The Select Portfolio

A guide for advisers

For professional adviser use only

SELECT

Alico
Wealth Management

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.

This guide provides an overview of the Select Portfolio from Alico Wealth Management, the guiding principles behind it and the comprehensive investment range underpinning it. You will also find information on Alico worldwide, together with a brief introduction to Alico Wealth Management in the UK.

Further information is available on many of the areas covered in this guide, and throughout the guide we have indicated where you can find this. All the documents referred to are available from your Regional Sales Manager or on our website at www.alicowm.co.uk.

What's in this guide?

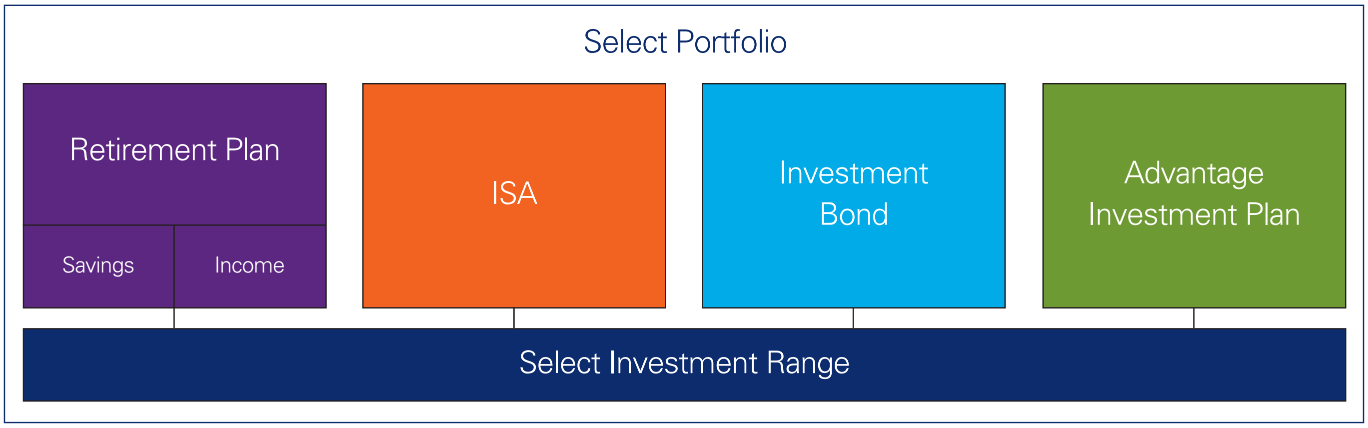
Our guiding principles

At Alico Wealth Management, we only distribute our products through financial advisers. This means that we rely on you to recommend us, so we offer the things we believe are most important to you as an adviser when choosing a provider for your clients:

- Versatility - a wide range of investment and retirement products to meet clients' needs whatever their stage of life.
- Choice - a comprehensive investment range offering low, guided and controlled risks to ensure we cater for a wide range of risk appetites.
- Simplicity - the same investment range, the same charges, the same high standards of service across all our products.
- Service - being easy to do business with at all times.
- Transparency - openness and honesty in all communications with you and your clients.
- Security - the peace of mind that comes from investing with a leading international life insurer.

The Select Portfolio

Our aim is to ensure you can provide a solution to your clients no matter what they are trying to achieve financially in life. That's why we offer the Select Portfolio - a collection of retirement and investment products all underpinned by the same comprehensive range of investments.



Retirement Plan

Our innovative **Retirement Plan** is designed to cater for clients' needs across the whole retirement spectrum, from the accumulation phase, through the point of stopping work and into retirement itself.

- The **Savings** element of the Plan allows clients to save for their retirement in a tax-efficient way through a comprehensive range of investments offering different levels and types of risk and return. This investment range includes Market Funds - a range of specialist investment funds run by a number of the world's leading investment companies - and our Defined Return Investments, which enable clients to have much more control over their risk exposure. This can be useful if clients are looking to cushion their retirement savings against potential investment losses as they approach retirement.
- The **Income** element gives advisers the flexibility to adapt their clients' plans to meet their income needs throughout retirement. It enables you, together with your clients, to arrange the seamless transition of assets from Savings to Income - in part or all at once - as your clients' capital and income requirements change. Your clients can choose to take income in the form of 'drawdown', or through a Short Term Annuity of between 1 and 5 years, or as a combination of the two (within GAD limits).
- The Retirement Plan can also be used in combination with our **Lifetime Annuity**, which enables clients to secure lifelong income by converting their retirement funds into a secure income for life, either in increments or all at once.

