

SCHEME PARTICULARS

THE KEMMUNA

RETIREMENT BENEFIT SCHEME

Sovereign Pension Services Limited

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Sovereign Pension Services Limited is licensed as a Retirement Scheme Administrator by the Malta Financial Services Authority ("MFSA"). The Kemmuna Retirement Benefit Scheme is licensed and regulated by the MFSA as a personal retirement scheme. The licence of the Scheme is not an endorsement by the MFSA of the Scheme's financial performance. There exists no statutory provision for compensation in the case where the Scheme is unable to satisfy the liabilities attributable to it.

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KEMSP/5/12052022

The logo for Sovereign Group, featuring the word "SOVEREIGN" in white capital letters on a black rectangular background, with a red horizontal bar below it.

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KEMMUNA RETIREMENT BENEFIT SCHEME - SCHEME PARTICULARS

Sovereign Pension Services Limited is licensed as a retirement scheme administrator by the Malta Financial Services Authority ('MFSA'). The Kemmuna Retirement Benefit Scheme (the "Scheme") is licensed and regulated by the MFSA as a personal retirement scheme. The licence of the scheme is not an endorsement by the MFSA of the scheme's financial performance and the MFSA shall not be liable for the performance or default of the Scheme. There exists no statutory provision for compensation in the case where the scheme is unable to satisfy the liabilities attributable to it.

Structure

The Scheme is a contract based personal retirement scheme registered as a retirement scheme by the (MFSA under Article 4 of the Retirement Pensions Act (Chapter 514 of the Laws of Malta) ("the Act") on the 7th day of March 2018 and satisfies the requirements of a Qualifying Recognised Overseas Pension Scheme (QROPS), as defined for UK tax law purposes. The Scheme is a defined contribution pension scheme. Admission to the Scheme requires that Members agree to be bound by the terms of the Scheme Document and the Rules. Each member shall be required to sign the Scheme's application form. The Scheme is a member directed scheme.

Below are scheme particulars relative to the Scheme in line with the standard operational conditions issued by the MFSA.

Purpose

The Administrator will administer the Scheme in order to provide retirement benefits to Members in retirement or permanent incapacity and after their death to the Members' nominated beneficiaries, as applicable, while maintaining the approval granted to it in terms of the Act.

Administrator

The Administrator must always be a company operating in and having an established place of business in Malta and be authorised by the MFSA to act as a Retirement Scheme Administrator.

The Administrator of the Scheme is Sovereign Pension Services Limited whose registered office and place of business is at Level 5, St Julian's Business Centre, Elia Zammit Street, St Julian's, STJ 3153 Malta. The Administrator is licensed as a Retirement Scheme Administrator in terms of the Act by the MFSA.

The Managing Director responsible for administration of the Scheme is Cristina Cassar Difesa to whom all enquiries and requests for further information may be directed (tel: +356 278 88132, email: maltapensions@sovereigngroup.com).

Cristina has over 10 years' experience working in the financial services industry. Cristina graduated with a degree in Business from the London School of Economics. She joined the Sovereign Group in 2012 and has taken on the role of Operations Director in 2017 and eventually as Managing Director in 2019. Cristina is a member of the Malta Association of Retirement Scheme Practitioners.

The Managing Director is assisted by various other functionaries, namely: Dr Maria Delia, Director, has graduated and obtained her notarial warrant in June 2012. She is the Administrator's legal and compliance director, has been working in compliance for the past 8 years and she currently heads the legal and compliance department.

Ms Louisa Savasta, Pensions Manager, currently heads the pension administration teams, which teams are managed by two team leaders. Louisa has been working in the pensions sector for 9 years.

Ms Graziella Vella Marquette, Finance Manager, is a certified accountant since 2015 and has been working in finance for 12 years. Graziella currently heads the finance department. Graziella is a member of the Malta Institute of Accountants as well as a member of the Association of Chartered Certified Accountant.

