PERSONAL INVESTMENT MANAGEMENT SERVICE

GUIDE TO INVESTMENT

RL360°

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INTRODUCTION

This guide aims to explain in more detail the different types of investment opportunities that are available to you through your PIMS plan.

It also details some of the potential benefits and risks that you might experience when investing.

This guide does not aim to provide you with a current list of assets available through PIMS. Acceptable assets change on a regular basis with some being added and others being removed.

For information about our dealing processes and procedures please refer to our Dealing Instruction form or contact our Isle of Man office via any of the methods detailed at the back of this guide.

Before applying for PIMS you should speak to your financial adviser and also read the rest of our literature suite in full, including:

- Product Guide
- Key Information Document (KID)
- Terms and Conditions (a specimen is available on request)

Your financial adviser will be able to advise you on suitable features, the charging structure and potential assets. You may request a copy of the PIMS Terms and Conditions at any time.

You can access the complete suite of PIMS product literature from our website www.rl360.com/pims

INVESTING THROUGH PIMS

We understand that it is crucial for you to choose the right type of assets in order to achieve your financial goals.

PIMS offers a tax efficient way (through its structure and offshore nature, as demonstrated in the following sections) of allowing you to build an asset portfolio dedicated to your needs. You can access a carefully selected range of investment funds through PIMS or more specialised boutique assets such as hedge funds and company shares.

There is no restriction on the number of assets you can choose for your PIMS plan, making it easy to combine the expertise of numerous asset managers. Each asset manager is likely to have a specialist knowledge of different market sectors and individual regions which could allow them to deliver the performance that matches your objectives.

SOME OF THE BENEFITS

Our head office is based in the Isle of Man, one of the world's leading offshore financial jurisdictions. As a result of being based in the Isle of Man, your assets through PIMS have greater potential for growth due to the tax efficient environment in which we operate (see below - Introducing 'Gross roll-up'). It is also likely that you will be able to access a wider range of assets offshore than you would be through insurance products in your own country. The following are some of the potential benefits.

INTRODUCING 'GROSS ROLL-UP'

In some countries, any growth or interest realised from investments held within a bond can be taxed on an ongoing basis. The UK would be a good example of this. However, in the Isle of Man this is not the case. Assets can grow without incurring any tax liability until such time as the proceeds are taken or the bond is cancelled. Where any income arises from assets that are domiciled in certain countries, some withholding tax may be deducted which cannot be reclaimed by us.

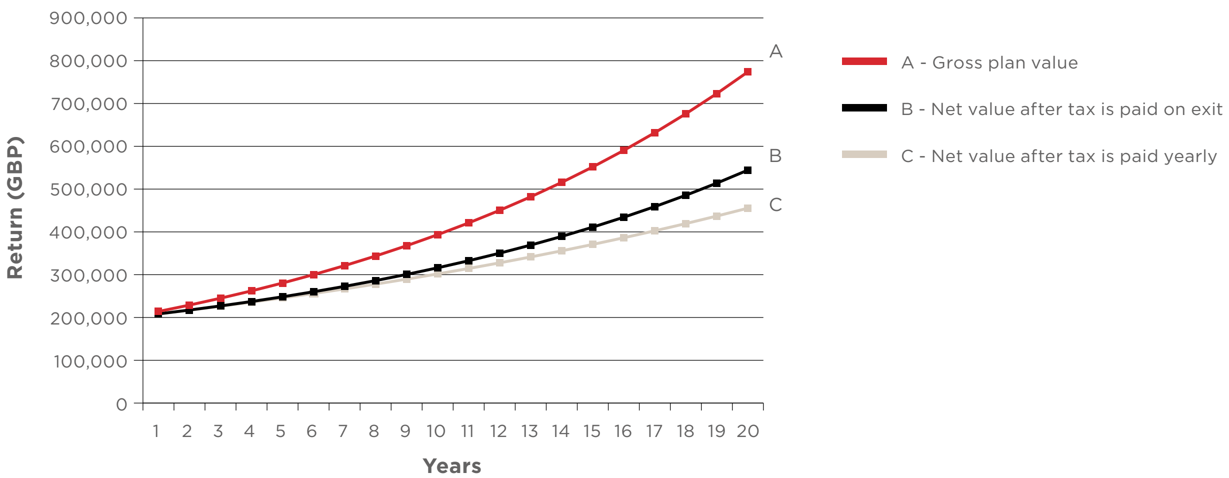
Table 1 shows the potential benefit to you of gross roll-up over time. The table is based on an investment of GBP200,000 growing at 7% per year with tax deducted on exit, compared with the tax treatment of another investment where tax is deducted at 40% each year. The gross value of the plan is also shown in the graph.

