



Foresters Friendly Society

How we manage our unit-linked funds

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Introduction

The purpose of this guide is to help you understand how we, Foresters Friendly Society¹, manage the unit-linked funds available for investment through our life products. It describes the practices by which we manage the funds and these have been developed against a set of core principles set out below.

This guide does not form part of any policy you have with us and does not change the terms and conditions of any policy. So you should also refer to your policy terms and conditions. If there is any inconsistency, your policy terms and conditions will prevail.

It is possible that our approach to managing our unit-linked business may change. We will inform you if we make any changes that significantly affect your policy.

Our current range of unit-linked funds comprises of Post Office Insurance Society (POIS) branded funds. We acquired the insurance business of POIS on 26 September 2014 via a transfer of engagements from Family Assurance.

The current funds are:

- POIS Money Bond Fund
- POIS Savings Fund
- POIS Flexible Growth Fund
(this has been renamed from Sovereign Series 3 (POIS) Fund following the transfer from Family Assurance)

If you would like further information or clarification on any matter contained in this document, please feel free to contact our Member Services Team on 0800 988 2418 or via email to memberservices@forestersfriendlysociety.co.uk. Please note, however, that we do not provide advice, so if you are considering investing in one of our products and you are unsure about its suitability, you should speak to a financial advisor.

¹ Foresters Friendly Society is the trading name of The Ancient Order of Foresters Friendly Society Limited which is an Incorporated Friendly Society (Registration No. 511F) and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority (Registration No. 110029).

Governance Structure

The Board of Directors

In addition to their other responsibilities, the Board of Directors of Foresters Friendly Society (the Board) carries ultimate responsibility for oversight and management of the Society's unit-linked funds. The Board adopts policies to ensure policyholders are treated fairly.

Day to day management and control of the funds is the responsibility of the following committees:

Investment Committee

The Investment Committee is a sub-committee of the Board that meets regularly. For unit-linked business the primary function of the committee is to review investment strategy and performance of each fund and oversee functions outsourced to third parties such as investment management. The committee is also responsible for establishing investment mandates for the unit-linked funds. These provide guidance to the Investment Manager so that compliance with the mandates can be monitored, ensuring that assets in the funds are appropriate to back unit-linked policies.

Investment Manager

Our Investment Manager is currently Quilter Cheviot. They operate within the mandates defined by the Investment Committee and are responsible for short term tactical positions together with specific stock selection. They provide reports to the Investment Committee on their activity and performance.

Unit-linked Advisory Arrangement

The ULAA is an Advisory Arrangement to the Board that meets regularly. In addition to its other duties in relation to the exercise of discretion and ensuring fair treatment for with-profits policyholders, it is also responsible for the following aspects of unit-linked business:

- Standards for the operation of the unit-linked funds
- Oversight of fund pricing
- Targets for accuracy within fund pricing
- Monitoring the stock (or box) of units held for each fund that are not required to match policyholder benefits and any profit or loss arising
- Fairness to unit-linked policyholders
- Use of discretion
- Policy benefits are calculated fairly and accurately
- Appropriateness of new funds and existing funds in relation to policyholder benefits
- Consideration of any changes to funds, such as mergers or closures
- Review and approval of marketing materials and policy disclosures
- Impact of fund changes on operational capabilities
- Consideration of any conflicts of interests arising from the operation of the funds

Chief Actuary

The Chief Actuary advises the Board and the ULAA on issues affecting fairness between different groups of policyholders.

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee is a sub-committee of the Board that meets regularly and manages risk across the Society through the adoption of its Risk Management Framework. This includes all risks relating to the operation of unit-linked business.

Compliance and Internal Audit

The Compliance Department and Internal Audit function carry out periodic monitoring reviews which include the operational aspects of the unit-linked funds.

Investment Team

The Investment Team manages the in-house pricing function and is responsible for ensuring accuracy in the production of fund's unit prices and that unit pricing policies are applied in a manner fair to customers. The Investment Team provides regular reports to the above committees on the application of controls and the use of discretion.

