

keyfacts[®]

The Financial Services Authority is the independent financial services regulator. It requires us, The Children's Mutual, to give you this important information to help you decide whether our Baby Bond[®] or Baby Bond[®] Choice is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safely for future reference.

This document explains the Key Features of both the Baby Bond[®] Stakeholder Child Trust Fund account and the Baby Bond[®] Choice Non-Stakeholder Child Trust Fund account. The Key Features of both accounts are the same, except as shown.

Key Features

of The Children's Mutual Baby Bond[®] Stakeholder and Baby Bond[®] Choice Non-Stakeholder Child Trust Fund accounts (including Simplified Prospectus)



Home of the Child Trust Fund

Its aims

- To provide a tax-efficient way to invest for a child by taking advantage of the government's Child Trust Fund (CTF) scheme.
- To take advantage of the growth potential of company shares to produce a tax-free lump sum for the child at 18.
- To help parents teach their child about savings and investments.

Your commitment

- You use your child's government CTF voucher to open either a Baby Bond® or Baby Bond® Choice account for your child.
- You (or someone else who also has parental responsibility for your child) agree to become the "Registered Contact" – this is the person who makes all the decisions about the Baby Bond® or Baby Bond® Choice until your child reaches age 16.
- You don't have to make any payments into the account, but adding to the government contributions could help produce a bigger payout for your child at 18.

Risks

- The value of a Baby Bond® or Baby Bond® Choice account is not guaranteed, and will move up and down over time. For a Baby Bond® Choice account, these movements could be quite sharp, depending on your choice of fund(s). All movements are outside our control.
- At 18 your child could get back less than has been paid in.
- Your child cannot receive the money until their 18th birthday, even if it might be needed before then.
- The tax rules that apply to CTF accounts, or to the underlying investment, could change (for example, if there's a change of government).
- Our charges for Baby Bond® Choice accounts could change.

QUESTIONS AND ANSWERS

What types of CTF account are there?

There are three types of CTF account. Each child can have only one type of CTF account at any time.

(1) Stakeholder

Baby Bond® is a Stakeholder CTF account.

This type of CTF account is designed for inexperienced investors, so it must meet certain government requirements:

- Investment must be linked to company shares. This is because, in the past, shares have mostly produced greater

returns over longer periods than cash deposit accounts. But shares in more risky types of company are not allowed.

- Starting no later than the child's 13th birthday, the account must allow for the money to be moved into lower risk investments (like cash and government bonds). This should help to reduce the chances of the child getting back less than has been paid in.
- The CTF account manager can't require contributors to pay in more than £10 at a time.
- The CTF account manager can't charge more than 1.5% of the account's value each year.

But just because it meets these requirements doesn't mean that a Stakeholder CTF account is automatically suitable for everyone, or that it's guaranteed to perform well. Remember, past performance isn't a guide to the future.

There are also two types of Non-Stakeholder CTF account, which **don't** have to meet all the government requirements. For example, they don't have to move money into lower risk investments from age 13, and there's no upper limit on charges.

(2) Non-Stakeholder Shares

Baby Bond® Choice is a Non-Stakeholder shares-based CTF account.

This type of CTF account normally also invests in shares, perhaps including smaller companies, or companies operating in other countries. So, there may be a better chance of getting a good return, but the risk of losing money can also be higher.

(3) Non-Stakeholder Cash

The Children's Mutual does not offer a Non-Stakeholder cash CTF account.

This type of CTF account is similar in many ways to a bank or building society deposit account. The CTF account manager will add interest to the money paid in, but the rate is not normally guaranteed and can be changed. Although the child is sure to get back as much as has been paid in, it could be less than they'd get back from a stakeholder or shares-based CTF account at 18. Inflation will reduce the value of the money paid in.

How can I add to my child's Baby Bond® or Baby Bond® Choice?

- Anyone can pay into the account, and as soon as the money is paid in it belongs to your child. This means that whoever has made the payment cannot change their mind later and have their money back.
- The minimum amount we accept into a Baby Bond® account is £10.
- The minimum amount we accept into a Baby Bond® Choice account are:

	Monthly	Yearly or one-off
Insight Investment	£10	£10
Foundation Growth Fund	£25	£250
All other funds	£25	£250
In total, you must pay at least	£50	£250

- We accept payments into both Baby Bond® and Baby Bond® Choice by:
 - Direct Debit; Direct Credit; Cheque;
 - Debit Card (online or by telephone only)
 We also accept payments into Baby Bond® by:
 - Standing Order
- The most that can be paid in to either account is £1,200 a year (from birthday to birthday). This is on top of government contributions.
- Anyone making regular monthly payments by Direct Debit can also choose the 'Escalator' option. This allows us to increase their Direct Debit payment by a fixed amount each year, following your child's birthday. We'll increase the Direct Debit amount each year until your child reaches 17, or the £1,200 yearly contribution limit is reached, if sooner. The 'Escalator' option can be cancelled, or the increase amount changed, at any time. There's more information about 'Escalator' in the brochure.

What do you do with the money?

- To start with, we use the money paid into your child's Baby Bond® or Baby Bond® Choice to buy shares in an OEIC, or one or more OEICs for Baby Bond® Choice. An OEIC is a type of fund that offers a simple way to invest in a range of company shares or other types of investment. The OEIC fund we use for Baby Bond® invests only in shares traded on the London stock market, and aims for similar performance to a major index of such shares. The other OEIC funds we offer for Baby Bond® Choice invest in a variety of ways, to meet different outcomes. For information about the OEIC funds, see the Simplified Prospectus section starting on page 13.
- All OEIC shares are held in our name as the CTF Account Manager.

- Starting on your child's 13th birthday, we will gradually move money into lower risk assets such as government bonds and cash, or a fund holding those types of investments. For Baby Bond®, we do this automatically. We also do this for Baby Bond® Choice, provided you haven't told us otherwise. We'll also gradually invest more of any new payments into the account in this way.
- If we can't invest any money paid in by the next working day after we receive it, we'll pay it into an interest bearing client money bank account in our name. We'll then invest the money as soon as possible after that. We don't add any interest to your child's account while the money's waiting to be invested.

What might my child get back?

- This will depend on the performance of the OEIC fund or funds you choose, and the effect of charges.
- The tables starting on page 8, in the section headed "Fund Details", give examples of what your child might get back at age 18.
- If anyone has given you advice about investing in Baby Bond® or Baby Bond® Choice, they (or the organisation they work for) should have provided you with a personalised illustration, showing what your child might get back at age 18.

How do the charges work?

- Our charges for Baby Bond® are 1.5% of the value of the account each year. So, for example, if the value were £500 throughout a year, we would charge £7.50 for that year. If it were £1,000 throughout a year, our charge for that year would be £15. There is no initial charge on amounts paid into Baby Bond®.
- For Baby Bond® Choice the charges depend on which OEIC fund or funds you choose. The charges for each fund are shown in the Simplified Prospectus section starting on page 13. We take an initial charge from each payment into the account, except for the Insight Investment Foundation Growth fund, which has no initial charge. We also take a yearly charge based on the value of the account throughout the year.

- The tables starting on page 8, in the section headed "Fund Details" show how the charges could affect an account over 18 years.
- If you have a personalised illustration, it will also show the effect of charges.

What about tax?

- There is no income tax or capital gains tax for you or your child to pay on any growth in the Baby Bond® or a Baby Bond® Choice account. However, the OEIC fund or funds may pay tax on dividends earned by the shares held, and this can't be reclaimed.
- If the child is resident in the UK when the account ends on their 18th birthday, they will have no tax to pay on the amount paid out.
- The tax treatment of CTF accounts or OEICs (or both) may change in future.

Has anyone given me advice, and if they have what will it cost?

- The organisation that introduced you to The Children's Mutual may or may not have given you advice. If it has, it should have given you a personalised illustration, and full details of the cost of the advice and how it will be paid for. If you don't have a personalised Illustration it's unlikely you have been given any advice.
- If you have received advice and agreed to pay for it by a fee, that fee will be on top of our charges. However, you may be able to agree with the adviser that all or part of the commission they will receive from us is paid back into your child's account. If so, this should be shown in your personalised illustration.
- Otherwise, whether they have given you advice or not, the organisation that introduced you to us will receive commission as follows:

If you make regular monthly payments:
 up to 3% of each of the first 12 monthly payments –

For example, if you pay £50 a month and the commission rate is 3%, we will pay £18 after we receive your first monthly payment;

If you make a lump sum payment:

up to 3% of the payment –

For example, if you pay in £1,200 and the commission rate is 3%, we will pay £36 after we receive your payment;

However, we do not pay any commission on regular payments, or on lump sum payments of less than £1,000, into the Insight Investment Foundation Growth Fund.

Plus, whether you make any further payments or not:

up to 0.5% a year of the value of the account (including government contributions), as a servicing commission, paid every six months –

For example, if the account is valued at £4,000 for a period of six months and the commission rate is 0.5% a year, we will credit the organisation with £1.66 each month and pay them £9.96 after that six months.

- We might also provide extra benefits to the organisation to help enhance the quality of service they give you. For example:
 - personal gifts or hospitality – usually worth less than £50
 - providing product literature
 - helping with marketing campaigns
 - training (on our products or financial issues generally)
 - paying towards the costs of holding seminars
 - paying for travel and accommodation expenses
 - providing or helping produce computer software

These kinds of benefits are available to all advising organisations that introduce customers to us. If you want to know more about any benefits the firm you are dealing with might have received, please call us on 0845 077 1899.

- All payments and benefits shown here are included in the charges described under “What’s the effect of charges?”

Can I change my mind?

- Yes. Once we’ve accepted your application we’ll send you a cancellation notice; you’ll have 14 days from when you receive this notice in which to change your mind. If you do, you must notify us in writing at the address shown under “How to contact us”. If we haven’t heard from you within 14 days, we will start to process your application. We are not allowed to open the account, to claim the government money, or to invest any other money paid to us, until these 14 days have passed.
- Once the Baby Bond® or Baby Bond® Choice account is open, you can transfer its value to another CTF account manager at any time, or switch to a different type of CTF account from us, without specific charge. However, if you switch from Baby Bond® to Baby Bond® Choice, we’ll apply our usual initial charge for this type of account to the amount switched in. The initial charges are shown in the Simplified Prospectus section starting on page 13.

