

A global equity plan
Offering accelerated growth potential
Combined with reduced market risk
Providing asset allocation options

Blue Sky Asset Management

Asset Allocation Accelerated Growth Plan II

Optimal Investment Solutions

www.bluesky-am.com
Account Manager: Keydata Investment Services



① Blue Sky Asset Management Asset Allocation Accelerated Growth Plan II

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● Key Dates

Closing date for PEP or ISA transfers	23/05/2008
Closing date for Direct Investments	16/06/2008
Strike (start) Date	20/06/2008
Maturity Date	20/06/2014
Repayment Date	27/06/2014

● Limited Offer

The Blue Sky Asset Management Asset Allocation Accelerated Growth Plan II is a strictly limited offer. Prospective investors should note that the offer may close early, at any time, in advance of the stated closing date of 16 June 2008. If the Plan is over-subscribed, in the event of market movements affecting the pricing of the underlying Plan assets, in excess of the initial Plan volume, Blue Sky Asset Management will provide 3 days notice prior to closing the Plan and will return subscriptions to late investors upon the terms stated in the key features.

Introducing the Asset Allocation Accelerated Growth Plan

The Blue Sky Asset Management Asset Allocation Accelerated Growth Plan is the second issue in an investment series that offers investors an innovative alternative to traditional investment funds and a compelling solution for the current investment environment. The plan combines enhanced investment returns with increased risk control - and provides investment choice across the main global equity markets.

What the Plan Offers

- **A Choice of Major Equity Markets**
- **100% Capital Protection At Maturity In Each Selected Market subject to 50% Downside Barrier Protection Levels**

US	UK	Europe	Japan
10% <i>for every</i> 1% Index Growth up to 60% investor return	10% <i>for every</i> 1% Index Growth up to 60% investor return	10% <i>for every</i> 1% Index Growth up to 60% investor return	10% <i>for every</i> 1% Index Growth up to 60% investor return
+	+	+	+
125% Of Any Index Growth Above 60%	175% Of Any Index Growth Above 60%	200% Of Any Index Growth Above 60%	275% Of Any Index Growth Above 60%

- **Individually Selected Asset Allocation**
- **3 Months 'Phased Entry': Applied to Market Upside***
- **6-Year Investment Term: Including Twice Monthly Liquidity**
- **Plan Assets Issuer: Minimum 'AA-' Rated**
- **Sterling Denominated: No Currency Risk**

Please take care to read this brochure carefully

Before you invest, please take time to read this brochure carefully. We believe the returns offered are attractive, however, please be aware that your capital is not guaranteed, or instantly accessible, as with a bank or building society account. Full details are explained throughout this brochure and we would draw your attention to the important information, risk factors, key features, terms and conditions and FSA Fact Sheet.

There are two key risks to highlight. Firstly, 'counterparty risk' – the underlying investment of the Plan is a medium term note (a type of bond), issued by a counterparty institution with a credit rating of AA- (from Standard & Poor's or equivalent). Capital is not protected upon early redemption and both capital and future growth payments are subject to the ongoing solvency of the counterparty. It is possible that the credit rating may change at any time during the investment term, including during the offer period. Secondly, 'investment risk' – the final repayment of capital at maturity is linked to the performance of each selected individual market and that market's index and is protected based upon a 50% Downside Portfolio Barrier Level. This means that should the selected market index fall by more than 50%, from its starting level, during the investment term, capital invested in that market option is potentially at risk at maturity. The initial 3-months averaging does not apply in the measurement of index downside.*

You should only consider this investment if you accept and understand the degree of risk to your capital, that repayment of your investment depends upon the solvency of the counterparty, and is linked to the performance of the individual markets that are selected. Further, you should not expect to require access to your investment during the 6-Year investment period. Should you have any doubt about any aspect of the Plan or its suitability for your individual circumstances please consult a professional Independent Adviser.

The Asset Allocation Accelerated Growth Plan

The Asset Allocation Accelerated Growth Plan has been designed to provide investors with an opportunity to maximise investment returns and out-performance potential; across the main global equity markets; whilst lowering the risk normally associated with each market exposure.

Redefining Investment Returns

The Plan provides an innovative and compelling alternative to both actively managed and passive index-based mutual funds – and delivers the flexibility to meet individual asset allocation requirements. The Plan offers investors:-

- **lower risk through contingent capital protection**
significantly reduced exposure to market risk
- **no potential to under-perform selected market indices**
removing a key risk of active fund management
- **the potential for high absolute returns**
from even moderate stock market growth
- **unlimited out-performance of selected market indices**
if growth is strong

Portfolio Choice

The Plan provides investors with choice. All four mainstream, developed, stock markets - the US, UK, Europe and Japan - are offered with enhanced investment returns and reduced risk. Investors may opt for either a pre-selected and balanced 'model portfolio', providing equally weighted participation in each market; or an individually tailored portfolio may be selected, with any asset allocation weighting possible between the four markets.

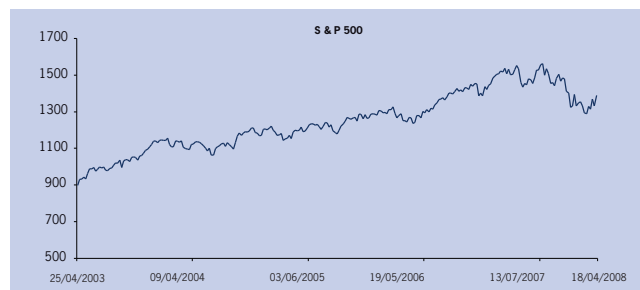
Investment Considerations

The following information provides a brief reference to each of the four markets, highlighting the current views of Blue Sky Asset Management and our research partner Redtower Research. The index that is used as the underlying market exposure within the Plan is also detailed - each index is based upon price performance and does not account for dividends.

The outlook for global economic growth is challenging to forecast in the short term; and current stock market volatility and uncertainty means it is especially difficult for investors to see where the strong gains seen in most markets over the last 5 years will come from looking ahead. The Asset Allocation Accelerated Growth Plan offers a solution to these key concerns – an opportunity to asset allocate a portfolio to maximise upside performance in each main equity market, whilst benefiting from reduced market risk.

US – S&P 500 Index

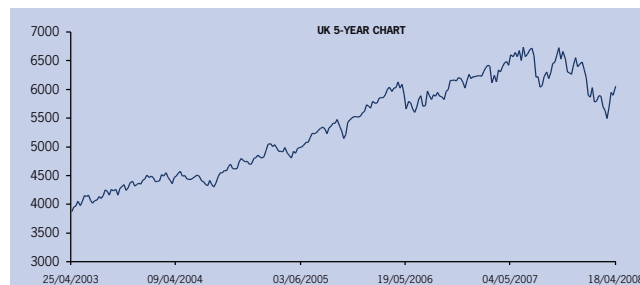
The US economy continues to fulfil the leadership role in global equity markets. There are clearly concerns about the US presently, but the market does not seem to be able to form a consensus as to the extent of any slow down in growth - and the economic data is also mixed. What is clear is that the US Federal Reserve is prepared to pull out all stops to ensure support for robust levels of growth, and this has resulted in two closely timed and aggressive interest rate cuts. We believe that there is value in the US market – and that despite short term uncertainty the central banks actions may deliver stronger growth by the second half of 2008, leading to continued growth in future years.



The Plan utilises the Standard and Poor's 500 Index for US exposure. The S&P 500 Index represents 500 Large-Cap corporations, most of which are American, listed on the New York Stock Exchange (NYSE) and the Nasdaq. It is considered a bellwether for the US economy.

UK - FTSE 100 Index

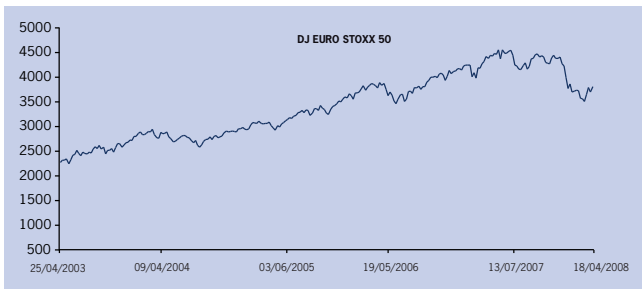
There is an inevitability that the UK economy will slow as a result of the US economy slowdown, and there is concern regarding the high profile financial sector woes and the indebted UK consumer. But, unemployment is at very low levels (32 year lows in December) and corporate profitability (of the non financial sector) has also been at record highs in 2007. This suggests that corporates and consumers are well positioned to weather the current global head winds – and positive action from the Bank of England, with its interest rate cuts in December, February and April, is likely to play a key role in maintaining consumer confidence and easing conditions in the financial sector. We believe the medium term outlook will see reasonably strong growth prevail in the UK.



The Plan utilises the FTSE 100 Index for UK exposure. The 'Footsie' index represents the 100 most highly capitalized companies listed on the UK's London Stock Exchange, including many household names and globally diversified companies.