Sovereign Asset Management, trading as Sovereign Wealth, assists the Administrator in monitoring investments ensuring that the investments chosen are in line with the investment guidelines mentioned hereunder. Sovereign Wealth is regulated by the Gibraltar Financial Commission. Edward Bermingham is the Managing Director of Sovereign Wealth since 2018. Edward holds the Investment Management Certificate and is working towards his UK Level 4 qualifications with the Securities Institute.

The MFSA is to be notified of all appointments and resignations.

Auditor

The Auditor of the Scheme is Grant Thornton, Malta.

Eligibility for admission as a Member

Membership of the Scheme shall be open to any individual accepted at the discretion of the Administrator. Members must agree to be bound by terms of the Scheme Document and the rules set out in that Document.

In order to become a Member of the Scheme, an individual must enter into a contract and sign the Scheme's application form with the Administrator under which the individual is obliged to make contributions of any size to the Scheme. The Administrators associated companies may assist with collation of information and documentation required for the Administrator to consider the member's application.

On being accepted as a member of the Scheme, the individual must transfer assets comprising their pension plans or schemes to or under the control of the Administrator whereupon an individual account is created for that member.

Cooling Off Period

Any applicant of the Scheme may cancel their membership within 30 calendar days of being notified of their admission to the Scheme. There is no penalty applied by the Administrator for cancellation of membership within the 30 calendar day period referred to above. A Member is not required to provide the Administrator with any reason for cancellation.

If a Member does not exercise their right of withdrawal from the scheme within the 30-calendar day period, their membership will be formalised, and the investment of their assets will be progressed in line with instructions received in the application form, once the 30-day period has expired.

While the cooling off period is valid, the Administrator will NOT be in a position to request any pension transfer fund(s). The transfer process will be kept on hold until the cancellation period has expired or the rights to the cancellation period are waived.

An applicant for membership of the scheme also has the right to waive the rights to this cooling off period by submitting a request in writing to the Administrator in the form prescribed by the Administrator.

Administration of the Scheme

The Administrator shall administer the Scheme in accordance with the terms of the Scheme.

The Administrator shall assist by requesting the transfer of the assets comprising the member's pension plans or schemes to the Scheme and will be responsible for the ongoing administration of the Scheme following receipt of those assets. The Administrator's associated companies will provide assistance to the Administrator by way of collation of information and documentation required to enable the Administrator to consider the acceptance of any member.

Contributions to the Scheme

The Member shall contribute assets to the Scheme which may include pension funds held in other plans or schemes. The initial value of the assets contributed or transferred will be the value of those assets on receipt by the Administrator. At its discretion the Administrator will be at liberty to accept additional funds or assets as an addition to the Scheme from time to time and all such funds or assets will be administered in accordance with the terms and Rules of the Scheme.

The funds and assets contributed by the Member to the Scheme will be used to establish a Member's Account. The contributions must comply with any regulatory limits imposed in connection with the Scheme or in the terms of the Scheme Document and Rules of the Scheme. The Member will participate solely in the funds and assets of his Member's Account.

Nature of the Scheme

The Scheme is a defined contribution scheme and it is a member directed scheme. Benefits are calculated on the value of the fund which may be built up through the transfer of existing retirement or pension funds and or other contributions made to the Scheme.

Benefits upon Retirement

A member's normal retirement age is the earliest date permitted by the proper law, not being earlier than the 50th birthday of the Member (and not being earlier than the 55th birthday of the Member to the extent that the Member's Account comprises United Kingdom relevant transfer funds and / or ring-fenced transfer funds) or such date as agreed between the Member and the Administrator not being later than his or her 75th birthday.

Pension benefits may be made available earlier than age 50 or earlier than the UK's normal minimum pension age (currently 55) if the Member becomes permanently incapacitated and unable permanently to carry on his occupation. Supporting medical evidence would be required in this instance. If the Member's Account comprises relevant transfer funds and / or ring-fenced transfer funds then benefits may only be payable before the Member has reached the UK's normal minimum pension age where the ill health condition in Finance Act 2004 section 165 is satisfied immediately before any benefits are provided.