Table 1 - The potential benefit of gross roll-up over time

Investment period (years)	Gross value	Net value after tax is paid on exit	Net value after tax is paid yearly	Difference
0	£200,000	£200,000	£200,000	£0
5	£280,510	£248,306	£245,679	£2,627
10	£393,430	£316,058	£301,792	£14,267
15	£551,886	£411,084	£370,720	£40,364
20	£773,937	£544,362	£455,391	£88,971

Table 1 and Graph 1 illustrate a mathematical example of gross roll-up. They do not show the effect of plan charges, withholding tax (as mentioned previously), or potential exchange rate fluctuations that could reduce the impact of gross roll-up.

Graph 1 - Illustrating the effect of gross roll-up



SOME OF THE BENEFITS CONTINUED

INSTITUTIONAL DISCOUNTS

By investing through PIMS, we can offer you institutional discounts on many assets that a private retail investor would not receive. This could significantly reduce the initial costs of investment. The best way to demonstrate this is with an example.

Using the BlackRock UK Absolute Alpha (Acc) fund as our example and assuming an investment of GBP200,000 on the terms we have agreed with BlackRock as at June 2019, we can see the potential savings available in Table 2.

PIMS could save you GBP9,850 in the first year alone, but it is important to stress that these figures do not take into account growth rates or other plan charges relating to PIMS.

This example in Table 2 is for illustration purposes only and should not be taken as a recommendation to use BlackRock or the UK Absolute Alpha (Acc) fund, or any other investment manager.

You can review those funds where we have already negotiated discounts by visiting the fund centre at www.rl360.com/row/products/pims/fundcentre.htm.

You will find fund price information, a variety of different performance analysis tools and the published fund documents.

Take advantage of the tools available within the fund centre to look more closely at some of the funds available to you:

- **Compare** – use this function to provide a snapshot of up to 5 funds at any time. You can look at performance, key statistics, volatility, asset allocation and more.
- **Instant X-Ray** – Do you want to know more about what a particular fund or range of funds are invested in? Use the X-ray function to look into the underlying assets that they currently hold.
- **Chart** – Chart the performance of a number of funds over a defined period of time. Compare fund performance to sector performance. Identify where dividends have been paid and at what rate.
- **Export** – export fund information and current data to aid with additional analysis or to just format in a way that appeals to you and your individual requirements.
- **Performance** – Download our fund performance booklet to show the cumulative, annualised and discrete performance sorted by fund manager risk rating.

Table 2 - Illustrating the potential benefits of institutional discounts

	Direct investment	Direct costs	PIMS investment	PIMS cost
Initial charge	5.00%	£10,000	0.00%	£0
AMC	1.50%	£2,850	1.50%	£3,000
Cost comparison		**£12,850**		**£3,000**

SOME OF THE **BENEFITS** CONTINUED

OPEN-ARCHITECTURE

PIMS allows you to build a truly customised portfolio, providing access to a broad range of different assets.

It ties in perfectly with the modern portfolio theory (MPT), as originally developed by Harry Markowitz. MPT is all about diversification, and by that, Markowitz meant choosing several different assets rather than just one as a way of minimising risk.

With a vast multitude of different assets available, you can choose assets with varied geographic focus, for instance the UK, Europe, USA, Asia, Latin America, GCC (Gulf Cooperation Council) or BRIC (Brazil, Russia, India and China).

You can also choose assets with a specific sector focus such as financial, healthcare, energy or telecommunications, to name just a few, providing it is acceptable to us.

An ideal way to demonstrate the potential benefits of diversification is to use an example. By looking at the IMA (Investment Management Association) Technology and Telecommunications sector between 1 July 1998 and 28 February 2019, we can see a short-term period of phenomenal growth but then also the hit of the 'Dotcom' bubble bursting with an equally quick drop in values.