Europe - Dow Jones EuroSTOXX 50 Index

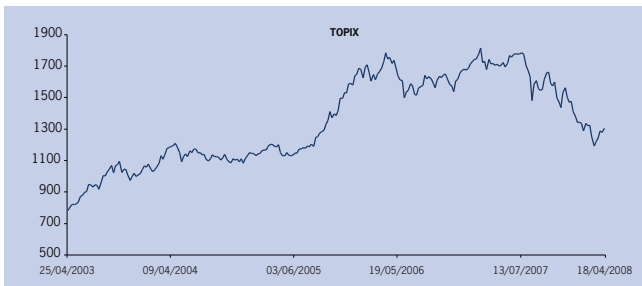
Despite some contagion from the softer US economy, so far, the European Central Bank has been adamant that growth is not the big risk in Europe: but that inflation is. This highlights a key difference in central bank mandates and remits across the globe, as the US Federal Reserve is charged with delivering economic growth, whilst in Europe the policy of the ECB is dictated by its task of controlling inflation. Whilst there are, therefore, no assurances of growth stimulating rate cuts in the short term, a positive is that ECB rates have been lower for longer compared with UK and US. Further, with the Euro remaining strong, pressure may mount on the ECB. We suspect the market may be defensive for longer than others, but we expect accommodative central bank action, and the market appears structurally well positioned for longer term growth.



The Plan utilises the Dow Jones EuroSTOXX 50 Index for continental European/Eurozone exposure. The Index represents the 50 largest stocks in the Eurozone, designed to provide a blue-chip representation of 'the Supersector' leaders in the Eurozone.

Japan - TOPIX Index

Japan has disappointed investors over several years now, despite optimism at various points – and it is easy to see why. Recent performance has been poor, with domestic fundamentals weaker than expected, and projections for growth in 2008 being revised lower. The market is even speculating that the Bank of Japan could well be forced to cut rates back again, from 0.5% to 0.25%. However, the export market has been a main driver of corporate profits in recent years, and this sector will potentially benefit from any easing of rates. The current round of investor interest in Japan is being fuelled by signs of 'value driven' investment potential, and it is certainly true that parts of the Japanese market are beginning to look cheap and may offer potentially good (re)entry points for investors.



The Plan utilises the Tokyo Stock Price Index for Japanese exposure. The Index, commonly known as TOPIX, is an Index of companies listed on the First Section of the Tokyo Stock Exchange tracking c1700 domestic companies (providing far wider representation than the Nikkei).

Global Outlook

Following a period of strong economic growth and stockmarket returns, recent stockmarket volatility and prevailing economic news is of obvious relevance to investors and their current investment decisions. Slowing economic growth in the short term is now a reality, however assertive action by central banks and the strong economic position in which most main economies entered the current slow down are factors highlighted by many institutions and investment professionals in looking ahead to forecast growth expectations for the longer term.

The following table highlights GDP (Gross Domestic Product) projections for the four market regions within the Plan, together with the broader global forecast:-

	US	UK	Eurozone	Japan	Global
2008	+1.6%	+1.7%	+1.8%	+1.3%	+3.6%
2009	+2.5%	+2.1%	+1.9%	+1.8%	+3.9%

Source: The Economist Poll/Economist Intelligence Unit 9 February 2008. Global figures: The World Bank, Global Economic Prospects 2008, 9 January 2008.

Although near term growth has been revised down virtually everywhere, in the main developed regions, our core view is that a balanced return to a stable and positive growth pattern can be anticipated and planned for in the longer term.

'Timing Markets' or 'Time In The Markets'

Making objective investment decisions can be challenging for many investors, not least when prevailing news is unclear or highlights volatility. Past performance is not a guide to future investment returns, however history shows that many of the best periods in the stockmarket come when the investment backdrop is at its most challenging – and that missing these pivotal investment points can impact significantly on long term investment returns. The investment approach of the Asset Allocation Accelerated Growth Plan reduces market risk whilst enhancing future growth potential – and includes a form of "phased market entry" through 3-monthly initial "averaging" of the starting levels of the market indices. We believe this addresses the dynamics of the current market and current investor concerns – and is likely to prove a prudent and sound long term strategy for investors.

Asset Allocation

The Asset Allocation Accelerated Growth Plan offers investment choice, providing either a balanced model portfolio (combining all four equity regions, on an equally weighted basis) or empowering investors to select an individually asset allocated portfolio. The model portfolio is 25% weighted to each market. Individual selections, may be any percentage to any market, from zero to 100%. Asset Allocation is static, and cannot be re-balanced during the investment term.

Understanding the Asset Allocation Accelerated Growth Plan

Investment Aims

The Asset Allocation Accelerated Growth Plan is designed to offer investors high absolute growth potential, with scope for unlimited returns, from an individually selected global equity portfolio, over a 6-year investment term, with defined capital protection at maturity.

● 100% Capital Protection At Maturity In Each Selected Market subject to 50% Downside Barrier Protection Levels

	US	UK	Europe	Japan
Market Growth 0-6%	10% <i>for every 1%</i> up to 60% return	10% <i>for every 1%</i> up to 60% return	10% <i>for every 1%</i> up to 60% return	10% <i>for every 1%</i> up to 60% return
Market Growth 6-60%	60% Return	60% Return	60% Return	60% Return
Market Growth Above 60%	+125% Unlimited Participation	+175% Unlimited Participation	+200% Unlimited Participation	+275% Unlimited Participation

How Capital is Invested

The Plan is invested in financial instruments (securities) within a Medium Term Note (a type of bond) issued by a major financial counterparty institution, which provides the stated investment features, including the defined level of capital protection and potential growth. Each market is available through a separate and independent note, meaning that growth rates and capital at risk are independently assessed for each selected market. The Plan depends upon the solvency of the counterparty, however the investment terms for each market are fixed at the outset - there is no ongoing active investment management. This means that investors know before investing exactly what degree of growth may be provided and the extent of potential investment risk that is presented by the Plan.

Outperformance Potential

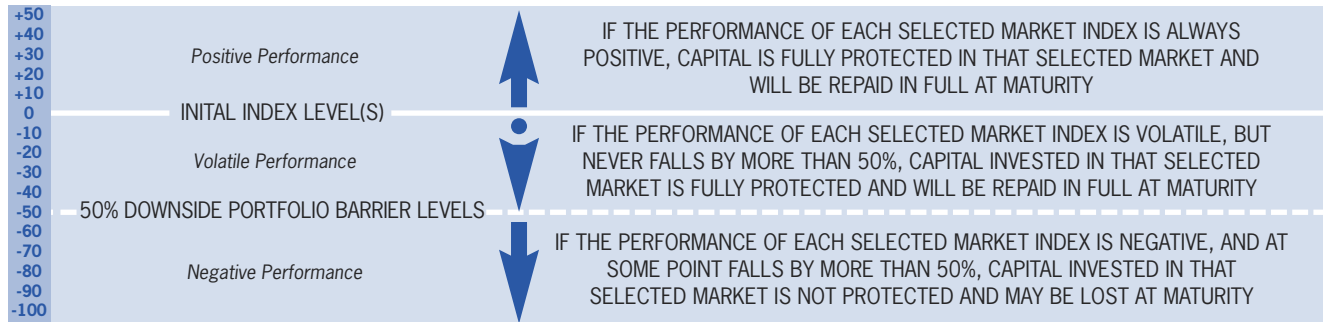
The Plan innovatively turns the investment tables in favour of the investor: upside returns are enhanced to improve performance potential, whilst downside risk is significantly reduced through the contingent capital protection. Further, whilst the Plan may significantly outperform growth in the selected markets on the upside, by design it cannot underperform the markets on the downside. Please read the table on page 11, which provides important information illustrating sample investment returns, contingent capital protection, and downside risks.

How Capital Is Protected - What Is The Downside Portfolio Barrier Level

The Plan provides 100% capital protection at maturity, subject to Downside Portfolio Barrier Levels of 50%. These barriers mean that within each selected market an investor's capital is 100% protected at maturity, regardless of whether the selected market index should fall, subject to that market index not falling, from its starting level, by more than the downside barrier level of 50% - and failing to recover by maturity. This provides an exceptional extra level of protection for investors, as opposed to investing into these stockmarkets directly, outside of the Asset Allocation Accelerated Growth Plan. However, should any market index selected breach the 50% barrier level at any time during the investment term, and fail to be at or above its starting level at maturity, capital will be lost on a 1% for 1% basis, in line with the fall in the value of the selected market index from its original level. Each selected index is measured independently, and a breach of a barrier in one index has no impact on any other. It should also be noted that capital protection is provided at maturity only and does not apply upon early redemptions.

Capital Repayment and Potential Capital Risk

The Asset Allocation Accelerated Growth Plan provide investors with a high growth potential investment opportunity. Whilst contingent capital protection is provided, that allows for each selected market to fall by up to 50%, the full growth potential is achieved by including a calculated measure of risk, should selected markets fall by more than 50%, from their starting level. We believe that the risks within the Plan are minimised, transparent and commensurate with the high growth potential offered. However, whilst the Plan provides a level of capital protection that is not offered by traditional investment funds or through direct stockmarket investments, prospective investors should ensure that they understand the potential capital risks that are associated with the growth potential of the Plan.



Investment Charges

The capital repayment and potential growth returns of the Plan are fixed and stated after allowing for any implicit charges, ie after allowing for any internal establishment or ongoing administration fees and expenses, including any commissions. This means that 100% of the full gross investment benefits from the defined capital protection and participates in future growth potential. There are explicit administration charges for early closures or transfers only.

