

**This addendum is to be read in conjunction with the “key features of the Family Investments Child Trust Fund (CTF) Account” (key features document) where a CTF Account has been introduced by Nectar. Any reference to the Nectar Child Trust Fund Account in this document means the Family Investments Child Trust Fund Account introduced by Nectar.**

The key features, terms and conditions, Simplified Prospectus details and any definition of terms outlined in the key features document also apply to the Nectar Child Trust Fund Account. The terms outlined in this addendum are in addition to those in the key features document, and also form part of the Initial Service Agreement between the Registered Contact and Family Investments

## How can contributions be made to a Nectar CTF account and when will those contributions be invested?

(Please see Sections 2, 7 and 10 of the key features document)

In addition to the methods outlined in Sections 2 and 7 of the key features document, contributions to the Nectar CTF Account can be made by redeeming Nectar points.

Points must be redeemed in multiples of 1000. Currently, for every 1000 points redeemed £5 will be invested. The minimum contribution of £10 does not apply to contributions via Nectar points.

For details of how to make contributions by Nectar points, the Payer should contact Nectar. When redeeming their points, the Payer should quote the child's CTF account number. **If the correct number is not quoted, Family Investments (we/us) may be unable to invest the contribution and, if the contribution is allocated to another CTF account, we will not be able to refund it and may not be able to reallocate it to the correct account.**

Contributions made by redeeming Nectar points will be invested by the pricing point on the 4th business day following points redemption provided that we receive notice of the redemption, it is correctly referenced and the number of points redeemed is divisible by 1000. Any notice of redemption received by us that does not meet these last two requirements will be rejected. Nectar will contact any Payer whose contribution is rejected in these circumstances.

## What happens if the £1200 annual subscription limit is exceeded by a contribution made by redeeming Nectar points?

(Please see Section 22 of the key features document)

If a contribution is made by redeeming Nectar points and part or all of that contribution exceeds the CTF subscription limit for that year, then the whole contribution will be rejected. In these circumstances, we will advise Nectar who will contact the relevant Payer.

## How much will the introduction cost?

(Please see section 26 of the key features document)

We will pay Nectar commission for introducing this account to you. The commission will be an initial amount plus a percentage of the fund each year. As an example assuming a £250 initial investment, a further Government contribution of £250 in the eighth year, a regular monthly top-up of £10 started at age 0 and a fund growth rate before charges of 6.5%, the total amount payable in the first year would be £58.15, in the fifth year £2.76, in the tenth year £6.40 and in the eighteenth year £12.91.

# key features

of the Family Investments

Child Trust Fund (CTF) Account

**This document includes the key features, terms and conditions and the Simplified Prospectus details for the Family Investments Child Trust Fund (CTF) Account. Additional copies of this document and copies of the Full Prospectus for the Family Investments Child Trust Fund (unit trust) are also available on request by writing to CTF Customer Services, Family Investments, 16-17 West Street, Brighton, East Sussex BN1 2RL.**

**The following forms the basis of an Initial Service Agreement between the Registered Contact (see Section 4) and Family Investments.**

## 1 Aims

To provide a stakeholder CTF account which will ensure that an eligible child will have a sum of money, at the start of adult life, to invest in their future.

## 2 Commitment

- To open the CTF account with the voucher provided by HM Revenue & Customs (HMRC) (but see Section 6). Additional contributions of up to a total of £1,200 per CTF year can be made by the Registered Contact or anyone else (who need not be resident in the UK).
- Any additional contributions are considered to be a gift to the child and are locked in and cannot be returned. The child cannot access the money until they have reached the age of 18 (except as permitted by the CTF regulations) and no other person may make withdrawals on the child's behalf (see Section 16).
- The Registered Contact cannot prevent any contribution to the CTF account.
- The minimum single contribution that will be accepted is £10. Payment may be made by cheque, direct debit, standing order or direct credit (see Section 7).

## 3 Risks

The risks include:

- As part of the CTF account is invested in stocks and shares, its value can fall as well as rise and the child may get back less than has been invested.
- Inflation may reduce what the child could buy in the future with the money invested.
- Tax legislation is subject to change.

These and other risks are detailed in Section 9.

## Your questions answered

### 4 Who is the Registered Contact?

The Registered Contact is the person nominated as such in the CTF account application (usually the person who opens the account) and to whom annual statements will be sent on behalf of the child. They must be a responsible person aged over 16 with parental responsibility for the child.