If I choose Baby Bond® Choice, can I change the OEIC fund(s) I invest in later?

- Yes. The Registered Contact can do this at any time.
- The OEIC fund(s) can be changed as follows:
 - for money already invested only, or
 - for money already invested and for future payments, or
 - for future payments only.
- Where money already invested is switched into a different OEIC fund, we’ll apply our usual initial charge for that fund to the amount switched. The initial charges are shown in the Simplified Prospectus section starting on page 13.

Will you tell me how my child’s Baby Bond® or Baby Bond® Choice is doing?

- Yes. We’ll send the Registered Contact a yearly statement showing what the account is worth.
- As your child gets older, we hope you’ll look at these statements together and talk about why putting money aside for the future is a good idea.

How does my child withdraw their money?

- Shortly before your child's 18th birthday we'll send them information about the options open to them, and what they need to do next. We will also ask them to provide evidence of their identity.
- If they don't withdraw their money straight away, we'll hold it for them in a cash deposit account in our name until they do. Any interest added will be taxable.

OTHER INFORMATION

Complaints and compensation

- If you're not happy about something we've done, please tell us so that we can try to sort out the problem for you. You can either telephone or write to us – see "How to contact us" below.
- If you're not satisfied with our response, you can contact:
The Financial Ombudsman Service
South Quay Plaza
183 Marsh Wall
London
E14 9SR
Tel: 0845 080 1800
- A copy of our complaints procedure is available on request.
- We are covered by the Financial Services Compensation Scheme (FSCS). If we cannot meet our obligations your child may be entitled to compensation under the scheme. Most types of investment business are covered for 100% of the first £30,000 and 90% of the next £20,000 – so the maximum compensation is £48,000. For further information telephone 020 7892 7300.
- If you're unhappy with the advice or service you've received from the organisation that introduced you to us, you should contact them. If you're not satisfied with their response, you can complain to the Ombudsman at the address above.

Law and language

- Baby Bond® and Baby Bond® Choice are governed by the law of England and any dispute would be decided by a court in England or Wales.
- All communications from us will be in English.
- The information in these Key Features is provided only in respect of children who are UK residents (including children of Crown employees serving overseas) at the time the account is opened.

Conflicts of interest

- We aim to run our business so that conflicts of interest don't arise between The Children's Mutual and its customers, or between different types of customer. We have procedures in place to identify and handle any conflicts that do arise. We review these procedures regularly.
- In the unlikely event that we identify a major conflict, we'll tell you about it promptly. We'll also tell you how we expect to resolve the conflict with as little effect as possible on you or our other customers.
- Full details of our conflicts of interest policy are available on request.

How to contact us

- If you have a financial adviser, he or she will normally be your first point of contact. If you don't have an adviser, and need help to choose a plan that could meet your needs, we can give you details of how to find financial advice. Advisers may charge you for giving advice.
- If you simply have a question, or need more information, about Baby Bond® or Baby Bond® Choice you can contact us on 0845 077 1899; weekdays 8 am to 8 pm; Saturday 9 am to 1 pm, or leave an answerphone message outside these hours. We will record calls for training and security purposes.

Alternatively, you can email:
ctf@thechildrensmutual.co.uk

or write to:

The Children's Mutual
PO Box 2067
Gloucester
GL4 3YU

FUND DETAILS

The tables below contain details of the OEIC funds we offer for Baby Bond® Choice. We only offer the Insight Investment Fund Foundation Growth Fund for Baby Bond®.

For each OEIC fund there is a table giving examples of what the child might get back at age 18. Most CTF account managers use the same rates of growth for investments, but their charges vary (although charges for all Stakeholder CTF accounts like Baby Bond® cannot be more than 1.5% of the account's value each year). The figures show the money growing at three different rates, as set by our regulator (the Financial Services Authority). At the time of preparing these Key Features we believe these should be realistic growth rates. As the UBS Medium Term Fixed Interest Fund (MTFIF) does not invest in shares, we have used rates of 1% less than for the other funds.

The figures shown take our charges into account, but are not guaranteed – they are not minimum or maximum amounts. Your

child could get back more or less than this. Remember that inflation will reduce what could be bought in the future with the amounts shown.

For each OEIC fund there are also two tables showing how the charges would affect an account over 18 years, based on the middle assumed growth rate (7% a year; 6% a year for the MTFIF). The charges that apply to each OEIC fund are shown in the Simplified Prospectus section starting on page 13.

The figures in the column headed “What the value of the account might be” in each table show what could be available for transfer from the CTF account at the end of each year if, say, you wanted to transfer to a different CTF account manager. The figures for year 18, however, show the possible amount the child could get back.

Copies of each OEIC fund manager's Prospectus and Simplified Prospectus are available on request from The Children's Mutual, or direct from the OEIC fund manager.

Funds Offered		
OEIC Manager	OEIC	OEIC Fund
Insight Investment Funds Management Limited	Insight Investment Professional Funds ICVC	Insight Investment Foundation Growth Insight Investment Evergreen
Gartmore Fund Managers Limited	Gartmore Investment Funds ICVC Series 1	Gartmore US Growth Gartmore European Selected Opportunities Fund
	Gartmore Investment Funds ICVC Series 2	Gartmore Cautious Managed
INVESCO Fund Managers Limited	INVESCO PERPETUAL UK Investment Series ICVC	INVESCO PERPETUAL Income
	INVESCO PERPETUAL UK Smaller Companies and Markets Investment Series ICVC	INVESCO PERPETUAL UK Smaller Companies Equity
	INVESCO PERPETUAL UK Managed Investment Series ICVC	INVESCO PERPETUAL World Growth
UBS Global Asset Management Funds Limited	UBS Investment Funds ICVC	UBS Global Allocation Fund (UK) UBS Medium Term Fixed Interest UBS UK Select

What the child could get back at age 18 – all funds

Type of payment	Initial government contribution of £250 at birth plus a further £250 at age 7			Initial government contribution of £250 at birth plus a further £250 at age 7 plus voluntary regular payments of £50 a month		
	Lower rate	Middle rate	Higher rate	Lower rate	Middle rate	Higher rate
What the child could get back at age 18						
Insight Investment Funds						
Foundation Growth Fund	£821	£1,090	£1,440	£15,700	£19,100	£23,400
Evergreen Fund	£764	£1,010	£1,340	£14,700	£17,900	£21,900
Gartmore Funds						
US Growth Fund	£755	£1,000	£1,320	£14,500	£17,700	£21,700
Cautious Managed Fund	£800	£1,060	£1,400	£15,200	£18,500	£22,700
European Selected Opportunities Fund	£757	£1,000	£1,330	£14,600	£17,700	£21,700
INVESCO PERPETUAL Funds						
Income Fund	£758	£1,000	£1,330	£14,600	£17,800	£21,700
UK Smaller Companies Equity Fund	£758	£1,000	£1,330	£14,600	£17,800	£21,700
World Growth Portfolio	£734	£974	£1,290	£14,300	£17,400	£21,200
UBS Funds						
Global Allocation Fund (UK)	£777	£1,030	£1,360	£14,900	£18,100	£22,200
Medium Term Fixed Interest Fund	£687	£913	£1,210	£13,700	£16,600	£20,300
UK Select Fund	£778	£1,030	£1,370	£14,900	£18,100	£22,200

Effect of Deduction for Charges Insight Investment Foundation Growth Fund

At end of year	Initial government contribution of £250 at birth plus a further £250 at age 7			Initial government contribution of £250 at birth plus a further £250 at age 7 plus voluntary regular payments of £50 a month		
	Investment to date	Effect of deductions to date	What the value of the account might be	Investment to date	Effect of deductions to date	What the value of the account might be
1	£250	£4	£263	£850	£9	£880
3	£250	£13	£292	£2,050	£61	£2,240
5	£250	£25	£325	£3,250	£165	£3,760
10	£500	£82	£716	£6,500	£767	£8,630
15	£500	£187	£931	£9,500	£2,090	£14,600
18	£500	£279	£1,090	£11,300	£3,400	£19,100

The last line of the table above shows that over 18 years the effect of the total charges and expenses on the initial government contribution only could amount to £279, and on that contribution and the regular monthly payments could amount to £3,400. Putting it another way, this would have the effect of bringing investment growth from 7.0% a year down to 5.4% a year for the initial government contribution, and from 7.0% a year down to 5.4% a year for the regular monthly payments.

Effect of Deduction for Charges Insight Investment Evergreen Fund

At end of year	Initial government contribution of £250 at birth plus a further £250 at age 7			Initial government contribution of £250 at birth plus a further £250 at age 7 plus voluntary regular payments of £50 a month		
	Investment to date	Effect of deductions to date	What the value of the account might be	Investment to date	Effect of deductions to date	What the value of the account might be
1	£250	£18	£249	£850	£54	£836
3	£250	£29	£276	£2,050	£178	£2,120
5	£250	£44	£306	£3,250	£368	£3,560
10	£500	£124	£673	£6,500	£1,260	£8,130
15	£500	£249	£870	£9,500	£2,990	£13,700
18	£500	£356	£1,010	£11,300	£4,620	£17,900

The last line of the table above shows that over 18 years the effect of the total charges and expenses on the initial government contribution only could amount to £356, and on that contribution and the regular monthly payments could amount to £4,620. Putting it another way, this would have the effect of bringing investment growth from 7.0% a year down to 4.9% a year for the initial government contribution, and from 7.0% a year down to 4.8% a year for the regular monthly payments.