Upon reaching normal retirement age, there are several lifetime benefit options available including but not limited to

- (i) a pension commencement lump sum not exceeding 30% of the value of the relevant Member's Account or such other amount as the MFSA may from time to time permit; provided that where the benefits originate from a United Kingdom relevant transfer fund and/or ring-fenced transfer funds, the pension commencement lump sum shall not exceed 25% of the value of the relevant Member's Account or such other maximum as may be applicable to "qualifying recognized overseas pension" in terms of UK legislation;
- (ii) the payment of the balance of the relevant Member's Account remaining after the payment of any lump sum providing the Member with lifetime benefits in terms of the Act;
- (iii) To the extent that the benefits originate from United Kingdom Relevant Transfer funds, drawdown may be taken as flexible access drawdown whereby part of the Retirement Fund may be commuted for a lump sum, provided that the lump sum shall not exceed one quarter of the total fund available and residual funds may be taken as additional lump sums or be taken as variable income either immediately or through occasional withdrawals from the said assets, which stay invested.
- (iv) With regards to European Commission Members, as defined in the Scheme's scheme document, the Member will be entitled to benefits in accordance with the terms of the European Commission Regulation, as defined in the scheme document.

Benefits upon Death

Subject to mandatory provisions of the applicable law, upon the Member's death the Administrator shall pay the balance in the Member's Account to the Member's dependants or relations or such persons as the Member may have notified in writing to the Administrator in such proportion as the Administrator shall determine. The Administrator shall have regard to the Member's wishes but shall not be bound by them.

If the Member dies without being survived by one or more nominated beneficiaries, the Administrator will exercise its discretion with regard to the distribution of any amounts remaining within that Member's Account in accordance with the Scheme Document.

Payment of Benefits

The Member may elect to commence drawing benefits by completing a benefit election form and returning it to the Administrator.

The payment of an benefits may be made monthly unless the Member requests that such payment be made quarterly, half yearly or yearly.

Investment Objective and Strategy

The investment objective for the Scheme shall be to accumulate a fund from which to provide retirement benefits.

Investments may be made in a wide selection of bonds, equities and similar investments but subject to any condition imposed by law or by the MFSA and the Administrator must ensure that the member's funds are:

Subject to any condition imposed by law or by the MFSA, the Administrator will ensure that the member's account will be:-

- Invested in the best interests of the Member;
- Invested in such a manner as to ensure the security, liquidity and profitability; and
- Properly diversified in such a way as to avoid accumulations of risk.

Members are entitled to appoint their own investment advisor and the member or nominated advisor may indicate their preferred investment strategy for the Administrator to consider. If the member fails to nominate such an investment adviser and/or investment manager within a reasonable time, the Administrator may then use its discretion and appoint an investment adviser and/or investment manager on the member's account.

Alternatively, members can opt to manage their own investments if two out of the three criteria for "professional member" are satisfied, being: (i) having worked in a professional position, in the financial services industry, for a minimum of three years in the last ten years having knowledge of the transactions envisaged; (ii) the Member's account within the Scheme is to exceed EUR 500,000; (iii) having carried out transactions, in significant size, on the relevant market at an average frequency of 10 per quarter over the previous four quarters. The Administrator shall ensure compliance with the investment objective of the Scheme and any applicable investment restrictions.

All investment requests and instructions must be submitted to the Administrator in writing by the appointed investment adviser on maltadealings@sovereigngroup.com.

Permitted Investment Products

Investments may be made in a variety of investment vehicles, investment platforms, life insurance bonds and capital redemption bonds which may offer an element of life insurance. Investment vehicles vary in fee structure.

Investment Platforms

Investment platforms are managed accounts that offer advisers and their clients the opportunity to build bespoke portfolio solutions in a number of currencies.

Investment Restrictions

The Scheme is member directed in respect of the investments. This means that the Member has responsibility for choosing how the funds within their pension are invested. This allows a Member to choose which investment specialists they appoint to assist them with such investments (if applicable), including investment advisers, investment managers and custodians.

