

Personal Investment
Management Service

The Facts



Contents

Introducing PIMS	2
Purpose	2
Description	2
Availability	2
PIMS features	2
Policy type	2
Sub-policies	2
Policy currencies	2
Minimum investment levels	2
Investment transfer	3
Investment exchange	3
Cash account	3
Valuations	3
Discretionary management	3
PIMS charging structure	4
PIMS Focused	4
PIMS Flexible	4
Charging elements	4
Allocation rate reduction	4
Establishment fee	4
Percentage administration fee	4
Combining elements	5
Flat administration fee	5
PIMS additional fees	5
Dealing fee	5
Investment fees	5
Custodian fees	5
Stockbroker fees	5
Advice fee	5
Discretionary manager fees	5
Foreign exchange	5
PIMS charging structure example	6
PIMS withdrawals and surrenders	7
Withdrawals	7
Surrenders	7
PIMS benefits	7
Benefit on death	7
PIMS taxation	7
Important notes	8

Introducing PIMS

PIMS The Facts has been written to provide you with detailed information about our Personal Investment Management Service (PIMS) policy. It explains the requirements that must be met for each feature of our PIMS policy, including details about how each feature works and any associated calculations.

Before applying for PIMS you should read this document and our literature suite in full, including the:

- *Brochure*
- *Guide to Investment*
- *Key Features*

You should discuss PIMS in detail with your financial adviser who will be able to advise you on suitable features, the charging structure and investments. You may request a copy of the *Terms and Conditions* at any time.

Purpose

PIMS has been designed to allow a cash sum and/or any existing acceptable investments you may hold to be invested in a way that is tax efficient and offers the potential for growth, over the medium to long term.

Description

PIMS is available in 2 versions PIMS Focused and PIMS Flexible

1. PIMS Focused policyholders are able to invest into a defined range of investment funds.
2. PIMS Flexible policyholders are able to invest into any investment acceptable to us.

PIMS has been designed with a charging structure that can be tailored to best suit your needs. There are 3 main elements to the charging structure that can be used separately or in combination:

- allocation rate
- establishment fee
- percentage administration fee

Your financial adviser can guide you as to the most appropriate combination of charging elements to meet your needs. The charging structure is explained further later in this document.

Availability

PIMS is not available to residents of the USA. Certain restrictions may apply to residents of other countries – please ask your financial adviser for details.

Individual applicants will need to be within the following age limits to apply for PIMS.

Table 1

	Policyholder	Life Assured
Minimum age	18 years	3 months
Maximum age	No maximum	85 years*

* for the youngest life assured

PIMS features

Policy type

PIMS is set up as a life assurance policy (meaning that the policy continues until the death of the last life assured), it can be written on the following bases

Single life - There is only one life assured and when they die the PIMS policy comes to an end.

Joint life last death - There can be up to 6 lives assured and the PIMS policy comes to an end when the last life assured dies.

Sub-policies

PIMS can be structured in up to 100 sub-policies. This is for added flexibility and may provide tax advantages depending on your location. Fewer sub-policies may be chosen if required, but unless this is detailed in your PIMS application we will automatically set up the policy with 100 sub-policies. Your financial adviser can help explain how these could provide you with tax advantages in the future.

Policy currencies

There are 7 PIMS policy currencies to choose from: pounds sterling (GBP), Australian dollar (AUD), US dollar (USD), euro (EUR), Swiss franc (CHF), Hong Kong dollar (HKD) and Japanese yen (JPY). Policy fees will be taken in your chosen currency.

Initial and additional premiums paid into PIMS can be made in any currency, provided that they can be easily exchanged for your PIMS policy currency (we will do this automatically), and are subject to the minimum premium levels for your policy currency.

Minimum investment levels

There are set minimum amounts that you can invest into PIMS, these depend on the policy currency (shown in Table 2). There are no maximum limits.

