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May 2016

Dear Policyholder

Policy Number: «Plan_No»

Changes to the underlying fund of P73 Aviva Investors UK Property

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.
IF IN DOUBT PLEASE SEEK PROFESSIONAL ADVICE.**

Following a recent notification from Aviva Investors UK Fund Services Limited (the “Company”), we are writing to you as an investor in the above named fund.

Friends Provident International Limited has been notified by the Company of the decision to convert the underlying fund into which **P73 Aviva Investors UK Property** invests into a Property Authorised Investment Fund (“PAIF”) structure. As life companies are restricted on the amount that can be invested directly into a PAIF structure, Aviva Investors have created a feeder fund which will enable direct exposure to the PAIF – the Aviva Investors UK Property Feeder Acc Fund (the “feeder fund”).

To facilitate the change, dealing on both the underlying fund and **P73 Aviva Investors UK Property** will be temporarily suspended from 14 July to 18 July 2016. Instructions received for **P73 Aviva Investors UK Property** after the cut off time on Wednesday 13 July 2016 will not transact until the next available dealing date of Monday 18 July 2016.

Please note that the feeder fund invests solely into the PAIF, namely ‘Aviva Investors UK Property Fund’ (“Aviva PAIF”), so it will track the performance of the Aviva PAIF. For this reason they share the same risk disclosures, but with the need to consider that because of the impact of operational cash balances held by the feeder fund, there will not be an exact match between the investment return of the Aviva PAIF and the feeder fund.

Additional key risk disclosures highlighted by the Company following the restructure are summarised as follows:

- **Availability of Immoveable Property Investments** – Property transactions contemplated by the fund is competitive and involves a high degree of uncertainty.
- **Investments in Unregulated Collective Investment Schemes** are permitted.
- **Exchange Traded Derivative Transactions** – Suspension of these instruments would make it impossible for the fund to liquidate such positions.
- **Over the Counter Counterparty Derivatives** are permitted, and can have limited liquidity together with higher price volatility.
- **Investments in Smaller Companies** are permitted and can be less liquid than larger companies.

Full details of all the risks can be found in the underlying fund’s literature however key changes are summarised in the following table and will be **effective from 15 July 2016**:

	Before 15 July 2016	From 15 July 2016
Fund Name	Aviva Investors UK Property	Aviva Investors UK Property Feeder
Fund Code	P73	P73 (unchanged)
Underlying Fund Name	Aviva Investors Property Trust Class 1 Acc	Aviva Investors UK Property Feeder Acc Fund Class 1
Currency	GBP	GBP (unchanged)
Investment objective of the underlying fund	<p>The Fund aims to grow your investment and provide a level of income. The Fund typically invests up to 90% in commercial property in the UK and can invest up to 30% in property related shares. From time to time a level of cash is held in the Fund to enable property transactions and help meet withdrawal requests. The Fund may also invest in shares, bonds, gilts, and other funds and can also invest in other investments allowed under UK Fund rules.</p> <p>Please see the Key Investor Information Document for further information.</p>	<p>Aviva Investors UK Property Feeder Acc Fund</p> <p>To obtain returns via income and capital appreciation.</p> <p>Aviva Investors UK Property Fund (the Aviva PAIF)</p> <p>The investment objective of the fund is to carry on Property Investment Business and to manage the cash raised from investors for investment in the Property Investment Business. In doing so, the fund’s aim is to obtain returns via income and capital appreciation.</p>
Investment policy of the underlying fund	<p>In order to achieve its objective the Scheme will primarily invest in:</p> <p>a. approved immovables which</p>	<p>Aviva Investors UK Property Feeder Acc Fund</p> <p>The Funds will invest solely in the Aviva Investors UK</p>