How to Invest in the Asset Allocation Accelerated Growth Plan

There are three ways to invest in the Asset Allocation Accelerated Growth Plan.

Direct Investments

- **Individual investors:** Direct Investment by individual investors is possible. The growth provided by the Plan will be subject to capital gains tax. There is no upper limit to the amount that may be invested - subject to the capacity constraints of the Plan.
- **Pension Scheme Investments:** Direct Investment by pension schemes is possible, for instance through SIPP and SSAS schemes - subject to any restrictions imposed by the Pension Plan provider(s). As a permitted investment within a pension scheme any growth is free of tax. Because the Plan is structured to provide growth only, with no interim dividends, administration issues are minimised for trustees. There is no upper limit to the amount that may be invested - subject to the capacity constraints of the Plan.
- **Corporate, Trustee and Charity Investments:** Direct Investment is also open to Corporate investors, including Partnerships, Trustees and Charities. There is no upper limit to the amount that may be invested - subject to the capacity constraints of the Plan.

ISA Investments

Individual investors can utilise their 2008/09 ISA allowance to invest into the Plan. ISAs are free of any liability to tax for individuals. Only Stocks and Shares ISA's are possible. The minimum ISA investment is £7,200 - which is also the maximum individual ISA limit. Couples can each invest, so a total investment of £14,400 is possible.

ISA Transfers

Individual investors can also utilise the Plan for existing ISA holdings, by transferring them. All existing tax benefits are retained. A transfer offers you the opportunity to exchange and consolidate poor performing or non contingent capital protected funds, for the high growth potential and defined contingent capital protection provided by the Asset Allocation Accelerated Growth Plan. You can now also transfer Cash ISA holdings from previous tax years. The minimum aggregate transfer value is £7,000 - there is no upper limit on the total amount, as opposed to the limit imposed on new ISA investments - subject to the capacity constraints of the Plan.

IMPORTANT INFORMATION

The Financial Services Authority is the independent regulator for the UK financial services industry. It requires us, Blue Sky Asset Management, and the Account Manager, Keydata Investment Services Limited, to give prospective investors important information to help determine whether an investment in the Asset Allocation Accelerated Growth Plan is suitable. All prospective investors should read this brochure carefully - in particular, the risk factors, key features and the terms and conditions, to ensure that it is fully understood.

Neither Blue Sky Asset Management Limited nor the Account Manager Keydata Investment Services Limited offer investment advice to prospective investors or make or imply any recommendations regarding the suitability of investments in the Asset Allocation Accelerated Growth Plan. This investment is not suitable for everyone. If any prospective investor has any doubt whether an investment is suitable for their individual circumstances they should obtain expert professional advice from an Independent Adviser, before they invest.

Your attention is specifically drawn to the Risk Factors of the Asset Allocation Accelerated Growth Plan – in particular, the ‘counterparty role’ and ‘investment risk’. Despite a defined level of capital protection being provided at maturity, the Plan depends upon the ongoing solvency of the counterparty institution at all times and, should any selected market index fall by more than 50% from its starting level, at any point during the investment term of 6-Years, and fail to recover to be at its starting level, or higher, at maturity, capital is at risk and may be reduced upon maturity.

This Plan is not in any way sponsored or endorsed by any of the individual index providers.

Consider Whether this Plan is Suitable

The Asset Allocation Accelerated Growth Plan is designed for investors who want high growth potential over a 6-Year investment term, whilst benefiting from a defined level of capital protection at maturity. It is important that prospective investors consider the features of the Plan carefully, in particular the risks and terms and conditions that apply. The list below details some general points that may apply - and help highlight whether an investment in the Plan may be appropriate or suitable, based on your individual circumstances. All investors should consider their own specific circumstances in detail, and assess the suitability of investing in the Plan before proceeding.

This Plan May Be Suitable If:

- You are an investor who wants a high growth potential, stockmarket-linked, investment
- You understand and accept that the repayment of capital and returns of the Plan depend upon the solvency of the counterparty institution
- You are considering investing (or already have) in an active or passive mutual fund in one of these markets
- You are an investor who understands and accepts a quantifiable exposure to capital risk at maturity
- You don't expect to need access to the funds invested over the 6-Year term
- You want to invest a minimum of £10,000 - or £7,200 in respect of an ISA allowance or ISA transfer(s)

This Plan May Not Be Suitable If:

- You are not an investor looking for a growth, or single payment, stockmarket-linked investment
- You are not an investor prepared to expose your capital to any risk of loss at maturity
- You think access to the invested funds might be needed within the 6-Year term
- You may want to make regular additions to your investment
- You do not want to invest the minimum investment of £10,000 - or £7,200 in respect of an ISA or ISA transfer(s)
- You do not have sufficient funds readily available for possible future emergencies

If You Are A 'Self-Directed' Investor - Not Receiving Investment Advice

For investors who are not taking or receiving advice from a Professional Adviser before investing in this Plan, Blue Sky Asset Management and the Account Manager, Keydata Investment Services, are required to establish whether the Plan is appropriate for you. In order to do so, a number of questions are asked on the application form (in the 'appropriateness' section) - these must be completed in order for your application to be accepted.

RISK FACTORS

Careful consideration should be given to the risks of the Asset Allocation Accelerated Growth Plan - in particular it is important that prospective investors understand that there is a counterparty risk and stated level of investment exposure to potential loss of capital. The Plan does not provide a guaranteed return of capital. The suitability of the Plan depends upon individual circumstances and attitude to risk. We recommend that all prospective investors take professional advice before investing.

Counterparty Risk: The Account Manager will arrange for the purchase of Plan securities from counterparty financial institutions with a credit rating of 'AA-' or better (as measured by Standard & Poor's or equivalent) at the time of purchase. In the event of such securities being unavailable, or should the credit rating of the issuing counterparty institution be downgraded by Standard & Poor's (or equivalent), the Account Manager may substitute the counterparty institution and/or securities with alternatives with similar characteristics. The Asset Allocation Accelerated Growth Plan and the income it is designed to provide are dependent upon these securities and the solvency of the issuing counterparty institution - your investment is at risk in the event of the issuing counterparty institution defaulting upon their obligations. The terms of the investment may permit the issuer to withhold, defer, reduce or even terminate payments in certain events, as a result of which investors may receive less than they would otherwise or may have to wait for the proceeds.

Investment Risk: The Asset Allocation Accelerated Growth Plan is designed to provide high growth potential and the full return of capital at maturity. However, the repayment of capital in full depends upon the performance of the market indices that are selected. Should any selected market index breach the capital protection barrier of 50%, ie by falling more than 50% from its starting level, at any time during the investment term of 6 years, and fail to recover to be at or above its starting level, by the maturity date, capital is at risk and will be lost on a 1% for 1% basis, in line with the fall in value of the selected market index, from its original level.

The Asset Allocation Accelerated Growth Plan is not the same as a bank or building society where capital is guaranteed and, with instant access accounts, readily available without penalty. The Plan is designed to be held until maturity and, although early closure maybe possible, it should be noted that the full return of capital is not assured before the maturity date and the price before the maturity date will depend upon a number of factors (including internal establishment expenses and charges, market movements, interest rates and market conditions, such as volatility) which are likely to result in a capital loss, particularly in the early years.

The Asset Allocation Accelerated Growth Plan provides capital growth only - there is no income or participation in dividends linked to the stocks that comprise the market indices.

Circumstances could change, forcing or influencing an investor to sell the Plan early. If this happens, as explained above, it is possible that less than the amount originally invested may be returned. The value of the Plan will be determined by the price at which the Investments can actually be sold on the relevant Dealing Date. It is not possible to claim full reimbursement if the price at which Plan securities were purchased has fallen.

It should also be noted that if an investor exercises their right to cancel the Plan, within 14 days of subscribing, if this is after the strike date (the date upon which the Plan securities are purchased) the value of the Plan is immediately likely to be lower than its start level, which will result in a capital loss. It is not possible to claim full reimbursement if the price at which Plan securities were purchased has fallen. If the investment made was an ISA and the investor subsequently decides to cancel, it may not be possible to invest in another ISA in the same tax year.

Tax assumptions are based on our understanding of current legislation and practice at the time of print. The levels and basis of taxation and reliefs from taxation can change at any time and any change could be applied retrospectively. The value of any tax relief depends on individual circumstances. For tax advice, potential investors should consult professional advisers.

Past performance IS NOT necessarily a guide to future performance and should not be used to assess the risks associated with this investment. The repayment of capital is linked to the future performance of the selected market indices, which may fall. It should also be remembered that the value of any capital repayment received in the future will be less in real terms, based upon the effect of inflation.

keyfacts[®]**Key Features of the Asset Allocation Accelerated Growth Plan**

The Financial Services Authority is the independent financial service regulator in the UK. It requires us, Blue Sky Asset Management and Asset Manager, Keydata Investment Services, to give you this important information to help you to decide whether our Asset Allocation Accelerated Growth Plan 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.

The Aims of the Asset Allocation Accelerated Growth Plan

- To provide high stockmarket growth potential and a choice of individual asset allocation.
- To provide a full repayment of original capital on or around 27 June 2014.

Your Commitment

Your commitment is to hold your investment for 6 years, until 20 June 2014.

