A high income plan
Delivering 10% income, per year
Quarterly and Roll-Up options
Fixed for 6-years, until maturity
With contingent capital protection

Blue Sky Asset Management

Protected Income Plan III

Optimal Investment Solutions

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

Blue Sky
ASSET MANAGEMENT

Blue Sky Asset Management
Protected Income Plan III

Contents

Key Dates

Closing date for ISA transfers	01/05/2008
Closing date for Direct Investments	23/05/2008
Strike (start) Date	30/05/2008
Maturity Date	30/05/2014
Repayment Date	13/06/2014

Limited Offer

The Blue Sky Asset Management Protected Income Plan III 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 23 May 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 5 days notice prior to closing the Plan and will return subscriptions to late investors upon the terms stated in the key features.

Introducing the Protected Income Plan

The Blue Sky Asset Management Protected Income Plan III is the third issue of a short-term opportunity to offer investors an innovative high income solution, with defined capital protection, created following recent market events. Based upon a bespoke Portfolio of the five leading, blue chip, UK banking stocks, the Protected Income Plan locks in either high income, fixed for the duration of a 6-Year investment term, or offers a single roll-up payment, whilst also providing a high degree of contingent capital protection at maturity.

What the Plan Offers

- **Fixed Payment Options**
  10% Annually or **2.45% Quarterly** or **68% Roll-Up**
- **100% Capital Protection at Maturity**
  subject to a 65% Downside Portfolio Barrier Level
- **6-Year Term**
- **Plan Assets Issuer : Minimum AA- rated**
- **Sterling Denominated**

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 income payments are subject to the ongoing solvency of the counterparty. It is possible that the credit rating can 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 share price performance of the stocks in the Portfolio, and is protected based upon a 65% Downside Portfolio Barrier Level. This means that should any stock in the Portfolio fall by more than 65%, from its starting level, during the investment term, capital is potentially at risk at maturity.

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 underlying stocks that comprise the Plan Portfolio. 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 Protected Income Plan

Investment Considerations

2007 and Q1 2008 has been a challenging period for investors, with high stockmarket volatility prevailing for much of this time, driven in part by the global banking sector and 'sub-prime' exposure and worries. The Protected Income Plan has been designed in specific response to these conditions - based upon research and analysis, undertaken by Blue Sky Asset Management and Redtower Research, that has identified an opportunity to 'use the volatility' of the banking sector, and the prevailing stock prices, valuations and dividend yields, to deliver a robust and compelling income solution for investors.

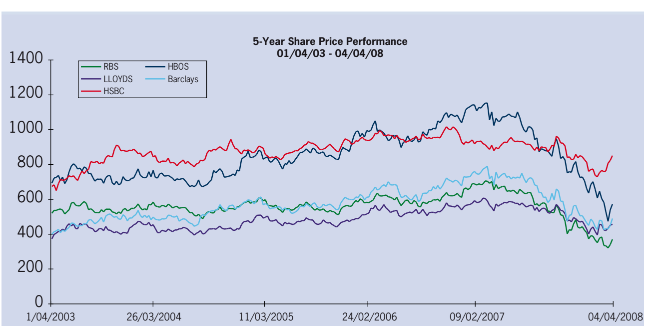
The Protected Income Plan is based upon a Portfolio of the five major UK banking stocks. The five companies collectively represent approximately £200 billion of market capitalisation, and constitute the leading UK based banking businesses. They are amongst the most highly capitalised, solid and established, firms worldwide. In fact, all five banks rank amongst the twenty biggest companies in the UK, as at 4 April 2008.

