

# Key Features of your International Portfolio Bond – Life PRIIPs or International Portfolio Bond – Redemption PRIIPs

*For UK customers*

## **keyfacts**<sup>®</sup>

The Financial Conduct Authority is a financial services regulator. It requires us, Quilter International Isle of Man Limited, to give you this important information to help you to decide whether our International Portfolio Bond is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.



# Please read this document carefully

*The purpose of this Key Features Document is to give you a clear and balanced summary of the information you need to help you make a decision about the International Portfolio Bond.*

Reading financial literature can be daunting, so we try to make our brochures and other documents as clear as possible, with no 'small print'. If technical expressions are unavoidable, we also include an explanation in plain English.

Please read this Key Features Document in conjunction with your personal Key Features Illustration. We look forward to welcoming you as an Quilter International customer.

*thank you*

- All references to Quilter International, we, us and our in this brochure refer to Quilter International Isle of Man Limited, who is the provider of the International Portfolio Bond - Life PRIIPs and International Portfolio Bond - Redemption PRIIPs.
- Throughout this brochure we will refer to the International Portfolio Bond – Life PRIIPs and International Portfolio Bond – Redemption PRIIPs as the International Portfolio Bond or International Portfolio Bond – Life or International Portfolio Bond – Redemption, as applicable.
- The value of investments and the income from them can go down as well as up. You may not get back as much as you invest.
- This document is based on Quilter International's interpretation of the law and HM Revenue and Customs tax practice as at January 2021. We believe this interpretation is correct, but cannot guarantee it. Tax relief and the tax treatment of investments may change.



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## About Quilter International

The International Portfolio Bond is provided by Quilter International Isle of Man Limited (Quilter International). Quilter International is part of Quilter, a leading provider of advice, investments and wealth management both in the UK and internationally, managing £109.5 billion of investments on behalf of over 900,000 customers (as at 30 September 2020).

## Aims

### *The benefits of investing in an International Portfolio Bond*

The International Portfolio Bond aims to provide a flexible method of investing your money with the potential for growth over the medium- to long-term. It is designed to allow your capital to grow and to offer you the option to take regular, tax-efficient withdrawals.

With the International Portfolio Bond, you can enjoy significant investment freedom by spreading and varying your investments across a wide range of funds and/or different assets, as you wish, according to your financial goals and your attitude to risk.

Because it can be structured as either a life assurance or capital redemption policy and is structured as a cluster of individual policies, it can help provide you with the most appropriate tax planning benefits to suit your needs.

### *The two International Portfolio Bond options are:*

- **The International Portfolio Bond – Life – set up on a life assurance basis**  
The International Portfolio Bond – Life is a life assurance contract and has a choice of having one or more lives assured. Where there is one life assured, Quilter International will pay a death benefit of 101% of the surrender value on the death of the sole life assured. Where there is more than one life assured, Quilter International will pay a death benefit of 101% of the surrender value on the death of the last life assured.
- **The International Portfolio Bond – Redemption – set up on a capital redemption basis**  
The International Portfolio Bond – Redemption does not have any lives assured. It is a capital redemption policy which has a 99 year fixed term. Your investment will continue to the end of the term (the maturity date), unless you fully cash it in before the maturity date. Each policy within the cluster of policies still in force at the maturity date has a guaranteed maturity value of twice the premium paid less a percentage which is derived from the proportion that the withdrawals taken from the policy bear to the premium paid.

Whether you choose the ***International Portfolio Bond – Life*** or the ***International Portfolio Bond – Redemption***, both may offer the opportunity to take advantage of several tax benefits, including using trusts to help reduce your UK inheritance tax (IHT) liability. Please discuss any questions you may have with your financial adviser.

### **With the International Portfolio Bond, you can:**

- take advantage of investment opportunities from many of the world's leading asset providers
- access your capital, including an option to take regular, tax-efficient withdrawals. Please see Question 14 for further information
- change assets linked to your portfolio fund if your circumstances change
- transfer in most collective investment schemes or unit trusts which you already hold
- reduce paperwork by keeping all the assets in one place
- appoint an independent fund adviser and benefit from their guidance and expertise
- appoint up to three authorised custodians (subject to our agreement) to hold the assets or alternatively you can hold some of the assets with an authorised custodian and some of the assets with Quilter International's appointed custodian. Please see Question 6 for further information
- agree how you want to pay for the advice provided by your financial adviser and/or fund adviser
- request us to appoint an independent discretionary asset manager to provide investment services in respect of the assets linked to your policy on a discretionary or advisory basis. Please see Question 5 for further information. We make a charge for allowing this service to be provided.

The portfolio fund will include a 'transaction account', which is set up as soon as the bond is live. This account is used to simplify the buying and selling of assets. It's also used to take charges that may apply to the bond.

### *Definitions*

**Policy** – your International Portfolio Bond will consist of a number of policies known as a cluster of policies and your premium will be spread equally across the number of policies you choose. The benefit of having more than one policy is to enhance the flexibility from a UK tax point of view when you cash in or withdraw money from your policy. We will automatically issue twelve policies if the box for the number of policies in the application form is blank.

**Portfolio Fund** – this is the fund we maintain in relation to your policy. It holds the notional units and unit price representing the value of your policy at any time. For example, when you pay us a premium, we add units to the portfolio fund and when we pay benefits and some portfolio fund charges from the policy we will cancel units in the portfolio fund. When the value of the assets linked to the portfolio fund increases then the price of the units in the portfolio fund is increased to reflect the change in the value of the assets.