Table 2

Currency	Initial premium	Additional premiums
GBP	50,000	5,000
AUD	77,500	7,750
USD	80,000	8,000
EUR	80,000	8,000
CHF	80,000	8,000
HKD	800,000	80,000
JPY	8,000,000	800,000

Additional premiums can be paid into PIMS at any time.

Additional premiums will be divided equally across the PIMS sub-policies and can be set up using different combinations of the charging elements in comparison to an initial premium.

Investment transfer

We can transfer investments (subject to them being acceptable to us) directly into a PIMS policy.

To do this we require your permission to transfer investments. When we possess all of the necessary documentation we will transfer investments as required.

An administration fee of GBP20 is charged per each investment transferred, plus any custodian charges.

You should discuss potential transfers with your financial adviser.

For more information about acceptable investments please read the *Guide to Investment*.

Investment exchange

We can sell existing investments such as stocks and shares and use the proceeds to fund a PIMS policy.

To do this we require permission to sell investments. When we possess all of the necessary documentation we will sell investments as required.

An administration fee of GBP20 is charged per each investment sold, plus any custodian charges.

You should discuss potential investment exchanges with your financial adviser as you may be taxed on any gains made when investments are sold.

Cash account

Each PIMS policy has its own cash account. Any initial premium and investment exchange value is paid into the cash account before being linked to your chosen investments. The fees associated with PIMS are taken from the cash account and it is also used for taking withdrawals.

If investments linked to a PIMS policy are sold, the cash proceeds will be paid into the cash account. In the same way, when linking a PIMS policy to a new investment, the amount available in the cash account will be used to do this.

It is important that a positive cash balance is maintained in the cash account to cover any fees and withdrawals. A minimum of 2% of the policy value must be retained in the cash account throughout the life of the policy. It is the responsibility of you and/or your adviser to maintain the PIMS cash account.

If the cash account has a negative balance we may, at any time, clear the balance by selling investments to which the policy is linked. Credit interest may be paid on positive balances and debit interest will be charged on negative balances. For current credit and debit rates on the PIMS cash account, please contact us.

Valuations

Valuations, including a full statement of transactions that have taken place on a PIMS policy, are produced every 6 months and will be issued on your policy anniversary date. We will send a copy of your valuation to both yourself and your financial adviser and/or investment adviser if requested.

Alternatively, if you would prefer to receive your valuations on different dates, you can opt for the end of each calendar half-year (June and December) or 2 specific dates of your choosing during the policy year.

You and your adviser can also view the value of your policy online on our website at any time.

There is no charge for the 2 valuation statements produced each year or for using our online service. If you request any additional valuation statements there will be a charge for these as shown in Table 3.

Table 3

Currency	Charge
GBP	90
AUD	139.50
USD	144
EUR	144
CHF	144
HKD	1,440
JPY	14,400

Discretionary management

A discretionary manager can be appointed to PIMS Flexible policies.

A discretionary manager, where appointed, is responsible for buying and selling investments linked to your PIMS policy. They will charge their own fees for doing so.

Discretionary managers will hold a cash account separate to that of the PIMS policy. This effectively means that the policy cash account will have a zero balance. When fees or withdrawals become due on the policy the discretionary manager is invoiced, they are then responsible for transferring an amount to us to cover the debits from the policy cash account.

For more details about what a discretionary manager can do please read the *Guide to Investment*.

PIMS charging structure

PIMS Focused

PIMS Focused policyholders are able to invest into a defined range of approximately 1,200 investment funds. Accordingly, PIMS Focused has a lower charging structure than PIMS Flexible which is fully open-architecture.

This could make PIMS Focused the ideal vehicle where you simply require access to conventional investment funds and recognised management houses. But should you require access to an even broader range of investments in the future, you can simply convert your PIMS Focused policy to Flexible for a one-off fee.

The one-off fee is known as the 'Conversion fee' and is equal to 1.25% of the premiums paid.