The Portfolio

HSBC Holdings **Royal Bank of Scotland Group**

Barclays Group **HBOS** **Lloyds TSB Group**

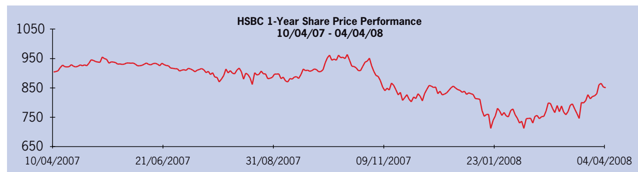
The following information provides a brief overview of each of the five banking organisations that comprise the Portfolio and shows their share price performance over the last five years and twelve months respectively. Despite the marked volatility, that Blue Sky Asset Management believes can be expected to continue in the short term, the Protected Income Plan has been established in the belief that recent movements in each stock present investment opportunities for astute investors, based upon the combination of dividend yields, current valuation levels and financial strength.



Source: Financial information provided by Redtower Research/Bloomberg, 04/04/2008

HSBC Holdings Plc

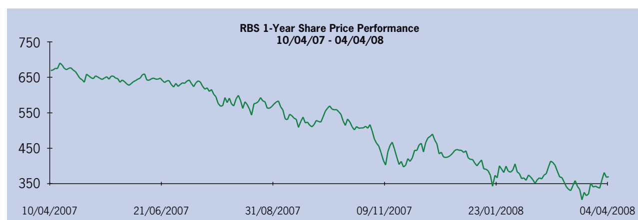
HSBC Holdings Plc is a global banking and financial services organisation. Its international network comprises over 10,000 offices in 82 countries and territories. HSBC manages its business through four groups: Personal Financial Services, Commercial Banking, Corporate, Investment Banking and Markets, and Private Banking. Services range from personal financial services to commercial banking, investment banking and many other activities. HSBC Holdings, together with its subsidiaries, has more than 125 million customers.



As at 4 April 2008, HSBC closed at 856p:
above its 52-week low of 676p: 12% below its 52-week high of 972p.

Royal Bank of Scotland Group Plc

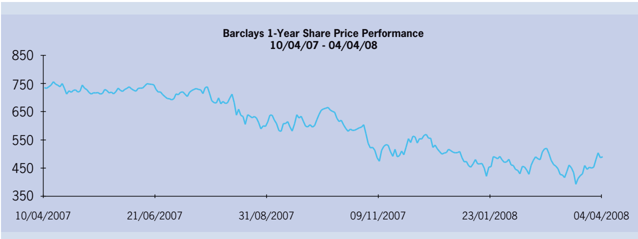
RBS Group Plc is a major provider of banking and insurance products, along with a selection of other financial services. While headquartered in the UK, it has a substantial business in the USA and is well represented across continental Europe. Its brand names include Natwest Bank, Mint Credit Card, Ulster Bank, Coutts private bank, Directline and Churchill insurance, along with Citizens Bank and Charter One Financial in the USA.



As at 4 April 2008, RBS closed at 378p:
above its 52-week low of 299p: 46% below its 52-week high of 701p.

Barclays Plc

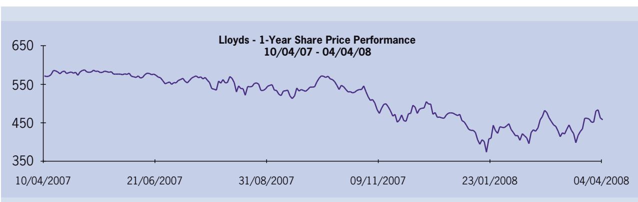
Barclays Plc is a global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services. The Group operates in over 60 countries, with a little over 78,000 permanent employees, through eight business segments: UK Banking, Barclaycard, International Retail and Commercial Banking, Barclays Capital, Barclays Global Investors (BGI), Barclays Wealth, Barclays Wealth-Closed Life Assurance Business, and head Office and other operations.



As at 4 April 2008, Barclays closed at 497p:
above its 52-week low of 389p: 35% below its 52-week high of 765p.