Calculating Unit Prices

Introduction

Our overarching principle when calculating unit prices for our unit-linked funds is to treat all our members fairly, in accordance with policy provisions, legislation, insurance regulations and FCA and PRA rules and guidance. In doing this, we will ensure that:

- Unit prices are calculated in a clear and transparent manner;
- Unit prices accurately and fairly reflect the value of the underlying assets
- Cross-subsidy between members and individual funds is avoided as far as reasonably possible;
- Charges and expenses, income and taxation are recognised appropriately in the price
- The pricing method is fair to both the fund and to individual members

These principles may be subject to change in future, as necessary, to ensure customers continue to be treated fairly.

Valuing the fund and its underlying assets

In normal circumstances, the unit-linked funds are valued every business day using market prices supplied by third party data providers. The normal valuation point for each fund is detailed in Appendix A. The prices derived from the valuation apply to the next working day after the valuation.

The value of each of our funds is calculated by valuing the assets it holds on a bid, an offer or a mid-basis. This means that we value the fund using the bid price, offer price or mid-price of each of the underlying assets.

The price of the units varies over time and depends on the value of the assets in the fund. The unit price can go down as well as up and is not guaranteed.

Valuing the fund on a bid or an offer basis

For these funds, the basis we use to value the underlying assets will depend on whether we believe the fund to be expanding (i.e. there is more money entering the fund than leaving it) or contracting (i.e. there is more money leaving the fund than entering it). If we believe the fund is expanding we will value the fund on an offer basis. If we believe the fund is contracting, we will value the fund on a bid basis. The decision to change the pricing basis is generally taken only after a sustained period of expansion or contraction against the current basis.

Assets in the fund will then be valued as follows:

- If the asset has a single price, at that price;
- If separate buying and selling prices are quoted, at the bid price where the fund is valued on a bid basis, and at the offer price where the fund is valued on an offer basis;
- If the price of the asset is unreliable or no recent price exists, at a value which, in our opinion (having taken advice from our Investment Manager), is fair and reasonable;
- Cash will be valued at its nominal value.

Valuing the fund on a mid-basis

For funds valued on a mid-basis, assets in the fund will be valued as follows:

- If the asset has a single price, at that price;
- If separate buying and selling prices are quoted, at the average of the two prices;
- If the price of the asset is unreliable or no recent price exists, at a value which, in our opinion (having taken advice from our Investment Manager), is fair and reasonable
- Cash will be valued at its nominal value.

Calculating the price at which you can buy and sell your units

To calculate the price at which you can buy and sell your units, we will take the value of the fund calculated as described above, add any income received by or due to the fund from holding those assets, and then deduct tax, the annual management charge and any other applicable charges or expenses paid or owed by the fund. This gives us the Net Asset Value of the fund. See below for details of the types of charges and expenses that the funds may incur.

The fund price is calculated by dividing the Net Asset Value by the total number of units in issue.

Unit prices are denominated in sterling and are rounded to 4 significant digits.

Cancellation and creation of units

If, on any particular day, there are more units being sold than purchased, we may need to cancel units in the fund. Alternatively, if there are more units being purchased than sold, we may need to create more units. Units are cancelled or created at the single fund price quoted for that day.

Dealing

“Dealing” is where you instruct us to carry out a transaction which involves buying or selling units. This includes when premiums are received and when withdrawals and death claims are made.

Our overarching principle when dealing is to treat all our members fairly, in accordance with the policy provisions, legislation, insurance regulations, PRA and FCA rules and guidance. In doing this, we will ensure that:

- Instructions are carried out promptly in accordance with the policy provisions;
- Dealing procedures are fair and applied consistently.

We currently use historic pricing, meaning that the price at which you buy or sell units will have been calculated at the last valuation point. This means that:

For selling units

We will use the unit price on the day we receive an instruction to sell units or the date of death (or the next working day if this does not fall on a working day).