**Portfolio Fund Charges** – these are the various charges for managing the portfolio fund and your policy as explained in Term 20 of the Policy Terms.

**Surrender value** – this is the amount of money you receive when you choose to cash in your policy, after any outstanding charges have been deducted.



# Your commitment

## *What you have to do as the investor*

You should make sure that you understand the features and risks of this product so you can decide whether it is likely to meet your needs and expectations in terms of flexibility, capital growth and taxation planning.

You must invest an initial premium of at least £25,000 (or other currency equivalent).

You need to choose the asset or assets in which to invest your premium. Your financial adviser or fund adviser can help you decide which assets are appropriate or you may appoint a fund adviser, or ask Quilter International to appoint a discretionary asset manager, to make this and ongoing decisions for you.

To ensure that your International Portfolio Bond and chosen assets continue to meet your needs, you should monitor their performance regularly, consider new assets that become available and make whatever changes to the assets that you feel are necessary. Your financial adviser, fund adviser or a discretionary asset manager if selected will be able to help with this.

### **Meeting the cost of charges and funding regular withdrawals**

We will deduct portfolio fund charges and any ongoing fees that you have arranged with your financial adviser or fund adviser from your transaction account, which is set up within the portfolio fund linked to your policy as soon as it starts. You should ensure there is enough cash in the transaction account held with us to cover any portfolio fund charges and ongoing fees.

Where you request regular withdrawals, you must select one or more assets to fund these withdrawals. This is known as your Nominated Asset. You need to select a Nominated Asset when you request regular withdrawals, but you can change the Nominated Asset at any time. You should ensure there is sufficient credit in the Nominated Asset to cover regular withdrawals five working days before the regular withdrawal due date.

If you have selected an authorised custodian to hold the assets linked to your policy, you need to ensure that there is enough cash in the authorised custodian's general transaction account to cover any portfolio fund charges and to fund any regular withdrawals or regular withdrawals for ongoing fees that are to be paid.

You should clear any debit balance in the transaction account within 30 days of receiving a quarterly valuation which shows a debit balance.

Please refer to the Policy Terms for further information on meeting the cost of charges and funding regular withdrawals and regular withdrawals for ongoing fees. Your financial adviser will be able to provide you with a copy of the Policy Terms. A copy of the Policy Terms is also available on the Quilter International website, [www.quilterinternational.com](http://www.quilterinternational.com).

Because the International Portfolio Bond is designed to be a medium to long-term investment, you should aim to hold it for at least 5-10 years.

You will also need to keep us informed of any future change to your address or contact details so we can continue to keep in touch with you. Our contact details are on page 21.



# Risks

## *Factors that could affect your policy's performance*

All types of investment involve some risk. The International Portfolio Bond gives you access to a wide variety of assets, the value of which may fall as well as rise. You accept this investment risk by taking out this policy. This means that we cannot guarantee the amount you get back when you cash in your policy. It may be less than forecast in the personal Key Features Illustration, or less than you invested, for the following reasons:

### **Choice of assets**

- The assets available all have specific objectives and associated risks. These differ according to the assets held within them. For example, if you choose 'emerging market' funds that are invested in parts of the world with less well established economies, their value could be subject to considerable price changes – known as 'volatility'. Similarly some funds, such as those investing in property, can be difficult to sell and you might not be able to sell such funds as quickly as you want.
- If you or your fund adviser or discretionary asset manager do not review the choice of assets within your policy regularly and monitor their performance, they may fail to meet your expectations.
- If the assets in your policy do not match your attitude to risk (willingness to accept potential losses), they may not perform as you anticipate.
- Where an asset holds investments in a currency different to the one in which it is denominated and in which your policy is held, there may be additional risks because of exchange rate fluctuations.

### **Charges and withdrawals**

- The effect of charges may be higher than illustrated. For example, you might decide to change to assets with higher charges than those shown in your Key Features Illustration, or investment management costs may increase in the future.
- If you take greater regular withdrawals than originally planned, the value of your International Portfolio Bond may be less than shown in your Key Features Illustration.

### **Tax changes**

- Tax rules could change in the future.

### **Cancellation risk**

- If you decide to cancel your policy within the first 30 days, its value could fall over this time. If so, you will get back less than you invested. If, at your request, we have facilitated the initial fee for advice given to you by your financial adviser and you decide to cancel your policy, we cannot reclaim or refund the fee. The fee agreement is between you and your financial adviser, not Quilter International, and it is up to you to reclaim the fee.

The section **Your commitment** on page 6 will help you understand how you can reduce some of these risks.

Please see page 23 for information on **Compensation and investor protection** in the unlikely event that Quilter International Isle of Man Limited becomes insolvent.

*You can find out more about the risks in the*

**International Portfolio Bond – Redemption PRIIPs Key Information Document** or **International Portfolio Bond – Life PRIIPs Key Information Document**. Your financial adviser will provide you with these documents.



# Trusts

## *Putting your International Portfolio Bond in a trust*

Your financial adviser may suggest that you help to safeguard your investment by placing your International Portfolio Bond in trust. This can help ensure your wealth is used as you intended during your lifetime and after you die, and may offer some advantages in the future if you are self-employed, get divorced or are means tested (for long-term care provision, for example). A trust can also benefit your family or beneficiaries after your death, by helping to avoid complicated probate issues.

Another important benefit is that you can reduce or even eliminate UK inheritance tax when transferring your wealth. Assets which are not held in trust and are above the nil-rate band (the threshold above which inheritance tax applies, currently £325,000\*) and the residence nil-rate band\*\*, could be liable to 40% inheritance tax.

