

Ascentric Key Features

keyfacts

The Financial Services Authority is the independent financial services regulator. It requires us, Investment Funds Direct Limited, to give you this important information to help you decide whether our Ascentric Wrap Account and/or our Ascentric Pension Account is right for you.

The first section of this document provides you with the Key Features of our full Wrap Service followed by the Key Features of the Ascentric Pension Account, in section 2. You should read this document carefully together with your personalised illustration, so that you understand what you are buying and then keep them safe for future reference.

All these documents and our other literature are available on www.ascentric.co.uk.

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Ascentric is a trading name of Investment Funds Direct Limited (IFDL), registered in England and Wales number 1610781 and authorised and regulated by the Financial Services Authority No.114432.

Head office: 9 Palace Yard Mews, Bath, BA1 2NH

IFDL is a subsidiary of The Royal London Mutual Insurance Society Limited, registered in England and Wales number 00099064.

Head office: 55 Gracechurch Street, London EC3V 0RL.

1. Glossary

Throughout this document, we use a number of terms and phrases that you may be unfamiliar with. We have briefly explained these terms below:

Annual Allowance: The limit set by HMRC on contributions and/or benefits accrual for a tax year to all Registered Pension Scheme in respect of an individual. For 2009/10, it is £245,000.

Annuity: A policy that provides a regular income in retirement (although there is no need to retire to take such income). In the context of the pension this is generally an income for life. There are many types of annuities available and your Financial Adviser can provide you with more details.

Ascentric: A brand name used by Investment Funds Direct Limited (IFDL)

ASP: Is an option, available from age 75, to draw income from the APA without purchasing an annuity.

Financial Adviser: The Financial Adviser is a person authorised by the FSA and appointed by you to advise you in setting up and running your Ascentric Wrap Account and, if applicable, your Ascentric Pension Account.

GIA: General Investment Account

HMRC: Her Majesty's Revenue and Customs (formerly known as the Inland Revenue and part of HM Customs and Excise).

ISA: Individual Savings Account

Investment Funds Direct Limited (IFDL): The holding company that owns the Ascentric brand name.

Lifetime Allowance: Is the maximum benefit value set by HMRC above which special tax charges apply. For 2009-10 the Standard Lifetime Allowance is £1.75M. Individuals may have a larger Personal Lifetime Allowance as a result of registering for Primary or Enhanced Protection relating to 2006 regulation changes. If you have any queries regarding the Lifetime Allowance, please speak to your Financial Adviser.

Protected Rights: The part of your fund derived from any benefits that you earned under previous scheme(s) while contracted-out of the State pension schemes.

Registered Pension Scheme: A pension scheme which has been registered by HMRC, or has acquired registered status by virtue of being an approved pension scheme on 5 April 2006 and so registered under Part 4 of the Finance Act 2004.

Relevant UK Earnings: Earnings or income subject to UK income tax as defined in Finance Act 2004.

TPPA: Third Party Product Account

Trustee: Person holding assets on trust for beneficiaries. For the APA, this is Investment Funds Direct Limited (IFDL).

Safeguarded Rights: Protected Rights which have been reallocated to an ex spouse or civil partner as a result of a divorce/dissolution settlement.

USP: Allows a pension scheme member to draw a limited income while still keeping the fund invested. Available to under 75s only.

You: Means the person who applied for the Ascentric Wrap Account and, if applicable, the Ascentric Pension Account. In the case of the APA, this results in the subsequent acceptance as a member of the IFDL SIPP.

2. Ascentric Wrap Account

2.1. Key Features for the Ascentric Wrap Account

What is a 'Wrap'?

A Wrap allows you to view all your investments and their up to date values at any time via the internet. It is called a 'Wrap' because all the products (e.g. pensions and ISAs) and investments you have are 'wrapped' up in one account. You will be able to discuss the performance of your portfolio with your adviser and decide with his/her advice what should be sold and bought. Your adviser can then make those trades and the result will be visible the next day.

Aims of the Wrap

The aim of the Wrap is to allow you with the assistance of your Independent Financial Adviser to select and purchase investments from a wide range of equities, bonds, unit trusts and Open Ended Investment Companies (OEICs) and other investment schemes and cash. With advice from your adviser you can also select the most appropriate product within which to hold these investments to optimise tax advantage and best reflect your financial objectives. You and your adviser can view, value and trade these investments at any time via the internet.

Aims of each Wrapper

GIA hold investments that are subject to normal UK tax. In the ISA wrapper you can invest up to the HMRC subscription limit in each year into this account and transfer ISAs taken out in previous years with other product providers. TPPA allows you to hold investments which are an integral part of another product 'wrapper', e.g. an Offshore Bond, provided by a third party with whom Ascentric have an agreement.

Your commitment

The minimum investment for a Wrap is £5,000. There is no minimum for subsequent investments. The minimum investment for a TPPA will be determined by the minimum stipulated by the respective third party product provider.