Effect of Deduction for Charges Gartmore US Growth Fund

At end of year	Initial government contribution of £250 at birth plus a further £250 at age 7			Initial government contribution of £250 at birth plus a further £250 at age 7 plus voluntary regular payments of £50 a month		
	Investment to date	Effect of deductions to date	What the value of the account might be	Investment to date	Effect of deductions to date	What the value of the account might be
1	£250	£18	£249	£850	£54	£835
3	£250	£30	£276	£2,050	£181	£2,120
5	£250	£45	£305	£3,250	£376	£3,550
10	£500	£128	£669	£6,500	£1,290	£8,090
15	£500	£257	£861	£9,500	£3,090	£13,600
18	£500	£368	£1,000	£11,300	£4,770	£17,700

The last line of the table above shows that over 18 years the effect of the total charges and expenses on the initial government contribution only could amount to £368, and on that contribution and the regular monthly payments could amount to £4,770. Putting it another way, this would have the effect of bringing investment growth from 7.0% a year down to 4.8% a year for the initial government contribution, and from 7.0% a year down to 4.7% a year for the regular monthly payments.

Effect of Deduction for Charges Gartmore Cautious Managed Fund

At end of year	Initial government contribution of £250 at birth plus a further £250 at age 7			Initial government contribution of £250 at birth plus a further £250 at age 7 plus voluntary regular payments of £50 a month		
	Investment to date	Effect of deductions to date	What the value of the account might be	Investment to date	Effect of deductions to date	What the value of the account might be
1	£250	£13	£254	£850	£40	£850
3	£250	£23	£283	£2,050	£136	£2,170
5	£250	£36	£314	£3,250	£291	£3,630
10	£500	£104	£693	£6,500	£1,040	£8,350
15	£500	£213	£905	£9,500	£2,530	£14,200
18	£500	£308	£1,060	£11,300	£3,950	£18,500

The last line of the table above shows that over 18 years the effect of the total charges and expenses on the initial government contribution only could amount to £308, and on that contribution and the regular monthly payments could amount to £3,950. Putting it another way, this would have the effect of bringing investment growth from 7.0% a year down to 5.2% a year for the initial government contribution, and from 7.0% a year down to 5.1% a year for the regular monthly payments.

Effect of Deduction for Charges Gartmore European Selected Opportunities Fund

At end of year	Initial government contribution of £250 at birth plus a further £250 at age 7			Initial government contribution of £250 at birth plus a further £250 at age 7 plus voluntary regular payments of £50 a month		
	Investment to date	Effect of deductions to date	What the value of the account might be	Investment to date	Effect of deductions to date	What the value of the account might be
1	£250	£18	£249	£850	£54	£835
3	£250	£30	£276	£2,050	£180	£2,120
5	£250	£45	£305	£3,250	£374	£3,550
10	£500	£127	£670	£6,500	£1,290	£8,100
15	£500	£255	£863	£9,500	£3,060	£13,600
18	£500	£365	£1,000	£11,300	£4,740	£17,700

The last line of the table above shows that over 18 years the effect of the total charges and expenses on the initial government contribution only could amount to £365, and on that contribution and the regular monthly payments could amount to £4,740. Putting it another way, this would have the effect of bringing investment growth from 7.0% a year down to 4.8% a year for the initial government contribution, and from 7.0% a year down to 4.7% a year for the regular monthly payments.

Effect of Deduction for Charges INVESCO PERPETUAL Income Fund

At end of year	Initial government contribution of £250 at birth plus a further £250 at age 7			Initial government contribution of £250 at birth plus a further £250 at age 7 plus voluntary regular payments of £50 a month		
	Investment to date	Effect of deductions to date	What the value of the account might be	Investment to date	Effect of deductions to date	What the value of the account might be
1	£250	£18	£249	£850	£54	£835
3	£250	£30	£276	£2,050	£179	£2,120
5	£250	£45	£306	£3,250	£373	£3,550
10	£500	£126	£671	£6,500	£1,280	£8,110
15	£500	£254	£865	£9,500	£3,050	£13,700
18	£500	£363	£1,000	£11,300	£4,720	£17,800

The last line of the table above shows that over 18 years the effect of the total charges and expenses on the initial government contribution only could amount to £363, and on that contribution and the regular monthly payments could amount to £4,720. Putting it another way, this would have the effect of bringing investment growth from 7.0% a year down to 4.9% a year for the initial government contribution, and from 7.0% a year down to 4.7% a year for the regular monthly payments.

Effect of Deduction for Charges INVESCO PERPETUAL UK Smaller Companies Equity Fund

At end of year	Initial government contribution of £250 at birth plus a further £250 at age 7			Initial government contribution of £250 at birth plus a further £250 at age 7 plus voluntary regular payments of £50 a month		
	Investment to date	Effect of deductions to date	What the value of the account might be	Investment to date	Effect of deductions to date	What the value of the account might be
1	£250	£18	£249	£850	£54	£835
3	£250	£30	£276	£2,050	£179	£2,120
5	£250	£45	£306	£3,250	£373	£3,550
10	£500	£126	£671	£6,500	£1,280	£8,110
15	£500	£254	£865	£9,500	£3,050	£13,700
18	£500	£363	£1,000	£11,300	£4,720	£17,800

The last line of the table above shows that over 18 years the effect of the total charges and expenses on the initial government contribution only could amount to £363, and on that contribution and the regular monthly payments could amount to £4,720. Putting it another way, this would have the effect of bringing investment growth from 7.0% a year down to 4.9% a year for the initial government contribution, and from 7.0% a year down to 4.7% a year for the regular monthly payments.

Effect of Deduction for Charges INVESCO PERPETUAL World Growth Portfolio

At end of year	Initial government contribution of £250 at birth plus a further £250 at age 7			Initial government contribution of £250 at birth plus a further £250 at age 7 plus voluntary regular payments of £50 a month		
	Investment to date	Effect of deductions to date	What the value of the account might be	Investment to date	Effect of deductions to date	What the value of the account might be
1	£250	£18	£249	£850	£55	£834
3	£250	£32	£274	£2,050	£188	£2,110
5	£250	£48	£302	£3,250	£395	£3,530
10	£500	£137	£660	£6,500	£1,380	£8,010
15	£500	£277	£842	£9,500	£3,310	£13,400
18	£500	£396	£974	£11,300	£5,130	£17,400

The last line of the table above shows that over 18 years the effect of the total charges and expenses on the initial government contribution only could amount to £396, and on that contribution and the regular monthly payments could amount to £5,130. Putting it another way, this would have the effect of bringing investment growth from 7.0% a year down to 4.6% a year for the initial government contribution, and from 7.0% a year down to 4.5% a year for the regular monthly payments.

Effect of Deduction for Charges UBS Global Allocation Fund (UK)

At end of year	Initial government contribution of £250 at birth plus a further £250 at age 7			Initial government contribution of £250 at birth plus a further £250 at age 7 plus voluntary regular payments of £50 a month		
	Investment to date	Effect of deductions to date	What the value of the account might be	Investment to date	Effect of deductions to date	What the value of the account might be
1	£250	£15	£252	£850	£45	£845
3	£250	£26	£280	£2,050	£154	£2,150
5	£250	£40	£310	£3,250	£326	£3,600
10	£500	£115	£682	£6,500	£1,150	£8,230
15	£500	£235	£883	£9,500	£2,800	£13,900
18	£500	£339	£1,030	£11,300	£4,360	£18,100

The last line of the table above shows that over 18 years the effect of the total charges and expenses on the initial government contribution only could amount to £339, and on that contribution and the regular monthly payments could amount to £4,360. Putting it another way, this would have the effect of bringing investment growth from 7.0% a year down to 5.0% a year for the initial government contribution, and from 7.0% a year down to 4.9% a year for the regular monthly payments.

Effect of Deduction for Charges UBS Medium Term Fixed Interest Fund

At end of year	Initial government contribution of £250 at birth plus a further £250 at age 7			Initial government contribution of £250 at birth plus a further £250 at age 7 plus voluntary regular payments of £50 a month		
	Investment to date	Effect of deductions to date	What the value of the account might be	Investment to date	Effect of deductions to date	What the value of the account might be
1	£250	£14	£250	£850	£44	£840
3	£250	£24	£273	£2,050	£146	£2,120
5	£250	£36	£298	£3,250	£303	£3,520
10	£500	£100	£644	£6,500	£1,030	£7,870
15	£500	£196	£801	£9,500	£2,390	£13,000
18	£500	£274	£913	£11,300	£3,640	£16,600

The last line of the table above shows that over 18 years the effect of the total charges and expenses on the initial government contribution only could amount to £274, and on that contribution and the regular monthly payments could amount to £3,640. Putting it another way, this would have the effect of bringing investment growth from 6.0% a year down to 4.2% a year for the initial government contribution, and from 6.0% a year down to 4.0% a year for the regular monthly payments.

Effect of Deduction for Charges UBS UK Select Fund

At end of year	Initial government contribution of £250 at birth plus a further £250 at age 7			Initial government contribution of £250 at birth plus a further £250 at age 7 plus voluntary regular payments of £50 a month		
	Investment to date	Effect of deductions to date	What the value of the account might be	Investment to date	Effect of deductions to date	What the value of the account might be
1	£250	£15	£252	£850	£45	£845
3	£250	£26	£280	£2,050	£153	£2,150
5	£250	£40	£310	£3,250	£325	£3,600
10	£500	£115	£683	£6,500	£1,150	£8,240
15	£500	£234	£884	£9,500	£2,780	£13,900
18	£500	£337	£1,030	£11,300	£4,340	£18,100

The last line of the table above shows that over 18 years the effect of the total charges and expenses on the initial government contribution only could amount to £337, and on that contribution and the regular monthly payments could amount to £4,340. Putting it another way, this would have the effect of bringing investment growth from 7.0% a year down to 5.0% a year for the initial government contribution, and from 7.0% a year down to 4.9% a year for the regular monthly payments.

SIMPLIFIED PROSPECTUS

Important information about the investment fund

Money paid into a Baby Bond® Stakeholder or Baby Bond® Choice Non-Stakeholder CTF account is invested over most or all of the period of the plan in one or more funds that hold company shares. The tables listed below contain important information about the funds managed by **Insight Investment Funds Management Limited, Gartmore Fund Managers Limited, INVESCO Fund Managers Limited and UBS Global Asset Management Funds Limited** to which we offer access. The information is taken from each fund manager's 'Simplified Prospectus',

which is a document required by European regulations, and therefore includes some details of a technical nature. We have tried to explain, in simple terms, what these mean – see the third column of the tables below and overleaf. You can ask us to provide you with a copy of either of the fund manager's Simplified Prospectus at any time; however, you should be aware that these documents are complex and include information that does not apply to investing in these funds through The Children's Mutual.

