



The Rinella Retirement Benefit Scheme

SCHEME PARTICULARS

SOVEREIGN

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Structure

The Scheme was established by deed of trust on the 25th March 2013 and is registered as a retirement scheme by the Malta Financial Services Authority (MFSA) in terms of the Special Funds (Regulation) Act (cap. 450 of the Laws of Malta).

Admission to the Scheme requires that Members agree to be bound by terms of the Scheme Trust Deed and the rules which are set out in that Deed. Each Member shall be required to sign a Deed of Adherence. The trustee of the Scheme is Sovereign Pension Services Limited whose registered office is Suite 5 Valley Towers, Valley Road, Birkirkara, Malta ("Trustee")

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

Trustee

The Trustee of the Scheme must be a company operating in and have an established place of business in Malta and must be authorized by the MFSA to act as a retirement scheme administrator. The MFSA is to be notified of all trustee appointments and resignations.

Purpose

The Trustee shall administer the Scheme in order to provide retirement annuities and other benefits to Members in retirement and after their death for the Members' Beneficiaries while maintaining the approval granted to it in terms of the Special Funds (Regulation) Act.

Fee Structure

Members will be charged a fee upon being accepted for admission to the Scheme and a flat annual fee for each year that the Member retains an interest in the Scheme. The Establishment Fee shall be up to €1,000 and the Annual Trustee Fee shall be up to €1,300 (a total of up to €2,300 for the first year and up to €1,300 for the second and each subsequent year).

With the approval of the MFSA the Trustee shall

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

In addition the Trustee shall be entitled to charge an individual Member for business done or services rendered or time spent by the Trustee or its officers or employees in relation to the administration of that particular Member's Plan. Such charges shall be in line with usual and reasonable charges for the administration of trusts and the Trustee shall provide details of its charging rates from time to time upon request.

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

Eligibility for admission as a Member

Membership of the Scheme shall be open to any individual accepted at the discretion of the Trustees.

In order to be eligible to become a Member of the Scheme, an individual must transfer assets to or under the control of the Trustee and execute a deed of adherence whereupon an individual account for each Member shall be created under and in accordance with the Scheme.

Administration of the Scheme

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

The Trustee shall assist by requesting the transfer of the assets from the Member or any trustee, administrator or other person having management of any assets for the benefit or on behalf of the Member to the Scheme and will be responsible for the ongoing administration of the Scheme following receipt of those assets. The Trustee's associated companies will provide assistance to the Trustee by way of collation of information and documentation required to enable the Trustee to consider the acceptance of any Member.

Contributions to the Scheme

The Member shall transfer his or her assets to the Scheme. The initial value of the assets transferred shall be the value of those assets on receipt by the Trustee into an account opened by the Trustee for that purpose. At its discretion the Trustee shall be at liberty to accept additional assets as an addition to Scheme from time to time and all such assets shall be administered in accordance with the terms and rules of the Scheme.

Investment Strategy

The investment objective for the Scheme shall be to accumulate a Trust Fund from which to provide retirement annuities and other benefits. Each Member shall be entitled to nominate an investment adviser and the Member or his nominated adviser shall be entitled to indicate the preferred investment strategy for the Member's Plan. The Trustee may consider any such preference however the Trustee shall retain ultimate discretion on investments taking into account the investment objective and purpose of the Scheme along with any applicable investment restrictions.

Subject to any condition imposed by law or by the MFSA the trustee shall ensure that the Trust Fund shall be:-

- invested in the best interests of the Members;
- invested in such a manner as to ensure the security, quality, liquidity and profitability of the trust fund of the Scheme as a whole; and
- properly diversified in such a way as to avoid accumulations of risk in the trust fund of the Scheme as a whole.

Investment Restrictions

The Trust Fund shall be subject to any investment restrictions imposed by licensing conditions stipulated by the MFSA. In addition:-

- the Scheme shall not engage in transactions with any of its Members or persons connected thereto;

- the Scheme shall not grant loans to any of its Members or connected persons thereto; and
- the Scheme shall not engage in borrowing in connection with property purchases on behalf of its Members or connected persons thereto, provided that the Scheme may borrow only on a short term basis in relation to the management of its assets and should not engage in any leverage.

Investment Performance Benchmark

The Scheme does not set or impose any criteria against which the Scheme's investment performance will be measured. The Trustee will determine investment performance benchmarks in consultation with the Member and any appointed investment adviser and will periodically review performance against any such benchmarks to measure performance and manage risk. The registration of the Scheme with the MFSA is not an endorsement by the MFSA of the Scheme's financial performance.