The Administrator does not accept any liability for any decisions relating to the purchase, retention and sale of the investments within a Member's pension. The Member agrees to hold the Administrator fully indemnified against any claim in respect of such investment decisions or instructions.

However, the Administrator is involved with the investment process and plays a role in the administration of a Member's investments, and investments are always made by the Administrator in the name of a Member's retirement plan.

All investment instructions received from Members, or their appointed specialist advisers, are considered by the Administrator in light of the Member's risk profile, as detailed by the Member in their application form.

Members should be aware that the value of investments can fall as well as rise and is not guaranteed. Past performance is no guide to future performance. Investments may be made into a range of product wrappers and funds. Investments may also be made via platforms or using the services of discretionary investment managers.

The Retirement Fund and the Member's Account shall be subject to any investment restrictions imposed by licensing conditions stipulated by the MFSA such as:

- the Scheme shall not engage directly or indirectly in transactions with any of its members or persons connected thereto;
- the Scheme shall not engage directly or indirectly in borrowing in connection with property purchases on behalf of its members or connected persons thereto, other than on fully commercial terms, provided that the Scheme may borrow up to 50% of the amount of property purchased which must be valued by an independent qualified valuer and only on a short-term basis in relation to the management of its assets and should not engage in any leverage.

In addition, the Scheme's investment restrictions with regards to the Member's Account are as follows:

- Investments may be made into a range of product wrappers and funds. Investments may also be made via platforms or using the services of discretionary investment managers.
- Investments may be made via recognised exchanges in stocks, funds, bonds, shares and other securities, cash, money market instruments, commodities and structured notes.
- Unless a member is classified as a Professional Member, only retail investments will be accepted.
- Unless a member is classified as a Professional Member, investments into professional or sophisticated are not permitted.
- Investments into unregulated collectives are not permitted.
- Investments in funds that contain exit charges are not permitted.
- Broker funds are not permitted.
- Funds deemed to have a high expense ratio/ongoing figure (over 2.5%) are not permitted.
- Structured notes are permitted, provided they meet the following criteria:
 - Not more than 30% of the total pension fund value of the Member's account may be invested in structured notes
 - Not more than 20% may be invested in structured notes with one issuer
 - Major indices only (no single equities or sectors)
 - Minimum 30% barriers
 - Minimum rating of BBB by Standard & Poor's, Moody's or Fitch
- Loans to members or connected parties are not permitted.
- The purchase of residential property is not permitted.
- Options, futures, swaps, forward rate agreements and other derivative contracts will not be permitted except for risk hedging purposes.
- Investments in private equity and contracts for differences will not be permitted.
- Investments into cryptocurrencies, including cryptocurrency ETFs, and Initial Coin Offerings (ICOs) are not permitted.
- Of the initial funds transferred 3% will be retained in cash from which the Administrator's fees and other agreed fees will be paid.

- Introduced in January 2020, a commission cap of 5% is applicable to investment products (insurance and platform) in conjunction with all QROPS, SIPPs and De-listed Guernsey QROPS. Any commissions paid in excess of the 5% cap will be refused by Sovereign. In addition, investment products must not exceed an establishment period of five years.
- For pension funds valued at £100,000 or less, life insurance bonds are permitted provided that there are no quarterly charges.

Additional investment restrictions may apply, which restrictions shall be stipulated in the Scheme Document.

Risk Measurement and Management

When making investments, as well as taking into account the investment objective, strategy and restrictions as described above, the Administrator will take into account the tolerance to risk as declared by the individual member and shall, where possible, endeavour to score or assess the risks of the proposed funds or investments.

Notwithstanding the investment objective and strategy as described above, Members are reminded that past performance shall not necessarily be a guide to future performance and that the value of investments can go down as well as up. The value of overseas investments may be influenced by changes in exchange rates. Some investments may take longer to sell than others, and the sale price may be lower than expected.