Insight Investment Funds Management Limited

Information common to both Insight Investment funds		
OEIC	Insight Investment Professional Funds ICVC	This is the overall fund which includes the Foundation Growth Fund and the Evergreen Fund. 'OEIC' stands for Open-Ended Investment Company; 'ICVC' stands for Investment Company with Variable Capital. Both terms are essentially different names for the same type of fund.
OEIC Manager	Insight Investment Funds Management Limited, 33 Old Broad Street, London EC2N 1HZ	This is the company that manages the fund. It is part of the HBOS Group.
Management Company	Insight Investment Funds Management's main business is acting as Authorised Corporate Director (ACD) for a range of authorised funds.	The role of the ACD includes the day-to-day operation of the OEIC, such as managing its investments, buying and selling shares and pricing the shares.
Place of Incorporation	England and Wales	The laws of England and Wales apply to the operation of the fund.
Depository	The Royal Bank of Scotland PLC, Trustee and Depository Services, 36 St Andrew Square, Edinburgh EH2 2YB	The role of the Depository is to act as the appointed caretaker of the fund's assets.
Auditor	KPMG Audit PLC, 8 Salisbury Square, London EC4Y 8BB	The role of the Auditor is to ensure that the fund is operated in accordance with all relevant laws and regulations.
FSA Authorisation	11 January 2000	This is the date the OEIC was authorised by the Financial Services Authority (FSA) to start trading.
Commission expenses	Commission is generally paid to brokers for buying and selling underlying equity (company share) investments in a portfolio. In certain circumstances, this commission also pays for research analysis.	Commission is paid by the fund manager. The cost is fully covered by its charges – see below.

Information common to both Insight Investment funds continued

SDRT	SDRT costs are met by the fund.	'SDRT' stands for Stamp Duty Reserve Tax. All funds that invest in UK company shares have to pay SDRT. The amount of duty paid is the duty due on any shares the ACD buys back from one investor and sells on to another. The amount of duty paid is reduced by the proportion of the fund not invested in UK company shares. The amount due is paid out of the fund.
Dilution Levy	The fund manager is entitled to apply a dilution levy. If a levy is applied it is paid by the person buying or selling the shares and is paid into the fund for the benefit of all shareholders.	When there is a large inflow or outflow of cash from a fund, as a result of shares in the fund being bought or sold, the fund manager will probably have to buy or sell some of the fund's underlying company shares to invest or raise the cash. This buying and selling incurs dealing costs which are paid by the fund. This reduces (or dilutes) the value of the fund and as a result can reduce the share price. This is potentially unfair on the existing shareholders and is why the fund manager can apply a dilution levy on investors when they are making or selling their investment.
Fund tax	The fund is subject to UK tax laws. The tax rate is 20%. The fund does not pay Capital Gains Tax on its underlying holdings.	Investors with shares in the fund held within Baby Bond® or Baby Bond® Choice do not suffer any personal tax on any growth in the value of their holding. The Fund pays corporation tax on dividend income received from UK company shares. This tax cannot be reclaimed by the fund manager or the account holder. If the account holder is not a UK resident when they withdraw money from Baby Bond® (at or after 18) they may have to pay tax on that part of the payout which arises from interest earned while they were not resident in the UK.
Fund currency denomination	UK Sterling	All transactions undertaken by the fund are expressed in £s sterling.
Income accumulated	Income accumulated will be reinvested within the fund, thereby increasing the price of the shares.	Most funds offer two types of shares – 'income shares', which actually pay out a regular amount to investors, and 'accumulation shares', for which all income earned is automatically reinvested to increase the share price. All shares offered for investment through The Children's Mutual are accumulation shares.
Price publication	The price of shares can be found in the Financial Times under Insight Investments or on www.insightinvestment.com	You can track the value of Baby Bond® or Baby Bond® Choice by checking the price of shares whenever you wish.
Insight Investment Professional Funds ICVC – other sub-funds	As well as the Foundation Growth Fund and the Evergreen Fund, the Insight Investment Professional Funds ICVC also includes a number of other sub-funds, each with its own investment objective and policy. Details are included in the fund manager's Simplified Prospectus – a copy is available on request.	Both funds are available for investment through The Children's Mutual Baby Bond® Choice Non-Stakeholder CTF account. The Foundation Growth Fund is also available for investment through Baby Bond® Stakeholder CTF account. Please refer to the Key Features.
Date of Simplified Prospectus	30 September 2008	This is the date the fund manager's Simplified Prospectus was last updated.

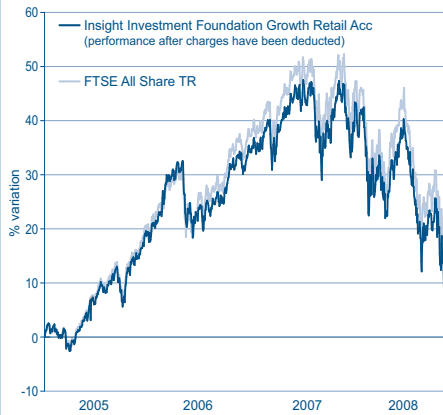
Insight Investment – fund specific information

OEIC Fund	Insight Investment Foundation Growth Fund	Insight Investment Evergreen Fund	Explanatory notes
Fund launch date	1 November 2000	10 February 1990	This is the date the OEIC actually started to accept money from investors.
Share class launch date	4 February 2005	13 March 2000	This is the date the particular type of shares offered for investment through one or more of our plan ('accumulation shares') was first offered to investors.
Investment Objective and Investment Policy	The fund aims to achieve long-term capital growth by investing in a representative sample of UK equities and for these assets to match the capital performance of the FTSE All-Share Index.	The fund aims to achieve long-term capital growth by investing in shares of companies throughout the world whose products, processes or services contribute to the restoration and renewal of the earth's ecology or to a cleaner and healthier environment.	This is the outcome the fund manager aims to produce for investors, and how it tries to achieve it.
Risk factors common to all funds	<ul style="list-style-type: none"> • The value of shares and income from them is not guaranteed and can fall as well as rise due to stock market and currency movements. Past performance is not a guide to future performance and when the investment is sold (the money is withdrawn from the account) the child may get back less than was originally invested. Inflation will, over time, reduce the spending power of the investments. • The rates of, and any relief from, taxation may change over time. • It is not possible to match the performance of the FTSE All-Share Index exactly. This is because of charges and tracking error. • Derivatives may be used for the purpose of Efficient Portfolio Management. • Each sub-fund of the OEIC is treated as being responsible for meeting its own liabilities. However, if at any time any sub-fund is unable to meet its liabilities, the OEIC Manager may reallocate these in a way that it believes is fair to holders of shares in all sub-funds. This could affect the total value of the OEIC fund. <p>Details of all risks can be found in the full Prospectus of the fund.</p>		'Derivatives' are a type of investment whose values are linked to the value of an underlying asset, for example a stock market index. They are not 'real' assets like, for example, company shares. Derivative transactions may be used as a way to reduce investment risk, manage the funds in the most efficient way and enable the investment objectives of the fund to be met.
Fund-specific risk factors	It is not possible to match the performance of the FTSE-All-Share Index exactly. This is because of charges and tracking error.	This fund is unable to invest in certain companies due to the ethical screening that it undertakes. This means that it may be more sensitive to price swings than other funds.	

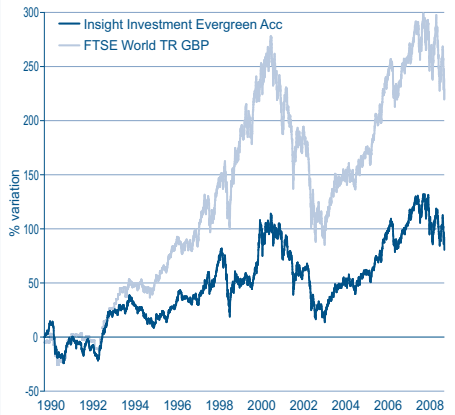
Insight Investment – fund specific information continued

OEIC Fund	Insight Investment Foundation Growth Fund		Insight Investment Evergreen Fund		Explanatory notes
Charges	Initial Charge AMC	0.0% 1.5%	Initial Charge AMC	5.0% 1.5%	'AMC' stands for Annual Management Charge – this is the yearly charge to each investor and is applied, on a daily basis, to the overall value of that investor's holding in the fund. The Initial Charge is payable on all investments into the fund (except for Baby Bond®).
TER	1.5%		1.64%		'TER' stands for Total Expense Ratio, which are the yearly operating expenses of the fund. This figure helps when comparing the operating expenses of different funds. The TER includes, for example, the AMC and any depositary, registration and audit fees.
PTR	38.3%		87.8%		'PTR' stands for Portfolio Turnover Rate. This provides an indication of how much the fund manager changes the fund's investments in a year. There is a cost involved in the buying and selling of these investments. The higher the PTR, the more changes have been made, and the higher the cost of dealing paid for by the fund has been. However, active management may mean that changing investments more frequently increases the performance of the fund sufficiently to outweigh the costs.

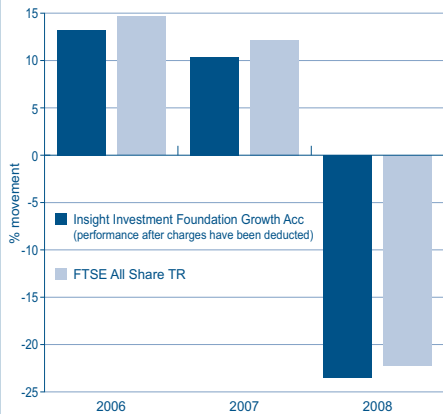
Insight Investment Foundation Growth Fund Cumulative Performance



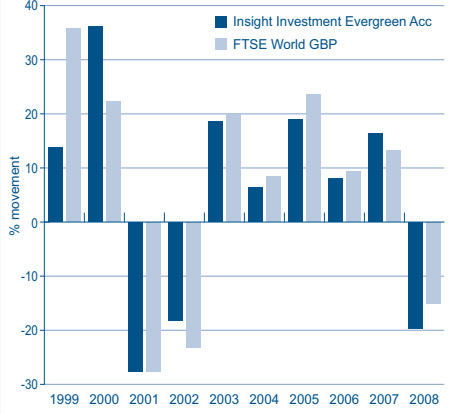
Insight Investment Evergreen Fund Cumulative Performance



Insight Investment Foundation Growth Fund Annual Performance



Insight Investment Evergreen Fund Annual Performance



Please note that the annual performance is for 12 months periods to the end of September for each year. For example, 2008 is the period 30 September 2007 to 30 September 2008.

