarter end after the **commencement date** until the end of the **establishment charge period** or **initial charge period**.
- 5.3 An additional **establishment charge** or additional **initial charge** will be applied to any **additional contribution(s)**. This will be equal to a percentage of the **additional contribution** as indicated in a **contract** endorsement and taken either:
- upon payment of the **additional contribution**, or
 - on the next working day following each calendar quarter end, commencing on the first calendar quarter end after the payment of the **additional contribution** until the end of the **subsequent establishment charge period** or **subsequent initial charge period**.

On receipt of each **additional contribution we** will issue **you** with a **contract** endorsement detailing:

- the amount of the **additional contribution**;
- the additional **establishment charge** or additional **initial charge** in respect of **your additional contribution**; and
- the **subsequent establishment charge period** or **subsequent initial charge period** in respect of the **additional contribution**.

5.4 An administration charge as indicated in the **contract schedule** will be taken on the next working day following each calendar quarter end, commencing on the first calendar quarter end after the **commencement date** until the end of the **contract**.

5.5 An **annual contract charge** as indicated in the **contract schedule** will be taken on the next working day following each calendar quarter end, commencing on the first calendar quarter end after the **commencement date** until the end of the **contract**.

5.6 A dealing charge equal to the amount set out in the **contract schedule** will be taken on the last working day of the calendar quarter in which **we** confirm completion of the deal. The dealing charge will apply each time **you** request **us** to buy or sell any underlying fund or assets.

5.7 An **ad hoc charge** will be payable for **additional services**.

5.8 There are a number of further deductions set out in Part 2 provision 5, which will affect the value of **your contract**.

5.9 If **you** request to cash in **we** will pay you the **cash sum**.

5.10 All charges applied to **your contract**, except the **establishment charge**, **initial charge** and **annual contract charge**, are taken as a sterling amount. If **your contract** is denominated in US dollars, **we** will make any currency conversion at the rate set by our **appointed actuary** 28 days prior to the end of December. Should **your contract** be denominated in any currency other than sterling or US dollars we shall make the currency conversion at the preceding **fixed quarterly conversion rate**. The dealing charge mentioned in Part 1 provision 5.6 will be calculated in sterling and will be converted to the currency of the transaction.

5.11 **We** reserve the right to make changes to, or apply new charges at any time. There are a number of circumstances that could lead to a change in our charges, as follows:

- Changes in our costs or expenses as a result of a change in the tax rules, legislation or regulation or the way such obligations are interpreted or applied in practice.
- Increases in our staff costs or overheads.

If **we** do this **we** will set the new charges at levels **we** reasonably believe are necessary to reflect the changed circumstances. **We** will try to give not less than 90 days' prior written notice of such variation to **you** at **your** last known address.

6 Contract termination

The **contract** will terminate and except for (c) below, the **contract** will be subject to the **early encashment charge**, where appropriate, on the earliest of the following events during the **establishment charge period**, **initial charge period**, **subsequent establishment charge period** or **subsequent initial charge period**:

- a) When the **bid value** of the **contract** falls below the **minimum contract value** required in order to maintain the **contract** in force.
- b) When the **cash sum** has been paid to **you** on encashing **your contract**.
- c) When **you** have exercised **your** right to cancel the **contract** and have received a refund of **your contribution** paid, less any market value adjustment, from **us**.

7 Additional provisions

7.1 Responsibility for Investment Choice

It is **your** responsibility to ensure that the investments **you** choose within **your contract** are suitable bearing in mind **your** investment objectives and attitude to risk.

We are not responsible for any loss suffered or reduction in the value of **your contract** arising from the performance, or fluctuations in the value of **your** investment. **We** do not have any responsibility for the investment management of investments held within the **contract** and **we** do not endorse any underlying fund or asset as a suitable investment. The **Company's** decision shall be final as to the acceptability of any investment into the **contract fund**.

7.2 Proof of Entitlement

Before **we** make any cash-in payment to **you**, **we** must be satisfied that the person(s) making the cash-in request has the right to do so. **We** will need reasonable proof and **you** may have to produce the **contract** documents.

7.3 Notices

If **you** change **your** address **you** should write and let **us** know. If **you** do not, and **we** write to **you** at the last address of which **we** have notice, **we** will, as far as the **contract** is concerned be treated as having written to **you** at the correct address.

