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September 2016

Dear Policyholder

**Policy Number: «Plan\_No»**

**Notification of changes to the underlying fund of R86 Amundi Absolute Volatility World Equities**

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

We are writing to you as an investor in the above named fund.

We have been informed by Amundi Funds ("the Company") that the underlying fund will be subject to changes to the investment policy and objective, together with the performance fee which are detailed below. These are **effective from 01 October 2016**.

**Modification to the investment policy and objective of the underlying fund**

The Company has notified us of changes to the investment policy and objective, and states:

*"The Sub-Fund's investment objective will be modified in order to change from a target to deliver an absolute return of 7% a year (before applicable fees) to an objective to outperform (after applicable fees) the USD LIBOR 1-month index + 3% over any given 3-year period.*

*Accordingly, as from the 1st October 2016, the investment policy has to be read as follows:*

**Objective**

*To achieve a positive return in any type of market condition (absolute return strategy). Specifically, the sub-fund seeks to outperform (after applicable fees) the USD LIBOR 1-month index + 3% a year over any given 3-year period, while offering controlled risk exposure.*

*The sub-fund aims to not exceed a value at risk (VaR) of 35% (ex-ante 12-month VaR of 95%).*

**Investments**

*Although the sub-fund typically invests most of its assets in money market instruments, its performance comes mainly from investments in US, Eurozone and Asian equity volatility derivatives. The prices of these derivatives vary depending on the anticipated volatility of equity markets in those three geographic areas (volatility measures the dispersion of an asset's returns around its average).*

*Specifically, the sub-fund invests in exchange-traded options and variance swaps on indices of the United States, the Eurozone and Asia that have a one-year average maturity. Any assets that remain uninvested after the sub-fund has reached its target volatility exposure are invested in money market instruments. The sub-fund may invest up to 100% of net assets in these liquid investments.*

*While complying with the above policies, the sub-fund may also invest up to 10% of net assets in UCITS/UCIs.*

**Derivatives**

*Derivatives are integral to the sub-fund's investment strategies. In addition to the uses described above, the sub-fund may use derivatives for hedging (focusing on equity, interest rate, dividend and currency)."*

**Modification to the reference for the performance fee of the underlying fund**

The Company advises that the performance fee will be modified to be consistent with the above change to the Investment Policy. This will be changed from '7.00% a year (before applicable fees)' to 'USD LIBOR 1-month index + 3%' as from a new three year measurement period that will start on 1st October 2016.

There are no other changes to R86 Amundi Absolute Volatility World Equities or the underlying fund into which it invests.

**You do not need to take any action as a result of this letter** if you wish to remain invested in this fund. You can however choose to switch to a different investment from the range available to you 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.fpiinternational.com](http://www.fpiinternational.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](mailto:rowservicing@fpiom.com)

