



Welcome to Castle Trust
Here is your Fortress Bond
information pack.
We hope you find it useful.

Contents

	Page
About Castle Trust	1
What is a Fortress Bond?	2
Key Fortress Bond details	2
Key points to note	3
The Financial Services Compensation Scheme	3
What does Castle Trust do with the money you invest?	3
Frequently asked questions	4
How to apply	6
What sort of paperwork can I expect?	7
What other communications might I expect?	8
Glossary of terms	9
What is the Financial Services Compensation Scheme (FSCS)?	10

About Castle Trust

Based in the heart of the City of London, Castle Trust was launched in October 2012 with backing from leading US private equity firm J.C. Flowers & Co.

The development of our business is supervised by a prestigious team of Board directors, chaired by Andrew Doman.

Traditional financial service providers are often burdened with costly overheads including expensive branch networks, inflexible technology and huge armies of people. At Castle Trust we keep our overheads to a minimum and we use investment proceeds to fund our flexible lending solutions.



Welcome to Castle Trust

What is a Fortress Bond? Key Fortress Bond details

Fortress Bonds are fixed rate bonds which pay interest to investors in a lump sum either quarterly or at maturity (depending on which bond you select) and return the original amount invested at the end of the term.

When you buy a Fortress Bond, you are buying a loan note issued by Castle Trust Direct plc, and guaranteed by Castle Trust Capital plc. Castle Trust Capital plc is a British financial institution which is authorised and regulated by the Financial Conduct Authority.

Fortress Bonds were specifically designed to offer consistently competitive rates. The bonds are issued on a monthly basis and we reserve the right to increase the rate payable during the offer period, but not to reduce it. If the rate is increased during the offer period, this increased rate will apply to all investors in the applicable investment. This means that you may benefit from a higher interest rate than you had anticipated, but not a lower one.

1 You can invest from £1,000 up to a maximum of £250,000 per bond issue.

2 Interest can be paid to you either quarterly or at maturity.

3 There are no initial or ongoing charges.

4 Eligible for a Stocks and Shares ISA.

5 You can invest online, by phone or by post.

Key points to note

1. There is no early encashment (except in the case of the death of the bond holder)
2. You must be at least 18 years old to apply
3. You cannot top up a Fortress Bond after the close of the offer period
4. All interest is paid to you gross, so you'll need to determine whether you need to declare it in a self-assessment tax return (unless you have invested within an ISA).
5. You risk losing capital should Castle Trust become insolvent.

The Financial Services Compensation Scheme

Castle Trust is authorised and regulated by the Financial Conduct Authority and is a participant in the Financial Services Compensation Scheme (FSCS).

For more information, please visit our website at:

www.castletrust.co.uk/financial-services-compensation-scheme-investments

What does Castle Trust do with the money you invest?

To generate your investment returns, Castle Trust uses the majority of the funds you invest to advance mortgage loans to residential property owners and property developers as well as making loans to consumers. The balance is held by Castle Trust in cash instruments to manage the short term cash requirement of the business.

Frequently asked questions

How much can I invest?

You can invest from £1,000 up to £250,000. The maximum investment per transaction online is £100,000. The current Stocks and Shares ISA allowance is £20,000 and all Fortress Bonds are eligible.

Is my investment covered by the FSCS?

Castle Trust Capital plc is authorised and regulated by the Financial Conduct Authority to carry out regulated activity and is a participant in the Financial Services Compensation Scheme (FSCS).

For more information, please visit

www.castletrust.co.uk/financial-services-compensation-scheme-investments

Can I put my investment into an ISA?

You can invest in a Stocks & Shares ISA each year, with all returns free of any UK tax – by investing up to £20,000 during the current tax year. You can also transfer any existing ISA balance into our ISA. This cannot be done online, so please call us on (Freephone) **0808 164 5000** (Monday to Friday, 9am-5pm) for further information.

What are the risks?