If **you** have to write to **us**, **you** should write to **us** at Royal Court, Castletown, Isle of Man, IM9 1RA, British Isles, unless **we** have written to **you** to tell **you** otherwise.

7.4 Currency

7.4.1 All benefits under the **contract** are payable at our Registered Office by telegraphic transfer unless agreed otherwise. All sums payable by **us** to **you** under the **contract** will be paid in the **valuation currency** unless **you** request otherwise.

7.4.2 **We** will use the **valuation currency** to provide valuations of the **contract** to **you**.

7.4.3 Whenever it is necessary for the purposes of the **contract** to convert any amount denominated in one currency to any other currency, **we** will make the conversion at a rate of exchange available from our bankers at the time when the conversion is made.

7.4.4 If the **valuation currency** is replaced by another currency (for example where a country adopts another currency for economic reasons), the **valuation currency** will automatically change to the new currency. If, subsequently, the new currency is abandoned, the **valuation currency** shall revert to the respective currency specified before the conversion, or its equivalent.

7.5 Communications

7.5.1 **You** may instruct **us** by letter, fax or electronic mail. **We** may request **you** to confirm any instructions by letter but **we** may act upon instructions which **we** reasonably believe are valid. **We** reserve the right not to act upon any instructions until **we** have received confirmation by letter although lack of any such confirmation will not invalidate any instructions, which **we** have already acted upon. **We** shall not be required to act upon any instructions where **we** reasonably believe such action may involve any party in a breach of law, rule or regulation.

7.5.2 **We** will not be responsible for any loss, damage, fraud or misappropriation arising as a result of any error or breakdown in transmission or misunderstandings regarding the identity of the person or persons giving instructions by fax or electronic mail.

7.5.3 **You** promise to repay to **us** or reimburse **us** in respect of all losses, damages, liabilities, actions, proceedings, claims, costs and expenses including legal expenses arising from or in connection with **us** acting or failing to act on instructions given by **you** through fax or electronic mail.

7.6 Severability

If any provision of the **contract** (or part of a provision) is invalid or unenforceable to any extent or purpose, this will not affect the validity or enforceability for other purposes or the remaining provisions. The provision shall be deemed to be severed subject to any consequential amendments which may be necessary.

7.7 Contract variation

The **contract** between **you** and **us** consists of the completed application form, these **contract** conditions, the **contract schedule** and any endorsements.

- a) **We** reserve the right from time to time by giving **you** 90 days' written notice, so far as it is practicable to do so, to make such changes or additions to these **contract** conditions as are reasonably required to reflect:
- changes in applicable insurance, tax or other law, legislation, regulation or industry codes of practice which affect **your contract**;
 - changes in how a relevant stock exchange or other relevant investment or regulated markets may work which may impact on the operation of **your contract**;

- changes in investment/share dealing administration or other infrastructure facilities, systems or means of communication which impact on the provision and operation of **your contract** and which are outside of our control;
- changes to services relating to **your contract** supplied to **us** by third parties which are outside of our control or which require additional expenditure by **us**;
- changes in circumstances or the happening of any event which is outside of our control which means that the **contract's** conditions operate in a way which is unfair to **you** or our other **contract holders**;
- changes resulting from the introduction of new systems, services, and changes in technology outside of our control;
- changes in circumstances or the happening of any event which is outside of our control and which makes it impossible, impracticable or economically unviable for **us** not to make a change to the **contract** conditions, provided that any such change is not unfair to **you** or our other **contract holders**;
- changes required to remedy obvious errors.

- b) **We** reserve the right from time to time to make changes or additions to these **contract** conditions for any other reason, which may or may not have a detrimental effect on **you**, and which are not set out in (a) above.

If **you** suffer a material detriment as a result of a change or addition under this clause (b) **you** may notify **us** and **you** will be free to encash **your contract**. **We** will waive any **early encashment charge** provided that the transfer/encashment is made within 90 days (or such longer period as may be reasonably necessary in the circumstances) from the date on which **we** gave **you** written notice of the change or addition.

7.8 Non-waiver

If at any time **we** fail to enforce any of the obligations or conditions contained in the **contract** this shall not be construed as a waiver of our rights at any other time to enforce each and every obligation and condition contained in this **contract**.

7.9 Inflation

Our **appointed actuary** increases the fixed sterling charges once a year, 28 days before the end of December, in line with the Retail Prices Index issued by the Isle of Man Government or any replacement Index.