Questions and Answers**• Who Can Invest?**

Investors aged 18 or over can invest via the Direct Investment or ISA options. Investments can also be made through the Direct Investment option on behalf of a person under the age of 18.

• What Is The Process For Making An Investment?

Investing into the Asset Allocation Accelerated Growth Plan is simple. The application forms (detailed below) all allow you to specify whether you wish to choose the model portfolio (which is 25% invested in each market index) or whether you wish to select your own asset allocation percentage (from 0% to 100%) in each market index. It is not possible to change the asset allocation during the investment term. Before you invest you should read this Plan brochure carefully, including the Terms & Conditions, and ensure that you understand the benefits and the associated investment risks of this investment. If you are unsure of anything or in any doubt about the suitability of the Plan for your individual circumstances we recommend that you take independent professional advice, for which you may incur fees. If you are happy to proceed, complete and sign the relevant sections of the Application Form(s) and send this, with your cheque, to your Financial Adviser or to the Account Manager: Keydata Investment Services Ltd, Floor 8, Fountain House, 2 Queens Walk, Reading, RG1 7QF.

Keydata Investment Services Limited is authorised and regulated by the Financial Services Authority, 25 North Colonnade, Canary Wharf, London E14 5HS. Registered under the Financial Services Authority number 194148. Keydata is Registered in England, Registered No: 3714989.

There are three application forms, covering Direct Investments and Stocks and Shares ISA's from individual investors; Direct

Investments from Pension, Corporate or Trustee investors; and ISA Transfers from individual investors.

Please note that it is only necessary to send one cheque for the total amount that each individual wants to invest (e.g. one cheque can cover a Direct Investment and an ISA investment). Separate applications however (e.g. from a husband and wife), require two cheques, unless drawn on a joint account.

Cheques should be made payable to "Keydata – BSAM Client A/C". If your cheque is from a Building Society, it should reference your name. (For example "Keydata – BSAM Client A/C : Reference A Smith").

• What Is The Latest Date(s) For Investing In The Plan?

The closing date for PEP or ISA Transfers is 23 May 2008

The closing date for new ISAs is 16 June 2008

The closing date for Direct Investments is: 16 June 2008

Please note that applications must be received by 5.00pm on these dates and that subscriptions will only be invested upon receipt of a fully and accurately completed form. It is also possible that the Plan will close early.

• Is There Any Benefit In Investing Early?

There are two benefits for investors who make investments into the Plan early in the offer period. Firstly, the risk of missing the offer, if it has to close earlier than 16 June 2008, due to over subscription, will be minimised. Subscriptions that can not be accommodated by the Plan, due to over subscription, will be returned to investors within 30 days. Secondly, an early investment bonus of 4% p.a. gross interest (less tax where appropriate) is paid from the date funds clear until 18 June 2008, two days before the strike date of the investment. This interest will be added to your initial investment, to increase the total amount that will then be invested into the Plan for the duration of the investment term.

• What Are The Start And End Dates For The Plan?

Strike Date : 20 June 2008

Maturity Date : 20 June 2014

Repayment Date : 27 June 2014

Following the close of the offer period, there is a short reconciliation period, after which the Account Manager purchases the underlying securities of the Plan. This purchase date is known as the 'Strike Date', or 'Effective Date', of the Plan, when the Initial Stock Levels are measured.

• What Is The Underlying Investment Of The Plan?

The underlying investment of the Asset Allocation Accelerated Growth Plan is a security known as a Medium Term Note(s). These Notes are debt instruments, or bonds, issued by major financial counterparty institutions which have been specifically structured to match the investment objectives and fixed maturity of the Plan.

• **How Is The Plan Protected? Does The Plan Depend Upon The Solvency of the Counterparty Institution?**

The features of the Asset Allocation Accelerated Growth Plan are delivered by the underlying Medium Term Note. The Plan, as for most structured products, depends upon the ongoing solvency of the counterparty financial institution that is responsible for providing the assets, ie the Medium Term Notes, that the Plan is based upon. The issuer of the Notes will have a Standard & Poor's (or equivalent) credit rating of 'AA-', or better, at the time of offer – though it is possible that the credit rating of the counterparty institution will change during the investment term, including during the offer period (it may improve or worsen). The credit rating is a current opinion of an issuer's overall financial capacity (its credit worthiness) to pay its financial obligations. This opinion focuses on the issuer's capacity to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation. The credit rating is not a recommendation to purchase, sell, or hold a financial obligation, and it does not comment on market price or imply suitability for a particular investor.

• **Is Capital Repayment Linked To The Stockmarket?**

YES. The Asset Allocation Accelerated Growth Plan is designed to return your full original investment, at the end of the investment period of 6 years, however it depends upon the individual market indices that are selected. Should any of the indices selected breach the downside portfolio barrier level of 50%, based upon the daily closing prices, at any time during the investment term, and fail to be at or above the starting level at the maturity date, capital is NOT protected, and will be lost on a 1% for 1% basis at maturity. The Plan includes averaging, over the initial 3 months and the final 6 months of the investment term (see 'What is Averaging'). It should be noted that each index is assessed and measured independently meaning that a barrier breach on any one individual market does not effect any other market selected.

• **How Is The Performance Of The Indices Calculated?**

In addition to the return of capital invested, the Plan offers investors a return of 10 times the growth of the selected market index/indices, plus further participation in any growth in the index/indices above 60%. Each market index will be measured in terms of its performance over the investment term, by dividing the Final Price by the Opening Price to determine any gain, or loss. The Opening Price of each index will be the average of the first 3 months, averaged on a monthly basis, starting at the close of trading on 20 June 2008. The Final Price of each index will be the average of the last 6 months, averaged on a monthly basis. Please see 'What is Averaging'.

• **What is Averaging – How Does It Affect The Plan?**

The Asset Allocation Accelerated Growth Plan uses averaging as a process to calculate both the initial starting levels and the final performance of the market indices selected.

The initial averaging process takes the level of each of the selected market indices over the first three months of the investment term, based upon 4 monthly observations, and calculates the starting levels as the average of these measurements. It should be noted that the initial averaging included in the Plan only applies to measuring the upside growth in each market, and is not applied in assessing any downside movement of the indices. This will prove to be a benefit, in terms of improving upside performance, should markets fall in this period.

The final averaging process takes the level of each of the selected market indices over the final six months of the investment term, based upon 7 monthly observations, and calculates the final levels as the average of these measurements. This will prove to be a benefit, in terms of protecting any gains made, should markets fall in this period.

The averaging approach is an alternative to simply taking the level of the market indices on a single day at the start and end of the investment term. Through the averaging, any volatility affecting the stockmarket and therefore the indices immediately after the start date or immediately prior to maturity can be mitigated, or spread. However, averaging may constrain the measurement of positive performance if the value of the indices is increasing during the averaging period.

• **Does The Plan Generate Income OR Growth Payments?**

The Asset Allocation Accelerated Growth Plan is designed to provide growth only; no other income or dividends will accrue or be paid during the 6-Year investment period or at maturity. The performance measurement of each market index will not include or take into account the re-investment of dividends.

• **What Index Is The Plan Linked To?**

The Asset Allocation Accelerated Growth Plan is linked to a Portfolio of up to four individual market indices, as detailed on pages three and four.

• **How Will Charges And Expenses Affect The Plan?**

All of the returns for the Asset Allocation Accelerated Growth Plan are stated after allowing for any charges or expenses. The anticipated internal aggregate charges for the Plan are not expected to exceed 7.35% of your investment for the model portfolio (although they differ for each individual note). These charges have been fully taken into account before you invest. There are no other charges, other than potential administration fees of £150 (plus VAT) for any future surrenders or transfers of an ISA or PEP to another Account Manager, unless we feel it is necessary to take into account significant regulatory changes.

The effect of charges on an investment of £10,000, assuming a growth rate of 6% a year, are set out in the following table. Please note, these figures are only examples for illustrative purposes, and serve only to demonstrate the effect of charges and expenses on an investment. They are neither minimum nor maximum amounts. What you will get back depends on how

your investment grows and on the tax treatment of the investment. You could get more or less than this. It should also be remembered that inflation would reduce what you could buy in the future with the amounts shown.

End of Year	Investment	Effect of Deductions	Projected Value
1	£10,000	£882	£10,300
2	£10,000	£940	£11,400
3	£10,000	£1,001	£12,500
4	£10,000	£1,065	£13,700
5	£10,000	£1,132	£14,800
6	£10,000	£1,203	£16,000

The last line of each table shows that over the investment term the effect of total charges and expenses could amount to £1203. Putting it another way, this would have the same effect as bringing the investment growth of 6% pa down to 4.8% pa.

• How Much Will Any Advice Cost?

If you require personal financial advice, you should consult a Professional Independent Financial Adviser. If you receive advice from an adviser in respect of the Asset Allocation Accelerated Growth Plan they will give you details about the cost. If you are not taking advice, commission may still be payable. The amount of commission will depend on the amount you invest. The amount will also be included in your welcome letter. Remember that commission is already accounted for and reflected in the terms stated for the Plan and does not affect the return shown.

• What Will The Investment Return Be After 6 Years?