Family Investments can only accept instructions concerning the management of the CTF account from the Registered Contact. This includes the transfer of Registered Contact responsibilities to another eligible person. Once the child reaches the age of 16, they can become the Registered Contact by making the required declaration. This can be obtained from us on request. If we do not receive a declaration, after the child reaches the age of 16 there will be no Registered Contact for that account, in which case, the investments in the CTF account will be managed in accordance with the existing instructions, as set out in HMRC regulations.

### 5 What is a Stakeholder CTF account?

A Stakeholder CTF account is a CTF account which meets certain criteria defined by the Government regarding:

- i. The type of investments (see Section 8)
- ii. Exposure to equities (see Section 8)
- iii. Diversification (see Section 8) and suitability of investments
- iv. Lifestyling (see Section 11)
- v. The means of payment of contributions (see Section 2)
- vi. The minimum single contribution (see Section 2)
- vii. An annual charge cap of 1.5% (see Section 23)

There are also non-stakeholder accounts, which do not have to meet the criteria above. One type takes the form of a deposit type cash account which pays interest and offers greater protection but, in doing

so, sacrifices the greater growth potential of an equity linked account. Other non-stakeholder accounts will invest in equities where the level of charges are not restricted and where there may be a more diverse choice of equities into which you can invest. There may also be a higher level of risk with some of these accounts with the potential for greater returns than both cash deposit accounts and stakeholder accounts.

The Family Investments CTF Account is a Stakeholder CTF account.

Meeting the Government's criteria for Stakeholder CTF accounts is in no way an indication that the investment is suitable to the needs of a particular individual nor that there is any guarantee of performance.

If the Government changes the criteria for Stakeholder CTF accounts, the terms and conditions of your CTF account may be amended to reflect these changes.

## 6 What is a Revenue Allocated Account (RAA)?

An RAA is a CTF account that has been opened by HMRC directly with a CTF provider on behalf of an eligible child (see Section 27). This happens either because a child is in care or because an account has not been opened for an eligible child prior to the expiry date on the CTF voucher issued by HMRC.

A Family Investments CTF Account opened by HMRC is the same as any other Family Investments CTF Account and all of the key features, terms and conditions and Simplified Prospectus details contained in this booklet apply, except for the following:

- Initially, an RAA will not have a Registered Contact (see Section 4). Once an RAA has been opened, Family Investments will contact the correspondent provided by HMRC (if any) and invite them (or someone else with parental responsibility) to become the Registered Contact for the account. Once the child is 16, only they can apply to become the Registered Contact.
- If there is no Registered Contact on the account, statements will be sent to the child "care of" the correspondent (if any) (see Section 20).
- An RAA will be opened one working day after Family Investments process the instruction from HMRC. There is no cancellation period (see Section 18).

## 7 How can contributions be made?

Anyone can make payments into a CTF account. Contributions can be made by cheque, direct debit, standing order or direct credit.

Cheques should be made payable to Family Equity Plan Limited, or the child, and be sent to CTF Customer Services, Family Investments, 16-17 West Street, Brighton, BN1 2RL. The Payer's name and address together with the child's name, date of birth and CTF account number (provided by Family Investments on opening the account) should be noted on the back. It is not necessary for the child's CTF account number to be noted on the back of the cheque if an account number has not yet been provided.

It is possible to make regular monthly contributions by direct debit by completing the direct debit mandate on the application form. Alternatively, regular or one-off direct debits can be set up over the telephone by calling 0844 8 920 920 (telephone calls may be monitored or recorded). Calls cost 3p per minute from a UK landline (International, mobile and internet calls may vary). A set up or minimum call charge (usually only 3-6p) may also apply. A direct debit mandate can also be requested by calling this number. To set up a direct debit, the Payer will need to know the child's CTF account number.

Contributions by Standing Order or Direct Credit can be arranged by the Payer at their bank or building society. The Payer should quote the child's CTF account number and Family Investments' bank details which are as follows:

Sort Code: 60-00-01

Account Number: 36238007

**If the correct details are not quoted when making contributions by any of the methods outlined above, we may be unable to invest the contribution, and, if the contribution is allocated to another CTF account, we will not be able to refund it and may not be able to allocate it to the correct account.**

## 8 Where is the money invested?

The Family Investments CTF Account is initially invested into an authorised unit trust called the Family Investments Child Trust Fund (the Trust). The Trust was authorised by the Financial Services Authority (see Section 34) in the UK on 17th November 2004 and launched on 6th April 2005.