Lloyds TSB Group Plc

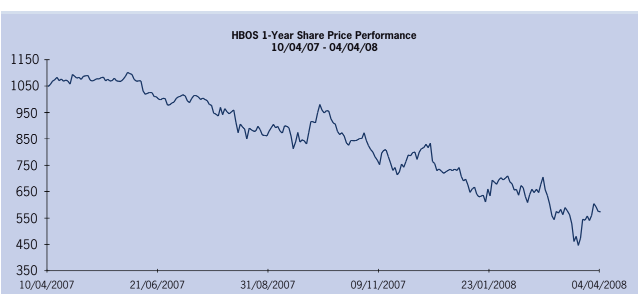
Lloyds TSB Group Plc is a major financial services group, with businesses providing banking and financial services in the UK and overseas. The Company's activities are organised into three segments: UK Retail Banking, Insurance and Investments, and Wholesale and International Banking. The group also operates via the Lloyds TSB Scotland, Cheltenham & Gloucester (C&G) and Scottish Widows brand names with around 70,000 employees.



As at 4 April 2008, Lloyds TSB Group closed at 465p:
above its 52-week low of 354p: 21% below its 52-week high of 592p.

HBOS Plc

HBOS Plc is a diversified financial services group. It operates through five divisions: Retail, Corporate, Insurance & Investment, International and Treasury & Asset Management. It is active in the UK, and internationally in Europe, North America and Australia. The group represents the UK's largest mortgage and savings provider. Brands names include The Halifax, Bank of Scotland, Clerical Medical Assurance, Capital Bank plc, Insight Investment management, St Andrews Insurance and a major share holding in St James Place Capital Plc.



As at 4 April 2008, HBOS closed at 577p:
above its 52-week low of 398p: 48% below its 52-week high of 1110p.

Portfolio Overview

The following table highlights the headline financial information, as at 4 April 2008, for each of the five companies.

	Market Capitalisation	Dividend Yield	Price/Earning Ratio
HSBC	£100.93bn	5.29%	10.23
RBS	£37.07bn	8.97%	4.75
Barclays	£32.15bn	6.95%	7.10
Lloyds TSB	£26.21bn	7.85%	7.84
HBOS	£21.48bn	8.53%	5.40
Total	£217.84bn		
Average	£43.57bn	7.52%	7.06

This data highlights the unusually high dividends currently associated with the stocks that comprise the Portfolio - notably some of the leading companies in the UK. Further, the Price/Earnings Ratio average for the Portfolio is currently just 7.06, which also signifies the potential value being presented by these stocks to investors. Price/Earnings ratios (P/E) are used by investors to compare the relative value of stocks. If one stock has a P/E twice that of another stock, all things being equal, it is a less attractive investment. Conversely, stocks with lower P/Es may represent undervalued investment opportunities. In comparison to the Portfolio average of 7.06, the current P/E average for the FTSE 100 Index is 11.88 - demonstrating the effect of the recent share price falls upon the banking stocks.

Financial Strength

The financial strength of institutions is assessed by credit rating organisations, who provide recognised indicators of companies' financial resources - their credit worthiness. The table highlights the ratings of the five stocks within the Portfolio, as assessed by the three largest credit rating agencies.

	Standard & Poors	Moody's	Fitch
HSBC	AA-	Aa2	AA
RBS	AA-	Aa1	AA+
Barclays	AA-	Aa2	AA+
HBOS	AA-	Aa2	AA+
Lloyds TSB	AA-	Aa2	AA+

Understanding the Protected Income Plan

Investment Aims
The Protected Income Plan is designed to deliver high and reliable income, fixed for the duration of the 6-Year investment term, or alternatively a single roll-up payment, whilst providing a defined level of capital protection at maturity.

- **FIXED PAYMENT OPTIONS**
  10% ANNUALLY or 2.45% QUARTERLY or 68% ROLL-UP
  PLUS
- **100% CAPITAL PROTECTION AT MATURITY**
  SUBJECT TO : A 65% Downside Portfolio Barrier Level

How Capital is Invested
The Plan is invested in financial instruments (securities) issued by a major financial counterparty institution, which provides the stated investment features, including the defined level of capital protection and fixed income payments. The Plan depends upon the solvency of the counterparty, however the investment terms are fixed at the outset - there is no ongoing active investment management. This means that investors know before investing exactly what income will be provided and the extent of potential investment risk that is presented by the Plan.