Investment Performance Benchmark

The Administrator may determine investment performance benchmarks in consultation with the Member and/or any appointed investment adviser and/or any appointed investment manager and may periodically review performance against any such benchmarks to measure performance and manage risk.

Fee Structure

Option A

For pension values up to £100,000

Establishment fee	£300
Annual fee - flat fee payable in advance	£550

Option B

For pension values over £100,001

Establishment fee	£750
Annual fee – flat fee payable annually in advance	£1,000

Termination Fees (Options A and B)

Transfer to another Sovereign Group scheme	Nil
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Transfer to another retirement benefit scheme provider or closure
(including but not limited to full Flexi-Access Drawdown ('FAD') and death):

- Within one year of establishment	£3,000
- Within two years of establishment	£2,000
- Within three years of establishment, and thereafter	£1,000

Ad hoc Fees

Appointing or changing an investment adviser	£200
Appointing or changing an investment manager	£200
Making an additional contribution to your pension	£200
Changing your investment provider	£250
Detailed annual transaction statement	£50
US reporting	£350

Benefit payment charges

Setup of PCLS		Nil
Setup of regular income payment, Capped Drawdown ('CDD') or part Flexi Access Drawdown ('FAD')		Nil
On-going CDD or part FAD:	Monthly	£100 per annum
	Quarterly, Half yearly, Annually	Nil
Additional <i>ad hoc</i> pension payment (First <i>ad hoc</i> pension payment per calendar year is free of charge.)		£50

The Administrator shall be entitled to increase its annual fees from time to time taking into account the usual and reasonable fees charged by Administrators of similar retirement schemes.

The Administrator will always sell the largest liquid asset in a Member's pension to settle its annual fee should there be insufficient cash in the investment transaction account. Please advise the Administrator at your earliest convenience should you wish for alternative arrangements to be made in the event that there are insufficient funds in such an account.

To the extent that third party fees, charges and other costs and expenses are incurred partly or wholly in relation to a member's account, the Administrator shall be entitled to allocate those fees, charges, costs and expenses, or so much of them as the Administrator in its absolute discretion consider appropriate to that particular member's Scheme.

When a Member appoints an investment adviser, the Member shall sign a Fee and Commission Disclosure form which lists the investment adviser fees or any commissions, the investment provider fees and underlying investment fees.

When a member appoints an investment manager, the Member shall sign a form that lists the annual management fee charged by the investment manager, any fee payable by the investment manager to the investment or financial adviser, any ongoing fees and/or total expense ratio. The investment manager shall disclose to the member all relevant fees that the member is being charged. The member's signature confirms that he has read, understood and agreed to the said fees and charges being incurred.

An estimation of the charges imposed by the investment houses and the underlying funds are detailed in the Appendix.

Taxation of Benefits

No tax is payable in Malta by the Scheme on income and capital gains with the exception of immovable property situated in Malta. Payments of retirement benefits to non-Malta residents are not taxable in Malta where an appropriate double tax agreement exists between Malta and the Member's country of tax residence. Members are required to obtain their own tax advice in relation to tax due in their country of residence. Where there is no suitable

double tax agreement then a withholding tax of 25% or more (which may go up to 35% depending on the level of income) may be applicable. However, no withholding tax is payable under Maltese law on the payment of lump sums from the Scheme.

The Administrator will deduct any amount due for taxation if applicable, from the benefit payable and will pay all taxation due by the Scheme to the relevant authority, prior to making the payment of the benefit to the Member.

Potential Conflicts of Interest

Potential conflicts of interests may occur if the member is or becomes employed or obtains a stake holding with any company or individual of the Administrator, any service provider to the Scheme or auditors of the Scheme. Furthermore, the Administrator, its officers or employees, may be involved in professional activities which, in the course of their business, will or may, on occasion, give rise to potential conflicts of interest. Such persons shall remain at liberty to undertake such business independently of their involvement with the Administrator or the Scheme.

