

DETAILS OF YOUR INTERNATIONAL INVESTMENT BOND - REDEMPTION

POLICIES (REF IIBR)
NOT FOR USE IN THE UK,
HONG KONG OR SINGAPORE

SECTION	PAGE	SECTION	PAGE
PART A - PRELIMINARY CONDITIONS WHICH APPLY TO THE INTERNATIONAL INVESTMENT BOND - REDEMPTION			
1. The International Investment Bond - Redemption contract	3	12. How much of a Premium is allocated to Units and how are Assets bought?	19
2. Dictionary	3	13. How can Assets be chosen and changed?	20
3. How to make an offer to us, applying for an Online Service Account and our acceptance	6	14. When and how is the Portfolio Fund valued?	22
4. What are your commitments and when does the contract start?	9	15. Selling Assets to pay for any debit balance in the Transaction Account	24
5. What benefit is payable on maturity?	11	16. Deferral and declinature of transactions	25
6. What are the Portfolio Fund and Units, and who owns them?	12	17. Can you get money out of your Policy?	25
7. Appointment of a Fund Adviser or Discretionary Asset Manager	13	18. What are the Portfolio Fund Charges and how are they paid?	31
8. What types of Asset can be included in the Portfolio Fund?	15	19. Portfolio Fund Charges	31
9. Closure, merger or other termination of an External Fund	17	20. Third-party Agent Charges and other charges	35
10. Funds with special conditions	17	21. Other charges - direct and indirect expenses, taxes and associated currency transactions	36
11. Investment risks and responsibilities	18	22. Joint ownership	36
		23. Lead Policyholder	37
		24. Online Service	37
		25. How to let us know you want to use Policy options and communications generally	38
		26. How will we communicate with you?	40



This document is effective for International Investment Bond - Redemption contracts which start on or after 7 February 2022.

This document was last reviewed in October 2021. Please confirm with your intermediary that this is the most up-to-date document for your product or servicing needs.

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Calls may be monitored and recorded for training purposes and to avoid misunderstandings.

Utmost International Isle of Man Limited is registered in the Isle of Man under number 24916C.

Registered Office: King Edward Bay House, King Edward Road, Onchan, Isle of Man, IM99 1NU, British Isles.

Tel: +44 (0)1624 655 555 Fax: +44 (0)1624 611 715. Licensed by the Isle of Man Financial Services Authority.

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SECTION	PAGE
27. Policy Currency and where benefits are payable	41
28. Right to vary the terms because of changes to law and taxation	41
29. Relevant law and jurisdiction for legal proceedings	41
30. Anti-money laundering and countering terrorist financing	41
31. Information technology failure and force majeure	42
32. Assigning your Policy to someone else	42

SECTION	PAGE
33. Third-party rights	42
34. Change of country of residence	42
35. Complaints procedure	43
36. Appointment of Intermediary	43
37. Can you change your mind and cancel the contract?	43
38. Policyholder tax liability and reporting	44

TERMS APPLICABLE TO THE INTERNATIONAL INVESTMENT BOND - REDEMPTION (REF IIBR)

PART A - PRELIMINARY CONDITIONS WHICH APPLY TO THE INTERNATIONAL INVESTMENT BOND - REDEMPTION

1. THE INTERNATIONAL INVESTMENT BOND - REDEMPTION CONTRACT

1.1 The International Investment Bond - Redemption is an investment linked redemption policy. It provides benefits on the maturity of the Policy as described in Term 5.1.

1.1.1 This document called the **'Policy Terms'** contains full details of the Policy. It spells out the commitments and rights of both of us as the parties to the contract in this and the following sections (each called a 'Term').

1.2 The Terms applicable to your contract are:

1.2.1 Part A the Preliminary Conditions which apply to the International Investment Bond - Redemption; and

1.2.2 Part B the General Conditions which apply to the International Investment Bond - Redemption.

1.3 Your International Investment Bond - Redemption is issued as a number of separate Policies, known as a **'Cluster of Policies'** each representing an equal proportion of your International Investment Bond - Redemption.

You may specify in your application the number of Policies to issue. These Terms apply equally to each of the Policies. If you have not specified the number of Policies to issue, 12 Policies will be issued.

For our administrative purposes we may say that all the Policies are dealt with in the same way for some transactions.

1.4 No Term can be varied or waived in any way unless we evidence it by an endorsement or written communication signed by one of our authorised officials. If we have by mistake or deliberately waived the enforcement of a Term on an occasion, this does not constitute a waiver of our respective rights and obligations at any future time.

2. DICTIONARY

Some words used in the Terms have a special meaning and to help you, we explain those which appear most often in Term 2.2. We show words with a special meaning in Term 2.2 in bold type. We explain other words which appear less often where they first appear in bold type. Any defined words (other than personal pronouns) are shown with the first letter capitalised.

2.1 **We, us** and **our** mean Utmost International Isle of Man Limited. **You, your** and the **Policyholder** mean the other party to this agreement when the contract is made. It also means a person who becomes the Policyholder in the future if ownership of the Policy transfers to them or if they become the legal representative to the estate of the relevant Policyholder after they die.

2.2 **Actuary**

Our officer who has responsibilities concerning our sound and prudent financial management. They also have a professional duty to consider the interests of all of our policyholders.

Allocated Units or Units

The notional shares in the Assets of the Portfolio Fund as explained in Term 6. We allocate them when you pay a Premium.

Allocation Amount

The Premium less any reduction or plus any increase in the Premium amount to reflect an Allocation Percentage of less than, more than or equal to 100%.

Allocation Percentage

The percentage of the Premium used to calculate the number of Units allocated to your Policy each time you pay a Premium.

Assets

The various types of Asset described in Term 8, which may be Assets of the Portfolio Fund. The Assets are available from either the Multi-Asset Portfolios range or the SelfSelect range.

Charge Deduction Asset

An Asset that will be used to pay Portfolio Fund Charges and any other outstanding debits to the Transaction Account held with us as described in Term 15. Where you have chosen Assets from the Multi-Asset Portfolios range, the highest value Asset within the Portfolio Fund except the Transaction Account will be regarded as the Charge Deduction Asset.

Claimant

The person with a legal right to receive payment of the Maturity Benefit. As examples, this person may be a surviving Policyholder (including a corporate entity or trustees of a trust), or the legal personal representative acting on behalf of the estate of the deceased Policyholder. These examples are illustrative and not exhaustive.

Contract Date

The date the contract for your Policy started. We confirm the Contract Date to you in our acceptance letter which will be sent to your Online Service Account where you have one, by e-mail or by post.

Deduction Date

The date we deduct Portfolio Fund Charges from the Transaction Account held with us. This will be on the last Working Day of the second month following each Quarterly Date.

Discretionary Asset Manager

A person or firm appointed by us to provide investment services in respect of our Assets linked to your Policy, following your request to us to appoint them. Discretionary Asset Manager is sometimes known in other documents as the 'Discretionary Investment Manager.'

External Fund

An investment fund established by an investment management organisation as a collective investment scheme for investors, and which falls within property categories 2 to 7 of section 520 of the UK Income Tax, Trading and Other Income Act 2005 or any successor legislation, being respectively UK authorised unit trusts, UK authorised investment trusts, UK open ended investment companies (OEICs), or similar interests in external funds taking effect under law of a territory outside the UK and in addition policies and contracts issued by life assurance companies.

Fund Adviser

A person or firm appointed by you that provides investment advice to you, or is able to act on your behalf under a discretionary mandate, and gives investment instructions to us and satisfies the requirements of Term 7.1.2.

Fund Adviser Fee

The amount you agree to pay to your Fund Adviser on a regular basis in return for ongoing investment services in respect of your Policy. This is payable under a legal agreement between you and the Fund Adviser and is regarded as a part surrender.

Office

Our Administration Centre: PO Box 159, King Edward Bay House, King Edward Road, Onchan, Isle of Man, IM99 1NU, British Isles.

Intermediary

The person or firm that acts on your behalf when you are considering whether to apply for your Policy, during the process of applying for your Policy and while you own your Policy. Intermediary is sometimes known in other documents or on the Online Service as the 'Financial Adviser'.

Investment Mandate

Details of the aims, objectives and risk tolerance as well as the anticipated time horizon for the Assets of the Portfolio Fund. This will help the Discretionary Asset Manager to provide a suitable long-term investment strategy for these Assets.

Lead Policyholder

An individual who is authorised to carry out certain Policy Transactions on behalf of all Policyholders or if the Policyholder is a corporate entity, on behalf of that corporate entity or if the Policyholders are trustees, on behalf of all the trustees. This may be through the Online Service or other method of communication which is acceptable to us. Communications will be sent to the Lead Policyholder.

Market Timing

A dealing or fund switching strategy with the intention of anticipating short-term changes in the market price of units or shares. This also includes situations where the Policyholder, Fund Adviser or Discretionary Asset Manager seeks to exploit a fund whose price does not take account of the most recently available data, and where the Policyholder, Fund Adviser or the Discretionary Asset Manager makes use of a short-term trading strategy to take advantage of anticipated future market movements.

Maturity Benefit

The amount payable on the Maturity Date.

Maturity Date

The date the Policy will mature which will be 99 years after the Contract Date. For example, if the Contract Date is 1 July 2019, the Maturity Date will be 30 June 2118.

Nominated Asset

An Asset or number of Assets which is nominated to sell for the purpose of providing payment of part surrender benefits including Regular Withdrawals. Where you have chosen Assets from the Multi-Asset Portfolios range, all of the Assets within the Portfolio Fund except the Transaction Account will be regarded as the Nominated Asset.

Nominated Asset for Ongoing Fees

The same Asset you have selected for the Charge Deduction Asset, where you have selected one. Where you have chosen Assets from the Multi-Asset Portfolios range, the highest value Asset within the Portfolio Fund except the Transaction Account will be regarded as the Nominated Asset for Ongoing Fees.

Online Service or Online Service Account

The secure Online Service also known as Wealth Interactive. The Online Services are provided by Utmost Services Limited to you through the internet. You may view, access and manage your Policy together with additional functionality we may make available from time to time. Sometimes we may allow you to view your Policy and also have the ability to carry out certain Policy Transactions. The ability to manage your Policy through the Online Service may be limited.

Online Service Agreement

The document which sets out the legal basis of your agreement with Utmost Services Limited for access and use of the Online Services. This document is currently titled 'Wealth Interactive Policyholder Online Service Terms.'

Policy

One or more Policies we issue to you following acceptance of your application for your International Investment Bond Redemption, called collectively a '**Cluster of Policies**'.

Policy Anniversary

Any anniversary of the Contract Date.

Policy Currency

The currency shown in the Schedule in which valuations, as explained in Term 14.4 and Term 14.5, are reported, and the currency used when benefits are paid.

Policy Transactions

After the Contract Date for your Policy, a notice, instruction or other request we will allow you to send us. These include but are not limited to submitting Asset dealing instructions and changing Policy details including bank details.

Portfolio Fund Charges

The various charges for managing the Portfolio Fund and a Policy as explained in Term 19 and the Charges Schedule.

Premium

Any payment you agree to pay to your Policy and we accept. We may agree to accept a 'Lump Sum Premium' which means a single lump sum amount either at the Contract Date or at any later date or a 'Regular Premium' which means a regular amount which may be paid after the Contract Date.

Premium Acceptance Date

This will be the Date that the Premium is credited to the Transaction Account.

Quarterly Date

The last Working Day of March, June, September and December being the normal quarterly Valuation Dates for the Portfolio Fund.

Quarterly Valuations

The valuation statement we provide to you within a reasonable period following each Quarterly Date.

Regular Withdrawals

Part surrenders that you request for a fixed monetary amount or a percentage of the Premiums paid, which are payable to you at regular intervals until the Policy is terminated.

Regular Withdrawal Due Date

The date you request, in your instruction to us, that we pay your first Regular Withdrawal and then on the same day each month, quarter, four months, six months or year, depending on the Regular Withdrawal frequency you have chosen and available at that time. Where a Regular Withdrawal Due Date is not a Working Day, it will be the last Working Day before the Regular Withdrawal Due Date.

Regular Withdrawals for Fund Adviser Fees

Part surrenders you request us to pay to your Fund Adviser which are payable quarterly.

Schedule

The Schedule issued by us for your Policy. It shows the Policy number and the personal details about your Policy. For our administrative convenience we may issue one Schedule for a Cluster of Policies showing all of the Policy numbers.

Security Details

The password, username and any other requirements, procedures, methods, measures, or devices we may introduce in the future to enable secure electronic communication.

Surrender Value

The value of the Allocated Units at the Selling Price less any outstanding charges including any outstanding Portfolio Fund Charges and Third-Party Agent Charges.

Third-Party Agent Charges

Charges for providing services to the Portfolio Fund by third parties.

Transaction Accounts

Accounts kept by us to simplify buying and selling of Assets for your Portfolio Fund. They are also used for payment of benefits and Portfolio Fund and Third-Party Agent Charges.

Valuation Date

A Working Day on which we value the Assets of the Portfolio Fund to calculate the price of notional Units. The 'Final Valuation Date' is the date that we calculate the final value, for example, when you cash in (surrender) one or more of your Policies. Some Portfolio Fund Charges and Other Charges will apply on the Final Valuation Date when all Policies are cashed in, for example when you fully cash in your bond we refer to this as the 'Final Plan Valuation Date'.

Valuation Period

The period up to the relevant Valuation Date since the Contract Date or the last Valuation Date.

Working Day

This is a day on which we are open for business at our Office.

2.3 If the meaning of a word is explained in the singular in Term 2.2 (or elsewhere in the Terms in bold type) then it includes the plural of that word and the converse and the masculine or the feminine gender includes all genders.

3. HOW TO MAKE AN OFFER TO US, APPLYING FOR AN ONLINE SERVICE ACCOUNT AND OUR ACCEPTANCE

3.1 The International Investment Bond - Redemption offers you the option to carry out certain Policy Transactions through our Online Service.

To facilitate this at the time you apply for your International Investment Bond - Redemption, it is a requirement that your e-mail address is included in your application form and that you have a mobile telephone or other device we may specify to enable secure electronic communication.

3.1.1 If you apply for this Policy as described in Term 3.2 or 3.3, you agree that:

- a. you will apply for and sign onto your Online Service Account;
- b. Policy Transactions can be made by you using your Online Service Account, where our Online Service allows; and
- c. Communications from us can be through your Online Service Account where our Online Service allows.

3.1.2 If you apply for this Policy as described in Term 3.4 or 3.5, you do not have to apply for an Online Service Account.

3.1.3 You may apply for and sign onto your Online Service Account at a later date, at which point Terms 3.1.1(b) and 3.1.1(c) will apply.