Risk Factors

- » The value of these investments and the income generated from them can fall as well as rise and you may not get back what you originally invested or transferred into the Wrap account.
- » Past performance is not a guide to future performance.
- » The performance of your fund will be reduced by the effect of charges including initial charges, annual charges and dealing charges.
- » Income generating funds sometimes deduct expenses from capital in order to improve income. This means that capital growth will suffer correspondingly.
- » Withdrawing income from your fund can reduce capital growth especially where performance is poor and the level of income withdrawn is high.
- » Certain investments for example 'emerging markets', 'high technology sector' and 'small companies' are generally more volatile than UK and large company investments.
- » The risks in your investment portfolio will depend on the funds you have chosen.
- » Investments in foreign assets are subject to currency risk i.e. as well as the risk of the underlying asset there is also a risk of a loss from the currency falling against the pound sterling.

2.2. Frequently Asked Questions about the Ascentric Wrap Account

How can I invest in an Ascentric Wrap Account?

You should first consult your adviser in order to choose the appropriate product wrapper (e.g. ISA, Pension or Offshore Bond) and then the appropriate asset allocation and investment strategy. Your adviser can then open an Ascentric Wrap Account for you. We will not open the account until funds are available.

Funds may be transmitted either:

1. electronically by direct credit or by cheque from you personally
2. by means of a transfer of funds from a previously arranged product with another product provider
3. from a newly selected third party product provider who will already hold your funds.

What investments are available?

Your Wrap Account can invest in a wide selection of collective funds including Unit Trusts and OEICs and cash, as well as a wide range of securities offered by the London Stock Exchange (LSE) including Exchange Traded Funds (ETFs), Investment Trusts, Bonds and Gilts.

How can I make investments and deal?

Your adviser can do this on your behalf. Once you have agreed which wrapper(s) is/are appropriate and your investment selection your adviser will login using specially protected PIN codes and deal on your behalf. A Contract Note is available online detailing each investment.

What happens to money which remains uninvested?

This is held in a cash account within each respective wrapper and earns interest. The rates of interest are available on the Ascentric website. Ascentric take a margin on the interest received on cash held.

Can I save my money in cash?

Yes, there is a cash account in each wrapper. However the rules of each product wrapper vary and there are some restrictions to holding cash in some wrappers e.g. ISA.

How can I see what I have invested in?

When you open your account we will send an email to your adviser that will include your User ID. Your adviser will forward this to you and you will need to log in to create your password and PIN. You will then be able to visit the Ascentric website and see your investments.

How often will you communicate the value of my investments?

You will be able to print off a full valuation of your investments in your Ascentric Wrap Account whenever you wish. In addition we will send you a full statement twice a year by email or by post if you do not have an email address.

We will not send you copies of reports and accounts or voting and meeting information normally issued by investment providers unless you specifically request it.

Information regarding changes to Fund Managers or specific funds will be sent to your Adviser for onward communication.

What happens to income from my investments in the Wrap?

Income from investments in your Wrap account will be paid to your cash account.

Monies from your cash account can be paid to your selected bank account at calendar quarterly intervals in amounts you select with your adviser. Please note that should there be insufficient cash in your account to meet the income payment we will sell investments to meet it as stated in the Ascentric Terms and Conditions.

What happens to income from my investments in the TPPA?

This is wholly dependent on the Terms and Conditions of the respective third party product. Please refer to these and/or consult your adviser.

What is a Model Portfolio and how do I use it?

A Model Portfolio allows you to select a number of funds to invest in and the proportion of the available cash that you wish to invest in each. For example, you may wish to invest 5% in High Risk funds, 40% in medium risk, 40% in Low risk and 15% in ethical funds. The model portfolio allows you to do this.

When you add more cash into the account, you can re-balance automatically. This function takes the appropriate buy and sell actions on the funds to bring the portfolio back to the required distribution. This is a powerful way to meet investment needs and your attitude to risk.

What are the charges for the Ascentric Wrap?

There are several charges that may be made on your investments:

1. Ascentric charges
2. Adviser charge
3. Fund Manager charge
4. Product Provider charge
5. Third Party charge

Please see the corresponding sections below for an overview or for full information please read our Charges Document by clicking [here](#) or visiting www.ascentric.co.uk.

1. Ascentric charges

Ascentric will charge you the following on each part of your total fund:

- a) Up to £1,000,000, 0.25% of your investment deducted monthly
- b) Over £1,000,000, 0.10% of your investment deducted monthly

Please note:

There is a minimum charge of £12.50 per month

Ascentric receives a rebate from most Collective Funds. Normally for a typical UK Equity fund charging 1.5% annual management charge, Ascentric will receive a rebate of 0.75%. Ascentric will pay all of this rebate to your account and this will then be offset against the charges detailed above. The amount of this rebate is available from the funds list on the Ascentric website.

Ascentric Transaction Charges (including new money into a Model Portfolio) are as follows:

- a) Each electronic deal (using EMX or Crest) £12.50
- b) Any other deal £20.00

Please note:

A fund 'switch' is treated as two deals (i.e. a 'sell' and a 'buy').

Ascentric charges for deals in a Model Portfolio, where your deals are within a Model Portfolio (including switches) are as follows:

- | | |
|-------------------------|-------|
| 1. Each electronic deal | £2.00 |
| 2. Each manual deal | £4.00 |
| 3. Each equity deal | £4.00 |

2. Adviser charge

This will be agreed between you and your adviser and stated clearly on the application form which you must sign to confirm your agreement. The selected arrangement will be clearly shown in the Contract Notes you receive from Ascentric. Any rebate we receive from Fund Managers in respect of Adviser charges will be rebated to the Adviser account to be offset against the charge you agree with your adviser.

