As a special thank you:
£20 worth of Mothercare vouchers!

Child Trust Fund

Derbyshire Building Society

The Children's Mutual™ | Home of the Child Trust Fund

Who can I trust with my child's future?

Choosing the right company for your little one's Child Trust Fund is important. You'll want someone you can trust – a company that's long established and well respected. Which is why Derbyshire Building Society has teamed up with The Children's Mutual, the only UK company to specialise exclusively in children's savings. We believe that the Baby Bond® CTF will help provide your child with a great start in life.

What is The Child Trust Fund?

The Child Trust Fund is about your child and their future. It's about giving your child an 18th birthday present that could help give them a flying start to their adult life.

The government gives each newborn child a voucher worth £250 when their parents register for Child Benefit. This must be used to open an account – called a Child Trust Fund (CTF) – on the child's behalf. You, your family and friends can all add to this account.

The government will make a second contribution of £250 when your child is seven, and is considering a third in the child's teenage years. The idea is that the account grows into a lump sum for your child to use when they're 18.

What could this mean for my child?

Just imagine the difference a lump sum on your 18th birthday would have made to your life. You now have the opportunity to make this difference to your child's future. Start adding to their account now, and at 18 your child could have a lump sum to go towards further education or vocational training, a car, a gap year, even a deposit on a home or the launch of their own business – whatever they want to do.

And, of course, they will be learning a valuable lesson from your example – you'll be showing them the value of saving. They'll see for themselves just how important it is to look to the future and plan for the life they want to lead.

What do I need to do?

Once you've received your child's £250 voucher you'll need to decide where to place it – and the sooner the better. Every day it sits in a drawer your child could be missing out. It could be working for them – it could be growing.

If you don't use the voucher to open a CTF account for your child within a year, the government will open a Stakeholder account for your child. So, if you want a say in how and where your child's money is invested from the start, you need to act now.

There are three kinds of CTF account:

- Stakeholder – shares-based with built-in safeguards
- Shares-based (Non-Stakeholder)
- Cash deposit (Non-Stakeholder)

You can find out more about these in the Key Features later in this brochure.

What is a Baby Bond® Child Trust Fund account?

Baby Bond® is The Children's Mutual's Stakeholder Child Trust Fund Account. Stakeholder is the government's preferred kind of account, designed to produce a good outcome for your child, and to be suitable for families with little or no experience of investing (although, of course, its performance can't be guaranteed, and it isn't necessarily the best option for everyone). Features include:

- Investment linked to shares to take advantage of the greater potential for growth over a longer period.
- No high-risk investments.
- Annual administration charges capped at 1.5% of the account's value.
- Gradually moving to lower risk investments from your child's 13th birthday.

But why invest in shares? We agree with the government's view that shares should produce better returns than cash deposit accounts over the longer term. The Barclays Capital Equity Gilt Study 2007 shows that shares have outperformed cash deposits for all but one 18-year period since 1899.

But can't the value of shares go down as well as up? Yes – that's why Baby Bond® invests in a fund that aims to match the performance of the widest range of UK company shares, rather than just a few.

Investing during a period when share prices are low can be an advantage in the early years of a long-term investment, as the money you pay in will buy more shares in the fund. It's in the later years that low share prices are a disadvantage. That's why, in order to do our best to safeguard the value of your child's Baby Bond® against a downturn in the later stages, we gradually move the money into lower risk investments as they approach 18.

So, while there may be some ups and downs in the value of your child's account over the years – as you'll see from your yearly statements – your child could end up with the kind of amount shown in the chart on page 16. The past, of course, isn't a guide to the future, and Baby Bond® could pay out less than has been paid in.

Why choose The Children's Mutual?

- In 2008 we were awarded the MoneyFacts 'Best CTF Provider' award for the third year running.
- We are recognised by the Superbrands Council as a Kids' Superbrand. This is awarded to companies that demonstrate a high level of awareness and communication with their customers.
- We have been helping people provide for their families for over 125 years, and are the only company in the UK specialising exclusively in savings for children.
- We work with The Royal College of Midwives to ensure the best for mothers and their babies.

IN ASSOCIATION WITH The Royal College of Midwives

How does Baby Bond® work?

The aim is simple – to build up a lump sum for your child when they reach 18.

