

# Key Features of the ISA

from the Select Portfolio

This is an important document which you should keep  
along with your personalised Illustration.

Alico is a leading international life insurer with a unique heritage of serving customers across the globe for over 85 years. The company provides consumers and businesses with products and services for life insurance, accident and health insurance, retirement planning, and wealth management solutions. Through an extensive network of over 40,000 agents, brokers and financial institutions and 11,000 employees across 54 countries, Alico services 19 million customers worldwide.

Alico has branch offices, subsidiaries and affiliates in emerging, developing and developed markets in Europe, Asia, the Middle East, Africa and Latin America. Alico is domiciled in Wilmington, Delaware and has regional headquarters in Tokyo, Paris, Athens, Dubai, and Santiago, Chile.

# Key Features of the ISA

**The Financial Services Authority is the independent financial services regulator. It requires us, Alico Wealth Management, to give you this important information to help you decide whether or not the ISA 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.**

This Key Features Document and your personalised Illustration give you the important information you need to consider before investing in our ISA. For information on the investments available within the ISA, please refer to the Select Investment Range guide and Select Investment List. The full terms & conditions can be found in the Core Policy Conditions, Specific Policy Conditions - ISA and Asset Rules documents. You can get these documents from your financial adviser or from our website at [www.alicowm.co.uk](http://www.alicowm.co.uk).

You need to be comfortable with the information contained in these documents, and we recommend that you discuss them with your financial adviser. Alternatively, please feel free to contact us. You can find our contact details at the end of this document.

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# Key Features of the ISA

## What is the ISA?

The ISA is part of the Select Portfolio from Alico Wealth Management. The Select Portfolio is a collection of retirement and investment products available only through recommendation from a financial adviser.

An ISA is a tax-efficient wrapper in which you can hold various types of investment.

Our ISA is a stocks & shares ISA, which provides you with a tax-efficient way to invest in a wide range of investments with different levels and types of risk and return. You can make an initial investment of between £5,000 and the maximum annual limit specified by HM Revenue & Customs for that tax year (your ISA Allowance). For the tax year 2010/11, the ISA Allowance is £10,200.

You may also transfer existing ISAs held with other ISA Managers to Alico Wealth Management.

When you invest in the ISA, you are investing in a life assurance policy underwritten and administered by Alico Wealth Management.

## Its aims

The aims of the ISA are:

- To enable you to invest your annual ISA Allowance with the aim of increasing the value of your investment.
- To provide a return that requires you to pay no income tax or capital gains tax.

## Suitability

The ISA may be suitable for those:

- Aged between 18 and 89.
- Who are resident and ordinarily resident in the UK (or who are performing duties as a Crown employee serving overseas, or who are married to, or in a civil partnership with, a Crown employee serving overseas).
- With a lump sum of at least £5,000 to invest, or who want to transfer existing ISA investments of at least £5,000.
- Who want to invest over a short term period (up to five years) in Defined Return Investments - please see 'Select Investment Range' section on page 3.
- Who are prepared to invest over a medium to long term period (five years or more) in Market Funds - please see 'Select Investment Range' section on page 3.
- Who are seeking potentially higher returns than those available through bank and building society accounts and accept this will involve taking a greater risk.
- Who understand that the value of their investment may fluctuate and that their capital may be at risk.
- Who make their investment choices with the assistance of a financial adviser.