Policies will mature and be paid out in the year of the policy holder’s 85th birthday, on the anniversary of the date on which the policy was taken out. If a policy is due to be paid out on a day of the month which falls on a non-business day we will pay the policy out using the last working day’s price.

We are bound by the Money Laundering legislation to verify the identity of investors. If we need to request identification when we receive an instruction to sell units, we will sell those units within the normal time-scale as described above. The proceeds from the sale will then be held until the necessary identification is received.

For buying units

Contributions are usually received either by Direct Debit or by deductions via payroll. Direct Debits are processed on defined dates in the month, or the next working day if the collection date falls on a weekend. Units are bought using the price on the day the Direct Debit is collected. Alternatively, premiums can be deducted monthly or weekly from payroll. For monthly deductions, units will be bought using the price on the last day of the due date month (or the next working day if it is not a working day). Weekly deductions are notified by the employer at intervals of 4 or 5 weeks and are processed using the price on an agreed date in the last week (or the next working day if it is not a working day).

Treating Customers Fairly

Historic pricing carries the risk of mismatch between the price at which units are bought or sold and the underlying value of the units. We reserve the right to temporarily defer the execution of deals that could unfairly affect existing policyholders, for example if there is a significant movement in the value of a fund’s assets during the day(s) since the last valuation point. We also reserve the right to move to a forward pricing model if this is considered appropriate to ensure fairness to policyholders.

Charges and Expenses

Our overarching principle when applying charges and expenses is to treat all our members fairly, in accordance with policy provisions. In doing this, we will ensure that:

- Our approach is consistent with any information given in marketing literature;
- Our methodology is fair between different funds and different groups of unitholders; and,
- Where applicable, charges and expenses are recognised appropriately in the price.

The charges and expenses detailed in this document are those which are applied to the fund only, there may be other policy specific charges that apply to the type of policy you have (for example, a monthly administration charge) which will be detailed in the Key Features you received when you applied for your policy.

We reserve the right to make charges in addition to those detailed here in response to a new or unforeseen expense.

Annual Management Charge (AMC)

The AMC is calculated and deducted on a daily basis. It is calculated by multiplying the Net Asset Value of the fund by the relevant AMC divided by 365 (366 in a leap year). This deduction is made before the unit price is calculated. We reserve the right to change how we calculate the AMC if a specific need arises which makes it necessary to do so.

The AMC is taken from the income of the fund.

The AMC applied to each fund is detailed in Appendix A.

Other expenses

Various other expenses may be incurred by a fund if it invests in certain assets (typically, but not restricted to, externally held unit trusts and other collective investment schemes).

The type of expenses incurred by the fund or the underlying investment(s) can include:

- Registrar Fees
- Custody Charges
- Transaction Charges
- Handling Charges
- Trustee Fees
- Bank Charges
- Interest Charges
- Audit Fees
- Stamp Duty Reserve Tax
- Broker Commission
- Administration Charges
- Other regional charges

The impact of these expenses on unit prices will vary and an estimate of the future impact on each fund is included in the table in the Appendix A. The actual impact of the “other expenses” and the estimates of the future impact are reviewed every six months.

Additional costs may also be incurred by the unit-linked fund in respect of the safekeeping of certain assets within that fund.

Where a fund holds units in a unit trust or other collective investment scheme or unit-linked fund, which is part of the in-house range of funds managed by Foresters Friendly Society, a rebate will be paid to the fund in respect of the management charge implicit in the pricing of the collective investment scheme or unit-linked fund. The aim of the rebate is to eliminate the impact of any double charge of annual management charges.

Dilution levy

Units in the funds are both bought and sold without dealing costs (the costs incurred by the funds when buying or selling assets such as shares) being included. These costs are met by the fund, the value of which is therefore diluted.

It is possible to allow the cost of dilution to be met directly from the fund’s assets or to be recovered from investors on the purchase or redemption of units in a fund. This can be done by charging a dilution levy or by applying a dilution adjustment.