\* This is based on our current interpretation of UK tax for the current tax year, the nil-rate band is frozen until tax year 2020/2021.

\*\* Since 6 April 2017, if you leave your home to direct line descendants, which includes amongst others your children (adopted, fostered and stepchildren) and grandchildren, you could be entitled to the addition of the residence nil-rate band. This is £175,000 from the 2020/21 tax year.

For more information, please go to: [www.gov.uk/inheritance-tax](http://www.gov.uk/inheritance-tax).

For further information about Quilter International's trusts please contact us or your financial adviser for the brochure, **A guide to trusts by Quilter International Trust Company (UK domiciles only)**.





# Questions and answers



### *Q1. Could the International Portfolio Bond be right for me?*

#### **The International Portfolio Bond could be right for you if you:**

- have sophisticated investment needs, and want access to a broad asset range and multiple currencies
- may want us to appoint a discretionary asset manager and/or an authorised custodian\*
- want to invest, individually or jointly, a minimum of £25,000/€37,500 or currency equivalent over the medium- to long-term, with the aim of achieving growth, bearing in mind that growth is not guaranteed
- are either a UK resident individual aged between 18 and 90, or a company or trust
- may want to use the bond as part of your tax planning
- want the option of taking regular withdrawals.

#### **The International Portfolio Bond might not be right for you if you:**

- have no other savings or investments
- need access to your capital in the short-term
- are not willing and able to accept the risk of potential investment losses
- are not comfortable making investment decisions

*\* subject to our approval.*

Whether you choose the International Portfolio Bond – Life or the International Portfolio Bond – Redemption, it can be set up to continue after your death, to potentially help with UK inheritance tax planning. As your attitude to risk and your financial objectives change, you can switch your fund choices accordingly.

If you have any questions about the suitability of this policy, its features and the funds you are intending to invest in, we recommend you speak to your financial adviser.

### *Q2. Is my money guaranteed?*

No, the value of your investment in the International Portfolio Bond can go down as well as up and you may not get back the amount invested.

### *Q3. What might I get back?*

Your personal Key Features Illustration gives examples of what you might get back. The projections shown are based on a range of assumptions about future growth rates, none of which are guaranteed.

#### **The amount you get back will depend on:**

- how much you have invested
- how long your premiums have been invested
- the investment performance of your chosen assets
- how much you have previously withdrawn
- the charges that we have taken
- any tax due when you cash in the policy
- how much you have asked us to withdraw to facilitate payment of fees to your financial adviser and/or fund adviser.

#### Q4. What funds and assets can I choose from?

You can choose from an extensive choice of PRIIPs\* compliant collective investment funds and assets, including:

- collective investment funds, funds with UCITS status, SICAVs, FCPs or unit trusts agreed by us (see the definitions below)
- bank deposits.

Your financial adviser can help you choose the most suitable assets for your circumstances and needs. You can invest in as many assets as you wish, subject to a minimum of £400 (or other currency equivalent) in each holding. Please note that some asset providers may have a higher minimum investment requirement than Quilter International and this minimum will prevail. Your financial adviser can provide you with details on this.

It is essential that you seek professional advice and review the underlying prospectus to ensure you are aware of the risks relating to any investment.

All assets are subject to our acceptance criteria. Your financial adviser can provide you with more details on the permitted assets. The value of all these funds/assets and bank deposits can fall as well as rise and they could, in exceptional circumstances, become valueless either temporarily, because of suspension, or permanently. You accept this risk by choosing to invest in these funds/assets.

Please note that all underlying assets in the International Portfolio Bond are owned by Quilter International. All rights relating to these funds and assets belong to Quilter International. We accept no responsibility for the investment performance of an asset. However, the value of your International Portfolio Bond, which you own, and the amount you get back will be directly linked to the performance of the assets you, your appointed fund adviser or the discretionary asset manager if selected have chosen.

You can get information about individual assets from your financial adviser.

#### Definitions

**Collective Investments** – are arrangements where investors pool their assets and have them professionally managed by an independent manager. Typical examples in the UK are authorised unit trusts and open-ended investment companies (OEICs).

**Undertakings for Collective Investment in Transferable Securities (UCITS)** – are collective investment schemes, which must comply with the European UCITS Directive, ie regulations and administrative provisions relating to undertakings for collective investments in transferable securities.

**Société d'Investissement à Capital Variable (SICAV)** – are open-ended collective investments common in western Europe, especially Luxembourg. These are increasingly sold under the UCITS Directive to allow wider marketing in the European Union.

**Fonds Commun de Placement (FCPS)** – are open-ended investments similar to SICAVs. They are typically issued in French-speaking countries in Europe.

**Fund Management Groups** – are investment management companies that employ the expertise of specialist fund managers to run their portfolio of funds on behalf of both private and institutional investors. Examples are Fidelity, HSBC, Invesco Perpetual, BlackRock and Schroders as well as many others.

**Unit Trusts** – are pooled investments created under trust laws. Investors buy and sell units in the fund, based on the buying ('offer') and sale ('bid') prices set by the investment management firm.

\* Details of the PRIIPs regulations are set out in the *Packaged Retail and Insurance-based Investment Products (Amendment) (EU Exit) Regulations*. (Prior to 1 January 2021 these regulations were set out in *Regulation (EU) No 1286/2014 of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products*.)

### *Q5. Can a fund adviser and/or discretionary asset manager be appointed to manage the assets?*

You can appoint a fund adviser or request us to appoint a discretionary asset manager to provide investment services in respect of the assets linked to the portfolio fund for your policy. You may appoint a different fund adviser or request us to appoint a different discretionary asset manager in respect of the assets held with Quilter International's default custodian or your chosen authorised custodians.