- 3.2 Offer by electronic means using your Online Service Account (Where you must review and approve the information provided by your Intermediary before the application for a Policy is submitted by you to us)
- 3.2.1 Your Intermediary will complete your application form on your behalf. This will be sent to your Online Service Account to review the information your Intermediary has provided. Your approval of this information will result in the application being submitted to us.
- 3.2.2 If there is more than one applicant for a Policy, each applicant must approve the information your Intermediary has provided. The application will be submitted to us once all the applicants have approved the information through their Online Service Account.
- 3.2.3 Your evidence of identity and other information must be uploaded electronically by your Intermediary and sent to us, with your application, through the Online Service.
- 3.2.4 If any applicant does not approve the information, you can raise any questions you have with your Intermediary. Your questions can be added to the application and sent back to your Intermediary through the Online Service Account. This action will mean that your application will not be sent to us and therefore will not have been received by us at this stage.
- 3.2.5 Your application will not be deemed to have been received by us until all applicants have confirmed and approved the application.
- 3.2.6 Our receipt of your application will be confirmed by e-mail to your Intermediary.
- 3.3 Offer made by your Intermediary by electronic means using the Online Service (Where you agree that your Intermediary can submit an application for a Policy on your behalf to us)
- 3.3.1 This option is only available where you have appointed your Intermediary to act on your behalf to submit an application for a Policy to us.
- a. Where there is more than one applicant, this option is only available where all applicants have agreed that the Intermediary can act on their behalf.
- 3.3.2 Your Intermediary will complete your application form on your behalf and submit this to us. The application will not be submitted to you for approval. We will rely on the information provided by your Intermediary and any error in the information provided is your responsibility as you have appointed your Intermediary to act on your behalf to submit the application for a Policy to us.
- a. You or your Intermediary must inform us immediately if you become aware of any errors in the information provided and this may lead to a situation where we need to terminate your contract due to errors in the information provided. Where the Policy is terminated, we will pay the lesser of: (i) the Surrender Value or (ii) a refund of the Premiums.
- 3.3.3 Certified evidence of your identity and other information (including the 'Customer Sample Signature' form and confirmation of your agreement to any fees to be paid to your Intermediary) must be uploaded electronically by your Intermediary and will be sent to us, by your Intermediary, through the Online Service.
- 3.3.4 Our receipt of your application will be confirmed by e-mail to your Intermediary.

- 3.4 Offer by signing and uploading a copy of the online application form
 - 3.4.1 We may allow your Intermediary to submit your application through the Online Service by uploading a copy of the online application that has been signed by you.
 - 3.4.2 Your certified identity and other information must be uploaded electronically by your Intermediary and sent to us, with your application, through the Online Service.
 - 3.4.3 Your application will be deemed to be received by us once uploaded by your Intermediary and submitted to us.
 - 3.4.4 The receipt of your application will be confirmed by e-mail to your Intermediary.
 - 3.4.5 If we agree to allow this form of application you will still require an Online Service Account in order to carry out Policy Transactions.
- 3.5 Offer by signing a paper version of the application form
 - 3.5.1 We may allow your Intermediary to submit your paper application through the post or by electronic communication acceptable to us. This should be sent to us at our Office.
 - 3.5.2 Our receipt of your application at our Office will be confirmed by e-mail to your Intermediary.
 - 3.5.3 Where you have an Online Service Account, we will communicate with you through your Online Service Account where our Online Service allows.
 - a. If you want us to communicate with you by post you must request this in writing.
- 3.6 Outstanding information or payment or changing the information you have given us
 - 3.6.1 If we need further information from you to enable us to consider your application or we have not received your Premium then we will request this information or payment of the Premium from your Intermediary, usually through the Online Service, or by e-mail or telephone.
 - 3.6.2 You must inform us without delay if your residency or citizenship status changes or if there is any other material change to the information you and/or your Intermediary have given us as this may affect the services we provide. You must provide us with any information we reasonably require about your identity and/or your business affairs. In addition, you must also inform us without delay if your contact details change in the future, for example if your e-mail address, mobile telephone number, landline telephone number or postal address changes, so that we can update our records and, where necessary, communicate with you as explained in Term 26.

3.7 Acceptance by us of your offer

3.7.1 If we accept your application and we know your Premium has been credited to our bank account then we will communicate our acceptance by sending our acceptance letter to the Online Service Account if you have one and we will confirm by e-mail as stated in 3.7.2 (a) that the information is available for you to download, or by post. The contract will start within five Working Days of the date we receive your application, premium and any such information we require to consider your application.

3.7.2 You will either receive:

- a. an e-mail to the e-mail address included in your application form if you applied for an Online Service Account. The e-mail will confirm that your acceptance letter, Policy Terms, Schedule and Charges Schedule and any other relevant information are available for you to download from your Online Service Account; or
- b. your acceptance letter, Policy Terms, Schedule and Charges Schedule by post. We may also post or e-mail your acceptance letter, Policy Terms, Schedule and Charges Schedule if you have not activated your Online Service Account.

3.7.3 If your application was made to us as described in Term 3.3, you will be sent an email as described in Term 3.7.2 (a) to the email address that your Intermediary has provided on the application.

- a. It is your responsibility to ensure that you apply for and sign onto your Online Service Account to review the acceptance letter, Policy Terms, Schedule, and Charges Schedule and any other relevant information to ensure they are correct.

3.7.4 We may refuse your application or application for additional Lump Sum Premium or Regular Premium without having to provide a reason.

4. WHAT ARE YOUR COMMITMENTS AND WHEN DOES THE CONTRACT START?

4.1 You agree to pay us a Lump Sum Premium in return for the benefits we provide under the Policy.

4.2 If we accept your application in accordance with Term 3.7.1. then we will credit your Lump Sum Premium, net of any tax or duty on your Lump Sum Premium, to the Transaction Account held with us on the day we accept your application. This will be the Contract Date. The Policy will have no value and will not pay any benefit until the Contract Date.

4.2.1 If you have chosen a Policy Currency which is different to the currency in which your Premium is paid, you should be aware that we will not convert your Premium. A notional currency conversion to your Policy Currency will be required which is purely for your valuation purposes. You could be exposed to exchange rate fluctuations at a later date when your Premium is converted to another currency. All notional conversions will be at the mid-market rate on the Working Day before the Working Day that we become aware that the Premium is credited to our bank account.

4.3 Your Intermediary, on your behalf, may offer to pay additional Lump Sum Premiums or Regular Premiums by completing an application through the Online Service subject to all the provisions of Term 3.2, Term 3.3, or Term 3.4 above or in paper form subject to the provisions in Term 3.5. You may offer to pay us additional Lump Sum Premiums or Regular Premiums by completing an application in paper form subject to the provisions of Term 3.5.

4.3.1 We may agree to accept your offer providing the additional Lump Sum Premium or Regular Premiums is equal to or more than our minimum published Premium level at the time for a Policy or Cluster of Policies.

4.3.2 If we accept your application and we know your additional Lump Sum Premium or Regular Premium has been credited to our bank account then we will communicate our acceptance by sending our confirmation letter to you by post or your Online Service Account if you have one.

4.3.3 If we accept your application, then we will credit your additional Lump Sum Premium or Regular Premium, net of any tax or duty or charges to the Transaction Account.

4.4 Regular Premiums.

- 4.4.1 Regular Premiums may be payable annually, half yearly, quarterly or monthly by such methods that are made available by us from time to time. Payments may be started or stopped at any time. The amount of the Regular Premium may be increased or reduced at any time subject to any minimum and maximum limits we may impose from time to time.
- 4.4.2 As Regular Premiums do not constitute a contractual obligation we reserve the right to refuse payment without having to provide a reason. Acceptance of previous Regular Premiums does not constitute a waiver of this right.

PART B – GENERAL CONDITIONS WHICH APPLY TO THE INTERNATIONAL INVESTMENT BOND - REDEMPTION

5. WHAT BENEFIT IS PAYABLE ON MATURITY?

5.1 Maturity Benefit

5.1.1 On the Maturity Date the Maturity Benefit will become payable provided the Policy has not been surrendered or lapsed without value.

5.2 The Maturity Benefit will be the greater of:

5.2.1 a Guaranteed Maturity Value of twice the initial Premium as defined in Term 5.3 below; or

5.2.2 the Surrender Value on the Maturity Date.

5.3 For the purposes of Term 5 only, each time a part surrender is taken, the initial Premium referred to in Term 5.2.1 shall be reduced by the following formula:

$P - (S/E \times P)$ Where: P is the amount of the initial Premium paid adjusted for any previous part surrenders

S is the amount of the part surrender and

E is the Surrender Value using the latest published selling price for the Assets, immediately before the partial surrender.

5.4 Proof of title

5.4.1 We will pay the Maturity Benefit following receipt of such information we reasonably require including proof of title of the Claimant to the Policy and may also include return of the Schedule and/or completion of a Claimant's statement.

5.4.2 The Claimant must pay any expenses in providing us with the proof we need under Term 5.4.1, including any fees for notaries, translating documents or other fees, including costs related to the value or transfer of an Asset to the Claimant.

5.5 What happens if we cannot sell the Assets?

5.5.1 It may not be possible to sell or dispose of Assets because of a situation such as referred to in Term 16 happening or because an Asset is valued less often than daily as explained in Term 10.3. In that case, where the Surrender Value exceeds the Guaranteed Maturity Value, you should be aware that any amount in excess of the Guaranteed Maturity Value may be paid in one or more instalments.

a. The first instalment will be for the value of the Assets which we can sell.

b. We will pay a further instalment or instalments when we sell the rest of the Assets.

5.5.2 If it is not possible to sell any of the Assets, we will defer paying the Maturity Benefit until we are able to pay either the full Maturity Benefit, or the first instalment as described in Term 5.5.1 (a) above.

- 5.6 Payment of the Maturity Benefit by transferring Assets to you
- 5.6.1 If we need to pay the Maturity Benefit by transferring Assets for any reason, including where Term 5.5 applies, then payment of all or part of the Maturity Benefit will be satisfied by transfer of ownership of Assets linked to the Policy to the Claimant. If this Term 5.6.1 applies, we will also agree a value of those Assets, taking into account any associated costs of the transfer and any outstanding Portfolio Fund Charges.
- 5.6.2 You can also ask us to consider paying all or part of the Maturity Benefit by such transfer of ownership where Term 5.5 applies. As owner of the Asset, whether we agree to pay all or part of the Maturity Benefit by such transfer of ownership is a matter entirely at our discretion and we are not required to provide you with any reason for our decision. You can also ask us to consider relinquishing your rights to the value of the Assets linked to the Policy.
- 5.6.3 If necessary, we will sell Assets to pay for the costs of transferring the ownership of the Assets and outstanding Portfolio Fund Charges, for example paying for the Administration Charge.
- 5.7 On payment of the Maturity Benefit, no further benefit will be payable under the Policy. As an example, dividends received on our Assets after the Maturity Benefit has been paid will be kept by us regardless of which payment period the dividends relate to.
- 5.8 We may terminate your Online Service Agreement when the Maturity Benefit has been paid.
6. WHAT ARE THE PORTFOLIO FUND AND UNITS, AND WHO OWNS THEM?
- 6.1 The Portfolio Fund contains one or more Assets chosen by you or your Fund Adviser or by the Discretionary Asset Manager.
- 6.2 To enable us to calculate the benefits and charges under the Policy we create notional Units. The Allocation Percentage is applied to the Premium on the Contract Date. A debit or credit to the Transaction Account is then made to reflect any reduction or increase in the Premium where the Allocation Percentage is less or more than 100%. If there is no reduction or increase to the Premium then 100% will be allocated. This is known as the Allocation Amount. The Allocation Amount on the Contract Date is allocated to Units in the Portfolio Fund. These are known as Allocated Units. The Allocated Units are determined by dividing the Allocation Amount by a notional Unit price of 1 Unit of Policy Currency. For example, if the Policy Currency is pound sterling GBP, then the Allocation Amount would be divided by a notional Unit price of £1. Each Unit represents a proportionate share of the value of the Assets. You legally own the Policy however you have no legal or beneficial interest in the Units or the Portfolio Fund or any underlying Assets which we continue to own.
- 6.2.1 We will decide at our sole discretion whether to use any right which we have as a result of owning any particular Asset, for example voting rights.
- 6.3 The number of Allocated Units will increase if you pay another Premium, and will reduce if we cancel Units to pay benefits, certain Portfolio Fund Charges and encashments under your Policy. After we determine the Allocated Units on the Contract Date, we calculate the price of those Allocated Units on each Quarterly Date and the Final Valuation Date based on the value of the Assets within the Portfolio Fund after any Portfolio Fund Charges have been deducted. We use this price to determine how many Units to allocate to your Policy when you pay a further Premium and how many Allocated Units to cancel when we pay benefits, encashments and certain Portfolio Fund Charges. We have the right to calculate the price of such notional Allocated Units more often than quarterly.

7. APPOINTMENT OF A FUND ADVISER OR DISCRETIONARY ASSET MANAGER

7.1 Appointment of a Fund Adviser

7.1.1 You are able to request the appointment of one Fund Adviser on your Policy. If you wish to appoint a Fund Adviser then terms of business will normally need to be agreed between you and the Fund Adviser. You will retain full responsibility for the acts or omissions of the Fund Adviser. Any fees for such service are personal to you and will not be deemed a Portfolio Fund Charge.

- a. You may request payment of such fees by part surrender from your Policy including by taking Fund Adviser Fees or Dealing Advice Fees as described in Term 17.5.
- b. Where you wish to appoint your Intermediary as your Fund Adviser, you can do so in your application for your Policy where your application is made in accordance with Term 3.2 or 3.4.
- c. Where you wish to appoint your Intermediary as your Fund Adviser, and your application is made in accordance with Term 3.3, your Intermediary will do so on your behalf in the application they send to us.
- d. Where you wish to appoint a Fund Adviser who is not your Intermediary or your application will be made other than in accordance with Terms 3.2, 3.3 or 3.4, you will inform us of the appointment of your Fund Adviser by completing the appropriate form and submitting it to us.

7.1.2 We may require the Fund Adviser to confirm they are regulated by any appropriate regulatory authority and have any qualifications required by law or regulation for the activity to be carried out. If we require such confirmation, it is to enable us to comply with our regulatory duties as an authorised insurer in the Isle of Man. It is not and should not be construed as any endorsement of a Fund Adviser by us, and we do not warrant your Fund Adviser's suitability or regulatory credentials. You may need to complete documentation which delegates your powers to the Fund Adviser.

7.1.3 If you tell us that you wish to terminate the appointment of a Fund Adviser or we cease to act on the instructions of the Fund Adviser as described in Term 7.5 below, we will stop any Fund Adviser Fees or Dealing Advice Fees we are making to the Fund Adviser. We will confirm such termination to you.

- a. If the date the Fund Adviser is removed or replaced does not coincide with a fee payment date, then where the Fund Adviser Fee is a fixed percentage, we will make a final prorated payment for the period from the last payment date up to the date the Fund Adviser is removed or replaced on the next payment date. If the Fund Adviser Fee is a fixed monetary amount, then where the date the Fund Adviser is removed or replaced does not coincide with a fixed payment date, we will take one final payment for the full amount at the next fee payment date.

7.2 Appointment of a Discretionary Asset Manager

7.2.1 Where the Discretionary Asset Manager will act on either a discretionary basis or an advisory basis.

7.2.2 You may request us to appoint one of the Discretionary Asset Managers who act on a discretionary basis that we have legal agreements with in relation to the International Investment Bond - Redemption. You may also request us to appoint a Discretionary Asset Manager to act on an advisory basis. We will require an agreement with the Discretionary Asset Manager acting on an advisory basis. This will include their confirmation that they will adhere to the restrictions on the assets they can recommend and the payment of fees by us to them.