The purpose of both a dilution levy and a dilution adjustment is to reduce the effect of dilution; however, because the value of individual purchases and redemptions are relatively small, our current policy is to not charge a dilution levy or apply a dilution adjustment. This may have the effect of reducing the future growth of the scheme.

Although our current policy is to not apply a dilution levy or dilution adjustment, we reserve the right to review this policy and change it at our discretion. In the event that a levy or adjustment is made, it will not be retained by us but will be paid into the fund for the benefit of the investors.

Other Events

Adverse events

If a significant adverse event results in us being unable to access our buildings or systems, or if accurate market values are unavailable for a significant proportion of assets, we may suspend the unit price and/or defer processing transactions for up to 28 days.

Any action taken of this nature would be in accordance with our current Business Continuity Plan and would only be carried out where it would protect the interests of our unit holders. We would not defer transactions or suspend the unit price for any longer than is necessary to achieve this.

Closing or merging funds

We may decide at any time to close a fund or close a fund to new customers. We may also decide to merge two or more funds together that have similar investment objectives.

We would only do this if a specific business need arises or we believe that it is in the unitholders best interest to do so.

Unitholders will normally be notified at least one month in advance of any such action where it may result in a significant change to their investment strategy or charges.

Launching new funds

From time to time we may decide to launch a new fund.

To ensure that any new fund has enough capital to ensure that it can operate effectively with the appropriate diversification of assets, the new fund may be “seeded” by one or more of our existing unit-linked funds providing the new fund with assets in exchange for units.

Investors in the new or existing fund will not incur any additional fund charges because of the seeding.

In deciding whether we will use a fund to provide seeding capital, we will assess the appropriateness of doing so on an individual basis to ensure that the existing fund is not detrimentally affected.

Once the fund has received enough capital from investors so that it can operate independently and effectively, the seeding capital will be returned unless it is deemed to be an appropriate way for the existing fund to be exposed to the type of assets in which the new fund invests.

Securities lending

Securities lending is not permitted for any of the current funds.

Complaints

Any complaints regarding the operation of the unit-linked funds will be dealt with in line with the Society’s normal complaints procedures which are in line with industry standards and regulatory

requirements. Details of our complaints procedure are available on request and are also available for download from the Society's website.

Pricing errors, dealing errors and compensation

We have a system of detailed control processes and checks to ensure that we value the funds correctly and that unit prices are accurate. However, this is a complex process and mistakes may occur. All pricing and dealing errors are recorded and corrected as soon as reasonably practical.

Compensation may be paid to the fund, or to individual unitholders in response to a pricing or dealing error we have made which has resulted in a financial loss, whether or not the affected unitholder(s) has complained.

The Board has overall responsibility for ensuring that there are appropriate systems and controls in place to prevent pricing and dealing errors. All pricing and dealing errors are investigated to ensure that they are not indicative of wider systemic issues, which may require resolution. The Board are also ultimately responsible for overseeing the process of correcting any pricing or dealing errors that occur.

Where a pricing or dealing error has occurred which affects the unit price by less than 0.1%, compensation would not normally be paid.

Where a pricing or dealing error occurs which affects the unit price between 0.1% and 0.5%, compensation may be considered.

Where a pricing or dealing error occurs which affects the unit price by more than 0.5%, compensation would normally be paid.

Where compensation is by means of a cash payment (e.g. paid out to the affected policyholder by cheque), no compensation would normally be paid unless the amount due to each policyholder is greater than £10.00 (in total across any number of affected policies held by each individual).

In addition to the above, where there is a dealing error which affects only one individual, we will only pay compensation where the financial loss incurred by that individual is calculated to be more than £1.00 at the time of the error.

In situations where a policyholder has gained from an error, the Society retains the right to reclaim the amount of over payment or over allocation from the policyholder.