All the key share investment decisions are made for you by one of the UK's biggest investment companies, Norwich Union Collective Investments Limited. Under current regulations all investment growth, and the lump sum at age 18, are free from personal tax.

We open your child's Baby Bond® account as soon as we receive your application (and, if you are applying before 6 April 2009, your child's CTF voucher), and then give you a short period in which you can change your mind before we invest any money. Have a look at 'Can I change my mind?' in the Key Features section on page 17. We can't return any money once it's been invested, because it then belongs to your child.

Once the account is open, we can only discuss your child's Baby Bond® with the Registered Contact. This must be someone with parental responsibility until the child reaches 16. At 16 your child can apply to become the Registered Contact.

At any time the Registered Contact can choose to transfer the account to another provider, or another type of CTF account, and we don't make a specific charge for this.

How can my child get the best from their Baby Bond®?

The more you pay into your child's Baby Bond®, the higher the final payment should be – which is very important when you think how much things cost today:

- Average deposit on a home is £16,958[1].
- Average cost of a second-hand car is £2,400[2].
- 14-week plumbing course costs £6,795[3].
- Gap year world trip costs £7,632[4].
- Average university student debt is £12,363[5].

And with inflation, these costs will be much higher when your child is 18.

You, your child's family and friends – in fact anyone – can pay into your child's Baby Bond®. The minimum amount is £10. The most that can be paid in overall is £1,200 a year (or £100 a month). If you paid in the maximum amount every year, this could mean a final payout of £37,000 or more – a sum that could really make sure your child gets that flying start (see table opposite). This assumes an investment growth of 7% a year and total charges of 1.5% of the account's value each year – of course, it's only an example and is not guaranteed. Your child could get back more or less than this.

Sources:

1. April 2008 average dwelling price for first-time buyers was £130,448, and average deposit was 13%. Source: www.cml.org.uk at June 2008.
2. A typical 6-year-old car, such as a 2002 Fiat Punto Hatchback 1.2 3-door costs £2,405. Source: www.whatcar.co.uk at June 2008.
3. A 14-week course leading to a City & Guilds qualification. Source: www.ableskills.co.uk at June 2008.
4. A round-the-world ticket lasting 364 days including flights and travel insurance. Source: www.gogap.com at June 2008.
5. Based on a student undertaking a three-year course with tuition fees at £3,000 per year and living costs for terms totalling eight months each year. Source: the 2007 NatWest Student Money Matters survey.

What could my child's Baby Bond® be worth?

Amount paid in each month	Total amount paid in (including government contributions of £250 at start and age 7)	Possible value of Baby Bond® Stakeholder account in 18 years' time		
		Based on 5% growth each year	Based on 7% growth each year	Based on 9% growth each year
£0	£500	£821	£1,090	£1,440
£10	£2,660	£3,790	£4,690	£5,840
£25	£5,900	£8,260	£10,100	£12,400
£50	£11,300	£15,700	£19,100	£23,400
£100	£22,100	£30,500	£37,100	£45,400

We've used 18 years as our example period because the money can't be taken out until your child's 18th birthday. These figures assume growth of 5%, 7%, and 9% each year and total charges of 1.5% of the account's value each year. They are only examples and are not guaranteed. Your child could get back more or less than this. Don't forget that inflation would reduce what you could buy in the future with the amounts shown. For more detailed information about possible returns, please see the Key Features.

How can I add to the account?

You, your family, and friends can all help. The minimum payment is £10, but you can pay in as much as you feel you can afford as long as you don't contribute more than £1,200 a year between you. Like many people, you may choose to pay in some or all of your Child Benefit.

By regular Direct Debit

The easiest way to add to the account is to set up a regular Direct Debit. We'll send £20 worth of Mothercare vouchers as a special thank you for every Direct Debit of more than £10 a month that is set up – see opposite for details. There's a Direct Debit instruction on the enclosed application form, or you can set one up online or over the phone if you prefer.