In such circumstances, however, such persons will have appropriate regard to their respective obligations at law (where applicable) or under the agreements appointing them (where applicable) to act in the best interests of the members, when such potential conflicts of interest may arise. Every effort is made to avoid conflicts of interest by appointing independent service providers and investing in assets that have no connection with the Scheme or the Administrator and should such a conflict be identified it will be managed or mitigated through disclosure or by implementing the necessary management actions.

Legal and Tax Advice

Prospective Members should not construe the contents of this document as legal, tax or financial advice. Each prospective Member should consult his or her own professional advisors as to the legal, tax, financial or other matters relevant to the suitability of the Scheme for his or her requirements and as to the tax payable to him or her. No liability is accepted for any consequences arising from any transaction in connection with this document.

Accounts and Reports

Accounts shall be drawn up as at the 31st day of May of every year.

The member is entitled to inspect at the registered office of the Administrator any accounts or reports relating to the Scheme or their individual account. The member shall be sent a valuation of their scheme assets as at the 31st December each year.

The Administrator may utilise an investment fund through which to invest funds from the Member's Account and will use the valuation of the Administrator's interest in that fund as a measure or indication of the value of the Member's Account. The Administrator will also be relying on the valuation of assets as reported by the respective investment house or investment manager of the selected investment instrument (such as an insurance bond) or the investment manager in the case of investment in a retirement fund, in order to obtain any valuation of assets so that the Administrator will be able to comply with the reporting obligations in terms of the Pension Rules and in order to enable the Administrator to pay out any benefits or make any transfers as permitted by the Scheme Rules.

Liability

The Administrator shall not be liable for any actions, claims or demands arising out of anything done or caused to be done or omitted by him (whether by way of investment or otherwise) in connection with the Scheme and costs arising therefrom, except for a breach of the Scheme arising from his own fraud, wilful default or negligence.

The Administrator (and any and all of its directors officers or servants) will be indemnified out of the Scheme to the extent permitted by law against any actions claims or demands arising out of anything done or caused to be done or omitted by them (whether by way of investment or otherwise) in connection with the Scheme and all costs arising therefrom, except an act or omission which the Administrator knew to be a breach of the Scheme Rules and which the Administrator knowingly and wilfully committed or omitted as the case may be.

The Administrator shall not be liable in respect of any payment to any person erroneously made in the bona fide belief that the person was entitled to it and a receipt issued to the Administrator by the person shall be a good and sufficient discharge of the obligations of the Administrator.

The Administrator shall not be liable if the assets of the Scheme are insufficient to pay the benefits under the Scheme by reason of any loss or depreciation of any of the assets of the Scheme.

Residents in Malta

The Scheme should not be considered as the primary or only source for retirement provision of residents in Malta and should be considered in light of other retirement provisions including (mandatory or voluntary) occupational schemes that the Government of Malta may introduce in the future.

Complaints Procedure

Any problems or reasons for complaints are to be made in writing and should be accompanied where appropriate with copies of all relevant documentation and correspondence. This should be addressed to the Administrator on maltapensions@sovereigngroup.com. An acknowledgement of the complaint is sent within 24 hours together with a copy of the Administrator's complaints procedure. Your complaint will then be investigated and a final letter confirming the outcome of the investigation will be sent within 15 working days from the date the written complaint is first received. If the redress proposed is not considered acceptable, or where a complaint has not been upheld, the complaint may be lodged in writing with the Office of the Arbiter for Financial Services established under the Arbiter for Financial Services Act.

Further Information

These particulars contain a brief overview of the key features of the Kemmuna Retirement Benefit Scheme. Applicants should read them carefully and seek independent financial advice before completing the membership application form. Full details of the Scheme are contained in the Scheme Document and Rules which are available from the Administrator on request, which request should be sent to maltapensions@sovereigngroup.com. In the event of any discrepancy between these particulars and the Scheme Document and Rules, the latter shall prevail.