Tax

Our overarching principle when dealing with a fund's tax liability is to treat all our members fairly, in accordance with policy provisions, relevant legislation and HMRC regulations and guidance. In doing this, we will ensure that:

- Our approach is consistent with any information given in marketing literature;
- Our methodology is fair between different funds and different groups of unitholders;
- Wherever possible we charge to the fund the tax charge it actually incurs
- Relevant tax charges are recognised appropriately in the price.

Tax calculations can be complex and in practice may involve estimations or judgements about future tax in order to make a fair and appropriate allowance on a daily basis.

Tax-exempt funds

Income received in the form of dividends from both UK and overseas companies is taxed at source.

For dividends from overseas companies, if there is a tax treaty in place between the UK and the country that taxed the dividend, a portion of this tax may be recoverable. If this is the case, the Society reserves the right to write off these amounts if they are deemed too small to recover, as our Investment Managers do not recover tax on behalf of the fund.

Tax-exempt funds do not pay any further tax.

Taxable funds

Tax on Income

Corporation Tax is payable by taxable funds on taxable income less expenses. Taxable income encompasses all types of income, with the exception of most dividends received from UK and overseas companies which are taxed at source. Corporation tax does not have to be paid if the fund's expenses exceed the taxable income.

The current rate of corporation tax is 20% of net taxable income. It is calculated and deducted from the unit price daily.

Tax on Capital Gains

Taxable funds are liable for corporation tax on realised gains. This arises when an underlying asset held by the fund is sold at more than the original cost paid for the asset.

Tax on capital gains is chargeable at the current corporation tax rate. Capital losses can be carried forward and offset against future gains. This is calculated and deducted from the fund valuations daily.

In order to treat all policy holders fairly we also include an allowance for any expected future payments of assets held by the fund which have increased in value but have not yet been sold (unrealised gains).

We review the basis of these rules and how they are kept at least on an annual basis.

If a fund has made losses then we may reduce the tax liability accordingly.

Certain securities such as Unit Trusts, OEICS and Offshore Funds are subject to 'deemed disposal' at the end of each accounting year. This means that the capital gain or loss is calculated as if there had been an actual disposal. The cost for the asset is then revalued to the market value at this point, as if it had been repurchased. However, only one-seventh of the gain/loss is treated as having arisen in that period, and the same applies for the following six years. Therefore, the gain/loss is effectively spread over seven years for tax purposes

Foreign Withholding Tax

Income received in the form of dividends from overseas companies may also be taxed at source. If there is a tax treaty in place, however, between the UK and the country which taxed the income, a portion of the tax paid may be recoverable. If this is the case, the Society reserves the right to write off these amounts if they are deemed too small to recover, as our Investment Managers do not recover tax on behalf of the funds.

Settlement of tax balances

Any tax charges or credits to a fund will be removed or added to a fund's cash balance on an annual basis, or more frequently if necessary, to avoid an undue gearing effect on a fund's return to policyholders.

Changes in taxation

We reserve the right to revise the taxation applied to funds upon changes in tax legislation that affect unit-linked funds or policies.

Use of Discretion

The primary objective in the use of discretion is to ensure that all policyholders are treated fairly, whether they are joining a fund, leaving a fund, or remaining as an investor within a fund. The scope of discretion is reviewed and confirmed annually and changes will be made, if deemed necessary, to ensure that policyholders continue to be treated fairly. It may be necessary at other times to carry out a review and make changes upon a significant change to a fund or to the unit-linked policyholders investing in a fund in order to ensure continuing fairness.

This section details the key areas of discretion considered by Foresters Friendly Society in relation to the operation of unit-linked funds and the extent of any limits applied when exercising discretion. Other areas of discretions are also included in other sections of this document. The ULAA is responsible for monitoring the operational aspects of unit-linked funds and this includes the application of discretion.

Launching Funds

We may add additional unit-linked funds to reflect changing policyholder requirements. We may use seed capital in order to launch a new unit-linked fund prior to receiving investments from policyholders and to allow the fund to hold a sufficient range of investments to operate in accordance with its investment strategy. Once the fund has received sufficient investments to operate effectively, the seed capital will be removed.