The Plan is designed to provide investors with growth of 10 times any rise in the selected market indices, up to a 60% investment return, plus offer unlimited further growth potential, above 60% market growth, at a level dependant upon the individual markets selected. The table below shows some specimen returns. It should be remembered that inflation would reduce what you could buy in the future with the amounts shown.

Investment Amount	Index Performance	US	UK	Europe	Japan	Comments
		(Each selected market provides 10X index growth up to a 60% return, plus....) 1.25 X above 60%	1.75 X above 60%	2 X above 60%	2.75 X above 60%	
£10,000	100%	£21,000	£23,000	£24,000	£27,000	adds unlimited outperformance above 60%
	80%	£18,500	£19,500	£20,000	£21,500	adds unlimited outperformance above 60%
	60%	£16,000	£16,000	£16,000	£16,000	returns 60%
	30%	£16,000	£16,000	£16,000	£16,000	returns 60%
	6%	£16,000	£16,000	£16,000	£16,000	turns 6% into 60%
	5%	£15,000	£15,000	£15,000	£15,000	turns 5% into 50%
	4%	£14,000	£14,000	£14,000	£14,000	turns 4% into 40%
	3%	£13,000	£13,000	£13,000	£13,000	turns 3% into 30%
	2%	£12,000	£12,000	£12,000	£12,000	turns 2% into 20%
	1%	£11,000	£11,000	£11,000	£11,000	turns 1% into 10%
	0%	£10,000	£10,000	£10,000	£10,000	zero movement/zero return
	-20%	£10,000	£10,000	£10,000	£10,000	capital protected, despite 20% market loss*
	-45%	£10,000	£10,000	£10,000	£10,000	capital protected, despite 45% market loss*
	-60%	£4,000	£4,000	£4,000	£4,000	market loss exceeds 50%, 1% for 1% losses
-75%	£2,500	£2,500	£2,500	£2,500	market loss exceeds 50%, 1% for 1% losses	

*Based upon index levels at maturity – assumes 50% Downside Barrier Protection Levels were not breached during the investment term.

• Can Tax Efficient Investments In To The Plan be Made?

Neither Blue Sky Asset Management nor the Account Manager Keydata Investment Services provide or offer tax advice. The following information and statements are based upon our current understanding of applicable tax legislation, all of which may change, and any changes may be applied retrospectively. The amount of tax you pay and value of any reliefs will depend on individual circumstances. If you require further information or advice regarding individual circumstances or your potential tax liability you should contact an Independent Professional Adviser.

Direct Investments: If you invest via the Direct Investment option any investment growth is subject to Capital Gains Tax. By investing directly into the Plan (not via an ISA or an ISA transfer) you may be liable for Capital Gains Tax, depending upon your own individual circumstances. Tax will not be deducted at source by the Account Manager, Keydata Investment Services, and you will be responsible for declaring any growth through your own tax return.

Direct Investments for Pension Plans: SIPP and SSAS schemes may invest in the Asset Allocation Accelerated Growth Plan, subject to any restrictions or rules that may apply. Any growth will be free of tax within such pension arrangements.

ISA Investments: If you invest via an ISA all investment returns from your Plan are currently free of income tax and capital gains tax. You can invest your full 2008/09 ISA allowance of £7,200. Couples can double up to invest £14,400.

ISA Transfers: Existing ISA holdings can be transferred into the Asset Allocation Accelerated Growth Plan. All transferred accounts will remain sheltered from any income or capital gains tax. A transfer offers you the opportunity to exchange and consolidate poor performing, or non capital protected funds, for the high growth potential and defined contingent capital protection provided by the Asset Allocation Accelerated Growth Plan. The minimum aggregate transfer value is £7,200, but there is no upper limit on the amount that can be transferred, as opposed to the annual limit that applies to new ISA investments.

Points to Remember With Regard to ISA Transfers: Prior consideration should be given to any exit penalties and/or associated charges that might apply to encashing existing investments when proceeding with ISA transfers. This is because your existing Plan must be transferred in cash, which means that your existing Account Manager will have to sell your investment holdings before transferring the proceeds. Your existing Account Manager may charge an exit or transfer fee for this transaction. There is also the potential for loss of income or growth whilst the transfer is pending, if markets should rise while your transfer remains pending.

Please note: To ensure that the funds are received from the existing Account Manager in a timely manner, we have a cut-off

date for ISA transfers of 23 May 2008. This leaves your existing Account Manager time to credit funds to us by 16 June in order to meet the 20 June 2008 strike date. If this date is missed it may not be possible to reinstate your Plan with your previous Account Manager.

• What Are Individual Savings Accounts (ISAs)?

Individual Savings Accounts are tax-efficient savings vehicles that can be invested in 2 distinct categories or components:

i) Stocks and Shares (including collective investment schemes),
ii) Cash. You are eligible to invest into an ISA if you are:

- aged 18 or over for the stocks and shares component;
- aged 16 or over for the cash component;
- resident in the United Kingdom for tax purposes;
- a crown employee, civil partner or their spouse currently working overseas and treated as resident in the UK.

ISAs cannot be jointly held or held on behalf of another person. An ISA can be a Stocks and Shares ISA or a Cash ISA. You can switch from Cash ISAs to Stocks and Shares ISAs at any time, but you cannot switch back or transfer Stocks and Shares ISA holdings into Cash ISAs. You cannot have more than one ISA in the same tax year, although you may split your ISA investment between Stocks and Shares and Cash. ISA regulations do not permit you to offset this for tax purposes against other capital gains.

Changes Made Since 6 April 2008

Maxi and Mini titles for ISAs have been replaced with:

- 1) Stocks & Shares ISAs, with a maximum allowance of £7,200 and
- 2) Cash ISAs with a maximum allowance of £3,600
- 3) The PEP label has ceased and all PEPs have become Stocks & Shares ISAs

• What About Tax During The Offer Period?

Prior to the effective date of 20 June 2008 your subscription will be held in cash and will earn interest, until 18 June 2008. Interest earned on ISAs is credited net of a 20% flat rate tax charge; on Direct Investments where interest is credited, it will be credited less any tax deducted at source, and higher rate income tax payers will be liable to pay further tax at 40% on the interest (with credit given for any tax deducted at source).

• What Documentation Is There?

Within 5 working days of receipt of an application the Account Manager, Keydata Investment Services, will send an acknowledgement. They will also send a notice of the right to cancel (as described previously). Within 25 business days, following investment into the securities, which provide the Plan returns, a statement showing your investment within your Plan will be sent. Every 6 months thereafter, a statement and valuation of the Plan will be sent. This will be issued within 25 days of each twice yearly point. You can also request statements every 3 months, should you require them more regularly. All investments will be

registered in the name of the nominee company 'Keydata Investment Product Nominees Limited' or other such nominee approved by the Account Manager, although your holding is recorded and separately identified by us. No certificates will be issued.

• What Happens If I Change My Mind After I Have Invested?

If you change your mind after submitting your application form you will have the right to cancel your Plan within 14 days of receiving a notice of your right to cancel. Withdrawal notices, which Keydata Investment Services receives prior to the investment date on 20 June 2008, will receive a full return of the initial investment. No early bonus interest will be paid on cancellation.

However, you should note that for notices received on or after 20 June 2008, the strike date on which securities will be purchased, a full refund of your investment is not possible if the price at which assets within the Plan were purchased on the strike date have fallen at the time you elect to cancel your investment.

The cash value in these circumstances is not protected and will depend upon prevailing market conditions including, but not limited to, interest rates and the levels of the stocks in the portfolio. As internal charges are reflected in the terms offered, the market value of the investment is likely to be less than the amount originally invested in it for a substantial part of the investment period.

A cancellation administration fee of £150+VAT will normally be deducted upon withdrawal instructions received after 20 June 2008.

• What Happens If I Want to Close The Plan Before The Maturity Date?

Should you want to transfer or sell your Plan at any time during the 6 year investment period, the cash value is not guaranteed and will depend on prevailing market conditions including, but not limited to, interest rates and the market prices of the stocks in the Portfolio. As all internal charges are reflected in the investment terms offered, the value of the Plan is likely to be less than the amount originally invested in it for a substantial part of the investment period. A withdrawal administration fee of £150+VAT will also be deducted.

• Can Partial Withdrawals Be Made Before the Maturity Date?

Partial withdrawals from the Plan are possible if more than one market has been selected, as each market may be closed independently. Any closure of a selected index holding must be in full. (Please refer to the paragraph above regarding early closure and administration fees - a withdrawal administration fee of £150 + VAT will be deducted for partial withdrawals).

• What Is The process For Early Closure/Sale, Before Maturity?

If you decide to sell your investment you should contact the Account Manager, Keydata Investment Services to arrange it. As explained, given the nature of the investment, it is possible that you may not get back what you invest if you sell before the end of the investment term.

• Monitoring Your Money

To help you keep track of your investment the Account Manager, Keydata Investment Services, will send you a twice-yearly statement, which will include the value of your investment. You may also request 3-monthly statements. You can also follow the progress of your investment by visiting our website www.bluesky-am.com where you will be able to find up to date month-end values for the Asset Allocation Accelerated Growth Plan. Alternatively you can contact our Client Services Team on 0844 391 3425. Should you need any assistance, the office is open from 9.00am to 5.30pm, Monday to Friday.