You risk losing capital should Castle Trust become insolvent.

You will not be able to get your money back before maturity.

What about tax?

Income payments and returns at maturity are paid to you gross, so you'll need to determine whether you need to declare it in a self-assessment tax return (unless you have invested within an ISA). Tax treatment depends on your individual circumstances and may be subject to change.

What are the charges?

If you invest directly with us, there are no initial or ongoing management charges. If you invest through an adviser, they may levy a charge to you for their services.

When is my investment repaid?

We will write to you about two weeks before the maturity date to invite you to reinvest some or all of your proceeds or confirm the way in which you would like be repaid.

If you choose to redeem your Fortress Bond, the proceeds will be paid to you on the 3rd business day following the maturity date.

If I want to get my money out early, what are my options?

You don't have any options - your money is committed for the term. Please choose a term that you know will not expose you to financial strain. There is one exception to the rule of no early encashment. If you die during the investment period, your executors can instruct for either the ownership of your investment to be transferred to one or more of your beneficiaries or for the investment to be redeemed early.

What if I die before my investment matures?

If your investment is in your sole name, your executors will need to tell us what to do with your investment. We can either transfer ownership of the plan to one or more of your beneficiaries or, subject to our normal rules, allow your executors to cash the investment in early. If you have invested in joint names with someone else, we'd simply continue the investment in their name until the end of the term. At maturity we will pay the full amount due to the surviving investor.

Is buying a Fortress Bond like buying a fixed rate bond from a bank or a building society or from National Savings?

Not really, National Savings is a branch of HM Treasury - it's like lending money to the Government.

UK banks and building societies are regulated by the Prudential Regulation Authority and by the Financial Conduct Authority and are known as deposit takers. They have a different kind of licence to investment firms. Castle Trust Capital is an investment firm.

Do I need advice?

That is a matter for you but please understand that we do not give financial advice. If you are buying your Fortress Bond directly from us, the transaction is known as "execution only". This means that you have simply given us an order for a Fortress Bond having satisfied yourself that it's right for you.

Who is the ISA manager?

Castle Trust Capital Management Limited is the ISA manager, and is authorised and regulated by the FCA.

How to apply

We try to make applying as easy possible and allow you to apply either online, by phone or by post depending on your personal preference.

Please note that due to the transfer process, we are only able to facilitate ISA transfers via postal applications.

Apply online

You can apply online via our website at:

www.castletrust.co.uk/how-to-apply-investments

Please note that you can invest up to £100,000 per transaction online and payment is by debit card only.

Apply by post

To apply by post, please print off an application form from our website:

www.castletrust.co.uk/how-to-apply-investments

If you would prefer, you can call us on (Freephone) **0808 164 5000** and request that we post one to you.

Once complete, please send your form, together with a cheque (not for ISA transfers), to: **Castle Trust, PO Box 6965, Basingstoke, RG24 4XE.**

Apply by phone

If you would rather speak to someone and invest by phone, please call us on (Freephone) **0808 164 5000** between 9am and 5pm, Monday to Friday.

What sort of paperwork can I expect?

Investment summary, cancellation form and Terms and Conditions

You will receive an investment summary within five business days of our receiving your application. Your investment summary will provide you with your client reference number, the interest rate payable, and how much interest you will be paid either quarterly, or at maturity (depending on which Fortress Bond you selected).

With your investment summary, you will receive a set of Terms & Conditions and a cancellation form. You have the right to cancel your Fortress Bond within 14 days from your receipt of the cancellation form. You can exercise your right to cancel by sending the cancellation form or a letter to

**Castle Trust, PO Box 6965,
Basingstoke, RG24 4XE.**

Alternatively you can cancel via telephone on (Freephone)

0808 164 5000 (Monday - Friday, 9am - 5pm) or via secure message on the online Self Service Portal if you have registered for an online account. If you decide to cancel your investment, and notify us within the cancellation period, we will return your investment to you as soon as is practicable and in any case within 30 days.