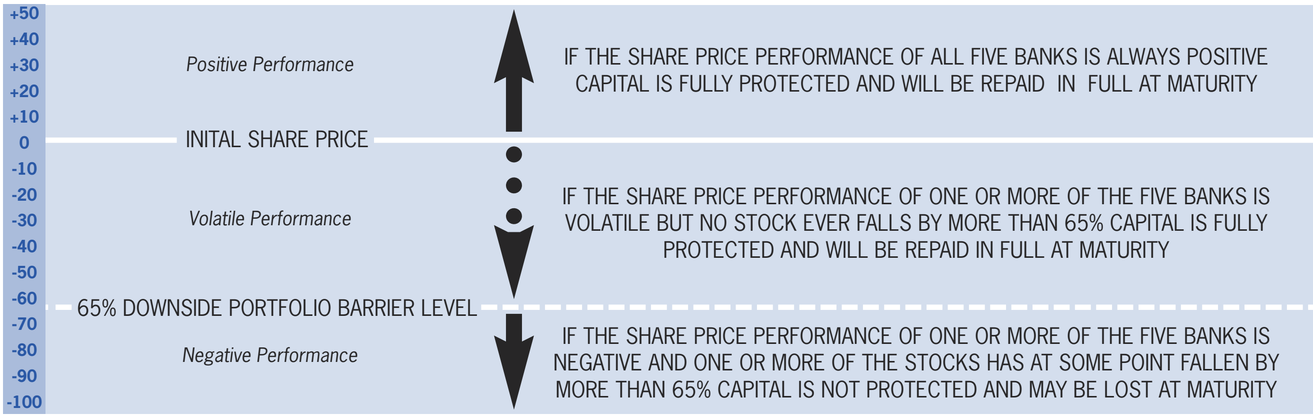
How Payments Are Calculated And Paid
The payments paid by the Plan are fixed, and are based upon the full initial investment: there are no deductions in respect of charges or expenses. The income payments are paid either quarterly or annually, in arrears. The roll-up payment is paid at maturity. All payments are credited to your account within 5 days of the payment date. All income generated by the Plan is in addition to the repayment of capital, at maturity. For example:

Amount Invested	Quarterly Income Option	Annual Income Option	Roll-Up Payment Option
£10,000	£245 per quarter (x 24 payments)	£1,000 per year (x 6 payments)	£6,800 (single payment)
£100,000	£2,450 per quarter (x 24 payments)	£10,000 per year (x 6 payments)	£68,000 (single payment)

Investment Charges
The capital repayment and income payment returns of the Plan are 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 100% of your subscription is invested. There are explicit administration charges for early closures or transfers only.

How Capital Is Protected - What Is The Downside Portfolio Barrier Level
The Plan provides 100% capital protection at maturity, subject to a Downside Portfolio Barrier Level of 65%. This barrier means that an investor's capital is 100% protected at maturity, regardless of whether all of the stocks in the Portfolio should fall, subject to none of the stocks falling by more than the downside barrier level of 65% - and failing to recover by maturity. This provides an exceptional extra level of protection for investors, as opposed to investing into these stocks directly, outside of the Protected Income Plan. However, should any stock breach the 65% barrier level at any time during the investment term, capital may be lost at maturity, on a 1% for 1% basis in line with the fall in the value of the individual worst performing stock in the portfolio, from its original level. 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 Protected Income Plan provide investors with income that exceeds the current ‘risk-free rates’ of deposit accounts. However, returns above the risk-free rate can only be achieved by introducing a calculated measure of risk. We believe that the risks within the Protected Income Plan are minimised, transparent and commensurate with the premiums offered over and above the rates possible risk-free. However, prospective investors should ensure that they understand the potential capital risks at maturity that are associated with the high income or roll-up payments provided by the Plan.

How to Invest in the Protected Income Plan

There are three ways to invest in the Protected Income Plan.