The fixed US dollar charges are based on the sterling charges, and are set by the **appointed actuary** annually, 28 days before the end of December.

The fixed amount charges in currencies other than sterling and US dollars are set by the **appointed actuary** four times each year, 28 days prior to each calendar quarter end. The amounts are based on the sterling charges but can vary from quarter to quarter depending on movements in exchange rates.

7.10 Governing law

The **contract** shall be governed and construed in accordance with the laws of the Isle of Man.

Part 2: Fund rules

1 Contract fund

- 1.1 **We** have created a **contract fund** that is used to determine the benefits payable to **you** under the **contract** shown on the **contract schedule**. **Units** are notionally allocated to the **contract** solely for the purpose of calculating the benefits, which **we** have to pay to **you** under the **contract**.

- 1.2 **We** are the absolute legal and beneficial owner of all the underlying funds or assets that relate to the **contract fund**. **You** have no rights or entitlements to these underlying funds or assets.

Consequently, **you** should be aware that specific investor protection and compensation schemes that may exist in relation to collective investments and deposit accounts are unlikely to apply in the event of failure of such an investment held within capital redemption contracts such as Reserve.

- 1.3 **You** will choose the investments that relate to the **contract fund**, from the options available to **you**, which are listed in Part 2 provision 2. Any general transaction accounts opened by **us** in accordance with Part 2 provision 3 will form part of the **contract fund**. These are separate and identifiable parts of our **long-term business fund**.

- 1.4 **We** may, as a result of:

- the closure of, or suspension of dealings on, a relevant stock exchange, or

- any period when underlying funds or assets cannot be valued or sold or it is impracticable to do so or they cannot be sold without a significant reduction in value, or circumstances outside of our control such as the suspension of dealing in an asset held by the **contract fund**, or
- a breakdown in any system of communication (including computer systems) used in determining the price or value of the underlying assets of a fund or the current prices or values on any market or stock exchange,

at any time suspend temporarily, or delay for such period as may reasonably be required, the valuation, allocation, switching, encashment or any other dealings with the **units** in or valuation of the **contract fund**.

We may, as a result of the suspension or delay referred to above, delay payment of benefits arising on encashment or withdrawal. **We** will not have to pay interest for any delay in payments to **you** in these circumstances.

If after six months the suspension or delay referred to above is still in place **you** have the option to request **us** to transfer the ownership of the relevant underlying funds or assets (where such transfer of assets is possible) into **your** name. **We** will not have to pay interest for any delay in any transactions within the **contract fund** in these circumstances and **your contract** will end once the relevant underlying funds or assets have been transferred into **your** name and any balance making up the **cash sum** has been paid to **you**. Where such assets form the entire **contract fund**, or where the value of **your contract** falls below the **minimum contract value** after the transfer of assets into **your** name, any residual value will be paid to **you** and the **contract** will end.

2 Investment options

- 2.1 A UK-authorized unit trust within the meaning of section 468 of the Income & Corporation Taxes Act 1988 (ICTA) 1988 of the United Kingdom and any subsequent amendments thereof.
- 2.2 A UK investment trust, excluding warrants, within the meaning of section 842 ICTA 1988 and any subsequent amendments thereof.
- 2.3 An open-ended investment company (OEIC) within the meaning of section 236 of the UK Financial Services & Markets Act 2000 and any subsequent amendments thereof.

2.4 An interest in an overseas Collective Investment Scheme (as defined in section 235 of the UK Financial Services and Markets Act 2000 and any subsequent amendments thereof) that is structured as:

- an OEIC;
- a unit trust; or
- any other arrangement which creates rights in the nature of co-ownership.

2.5 Hedge Funds and Exchange Traded Funds (ETFs) are permitted provided they comply with one of the structures above.

2.6 Cash, including bank and building society deposits.

2.7 **We** reserve the right to amend investment options contained in Part 2 provisions 2.1 to 2.6 at any time, providing that at all times any such amendments maintain the **contract** as a contract which is not a personal portfolio bond in accordance with section 517 of the Income Tax (Trading and Other Income) Act 2005 of the United Kingdom, and any subsequent amendments thereof. **We** also reserve the right to refuse any asset at our discretion.