3. Fund Manager charge

These are shown on the funds list on the Ascentric website which your adviser can show to you. In addition, access is given to the Fund Manager Terms and Conditions for each fund as selected. Ascentric have negotiated advantageous terms with Fund Managers such that their initial charge (net of any Adviser charge) is low and often zero. These deals will be evident on the funds list in the secure area on the Ascentric website.

4. Product Provider charge

The product charges are specific to the product selected by you and your adviser. You should see the Key Features and Terms and Conditions of each product selected. These will normally be available through the Ascentric website. In the case of ISAs these products are provided by IFDL. There is no charge in addition to those detailed above for these products. The Terms and Conditions are available on the Ascentric website.

5. Other Third Party Charges

These charges may be arranged between you and your Adviser, such as Discretionary Fund Manager charges. Please contact your Adviser for more details.

What is the commercial relationship between Ascentric and Fund Managers?

Ascentric negotiates pricing and rebates on funds with each Fund Manager on the platform. If the Fund Manager offers rebates on their normal pricing, we pass 100% of that rebate back to your account to be deferred against your charges. Ascentric do not take any margin on those rebates.

How do these charges affect my investment?

The impact of these charges on your investment depend on a number of factors including among others the funds selected, the rate of adviser charge and any product charges. Three examples are shown below, each assuming two different levels of adviser initial charges.

These illustrations assume an equity-based portfolio growing at 7%. This is considered as a medium growth potential for equity-based funds.

1a. The illustration assumes client investment = £50,000 Adviser initial charge = 0%

- » an initial investment of £50,000
- » 5 initial transactions at a charge of £12.50 each
- » fund growth of 7.0% per annum
- » initial adviser charge of 0%
- » a fund Total Expense Ratio (TER) of 1.6%
- » adviser charges 0.5%
- » Ascentric charges 0.25%
- » Ascentric rebates 0.75% from the fund managers to your account

| At the end of year | Investment to date (£) | Effect of deductions to date (£) | Effect of annual deductions (%) | Of which Ascentric (%) | What you might get back (£) |
|--------------------|------------------------|----------------------------------|---------------------------------|------------------------|-----------------------------|
| 1 | 50,000 | 900 | 1.77% | 0.42% | 52,600 |
| 2 | | 1,790 | 1.64% | 0.28% | 55,500 |
| 3 | | 2,710 | 1.62% | 0.26% | 58,600 |
| 4 | | 3,680 | 1.61% | 0.25% | 61,800 |
| 5 | | 4,700 | 1.61% | 0.25% | 65,200 |
| 6 | | 5,770 | 1.61% | 0.25% | 68,900 |
| 7 | | 6,910 | 1.61% | 0.25% | 72,700 |
| 8 | | 8,110 | 1.61% | 0.25% | 76,700 |
| 9 | | 9,380 | 1.61% | 0.25% | 80,900 |
| 10 | | 10,700 | 1.61% | 0.25% | 85,400 |

This illustration shows that over 10 years the effect of total charges and expenses could amount to £10,700. Putting it another way, this has the same effect as bringing illustrated investment growth from 7.0% a year, down to 5.5% a year.

1b. The illustration assumes client investment = £50,000 Adviser initial charge = 3%

- » an initial investment of £50,000
- » 5 initial transactions at a charge of £12.50 each
- » fund growth of 7.0% per annum
- » initial adviser charge of 3%
- » a fund Total Expense Ratio (TER) of 1.6%
- » adviser charges 0.5%
- » Ascentric charges 0.25%
- » Ascentric rebates 0.75% from the fund managers to your account

| At the end of year | Investment to date (£) | Effect of deductions to date (£) | Effect of annual deductions (%) | Of which Ascentric (%) | What you might get back (£) |
|--------------------|------------------------|----------------------------------|---------------------------------|------------------------|-----------------------------|
| 1 | 50,000 | 2,360 | 4.90% | 0.44% | 49,500 |
| 2 | | 3,200 | 1.65% | 0.30% | 52,200 |
| 3 | | 4,080 | 1.64% | 0.28% | 55,000 |
| 4 | | 5,000 | 1.62% | 0.27% | 58,100 |
| 5 | | 5,960 | 1.61% | 0.25% | 61,300 |
| 6 | | 6,970 | 1.61% | 0.25% | 64,700 |
| 7 | | 8,030 | 1.61% | 0.25% | 68,300 |
| 8 | | 9,160 | 1.61% | 0.25% | 72,000 |
| 9 | | 10,300 | 1.61% | 0.25% | 76,000 |
| 10 | | 11,600 | 1.61% | 0.25% | 80,200 |

This illustration shows that over 10 years the effect of total charges and expenses could amount to £11,600. Putting it another way, this has the same effect as bringing illustrated investment growth from 7.0% a year, down to 4.8% a year.

