

Any more questions? Please see the Key Features, call us on 0845 077 1899 or visit our website at thechildrensmutual.co.uk

Please note

- Data Protection Act 1998 (the Act)**

We will use the information on this form to process the application, and to administer the CTF account once it has been set up. This information will be available to members of the Tunbridge Wells Equitable Marketing Group and associate companies and agents, but will not be passed to any other party without your consent, unless we are required to do so by law or regulation. The data may also be shared with other financial services companies to help fraud prevention. We may also use it to provide you, or the child, with details of other products or services we can offer or promote. If you do not wish us to do this, please cross the box(es) below as appropriate.

Please do not provide details of other products/services to me to the child .

The Act confers rights of access to information we hold. Details are available on request.

- Money Laundering and Fraud Prevention**

International regulations require that we sometimes check certain details about customers. To do this we may use an agency to carry out a search to verify a customer's identity. The details on the application form may be used by the agency to check against other databases (public or otherwise) that are available. The details may also be used in the future to help other organisations to verify the customer's identity and confidential records would be retained. By signing the application form as the registered contact, you give us authority to do this.

PLEASE LEAVE THIS AREA BLANK

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 (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). This should help to reduce the chances of the child getting back less than has been paid in.
- 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 an OEIC. An OEIC is a type of fund that offers a simple way to invest in a range of company shares or other types of investment. The OEIC 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. We'll also gradually invest more of any new payments into the Shariah Baby Bond® 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 OEIC 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 OEICs (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. Inflation would reduce what you could buy with the final payout.

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 for 100% of the first £30,000 and 90% of the next £20,000 – so the maximum compensation is £48,000. For further information telephone 020 7892 7300.

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:
cft@thechildrensmutual.co.uk
or write to:
The Children's Mutual
PO Box 2067
Gloucester
GL4 3YU

SIMPLIFIED PROSPECTUS

Important information about the investment fund

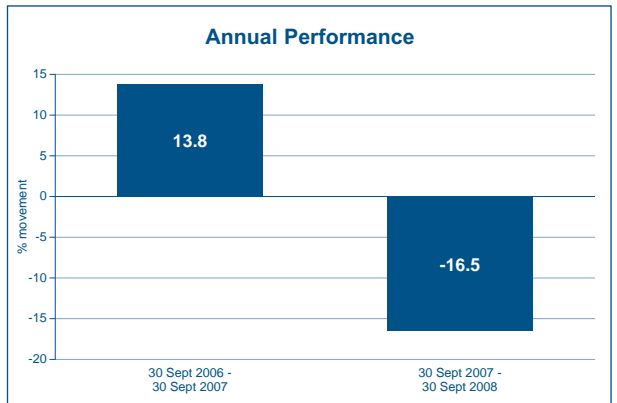
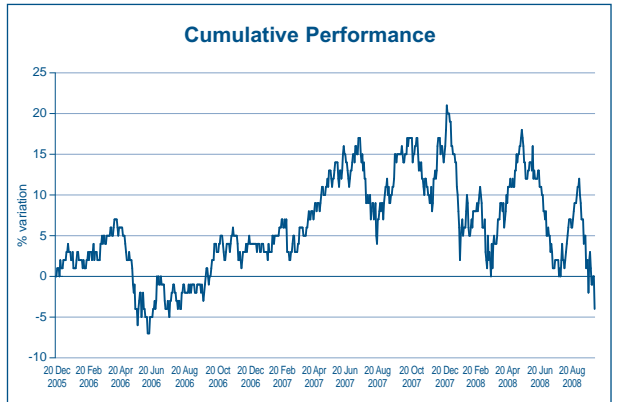
As Shariah Baby Bond® is a Stakeholder CTF account, money paid in is invested over most of the period of the plan in a fund that holds company shares. The tables on the following pages contain important information about this fund. The information is taken from the fund manager's 'Simplified Prospectus', 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 30 September 08.

The bar chart shows the annual % movement between the dates shown at the bottom of the chart.



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 'Societe 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	130.6%	'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	21 November 2008	This is the date the fund manager's Simplified Prospectus was last updated.

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

The Children's Mutual, PO Box 2067, Gloucester GL4 3YU
Tel: 0845 077 1899 Email: ctf@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. You can check the details of our authorisation on the FSA's register by visiting the FSA's website www.fsa.gov.uk/register or by contacting the FSA on 0845 606 1234.



The
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Mutual™

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