For more information about the Retirement Plan, please refer to the following documents:

- Retirement Plan - a guide for advisers
- Retirement Plan - a guide for clients
- Retirement Plan - Savings element Key Features Document
- Retirement Plan - Income element Key Features Document
- Lifetime Annuity - Key Features Document.

These are available from your Regional Sales Manager or on our website at www.alicowm.co.uk.

Investment Products

The Select Portfolio provides a range of investment products, offering clients the choice of a number of tax-efficient ways to accumulate wealth.

As well as a stocks & shares **ISA** and an **Investment Bond**, we offer the **Advantage Investment Plan**. This is a ten year qualifying life policy - offering an element of Life Assurance - so as long as clients hold their Plan for at least seven and a half years and make all specified annual investments when they are due, their return will be free of any liability to personal tax above the basic rate.

For more information about our investment products, please refer to the individual Key Features Documents. These are available from your Regional Sales Manager or on our website at www.alicowm.co.uk.

Consistency

To make things as simple as possible for both advisers and clients, we have taken a consistent approach across all of the products within the Select Portfolio. Where appropriate, all our products have the same investment options, the same charges and the same processes underlying them.

Flexibility

We offer flexible adviser remuneration options to suit a variety of business models. You are able to agree remuneration at outset, on an ongoing basis or at any stage throughout the lifetime of your clients' investment when conducting a review.

For further information on our approach to charging and Adviser Remuneration, please see page 6 of this guide or refer to the Select Investment Range guide.

The Select Investment Range

As your clients progress through life, their objectives, needs and attitude to risk will all evolve. We think it's important that you have the flexibility to adapt the risk exposure of your clients' investments as their circumstances change, avoiding the need to move to a different product.

That's why we offer a comprehensive range of internal and third party investments, providing different types and levels of risk and return. This same extensive investment range is available through all products in the Select Portfolio (although some investments can't be used in the ISA, which is a stocks & shares ISA), enabling you to work with your clients to create the right blend of investments for them no matter what they are aiming to achieve financially.

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. By working with Morningstar, we are also able to provide you with free access to their state-of-the-art online portfolio planning tool to develop bespoke portfolio recommendations for your clients. This can be accessed via our website at www.alicowm.co.uk.

MORNINGSTAR®

There are two types of investment in the Select Investment Range: Market Funds and Defined Return Investments. These each have different characteristics, enabling you to combine different investments to best suit your clients' risk profiles whatever product they choose.
The diagram below provides details of the characteristics of each of these investment types.

Select Investment Range

Market Funds

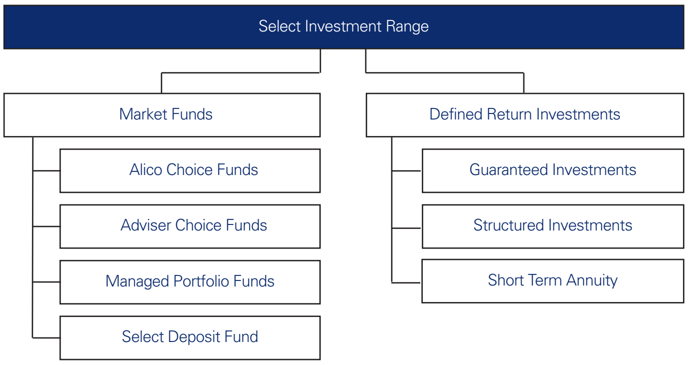
- The Market Funds are designed to give clients access to global stock markets.
- We use the expertise of our in-house team and that of our investment research partner - Morningstar - to select the very best funds from around the world.
- Market Funds are generally linked to stocks and shares, so they have the risks normally associated with stock markets. Returns are unpredictable and volatile, and investing in these funds could result in a financial loss.
- However, the potential returns are higher than those available through safer investments and therefore can be attractive for those who are able and willing to take these risks.
- The Market Funds are normally open-ended with no specific end date, and are usually only appropriate for investors who are able to take a long term view (more than five years) with their investment.
- Each Market Fund is divided into units of equal value, and investments into the funds will purchase these units. With the exception of the Deposit Funds, the units are priced using a market value method, so the unit prices directly reflect the market values of the underlying assets. Unit prices in the Deposit Funds will usually grow steadily at rates set by Alico Wealth Management.
- The unit prices of the Market Funds will usually be calculated on each working day and clients may enter or exit the Market Funds on any day when prices are available, subject to any minimum transaction sizes.