Valuation statements

You will be provided with valuation statements by post four times a year as at 31 January, 30 April, 31 July and 31 October, showing you the value of your Fortress Bond at that point as well as any transactions that have occurred since the last valuation date. We will issue these approximately three weeks following each valuation date.

You can also view current valuations of your Fortress Bond online at any time if you register with our online investor service.

Distribution statements

If you choose to receive quarterly interest, as opposed to interest at maturity, we will send you a distribution statement each time an interest payment is made. This will confirm the gross amount of interest that has been paid.

What other communications might I expect?

There are some circumstances which require us to ask for additional paperwork from you. If this is the case, these are the scenarios in which you can expect to hear from us.

Confirming your identity

We use Experian to verify your identity electronically from the information that you provide on your application, but if Experian are unable to verify your identity (there may be a number of reasons for this, and they do not provide us with the reason for any failure) we will write to you asking for proof of identity and address instead. Please be assured that the use of Experian to check your details does not affect your credit rating in any way. If we need to write to you, we are required to ask you to provide us with two separate pieces of certification – one to verify your identity, and one for your address. The rules only allow us to accept specific documents, and we will advise you of the documents we can accept if needed. We recommend that you send us photocopies of these documents (rather than the originals), and have them certified by a qualified professional such as a solicitor or accountant. We will advise you on who can certify your documentation in the letter requesting further documentation and send you full details of the documentation requirements if applicable.

Bank account verification

In order to credit your account directly with your maturity / interest payments, we need to verify your bank details. We aim to do this electronically, but if we cannot do this we will still be able to place your investment, and will contact you shortly afterwards to ask for a copy of the necessary documentation.

Self certification form

Tax regulations require us to capture information about each of our investors' tax residency. This is why we ask you to provide your National Insurance number (or tax reference number) and address when you apply. If you did not provide these details when you applied, or if you provide incorrect information, we will write to you asking you to confirm all countries in which you are resident for tax purposes and the applicable tax reference number(s).

Client Money statements

If we are holding additional cash on your behalf as at 21 January, 21 April, 21 July or 21 October, you will be provided with a Client Money statement providing details of the amount being held within three weeks of this valuation.

Glossary of terms

AER

AER stands for Annual Equivalent Rate and illustrates what the interest rate would be if interest was paid and compounded once each year. This assumes that you invest on the first day of the Offer Period and receive your cash flows as per the contractual terms. On this basis, the advertised AER above is the lowest rate you can receive. If you invest after the first day of the Offer Period, your AER will be higher than the advertised rate.

Castle Trust Capital plc

The company which guarantees the returns of your Fortress Bond. Castle Trust Capital Plc is authorised and regulated by the FCA and is part of the Castle Trust Group.

Castle Trust Capital Management Limited

The company which provides custody and administration services during the term, and is the ISA manager authorised by HMRC. Castle Trust Capital Management Limited is authorised and regulated by the FCA.

Castle Trust Direct plc

The company which issues the loan notes. Together with the Terms & Conditions, the loan notes form your Fortress Bond. Castle Trust Direct plc is part of the Castle Trust Group.

Investment summary

The document that we send to you as soon as we have processed your application.

Client reference number

The unique number that we assign to your investment account when you invest with us. Please keep a record of this number if you invest as we will ask for it if you call us as part of our security checks.

Loan notes

Loan notes refer to the investment that is purchased when you buy a Fortress Bond in order generate your returns.

Offer Period

The time in which you can apply for a specific Fortress Bond issue – Fortress Bonds are issued on a monthly basis so each offer period is approximately one month.

Termsheet

A document produced by Castle Trust every month that states the current Fortress Bond rates and gives an overview of the product.



What is the Financial Services Compensation Scheme (FSCS)?

