

The following scheme particulars are provided in accordance with the Pension Rules for Personal Retirement Schemes issued by the Malta Financial Services Authority.

Structure

The Scheme was established as a trust by a deed dated the 4th November 2013 and is registered as a retirement scheme by the Malta Financial Services Authority (MFSA) in terms of the Retirement Pensions Act (Chapter 514 of the Laws of Malta) and meets the requirements to operate as a Qualifying Recognised Oversees Pension Scheme (QROPS). The Scheme is of unlimited duration and will continue either for the period prescribed by law or for a period ending on such day as the Trustee may decide at its discretion.

Purpose

The purpose of the Scheme is to provide retirement benefits to members in retirement from their normal retirement age and after the member's death for the member's beneficiaries.

Trustee

The trustee and administrator of the Scheme is Sovereign Pension Services Limited whose registered office and place of business is at Suite 5, Valley Towers, Valley Road, Birkirkara, Malta. The director responsible for administration of the Scheme is Mr Stephen Griffiths to whom all enquiries and requests for further information may be directed (tel: +356 278 88132, email: maltapensions@sovereigngroup.com).

Stephen has extensive experience designing and managing business processes and administration teams. He has worked within the industry for more than 10 years and joined Sovereign Group in 2008, relocating to Malta in 2012 to become a director of Sovereign Pension Services Limited. Stephen is a member of The Society of Trust and Estate Practitioners and of The Malta Association of Retirement Scheme Practitioners.

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

Eligibility and Admission of Members

Membership of the Scheme is open to any individual accepted at the discretion of the trustee. Members must agree to be bound by terms of the Scheme trust deed and the rules set out in that deed. Each Member is required to enter into a deed of adherence. The trustee's associated companies may assist with collation of information and documentation required for the trustee to consider the member's application.

On being accepted as a member of the Scheme, the individual must transfer assets comprising his or her pension plans or schemes to or under the control of the trustee and execute the deed of adherence whereupon an individual account is created for that member.

Nature of the 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.

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 trust fund comprises United Kingdom relevant transfer funds) or such date as agreed between the member and the trustee not being later than the member's 75th birthday.

Upon reaching normal retirement age the member is entitled to an annual annuity payable for the remainder of the member's life. Prior to the annuity becoming payable the member may sub-divide his or her interest and elect one or more of the following methods of payment:

• a lump sum not exceeding 25% of the total fund available or such greater amount as the MFSA may from time to time permit;

- an annuity for life commencing before age 75 but not before normal retirement age unless the member becomes incapable through infirmity of body or mind of carrying on working;
- an annuity for a guaranteed period not exceeding ten years and thereafter for life;
- a reversionary annuity payable to a named beneficiary for life from the date of death of the member should the member predecease such named beneficiary;
- an annuity increasing each year at the rate of 5% per annum compound or such higher rate as the MFSA shall permit; or the transfer of the member's interest as a premium for an alternative arrangement which shall provide benefits in substitution for the annuity.
- Where the member has been in drawdown for three years or more and subsequent to a valuation of the members remaining assets in the Scheme it is established that there is adequate provision for retirement income then subject to any conditions stipulated by the MFSA 50% of any surplus may be withdrawn as an additional lump sum in the valuation year and each subsequent year.
- To the extent that the member's retirement fund originates from United Kingdom relevant transfer funds drawdown may be taken as Flexible Access Drawdown (FAD) 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 variable income either immediately or through occasional withdrawals from the said assets, which stay invested.

Benefits upon Death

Subject to any requirements imposed by the MFSA or by law the trustee has power following the member's death or if the member becomes incapable through infirmity of body or mind of carrying on working to pay benefits to the member's estate or to any one or more of the member's beneficiaries in such shares and in such manner as the trustee shall decide. The trustee shall have regard to the member's wishes but shall not be bound by them.

Payment of Benefits

The member may elect to commence drawing benefits by completing a Benefit Election Form and returning it to the Trustee.

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. The member or beneficiaries should supply relevant bank account details to the trustee.

Investment Objective and Strategy

The investment objective of the Scheme is to accumulate a fund from which to provide benefits in retirement.

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 the trustee must ensure that funds are:

- 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.

Members are entitled to appoint their own investment adviser and the member or nominated adviser may indicate their preferred investment strategy for the Trustee to consider. However the trustee has ultimate discretion on investments taking into account the investment objective and purpose of the Scheme along with any applicable investment restrictions.

Permitted Investment Products

Investments may be made in a variety of investment vehicles, life insurance bonds and capital redemption bonds which may offer an element of life insurance. Investment vehicles vary in fee structure. A list of permitted providers and an explanation of fees is appended to these scheme particulars.

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. A list of permitted providers and an explanation of fees is appended to these scheme particulars.

Investment Restrictions

The trust fund is subject to any investment restrictions imposed by licensing conditions stipulated by the MFSA. In particular:

- the Scheme shall not engage directly or indirectly in transactions with any of its members or connected persons;
- the Scheme shall not grant loans to any of its members or connected persons; and
- the Scheme shall not engage directly or indirectly in borrowing in connection with property purchases on behalf of any of its members or connected persons, 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.

