

Your relationship with The Children's Mutual

By applying for a Shariah Baby Bond® Child Trust Fund you are also entering into the following agreements with The Children's Mutual. For the purposes of contract law, these agreements are between you (as Registered Contact on behalf of your child) and Tunbridge Wells Equitable Investments Company Limited, trading under the name The Children's Mutual. The contract itself is governed by terms and conditions, which you can find in the Terms and Conditions section of this document. If, once you have read these carefully, anything is not clear, please call us. And, if you don't agree to the terms and conditions, you have the right to cancel the application as explained in the Key Features section of this document.

For all purposes, your relationship to us will be as a 'retail customer'. This means you will enjoy the highest level of consumer protection available under both European and United Kingdom laws and regulations.

1) Client agreement

This is the legal agreement which defines your relationship with us. It covers the following rights and obligations:

Your Rights	Our Obligations
<p>You have the right to be treated fairly with regard to:</p> <ul style="list-style-type: none"> The ability of the product to match your need The clearness and accuracy of any and all information we provide How we describe what the product can do before and after your purchase it Our maintaining a good quality of support for routine administration and taking effective action if something goes wrong. 	<p>We promise to:</p> <ul style="list-style-type: none"> Provide fair and accurate descriptions of the product's ability to meet your need Provide accurate, relevant and understandable information about our product and service Ensure the product you have performs in the way you have been led to expect Ensure the service we provide for you is of a good standard.
Your Obligations	Our Rights
<p>We think it is reasonable to expect you to:</p> <ul style="list-style-type: none"> Take reasonable care when giving us information or instructions Keep us informed of any relevant change in your circumstances, or those of your child Use the opportunities provided to become aware of, and to try to understand, the aims of Shariah Baby Bond®, and how we have described that these could be achieved. 	<p>We think it is reasonable for us to:</p> <ul style="list-style-type: none"> Rely and act on the information and instructions you provide Rely on the information we have about you as being up to date Act on our belief that you have made reasonable efforts and to try to understand the aims of Shariah Baby Bond®, and how you could help these to be achieved.

2) Initial service agreement

This agreement covers how we invest money we receive for payment into your child's Shariah Baby Bond® account, once it is open. You authorise us:

- To collect and accept payments into the account from you, or any other person;
- To invest payments in the way described in the Key Features;
- To the extent that investment is linked to shares, to invest payments into the fund described in the Simplified Prospectus section of the Key Features.

Baby Bond® is a registered trade mark of Tunbridge Wells Equitable Friendly Society

The Children's Mutual, PO Box 2067, Gloucester GL4 3YU Tel: 0845 077 1899 Fax: 0845 609 0073
Email: mail@thechildrensmutual.co.uk Website: thechildrensmutual.co.uk

The Children's Mutual is a trading name of the Tunbridge Wells Equitable Group, which includes Tunbridge Wells Equitable Investments Company Limited, registered in England under the Companies Act 1985, registered no. 4315370, FSA registered no. 208027. Authorised and regulated by the Financial Services Authority and members of the Financial Ombudsman Service. Registered Office: Brockbourne House, 77 Mount Ephraim, Tunbridge Wells, Kent TN4 8GN.

keyfacts[®]

The Financial Services Authority is the independent financial services regulator. It requires us, The Children's Mutual, to give you this important information to help you decide whether our Shariah Baby Bond[®] is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safely for future reference.

Key Features

of the Shariah Baby Bond[®] Stakeholder Child Trust Fund account (including Simplified Prospectus)



Home of the Child Trust Fund

Its aims

- To provide a tax-efficient way, compliant with Islamic law, to invest for a child by taking advantage of the Government's Child Trust Fund (CTF) scheme.
- To take advantage of the growth potential of company shares to produce a tax-free lump sum for the child at 18.
- To help parents teach their child about savings and investments.

Your commitment

- You use your child's government CTF voucher to open a Shariah Baby Bond® for your child. You do not need to send us the voucher itself.
- You (or someone else who also has parental responsibility for your child) agree to become the "Registered Contact" – this is the person who makes all the decisions about the Shariah Baby Bond® until your child reaches age 16.
- You do not have to make any payments into the account, but adding to the Government contributions could help produce a bigger payout for your child at 18.

Risks

- The value of Shariah Baby Bond® is not guaranteed, and will move up and down over time. These movements are outside our control.
- At 18 your child could get back less than has been paid in.
- Your child cannot receive the money until their 18th birthday, even if it might be needed before then.
- The tax rules that apply to Shariah Baby Bond®, or to the underlying investment, could change (for example, if there's a change of government).

Questions and answers

What types of CTF account are there?

There are three types of CTF account. Each child can have only one type of CTF account at any time.

(1) Stakeholder

Shariah Baby Bond® is a Stakeholder CTF account.

This type of CTF account is designed for inexperienced investors, so it must meet certain government requirements:

- Investment must be linked to company shares. This is because, in the past, shares have mostly produced better returns over longer periods than cash deposit accounts. But shares in more risky types of company are not allowed.

- Starting no later than the child's 13th birthday, the account must allow for the money to be moved gradually into lower risk investments (like cash and government bonds). The aim of this is to limit the effect on the value of the account of share prices falling in its later years.
- The CTF account manager can't require contributors to pay in more than £10 at a time.
- The CTF account manager can't charge more than 1.5% of the account's value each year.

But just because it meets these requirements doesn't mean that a Stakeholder CTF account is automatically suitable for everyone, or that it's guaranteed to perform well. Remember, past performance isn't a guide to the future.

There are also two types of Non-Stakeholder CTF account, which **don't** have to meet all the Government requirements. For example, they don't have to move money into lower risk investments from age 13, and there's no upper limit on charges.