PIMS Flexible

PIMS Flexible policyholders are able to choose from any investment acceptable to us.

Charging elements

No matter which version of PIMS is selected, the charging elements remain the same, although lower fees are applied to PIMS Focused policies. You cannot change back to PIMS Focused from PIMS Flexible.

There are 3 main elements to the charging structure that can be used separately or in combination:

- Allocation rate - this is the rate at which your premium is applied to the policy. This can be below, or equal to and above 100% of your premium if other charging elements are chosen.
- Establishment fee - this is a fee that is taken over a set period of time, either 5 years or 10 years, as a percentage of your premium. An early surrender fee will apply during the same period.
- Percentage administration fee - this is a fee that is taken throughout the lifetime of your policy as a percentage of the higher of your premium or its current policy value. An early surrender fee will apply and you can choose from 8 years or 10 years.

Allocation rate reduction

It is possible to reduce the allocation rate of a PIMS policy so that all fees relating to the initial premium are deducted on the policy start date.

If you invested a GBP300,000 premium into a PIMS policy at an example allocation rate of 91.50%, this would leave GBP274,500 ($\text{GBP}300,000 \times 91.50\%$) available to link to investments.

Alternatively, rather than reduce your premium at the start of the policy, you can pay fees over a period of time through the establishment or percentage administration fees. By doing

this you can enhance your allocation rate beyond 100%, but only up to a maximum of 112.25% for PIMS Flexible policies or 113.50% for PIMS Focused policies (this also depends on your premium amount).

Establishment fee

An establishment fee can be paid over 5 or 10 years. If we continue using the previous example, if you would like to invest a premium of GBP300,000 into a PIMS policy, but at an allocation rate of 100%, then there is an establishment fee to be paid ($100\% - 91.5\% = 8.5\%$).

5 year establishment fee period

If you choose to pay this fee over a 5 year establishment fee period we would multiply it by 1.2. The percentage is then divided by 5 (for the 5 year period) and this is the percentage of your GBP300,000 premium you would pay each year.

10 year establishment fee period

If you choose to pay this fee over a 10 year establishment fee period we would multiply it by 1.3. The percentage is then divided by 10 (for the 10 year period) and this is the percentage of your GBP300,000 premium you would pay each year.

If you were to invest a GBP300,000 premium into a PIMS Flexible policy and choose an allocation rate of 100.00%, this would provide GBP300,000 ($\text{GBP}300,000 \times 100.00\%$) to link to investments.

Alternatively, rather than pay fees over a fixed period of time through an establishment fee you can pay fees over the life of the policy through an ongoing percentage administration fee.

Percentage administration fee

A percentage administration fee can be taken over the lifetime of the policy with either an 8 or 10 year early surrender period. Continuing the previous examples there will be a percentage fee involved in doing this ($100\% - 91.5\% = 8.5\%$).

8 year early surrender period

If you choose to pay the percentage administration fee with an 8 year early surrender period we would multiply the fee by 0.14375 and you would pay that percentage as the higher of your GBP300,000 premium or its current policy value each year.

10 year early surrender period

If you choose to pay the percentage administration fee with a 10 year early surrender period we would multiply the fee by 0.11 and you would pay that percentage as the higher of your GBP300,000 premium or its current policy value each year.

If you were to invest a GBP300,000 premium into a PIMS Flexible policy and choose an allocation rate of 103.00%, this would provide GBP309,000 ($\text{GBP}300,000 \times 103.00\%$) to link to investments.

Combining elements

Most will find that choosing just one charging element suits their needs, however, PIMS can be tailored using a combination of all three charging elements if required. In effect this would result in the fees being split between the various charging elements.

Flat administration fee

In addition to the 3 main flexible elements there is also a flat administration fee. This is a fixed amount that increases each year with inflation. It is taken from the cash account on the quarterly anniversary of the policy start date. The fee continues to be taken until the policy comes to an end.