Defined Return Investments

- The Defined Return Investments are designed to provide a defined return over a pre-set time period (referred to as the 'investment period').
- The return over this period may be fixed or linked in some way to the performance of an index such as the FTSE 100.
- Defined Return Investments will usually provide some level of protection against market falls that is not available within the Market Funds. They may therefore appeal to those looking for a lower risk profile than that of stocks and shares. However, protection will usually not cover all investment scenarios and in some circumstances clients can lose money inside Defined Return Investments.
- Many of the investment periods of Defined Return Investments will be six years or less, so these may appeal to those unwilling or unable to take the long term investment view required for a Market Fund investment. However, as each Defined Return Investment is different, it is important to consult the individual fact sheets before investing.
- The Defined Return Investments are not funds - they are commitments by Alico Wealth Management to pay defined amounts on specified dates.
- Should clients wish to exit from a Defined Return Investment before the end of its investment period, we will take into account the market value of the assets we hold to provide the returns. Therefore the amount clients get back may be lower than the amount invested.

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.

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 your clients 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 with advisers. These funds either operate in the same way as the Alico Choice Funds, or are specially constructed by Alico Wealth Management in conjunction with advisers. They do not meet all of the criteria required for inclusion in the Alico Choice Fund panel, but are included due to their popularity 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 10 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 secure financial instruments. The Select Deposit Fund is designed to have a unit price that doesn't fall (although this is not guaranteed), so can be used by clients who are worried about potential market falls. Although it can also be used as a "cash" holding within a portfolio, it should be noted that the assets within the fund are short term in nature so in the current interest rate environment it may not be efficient to hold large proportions of clients' portfolios in this fund for long periods of time.

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 they are held until the end of their investment period. Both the returns and the capital protection are guaranteed by Alico Wealth Management.

The Guaranteed Investments are not normally available through our 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 investments, where the investor bears the risk of the underlying assets defaulting.

Defined Return Investments - Short Term Annuity

Our Short Term Annuity is designed for investors in the Income element of the Retirement Plan who want to secure a fixed income over a fixed period while leaving the remainder of their Plan untouched. At any time we offer a range of terms under our Short Term Annuity that cover periods from 1 to 5 years. The rates we pay will depend on market rates of interest and sometimes how much is invested, as well as Adviser Remuneration.

For detailed information about the Select Investment Range, please refer to the Select Investment Range and Select Investment List documents. For detailed information about the individual investments, please refer to the individual investment fact sheets. These are available from your Regional Sales Manager or on our website at www.alicowm.co.uk.

Charges

All products in the Select Portfolio have the same approach to charging.

1. **Asset Charge**
   Firstly, there is an annual Asset Charge on each of the clients' investments. For Market Funds, the Asset Charge is typically 0.75% per annum.

   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 5 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**
   The fund manager will charge an Annual Management Charge (AMC) which will be taken into account in the prices of the mutual fund units, and therefore reflected in the unit prices of the Alico Choice Funds. However the fund manager will normally refund some of this charge back to Alico Wealth Management. This is because Alico Wealth Management will have negotiated a reduced AMC on behalf of its clients. Any refunds we receive will be placed into the fund. The effect of the AMC through Alico Wealth Management will therefore be less than that of a direct holding with the fund manager.

   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 products in the Select Portfolio are designed to give you a number of options when it comes to Adviser Remuneration. In return for the advice and service you provide to your clients, you can agree to receive the following different types of remuneration:

- **Initial Adviser Remuneration:** the amount you receive from your clients' initial investment in a Select Portfolio product.
- **Ongoing Adviser Remuneration:** the amount you are paid for the ongoing advice and service you provide to your clients.
- **Adviser Review Remuneration:** the amount you are paid if - following a review of your clients' product - you agree to make any switches between their underlying investments.

4. **Tax**
   Where the income and gains are subject to tax, we will take this into account when we calculate the unit prices and growth rates of the investments in the Select Investment Range. For further information on tax please refer to the individual product Key Features Documents.

For full details of the charges outlined in this section, please refer to the Select Investment Range guide. For details of the charges relating to individual investments, please see the Select Investment List. You can get these documents from your Regional Sales Manager or from our website at www.alicowm.co.uk.

Why choose Alico Wealth Management?

When you recommend one of the retirement and investment products from the Select Portfolio, you can be sure that it is provided by a strong company with a secure future.

Alico Wealth Management is the retirement and investments division of the UK branch of Alico - a leading international life insurer with a unique heritage of serving customers across the globe for over 85 years. Since its establishment in 1921, Alico has developed an exceptional industry profile and enjoyed an enviable record of success.

Alico 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 serves 19 million customers worldwide.