# Key Features of the ISA

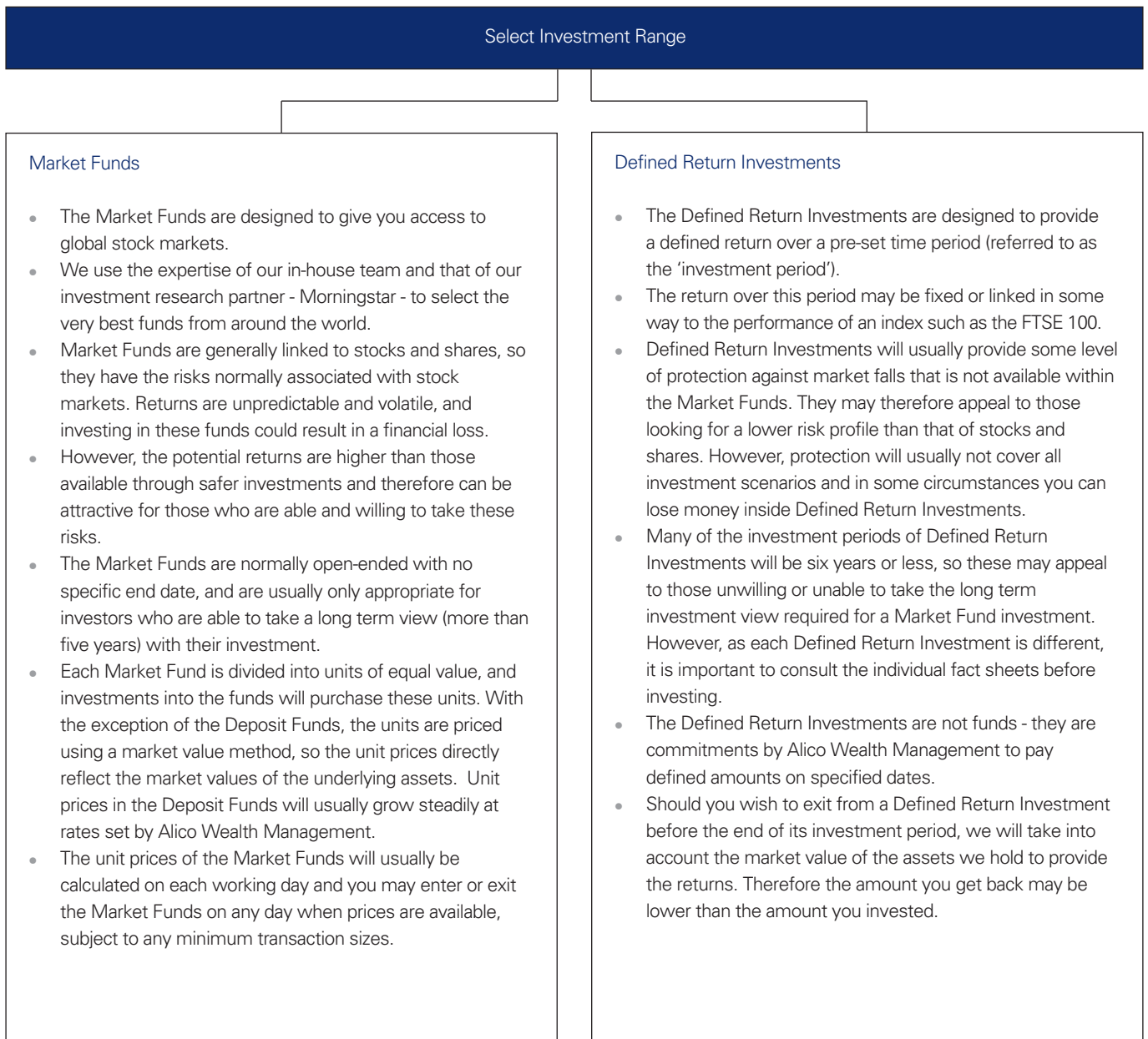
## The Select Investment Range

When you invest in our ISA, you have the opportunity to choose from a wide range of investments offering different levels and types of risk and return.

What's more, we've chosen to work with Morningstar Associates Europe Ltd ('Morningstar') as our investment research partner. Morningstar draws upon the research and data resources of Morningstar, Inc., which employs more than 2,300 people across 24 offices worldwide, providing local market expertise with a real global

reach. Morningstar, Inc. has over 20 years' experience across global markets and has an enviable reputation for helping investors achieve their financial goals.