This hypothetical example is purely to illustrate the potential benefits of a diversified portfolio, and in no way guarantees better long-term performance.

You should be aware that past performance may not be repeated and must not be used as a guide to future performance.

This example does not include the charges associated with PIMS or any investment.

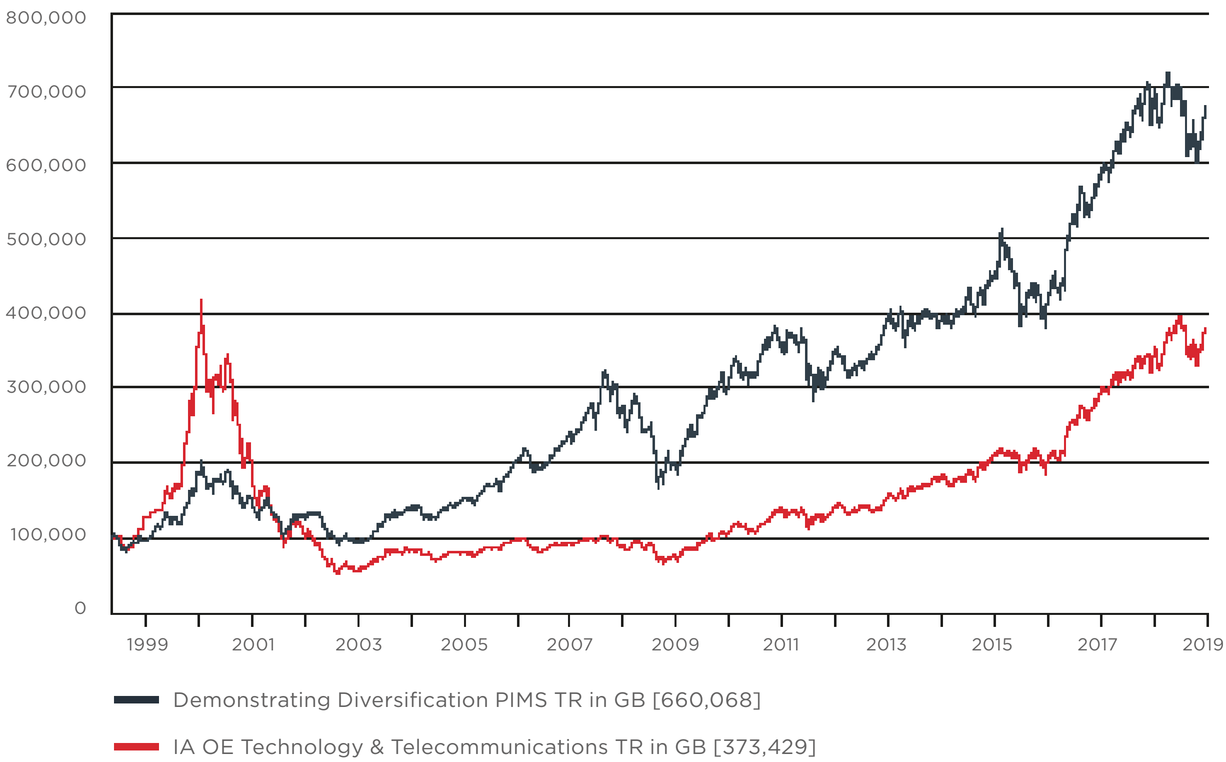
All assets are subject to an element of risk, and you can read about these on page 8.

SOME OF THE
BENEFITS CONTINUED

By splitting your initial investment into the sectors shown below, its value on 28 February 2019 would have been GBP660,068, a 560.07% increase. As you can see from the graph, the diversified approach has a much flatter profile as risk is spread across sectors and has ultimately resulted in greater gains.

IMA Property	25.00%
IMA European Smaller Companies	20.00%
IMA Global Emerging Markets	20.00%
IMA Asia Pacific including Japan	10.00%
IMA Technology & Telecoms	10.00%
IMA UK Smaller Companies	10.00%
IMA OE China/Greater China	5.00%

The open-architecture nature of a PIMS plan makes maintaining a portfolio of assets simple, not only because you have access to thousands of potential assets, but because you can switch between them at any time without having to worry about incurring a charge to tax. This allows you to quickly adapt your investment strategy in response to changes in the marketplace.