A unit trust is a means of investing, indirectly, in securities (such as shares on the stock market). An

individual's contributions are pooled together with money from other investors and used to buy securities. Professionals then manage these assets on behalf of the investors. Each contribution by an individual will purchase "units", which represent a share of the assets held by the unit trust. The value of each unit is based on the value of the assets held by the unit trust divided by the total number of units in issue. The assets of the unit trust are protected by independent, appointed Trustees (see Section 35).

The Trust is a unit trust that aims to achieve long-term capital growth, whilst maintaining some stability, by investing in a global managed portfolio of equities and fixed interest securities. Family Investments may also move holdings wholly into, or significantly increase holdings in, money market instruments, deposits and/or collective investment schemes.

Currently, the assets in the Trust are primarily shares of leading companies in the UK and worldwide, carefully balanced against holdings which are subject to less fluctuation in value such as fixed interest securities.

Fixed interest securities may include both corporate and government bonds. Our Investment Adviser (see Section 33) will purchase corporate bonds only where they have an investment rating of BBB or higher. Government bonds purchased will generally be limited to the UK and the countries listed on the JP Morgan Overseas Bond index. There are no specific requirements for the duration of the bonds purchased.

The Portfolio Turnover Rate (PTR) was 112.6% over the last accounting year (ends 31st March 2007).

This figure shows the amount of trading on the Trust's portfolio of assets (ie the amount of stocks and shares bought and sold).

The PTR's for previous accounting years are available from the Customer Service Team on 0870 241 0843.

See Section 11 for more information on the investment in the Family Investments CTF Account.

The Trust was set up for the purpose of providing a suitable investment vehicle for our stakeholder CTF product and it therefore complies with the UK Government's stakeholder CTF requirements (see Section 5). The Trust is, however, available to all retail investors. Direct investment in the Trust is subject to a minimum investment and holding of £100,000. For a copy of the key features document (including the Simplified Prospectus details) for direct investment in the Trust, please contact the Customer Service Team on 0870 241 0843.

Family Investments reserves the right to alter the asset allocation of the Trust.

The investment strategy of the Trust is not limited by social, environmental or ethical considerations.

## 9 What are the risks?

- As part of the CTF account is invested in stocks and shares, its value can fall as well as rise and the child may get back less than has been invested.
- Inflation may reduce what the child could buy in the future with the money invested.
- Tax legislation is subject to change.
- The value of investments in the Trust could fall simply because of economic change or other events that impact large portions of a market.
- The Trust invests in overseas equities and fixed interest securities that are priced in the local currency. Prices are then converted to British Pounds Sterling at the prevailing exchange rate. Likewise, income from these overseas investments can be in currencies other than British Pounds Sterling. Movements in exchange rates could therefore occur which may affect the value of the Trust.
- The Trust invests in fixed interest securities. A fall in the interest rates may result in a fall in the rates that the Investment Adviser is able to secure on future securities purchased. A rise (or the expectation of a rise) may also result in a decrease in the capital value of the securities held. For particular securities, where part of the income paid is variable, a fall may result in income decreasing.
- The Trust invests in corporate bonds. The bond issuer may default by failing to repay capital and/or pay interest as a result of bankruptcy.
- All investments in the Trust are bought and sold through intermediaries known as brokers. It is possible that a broker will not deliver the investment (purchase) or cash (sale) after a transaction has been processed.
- The Investment Adviser may be unable to sell the Trust's assets under certain circumstances and this may affect the value of the Trust.

Further details on some of the risks mentioned above may be found in the Trust's Report and Accounts (long report), which is available on request (see Section 20).

## 10 How are the CTF contributions allocated?

Contributions cannot be invested in the CTF account until it is open (see Section 18).

Units are priced at 10am on each business day. Contributions received by direct debit will purchase units at the pricing point following receipt. Contributions received by cheque will purchase units once Family Investments deem that the cheque has cleared. If Family Investments choose not to apply a cheque clearance period, then a dealing cut-off will apply to all contributions received by cheque (see Section 29). Units will be purchased in respect of Government contributions at the pricing point on the next business day following a correctly referenced receipt. Contributions by all other payment methods will purchase units at the pricing point within three business days following a correctly referenced (child's CTF account number) receipt (see Section 7).

All contributions will purchase accumulation units. This means that income distributions will be automatically transferred to the capital of the Trust. The annual distribution will occur between 31st March and 31st May each year.

If Family Investments wishes to change the frequency of valuation, it will provide 12 months notice.

Please note that all contributions must be received in British Pounds Sterling.

Contributions to the CTF account will be invested in a unit trust for which certificates of title are not issued.