We measure inflation based on the Isle of Man Retail Price Index. Further information can be found at www.gov.im/treasury. This may change in the future.

Currency	Charge
GBP	90
AUD	139.50
USD	144
EUR	144
CHF	144
HKD	1,440
JPY	14,400

The elements making up your final charging structure will be detailed in your policy schedule. Your financial adviser can provide details before you make your application.

PIMS additional fees

Dealing fee

The first 10 dealing transactions on the policy are free. After these have been used, a dealing fee of GBP20 (or currency equivalent) will apply to each purchase or sale of an investment linked to a PIMS policy. For cash deposit accounts (only available under PIMS Flexible) there is a GBP20 (or currency equivalent) fee for each deposit placed or each withdrawal taken from an account.

Currency	Dealing fee
GBP	20
AUD	31
USD	32
EUR	32
CHF	32
HKD	320
JPY	3,200

Where a discretionary manager has been appointed to your policy, our dealing fees will not apply. You should ask your discretionary manager about their dealing fees.

Investment fees

The investment fees applied will depend on the investments to which your PIMS policy is linked. Fees can include, but are not limited to, initial and annual management charges, performance fees and exit fees. Fees are determined by the investment manager.

In some cases we will receive institutional discounts not available to individual investors, meaning that the initial charges that you have to pay will be lower than via direct investment.

Where a discretionary manager has been appointed to your policy, our institutional discounts will not apply. You should ask your discretionary manager about expected investment fees.

Custodian fees

These are charged to cover the costs of safekeeping records relating to linked investments. Custodian fees can vary in cost depending on the type of investment, however, to keep charges clear under PIMS we charge a flat fee of GBP30 (or currency equivalent) per each purchase or sale of an investment.

Where a discretionary manager has been appointed to your policy, our custodian fee will not apply. You should ask your discretionary manager about their custodian's fees.

Stockbroker fees

Where a chosen linked investment requires, it may be necessary to buy or sell the investment through a stockbroker, any fees will be deducted from the PIMS cash account. The current stockbroker fees are available from us on request.

Where a discretionary manager has been appointed to your policy our stockbroker fees will not apply. You should ask your discretionary manager about their stockbroker's fees.

Advice fee

If you choose to appoint an investment adviser, their fees can be paid directly from the PIMS cash account. An investment adviser fee up to 1.50% of the policy value, payable quarterly, can be requested. The amount available may be lower than this depending on other charges taken.

