



# The Protected Asset TEP Fund Plc

An Experienced Investor Fund in the form of  
An Open Ended Investment Company

Sixty Circular Road, Douglas, Isle of Man IM1 1SA

Telephone: +44 (0) 1624 689600 Facsimile: +44 (0) 1624 689602



# The Protected Asset TEP Fund Plc

Scheme Particulars relating to the “Original Fund”

<b>Contents</b>	<b>Page</b>
<b>Key Information</b>	
1. Introduction	1
2. Directors, Administrator, Custodian, Bankers, Auditors, Policy Provider, Policy Administrator, Promoter and Legal Advisers	4
<b>Part 1</b>	
3. With-Profit Endowment Policies	5
4. Life Office Assets	5
5. Traded Endowment Policies	5
6. The Market in Traded Endowment Policies	5
7. TEP Funds	6
8. Investment Policy	6
9. Bank Finance/Gearing	6
10. Directors	7
11. Administrator	7
12. Custodian	8
13. Banker	9
14. Auditors	9
15. Policy Provider	9
16. Policy Administrator	9
17. Promoter	10
18. Fees and Expenses	10
<b>Part 2</b>	
19. General Expenses	12
20. The Register of Shareholders	13
21. Constitution, Objectives, Powers, Restrictions and Risks	13
A. Constitution	13
B. Objectives	13
C. Investment Powers and Policies	13
D. Investment Parameters	13
E. Borrowing	13
F. Risk Factors	13
22. Characteristics of Shares in PATF	16
A. Shares	16
B. Management Shares	16
C. Nominal Shares	16
D. Unclassified Shares	16
E. Contract Notes	16
F. Variation of Class Rights	16
G. Issue of Shares	16
H. Qualified Holders	17
23. Net Asset Value	17

24.	Dealing Price	19
25.	Suspension of Valuation	19
26.	The Sale, Redemption and Repurchase of Shares in the Fund	20
A.	<i>Dealing Day</i>	20
B.	<i>Dealing</i>	20
C.	<i>Currency of Payment and Foreign Exchange Transactions</i>	20
D.	<i>Communications</i>	20
E.	<i>Application Procedure</i>	21
F.	<i>Redemption Procedure</i>	21
G.	<i>Settlement</i>	21
27.	Minimum Holding of Shares	21
28.	Transfers	21
29.	Value Added Tax	21
30.	Dividends, Meetings and Reports	21
A.	<i>Dividends</i>	21
B.	<i>Meetings</i>	21
C.	<i>Reports</i>	21
31.	Taxation	23
A.	<i>Taxation of PATF</i>	23
B.	<i>Shareholders' Tax Position</i>	23
32.	General Information	23
A.	<i>Directors</i>	23
B.	<i>Dealing in Shares by the Administrator</i>	24
C.	<i>Amendment to PATF's Articles of Association</i>	24
D.	<i>Winding up</i>	24
E.	<i>Listing</i>	25
F.	<i>Business Day and Time</i>	25
33.	Material Agreements	25
34.	Details of Charges, Fees and Expenses	26
A.	<i>Remuneration of the Custodian</i>	26
B.	<i>Remuneration of the Administrator</i>	26
C.	<i>Remuneration of the Policy Administrator</i>	26
D.	<i>Remuneration of the Promoter</i>	26
35.	Directors' Responsibilities, Consents Etc.	26
<b>Part 3</b>		
36.	Disclosure Statement and Anti-Money Laundering Provisions	27
A.	<i>Disclosure Statement</i>	27
B.	<i>Anti-Money Laundering Provisions</i>	29
C.	<i>Information for Singapore Investors</i>	30
37.	Application Procedure	30
A.	<i>Procedure</i>	30
B.	<i>Application Address</i>	31
C.	<i>Verification Documents Required</i>	31
<b>Application Form</b>		<b>33</b>

# KEY INFORMATION

## THIS DOCUMENT IS IMPORTANT

If you are in any doubt about the contents of this document, you should consult your bank manager, stockbroker, solicitor, accountant or other authorised financial adviser.

The Protected Asset TEP Fund Plc ("PATF") is an experienced investor fund and complies with the requirements of the Isle of Man Financial Supervision (Experienced Investor Fund) (Exemption) Order 1999, as amended ("the Order"). Shares are only available to persons whom Abacus Financial Services Limited considers to be sufficiently experienced to understand the risks associated with an investment in PATF.

The value of shares and the income produced by them can fall as well as rise. Investors may not get back the value of their original investment. PATF is not subject to any form of regulation or approval in the Isle of Man and investors are not protected by any statutory compensation arrangements in the event of PATF's failure. The Isle of Man Financial Supervision Commission does not vouch for the financial soundness of PATF nor for the correctness of any statements made or opinions expressed with regard to it.

These Scheme Particulars, which have been approved by Abacus Financial Services Limited as required by the Order, are dated 28th October 2005.

### 1. Introduction

The Protected Asset TEP Fund Plc is an open-ended investment company and was incorporated as a public limited company in the Isle of Man with number 101651C on 12th December 2000 with unlimited duration under the Companies Acts 1931 to 1993 of the Isle of Man. PATF is not and need not be an authorised person for the purposes of the Isle of Man Financial Supervision Act 1988.

PATF is designed to provide investors with capital growth and relatively low risk through investment in a diversified portfolio of traded endowment policies ("TEPs").

Abacus Financial Services Limited will administer PATF, with custodian services being provided by a company which is a member of The Royal Bank of Scotland Group. PATF aims to have the lowest running costs of any existing TEP fund. It should be noted that three of the sub-funds of PATF, The Protected Asset TEP Fund No.2, The Protected Asset TEP Fund Dollar No.2 and The Protected Asset TEP Fund Euro No.2, are subject to certain charges to which the other sub-funds of PATF are not.

To ensure cost effective and efficient investment, PATF has arranged to purchase appropriate policies through T.I.S. Group Limited and Absolute Assigned Policies Limited, one of the oldest and largest market makers in TEPs.

PATF has been established to enable experienced investors (experienced investors: - "persons who, in relation to any experienced investor fund, are sufficiently experienced to understand the risks associated with an investment in that fund") to invest in the well established traded endowment market efficiently and simply.

With a view to enhancing returns to investors and ensuring that investors' subscriptions are fully utilised in acquiring policies and not partially held on deposit to pay premiums and redemptions, PATF will utilise bank facilities made available by The Royal Bank of Scotland International at competitive rates.

PATF was originally created with one sub-fund ("Original PATF"). A second sub-fund ("the SG Life TEP Fund") was subsequently created in November 2001 in order to enable PATF to offer a TEP fund for the SG Life International Bond, a product produced by SG Life (Guernsey) Limited which is a member company of the Societe Generale Group. A third sub-fund, called The Protected Asset TEP Fund No.2 ("the Original No.2 Fund"), was created in September 2003.

Subsequently, in November 2003, two further new sub-funds ("PATF-\$" and "PATF-€") were created, which were identical in all respects to Original PATF, except that Shares in those new sub-funds were priced and valued in US Dollars and Euros respectively.

In January 2004, a further two new sub-funds called The Protected Asset TEP Fund Dollar No. 2 and The Protected Asset TEP Fund Euro No. 2 ("No.2 \$" and "No.2 €" respectively) were created, which are in all respects identical to Original No.2 Fund, except that Shares in the new sub-funds are priced and valued in US Dollars and Euros respectively.

Investors in the SG Life TEP Fund were offered the opportunity to switch their investment into the Original No.2 Fund effective from 15th October 2004 and the SG Life TEP Fund was closed down.

In these Scheme Particulars, Original PATF, PATF-\$ and PATF-€ are together referred to as "the Fund" and the Original No.2 Fund, No.2 \$ and No.2 € are together referred to as "the No.2 Fund". Each of the six sub-funds of PATF is referred to as a "Sub-Fund" and together as "the Sub-Funds".

The assets of each Sub-Fund are held in a segregated portfolio. There is a single dealing price for Shares in each Sub-Fund with no bid-offer spread and no redemption penalties will be charged in relation to the Fund. Shares in each Sub-Fund will be valued monthly by reference to the Net Asset Value of the relevant Sub-Fund. No switching between Sub-Funds will be permitted.

An initial offer of Participating Redeemable Preference Shares ("Shares") in Original PATF took place from 9.00am on 15th January 2001 until 5.00pm on 16th March 2001 ("the First Offer"). During the First Offer, Shares in Original PATF were made available for subscription at a price of £1 each, representing £0.001 nominal value and the balance share premium. From the end of the First Offer, Shares in Original PATF have been available for purchase or redemption on any Dealing Day (as described in Section 26) at prices calculated by reference to the Net Asset Value of Original PATF.

An initial offer of Shares in the SG Life TEP Fund took place from 9am on 24th November 2001 until 5pm on 14th December 2001 ("the Second Offer"). During the Second Offer, Shares in the SG Life TEP Fund were made available for subscription at a price of £1 per Share, representing £0.001 nominal value and the balance share premium.

An initial offer of Shares in the Original No.2 Fund took place from 9.00am on 1st September 2003 until 5.00pm on 28th November 2003 ("the Third Offer"). During the Third Offer, Shares in the Original No.2 Fund were made available for subscription at a price of £1 each, representing £0.001 nominal value and the balance share premium. From the end of the Third Offer, Shares in the Original No.2 Fund have been available for purchase or redemption on any Dealing Day (as described in Section 26) at prices calculated by reference to the Net Asset Value of the Original No.2 Fund.

An initial offer of Shares in PATF-\$ and PATF-€ took place from 9.00am on 4th November 2003 until 5.00pm on 28th November 2003 ("the Fourth Offer"). During the Fourth Offer, Shares in PATF-\$ were made available for subscription at a price of \$1 each and Shares in PATF-€ were made available for subscription at a price of €1 each, the subscription price in each case representing £0.001 nominal value and the balance share premium. From the end of the Fourth Offer, Shares in PATF-\$ and PATF-€ have been available for purchase or redemption on any Dealing Day (as described in Section 26) at prices calculated by reference to their respective Net Asset Values.

An initial offer of Shares in No.2 \$ and No.2 € took place from 9.00am on 26th January 2004 until 5.00pm on 12th March 2004 ("the Fifth Offer"). During the Fifth Offer, Shares in No.2 \$ were made available for subscription at a price of \$1 each and Shares in No.2 € were made available for subscription at a price of €1 each, the subscription price in each case representing £0.001 nominal value and the balance share premium. From the end of the Fifth Offer, Shares in No.2 \$ and No.2 € have been available for purchase or redemption on any Dealing Day (as described in Section 26) at prices calculated by reference to their respective Net Asset Values.

