

# Key Features of the Investment Bond

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 Investment Bond

**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 Investment 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.**

This Key Features Document and your personalised Illustration give you the important information you need to consider before investing in our Investment Bond. For information on the investments available within the Investment Bond, 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 - Investment Bond 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 Investment Bond

## What is the Investment Bond?

The Investment Bond 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.

The Investment Bond is an open ended lump sum investment policy that offers a way of investing in a wide range of investments with different levels and types of risk and return. You can make an initial lump sum investment of £10,000 and upwards. You also have the ability to make additional investments of £5,000 and upwards.

The Investment Bond includes an element of Life Assurance, which provides insurance on your own life and/or the lives of other named individuals - such as your spouse, partner or civil partner - with whom you have a financial relationship. Those covered are referred to as the Life or Lives Assured. In the event of the death of the Life (or Lives) Assured, a cash sum of up to 101% of the value of the Policy will be paid. This is called the Death Benefit.

Although we refer to a single Investment Bond, it is set up with 1,000 identical policy segments. This is for administrative convenience as well as ensuring you have maximum flexibility and tax efficiency when making withdrawals.

## Its aims

The aims of the Investment Bond are:

- To enable you to invest a lump sum of money with the aim of increasing the value of your investment.
- To allow you to make one-off withdrawals or take regular income in a tax-efficient way.
- To pay a cash sum should you die.

## Suitability

The Investment Bond may be suitable for those:

- With a lump sum of at least £10,000 to invest.
- 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 may be 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 Investment Bond

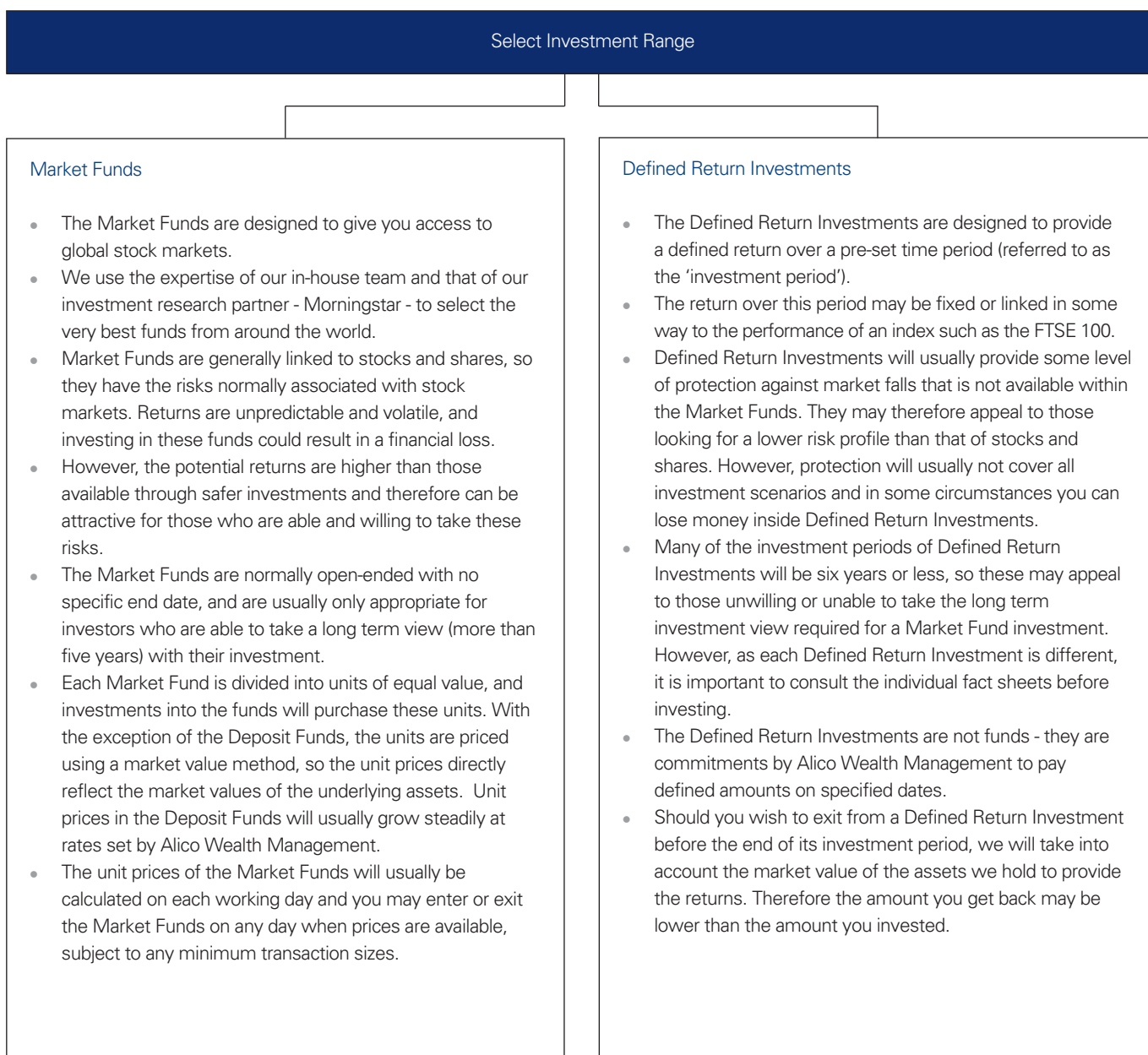
## The Select Investment Range

When you invest in an Investment Bond, 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.