## 11 What is Lifestyling?

Lifestyling is a way of helping to protect the value of the account (although this cannot be guaranteed) as the child approaches the age of 18. This is achieved by increasing the percentage of the account invested in cash deposits, or other low risk investments, whilst decreasing the percentage of the account invested in shares.

Lifestyling starts automatically on or before the child's 13th birthday and continues up until the child's 18th birthday. The Registered Contact can choose to opt out of Lifestyling.

## 12 Can the CTF account be transferred to another provider?

Yes, the Registered Contact can arrange for the CTF account (with all rights and obligations) to be transferred to another CTF provider at any time. To arrange for the transfer the Registered Contact will need to contact the new provider.

Family Investments will begin the transfer process on receipt of a valid instruction from the new CTF provider.

Any active direct debit will be cancelled on receipt of the valid transfer instruction.

Any cheque, direct credit or standing order payments received after the receipt of the transfer instruction will be returned directly to the payer, or, if contact details for the payer are not known, to the payer 'care of' the Registered Contact.

When Family Investments have completed the necessary administration to transfer the CTF account, it will sell the units held within the CTF account and send the proceeds to the new CTF provider. The transfer process will be completed within 30 days of receipt of the valid instruction from the new CTF provider.

It is possible for the Registered Contact to ask Family Investments to sell the units held within the relevant CTF account after the minimum 30-day period. Any such date should be specified in the transfer instruction.

After the units in the account have been redeemed, there could be potential for loss of growth whilst the transfer to another provider remains pending, should there be a rise in the markets.

If a cancellation period applies to the new CTF account, Family Investments will be unable to sell the units until after the end of this cancellation period.

A statement will be provided to the Registered Contact giving the relevant details as at the date of transfer.

Transfers are free of charge (except where the provider applies charges such as stamp duty and other dealing costs associated with the disposal or acquisition of investments).

Please note that the CTF account cannot be a mix of stakeholder and non-stakeholder accounts.

## 13 Can a CTF account held with another provider be transferred to Family Investments?

Yes, the Registered Contact can transfer a CTF account to Family Investments at any time. To do this, the Registered Contact will need to contact the Customer Service Team on 0844 8 920 920. Once Family Investments receives a valid instruction and the cancellation period has expired, we will contact the other provider to arrange for the transfer to take place. Family Investments will open the CTF account on receipt of the cheque from the other

provider and will invest the transfer amount once it has deemed that the cheque has cleared. If Family Investments choose not to apply a cheque clearance period, then a dealing cut-off will operate (see Section 29).

Once requested, the Registered Contact has the right to cancel the transfer should they wish (see Section 18).

Transfers are free of charge (except where the provider applies charges such as stamp duty and other dealing costs associated with the disposal or acquisition of investments).

There could be potential for a loss of growth whilst the transfer remains pending, should there be a rise in the markets.

## 14 Can the Family Investments CTF account be transferred to another CTF account offered by Family Investments?

Yes, the Registered Contact can transfer the CTF account to another type of CTF account made available by Family Investments at any time by contacting the Customer Service Team on 0844 8 920 920.

If a cancellation period applies, the Registered Contact will have 14 calendar days in which to cancel the transfer should he or she wish. This 14-day period starts three business days after the transfer application is processed at which time the new contract will be deemed concluded.

If, by transferring the CTF account, the money held in the account is being transferred to a new underlying investment, then Family Investments will sell the units held at the pricing point on the first business day after the end of the cancellation period. Two working days after the units are sold, Family Investments will purchase units in the new underlying investment at that day's pricing point. If no cancellation period applies, the unit price used to sell the units will depend on when the valid transfer instruction is received (see Section 29). The new CTF account will open on the same day that the units are sold.

It is possible for the Registered Contact to ask Family Investments to sell the investments held within the CTF account on a date later than that specified above. Any such date should be specified in the transfer instruction.

After the units in the account have been redeemed, there could be potential for a loss of growth whilst

a transfer remains pending, should there be a rise in the markets.

If the account is being transferred but there is no change of underlying investment, the units held will not be sold. Instead they will simply be moved to the new CTF account the first business day after the end of any cancellation period, when the new CTF account will open. If no cancellation period applies, the new account will open the business day after the transfer application is processed.

Transfers are free of charge (except where the provider applies charges such as stamp duty and other dealing costs associated with the disposal or acquisition of investments).

## 15 How long does the CTF account run for?

The CTF account must remain in force until the child reaches the age of 18.

If the CTF account is not encashed on the relevant child's 18th birthday, under current legislation, the preferential tax treatment will cease and any growth arising after this time will be subject to tax.