Risk Measurement and Management

The choice of investments of the Scheme may be determined in consultation with the Member of the Scheme or the appointed investment adviser however shall accord with the above investment strategy and restrictions. The Trustee shall use the selected benchmark to review investment performance from time to time and to monitor the performance of the investment manager and make any changes that may be required.

Notwithstanding the investment objective and strategy as described in the Scheme, 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.

Potential Conflicts of Interest

The Trustee, 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 Trustee 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 potential conflicts of interest may arise.

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 or such date as agreed between the Member and the Trustee not being later than his or her 70th birthday.

Defined Contribution Scheme

The Scheme is a Defined Contribution 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.

Upon reaching normal retirement age a Member shall be entitled to an annual annuity payable for the remainder of the Member's life.

Prior to the annuity becoming payable a Member may sub-divide his/her interest and elect that the segmented portions of the Member's annuity be payable in one or more of the following methods:-

- the granting of an annuity payable for the Member's lifetime commencing earlier than age 70, but not earlier than the Members normal retirement age except where the Member has become incapable through infirmity of body or mind of carrying on his own occupation or any occupation of a similar nature for which he is trained or qualified;

- payment of an annuity to be made for a guaranteed period not exceeding ten years and thereafter during the lifetime of the Member;
- part or all of the annuity to be commuted for a lump sum, provided that the lump sum shall not exceed one quarter of the total fund available or such greater amount as the MFSA may from time to time permit - such lump sum shall be payable on the date that the annuity is due to come into payment;
- part of the annuity to be exchanged for a reversionary annuity payable to a named beneficiary of the Member for life from the date of death of the Member should the Member predecease such named beneficiary - the amount of the reversionary annuity shall not exceed the remaining annuity payable to the Member;
- an annuity to increase each year after the first year at the rate of 5% per annum compound or such higher rate as the MFSA shall permit; or
- the transfer of the value of the Member's interest in the Scheme to be utilised as a premium for an alternative arrangement which shall provide benefits in substitution for the annuity. On payment of the premium into the alternative arrangement, the Trustee's liability to the Member shall cease and the Member shall also cease to be a Member of the Scheme.

Benefits upon Death

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

Payment Benefits

The payment of an annuity shall be made monthly unless the Member requests that such payment be made quarterly, half yearly or yearly. The payment of an annuity may be bequeathed by will or in the event of a Member dying intestate, the annuity shall be assignable in distribution of the Member's estate.

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 Members country of residence. Where there is no double tax agreement then a withholding tax of 25% may be applicable however no withholding tax is payable under Maltese law on the payment of lump sums from the Scheme. These observations shall not be construed as tax advice and each prospective Member should consult his or her own professional advisors as to the tax payable by him or her.

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

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/her own professional advisors as to the legal, tax, financial or other matters relevant to the suitability of the Scheme for his/her requirements.

General Anti-Abuse Rule (GAAR)

The Trustees have consulted leading UK tax Counsel who confirmed that the Scheme is not caught by the GAAR introduced by the Finance Act 2013. The Prospective Member may wish to seek specific advice on this issue and the Trustee can arrange such legal advice if requested.

Accounts and Reports

The Member is entitled to inspect at the registered office of the Trustee, any accounts or reports relating to the Scheme or their individual account.

Liability

The Trustees will be liable to the Members and beneficiaries for any loss suffered by them as a result of their fraud, willful default or negligence.

The Trustee 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 trust arising from his own fraud, willful misconduct or negligence.

The Trustee (and where a corporate body is a Trustee any and all of its directors officers or servants) are 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 Trustee concerned knew to be a breach of trust and which the Trustee concerned knowingly and willfully committed or omitted as the case may be.

The Trustee 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 Trustee by the person shall be a good and sufficient discharge of the obligations of the Trustee.

The Trustee 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.

Statutory Provisions for Compensation

There exists no statutory provision for compensation in the case where the Scheme is unable to satisfy the liabilities attributed to it and the Scheme shall not be held responsible for compensation in such an event. The

Registration of the Scheme is not an endorsement by the MFSA of the Scheme's financial performance.

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 / voluntary) occupational schemes that the Government of Malta may introduce in the future.

Further Information

Additional information may be obtained from the Trustee at the address provided above.

Trust Deed

A copy of the full trust deed may be obtained from the Trustee by applying at the above address.



Sovereign Pension Services Limited
Suite 5, Valley Towers, Valley Road
Birkirkara BK9022, Malta
Tel: +356 2788 8132
Email: maltapensions@SovereignGroup.com
www.SovereignGroup.com