The FSCS is the UK's compensation fund of last resort for customers of authorised financial services firms. This means that the FSCS can pay compensation to consumers if a financial services firm is unable, or likely to be unable, to pay claims against it. The FSCS is an independent body, set up under the Financial Services & Markets Act 2000. The FSCS does not charge individual consumers for using its service. For investment business, FSCS may pay compensation up to £50,000 per firm to an eligible claimant.

Are Castle Trust investments covered by the FSCS?

Castle Trust Capital plc (the entity from which you buy Fortress Bonds) is an investment firm that is authorised and regulated by the FCA and is a participant in the FSCS.

The FSCS can pay compensation if a number of conditions, set out in FCA rules, are met. The FSCS considers each claim individually at the time a claim is made to decide whether the conditions are met. The main conditions are:

- An authorised firm must be “in default” – i.e. it is unable or likely to be unable to pay claims against it;
- The claim must relate to a regulated activity that is protected by the FSCS, such as protected investment business;
- The firm must be legally responsible for the claimant's loss; and
- The claimant must be eligible.

Castle Trust's legal obligation to buy back Fortress Bonds and Housas* is “protected investment business”.

How do you know if you are eligible for FSCS compensation and have a valid claim?

The eligibility of claimants is determined on a case by case basis. Claimants are eligible to claim unless they are excluded by the rules set out in the [FCA Handbook](#).

Private individuals, small companies, beneficiaries of trusts and SIPP investors are generally eligible to claim compensation where they are not connected to the relevant FCA regulated firm (Castle Trust Capital plc). Large companies and overseas financial service firms are excluded. As well as being an eligible claimant, you need to have a valid claim within the rules of the FSCS.



What is the maximum cover of the FSCS on Castle Trust investments?

If you are eligible for FSCS protection, the FSCS may pay compensation on your investment, up to a maximum of £50,000 per person. If you invest as a joint account and both individuals are eligible under the FSCS, you can claim up to a maximum of £100,000. A higher limit of £85,000 applies in relation to firms offering deposits such as banks and building societies, but Fortress Bonds and Housas* are not deposits.

How do you confirm that Castle Trust is authorised by the FCA?

You can find Castle Trust Capital plc (firm reference number 541910) in the [FCA register](#).

If you hold multiple investments with Castle Trust, are you covered up to £50,000 per investment?

No, if you are eligible for FSCS compensation, the FSCS can pay up to a maximum of £50,000 per individual in respect of claims against Castle Trust.

Does the FSCS cover your initial investment and any interest you have earned?

The FSCS can compensate you for losses arising from the insolvency of an FCA regulated firm, up to a maximum of £50,000. You must be an eligible claimant with a valid claim under the FSCS.

Please note that:

1. if you invested in a Growth Housa and if the value of your investment falls during the investment term, the FSCS will not compensate you for any loss arising from this market movement;
2. if you invest in a Fortress Bond that pays interest quarterly, the FSCS will not compensate you for any unpaid interest as this is not an obligation of the FCA regulated firm (Castle Trust Capital plc);
3. if you invest in a Fortress Bond that pays interest at maturity, the FSCS may compensate you for accrued but unpaid interest in so far as this is an obligation of the FCA regulated firm (Castle Trust Capital plc).

How does the FSCS pay compensation to you?

You will not have compensation paid out to you automatically. You will have to apply for compensation. Please go to the FSCS website for more details:

www.fscs.org.uk.

The above information is provided for informational purposes only and does not represent investment advice, endorsement or recommendation to invest in any financial product or security. Customers are advised to consult a financial adviser in the event of any doubt regarding the suitability of any financial product.

* Please note that Housas are no longer available for purchase. Existing Housas remain unaffected.



Castle Trust is the trading name of both Castle Trust Capital plc (company number 07454474) and Castle Trust Capital Management Limited (company number 07504954). Castle Trust is authorised and regulated by the Financial Conduct Authority, under reference numbers 541910 and 541893. Registered office: 10 Norwich Street, London, EC4A 1BD. Registered in England and Wales.