## 16 Who can encash the CTF account?

The account can only be encashed by the relevant child and only once they reach the age of 18. They will need to provide proof of identity before the proceeds of the CTF account can be released (see Section 38). The only circumstance where payment can be made prior to the child's 18th birthday, other than death (see Section 21), is where proof is provided to the satisfaction of HMRC that the child has been diagnosed with a terminal illness (further information will be provided on request).

## 17 How can the CTF account be encashed?

The account may be encashed by providing Family Investments with a valid instruction and proof of the child's identity (see Section 38).

The unit price used to determine the value of the units held in the CTF account will depend on when the instruction is received (see Section 29). A cheque will be sent on or before the close of business on the fourth business day following the pricing point used.

It is possible for the child to ask Family Investments to sell the investments held within the CTF account

on a date later than that specified above. Any such date should be specified in the relevant instruction.

After 6 years, where an account has been dormant, any cheques which have not been cashed will no longer be protected under client money regulations.

## 18 What are the cancellation rights?

The Registered Contact can cancel this Initial Service Agreement within 14 calendar days of the day the contract is concluded. For new business, the contract is concluded three business days after the voucher is received and the application is processed, whichever is later. For transfers in or internal transfers, the contract is concluded three business days after the application is processed. The CTF account will open on the first business day after the end of the cancellation period. Family Investments is unable to invest contributions into the CTF account (including transfers in) until the end of the cancellation period. The Registered Contact can exercise their right to cancel by telephoning the Customer Service Team on 0844 8 920 920 or by writing to us at CTF Customer Services, Family Investments, 16-17 West Street, Brighton, BN1 2RL. Should the right to cancel be exercised within the period allowed, the voucher will be returned to the Registered Contact. If any other contributions are received they will either be returned directly to the payer, or, if contact details for the payer are not known, to the payer 'care of' the Registered Contact.

There are certain circumstances in which a cancellation may be processed after a CTF account has been opened. In this event, Family Investments will advise the Registered Contact how to transfer the CTF account to a new provider.

If the plan is not cancelled within the cancellation period, it will be put into force in accordance with this Initial Service Agreement.

RAAs do not have a cancellation period (see Section 6).

Within the terms of this Initial Service Agreement, contributions received after the CTF account is opened will not attract cancellation rights.

## 19 What happens if the child moves abroad?

If the relevant child moves abroad, they can continue to hold their CTF account. Under current legislation, the account will still qualify for the preferential tax treatment available to CTF accounts, but the child will no longer be eligible to receive further Government contributions (if any).

## 20 What information will be provided regarding the progress of the CTF account?

The child will receive an annual statement "care of" the Registered Contact until they reach the age of 16, at which time the statements will be addressed to the relevant child directly (but see Section 6). The Trust is single priced so the statement will show the value of the account based on the mid price of the units.

An up to date valuation can also be obtained by telephoning the Customer Service Team on 0844 8 920 920. Alternatively, the unit price for the Trust can be found on the "daily prices" section of the Family website ([www.family.co.uk](http://www.family.co.uk)). The unit price, along with the estimated distribution yield, can also be found in the Financial Times under the heading 'Family Investments'.

The Full Prospectus and both the annual and half-yearly reports for the Trust can be requested at any time by writing to CTF Customer Services, Family Investments, 16-17 West Street, Brighton, BN1 2RL and will be provided free of charge. If the Registered Contact so elects Family Investments will also send any other information issued to the direct unit holders of the Trust. A charge may be made for this at the discretion of Family Investments.

## 21 What happens should the child die before reaching the age of 18?

The CTF account provides no life assurance cover. The account's exemption from tax automatically stops on the date of death, at which time the benefits under the account will revert to the child's estate. The unit price used to determine the value of the units held will depend on when the death certificate, and any other documentation which may be required by Family Investments, is received (please see Section 29 for more information on how we decide which daily price we will use). The value will still be subject to fluctuations in the unit price until payment is made and any growth on the investment between the date of death and the date of settlement may be subject to tax.

Should the child die before Family Investments requests the initial voucher amount from HMRC, the child's parents should contact HMRC in order to make a claim for the contributions due. In this circumstance, Family Investments will provide the child's personal representatives with the information necessary to make such a claim.

## 22 What happens if the £1,200 annual contribution limit is exceeded?

The CTF account year runs from the child's last birthday to the calendar day before their next birthday. For the year in which the CTF account opens only, the CTF account year starts on the date of opening and ends on the calendar day before the child's next birthday.