Escalator Direct Debit

You can also opt for our Escalator Direct Debit. You set up an initial Direct Debit (minimum £10 a month), and we automatically increase the monthly amount we collect by £5 or £10 each year on the first collection date on or after your child's birthday. So, if you decided to start paying £10 a month and set up a £10 Escalator, your monthly contribution would be £10 until your child's next birthday, then £20 for the next year, £30 for the year after that, and so on until the plan ends, or the monthly amount reaches £100, or you tell us to stop, whichever happens first. It's a hassle-free way to keep increasing your payments into the account. If your child's next birthday is less than six months from the date the account is opened, we won't start Escalator until their following birthday. To take advantage of Escalator, simply select this option when you complete the enclosed application form.

One-off payments

You can also make one-off payments (minimum £10) into your child's account whenever you want, either by Debit Card (online or by phone) or by cheque. Family and friends often like to make one-off payments as birthday or Christmas gifts. We currently do not accept credit card contributions.

Please remember that all payments into the account belong to your child, and can't be returned to the payer should they change their mind. Your child can withdraw the money once they reach 18.

As a special thank you: £20 worth of Mothercare vouchers!

Simply start paying in more than £10 a month for your child by Direct Debit and we'll send you £20 worth of Mothercare vouchers as a special thank you.

And if anyone else would like to contribute more than £10 a month by Direct Debit to your child's Baby Bond®, they'll receive £20 worth of Mothercare vouchers as well.

To qualify, application forms must be received by 30 September 2009. Vouchers will be sent within 28 days of receipt of the first Direct Debit payment.

Please note that this voucher offer applies only to the first Direct Debit set up by each payer into a child's CTF account. Restarting a Direct Debit into the same account would not entitle the payer to further vouchers.

If the Direct Debit instruction on the enclosed application form is used it must be completed by the Registered Contact. Additional Direct Debit instruction forms for use by friends and family can be obtained from our website or by calling the number on the back page of this brochure.

DIRECT Debit The Direct Debit Guarantee

- This Guarantee is offered by all Banks and Building Societies that take part in the Direct Debit Scheme. The efficiency and security of the Scheme is monitored and protected by your own Bank or Building Society.
- If the amounts to be paid or the payment dates change, The Children's Mutual will notify you 10 working days in advance of your account being debited or as otherwise agreed.
- If an error is made by The Children's Mutual or your Bank or Building Society, you are guaranteed a full and immediate refund from your branch of the amount paid.
- You can cancel a Direct Debit at any time by writing to your Bank or Building Society. Please also send a copy of your letter to The Children's Mutual.

Your relationship with The Children's Mutual

By signing the application form for a Baby Bond® Child Trust Fund account you are also entering into the following agreements with The Children's Mutual. For the purposes of contract law, these agreements are between you (as Registered Contact on behalf of your child) and Tunbridge Wells Equitable Investments Company Limited, trading under the name The Children's Mutual. For all purposes, your relationship to us will be as a 'retail customer'. This means you will enjoy the highest level of consumer protection available under both European and United Kingdom laws and regulations.

1. Client agreement

This is the legal agreement which defines your relationship with us. It covers the following rights and obligations:

Your Rights	Our Obligations
You have the right to be treated fairly with regard to: • the ability of the product to match your need • the clearness and accuracy of any and all information we provide • how we describe what the product can do before and after you purchase it • our maintaining a good quality of support for routine administration and taking effective action if something goes wrong.	**We promise to:** • provide fair and accurate descriptions of the product's ability to meet your need • provide accurate, relevant and understandable information about our product and service • ensure the product you have performs in the way you have been led to expect • ensure the service we provide for you is of a good standard.
Your Obligations	**Our Rights**
We think it is reasonable to expect you to: • take reasonable care when giving us information or instructions • keep us informed of any relevant change in your circumstances, or those of your child • use the opportunities provided to become aware of, and understand, the aims of Baby Bond®, and how we have described that these could be achieved.	**We think it is reasonable for us to:** • rely and act on the information and instructions you provide • rely on the information we have about you as being up to date • act on our belief that you have made reasonable efforts to understand the aims of Baby Bond®, and how you could help these to be achieved.

2. Initial service agreement

This agreement covers how we invest money we receive for payment into your child's Baby Bond® account, once it is open. You authorise us:

- to collect and accept payments into the account from you, or any other person;
- to invest payments in the way described in the brochure and Key Features;
- to the extent that investment is linked to shares, to invest payments into the fund described in the Simplified Prospectus section of the Key Features.

keyfacts®

Key Features of the Baby Bond® Stakeholder Child Trust Fund account

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® is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

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 a Baby Bond® 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® 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 Baby Bond® is not guaranteed, and will move up and down over time. These 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 Baby Bond®, or to the underlying investment, could change (for example, if there's a change of government).