You may submit your request for us to appoint the Discretionary Asset Manager in the application form, or by completing the appropriate form. Details of the Investment Mandate in respect of the Policy must also be sent to us at our Office.

7.2.3 Where the Discretionary Asset Manager acts on a discretionary basis they will use a discretionary mandate prescribed by us. The Investment Mandate we submit to the Discretionary Asset Manager will take into account the investment objectives and risk profile you have stated to us in the Investment Mandate in respect of our Assets linked to the relevant Portfolio Fund for your Policy.

- 7.2.4 Where the Discretionary Asset Manager acts on an advisory basis they will give investment advice to us in respect of our Assets linked to the relevant Portfolio Fund for your Policy. The Discretionary Asset Manager must obtain your agreement to the investment recommendation they are providing to us (and we must also agree to the investment recommendation) before they submit any instructions to us. The Discretionary Asset Manager is responsible for obtaining this consent in writing from you.
- 7.2.5 We will confirm the Discretionary Asset Manager's appointment to you or our declination of your request to you.
- 7.2.6 We will take a Policy charge to reflect the fees we pay to the Discretionary Asset Manager for the service they provide for us as explained in Term 20.2.
- 7.3 Instructions from the Fund Adviser or Discretionary Asset Manager to us
- 7.3.1 We will act on the instructions of a Fund Adviser or Discretionary Asset Manager once appointed, until we are advised by you that you wish to terminate the appointment of the Fund Adviser, or we terminate the appointment of the Discretionary Asset Manager for your Policy. Termination will not affect any transactions already carried out or for which binding instructions have been given directly or indirectly. We will inform you of such termination. We will also inform the Fund Adviser or Discretionary Asset Manager of the termination. You can then submit instructions to us or request that a Fund Adviser or Discretionary Asset Manager is replaced in accordance with Term 7.4.
- 7.3.2 Any fees relating to the service provided by the Fund Adviser or Discretionary Asset Manager will stop from the termination date. Where the termination date does not coincide with a fee payment date, then where the Fund Adviser Fee is a fixed percentage, we will make a final prorated payment for the period from the last payment date up to the termination date on the next payment date. If the Fund Adviser Fee is a fixed monetary amount, then where the termination date does not coincide with a fixed payment date, we will take one final payment for the full amount at the next fee payment date. For Discretionary Asset Managers, this final payment by us will be reflected as a final Discretionary Asset Manager Charge on your next Quarterly Valuation.
- 7.4 Replacement of a Fund Adviser or Discretionary Asset Manager by you
- 7.4.1 You may request us to appoint a replacement Discretionary Asset Manager, alternatively you may request the appointment of a replacement Fund Adviser by completing the appropriate form and sending it to us at our Office. If we agree to this request, then replacement of the Discretionary Asset Manager or Fund Adviser will not affect any transactions already carried out or for which binding instructions have already been made. We will confirm the appointment to you through the Online Service Account where you have one, or by post.
- 7.5 Removal of a Fund Adviser or Discretionary Asset Manager by us.
- 7.5.1 We reserve the right to cease to act on the instructions of the Fund Adviser or to terminate our agreement with the Discretionary Asset Manager with immediate effect. As examples, the reasons for terminating the agreement or ceasing to act on instructions may include if we become aware that a Discretionary Asset Manager or Fund Adviser:
- has been refused membership by, or has been expelled from, a professional organisation; or
 - is under investigation by, or has been the subject of disciplinary action by, a regulatory authority; or
 - has carried out or is carrying out activities in a manner which could prejudice or be harmful to our reputation; or
 - ceases to hold the necessary authorisation due to change of law or regulation.
- These examples are illustrative and not exhaustive. We will confirm the termination of our appointment with the Discretionary Asset Manager or that we are ceasing to accept instructions from the Fund Adviser to you through the Online Service Account where you have one, or by post.
- 7.6 Amendment to the Investment Mandate
- 7.6.1 You may inform us in writing at our Office of any change to your Investment Mandate. If the changes are acceptable to us, we will inform the Discretionary Asset Manager at the earliest opportunity.
- 7.7 In the event of the death of all Policyholders or assignment of the Policy, any appointment of a Fund Adviser or Discretionary Asset Manager will automatically terminate.

8. WHAT TYPES OF ASSET CAN BE INCLUDED IN THE PORTFOLIO FUND?

8.1 On the Contract Date, the Assets that can be chosen for your Portfolio Fund are External Funds available from either the Multi-Asset Portfolios range or the SelfSelect range, but not both. A Transaction Account held with us will also apply to your Policy.

8.2 Your Portfolio Fund may include units in an External Fund included in our current published list of available Assets from either the Multi-Asset Portfolio range or the SelfSelect range.

8.3 External Funds

8.3.1 Your Portfolio Fund may include units or shares in an External Fund provided that the value of the units or shares in any fund and the value of the Asset is at least the minimum value we stipulate at the time, and/or that of the external institution, which may be higher.

a. Normally any dividends will be held in the Transaction Account held with us or to our credit in a non-interest bearing account by the nominee holder of the Asset.

8.3.2 We reserve the right to decline any proposed External Fund as an Asset of the Portfolio Fund and do not have to give a reason for our decision.

8.4 Transaction Account

8.4.1 The Transaction Account held with us that applies to your Policy will be in the Policy Currency. If you pay a Premium, or the Portfolio Fund includes Assets that are denominated in other currencies we will also use Transaction Accounts held with us in those currencies for those transaction purposes only.

8.4.2 Any credit (including Asset rebates that we agree to share) or debit balance of the Transaction Account that applies to your Policy is an Asset within your Portfolio Fund. The Transaction Account is legally and beneficially owned by us at all times. You accept this investment risk where there is a credit balance in the Transaction Account.

8.4.3 Any credit balances held in the Transaction Account held with us are invested in accordance with our treasury policy which is available on request. We review our treasury policy on a yearly basis and will amend it from time to time at our discretion. We reserve the right to change any of the financial institutions we use and will do so without notice. When any changes are made to our treasury policy, we will seek to update the same as soon as reasonably practicable after any material change. A summary of our current treasury policy as at 25 October 2021 is that credit balances in the Transaction Account are invested in accordance with 8.4.3 (a) to 8.4.3 (d) below:

a. Credit balances are held with a range of financial institutions:

i. The main bank we use currently is National Westminster Bank (part of the RBS Group). We also use other UK and International banks with a FITCH IBCA rating (or a comparable rating by Moody's or Standard and Poor's) of A or higher.

ii. We also use AAA rated money market funds managed by financial institutions.

iii. The Default Custodian we currently use to hold our Assets (including credit balances in our Transaction Account) is BNY Mellon.

b. Currently, a minimum of 75% of the total credit balance held in the pooled Transaction Account is held on instant access or short term deposits.

c. Cash held within the Transaction Account is pooled and therefore a proportion of any credit balance held in the Transaction Account will be held across all of the financial institutions referred to in 8.4.3 (a).

d. We review the financial institutions referred to in 8.4.3 (a) on a monthly basis and adjust credit balances held with these financial institutions accordingly.

8.4.4 We pay all Premiums and proceeds of the sale of Assets to the Transaction Account held with us together with any dividend, interest income received or any residual credit as a result of buying and selling Assets or as a result of a corporate action.

- 8.4.5 We take from the Transaction Account held with us all amounts for payments of
- a. benefits; and
 - b. buying and selling of Assets; and
 - c. Portfolio Fund Charges, except on the Final Valuation Date; and
 - d. Third-Party Agent Charges including the Discretionary Asset Manager Charge; and
 - e. ongoing fees to an Intermediary or Fund Adviser
- 8.4.6 Interest will not be credited for any balance in the Transaction Account held with us and we will not charge interest on any debit balance in the Transaction Account held with us.
- 8.4.7 If there is a debit balance in the Transaction Account held with us on the Quarterly Date then we will reduce this by any credit in any other Transaction Account held with us, if any, as described in Term 8.4.1.
- 8.5 Removal of an Asset
- 8.5.1 We have the right to dispose of any Asset if we have reasonable belief that it is no longer a suitable Asset for a capital redemption policy. We may also do so if we become aware that it stops being considered a suitable Asset under section 520 of the UK Income Tax, Trading and Other Income Act 2005, or any successor legislation, the Isle of Man Financial Services Authority or any successors. We may exercise, at our absolute discretion, the relevant rights and powers vested in us as owner of the Asset, to liquidate, wind up or otherwise dissolve the Asset on whatever terms we decide in order to remove the Asset from the Portfolio Fund and all associated costs of such action will be debited from the Transaction Account.
- 8.5.2 We will inform you through the Online Service Account, by e-mail or in writing by post, when we have disposed of it.
- 8.5.3 We will hold the proceeds from the disposal of the Asset in a Transaction Account held with us until we receive further instructions from you.
- 8.6 If any Asset ceases to be acceptable to us or the Isle of Man Financial Services Authority or any successors, you will not be able to allocate any further Units to that Asset.
- 8.6.1 We shall write to you through your Online Service Account where you have one, by electronic communication described in Term 26, or by post as soon as we become aware that an Asset ceases to be acceptable to us or the Isle of Man Financial Services Authority or any successors.
- 8.6.2 Whilst awaiting further instructions in relation to this Term 8.5 we will hold the proceeds in the Transaction Account held with us.
- 8.7 Can I change the investment range that applies to my Policy?
- 8.7.1 If you choose to invest in the Multi-Asset Portfolios range, you may request to change this to the SelfSelect range and vice versa.
- 8.7.2 We will sell all the Assets from your chosen investment range and buy the selected Assets that you, your Fund Adviser or the Discretionary Asset Manager have chosen from the fund list for the new investment range chosen, as explained in Term 13.2.
- 8.7.3 We will hold the proceeds from the disposal of the Assets in the Transaction Account until all Assets can be sold. If any Asset cannot be sold, your request to change the investment range on your Policy will not be made until all Assets can be sold.
- 8.8 Where one or more Assets held become illiquid
- 8.8.1 Where one or more Assets held become illiquid, it may result in unpaid Portfolio Fund Charges. If these unpaid Charges erode the value in the Portfolio Fund so that it falls below our published minimum Portfolio Fund value, then we may either terminate your Policy or you can request to pay an additional Premium.

9. CLOSURE, MERGER OR OTHER TERMINATION OF AN EXTERNAL FUND

- 9.1 The provider of an External Fund may close the External Fund to further investment from Policyholders by way of Premiums or dealing instruction. In that case, the External Fund will remain one of the investments in the Portfolio Fund unless you provide a dealing instruction to sell the External Fund.
- 9.2 The provider of an External Fund may terminate an External Fund for all unit holdings.
- 9.3 The provider of an External Fund may merge two or more External Funds.
- 9.4 The conditions of Terms 9.1, 9.2 and 9.3 will be outside our control, although we will advise you of any such action as soon as practical after we are advised of it.

10. FUNDS WITH SPECIAL CONDITIONS

- 10.1 Some External Funds may set a minimum investment amount, which is higher than that imposed by us for individual holdings of Assets. This may mean that such an Asset will have to be sold if the value falls below the provider's then minimum value. We are not responsible for the results of this action and will hold any sale proceeds in the Transaction Account held with us until you, your Fund Adviser or the Discretionary Asset Manager give us alternative instructions.
- 10.2 Some collective funds only trade in whole units or in whole numbers of units sometimes referred to as 'lots'. Buying or selling these funds may consequently result in there being residual cash (either a credit or debit) held in the Transaction Account held with us due to the need to round up or down to the nearest tradable number of units. Any credit or debit balance in the Transaction Account will be subject to Term 8.4.

10.3 We may allow Assets which are valued less often than daily or which may exist for a fixed duration. This may result in a delay in selling and sometimes buying Assets. If you request us to invest in such Assets then you accept such delays.

10.3.1 The Portfolio Fund cannot be made up only of Assets as described in Terms 10.1 to 10.3, otherwise that would mean that we would not be able to take the value of any Portfolio Fund Charges or any Third-Party Agent Charges or other charges required by these Terms. In particular, we still need you to have a Charge Deduction Asset, or a credit balance in the Transaction Account held with us.

10.3.2 We will only allow transactions which would involve an early sale of these Assets if the provider agrees. You may have to pay a penalty for selling the Assets early and this would reduce the value of the Portfolio Fund and the amount available to you. There may be a delay in paying the money from the sale until the next date the Asset is valued and the proceeds are then credited to our bank account.

10.4 We may allow Assets which advertise guaranteed returns or an element of capital protection. You, your Fund Adviser or the Discretionary Asset Manager should be satisfied that the guarantee or capital protection is likely to be met. We accept no responsibility for, and offer no advice about, the value of any such guarantee or capital protection.

10.5 Although we may allow Assets described in Terms 10.3 and 10.4, it is for you, your Fund Adviser or the Discretionary Asset Manager to ensure that the Portfolio Fund is invested in Assets so as to enable prompt and adequate realisation in order to pay for Portfolio Fund Charges. We do not undertake to monitor this in any way and can accept no responsibility for any failure to pay Portfolio Fund Charges in a timely manner for any such reason.

11. INVESTMENT RISKS AND RESPONSIBILITIES

11.1 You accept the investment risk by investing into the International Investment Bond - Redemption.

11.2 Due to the wide variety of Assets which can be chosen, this section cannot detail all the risks. You should ensure you fully understand and accept all the potential risk exposures. This section is designed to give you information on some of the risk exposures.

11.3 All financial products including cash carry a degree of risk. Even low risk investment strategies involve an element of uncertainty. The types of risk that might apply will depend on various matters, including how any relevant Asset is created, the type of Asset, policy, the location or domicile of the Asset provider, the diversification of the Assets (including the amount invested in any one currency, security, country or Asset provider) and the use of borrowing.

11.3.1 Different Assets involve different levels of risk exposure. The value of External Funds can fall as well as rise and they, as well as any balance in the Transaction Account held with us, could in exceptional circumstances become valueless either permanently or temporarily if they are illiquid or suspended or if the banks holding cash in the Transaction Account become insolvent. Should any third party holding cash or Assets linked to your Policy (including Assets or cash in respect of buy or sell instructions where cleared funds have not been credited to our bank account) become insolvent, we will attempt to recoup such money or Assets. However, if that third party cannot repay, a debit to reflect any shortfall will be made against your Policy.

11.3.2 Risk factors may occur simultaneously and may compound each other, resulting in an unpredictable effect on the value of any Asset. The value of Assets and the income from them can fall as well as rise and you might lose the original amount invested. Fluctuations in such value and income can be caused by factors such as market movements and variations in exchange rates. Past performance is not a reliable indicator of future results.

11.4 You, your Fund Adviser or the Discretionary Asset Manager decide the investment objectives and risk profile of the Portfolio Fund.

You are responsible for ensuring that the Assets are suitable for your circumstances. You understand and accept the risks associated with the Assets that you, your Fund Adviser or the Discretionary Asset Manager choose.

We do not give investment advice. We accept no responsibility for the investment performance of an Asset. The fact that we may allow or refuse a particular External Fund as an Asset does not indicate any judgement by us about its investment potential or the propriety of the provider of the Asset.