• What Happens If I Die?

Should you die and your personal representatives or beneficiaries request that your holdings are sold, an administrative charge of £65+VAT will be levied. No charges are applied for assignment to a beneficiary. The total value of your Plan forms part of your estate for inheritance tax purposes. ISAs automatically lose their tax-free status on the death of the holder.

• Do Any Compensation Scheme Arrangements Apply To The Plan?

Should the Account Manager, Keydata Investment Services Limited, become insolvent, compensation may be available from the Financial Services Compensation Scheme, 7th Floor, Lloyds Chambers, Portsoken Street, London E1 8BN. Telephone: 020 7892 7300. A statement describing your rights to compensation is available on request. The amount and scope of the compensation scheme, is 100% of the first £30,000 invested and 90% of the next £20,000 invested, making a maximum compensation amount of £48,000.

• How Do I Make A Complaint?

If you have a complaint about the Account Manager, Keydata Investment Services, the Compliance Department of the Account Manager has procedures in place, in accordance with the regulations, for the effective consideration of complaints. All formal complaints should, in the first instance, be made to the Compliance Officer at Keydata Investment Services Ltd, Floor 8, Fountain House, 2 Queens Walk, Reading RG1 7QF. A statement describing Keydata's complaints handling procedure is available on request.

If you have a complaint about Blue Sky Asset Management, you should write to the Chief Executive at Blue Sky Asset Management Limited, International House, 1-6 Yarmouth Place, Mayfair, London, W1J 7BU. We will provide you with details of our Complaints Procedure upon request, or automatically in the event that you make a complaint.

If you are not happy with the response to any complaint, you have the right to complain directly to the Financial Ombudsman Service at the following address: Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London E14 9SR Telephone: 0845 080 1800. Please note that making a complaint will not prejudice your right to take legal proceedings.

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Terms and Conditions

1 Definitions

In these terms the following words mean: -

Account Manager: Keydata Investment Services Limited.

Keydata: Keydata Investment Services Limited.

'We', 'us' & 'our': Keydata Investment Services Limited, which is authorised and regulated by the Financial Services Authority, FSA number 194148.

FSA: The Financial Services Authority is a nongovernmental body given statutory powers by the Financial Services and Markets Act 2000.

'You' and 'your': an investor who applies to make a Direct Investment, who opens an ISA or who makes an ISA transfer on these terms and conditions.

Plan: Direct Investment or ISA as held under these terms and conditions.

ISA : Individual Savings Account.

Regulations: The Individual Savings Account Regulations 1998, as amended.

Securities: Medium Term Notes listed on an approved stock exchange.

Strike/Effective Date : 20 June 2008.

2 Your Plan

- i. If applicable you may open more than one Plan.
- ii. The application form you use is part of these terms and conditions and if the terms differ, those contained in our application form will prevail.
- iii. On the receipt of a duly completed application form and subscription(s), the Account Manager may accept your investment subject to these Terms and Conditions. The Account Manager reserves the right to reject an application for any reason.
- iv. In the case of an ISA investment, your Plan will be opened upon receipt by us of a duly completed application together with your initial cash subscription. Subject to the Regulations we may open a Plan provisionally where the information which you have supplied is insufficient. In respect of an ISA, where we open a Plan on a provisional basis you must supply the missing information within 30 days, otherwise the Plan must be voided in accordance with HM Revenue & Customs requirements.
- v. In the case of a ISA transfer, we will manage your Plan upon receipt by us of the proceeds of your previous Plan from your previous Account Manager.
- vi. You are classified as a Retail Customer within the meaning of the FSA Handbook unless we specify otherwise in correspondence with you.
- vii. Your Plan will have the features including the investment returns and risks described elsewhere in this document.

3 Cancellation Rights

You will have the right to cancel your Plan within 14 days of receiving from us a notice of your right to cancel. Withdrawal notices, which Keydata receives prior to the investment date of 20 June 2008, depending on the strike date of your investment, will receive a full return of the initial investment. No early bonus interest will be paid on cancellation. However, you should note that for notices received on or after 20 June 2008, the strike date on which securities will be purchased, you cannot reclaim a full refund of your investment if the price at which assets within the Plan were purchased have fallen at the time you elect to cancel your investment. In these circumstances a cancellation administration fee of £150 + VAT will be deducted. Also, the cash value is not guaranteed and will be impacted by the set up charges and depend on prevailing market conditions including, but not limited to, interest rates and the levels of the selected market indices. As all charges are reflected in the terms offered, the value of your investment is likely to be less than the amount originally invested in it for a substantial part of the investment period. If you exercise your right to cancel your Plan following an ISA transfer, the proceeds will be paid direct to you and you will irrevocably lose any favourable tax treatment associated with that ISA holding.

4 Subscriptions:

You must subscribe to the Plan with your own funds or by transfer of funds from an existing ISA. Once the ISA has been transferred, your ISA Plan will be subject to these terms and conditions.

5 Permitted Investments:

The Securities available under the Plan are Medium Term Notes denominated in Sterling and qualifying for the purposes of ISA investments. The returns on these notes are structured to deliver returns based upon the performance of the indices in the portfolio. Your investment objective is to invest in these Medium Term Notes, which will be at least 'AA-' or better rated, at the time of the offer, and issued to meet the aims of this Plan. The Account Manager will exercise discretion in selecting the appropriate Securities and confirm that they will be acting as your agent in arranging for the purchase of these Securities and accordingly acknowledge and confirm on behalf of any Issuer, its affiliates and directors (together the 'Issuer') that it does not act as agent for the Issuer and that any offer of securities is not authorised by any Issuer and is made without the Issuer's knowledge or prior approval.

6 Cash held within your Plan:

Cash will be held in a pooled Keydata Client Account with a bank (which is not an associate of the Account Manager). Interest earned on cash deposits will be credited to your Plan in accordance with client money rules of the Financial Services Authority. Interest will first be credited immediately prior to investment in the permitted investments and will be rounded down to the nearest whole pound (with transfers interest credited will be such that when added to your investment amount it will result in an amount being rounded down to the nearest pound). The Account Manager may benefit from the aggregation of client balances held, but the rate of interest you will earn will not be less than the publicly-offered deposit account with a high street bank selected by the Account Manager. Within an ISA, cash can only be held pending an investment and if held in cash over a prolonged period there is a risk that HM Revenue & Customs may void your ISA.

7 Investment:

All cash (and interest earned prior to the strike/effective date) received by us for investment in your Plan will be applied to purchase Securities in permitted investments. Investment will be made on or before the strike/effective Date. The Account Manager will be responsible for all purchases and sales of investments for your Plan. The Account Manager may aggregate any transaction for an investor with one or more transactions for other investors; even though this may result in a less favourable price than if it had been carried out separately. The Account Manager will take all reasonable steps to ensure that any aggregated transaction is carried out on the best terms generally available in the market at that time for transactions of a similar type and size.

You have a right to inspect copies of contract notes, vouchers and entries in the Account Manager's book, or computerised records relating to transactions carried out for your account. These records will be kept for at least 5 years.

8 Securities:

By signing the application form, you have chosen to make an investment with the features (including the potential returns and risks) described elsewhere in this document. Your investment will be used to acquire securities, which are designed to fund the investment returns offered by the Plan:

9 How Investments are Held:

All assets within your Plan will be, and must at all times remain, in your beneficial ownership, and must not be used as security for a loan. None of the assets may be lent to or deposited by way of collateral with any third party, nor may you create any charge or security over any assets. We may not lend any of your assets to a third party, nor may we borrow against their security. Securities will be registered in the name of our nominee company, Keydata Investment Product Nominees Ltd, which is not authorised under the Financial Service and Markets Act 2000, or any such nominee approved by us. We accept full responsibility for any loss that might arise as a result of any default by any nominee company in which name the assets are held.

10 Conflicts of Interest:

The FSA Principles of Business, stipulate that a firm must manage conflicts of interest fairly, both between itself and its customers and between one customer and another. Keydata has a Conflicts Policy which fully meets this requirement. Keydata will identify conflicts and ensure these are properly managed in a fair manner. Procedures are already in place to monitor activities which could give rise to such a conflict. A copy of the Keydata Conflicts Policy is available on request.

11 Documents You Receive:

We will acknowledge in writing, where applicable, (i) your application to open a Direct Investment Plan; (ii) your application to open an ISA; (iii) your request to transfer an ISA to us, as the case may be. You will also receive 6 monthly statements or you may also request 3-monthly statements. These will show details of all transactions effected during the previous 6 months and include a valuation of your Plan. The statement will be prepared in accordance with the rules of the FSA and will be issued within 25 business days of the valuation date and will not include any measure of comparative performance. We may produce a consolidated statement covering where applicable (i) all Direct Investments held with us and; (ii) all ISAs that are held with us. On request you will receive any information issued to holders of the Securities in which you invest. On request you will be invited to exercise voting rights in respect of Securities held. If you wish to attend noteholder meetings in person we will seek to arrange this. We reserve the right to make a reasonable charge for providing these additional services. Where a certificate or other document evidencing title to a permitted investment is issued, it will be held by us or as we may direct.

12 Partial Withdrawals:

Partial withdrawals are permitted from your Plan.