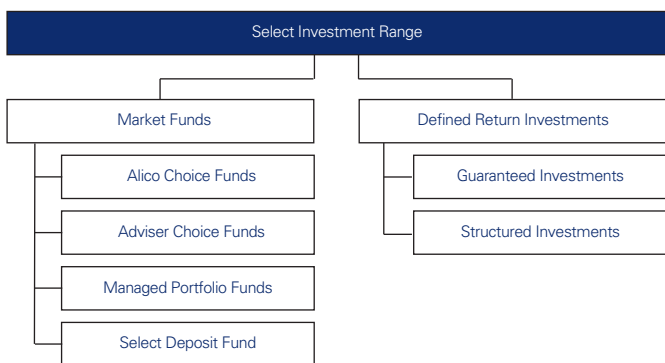
There are two types of investment in the Select Investment Range - Market Funds and Defined Return Investments. The diagram below provides details of the characteristics of each of these investment types.



# Key Features of the ISA

## Investment categories - overview

Each of the investment types in the Select Investment Range contains different categories of investment, as outlined in the table below.



These investment categories are briefly explained below. You can choose up to 15 investments to hold within your ISA.

### Market Funds - Alico Choice Funds

These are a panel of around 100 funds managed by some of the leading investment companies in the market, such as Invesco, Fidelity, Jupiter and Schroders. These are carefully selected by our in-house investment research team with support from Morningstar. Our rigorous research process gives you the reassurance that the funds you are investing in have been identified by our team of experts as having strong potential to outperform other similar funds.

### Market Funds - Adviser Choice Funds

The Adviser Choice Funds are designed to complement the Alico Choice Fund panel by making available a selection of other leading funds that are popular in the marketplace.

### Market Funds - Managed Portfolio Funds

The Managed Portfolio Funds invest in a selection of Alico Choice Funds. These are ideal for clients and advisers who want expert guidance on which Alico Choice Funds to select and how much of each to hold. There is a choice of ten Managed Portfolio Funds: five where the investment strategy is driven by our in-house team and five that are constructed by Morningstar

### Market Funds - Select Deposit Fund

This fund is designed to be a very low risk fund for the cash element of clients' investment portfolios. Because Cash can't be held indefinitely within a stocks & shares ISA (other than to pay for charges), the Select Deposit Fund should not be viewed as a long-term investment choice within the ISA. However, you can hold monies within this fund temporarily before switching into another permitted investment in the Select Investment Range.

### Defined Return Investments - Guaranteed Investments

The Guaranteed Investments offer different levels of return over a choice of fixed investment periods, and normally offer full capital protection. Where the capital protection is above 95%, Guaranteed Investments cannot be held in a stocks & shares ISA. From time to time we may offer Guaranteed Investments that offer less than 95% capital protection and which can be held in a stocks & shares ISA.

### Defined Return Investments - Structured Investments

The Structured Investments offer a variety of different returns that depend on the performance of a financial index (usually the FTSE 100) over fixed investment periods.

To generate the defined returns offered by the Structured Investments, we invest in high quality assets, usually with an investment bank. Alico Wealth Management guarantees that it will pay the promised returns even if those assets default. This removes the **counterparty risk** that is normally associated with structured products, where the investor bears the risk of the underlying assets defaulting.

The Structured Investments we offer can normally be held within a stocks & shares ISA.

A **counterparty** is a third party company that provides the assets behind structured investments. **Counterparty risk**, otherwise known as default risk, is the risk that a company does not pay out on an investment when it is supposed to.

Your financial adviser can provide you with more details on each of the investments available through the ISA and whether they are suitable for you.

# Key Features of the ISA

## Your commitment

- You must make an initial single investment of at least £5,000, and you must not make withdrawals which take the value of your ISA below this minimum level.
- You must not invest in a stocks & shares ISA with another ISA Manager in the same tax year as you make an investment in our ISA.
- If you have invested in a Cash ISA in any tax year and you subsequently invest in our stocks & shares ISA in the same tax year, the combined level of investment must not exceed your ISA Allowance for that tax year.
- You can transfer to another ISA Manager, but you must transfer your ISA in its entirety. It is not possible to make partial transfers from our ISA. If you transfer to another ISA Manager, we will close your Alico Wealth Management ISA.
- Although you can fully surrender your ISA whenever you like, you should bear in mind the following:
  - If you invest in a Defined Return Investment, you should aim to hold it until the end of its investment period. If you switch out of or withdraw from a Defined Return Investment before the end of its investment period, you will not receive the defined return and you may get back less than you invested.
  - If you invest in a Market Fund, you should consider this a medium to long-term investment (more than five years) to give yourself the best chance of achieving a good return.