(2) Non-Stakeholder Shares

This type of CTF account normally also invests in shares, perhaps including smaller companies, or companies operating in other countries. So, there may be a better chance of getting a good return, but the risk of losing money can also be higher.

(3) Non-Stakeholder Cash

This type of CTF account is similar in many ways to a bank or building society deposit account. The CTF account manager will add interest to the money paid in, but the rate is not normally guaranteed and can be changed. Although the child is sure to get back as much as has been paid in, it could be less than they'd get back from a Stakeholder or shares-based CTF account at 18. Inflation will reduce the value of the money paid in.

How can I add to my child's Shariah Baby Bond®?

- Anyone can pay into your child's Shariah Baby Bond®, and as soon as the money is paid in it belongs to your child. This means that whoever has made the payment cannot change their mind later and have their money back.
- The minimum amount we accept is £10, and payments can be made monthly, yearly or as one-off lump sums.
- The most that can be paid in is £1,200 a year (from birthday to birthday). This is on top of government contributions.
- We accept payment by:
Direct Debit; Direct Credit;
Standing Order; Cheque;
Debit Card (online or by telephone only)

- Anyone making regular monthly payments by Direct Debit can also choose the 'Escalator' option. This allows us to increase their Direct Debit payment by a fixed amount each year, following your child's birthday. We'll increase the Direct Debit amount each year until your child reaches 17, or the £1,200 yearly contribution limit is reached, if sooner. The 'Escalator' option can be cancelled, or the increase amount changed, at any time. There's more information about 'Escalator' in the brochure.

What do you do with the money?

- Until your child reaches age 13, we use the money paid into their Shariah Baby Bond® to buy shares in a SICAV. A SICAV is a type of fund that offers a simple way to invest in a range of company shares or other types of investment. The SICAV fund we use for Shariah Baby Bond® invests in shares of companies which operate in a way that is compliant with Islamic law. For more information about this fund, please see the Simplified Prospectus section starting on page 7.
- All shares are held in our name as the CTF Account Manager.
- Starting on your child's 13th birthday, we will gradually move money into lower risk investments such as government bonds and cash, or a fund holding those types of investments. The proportion of your child's Shariah Baby Bond® held in lower risk investments will be one-fifth after the first year's move, two-fifths after the second year's, three-fifths after the third, four-fifths after the fourth and then the full plan value after the fifth year. We'll also gradually invest more of any new payments into the Shariah Baby Bond® during this time in this way.
- If we can't invest any money paid in by the next working after we receive it, we'll pay it into an interest bearing client money account in our name. We'll then invest the money as soon as possible after that. We don't add any interest to your child's Shariah Baby Bond® while the money's waiting to be invested.

What might my child get back?

- Table 1 opposite gives examples of what your child might get back from their Shariah Baby Bond® at age 18. The figures show the money growing at three different rates, as set by our regulator (the Financial Services Authority). At the time of preparing these Key Features we believe these should be realistic growth rates.
- The figures shown take our charges into account, but are **not** guaranteed – they are not minimum or maximum amounts. Your child could get back more or less than this. Remember that inflation will reduce what could be bought in the future with the amounts shown.

How do the charges work?

- Our charges are 1.5% of the value of the Shariah Baby Bond® each year. So, for example, if the value were £500 throughout a year, we would charge £7.50 for that year. If it were £1,000 throughout a year, our charge for that year would be £15.
- Tables 2 and 3 opposite show how the charges would affect a Shariah Baby Bond® account over 18 years, based on the middle assumed growth rate (7% a year). The figures in the column headed “What the value of the account might be” in each table show what could be available at the end of each year if, say, you wanted to transfer to a different CTF account manager. The figures for year 18, however, show the possible amount the child could get back.

What about tax?

- There is no income tax or capital gains tax for you or your child to pay on growth in the value of the Shariah Baby Bond® account. However, the SICAV fund may have paid tax on dividends earned by the shares it holds, and this can't be reclaimed.
- If the child is resident in the UK when the Shariah Baby Bond® ends on their 18th birthday, they will have no tax to pay on the amount paid out.
- The tax treatment of CTF accounts or SICAVs (or both) may change in future.

Can I change my mind?

- Yes. Once we've accepted your application we'll send you a cancellation notice; you'll have 14 days from when you receive this notice to change your mind. If you do, you must notify us in writing at the address shown under “How to contact us”. If we haven't heard from you within 14 days, we will start to process your application. We are not allowed to open the Shariah Baby Bond®, to claim the Government money, or to invest any other money paid to us until these 14 days have passed.
- Once the Shariah Baby Bond® account is open, you can transfer its value to another CTF account manager at any time, or switch to a different type of CTF account from us, without specific charge.

Will you tell me how my child's Shariah Baby Bond® is doing?

- Yes. We'll send the Registered Contact a yearly statement showing what the Shariah Baby Bond® account is worth.
- As your child gets older, we hope you'll look at these statements together and talk about why putting money aside for the future is a good idea.

How does my child withdraw their money?

- Shortly before your child's 18th birthday we'll send them information about the options open to them, and what they need to do next. We will also ask them to provide evidence of their identity.
- If they don't withdraw their money straight away, we'll hold it for them in a cash deposit account until they do. We won't add any interest to the money while it's waiting to be withdrawn.

What might my child get back?

TABLE 1

Type of payment	What your child could get back at age 18 if investments grew at:		
	The lower rate of 5% a year	The middle rate of 7% a year	The higher rate of 9% a year
Government contributions of £250 at outset and age 7	£821	£1,090	£1,440
Government contributions of £250 at outset and age 7, plus voluntary regular payments of £50 a month	£15,700	£19,100	£23,400

How do the charges work?

