

The Life Policy (Smooth Managed Fund) within the ISA Portfolio

Terms and Conditions

| Retirement | **Investments** | Insurance | Health |

AVIVA

The Life Policy (Smooth Managed Fund) within the ISA Portfolio

These Terms and Conditions ("**the Life Policy**") set out the agreement between Aviva Life & Pensions UK Limited ("**the Insurer**"), Aviva Wrap UK Limited ("**the ISA Manager**") and Aviva Client Nominees UK Limited ("**the Policyholder**") for the Life Policy (Smooth Managed Fund) within the ISA Portfolio ("**the Life Policy**") via which the Customer can invest in the Fund through their ISA. Customers, when applying for their ISA Portfolio via their financial adviser, may choose to instruct the ISA Manager to pay all or part of their ISA subscription to the Insurer to invest in the Fund.

The ISA Manager is authorised by the FCA and is registered with HM Revenue & Customs as an ISA manager. The ISA Manager will enter into ISA Agreements with Customers.

The Policyholder acts as the ISA Manager's nominee. The Policyholder will hold all assets invested under the ISA Agreements in respect of the Life Policy for the benefit of the Customers in its capacity as the ISA Manager's nominee.

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Section 1 – Life Policy General Conditions

1. THE CUSTOMER POLICIES

(a) The Insurer will provide the benefits including life insurance on the life of each Customer on these terms and conditions of the Life Policy, which will apply in the same way to each Customer.

(b) Each Customer Policy evidences or secures a contract of insurance in accordance with the Individual Savings Account Regulations 1998, as amended or replaced from time to time (the "**ISA Regulations**") and is a qualifying investment for an ISA.

(c) Each Customer and their benefits will be separately identifiable by the ISA Manager and the Insurer. The ISA Manager will keep records of each Customer Policy, including the name of the Customer, Premium(s) received and units allocated in the Funds.

(d) The Insurer will provide the life cover benefit set out in Condition 9 in respect of a Customer in return for Premium(s) paid by the ISA Manager relating to that Customer.

(e) The Policyholder, as the ISA Manager's nominee will hold the rights allocated to each Customer under the Customer Policy for the benefit of that Customer.

(f) The Insurer may create a Customer Policy on receipt of Premium from the ISA Manager or if a Customer transfers an ISA with a third party ISA provider to the ISA Manager under the ISA Agreement for investment in the Fund (an "**ISA Transfer**"). A Customer will have only one Customer Policy and any Premiums or ISA Transfers received in respect of a Customer will be added to that Customer Policy.

(g) Each Customer Policy is a qualifying investment for an ISA which satisfies the provisions of the ISA Regulations. A Customer Policy may only be owned or held within the ISA if the ISA continues to satisfy the provisions of the ISA Regulations. The Customer Policy will automatically terminate if it ceases to be owned or held within an ISA and/or if the ISA ceases to satisfy the provisions of the ISA Regulations. The ISA Terms and Conditions contain further details of the ISA Manager's obligations in the event that a Customer Policy is terminated and the investments held under the Customer Policy are void.

(h) If the Insurer is notified by the ISA Manager that a Customer's ISA is void, the relevant Customer Policy will be cancelled in its entirety and the proceeds will be returned to the ISA Manager.

(i) A Customer Policy, the rights conferred by the Customer Policy and any share or interest in the Customer Policy or rights respectively, may not be transferred or assigned to the Customer, save that the rights conferred by the Customer Policy will vest in the person or persons who have title to the proceeds under a deceased Customer's Customer Policy under the operation of law. This provision does not impact the Customer's ability to transfer their investment to a new ISA manager.

(j) The Insurer's rights and powers in relation to this Life Policy shall apply in the same way to each Customer Policy.

2. PREMIUM

(a) The Premium(s) invested on behalf of any Customer will be equal to the amount paid by the ISA Manager to the Insurer in respect of that Customer ("**Premium**").

(b) A Customer will not have to make more than one payment of Premium, but the Insurer may permit additional single Premiums to be paid (subject to Condition 2(d)). Regular Premiums will not be permitted.

(c) If a Customer makes an ISA Transfer, the ISA Transfer will be treated as Premium.