Past performance may not be repeated and must not be used as a guide to future performance.

01/07/1998 - 28/02/19 © Data provided by Morningstar 2019

MANAGING YOUR INVESTMENTS

You can choose assets yourself or, if you do not have an in-depth knowledge of the asset world, you can bring in some help. PIMS allows you to appoint an investment adviser or discretionary manager to advise on, or manage your assets.

APPOINTING AN INVESTMENT ADVISER

Whilst your financial adviser may be able to provide a complete financial strategy for you, an investment adviser will usually only concentrate on the investments within your PIMS plan. In some cases your financial adviser may also be able to act as your investment adviser.

Usually an investment adviser will provide you with a number of investment recommendations that you can discuss and come to a mutual agreement on. Under your PIMS plan, an investment adviser can be discretionary or non-discretionary. An investment adviser operating on a discretionary basis will be allowed to place dealing instructions on your behalf. An investment adviser operating on a non-discretionary basis cannot place dealing instructions on your behalf until they have consulted you first. It is important that you discuss this with an investment adviser, so you can decide what is the best option for you.

An investment adviser is appointed by you and therefore it is your responsibility to pay any charges associated with the advice taken. You can authorise us to make payments from your PIMS plan to pay an investment adviser.

If you appoint an investment adviser, we will continue to retain custody and dealing responsibilities for the investments held within your plan. This means that the range of institutional discounts that we have negotiated will still be available to you.

If you wish to appoint an investment adviser you will need to complete our Investment Adviser Appointment Form. You can do this at the start of your plan along with your application or appoint an investment adviser at a later date.

APPOINTING A DISCRETIONARY MANAGER

Discretionary management is becoming increasingly popular, especially if you are looking for professional investment advice but without the requirement to be involved in the day-to-day management.

Your financial adviser can work with you initially to identify your attitude to risk and asset profile, and then suggest a suitable discretionary manager whose investment style is aligned to your profile. The discretionary manager will then make investment decisions on your behalf, according to your agreed strategy. You should continue to meet with your financial adviser on a regular basis to discuss any changes in your circumstances that could affect your asset profile.

Discretionary management allows your chosen manager to move quickly and take advantage of arising opportunities, when timescales can be demanding. This means greater potential for investment gains.

Depending on your chosen discretionary manager, dealing and asset manager charges may vary from ours. This is because your discretionary manager will retain custody and dealing responsibilities for the investments linked to your PIMS plan.

MANAGING YOUR INVESTMENTS CONTINUED

In some cases a discretionary manager will require an initial investment that is higher than the minimum amounts as detailed in the Product Guide. Full details of the charges and minimum investment levels, for your chosen discretionary manager, should be obtained through your financial adviser.

If you wish to appoint a discretionary manager you will need to complete a Discretionary Manager Appointment Form. You can do this at the start of your plan along with your application or appoint a discretionary manager at a later date.

APPOINTING AN INVESTMENT PLATFORM

With technology moving at an ever increasing pace, more and more emphasis is being put on the development of faster data transfers with more flexibility and more choice being at the forefront of most people's wishlist. Your assets and money are held by the Investment Platform but are controlled by you or your appointed investment adviser.

Appointing an Investment Platform might allow you to benefit from these technological advances whilst still giving you or your appointed investment adviser the control you need to make the most of your investment potential.

Most investment platforms aim to simplify the investment process whilst offering discounted rates or cheaper ongoing transactional costs. If you want to benefit from the most recent technology with broad range of investment opportunities and reduced dealing costs then an investment platform might be something you want to explore.

As with discretionary managers, platform fees may vary from ours and your investment platform will retain custody and dealing responsibilities for the assets linked to your PIMS plan.

In some cases the investment platform will require an initial investment that is higher than the minimum amounts as detailed in The Product Guide. Full details of the charges and minimum investment levels, for your chosen investment platform, should be obtained through your financial adviser. If you wish to appoint an investment platform you will need to complete a Platform Appointment Form. You can do this at the start of your plan along with your application or appoint an investment platform at a later date.