11.5 By asking us to include an Asset in your Portfolio Fund, you, your Fund Adviser or the Discretionary Asset Manager are agreeing to accept the risk that, for any reason, the Assets may not be managed in line with its objectives and limits. This includes negligent and fraudulent activity. Also, you, your Fund Adviser or the Discretionary Asset Manager accept any risk related to any change to the Asset's investment objectives and limits. You are responsible for monitoring the Assets. We are not responsible for managing the Assets you have chosen in your Portfolio Fund other than carrying out a treasury function in respect of the Transaction Account(s) held with us. The manager of the Asset is responsible for managing the Asset, including appointing and supervising any administrator and for complying with the stated investment objectives. We have no control over the manager's actions or omissions and we will not monitor the manager or accept any responsibility for making sure that the Asset is properly managed. Similarly, the provider of an External Fund controls the investment policy of an External Fund.

11.6 An Asset in the Portfolio Fund to which your Policy is linked may have redemption restrictions applied from time to time. If such restrictions are applied, they will also apply to your Portfolio Fund and may significantly delay the processing of surrenders and benefit payments.

11.7 You legally own the Policy. As we legally and beneficially own the Assets, they will be held in our name which means you have no right to specific Assets. Assets may be pooled with Assets held by us for other policyholders and their entitlements may not be identifiable by separate certificates, other documents of ownership or equivalent electronic records. As an example, cash held in the Transaction Account may be pooled with Assets held for other policyholders. This example is illustrative and not exhaustive.

12. HOW MUCH OF A PREMIUM IS ALLOCATED TO UNITS AND HOW ARE ASSETS BOUGHT?

- 12.1 The Allocation Percentage is shown in the Schedule. For additional Premiums including Regular Premiums, it is shown in our letter accepting the additional Premium. This will be sent to your Online Service Account where you have one or by post.
- 12.2 The Allocation Percentage is applied to the Premium. Where the Allocation Percentage for the Premium is less than 100%, we then debit the Transaction Account to reflect this adjustment in the Premium. The amount remaining after the adjustment in the Premium is known as the Allocation Amount. We use this Allocation Amount to buy Assets for the Portfolio Fund.
- 12.3 We will create Allocated Units based on a notional price of 1 Unit of Policy Currency per Allocated Unit on the Contract Date. For example, if the Policy Currency is US Dollars, then the notional Unit price is US\$1. By dividing the Allocation Amount by the notional Unit price, the number of Allocated Units is determined.
- 12.4 For Premiums we accept after the Contract Date, we will use the Allocation Amount to create Allocated Units based on the price of the Allocated Units already within the Portfolio Fund on the previous Quarterly Date or the Contract Date if there is no previous Quarterly Date.
- 12.5 We will credit the Premium to the Portfolio Fund and determine the Allocation Amount as described in Term 12.2, which we will use to buy the chosen Assets at the available market price for that Asset. We will buy the chosen Assets and debit the costs of the transaction from the Transaction Account held with us.
- 12.5.1 We will normally give instructions to buy Assets within two Working Days following the Contract Date or the date that we accept payment of the Premium. This may be the same day.
- 12.5.2 Regular Premiums can be paid to on any day chosen. The Regular Premium may not be allocated immediately and will be held in the Transaction Account until the next allocation date, which will be the following 15th of the month in which the payment was made or 1st of the following month, and if it is a non-dealing day then the next dealing day. If the Regular Premium has not been allocated to the Transaction Account on the allocation date the Regular Premium may not be allocated until the next allocation date.
- 12.5.3 If all or any part of the instruction to buy an Asset is illegible, ambiguous, conflicting or unclear in any way to us, or the Asset name selected does not exist, or if a situation such as referred to in Term 16 applies, then we will not act on the instruction and will inform you of that. We can accept no responsibility for the effects of any delay or failure to carry out all or part of a transaction in such circumstances.
- 12.5.4 If you, your Fund Adviser or the Discretionary Asset Manager choose an Asset which is valued less frequently than daily then an amount equal to the relevant proportion of the Allocation Percentage will be retained in the Transaction Account held with us until the date we are able to purchase the Asset or money is required by the External Fund manager or their asset administrator prior to any purchase.
- 12.5.5 If you choose an Asset which requires a number of units or shares to be purchased rather than a cash value, where we are instructed to buy such an Asset using a cash value, we will use the previous day's closing price to convert the cash value into the number of units or shares to buy the Asset. Market movements may result in a different cash value being applied to purchase the Asset than the cash value we were instructed to use. We can accept no responsibility for any difference in the cash value in such circumstances. By requesting the number of units or shares to be purchased for these Assets, the difference in cash value can be avoided.
- 12.5.6 All costs involved, including third-party and professional costs incurred relating to the acquiring of an Asset will be applied to the Transaction Account.
- 12.5.7 There may be a delay acquiring an Asset, due to the nature of the Asset, for example they may not be liquid, and in some cases it may not be possible to execute the instruction. We can accept no responsibility for the effects of any delay or failure to carry out all or part of the transaction in such circumstances.
- 12.6 We use the expressions 'buy', 'purchase' and 'sell' in these Terms because they are easy to understand. However, they only refer to buying and selling by us and not any actions by you, your Fund Adviser or the Discretionary Asset Manager.

13. HOW CAN ASSETS BE CHOSEN AND CHANGED?

13.1 Making your first Asset choice

- 13.1.1 In your application, you must tell us if you wish to choose Assets from the Multi-Asset Portfolios range or the SelfSelect range and the Assets you have chosen. You must also tell us how much of the Allocation Amount we should allocate to each Asset. This is subject to the higher of our published minimum dealing amount and the manager of the External Fund's minimum dealing amount.
- 13.1.2 On the Contract Date, we will allocate the Lump Sum Premium to the Transaction Account held with us, determining the Allocation Amount, and normally give instructions to buy Assets for the Portfolio Fund within five Working Days of the Contract Date.
- 13.1.3 Within your Cluster of Policies, the value of the Assets will be allocated equally to each Policy subject to any rounding adjustment.
- 13.1.4 If we cannot buy the Assets we will hold the relevant amount in the Transaction Account held with us unless you, your Fund Adviser or the Discretionary Asset Manager give us other instructions. This may happen if a situation such as referred to in Term 16 applies. We will inform you of this through your Online Service Account where you have one, by electronic communication acceptable to us or by post.
- 13.1.5 The provider of the Asset may require the number of units or shares to be purchased or sold rather than using a credit value. Where we are instructed to buy or sell such an Asset using a credit value, we will use the previous day's closing price to convert the cash value into the number of units or shares to buy or sell the Asset. Market movements may result in a different cash value being applied to purchase or sell the Asset than the cash value we were instructed to use. We can accept no responsibility for any difference in the cash value in such circumstances. By requesting the number of units or shares to be purchased for these Assets, the difference in cash value can be avoided.
- 13.1.6 We may buy an Asset before your Premium payment has cleared. If your Premium payment does not clear, the bank does not honour your Premium payment or your Premium payment is cancelled for any reason, we will sell any Assets we have bought and you will be liable to us for our losses if the value of the Assets have fallen. We will keep any increase in the value of the Assets from the sale of the Assets.

13.2 Changing the Assets

- 13.2.1 You or your Fund Adviser or the Discretionary Asset Manager may change your choice of Assets by following the instructions on the Online Service or sending a dealing instruction to us by electronic communication acceptable to us or by post.
- If you choose an Asset which requires a number of units or shares to be purchased or sold rather than a cash value, where we are instructed to buy or sell such an Asset using a cash value, we will use the previous day's closing price to convert the cash value into the number of units or shares to buy or sell the Asset. Market movements may result in a different cash value being applied to purchase or sell the Asset than the cash value we were instructed to use. We can accept no responsibility for any difference in the cash value in such circumstances. By requesting the number of units or shares to be purchased or sold for these Assets, the difference in cash value can be avoided.
 - All costs involved, including third-party and professional costs incurred relating to the reviewing, buying, administration, custody, selling, closure and winding up of Assets will be applied to the Transaction Account.
 - There may be a delay acquiring and disposing of Assets. For example, they may not be liquidated immediately, and in some cases it may not be possible to execute the instruction. We can accept no responsibility for the effects of any delay or failure to carry out all or part of the transaction in such circumstances.
- 13.2.2 The time of receipt or delivery of any electronic communication sent to us will be determined by the time of sending recorded on our system, as explained in Term 25.2.5. Where we receive a paper instruction, receipt will be as defined in Term 25.3.4. You will need to ask us to acknowledge receipt of e-mails otherwise there can be no guarantee that they have been received and actioned by us.
- 13.2.3 We will normally give instructions to buy or sell Assets within two Working Days of receipt of a valid instruction. The dealing date will be the next dealing point administratively available to us by the provider of the Assets or next available market price for other tradeable securities, after we have actioned your request.

- 13.2.4 The instruction must meet our reasonable requirements at the time. These requirements may include a valid identifier such as an ISIN number and a minimum value of Assets to be bought or sold. The minimum will be the higher of our published minimum dealing amount as described in Term 38, and the minimum dealing amount of the Asset as determined by the Assets's manager.
- 13.2.5 We will normally only buy an Asset if there is enough credit balance to fund the transaction and to pay any related direct and indirect expenses, taxes and any associated currency transactions, or if there is a simultaneous sale of an Asset which provides enough cash. We will hold the proceeds of sale after all direct and indirect expenses and taxes of the sale and any associated currency transaction have been deducted.
- 13.2.6 If instructions to sell Assets have a higher value than instructions to buy, any balance of proceeds of transactions will be held as cash.
- 13.2.7 It is your, your Fund Adviser's or the Discretionary Asset Manager's responsibility to ensure that prompt Asset dealing instructions, which account for the full value of the Assets, are provided. Any credit balance will be shown in the next Quarterly Valuation.
- 13.3 Changing your Asset choice for Regular Premiums
- 13.3.1 You may elect a redirection through the Online Service at any time
- 13.3.2 Your redirection must be capable of being actioned in accordance with our reasonable requirements at the time which may include a minimum value of Units or percentage to be allocated to an Asset and a minimum period of time before a redirection can take effect.
- 13.4 If we agree to accept an additional Premium then you may give us an Asset dealing instruction through the Online Service or by post. We may buy an Asset before your additional Premium payment has cleared. If your additional Premium payment does not clear, the bank does not honour your additional Premium payment or your additional Premium payment is cancelled for any reason, we will sell any Assets we have bought and you will be liable to us for our losses if the value of the Assets has fallen. We can recover the value of our loss from your International Investment Bond - Redemption. We will keep any increase in the value of the Assets from the sale of the Assets.
- 13.5 We will normally only buy an Asset if:
- 13.5.1 there is enough credit balance in the Transaction Account held with us to fund the transaction and to pay any related direct and indirect expenses and taxes and any costs associated with currency transactions for example, converting the amount to a different currency; and
- 13.5.2 we sell other Assets at the same time to provide enough cash for the transaction; and
- 13.5.3 the deal meets the minimum dealing amount as described in Term 13.1.1 and Term 13.2.4.
- 13.6 We will take all direct and indirect expenses and taxes due as a result of selling the Asset and any costs associated with a currency transaction from the proceeds of the sale of the Asset and will pay the rest into the Transaction Account held with us.
- 13.7 Instructions to us
- 13.7.1 An Asset dealing instruction form (or other communication acceptable to us) should be completed by you, your Fund Adviser or the Discretionary Asset Manager and provided to us.
- 13.7.2 If all or any part of the instruction to us from you or your Fund Adviser or Discretionary Asset Manager to buy or sell an Asset is illegible, ambiguous, conflicting or unclear in any way to us, or the Asset name selected does not exist, or if a situation such as referred to in Term 16 applies, then we will not act on the instruction and will use our best efforts to inform you of that. We can accept no responsibility for the effects of any delay or failure to carry out all or part of a transaction in such circumstances.

13.8 Market Timing

13.8.1 Market Timing can be disruptive to fund management and may cause dilution in funds which is detrimental to long-term investors. We monitor Market Timing and take appropriate action where such activity is identified.

13.8.2 We or the provider of the Asset reserve the right to defer or decline a request, employ fair value pricing or adjust the fund pricing basis on a fund or individual transaction. This would apply where under regulatory guidelines or best market practice we or the provider of the Asset reasonably consider any activity to constitute Market Timing. We or the provider of the Asset may impose an appropriate levy or charge which will be passed on to relevant Policyholders within the price of units or shares allocated or cancelled. We or the provider of the Asset can accept no responsibility for any economic or other loss suffered through the exercise of such rights by us or the provider of the Asset.

13.9 We have the right to agree to change the timings set out in this Term 13 to take advantage of improvements in communication and the possibility of more than one dealing point in a day.

13.10 We have the right to agree to change the timings set out in this Term to take advantage of improvements in communication and the possibility of more than one dealing point in a day.

14. WHEN AND HOW IS THE PORTFOLIO FUND VALUED?

14.1 Contract Date calculation

14.1.1 On the Contract Date, we will calculate the value of your Portfolio Fund as follows. The Lump Sum Premium, or converted Lump Sum Premium where your Premium is paid in a different currency to the Policy Currency (the Premium will be notionally converted to the Policy Currency at the mid market rate on the Contract Date), less:

- a. any reduction or increase in the Lump Sum Premium to reflect an Allocation Percentage of less or more than 100%; and
- b. any premium tax, stamp duty or other levy imposed on capital redemption policies and payable on behalf of the Policyholder.

14.1.2 We will then create Allocated Units based on a notional price of 1 Unit of Policy Currency per Allocated Unit. For example, if the Policy Currency is US Dollars US\$, then the notional Unit price is US\$1. By dividing the value in Term 14.1.1 by the notional Unit price the number of Allocated Units is determined.

Example:

If your Lump Sum Premium is US\$150,000, the Allocation Percentage is 100% and the Policy Currency is US Dollars, the Allocation Amount will be US\$150,000 and the number of Allocated Units will be 150,000. If the Allocation Percentage is 98%, the Allocation Amount would be US\$147,000 (US\$150,000 less US\$3,000 to reflect the reduction in the Lump Sum Premium by 2% as the Allocation Percentage is 98%), then the number of Allocated Units would be 147,000 and the value of each Allocated Unit at that time will be US\$1.