13 ISA Transfers to Another Manager:

Subject to the Regulations, you have the right at any time to transfer your ISA to another ISA Manager. To effect a transfer you must submit to us a written instruction and/or a letter of acceptance from your new ISA Manager. You may stipulate when you wish to transfer the proceeds of your Plan, but should be aware your Plan's proceeds will be realised in accordance with clause 14. We only effect the transfer in cash following the sale of all securities held by you. In accordance with the Regulations, if you wish to transfer an ISA for the current year, the transfer must be effected in respect of all the subscriptions made that year. In relation to ISAs opened in respect of a previous year, the transfer must be effected in respect of all holdings held in that year's Plan. No partial transfers will be allowed.

14 Termination or Full Withdrawals:

The Plan may be terminated immediately by the Account Manager on giving written notice to you if, in its opinion, it is impossible to administer the Plan in accordance with the Regulations or you are in breach of the Regulations. (The ISA Plan will terminate automatically if it becomes void under the Regulations with immediate effect. The Account Manager will notify you in writing if an ISA Plan becomes void.) The Account Manager may terminate the Plan on one month's notice if you fail to pay any money due or are in breach of any of these Terms & Conditions. The Account Manager may at any time terminate the Plan by giving you 3 months' notice to that effect.

You may terminate the Plan at any time by giving written notice to the Account Manager that you wish to terminate your Plan. Following receipt, the Account Manager will then sell your investments at the next practicable dealing date, normally at the end of each month. As with transfers, you may stipulate when you wish to realise the proceeds of your Plan, but be aware that dealing usually occurs twice monthly, at the middle and end of the month, but in any case will not exceed 30 days from the date of notification.

Keydata must receive written notice of termination no later than 2 business days prior to the dealing date. On termination, the Account Manager will account to you for the proceeds of investments and will be entitled to retain any cash or investments required to settle any transactions already initiated on your behalf and any outstanding fees. You will pay to the Account Manager any fees and transaction charges accrued to the date of termination.

15 Death:

Should you die and your personal representative or beneficiaries request that your holdings are sold, an administrative charge of £65+VAT will be levied. No charges are applied for assignment to a beneficiary. The total value of your investments forms part of your estate for inheritance tax purposes. ISAs automatically lose their tax-free status on the death of the holder.

16 Charges:

The Asset Allocation Accelerated Growth Plan is designed to be held for the full term of 6 years. Should you subsequently withdraw at any time during the 6 year investment period, a withdrawal administration fee of £150 + VAT will be deducted. Also, the cash value is not guaranteed and will depend on prevailing market conditions including, but not limited to, interest rates and the levels of the selected market indices. As all charges are reflected in the terms offered, the value of your investment is likely to be less than the amount originally invested in it for a substantial part of the investment period. In addition we will benefit from the rounding of interest as per clause 6. However we reserve the right to introduce an additional charge in the future to cover any additional expenses incurred by us as a result of significant regulatory change. In any event no such charge will be introduced without giving you three months' written notice.

17 Records of Your Plan:

We will (a) maintain all such records relating to your Plan, (b) make such returns to HM Revenue & Customs for the purposes of taxation, and (c) provide all taxation details to you, as may be required under the Regulations.

18 Delegation of Functions:

We may appoint a third party to act in respect of any function relevant to administration of your Plan, though we must satisfy ourselves that any such third party is competent to carry out those functions or responsibilities. We shall take full responsibility for the actions and omissions of any such third party.

19 Assignment:

We may appoint another company to be the Manager of your Plan under these Terms & Conditions on giving you one month's notice. The new Manager must be approved to act as an ISA Manager (as applicable) by the Commissioners of HM Revenue & Customs.

20 Complaints:

Any complaint with regard to the Account Manager should be addressed to the Compliance Officer, Keydata Investment Services Limited, Floor 8, Fountain House, 2 Queens Walk, Reading RG1 7QF in the first instance. If you are not satisfied with the manner in which the matter is addressed you can refer your complaint to The Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR. Making a complaint will not prejudice your right to take legal proceedings. A statement describing our complaints handling procedure is available on request.

If you have a complaint about Blue Sky Asset Management, you should write to the Chief Executive at International House, 1-6 Yarmouth Place, Mayfair, London, W1J 7BU. We will provide you with details of our Complaints Procedure upon request, or automatically in the event that you make a complaint that is not satisfactorily resolved.

21 Compensation:

If we cannot meet our financial obligations to you, you may be entitled to compensation under the Financial Services Compensation Scheme established under the Financial Services and Markets Act 2000. Details of your rights under this scheme are available from us on request, and further information is available from the Financial Services Authority and the Financial Services Compensation Scheme. A statement describing your rights to compensation is available on request. The amount and scope of the compensation scheme, being 100% of the first £30,000 invested and 90% of the next £20,000 invested, making a maximum compensation amount of £48,000.

22 Commission:

If you subscribe to a Plan through an Independent Financial Adviser we will usually pay commission, which will be detailed in correspondence with you. You should inform us of any change in your Adviser to enable us to keep our records up to date.

23 Data Protection:

The information you provide on your application form (or subsequently) will be held and processed by us as data controller for the purposes of the Data Protection Act 1998. We may hold and process information for the administration of the service(s) for which you are currently applying or may apply for in future, for the operation of your investment in securities (including e.g. for registration and distribution purposes), for the purposes of statistical analysis, and the marketing of goods or services by Blue Sky Asset Management. We may transfer information to other companies and to third party agents of such companies or of this company for any of the above purposes. Where an Independent Financial Adviser acts on your behalf, we will disclose information concerning your investment to that Independent Financial Adviser.

Save as noted above, we will not provide to any other third party any information relating to you, unless you have given your written consent or unless we are required to do so by law. You are entitled to request details of information we may hold about you upon payment of a fee and to require us to correct any inaccuracies in your personal data.

24 Money Laundering:

All transactions relating to products provided by Keydata Investment Services Limited are covered by The Money Laundering Requirements (Criminal Justice Act 1993, The Money Laundering Regulations 2007, FSA Rules and any relevant guidance notes). This means that we are responsible for compliance with these Regulations. As a consequence, you may be required to provide proof of identity when buying or selling your investment.

25 Telephone Recordings:

For your security telephone conversations may be recorded.

26 Telephone and/or Internet Dealing:

We reserve the right to introduce a facility for telephone and/or internet dealing in respect of your Plan. In the event that we introduce these facilities, we will reserve the right not to accept any dealing instruction unless we are satisfied that all information, which we require at the time of dealing, has been accurately provided.

27 Unclaimed maturity proceeds:

The Account Manager shall continue to treat unclaimed maturity or allocated funds as client money, in accordance with the FSA Handbook, for a period of 6 years. Interest will not be paid on such funds. The Investor consents to any money held in a client account for more than 6 years being released and no longer treated as client money in accordance with the client money regulations of the FSA Handbook.

28 Exclusion of Liability:

We give no warranty as to the performance or profitability of the Plan. You must be aware that the price of securities can go down as well as up and that there is a degree of risk attached to stockmarket investments. You may not get back the amount invested. You are reminded that past performance is no guarantee of future returns. In the event of any failure, interruption or delay in the performance of its obligations resulting from any event or circumstance not reasonably within its control, the Account Manager shall not be liable or have any responsibility of any kind for any loss or damage you incur or suffer as a result.

29 Insurance:

The Account Manager will maintain insurance cover to indemnify you against, inter alia, misappropriation of funds or securities by any employee of the Account Manager.

30 Amendment:

Should there be any change in Government legislation, we reserve the right to amend the Terms and Conditions of the Plan by giving up to 3 months written notice.

31 Governing Law:

These terms are governed by English law and will become effective on acceptance by the Account Manager of your signed application form. All business is conducted in English.

FSA Factsheet

Capital-at-risk products:

Products where you could lose some or all of the money you invest (your capital)



This factsheet is for you if:

you are thinking of investing in a capital-at-risk product.

It explains:

- the types of products that can put your capital at risk;
- how capital-at-risk products typically work;
- the main risks you would be taking;
- some points to think about before you invest; and
- where to get more help and information.

Many capital-at-risk products offer higher rates of return than savings accounts with banks or building societies. Their attraction is the possibility of higher income or capital growth. But potentially higher returns usually come at a price – you could lose some or all of the money you put in (your capital). This doesn't mean you shouldn't invest some of your money in these products. But you should only do so if you understand and can accept the risks and possible consequences. The risks should be explained to you by the firm selling the product, often in a 'Key Features Document'.

If you don't want to risk your capital, and are prepared to accept that you may get a lower rate of return, you need to look at less risky, capital-secure investments – for example, a savings account with a bank, building society, or National Savings and Investments.

What are capital-at-risk products?

These are usually share-based investments from banking, insurance or investment management firms, and can offer attractive returns. Your investment could do as well as planned, or maybe better. But if it does not, you could lose some or all of the money you put in (your capital). Capital-at-risk products usually invest in a variety of stockmarket investments such as shares or debt securities. Debt securities include corporate bonds which are loans to organisations such as companies or the government.

Products that put your capital at risk include:

- stockmarket-based investments. These include collective investment schemes (such as open-ended investment companies (OEICs) and unit trusts) and investment trusts;
- investment bonds and funds that invest in debt securities, such as corporate bond funds; and
- investments linked to the performance of a stockmarket or some other factor such as a collection of shares. These are usually for a fixed number of years (the 'term') and can be arranged to provide income or growth or a combination of both.