TABLE 2

Effect of deductions for charges – government contributions of £250 at outset and age 7			
At end of year	Investment to date	Effect of deductions to date	What the value of the account might be
1	£250	£3	£263
3	£250	£13	£292
5	£250	£25	£325
10	£500	£81	£716
15	£500	£187	£931
18	£500	£279	£1,090

TABLE 3

Effect of deductions for charges – government contributions of £250 at outset and age 7, plus voluntary regular payments of £50 a month			
At end of year	Investment to date	Effect of deductions to date	What the value of the account might be
1	£850	£9	£880
3	£2,050	£60	£2,240
5	£3,250	£165	£3,760
10	£6,500	£767	£8,630
15	£9,500	£2,000	£14,600
18	£11,300	£3,400	£19,100

The last line of each of Tables 2 and 3 above shows the effect of the total charges and expenses over 18 years – £279 in Table 2 and £3,400 in Table 3. Putting it another way, this would have the effect of bringing investment growth from 7.0% a year down to 5.4% a year for the lump sum government contributions in both Tables, and from 7.0% a year down to 5.4% a year for the regular monthly payments in Table 3.

OTHER INFORMATION

Complaints and compensation

- If you're not happy about something, please tell us so that we can try to sort out the problem for you. You can either telephone or write to us – see "How to contact us" below.
- If you're not satisfied with our response, you can complain to:

The Financial Ombudsman Service
South Quay Plaza
183 Marsh Wall
London
E14 9SR
Tel: 0845 080 1800

- A copy of our complaints procedure is available on request.
- We are covered by the Financial Services Compensation Scheme (FSCS). If we cannot meet our obligations your child may be entitled to compensation under the scheme. Most types of investment business are covered as follows:

Until 31 December 2009 – 100% of the first £30,000 and 90% of the next £20,000 (maximum compensation £48,000).

From 1 January 2010 – 100% of the first £50,000 (maximum compensation £50,000).

Law and language

- Shariah Baby Bond® is governed by the law of England and any dispute would be decided by a court in England or Wales.
- All communications from us will be in English.
- The information in these Key Features is provided only in respect of children who are UK residents (including children of Crown employees serving overseas) at the time the Shariah Baby Bond® is opened.

Conflicts of interest

- We aim to run our business so that conflicts of interest don't arise between The Children's Mutual and its customers, or between different types of customer. We have procedures in place to identify and handle any conflicts that do arise. We review these procedures regularly.
- In the unlikely event that we identify a major conflict, we'll tell you about it promptly. We'll also tell you how we expect to resolve the conflict with as little effect as possible on you or our other customers.
- Full details of our conflicts of interest policy are available on request.

How to contact us

- The information in these Key Features, and in the brochure, is designed to help you decide for yourself if Shariah Baby Bond® could help you with what you want for your child. If you have any questions about how Shariah Baby Bond® works, please contact us – we're here to help! But bear in mind that we can't tell you if it is appropriate for your particular circumstances. If you're unsure, you should consider obtaining independent advice. You can find an adviser by visiting www.unbiased.co.uk.
- You can contact us on 0845 077 1899; weekdays 8 am to 8 pm; Saturday 9 am to 1 pm, or leave an answerphone message outside these hours. We will record calls for training or security purposes.

Alternatively, you can email:
cxf@thechildrensmutual.co.uk

or write to:

The Children's Mutual
PO Box 2067
Gloucester
GL4 3YU

SIMPLIFIED PROSPECTUS

Important information about the SICAV fund

As Shariah Baby Bond® is a Stakeholder CTF account, money paid in is invested over most of the period of the plan in a fund that holds company shares. The tables on the following pages contain important information about this fund. The information is taken from the fund manager's 'Simplified Prospectus', which is a document required by European regulations, and therefore includes some details of a technical nature.

We have tried to explain, in simple terms, what these mean – see the third column of the tables overleaf. You can ask us to provide you with a copy of either the fund manager's Simplified Prospectus, or their full Prospectus, at any time; however, you should be aware that both documents are complex and include information that does not apply to investing through Shariah Baby Bond®.

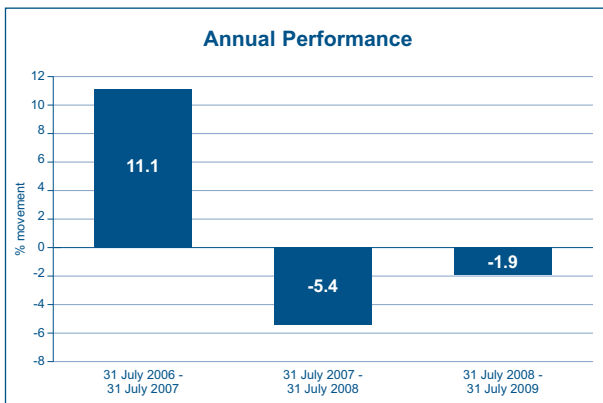
Fund performance

The line graph shows the % movement from the Fund's inception to end July 2009. The bar chart shows the annual % movement between the dates shown at the bottom of the chart.

Please note: the Shariah Baby Bond® CTF is a long-term investment, so although the fund price is low as at the end of July 2009 when compared with April 2005 (when CTF began) it should be noted that

The Barclays Capital Equity Gilt Study 2008 shows that shares have outperformed cash deposits for all but one 18-year period since 1899.

Investing during a period when share prices are low can be an advantage in the early years of a long-term investment, as the money you pay in will buy more shares in the fund. However, past performance is not a guide to the future.



