

Investment Fund Guide



This Investment Fund Guide is designed for financial advisers and clients working together to establish and maintain a suitable portfolio for individual needs. This guide provides you with an overview of the investment funds available through the Alico Wealth Management Bonds. This is not a comprehensive guide as more detailed information can be obtained directly from the fund managers. Their contact details can be found in this guide.

Alico Wealth Management Bonds provide a platform to create a well diversified investment portfolio suitable for individual investment objectives. We enable this by offering a comprehensive range of specialist funds managed by both ourselves and other leading fund professionals. These cover a broad spectrum of risk profiles, geographic regions, asset classes and management styles. We offer access to a wide range of investment funds managed by some of the most experienced investment companies in the world.

The funds available are detailed within this guide. You can choose investment funds from any of the categories as there is no requirement to select exclusively from a single category. Fund selection can be changed at any time, currently without charge.

The Investment Fund Guide is under constant review and is subject to change at any time. For the latest version of this guide, please refer to our website at www.alicowm.co.uk. All the funds in this guide are applicable to policyholders invested in the Capital Portfolio Bond, Trustee Portfolio and the Pension Bond.

Active Access Funds – see table 1

Alico Wealth Management offers access to a number of investment funds which themselves invest in a solitary Unit Trust or OEIC (Open Ended Investment Company) managed by a third party investment management company. We have a dedicated research team which carefully selects these funds from over 3,000 Unit Trusts and OEICs by comparing against several performance indicators and only then selects those it considers to be the best for the Active Access panel.

Once chosen, funds are formally reviewed every six months. Funds can be added to or removed from the Active Access panel at anytime.

Fund Selection Process

A mixture of quantitative and qualitative research methods are employed focusing on the process as detailed below:

Step 1 – Quantitative analysis

Firstly, historic fund performance and volatility over different time periods are examined and a shortlist of funds is made.

Step 2 – Qualitative analysis

Each fund on the shortlist is rated on the following:

- Strength of the investment process and disciplines
- Skill of the Investment Manager
- Financial strength of the investment house
- Size of assets under management and ownership structure
- Management fees
- In-house research capability

Step 3 – Ongoing monitoring

Selected funds are monitored on a monthly basis to ensure that the funds continue to provide opportunities for superior performance.

Multi-Manager Fund of Funds – see table 2

For those who would prefer Alico Wealth Management to make fund choices from the Active Access Funds, our research team offers a number of pre-packaged portfolios selected from this range. Each of these portfolios, known as the Multi-Manager Fund of Funds, has its own investment strategy and risk level to enable you to choose the most appropriate for your circumstances. Fund Fact Sheets are available from Alico Wealth Management on request.

Quarterly Guaranteed Funds – see table 3

For those who are interested in equity stockmarket returns but are concerned by the associated risk to their capital, we offer a range of Quarterly Guaranteed Funds.

The Quarterly Guaranteed Funds were designed to enable investors to enjoy a level of participation in stock market investment along with a chosen capital protection level, or even complete capital security.

Returns are linked to a choice of the major UK, European, American or Japanese equity stockmarkets and quarterly capital protection

levels of 95%, 98% or 100% are available. The level of participation in the stockmarket increases if less capital protection is chosen. The link to each stock market is achieved via exposure to the FTSE 100, Nikkei 225, S&P 500 and Eurostoxx 50 indices as appropriate. Please note that the level of stockmarket participation depends on the level of interest rates. Participation rates may be low when interest rates are low, as relatively more of the fund is required to be invested in short term money market instruments to provide the chosen capital protection. This means that less of the fund is available to provide stockmarket participation. Policyholders should only consider these funds after seeking Independent Financial Advice.

The Guarantee Dates are normally the third Friday of March, June, September and December. Should the Guarantee Date fall on a non-business day (for example, bank holidays) then the Guarantee Date will be the business day immediately preceding it. The Guarantees only apply on set dates.

For further information on the Quarterly Guaranteed funds, please contact your Independent Financial Adviser or our Customer Service Team.