**Fund adviser** – a fund adviser is an individual or firm that you appoint to manage some or all of the assets in the portfolio fund linked to your policy. There are two types of fund adviser:

- An advisory fund adviser can guide you through the process of choosing assets and then manage the relevant assets in the portfolio fund linked to your policy for you. However, all decisions will ultimately be made by you.
- You can also go one step further and allow your fund adviser to make decisions on your behalf in line with pre-agreed boundaries. This role is sometimes known as a 'discretionary manager'.

If you wish to appoint a fund adviser please complete the 'Appointing a fund adviser to your International Portfolio Bond or European Portfolio Bond' form. Terms of business will normally need to be agreed between you and the fund adviser and any fees for such a service are personal to you and will not be deemed a portfolio fund charge. If you request that we facilitate payment of a fee to your fund adviser, this will be a part surrender or regular withdrawal for ongoing fees and form part of your 5% tax deferred allowance. Please refer to the Policy Terms for further information on appointing a fund adviser to provide investment services in respect of the assets. Your financial adviser will be able to provide you with a copy of the Policy Terms. A copy of the Policy Terms is also available on the Quilter International website.

**Discretionary asset manager** – a discretionary asset manager is an individual or firm that is appointed by Quilter International to manage some or all of the assets in the portfolio fund linked to your policy. A discretionary asset manager can be appointed on a discretionary or an advisory basis. The difference between the activities performed by a discretionary asset manager on a discretionary and advisory basis are explained below:

- **Discretionary basis** – means the adviser holds regulatory authority to carry out discretionary investment management activities based on an agreed investment mandate and does not need to agree any changes to the assets before they submit the asset dealing instructions.
- **Advisory basis** – means the adviser holds the regulatory authority to advise on investments. The discretionary asset manager must obtain the policyholder's agreement to the investment recommendation they are providing to Quilter International before they submit any instruction to the Dealing Desk.

If you wish to request that we use a discretionary asset manager either on a discretionary or advisory basis in respect of your policy, please complete the 'Quilter International Isle of Man Limited/Quilter International Ireland dac appointing a discretionary asset manager' form. We will confirm their appointment or the declination of the appointment to you through your Online Service Account, if you have one, or by post. Please note that the discretionary asset manager fee does not form part of your 5% tax deferred allowance. Please refer to the Policy Terms for further information on appointing a discretionary asset manager to provide investment services in respect of the assets. Your financial adviser will be able to provide you with a copy of the Policy Terms.

### *Q6. What is a custodian?*

You can request us to appoint up to three authorised custodians (subject to our agreement) to hold the assets linked to your policy, or alternatively you can request that some of the assets linked to your policy are held with an authorised custodian and some of the assets linked to your policy are held with Quilter International's default custodian.

Please note the minimum investment amount per custodian is £50,000/€75,000 or currency equivalent. Please find below a description of the two types of custodian:

**Quilter International's default custodian** – is the professional banker or other organisation, which is authorised by its regulator to provide custodian and depository services that we normally use to hold our assets.

**An authorised custodian** – will hold the assets on Quilter International's behalf. You may already have a custodial arrangement which you are happy with and you can continue your existing arrangement within the International Portfolio Bond. Your choice of custodian, whether it is your existing arrangement or a new one, will always be subject to our approval. Through this facility, you can request to appoint a fund adviser and/or discretionary asset manager who can issue asset dealing instructions directly to the authorised custodian(s) who will implement them. The fund adviser and/or discretionary asset manager and the authorised custodian can be associated or even be part of the same firm, or they may be completely independent of each other. Please refer to the Policy Terms for further information on appointing an authorised custodian to hold part or all of the assets. Your financial adviser will be able to provide you with a copy of the Policy Terms.

If you have chosen to have more than one authorised custodian to hold the assets, you need to select one of them as a lead custodian. Where the assets are held in part by the default custodian, the default custodian will be the lead custodian. We will instruct the lead custodian to sell assets to pay for portfolio bond charges debited to the transaction account held by our default custodian.

### *Q7. Can I change my asset choice?*

You, your fund adviser, or the discretionary asset manager can change the assets. All deals are co-ordinated by Quilter International rather than individual fund managers, so you, your fund adviser, or the discretionary asset manager just need to request which assets you want to buy or sell. If the assets linked to your policy are held by an authorised custodian you, your fund adviser or the discretionary asset manager will have to manage all transactions on these assets directly with the authorised custodian's dealing desk. Please note that there may be dealing charges, one for each sale and one for each purchase. These do not apply until the end of the first calendar quarter that the bond is live.

### *Q8. What are Key Information Documents (KIDs) and Key Investor Information Documents (KIIDs)?*

Key Information Documents and Key Investor Information Documents are issued by the fund manager, to give more comprehensive information about the way each fund works and its investment risks. Key Information Documents (KIDs), have been introduced gradually from January 2018. If no KID is available for a particular fund, the fund manager concerned will provide a Key Investor Information Document (KIID).

Both documents present similar information but are based on two separate pieces of legislation.

The provision of a KID or KIID is a regulatory requirement if you are thinking of investing in a fund within an International Portfolio Bond.