**2a. The illustration assumes client investment = £150,000
Adviser initial charge = 0%**

- » an initial investment of £150,000
- » 10 initial transactions at a charge of £12.50 each
- » fund growth of 7.0% per annum
- » initial adviser charge of 0%
- » a fund Total Expense Ratio (TER) of 1.6%
- » adviser charges 0.5%
- » Ascentric charges 0.25%
- » Ascentric rebates 0.75% from the fund managers to your account

| At the end of year | Investment to date (£) | Effect of deductions to date (£) | Effect of annual deductions (%) | Of which Ascentric (%) | What you might get back (£) |
|--------------------|------------------------|----------------------------------|---------------------------------|------------------------|-----------------------------|
| 1 | 150,000 | 2,590 | 1.69% | 0.33% | 158,000 |
| 2 | | 5,200 | 1.61% | 0.25% | 166,000 |
| 3 | | 7,960 | 1.61% | 0.25% | 176,000 |
| 4 | | 10,800 | 1.61% | 0.25% | 185,000 |
| 5 | | 13,900 | 1.61% | 0.25% | 196,000 |
| 6 | | 17,100 | 1.61% | 0.25% | 206,000 |
| 7 | | 20,500 | 1.61% | 0.25% | 218,000 |
| 8 | | 24,100 | 1.61% | 0.25% | 230,000 |
| 9 | | 27,900 | 1.61% | 0.25% | 243,000 |
| 10 | | 31,900 | 1.61% | 0.25% | 256,000 |

This illustration shows that over 10 years the effect of total charges and expenses could amount to £31,900. Putting it another way, this has the same effect as bringing illustrated investment growth from 7.0% a year, down to 5.5% a year.

**2b. The illustration assumes client investment = £150,000
Adviser initial charge = 3%**

- » an initial investment of £150,000
- » 10 initial transactions at a charge of £12.50 each
- » fund growth of 7.0% per annum
- » initial adviser charge of 3%
- » a fund Total Expense Ratio (TER) of 1.6%
- » adviser charges 0.5%
- » Ascentric charges 0.25%
- » Ascentric rebates 0.75% from the fund managers to your account

| At the end of year | Investment to date (£) | Effect of deductions to date (£) | Effect of annual deductions (%) | Of which Ascentric (%) | What you might get back (£) |
|--------------------|------------------------|----------------------------------|---------------------------------|------------------------|-----------------------------|
| 1 | 150,000 | 6,950 | 4.79% | 0.34% | 148,000 |
| 2 | | 9,400 | 1.61% | 0.25% | 156,000 |
| 3 | | 11,900 | 1.61% | 0.25% | 165,000 |
| 4 | | 14,700 | 1.61% | 0.25% | 174,000 |
| 5 | | 17,600 | 1.61% | 0.25% | 184,000 |
| 6 | | 20,600 | 1.61% | 0.25% | 194,000 |
| 7 | | 23,800 | 1.61% | 0.25% | 205,000 |
| 8 | | 27,200 | 1.61% | 0.25% | 216,000 |
| 9 | | 30,800 | 1.61% | 0.25% | 228,000 |
| 10 | | 34,500 | 1.61% | 0.25% | 241,000 |

This illustration shows that over 10 years the effect of total charges and expenses could amount to £34,500. Putting it another way, this has the same effect as bringing illustrated investment growth from 7.0% a year, down to 4.9% a year.

**3a. The illustration assumes client investment = £2,000,000
Adviser initial charge = 0%**

- » an initial investment of £2,000,000
- » 20 initial transactions at a charge of £12.50 each
- » fund growth of 7.0% per annum
- » initial adviser charge of 0%
- » a fund Total Expense Ratio (TER) of 1.6%
- » adviser charges 0.5%
- » Ascentric charges 0.25% for the first £1m and 0.10% for all funds above £1m
- » Ascentric rebates 0.75% from the fund managers to your account

| At the end of year | Investment to date (£) | Effect of deductions to date (£) | Effect of annual deductions (%) | Of which Ascentric (%) | What you might get back (£) |
|--------------------|------------------------|----------------------------------|---------------------------------|------------------------|-----------------------------|
| 1 | 2,000,000 | 31,600 | 1.54% | 0.19% | 2,110,000 |
| 2 | | 64,700 | 1.53% | 0.17% | 2,230,000 |
| 3 | | 99,600 | 1.52% | 0.17% | 2,350,000 |
| 4 | | 136,000 | 1.52% | 0.16% | 2,480,000 |
| 5 | | 175,000 | 1.52% | 0.16% | 2,620,000 |
| 6 | | 215,000 | 1.51% | 0.16% | 2,770,000 |
| 7 | | 258,000 | 1.51% | 0.15% | 2,930,000 |
| 8 | | 304,000 | 1.51% | 0.15% | 3,090,000 |
| 9 | | 352,000 | 1.51% | 0.15% | 3,270,000 |
| 10 | | 402,000 | 1.50% | 0.15% | 3,450,000 |

This illustration shows that over 10 years the effect of total charges and expenses could amount to £402,000. Putting it another way, this has the same effect as bringing illustrated investment growth from 7.0% a year, down to 5.6% a year.