How to switch into the Quarterly Guaranteed Funds

Clients can switch into the Quarterly Guaranteed Funds by completing a Fund Switching Authorisation Form and faxing to our Customer Service Team on 0845 196 0024 (Investments) or 0845 234 2342 (Pensions). There are two options on the switch form:

1. Clients can switch directly into their choice of Quarterly Guaranteed Fund(s) on any Guarantee Date. We would need to receive the completed Fund Switch Authorisation Form at least two working days prior to the Guarantee Date.
2. Clients can switch directly into their choice of Quarterly Guaranteed Fund(s) on any day between two Guarantee Dates. We would need to receive the completed Fund Switching Authorisation Form at least two working days prior to the client's desired switch date. Please note that any investments made between Guarantee Dates will not be subject to the "guarantee levels", and the value of the client's investment may go down before the next Guarantee Date (see "Unit Prices" section below).

Clients will automatically remain invested in their choice of Guaranteed Fund(s) until we receive a request to switch/withdraw.

How to switch or withdraw from the Quarterly Guaranteed Funds

Clients can switch from Quarterly Guaranteed Funds by completing a Fund Switching Authorisation Form and faxing to our Customer Service Team on 0845 196 0024 (Investments) or 0845 234 2342 (Pensions).

Clients can withdraw from the Quarterly Guaranteed Funds by completing a Encashment Request Form and sending to Alico Wealth Management, 22 Addiscombe Road, Croydon, Surrey, CR9 5AZ.

There are two options for switching/withdrawing :

1. Clients can switch/withdraw from the Quarterly Guaranteed Funds on any Guarantee Date. We would need to receive the completed Fund Switching Authorisation/Encashment Request Form at least two working days prior to the Guarantee Date.
2. Clients can switch/withdraw from the Quarterly Guaranteed Funds on any day between two Guarantee Dates. We would need to receive the completed Fund Switching Authorisation/Encashment Request Form at least two working days prior to the client's desired switch/withdrawal date. Please note that any switches/withdrawals made between Guarantee Dates will not be subject to the "guarantee levels", and the value of the client's investment may be lower than the capital guarantee level times the value of the investment on the previous Guarantee Date (see "Unit Prices" section below).

Please remember that clients will automatically remain invested in their choice of Guaranteed Fund(s) until we receive a request to switch/withdraw.

Tracker Funds – see table 4

For those who would rather not have active fund management, we also offer Tracker Funds. These funds are linked to a major stockmarket index in their relevant market and broadly replicate stockmarket fluctuations.

Cash Fund – see table 5

The Cash Fund invests in cash deposits together with secure interest bearing assets. The Cash Fund is for use as a temporary home for your investments. It is applicable when changing your investment strategy or when encashing your Bond.

Please note that in a low interest rate environment, the charges that apply to the Cash Fund can be marginally higher than the return provided on the Cash Fund itself. In this case, the value of any investment in the Cash Fund would be decreasing slightly.

New Concept Funds – see table 6

These funds, like Active Access Funds, invest in a single Unit Trust or OEIC. They do not meet all of the criteria required in order for us to select them as part of the Active Access Fund range. However, we believe these may be of interest as they are complementary to the Active Access Fund range. They offer access to other asset classes or markets or use different investment concepts to the Active Access Funds.

Tax

Tax will not be deducted by Alico Wealth Management from any of the investment funds that are held within the Pension Bond. However, tax will be deducted automatically by us where they are held within the Capital Portfolio Bond and this will be reflected in the unit price. More information is available in the Key Features document. You should always bear in mind that tax treatment depends on individual circumstances and may be subject to change in the future.

Annual Management Charge (AMC)

The Annual Management Charge is expressed as a percentage of the fund that is deducted over a complete year and is reflected in the daily unit price. This charge is in addition to the other charges described in the Key Features document. **Charges may be varied by Alico Wealth Management at any time, subject to giving you not less than three months' notice.** For further details on AMCs, please refer to the tables in the following pages.