SICAV Fund	Scottish Widows Islamic Global Equity Fund	This is one of the funds that we offer for investment through one or more of our plans. This is currently the only 'sub-fund' within the SICAV.
SICAV	Scottish Widows Investment Partnership Islamic SICAV	This is the overall fund which currently only includes the Islamic Global Equity Fund. 'SICAV' is an abbreviation for 'Société d'Investissement à Capital Variable'.
SICAV Manager	Scottish Widows Investment Partnership Limited, 10 Fleet Place, London EC4M 7RH	This is the company that manages the fund.
Management Company	Scottish Widows Investment Partnership Limited's main business is providing investment management and advice.	The role of the investment manager includes the day-to-day operation of the SICAV, such as managing its investments, buying and selling shares and pricing the shares.
Place of Incorporation	Luxembourg	This is the country whose law applies to the operation of the fund.
Custodian	State Street Bank Luxembourg SA, 49, Avenue J F Kennedy, L-1855 Luxembourg	The role of the Custodian is to act as the appointed caretaker of the fund's assets.
Auditor	Pricewaterhouse Coopers, 400, Route d'Esch, L-1014 Luxembourg	The role of the Auditor is to ensure that the fund is operated in accordance with all relevant laws and regulations.
Fund launch date	21 November 2005	This is the date the SICAV actually started to accept money from investors.
Share class launch date	19 December 2005	This is the date the particular type of shares offered for investment through one or more of our plans ('accumulation shares') were first offered to investors.
Investment Objective and Investment Policy	To give long-term capital growth by investing in a portfolio of equities issued by companies from around the world. Investments will usually only be made in companies that are listed within the Dow Jones Islamic Market Index. Investments outside of this index may be approved by the Shariah Advisory Board from time to time.	This is the outcome the fund manager aims to produce for investors, and how it tries to achieve it.

Risk factors

- The value of shares and income from them is not guaranteed and can fall as well as rise due to stock market and currency movements. Past performance is not a guide to future performance and when the investment is sold (the money is withdrawn from the account) the child may get back less than was originally invested. Inflation will, over time, reduce the spending power of the investments.
 - The rates of, and any relief from, taxation may change over time.
 - Due to the investment objective and policy of the fund it will not be invested in interest-bearing securities, warrants or options, futures and swaps. As a result the managers' opportunity to make returns that might otherwise have been available to the fund is reduced.
 - In the event that the fund is issued with warrants as a result of it holding equities, it will dispose of such warrants as soon as practical, which may lead to the fund gaining a disadvantageous price on the disposal.
 - The fund will not be able to hedge against foreign exchange risk, thus increasing the currency risk.
 - The investment objective and policy of the fund limit the investments of the fund to those that are listed within one specific index. This means that the fund's investments may be concentrated in a lesser number of equities than a comparable fund of the same size.
- Details of all risks can be found in the full Prospectus of the fund.

Cleansing of Interest Cash received

Where the Fund wishes to invest in a company which satisfies the Islamic Investment Guidelines but either derives some of its income or partly finances its operations from non-Islamically compatible debt, then it must cleanse all cash received by allocating a certain portion to charities.

Charges	AMC 1.5%	'AMC' stands for Annual Management Charge – this is the yearly charge to each investor, and is applied, on a daily basis, to the overall value of that investor's holding in the fund. The yearly charge we pass on to investors for shares held for Shariah Baby Bond® cannot be more than 1.5% under current CTF regulations.
Commission expenses	The level of equity securities (company shares) trading on the fund is determined by fund management decisions and the main impact on the fund is the buying and selling values of the trades. The buying and selling values of securities trades always meet best execution regulations. Commissions are paid to brokers for these trades. The Fund Manager is authorised to enter into commission sharing arrangements with third parties regarding the use of dealing commission to purchase/receive goods and/or services that relate to the execution of trades or the provision of research.	Commission is paid by the fund.
Sales Charge	The fund manager is entitled to apply a dilution levy. If a levy is applied it is paid by the person buying or selling the shares and is paid into the fund for the benefit of all shareholders.	When there is a large inflow or outflow of cash from a fund, as a result of shares in the fund being bought or sold, the fund manager will probably have to buy or sell some of the fund's underlying company shares to invest or raise the cash. This buying and selling incurs dealing costs which are paid by the fund. This reduces (or dilutes) the value of the fund and as a result can reduce the share price. This is potentially unfair on the existing shareholders and is why the fund manager can apply a dilution levy on investors when they are making or selling their investment.
Fund tax	The fund is liable to certain taxes under Luxembourg law.	Investors with shares in the fund held within Shariah Baby Bond® do not suffer any personal tax or any growth in the value of their holdings. If the account holder is not a UK resident when they withdraw money from Shariah Baby Bond® (at or after age 18), they may have to pay tax on that part of the payout which arises from interest earned while they were not resident in the UK.

TER	1.5%	'TER' stands for Total Expense Ratio, which are the yearly operating expenses of the fund. This figure helps when comparing the operating expenses of different funds. The TER includes, for example, the AMC and any custodian, registration and audit fees.
PTR	327.42%	'PTR' stands for Portfolio Turnover Rate. This provides an indication of how much the fund manager changes the fund's investments in a year. There is a cost involved in the buying and selling of these investments. The higher the PTR, the more changes have been made, and the higher the cost of dealing paid for by the fund has been. However, active management may mean that changing investments more frequently increases the performance of the fund sufficiently to outweigh the costs.
Share class currency denomination	UK Sterling	All transactions undertaken by the share class are expressed in £ sterling.
Income accumulated	Income accumulated will be invested within the fund thereby increasing the price of the shares.	Most funds offer two types of shares – 'income shares', which actually pay out a regular amount to investors, and 'accumulation shares', for which all income earned is automatically reinvested to increase the share price. All shares offered for investment through The Children's Mutual are accumulation shares.
Price publication	The price of shares will normally be available on request.	You can track the value of Shariah Baby Bond® by checking the price of shares whenever you wish.
Scottish Widows Investment Partnership Islamic SICAV – other sub-funds	At present there are no other sub funds. Details are included in the fund manager's Simplified Prospectus – a copy is available on request.	We only offer the Islamic Global Equity Fund for investment through Shariah Baby Bond®.
Date of Simplified Prospectus	31 July 2009	This is the date the fund manager's Simplified Prospectus was last updated.