**3b. The illustration assumes client investment = £2,000,000
Adviser initial charge = 3%**

- » an initial investment of £2,000,000
- » 20 initial transactions at a charge of £12.50 each
- » fund growth of 7.0% per annum
- » initial adviser charge of 3%
- » a fund Total Expense Ratio (TER) of 1.6%
- » adviser charges 0.5%
- » Ascentric charges 0.25% for the first £1m and 0.10% for all funds above £1m
- » Ascentric rebates 0.75% from the fund managers to your account

| At the end of year | Investment to date (£) | Effect of deductions to date (£) | Effect of annual deductions (%) | Of which Ascentric (%) | What you might get back (£) |
|--------------------|------------------------|----------------------------------|---------------------------------|------------------------|-----------------------------|
| 1 | 2,000,000 | 89,900 | 4.64% | 0.19% | 1,980,000 |
| 2 | | 121,000 | 1.53% | 0.17% | 2,090,000 |
| 3 | | 153,000 | 1.53% | 0.17% | 2,210,000 |
| 4 | | 188,000 | 1.52% | 0.17% | 2,330,000 |
| 5 | | 225,000 | 1.52% | 0.16% | 2,470,000 |
| 6 | | 263,000 | 1.52% | 0.16% | 2,600,000 |
| 7 | | 304,000 | 1.51% | 0.16% | 2,750,000 |
| 8 | | 346,000 | 1.51% | 0.15% | 2,910,000 |
| 9 | | 391,000 | 1.51% | 0.15% | 3,070,000 |
| 10 | | 439,000 | 1.51% | 0.15% | 3,240,000 |

This illustration shows that over 10 years the effect of total charges and expenses could amount to £439,000. Putting it another way, this has the same effect as bringing illustrated investment growth from 7.0% a year, down to 4.9% a year.

N.B. The above figures are not guaranteed and serve only to demonstrate the effect of charges and expenses on an investment. All figures have been rounded down to three significant figures.

How much will the advice cost?

Ascentric will pay the adviser only as we are instructed when an investment is made. For example, if you agree an initial charge with the adviser of 3.0% and the investment is £10,000, your adviser will receive £300 charge.

We will pay 'trail' fees to your adviser every month. So for example, if you agree a trail fee of 0.6% per annum on an investment which is worth £10,000 at the end of a month, we will pay your adviser £5 for that month.

The amount your adviser is paid will be shown to you on Contract Notes as each transaction is made and again in transaction statements available online. Valuation statements will be sent to you every 6 months.

Can I switch my investment from one fund to another?

Yes. This will be treated as a 'sell' and a 'buy' transaction. This means that you will be charged for both transactions and that you will be out of the market for a time while the receipts of the 'sell' instruction are confirmed and before the 'buy' instruction can be made.

How long will I be out of the market when I switch from one Fund Manager to another?

On average it should take 4 days for this process to complete, but this can vary widely depending on the funds and/or investment involved.

Can I take an income from my portfolio?

Yes. All the income from your portfolio can be paid to you on a calendar quarterly basis.

Why do I have to retain 1% of my Wrap portfolio in cash subject to a minimum of £300?

This is to ensure there is always sufficient cash in your account to pay the charges to which you have agreed. Where this is not maintained, Ascentric will sell your largest holding in your GIA to provide forecast funds required for the following 3 months. Where there is no GIA, the largest holding in each wrapper will be sold to produce sufficient cash for 3 months worth of expected charges.

What happens when I encash my investment?

You instruct us to sell all of your investments and we will pay the proceeds into your nominated bank account after deducting any outstanding charges.

Can I transfer my investment?

Yes, although transfers are subject to charges as detailed above.

What if I die?

Ascentric will await instructions from executors to rearrange investments and finally for Grant of Probate. ISAs immediately cease to benefit from any tax advantages.

How do you keep my money and securities safe?

Ascentric operates a 'nominee' account. All client cash and securities are placed securely with major banks and kept separate from Ascentric assets at all times. We are required by the FSA to know who owns all of the assets in the nominee at all times.

If you choose to invest in FSA regulated funds, your assets will benefit from the protections offered by the UK Financial Services Compensation Scheme. Details of their terms can be found on their website.

Ascentric place your cash with a panel of regulated banks to offer you added protection for your cash.

How can I complain?

You can complain in writing to Customer Services, Ascentric, 9 Palace Yard Mews, Bath, BA1 2NH.

In addition, you have the right to complain directly to the Financial Ombudsman, South Quay Plaza, 183 Marsh Walk, London E14 9SR.

Ascentric is a member of the Financial Services Compensation Scheme which currently provides compensatory awards to a maximum of £50,000 should Ascentric be declared in default.

Please see our Complaints Policy by visiting www.ascentric.co.uk.

3. Ascentric Pension Account

3.1. Key Features for the Ascentric Pension Account

The Ascentric Pension Account is designed to provide you with a tax efficient way of saving for your income in retirement.

The Ascentric Pension Account (APA) is designed for individuals who want to save for their retirement within a tax efficient environment or (if over age 50/ 55 from 6 April 2010) for those who wish to take retirement income from all or part of their pension fund immediately. It also allows you to transfer existing plans into an environment where you can have control over your pension investments.

This document should be read in conjunction with the Terms and Conditions of the Ascentric Pension Account, the Ascentric Charges document, and Permitted Investments for the Ascentric Pension Account document, which provides more detailed information.