The allowance for contributions to the CTF account is a total of £1,200 per CTF account year, excluding the value of the Government contributions.

If a contribution is received and part or all of that contribution will exceed the subscription limit, then that contribution will be rejected. If possible, Family Investments will purchase units with part of the contribution, ensuring that the overall subscription limit is not exceeded. In this circumstance, Family Investments reserves the right to purchase units a business day later than is specified in Section 10.

Contributions or part-contributions which exceed the subscription limit will either be returned directly to the payer, or, if contact details for the payer are not known, to the payer 'care of' the Registered Contact or HMRC designated correspondent (see Section 6).

If a contribution that exceeds or partly exceeds the subscription limit is received within 14 calendar days of the end of the CTF account year then the contribution or part-contribution will not be refunded. Instead, it will be held in a non-interest bearing account until we are able to invest it in the next CTF account year.

Multiple over-subscriptions will be dealt with in accordance with the guidance set out by HMRC.

Please note that any part of the limit that is not used in a CTF account year is lost and cannot be carried forward or back to other years.

## 23 What are the charges and expenses?

There is an annual charge of 1.5% of the value of the funds you accumulate. If your child's account is valued at £250 throughout the year, this means we deduct £3.75 that year. If your child's account is valued at £500 throughout the year, this means that we deduct £7.50 that year.

The annual charge is calculated on a monthly basis on the last business day of each month. It is deducted from the Trust's income.

Dealing costs, that is the costs incurred by the Trust when assets (eg shares) are bought or sold, are not included in the above charges. As units in the Trust are both bought and sold at a single price, dealing costs are paid out of the Trust thereby diluting its value (see Section 31).

Over the last accounting year (ends 31st March 2007), the Total Expense Ratio (TER) was 1.46%. A TER shows the annual operating expenses of the scheme – it does not include transaction expenses. All European funds highlight the TER to help compare the annual operating expenses of different schemes.

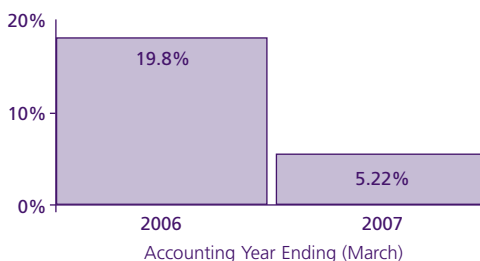
Other costs may exist that are not paid through Family Investments or imposed by it.

## 24 How has the Trust performed in the past?

We are required to present information for the last ten full consecutive years; however, as the Trust has only been running for two years, it is only possible to present past performance information for this period. Figures are presented on an accounting year basis with all taxes and charges deducted. The first accounting year for the Trust ran from 6th April 2005 to 31st March 2006 so the figure for the accounting year ending March 2006 represents the past performance of the Trust between these two dates.

Please remember that past performance is not an indication of future performance.

Discrete annual performance over the last ten years:



Source: Lipper Hindsight, Reuters

Over this period, the cumulative performance was 26.1%

## 25 What tax is payable on the investment?

The following details the tax regime applicable in the UK:

The proceeds that are received from the CTF account will be free of any personal tax liability (ie they are exempt from income tax and capital gains tax). If for any reason HMRC makes a tax charge, the Registered Contact may be personally liable. The income of the underlying unit trust may incur a corporation tax charge, whilst capital gains are exempt.

Other taxes may exist that are not paid through Family Investments or imposed by it. Investors who are unsure of their tax position should seek professional advice.

Generally, there is a Stamp Duty Reserve Tax (SDRT) charge of 0.5% on the value of units redeemed. This can potentially be reduced depending upon the relationship between units being redeemed and issued, and on the exempt/non-exempt proportion of the Trust. Full details can be obtained from the Full Prospectus of the Trust which is available on request (see Section 20). SDRT will be charged to the property of the Trust in which the CTF account was invested when units in the Trust are sold. This is in addition to the charges detailed in Section 23.