- 14.2 Quarterly Date, Final Plan Valuation Date or Final Valuation Date?
- 14.2.1 We will calculate the value of the Assets on the Quarterly Date using the latest published prices available to us for those Assets. We may use independently sourced prices for this. We will not be responsible for any losses arising as a result of someone else pricing incorrectly.
- a. For External Funds, we will use the latest Selling Price.
- b. We will not be responsible for any losses arising as a result of someone else pricing an Asset incorrectly.
- 14.2.2 On the Final Valuation Date or Final Plan Valuation Date, we will calculate the final value of each Asset less any costs involved.
- 14.2.3 We will add to those values any credit balance in the Transaction Account held with us including any Asset rebates we agree to share with you.
- 14.2.4 We will deduct from that value:
- a. any Portfolio Fund Charge which applies for the Valuation Period; and
- b. any Third-Party Agent Charge or other charges which have been debited to the Transaction Account held with us during the Valuation Period; and
- c. any debit balance in the Transaction Account held with us in addition to those mentioned in Term 14.2.4 (b) above; and
- d. any actual or prospective taxes, levy or other charge against the Assets or income of the Portfolio Fund for the Valuation Period, including any value added tax (VAT) for services. The share of any such tax, levy or charge debited to the Portfolio Fund will be proportionate.
- 14.3 We will then divide the calculated value by the number of Allocated Units rounding the result up to two decimal places to arrive at the price of the Allocated Units for your Portfolio Fund.
- 14.4 We will carry out the valuation within a reasonable period following the Quarterly Date and will provide you with a Quarterly Valuation which can be viewed through the Online Service Account. Where you do not have an Online Service Account or upon request we will send you a paper version of the Quarterly Valuation.
- 14.5 We may agree to provide a valuation statement (which will not take into account any accrual of Portfolio Fund Charges) at other times and subject to our right to impose a reasonable charge for the administrative costs incurred as explained in Term 19.3. Where you have an Online Service Account such valuation statements are available to access at any time without any additional charge.
- 14.6 Payment of a further Lump Sum Premium, Regular Premium or taking a Part Surrender benefit
- 14.6.1 If we agree to accept a further Premium from you then we will create further Allocated Units based on the price of Units on the preceding Quarterly Date (or the Contract Date if there is none).
- 14.6.2 If we pay you a part surrender benefit then we will cancel Allocated Units to pay the benefit based on the price of Units on the preceding Quarterly Date (or the Contract Date if there is none).
- 14.6.3 Our use of the prices referred to in Term 14.6.1 and 14.6.2 are solely for our administrative convenience and will not disadvantage you in any way.
- 14.7 We reserve the right to change the Quarterly Date for administrative reasons. We will inform you of the change to the Quarterly Date before it happens.

15. SELLING ASSETS TO PAY FOR ANY DEBIT BALANCE IN THE TRANSACTION ACCOUNT

15.1 Portfolio Fund Charges will be debited to the Transaction Account held with us.

15.2 If there is a credit balance in the Transaction Account held with us then we will normally use that value towards payment for Portfolio Fund Charges and any other debits as described in Term 17.4 or 17.5.

15.3 If, after we have debited the Portfolio Fund Charges or fees from the Transaction Account, there is a debit balance in the Transaction Account and where the debit balance is less than the published maximum overdraft limit, the debit balance will remain in the Transaction Account. Once the debit balance in the Transaction Account exceeds the maximum published overdraft limit, then:

15.3.1 Where the Assets in your Portfolio Fund are from the Multi-Asset Portfolios range, the highest value Asset within the Portfolio Fund except the Transaction Account will be your Charge Deduction Asset and will be sold on the next dealing point administratively available following the Deduction Date.

15.3.2 Where you move from the Multi-Asset Portfolios range to the SelfSelect range, the highest value Asset within your Policy except the Transaction Account will continue to be your Charge Deduction Asset until we receive alternative instructions.

15.3.3 Where the Assets in your Portfolio Fund are from the SelfSelect investment range, your Charge Deduction Asset can be either:

- a. a specific Asset; or
- b. the highest value Asset.

The Charge Deduction Asset will be the highest value Asset until we receive alternative instructions.

15.3.4 The Charge Deduction Asset will be sold on the next dealing point administratively available following the Deduction Date

15.3.5 Where you move from the SelfSelect range to the Multi-Asset Portfolios range, the highest value Asset within your Portfolio Fund except the Transaction Account will be your Charge Deduction Asset from the date that the investment range is changed and we will automatically use your Charge Deduction Asset and deduct the Portfolio Fund Charges as explained in Term 15.3.1 above.

15.3.6 If it is no longer possible to sell from a Charge Deduction Asset, the debit balance will be reflected in your next Quarterly Valuation. You, your Fund Adviser or the Discretionary Asset Manager have 30 days from the date of the Quarterly Valuation to provide us with new investment instructions in order to clear the debit balance at the next Deduction Date.

- a. If any of the debit balance remains outstanding after the 30 day notice period and if the amount is above our maximum overdraft limit, we have the right to sell from the highest value Asset on that date unless the Asset has restricted dealing or early redemption penalties. Under these circumstances, we will sell from the Asset with the next highest value but no restricted dealing or early redemption penalties.
- b. If all Assets have early redemption penalties, we will sell from the Asset with the highest value and you will incur the redemption costs.
- c. If we cannot sell from any Assets, we will defer the sale of Assets as described in Term 16.

15.3.7 If the debit balance is less than the maximum overdraft limit, the debit balance will remain in the Transaction Account. Once the debit balance is above the published maximum overdraft limit, the debit balance will be cleared on the next Deduction Date in accordance with Term 15.3.

15.4 We have the right to defer or decline selling Assets because of a situation such as referred to in Term 16.

16. DEFERRAL AND DECLINATURE OF TRANSACTIONS

- 16.1 It may not be possible for us to carry out transactions due to a number of factors outside of our control.
- 16.2 We or the manager of an External Fund may defer any transaction involving buying and selling an Asset until a date we or the manager of an External Fund consider appropriate and equitable in the circumstances, having regard to the interests of Policyholders generally if:
- 16.2.1 dealings in an External Fund or in an Asset directly held by such an External Fund have been suspended; or
- 16.2.2 any of the principal stock exchanges or markets on which a significant proportion of the Assets of an External Fund are quoted is closed, other than for ordinary holidays, or has restricted dealing; or
- 16.2.3 we or the manager of an External Fund:
- are unable to return money to make payments following cancellation of Units; or
 - consider that money cannot be transferred to buy or sell assets of a fund or payments that are due when Units are cancelled; or
 - believe there are other circumstances which mean it is not possible to calculate fair and accurate prices for Units or any other Assets.
- 16.3 The provider of an External Fund has the right to decline an instruction from us to carry out a transaction.
- 16.4 We may decline a request by you for a Policy Transaction if we believe that the request is invalid; incomplete; corrupted; compromised or unclear.
- 16.5 We may defer or decline a Policy Transaction including those requested through the Online Service, if we believe:
- 16.5.1 it is unlawful or might be associated with unlawful, criminal, fraudulent or terrorist activity;
- 16.5.2 that by carrying out the Policy Transaction we may breach a legal or regulatory duty that applies to us; or
- 16.5.3 you are in breach of your Online Service Agreement or these Policy Terms; or
- 16.5.4 you have submitted a request and the Online Service is not available to you.
- 16.6 If your Policy Transaction is deferred or declined as explained in this Term 16, we will communicate this to you.

17. CAN YOU GET MONEY OUT OF YOUR POLICY?

- 17.1 You may request a total surrender of one or more Cluster of Policies, a part surrender of a Policy or Cluster of Policies or Regular Withdrawals by using your Online Service Account or by completing a surrender form and sending it to us by electronic communication acceptable to us or by post.
- 17.1.1 Where there is more than one Policyholder, all Policyholders must approve the request to totally surrender one or more Cluster of Policies, to part surrender a Policy or Cluster of Policies or to take Regular Withdrawals.
- 17.1.2 Where you have requested we facilitate payment of an initial fee to your Intermediary, immediately after acceptance of your Policy or an additional Premium, we will deduct this fee from the Transaction Account held with us. This will be regarded as a part surrender of your Policy or Cluster of Policies.
- 17.1.3 When you submit your request, we will send you confirmation that we have actioned your request including the details of the transaction by post. Where you have an Online Service Account, we will inform you by e-mail that information regarding your request is available to you in your Online Service Account, in particular to inform you of the fact that we have actioned your request.
- 17.1.4 The time of receipt or delivery of any electronic communication sent to us will be determined by the time of sending recorded on our system, as explained in Term 25.2.5. or by post as described in Term 25.3.3. You will need to ask us to acknowledge receipt of e-mails otherwise there can be no guarantee they have been received and actioned by us.
- 17.1.5 Once the realised amount has been credited to our bank account, then subject to receipt of our reasonable requirements, we will make payment of the total surrender proceeds or part surrender proceeds. Regular Withdrawals will be paid on the Regular Withdrawal Due Date in accordance with Term 17.4.

17.2 Total surrender of one or more Cluster of Policies

17.2.1 You can surrender your Policy or one or more of your Cluster of Policies and receive the value of the Allocated Units less any outstanding Portfolio Fund Charges.

17.2.2 To ensure that transactions and Policies remain economically viable, we stipulate a minimum value of a Portfolio Fund. We may refuse a surrender of one or more of your Cluster of Policies if the surrender will reduce the value of the Portfolio Fund below the minimum value we stipulate for a Policy or Cluster of Policies or the current published percentage of the Premium. If at any time the Portfolio Fund value falls below our minimum published amount for maintaining a Portfolio Fund then we reserve the right to automatically surrender your Policy or Cluster of Policies unless you offer to pay us an additional Premium and we accept the additional Premium. If we choose to exercise this right, we will confirm this to you via your Online Service Account where you have one or by post. This may be after the fact.

17.2.3 We will normally give instructions to sell the Assets within five Working Days of receiving your instruction to surrender one or more of your Cluster of Policies.

17.2.4 The Assets will be sold on the next dealing point administratively available to us following our instruction. Where Assets within the Multi-Asset Portfolios range have been chosen, the total surrender of one or more policies will be actioned by selling Units proportionately from all the Assets within the Portfolio Fund. If one or more of the Assets cannot be sold, we will proportionately sell the remainder of the Assets.

17.2.5 We will not make payment of the total surrender benefits until the realised amount has been credited to our bank account. We can accept no responsibility for the late payment due to delay in providing us with dealing instructions in respect of the Asset or Assets to be realised, especially if they are not priced daily.

17.2.6 We have the right to defer or decline any request to surrender because of a situation such as referred to in Term 16.

17.2.7 On total surrender of a Policy, your Policy will end and we will not pay any further benefits. As an example, dividends received on our Assets after the total surrender benefits have been paid will be kept by us regardless of which payment period the dividends relate to.

17.2.8 We may terminate your Online Service Agreement if all of your Policies come to an end by totally surrendering all Policies within your contract.

17.2.9 We reserve the right to automatically surrender your Policy immediately and without notice in the circumstances where you have materially breached these Terms, including in circumstances where:

- a. You are, or we reasonably suspect you may be, using your Policy for an illegal purpose;
- b. You are, or we have reason to suspect you may be, acting fraudulently;
- c. You exhibit threatening, abusive or violent behaviour towards our employees, either face-to-face, over the phone or in correspondence;
- d. We reasonably believe you have applied for the Policy using falsified information or documents;
- e. You repeatedly fail to provide us with reasonable information or documents enabling us to comply with our legal and regulatory obligations;
- f. We reasonably conclude that by continuing to keep the Policy in force, we may break a law, regulation or Court Order and where such consequence could lead to action against us or to our criminal prosecution.

17.2.10 Where we invoke Term 17.2.9, we will pay the total surrender benefits to you as soon as reasonably practicable (unless directed by a Court Order or similar legal instrument to pay the total surrender benefits to an alternative party) by either one or a combination of the following methods:

- a. By means of a crossed cheque made out in your name and sent by registered mail to the last recorded address we have for you on our records;
- b. By bank transfer to the nominated account we hold for you on our records;
- c. By the transfer of Assets to you using the relevant details maintained on our records.

17.2.11 Once we have paid the total surrender benefit to you under Term 17.2.10, your Policy will end and we will not pay any further benefits.

17.3 Part surrender of a Policy or Cluster of Policies

17.3.1 A part surrender of your Policy or Cluster of Policies is made by selling Assets in the Portfolio Fund so that the value of each Policy will be reduced proportionately. This means that all the Policies will remain of the same value (subject to any rounding adjustments). You may instead totally surrender one or more Policies.

17.3.2 Where you have requested we facilitate payment of an initial fee to your Intermediary, immediately after acceptance of your Policy or an additional Premium, we will deduct this fee from the Transaction Account held with us before investment of the Allocation Amount into other Assets, therefore Terms 17.3.4 to 17.3.8 below will not apply to this payment. This will be regarded as a part surrender of your Policy or Cluster of Policies.

17.3.3 We will cancel Allocated Units to pay the part surrender benefit based on the price of Units on the preceding Quarterly Date (or the Contract Date if there is no previous Quarterly Date).

17.3.4 You must select an Asset to be sold to pay for the part surrender benefits.

- a. This will be the Asset sold to pay for the part surrender benefits. This is known as the Nominated Asset.
- b. Where you have chosen Assets within the Multi-Asset Portfolios range, part surrender will be actioned by selling Units proportionately from all the Assets except the Transaction Account within the Portfolio Fund. If one or more of the Assets cannot be sold we will proportionately sell the remainder of the Assets.

17.3.5 On receipt of your instruction to part surrender, instructions to sell the Asset you have selected in accordance with Term 17.3.4 above will normally be given within five Working Days following receipt of your part surrender instruction.

17.3.6 If we are unable to pay the part surrender benefits because the Asset selected in Term 17.3.4 is unavailable to sell then we will contact you for revised instructions.

- a. Your part surrender will not be actioned until we have received new dealing instructions. This includes instructing us to use any credit balance in our Transaction Account held with us.
- b. On receipt of your revised instructions, Assets will be sold as described in Term 17.3.5.

17.3.7 We will not make payment of part surrender benefits until the realised amount has been credited to our bank account unless the part surrender is a Regular Withdrawal as described in Term 17.4 where the payment will be made on the Regular Withdrawal Due Date. We can accept no responsibility for the late payment due to delay in providing us with dealing instructions in respect of the Asset or Assets to be realised, especially if they are not priced daily.

17.3.8 We have the right to defer or decline any request for part surrender because of a situation such as referred to in Term 16.

17.3.9 To ensure that transactions and Policies remain economically viable, we stipulate a minimum value of a Portfolio Fund. We may stop part surrenders if the part surrender will reduce the value of the Portfolio Fund below the minimum value we stipulate for a Policy or Cluster of Policies or the current published percentage of the Premium. If at any time the Portfolio Fund value falls below our minimum published amount for maintaining a Portfolio Fund then we have the right to automatically surrender your Policy or Cluster of Policies unless you offer to pay us an additional Premium, and we accept the additional Premium. If we choose to exercise this right, we will confirm this to you via your Online Service Account where you have one or by post. This may be after the fact.

17.4 Regular Withdrawals (other than for Fund Adviser fees)

17.4.1 You may take Regular Withdrawals each month, quarter, four months, six months or year, depending on our minimum published withdrawal limit by sending us instructions using the Online Service or by post. We have the right to amend the frequency available for Regular Withdrawals in the future in order to meet our administrative requirements at the time. If you have Regular Withdrawals in place that will be affected, we will inform you of this change either through your Online Service Account, where you have one, or by post at least one month before the change will take place.

- a. We have the right to amend the frequency available for Regular Withdrawals in the future in order to meet our administrative requirements at the time. If you have Regular Withdrawals in place that will be affected, we will inform you of this change either through your Online Service Account, where you have one, or by post at least one month before the change will take place.