(d) The Insurer may at any time elect that it will not accept further Premium:

(i). In relation to this Life Policy; or

(ii). In relation to a particular Customer Policy; or

(iii). In relation to a particular Fund

and will notify the ISA Manager at least 60 days in advance and provide information regarding the options available to Customers, unless external factors beyond the Insurer's control mean that only a shorter notice period is possible. On receipt of a notice from the Insurer the ISA Manager shall not seek to pay any further Premiums which are the subject of such notice.

Section 2 – the Fund

3. SMOOTH MANAGED FUND GENERAL

(a) The Insurer has made the Smooth Managed Fund available for investment for the Life Policy within the ISA Portfolio and each Customer Policy investing via that Policy within the ISA Portfolio (the **"Fund"**).

(b) The Insurer will maintain the Fund and the assets, and the units of the Fund will belong to the Insurer at all times.

(c) The Insurer may rename the Fund, amend the investment objective and policy of the Fund and withdraw, close or merge the Fund with another fund at any time. If this affects a Customer, the Insurer will notify the ISA Manager at least 60 days in advance and provide information regarding the options available, unless external factors beyond the Insurer's control mean that only a shorter notice period is possible.

If the Insurer closes the Fund in which Customers are invested and the ISA Manager does not provide the Insurer with the Customer's preferred option, then the Insurer may allocate the value of the units in the Fund to an alternative fund that the Insurer may reasonably decide.

(d) The Fund is divided into units. A unit in the Fund is one of the equal parts into which the Fund is notionally divided. There are no physical units instead units attributable to a Customer Policy represent the benefits that are ultimately due to the Customer.

4. FUND ALLOCATION AND CANCELLATION OF UNITS

(a) When a Customer instructs the ISA Manager to buy or sell units in the Fund, they will usually receive the next available Unit Price. If the Insurer receives the ISA Manager's instruction to buy or sell units after 4pm on any Business Day, or on a weekend or bank holiday, then the Insurer will treat the instruction as if it had been received on the next Business Day.

(b) The Insurer reserves the right, in exceptional circumstances as described below, to defer cancellation of units in the Fund. Where the Fund has invested indirectly in land or buildings, cancellation of units can only be deferred for a period which will not exceed six months. If this is not the case, cancellation of units can only be deferred for a period which will not exceed one month.

The exceptional circumstances referred to above are where the Insurer considers that it is reasonable, having regard to all the relevant circumstances, for the cancellation of units to be delayed. The Insurer is only likely to consider it reasonable to do so where it is in the interests of the Fund, investors in general or individual investors or the Insurer is unable to readily realise investments in the Fund. Examples of this may include where:

(i). there is a stock market crash; and/or

(ii). there is a failure in infrastructure, such as the effect of computer virus in the stock trading system; and/or

(iii). there is physical damage arising from events such as terrorist attack, an explosion or flood; and/or

(iv). the Insurer reasonably considers there is no suitable market upon which to sell the asset(s) of the Fund; and/or

(v). there is any interruption of a stock exchange which materially affects the pricing of units; and/or

(vi). the sale of the asset(s) of the Fund would lead to unfairness of treatment between investors.

Where the Unit Price depends on the value of a Fund that is outside the Insurer's control, the Insurer can delay cancellation until it receives the value.

If this delay will affect a Customer, the Insurer will let the ISA Manager know.

(c) If the Insurer exercises its right under Condition 4(b), the units, when cancelled, will be valued at the Unit Price at the end of the deferred period.

(d) The number of units allocated to a Customer Policy will be rounded down to the nearest one hundredth part of one unit. The rounding adjustment will accrue to the Insurer.

(e) The Insurer may at any time consolidate or sub-divide units as the Insurer deems necessary provided the total value of the units allocated to each Customer Policy is not reduced.

(f) If it becomes aware that this Life Policy either in whole or in relation to a particular Customer Policy does not satisfy the ISA Regulations, the Insurer will cancel units using the Unit Price applicable on the Business Day on which it becomes so aware.

5. FUND ASSETS

(a) The Insurer will decide which assets to include in the Fund and when to buy and sell them. The Insurer will do this in line with the Fund's investment objectives. Income and gains from these assets are added to the Fund. Losses relating to these assets are met from the Fund.

(b) The Insurer has the right to borrow for the purposes of the Fund and use its assets as security for a loan. The Insurer also has the right to use financial derivatives, such as futures and options, to assist it in effectively running the Fund.