Risk Measurement and Management

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

The registration of the Scheme with the MFSA is not an endorsement by the MFSA of the Scheme's financial performance. Notwithstanding the stated investment objective and strategy 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.

If a member indicates their own preferred investment strategy and the choice of investments is determined in consultation with the member or the member's investment adviser, the member may be assuming additional responsibilities and risks themselves and if they seek professional advice should ensure that they do so from a properly qualified person who is regulated if required.

Investment Performance Benchmark

The Scheme does not set or impose any criteria against which the Scheme's investment performance will be measured. The trustee may 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. Alternatively the trustee may use a benchmark selected by its own investment manager 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.

Liability

The trustee will be liable to the members and beneficiaries for any loss suffered by them as a result of the trustee's fraud, willful default or negligence.

Other than that, the trustee will not be liable for any actions, claims or demands arising out of anything done or caused to be done or omitted by the trustee (whether by way of investment or otherwise) in connection with the Scheme or costs arising therefrom.

The trustee and all of its directors, officers or servants are entitled to 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 trustee knew to be a breach of trust and which the trustee knowingly and willfully committed or omitted.

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.

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 €400 and the annual fee shall be €600 (a total of €1,000 for the first year and €600 for the second and each subsequent year).

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 trustee shall be entitled to allocate those fees, charges, costs and expenses, or so much of them as the trustee considers appropriate to that particular member's plan.

Taxation

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 residence. Where there is no suitable 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.

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

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.

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

Contributions and Valuations

Assets comprising the member's pension plans or schemes must be transferred to the Scheme into an account opened by the trustee for that purpose. The trustee will request the transfer of such assets and be responsible for ongoing administration of the Scheme following receipt of those assets.

The value of the assets transferred shall be the value on receipt by the trustee. At its discretion the trustee shall be at liberty to accept additional assets from time to time and all such assets shall be administered in accordance with the terms and rules of the Scheme.

The member's interest shall be valued at least annually on 31st December using available quoted, listed, traded or market prices or valued prudently and in good faith on the basis of their reasonably foreseeable sale prices. All investments other than those for which market quotations are available will be valued by the trustee's investment manager.

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 their own professional advisors as to the legal, tax, financial or other matters relevant to the suitability of the Scheme for the prospective member's requirements and as to the tax payable by him or her.

Accounts and Reports

Each member is entitled to inspect at the registered office of the trustee, any accounts or reports relating to the Scheme or their individual account.

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. A copy of the trust deed may be obtained from the trustee on request.

Appendices

Life Insurance Bonds/Capital Redemption Bonds

The trustee currently permits investments with the following companies:

Ascot Life Old Mutual International

Axa Wealth Old Mutual Ireland
Friends Life Old Mutual Singapore
Friends Provident International Old Mutual South Africa
Generali International Providence Life Limited PCC

Hansard International Prudential Innovest International RL 360

Investors Trust SEB Life International

This list is not exhaustive and may be amended.

Investment Platforms

The trustee currently permits investments with the following companies:

Acordias Offshore Limited Cornhill Flexmax
Allan Gray Investments E Portfolio Solutions
Aria Capital Management iFast Global Prestige
Ascentic UK ING Luxembourg

Best invest Moventum International

Capital Platforms Nedbank Private Wealth Limited
Citadel Investment Services Praemium International Limited

Citygate Securities Limited PSG Online

This list is not exhaustive and may be amended.

Investment Fees

There are many fees associated with Investments with all of the above vehicles some examples are below:

Bond/Platform Establishment Charges:

Where the investment house offers 100% allocation of funds, Fees ranging from 0-12% can be charged and deducted from your policy over a period of 3-10 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 3-10 years.

Regular Policy Management Charge:

This charge will be taken from the cash account over an agree period which can be 3-10 years. It reimburses the Investment house for paying commission to the introducing broker whilst allowing the investor 100% allocation of their premium.

Administration Fees

These fees are usually charged quarterly and range from £96-£125 per quarter. They are deducted from the cash account within the Bond/Platform.

Fund Initial Fees (Bid/Offer Spread)

These are fees charged when collective investments are purchased within Bonds/Platforms and can range from 0% to 5.50%

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% year 1 reducing to 1% in year 5 will be charged on funds withdrawn. The fee will cease after the investment's 05th fifth anniversary and withdrawals will suffer no penalties on redemptions.

Fund Annual Management Charges

These are the charges made by the Investment 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.

Investment Management Charges (DFM)

These are the fees charged by discretionary Investment Managers for managing your portfolio. The fees can range from 0.25%-2% per annum.

Custody Fees

These are fees charged by Investment Managers for safe custody of your investments. They can range from 0.05% to 1% per annum.

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.

Valuation Fees

These are fees charged by Investments houses for producing valuations outside of the agreed valuation dates.

Investment Advisory Charges

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

Dealing Fees

These are fees charged and any security to 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 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.