17.4.2 We will pay the Regular Withdrawals on the Regular Withdrawal Due Date subject to Term 17.4.4 or 17.4.5. This will be paid by debiting the Transaction Account.

17.4.3 The value of each Policy will be reduced proportionately to reflect the Regular Withdrawal payment. This means that all the Policies will remain of the same value (subject to any rounding adjustments).

17.4.4 We will pay the Regular Withdrawals to you, unless Terms 17.4.4 (a) (i) applies, or it is no longer possible to sell from a Nominated Asset and Term 17.4.4 (e)(i) applies. If we have not been able to process the transaction, we will send confirmation to your Online Service Account where you have one or by post.

- a. We will normally sell the Nominated Asset five Working Days before the Regular Withdrawal Due Date and debit the Transaction Account held with us and pay the Regular Withdrawal on the Regular Withdrawal Due Date. This is regardless of any credit balance in the Transaction Account held with us. We will credit the proceeds of the sale of the Nominated Asset to the Transaction Account held with us.

- i. If we requested the sale of the Nominated Asset five Working Days before the Regular Withdrawal Due Date but the sale of the Nominated Asset subsequently fails after the Regular Withdrawal Due Date, we will inform you as described in Term 17.4.4 (e) and the outstanding debit for the Regular Withdrawal will be cleared on the next Deduction Date as described in Term 15.3.

- b. Where Assets from the Multi-Asset Portfolios range have been chosen, the Regular Withdrawal will be actioned by selling Units proportionately from all the Assets except the Transaction Account within the Portfolio Fund, these Assets will be your Nominated Asset.

- i. If one or more of the Assets cannot be sold we will proportionately sell the remainder of the Assets.

- ii. Where you move from the Multi-Asset Portfolios range to the SelfSelect range, a specific Asset must be chosen to be your Nominated Asset.

- c. Where the Assets linked to your Portfolio Fund are from the SelfSelect investment range, your Nominated Asset must be a specific Asset.

- d. Where you move from the SelfSelect range to the Multi-Asset Portfolios range, all Assets linked to your Portfolio Fund except the Transaction Account will be your Nominated Asset from the date that the investment range is changed and we will automatically use your Nominated Asset and deduct the Regular Withdrawal as explained above.

- e. If it is no longer possible to sell from a Nominated Asset, we will advise you before the next Regular Withdrawal Due Date that we are unable to pay your next Regular Withdrawal and request that you, your Fund Adviser or the Discretionary Asset Manager to provide a new Nominated Asset.
 - i. If we do not receive a new instruction for a Nominated Asset before the next Regular Withdrawal Due Date, we will not pay that Regular Withdrawal.
 - ii. If we cannot pay a Regular Withdrawal, we will not pay any future Regular Withdrawals until the next Regular Withdrawal Due Date after we have received a new instruction for a Nominated Asset or there is sufficient credit in the Transaction Account where this is your Nominated Asset. We will not pay any missed Regular Withdrawals unless we are requested to pay the missed Regular Withdrawals and we agree to this request.
- 17.4.5 We reserve the right to cancel any request for Regular Withdrawals because of a situation such as referred to in Term 16.
- 17.4.6 To ensure that transactions and Policies remain economically viable, we stipulate a minimum value of a Portfolio Fund. We may stop Regular Withdrawals if the Regular Withdrawal will reduce the value of the Portfolio Fund below the minimum value we stipulate for a Policy or Cluster of Policies or the current published percentage of the Premium. If at any time the Portfolio Fund value falls below our minimum published amount for maintaining a Portfolio Fund then we reserve the right to automatically surrender your Policy or Cluster of Policies unless you offer to pay us an additional Premium, subject to our acceptance as explained in Term 4.3. If we choose to exercise this right we will confirm this to you via your Online Service Account where you have one or by post. This may be after the fact.
- 17.4.7 We may refuse a request for Regular Withdrawals if you are paying Regular Premiums.
- 17.5 Facilitating Fund Adviser Fees
- 17.5.1 This Term 17.5 only applies where you have appointed a Fund Adviser and requested that we facilitate payment of fees by making Regular Withdrawals.
- 17.5.2 You may request Regular Withdrawals to facilitate payment of Fund Adviser Fees by sending us instructions using the Online Service Account, by electronic communication acceptable to us or by post.
- 17.5.3 You may request a fixed monetary amount or a fixed annual percentage of the value of Assets. Where the Fund Adviser Fee is a fixed percentage, we will make a prorated payment for the first Quarterly Date following your request to make these payments. If the Fund Adviser Fee is a fixed monetary amount, then we will make a payment for the full amount for the first Quarterly Date following your request to make these payments. Where the Fund Adviser Fees are to be a percentage of the value of the Assets on the Quarterly Date, the amount will need to be calculated before payment can be made. The payment date and therefore when we debit the Transaction Account held with us will usually be the second Friday of the Quarter or when this day is not a Working Day, the next Working Day. However, it may depend on the date we have received all relevant information to calculate the amount. This date will vary depending on the type of Assets held.
- 17.5.4 The value of each Policy will be reduced proportionately to reflect the Regular Withdrawal for Fund Adviser Fees payment. This means that all the Policies will remain of the same value (subject to any rounding adjustments).
- 17.5.5 Fund Adviser Fees are deducted from the Transaction Account, if, after we have debited Fund Adviser Fees from the Transaction Account, there is a debit balance in the Transaction Account, where the debit balance is less than the published maximum overdraft limit, the debit balance will remain in the Transaction Account. Once the debit balance in the Transaction Account exceeds the maximum published overdraft limit, then the debit balance will be cleared in accordance with Term 15.3.

- 17.5.6 These Regular Withdrawals for Fund Adviser Fees will continue until either:
- a. your Policy is terminated; or
 - b. you ask us to stop making these payments by sending us instructions using your Online Service Account or by post; or
 - c. a situation as described in Term 7.4 or 7.5 occurs in respect of a Fund Adviser.
- 17.5.7 We reserve the right to cancel any request for Regular Withdrawals for Fund Adviser Fees because of a situation such as referred to in Term 16.
- 17.5.8 To ensure that transactions and Policies remain economically viable, we stipulate a minimum value of a Portfolio Fund. If at any time the Portfolio Fund value falls below our minimum published amount for maintaining a Portfolio Fund then we reserve the right to automatically surrender your Policy or Cluster of Policies unless you offer to pay us an additional Premium, subject to our acceptance as explained in Term 4.3. If we choose to exercise this right we will confirm this to you to your Online Service Account where you have one or by post. This may be after the automatic surrender of your Policy or Cluster of Policies.
- 17.6 Inability to sell an Asset
- 17.6.1 It may not be possible to sell or dispose of Assets because of a situation such as referred to in Term 16 happening. The following will apply if you:
- a. ask for a total surrender of all your Cluster Policies we may pay the Surrender Value in one or more instalments.
 - i. The first instalment will be for the value of the Assets which can be sold as though they were the only Assets for total surrender of all your Cluster Policies in accordance with Term 17.2; and
 - ii. a further instalment or instalments will be made when the remaining Assets have been sold.
 - iii. In such circumstances, if it is not possible to sell any of the Assets, we will defer payment of your Surrender Value until we are able to pay either the whole Surrender Value or the first instalment as described by Term 17.6.1. (a) (i), unless you request and we agree to transfer ownership of Assets to you. As owner of the Asset, whether we agree to pay all or part of the Surrender Value by such transfer of ownership is a matter entirely at our discretion and we are not required to provide you with any reason for our decision. You can also ask us to consider relinquishing your rights to the value of the Assets linked to the Policy.
 - b. request a total surrender of one or more, but not all of the Cluster Policies, or a part surrender other than a Regular Withdrawal, we will not carry out your request until you confirm to us through your Online Service Account where you have one or by post that we can sell or dispose other Assets or we agree to transfer the ownership of Assets to you.
- 17.7 If you ask us to surrender a Policy, in full or in part, you must meet our reasonable requirements including providing proof that you are entitled to the Policy. We may also ask you to return the Schedule and complete a surrender form.
- 17.8 We will make payment when the amount from the last sale of the Asset has been credited to our bank account. If there is a delay sending us a dealing instruction in respect of the Assets you want to sell then we are not responsible if the payment to you is delayed. We will make payment to you within three Working Days after we are advised that the proceeds have been credited to our bank account.

17.9 Surrender by transfer of Assets to you.

- 17.9.1 Provided it is permitted by law and regulation and with your consent (unless Term 17.2.9 applies) then we may pay all or part of a payment due by transferring the ownership of Assets linked to the Portfolio Fund to you.
- 17.9.2 You may also ask us to pay you by transferring the ownership of Assets linked to the Portfolio Fund to you.
 - a. If we agree to your request we will agree a value of those Assets (taking into account any associated costs of the transfer and any outstanding Portfolio Fund Charges and Third-Party Agent Charges).
 - b. If necessary we will sell assets to pay for the costs and outstanding Portfolio Fund Charges and Third-Party Agent Charges out of the assets we are transferring.

18. WHAT ARE THE PORTFOLIO FUND CHARGES AND HOW ARE THEY PAID?

- 18.1 The Charges Schedule which forms a part of the Policy shows the details of each Portfolio Fund Charge that will, or in certain instances may, apply to your Policy.
- 18.2 Any outstanding charge will also be deducted from the Portfolio Fund on the Final Plan Valuation Date or Final Valuation Date.
- 18.3 Your Charges Schedule will confirm which charging basis you have agreed to.
- 18.4 What happens if Assets in your Portfolio Fund cannot be sold to pay Portfolio Fund Charges?
 - 18.4.1 There may not be enough credit balance in the Transaction Account held with us. It may also not be possible to sell Units or shares in any other Assets because of a situation happening such as those referred to in Term 16. In that case we will carry forward the outstanding charges as a debit balance on the Transaction Account held with us until we can sell the Assets.
- 18.5 Many External Funds will be subject to the external fund manager's own annual management charge. Deduction of that charge will be reflected in the price of that fund's units or shares before we calculate the Portfolio Fund value and any Management Charge.

19. PORTFOLIO FUND CHARGES

- 19.1 This Term describes each charge that may apply to your Policy. If a charge applies to your Policy then it will be shown in the Charges Schedule. The Charges Schedule will show the amount of the charge and the period it applies to and how we work out the charge.
 - 19.1.1 We will calculate the charge using the Quarterly Date or, where applicable, the Final Valuation Date or Final Plan Valuation Date. We will deduct the charge from the Transaction Account held with us on the Deduction Date and, if applicable, on the Final Valuation Date or Final Plan Valuation Date. We will then sell Assets as described in Term 15. As well as the charges shown in the Charges Schedule, charges imposed by third-parties may apply as explained in Term 20. We may amend the date of the Deduction Date in the future. We will tell you about any change to the Deduction Date by more than one week through your Online Service Account where you have one or by post.
 - 19.1.2 Where the Portfolio Fund value is not sufficient to meet the deduction of a charge which is due, the Policy will lapse without value and no further benefits will be payable from the Policy. This includes the Maturity Benefit.

19.2 Set-up charges

19.2.1 You are able to choose how to pay for setting up your Policy. There are currently two different structures. These are referred to as 'Initial Charge' and 'Spread Cost'.

19.2.2 Initial Charge

a. Some of the costs for setting-up the Policy are reflected in the Allocation Percentage which is applied to your Premium and is shown in your Schedule. For example, the Allocation Percentage could equal 98% or 100%.

19.2.3 Spread Cost

- a. Some of the cost for setting up your Policy will be taken as an '**Establishment Charge**'.
- b. This charge is a percentage of the sum of all Premiums paid to your Policy in a Policy Year known as the 'Chargeable Premium'. A new Establishment Charge amount and time period may apply where additional Premiums are added in different Policy Years, therefore having a number of Chargeable Premium slices.
- c. The first calculation date is the Quarterly Date following the Policy Anniversary after the Chargeable Premium was paid unless you fully surrender your Policy or Cluster of Policies and therefore Term 19.2.3(e) applies.

For example, if a Premium of US\$50,000 is made on the Contract Date of 1 June 2020 and a further Premium of US\$30,000 is paid on 31 May 2021, the Chargeable Premium for the first Policy Year would be US\$80,000. The first calculation of an Establishment Charge would be on the next Quarterly Date, therefore 30 June 2021 and the deduction of the charge would be made on 31 August 2021.

The Policy Year runs from 1 June to 31 May. The following assumes two Premiums are paid in Policy Year one (US\$80,000) and an additional Premium in the following Policy Year (US\$40,000) and that no surrender has taken place.

POLICY YEAR	TOTAL PREMIUMS PAID IN A POLICY YEAR 'CHARGEABLE PREMIUM'	ESTABLISHMENT CHARGE	FIRST CALCULATION DATE FOR ESTABLISHMENT CHARGE	FIRST DEDUCTION DATE FOR ESTABLISHMENT CHARGE	FINAL CALCULATION DATE FOR ESTABLISHMENT CHARGE	FINAL DEDUCTION DATE FOR ESTABLISHMENT CHARGE
1 June 2020 - 31 May 2021	US\$80,000	1.550% p.a. for 5 years	30 June 2021	31 August 2021	31 March 2026	31 May 2026
1 June 2021- 31 May 2022	US\$40,000	1.550% p.a. for 5 years	30 June 2022	31 August 2022	31 March 2027	31 May 2027

d. We will calculate this charge in arrears on each Quarterly Date for the full number of years, shown in the Charges Schedule, after the Chargeable Premium was paid.

e. If you fully surrender your Policy or Cluster of Policies, any outstanding Establishment Charge applicable to your Policy or Cluster of Policies on the Final Valuation Date, sometimes referred to as an 'Early Surrender Charge' will be deducted from the Surrender Value.

19.3 Ongoing Charges

19.3.1 The Management Charge is an ongoing charge for the administration of the Portfolio Fund. The charge that applies and the level to which it applies will be shown in your Charges Schedule.

19.3.2 Management Charge

a. The charge will apply in arrears on each Quarterly Date (and if applicable on the Final Valuation Date).

b. The charge will be based on the higher of:

- the 'Fixed Minimum Charge' as shown in your Charges Schedule. The Fixed Minimum Charge is not proportioned and so applies in full if the Policy has been in existence for one day or more of the Valuation Period relevant to the particular Valuation Date or the Final Valuation Date; and
- the Portfolio Fund value at the Quarterly Date and the Final Valuation Date multiplied by the percentage applicable to the proportion of the Portfolio Fund value as shown in the Charges Schedule. We will only charge the pro-rata proportion of the charge applicable relevant to the number of days the Policy has been in existence during:

a. the Valuation Period which includes the Contract Date; and

b. the Valuation Period which includes the Final Valuation Date if within the period relevant to this charge.

19.3.3 The charge will apply each quarter in arrears and will be calculated using the Portfolio Fund value at the previous Quarterly Date or by using the Premium amount where no Quarterly Date has happened or the Portfolio Fund value on the Final Valuation Date where no Quarterly Date has happened.