As an alternative, you could invest directly in:

- shares, and so benefit from any dividends paid; or
- debt securities, for which you get fixed or variable interest.

But the value of direct holdings of shares and other securities can change sharply – down as well as up.

Depending on its particular terms and conditions, the value of an investment product linked directly or indirectly to the stockmarket may have lesser, similar or greater risk.

How do different capital-at-risk products usually work?

Stockmarket-based investments

A wide range of stockmarket-based investments is available. The performance of the investments depends on the investment strategy adopted and general stockmarket conditions. The value of stockmarket-based investments can alter sharply because they are linked to the performance of the underlying shares or bonds (ie what your money is actually invested in).

Investment bonds and funds that invest in debt securities

These vary widely and include distribution bonds, with-profits bonds, unit-linked bonds and corporate bond funds. The money you invest is usually put directly into the stockmarket (in London or overseas) or into fixed or variable interest funds.

Investments linked to an index or other factor

With some fixed-term products, repayment of the capital to the investor (in full or in part) is linked by a special pre-set formula to the performance of an index such as the FTSE 100 or maybe a combination of indexes or some other factor – such as the performance of a collection of shares. We call them 'structured capital-at-risk products'. Some offer a specified level of income over a fixed period, while others offer growth that depends on the performance of an index or other factor (see the examples below). These products, and the risks involved, can vary widely. For example, some may involve 'gearing' (the use of borrowing that can increase the amount you get back but will also increase the risks). Others can provide some element of capital protection.

An example of a structured *income* product is one that offers 6% income a year for five years, but also states that if the FTSE 100 index falls at the end of this period, the capital is reduced by 2% for each 1% fall in the index. So if after five years the index fell by 25%, someone who invested £5,000 would still have received 6% income a year over the five years (a total of £1,500) but the capital would have reduced to £2,500. So you would only get £4,000 from your original investment of £5,000.

An example of a structured *growth* product is one that offers 30% growth over five years, but also states that if the FTSE 100 index falls by more than 20% at the end of this period, then your capital is reduced by 1% for each 1% fall in the index. So if after five years the index fell by 50%, someone who invested £5,000 would still receive 30% as *growth* (£1,500) but the capital would have reduced to £2,500. So you would only get £4,000 from your original investment of £5,000.

What are the main risks involved with capital-at-risk products?

Your capital can fall below the amount you put in. This loss may significantly increase if the product structure involves gearing (see above); so falls in the index to which the investment is linked can result in an even greater reduction in the capital you invested.

The rate of return advertised might be achieved only after a set period – perhaps five years; you may not know until that date how well your investment has performed.

The rate of return you get may depend on specific conditions being met. Even professionals may not be able to judge accurately how likely that will be.

If you take your money out early, you may get less than you put in: for example, there may be a penalty to be paid.

Points to think about before investing

What is the difference between a capital-at-risk product and a savings account?

When you put your money in a bank or building society savings account, its original value doesn't change and you also get interest. The return will be comparatively low, which reflects the fact that you haven't risked your capital. With capital-at-risk products you may get higher returns, but you are putting your capital at risk and may end up with less than you put in.

How do I know which product to choose?

Consider your financial needs carefully: how much – if anything – can you afford to lose? And for how long can you afford to have your money tied up? Do your homework: shop around. Don't just look at headline information, check the detail. Capital-at-risk products are not right for you if you can't afford to lose money. But if you are willing to take risks to benefit from potentially higher rewards, there are many products to look at.

What charges do I have to pay for these products?

The charges vary and there may or may not be any. If there are charges, make sure you understand how they affect the value of your capital and income. Some funds deduct them from your initial investment. They may also take charges yearly, usually as a percentage of the total value of your ongoing investment.

How long will my money be tied up?

With most investments you should expect to tie up your money for some time. Some capital-at-risk products offer returns if you leave your capital with them for a fixed number of years. Other investments can continue indefinitely.

Can I cash in my investment?

Yes, you can usually cash in. But with some products you have to pay a penalty (known as a redemption penalty) if you cash them in before the maturity date. As a rule, never tie up money you may need in the short or medium term.

If the investment period is fixed, what happens at the end of it?

At the end of a fixed period your investment will mature and you should get its maturity value. But the maturity value may be reduced by charges or a final adjustment if, for example, it depends on the value of an index. Depending on the terms and conditions of the product, you could end up losing some or all of your capital. Also, any income or growth you have received may be subject to tax.

Will I get the advertised rate of return?

This depends on the terms and conditions under which you have invested. Often the advertised rate merely illustrates what is possible, and is no more certain than that.

Checklist

Decide how important it is to keep your capital intact.

Remember that many investments are meant for the long term and are not for savings you may need quickly.

Remember: capital-at-risk products should usually form only part of your total portfolio of savings and investments; and the value of such investments (and the income or growth from them) may fall as well as rise.

Take advice if you are unsure whether or not an investment is right for you.

Remember it's your money, and your decision as to what to do with it.

Don't invest unless you fully understand what you're investing in.

Don't run a risk you can't afford.

Some technical terms explained

Bond A form of debt issued by companies and governments to raise money. It is an agreement under which a sum is repaid to an investor after an agreed period of time.

Capital The money you invest.

Collective investment scheme A way of pooling small contributions from lots of people into a single investment fund.

Corporate bond (also known as fixed interest securities) Issued by companies when they want to borrow money.

Corporate bond funds Funds that invest in a selection of individual company bonds.

Debt securities Another name for a bond (see definition of 'bond').

Distribution bonds A type of investment bond that provides a regular income.

Gearing The use of borrowing potentially to increase the amount you get back, but which will also increase the risk.

Gilts, gilt-edged stock Bonds issued by the government to help fund its spending. Gilts are also known as government bonds.

Investment bonds Investment bonds are typically lump-sum investments with

Complaints

The value of investments can shift unpredictably, and can fall as well as rise. This is not usually a valid reason for complaint. In some cases though, your purchase of a financial product could turn out badly because the firm you dealt with did something wrong. Problems can arise for many different reasons, for example:

incorrect or misleading information;

failure to give adequate warnings about the risks of a product;

failure to draw attention to a particularly strict condition in the contract; or

unexpected or excessive charges.

If you consider that your investments have not been, or are not being, managed properly, you should first take the matter up with the firm that sold you the product, who may be able to resolve the matter quickly. If, however, you are not able to resolve this with the firm, you can approach the Financial Ombudsman Service (see *Useful contacts*). The **FSA guide to making a complaint** gives many useful tips.

Useful contacts

FSA Consumer Helpline

Website: www.fsa.gov.uk/consumer

Telephone: **0845 606 1234**

Financial Ombudsman Service

Website: www.financial-ombudsman.org.uk

Telephone: **0845 080 1800**

Information on capital-at-risk products and other investments is available from:

Association of Investment Trust Companies (AITC)

Website: www.itsonline.co.uk

Brochureline: 0800 085 8520

Investment Management Association (IMA)

Website: www.investmentuk.org

Information Line: 020 8207 1361

Useful FSA publications:

FSA guide to financial advice

It pays to shop around

With-profits policies

With-profits bonds

Challenging unfair contract terms

FSA guide to making a complaint

All are available from the FSA Consumer Helpline.

insurance companies that have a small amount of life assurance.

Investment trust A company quoted on the Stock Exchange, whose sole business is investing in stocks and shares.

Open-ended investment company (OEIC) A type of collective investment scheme structured as a company in which investors can buy and sell shares. The price of the shares is based on the value of the investments the company has invested in.

Rate of return The change in the value of your investment taking into account both income and growth.

Shares (also known as equities) A stake or share in a company.

Unit-linked bond A type of investment bond (see definition of 'investment bond').

Unit trust A type of collective investment scheme set up under trust. Its portfolio of investments is unitised and investors take a stake in the fund by buying these units. The price of a unit is based on the value of the investments the trust has invested in.

With-profits bond A type of investment bond (see definition of 'investment bond').

The Financial Services Authority (FSA) is the independent watchdog set up by government to regulate financial services and protect your rights.

We produce a range of user-friendly factsheets and booklets which are available from our website and helpline. If after reading this factsheet, you have any general queries, our helpline will try to clarify things for you. We can tell you if a firm or individual is authorised and help you if you have a complaint and don't know who to contact. But as the regulator, we can't recommend firms or advisers, or tell you whether a particular product or investment is right for you.

Our website, www.fsa.gov.uk/consumer, is designed to help you understand financial services and get a fair deal. Use the site to:

Shop around with our comparative tables – including mortgages, pensions and ISAs.

Check whether a particular firm or person is authorised – if you use an authorised firm you have access to complaints procedures and compensation schemes if things go wrong.

Order any of our wide range of consumer publications.

Report any misleading financial advertising.

See explanations of financial products in plain English.

Read recent alerts that we have issued.

If you have difficulty with this material in its current format or language, please call the Consumer Helpline on **0845 606 1234** (calls charged at local rates).

To help us maintain and improve our service, we may record or monitor calls.

FSA Consumer website: www.fsa.gov.uk/consumer



OPTIMAL INVESTMENT SOLUTIONS

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