Direct Investments

- **Individual investors:** Direct Investment by individual investors is possible. The annual income provided by the Plan will be subject to income 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 payments are free of tax. Because the Plan is structured to provide fixed coupons 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, non income producing, or non capital protected funds, for the high, fixed income and defined capital protection provided by the Protected Income 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 Protected Income 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 Protected Income 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 Protected Income Plan – in particular, the 'counterparty risk' 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 the share price of any of the five UK banking stocks fall by more than 65% from its starting level, at any point during the investment term of 6-Years, and the share price of the worst performing stock fail to recover to be at its starting level, or higher, at maturity, your 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 banking groups.

Consider Whether this Plan is Suitable

The Protected Income Plan is designed for investors who want to receive a high and reliable fixed income for the 6-Year investment term, or a single roll-up payment, 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 income or single payment, stock-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 understand and accept 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

This Plan May Not Be Suitable If:

You are not an investor looking for a high income, or single payment, stock-linked investment
You are not an investor prepared to expose your capital to any risk of loss
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
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 Protected Income 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 Protected Income 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 Protected Income Plan provides high and fixed income or roll-up payments and aims to provide the full return of capital at maturity. However, the repayment of capital in full depends upon the share price performance of the five banking stocks that comprise the Portfolio. Should any stock in the Portfolio breach the capital protection barrier of 65%, ie by falling more than 65% from its starting level, at any time during the investment term of 6 years, and the lowest stock at maturity fail to to be at or above its starting level (at 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 individual worst performing stock, from its original level.

The Protected Income 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 Protected Income 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 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 Protected Income Plan provides fixed payments only - there is no other participation in growth or dividends linked to the stocks that comprise the Portfolio.

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 – usually mid-month and end-of-month. 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 stocks that comprise the Portfolio, which may fall. It should also be remembered that the value of any income, or capital repayment, received in the future will be less in real terms, based upon the effect of inflation.

Key Features of the Protected Income Plan

The Financial Services Authority is the independent financial services regulator in the UK. It requires us, Blue Sky Asset Management to give you this important information to help you to decide whether our Protected Income 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 Protected Income Plan

- To provide fixed income payments throughout the 6-Year period, in arrears, or a roll-up payment at maturity.
- To provide a full repayment of original capital on or around 13 June 2014.

Your Commitment

Your commitment is to hold your investment for 6 years, until 30 May 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 Protected Income Plan is simple. Before you invest you should read this Plan brochure carefully, including the Terms & Conditions, and ensure that you understand the benefits and the associated 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.

There are three application forms, covering; Direct Investments and Maxi 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 ISA Transfers is 1 May 2008
The closing date for new ISAs is 23 May 2008
The closing date for Direct Investments is: 23 May 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 23 May 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 28 May 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 : 30 May 2008
Maturity Date : 30 May 2014
Repayment Date : 13 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.

As soon as practicable after your investment matures you will have the choice of closing your Plan(s), continuing your investment in a new investment on new terms that may by offered by Blue Sky Asset Management, at that time, or transferring to another Account Manager.

Please allow five working days from the payment dates for the money to be credited to your account.

• What Is The Underlying Investment Of The Plan?
The underlying investment of the Protected Income 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 Protected Income 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 Or The Performance Of The Stocks In The Portfolio?
YES. The Protected Income Plan is designed to return your full original investment, at the end of the investment period of 6 years, however it depends upon the share prices of the five individual banking stocks that comprise the portfolio. Should any of these stocks breach the downside portfolio barrier level of 65%, ie by falling more than 65%, based upon the daily closing prices in London, at any time during the investment term, and the worst performing stock fail to be at or above its starting level at the maturity date, capital is NOT protected, and will be lost on a 1% for 1% basis, in line with the lowest stock at maturity. It should be noted that the Plan includes averaging, over the final 3 months of the investment term (please refer to page 11, 'What is Averaging – How does it affect the plan').