	<p>will, initially, be properties within the United Kingdom but the Manager may, in due course, consider it appropriate to invest in real property in other countries permitted by the COLL Sourcebook. The Scheme may invest up to 100 per cent. of its property in approved immovables but will typically invest no more than 90 per cent. of its property in this way;</p> <p>b. transferable securities, with an emphasis on property-related securities. The Scheme may hold up to 100 per cent. of its property in transferable securities but will typically hold not more than 30 per cent. in property company shares;</p> <p>c. government and other public securities to the extent permitted by the COLL Sourcebook; and</p> <p>d. units in regulated and unregulated collective investment schemes, each to the extent permitted by the COLL Sourcebook.</p> <p>The Scheme also has maximum flexibility to invest in such other investments which the Manager deems appropriate, including money-market instruments, derivatives and forward transactions, deposits and gold, but subject always to the COLL Sourcebook.</p> <p>2.2. Immovables invested in, will be mainly commercial property and only occasionally, residential property.</p> <p>2.3. The Manager will not undertake speculative property development and the funding of such development other than where incidental to the existing</p>	<p>Property Fund with the exception of cash balances which may also be held for the purposes of maintaining sufficient liquidity to enable the Funds to meet their commitments, such as expenses and redemptions.</p> <p>Aviva Investors UK Property Fund (the Aviva PAIF)</p> <p>In order to achieve its objective the Sub-fund will primarily invest in:</p> <p>a. approved immovables (being properties within the United Kingdom). Immovables invested in will be mainly commercial property but may also be non-commercial property. Although the Sub-fund may invest 100 per cent of its property in immovables, it will typically invest no more than 90 per cent. of its property in this way;</p> <p>b. transferable securities, with an emphasis on property-related securities. Although the Sub-fund may invest 100 per cent of its property in transferable securities, it will typically hold not more than 30 per cent. of its property in property company shares;</p> <p>c. government and other public securities; and</p> <p>d. units in regulated and unregulated collective investment schemes.</p> <p>The Sub-fund may also invest in money-market instruments, derivatives and forward transactions, deposits, cash and near cash.</p>
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	<p>holdings of the Scheme.</p> <p>2.4.The Manager's investment policy may mean that at times it is appropriate not to be fully invested but to hold cash or near cash. This will usually only occur when the Manager reasonably regards it as necessary in order to enable redemption of units, efficient management of the Scheme in accordance with its objective or for a purpose ancillary or pursuant to the objective of the Scheme. The investment policy of the Manager may result in hedging transactions being carried out on behalf of the Scheme where the Manager reasonably regards a particular transaction as economically appropriate to the reduction of risk or cost arising in the management of the Scheme as a result of price or currency fluctuations. The Manager does not currently intend to use derivatives for any purpose other than the efficient portfolio management of the Scheme, although it may wish to use derivatives in pursuit of its investment objective in the future as the market in property derivatives develops.</p> <p>2.5.The Scheme may invest in unregulated collective investment schemes including, without limitation, unauthorised property unit trusts and limited partnerships. However, an investment in an indirect property vehicle of this type will only be considered if it fulfils, as a minimum, the following criteria:</p> <p>(A) the assets of the vehicle are independently valued at least once per annum;</p> <p>(B) the vehicle is priced quarterly;</p>	<p>[Please note that the same restrictions that applied to the Aviva Investors Property Trust in relation to speculative property development and unregulated collective investment schemes still apply equally to the Aviva PAIF, however the restrictions are not contained in the Investment Policy but are contained within the "Investment and Borrowing Powers and Investment Restrictions" provisions of the Prospectus]</p>
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	(C) the vehicle's accounts have an annual external audit; and (D) borrowings within the vehicle will not typically exceed 65 per cent. loan to value (i.e. for £100m of assets no more than £65m of debt).	
Annual Management Charge (AMC) (underlying fund)	1.25%	1.25% (unchanged)
Risk profile (determined by Friends Provident International for reference only)	3	3 (unchanged)

This change will happen automatically within your policy and you do not need to take any action. However, you can choose to switch existing units and/or redirect any regular premiums to a different investment choice from our fund range should you wish to do so and no Friends Provident International charges will arise from this transaction.

We recommend that you seek the advice of your usual financial adviser before making any investment decisions.

Factsheets are available through the Fund Centre section of our website (www.fpinternational.com) for the alternative funds available to you. Full details on the underlying funds into which the Friends Provident International fund range invests can be found in the fund prospectus, which is available on request.

Who should you contact if you have any questions?

If you have any questions regarding your policy with us, please contact, by either phone or email, one of the following departments that correspond with your region:

General telephone number: + 44 1624 821212

Rest of the World Team – rowservicing@fpiom.com

Asia-Pacific Team – asiapacific@fpiom.com

Middle East Team – me&africa@fpiom.com

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