### *Q9. What currency flexibility does my International Portfolio Bond offer?*

With the International Portfolio Bond you can choose which currency you want for policy valuations and premium payments. You can also hold assets in different currencies:

- **Policy currency** – your International Portfolio Bond investment can be held in any of the currencies listed in the ‘at a glance’ document (available from us or your financial adviser). You can choose the currency in which you want your International Portfolio Bond valuations to be displayed. This is known as the policy currency. This is also the currency in which the deduction of portfolio fund charges will be made.
- **Premium currency** – if the currency you choose to make your investment into the policy (the premium currency) is other than the policy currency, you should be aware that we will notionally convert your premium into your chosen policy currency. This means we will not physically convert the premium itself, just apply the converted amount to your policy. This currency conversion could expose you to exchange rate fluctuations. Any conversion that we make will be based on the closing market mid-rate\* provided to us by a third party currency rate provider on the date we receive your investment payment to our bank account. The converted premium will be the amount which is shown in your policy schedules.
- All currencies have a market rate. Any provider dealing with currencies will independently set different ‘buy’ and ‘sell’ rates, which include overheads and profit margins. The market mid-rate is derived from the mid-point between ‘buy’ and ‘sell’ rates used in the global markets.

### *Q10. How do I pay my adviser?*

You can appoint a fund adviser or request us to appoint a discretionary asset manager to provide investment services in respect of the assets linked to the portfolio fund for your policy. You may appoint a different fund adviser or discretionary asset manager in respect of the assets held with Quilter International’s default custodian or your chosen authorised custodians.

#### *Advice fees*

You can pay your adviser’s fee in a number of ways. You can pay it directly to your adviser, for example by cheque, keeping it completely separate from your policy. Alternatively, you can ask Quilter International to pay a withdrawal from the policy that’s equivalent to the fee, which will then be paid to your adviser. We will also confirm to you any fees for which you ask us to arrange payment to either your financial adviser or fund adviser.

If you decide on this route, there are a number of options which can be used on their own or in combination with each other:

#### *Financial adviser advice fees*

**Initial fee from your payment before it is invested as a premium in the policy (not available for cash or asset transfers):** you can ask Quilter International to pay a fixed monetary amount or a percentage of the initial investment we receive from you to your financial adviser.

**Initial fee taken as a withdrawal from your policy once we have accepted your application for the policy:** you can ask Quilter International to make a one-off withdrawal from your policy to pay a fee to your financial adviser expressed either as a fixed monetary amount or percentage of the premium invested in the policy. These initial fees can also apply to advice for additional premium payments (top ups) where the fee can be paid either before or after the top up is accepted by us. If you ask us to pay a fee after the policy or top up is accepted, we will treat this as a withdrawal.

**Ongoing service fee:** you can also ask Quilter International to make a regular withdrawal for ongoing fees expressed as either a fixed monetary amount or an annual percentage of the value of the portfolio fund linked to your policy. This type of regular fee is agreed by you, with your financial adviser, in respect of ongoing advice. This regular withdrawal for ongoing fees is payable quarterly in arrears.

**Ad hoc fee:** you can also ask Quilter International to pay a one-off withdrawal to your financial adviser to pay an ad hoc fee. This must be a monetary amount.

### *Fund adviser fees*

If you appoint a fund adviser (which could be your financial adviser or a third party), there are a number of fee payment options which can be used on their own or in combination with each other:

1. **Fund adviser fee:** you can ask Quilter International to make a regular withdrawal for ongoing fees for a fixed monetary amount or an annual percentage of the assets held in the portfolio fund linked to your policy which relate to a particular custodian in order to pay a regular fee to the fund adviser you have appointed to manage those assets. You can request a fund adviser fee for each fund adviser you have appointed in respect of the assets they are appointed to manage for you. This regular withdrawal for ongoing fees is payable quarterly in arrears.
2. **Ad hoc fee:** you can ask Quilter International to pay a one-off withdrawal to your fund adviser to pay an ad hoc fee. This must be expressed as a monetary amount.
3. **Dealing advice fee** (only available where some or all of the assets linked to your policy are held with Quilter International's default custodian): you can ask Quilter International to pay a dealing advice fee that will be a fixed percentage of the value of the assets held with our default custodian on the purchase date of a qualifying transaction. These are payable quarterly in arrears to your fund adviser for ongoing investment services provided.

### *Discretionary Asset Manager charge*

If we appoint a discretionary asset manager, the charge is a yearly percentage of the value of the portfolio fund to be taken quarterly. Please refer to your Policy Terms for further information on discretionary asset manager charges.

**Please note that advice fees and fund adviser fees – with the exception of the initial fee before you invest – are treated as withdrawals from your policy and count against your tax deferred withdrawal allowance. For further information please see Question 14.**

### *Q11. Where can I find out about the charges made by Quilter International for managing my International Portfolio Bond?*

Your personal Key Features Illustration provides details of the charges made by Quilter International for managing your International Portfolio Bond and the investments within it, how the charges are taken, and the effect they could have on the value of your International Portfolio Bond.

Full details about the charges that may apply to your International Portfolio Bond will be confirmed in the **Charges Schedule** which will be sent to you, together with your policy documents, after your policy has started.

There are two possible types of deductions from your policy that you should be aware of:

### *Quilter International Portfolio fund charges*

There are a number of charges that we may deduct from your policy, for example to cover administration and management of your policy and the portfolio fund, and any asset dealing charges. Any funds that you invest in will also charge an annual management charge. The cost of this varies from fund to fund. You can find a description of all the charges in the Policy Terms. Your financial adviser will be able to provide you with a copy of the Policy Terms.

### *Paying for third party and other charges*

You may incur some additional charges due to the nature of this investment, such as **bank charges**, and **telegraphic transfer charges**. Your financial adviser will provide details and explanations of all the charges.