## Risks

- If you are invested in a Market Fund, we do not guarantee what you will get back and you may get back less than you invested into these funds.
- The Structured Investments available through our ISA do not offer full capital protection, so in some circumstances you can lose money in these investments.
- Tax rules may change and this may mean you have to pay tax.
- When you transfer an existing ISA from another ISA Manager, it may take us some time to obtain the monies from your existing ISA Manager. We will not be able to allocate your monies to your chosen investment(s) until we receive them, and the unit price(s)/return(s) of your chosen investments may change in the meantime.
- When you open an ISA, you will have 30 days to change your mind. However, if you choose to cancel and the value of your chosen investments has fallen, you will get back less than you paid in.
- The real value of the money you invest will be affected by inflation.

## How the ISA works

### Your investment

If any of your **Amount Allocated** is to be placed in Market Funds, we will place 99% of the relevant amount in those funds and 1% in the **Select Account**.

If you are making a new ISA investment at the same time as transferring an existing ISA, we will receive your new investment sooner than the transferred monies from your existing ISA Manager. In this event, we will contact your financial adviser to discuss how you wish to proceed.

The **Amount Allocated** is any Amount Invested plus any Amount Transferred less any Initial Adviser Remuneration (see page 6 for details).

Your **Select Account** holding will only be used to pay charges due on the Market Funds, as well as any ongoing remuneration you have agreed with your financial adviser (please see the 'Charges' section on page 6.) There is no risk to the money you have in the account. When the balance of your Select Account holding falls below 0.25% of the value of your Market Funds, we will automatically replenish it to 1% by transferring from a Market Fund you have nominated in your Application Form.

# Key Features of the ISA

## Charges

### 1. Asset Charge

When you invest in the ISA, there is an annual Asset Charge on each of your investments. For Market Funds, the Asset Charge is typically 0.75% per annum. The charge is deducted from your Select Account holding on a daily basis.

As part of our commitment to ensuring the quality of the Alico Choice Funds we offer performance-related rebates. At the end of each quarter (March, June, September and December), we measure the performance of each third party fund on the Alico Choice Fund panel against the most appropriate benchmark for its sector over time periods of 1, 3 and 5 years:

- If a fund with a track record of 5 or more years has bottom half performance over 2 of the 3 time periods, we'll reduce the effect of the Asset Charge by 0.25% for the following quarter by rebating a proportion of our charge back into the fund (see funds A and B in the table below).
- If a fund with a track record of less than 5 years has bottom half performance over both 1 and 3 years, we'll reduce the effect of the Asset Charge by 0.25% for the following quarter by rebating a proportion of our charge back into the fund (see funds C and D in the table below).

You can find the specific benchmark for each Alico Choice Fund by referring to the individual fund fact sheet.

#### Example

| Fund | 1 year Performance. | 3 year Performance. | 5 year Performance. | Qualify for 0.25% rebate? |
|------|---------------------|---------------------|---------------------|---------------------------|
| A    | Top half            | Bottom half         | Top half            | No                        |
| B    | Bottom half         | Top half            | Bottom half         | Yes                       |
| C    | Bottom half         | Bottom half         | N/A                 | Yes                       |
| D    | Top half            | Bottom half         | N/A                 | No                        |

If, at the end of the following quarter, the fund has achieved its top half performance requirements, the rebate will cease. If not, we will continue with the rebate.

Funds that are eligible for a rebate are not necessarily bad funds, and they may remain on the Alico Choice panel if we consider them to continue to have strong potential to outperform other similar funds.

If a fund is relegated from the Alico Choice panel, an alternative will be provided and any rebate that may have been applicable to the relegated fund will cease.

Any Managed Portfolio Fund (see page 4 for details) containing one or more rebated Alico Choice Fund(s) will receive a proportional rebate.

The Asset Charge that applies to each Defined Return Investment will be reflected in the rate of return offered, so will not require a Select Account holding or a deduction of units.