Discretionary manager fees

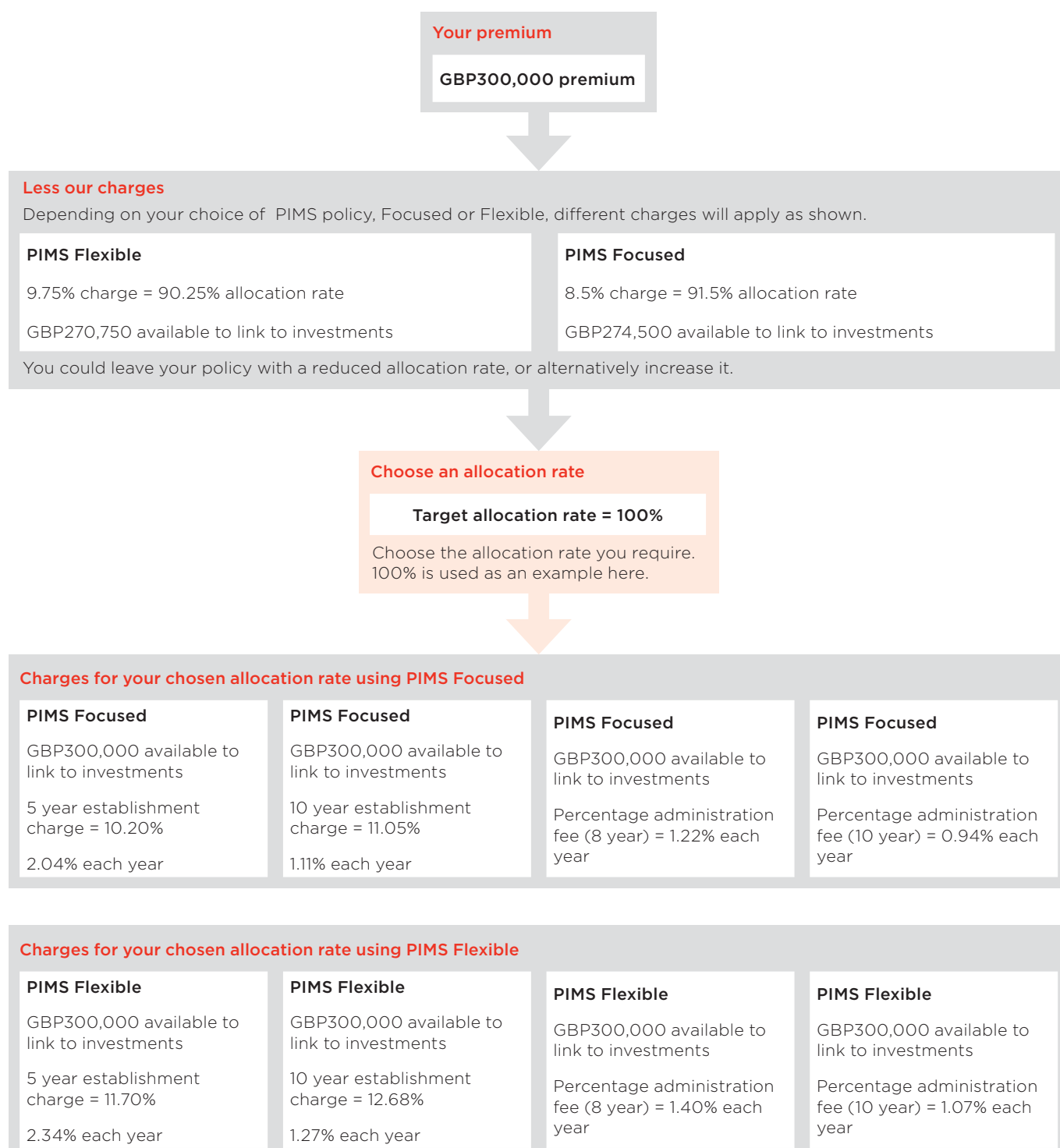
If you choose to appoint a discretionary manager to manage the investments linked to your PIMS policy their fees will be deducted at source. Discretionary managers may also have to pay custodian and stockbroker fees for some investments.

Foreign exchange

Where we are required to perform a foreign exchange (FX) transaction, this will be done at a rate determined by us, based on those commercially available in the market.

PIMS charging structure example

The charges shown are examples only. Your financial adviser can tailor the structure to meet your requirements.



PIMS withdrawals and surrenders

Withdrawals

One-off or regular withdrawals can be taken from PIMS at any time. Table 10 shows the minimum acceptable one-off withdrawals, regular withdrawals and minimum PIMS policy values after a withdrawal.

Table 10

Currency	One-off withdrawal	Regular withdrawal	Minimum policy value*
GBP	500	250	25,000
AUD	775	387.50	38,750
EUR	800	400	40,000
USD	800	400	40,000
CHF	800	400	40,000
HKD	8,000	4,000	400,000
JPY	80,000	40,000	4,000,000

* the minimum policy value must not drop below the figure shown or 15% of the premiums paid to date, whichever is the higher.

One-off withdrawals can be paid in any easily exchanged currency. Regular withdrawals will be paid in the PIMS policy currency and can be taken monthly, quarterly, half-yearly or yearly.

Regular withdrawals can be set up when you apply for a PIMS policy or be requested at a later date.