• How Is The Performance Of The Plan Calculated?
There is no performance per se, within the Protected Income Plan which provides fixed income payments only - there is no other participation in any growth or dividends linked to the stocks that comprise the Portfolio. The Plan offers investors fixed payments and a return of capital at maturity, which is dependent upon the performance of the individual UK banking stocks within the Portfolio. Each banking stock will be measured in terms of its performance over the investment term, by dividing the Final Price of each stock by the Opening Price to determine the gain, or more relevantly any loss. The Opening Price of each stock will be as at close of trading on 30 May 2008. The Final Price of each stock will be the average of the last 3 months, averaged on a monthly basis (please refer to page 11, 'What is Averaging – How does it affect the plan').

• What Index Is The Plan Linked To?
The Protected Income Plan is not linked to an Index, it is instead linked to a Portfolio of five individual UK bank stocks. The stocks are the most highly capitalised banking companies listed on the London Stock Exchange, at the time of issue. The share price movement measurement of each stock will not include or take into account the re-investment of dividends.

• Does The Plan Generate Income OR Growth Payments?
The Protected Income Plan is designed to offer a choice of quarterly or annual income, or a single roll-up payment. However, no other income, dividends, or growth, will accrue or be paid during the 6-Year investment period or at maturity.

• When Is Quarterly Income Paid?
The quarterly income payments of the Protected Income Plan are paid every 3 months, in arrears. These will normally be paid on or around the same date each month, commencing 3 months after the strike date, 30 May 2008, allowing for weekends and bank holidays (a 'next business day' convention applies in the event of a weekend or bank holiday). Please allow 5 days for the money to be credited to your account.

Quarterly Income Dates:
1 September, 1 December, 1 March, 1 June.

• When Is Annual Income Paid?
The annual income payments of the Protected Income Plan are paid annually, in arrears. These will normally be paid on or around the anniversary of the strike date, ie 30 May, each year, allowing for weekends and bank holidays. Please allow five working days for the money to be credited to your account.

Annual Income Dates:
1 June 2009, 1 June 2010, 31 May 2011,
30 May 2012, 30 May 2013, 30 May 2014

• When Is The Roll-Up Payment Paid?
The roll-up payment of the Protected Income Plan is a single payment paid at maturity. Please allow 5 working days for the payment to be credited to your account.

Roll-Up Payment Date:
13 June 2014

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

Averaging is a process used to calculate the final share prices of the stocks within the Protected Income Plan. This process takes the level of each of the stocks over the final three months of the investment term, based upon 4 monthly observations, and calculates the final levels as the average of these measurements. This is as opposed to simply taking the level of the stocks on the single, final day of the investment term. In this way, any volatility affecting the stockmarket and therefore the stocks immediately prior to maturity can be mitigated, or spread, to lessen the impact of any falls prior to the maturity date. The averaging process will record the value of the stocks in the Portfolio, during the averaging period, on a monthly basis, starting on the 28 February 2014 and finishing on the 30 May 2014. It should also be noted that averaging may constrain the measurement of positive performance if the value of the stocks is increasing during the averaging period.

• What Will The Investment Return Be After 6 Years?

The Plan aims to provide investors with either quarterly or annual payments throughout the investment term of 6 years, or a single roll-up payment at maturity. The table below shows some specimen returns based on the annual option of 10% pa for different investment amounts. It should also be remembered that inflation would reduce what you could buy in the future with the amounts shown.

ASSUMING FULL CAPITAL PROTECTION APPLIES AT MATURITY

INVESTMENT AMOUNT	ANNUAL INCOME	TOTAL INCOME PAID	TOTAL INCOME & CAPITAL REPAID
£10,000	£1,000	£6,000	£16,000
£20,000	£2,000	£12,000	£32,000
£50,000	£5,000	£30,000	£80,000
£100,000	£10,000	£60,000	£160,000

ASSUMING POTENTIAL BARRIER LEVEL BREACHES

INVESTMENT AMOUNT	TOTAL INCOME	LOWEST STOCK VALUE DURING TERM & AT MATURITY	CAPITAL LOSS AT MATURITY	TOTAL INCOME & CAPITAL REPAID
£10,000	£6,000	30% LOWER	£0	£16.000
£10,000	£6,000	50% LOWER	£0	£16,000
£10,000	£6,000	65% LOWER	£0	£16,000
£10,000	£6,000	75% LOWER	£7,500	£8,500
£100,000	£60,000	75% LOWER	£75,000	£85,000

• How Will Charges And Expenses Affect The Plan?