(c) No new units of the Fund will be created unless assets of an equivalent value are added to the Fund. No assets may be deducted from the Fund, other than in accordance with Condition 6 (Fund Deductions), unless units of an equivalent value are cancelled.

6. FUND DEDUCTIONS

The Insurer will make deductions from the Fund where the Insurer has reasonably incurred or anticipated incurring:

(a) expenses connected with buying and selling the assets and valuing, owning and maintaining them

(b) interest on borrowings

(c) taxes, duties, levies and other charges, including the Insurer's Management Charge

(d) other expenses, taxes, duties, levies or charges which in the opinion of the Insurer should be paid from the Fund (this may include the cost of acquiring, disposing of, maintaining or managing assets of the Fund and also other charges on the investment or income of the Fund as reasonably determined by the Insurer.

7. FUND UNIT PRICES

(a) The Fund is divided into units.

(b) The Insurer will value the Fund daily. Each valuation is carried out to fix the unit price of units ("Unit Price"). The unit price will be rounded to the nearest 0.01 pence.

(c) Valuation of investments within the Fund will be carried out as described in the ISA Terms and Conditions.

(d) When the ISA Manager is instructed by a Customer to buy and sell units in the Fund, they will receive a smoothed price which grows in line with a Smooth Growth Rate. The Smooth Growth Rate will be equal to the Bank of England Base Rate plus 5% per year, but will be no less than 5% per year and no greater than 10% per year. The Smooth Growth Rate may change in the future.

Fund price adjustments will be applied to the smoothed price when the difference between the smoothed price and the unsmoothed price (the value of assets divided by the number of units in the Fund) is greater than 6.5% and the adjustment will reduce the difference to 1.5%. If cash flows in or out of the Fund exceed 10% of the total value of the Fund over any 30 day period or 25% of the total value of the Fund over any 365 day period, then the smoothed price will be set to the unsmoothed price on that day.

Section 3 – Charges (Management Charge)

8. MANAGEMENT CHARGE

(a) The Insurer will deduct a management charge on the first day of every month (the "Management Charge").

(b) The Management Charge for the Fund will be calculated as a percentage of the value of the Fund. The percentage will be 0.65. The Insurer shall notify the ISA Manager of the Management Charge.

(c) The Management Charge for the Fund will be taken by cancelling units allocated to a Customer Policy.

(d) The Insurer may vary the Management Charge for any of the following reasons:

(i). To reflect in a proportionate manner changes in costs relating to taxation, the law or decisions or recommendations of an ombudsman, regulator or similar person; or

(ii). Where there are changes in the costs of Fund management; or

(iii). To respond, in a proportionate manner, to changes in the costs which the Insurer has reasonably incurred in carrying out the administration of the Life Policy.

The Insurer will notify the ISA Manager at least 60 days before the increase has any effect, unless external factors beyond its control mean that only a shorter notice period is possible.

(e) The Insurer will ensure that there is no duplication of management charges.

Section 4 – Benefits and Payments (Life Cover Benefit and Withdrawals).

9. LIFE COVER BENEFIT

(a) The Insurer will cancel units within 6 Business Days of the ISA Manager's receipt of satisfactory notice of death of a particular Customer (a "**Valid Claim**"). The number of units that will be cancelled in relation to the death of any Customer is the number in credit at the date that a Valid Claim is received, taking into account any credits or cancellations that may have taken place between the date of death and the date of the Valid Claim.

(b) The total amount payable on the death of the Customer which includes the Life Cover Benefit, will be 100.1% of the price of units allocated to their Customer Policy, at the Unit Price (calculated in accordance with Condition 4(a)) on the Business Day when units are cancelled by the Insurer in accordance with Condition 9(a) above.

(c) All units allocated to a Customer Policy will be cancelled on the payment of the Life Cover Benefit under Condition 9(b) and the Customer Policy will end.

10. WITHDRAWALS

(a) The ISA Manager may at any time request that the Insurer cancel some or all of the units allocated to a Customer Policy in order to provide a cash sum subject to any minimum amount set out in the ISA Terms and Conditions.

(b) The sum payable will be equal to the value of the cancelled units at the next available Unit Price calculated in accordance with Condition 4(a) and following receipt by the Insurer of its reasonable requirements under Condition 14.The cash sum will be paid to the Customer as provided by the ISA Terms and Conditions.