Past performance is not a guide to the future.

Gartmore Fund Managers Limited

Information common to all three Gartmore funds		
OEIC Manager	Gartmore Fund Managers Limited, Gartmore House, 8 Fenchurch Place, London EC3M 4PB	This is the company that manages the fund. Owned by Hellman Friedman LLC (one of the world's leading private equity firms), together with members of Gartmore's senior fund management and executive team.
Management Company	Gartmore Fund Managers Limited's main business is acting as Authorised Corporate Director (ACD) for a range of authorised funds.	The role of the ACD includes the day-to-day operation of the OEIC, such as managing its investments, buying and selling shares and pricing the shares.
Place of Incorporation	England and Wales	The laws of England and Wales apply to the operation of the fund.
Depository	HSBC Bank Plc, Trustee and Depository Services, 8 Canada Square, London E14 5AL	The role of the Depository is to act as the appointed caretaker of the fund's assets.
Auditor	Pricewaterhouse Coopers LLP, PO Box 90, Erskine House, 68-73 Queen Street, Edinburgh EH2 4NH	The role of the Auditor is to ensure that the fund is operated in accordance with all relevant laws and regulations.
Commission expenses	The fund may enter into fee sharing arrangements and soft commission arrangements. Under soft commission arrangements, affiliates of the ACD, which are appointed as investment advisors, may have entered into arrangements with brokers, under which the brokers will provide or procure services or other benefits which can be reasonably expected to assist in the provision of investment services. They make no direct payment for investment services. Any transactions conducted under these arrangements are done so on a best execution basis.	Commission is paid by the fund manager. The cost is fully covered by its charges – see below. 'Fee sharing' is where the fund managers have arrangements in place where service providers share fees paid by the funds. The services the manager receives under these arrangements are directly related to deals for the fund and are not used to meet the operating costs of the funds. 'Soft commission' is where providers of services to the fund manager give advice or services in return for business.
SDRT	SDRT costs are met by the fund.	'SDRT' stands for Stamp Duty Reserve Tax. All funds that invest in UK company shares have to pay SDRT. The amount of duty paid is the duty due on any shares the ACD buys back from one investor and sells on to another. The amount of duty paid is reduced by the proportion of the fund not invested in UK company shares. The amount due is paid out of the fund.
Dilution Levy	The fund manager is entitled to apply a dilution levy. If a levy is applied it is paid by the person buying or selling the shares and is paid into the fund for the benefit of all shareholders.	When there is a large inflow or outflow of cash from a fund, as a result of shares in the fund being bought or sold, the fund manager will probably have to buy or sell some of the fund's underlying company shares to invest or raise the cash. This buying and selling incurs dealing costs which are paid by the fund. This reduces (or dilutes) the value of the fund and as a result can reduce the share price. This is potentially unfair on the existing shareholders and is why the fund manager can apply a dilution levy on investors when they are making or selling their investment.

Information common to all three Gartmore funds continued

Fund tax	The fund is subject to UK tax laws. The tax rate is 20%. The fund does not pay Capital Gains Tax on its underlying holdings.	Investors with shares in the fund held within Baby Bond® or Baby Bond® Choice do not suffer any personal tax on any growth in the value of their holding. The Fund pays corporation tax on dividend income received from UK company shares. This tax cannot be reclaimed by the fund manager or the account holder. If the account holder is not a UK resident when they withdraw money from Baby Bond® (at or after 18) they may have to pay tax on that part of the payout which arises from interest earned while they were not resident in the UK.
Fund currency denomination	UK Sterling	All transactions undertaken by the fund are expressed in £s sterling.
Income accumulated	Income accumulated will be reinvested within the fund, thereby increasing the price of the shares.	Most funds offer two types of shares – ‘income shares’, which actually pay out a regular amount to investors, and ‘accumulation shares’, for which all income earned is automatically reinvested to increase the share price. All shares offered for investment through The Children’s Mutual are accumulation shares.
Price publication	The price of shares can be found in the Financial Times under Gartmore Fund Managers Limited or on www.gartmore.com	You can track the value of Baby Bond® or Baby Bond® Choice by checking the price of shares whenever you wish.
Date of Simplified Prospectus	30 September 2008	This is the date the fund manager's Simplified Prospectus was last updated.

Gartmore – fund specific information

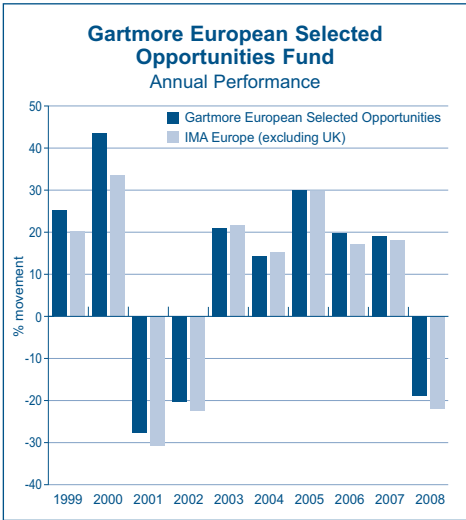
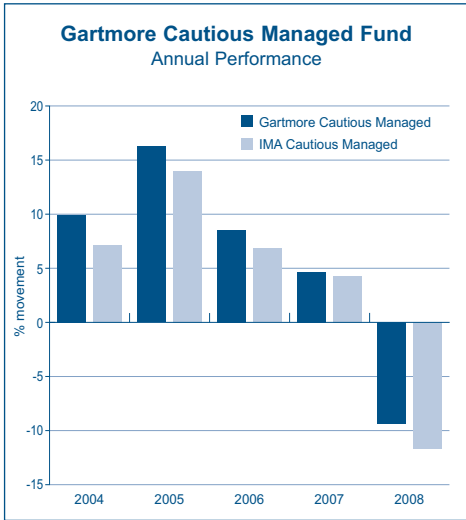
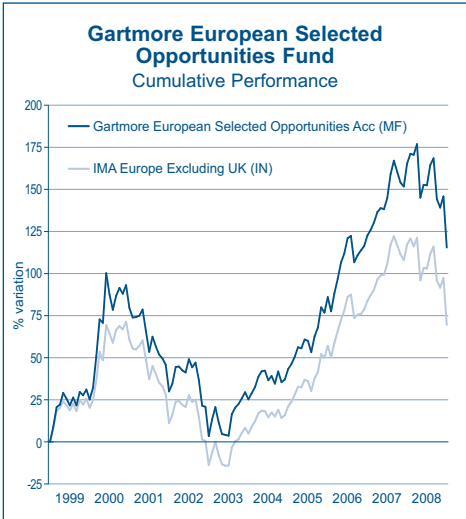
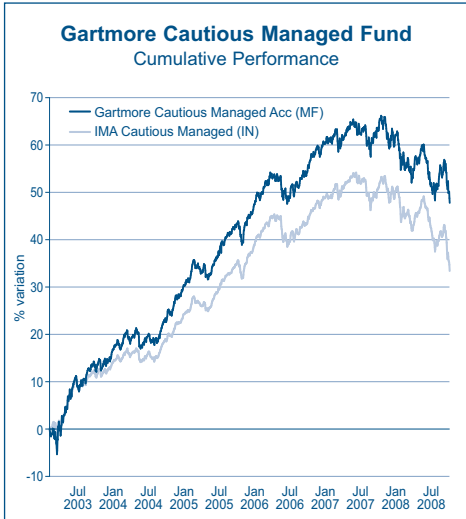
OEIC Fund	Gartmore Cautious Managed Fund	Gartmore European Selected Opportunities Fund	Gartmore US Growth Fund	Explanatory notes
FSA Authorisation	30 August 2002	11 June 2002	11 June 2002	This is the date the OEIC was authorised by the Financial Services Authority (FSA) to start trading.
Fund launch date	7 February 2003	31 August 1984	31 July 1998	This is the date the OEIC actually started to accept money from investors.
Share class launch date	3 February 2003	20 January 2003	16 January 2003	This is the date the particular type of shares offered for investment through one or more of our plans ('accumulation shares') was first offered to investors.
Investment Objective and Investment Policy	<p>The fund aims to provide a combination of income and long-term capital growth. Investment is in a diversified portfolio of equities (company shares), bonds, and other related investments. At all times the investment in equities will be limited to a maximum of 60% of the value of the Fund's portfolio.</p>	<p>The fund aims to achieve a long-term return by investing in companies that have their registered office in Europe, companies that do not have their registered office in Europe but either (i) carry out a predominant proportion of their business activity in these markets, or (ii) are holding companies which predominantly own companies with registered offices in Europe.</p>	<p>The fund aims to provide a long-term return by investing in companies that have their registered office in North America or carry out a predominant proportion of their business in these markets. The fund will invest in companies of both small and large market capitalisation. Investment will be mainly in the United States of America.</p>	<p>This is the outcome the fund manager aims to produce for investors, and how it tries to achieve it.</p>
<p>The funds may also invest at the manager's discretion in other transferable securities, money market instruments, cash and near cash, derivative instruments and forward transactions, and units in collective investment schemes (use may be deposits made of stock lending, borrowing, cash holdings, hedging and other investment techniques permitted in applicable FSA rules).</p>				