All of the returns stated for the Protected Income Plan are stated after allowing for any charges or expenses. The anticipated internal charges for the Plan are not expected to exceed 8% of your investment. These charges have been 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 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 below. 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.

WHAT YOU MIGHT GET BACK - ANNUAL PAYMENTS

END OF YEAR	INVESTMENT TO DATE	EFFECT OF DEDUCTIONS	INCOME TO DATE	WHAT YOU MIGHT GET BACK
1	£10,000	£848	£1,000	£9,330
2	£10,000	£899	£2,000	£9,460
3	£10,000	£953	£3,000	£9,600
6	£10,000	£1,140	£6,000	£10,000

WHAT YOU MIGHT GET BACK - QUARTERLY PAYMENTS

END OF YEAR	INVESTMENT TO DATE	EFFECT OF DEDUCTIONS	INCOME TO DATE	WHAT YOU MIGHT GET BACK
1	£10,000	£848	£980	£9,330
2	£10,000	£899	£1,960	£9,460
3	£10,000	£953	£2,940	£9,600
6	£10,000	£1,140	£5,880	£10,000

WHAT YOU MIGHT GET BACK - ROLL-UP PAYMENT				
END OF YEAR	INVESTMENT TO DATE	EFFECT OF DEDUCTIONS	INCOME TO DATE	WHAT YOU MIGHT GET BACK
1	£10,000	£848	£0	£10,900
2	£10,000	£899	£0	£11,700
3	£10,000	£953	£0	£13,000
6	£10,000	£1140	£0	£16,800

The last line of each table shows that over the investment term the effect of total charges and expenses could amount to £1140. Putting it another way, this would have the same effect as bringing the investment growth of 6% pa down to 4.2% 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 a Professional Adviser in respect of the Protected Income 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.

• 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 Income Tax. By investing directly into the Plan (not via an ISA or an ISA transfer) you will be liable for Income Tax, depending upon your own individual circumstances. Tax will not be deducted at source by the Account Manager, Keydata Investment Srvices, and you will be responsible for declaring any income through your own tax return. By choosing Direct Investment, you preserve all your ISA options for other investment opportunities.

Direct Investments for Pension Plans: SIPP and SSAS schemes may invest in the Protected Income Plan, subject to any restrictions or rules that may apply. Any income 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 Protected Income 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, non income producing, or non capital protected funds, for the high, fixed income and defined capital protection provided by the Protected Income Plan. The minimum aggregate transfer value is £7,000, 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 1 May 2008. This leaves your existing Account Manager time to credit funds to us by 23 May in order to meet the 30 May 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 ISA 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, wth 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 30 May 2008 your subscription will be held in cash and will earn interest, until 28 May 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 below). 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 30 May 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 30 May 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 on or after 30 May 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?
No. Partial withdrawals are not permitted from the Plan.

• 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 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 Protected Income 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 of the claim and 90% of the next £20,000, 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.

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: 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 : 30 May 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 an 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 30 May 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 30 May 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 stocks in the Portfolio. 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 stocks 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 aprolonged 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 a 6 monthly statement prepared as at 30 May, each year. This 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:
No 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 Protected Income 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 stocks in the portfolio. 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)

Financial Services Authority

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.

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
- With-profits policies
- Challenging unfair contract terms
- It pays to shop around
- With-profits bonds
- FSA guide to making a complaint

All are available from the FSA Consumer Helpline.

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 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).

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

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