3 General transaction accounts

- 3.1 **We** shall open one or more general transaction accounts in connection with the **contract**. These accounts will operate as cash accounts. Any transactions such as **contributions** to be invested, charges to be deducted and monies arising following the cancellation of **units** will pass through a general transaction account denominated in the currency in which the transaction is carried out.
- 3.2 The value of the general transaction accounts will be reflected in the **bid value** of notional **units** held within the **contract fund**.
- 3.3 If any particular general transaction account is overdrawn **we** will levy interest at the rate of 2% above the three month London Interbank Offered Rate (LIBOR) for the appropriate currency, where available. **We** will update the three month LIBOR that **we** use for this purpose monthly, basing it on the LIBOR available on the last working day of each month.

- 3.4 A credit balance in a general transaction account will earn credit interest at a rate not exceeding the three month LIBOR for the currency. The exact rate of credit interest earned will depend on the size of the balance. Interest (whether debit or credit) will accrue daily but will be deducted from or added to the general transaction accounts on 31 March, 30 June, 30 September and 31 December or the next working day. Where LIBOR is not available another appropriate internationally recognised rate chosen by our **appointed actuary** will be used.
- 3.5 The general transaction accounts cannot be used for the purpose of realising a gain on disposal of currency.
- 3.6 **We** reserve the right in our absolute discretion to:
- a) refuse or limit the use of an overdraft;
 - b) realise assets held within the **contract** to clear overdrawn balances in any general transaction account without prior consent or notice. Any asset disposal will take into consideration the liquidity of the underlying funds or assets but, where possible, will follow the order of:
 - 1 Any positive balances in other general transaction accounts
 - 2 Any positive balances in other deposit accounts
 - 3 Units in collective investment funds
 - 4 Other assets as determined by **us**.
 - c) undertake without prior consent or notice currency conversions across all general transaction accounts either to prevent or clear an overdraft, regardless of the overdraft amount.

4 Contract fund valuations and pricing

- 4.1 The **contract fund** will be valued at the end of each calendar quarter or the next working day. The **contract fund** may also be valued at other times such as when **you** request a withdrawal, on the **commencement date** and when the **contract** is terminated.
- 4.2 Our **appointed actuary** will determine the value of the **contract fund** on a **valuation day** by reference to the market value of the underlying funds or assets relating to that **contract fund**. The market value used will be:
- 4.2.1 where the underlying fund or asset is a unit trust, mutual fund, or other pooled investment **we** will use the bid price most recently available from the managers of the scheme on the **valuation day**. **We** reserve the right to use the actual price obtained when acquiring or selling the asset;

- 4.2.2 where the underlying fund or assets are securities quoted on a recognised stock exchange, the market dealing prices will be determined by reference to the recognised official list of market dealing prices published by that stock exchange on the relevant day;
- 4.2.3 where the underlying fund or assets do not come within Part 2 provisions 4.2.1 or 4.2.2, **we** will obtain such professional advice to assist **us** to value the asset as **we** reasonably deem necessary.
- 4.3 On a **valuation day**, **we** will calculate the **bid value** of the **contract fund** by reference to the price at which **we** have been able to dispose of underlying funds or assets or the price at which **we** would reasonably expect to be able to dispose of underlying funds or assets held within the **contract fund**.

5 Additions and deductions

- 5.1 If any of the assets relating to the **contract fund** generate income such as dividends, interest or rent, that income will be added to the relevant general transaction account and will be reflected in the **bid value** of the notional **units** in the **contract fund**.
- 5.2 **We** will be entitled to take from each **contract fund** a number of expenses as follows:
- 5.2.1 any charges or fees which **we** are entitled to make by virtue of Part 1 provision 5 of these conditions;
- 5.2.2 any costs, expenses and charges incurred by **us** in acquiring, managing, maintaining, valuing or disposing of the assets relating to the **contract fund**;
- 5.2.3 any expense, charge, tax, levy or fiscal enforcement not taken into account elsewhere which our **appointed actuary** reasonably considers is a liability relating to that **contract fund**.
- 5.3 Any tax liability will be calculated as though the relevant fund makes up the whole of our **long-term business fund**, without allowing for expenses.

6 Finality of the Company's decision

The **Company's** decision shall be final as to the acceptability of any investment into the **contract fund**. **We** shall have particular regard to the suitability of an investment bearing in mind the **guaranteed maturity value**. **We** will conduct a review of the **contract** on the twenty-fifth anniversary of the **commencement date** and may at that time or at any other time thereafter further restrict the investments which **you** can select.