Gartmore – fund specific information continued

OEIC Fund	Gartmore Cautious Managed Fund	Gartmore European Selected Opportunities Fund	Gartmore US Growth Fund	Explanatory notes
Risk factors common to all funds	<ul style="list-style-type: none"> • The value of shares and income from them is not guaranteed and can fall as well as rise due to stock market and currency movements. Past performance is not a guide to future performance and when the investment is sold (the money is withdrawn from the account) the child may get back less than was originally invested. Inflation will, over time, reduce the spending power of the investments. • The rates of, and any relief from, taxation may change over time. • Derivatives may be used for the purpose of Efficient Portfolio Management. • Each sub-fund of the OEIC is treated as being responsible for meeting its own liabilities. However, if at any time any sub-fund is unable to meet its liabilities, the OEIC Manager may reallocate these in a way that it believes is fair to holders of shares in all sub-funds. This could affect the total value of the OEIC fund. <p>Details of all risks can be found in the full Prospectus of the fund.</p>			<p>'Derivatives' are a type of investment whose values are linked to the value of an underlying asset, for example a stock market index. They are not 'real' assets like, for example, company shares. Derivative transactions may be used as a way to reduce investment risk, manage the funds in the most efficient way and enable the investment objectives of the fund to be met.</p>
Fund-specific risk factors	<ul style="list-style-type: none"> • The fund may hold higher yielding bonds where there is an increased risk of capital erosion through default, or if the redemption yield is below the income yield. Economic conditions and changes to interest rate levels may significantly impact the values of high yield bonds. • The annual management charge is currently charged to capital. Whilst this increases the yield, it will restrict the potential for capital growth. • It is possible for the fund to invest over 35% of its assets in securities issued by any one issuer. Should one or more of these investments decline or be otherwise adversely affected, it may have a more pronounced effect on the fund's value than if a larger number of investments were held. 		<p>The fund may be significantly invested in smaller companies when economic, fund objectives or stock market conditions dictate. Smaller companies are riskier and less liquid than large companies which means their share price may be more volatile.</p>	

Gartmore – fund specific information continued

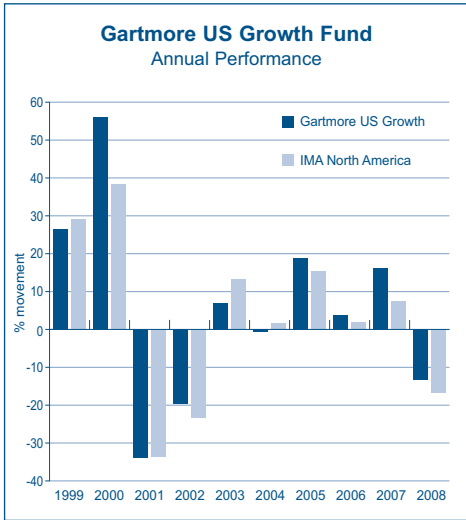
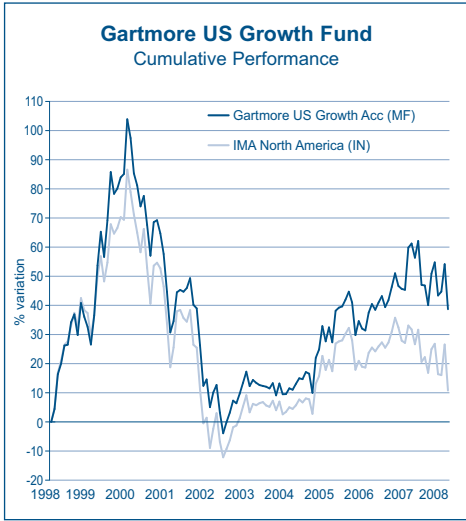
OEIC Fund	Gartmore Cautious Managed Fund	Gartmore European Selected Opportunities Fund	Gartmore US Growth Fund	Explanatory notes
Charges	Initial Charge 3.5% AMC 1.25%	Initial Charge 5.0% AMC 1.5%	Initial Charge 5.0% AMC 1.5%	'AMC' stands for Annual Management Charge – this is the yearly charge to each investor and is applied, on a daily basis, to the overall value of that investor's holding in the fund. The Initial Charge is payable on all investments into the fund (except for Baby Bond®).
TER	1.44%	1.70%	1.72%	'TER' stands for Total Expense Ratio, which are the yearly operating expenses of the fund. This figure helps when comparing the operating expenses of different funds. The TER includes, for example, the AMC and any depositary, registration and audit fees.
PTR	49%	444%	494%	'PTR' stands for Portfolio Turnover Rate. This provides an indication of how much the fund manager changes the fund's investments in a year. There is a cost involved in the buying and selling of these investments. The higher the PTR, the more changes have been made, and the higher the cost of dealing paid for by the fund has been. However, active management may mean that changing investments more frequently increases the performance of the fund sufficiently to outweigh the costs.
OEIC Fund – other sub-funds	As well as the Cautious Managed Fund, the Gartmore Investment Funds ICVC Series 2 also includes a number of other sub-funds. Details are included in the fund manager's Simplified Prospectus – a copy is available on request.	As well as the European Selected Opportunities Fund and US Growth Fund, the Gartmore Funds ICVC Series 1 also includes a number of other sub-funds. Details are included in the fund manager's Simplified Prospectus – a copy is available on request.		All three funds here are available for investment through The Children's Mutual's Baby Bond® Choice Non-Stakeholder CTF account. Please refer to the Key Features. The Children's Mutual does not offer any of the other sub-funds for investment through its plans.



Please note that the annual performance is for 12 months periods to the end of September for each year. For example, 2008 is the period 30 September 2007 to 30 September 2008.

Source: Lipper Hindsight.

Past performance is not a guide to the future.



Please note that the annual performance is for 12 months periods to the end of September for each year. For example, 2008 is the period 30 September 2007 to 30 September 2008.

Source: Lipper Hindsight.

Past performance is not a guide to the future.

INVESCO Fund Managers Limited

Information common to all three INVESCO funds		
OEIC Manager	INVESCO Fund Managers Limited, INVESCO Park, Henley-on-Thames, Oxfordshire RG9 1HH	This is the company that manages the fund. It forms part of AMVESCAP plc which is a leading independent global investment manager.
Management Company	INVESCO Fund Managers Limited's main business is acting as Authorised Corporate Director (ACD) for a range of authorised funds.	The role of the ACD includes the day-to-day operation of the OEIC, such as managing its investments, buying and selling shares and pricing the shares.
Place of Incorporation	England and Wales	The laws of England and Wales apply to the operation of the fund.
Depository	Citibank International plc, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB	The role of the Depository is to act as the appointed caretaker of the fund's assets.
Auditor	Ernst & Young LLP, 1 More London Place, London SE1 2AF	The role of the Auditor is to ensure that the fund is operated in accordance with all relevant laws and regulations.
FSA Authorisation	8 May 2003	This is the date the OEIC was authorised by the Financial Services Authority (FSA) to start trading.
Commission expenses	The level of equity securities (company shares) trading on the fund is determined by fund management decisions and the main impact on the fund is the buying and selling values of the trades. The buying and selling values of securities trades always meet best execution regulations. Commissions are paid to brokers for these trades. Under current regulations, the fund managers are allowed to ask a number of brokers, with whom they have soft commission arrangements, to use some of the commissions paid to the brokers to pay for services used by them in the managing of the funds. If trading does not result in sufficient commissions to pay for these services, then the fund manager pays for them.	Commission is paid by the fund manager. The cost is fully covered by its charges – see below. 'Soft commission' is where providers of services to the fund manager give advice or services in return for business.
SDRT	SDRT costs are met by the fund.	'SDRT' stands for Stamp Duty Reserve Tax. All funds that invest in UK company shares have to pay SDRT. The amount of duty paid is the duty due on any shares the ACD buys back from one investor and sells on to another. The amount of duty paid is reduced by the proportion of the fund not invested in UK company shares. The amount due is paid out of the fund.
Dilution Levy	These funds do not charge a dilution levy. However, the share price can be adjusted, either upwards or downwards, to protect the existing shareholders' interests. This is known as a single swinging price and the monies raised when this occurs are paid into the fund for the benefit of all shareholders.	When there is a large inflow or outflow of cash from a fund, as a result of shares in the fund being bought or sold, the fund manager will probably have to buy or sell some of the fund's underlying company shares to invest or raise the cash. This buying and selling incurs dealing costs which are paid by the fund. This reduces (or dilutes) the value of the fund and as a result can reduce the share price. This is potentially unfair on the existing shareholders and is why the fund manager can apply a dilution levy on investors when they are making or selling their investment.

Information common to all three INVESCO funds continued

Fund tax	The fund is subject to UK tax laws. The tax rate is 20%. The fund does not pay Capital Gains Tax on its underlying holdings.	Investors with shares in the fund held within Baby Bond® or Baby Bond® Choice do not suffer any personal tax on any growth in the value of their holding. The Fund pays corporation tax on dividend income received from UK company shares. This tax cannot be reclaimed by the fund manager or the account holder. If the account holder is not a UK resident when they withdraw money from Baby Bond® (at or after 18) they may have to pay tax on that part of the payout which arises from interest earned while they were not resident in the UK.
Fund currency denomination	UK Sterling	All transactions undertaken by the fund are expressed in £s sterling.
Income accumulated	Income accumulated will be reinvested within the fund, thereby increasing the price of the shares.	Most funds offer two types of shares – ‘income shares’, which actually pay out a regular amount to investors, and ‘accumulation shares’, for which all income earned is automatically reinvested to increase the share price. All shares offered for investment through The Children’s Mutual are accumulation shares.
Price publication	The price of shares can be found in the Financial Times under INVESCO Fund Managers Limited or on www.invescoperpetual.co.uk	You can track the value of Baby Bond® or Baby Bond® Choice by checking the price of shares whenever you wish.
Date of Simplified Prospectus	30 September 2008	This is the date the fund manager’s Simplified Prospectus was last updated.