The Ascentric Pension Account is the marketing name used for the Investment Funds Direct SIPP, which is a Registered Pension Scheme operated by Investment Funds Direct Limited (IFDL) and the scheme you will be joining if you decide to go ahead. The Ascentric Pension Account is provided exclusively through the Ascentric Wrap service.

Aims of the Ascentric Pension Account

The Ascentric Pension Account has been designed to provide you with:

- » a means to save for your retirement, taking advantage of the tax privileges available to Registered Pension Schemes
- » the ability to make your own investment decisions in conjunction with your Financial Adviser or investment manager
- » the opportunity to invest in a wide range of investment options within the range allowed by HMRC and the rules of the APA
- » to provide you with pension benefits with the option of taking part as a tax-free cash sum
- » the option to take income from your pension without buying an Annuity, subject to the APA rules and legislation
- » the option to take your benefits in stages if you wish

- » the flexibility to make provisions for your dependants following your death.

Your commitment

- » To make regular contributions and/or single contributions and/or transfer funds from existing pension schemes
- » To use your fund to provide retirement income or death benefits only
- » If you wish to take a pension commencement lump sum then you need to apply for it before your 75th birthday (HMRC rules)
- » To maintain a minimum cash balance equivalent to 1% of your fund value or £300 (whichever is the greater) in your cash account to enable deduction of charges. This is in addition to any income payments that you require to be made from your APA
- » To regularly review your APA with your Financial Adviser to ensure that your investments and contribution levels remain suitable for your retirement goals
- » To notify us immediately of any changes in your personal circumstances that may affect your APA membership including the eligibility to continue to receive tax relief on contributions
- » To adhere to APA Terms and Conditions
- » To comply with the rules of the APA.

Risks

- » The value of your investments and the income generated from them can fall as well as rise and you may not get back what you originally invested or transferred into your APA
- » Your APA may invest in a range of investment types, including stocks and shares, which carry differing levels of investment risk
- » Past performance should not be used as a guide to future performance
- » The performance of your fund will be reduced by the effect of charges including initial charges, annual charges and dealing charges
- » The capital value of the fund may be eroded by the effects of inflation

- » The investment returns may be less than those shown in the illustrations you receive
- » It may take time to sell certain underlying assets e.g. collective investment funds that invest in property
- » HMRC rules require that lump sum death benefit is paid within two years of the date we are notified of the death otherwise a penalty may be applied to the death benefit. This is a particular risk if you hold investments that take time to sell, such as collective investment funds that invest in property
- » Our charges may vary in the future and any fixed charges will have a greater proportionate effect on smaller investment funds than on larger funds
- » You could reduce your APA benefits if you reduce or cease contributions to your APA or if you elect to take retirement benefits earlier than originally planned
- » Annuity rates may be more expensive in the future
- » When maximum income is taken under the Unsecured Pension (USP) and Alternatively Secured Pension (ASP) options, capital may be eroded, high levels of income may not be sustainable
- » The maximum income that can be withdrawn under ASP is generally significantly less than the maximum that may apply before age 75
- » If you have Enhanced Protection, you will lose the right to this potential benefit by making a contribution. If you are unsure whether you have Enhanced Protection, or what it is, please ask your Financial Adviser
- » The regulations and tax treatment of the APA could change in the future
- » If you cancel your APA within 30 days of receiving your cancellation notice, the cancellation value may be less than the amount paid in if the value of your fund has fallen. For further details, please see 'Right to Change Your Mind' on page 14 of this document.

Neither Ascentric nor Investment Funds Direct Limited provides any investment or financial advice. If you are at all uncertain as to the suitability of the APA then please contact your Financial Adviser.

3.2. Frequently Asked Questions about the Ascentric Pension Account

General

What is a Self-Invested Personal Pension (SIPP)?

A SIPP is a self-invested personal pension scheme which gives you the ability to save in a tax-efficient manner for your retirement.

You, in conjunction with your Financial Adviser, are able to make your own investment decisions (subject to HMRC and the APA rules).

What tax benefits are available?

You can benefit from relief from both basic rate and higher rate income tax relief on your personal contributions.

IFDL will credit your APA with basic rate tax relief as soon as your personal contributions are received and before we reclaim it from HMRC. If, however, your personal contribution (before any allowance for basic rate tax relief is added) is over £196,000 i.e. over the Annual Allowance of £245,000 for the 2009/2010 tax year allowing for 20% basic rate tax relief reducing the payment), we will claim your basic rate tax relief from HMRC but not credit the basic rate tax relief to your account until it is actually received. Typically, it takes between 6 and 11 weeks after we receive the contribution from you before HMRC pay the basic rate tax relief. If you are liable to higher rate tax on your income, you should reclaim the higher rate relief via your self-assessment tax return.

If you are a UK resident for tax purposes, you will be able to reclaim tax relief on personal contributions up to the higher of £3,600 p.a. (including the allowance for basic rate tax relief) or 100% of your Relevant UK Earnings subject to the Annual Allowance.

Contributions paid by your employer will not attract tax relief for you. They are also not a taxable benefit in kind for you.

If you are a non-UK resident who was a UK resident for tax purposes when your APA was set up and at any time in the last 5 years you have been resident in the UK for tax purposes, you may claim tax relief on contributions up to £3,600 gross p.a.