You should also be aware that the funds incur additional costs associated with managing and operating the investment. These include audit fees, regulatory fees, compliance fees and legal fees. These expenses are typically around 0.2% and although not included in the AMC, they will be reflected in the fund's daily price.

Variable Charge

For Multi-Manager Fund of Funds it is not possible to quote a fixed Annual Management Charge as the actual amount will depend on the underlying holdings of that fund. Therefore, we quote a variable charge that takes this into account. The charge will vary as the fund manager makes changes to the fund. We will update the most recent variable charge every six months.

The AMC on the Alico Wealth Management Multi-Manager Fund of Funds is dependent on the charges of the underlying funds used and is variable. All of the Alico Wealth Management Fund of Funds except the Managed Income Fund also have performance related fees that could increase or decrease the AMC of each fund by up to 0.25% per year. These performance fees are detailed separately within table 2.

Areas and Sectors

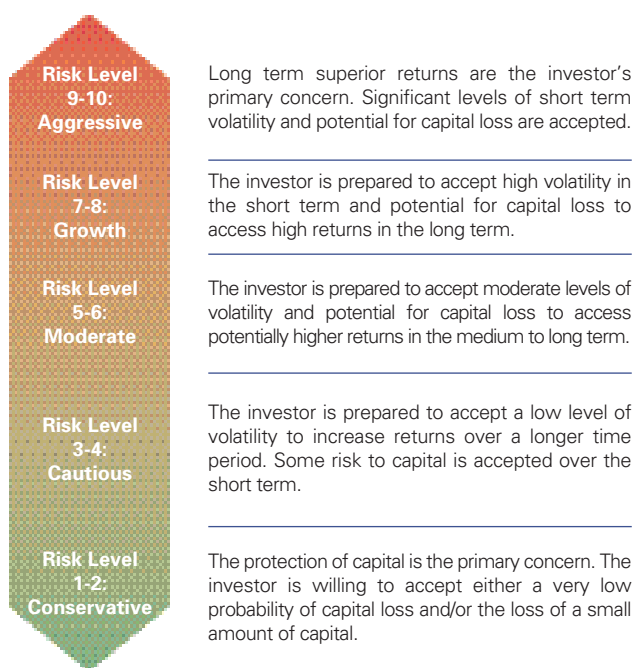
In the tables that follow, funds have been classified according to geographical areas and further by sectors, as detailed below:

Sector	Definition
Property	Direct commercial property and property securities
UK All Companies	Equities quoted on the UK stock market with focus on capital growth
Absolute Return	Aim to deliver absolute (i.e. more than zero) returns in any market conditions
Equity Income	Targets a net of tax yield of 110% of the FTSE All Share yield
Fixed Interest	Fixed income securities including government sovereign bonds, investment and non-investment grade corporate bonds
Smaller Companies	Equities in the lowest 10% by market capitalisation
European ex UK	Equities quoted on European stock markets excluding the UK
North America	Equities quoted on the United States and Canadian stock markets
Japan	Equities quoted on the Japanese stock market
Far East excluding Japan	Equities quoted on Asia Pacific stock markets excluding Japan
Emerging Markets	Equities quoted on Emerging Markets stock markets as defined by the FTSE World Index
Global Equities	Equities quoted in more than one region but not qualifying for the Emerging Markets sector
Balanced Managed	Between 40% - 85% equity exposure
Cautious Managed	Between 20% - 60% equity exposure
Specialist	Investment universe that is not accommodated by the mainstream sectors
Active Managed	Up to a maximum of 100% equity exposure

Risk Rating

We give each fund (except New Concept Funds) a risk rating based on its historic volatility; a measure of both rises and falls. We do not select investment funds for our Active Access range that do not strike the appropriate balance between volatility and the potential for reward. Therefore, in the majority of instances, the higher a risk rating of the investment fund, the greater the prospect for growth.

Each risk rating will be a reflection of the type of asset normally held within the investment fund. The degree of risk tends to move from low to high as investment funds move from cash into having significant holdings in highly specialised sectors.