**The remainder of these Scheme Particulars give details of the Fund and its investment objectives. An application form can be found at the end of this document ("the Application Form").** Separate Scheme Particulars in relation to the No.2 Fund may be obtained without charge from the Administrator upon request.

## 2. Directors, Administrator, Custodian, Bankers, Auditors, Policy Provider, Policy Administrator, Promoter and Legal Advisers

### Directors

Professor Robert Abbey  
The Earl Cowley  
Alex Foley  
Lee Portnoi  
Christopher Talavera

### Administrator

Abacus Financial Services Limited  
Sixty Circular Road  
Douglas, Isle of Man IM1 1SA  
British Isles  
Tel: 44 (0) 1624 689600  
Fax: 44 (0) 1624 689602  
e-mail: afsl@abacusiom.com

### Custodian

RBSI Trustee Services (Guernsey) Limited  
Royal Bank Place  
1 Glatigny Esplanade, St Peter Port  
Guernsey GY1 4BQ, Channel Islands

### Bankers

The Royal Bank of Scotland  
International Limited  
Royal Bank Place  
1 Glatigny Esplanade, St Peter Port  
Guernsey GY1 4BQ, Channel Islands

### Auditors

Deloitte & Touche  
66/67 Athol Street  
Douglas, Isle of Man IM99 1XJ  
British Isles

### Policy Provider

T.I.S. Group Limited  
TIS House  
Spring Villa Park  
Edgware, Middlesex HA8 7EG  
United Kingdom  
Tel: 44 (0) 20 8282 8000

Absolute Assigned Policies Limited  
TIS House  
Spring Villa Park  
Edgware, Middlesex HA8 7EG  
United Kingdom

### Policy Administrator

TEP Management Services Limited  
TIS House  
Spring Villa Park  
Edgware, Middlesex HA8 7EG  
United Kingdom

### Promoter

Protected Distribution Limited  
Akara Building  
24 De Castro Street  
Wickhams Cay 1  
Road Town  
Tortola,  
British Virgin Islands  
email: patf@pdlgroup.com

### Legal Advisers

Cains Advocates Limited  
15-19 Athol Street  
Douglas, Isle of Man IM1 1LB  
British Isles

## **PART 1**

### **3. With-Profit Endowment Policies**

With-profit endowment policies are investment based insurance products that are very well established within the UK personal savings market. They are issued by UK life offices whose total assets exceed £526 billion.

With-profit endowment policies provide a guaranteed return on the initial sum assured and usually pay annual bonuses, which once declared cannot be removed. At the maturity of a policy a further bonus is usually paid. In return the policyholder pays regular premiums to the insurance company for both life cover and an undertaking from the life company to pay a lump sum when the policy matures.

The sum assured and declared bonuses are guaranteed by the life company whose assets and liabilities are monitored by the United Kingdom Financial Services Authority.

### **4. Life Office Assets**

Life offices normally invest in diversified portfolios of investments that typically comprise Treasury bonds, UK and overseas equities, property and other investments.

### **5. Traded Endowment Policies**

Traded Endowment Policies (TEPs) are endowment policies that are bought and sold by policyholders, investors and market makers. Most policies are originally taken out for 25 years, but the majority of policyholders do not wait the full term for the policy to mature; instead, for a variety of reasons, they surrender their policies back to the insurance company prior to the maturity date.

In many cases, the surrender values offered by insurance companies are less than the full market value of policies and, because of this, investors are keen to buy traded endowment policies to form part of their investment portfolios. As a result, TEP market makers pay more for suitable policies than issuing insurance companies, in order to sell them on to investors. Most TEPs available for purchase will have between 5 and 20 years left to run. Policies can be resold in the TEP market prior to maturity.

An original policyholder gives up all rights to any maturity proceeds when the policy is assigned, although it is their life that is still insured. If the original policyholder dies, all the policy proceeds are paid to the new investor including the sum assured, all the declared bonuses and usually an additional terminal bonus. There is, however, no obligation to check on the life assured and actuarially there is only a small chance of an early policy claim.

PATF through the Policy Administrator will seek to ensure that, if a death occurs, a claim is made to the respective life office and that the death benefit is passed to PATF. An early death claim may marginally improve the returns to PATF.

### **6. The Market in Traded Endowment Policies**

An established market exists in the trading of policies. This market has developed as investors have become increasingly aware of the attractions of investing in traded endowment policies. There are several public collective investment funds and companies that have invested in TEPs with a current value in excess of £850 million.

The Association of British Insurers states that there were over £15.2 billion of with profit endowment policies surrendered in 2002. The APMM (the Association of Policy Market Makers), the principal TEP industry association, estimates that between £985 million and £1.25 billion of policies would have been suitable for acquisition by the TEP market.

The TEP market has grown considerably over recent years to a turnover estimated by the APMM to exceed £550 million in 2002.

## **7. TEP Funds**

Most of the £6 billion invested in TEPs over the past 10 years has been through individual policy purchases. However, there are several public collective investment trusts, OEICs, funds and companies that have invested in TEPs which have a current value in excess of £850 million.

The principal advantage in purchasing shares in a fund rather than directly purchasing TEPs is a reduction in risk by buying policies issued by several life offices with varying maturity years. The effect of a pooled investment can smooth any disappointing returns, which might be made by a single life office in any particular maturity year.

The management of the premium payments removes the investor's responsibility to maintain regular premium payments.

The investor can also rely on expert direction and management and access to the market via the specialist knowledge of the policy providers.

## **8. Investment Policy**

The Fund's investment policy is to achieve above average capital growth by creating and actively managing a carefully structured portfolio of with profit endowment policies.

The Fund will aim to invest in policies maturing at the longer end of the market, which can represent better investment value. The Fund will normally limit its investment in any one life company to 25% of its assets, which will be assessed half yearly, and will only invest in policies issued by well established companies.

The Fund has secured the right to acquire policies from the Policy Provider on terms which are usually significantly more favourable than those available to individual purchasers.

The Fund will use competitively priced bank finance to increase the portfolio's size, to fund policy premiums and to provide a liquidity reserve. This approach will avoid the need to hold a proportion of subscriptions on deposit at rates, which are below the returns achievable on funds invested in policies.

The Fund will invest in policies whose in-built guarantees, consisting of the sum assured and attaching bonuses, will typically be greater than the prices paid.

## **9. Bank Finance/Gearing**

PATF has arranged competitive facilities with The Royal Bank of Scotland International Limited for each of the Sub-Funds, to fund the purchase of additional policies, fund the payment of premiums and provide a liquidity reserve.

This approach, involving low levels of borrowing, will be carefully and closely managed and will, in the right conditions, enable PATF to significantly enhance investors' returns. This will enable PATF to invest 100% of subscriptions and not hold a proportion of its assets in deposit accounts, the returns from which are unlikely to be attractive to investors. The facility will be secured against the policies owned by PATE.

Typically the facility will be used to increase by 25% the value of policies acquired, in addition to paying premiums which, on average, are estimated to be equal to 5% per annum of the cost of policies acquired. The Board will ensure that at no time will the level of borrowings attributable to the Fund exceed 50% of the Fund's Net Asset Value.

## 10. Directors

**Professor Robert Abbey** BA, Solicitor

Professor of Legal Education and Practice in the Department of Professional Legal Studies at the University of Westminster, Chief External Examiner in Property Law and Practice for the Law Society of England and Wales, Consultant with Russell Jones and Walker, Solicitors, London WC1 and non-executive director of T.I.S. Group Limited.

**The Earl Cowley** BSc, MBA

Formerly Chief Executive Officer of Thomas Miller Investment Limited, senior director of a firm that sponsors and manages mutual insurance companies and non-executive director of Scottish Provident International Life Insurance Limited. Resident in the Isle of Man.

**Alex Foley**

Formerly an executive director of Singer & Friedlander (Isle of Man) Limited and involved in offshore banking and trust management for over 25 years. Resident in the Isle of Man.

**Lee Portnoi**

Chief executive of T.I.S. Group Limited and of Absolute Assigned Policies Limited, past chairman of The Association of Policy Market Makers and former managing director of Regentsmead Group, a private Investment Company.

**Christopher Talavera**

Managing Director of Abacus Trust Company Limited and director of the Administrator, Abacus Financial Services Limited, former senior partner of PriceWaterhouseCoopers, Isle of Man, with extensive experience of auditing offshore life and captive insurance companies and past chairman of the Isle of Man Society of Chartered Accountants. Resident in the Isle of Man.

The company secretary of PATF is Andrew Ashworth.

In addition to being directors of PATF, L.R.J. Portnoi and R.M. Abbey are both also directors of both the Policy Provider and the Policy Administrator, L.R.J. Portnoi is a shareholder in the Policy Provider, C.J. Talavera is also a director of the Administrator and L.R.J. Portnoi has an indirect interest in the Promoter..

## 11. Administrator

Abacus Financial Services Limited ("the Administrator") is a private limited company incorporated in the Isle of Man with number 69975C on 9th September 1994 with unlimited duration under the Companies Acts 1931 to 1993 of the Isle of Man. The Administrator is ultimately wholly owned by Roger Lester Breadner, Stephen Thomas Moorhouse, John Hatcliffe Cannell, Christopher John Talavera, Michael John MacBain and Stewart Henderson Fleming.

The directors of the Administrator are Roger Lester Breadner, Stephen Thomas Moorhouse, John Hatcliffe Cannell, Christopher John Talavera, Michael John MacBain and Stewart Henderson Fleming, all of whom are chartered accountants, and Andrew Ashworth. The registered office and principal place of business of the Administrator in the Isle of Man is at Sixty Circular Road, Douglas, Isle of Man, British Isles IM1 1SA.

The Administrator is the holder of an investment business licence issued under Section 3 of the Investment Business Act 1991 of the Isle of Man and, as such, is an authorised person licensed to conduct investment business by the Isle of Man Government Financial Supervision Commission. In addition, the Administrator has been approved by the Isle of Man Government Financial Supervision Commission to administer experienced investor funds constituted in accordance with the Order.

The principal activity of the Administrator is to act as manager or administrator to collective investment schemes and to provide management and administration services in relation to collective investment schemes. In addition to providing management and administration services to PATF, the Administrator currently manages or administers a number of other collective investment schemes.

The main terms of the Management Agreement, which has been concluded by PATF with the Administrator, are that the Administrator will, subject to any general policy laid down by PATF, deal with the management and administration of PATF. The Administrator has power to act so as to contract on behalf of or otherwise bind PATF, subject to the terms of the Management Agreement.

