

November 2019 Fortress Bond Termsheet

Product summary

Fortress Bond

Term	Rate/AER*	Interest paid	Issue number	SEDOL	ISIN
1 year	2.10%	Quarterly	523	BKD5CL6	GB00BKD5CL64
1 year	2.10%	At maturity	524	BKD5CM7	GB00BKD5CM71
2 year	2.35%	Quarterly	525	BKD5CN8	GB00BKD5CN88
2 year	2.35%	At maturity	526	BKD5CP0	GB00BKD5CP03
3 year	2.50%	Quarterly	527	BKD5CQ1	GB00BKD5CQ10
3 year	2.50%	At maturity	528	BKD5CR2	GB00BKD5CR27

Fortress Bond ISA

Term	Rate/AER*	Interest paid	Issue number	SEDOL	ISIN
1 year	1.85%	Quarterly	529	BKD5CS3	GB00BKD5CS34
1 year	1.85%	At maturity	530	BKD5CT4	GB00BKD5CT41
2 year	2.10%	Quarterly	531	BKD5CV6	GB00BKD5CV62
2 year	2.10%	At maturity	532	BKD5CW7	GB00BKD5CW79
3 year	2.25%	Quarterly	533	BKD5CX8	GB00BKD5CX86
3 year	2.25%	At maturity	534	BKD5CY9	GB00BKD5CY93

Terms and codes only applicable for November 2019 Fortress Bonds.

*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.



About Fortress Bonds

What are Fortress Bonds?

Fortress Bonds are loan notes (also known as corporate bonds) issued by Castle Trust Direct plc and sold to investors by Castle Trust Capital plc on the terms set out in the Fortress Bond Terms and Conditions. Fortress Bonds provide a fixed rate of interest over a fixed period of 1, 2, or 3 years, returning the original investment amount at maturity. Interest can be taken either as quarterly income or at maturity (alongside the return of the original investment amount).

New series of Fortress Bonds are made available at the beginning of each month and are offered to investors throughout the month (for more details see "What is the Offer Period?" below). The advertised interest rates only relate to each month's series of Fortress Bonds and, as such, are only available for complete applications received during the month. However, each offer is subject to availability and Castle Trust reserves the right to close an offer early if it is over-subscribed.

Is a Fortress Bond an investment or a savings account?

Fortress Bonds are fixed term fixed rate investments, which is not the same as a fixed term fixed rate savings account. One of the main differences between a Fortress Bond and a fixed term fixed rate savings account is the amount of cover provided by the Financial Services Compensation Scheme (FSCS) in the event of a company default.

Are Fortress Bonds 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 Financial Conduct Authority (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 is “protected investment business”.

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 £85,000 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 £170,000.

What are the risks?

You risk losing capital should Castle Trust become insolvent (go into default).

Can I take a Fortress Bond out as a joint application?

Fortress Bonds are available on an individual and joint application basis.

Are Fortress Bonds available as ISAs?

Fortress Bond ISAs are also available (on a single applicant basis only), and are classed as stocks and shares ISAs. They can accept contributions up to the annual ISA limit, and the cash value of an existing ISA as an ISA transfer.

What is the Offer Period?

The Offer Period is the period of time that any particular Fortress Bond is offered for sale by Castle Trust Capital plc and, as such, is the period within which an investor may apply for such Fortress Bonds. New series of Fortress Bonds are offered each month. The Offer Period for a particular month’s Fortress Bond offering opens at 2pm on the last business day of the preceding month and closes at 2pm on the last business day of the month. For example, the Offer Period for a March Fortress Bond opens on the last business day of February and closes on the last business day of March.

Can the interest rate change?

The interest rate on a Fortress Bond stays the same until the end of the Bond term. During an Offer Period, Castle Trust cannot reduce the interest rate on a particular Fortress Bond during an Offer Period but it may increase such rate at its discretion. If this happens, the increased rate will be applied to all Fortress Bonds in the relevant series, meaning that both new applicants and successful applicants who invested in such Fortress Bonds prior to the rate increase will benefit from the new interest rate.

How can I open a Fortress Bond?

You can apply for a Fortress Bond online at www.castletrust.co.uk/how-to-apply, by phone on (Freephone) 0808 164 5000, or by downloading an application form from www.castletrust.co.uk/investments#application-forms / requesting an application form by phone and sending it to Castle Trust, PO Box 6965, Basingstoke RG24 4XE.



Additional information

Minimum and maximum investment levels

The minimum investment in each Bond is £1,000, and the maximum is £250,000.

Minimum and maximum ages

The minimum age is 18 attained, there is no maximum age.