In order to assist in selection of the funds, our research team has applied a risk rating to each investment fund using a scale of 1 to 10. You will find these in the tables that follow. The lowest risk rating is 1 whilst the highest is 10. This risk rating is not an absolute measure of risk; for example, it is possible for an investment fund with a risk rating of 6 to fall in value by more than an investment fund with a risk rating of 8. Neither is this a linear scale; for example, an investment fund with a risk rating of 6 will not necessarily fall in value twice as often or by twice as much as an investment fund rated 3. Instead, the risk rating provides general guidance; for example, a fund with a risk rating of 6 is generally more likely to fall further in value from time to time than a fund rated as 5 but less than a fund rated as 7. These risk ratings are based on historic information.

Following is a list of all funds currently available through Alico Wealth Management Bonds.

Fund List as at 14 December 2011

Active Access Funds – Table 1				
<p>The total Annual Management Charge (AMC) is made up of two components. The first is the product AMC charged by Alico Wealth Management which for the Trustee Portfolio Bond is 1% and for the Capital Portfolio Bond and Pension Bond is 0.75%. (Pension Bonds with a policy number prefix AP512 have an AMC of 1% and AP510 have an AMC of 1.1%). The remaining AMC is set out in the following table:</p>				
Area	Sector	Fund	Risk Rating	Fund Manager's AMC (%)
UK	Property	Alico Aberdeen Property Share	8	0.75
		Alico Aviva Investors Property	5	1.00
		Alico M&G Property	4	0.85
		Alico SWIP Property	4	0.85
	UK All Companies	Alico Artemis UK Growth	7	1.00
		Alico Artemis UK Special Situations	7	1.00
		Alico AXA Framlington UK Select Opportunities	6	1.00
		Alico Cazenove UK Growth & Income	6	1.00
		Alico Fidelity Special Situations	6	1.25
		Alico Jupiter UK Growth	7	1.25
		Alico M&G Recovery	7	1.00
		Alico Majedie Asset UK Equity	6	1.00
		Alico Franklin UK Select Growth	7	1.00
		Alico Schroder UK Alpha Plus	7	1.10
		Alico Schroder UK Mid 250	8	1.00
	Absolute Return	Alico BlackRock UK Absolute Alpha	3	1.00
	Equity Income	Alico Artemis Income	5	0.75
		Alico Invesco Perpetual Income	5	1.15
		Alico Jupiter Income	6	1.25
		Alico Neptune Income	6	0.90
		Alico Newton Higher Income	6	0.50
		Alico Threadneedle UK Equity Income	5	1.00
	Fixed Interest	Alico Kames Strategic Bond	4	0.75
		Alico Allianz Pimco Gilt Yield	3	0.50
		Alico Artemis High Income	3	0.75
		Alico Artemis Strategic Bond	4	0.65
		Alico Fidelity Moneybuilder Income	3	0.50
		Alico Henderson Preference & Bond	4	1.00
		Alico Invesco Perpetual Corporate Bond	3	0.75
		Alico Legg Mason Global Blue Chip Bond	3	0.75

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Area	Sector	Fund	Risk Rating	Fund Manager's AMC (%)
UK	Fixed Interest	Alico M&G Corporate Bond	3	0.50
		Alico M&G High Yield Corporate Bond	4	0.75
		Alico Royal London UK Government Bond	3	0.25
		Alico SWIP Sterling Index Linked Bond	3	0.80
		Alico Threadneedle Strategic Bond	4	0.75
	Smaller Companies	Alico Artemis UK Smaller Companies	8	1.00
		Alico Lazard UK Smaller Companies	8	1.00
Europe	European Excluding UK	Alico Fidelity European	6	1.25
		Alico Jupiter European	7	1.25
		Alico Schroder European Alpha Plus	7	1.00
	Smaller Companies	Alico Threadneedle European Smaller Companies	8	0.90
America	North America	Alico BlackRock US Opportunities	8	1.00
		Alico Fidelity American	7	1.25
		Alico Jupiter North American Income	6	0.95
		Alico Threadneedle American Select	7	1.00
		Alico UBS US Equity	7	1.00
Japan	Japan	Alico Allianz RCM Japan	8	0.80
		Alico Schroder Tokyo	8	1.00
		Alico GLG Japan CoreAlpha	7	0.90
Far East	Far East Excluding Japan	Alico Aberdeen Asia Pacific	7	1.00
		Alico Fidelity South East Asia	9	1.25
		Alico First State Asia Pacific Leaders	8	1.00
		Alico Newton Oriental	8	0.50