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 better 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 gradually 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

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

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®?

Anyone can pay in to your child's Baby Bond®, and as soon as 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 is £10, and payments can be made monthly, yearly, or as one-off lump sums.

The most that can be paid in is £1,200 a year (from birthday to birthday). This is on top of government contributions.

We accept payment by: Direct Debit; Direct Credit; Standing Order; Cheque; Debit Card (online or by telephone only).

Anyone making regular monthly payments by Direct Debit can also choose the 'Escalator' option. This allows us to increase their Direct Debit payments 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' earlier in this brochure.

What do you do with the money?

Until your child reaches age 13, we use the money paid into their Baby Bond® to buy shares in an OEIC. 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 in shares traded on the London stock market. For more information about this fund, please see the Simplified Prospectus section starting on page 19.

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 investments such as government bonds and cash, or a fund holding those types of investments. We'll also gradually invest more of any new payments into the Baby Bond® 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 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 Baby Bond® while the money's waiting to be invested.

What might my child get back?

Table 1 overleaf gives examples of what your child might get back from their Baby Bond® at age 18. 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.

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.

How do the charges work?

Our charges are 1.5% of the value of the Baby Bond® 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.

Tables 2 and 3 overleaf show how the charges would affect a Baby Bond® account over 18 years, based on the middle assumed growth rate (7% a year). The figures in the column headed 'What the value of the account might be' in each table show what could be available 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.

What might my child get back?

TABLE 1

Type of payment	What your child could get back at age 18 if investments grew at:		
	The lower rate of 5% a year	The middle rate of 7% a year	The higher rate of 9% a year
Government contributions of £250 at outset and age 7	£821	£1,090	£1,440
Government contributions of £250 at outset and age 7, plus voluntary regular payments of £50 a month	£15,700	£19,100	£23,400

How do the charges work?

TABLE 2

Effect of deductions for charges – government contributions of £250 at outset and age 7			
At end of year	Investment to date	Effect of deductions to date	What the value of the account might be
1	£250	£3	£263
3	£250	£13	£292
5	£250	£25	£325
10	£500	£81	£716
15	£500	£187	£931
18	£500	£279	£1,090

TABLE 3

Effect of deductions for charges – government contributions of £250 at outset and age 7, plus voluntary regular payments of £50 a month			
At end of year	Investment to date	Effect of deductions to date	What the value of the account might be
1	£850	£9	£880
3	£2,050	£60	£2,240
5	£3,250	£165	£3,760
10	£6,500	£767	£8,630
15	£9,500	£2,090	£14,600
18	£11,300	£3,400	£19,100

The last lines of both Table 2 and Table 3 above show the effect of the total charges and expenses over 18 years – £279 in Table 2 and £3,400 in Table 3. 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 lump sum government contributions in both tables, and from 7.0% a year down to 5.4% a year for the regular monthly payments in Table 3.

What about tax?

There is no income tax or capital gains tax for you or your child to pay on any growth in the value of the Baby Bond® account. However, the OEIC fund may have paid tax on dividends earned by the shares it holds, and this can't be reclaimed.

If the child is resident in the UK when the Baby Bond® 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?

Nobody has given you any advice about Baby Bond®, only information. However, for introducing you to The Children's Mutual, we will make payments to the organisation that introduced you as follows:

- nothing for the government voucher;
- 3% of payments by Direct Debit during the Baby Bond®'s first year. For example, if you pay in £30 a month by Direct Debit in the first year, we will pay the introducer £10.80 (£30 x 12 x 3%);
- nothing for payments not made by Direct Debit;
- 0.2% of the Baby Bond®'s value each year. We work this out each month but pay the introducer every six months. For example, if the Baby Bond® was valued at £1,000 for the full year, we would pay £1 at the end of each six-month period.

All payments we make are already included in the charges (shown in the section above 'How do the charges work?'). There is nothing extra for you to pay.

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 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 Baby Bond®, to claim the government money, or to invest any other money paid to us, until these 14 days have passed.

Once the Baby Bond® 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.