HSE-KF-0069-0809

Baby Bond® is a registered trade mark of Tunbridge Wells Equitable Friendly Society Limited.

The Children's Mutual provides information only about its own products and those of other selected providers; we do not offer advice. This brochure has been prepared according to our understanding of current and announced future changes to UK tax law and practice as at May 2009.

The Children's Mutual, PO Box 2067, Gloucester GL4 3YU

Tel: 0845 077 1899 Email: ctf@thechildrensmutual.co.uk Website: thechildrensmutual.co.uk

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Home of the Child Trust Fund

This document contains the Terms and Conditions of our Shariah Baby Bond® Stakeholder Child Trust Fund (CTF) account. It should be read in conjunction with the relevant brochure and Key Features. Please read it carefully, and keep it in a safe place.

Terms and Conditions

of The Children's Mutual Shariah Baby Bond® Stakeholder Child Trust Fund account



The
Children's
Mutual™

Home of the Child Trust Fund

1. Definitions

1.1 In these Terms and Conditions, the words below have the meanings shown (unless the context in which they are used requires otherwise):

The account The Shariah Baby Bond® Stakeholder CTF account.

The Children's Mutual is, for the purposes of CTF accounts, a trading name of Tunbridge Wells Equitable Investments Company Limited.

Child Trust Fund (CTF) The scheme set up by the Government under the Child Trust Funds Act, 2004.

Contribution Year The first contribution year starts on the day the account is opened and ends on the day before the child's next birthday; each contribution year after that starts on the child's birthday and ends on the day before their next birthday.

CTF Account Manager Tunbridge Wells Equitable Investments Company Limited (TWEICL), trading as The Children's Mutual.

Dealing Day Monday to Friday 9.00 am to 6.00 pm Central European Time (CET) (except for bank holidays in Luxembourg and other days at the Fund Manager's discretion), being a day on which the Luxembourg Banks are open for trading or any other day which the Fund Manager in its discretion may decide.

FSA rules The rules published by the Financial Services Authority (FSA).

HMRC Her Majesty's Revenue and Customs.

Investment Manager Scottish Widows Investment Partnership.

The Registered Contact The person authorised to control the account. (See Condition 5 '*The Registered Contact*').

The Regulations The Child Trust Funds Regulations 2004 (as amended from time to time).

SICAV SWIP Islamic SICAV. The SICAV (Société d'Investissement à Capital Variable) is an open-ended investment company with variable capital (ICVC), incorporated in Luxembourg. It is regulated by the Luxembourg authority in charge of the supervision of the undertakings for collective investment in the Grand Duchy of Luxembourg. It is an 'umbrella company', which means it is made up of a number of different funds, each of which has its own investment aims.

SICAV fund SWIP Global Equity Fund, which is the sub-fund of the SICAV which we offer for investment for the Shariah Baby Bond® Stakeholder CTF account.

Stakeholder CTF account A CTF account meeting the Government's Stakeholder CTF requirements.

Valuation Point The time of day on a business day when the Investment Manager calculates the price of shares. This is usually the same time each business day, but may have to change in exceptional circumstances.

Once the account is open, shares are bought and sold at the price on the first valuation point after we receive the payment (where relevant), the instruction and all required paperwork. For the voucher, the instruction is the one we receive from HMRC to credit the account with the initial government payment; there could be a delay of up to several weeks before receipt of this instruction.

The address to which the Registered Contact must send instructions is:

The Children's Mutual, PO Box 2067,
Gloucester GL4 3YU.

Telephone 0845 077 1899.

Void account An account which does not satisfy the Regulations, and which HMRC instructs us to cancel.

The voucher The voucher issued automatically by HMRC to the person claiming Child Benefit for the child.

We, us The CTF Account Manager.

You Depending on the context, either the person who receives a voucher to open a CTF account, or the Registered Contact; in each case this must be a person with parental responsibility for the child. 'You' also includes any person who makes a payment into the account.

2. About the CTF Account Manager

2.1 The CTF Account Manager is Tunbridge Wells Equitable Investments Company Limited (TWEICL), Brockbourne House, 77 Mount Ephraim, Tunbridge Wells, Kent TN4 8GN, which is an approved CTF account manager under the Child Trust Funds Regulations 2004. TWEICL is a wholly owned subsidiary of Tunbridge Wells Equitable Friendly Society Limited. It is authorised and regulated by the Financial Services Authority and a member of the Financial Ombudsman Service.