### *Q12. What happens if the balance of the transaction account is not sufficient to pay a charge?*

If there is not sufficient credit balance in the transaction account in the portfolio fund linked to your policy to pay a portfolio fund charge, that amount is still deducted and the transaction account will show a debit balance.

If you have chosen for the assets in the portfolio fund linked to your policy to be held by an authorised custodian, then you, your fund adviser or the discretionary asset manager must ensure there is sufficient credit in the authorised custodian's general transaction account to cover the portfolio fund charges that Quilter International will invoice the authorised custodian to pay. If you have chosen more than one authorised custodian, you will also have chosen which authorised custodian we should invoice. This authorised custodian will be known as the Lead Custodian.

It is the responsibility of you or your appointed fund adviser, or the discretionary asset manager to ensure there is sufficient credit balance in the transaction account held with us or the relevant authorised custodian to cover all fees, withdrawals and charges due.

If you do not meet this responsibility, we have the right to sell assets to recoup our costs and to stop paying withdrawals and fees.

You can find full details of how a debit balance can be cleared, including how we may automatically clear the debit balance once it reaches a certain level, in your Policy Terms. Your financial adviser will be able to discuss this with you in more detail.

### *Q13. How will I know how my International Portfolio Bond is doing?*

The majority of funds you can invest in are priced daily. The value of your International Portfolio Bond is based on the total number of units held in the portfolio fund linked to your policy. If the fund unit prices rise or fall, so will the value of your International Portfolio Bond.

When you become a policyholder, you will have the option to use an Online Service Account, via our online wealth management service, on Wealth Interactive.

Here you can access:

- a summary view of all your Quilter International policies in one place
- up to date valuations 24 hours, 7 days a week.

Alternatively you can contact our client service centre on the Contact details on page 21.

### *Q14. Can I take money out?*

The International Portfolio Bond gives you the flexibility to access your capital – subject to a minimum regular withdrawal amount of £400 and £1,000 for a one-off payment provided that the amount in your policy can sustain both the withdrawals and the charges involved. Any withdrawals made to pay for advice fees are exempt from this monetary limit. Please see Question 10 for further information on fees.

You can withdraw up to 5% of your total investment each policy year without any immediate UK tax liability. This allowance will be reduced by the amount of any withdrawals made to pay fees to your financial adviser or fund adviser. If you don't use this allowance in a specific policy year, it can be carried over to the next policy year, so you could withdraw 10% tax deferred in that year, and so on.

All withdrawals will be free of policy encashment charges. If the value of your policy falls below the minimum value for maintaining a policy (currently £10,000 or currency equivalent), we can decide to surrender it unless you agree to make a further premium to top up your investment.



### *Regular withdrawals*

You can use your policy to create a regular income stream; either yearly, half-yearly, termly (every 4 months), quarterly, every two months or monthly. These withdrawals will be deducted from the transaction account for your policy where we pay the withdrawals to you.

Where one or more authorised custodians have been appointed, you may also ask us (subject to our agreement) for the authorised custodian to pay the regular withdrawals on Quilter International's behalf. If you do not request this, or we do not agree to such a request, Quilter International will pay the regular withdrawals to you.

You may also select which authorised custodian we should be receiving money from to pay the regular withdrawals to you.

Where regular withdrawals will be funded from assets held with our default custodian, you must nominate an asset to be sold. The Nominated Asset may be the transaction account held with us for your policy. Please note that if we cannot sell a Nominated Asset, or there is insufficient credit in either the transaction account held with us or the authorised custodian's transaction account (where we have agreed they can pay the regular withdrawals on our behalf) on the regular withdrawal due date, then the regular withdrawal will not be paid.

Regular withdrawals will be reflected by selling units in the portfolio fund linked to your policy. This is a partial surrender across all of the policies within the cluster of policies, in equal amounts. This will be reflected in your quarterly valuations.

Please refer to the Policy Terms for further information on taking money out of your policy. Your financial adviser will be able to provide you with a copy of the Policy Terms.

### *One-off withdrawals (part surrenders)*

As long as you leave the minimum amount in your policy, you can, subject to a minimum of £1,000, normally withdraw any amount you want at any stage by making a request to us and providing an asset dealing instruction.

However, please remember that the International Portfolio Bond is designed for medium- to long-term investment, so taking money out of your policy in the early years can dramatically reduce its potential.

**You should ask your financial adviser about the tax and financial planning implications before you commit to withdrawals or surrendering individual policies.**

### *Surrendering individual policies*

As an alternative to making one-off withdrawals across all of the individual policies, you could request to fully cash in one or more individual policies and receive the surrender proceeds.

If you fully cash in individual policies, we will pay you the surrender value which reflects the deduction after any outstanding charges for those individual policies.

These withdrawals are not subject to the 5% tax deferred allowance, but if there is a gain (total amounts paid out is more than the total investment made to the policy where there have been no previous withdrawals), you may be liable to income tax on the gain.

### *Q15. How can I make payments to Quilter International?*

You can make your payment by electronic bank transfer in most major currencies, or by using our cash or asset transfer or share exchange services. If you wish to make an electronic bank transfer you can find full information on the banking details in the **Guidance notes for starting your Quilter International - International Portfolio Bond**, which your financial adviser can give to you.

You can add to your investment whenever you like (subject to our acceptance) by making further payments of at least £2,500 (or other currency equivalent). Please contact your financial adviser or write to us at our Head Office address after your policy has been set up if you wish to add to your investment.