PATF has its registered office at the offices of the Administrator, Sixty Circular Road, Douglas, Isle of Man IM1 1SA.

## **12. Custodian**

RBSI Trustee Services (Guernsey) Limited ("the Custodian") has its registered office and has its principal place of business in Guernsey at Royal Bank Place, 1 Gategny Esplanade, St. Peter Port, Guernsey, Channel Islands.

The Custodian is a private limited company incorporated in Guernsey on 27th October 2000 and has an authorised and paid up share capital of £4 million. It is a wholly owned subsidiary of RBSI Securities Services (Holdings) Limited, a company incorporated in the Island of Jersey which is in turn ultimately owned, as to 70 per cent, by The Royal Bank of Scotland International Holdings Limited and, as to 30 per cent, by The Bank of New York International Financing Corporation.

The Custodian's principal activity is the provision of a range of trustee and custodian services. It is licensed under the Protection of Investors (Bailliwick of Guernsey) Law 1987.

The Custodian is responsible for the custody of the subscription monies received from the Administrator and, following the investment of subscription monies, is responsible for the custody of the assets of PATF which are held to the order of or registered in the name of PATF or the Custodian.

The Custodian may appoint sub-custodians, agents or delegates ("Correspondents") to hold the assets of PATF. The Custodian will retain responsibility for the acts and omissions of its Correspondents. The Custodian will not be liable for any loss arising as a result of the liquidation, bankruptcy or insolvency of its Correspondents provided that the Custodian has not been negligent in the selection of such Correspondents.

### **13. Banker**

The Royal Bank of Scotland International Limited ("RBSI"), St Peter Port, Guernsey has been appointed as banker to PATF. RBSI is, in addition, providing lending facilities to PATF.

### **14. Auditors**

Deloitte & Touche of Douglas, Isle of Man IM99 1XJ have been appointed as auditors to PATF.

### **15. Policy Provider**

T.I.S. Group Limited ("TIS" or "the Policy Provider") has been appointed to acquire policies for PATF. The principal business of TIS is the purchase and sale of traded endowment policies via its retained agent, Absolute Assigned Policies Limited ("AAP"), whose principal business is acting as the exclusive market maker in traded endowment policies for TIS.

TIS was incorporated in England & Wales on 20th April 1998 and has its registered office at T.I.S. House, Spring Villa Park, Edgware, Middlesex HA8 7EG. L.R.J. Portnoi is chief executive of, and a shareholder in, TIS and is the chief executive of AAP. He is also a past chairman of the principal trade association (the Association of Policy Market Makers) and a director of PATF.

AAP was incorporated in England & Wales on 24th September 1968 and is regulated in the conduct of its business in the United Kingdom by the Financial Services Authority. The directors of AAP have been active in the market for traded endowments since the market's inception in the late 1980s.

PATF has entered into an agreement with TIS whereunder the Policy Provider has agreed to offer traded endowment policies to PATF, which meet criteria laid down by PATF. It is expected that the cost of policies provided to PATF by the Policy Provider will usually be considerably less than the prices available in the TEP market.

### **16. Policy Administrator**

TEP Management Services Limited ("the Policy Administrator") is a private limited company incorporated with unlimited duration in England and Wales on 12th March 1962 under number 717607. Its registered office is at T.I.S. House, Spring Villa Park, Edgware, Middlesex HA8 7EG. The Policy Administrator is a wholly owned subsidiary of the Policy Provider. L.R.J. Portnoi is a director of the Policy Administrator.

PATF has entered into an agreement with the Policy Administrator whereunder the Policy Administrator has agreed to provide certain technical and support services to PATF, including the verification of title to traded endowment policies purchased by PATF, the provision of valuation services to PATF, monitoring maturity values of traded endowment policies owned by PATF and monitoring the status of the life assured in relation to such policies.

The Policy Administrator currently values and manages TEP assets with a value in excess of £750 million for a number of institutional clients including Barclays Global Investors Endowment Funds II and III which are quoted on the London Stock Exchange.

The Policy Administrator has retained, for the purpose of giving it specific advice and assistance, an actuary who is pre-eminent in this specialised field, Mr N. Taylor. Mr Taylor qualified as a Fellow of the Institute of Actuaries in 1969. He has served on the Council of the Institute of Actuaries as Honorary Secretary and as Vice-president.

The Policy Administrator is responsible for ensuring that all the policies purchased by PATF will be assigned with full legal title and free from any encumbrances. The Policy Administrator is also responsible for notifying the life offices of the assignment of policies to PATF and will ensure that the new mandates for the continuing payment of policy premiums are forwarded to the Custodian.

The Policy Administrator will monitor the possibility of an early death claim on a policy held by PATF by ensuring that a promise of a payment of £500 is offered to each seller of a policy to PATF should their estate notify the Policy Administrator that an original policyholder has pre-deceased the term of a policy.

## **17. Promoter**

The Promoter of PATF is Protected Distribution Limited ("the Promoter"), which is a company incorporated with limited liability in the British Virgin Islands.

The Promoter's registered office and principal place of business is at Akara Building, 24 De Castro Street, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands. The directors of the Promoter are Mr. John Terry and Dr. Sarah Terry.

Under the principal terms of the Agreement entered into between PATE, the Policy Provider and the Promoter, the Promoter is appointed to promote and market PATE. The remuneration of the Promoter is calculated by reference to the Net Asset Value of the No.2 Fund and is paid wholly out of the assets of the No.2 Fund. Such remuneration will therefore not directly affect the net asset values of the Fund or the Dealing Price of the Shares of the Fund. Certain costs and expenses incurred by the Promoter in promoting and marketing the Fund will be reimbursed by the Policy Provider.

## **18. Fees and Expenses**

PATF has been designed to enable experienced investors to participate simply and efficiently in a collective investment scheme investing in traded endowment policies.

The directors have set as an objective that PATF's fees and expenses are kept as low as compatible with maintaining a professional service to PATF's investors, although the No.2 Fund will incur greater marketing costs than the Fund as a result of the remuneration to be paid to the Promoter.

The cost of professional services rendered to PATF should not exceed 0.975% per annum of PATF's Net Asset Value ("NAV"), excluding VAT, borrowing costs and any "per policy" charges.

Professional Services Fees payable in respect of the Fund are as follows:

Administrator	0.20% plus VAT per annum of the NAV of the Fund
Custodian	0.125% per annum of the NAV of the Fund up to £25 million and 0.0625% per annum of the NAV of the Fund in excess of £25 million
Policy Administrator	0.65% plus VAT per annum of the NAV of the Fund (see Section 34C for the fees applicable to the SG Life TEP Fund and the No.2 Fund)

*Note 1: The charges of the Administrator and the Custodian, together with directors' fees, auditors' fees and other costs, are calculated on the basis of the aggregate NAV of the Fund and the No.2 Fund and apportioned between them by reference to their respective NAVs.*

*Note 2: Details of the charges of the Promoter, which do not directly affect the Fund, are contained in Section 34D*

Additional charges:

The Custodian will charge £25 for each policy transaction, £2 per policy per annum storage.

Other costs, which have been incurred or will be incurred, consist of:

Set-up costs      The set-up costs for Original PATF were approximately £55,000 and are to be written-off over 5 years. These costs were paid by TIS and have been recovered from Original PATF.

The set-up costs for the SG Life TEP Fund were approximately £15,000 and are to be written-off over 5 years. These costs were paid by TIS and have been recovered from the SG Life TEP Fund.

The set-up costs of the Original No.2 Fund were approximately £20,000 and are to be written-off over 5 years. These costs were paid by the Promoter and have been recovered from the Original No.2 Fund .

The set-up costs of PATF-\$ and PATF€ were approximately £10,000 and are to be written-off over 5 years. These costs were paid by the Promoter and have been recovered from PATF-\$ and PATF€.

The set-up costs of No.2 \$ and No.2 € were approximately £10,000 and are to be written-off over 5 years. These costs were paid by the Promoter and have been recovered from No.2 \$ and No.2 €.

Directors' Fees: The directors' fees have been agreed at £7,500 per annum per director but reduced as follows:-

£3,000 per director per annum until PATF's NAV reaches £10 million

£5,000 per director per annum until PATF's NAV reaches £25 million

£7,500 per director per annum thereafter.

Mr L.R.J. Portnoi and Mr C.J. Talavera have stated their intention to waive their directors' fees.

Where applicable, director's fees will be subject to VAT.

There are ancillary expenses of PATF in each year, including the cost of audit, meeting and travel, additional printing and publishing the share price.

More details of the charges, fees and expenses relating to the Fund are set out in Sections 19 and 34.

## PART 2

### 19. General Expenses

The following expenses may be paid out of the property of the Fund, in addition to those set out in Section 18:-

- (a) the costs of dealing in the property of the Fund;
- (b) interest on borrowings incurred in respect of the Fund and charges incurred in negotiating, effecting or varying the terms of such borrowings;
- (c) the costs and expenses incurred in obtaining a listing for the Shares on any stock exchange or in publishing the Dealing Price;
- (d) taxation and duties payable in respect of the property of the Fund, the principal constitutional documents of PATF and the creation and sale of Shares;
- (e) any costs incurred in modifying the principal constitutional documents of PATF;
- (f) the costs incurred in the preparation and publication of scheme particulars and any associated shareholder key features documents as well as costs associated with substituted or supplementary scheme particulars;
- (g) costs as approved by the directors in their absolute discretion associated with dissemination of information on the Fund to intermediaries and shareholders;
- (h) any costs incurred in respect of meetings of shareholders;
- (i) any charges reasonably incurred by the Custodian in depositing any part of the property of the Fund in safe-keeping in a country or territory outside Guernsey;
- (j) expenses and disbursements of the Custodian incurred in connection with its duties including:-
  - (i) the fees, expenses and disbursements of any agent appointed by the Custodian in connection with its duties in relation to the Fund and the custodianship;
  - (ii) the fees, expenses and disbursements of any legal or accountancy adviser, valuer, broker or other professional person appointed by the Custodian in connection with its duties in relation to the Fund and the custodianship including the cost of obtaining advice on whether or not the Custodian has the power or capacity to act in any question relating to the Fund or PATF;
  - (iii) all other expenses and disbursements bona fide incurred by the Custodian in connection with the custodianship and management and administration of the Fund;
- (k) the fees and expenses of the Auditors (or any other auditors of the Fund, if appointed);
- (l) the costs incurred in publishing (and providing copies of) annual and interim reports;

- (m) the costs incurred in keeping the register of shareholders;
- (n) the expenses of the Promoter (except insofar as they relate to the promotion or marketing of the Fund);
- (o) the costs incurred in administering the Fund, including (without limitation) the expenses and disbursements of the Administrator in connection with the performance of its duties as administrator of the Fund; and
- (p) the fees of any regulatory authority in a country or territory in which Shares are or may be marketed.