Allowance for tax on unrealised capital gains

Funds containing assets that are liable to tax on capital gains normally only pay tax on capital gains when they are realised through sale of the assets. In order to treat all unit holders fairly, an allowance is needed in the unit price to take account of the expected future tax payments on assets that have increased in value but have not yet been sold (“unrealised” capital gains). The Society is responsible for the method and assumptions used to calculate this. We may discount the tax rate to take account of the estimated average time until gains will be realised. We may also decide to offset historical capital losses against future gains, which will be reflected in the value of the funds.

In practice, a certain amount of approximation is necessary.

Rounding of unit prices

Prices are denominated in pounds sterling and are currently rounded to 4 significant digits. The rounding convention may be changed at our discretion, subject to policy conditions and statutory regulations. The aim is to be neutral and not to systematically favour the Society or the policyholder.

Change of pricing point

The unit-linked funds have a valuation point as shown in Appendix A. The prices derived from this valuation apply to the next working day after the valuation. We may change the defined valuation point of any fund to ensure current up to date values are used in calculating the price.

Compensation

In the event of a pricing error, discretion will be used to determine whether to pay compensation. This is detailed in the section “Pricing errors, dealing errors and compensation”.

Valuing Assets

In valuing the assets, if the price is unreliable or no recent price exists, the asset will be given a value which, in our opinion (having taken advice from our Investment Manager), is fair and reasonable.

When placing a value on assets we will include a fair estimate of the dealing costs involved in either buying or selling the assets to arrive at the bid value or the offer value of a fund respectively.

Dealing costs

Dealing costs are the total costs the fund would incur to buy the assets of the fund or sell those assets. They include Stamp Duty Reserve Tax (when buying assets) and broker commission.

Estimates of these costs may be used in valuing the fund. These estimates are based on costs incurred historically, where available, and will be fair and reasonable.

Pricing basis

If we believe the fund is expanding we will value the fund on an offer basis. If we believe the fund is contracting, we will value the fund on a bid basis. The decision to change the pricing basis is generally taken only after a sustained period of expansion or contraction against the current basis.

Dealing

We reserve the right to move to a forward pricing model if this is considered appropriate to ensure fairness to policyholders.

If circumstances arise where unit dealing could result in a material detriment to existing policyholders due to historic pricing, we may temporarily defer the execution of deals in order to safeguard their interests.

Box management

A box (or a stock of units) is where the Society holds additional units in excess of those allocated to policyholders and deals in the box rather than directly with the underlying assets where possible to reduce the dealing expenses of the fund.

We may hold a box for any unit-linked fund to reduce the expense of making a series of small transactions and to reduce the exposure of the Society when the net cash flows are on a different basis than the current pricing basis.

We will not run a box with the aim of making a profit by taking a position based on investment conditions.

Dilution Levy

We reserve the right to introduce a dilution levy. See section “Dilution levy”.

Adverse events

A significant adverse event may result in us suspending the unit price and/or defer processing transactions for up to 28 days. See section “Adverse events”

Changes to investments

To allow for changing circumstances in the investment markets, for regulatory or legal changes involving unit-linked business and to manage the liquidity of a fund, we may at times alter the nature or profile of the investments in a fund. In doing so we will act fairly in relation to the aims and objectives of a fund as disclosed in marketing material and policy conditions of unit-linked policies.

Glossary

AMC – Annual Management Charge

Annual Management Charge – A charge levied for administering the product and managing the fund. The amount of the charge is quoted as an annual percentage but is deducted from the value of the fund on a daily basis. The charges applied are detailed in Appendix A.

Asset or assets – The Investments that make up a fund. The main asset classes are company shares (equities), bonds (government or corporate) and cash.

Bid price – Except where the fund has a mid-price, the price at which you would sell your units

Cancellation price - A term used to refer to the cost of cancelling a unit, based on selling the underlying assets within a unit trust. Units are “cancelled” where there is a greater demand to sell units than there are units being purchased on a given day.