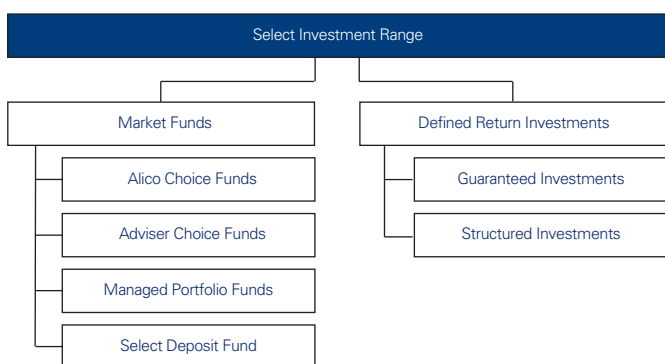
There are two types of investment in the Select Investment Range - Market Funds and Defined Return Investments. The diagram below provides details of the characteristics of each of these investment types.



# Key Features of the Investment Bond

## 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 Investment Bond.

### 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 is a fund that invests in short term bank deposits and other secure **money market investments**. It is designed to be a very low risk fund for the cash element of your investment portfolio.

A **money market investment** is a short-term (typically less than one year), highly liquid investment - provided by the Government or a very strong company - that is traded on money markets.

### Defined Return Investments - Guaranteed Investments

The Guaranteed Investments offer different levels of return over a choice of fixed investment periods - as well as full capital protection - providing you hold them until the end of their period. Both the returns and the capital protection are guaranteed by Alico Wealth Management.

### 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.

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 in the Select Investment Range and whether they are suitable for you.

# Key Features of the Investment Bond

## Your commitment

- You must make an initial single investment of at least £10,000, and you must not make withdrawals which take the value of your Investment Bond below this minimum level.
- Although you can fully surrender your Investment Bond 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.
- Not all Structured Investments 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 more tax than you expected.
- When you open an Investment Bond, 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 Investment Bond 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**.

The **Amount Allocated** is your Amount Invested 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 Investment Bond

## Charges

### 1. Asset Charge

When you invest in the Investment Bond, 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 taken from your Select Account holding by deduction of units 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 Investment Bond 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 your financial adviser may 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 Investment Bond - they make any switches between your underlying investments. This is deducted from the amount reinvested.

### 4. Tax

We are subject to tax by Her Majesty's Revenue & Customs (HMRC) on the assets within the Investment Bond, and we will take this into account when we calculate the unit prices and growth rates.

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 Investment Bond

## Questions and answers

### Who can buy our Investment Bond?

- Our Investment Bond can be bought by an individual between 18 and 79 years old.
- In certain circumstances, it can be bought jointly with a spouse/partner or business partner.
- Alternatively, the Investment Bond can be bought by or placed into a Trust.

### Can I put more money into my Investment Bond later?

- Once you have invested into the Investment Bond, you can make additional investments of at least £5,000.

### Can I make withdrawals or take regular income?

- You will have the ability to make one-off withdrawals from the Market Funds within your Investment Bond. 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 £10,000 in your Investment Bond.
- You cannot choose to take regular income from Structured Investments or Guaranteed Investments.

### 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.

### What about tax?

Basic rate tax, which cannot be reclaimed, is taken into account when we calculate the unit prices and rates of return of the underlying investments within your Investment Bond. You can withdraw up to 5% a year from your Policy without incurring any immediate further tax. If you don't withdraw the full 5% in any policy year, you can carry forward the part of the 5% that you don't use to future policy years. For example, this means that if you make no withdrawals in one policy year, you could withdraw up to 10% the following policy year without incurring any immediate further tax. This means that any higher rate tax or top rate tax is deferred.

If you withdraw more than 5% in any policy year, the excess will be taxed at 20% if you are a higher rate taxpayer or 30% if you are a top rate taxpayer.

When you finally encash one or more of the policy segments within your Policy, the encashment value will be added to any withdrawals where you haven't paid tax. If this sum exceeds the amount you originally invested, the excess will be taxed at 20% if you are a higher rate taxpayer or 30% if you are a top rate taxpayer.

As tax is due on the amount withdrawn and not the growth of the Policy, the taxable amount can exceed any growth in the Policy.

Currently there is no tax liability recreated when switching between investments within your Investment Bond.

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.

### What happens on death?

If the last surviving Life Assured dies when the Policy is still in effect, the Death Benefit will be paid to their estate (where the Policy is owned by an individual) and may be liable to Inheritance Tax. Where the Policy is held in Trust, the Death Benefit will be paid to the trustees. The Death Benefit will be equal to 100% of the value of the Policy, plus the lower of an additional 1% or £100 per policy segment. A payment upon death will terminate the Investment Bond.

### 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 Investment Bond.
- 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, including tax.

# Key Features of the Investment Bond

## 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. You will have the ability to defer higher rate/top rate tax on your investments and will have the opportunity to take one-off or regular withdrawals. Any 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 Investment Bond?

Every six months, we will send you and your financial adviser a statement summarising the Investment Bond'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 below.

## Where can I find further details?

You can find further details about the Investment Bond and the range of investments in the Core Policy Conditions, Specific Policy Conditions - Investment Bond, 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 below.

## 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 22 Addiscombe Road 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>

## Other information

### How to complain

Most problems and misunderstandings can be dealt with immediately by a member of our Customer Services 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 Investment Bond.

### 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

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