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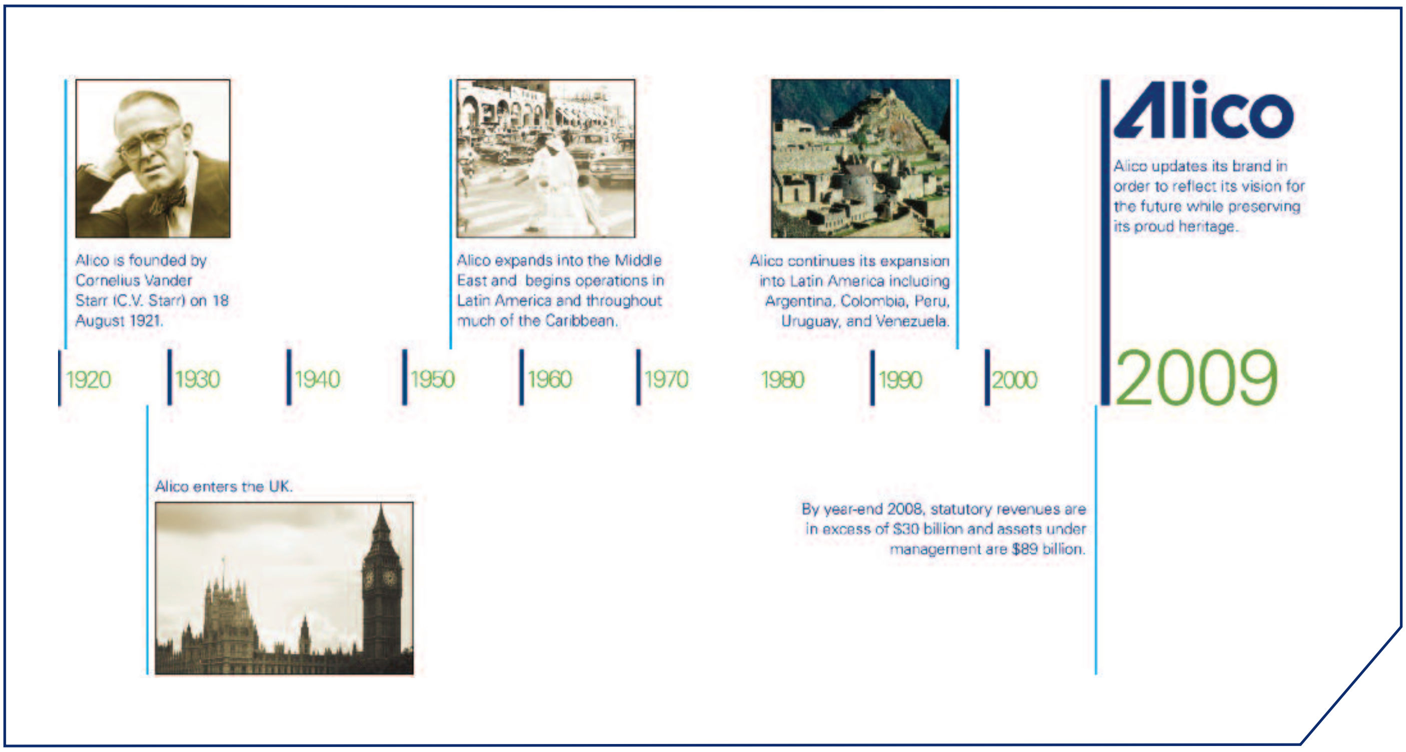
Alico's Financial Strength Ratings*

Agency	Rating
Standard & Poor's	A+ (Outlook: Negative)
Moody's Investor Service	A1 (Outlook: Stable)
Fitch Ratings	A+ (Outlook: Positive)
A.M. Best Company	A (Outlook: Negative)

* **Ratings reflect financial strength ratings specific to American Life Insurance Company and are current as of 12 March 2010.**



At Alico Wealth Management, we have a long history of developing meaningful relationships with advisers, working together closely to help them help their clients. We have a team of experienced Regional Sales Managers and Regional Sales Consultants, covering the whole of the UK, whose role is about more than just promoting our products - it's about adding real value.

We also regularly hold seminars in locations all over the country to give advisers assistance on how to meet the challenges facing them today - including regulatory changes and the evolving needs of clients as they plan for and manage their retirement.

Protection

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

We classify our clients as 'retail clients' under Financial Services Authority rules. This means they'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 FSCS, please visit 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 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.

For further information

If you'd like more information about the products in the Select Portfolio, please see the individual Policy Conditions and Key Features Documents.

We explain how you can use our Retirement Plan to help your clients in our Retirement Plan Adviser Guide and Retirement Plan Client Guide.

All documents are available on our website at www.alicowm.co.uk, or from your Regional Sales Manager.

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

Investment queries

Telephone	0800 013 2272
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Retirement queries

Telephone	0800 013 2292
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www.alicowm.co.uk

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