The preliminary expenses of PATF on incorporation and in respect of the First Offer and the Second Offer were paid for by TIS on behalf of PATF, subject to reimbursement, and, to the extent permitted by relevant accounting standards, were amortised in the accounts of PATF over 5 years.

The expenses of PATF in connection with the creation of the No.2 Fund and in respect of the Third Offer and in connection with the creation of PATF-\$ and PATF-€ and in respect of the Fourth Offer were paid for by the Promoter on behalf of PATF, subject to reimbursement, and, to the extent permitted by relevant accounting standards, are being amortised in the accounts of PATF over 5 years.

The expenses of PATF in connection with the creation of No.2 \$ and No.2 € and in respect of the Fifth Offer were paid for by the Promoter on behalf of PATF, subject to reimbursement, and, to the extent permitted by relevant accounting standards, are being amortised in the accounts of PATF over 5 years.

Expenses which are not clearly attributable to one sub-fund in particular shall be allocated between the sub-funds in such a way as the Administrator considers to be fair to Shareholders in all of the sub-funds.

## 20. The Register of Shareholders

The register of holders of shares in PATF is available for inspection at the offices of the Administrator.

## 21. Constitution, Objectives, Powers, Restrictions and Risks

### A. Constitution

- 1.1 PATF is an Isle of Man experienced investor fund in accordance with the Order.
- 1.2 PATF has an authorised share capital of £400,100 divided into 100 Management Shares ("Management Shares") of £1.00 each, all of which have been subscribed in full in cash by or on behalf of the Policy Provider and 400,000,000 Unclassified Shares ("Unclassified Shares") of £0.001 each, available for issue as Shares or as nominal shares ("Nominal Shares") (See Section 22).

### B. Objectives

The Fund's objective is to provide capital growth with security by investing primarily in traded endowment policies issued by UK life offices. The Fund will seek to increase returns by controlled gearing to fund premiums and increase the size of the portfolio. Any borrowing attributable to the Fund will be limited to an amount equal to 50% of the Net Asset Value of the Fund at the time of borrowing.

**C. Investment Powers and Policies**

The directors of PATF have overall responsibility for investment policy in relation to the Fund. The Fund intends to invest the majority of its assets in traded endowment policies.

In addition to investing in traded endowment policies, the Fund may hold and make other investments (including investments in bank deposits, other listed securities, gilts, bonds and other regulated or unregulated collective investment schemes) from time to time, depending upon market conditions and available investment opportunities, among other factors.

Whilst the Fund will endeavour to be substantially fully invested at all times, this may not always be possible. Cash deposits may fluctuate from time to time in order to meet redemptions.

**D. Investment Parameters**

Unless the directors resolve otherwise, the following restrictions will be observed in relation to the Fund:

- The Fund will not invest in traded endowment policies which have been in force for less than five years and will only invest in traded endowment policies issued by United Kingdom regulated life offices;
- The maximum holding of traded endowment policies issued by any one life assurance company will not normally exceed 25% of the assets of the Fund;
- Hedging transactions may be undertaken but only with a view to eliminating or reducing investment risk. No investments may otherwise be made in futures, options or contracts for differences;
- The Fund may only place deposits with, purchase certificates of deposit, commercial paper, negotiable receipts, notes, bonds, certificates or other documents evidencing the deposit of a sum of money issued by, or purchase bills of exchange accepted by, a bank or banks approved by the Custodian;
- Investments may be made in other collective investment schemes, but investments will not be made in Isle of Man exempt international collective investment schemes being private, essentially unregulated arrangements;
- No investments may be made in real estate, commodities, gems or metals.

The directors will review the investment parameters on a quarterly basis and are entitled to vary such parameters in the light of prevailing market conditions. If the directors resolve to change the investment restrictions, they will give not less than ninety days prior notice to shareholders. Save as set out above, there are no restrictions upon the investment powers of the directors and the Administrator.

**E. Borrowing**

The directors have the power to borrow and may do so to fund the purchase of traded endowment policies, to pay premiums, to meet redemptions which would otherwise result in the Fund having prematurely to realise investments or to meet timing differences arising on the settlement of investments. Such borrowing will be limited to an amount equal to 50 per cent of the Net Asset Value of the Fund at the time of borrowing. The facility will be secured against the policies owned by the Fund.

## **F. Risk Factors**

Returns on an investment in the Fund are not guaranteed. Prospective shareholders should consider the risks attached to an investment in the Fund including, but not limited to, those indicated below. Consideration should be given to whether such risks are suitable for them and prospective shareholders should ensure that they fully understand the contents of these Scheme Particulars.

Traded endowment policies do not provide income and it is not anticipated that any dividends or any other distributions in respect of Shares in the Fund. An investment in the Fund may therefore not be suitable for persons who require regular income from their investments.

Traded endowment policies are valued on the basis of prevailing market conditions. Market values can vary over time according to investors' expectations of ultimate maturity values and market yields on comparable investments. As maturity values depend on the investment performance of the life office which issued the relevant traded endowment policies, expectations for ultimate maturity values will vary according to the identity of the issuing life office.

The price of the Shares may go down as well as up due to market fluctuations and other considerations. This and the charging structure may be contributory factors to an investor receiving less than the amount of the original investment on a redemption of Shares.

Investment decisions made or advice given by the directors or the Administrator may not prove to have been successful or correct.

None of the Sub-Funds nor any combination of them is intended to be a complete investment programme.

There is no guarantee against the default of a counterparty with which PATF may deal.

The Fund may invest in other collective investment schemes and similar funds which themselves may be subject to management and other charges, borrowing exposures and other investment risks.

In certain circumstances, the ability to redeem Shares may be restricted and compulsory redemptions of Shares may be made by the Administrator, as described in Section 26F.

L.R.J. Portnoi is a director of PATF and of the Policy Administrator and is also a director of and a shareholder in the Policy Provider. Professor R.M. Abbey is a director of PATF and a director of both the Policy Provider and the Policy Administrator. C.J. Talavera is a director of PATF and a director of the Administrator. L.R.J. Portnoi has an indirect interest in the Promoter. There may therefore be potential for conflicts of interest to arise, but the directors and the Administrator will always endeavour to ensure that the interests of the shareholders of the Fund are protected.

An investment in the Fund is not protected against the effects of inflation.

## 22. Characteristics of Shares in PATF

### A. Shares

The Shares in the Fund confer the right to a proportionate share in the property of the Fund and to its dividend income, if any. At general meetings of PATF no holder of a Share will generally be entitled to vote, save where a special resolution is proposed to wind up the Fund or to alter the rights attaching to such shares or to issue shares other than as Management Shares, Shares or Nominal Shares, in which event the consent of a separate class meeting of holders of Shares is also required. For the rights of holders of Shares on a winding up, see Section 32D.

### B. Management Shares

The Management Shares exist to comply with Isle of Man law which requires that Shares have a preference over another class of capital in order to be redeemable. Management Shares carry no right to dividend. For the rights of holders on a winding up, see Section 32D. Management Shares carry the right to vote at general meetings of PATF.

### C. Nominal Shares

Nominal Shares will only be issued at par to the Administrator for the purpose of providing funds for the redemption of the nominal value of Shares. For the rights of holders on a winding up, see Section 32D. Nominal Shares may be converted into Shares. Nominal Shares carry no other rights.

### D. Unclassified Shares

These may be issued either as Shares or as Nominal Shares.

### E. Contract Notes

Proof of purchase of Shares will be evidenced by the issue of a contract note. No share certificates or bearer Shares will be issued.

### F. Variation of Class Rights

The rights attached to Shares are deemed to be varied by any variation of the rights attached to shares of any other class or by the creation or issue of any shares, other than Shares, ranking *pari passu* with or in priority to them as respects rights in a winding up or reduction of capital.

Except as referred to in the preceding paragraph, the rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares of that class ranking *pari passu* therewith or, for the avoidance of doubt, the issue of Shares relating to subsequent class funds.

### G. Issue of Shares

The directors are authorised without limitation, but subject always to the availability of Shares, to allow and issue Shares at any time without reserving preferential subscription rights to existing shareholders.

The directors may in the future issue further classes of Shares with such investment objectives and policies, as they think fit.

Fractions of Shares may be issued to four decimal places.

PATF shall register Shares jointly in the names of not more than four holders should they so require. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of holders.

#### **H. Qualified Holders**

The directors may determine whether or not any particular person or class of person should become or remain the holder of Shares should they be of the opinion that the holding of Shares by such person may be in breach of any governmental regulation or announcement or would otherwise render PATF liable to taxation for which it would otherwise not be liable.

In particular each participant in the Fund must be an experienced investor for the purposes of the Order, that is, a person who is sufficiently experienced to understand the risks associated with an investment in the Fund (an "Experienced Investor").

No new participant, whether by virtue of subscription or transfer of any interest in the Fund, will be recognised and no such subscription or transfer will be effected unless and until such person has delivered or arranged for the delivery of a signed declaration acknowledging that the new participant or transferee is an Experienced Investor and has read and understood the Fund's Scheme Particulars.

No person resident for taxation purposes in the Isle of Man (other than the Administrator) is permitted to have an interest in the Fund or in any Share.

### **23. Net Asset Value**

The Net Asset Value of each Sub-Fund will be determined in the Isle of Man as at 5.00 pm on the last business day of each calendar month and on such other occasions as the directors may determine (each a "Valuation Day") and shall normally be equal to the value of all of the relevant Sub-Fund's assets less all of its liabilities (including accrued duties and charges).

To ensure equity between investors, any expense or liability of a Sub-Fund may, if the directors consider it appropriate, be amortised over such period as the directors may determine (and the directors may at any time and from time to time determine to lengthen or shorten any such period) and the unamortised amount thereof at any time shall also be deemed to be an asset of the relevant Sub-Fund.