### *Q16. What happens to my International Portfolio Bond if I die?*

If you choose the International Portfolio Bond – Life, when the sole life assured or the last person whose life is assured dies, we will pay out a death benefit of 101% of the surrender value of your policy. (So, if the surrender value of your policy on notification to us of death is £200,000, for example, the total amount paid out will be £202,000.)

#### *International Portfolio Bond - Life*

The treatment of your policy when a death occurs depends on whether there are surviving policyholders (which includes trustees of a trust) and/or lives assured. Note that policyholders are the owners of the policy whereas lives assured are the people whose lives are covered in the insurance contract. Therefore, the insurance contract will end when the last life assured dies. Different scenarios are explained below:

##### *A policyholder has died and at least one policyholder is still alive*

- If at least one life assured is still alive, the bond will continue and will automatically transfer to the surviving policyholder(s) or trustees where a trust has been used.
- If all lives assured have died, the bond will come to an end. The death benefit will be payable to the surviving policyholder(s) or trustees where a trust has been used.

##### *The last policyholder has died*

- If at least one life assured is still alive, the bond will continue and ownership will be transferred to the legal personal representatives of the deceased policyholder's estate. If a trust has been used and the last trustee has died then the legal personal representative of the last trustee will appoint a replacement trustee and the bond will continue to be owned by the trustees.
- If all lives assured have died, the bond will come to an end and the death benefit will be payable to the deceased policyholder's legal personal representatives. If the bond is subject to a trust, the death benefit will be payable to the trustees of the trust (once appointed by the legal personal representative of the last trustee).

#### *International Portfolio Bond - Redemption*

The treatment of your policy when a death occurs depends on whether there are surviving policyholders (including trustees of a trust).

**If a policyholder has died and at least one policyholder is still alive, the bond will continue and will automatically transfer to the surviving policyholder(s) or trustees of the trust where a trust has been used.**

**If the last policyholder has died, the bond will continue until the end of the 99-year term.**

**Ownership of the bond will pass to one of the following parties:**

- If the bond is subject to a trust, then the legal personal representatives of the deceased trustee will appoint a replacement trustee and the bond will continue to be owned by the trustees of the trust.
- In all other cases, ownership will be transferred to the legal personal representatives of the deceased policyholder's estate. They can then choose whether to:
  - keep the bond and appoint a beneficiary to become the policyholder by executing a deed of assignment,
  - or
  - encash the bond to pay the proceeds to your estate's beneficiaries.

### *Q17. What about tax?*

**Please note:** This information is based on our current understanding of UK tax which may change in the future.



### *Personal tax*

The following applies if you are a UK taxpayer. If you are not a UK taxpayer then you need to take advice about tax from your financial adviser.

- You will not normally have to pay capital gains tax in connection with your policy.
- You may withdraw up to 5% of your original premium (plus any additional premiums from the date the additional premium is paid) each year for 20 years without any immediate liability to income tax.
- If you withdraw more than the 5% tax deferred allowance in a policy year, you may be liable to income tax\* on the excess (known as an excess gain).
- If you request that we facilitate payment of a fee to your fund adviser, this will be a part surrender or regular withdrawal for ongoing fees and form part of your 5% tax deferred allowance.
- If you request that we facilitate a payment of a fee to the discretionary asset manager, the fee will not form part of your 5% tax deferred allowance.
- When you finally cash in your policy, you may have to pay income tax on any gain you have made.
- Any gain made could also affect your right to age-related personal reliefs and any entitlement to children's tax credit\*.
- If you have chosen the life assurance option, your policy is treated for tax purposes as though you had fully cashed it in just before the death of the sole life assured or the last life assured.
- If you have set up your policy under trust it will be treated accordingly for tax purposes.

\* The tax position of your policy may change in the future. You may be subject to additional taxes or costs which are not accounted for within the contract. Please refer to your financial adviser for advice about tax liabilities.

### *Tax on policies under trust*

If you have been advised to set up your policy under trust, any liability to income tax will depend on several factors, including the type of trust and when the policy is cashed in. If your trustees are thinking of cashing in a policy set up under trust, they should speak to their financial adviser as there may be a potential income tax liability.

We strongly recommend that you speak to your financial adviser before making any decisions regarding trusts.

### *Tax on funds*

The funds and assets in which you invest are not currently liable to taxes in the Isle of Man, where Quilter International is based. However, investment income building up in any fund/asset may be subject to a tax deduction in the country where the income was produced.

#### *Q18. Can I change my mind?*

Yes. When we notify you that your application for the International Portfolio Bond – Life or International Portfolio Bond – Redemption has been accepted and send you the appropriate documentation, we will remind you that you have 30 days to change your mind and cancel your contract. You can do this by writing to the customer service centre at the address shown in **Contact details** on page 21 or online via your Online Service Account.

If you decide to cancel, we will give you your money back. However, if the value of your investment has fallen in the meantime, you may not get back the full amount you paid in. You should be aware that this reduction could be substantial if your chosen assets have a medium or high level of volatility or risk, or non-refundable charges. The description of the assets you have chosen will give details if this applies. In cases where the asset you have selected is not redeemable for a period, we may not be able to return that part of your premium until the end



of that period. Please note that some assets are priced on a weekly or less frequent basis, and certain assets also have cut off times for dealing purposes, so you may not be able to disinvest as quickly as you would like during periods of market volatility. This therefore could potentially cause delays in you receiving your money back. Please discuss this with your financial adviser if this is an area of concern for you.