Interest payment options

Interest can be taken quarterly, or at maturity. Once a Bond has commenced, the interest payment frequency cannot be changed.

Charges

There are no initial or ongoing management charges on a Fortress Bond.

Early withdrawal option

Once the cancellation period has expired, you cannot gain early access to your money except in the event of death of the bondholder.

Tax treatment

All interest is paid to you gross of any personal tax liability. Tax treatment depends on individual circumstances and may be subject to change – you are responsible for determining whether any personal tax is payable on the interest you receive.

Cancellation

When you apply for a Fortress Bond, you will be sent notice of your cancellation rights. You have the right to change your mind and cancel your application within 14 days after receiving these rights.

Top-up options

Fortress Bonds are single contribution investments, so they can't be topped up at a later date, or accept regular contributions.

Death of the Bondholder

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.

Statements

We will send investment statements by post or, if you have opted in to receiving electronic statements, upload them to the investor portal twice a year (as at 31 January and 31 July) showing the value of your Fortress Bond at that point.

Online account

You can apply for an online account which will allow you to update your personal details, view your Fortress Bond investments, opt to receive communications online (via the investment portal) instead of by post, and provide your maturity instructions.

At maturity

We will contact you as the maturity date of your Fortress Bond approaches to confirm your maturity instructions. You will be able to withdraw some or all of your investment and any interest due, re-invest some or all of your investment in a new Fortress Bond, or, in the case of a Fortress Bond ISA, transfer the value to a new ISA manager if you wish.

What is an AER?

Fortress Bond interest rates are shown as AERs. AER stands for Annual Equivalent Rate and illustrates what the interest rate would be if interest was paid and compounded once each year. This rate assumes that you invest on the first day of the Offer Period, and receive your cashflows as per the contractual terms. The AER is used to enable a better comparison with other fixed rate, fixed term products available on the market.

What is the interest period?

Let's take our 1 Year - Interest at maturity September 2018 Fortress Bond as an example:

Applications for this Fortress Bond could have been received at any point during the September 2018 Offer Period.

The September 2018 Offer Period opened at 2pm on Friday 31 August 2018 (the last working day on the month preceding the offer month) and closed at 2pm on Friday 28 September 2018 (the last working day of the offer month).

Applications received during an Offer Period all start to earn interest on the day after the last day of the Offer Period and continue to earn interest until the day before the maturity date. Continuing our example, interest started to be earned on the 1 Year - Interest at maturity September 2018 Fortress Bond from Saturday 29 September 2018. Interest was then earned until the day before the maturity date. The maturity date is the first business day after the anniversary month of the Offer Period relating to a Fortress Bond in the year that Fortress Bond matures. Returning to our example, the anniversary month for the 1 Year - Interest at maturity September 2018 Fortress Bond is September 2019 and the maturity date is Tuesday 1 October 2019.

What if I have a complaint?

To register a complaint, you can contact us by telephone or in writing. Where possible, we will try to resolve your complaint immediately. However, this may not always be possible, in which case we will write to you within five working days of receiving your complaint to:

- Acknowledge receipt of your complaint
- Tell you who will be looking into your complaint
- Assign you a case reference number in case you wish to contact us about your complaint at any time

If you are not satisfied with our response to your complaint you can refer your complaint to the Financial Ombudsman Service. The Financial Ombudsman Service provides a free, independent service for customers to resolve disputes with financial firms.



Technical information

Asset type	Fixed rate investment
Product issuer	Castle Trust Direct plc
Securities	The securities purchased will be listed debt securities
Prospectus	You can obtain a copy of the prospectus at www.castletrust.co.uk/investments
Closing date for subscription	Last business day of November 2019, 2pm – however – we reserve the right to close earlier to new investment depending on subscription volumes.
Payment dates	<p>Issue 523 3rd business day after every quarter until December 2020</p> <p>Issue 524 4th business day of December 2020</p> <p>Issue 525 3rd business day after every quarter until December 2021</p> <p>Issue 526 4th business day of December 2021</p> <p>Issue 527 3rd business day after every quarter until December 2022</p> <p>Issue 528 4th business day of December 2022</p> <p>Issue 529 3rd business day after every quarter until December 2020</p> <p>Issue 530 4th business day of December 2020</p> <p>Issue 531 3rd business day after every quarter until December 2021</p> <p>Issue 532 4th business day of December 2021</p> <p>Issue 533 3rd business day after every quarter until December 2022</p> <p>Issue 534 4th business day of December 2022</p>

You risk losing capital should Castle Trust become insolvent.

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