Part 3: Definitions

The words in the contract shall have the meaning as shown below:

Additional contribution(s) means a contribution(s) paid by you after the commencement date and stated in an endorsement issued by us.

Additional services means any administrative actions performed by us including:

- 1 request for one-off valuation
- 2 change of discretionary fund manager
- 3 change of investment adviser
- 4 switch from non-discretionary managed to discretionary managed and vice versa.

Ad hoc charge means a charge we make for performing additional services. The amount of such charge is available from our head office on request.

Annual contract charge is an annual charge we levy on a contract that is operated on an annual contract charge basis.

Appointed actuary means the person appointed as such by us.

Bid price means the price at which units in the contract fund will be allocated, cancelled or sold.

Bid value means the bid price value of the units in the contract fund.

Cash sum means the bid value of the units allocated to each individual contract within the contract on the next working day after we have received the proofs referred to in Part 1 provision 7.2 (and having finished processing the encashment instruction) less any establishment charges, additional establishment charges, initial charges or additional initial charges which would have been payable if the contract had continued until the end of the establishment charge period, subsequent establishment charge period(s), initial charge period or subsequent initial charge period(s) where appropriate.

Commencement date means the date on which the contract starts and is shown in the contract schedule.

Company means Friends Provident International Limited.

Contract means the collective name given to the collection of contracts issued under the same number.

Contract fund means the fund used to determine the benefits payable under this contract and the other contracts issued under the contract number stated on the contract schedule but not any other contracts.

Contract holder means the person shown in the contract schedule as the contract holder.

Contract schedule means the contract schedule first issued with the contract and any revised contract schedule issued due to alteration in the conditions of the contract. The contract schedule states the details specific to your contract.

Contribution means the contribution shown in the contract schedule.

Early encashment charge means any outstanding establishment charge or initial charge included in the calculation of the cash sum.

Establishment charge means the charge we levy against a contract that operates on an establishment charge basis.

Establishment charge period means the period over which the establishment charge will be paid, from the commencement date for the period that is indicated in the contract schedule.

Fixed quarterly conversion rate means the mid market spot rate published by Reuters on the 3 March, 2 June, 2 September and 3 December for respective currencies.

Guaranteed maturity value means the minimum amount payable on the maturity date.

Initial charge means the charge which we levy against a contract that operates on an annual contract charge basis.

Initial charge period means the period over which the initial charge will be paid, from the commencement date for the period that is indicated in the contract schedule.

Investible contribution means that percentage of the contribution or additional contribution(s) shown in the contract schedule or endorsement as appropriate.

Long-term business fund means the fund we are required to set up and maintain under Isle of Man law to hold the underlying funds or assets linked to the contracts we issue. This restricts underlying funds and assets to being used only for the purposes of meeting liabilities under our contracts and policies. Under Isle of Man law, we have to keep our long-term business fund separate from our own general business accounts.

Maturity date means the ninety-ninth anniversary of the commencement date as stipulated in the contract schedule.

Minimum additional contribution means the minimum amount set by us at the time the additional contribution is paid.

Minimum contract value means the greater of: (a) 10% of all contributions or additional contributions received by us which is still within its contract establishment charge period, subsequent establishment charge period(s), initial charge period or subsequent initial charge period(s) or (b) £10,000 or currency equivalent.

Minimum sum means £250 or currency equivalent.

Reinvestment facility means the facility whereby you may reinvest sums of money previously withdrawn from your contract without payment of an additional establishment charge or additional initial charge.

Subsequent establishment charge period(s) means the period(s) over which the establishment charge(s) on each additional contribution(s) will be paid as stated in an endorsement issued by us if applicable.

Subsequent initial charge period(s) means the period(s) over which the initial charge(s) on each additional contribution(s) will be paid as stated in an endorsement issued by us if applicable.

Units means the portions of equal value into which a contract fund is divided.

Valuation currency means the valuation currency specified in the contract schedule being the currency in which we will value the contract.

Valuation day means the day when we value a contract fund. The contract fund will be valued at the end of each calendar quarter or the next working day.

We and **Us** means Friends Provident International Limited

Withdrawal sum means the single or the regular sum which you have asked us to withdraw from the contract.

You and **your** means the person or persons who own the contract.

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.