Will you tell me how my child's Baby Bond® is doing?

Yes. We'll send the Registered Contact a yearly statement showing what the Baby Bond® 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 we add will be taxable.

OTHER INFORMATION

Complaints and compensation

If you're not happy about something, 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.

Law and language

Baby Bond® is 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 Baby Bond® 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

The information in these Key Features, and in the the rest of this brochure, is designed to help you decide for yourself if Baby Bond® could help you with what you want for your child. If you have any questions about how Baby Bond® works, please contact us – we're here to help! But bear in mind that we can't tell you if it is appropriate for your particular circumstances. If you're unsure, you should consider obtaining independent advice. You can find an adviser by visiting www.unbiased.co.uk.

You can call, email, or write to us – our contact details can be found at the back of this brochure. We are open weekdays 8am to 8pm and Saturday 9am to 1pm, or leave an answerphone message outside these hours. We will record calls for training or security purposes.

SIMPLIFIED PROSPECTUS
Important information about the investment fund

As Baby Bond® is a Stakeholder CTF account, money paid in is invested over most of the period of the plan in a fund that holds company shares. The tables on the following pages contain important information about this fund. The information is taken from the fund manager's 'Simplified Prospectus', which is a document required by European regulations, and therefore includes some details of a technical nature.

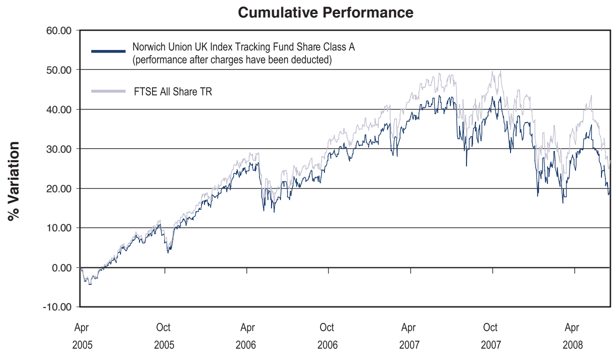
We have tried to explain, in simple terms, what these mean – see the third column of the tables overleaf. You can ask us to provide you with a copy of either the fund manager's Simplified Prospectus, or their full Prospectus, at any time; however, you should be aware that both documents are complex and include information that does not apply to investing through Baby Bond®.

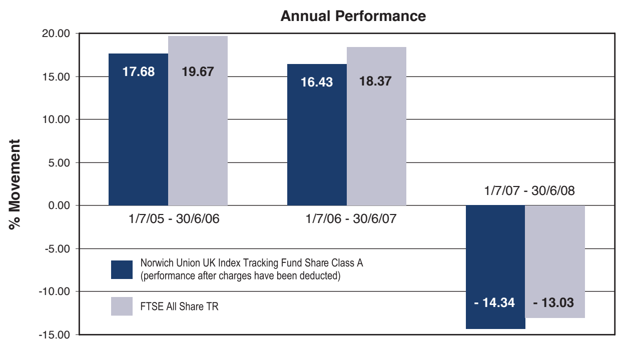
Fund performance

The line graph shows the % movement from the Fund's inception to June 2008.

The bar chart shows the annual % movement between the dates shown at the bottom of the chart.

Please note: the Baby Bond CTF is a long term investment, so although the fund performance for the year to 30th June 2008 shows a downturn of 14.34%, had you invested on 6th April 2005 when CTF began, your child's investment would have increased overall by 20.56% in just over three years.





The Fund values are as at 12 noon on the day stated whereas the FTSE All Share values are as at the close of business on the same day. This can give an unfavourable comparison between the fund and the index it is tracking. As an example, between 12 noon and close of business on 29 June 2007, the index increased in value by over 1.3%.

OEIC Fund	Norwich UK Index Tracking Fund	This is the fund that Baby Bond® invests in. It is one of a number of 'sub-funds' into which the OEIC is divided.
OEIC	NU Investment Funds ICVC	This is the overall fund which includes the Norwich UK Index Tracking 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	Norwich Union Collective Investments Limited, 2 Rougier Street, York YO90 1UU	This is the company that manages the fund. It is part of the Norwich Union Group, itself part of Aviva plc.
Management Company	Norwich Union Collective Investments 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.
Depositary	Citibank International PLC, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB	The role of the Depositary 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	9 September 1998	This is the date the OEIC was authorised by the Financial Services Authority (FSA) to start trading.
Fund launch date	31 October 1989	This is the date the OEIC actually started to accept money from investors.
Share class launch date	6 April 2005	This is the date the particular type of shares offered for investment in Baby Bond® ('accumulation shares') were first offered to investors.
Investment Objective and Investment Policy	The fund aims to track the total return (after charges) of the FTSE All-Share Index from investment in the shares that make up the index.	This is the outcome the fund manager aims to produce for investors, and how it tries to achieve it.