Each Sub-Fund's assets will be valued as follows:-

- (a) traded endowment policies will be valued by using a standard actuarial valuation methodology and appropriate pricing discount methodology with no allowance for mortality, taking the present value of the sum assured, attaching reversionary bonuses, illustrative future reversionary bonuses and illustrative terminal bonuses less the present value of future premiums. The formula allows for valuation on a day, months and years basis, once the present value has been calculated, at the Directors' discretion, a further discount may be applied to provide a smoothing of the gross asset value to account for movement in interest and bonus rates;
- (b) the value of any cash in hand or on deposit, bills and demand and promissory notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued but not received will be deemed to be the full amount thereof unless the directors shall have determined that any such deposit, bill, demand or promissory note or account receivable or other amount is not worth the full amount, in which event the value will be deemed to be such value as the directors determine to be the reasonable value thereof;

- (c) certificates of deposit, treasury bills, bank acceptances, trade bills and any other monetary instruments not otherwise provided for in PATF's articles of association will each be valued (on the basis of notification to the directors by a person approved by the directors for such purpose whose business includes dealing in or effecting transactions in such investments) according to the normal dealing practice therein;
- (d) except as otherwise provided by PATF's articles of association, all of a Sub-Fund's assets will be valued:
  - (i) in the case of an asset which is an investment of any description other than traded endowment policies or units or shares in a collective investment scheme, at the mid-market dealing price of that investment;
  - (ii) in the case of investments which are units or shares in a collective investment scheme, at the mean of the issue and redemption price for units or shares of the kind in question following the most recent valuation of the relevant scheme;
  - (iii) if there is no price for the asset in question under (i) or (ii) above, at a reasonable estimate of the fair value thereof determined in such manner as the directors shall from time to time determine.

Except as otherwise provided by PATF's articles of association, interest-bearing assets will be valued at cost plus accrued interest from the date of acquisition and adjusted by an amount representing the amortisation of any discount or premium at the date of acquisition.

In the case of any asset for which no price quotations are available as above provided, the fair value will be determined in such manner as the directors shall from time to time determine.

If any asset is realised or contracted to be realised at a known value, the net proceeds of such realisation shall be taken into account in lieu of any other method of determining the value of the investment concerned.

Where express provision is not made in PATF's articles of association for the valuation of any particular asset, it shall be valued on such basis as the directors determine.

Currencies or values in currencies other than in Sterling, unless the directors determine otherwise, will be converted or translated at the spot exchange rates prevailing in the London foreign exchange market having regard (inter alia) to any premium or discount which may be relevant and to costs of exchange into Sterling.

For the purpose of valuing assets, the directors may rely upon the opinions of any persons who appear to them to be competent to value assets by reason of any appropriate professional qualification or of experience of any relevant market.

Where investments or assets could be valued by reference to more than one of the preceding valuation principles, the directors may select which valuation principle will be applicable until otherwise determined in accordance with this provision. Notwithstanding the foregoing, the directors may permit some other method of valuation to be used for any of a Sub-Fund's assets if they consider that such valuation better reflects the fair value of an asset.

The liabilities of a Sub-Fund will be deemed to include all liabilities (including such amount as the directors determine to provide in respect of contingent liabilities) of whatsoever kind and nature. In determining the amount of such liabilities the directors may calculate any liabilities on an estimated figure for yearly or other periods in advance and accrue the same in equal proportions over any such period.

For the purposes of calculating a Sub-Fund's Net Asset Value the total amount payable in respect of Shares which have been redeemed or whose allotment has been cancelled will, from the time at which such shares are deemed to cease to be in issue until such amount is paid, be deemed to be a liability of the relevant Sub-Fund.

In relation to the No.2 Fund (but not the Fund), for the purposes of calculating net asset value, introductory fees paid to introducers via the Promoter will be amortised over a period of five years and any redemption penalties payable by investors will be paid to the No.2 Fund and charged to deferred acquisition costs. For the purposes of the statutory accounts, such costs will be written off as incurred and a reconciliation to the net asset value of the No.2 Fund will be contained in the statutory accounts.

If the directors consider it appropriate in relation to any Dealing Day (whether by virtue of the size or value of any single redemption request, the number and/or volume of redemption requests, any identifiable trend of redemption requests, market conditions at the time, or otherwise), the value of assets of a Sub-Fund on the relevant Valuation Day may be calculated (either generally for the purposes of calculating the Dealing Price applicable to all redemptions to be effected on the next following Dealing Day or, in special circumstances, for the purposes of calculating the Dealing Price applicable to a specific redemption to be effected on such day) with reference either to the actual sale price of any assets realised in order to finance redemptions on that Dealing Day or to the realisable value of such assets and not on any other basis contained herein and notwithstanding any other provision relating to the valuation of the assets of the relevant Sub-Fund contained in these Scheme Particulars or in PATF's Articles of Association.

In addition, the directors may, in their absolute discretion, apply such adjustment in respect of the breakage costs of any hedging contract which PATF is required to break in order to effect any redemption as they may consider appropriate in the circumstances.

## **24. Dealing Price**

Shares in each of Original PATF, PATF-\$ and PATF-€ will be issued and redeemed on a Dealing Day for an amount equal to the Net Asset Value (by reference to the most recent Valuation Day) of the relevant Sub-Fund divided by the number of Shares of the relevant Sub-Fund in issue or deemed to be in issue, rounded down to the nearest one-hundredth of a penny ("the Dealing Price"). Redemptions of Shares in the No.2 Fund (but not in the Fund) may be subject to redemption penalties and will not generally be permitted in the first year after issue.

## **25. Suspension of Valuation**

The directors may suspend the allocation, issue, repurchase and cancellation of Shares in a Sub-Fund and the calculation of the net asset value per Share, if, inter alia, the value of the assets of the relevant Sub-Fund cannot reasonably be ascertained.

The issue, allocation, repurchase and redemption of the Shares in the relevant Sub-Fund shall cease forthwith upon such suspension or upon the occurrence of an event causing it to enter into liquidation.

Shareholders having requested a repurchase (or redemption) of their Shares will be notified in writing of any such suspension within seven days of their request and will be promptly notified upon termination of such suspension.

The beginning and end of any period of suspension (except for customary closing of stock exchanges for not more than three days) will be made known at the registered office of PATF and announced to shareholders affected.

## 26. The Sale, Redemption and Repurchase of Shares in the Fund

### A. Dealing Day

A Dealing Day in relation to Shares in the Fund is normally the first business day of each calendar month.

### B. Dealing

The Administrator will accept applications for Shares in the Fund on any Dealing Day and will effect redemptions of Shares on any Dealing Day, in each case at prices based upon the underlying investments as set out in Section 24.

Applications for the purchase of Shares in the Fund received after 5.00 pm on any Valuation Day will be held over until the Dealing Day following the next Valuation Day and, on acceptance by the Administrator, will be dealt with at prices ruling on that day.

Applications for the redemption of Shares in the Fund must be received by the Administrator at least 14 days prior to the Dealing Day upon which the redemption is requested to take effect.

The Administrator reserves the right to reject any application to buy any Shares in the Fund or redeem any such Shares if this would result in a shareholding falling below the required minimum level (see Sections 26E, 26F and 27).

Transactions will take place at the current Dealing Price on the relevant Dealing Day (or, if no price is available at that time, due to a suspension or revaluation, at the next available price).

A preliminary charge on the issue of Shares in the Fund of up to a maximum of 6 per cent of the Dealing Price may be charged (see Section 34B).

### C. Currency of Payment and Foreign Exchange Transactions

Where payments in respect of purchase or redemption of Shares in Original PATF, PATF-\$ or PATF-€ are tendered or requested in a freely transferable currency other than Sterling, US Dollars or Euros respectively, the necessary foreign exchange transaction will be arranged by the Administrator for the account of, and at the expense of, the applicant at the time the application is received and accepted. The Administrator will take no responsibility for the rate of exchange obtained.

### D. Communications

All communications regarding the purchase or redemption of Shares in the Fund must be made to the Administrator whose details appear in Section 2.

### E. Application Procedure

Applications for Shares in the Fund may be made to the Administrator up to 5.00 pm on any Valuation Day. Applications should be made by completing the Application Form and sending it by post or by fax followed by post duly completed to the Administrator. An acknowledgement of the investment will be made by the issue of a contract note, which will be sent to the applicant's authorised agent, if one is appointed, or otherwise direct to the applicant.

Payment for Shares may be made by cheque, bankers draft or telegraphic transfer. Applicants will be allotted Shares on the Dealing Day following the day on which the Administrator receives advice from the receiving bank that cleared funds are available and the duly completed Application Form is received. An application for Shares in Original PATF, PATF-\$ or PATF- made by an applicant, whether or not such applicant has an existing holding of Shares in the relevant Sub-Fund, will not be accepted if it is for less than £10,000 (or currency equivalent) by value (or such other value, being not less than US\$15,000 (or its Sterling equivalent)), as the directors may in their discretion determine).

**Applications made by persons who are not Experienced Investors for the purposes of the Order (see Section 22H) will be rejected.**

#### **F. Redemption Procedure**

The Administrator will generally redeem Shares in the Fund on any Dealing Day. Requests to redeem such Shares should be made to the Administrator at least 14 days prior to the Dealing Day upon which the redemption is requested to take effect and may be made by telephone, facsimile or in writing. Telephone and facsimile requests must be immediately confirmed in writing. The following written information shall be given: the name, the personal account number of the holder of Shares and the number of Shares to be redeemed.

Requests for redemption received and accepted by the Administrator will be dealt with at the relevant Dealing Price ruling on the Dealing Day next following the expiration of the 14 day period referred to above. Requests received with inadequate notice will be held over until the next Dealing Day.

The Administrator will refuse to comply with instructions for dealings in Shares in Original PATF, PATF-\$ or PATF-€ if the value of the deal is less than £10,000 or if to do so would result in a residual holding in the relevant Sub-Fund of less than £10,000 (or currency equivalent) by value (or such other value, being not less than US\$15,000 (or its Sterling equivalent)), as the directors may in their discretion determine).

PATF may, but is not bound to, redeem on any Dealing Day more than 5% of the Shares in any Sub-Fund in issue. If the number of redemption requests exceeds this limit, the requests may be reduced proportionately. Any requests not redeemed in full on the first Dealing Day will be carried forward to each succeeding Dealing Day until complied with in full. Requests carried forward from an earlier Dealing Day will be given priority over later redemption requests.

Requests to redeem, once made, may only be withdrawn in the event of a suspension or deferral of the redemption of Shares.

The Administrator may redeem compulsorily the Shares of any shareholder by not less than 30 days' prior written notice to that shareholder.

On the redemption of Shares, the nominal value of each Share will be financed by the issue of a Nominal Share (for which, during the currency of the Management Agreement, the Administrator has agreed to subscribe). A holder of Nominal Shares shall be entitled at any time to convert such shares into Shares in any Sub-Fund by paying to PATF on any Dealing Day the difference between the current Dealing Price for Shares in the relevant Sub-Fund and the nominal value of the Nominal Shares converted.