11. REGULAR WITHDRAWALS

(a) The ISA Manager may, at any time, request the Insurer to cancel some of the units allocated to a Customer Policy, in order to provide payments at regular intervals as set out in the ISA Terms and Conditions.

Section 5 – General Conditions

12. CANCELLATION

(a) A Customer can change their mind about their initial investment into the Fund via a Customer Policy within 30 days of the date that the contract note is issued. The Customer must notify the ISA Manager if they wish to cancel.

(b) If the customer decides to cancel and the Fund value has fallen, the Insurer will return the initial investment less any fall in the Fund's market value which will be paid into the Customer's Cash Account and retained within their ISA. The Customer Policy cancellation rights are detailed in the Key Information Document (which is made available by the Insurer for the Life Insurance Policy (Smooth Managed Fund) within the ISA Portfolio) and are separate to the Customer's right to cancel their ISA which will be detailed in the ISA Terms and Conditions.

13. ELIGIBILITY

(a) A Customer must satisfy the eligibility criteria set out in the ISA Terms and Conditions.

(b) The Insurer must be notified by the ISA Manager as soon as possible, if a Customer moves outside the UK and their main residence is in another territory. Laws in the territory the Customer becomes resident in may affect their ability to continue to benefit fully from the features of their Customer Policy. The Insurer may need to change, reduce or remove any of the Customer Policy terms. Where it is possible to do so while maintaining compliance with the ISA Regulations, the Insurer will give the ISA Manager details of the changes. Customers should seek their own independent advice to consider their options after they move to another territory.

(c) Regardless of what is set out elsewhere in this Life Policy, the Insurer will not be obliged to exercise any of its rights and/or comply with any of its obligations under this Life Policy or a Customer Policy in respect of a Customer, if to do so would cause, or be reasonably likely to cause, it to breach any law or regulation in any territory.

14. DOCUMENTATION REQUIRED

(a) In order to deal with the Customer Policies, the Insurer may need one or more of the following:

(i). marriage or civil partnership certificate

(ii). completed form of request or discharge

(iii). the Customer Policy reference

(iv). proof that the claim is valid

(v). proof of the Customer's date of birth

(vi). death certificate

(vii). any documents or information relevant to a Customer Policy

(viii). bank account details

(ix). any other information, such as that needed to show that the Insurer has authority from the appropriate person(s) to deal with a Customer Policy.

(b) The Insurer may ask the ISA Manager to obtain any of the documentation in Condition 14(a) and may rely on any documentation which the ISA Manager reasonably considers acceptable.

15. RELIANCE ON INFORMATION

(a) The Insurer relies on the information that is given to it. If any of the information given to it is not true or not complete and this might reasonably have affected its decision to provide the Policyholder with a Customer Policy then the Insurer may:

(i). change the terms of the Customer Policy, provided that if as a result the Customer Policy is no longer compliant with the ISA Regulations, the Insurer will notify the ISA Manager;

(ii). restrict the benefits payable under the Customer Policy; or

(iii). cancel the Customer Policy and refund Premium to the ISA Manager, less its reasonable expenses.

16. AMENDMENT TO TERMS AND CONDITIONS

(a) The Insurer may change this Life Policy for any of the following reasons:

(i). to respond, in a proportionate manner, to changes in the way the Insurer administers policies of this type.

(ii). to respond, in a proportionate manner, to changes in technology or general practice in the life and pensions industry.

(iii). to respond, in a proportionate manner, to changes in taxation, the law or interpretation of the law, decisions or recommendations of an ombudsman, regulator or similar person, or any code of practice with which the Insurer intends to comply.

(iv). to correct errors if it is reasonable to do so.

(b) If the Insurer considers any variation of these conditions is to the advantage of the Policyholder or Customers or is necessary to meet regulatory requirements and provided that the change will not result in a Customer Policy being non-compliant with the ISA Regulations, the Insurer may make the change immediately and notify the Policyholder and the ISA Manager at a later date. The Insurer will notify the Policyholder and the ISA Manager in writing of any change the Insurer considers is to the Policyholder's or the Customers' disadvantage (other than any change necessary to meet regulatory requirements) at least 60 days before the change becomes effective unless external factors beyond the Insurer's control mean that only a shorter notice period is possible. The ISA Manager will notify Customers as appropriate of any changes to Customer Policies.