Risk factors	• 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. Details of all risks can be found in the full Prospectus of the fund.	'Derivatives' – 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.
Charges	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 yearly charge we pass on to investors for shares held for Baby Bond® cannot be more than 1.5% under current CTF regulations.
Commission expenses	The fund may enter into fee sharing arrangements. Commission is generally paid to brokers for buying and selling equity (company share) investments in a portfolio.	Commission is paid by the fund manager. The cost is fully covered by its charges – see above. 'Fee sharing' - 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.

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® 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.
TER	1.5%	'TER' stands for Total Expense Ratio, which is 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	1.63%	'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.

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 held for Baby Bond® are accumulation shares.
Price publication	The price of shares can be found in the Financial Times under Norwich Union.	You can track the value of Baby Bond® by checking the price of shares whenever you wish.
NU Investment Funds ICVC – other sub-funds	As well as the Norwich UK Index Tracking Fund, the NU Investment 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.	We only offer the Norwich UK Index Tracking Fund for investment through Baby Bond®.
Date of Simplified Prospectus	30 June 2008	This is the date the fund manager's Simplified Prospectus was last updated.

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Opening your child's Baby Bond® is quick and simple:

By phone: **0845 850 9570**

Online: **thederbyshire.co.uk/ctf**

By post: **Using the enclosed form**

DER-BR-0006-0908

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

Tel: 0845 077 1899 Fax: 0845 609 0073

Email: mail@thechildrensmutual.co.uk Website: www.thechildrensmutual.co.uk

The Children's Mutual™ | Home of the Child Trust Fund

Derbyshire Building Society

Baby Bond® Application Form

Please write **within the boxes** using a **BLACK PEN** and **CAPITAL LETTERS**.
When calling 0845 850 9570, please quote the following reference code:

REFERENCE TO QUOTE
110154 NCB4759

The Children's Mutual™

Step 1 – About the Registered Contact (Please note: the person completing this form should also be the person completing the Direct Debit Instruction.)

Title: Mr X Mrs X Miss X Ms X Dr X Other (please specify)

First Name

Middle Name(s)

Surname

Gender: M X F X

Date of Birth: DDMM19YY

Telephone Number (home)

Telephone Number (work)

House Number/Name

Address

Postcode

Your relationship to the child: Mother X Father X Grandparent X Other (please specify)

Email

Only provide your email address if you are happy to receive email communications from The Children's Mutual and Derbyshire Building Society.

Step 2 – About the Child

First Name

Middle Name(s)

Surname

Gender: M X F X

House Number/Name (if same as above, cross below) X

Address

Postcode

Step 3 – Child Trust Fund Voucher Details (as shown on voucher)

URN

Voucher Expiry Date: DDMM20YY

Child's Date of Birth: DDMM20YY

Step 4 – Additional Contributions If you'd like to make additional contributions by cheque or Direct Debit complete the section below. Please see the Key Features for alternative payment methods.

Lump sum £ . 0 0

Cheques should be made payable to 'The Children's Mutual, for the account of (child's name)'. Please write the child's URN on the back of the cheque.

Monthly Direct Debit £ . 0 0

Please complete the Direct Debit Instruction below. **Please note: the person completing the Direct Debit Instruction should be the same person completing this form.**

Step 5 – Escalator – if you have chosen to set up a Direct Debit and wish to add this feature cross one box here:

I would like to apply Escalator and to increase my Direct Debit payments by £5 X or £10 X a month each year.

Step 6 – Declaration

By signing this Declaration you are applying to The Children's Mutual for a Baby Bond® Child Trust Fund account for the child named above. You are also applying to enter into certain agreements with The Children's Mutual, which are explained in the brochure. Please also see the brochure for the Direct Debit Guarantee, and turn over for details about Data Protection and Money Laundering and Fraud Prevention.