**G. Settlement**

Payment of the redemption proceeds will be made to the relevant shareholder upon delivery of the above written instructions. Payments will normally be made in Sterling, or in a freely transferable currency as requested by the shareholder, within approximately 10 business days of the relevant Dealing Day. Any costs in respect of currency conversions will be borne by the shareholder.

Repurchase proceeds will be sent by cheque or telegraphic transfer at the expense and risk of the shareholder to the credit of the bank account of the first-named registered shareholder.

**27. Minimum Holding of Shares**

The minimum holding of Shares in Original PATF, PATF-\$ or PATF-€ is Shares to a value of not less than £10,000 (or currency equivalent), or such other value, being not less than US\$15,000 (or its currency equivalent), as the directors may in their discretion determine.

**28. Transfers**

The transfer of Shares may normally be effected by delivery to the Administrator of an instrument of transfer in a form acceptable to the Administrator together with a specimen signature of the transferee. The register of shareholders may be inspected at the registered office of PATF.

**29. Value Added Tax**

All fees and charges will, where appropriate, be subject to VAT in the United Kingdom or the Isle of Man, currently levied at 17.5%. Such VAT will be paid by PATF.

**30. Dividends, Meetings and Reports**

**A. Dividends**

It is not anticipated that any income will be received in respect of the Fund and it is not intended that any income that is received will be distributed by way of dividend or otherwise, although the Administrator may in its discretion do so.

**B. Meetings**

The annual general meeting of shareholders of PATF will be held in the Isle of Man each year. Twenty-one clear days' notice will be given in writing to shareholders.

**C. Reports**

Financial periods of PATF end on 31st December in each year, being PATF's annual accounting date. The annual report containing the audited financial accounts of PATF will be sent to all shareholders within four months of the end of the financial period. Annual reports will also be available at PATF's registered office at least 21 days before each annual general meeting.

Copies of all financial reports, constitutional documents (and amendments, if any) and the latest scheme particulars of the Fund may be obtained from the registered office of PATF and the Administrator. Copies of all reports are available free of charge.

## 31. Taxation

The following summary is based on the law and practice currently in force in the Isle of Man and is subject to changes therein.

### A. Taxation of PATF

The Assessor of Income Tax in the Isle of Man has confirmed that PATF is exempt from income tax in the Isle of Man under the provisions of the Income Tax (Exempt Companies) Act 1984. Exemption is granted on the condition that the relevant company satisfies the criteria set out in the Act. One of the conditions of exempt company status is that an offer of shares is not open to Isle of Man resident investors.

The fee payable for tax exempt status, which is granted on an annual basis, is currently £475. It is the intention of the directors to apply annually for this exemption.

The Isle of Man Government has announced that, with effect from 2006, it intends to introduce a 0% rate of income tax for all corporations (with the exception of certain licenced financial institutions), inter alia, to replace tax exemption under the Income Tax (Exempt Companies) Act 1984.

The Isle of Man does not levy taxes on capital inheritances, capital gains, gifts or sales. A probate fee may be payable on the estate of a deceased shareholder, up to a current maximum of £515.

It is intended that PATF will be so organised as to be fiscally resident in the Isle of Man. PATF may invest in various jurisdictions and, in consequence, certain of its income and gains may be liable to taxation in those jurisdictions. However, PATF will aim to minimise taxation on its income and gains to the extent to which the directors and the Administrator consider reasonable. It is not proposed that PATF will apply for certification as a distributing fund in the UK under the provisions of section 757 et seq, Income and Corporation Taxes Act 1988.

There are no current exchange control restrictions applicable in the Isle of Man.

### B. Shareholders' Tax Position

It is expected that shareholders in PATF may be resident for tax purposes in a number of different countries. Consequently, no attempt is made in these Scheme Particulars to summarise the actual taxation consequences for each investor of subscribing for, buying, holding, transferring, redeeming, selling or otherwise acquiring or disposing of Shares in PATF. These consequences will vary in accordance with the law and practice currently in force in a shareholder's country of citizenship, residence, and/or domicile and with his personal circumstances or, in the case of a corporation, its country of incorporation or place of management and control.

**All investors should inform themselves of and when appropriate consult their professional advisers on, the possible tax consequences and any exchange control requirements of subscribing for, buying, holding, transferring, redeeming, selling or otherwise acquiring or disposing of Shares.**

## 32. General Information

### A. Directors

The board of directors of PATF shall be composed of at least two persons.

Directors may be removed or replaced at any time by resolution of the shareholders.

There is no age limit or share qualification for directors. The directors are vested with all powers to perform all acts necessary or useful for accomplishing PATF's investment objectives.

PATF may indemnify any director or officer to the extent permitted by the Companies Acts 1931 to 2004 out of the property of PATF against all losses or liabilities which he may sustain or incur in relation thereto.

At no time will a majority of the directors be resident in the United Kingdom nor will a meeting of directors be validly constituted unless a majority of the directors present at the meeting is not resident in the United Kingdom nor will the board of directors meet in the United Kingdom.

### B. Dealings in Shares by the Administrator

Subject to the taxation status of the Fund not being prejudiced thereby, the Administrator may, as principal, acquire and hold Shares in the Fund and may at its sole discretion satisfy, in whole or in part, an application or request:

- (a) for the purpose of the buying of Shares in the Fund by the applicant by effecting a transfer to the applicant of Shares in the Fund owned by the Administrator at a price determined by it, but in no circumstances to be greater than the relevant Dealing Price;
- (b) for the purpose of a redemption of Shares in the Fund by a shareholder by buying such Shares in the Fund from the shareholder at a price determined by the Administrator, but in no circumstances to be at a price less than the relevant Dealing Price.

The Administrator is under no obligation to account to PATF or to the shareholders for any profit which it makes on the issue of Shares in the Fund or on the re-issue or cancellation of Shares in the Fund which it has repurchased.

### C. Amendment to PATF's Articles of Association

PATF's Articles of Association may be amended at any time by a resolution of a meeting of shareholders subject to the quorum and voting requirements provided by Isle of Man law.

Written notice to shareholders of the effectiveness of each amendment of the Articles of Association shall be provided with the next statement of account following its effectiveness. Such notice shall either state the text of amendments or summarise its content and provide that the complete text of the amendment shall be sent to any shareholder upon request.

### D. Winding up

PATF may be wound up if a special resolution of the shareholders so determines.

On a winding up, the assets available for distribution amongst the shareholders shall be applied by the liquidator in the following priority:-

- (a) firstly, in the repayment pari passu to the holders of Shares of sums up to the nominal amount paid up thereon;
- (b) secondly, in the repayment pari passu to the holders of Nominal Shares of sums up to the nominal amount paid up thereon;
- (c) thirdly, in the repayment pari passu to the holders of the Management Shares of sums up to the nominal amount paid up thereon;
- (d) fourthly, in the payment to holders of Shares of any surplus of assets then remaining attributable to the Shares, such payment being made in proportion to the nominal amounts paid up on such Shares;
- (e) fifthly, in the payment to the holders of the Nominal Shares of any balance then remaining and not attributable to the Shares, in proportion to the nominal amounts paid up on such Nominal Shares.

**E. Listing**

The Shares in the Fund are not presently quoted or listed on any stock exchange and no such listing is currently intended. However, the Dealing Price may be published in the relevant sections of the Financial Times, Reuters, Bloomberg or other agencies.

**F. Business Day and Time**

References herein to a 'business day' means a day other than a Saturday or Sunday or a day which is a public holiday in the Isle of Man or a day falling within a period of suspension of the determination of the Net Asset Value of Shares, as described in Section 25. References herein to time are to time in the Isle of Man.

### 33. Material Agreements

PATF has entered into agreements dated 14th December 2000 (unless otherwise stated) with:-

- (a) the Administrator, whereby the Administrator agrees to provide management and administration services in return for the consideration described herein;
- (b) the Administrator and the Custodian dated 28th October 2005, whereby the Custodian agrees to provide custodian services in return for the consideration described herein;
- (c) the Administrator and the Policy Provider, whereby the Policy Provider agrees to sell traded endowment policies to PATF; and
- (d) the Policy Administrator dated 3rd November 2003, whereby the Policy Administrator agrees to provide valuation and support services in return for the consideration described herein; and
- (e) the Promoter and the Policy Administrator dated 20th January 2004, whereby the Promoter agrees to market and promote the Sub-Funds in return for the consideration described herein.

Each of the agreements referred to in (a) and (b) above is terminable by three months' notice or earlier in certain exceptional circumstances; each of the agreements referred to in (c) and (d) above is terminable by the Policy Provider or the Policy Administrator (as the case may be) upon six months' notice and by PATF upon twelve months' notice to expire on any anniversary of the date of the relevant agreement and not earlier than the third such anniversary or earlier in certain exceptional circumstances; and the agreement referred to in (e) above is terminable by either party giving notice to the other at any time.

The agreements contain indemnities in favour of the Administrator, the Custodian, the Policy Provider, the Policy Administrator and the Promoter generally in the absence of negligence, fraud or wilful default on their part.

At least 30 days advance notice will generally be given to shareholders of any proposal to change the Administrator or Custodian or to vary materially the agreements set out above or the fee arrangements described herein.

## 34. Details of Charges, Fees and Expenses

### A. Remuneration of the Custodian

The Custodian's remuneration (which is calculated and paid monthly in arrears) is 0.125% per annum of the aggregate value of the property of the Sub-Funds up to £25m; if the aggregate value of the property of the Sub-Funds exceeds this figure, the Custodian's remuneration will be 0.0625% in respect of such amounts which exceed £25m. In addition, there will be a transaction charge of £25 per transaction. Transactions include: purchases, sales, maturities and other activities, such as demutualisations. Such fee to be calculated and paid quarterly in arrears. There will also be a safekeeping charge for each policy of £2 per annum calculated and paid annually in arrears based on the number of policies held on the 31 December.

### B. Remuneration of the Administrator

The Administrator is entitled to a preliminary charge on the issue of Shares of up to a maximum of 6% of the Dealing Price. The Administrator may waive this preliminary charge in whole or in part and may pay or allow the same to such persons as it sees fit.

The Administrator will also be paid a periodic fee equal to 0.2% per annum of the aggregate Net Asset Value of the Sub-Funds (determined in the manner outlined in Section 23), subject to a minimum fee of £3,000 per quarter, such fee to be calculated and paid quarterly in arrears.

### C. Remuneration of the Policy Administrator

The Policy Administrator will be paid a periodic fee equal to 0.65% per annum of the Net Asset Value of the Fund and of the No.2 Fund (determined in the manner outlined in Section 23), such fee to be calculated and paid quarterly in arrears. In addition, the Policy Administrator will receive a fee of £150 in respect of each traded endowment policy purchased by the Fund in consideration of the Policy Administrator checking the title to the relevant policy.