Your fund grows free of capital gains and income tax except that tax cannot be reclaimed on UK dividends.

Death benefits are normally paid free of inheritance tax.

These tax advantages and any rates quoted are based on our current understanding of UK legislation and may change in the future.

Am I eligible to apply for the Ascentric Pension Account (APA)?

- » Are you a UK resident individual (resident for tax purposes)?
- » Are you a crown servant whether abroad or not?
- » Are you the spouse or civil partner of a crown servant abroad or not?
- » Do you have a UK registered pension plan and wish to transfer the benefits from that to an APA?

Benefits from Contracting out of the State Schemes

Can I contract out of SERPS/the State Second Pension using my APA?

No, APA does not accept minimum contributions directly from HMRC which would enable contracting out on a regular basis.

Can I transfer benefits I have as a result of acquiring contracted out rights under another scheme to my APA?

Yes, the APA is able to accept transfers containing contracted out benefits.

Transfers

Can I transfer an existing pension arrangement into my APA?

Yes, subject to agreement from IFDL, your APA is able to accept transfers from other pension schemes, in cash and/or other assets.

Can I transfer out from my APA with Ascentric?

Yes, subject to the APA rules and HMRC requirements, you are able to transfer the value of your APA to another pension scheme.

The APA is able to transfer both cash and/or assets to your new pension scheme subject to terms and conditions set by the new scheme. If you elect to transfer the assets of your APA, the value will be calculated according to the cash value of the holdings on the day prior to transfer.

If you want to transfer after you have started taking ASP or USP, the entire amount of fund allocated to provide these benefits must be transferred to the new pension scheme at the same time.

Contributions

Am I eligible to commence contributions to my APA?

Yes, broadly, you can commence contributions to your APA if you are under age 75, and, either:

1. a UK resident individual, or,
2. you were resident in the UK within the last 5 years.

Who can make contributions into my APA?

We can receive contributions from you, or from any other individual on your behalf.

Contributions, other than from your employer, count as “personal contributions” and will attract tax relief as described above under “What tax benefits are available?”

Contributions may be paid by your employer (and these attract tax relief as a business expense for your employer).

We are unable to receive contributions once you have reached age 75 (although transfer values can be paid into your APA after age 75).

Is there a minimum contribution level?

There is no minimum contribution that must be paid to your APA. IFDL require that all customers have at least £5,000 invested across the Ascentric product range. You could, for example, have just £2,000 in your APA account, but £3,000 in a General Investment Account with Ascentric.

What is the maximum contribution level?

The APA will only accept contributions that qualify for tax relief, ie. up to the higher of 100% of Relevant UK Earnings or £3,600 (after allowing for tax relief).

Contributions made inadvertently in excess of the Annual Allowance will be subject to an additional tax charge which HMRC will levy against you directly, via your tax code.

The Annual Allowance, however, does not apply either in the year that you die or the year in which you move all of your funds into Unsecured Pension or buy an annuity.

What happens if my contributions cease?

You may stop and start your contributions at any time without penalty, although administration fees are still payable to Ascentric for funds in your APA even if you are not making contributions.

Investments

You can invest in most of the funds on the Ascentric platform (currently more than 3,000) where they are currently approved by HMRC for SIPP investment.

HMRC publishes a list of non-acceptable investments from time to time, which would lead to a heavy tax charge if used for a SIPP. Your Financial Adviser should be consulted for information and advice on this.

Your uninvested funds will reside in the nominee bank account which we hold for all clients notionally allocated in the name of your APA account. Interest rates can be viewed on our website.

Can I invest in a commercial property within the APA?

No, the APA does not currently support the holding of a commercial property as part of your investment portfolio.

Can I transfer some of my goods and assets into the fund?

No, the APA does not currently allow for personal belongings to be held (e.g. Art, wine, antiques).

You must keep enough uninvested cash in your APA to service charges and fees before they become payable. This is normally 1% of fund value with a minimum of £300, and a maximum of £1,000. If you are drawing income from your APA, you must also keep sufficient uninvested cash to enable us to service your own requirements.

Income

Please note that any new request for income or lump sum will normally be assessed against your personal Lifetime Allowance at the time, and a tax charge may result if the amount taken, accumulated with any past amounts from this or any other Registered Pension Schemes, exceeds your Lifetime Allowance.

When can I take income from my APA?

The minimum age for taking income from your APA is currently 50, although this rises to age 55 on 6th April 2010. You do not need to have retired to take an income from your APA.

If you are suffering ill health or your transfer is subject to certain transitional legislation, you may be able to take retirement benefits at an earlier date. Please contact your Financial Adviser in the first instance.

You can use some, or all, of your USP/ASP fund to buy an Annuity at any time.

What is unsecured income/pension (USP)?

Unsecured Pension (USP) is a form of income available from age 50 (age 55 from 6th April 2010). This becomes ASP from your 75th birthday (unless you choose to buy an annuity). USP allows you to continue to benefit from the potential for investment growth in your APA whilst drawing an income up to the limits set by HMRC.

What is an Alternatively Secured Pension (ASP)?

Alternatively Secured Pension (ASP) is only available from your 75th birthday and like USP allows you to benefit from the potential for investment growth in your APA whilst withdrawing an income.