The Administrator of the Scheme is unable to and does not provide advice of any sort, whether financial, legal, tax, investment or on pensions transfers or benefits. Members of the Scheme may be subject to different laws according to their domicile or country of residence and applicants should seek advice from suitably qualified experts before proceeding. Whilst every effort has been made to ensure that the details contained herein are correct and up to date, this information does not constitute legal or other professional advice and we do not accept any responsibility, legal or otherwise for any error or omission.

Appendix

Investment Fees

There are various fees associated with investments and these will all depend on the investment product and underlying investments which are recommended by the investment adviser and/or investment manager. Below are indications of the underlying investment fees which one could expect. Please note that fees will be specific to your chosen product and can vary from the indications noted below. Before confirming your choice of investment product and the investment, it is important that you ensure that you are aware of all fees which will be incurred.

Bond/Platform Establishment Charges

Where the investment house offers 100% allocation of funds, fees ranging from 0–12% on the premium invested or current value (depending on the product chosen) can be charged and deducted from the member's policy over a period of 0–5 years.

Bond/Platform Early Surrender Charges

This percentage charge will reduce on a sliding scale over the lifetime of the product. These can range from 0–5 years and is dependent on several factors including the product chosen, the time of surrender and the agreed fees.

Regular Policy Management Charge

This charge will be taken from the investment's cash/transaction account on the premium invested or current value over an agreed period which can be 3–5 years. It reimburses the Investment provider for paying commission to the introducing broker whilst allowing the investor 100% allocation of their premium, this is usually between 1–1.5% annually.

Initial Commission to the investment adviser:

This charge usually ranges from 0–5% of the initial premium invested. As explained above, this will be paid by the investment provider and is clawed back from the regular policy management charge mentioned above.

Administration Fees

These fees are usually charged quarterly and range from £104–£150 per quarter. They are deducted from the cash/transaction account within the Bond/Platform.

Fund Initial Fees (Bid/Offer Spread)

These are fees charged when collective investments are purchased within Bonds/Platforms as recommended by your investment adviser and/or investment manager and can range from 0% to 5.50% on the asset value, if applicable.

Exit Penalties

These are fees on collective investments where no bid/offer spread is charged but a 5% commission is paid to the introducing adviser. An exit fee of 5% in year 1 reducing to 1% in year 5 will be charged on funds withdrawn. The fee will cease after the investment's fifth anniversary.

Fund Annual Management Charges

These are the charges made by the fund manager for using their collective investment fund. They can range from 0.75% for Institutional Funds to 2.25% for retail funds. The fee is taken each time the fund is priced.

Commissions paid to advisers

Part of the Fund Annual Management charge may be paid to your investment adviser as commissions. These fees can range from 0–5% of the fee stipulated above on the asset value, product sold or accounts opened, if applicable.

Investment Management Charges (DFM)

These are the fees charged by discretionary Investment Managers for managing the member's portfolio on a discretionary basis. The fees can range from 0.25% – 2% per annum value of the assets being managed.

Custody Fees

These are fees charged by Investment Managers for safe custody of the member's investments. They can range from 0.05% to 1% per annum on the fund value or premium invested.

Performance Fees

These are fees paid to Investment Managers for generating positive returns. Performance fees are usually 20% of the growth above an agreed return and are used to align the interests of investment managers and their investors.

Investment Advisory Charges

These are charges levied by financial advisers for monitoring client's portfolios and suggesting changes as and when deemed necessary. These fees are paid from the cash/transaction accounts within Bonds/Investment platforms and range from 0.1%–2% per annum on the value of the portfolio.

Dealing Fees

These are fees charged to any security bought and sold within a Bond, Fund, Platform or portfolio. They can be a fixed fee (£5–£50) per trade or a percentage of the amount invested/sold ranging between 0.1%–0.5%.

Total Expense Ratio

This is a measure of the costs of the investment company to operate a fund or investment portfolio. It considers all of the above fees and represents the true cost to the investor of the fees being charged for managing their portfolio. This fee will be a maximum of 3% on the underlying asset.