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<p>The total Annual Management Charge (AMC) is made up of two components. The first is the product AMC charged by Alico Wealth Management which for the Trustee Portfolio Bond is 1% and for the Capital Portfolio Bond and Pension Bond is 0.75%. (Pension Bonds with a policy number prefix AP512 have an AMC of 1% and AP510 have an AMC of 1.1%). The remaining AMC is set out in the following table:</p>				
Area	Sector	Fund	Risk Rating	Fund Manager's AMC (%)
Global	Absolute Return	Alico Baring Absolute Return Global Bond	3	1.25
	Emerging Markets	Alico Aberdeen Emerging Markets	8	0.75
		Alico Fidelity India Focus	8	1.25
		Alico First State Global Emerging Markets Leaders	8	1.00
		Alico Invesco Perpetual Latin America	10	1.10
		Alico Jupiter Emerging European Opportunities	9	1.25
	Fixed Interest	Alico Templeton Global Total Return	4	0.80
		Alico Thames River High Income	5	1.00
	Global Equities	Alico First State Global Opportunities	7	0.00 - 1.00 ⁽¹⁾
		Alico M&G Global Basics	8	1.00
		Alico M&G Global Growth	7	1.00
		Alico Newton Global Higher Income	7	1.00
	Specialist	Alico BlackRock Gold & General	9	1.25
		Alico JPM Natural Resources	9	1.00
		Alico Jupiter Ecology	6	1.25
		Alico Jupiter Financial Opportunities	6	1.25
	Property	Alico Schroder Global Property Securities	8	0.85
Managed	Balanced Managed	Alico CF Miton Special Situations Portfolio	4	0.75
		Alico Jupiter Merlin Balanced Portfolio	5	1.05
	Cautious Managed	Alico Invesco Perpetual Distribution	3	0.975
		Alico Investec Cautious Managed	4	1.20
		Alico JPM Cautious Total Return	3	0.94
		Alico Jupiter Merlin Income Portfolio	4	1.00
		Alico Newton Phoenix Multi-Asset	5	0.85
	Active Managed	Alico Newton Managed	6	0.50
		Alico M&G Managed Growth	7	0.75

Note: 1) AMC will range from 0% to 1% depending on the quartile performance of the underlying fund.

Fund List as at 14 December 2011

Active Access Fund Managers' Websites:	
Aberdeen	www.aberdeen-asset.com
Allianz Global Investors	www.allianzglobalinvestors.co.uk
Artemis	www.artemisonline.co.uk
AXA Framlington	www.axaframlington.com
Baring Asset Management	www.barings.com
Blackrock/Merrill Lynch	www.blackrock.com
Cazenove	www.cazenovecapital.com
Colonial First State	www.firststate.co.uk
Fidelity Investments	www.fidelity.com
Franklin Templeton	www.franklintempleton.com
GLG partners	www.glgpartners.com
Henderson Global Investors	www.henderson.com
Insight Investment	www.insightinvestment.com
Invesco Perpetual	www.invesco-perpetual.co.uk
Investec Asset Management	www.investecfunds.co.uk
JPM Asset Management	www.jpmorgan.com
Jupiter	www.jupiterifa.co.uk
Kames Capital	www.kamescapital.com
Lazard Asset Management Ltd	www.lazardnet.com
Legal & General	www.lgim.com
Legg Mason	www.leggmason.co.uk
M&G	www.mandg.co.uk
Majedie Asset Management	www.majedie.com
MitonOptimal Asset Management	www.mitonoptimal.com
Neptune	www.neptune-im.co.uk
Newton	www.newton.co.uk
Royal London Asset Management	www.rlam.co.uk
Schroders	www.schroders.co.uk
Scottish Widows Investment Partnership	www.swip.com
Thames River	www.thamesriver.co.uk
Threadneedle Investment	www.threadneedle.co.uk
UBS	www.ubs.com