Example:

THE PORTFOLIO FUND VALUE ON THE QUARTERLY DATE AND FINAL VALUATION DATE	PERCENTAGE AMOUNT PER YEAR
On the first US\$150,000	1.00%
On the Portfolio Fund value above US\$150,000 up to US\$375,000	0.80%
On the Portfolio Fund value above US\$375,000	0.60%

For example, if the Portfolio Fund value on the last Quarterly Date was US\$160,000 and your Charges Schedule shows the table above, the Management Charge will be calculated in the following way:

The calculation of the Management Charge would be:

US\$150,000 multiplied by 1.00%, US\$1,500 divided by 4 = US\$375

US\$10,000 multiplied by 0.80%, US\$80 divided by 4 = US\$20

US\$375 plus \$20 = US\$395

This provides the quarterly amount payable for this quarter.

At the next Quarterly Date the Portfolio Fund value is US\$200,000 so for the next quarter the calculation would be:

US\$150,000 multiplied by 1.00%, US\$1,500 divided by 4 = US\$375

US\$50,000 multiplied by 0.80%, US\$400 divided by 4 = US\$100

US\$375 plus US\$100 = US\$475 and so on.

This example is for illustration purposes only. Your Charges Schedule will show the Management Charge applicable to your Policy which will also be in your Policy Currency.

19.3.4 The Management Charge that is applicable to your Policy is shown in your Charges Schedule.

19.3.5 The Fixed Minimum Charge will be reviewed annually and may be altered with any amendment usually taking effect from 1 January each year.

19.3.6 When reviewing the Fixed Minimum Charge we will, on the advice of our Actuary, consider any changes year on year to the rate of Isle of Man inflation since the last amendment of the charge and any changes in the level of administration expenses incurred by us which affect the contract and which are reasonable in amount and reasonably incurred. Any such change will be proportionate.

19.3.7 We will tell you about any change to the charge through the Online Service Account should you have one or by post at least one month before the change will take effect.

19.4 Paper Valuation Charge

- 19.4.1 Should you request us to, we will send you a hard copy of a valuation statement, described in Term 14.5, but there is a charge for every copy sent to you known as a 'Paper Valuation Charge' as shown on your Charges Schedule. This will be deducted from the Transaction Account held with us on the date we send the paper valuation. This charge will not apply to valuation statements sent to you on the Quarterly Date where you do not have an Online Service Account.
- 19.4.2 The charge is a monetary amount shown in the Policy Currency in the Charges Schedule.
- 19.4.3 We will tell you about any change to the charge through the Online Service Account where you have one or by post at least one month before the change takes effect.
- 19.4.4 When reviewing the charge we will, on the advice of our Actuary, consider any change year-on-year to the rate of Isle of Man inflation since the last amendment to the charge and any changes to the level of the administration expenses incurred by us sending paper valuations and which are reasonable in amount and reasonably incurred. Any such change will be proportionate.
- 19.4.5 In exceptional circumstances, our Actuary may advise us that it is appropriate to review the charge immediately, taking account of the facts in Term 19.4.4. We will inform you of this fact through your Online Service Account where you have one or by post. This may be after the revised charge is applied.

19.5 Ongoing Service Charge

- 19.5.1 This charge applies where you have agreed a fund based ongoing commission with your Intermediary.
- 19.5.2 This charge is a percentage of the Portfolio Fund value at the Quarterly Date on every Quarterly Date and the Final Valuation Date. The charge will be paid on the Deduction Date (and if applicable the Final Valuation Date).
- 19.5.3 We will only charge the pro-rata proportion of the charge applicable relevant to the number of days the Policy has been in existence during:
- a. the Valuation Period which includes the Contract Date; and
 - b. the Valuation Period which includes the Final Valuation Date if within the period relevant to this charge.
- 19.5.4 You may request us to change this charge in the future by writing to us at our Office. All Policyholders have to agree to the change. Any amendment will be subject to our approval which if granted will be actioned and take effect on the next Quarterly Date.
- 19.5.5 Any change will be communicated to you through your Online Service Account or by post where you do not have an Online Service Account.

19.6 Asset Dealing Charge

- 19.6.1 This charge applies to each transaction to buy and each transaction to sell an Asset and will be debited to the Transaction Account in the Policy Currency in arrears on each Quarterly Date (and if applicable the Final Plan Valuation date).
- 19.6.2 We may allow you a number of transactions to sell or purchase an Asset without incurring an Asset Dealing Charge. Your Charges Schedule will show if this applies to your Policy. It will also show the number of transactions which can be made without incurring an Asset Dealing Charge.
- 19.6.3 We will calculate the total amount of the Asset Dealing Charge each Quarterly Date. The charge will be: the Asset Dealing Charge multiplied by the number of chargeable transactions needed to buy and sell an Asset that have been requested through the Online Service Account. The total amount of the Asset Dealing Charge will be deducted from the Transaction Account on the Quarterly Date.
- 19.6.4 An "Offline Asset Dealing Charge" , shown in the Charges Schedule, will also apply to any transaction to buy or sell an Asset that is not requested through the Online Service Account.
- 19.6.5 We will calculate the total amount of Offline Asset Dealing Charge each Quarterly Date. The charge will be: the Offline Asset Dealing Charge multiplied by the number of transactions needed to buy and sell an Asset that have not been requested through the Online Service Account. The total amount of Offline Asset Dealing Charge will be deducted from the Transaction Account on the Quarterly Date.
- 19.6.6 We have the right to amend the amount of the Asset Dealing Charge and Offline Asset Dealing Charge on the advice of our Actuary if it is reasonable considering the administration costs we must pay in connection with the Policy.
- 19.6.7 We will tell you about any change to the charge through the Online Service Account at least one month before the change will take effect.

19.7 Administration Charge

- 19.7.1 The charge is a monetary amount shown in the Charges Schedule in the Policy Currency and payable in arrears on the Deduction Date (and the Final Plan Valuation Date). This charge is not proportioned and so applies in full if the Policy has been in existence for one day or more of the Valuation Period relevant to the particular Valuation Date or the Final Plan Valuation Date.
- 19.7.2 We have the right to amend the amount of the Administration Charge on the advice of our Actuary if it is reasonable considering the administration costs we must pay in connection with the Policy.
- 19.7.3 We will tell you about any change to the charge through the Online Service Account where you have one or by post at least one month before the change takes effect.

20. THIRD-PARTY AGENT CHARGES AND OTHER CHARGES

20.1 Third-Party Agent Charges

- 20.1.1 There are various third-party charges related to the International Investment Bond - Redemption Policy. These charges will either be debited from the Transaction Account held with us or debited from the Portfolio Fund at each Valuation Date unless debited earlier.
- 20.1.2 As examples, these charges may include:
- currency conversion charges for payment of any benefit in a currency other than the Policy Currency.
 - currency conversion charges to purchase any Assets in a different currency.
 - remittance charges to pay benefits by a method requested by you.
 - stockbrokers' charges and fees.
- 20.1.3 These examples are illustrative and not exhaustive and we have no control over the number of such charges or their amount. As a result they may increase, reduce, stop, or be introduced without notice to you or us.

20.2 Discretionary Asset Manager Charge

20.2.1 This charge will apply in arrears on each Quarterly Date or if applicable, on the Final Valuation Date. This charge will either be:

- a. an annual percentage of the value of the Assets managed by the Discretionary Asset Manager; or
- b. a fixed monetary amount per annum.

A separate charge will apply for each Discretionary Asset Manager appointed.

20.2.2 The charge will be provided in either the application form or the form requesting the appointment of a Discretionary Asset Manager.

20.2.3 We will only charge a proportion of the charge relevant to the number of days the Policy has been in existence for:

- a. the Valuation Period which includes the Contract Date or the commencement of a Discretionary Asset Manager Charge;
- b. the Valuation Period which includes the end date of a Discretionary Asset Manager Charge; and
- c. the Valuation Period which includes the Final Valuation Date if within the period relevant to this charge.

20.2.4 The payment date and therefore when we debit the Transaction Account held with us will usually be the second Friday of the Quarter or when the day is not a Working Day, the next Working Day.

20.2.5 We will continue to take this charge until our agreement with the Discretionary Asset Manager is terminated as described in Terms 7.4 or 7.5.

21. OTHER CHARGES - DIRECT AND INDIRECT EXPENSES, TAXES AND ASSOCIATED CURRENCY TRANSACTIONS

21.1 Various other charges may arise on payment of a Premium or when a transaction takes place. They will either be taken before the amount is made to us or we will take them from the amount we receive.

21.1.1 These charges may be imposed in the currency of the transaction even if it is not the Policy Currency.

21.1.2 As examples, these charges may include:

- a. charges imposed by a banker for telegraphic transfers;
- b. stockbrokers' charges and fees;
- c. stamp duty or other fiscal imposition on a sale or purchase;
- d. withholding taxes; and
- e. foreign exchange charges.

21.1.3 This is not a complete list and we have no control over these charges. As a result they may increase, reduce, stop, or be introduced without notice to you or us.

21.1.4 If we incur charges due to telegraphic transfers, we will consider the costs imposed on us by a bank or other financial institution and our costs of administering the telegraphic transfer when deciding the level of charge that we will apply.

22. JOINT OWNERSHIP

22.1 Where the Policyholder is two or more individuals, then if any of them dies all their rights, title and interest in the Policy will automatically accrue to the surviving individuals as Policyholder. Any transaction requiring a request by the Policyholder will require a request by each such Policyholder.

23. LEAD POLICYHOLDER

23.1 Appointment of a Lead Policyholder or Lead Trustee by an individual(s) or trustees.

23.1.1 If there is more than one Policyholder, you will be asked to select one Policyholder to be the Lead Policyholder in order for Policy Transactions to be carried out through the Online Services. If you are using a different form of communication which is acceptable to us, you may also select a Lead Policyholder

23.1.2 Each Policyholder must agree to select the same Lead Policyholder. If each Policyholder cannot agree then you will not be able to use the Online Services.

23.1.3 By selecting a Lead Policyholder, you agree and authorise the Lead Policyholder to provide us with instructions to carry out Policy Transactions on behalf of all the Policyholders.

23.1.4 By selecting a Lead Policyholder, where the application is made by trustees, the trustees confirm that the provisions of the trust allow delegation of authority to one trustee to act on behalf of all trustees.

23.1.5 Each Policyholder may have their own Online Service Account. Each Policyholder will be able to access their account to view their Policy but will not be able to carry out Policy Transactions individually through their Online Service Account, unless they are the Lead Policyholder.

23.2 Appointment of a Lead Policyholder by a corporate entity.

23.2.1 If you are registering for the Online Services on behalf of a corporate entity, including, for example, a trust company, then you will be known as the Lead Policyholder.

23.2.2 Where an individual is selected as a Lead Policyholder by a Policyholder which is a corporate entity, you will ensure that the individual has the appropriate authority to act on behalf of the corporate entity. For example that there has been a board resolution that confirms the Lead Policyholder has the authority to act on behalf of the corporate entity solely.

23.3 Changes to the Lead Policyholder

23.3.1 You may request to change the Lead Policyholder at any time.

23.3.2 All Policyholders must agree on a new appointment for a replacement Lead Policyholder, as explained in Term 23.1.2.

23.3.3 The Lead Policyholder will stop being a Lead Policyholder when:

a. that person dies; or

b. there is a request by a Policyholder to remove the authority from that person to be a Lead Policyholder. For example, where the Lead Policyholder ceases to be a trustee of the trust, for any reason.

23.3.4 You must inform us of any change. If you do not inform us of the change then we will continue to act on the instruction of the Lead Policyholder.

23.3.5 We will not accept any further instructions through the Online Services and we will only accept instructions by post signed by all Policyholders until a replacement has been appointed, as explained in this Term 23.3.

24. ONLINE SERVICE

24.1 You may apply to access our Online Service through which you can communicate with us and we can communicate with you. Continuing access to our Online Service is subject to the Online Service Agreement.

24.2 You may access the Online Service by means of the use by you of certain security details. You are responsible for keeping such security details secure. In the event that your details are used to access the Online Service, it is agreed that we are to assume that such usage is done either by you personally or by someone you have authorised and such usage will be binding upon you. It is therefore your responsibility to ensure that the Online Service is only accessed by you or persons you have authorised.

24.3 You shall indemnify us in full for costs, losses, damages and expenses we suffer or incur, however so arising, which are caused by any improper, unauthorised and/or fraudulent access to the Online Service, except where the same has been caused by our own negligence.

24.4 You should tell us immediately if you experience any failure, delay or error whilst using any aspect of the Online Service, including when sending and receiving instructions. We are not responsible for any loss which could have been avoided had you advised us of any such failure, delay or error immediately.

25. HOW TO LET US KNOW YOU WANT TO USE POLICY OPTIONS AND COMMUNICATIONS GENERALLY

25.1 General Provisions

- 25.1.1 There are several methods by which you can communicate with us and these are set out in more detail in Terms 25.2 to 25.5 below. The following general provisions apply to all these methods of communication. In the event that there is a conflict between these general provisions and the method specific provisions set out in Terms 25.2 to 25.5, the latter will take precedence.
- 25.1.2 If all or any part of your communication to us is illegible, ambiguous, conflicting or unclear in any way to us, then we will not act on that instruction and will use our best endeavours to inform you of that and resolve the issue. We can accept no responsibility for any consequences of any delay or failure to carry out all or part of an instruction in such circumstances.
- 25.1.3 At all times we retain a right, in our absolute discretion, to require that further information or documents are provided to us in respect of any instruction we receive before we are required to accept such an instruction.
- 25.1.4 You are solely responsible for the accuracy and correctness of all instructions sent to us and you must check them prior to them being submitted to us. Upon receipt of any instructions we will seek to implement them without further reference to you and we are not responsible if those instructions are inaccurate or incorrect.
- 25.1.5 We will not acknowledge the receipt of any communication from you. If you wish to obtain such acknowledgement, you must seek that from us separately. We will therefore act on all communications received without further reference to you.
- 25.1.6 Once an instruction has been communicated to us, we may not be able to change or stop that instruction. If we can change or stop the instruction, you agree to indemnify us for all expenses, costs or losses we may suffer, howsoever arising, as a result.
- 25.1.7 In the event that you believe that there has been any failure, delay or error in us carrying out an instruction sent to us, you must immediately advise us of the same.
- 25.1.8 Where any method of you communicating with us involves you using security details, you must keep those details secure and ensure that they are only used by you or persons authorised by you. In the event that you fail to keep those details secure and/or they are used by anyone not authorised by you, we are not responsible for any resultant loss or damage you may suffer except where it is through our own negligence.
- 25.1.9 We can, in our reasonable discretion, refuse to carry out an instruction if:
- a. It may result in us or another company within our group of companies breaking a law, regulation, code or other duty which applies to either us or any company within our group of companies. Unless regulatory or other legal requirements prevent us from doing so, we will inform you that we have exercised our discretion in refusing to carry out an instruction; or
 - b. We suspect that an instruction may be fraudulent or is potentially connected to any suspected fraud, whether against us, you or any third party. Where we exercise this discretion, we may seek confirmation from you as to your instructions and we may report the matter to any interested third parties (including the police or other authorities). We will only carry out the instruction if our concerns have, in our reasonable view, been satisfactorily resolved.
- 25.1.10 We have the right to amend the provisions of this Term 25 in our absolute discretion, provided that any such amendments are communicated to you.