You must withdraw an income within specified limits, which are set by HMRC, whilst your fund is in ASP.

Lump Sum

You can take up to 25% of your fund as a lump sum before taking an Annuity or USP and this is normally paid tax free (subject to HMRC rules). Please contact your Financial Adviser to discuss your individual circumstances.

No lump sum may be taken when commencing ASP, or taking any benefits after age 75.

What happens to my APA if I die?

What happens if I die before I take my benefits?

Your fund will be dealt with under the HMRC requirements and applicable legislation at the time of your death.

Currently this would usually allow a tax free payment of your fund, less any outstanding charges, to the trustees of a trust you set up for this purpose, or, if you do not set up such a trust, to your beneficiaries chosen by IFDL.

Any amount that is paid as a lump sum death benefit, over your Lifetime Allowance will be subject to a tax charge of 55% payable by your personal representatives.

Alternatively an income (which would be taxed under PAYE) can be provided for your dependants.

If your fund includes Protected Rights, this portion must be used to provide an income for your spouse or civil partner, if you have one, on death.

If you do not have a spouse or civil partner on death, then the Protected Rights fund can be paid as a lump sum as described for other lump sum death benefit, although the lump sum from Protected Rights may be subject to Inheritance Tax.

What happens if I die after I take my benefits?

The benefits that will be paid out on your death will depend on your nominations and your dependants' wishes. Your dependants may select one of the following options:

1. Where you die prior to age 75, to take the remaining USP fund as a cash payment less 35% tax
2. To use their share to give them an income from their own USP if they are under age 75, or from ASP if they are over the age of 75, and/or to buy an Annuity
3. Where you are over the age of 75 on your death, and you have no relevant dependants, as defined by HMRC, then your fund will be paid free of tax to a charity of your nomination. In the event that you have not nominated a charity, the fund will be paid free of tax to a charity nominated by Ascentric.

Charges and Cost of Advice to you

Your Financial Adviser will provide advice to you regarding your pension planning. Your Financial Adviser will notify you of the costs associated with giving you this advice.

IFDL charge for the administration of your APA and these are detailed in the Ascentric Charges document. This, like most of our literature, is available on our website: www.ascentric.co.uk

Important Information

Please note that all our calls are recorded and monitored to ensure high standards of service. In accepting the Ascentric Terms & Conditions, you give your consent to such recording.

Right to change your mind

Am I able to change my mind?

You are able to cancel your APA up to 30 days after you receive our confirmation of its establishment. However, if you have asked us to invest your funds, the value available for return may be less than the contribution/transfer value if the investments you choose go down in value.

If you make additional single contributions, you also have 30 days to change your mind about these. The same statement above regarding the value you get back applies. Any transfer payment would be returned to the original provider.

You may ask us to put your fund into a deposit account for the 30 days of your 'cooling off period', and if you then cancel, the original amount would be preserved, but less any charges applicable for the period and plus any interest applicable for the period.

You also have the right to change your mind within 30 days of commencing income withdrawal under USP and ASP. Should you wish to exercise your right to change your mind, please contact us in writing, quoting your name and your customer number (from any correspondence from us) to:

The Ascentric Pension Account
Investment Funds Direct Ltd
9 Palace Yard Mews
Bath
BA1 2NH

Email: customerservices@ascentric.co.uk

Telephone: 0871 423 6100

Fax Number: 0845 017 6293

If things go wrong

We hope you'll never be unhappy with our service. If this does happen, your first step is to contact us to discuss your concerns and we will aim to resolve them straight away.

If you're still not entirely satisfied, we have an internal complaint procedure which follows the standards required by the Financial Services Authority. Initially, contact us using the details below to let us know what you're unhappy with.

Telephone: 0871 423 6100 (Monday to Friday 09:00 to 17:30)

Email: customerservices@ascentric.co.uk

Write: Customer Services
Ascentric
9 Palace Yard Mews
Bath
BA1 2NH

What can I expect?

In the majority of cases, we aim to resolve your complaint there and then. If this is not possible, we'll advise you at the time and acknowledge your complaint within 5 working days. At this point, we will give you an estimate of how long we need to resolve your complaint and provide you with a final response.

If eight weeks have passed since you first raised your complaint with us, you have the right to refer your complaint to the Pensions Advisory Service (TPAS) who will assess your claim. If necessary, this may be passed on to the Pensions Ombudsman, who, having made a determination, can order compensation for you. In terms of the investment part of the arrangement, you can also contact the Financial Ombudsman regarding your complaints.

The contact details for these bodies are as follows:

| Pensions Advisory Service (TPAS) | |
|----------------------------------|---|
| Pension Helpline: | 0845 601 2923 |
| Women & Pensions: | 0845 600 0806 |
| Self Employed: | 0845 602 7021 |
| Email: | enquiries@pensionsadvisoryservice.org.uk |
| Address: | 11 Belgrave Road London SW1V 1RB |

The Pensions Ombudsman is the same contact details as TPAS (above).

| Financial Ombudsman | |
|---------------------|---|
| Telephone: | 0300 123 9 123 or 020 7964 0500 |
| Email: | complaint.info@financial-ombudsman.org.uk |
| Address: | The Financial Ombudsman Service South Quay Plaza 183 Marsh Wall London E14 9SR |