### D. Remuneration of the Promoter

PATF will pay to the Promoter a periodic fee equal to 1 per cent per annum of the net asset value of the No.2 Fund (and not the Fund). In addition to this periodic fee, the Promoter may be paid a fee calculated as a percentage (which may be up to 8 per cent) of subscription moneys for Shares in the No.2 Fund (and not the Fund), from which introductory fees may be paid to intermediaries.

Costs and expenses incurred by the Promoter in promoting and marketing the Fund will be reimbursed to the Promoter by the Policy Provider. To the extent that the Promoter incurs costs and expenses on behalf of PATF which do not relate exclusively to the promotion and marketing of the Sub-Funds, it shall be entitled to receive reimbursement of such costs and expenses from PATF.

### **35. Directors' Responsibilities, Consents, etc.**

The directors and the Administrator are responsible for the information contained in this document. To the best of the knowledge and belief of the directors and the Administrator (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The directors and the Administrator accept responsibility accordingly.

Statements made in this document are based on the law and practice currently in force in the Isle of Man and are subject to changes in those laws. The distribution of this document and the offering of the Shares may be restricted in certain jurisdictions. It is the responsibility of any person in possession of this document and any persons wishing to make application for Shares pursuant to this document to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdictions.

Shares may not be acquired by persons resident in the Isle of Man except for persons who are exempt from taxation therein and except for the acquisition of Nominal Shares by the Administrator.

Prospective applicants for Shares should inform themselves as to the legal requirements and consequences of applying for, holding and disposing of Shares and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence or domicile.

This document does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer is not qualified to do so to anyone to whom it is unlawful to make such offer or solicitation.

The Shares have not been registered under the United States Securities Act of 1933 and, except in a transaction which does not violate such Act, may not be directly or indirectly offered or sold in the United States of America, or any of its territories or possessions or areas subject to its jurisdiction, or to or from the benefit of a United States person (within the meaning of Regulation S promulgated under the said Act).

The Shares may only be acquired by persons who qualify as Experienced Investors for the purposes of the Order.

## **PART 3**

### **36. Disclosure Statement and Anti-Money Laundering Provisions**

#### **A. Disclosure Statement**

Applicants for Shares are required to make the following disclosures to the Administrator:

- (1) I/We acknowledge receipt of the current Scheme Particulars of the Fund which I/we have carefully considered in advance of my/our application and have taken note in particular of the investment policy and the risk factors relating thereto. I/We hereby confirm that my/our application is made solely on the terms thereof and subject to PATF's Memorandum and Articles of Association. I/We acknowledge that any financial intermediary who advised me/us in relation to this application did so as my/our advisor and was not an agent of or acting on behalf of the Fund and/or the Promoter.

- (2) I/We confirm that I/we have the authority to make the investment pursuant to the Application Form whether this investment is my/our own or is made on behalf of another person or institution and I/we confirm that I/we have the right and authority to request redemption of shares of Original PATF, PATF-\$ and/or PATF-€ (as the case may be) and that I/we will comply with the redemption instructions set out in the Scheme Particulars.
- (3) The Administrator is hereby authorised and instructed to accept and execute any instructions in respect of the shares to which my/our application relates and the Administrator and PATF may rely conclusively upon and shall incur no liability in acting upon such notice, request, consent, instruction or other instrument believed by either of them in good faith to be genuine or to be signed by the proper person(s) or duly authorised or properly made.
- (4) I/We irrevocably apply for such number of shares (including fractions) at a price determined in accordance with the Scheme Particulars as may be purchased with the amount subscribed. I/We hereby undertake and agree to accept any number of Shares in respect of which my/our application may be accepted. I/We acknowledge that PATF reserves the right to reject any application in whole or in part and to restrict or prevent the ownership of shares by any person, firm or corporation in the circumstances outlined in the Scheme Particulars.
- (5) On demand I/we (jointly and severally) promise to pay to PATF (or order) the sum of the amount subscribed and pledge the subscribed Shares as security for payment of all sums due hereunder. I/We note that PATF's Articles of Association contain provisions enabling forfeiture of Shares in the event of non-payment of my subscription.
- (6) I/We warrant that the acceptance of my/our application to subscribe for shares together with the appropriate remittance will not breach any applicable money laundering rules and regulations and I/we undertake to provide verification of my/our identity reasonably satisfactory to the Administrator, if so requested. I/We shall hold PATF and the Administrator and any other party including the other shareholders harmless and indemnified against any loss arising due to the process of this application if such information as has been required has not been provided by me/us or if, by virtue of my/our holding, I/we are in breach of the laws and regulations of any competent jurisdiction.
- (7) I/We confirm that I/we am/are over the age of 18 years of age and that I/we hereby authorise the Administrator, its nominees, affiliates or its directors and officers to obtain independent verification of any information I/we have provided with respect to this application.
- (8) I/We confirm that I/we are aware of the taxation, investment and legal implications of this investment and that, where necessary, I/we have obtained independent advice and that the Administrator and PATF are in no way responsible or accountable for my decision in respect of this application.
- (9) I/We consent to the use, by PATF, the Administrator or any third party acting on its behalf, of the information (including personal data) contained in this application form (the "information") for the purpose of enabling PATF, the Administrator or any third party acting on its behalf, to process this application and, if successful, to administer and service my/our investment in the Fund in accordance with the terms of the Scheme Particulars and the Articles of Association of PATF.

- (10) For the purposes of the Data Protection Act 2002, I/we consent to my/our details being passed by and between PATF, the Promoter, the Administrator and the Custodian in order to enable those persons to perform their designated functions in relation to the Fund. I/We note that the names of shareholders will be added to a mailing list which may be used by the Promoter to send details of new or existing products. If I/we do not want to receive such details, I/we should notify the Promoter in writing.
- (11) (Applicable where there are joint shareholders) We direct that on the death of one of us, the Shares for which we apply be held in the name of and to the order of the survivor(s) of us or the executors and/or administrator of such survivor.
- (12) I/We declare that the Shares subscribed for are not being acquired directly or indirectly by a person who is resident in the Isle of Man for the purposes of taxation (other than a company exempt from Isle of Man taxation by virtue of the Income Tax (Exempt Companies) Act 1984).
- (13) I/We certify that the Shares are not being acquired directly or indirectly by a US Person (as defined by regulation S of the United States Securities Act of 1933), nor in violation of any applicable law. In particular, (i) I/we understand that the Fund has not been and will not be registered under the United States Investment Company Act of 1940, as amended, and that the Shares have not been and will not be registered under the United States Securities Act of 1933, as amended, or the securities laws of any State of the United States and, unless described otherwise in the Scheme Particulars, the Shares may not be offered, sold, transferred, assigned or delivered, directly or indirectly, in the United States or to a US Person at any time; (ii) I am not/none of us is a US Person.
- (14) I/We confirm that I am/we are an Experienced Investor for the purposes of the Isle of Man Financial Supervision (Experienced Investor Fund) (Exemption) Order 1999, as amended.
- (15) I/We agree to notify the Administrator in writing immediately if I/we become aware that any of the above representations is no longer complete and accurate in all respects and agree immediately either to redeem, or tender to PATF for repurchase, a sufficient number of Shares to allow the representations to be made.

**B. Anti Money-Laundering Provisions**

All subscriptions must comply with all applicable money laundering rules and regulations.

The Administrator may, at its absolute discretion, require verification of identity from any person applying to subscribe for Shares (an 'applicant'). The making of an application to subscribe for Shares will constitute a warranty from the applicant that no applicable money laundering rules and regulations will be breached by the acceptance of the appropriate remittance and an undertaking from the applicant to provide verification of identity reasonably satisfactory to the Administrator.

Unless PATF in its absolute discretion shall otherwise determine, the obligation of PATF to allot Shares to an applicant is conditional on the Administrator being provided with such evidence within a reasonable time (as determined by the directors) after a request therefor. Accordingly, if this condition is not fulfilled or waived by PATF, the application by and any allotment of Shares to the applicant will be deemed to have lapsed and the money paid by the applicant will be returned (without interest) to the account of the bank from which such sums were originally debited (but in each case subject to applicable money laundering rules and regulations and without prejudice to any rights PATF may have to take proceedings to recover in respect of loss or damage suffered or incurred by it as a result of the failure to provide satisfactory evidence as aforesaid).

**C. Important Information for Singapore investors**

The offer of Shares in Original PATF, PATF-\$ and PATF- (the "PATF Sub-Funds") which are the subject of these Scheme Particulars is only allowed to be made to sophisticated investors and not to the retail public in Singapore. Moreover, these Scheme Particulars do not constitute a prospectus as defined in the Singapore Securities and Futures Act, Chapter 289 (the "SFA"). Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. Prospective investors should consider carefully whether the investment is suitable for them.

The offer which is the subject of these Scheme Particulars may also be made to the institutional investors specified in Section 304 of the SFA.

The Administrator is licensed and regulated by the Isle of Man Financial Supervision Commission ("IOM FSC"). The contact details of the IOMFSC are as follows: Isle of Man Government Financial Supervision Commission, PO Box 58, Finch Hill House, Bucks Road, Douglas, Isle of Man, IM99 1DT, Tel; 00 44 1624 689300, Fax; 00 44 1624 689399.

These Scheme Particulars have not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, these Scheme Particulars and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Shares may not be circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any member of the public in Singapore other than (i) to an institutional investor specified in Section 304 of the SFA, (ii) to a sophisticated investor, and in accordance with the conditions, specified in Section 305 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions, of any other applicable provision of the SFA.

## 37. Application Procedure

**A. Procedure**

Applications for Shares in Original PATF, PATF-\$ or PATF-€ must be made to the Administrator by 5.00 pm on any Valuation Day in order to be dealt with on the next following Dealing Day.

There are separate Application Forms for the Fund and for the No.2 Fund. Applications should be made by completing the appropriate Application Form and sending it to the Administrator by post or by fax (followed by post) duly completed.

An acknowledgement of the investment will be made by the issue of a contract note, which will be sent to the applicant with a duplicate to the applicant's authorised agent, if one is appointed.

Payment for Shares may be made by cheque, bankers draft or telegraphic transfer. Applicants will be allotted Shares on the Dealing Day following the day on which the Administrator receives the later of the duly completed Application Form and advice from the receiving bank that cleared funds are available.