17. INTERPRETATION

(a) In this Life Policy:

"**Business Day**" means any day on which the LSE is open for business

"**Cash Account**" has the meaning given to this term in the ISA Terms and Conditions

"**Customer**" means the individual in whose name the ISA was opened and who is a life insured under a Customer Policy or, on the death of the Customer, the person or persons who have title to the proceeds under a Customer Policy under the operation of law

"**Customer Policy**" means a policy set up under and with the same terms and conditions as this Life Policy, each of which is separately identifiable in the books and records maintained by or for the ISA Manager and the Insurer

"**Fund**" has the meaning set out in Condition 3(a).

"**Insurer**" means Aviva Life & Pensions UK Limited

"**ISA**" means as individual savings account opened in accordance with the ISA Regulations

"**ISA Agreement**" means the agreement between the ISA Manager and a Customer in respect of the ISA Portfolio

"**ISA Manager**" means Aviva Wrap UK Limited

"**ISA Portfolio**" means the ISA product offered by the ISA Manager, in which a Customer Policy is held

"**ISA Regulations**" has the meaning set out in Condition 1(g)

"**ISA Terms and Conditions**" means the terms and conditions for the ISA Portfolio, as amended or replaced from time to time

"**ISA Transfer**" has the meaning set out in Condition 1(f)

"**Policyholder**" means Aviva Client Nominees UK Limited

"**Premium**" has the meaning set out in Condition 2

"**Management Charge**" has the meaning set out in Condition 8

"**Scheme**" has the meaning set out in Condition 18(3)

"**Smooth Managed Fund**" means a unit-linked fund made available by the Insurer which has the smoothing features described in Condition 7

"**Unit Price**" has the meaning set out in Condition 7

(b) Where appropriate, words in the masculine include the feminine and words in the singular include the plural and vice versa.

(d) Condition and section headings have been inserted for convenience only and do not form part of this Life Policy or any Customer Policy.

(e) References to any legislation or any provision of it include references to any previous legislation or provision relating to the same subject-matter or to any modification or re-enactment of it for the time being in force.

18. MISCELLANEOUS

(a) This Life Policy and any Customer Policy are to be governed by and interpreted in accordance with the laws of England.

(b) The exercise of any options or any other alteration may result in changes in units allocated, contributions and benefits without the Customer Policy being amended regarding such changes. In this event, such changes will be recorded by the Insurer.

(c) A person who is not a party to a Customer Policy has no rights under the Contracts (Rights of Third Parties) Act 1999 or otherwise howsoever to enforce any term of a Customer Policy. Although the rights of a Customer are held for the benefit of the Customer by the Policyholder, which is appointed as the ISA Manager's nominee, only the ISA Manager and the Policyholder (and not any Customer) shall be entitled to exercise those rights against the Insurer pursuant to a Customer Policy. A person who is not a party to this Life Policy has no rights under the Contracts (Rights of Third Parties) Act 1999 or otherwise howsoever to enforce any term of this Life Policy.

(d) If a Customer needs to complain, they can contact the Compliance Officer at:

Aviva
PO Box 26957
Glasgow
G2 9DS

Telephone: **0800 068 2170**

email: **platformservices@aviva.co.uk**

If a complainant is not satisfied with our response, they may be able to take their complaint to the Financial Ombudsman Service.

The Financial Ombudsman Service can look at most complaints and is free to use. A complainant won't have to accept their decision and will still have the right to take legal action. Their contact details are:

The Financial Ombudsman Service
Exchange Tower
Harbour Exchange Square
London
El4 9SR

Telephone: **0800 023 4567**

email: **complaintinfo@financial-ombudsrnan.org.uk**

Website: **financial-ombudsman.org.uk**

The Financial Ombudsman Service normally can't consider a complaint until the complainant has received a final response from the Insurer and/or the ISA Manager.

(e) The Insurer's policyholders are protected by the Financial Services Compensation Scheme (the "**Scheme**") against the insolvency of the Insurer. As such, the Policyholder may be entitled to compensation from the Scheme on behalf of a Customer in the event that the Insurer is unable to meet its obligations. The Customer may also be entitled to compensation from the Scheme, but only if the Policyholder has not claimed compensation on their behalf. The entitlement to compensation is subject to eligibility.

Further information is available from:

The Financial Services Compensation Scheme
PO Box 300
Mitcheldean
GL17 1DY

Telephone: **0800 678 1100**

Website: **fscs.org.uk**

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