### 2. Fund Manager Charges

Most Market Funds will be managed by a fund manager, usually outside Alico, who will charge an Annual Management Charge (AMC) which is reflected in the values of the assets within the fund. The effect of these AMCs inside the Market Funds will usually be lower than the AMC you would pay if you invested in the fund directly, as we can use our purchasing power to negotiate discounts from the fund managers, and we always reflect these discounts in the charges that are passed on to you.

The fund manager may also make a charge when an investment is made into the fund. This is known as an initial charge and we will also reflect this in the unit prices that we calculate.

The Select Investment List will give details of each Fund Manager Charge.

### 3. Adviser Remuneration

The ISA is designed to give you and your financial adviser a number of options when it comes to **Adviser Remuneration**.

**Adviser Remuneration** is the amount you agree for your financial adviser to receive in return for the advice and service they have given you. **Initial Adviser Remuneration** is the amount you agree your adviser may receive from your initial investment. This is deducted from your Amount Invested before it is allocated to your chosen investments. **Ongoing Adviser Remuneration** may be paid to your adviser for the ongoing advice and service they give you. This is taken from the Select Account holding on a daily basis by deduction of units. **Adviser Review Remuneration** may be paid to your adviser if - following a review of your ISA - they make any switches between your underlying investments. This is deducted from the amount reinvested.

For full details of the charges outlined in this section, please refer to your personalised Illustration or the Select Investment Range and Select Investment List documents, which you can get from your financial adviser or from our website at [www.alicowm.co.uk](http://www.alicowm.co.uk).

# Key Features of the ISA

## Questions and answers

### Who can buy our ISA?

Our ISA can be bought by:

- an individual between 18 and 89 years old
- who is resident and ordinarily resident in the UK for tax purposes, which means that they are both actually present in the UK during the tax year when they invest in our ISA and normally resident in the UK year after year.
- who has not already subscribed to a stocks & Shares ISA in the current tax year.

### What are the HM Revenue & Customs investment limits (ISA Allowances)?

- For the tax year 2010/11, the ISA Allowance £10,200 (of which £5,100 can be held in a Cash ISA).

### Can I put more money into my ISA later?

- In each subsequent tax year, you can make an additional investment of between £1,000 and your remaining ISA allowance for that tax year (as long as you have not invested in another stocks & shares ISA in that tax year).

### Can I make one-off withdrawals or take regular income?

- You will have the ability to make one-off withdrawals from the Market Funds within your ISA. The minimum withdrawal you can make is £500.
- You can also arrange to take regular income from the Market Funds on a monthly or annual basis. The minimum income level is £500 per year.
- However, please note that you must keep at least £500 in each fund in which you are invested, and a total of £5,000 in your ISA.
- Please also note that if you do make one-off withdrawals or take regular income, you cannot reinvest these back into the ISA.

### Can I make changes to my underlying investments?

- You can switch between Market Funds free of charge. The minimum switch amount is £500, and you must leave at least £500 in each Market Fund if you are to remain invested in those funds.
- You can switch into a Defined Return Investment free of charge. The minimum switch amount is £5,000.
- The Defined Return Investments are designed to be held until the end of their investment period, but it is possible to switch out of these if you need to. Should you wish to exit from a Defined Return Investment before the end of its investment period, you will need to switch out your entire holding. In this instance, we will take into account the market value of the assets we hold to provide the returns and this may be lower than the amount you invested in the Defined Return Investment.

### Can I transfer my ISA to another ISA Manager?

- You can transfer our ISA to a stocks & shares ISA with another ISA Manager at any time without being charged by Alico Wealth Management. You cannot transfer our ISA to a Cash ISA with another ISA Manager.
- However, please note that if you do transfer to another ISA Manager, you must transfer your ISA in its entirety. It is not possible to make partial transfers from our ISA. If you transfer to another ISA Manager, we will close your Alico Wealth Management ISA.
- Please also note that if you have invested in a Defined Return Investment and you transfer your ISA to another ISA Manager before the end of its investment period you may get back less than you invested.