- 2.2 These Terms and Conditions explain how we manage our CTF business in accordance with the Regulations.
- 2.3 When we chose the underlying investment vehicle for our Shariah Stakeholder CTF, we took into account the social, ethical and environmental implications of the general type and mix of shares usually selected for investment by the Investment Manager, as well as their potential for producing capital growth.
- 2.4 If, at any time, TWEICL stops being authorised as a CTF account manager, we will give the Registered Contact at least one calendar month's notice of this in writing. They will then need to transfer the account to another CTF account manager. (See Condition 16 '*Transfer to another CTF account manager*').
- 3. Stakeholder CTF accounts**
- 3.1 The account satisfies all the Government's requirements for Stakeholder CTF accounts.
- 3.2 If, at any time, the account stops satisfying these requirements, we will tell the Registered Contact as soon as we can. They may then either switch the account to a Non-Stakeholder CTF account offered by us (see Condition 15 below – '*Transfer The Children's Mutual Non-Stakeholder CTF account*'), or transfer it to another authorised CTF account manager (see Condition 16 below – '*Transfer to another CTF account manager*').
- 4. Starting an account**
- 4.1 The person who will be the Registered Contact (see Condition 5 '*The Registered Contact*'), or any other person with parental responsibility for the child, can apply to start an account. The application can be made via our website, by telephone, or by completing an application form. The person applying must agree to the requirements of HMRC.
- 4.2 An agreement to start an account (including an account transferred from another CTF account manager), or to become the Registered Contact of an existing account (including one allocated by HMRC) under these Terms and Conditions, will be an 'Initial Service Agreement' for the purposes of the European Distance Marketing Directive 2002. This means that the Registered Contact authorises us to carry out regular and/or repeated actions (for example collecting, receiving and investing payments into the account) and there is no right to cancel any such action individually.
- 4.3 For information about when the account starts see the Key Features.
- 5. The Registered Contact**
- 5.1 Only one person may be the Registered Contact at any time.
- 5.2 Until the child's 16th birthday, the Registered Contact must be a person who has parental responsibility for the child; this will normally be a parent or guardian of the child.
- 5.3 At any time before the child's 16th birthday any other person with parental responsibility for the child can replace the Registered Contact. Both persons must complete the form and declaration we provide (except, for example, if the previous Registered Contact has died).
- 5.4 From their 16th birthday, only the child can be the Registered Contact, but they must apply to us to take on this position. If they don't apply, we will continue to invest payments in accordance with the most recent instructions we had from the previous Registered Contact.
- 6. Ownership**
- 6.1 The child is the beneficial owner of the account and the underlying investments, and may not transfer that ownership to anyone else.
- 6.2 All SICAV fund shares and other investments we hold for the account are registered in our name as CTF Account Manager, and we hold evidence of title. Beneficial ownership of the investments may only be transferred to us.
- 6.3 The child's interest in any SICAV fund shares or other investments held for the account may only be disposed of through us.
- 6.4 Neither the account, nor any investment held for it, may be used as security for a loan.
- 6.5 We cannot lend, or borrow against the security of, any investments we hold for the account.
- 7. Payments exceeding the voluntary contribution limit**
- 7.1 If any payment we receive, or are due to request by Direct Debit, would, when added to the amounts already paid in during the contribution year, be more than the contribution limit allowed by the Regulations at that time, we will:
– if the payment is due to be collected by Direct Debit, reduce the amount we

request so that the contribution limit will not be exceeded. Then for the rest of the contribution year we will not collect any more money for the account under any Direct Debit instruction;

- if the payment is made by Standing Order, Debit Card or Direct Credit, keep as much of it as we can without the account exceeding the contribution limit, and return the balance to the payer’s bank or building society;
- if the payment is made by cheque, return the cheque (uncashed) to the payer or, if we cannot identify the payer, to the issuing bank where possible.

8. Lifestyling

8.1 Lifestyling means switching the investments we hold for the account from higher risk to lower risk assets over a period of time. We do this in order to limit the chance of the account losing value if share prices fall as the child’s 18th birthday approaches. However, lifestyling cannot ensure that the child gets back as much as has been paid into the account.

8.2 Unless the Registered Contact has told us otherwise, we will start lifestyling on the next valuation point on or after the child’s 13th birthday. On that date, we will cash-in however many SICAV fund shares are worth 20% of the then total value of the account and use the cash-in value to purchase lower risk assets. It is likely that such assets will be mainly government bonds (gilts), fixed interest money market instruments and cash deposits, or a collective investment fund holding such assets.

8.3 On the equivalent date in each year after that, unless the Registered Contact has told us otherwise, we will increase the proportion of the account invested in the lower risk assets described in Condition 8.2 above. To do this we will cash-in and reinvest however many SICAV fund shares are required to leave 40% of the account’s total value invested in lower risk assets after the child’s 14th birthday, 60% after their 15th birthday, 80% after their 16th birthday, and 100% after their 17th birthday.

If, in any year, immediately before we are due to apply lifestyling, the proportion of the account already invested in lower risk assets is equal to or greater than the relevant figure above, then we will not proceed with that year’s lifestyling.

8.4 During the lifestyling period, unless either of Conditions 8.5 or 8.6 below applies, we will invest all new payments into the account partly in SICAV fund shares, and partly in lower risk assets, in the same proportion as the existing investments held for the account at the start of the relevant contribution year. For example, if at the start of a contribution year, and after lifestyling, 40% of the account is invested in SICAV fund shares and 60% in lower risk assets, then we will invest 40% of all new payments received during that contribution year in SICAV fund shares, and 60% in lower risk assets.

8.5 At any time after the child’s 13th birthday, the Registered Contact can tell us to increase the proportion of the account invested in lower risk assets. To do this, on the next valuation date after receiving this instruction we will cash-in and reinvest however many SICAV fund shares are required to achieve the required new proportion in lower risk assets.

We will then continue to invest new payments into the account during the remainder of that contribution year into SICAV fund shares and lower risk assets in the proportions that apply after we have taken this action, unless the Registered Contact instructs us to continue investing in the same proportions as applied at the start of that contribution year.

8.6 If, at any time after the child’s 13th birthday any lifestyling described in Condition 8.2 or 8.3 above has not happened, the Registered Contact can tell us to start or restart lifestyling. On the next valuation point after we receive their instruction we will cash-in and reinvest however many SICAV fund shares are required to leave the proportion of the account invested in lower risk assets the same as would have been the case if lifestyling had happened on each of the child’s preceding birthdays starting on their 13th.