INVESCO – fund specific information

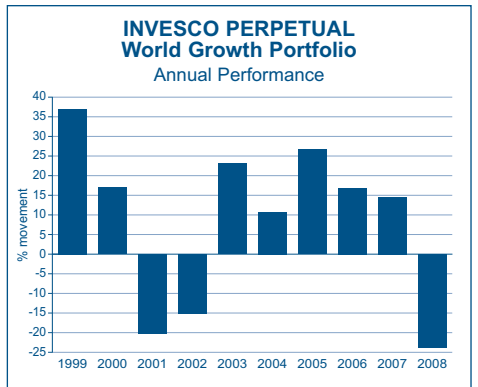
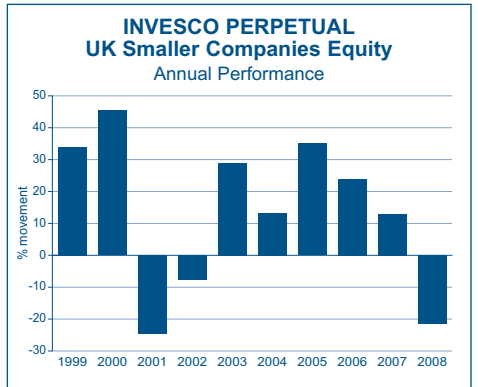
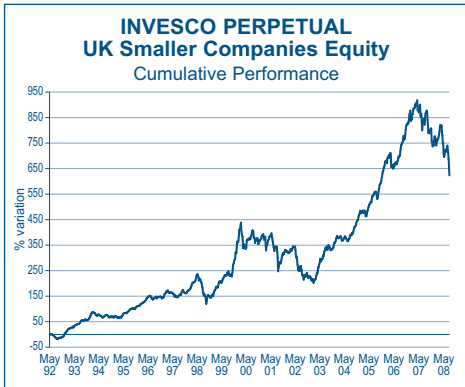
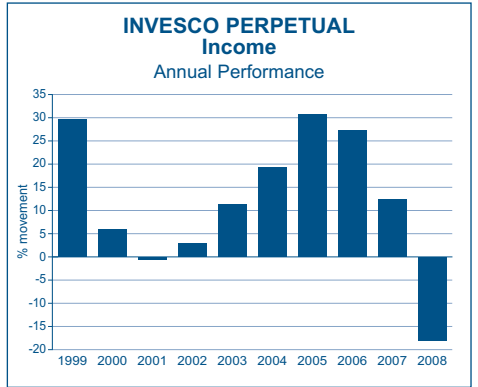
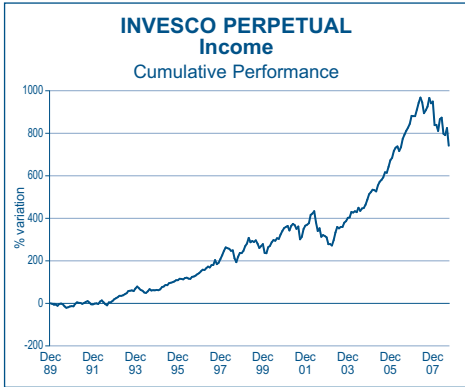
OEIC Fund	INVESCO PERPETUAL Income Fund	INVESCO PERPETUAL UK Smaller Companies Equity Fund	INVESCO PERPETUAL World Growth Portfolio	Explanatory notes
OEIC	INVESCO PERPETUAL UK (2) Investment Series ICVC	INVESCO PERPETUAL Smaller Companies and Markets Investment Series ICVC	INVESCO PERPETUAL Managed Investment Series ICVC	This is the overall fund which includes the OEIC Fund. 'OEIC' stands for Open-Ended Investment Company; 'ICVC' stands for Investment Company with Variable Capital. Both terms are essentially different names for the same type of fund.
Fund launch date	16 June 1979	9 May 1992	15 November 1997	This is the date the OEIC actually started to accept money from investors.
Share class launch date	19 September 2003	19 September 2003	19 September 2003	This is the date the particular type of shares offered for investment through one or more of our plans ('accumulation shares') was first offered to investors.
Investment Objective and Investment Policy	The fund aims to achieve a reasonable level of income, together with capital growth. The fund intends to invest primarily in companies listed in the UK with the balance invested internationally. In pursuing this objective, the fund managers may include other investments that they consider appropriate, which may include investment in transferable securities, money market instruments, warrants, collective investment schemes, deposits and other permitted investments.	The fund aims to achieve capital growth in the UK. The fund intends to invest primarily in shares of smaller companies in the UK. In pursuing this objective the fund managers may include other investments that they consider appropriate, which may include investment in transferable securities, money market instruments, warrants, collective investment schemes, deposits and other permitted investments.	To achieve capital growth from a portfolio primarily of Qualifying Funds (this means the fund invests in other collective funds). In pursuing this objective, the fund managers may include investments that they consider appropriate which include transferable securities, money market instruments, warrants, collective investment schemes, deposits and other permitted investments and transactions.	This is the outcome the fund manager aims to produce for investors, and how it tries to achieve it.

INVESCO – fund specific information continued

OEIC Fund	INVESCO PERPETUAL Income Fund	INVESCO PERPETUAL UK Smaller Companies Equity Fund	INVESCO PERPETUAL World Growth Portfolio	Explanatory notes
Risk factors common to all funds	<ul style="list-style-type: none"> The value of shares and income from them is not guaranteed and can fall as well as rise due to stock market and currency movements. Past performance is not a guide to future performance and when the investment is sold (for Baby Bond® Choice when the money is withdrawn from the account) the recipient may get back less than was originally invested. Inflation will, over time, reduce the spending power of the investments. The rates of, and any relief from, taxation may change over time. Derivatives may be used for the purpose of Efficient Portfolio Management. Each sub-fund of the OEIC is treated as being responsible for meeting its own liabilities. However, if at any time any sub-fund is unable to meet its liabilities, the OEIC Manager may reallocate these in a way that it believes is fair to holders of shares in all sub-funds. This could affect the total value of the OEIC fund. <p>Details of all risks can be found in the full Prospectus of the fund.</p>			<p>'Derivatives are a type of investment whose values are linked to the value of an underlying asset, for example a stock market index. They are not 'real' assets like, for example, company shares. Derivative transactions may be used as a way to reduce investment risk, manage the funds in the most efficient way and enable the investment objectives of the fund to be met.</p>
Fund-specific risk factors	As one of the key objectives of the fund is to provide income, the annual charge is taken from capital rather than income. This can erode capital and reduce the potential for capital growth.	As this is a smaller companies fund, investors should be prepared to accept a higher degree of risk than for a fund with a broader investment mandate.	Although the fund spreads its investment across a range of funds in order to diversify risk, it may invest part of its assets in funds which bear specific risks. Examples include: emerging market funds, smaller company funds and aggressively managed funds.	
Charges	Initial Charge 5.0% AMC 1.5%	Initial Charge 5.0% AMC 1.5%	Initial Charge 5.0% AMC 1.5%	'AMC' stands for Annual Management Charge – this is the yearly charge to each investor and is applied, on a daily basis, to the overall value of that investor's holding in the fund. The Initial Charge is payable on all investments into the fund (except for Baby Bond®).
TER	1.69%	1.69%	1.91%	'TER' stands for Total Expense Ratio, which are the yearly operating expenses of the fund. This figure helps when comparing the operating expenses of different funds. The TER includes, for example, the AMC and any depositary, registration and audit fees.

INVESCO – fund specific information continued

OEIC Fund	INVESCO PERPETUAL Income Fund	INVESCO PERPETUAL UK Smaller Companies Equity Fund	INVESCO PERPETUAL World Growth Portfolio	Explanatory notes
PTR	4.9%	42.29%	24.43%	‘PTR’ stands for Portfolio Turnover Rate. This provides an indication of how much the fund manager changes the fund’s investments in a year. There is a cost involved in the buying and selling of these investments. The higher the PTR, the more changes have been made, and the higher the cost of dealing paid for by the fund has been. However, active management may mean that changing investments more frequently increases the performance of the fund sufficiently to outweigh the costs.
OEIC Fund – other sub-funds	As well as the Income Fund, the INVESCO PERPETUAL UK Investment Series ICVC also includes a number of other subfunds. Details are included in the fund manager’s Simplified Prospectus – a copy is available on request.	As well as the UK Smaller Companies Equity Fund, the INVESCO PERPETUAL Smaller Companies and Markets Investment Series ICVC also includes a number of other subfunds. Details are included in the fund manager’s Simplified Prospectus – a copy is available on request.	As well as the World Growth Portfolio, the INVESCO PERPETUAL Managed Investment Series ICVC also includes a number of other subfunds. Details are included in the fund manager’s Simplified Prospectus – a copy is available on request.	All three funds here are available for investment through The Children’s Mutual’s Baby Bond® Choice Non-Stakeholder CTF account. Please refer to the Key Features. The Children’s Mutual does not offer any of the other sub-funds for investment through its plans.



Please note that the annual performance is for 12 months periods to the end of September for each year. For example, 2008 is the period 30 September 2007 to 30 September 2008.

Source: Lipper Hindsight.

Past performance is not a guide to the future.

UBS Global Asset Management Funds Limited

Information common to all three UBS funds		
OEIC	UBS Investment Funds ICVC	This is the overall fund which includes the UBS Global Allocation Fund (UK), UBS Medium Term Fixed Interest Fund and UBS UK Select Fund. 'OEIC' stands for Open-Ended Investment Company; 'ICVC' stands for Investment Company with Variable Capital. Both terms are essentially different names for the same type of fund.
OEIC Manager	UBS Global Asset Management Funds Limited, 21 Lombard Street, London EC3V 9AH	This is the company that manages the fund. It is part of the fund management arm of UBS AG.
Management Company	UBS Global Asset Management Funds Limited's main business is acting as Authorised Corporate Director (ACD) for a range of authorised funds.	The role of the ACD includes the day-to-day operation of the OEIC, such as managing its investments, buying and selling shares and pricing the shares.
Place of Incorporation	England and Wales	The laws of England and Wales apply to the operation of the fund.
Depository	Royal Bank of Scotland plc, Trustee & Depository Services, 1st Floor Waterhouse Square, 138-142 Holborn EC1N 2TH	The role of the Depository is to act as the appointed caretaker of the fund's assets.
Auditor	Ernst & Young LLP, 1 More London Place, London SE1 2AF	The role of the Auditor is to ensure that the fund is operated in accordance with all relevant laws and regulations.
FSA Authorisation	7 March 2001	This is the date the OEIC was authorised by the Financial Services Authority (FSA) to start trading.
Commission expenses	The fund does not undertake any soft-commission arrangements.	Commission is paid by the fund manager. The cost is fully covered by its charges – see below. 'Soft commission' is where providers of services to the fund manager give advice or services in return for business.
SDRT	SDRT costs are met by the fund.	'SDRT' stands for Stamp Duty Reserve Tax. All funds that invest in UK company shares have to pay SDRT. The amount of duty paid is the duty due on any shares the ACD buys back from one investor and sells on to another. The amount of duty paid is reduced by the proportion of the fund not invested in UK company shares. The amount due is paid out of the fund.
Dilution Levy	The fund manager is entitled to apply a dilution levy. If a levy is applied it is paid by the person buying or selling the shares and is paid into the fund for the benefit of all shareholders.	When there is a large inflow or outflow of cash from a fund, as a result of shares in the fund being bought or sold, the fund manager will probably have to buy or sell some of the fund's underlying company shares to invest or raise the cash. This buying and selling incurs dealing costs which are paid by the fund. This reduces (or dilutes) the value of the fund and as a result can reduce the share price. This is potentially unfair on the existing shareholders and is why the fund manager can apply a dilution levy on investors when they are making or selling their investment.