### What might I get back?

What you will get back is not always guaranteed and will be influenced by:

- How much you have invested.
- The length of time you have held your ISA.
- The investments you have chosen, how they have performed and - in the case of Defined Return Investments - whether you have held them until the end of their investment period.
- Any previous withdrawals you have made.
- The charges we have taken.

### What happens on death?

Please note, in line with HM Revenue & Customs regulations, the ISA will cease to be an ISA on the date of death, so any income or capital gains generated after that date will be subject to tax.

The Death Benefit payable on the ISA will be equal to 100% of the value of the ISA at the date of notification of death, plus the lower of an additional 1% or £100, less the tax due on any growth between the date of death and the date we are notified.

ISA investments form part of your estate for Inheritance Tax purposes.

### What happens if I move overseas?

You will no longer be able to subscribe to the ISA if you cease to be resident and ordinarily resident in the UK (or if you cease to perform duties as a Crown employee serving overseas or to be married to, or the civil partner of such a person).

You won't need to close your ISA - and it will remain an ISA - but you won't be able to make any subsequent investments into the ISA until the residence conditions are satisfied again.

# Key Features of the ISA

## What about tax?

Your ISA is a tax free savings vehicle, so provided you have adhered to all ISA regulations, all returns will be free of income tax and capital gains tax.

Please note, though, that any tax deducted from dividends paid by investments you hold within your ISA cannot be reclaimed.

Please note that any losses you make on investments within your ISA cannot be offset against any gains you make on investments outside your ISA for capital gains tax purposes.

This section describes the tax position as Alico Wealth Management currently understands it but we assume no responsibility for its accuracy and the tax position may change in the future. We recommend that you discuss your own tax position with your financial adviser.

## Can I change my mind

After you have invested, you will receive a notice telling you about your right to change your mind and how to cancel. You'll then have 30 days in which to cancel your investment.

If you decide to cancel, we will give you your money back (including any Initial Adviser Remuneration), but please note that if the value of your investment has fallen in the meantime, you may not get back the full amount you invested.

If you do not exercise your right to change your mind, you will remain invested for the short or long term, depending on your investment choices and provided you have adhered to all ISA regulations, all returns will be free of income tax and capital gains tax. Investments in the Defined Return Investments should be held until the end of their investment period or you may get back less than you invested.

## How can I keep track of my ISA?

Every six months, we will send you and your financial adviser a statement summarising the ISA's value and any activity over the previous six months. You may also request this information from us at any time, free of charge. Our contact details are opposite.

## Where can I find further details?

You can find further details about the ISA and the range of investments in the Core Policy Conditions, Specific Policy Conditions - ISA, Select Investment Range, Select Investment List and Asset Rules documents. You can get these from your financial adviser or from our website at [www.alicowm.co.uk](http://www.alicowm.co.uk)

Alternatively, please feel free to contact us using the details opposite.

## How to contact us?

Your financial adviser should normally be your first point of contact and will be able to answer most questions that you have. However, please feel free to contact us using the following details:

|           |  |
|-----------|--|
| Post      | Alico Wealth Management<br>22 Addiscombe Road<br>Croydon CR9 5AZ |
| Telephone | 0800 013 2272  |
| Fax       | 0845 196 0023  |
| E-mail    | <a href="mailto:investments@alico.com">investments@alico.com</a> |
| Website   | <a href="http://www.alicowm.co.uk">www.alicowm.co.uk</a>         |

# Key Features of the ISA

## Other information

### How to complain

Most problems and misunderstandings can be dealt with immediately by a member of our Customer Service Department. They will be pleased to help you. You can contact them using the details above.

If you need confirmation of our complaints procedure, a copy of our Customer Care leaflet is available from our Compliance Officer.

If you have a complaint, please contact the Compliance Officer by phoning 0208 680 6000 or writing to:

The Compliance Officer, 22 Addiscombe Road, Croydon CR9 5AZ.

### Law

English law will apply to the ISA.

