

Structured Investment Controlled Opportunity Growth Structure - 2 Net



Overview

Controlled Opportunity Growth Structure - 2 (COGS-2) is the latest in our series of Structured Investments from the category of Defined Return Investments and forms a part of the Select Investment Range. For more information on Structured Investments and their availability, please refer to the relevant Key Feature Documents or Select Investment Range guide and Select Investment List documents from your financial adviser or from our website at www.alicowm.co.uk.

COGS-2 offers exposure to the performance of the FTSE 100 index over five years. It offers a choice of risk/reward options including an option to guarantee a return of at least the Amount Allocated to the investment. If you choose a higher level of exposure to falls in the index, you will have a greater exposure to gains.

How it works

COGS-2 works on the principle of Participation Factor which is the level of participation that you choose in the increase or decrease of the FTSE 100 over a five year investment period. By choosing the level of capital you place at risk, which is your Negative Participation Factor (NPF), you set your level of opportunity for growth - your Positive Participation Factor (PPF). At the end of five years, Alico will measure the growth of the FTSE 100 index by comparing its closing level on the Final Date (12 August 2015) compared to the closing level of the index on the Strike Date (30 July 2010). If the index has fallen over the period, your investment will be decreased by the percentage fall in the FTSE 100 multiplied by your chosen NPF. If the index rises over the period, your investment will be increased by the percentage rise in the FTSE 100 multiplied by your chosen PPF.

You may choose one of the following combinations:

Type of Controlled Opportunity Growth Structure - 2 (COGS - 2)	Negative Participation Factor (NPF)	Positive Participation Factor (PPF)
COGS-2 – 0% (Net)	0%	80%
COGS-2 – 10% (Net)	10%	90%
COGS-2 – 20% (Net)	20%	100%
COGS-2 – 30% (Net)	30%	110%
COGS-2 – 40% (Net)	40%	120%
COGS-2 – 50% (Net)	50%	130%
COGS-2 – 60% (Net)	60%	140%
COGS-2 – 70% (Net)	70%	150%
COGS-2 – 80% (Net)	80%	160%
COGS-2 – 90% (Net)	90%	170%
COGS-2 – 100% (Net)	100%	180%

For example if you choose to invest in the 'COGS-2 – 40% (Net)' from the list above, you will have chosen an NPF of 40% (which means that the PPF is 120%). Based on an investment of £10,000 (Amount Allocated), the table below shows examples of the amount that will be available at the Maturity Date.

Amount available on Maturity Date = Amount Allocated + [Percentage growth x Participation Factor x Amount Allocated]

Index at start	Index after five years	Percentage growth	Participation Factor NPF	Participation Factor PPF	Amount available on the Maturity Date
5000	2500	-50%	40%	-	£8,000
5000	4000	-20%	40%	-	£9,200
5000	4800	-4%	40%	-	£9,840
5000	5200	4%	-	120%	£10,480
5000	6000	20%	-	120%	£12,400
5000	7500	50%	-	120%	£16,000

Suitability

This investment is suitable for those who are already invested in the UK stockmarket (and intend to stay there for the next five years). These investors understand its risks, but would like to reduce the level of possible negative returns and/or increase the levels of possible positive returns. Alternatively it might suit a new investor, with a five year time horizon, looking for a stockmarket investment with some degree of protection against market falls.

Key information

Minimum Investment	£5000	The minimum investment into COGS-2 is £5000. For additional investments, you will need to complete a separate Application Form.
Index	FTSE 100	The performance of this index will determine your investment performance.
Offer period	14 June - 23 July 2010	This is the period when you can put money into this investment. The final date to invest in COGS-2 is 23 July 2010. From the date of your investment up to 30 July 2010 monies will be held in the Cash Holding Fund. We reserve the right to close or withdraw this Structured Investment before the end of the offer period.
Strike Date	30 July 2010	The closing level of the Index rounded down to the nearest point on this day (the Strike Level) will be the starting point and we will measure the index performance against this starting level.
Final Date	12 August 2015	The closing level of the Index rounded down to the nearest point on this day (the Final Level) will be measured against the Strike Level to determine the performance of your investment.
Maturity Date	19 August 2015	This is the day that the investment will mature. You can choose to reinvest the proceeds or withdraw the funds from the product the business day following the Maturity Date.
Counterparty	London International Financial Futures and Options Exchange (LIFFE)	This is the exchange from which we will buy the assets to meet your payout. However Alico Wealth Management guarantee your selected return even if the Counterparty goes bankrupt.

How to invest

Within the product application form under the Investment Choices section, there are specific spaces for Structured Investments. Please detail the type of COGS-2 that you would like to invest in from the list on the previous page.

Important points

1. Your capital is at risk as investment performance may vary significantly.
2. This investment is intended to be held until the Maturity Date. If you exit from this Structured Investment before the Maturity Date you will forfeit the link to the index. Your surrender value will take into account the charges for the full period, together with the fact that we use the market value of the assets to determine what you get back. Your surrender value will depend on the participation factors you have chosen. Alico reserves the right to decline a request for early surrender where it is difficult or impossible for the Company to realise assets held as reserves in respect of the Structured Investment at an acceptable price or at all.
3. You may get back less than you invested if you exit this investment prior to its Maturity Date.
4. Tax rules may change and this may mean you have to pay more tax than you expected. Tax treatment depends on individual circumstances and may be subject to change in the future.
5. Unlike other investments in FTSE 100 related assets, this investment does not pay dividends and the terms we offer take this into account. You should remember this when comparing this investment with other assets.
6. Unless you have chosen the 0% NPF option, you will lose part of your investment if the index falls in relation to your chosen NPF. You could lose a large part of your investment if the index falls substantially.
7. Once we have received your completed Application Form, you will not be able to change your Participation Factors.
8. A Structured Investment holding may not be partially encashed. If you wish to leave a Structured Investment before the end of its investment period, you must surrender your full holding of the investment.
9. An indicative early surrender value can be obtained by contacting us. Any early surrenders will usually be processed on the Wednesday after receiving instructions. The first opportunity you will have to cancel or surrender from COGS-2 will be Wednesday 4 August 2010.
10. The Asset Charge that applies to COGS-2 has been taken into account when setting up the returns available.
11. Ongoing Adviser Remuneration will not be available from this Structured Investment.
12. COGS-2 is available to all the products within the Select Portfolio. Please note that the COGS-2 – 0% (Gross) is not available within the ISA.
13. Please don't forget that inflation will reduce what you could buy in the future with the amounts shown.