ALLOWABLE ASSET GUIDELINES

The following are examples of assets that would generally be available under your PIMS plan.

MUTUAL INVESTMENT FUNDS

We will consider these where:

- We are able to hold the asset in our custodian's or nominee name.
- Assets can be realised for a cash value within five months of your instruction to sell.
- Assets are priced as often as they are dealt. For example, an asset which is dealt monthly is also priced monthly.
- Assets are priced at least every 3 months.

EQUITIES AND BONDS

Stocks will generally be accepted into PIMS where:

- The exchange is quoted on Her Majesty's Revenue & Customs' (HMRC) list of recognised exchanges.
- Our appointed stockbroker is authorised and able to trade in the stock.
- Our custodian has a settlement and delivery service in the specific market.

CASH DEPOSIT ACCOUNTS

We will consider these for PIMS where they can be held in our name.

We will ask you to sign a declaration indicating you are happy for us to place a deposit with a particular institution.

ALL OTHER TYPES OF ASSETS

We will consider other assets on a case by case basis, subject to them being acceptable to us and compliant with any regulations that may apply.

INVESTMENT RISKS

No matter which assets you choose for your PIMS plan, there are a number of common risks that you should be aware of.

- The value of your plan can go down as well as up depending on the assets it is linked to, and you may not get back your payment(s) paid. We are not responsible for, and will not compensate you in relation to, the performance of your chosen linked assets.
- The value of assets can go down as well as up purely because of exchange rates. This may happen when assets are valued in a currency other than your plan currency.
- The past performance of an asset may not be repeated, therefore it must not be used as a guide to future performance.
- Not all assets carry the same level of risk. Your financial adviser or appointed investment adviser can help guide you as to which assets are suitable to meet your risk profile. If you choose a high risk asset you should accept that you might be more likely to lose the entire amount invested.
- Some assets may only deal on a weekly, monthly or quarterly basis. If this is the case, it could delay the sale or purchase of an asset.
- If we sell an asset and receive its cash value in multiple instalments, we cannot re-invest or pay in full, the benefits from your plan, until the full cash value has been received.
- When we sell assets linked to your plan the asset manager may impose a minimum sale amount. This could result in us having to sell more, or all, of the asset than requested, the result being a larger amount of cash being held in the PIMS cash account than would otherwise be invested. Any minimum sale amount should be detailed by the asset manager in the asset documentation.
- If you link your plan to a property based investment fund, you should be aware that property can be difficult to sell, therefore we might not be able to sell your asset as quickly as you would like us to.
- The assets linked to your plan are owned by us, and in most cases, as we are a corporate investor, they will not be eligible for compensation under investment compensation schemes.
- If you link your plan to a cash deposit account your asset may not be covered in full by any depositors' compensation scheme, should the deposit account provider become insolvent. This is because you are not the owner of the account(s) linked to your plan, we are. Therefore the amount (if any) which we recover under any scheme could be substantially less than the amount you might have been able to recover had you owned the cash deposit account(s) yourself.
- We are not responsible for the performance of your linked assets and we will not pay any compensation to you should they fall in value, or have no value at all. Where the provider of an asset linked to your plan becomes insolvent or is unable to meet its liabilities for any reason, your plan will suffer the loss.

IMPORTANT NOTES

PIMS is available exclusively in association with financial advisers. Your financial adviser can provide a final recommendation as to whether or not PIMS is suitable for you.

Owners of plans issued by RL360 Insurance Company Limited receive the protection of the Isle of Man Compensation of Policyholders protection scheme, which covers an amount equal to 90% (subject to the provisions of the scheme) of RL360's liability where it is unable to meet its financial obligations. RL360 reserves the right to adjust the returns to cater for any levy or charge made on it under the regulations or similar legislation.

The information contained in this Guide is based on our understanding of Isle of Man legislation as at June 2019. Whilst every care has been taken to ensure the information is correct, we cannot accept responsibility for its interpretation or any subsequent changes to legislation. This Guide is not intended as a substitute for legal or tax advice.

PIMS is governed by Isle of Man law. Full details are contained in the Terms and Conditions, and together with your Key Information Document, Application Form and Plan Schedule, form the legally binding contract between you and RL360 Insurance Company Limited.

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