

Appointment of Discretionary Fund Manager & Custodian

This form is only to be used if the Discretionary Fund Manager is also the Custodian



FRIENDS PROVIDENT
INTERNATIONAL

For completion by the Applicant(s)

Please write in ink and use BLOCK CAPITALS

Section A

Fund Number

Name of Discretionary Fund Manager
& Custodian

Address

1. I/We* hereby declare that I/We* wish the underlying assets held in the Fund to which the value of my/our* Policies are to be linked to be managed by the Manager in accordance with the terms and conditions specified below.
2. I/We* acknowledge that those underlying assets belong to Friends Provident International Limited ("the Company") and therefore it is necessary for the Company to enter into a formal agreement appointing the Manager. I/We* request the Company to enter into that agreement appointing the Manager on the Manager's standard terms modified as the Company in its absolute discretion deems appropriate ("the Agreement").
3. I/We* acknowledge that the Company is only prepared to enter into the Agreement as a result of my/our* request and the agreement and undertaking contained in 4 and 5 below.
4. I/We* agree that the Company shall not be responsible for any loss or liability to the Fund arising from the appointment of the Manager or from reliance upon advice given or investment services rendered by the Manager to the Company or for any other action or failure to take action on the part of the Manager giving rise to any loss in the value of the Fund howsoever arising (including but without limitation failure on the part of the Manager to produce a reasonable investment return in relation of the Fund).
5. I/We* for myself/ourselves* and my/our* estate(s) undertake to indemnify the Company against all claims demands and actions against the Company in respect of any loss and all costs and expenses howsoever arising from or in respect of the activities and performance of the Manager (including but without limitation the cost of defending in any court of Law any such claim demand or action against the Company and the cost of recovering from the Manager the investments of the Fund). Specifically I/we* agree that if the Company is obliged to pay any monies to the Manager under the terms of any indemnity contained in the Agreement, such monies shall be deducted from the Fund.
6. I/We* acknowledge that the Company may terminate the appointment of the Manager at any time by giving written notice to me/us* and the Manager.

Section B

I/We* understand that the Fund will be valued annually and I/we* acknowledge the Company will pay the Manager's fees of

£/US\$/other* per quarter or % per annum of the value of the Fund at each valuation plus VAT (if applicable).

I/We* understand that an amount equivalent to this will be charged as an expense to the Fund together with the expenses and charges in respect of the safe keeping, handling and carrying out of transactions in respect of any assets held for the Fund, in accordance with the Manager's published rates for such charges in force from time to time.

Section C

I/We* acknowledge that the Company may if it so wishes but without being under an obligation to do so, agree the investment criteria, risk criteria, and investment restrictions set out below:

1. Investment Criteria

2. Risk Criteria

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3. Investment restrictions

- (a) If the Fund is a **Reserve - Personalised Assets** version, the only permitted assets are stocks quoted on a recognised stock exchange, units in authorised unit trusts, collective schemes of the Company's internal funds, gilts, cash and other assets (specifically approved by the Company).

The following assets are expressly prohibited:

- Friends Provident shares
- F&C Asset Management plc shares
- Commodities
- Real Property
- Options/Futures/Precious Metals
- UK National Savings Capital Portfolios
- US and Canadian Mutual Funds are permitted only while Reserve is discretionary managed.

This is not an exhaustive list and we reserve the right to refuse other assets which we regard as unsuitable.

- (b) If the Fund is a **Reserve - Collective Investment** version, the only permitted assets are as follows:

- A UK authorised unit trust within the meaning of section 468 of the UK's Income & Corporation Taxes Act 1988 (ICTA)
- A UK investment trust, excluding warrants, within the meaning of section 842 ICTA 1988
- An open ended investment company (OEIC) within the meaning of section 236 of the UK Financial Services & Markets Act 2000
- An interest in an overseas collective investment[†] that is structured as one of the following:
 - an open ended investment company
 - a unit trust
 - offshore distributor and non distributor funds.

[†] "Collective investment" as defined in section 235 of the UK Financial Services & Markets Act 2000

- Hedge Funds and exchange traded funds are permitted, providing they comply with one of the fund structures above. US and Canadian Mutual Funds are permitted only while Reserve is discretionary managed

- (c) The Fund shall not at any time be more than 100% invested, i.e. no overdrafts shall be created nor any other commitments made beyond the extent of the investible cash available in the Fund without the prior formal approval of the Company.

- (d) Any assets purchased as a result of an instruction from the Manager shall be purchased at the open market price as shown on the contract note issued by the vendor or stockbroker.

- (e) All assets are held to the beneficial ownership of the Company and in the name of the Company. All dealing and contract notes must be made and in the name of the Company.

Signature(s)

Applicant

Second Applicant

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|-----------|
| Signature |
| Date |

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|-----------|
| Signature |
| Date |

Friends Provident International Limited

Registered & Head Office: Royal Court, Castletown, Isle of Man, British Isles, IM9 1RA

Telephone: +44(0) 1624 821212 Fax: +44(0) 1624 824405

Website: www.fpinternational.com

Incorporated company limited by shares.

Registered in the Isle of Man No. 11494

Authorised by the Isle of Man Insurance & Pensions Authority and regulated by the Financial Services Authority for the conduct of investment business in the UK.

Provider of life assurance and investment products.

The rules and regulations made by the Financial Services Authority for the protection of investors will not normally apply to persons resident outside the United Kingdom

The appointed representative of the Company in Hong Kong is

Friends Provident International Limited's branch office:

Friends Provident International Limited

Suites 1203-1211, Two Pacific Place, 88 Queensway, Hong Kong

Telephone: +852 2524 2027 Fax: +852 2868 4983



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