## 26 How much will the introduction cost?

**If this account was sold to you directly** then no commission is payable.

**If this account was introduced to you by one of our partner companies** then we will pay them commission. Commission is paid monthly out of the fund charges and these payments do not affect the money paid into your account. The following commission is payable:

- **If you were introduced by MGM Assurance** then we will pay them an initial amount plus a percentage of the fund in years 6, 12 and 18 only. For example: On a £250 investment and with an assumed fund growth rate (before charges) of 6.0%, the total commission payable in the first year will be £5.35, in the sixth year £0.81, in the twelfth year £1.10 and in the eighteenth year £0.96. A further £20 will be paid in the first year if an additional regular subscription is arranged at the time of applying for the Child Trust Fund.
- **If you were introduced by Early Learning Centre** then we will pay them an initial amount plus a percentage of the fund each year. For example: On a £250 investment and with an assumed fund growth rate (before charges) of 6.5%, the total commission payable in the first year will be £7.01, in the fifth year £1.09 and in the tenth year £1.39.
- **If another of our partners introduced you** then we will pay them an initial amount plus a percentage of the fund each year. For example: On a £250 investment and with an assumed fund growth rate (before charges) of 6.5%, the total commission payable in the first year will be £5.84, in the fifth year £1.16 and in the tenth year £1.60.

## Further Information

### 27 Eligibility

To be eligible, a child must:

- Be born on or after 1st September 2002
- Be awarded child benefit payments
- Be resident of the UK at outset
- Not be subject to immigration control

### 28 Invalid applications

If any of the details on the application form are incorrect or missing, Family Investments may not be able to set up the CTF account and may have to return the voucher to the Registered Contact.

If, after the CTF account has been set up, we find that any of the details supplied on the application form were incorrect, the account may be deemed invalid.

### 29 Dealing cut-off

Dealing is when units held within the child's CTF account are purchased or sold. Units may be purchased or sold when contributions are received into the account, when the child encashes their plan, on withdrawal (terminal illness only), transfer or death. The unit price used when Family Investments process any of these transactions will depend on when the instruction (which must be valid and correctly referenced), accompanied by any necessary documentation, is received.

Instructions received before 7.30am will be processed at that business day's 10am pricing point.

Instructions received after 7.30am will be processed at the following business day's pricing point. Additionally, any instructions received on non-business days will be treated as having been received on the following business day after 7.30am. For example, all instructions received on a Saturday will be processed at 10am on the following Tuesday.

The dealing cut-off procedure may be overridden by another procedure for the allocation or redemption of units. For example, Family Investments may not invest contributions received by cheque until it has deemed that the cheque has cleared, or the end of the cancellation period on new CTF accounts, whichever is later. In this circumstance, the dealing cut-off procedure would not apply. Please see the relevant Section to check which procedure applies to the type of transaction you are undertaking.

## 30 Interest

Please note that interest is not paid on any cash held (e.g. money awaiting investment or the proceeds of encashment).

## 31 Dilution in the unit trust

Units in the Trust are both bought and sold at a single price (in accordance with stakeholder regulations), which is calculated using the mid-market value of the Trust's assets. As a consequence of this, investors entering or leaving the Trust do not meet their full share of underlying dealing costs (the charges incurred by the Trust when buying or selling assets such as shares). These costs are met by the Trust, the value of which is therefore diluted. Full details are available in the Full Prospectus, which is available on request (see Section 20).

## 32 Meetings

The Registered Contact may elect to attend investor meetings of the Trust and to vote at such meetings. A reasonable charge may be made for this at the discretion of Family Investments.

## 33 Account and Fund Manager

Family Investments is a trading name used by all the companies within the Family Assurance Friendly Society group. The CTF account manager is Family Equity Plan Limited. The main business of Family Equity Plan Limited is providing Child Trust Fund accounts.

The Trust is managed by Family Investment Management Limited. Currently, the Investment Adviser is New Star Institutional Managers Limited.

The CTF account manager will satisfy itself that any person to whom it delegates any of its functions or responsibilities, under the terms agreed with the Registered Contact, is competent to carry out those functions and responsibilities.

## 34 Regulator

Family Equity Plan Limited and Family Investment Management Limited are authorised and regulated by the Financial Services Authority (FSA) who can be contacted at 25 The North Colonnade, Canary Wharf, London E14 5HS (Tel: 0207 066 1000). Family Equity Plan Limited is entered on the FSA Register under Registration Number 122351 and Family Investment Management Limited is entered on the FSA Register under Registration Number 122394. The FSA Register can be viewed at [www.fsa.gov.uk/register](http://www.fsa.gov.uk/register)

## 35 Trustees

The trustees of the Trust are currently State Street Trustees Limited whose principal place of business is One Canada Square, Canary Wharf, London E14 5AF.

## 36 Auditors

The auditors of our unit trusts are PricewaterhouseCoopers LLP, Southwark Towers, 32 London Bridge Street, London, SE1 9SY.

## 37 Title

All units held in the CTF account will be registered in the name of Family Equity Plan Limited. Individual entitlements are not identifiable.