An application for Shares in Original PATF, PATF-\$ or PATF-€ made by an applicant, whether or not such applicant has an existing holding of Shares in the relevant Sub-Fund, will not be accepted if it is for less than £10,000 by value (or such other value, being not less than \$15,000 (or its Sterling equivalent) as the directors may in their discretion determine).

Applications made by persons who are not Experienced Investors for the purposes of the Order (see Section 22H) will be rejected.

**B. Application Address**

The completed form should be detached and posted or faxed (with the original following by post) to the Administrator:

*Abacus Financial Services Limited  
Sixty Circular Road  
Douglas  
Isle of Man IM1 1SA*

*Tel No: +44 (0) 1624 689600  
Fax No: +44 (0) 1624 689602  
e-mail: [afsl@abacusiom.com](mailto:afsl@abacusiom.com)*

**C. Verification Documents Required**

PATF and the Administrator are required to verify the identity of all new investors and applicants are therefore required to produce the following documents, which must be attached to their application for Shares:

*Applications via an Authorised Intermediary:*

Notification may be provided by the introducer completing an "eligible introducer certificate", which can be obtained directly from the Manager by phoning + 44 (0) 1624 689600. If an "eligible introducer certificate" is produced, the verification documents noted below will not be required.

*Individual Investors (for each applicant):*

1. Certified signed copy of passport or national identity card; and
2. Original (or certified signed copy) of a utility bill or bank statement not more than 3 months old (mobile telephone or store credit cards are not acceptable).

*Corporate Investors:*

1. Certified copy of Certificate of Incorporation or 'Certificate to Trade';
2. Certified evidence of identity\* of the beneficial owners including confirmation of percentage of ownership (private companies only);
3. Evidence of the identity\* of signatory(ies) and directors where different from above;
4. Certified copy of the Board Resolution ratifying the investment and the authorised list of signatories;
5. Certified copies of any Power of Attorney, or any other authority affecting the operation of the account.  
and
6. Details of the source of the funds (the last place that the investment monies have come from), and the source of wealth (intrinsically where and how the Investment monies were originally derived/generated).

*Trusts, Pension Schemes and Fiduciary Clients:*

1. Certified copy of the Deed of Trust (or extract of the appointing of the Trustees);
2. Evidence of the identity\* of the parties to the trust (trustees, settlor, protector (if applicable), beneficiaries and remaindermen etc.); and
3. Details of the nature and purpose of the trust;
4. Certified copy of the resolution to place the investment and the authorised list of signatories;
5. The latest audited accounts of the scheme; and
6. Details of the source of the funds (the last place that the investment monies have come from), and the source of wealth (Intrinsically where and how the Investment monies were originally derived/generated).

\* Evidence of identity is to be provided by a certified copy of passport/photo ID and a certified utility bill, credit card or bank statement which is less than 3 months old, (store credit cards or mobile phone bills are not acceptable).

# The Protected Asset TEP Fund Plc - Application Form for Shares in the Original Sterling Fund and U.S. Dollar and Euro Sub-Funds

Note: (i) This application form should not be used for applications for Shares in the Protected Asset TEP Fund No.2  
(ii) Trust/Corporate applications:- Please request the Trust/Corporate Application Form

Please read the Disclosure Statement in the Scheme Particulars prior to completing this Application Form.

**1st Applicant**

**2nd Applicant**

Title (Mr. Mrs. Miss etc) \_\_\_\_\_

First Forename and initials \_\_\_\_\_

Surname \_\_\_\_\_

Occupation \_\_\_\_\_

Residential Address \_\_\_\_\_

Correspondence Address \_\_\_\_\_

Postcode \_\_\_\_\_

Telephone (Home) \_\_\_\_\_

Email \_\_\_\_\_ Fax \_\_\_\_\_

Preferred Contact Method  Post  Email  Fax

Nationality \_\_\_\_\_

Marital Status \_\_\_\_\_

Previous, Maiden or Other Names \_\_\_\_\_

Date of Birth \_\_\_\_\_

Amount and Currency of investment	<b>Currency</b> Sterling / Euro / US Dollar (Delete as appropriate)	<b>Amount</b> (For investments over £225,000, a supplementary questionnaire must be completed) (available on request)
Fund Choice (please indicate)	<input type="checkbox"/> Sterling Fund	<input type="checkbox"/> Euro Fund <input type="checkbox"/> US Dollar Fund

Fund Choice (please indicate)  Sterling Fund  Euro Fund  US Dollar Fund

Please indicate payment method: Cheque (attached)/Telegraphic Transfer Value Date  
(Cheques should be made payable to: Abacus Financial Services Limited re: The Protected Asset TEP Fund – Client Account)  
For payment by telegraphic transfer, please complete and sign the Telegraphic Transfer instruction

Source of funds \_\_\_\_\_  
(Please explain how the investment monies have been accrued and if previously invested details of the nature of the previous investment) \_\_\_\_\_

**I/we undertake to provide verification and source of funds/wealth to the administrator, if so requested**

Evidence of identity: Copy of passport or pictorial ID  (enclosed)

Evidence of residential address eg: Certified copy of utility bill, or bank or credit card statement etc. less than 3 months old (please note that mobile telephone or store credit card statements are not acceptable)  (enclosed)

**Note:** (i) Subject to Terms of Business being in place with Abacus Financial Services Limited, all copies shall be certified "I certify this is a true copy of the original" signed and dated and broker stamp affixed by the introducing intermediary.  
(ii) Where Terms of Business **are not** in place, all copies must be certified by an appropriate official, i.e. bank, notary, accountant, police, embassy etc.  
(iii) Where supporting documentation is not in English, an indication and translation of all relevant sections should be provided.

**DECLARATIONS**

I/We hereby apply for the number of Shares in the sub-fund of The Protected Asset TEP Fund Plc ("PATF") indicated above as may be purchased with the amount subscribed (as above) upon terms of the Scheme Particulars dated 28th October 2005, which I/we have received and read and understood. By completing and signing this application I/we hereby warrant, represent and agree as set out below and in the Scheme Particulars.

I/We confirm that I am/we are Experienced Investor/s as defined on page 1 of the Scheme Particulars of PATF and further confirm that I/we have read, fully understood and accepted the risks associated with an investment in PATF.

I/We acknowledge receipt of the Scheme Particulars which I/we have carefully considered in advance of my/our application and have taken note in particular of the investment policy and the risk factors relating thereto. I/We hereby confirm that my/our application is made solely on the terms thereof and subject to the Memorandum and Articles of Association of PATF. I/we acknowledge that any financial intermediary who advised me/us in relation to this application did so as my/our advisor and was not an agent of or acting on behalf of PATF or the Administrator or the Promoter.

I/We hereby authorise the Administrator, its nominees and/or its directors and officers to obtain independent verification of any information I/we have provided with respect to this application.

**For Joint Applications only; Please act on future instructions signed by:**

Any one of us;                       Any two/both of us;                       All of us; (Please tick one box only)

Signatures \_\_\_\_\_

Date \_\_\_\_\_ Preliminary Charge % \_\_\_\_\_

PATF SEDOL/ISIN NUMBERS		
	SEDOL	ISIN
THE PROTECTED ASSET TEP GBP	3039603	GB0030396039
THE PROTECTED ASSET TEP EUR	3377671	GB0033776716
THE PROTECTED ASSET TEP USD	3377682	GB0033776823

**For Professional Advisers Use Only** (please affix company stamp or complete details).

Adviser name: \_\_\_\_\_

Company name: \_\_\_\_\_

Address: \_\_\_\_\_

Tel No: \_\_\_\_\_

Fax No: \_\_\_\_\_

E-mail: \_\_\_\_\_

# TELEGRAPHIC TRANSFER INSTRUCTION

1) Send original direct to bank

2) Send a clearly marked copy with application.

**ON ALL PAYMENTS PLEASE ENSURE THAT THE REMITTING BANK SENDS A SWIFT MT103 TO THE ROYAL BANK OF SCOTLAND INTERNATIONAL LIMITED SWIFT CODE: RBOSGGSP.**

Cover should be paid to the following accounts of The Royal Bank of Scotland International Limited, please quote account holder name as a reference to all payments.

To: The Manager \_\_\_\_\_

Name of your bank \_\_\_\_\_

Address of your bank \_\_\_\_\_

Country \_\_\_\_\_

Tel/Fax Nos. \_\_\_\_\_

**Please transfer to:** (Please indicate the currency that you wish to use for Telegraphic Transfer by ticking the appropriate box)

**Sterling**  Royal Bank of Scotland International Limited  
22 High Street  
St Peter Port, Guernsey GY1 4BQ  
Sort Code: 16-20-29  
Account Name: Abacus Financial Services Ltd. re: The Protected Asset TEP Fund Client A/C  
Account No: 2029-56124818  
**IBAN No: GB45RBOS16202956124818**

**US Dollar**  Wachovia Bank NA  
4/f 11, Penn Plaza  
New York  
NY 10001, USA  
Account: The Royal Bank of Scotland International Ltd  
Account No: 2000193009149 (CHIPS 155424)  
Swift Code: PNBPU3NYYC  
For further credit to Account Name:  
Abacus Financial Services Ltd. re The Protected Asset TEP Fund Client A/C  
A/C No: 2029-56124818

**Euro**  The Royal Bank of Scotland Plc  
Correspondent Banking Branch  
Great Tower Street, London  
Account: The Royal Bank of Scotland International Limited  
Account No: WGIIJRY-EURC  
Swift RBOSGB2L  
For further credit to Account Name:  
Abacus Financial Services Ltd. re The Protected Asset TEP Fund Plc Client A/C  
A/C No: 2029-56124818  
**IBAN No: GB45RBOS16202956124818**

**OTHER CURRENCIES**  
For information on any other  
currency payment details  
contact The Manager on:  
Tel: +44(0) 1624 689600

**AMOUNT** Sterling £  Euro €  US \$

From the account referenced below: \_\_\_\_\_ day of (insert date) (insert month) 20 \_\_\_\_\_

**Please note cleared funds must be available in the Administrator's Collection Account by the last business Day of the month or the investment will be held over and not dealt until the next monthly Dealing Day.**

Please quote (insert shareholder name): \_\_\_\_\_

Please provide the following details to complete the instruction for telegraphic transfer to your bank.

**Please charge the amount of the payment together with bank and agent bank's charges to my/our account.**

Full Names (BLOCK CAPITALS) \_\_\_\_\_

Name of account to be debited \_\_\_\_\_

Bank account number \_\_\_\_\_ Sort Code \_\_\_\_\_

Address of bank account owner \_\_\_\_\_

Signature(s) \_\_\_\_\_

Date \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

Rev.05/05.4