We will then continue to invest new payments into the account during the remainder of that contribution year into SICAV fund shares and lower risk assets in the proportions that apply after we have taken this action, unless the Registered Contact instructs us to invest in the same proportions as applied at the start of that contribution year.

9. Tax matters

- 9.1 We will make all necessary claims for repayment of income and capital gains taxes arising on income or gains generated by the SICAV fund shares and any other investments held for the account
- 9.2 Please see Condition 13 '*Void CTF accounts*' for the tax implications if the account should be made void.

10. Fund management charges and expenses

- 10.1 Fund management charges and expenses, and the circumstances in which they are, or may be, applied by the Investment Manager, are set out in the simplified prospectus section of the Key Features.

11. Prospectus, simplified prospectus, reports, meetings and voting rights

- 11.1 The Registered Contact may ask to receive a copy of the relevant prospectus or simplified prospectus issued by the Investment Manager. We will not charge for providing this.
- 11.2 The Registered Contact may ask to receive copies of any relevant reports and accounts issued by the Investment Manager. We may make a reasonable charge for providing these. However, such reports and accounts may be available free of charge on request direct to the Investment Manager.
- 11.3 The Registered Contact may ask us to arrange for them to attend any meeting of shareholders in the SICAV fund, but they will not be able to exercise any voting rights. We may make a reasonable charge for making such arrangements.
- 11.4 We will not exercise any voting rights on behalf of the Registered Contact.

12. Liability

- 12.1 We are liable for any act of negligence, or omission, on our part, whether or not it gives rise to a breach of the FSA rules, or the Regulations, or these Terms and Conditions.
- 12.2 We are not liable for any loss the child may suffer due to:
- a fall in the value of any SICAV fund shares or other investments held for the account, or
 - a delay in clearing any payment made into the account.
- 12.3 We do not accept any responsibility for the account (or for a CTF account transferred from another CTF account manager) until we have received all relevant cleared funds.

Regardless of how money is paid to us, if we do not receive cleared funds within seven business days of accepting instructions from a payer, we will be entitled to cancel any transaction for the purchase of investments for the account.

- 12.4 The Registered Contact agrees to indemnify us against any liability we may incur in connection with the account arising from any action they have taken or failed to take.

13. Void CTF accounts

- 13.1 If we are told to void the account by HMRC, we will notify the Registered Contact of this as soon as possible. We will cash-in the SICAV fund shares at the price on the first valuation point after we receive the instructions from HMRC. If voiding happens while lifestyling is in progress, we will also cash-in any other investments held for the account at the same time. We will pay the resulting amounts, less any amount we may reasonably deduct to cover the cost of voiding the account (including any tax liability), to the person or persons who had made the payments to the account. If we cannot establish the identity of any payer, the money we will pay the money to the child, care of the Registered Contact. We will repay the Government contribution(s) to HMRC.
- 13.2 If the CTF account is made void, any income or growth it has already earned will be subject to income tax and/or capital gains tax. Any such tax due will be payable by the person(s) who made the payment(s) into the account. If we cannot establish the identity of any payer, any tax due will be payable by the child (to the extent that any relevant personal allowance(s) are exceeded) and the Registered Contact must account for it to HMRC on the child's behalf.

14. Transfer from another CTF account manager

- 14.1 At any time we will accept a transfer from another authorised CTF account manager of an amount equal to the value of a CTF account held with that CTF account manager.
- 14.2 We will only accept transfers from another CTF account manager in the form of a cheque, electronic money transfer or equivalent.
- 14.3 The Registered Contact must complete the transfer application form we provide. We will wait 14 days from receipt of this form before applying to the existing CTF account manager

to transfer the value of the CTF account. The Registered Contact will have the right to change their mind during this period.

14.4 We do not make a charge for accepting a transfer from another CTF account manager.

15. Transfer to The Children's Mutual Non-Stakeholder CTF account

15.1 At any time the Registered Contact can ask us to transfer the Stakeholder CTF account to a Non-Stakeholder CTF account, if we are then offering one.

15.2 We will cash-in the SICAV fund shares on the next valuation point after we receive the instruction to transfer. If the transfer happens while lifestyling is in progress, we will also cash-in any other investments held for the account at the same time.

15.3 We will immediately use the cash-in value of the SICAV fund shares, and any other investments, to purchase shares in such other collective investment fund or funds, and/or other relevant investments (if the transfer happens while lifestyling is in progress), as the Registered Contact instructs.

15.4 We do not make a separate charge for transfer to a Non-Stakeholder CTF account, but as the transfer value will be treated as a new investment our standard charges for Non-Stakeholder CTF accounts will apply.

16. Transfer to another CTF account manager

16.1 At any time the Registered Contact can ask us to transfer to another authorised CTF account manager an amount equal to the then total value of the account. In the first instance, the Registered Contact must contact the new CTF account manager, which will provide them with an appropriate form for completion.

16.2 We will only make transfers to another CTF account manager in the form of a cheque, electronic money transfer or equivalent.

16.3 To make the transfer we will cash-in all SICAV fund shares at the price on the first valuation point after either:

- (a) we receive the instruction to transfer, or
- (b) all payments into the account (other than government contributions) have been cleared, whichever is the later, or, if the Registered Contact asks to transfer at a later date, the last valuation point before that date. If the transfer happens while lifestyling is in progress, we will also cash-in any other

investments held for the account at the same time. We will pay the total resulting amount to the new CTF account manager.