The CTF investments shall be in the beneficial ownership of the child. The CTF account cannot be used as security for a loan.

## 38 Money Laundering

We are bound by law to abide by the Money Laundering legislation and this could include the need to verify the identity of investors. This verification usually happens when an investment is made. It may also be required at other times including when units are redeemed. We may use a credit reference agency to help us verify your identity. By signing the application form, you are

agreeing for such checks to take place. If you fail to provide adequate identification when requested, we may not be able to open a new account or accept contributions to an existing account and we may withhold the proceeds of any redemption or transfer.

## 39 Complaints and compensation

Complaints about any aspect of the service provided by Family Investments should, in the first instance, be directed to Family Investments. A copy of Family Investments' internal complaints handling procedure is available on request. If the complaint is not dealt with satisfactorily, the complainant may have the right to refer their complaint to the Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London E14 9SR (Tel: 0845 080 1800).

Making a complaint will not prejudice rights to take legal proceedings.

Family Investments is covered by the Financial Services Compensation Scheme. The Registered Contact, on behalf of the child, may be entitled to compensation from the scheme if Family Investments cannot meet its obligations. This depends on the type of business and the circumstances of the claim. Most types of investment business are covered for 100% of the first £30,000 and 90% of the next £20,000, so the maximum compensation is £48,000. Further information about compensation arrangements is available from the Financial Services Compensation Scheme at 7th floor Lloyds Chambers, 1 Portsoken Street, London, E1 8BN (Tel: 0207 892 7300).

## 40 Amendments to the Terms and Conditions

This key features document constitutes the terms and conditions of the Family Investments CTF Account. From time to time, Family Investments may make changes to these terms and conditions, provided that no such change will result in the CTF account ceasing to qualify under the applicable HMRC regulations. The Registered Contact will be notified of any significant changes in writing. Variations without notice may be made in order to meet the requirements of HMRC or amendments to the CTF regulations.

## 41 Management of the plan

Family Investments will notify the Registered Contact if, because of any failure to satisfy the

provisions of the CTF regulations, a CTF account has, or will become void.

In the event that Family Investments ceases to act as a CTF provider, we will notify the Registered Contact within 30 calendar days. The CTF account will then be transferred to another CTF provider within 30 calendar days of the notice being sent.

## 42 Corporate Governance

Family Investments is committed to complying with the Combined Code on Corporate Governance as relevant to mutual insurers. In accordance with the Code information is provided at [www.family.co.uk](http://www.family.co.uk) on the Society, its management and the rights and obligations of members of the Society including voting information.

Family Investments believe it is important for its directors to hear and understand members' views and opinions so issues that affect the running of the Society can be understood. Family Investments encourage its members to talk to them and invites members to take an active interest in the governance of their Society.

Details of Family Investments' Member Relation Strategy is available at [www.family.co.uk](http://www.family.co.uk) in the Member Information section. To contact Family Investments either send an email to [members@family.co.uk](mailto:members@family.co.uk) or write to Member Relations Team, Family Investments, 16-17 West Street, Brighton, East Sussex BN1 2RL.

## 43 Important

This is an important document – please keep it in a safe place.

The main business of Family Equity Plan Limited is providing Child Trust Fund Accounts.

The information in this leaflet is based upon Family Equity Plan Limited's understanding of current law, and HMRC regulations, and may be subject to change in the future. This CTF account will be governed and construed in accordance with the law of England and Wales. Any changes in legislation and tax practice could affect benefits under the account.

A copy of the application form is available on request.

**This document is available in large print, braille or audiotape on request by calling 0844 8 920 920 (telephone calls may be monitored or recorded). Calls cost 3p a minute from UK landlines (International, mobile and internet calls may vary). A set-up or minimum call charge (usually only 3-6p) may also apply.**

**Date published: 01.06.2007**

**Family Investments only offers its own products and does not provide advice on their suitability. If you have any doubts you should seek financial advice (financial advisers may charge for their services).**

Family Investments is the trading name of Family Assurance Friendly Society Limited (incorporated under the Friendly Societies Act 1992 Reg. No. 939F), Family PEP Managers Limited (Co. No. 2934967), Family Investment Management Limited (Co. No. 1915516) and Family Equity Plan Limited (Co. No. 2208249) which are authorised and regulated by the Financial Services Authority. Family Enterprise Limited (Co. No. 2489291) is not authorised or regulated by the Financial Services Authority. Registered Office: 16-17 West Street, Brighton, East Sussex, BN1 2RL.