Collective Investment Scheme – A collective investment scheme is a way of investing money that allows a large number of people to invest in a wide range of investments while sharing the costs of doing so.

Creation price – A term used to refer to the cost of creating a unit, based on the cost of buying the underlying assets within a fund. The offer price on a fund is usually the creation price plus the initial charge. Units are “created” where there is a greater demand to purchase units than there are units being sold on a given day.

Custodian – An agent, bank, trust company, or other organisation which holds and safeguards a fund’s assets.

Forward pricing - Forward pricing is when the unit price for a transaction is calculated after we have received the relevant instruction. Forward pricing means that an up-to-date value will be reflected in the unit price that members receive for any transaction they instruct us to carry out. It also means, however, that members will not know in advance what price will be used for a particular transaction.

Historic pricing - Historic pricing is when transactions are carried out at a known price that is based on an historic valuation of the assets in the fund. Historic pricing means that members can deal at a known price. It also means, however, that the unit price used for a transaction may not exactly reflect the current value of the fund’s assets.

ICVC – ICVC stands for Investment Company with Variable Capital. An ICVC is a type of company or fund specially created to invest in other companies and other investments. If you invest in an ICVC, your money will be pooled together with money from other investors and used to buy different investments. Investors in an ICVC will purchase shares. A share is a share of the total value of the assets held in the fund. The management of an ICVC is overseen by the Authorised Corporate Director (ACD).

Internal funds – Unit trusts, ICVCs and unit-linked funds managed in-house by POIS or another of the companies or businesses that are part of Foresters Friendly Society.

Mid-price – The price at which you would both buy and sell your units in a mid-priced fund.

NAV – Net Asset Value

Net Asset Value – The value of the assets held by a fund, plus any income received by or due to the fund from holding those assets, minus all tax, charges and expenses paid or owed by the fund.

Offer price – Except where the fund has a mid-price, the price at which you would buy your units.

Realised Gain - A gain resulting from selling an asset at a price higher than the original purchase price.

Stamp Duty Reserve Tax (SDRT) – When shares are purchased, Stamp Duty Reserve Tax at a rate of 0.5% must be paid. This tax also applies to units traded in unit trusts but not in unit-linked funds.

Tax-Exempt Savings Policy (TESP) – A type of policy that only friendly societies can issue. The fund is not subject to corporation tax (although dividends are taxed at source) and the returns are free of personal income tax and capital gains tax.

Unit-linked fund – A fund whose performance is linked to the assets in which it invests. This is often stocks and shares but can be other types of investment such as property or government or corporate bonds. Unit-linked funds are often invested in a mixture of different types of assets. Investors in a unit-linked fund will purchase units. A unit is a share of the total value of the assets held in the fund.

Unit trust – Very similar to a unit-linked fund except that it is set up under a “Trust” and has a “Trustee” who looks after the assets on behalf of the investors. Unit Trusts are subject to specific regulations set by the Financial Conduct Authority and the Prudential Regulatory Authority and are different to those applied to unit-linked funds.

Unrealised Gain - If you own an investment that has increased in value, your gain is unrealised until you sell and take your profit.

We/us/our – Foresters Friendly Society including the Post Office Insurance Society

Working day– Any day of the week not including Saturdays, Sundays and English public (bank) holidays.

You/your – an investor in one of our unit-linked fund

Appendix A

Fund	Pricing frequency	Fund valuation Pont	Taxable status	Initial charge	Annual management charge	Estimated future other expenses	Pricing basis
POIS Money Bond Fund	Daily	12 noon	Taxable	N/A	1.25%	0.05%	Bid
POIS Savings Fund	Daily	12 noon	Taxable	N/A	1.95%	0.20%	Bid
POIS Flexible Growth Fund (previously named Sovereign Series 3 (POIS))	Daily	12 noon	Tax-exempt	N/A	1.95%	0.10%	Bid