Surrenders

In addition to withdrawals, whole sub-policies may also be surrendered. This could have potential tax benefits and we recommend that you discuss any withdrawals or surrenders with your financial adviser so that you can decide on the most effective method.

A PIMS policy can be fully surrendered at any time, simply by returning the policy documents, including any endorsements, to our head office along with a completed *Surrender Form*.

On receiving notification at our head office of a request to surrender a PIMS policy, we will:

- stop all regular withdrawals and any other actions due to take place
- sell all of your linked investments and add the sale amounts to the cash account
- calculate the final surrender value of the policy.

Depending on the combination of charging elements used the policy may be subject to early surrender fees if you surrender before the end of the early surrender period.

For example

A policy with establishment fees that is surrendered after the fourth year of a 5 year early surrender period would be charged 1 years worth of fees on surrender. Similarly if the policy was surrendered 7 years into a 10 year early surrender period then 3 years worth of fees would be taken on surrender. The fee would be taken as a percentage of your premium paid.

A policy with a percentage administration fee that is surrendered after 6 years of an 8 year early surrender period would result in 2 x the percentage administration fee being taken. Similarly, if the policy was surrendered 5 years into a 10 year early surrender period this would result in 5 x the percentage administration fee being taken. The percentage would be taken as the higher of your premium paid or its current policy value.

PIMS benefits

Benefit on death

On receiving written notification at our head office of the death of the last life assured on a PIMS policy, we will:

- stop all regular withdrawals and any other actions due to take place
- sell all of your linked investments and add the sale amounts to the cash account
- calculate the final death benefit of the policy.

We will only pay out the death benefit when we have received proof of:

- the death of the last life assured
- that you, your estate or someone else has the legal right ("probate") to the policy benefits

We will not pay out the death benefit until we have sold all linked investments and the sale amounts have been added to the cash account. We must also receive the Policy Schedule and any additional Endorsements at our head office, before we will pay out the death benefit.

PIMS taxation

RL360° is subject to Isle of Man tax laws. Therefore any growth or income earned in your policy is not taxed. However, withholding tax may be deducted at source on income arising from investments held in some countries, which cannot be reclaimed by us.

You may have a personal liability to tax depending on the tax laws in your country of residence and your own personal circumstances. Tax implications should be discussed with your specialist adviser.

Important notes

PIMS is available exclusively in association with financial advisers. Your financial adviser can provide a final recommendation as to whether or not PIMS is suitable for you.

Owners of policies issued by RL360 Insurance Company Limited receive the protection of the Isle of Man Compensation of Policyholders protection scheme, which covers an amount equal to 90% (subject to the provisions of the scheme) of RL360's liability where it is unable to meet its financial obligations. RL360° reserves the right to adjust the returns to cater for any levy or charge made on it under the regulations or similar legislation.

The information contained in *The Facts* is based on our understanding of Isle of Man legislation as at July 2013.

Whilst every care has been taken in producing this document, we cannot accept responsibility for our interpretation or any subsequent changes to legislation. *The Facts* is not intended as a substitute for legal or tax advice.

New Business

RL360 House, Cooil Road,
Douglas, Isle of Man, IM2 2SP, British Isles.
Tel: +44 (0)1624 681 578 Fax: +44 (0)1624 690 578
Email: newbusiness@rl360.com

Servicing

RL360 House, Cooil Road,
Douglas, Isle of Man, IM2 2SP, British Isles.
Tel: +44 (0)1624 681 682 Fax: +44 (0)1624 677 336
Email: csc@rl360.com

Representative Office – Dubai

Office 1402, 14th Floor, Single Business Tower,
Sheikh Zayed Road, Dubai, UAE.
Tel: +971 4378 2700
Email: dubai@rl360.com

Regional Office – Hong Kong

Suite 3605, The Center,
99 Queen's Road Central, Hong Kong.
Tel: +852 3929 4333 Fax: +852 2169 0181
Email: hongkong@rl360.com

Internet

www.rl360.com