Any Quilter International charges will be refunded in full. If, at your request, we have facilitated the initial fee for advice given to you by your financial adviser and you decide to cancel your contract we cannot reclaim or refund the fee. The fee agreement is between you and your financial adviser, not Quilter International and it is up to you to reclaim the fee.



# Other Information

## *Contact details*

If you need any further information about this product, please contact your financial adviser in the first instance. If you wish to contact us directly, you can do so in the following ways:

Phone: 01624 655 555  
Fax: 01624 611 715  
By writing to: Quilter International Isle of Man Limited  
King Edward Bay House  
King Edward Road  
Onchan  
Isle of Man  
IM99 1NU  
British Isles

## *Complaint procedures*

Customer satisfaction is very important to us at Quilter International, but if you do have cause to complain about the service you receive, we have procedures to make sure your complaint is dealt with fairly.

### **How can you complain?**

It's simple to make a complaint to us in writing, by email, or over the phone. If you write to us, please mark it clearly as a complaint and provide as much detail as possible, including what you want us to do to put things right.

Including as much detail as you can about what happened will enable us to understand your complaint and investigate it thoroughly. If you are happy for us to call you, please also provide a contact telephone number and we will acknowledge receipt of your complaint and endeavour to contact you within five working days of receiving the complaint.

### **What happens if you complain?**

Our administration team and manager will be responsible initially for resolving your complaint. If they are unable to do so, it can be escalated to the complaints team who will carry out a review and if they are unable to resolve your complaint, they will send you a final response.



### Complaints Team Contact Details

You can write to the complaints team using the below address:

Quilter International  
 King Edward Bay House  
 King Edward Road  
 Onchan  
 Isle of Man  
 IM99 1NU  
 British Isles  
 Email: QINTLcomplaints@quilter.com  
 Fax: + 44 (0) 1624 611715

You can telephone us on + 44 (0) 1624 655555.

### What if you are not satisfied with the outcome?

We will do everything we can to resolve your complaint but if you are not satisfied by our response, you can refer it to the Isle of Man Financial Services Ombudsman Scheme (FSOS).

The FSOS is an independent body that will consider your complaint impartially to reach a conclusion. There is more information about this service on their website: <http://www.gov.im/oft/ombudsman/>.

You can write to the Ombudsman at the following address:  
 The Financial Services Ombudsman Scheme for the Isle of Man  
 Thie Slieau Whallian  
 Foxdale Road  
 St John's  
 Isle of Man  
 IM4 3AS  
 British Isles

### *About the policy terms*

This Key Features Document gives a summary of our two International Portfolio Bond options. It does not include all the definitions, exclusions, and Policy Terms.

For a copy of the relevant Policy Terms and our customer brochure **unlocking the secrets of intelligent investing**, or for more information about the fund range, please ask your financial adviser or contact us directly. A copy of the Policy Terms is also available on the Quilter International website.

We reserve the right to amend certain contractual terms, some without prior notice, as explained in the Policy Terms. If we do so we will let you know in writing and you may, if you wish, cash in your bond and receive the surrender value of your policy.

The contract you are applying for is subject to Isle of Man Law. If your application is accepted, we will send you the Policy Terms confirming the law applying to the contract. You can also obtain a copy of the Policy Terms from your financial adviser.

All our literature and future communications to you will be in English.

We provide all disclosure documents in accordance with the pre-contract disclosure requirements applying in the United Kingdom.



### *Compensation and investor protection*

Policyholder protection schemes are regarded as a safety net for policyholders of a life assurance company and allow policyholders to claim for compensation in the unlikely event the life assurance company becomes insolvent. The rules governing schemes and specific rights for each policyholder vary from one jurisdiction to another and in some jurisdictions there is no scheme at all.

On the Isle of Man there is a statutory protection scheme which covers Quilter International policyholders. This compensation scheme is a result of the Isle of Man Life Assurance (Compensation of Policyholders) Regulations 1991 which protects all investors whose policies were effected on or after 1 February 1991.

- Eligible investors in policies issued by Isle of Man authorised life assurance companies are protected no matter where in the world they reside.
- In the unlikely event that a life assurance company is unable to meet its liabilities, the policyholder will be protected by this compensation scheme.
- The compensation scheme offers investors up to 90% of the policy benefit. For the purposes of the scheme this is calculated as the policy value less any contractual charges associated with the policy. No monetary limit applies to the calculation of the policy benefit.

Please note that this protection only applies if Quilter International is unable to meet its liabilities.

Quilter International only writes unit-linked business and therefore there is always a close link between the value of the company's assets and the liabilities to its policyholders.

The value of your International Portfolio Bond is linked to the value of bank deposits and investments generally managed by third parties such as banks and fund managers. In the event that the provider of an asset, including bank deposits, fails, compensation will depend on the scheme in place where that provider is registered. You should be aware that any compensation arrangements are likely to relate only to Quilter International's aggregate holdings across all affected policies rather than to individual investors. As a result you may not benefit from any scheme.

Full details are available from Quilter International on request.

As you will be invested into funds/assets through an International Portfolio Bond, you are unlikely to be eligible for any compensation schemes which may apply to individuals investing directly. If this is a concern, please discuss this with your financial adviser so you are aware of the possible risks. You will not be eligible for any compensation from the UK Financial Services Compensation Scheme.

**We regularly update our literature.** You or your financial adviser can confirm that this **January 2021** version is the latest by checking the literature library on our website at [quilterinternational.com](https://www.quilterinternational.com)

*[www.quilterinternational.com](http://www.quilterinternational.com)*

*Calls may be monitored and recorded for training purposes and to avoid misunderstandings.  
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