16.4 We do not make a charge for making a transfer to another CTF account manager.

17. Withdrawals

17.1 Except as explained in Conditions 17.4 and 17.6 below, nobody may make any withdrawals from the account before the child has reached age 18. On their 18th birthday, the child may apply to withdraw the total value of their account. They will have no UK tax to pay on the amount withdrawn. They may reinvest any amount not withdrawn in any suitable product (other than a CTF account) which we then offer, but future income and growth may not be tax-free.

17.2 On withdrawal we will cash-in all investments held for the account at that time, and pay the resulting amount to the child. If the investments include any SICAV fund shares, we will cash them in at the price on the next valuation point on or after the child's 18th birthday. We will make payment by cheque drawn in the child's favour, or by direct credit to a UK bank account in their name. We may request evidence of their identity as required by international anti-money laundering regulations.

17.3 We will close the account on the child's 18th birthday. If all the money is not then withdrawn, and we have received no instruction for its reinvestment, we will place the cash-in value of the account in an interest bearing client money account in our name with an appropriate institution authorised under the Financial Services & Markets Act, 2000. Any interest earned by the money will be taxable, and the child must account for the tax to HMRC.

17.4 If the child becomes terminally ill at any time before their 18th birthday, HMRC may allow withdrawals to be made from the account by a person with parental responsibility for the child (or by the child if aged 16 or over). The Registered Contact must apply for permission to make withdrawals directly to HMRC. For this purpose, 'terminally ill' means that the child suffers from a progressive disease with an expectation of survival of no longer than 6 months.

17.5 If we receive permission from HMRC, we will allow the withdrawal of any amount(s),

requested on behalf of the child (or by the child if aged 16 or over). For each withdrawal we will cash-in however many SICAV fund shares as are needed, at the price on the first valuation point after either:

- (a) we receive the instruction to withdraw, or
- (b) all payments into the account (other than government contributions) have been cleared, whichever is the later, or, if we are asked to make the withdrawal on a later date, the last valuation point before that date, to produce the requested withdrawal amount. If the withdrawal happens while lifestyling is in progress, we will, if necessary, also cash-in other investments held for the account at the same time, so as to produce the requested withdrawal amount. We will maintain the account in force until the child's 18th birthday, regardless of how much it is worth after the withdrawal(s) have been made. New payments may continue to be made into the account, subject to the limits shown in the Key Features.

17.6 We will make withdrawals from the account in respect of our charges. These are explained in the Key Features.

18. Death of the child

18.1 If the child dies before they reach age 18, the account will end and we will close it as explained in Condition 18.3. The value of the account on closure will pass to the child's estate and form part of that estate for inheritance tax (IHT) purposes.

18.2 Before we can pay out the value of the account to the child's personal representative(s), they will have to provide (at their own expense) documentary evidence of the child's death and of their entitlement to claim payment. An original Registrar's copy Death Certificate will normally be sufficient evidence of death. If the child was old enough to make a will and had done so, when a copy of the will (or Grant of Probate) will also normally be required as evidence of entitlement to claim. We will return all original documents provided to the person(s) claiming, after making copies of these which we will keep.

18.3 We will close the account by cashing-in all SICAV fund shares held for account at the price on the first valuation point after we

receive evidence of the child's death. If death happens while lifestyling is in progress, we will also cash-in any other investments held for the account at the same time. We will pay the resulting amount into an interest bearing account with an appropriate institution authorised under the Financial Services & Markets Act 2000. We will pay the amount due to the child's personal representative(s) when we have received the documentary evidence referred to in Condition 18.2 above.

18.4 All growth in the value of the investments held for the account up to and including the date of the child's death will be free from tax. Any income or growth arising after the date of death, but before we can pay out the value of the account to the child's personal representative(s), will be subject to tax. We will deduct such tax from the amount we pay them and account for it to HMRC.

19. Schemes of arrangement

19.1 If the SICAV fund is subject to a scheme of arrangement (for example, it is transferred to or merged with another SICAV fund), the holding will continue into the new SICAV fund unless we do not offer that new SICAV fund for Stakeholder CTF accounts. If this happens the Registered Contact will have to switch the holding to another collective investment scheme that we do offer for Stakeholder CTF accounts, or transfer the value of the account to another authorised CTF account manager.

20. Data Protection

20.1 The Data Protection Act 1998 regulates the way we can use data we have collected from anyone, and requires us to obtain their consent before we can use their personal data. The Registered Contact gives this consent in respect of both themselves and the child by making the declaration in the application. Consent covers all organisations trading under The Children's Mutual name, their agents and administrators, and also (for marketing purposes only) selected third parties.

20.2 We use personal data solely for the purposes of:

- (a) setting up and administering any investments with any organisation trading as The Children's Mutual, and
- (b) for business analysis purposes, and
- (c) for the prevention of fraud, and

- (d) to send details of other goods and services we can offer or promote (unless you have indicated that you do not wish to receive such material).

21. Rights of third parties

21.1 Neither the Registered Contact, nor any person making payments into the account for, or on behalf of, the child, will obtain any rights under the Contracts (Rights of Third Parties) Act, 1999 to the account or to any of the investments we hold for it.

22. Changing these Conditions

22.1 Subject to the FSA rules and the Regulations, and to giving the Registered Contact written notice at least 30 days beforehand, we have the right to change, or add to, these Terms and Conditions at any time.

22.2 The purpose of any change will be to:

- (a) make the Terms and Conditions fairer, or easier to understand, or
- (b) correct any mistake or omission, or
- (c) give effect to any change to the FSA rules and/or the Regulations, or
- (d) reflect new practices or developments, or
- (e) reflect operational changes, or
- (f) protect the interests of the child, or
- (g) enable us to take remedial action in the event that the SICAV fund (or any other asset in which, as the result of lifestyleing, the account is invested) becomes unavailable or, in our opinion, unsuitable, for investment by Stakeholder CTF accounts.

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