### Protection

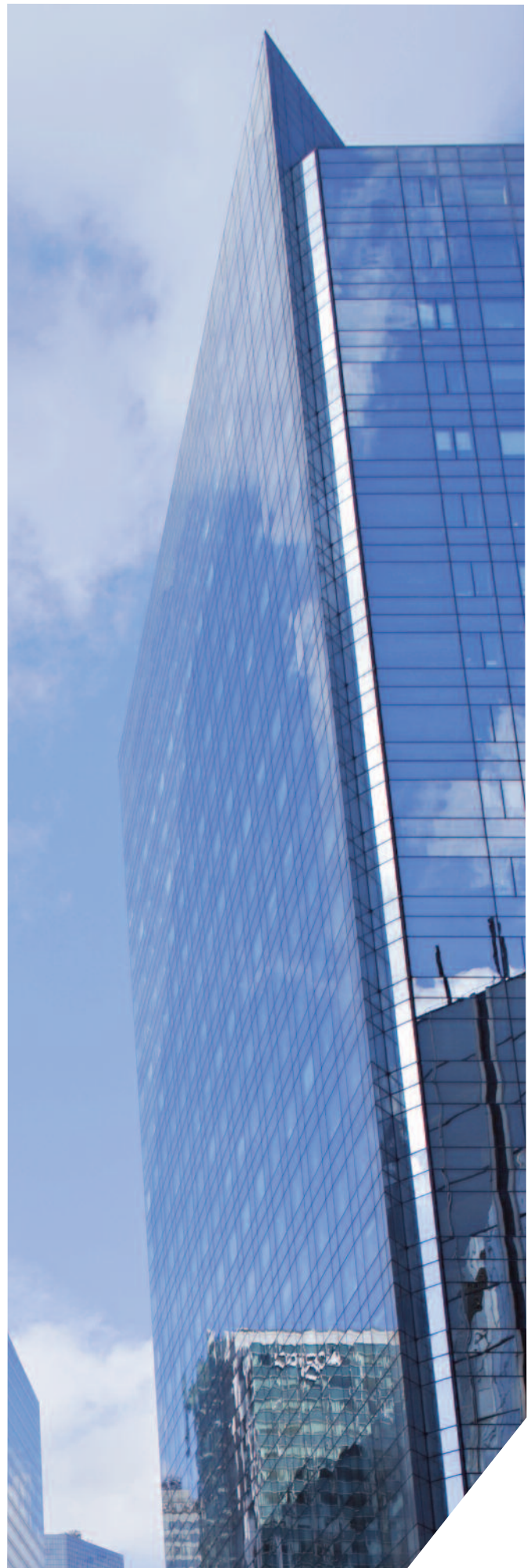
Alico (UK Branch) is authorised and regulated by the Financial Services Authority, with all associated safeguards and protections.

We classify you as a 'retail client' under Financial Services Authority rules. This means you'll receive the highest level of regulatory protection available for complaints and compensation and receive information in a straightforward way.

We are covered by the Financial Services Compensation Scheme (FSCS). If we cannot meet our obligations, the owner of the product may be entitled to compensation under the scheme. For the products available through the Select Portfolio, the scheme covers 90% of any claim.

For further details on the Financial Services Compensation Scheme, please visit [www.fscs.org.uk](http://www.fscs.org.uk) or phone 0207 892 7300. Alternatively, you can contact the Financial Services Authority by visiting their website at [www.fsa.gov.uk](http://www.fsa.gov.uk) or phoning 0207 066 1000.

Please note that, where the product includes an element of life assurance, the FSCS's first responsibility is to seek continuity of cover rather than to pay compensation.



## Wealth Management

Morningstar Associates Europe Ltd, a wholly owned subsidiary of Morningstar Associates, LLC, is authorised and regulated in the UK by the Financial Services Authority. Morningstar Associates, LLC, a wholly owned subsidiary of Morningstar, Inc., is an investment adviser registered with the United States Securities and Exchange Commission. The Morningstar Associates Europe services as described herein are provided to American Life Insurance Company, UK Branch; the services are not designed nor intended to be considered individualised investment advice. Morningstar and its family of companies are not affiliated with Alico Wealth Management. The Morningstar name and logo are registered marks of Morningstar, Inc.

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