I declare that:
- I have parental responsibility for the child.
- I am 16 years of age or over.
- I will be the Registered Contact for the Child Trust Fund (CTF).
- I agree to the CTF terms and conditions.

I authorise The Children's Mutual to hold the HM Revenue & Customs contributions, subscriptions, CTF investments, interest, dividends and any other rights or proceeds in respect of those investments and cash, and to make on the child's behalf any claims to relief from tax in respect of CTF investments.

APPLICANT'S SIGNATURE

X

Date: DDMM20YY

DER-BR-0006-0908

Instruction to your Bank or Building Society to pay by Direct Debit.

Please fill in the whole form using a ball point pen and send it to us in the freepost envelope provided to **FREEPOST RLRZ-ZAZZ-GACY, Derbyshire Building Society, The Children's Mutual, PO Box 2067, GLOUCESTER GL4 3YU.**

Name and full postal address of your Bank or Building Society

To: The Manager Bank/Building Society

Address

Postcode

Bank/Building Society Account Number

Branch Sort Code

Name(s) of Account Holder(s)

Originator's Identification Number: 8 3 7 5 1 7

DIRECT Debit

Reference (INTERNAL USE ONLY)

Instruction to your Bank or Building Society

Please pay The Children's Mutual Direct Debits from the account detailed in this Instruction subject to the safeguards assured by The Direct Debit Guarantee. I understand that this Instruction may remain with The Children's Mutual and, if so, details will be passed electronically to my Bank/Building Society.

Signature X

Date: DDMM20YY

Banks and Building Societies may not accept Direct Debit Instructions for some types of account.

BB/S/F/1-09

How do I open my child's Baby Bond®?

It's easy – and could take just 10 minutes to apply:

online at **thederbyshire.co.uk/ctf**, or

call us on **0845 850 9570** quoting the reference code at the top of the application form; lines are open from 8am to 8pm Monday to Friday, and from 9am to 1pm on Saturday, or

complete the application form (and the Direct Debit instruction if you want to make regular monthly payments), and send it to us using the freepost envelope provided.

However you apply, if it's before 6 April 2009, please remember to send us your child's CTF voucher.

Additional payment forms can be downloaded from our website for anyone – such as a friend, grandparent, or godparent – to use to contribute to your little one's account.

Please read the Key Features section of this brochure as it contains more information about how Baby Bond® works, and the fund it invests in. If you'd like more information, visit our website, **thederbyshire.co.uk/ctf**, or just give us a call on **0845 850 9570**.

We're here to help! If you're not sure whether Baby Bond® could be suitable for your circumstances, we'll even tell you where to find an independent adviser to advise you.

Please unfold to reveal your application form.

Internal use only – centre number

BB/S/B/1-09

Please note

Data Protection Act 1998 (the Act)
The information on this form will be used to process the application, to administer the CTF account once it has been set up and for marketing analysis purposes. This information will be available to members of the Tunbridge Wells Equitable Group, their associates and agents and (for marketing purposes only) selected third parties, but will not be passed to any other party without your consent, unless we are required to do so by law or regulation. It may also be shared with other financial services companies to help fraud prevention. The data may be used to provide you, or the child, with details of other products or services. If you do not wish to receive these, please cross the box(es) below as appropriate.

Please do not provide details of other products/services to me ☐ to the child ☐ .

The Act confers rights of access to information we hold. Details are available on request.

Money Laundering and Fraud Prevention
International regulations require that we sometimes check certain details about customers. To do this we may use an agency to carry out a search to verify a customer's identity. The details on the application form may be used by the agency to check against other databases (public or otherwise) that are available. The details may also be used in the future to help other organisations to verify the customer's identity and confidential records would be retained. By signing the application form as the Registered Contact, you give us authority to do this.

MOISTEN AND SEAL DETACH HERE FOLD HERE

PLEASE DO NOT PIN, STAPLE OR TAPE THIS ENVELOPE. IT IS OK TO FOLD YOUR DOCUMENTS

1

Freepost RLRZ-ZAZZ-GACY
Derbyshire Building Society
The Children’s Mutual
PO Box 2067
GLOUCESTER
GL4 3YU