Information common to all three UBS funds continued

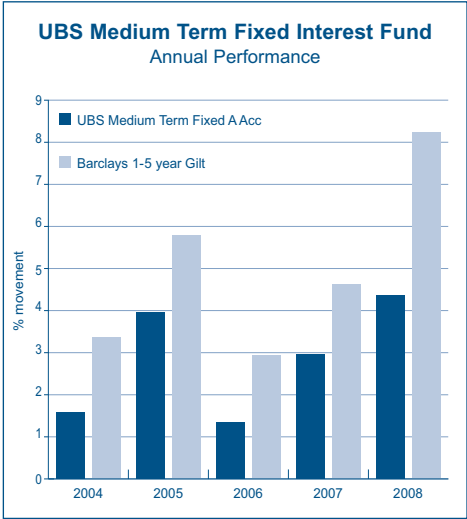
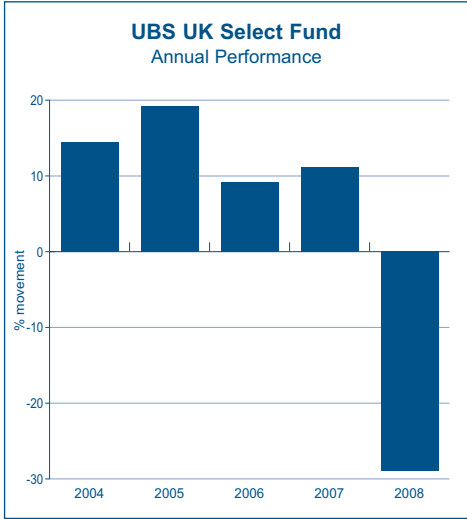
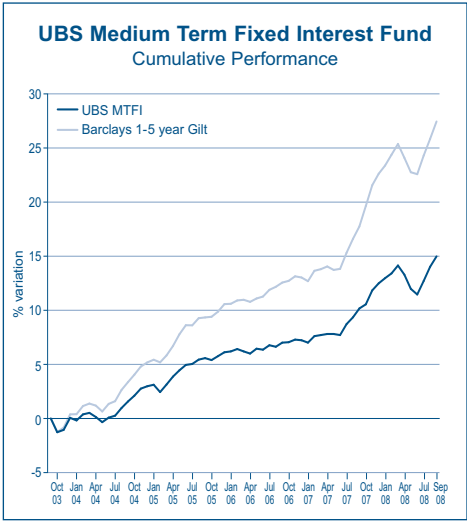
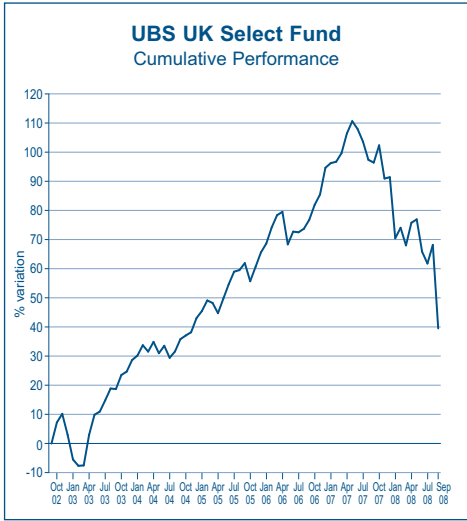
Fund tax	The fund is subject to UK tax laws. The tax rate is 20%. The fund does not pay Capital Gains Tax on its underlying holdings.	Investors with shares in the fund held within Baby Bond® or Baby Bond® Choice do not suffer any personal tax on any growth in the value of their holding. The Fund pays corporation tax on dividend income received from UK company shares. This tax cannot be reclaimed by the fund manager or the account holder. If the account holder is not a UK resident when they withdraw money from Baby Bond® (at or after 18) they may have to pay tax on that part of the payout which arises from interest earned while they were not resident in the UK.
Fund currency denomination	UK Sterling	All transactions undertaken by the fund are expressed in £s sterling.
Income accumulated	Income accumulated will be reinvested within the fund, thereby increasing the price of the shares.	Most funds offer two types of shares – ‘income shares’, which actually pay out a regular amount to investors, and ‘accumulation shares’, for which all income earned is automatically reinvested to increase the share price. All shares offered for investment through The Children’s Mutual are accumulation shares.
Price publication	The price of shares can be found on http://fundgate.ubs.com/custom/uk/prices.jsp	You can track the value of Baby Bond® or Baby Bond® Choice by checking the price of shares whenever you wish.
UBS Investment Funds ICVC – other sub-funds	As well as the Global Allocation Fund (UK), Medium Term Fixed Interest Fund and UK Select Fund, the UBS Investment Funds ICVC also includes a number of other sub-funds. Details are included in the fund manager’s Simplified Prospectus – a copy is available on request.	
Date of Simplified Prospectus	30 September 2008	This is the date the fund manager’s Simplified Prospectus was last updated.

UBS – fund specific information

OEIC Fund	UBS Global Allocation Fund (UK)	UBS Medium Term Fixed Interest Fund	UBS UK Select Fund	Explanatory notes
Fund launch date	23 November 2007	20 January 2003	1 July 2002	This is the date the OEIC actually started to accept money from investors.
Share class launch date	23 November 2007	20 January 2003	1 July 2002	This is the date the particular type launch date of shares offered for investment through one or more of our plans ('accumulation shares') was first offered to investors.
Investment Objective and Investment Policy	The fund aims to achieve long-term capital growth through active management of a diversified portfolio invested primarily in domestic and international equities and bonds and in units in UK and overseas regulated collective investment schemes.	The fund aims to limit the risk of overall loss to an investor over the short to medium-term by investing in a portfolio consisting primarily of gilts, money market instruments and other debt securities. The fund will generally hold investment grade bonds although up to 10% of the fund may be invested in non-investment grade bonds. At least 50% of the portfolio must have a maturity of greater than five years at the time of purchase.	The fund aims to achieve long-term capital growth through active management of a diversified portfolio invested primarily in UK equities.	This is the outcome the fund manager aims to produce for investors, and how it tries to achieve it.
Risk factors common to all funds	<ul style="list-style-type: none"> • The value of shares (or investments, for the UBS Medium Term Fixed Interest Fund) and income from them, is not guaranteed and can fall as well as rise due to stock market and currency movements. Past performance is not a guide to future performance and when the investment is sold (for Baby Bond[®] Choice when the money is withdrawn from the account) the recipient may get back less than was originally invested. Inflation will, over time, reduce the spending power of the investments. • The rates of, and any relief from, taxation may change over time. • Derivatives may be used for the purpose of Efficient Portfolio Management. • Each sub-fund of the OEIC is treated as being responsible for meeting its own liabilities. However, if at any time any sub-fund is unable to meet its liabilities, the OEIC Manager may reallocate these in a way that it believes is fair to holders of shares in all sub-funds. This could affect the total value of the OEIC fund. <p>Details of all risks can be found in the full Prospectus of the fund.</p>			'Derivatives' are a type of investment whose values are linked to the value of an underlying asset, for example a stock market index. They are not 'real' assets like, for example, company shares. Derivative transactions may be used as a way to reduce investment risk, manage the funds in the most efficient way and enable the investment objectives of the fund to be met.

UBS – fund specific information continued

OEIC Fund	UBS Global Allocation Fund (UK)	UBS Medium Term Fixed Interest Fund	UBS UK Select Fund	Explanatory notes
Charges	Initial Charge 4.0% AMC 1.5%	Initial Charge 4.0% AMC 1.0%	Initial Charge 4.0% AMC 1.5%	'AMC' stands for Annual Management Charge – this is the yearly charge to each investor and is applied, on a daily basis, to the overall value of that investor's holding in the fund. The Initial Charge is payable on all investments into the fund (except for Baby Bond®).
TER	1.6%	1.47%	1.59%	'TER' stands for Total Expense Ratio, which are the yearly operating expenses of the fund. This figure helps when comparing the operating expenses of different funds. The TER includes, for example, the AMC and any depositary, registration and audit fees.
PTR	At the date of the Simplified Prospectus this fund does not have a 12 month track record and, as a result, PTRs are not yet available.	126.61%	56.17%	'PTR' stands for Portfolio Turnover Rate. This provides an indication of how much the fund manager changes the fund's investments in a year. There is a cost involved in the buying and selling of these investments. The higher the PTR, the more changes have been made, and the higher the cost of dealing paid for by the fund has been. However, active management may mean that changing investments more frequently increases the performance of the fund sufficiently to outweigh the costs.



Please note that the annual performance is for 12 months periods to the end of September for each year. For example, 2008 is the period 30 September 2007 to 30 September 2008.

Past performance is not a guide to the future.

Please note that as the Global Allocation Fund (UK) has been running for less than one year there are no performance graphs available.

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Home of the Child Trust Fund