Fund List as at 14 December 2011

Alico Wealth Management Multi-Manager Fund of Funds – Table 2		
<p>The total Annual Management Charge (AMC) is made up of two components. The first is the product AMC charged by Alico Wealth Management which for the Trustee Portfolio Bond is 1% and for the Capital Portfolio Bond and Pension Bond is 0.75%. (Pension Bonds with a policy number prefix AP512 have an AMC of 1% and AP510 have an AMC of 1.1%). The remaining AMC is set out in the following table:</p>		
Funds	Risk Rating	Fund Manager's AMC (%)
Alico Balanced Managed	5	0.96
Alico Cautious Managed	4	0.91
Alico Global Growth	6	1.01
Alico International Aggressive	7	0.99
Alico Managed Income	4	0.83
<p>The AMC on the Alico Wealth Management Multi-Manager Fund of Funds is dependent on the charges of the underlying funds used and is variable. All of the Alico Wealth Management Fund of Funds except the Managed Income Fund also have performance related fees that could increase or decrease the AMC of each fund by up to 0.25% per year. Performance is assessed by reference to the placement of the funds within their respective ABI classification scheme. These performance fees are detailed in the table below. The Managed Income Fund does not have a variable performance related fee although it does have an additional flat fee of 0.15%.</p>		
ABI Classification	Performance Fee Charged by Alico Wealth Management (%)	
1st Quartile	0.25	
2nd Quartile	0.10	
3rd Quartile	Rebate of 0.10	
4th Quartile	Rebate of 0.25	

Fund List as at 14 December 2011

Alico Wealth Management Quarterly Guaranteed Funds – Table 3				
Fund	Index	Guarantee Level	Risk Rating	Total AMC (%)
UK 95%	FTSE 100	95%	4	1.00
UK 98%	FTSE 100	98%	3	1.00
UK 100%	FTSE 100	100%	2	1.00
Europe 95%	Eurostoxx 50	95%	4	1.00
Europe 98%	Eurostoxx 50	98%	3	1.00
Europe 100%	Eurostoxx 50	100%	2	1.00
Japan 95%	Nikkei 225	95%	4	1.00
Japan 98%	Nikkei 225	98%	3	1.00
Japan 100%	Nikkei 225	100%	2	1.00
US 95%	S&P 500	95%	4	1.00
US 98%	S&P 500	98%	3	1.00
US 100%	S&P 500	100%	2	1.00

Alico Wealth Management Tracker Funds – Table 4			
Area	Funds	Risk Rating	Total AMC (%)
UK	UK Tracker	5	1.00
US	US Tracker	6	1.00
Europe	Europe Tracker	6	1.00
Japan	Japan Tracker	7	1.00

Alico Wealth Management Cash Fund – Table 5		
Fund	Risk Rating	Total AMC (%)
Cash	1	1.00

Fund List as at 14 December 2011

New Concept Funds – Table 6	
The total Annual Management Charge (AMC) is made up of two components. The first is the product AMC charged by Alico Wealth Management which for the Trustee Portfolio Bond is 1.00% and for the Capital Portfolio Bond and Pension Bond is 0.75%. (Pension Bonds with a policy number prefix AP512 have an AMC of 1% and AP510 have an AMC of 1.1%). The remaining AMC is set out in the following table:	
Fund	Fund Manager's AMC (%)
Alico Absolute Insight UK Equity Market Neutral	0.85
Alico L&G Dynamic Bond Trust	0.90
Alico Neptune Russia & Greater Russia	1.05
Alico Newton Asian Income	1.00

Contacting Alico Wealth Management

Contact your local branch or visit www.alicowm.co.uk for any queries relating to Alico Wealth Management and its products.

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Wealth Management

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