- 25.2 Communications to us electronically using the Online Service
- 25.2.1 Any communication received by us using the Online Service is legally equivalent to that communication being personally signed by you, whether initiated by you or not. It is your responsibility to ensure that the Online Service is either only accessed by you or persons you have authorised.
- 25.2.2 Where there is more than one Policyholder, then we may require, at our absolute discretion, confirmation of an instruction from all Policyholders. In the absence of such a requirement, any instruction received by us through the Online Service used by the Lead Policyholder will be treated as having been sent on behalf of all Policyholders and with their authority and consent.
- 25.2.3 Where we have received an instruction through the Online Service, we may send you an e-mail to inform you that the instruction has either been actioned or not actioned as the case maybe, albeit you should note that receipt by you of such an e-mail is not guaranteed by us. If you are in any doubt as to whether an instruction has been received or not and whether or not it has been actioned, you can communicate with us separately to ascertain the position.
- 25.2.4 You will be notified of any transaction date at the time of your Policy Transaction through the Online Service.
- 25.2.5 The time of receipt or delivery of any electronic communication sent to us using the Online Service will be determined by the time of sending recorded on our system, unless our system fails and an error message is generated. Where the system fails, an error message is generated, an electronic communication will generally be treated as being received one full Working Day after the date it is received by us through the Online Service Account, except in exceptional circumstances as described in Term 31. You should tell us immediately if you experience any failure, delay or error whilst using any aspect of the Online Service, including when sending and receiving instructions.
- 25.2.6 Certain instructions cannot be provided to us by means of the Online Service. If this is the case, upon receipt of such an instruction we will advise you accordingly. We are not responsible for any loss or damage caused by any delay arising on our refusal to accept an instruction by means of the Online Service.
- 25.3 Communications to us by post or courier
- 25.3.1 Any communication received by us by post or courier is legally equivalent to that communication being personally signed by you, whether initiated by you or not.
- 25.3.2 You accept the risk of sending communications to us either by secure or unsecured post or courier.
- 25.3.3 Communication with us by post or courier shall only be valid if:
- Physically received by us at our Office; and
 - If signed by the Policyholder personally.
- 25.3.4 'Received' in the context of this Term 25.3 means that we have received the relevant item by postal delivery or courier at our Office on a Working Day by 10:00 am Isle of Man time. If we receive any such item after 10:00 am, it shall be treated as having been received on the next Working Day, regardless of what time after 10:00 am it was received.

- 25.4 Electronic communication other than by the Online Service
- 25.4.1 We will accept communications from you electronically other than by the Online Service, such as by e-mail. Where we have accepted such a method of communication, such as e-mails from an identified e-mail address, receipt of such a communication by us will be legally equivalent to that communication being personally signed by you, whether initiated by you or not.
- 25.4.2 In the event that you change your means of communicating with us electronically, such as your e-mail address, you must immediately advise us of such change. In the absence of such information, we are entitled to treat any communication by means of the previously identified method (such as an e-mail address) as being a communication from you personally.
- 25.4.3 We strongly recommend that all personal, financial and banking information is sent to us through a secure means and that you implement robust security measures to reduce the risk of information and your electronic communications to us being lost, altered or stolen. We are not responsible for any electronic communications (of any type) intended for us which are lost, altered or stolen. You must ensure that all devices used by you to communicate electronically with us are secure, have reasonable protection from viruses and hacking and are never placed in the possession or control of any third parties not authorised by you. We are not responsible for any losses, expenses or costs caused or contributed to by any failure on your part to ensure that all electronic communication to us is secure and cannot be accessed by anyone not authorised by you.
- 25.4.4 In the event that we receive a form of electronic communication which appears to us to be from you, but has been generated by a third party, whether authorised or not, where the receipt of that communication by us has arisen from any failure on your part to secure or protect your devices, e-mail accounts or confidential information, we are entitled to assume that such electronic communication is from you or on your behalf and it will bind you unless we have acted negligently.
- 25.4.5 Proof that you sent an electronic communication to us will not be proof that it has been received by us, irrespective of any transmission confirmation at the sender's location.
- 25.5 Communications to us by telephone
- 25.5.1 We may also accept instructions or requests to exercise policy options by telephone subject to such conditions and safeguards we consider reasonable and appropriate. Where we have accepted communications to us by telephone, we will consider such communication to be legally equivalent to a personally signed instruction from you.
- 25.5.2 Where we receive communications by telephone, the caller will be asked to provide security details in order for us to verify the caller. You must keep those security details secure and ensure that they are only used by you or persons authorised by you. In the event that a caller provides us with such security details to our satisfaction, any instructions provided by that caller to us are binding on you, except where we have been negligent.
- 26. HOW WILL WE COMMUNICATE WITH YOU?**
- 26.1 We will contact you by post, telephone, through the Online Service or by other electronic means (such as by e-mail). Where we communicate with you by any of these methods, it is legally equivalent to you physically receiving communication from us in writing.
- 26.2 In communicating with you by any of the means provided in Term 26.1, we will use the most recent details you have provided to us. You must immediately inform us of any changes to those details. We accept no liability for any loss or damage suffered if we have not been informed of your most recent contact details. You also will indemnify us for any loss, damages, expenses or costs incurred by us, howsoever arising, as a result of any failure to provide us with up to date or accurate contact details.
- 26.3 Except in cases of negligence on our part, where we have sent you communications, including any notices, they shall be treated as having been received by you as a result of them being sent to you, whether or not they are actually received by you or seen by you.
- 26.4 We are not responsible for any loss or damage caused by any interception, loss or alteration of any of our communications to you, except where we have been negligent. If you suspect that any of our communications to you have been intercepted, lost or altered, you must inform us immediately.
- 26.5 Where any communication is sent to the Lead Policyholder, such communication shall be deemed to have also been provided simultaneously to all Policyholders.

26.6 We have the right to amend the provisions of this Term 26 at our absolute discretion, provided that any such amendments are communicated to you.

26.7 All communications to you and received from you may be recorded and stored by us for our records. We may use such records for any purpose relating to our business, including for training purposes, regulatory requirements, checking the accuracy of instructions received, for verifying identities and resolving any disputes we may have, either with you or third parties.

27. POLICY CURRENCY AND WHERE BENEFITS ARE PAYABLE

27.1 We will pay all benefits in the Policy Currency at our Office.

27.2 If the Policy Currency is replaced by another currency, then the Policy Currency will become that new currency. For example, if the Policy Currency is Pound Sterling GBP and it is replaced with the Euro, then the Policy Currency will become the Euro. Premiums and benefits will then become payable in Euros based on the rate of conversion provided for by legislation.

27.3 If a Policy Currency is abandoned and is replaced by more than one currency (such as where the Euro is abandoned) then the new Policy Currency will be the Pound Sterling GBP.

28. RIGHT TO VARY THE TERMS BECAUSE OF CHANGES TO LAW AND TAXATION

28.1 Our Actuary may advise us to vary these Terms and the benefits we pay under the Policy if we cannot maintain the Policy inline with these Terms without this having a negative effect on us or our Policyholders generally because of:

28.1.1 any statutory or regulatory levy being imposed; or

28.1.2 any change in law or taxation or regulatory practice which affects:

a. us; or

b. the policies we issue; or

c. the funds we keep; or

d. the Assets.

28.2 Any change we make to these Terms and the benefits we pay will be appropriate to put us and our Policyholders into the financial position we both would have been in but for the levy or change.

28.3 We will tell you about any change to these Terms at least one month before the change will take effect.

29. RELEVANT LAW AND JURISDICTION FOR LEGAL PROCEEDINGS

29.1 By signing the Policy application form, you acknowledge and accept that any dispute between you and us in respect of or relating to your Policy, howsoever arising, shall be governed exclusively by the law of the Isle of Man. Further, you acknowledge and accept that the High Court of Justice of the Isle of Man shall have exclusive jurisdiction to hear all disputes between you and us, whether or not concerning your Policy and howsoever arising.

30. ANTI-MONEY LAUNDERING AND COUNTERING TERRORIST FINANCING

You will provide us with such information or documents that we request in order to comply with the anti-money laundering regulations and countering terrorist financing regulations and legislation in the Isle of Man or any other relevant jurisdiction. We can only proceed with the allocation of Premiums or the payment of benefits when the information provided complies with the regulations and legislation. If our requests for information and documents required under this Term are refused, we reserve the right to invoke Terms 17.2.9 and 17.2.10 to surrender the Policy.

We can accept no responsibility for any delay or failure to carry out your instruction or request in such circumstances.

31. INFORMATION TECHNOLOGY FAILURE AND FORCE MAJEURE

31.1 We will not be liable or have any responsibility for any loss or damage, fall in investment value or loss of investment opportunity incurred or suffered because of a delay or failure to perform our obligations when an event occurs that we could not reasonably control. As examples, such events include:

- a. any act (or credible threat) of terrorism;
- b. acts of government, local authority or regulatory body;
- c. acts of God, explosion or fire, earthquake, extraordinary storm, flood, abnormal weather conditions or other natural catastrophe, radioactivity, sonic bangs, pollution, any nuclear, chemical or biological contamination or any strikes, lockouts or other industrial disputes (other than to the extent involving our workforce or other personnel);
- d. riot, civil unrest, commotion or rebellion, war or civil war (whether or not declared) or armed conflict, invasion and acts of foreign enemies, blockades, embargoes (including as to trade);
- e. an unavoidable accident;
- f. the loss of supply of essential services including but not limited to electrical power, telecommunications, air conditioning and essential thirdparty services;
- g. failure outside of our control of our information technology systems including those caused by network attacks, provided we have reasonable procedures in place by way of virus protection on our networks and a disaster recovery programme; or
- h. any other cause beyond our reasonable control as a consequence of which we can no longer administer your Policy for a given period.

These examples are illustrative and not exhaustive.

32. ASSIGNING YOUR POLICY TO SOMEONE ELSE

- 32.1 If you assign this Policy to someone else and we note and acknowledge the assignment or notice of such assignment, we accept no responsibility for the legality or effect of the transaction to which it relates.
- 32.2 If an assignment is not in respect of all of the Policies then we reserve the right to require that the Policy or Policies that are assigned are:
 - 32.2.1 endorsed to show a new Policy number for administrative purposes; and
 - 32.2.2 allocated to a new Portfolio Fund for the proportion of the value of the Portfolio Fund represented by those Policies.
- 32.3 We may terminate the Online Service Agreement if you are no longer a Policyholder of a Policy, for example if you have assigned all your rights and title to a Policy to someone else.
- 32.4 You must tell us if you assign your Policy as soon as the Policy has been assigned.
- 32.5 You should provide the new Policyholder (following an assignment) with a copy of the Policy Terms or refer them to us to obtain a copy of the Policy Terms.

33. THIRD-PARTY RIGHTS

- 33.1 Only you, or your legal personal representatives or assigns (including trustees where the Policy is subject to a trust), may enforce the terms of the Policy.

34. CHANGE OF COUNTRY OF RESIDENCE

- 34.1 You have an obligation to advise us immediately should your country of residence change. You are responsible for any tax reporting and liability in relation to your Policy required by the relevant tax authorities. Your country of residence could vary how your Policy is taxed, and you should seek professional tax advice before moving to a new country.

35. COMPLAINTS PROCEDURE

35.1 Customer satisfaction is very important to us, but if you do have any cause to complain about the administration or service provided by us, in the first instance please write to the Complaints Team Manager at our Office address.

If you are not satisfied with our response you can complain to:

The Financial Services Ombudsman Scheme for the Isle of Man (FSOS) Thie Slieau Whallian, Foxdale Road, St John's, Isle of Man, IM4 3AS, British Isles

Referral to FSOS must be made within six years of the act or omission which led to your complaint. Complaining to the FSOS may affect your legal rights.

With effect from 1 April 2012, the maximum award limit paid by the Financial Services Ombudsman Scheme was increased to £150,000 for complaints where the act or omission occurs on or after 1 April 2012. The maximum award limit on other complaints remains at £100,000.

36. APPOINTMENT OF INTERMEDIARY

36.1 The Intermediary has been appointed by you to deal with your affairs and interests according to whatever terms you have agreed with them.

36.2 The Intermediary is not acting on our behalf and does not represent us in any way, and we have no knowledge of what basis your Intermediary acts on your behalf.

36.3 We are not responsible for any failure or breach in the relationship between you and your Intermediary.

36.4 We may make payments (such as Commission (for example) if regulatory rules allow) to your Intermediary in respect of your Policy (including upon the inception of the Policy), even though they are acting for you and irrespective of the nature of the relationship you have with them. Details of the amounts payable to your Intermediary are available from your Intermediary on request.

37. CAN YOU CHANGE YOUR MIND AND CANCEL THE CONTRACT?

37.1 You may change your mind and cancel the contract within 30 days of the date you receive our letter or e-mail confirming the date your Policy started or an e-mail confirming that your documents can be downloaded from the Online Service. We would expect you to receive our letter within standard postal delivery timescales (which would generally be within seven days of the date the letter is dispatched).

37.2 If you wish to cancel the contract then you must advise us in writing at our Office or by cancelling the contract through the Online Service.

37.3 As you bear the investment risk of the Policy it is possible that the amount you will receive will be less than the Premium you paid. This will be the case if the value of the Assets fall between the Contract Date and the date the notification of your cancellation is received by us. Non-refundable asset charges, bank charges and fees we have paid to your Intermediary on your behalf will also be deducted from the Premium you paid which could also result in you receiving less than the Premium you paid.

37.4 If at any time after the Contract Date you agree to pay an additional Lump Sum Premium or Regular Premium, then you may change your mind and cancel your additional Lump Sum Premium or Regular Premium within 30 days of the date that you receive an e-mail to confirm that the letter accepting your additional Lump Sum Premium or Regular Premium is available for you to download from your Online Service Account or you receive the letter accepting your additional Lump Sum Premium or Regular Premium by post or an e-mail. We would expect you to receive our letter within standard postal delivery timescales (which would generally be within seven days of the date the letter is dispatched).

37.5 If you wish to cancel the additional Premium or Regular Premium then you must advise us in writing at our Office or by cancelling the additional Premium or Regular Premium through the Online Service.

37.6 The amount of the additional Premium refunded will be less a deduction of the amount (if any) by which the value of Assets for the additional Premium has fallen between the time the additional Premium was paid and the date your notification of your cancellation of your additional Premium is received by us. Non-refundable Asset charges, bank charges and fees we have paid to your Intermediary on your behalf will also be deducted from the additional Premium you paid which could result in you receiving less than the additional Premium you paid.

37.7 The amount of the Regular Premium refunded will be less a deduction of the amount (if any) by which the value of Assets for the Regular Premium has fallen between the time the Regular Premium was paid and the date your notification of your cancellation of your Regular Premium is received by us. Nonrefundable Asset charges, bank charges and fees we have paid to your Intermediary on your behalf will also be deducted from the Regular Premium you paid which could result in you receiving less than the Regular Premium you paid.

38. POLICYHOLDER TAX LIABILITY AND REPORTING

You are responsible for any tax reporting and liability in relation to your Policy required by the relevant tax authorities. Your country of residence could vary how your Policy is taxed, and you should seek professional tax advice before moving to a new country.