

Lanson International Growth Fund

Isle of Man product and fund range

August 2006

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A Broker Fund is an investment fund to which the value of a life assurance policy may be linked, the value and performance of the investment fund is determined by the investment decisions of an independent financial adviser.

The **Lanson International Growth Fund** is a Broker Fund administered by Friends Provident International Limited and managed by Lanson Financial Limited. The investment returns of the fund will depend entirely upon Lanson Financial Limited, who have full discretion to advise on the investment strategy of the Fund.

The Lanson International Growth Fund

The Fund is an actively managed global fund of funds and seeks medium term capital growth through investments in a concentrated portfolio of offshore mutual funds whilst having the protection and security of proprietary stop loss systems which aim to protect capital in the event of stock market downturns. In certain circumstances the stop loss system may not be appropriate so another investment management technique may be employed.

Fund Objective

The objective is to maximise growth and then to protect the gains in future market downturns wherever possible.

The Fund has access to over 8,500 mutual funds in addition to the range of Friends Provident International offshore mirror funds. The Lanson Financial fund management team review their fund selections regularly to ensure that they are invested in funds with high growth potential. To ensure diversity the fund universe is sorted into different regions and then Lanson Financial's fund management models are used to select the most appropriate funds that are showing the fastest growth, or have high growth potential, from the top 4 or more regions. The fund analysis and selection is conducted regularly and the investments are monitored using Lanson Financial's stop loss management techniques. The Lanson Financial fund managers invest in a range of asset classes, primarily international equity and bond funds which are showing high rates of growth relative to their peer group. These funds may concentrate on single countries, geographic regions, market sectors or themes.



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Reviews

Each fund held is reviewed regularly to ensure that:

- it is performing relative to all sectors;
- the fund manager and investment objective have not changed;
- the fund management group is a top performer.

Where a fund no longer qualifies it is removed and replaced by a suitable fund.

Stop Loss

The value of assets within the fund is monitored daily and if a fall takes place any affected investment may be sold and the proceeds placed into a deposit fund to avoid continued falls and minimize losses.

What is Stop Loss?

The performance of the selected funds is monitored daily and if a fund drops by more than a predetermined amount, Lanson switches out of this fund and puts the investment into a fixed deposit fund to ensure that there are no further losses in value. After the market moves up by a predetermined amount, the investment is switched back into the fund. In this way major downturns can be avoided and when markets correct the fund can re-enter at a lower level. The predetermined stop loss and start gain amounts vary from fund to fund depending on fund characteristics. In determining each fund's specific entry and exit points Lanson has conducted significant research on existing and past daily data to elicit the underlying fund's specific characteristics. In this way optimum entry and exit indicators are established. Once established each fund is periodically reviewed to monitor any change in characteristics.

Performance

The performance of the Fund may be compared on an ongoing basis against the benchmark of the MSCI World Total Return Index. The price of units is not guaranteed and can fall as well as rise.

Security

Friends Provident International Limited own all of the assets held in the Lanson International Growth Fund. Investors in the Fund will receive the protection of the Life Assurance (Compensation of Policyholders) Regulations 1991.

Fund Prices

The valuation of the Fund assets on which the price of units is based will normally take place on Thursday each week. Fund prices are available at any time either from Lanson Financial or Friends Provident International Limited.

Charges

In addition to the standard charges outlined in the product brochure the investment manager will receive a fund management charge of 0.5% per annum, plus a performance related fee which will be calculated on the relative performance of the fund against its benchmark and is equivalent to 20% of new profits above the benchmark (which is rebased annually). The fees are liable to VAT and will be debited weekly in arrears from the assets of the Fund.

Fund Report

A six monthly fund report is available from Lanson Financial Limited.

Lanson Financial Limited is an independent financial adviser. As such, it may recommend policies from a range of life assurance companies to its clients. Lanson Financial Limited acts on behalf of its clients and does not act as an agent of FPIL.



Lanson Financial Ltd
<http://www.lansonfinancial.com>

The rules and regulations made by the Financial Services Authority under the Financial Services and Markets Act 2000 for the protection of investors may not apply. Holders of policies issued by the Company will not be protected by the Financial Services Compensation Scheme if the Company should become unable to meet its liabilities to them.

Policyholders will receive the protection of the Life Assurance (Compensation of Policyholders) Regulations 1991 of the Isle of Man.

This document should be read in conjunction with the current product brochure

Fund prices may go down or up depending upon investment performance and past performance is not necessarily a guide to future performance. All fund performance quoted is net of all fund charges. Please note that securities held within a fund may not be denominated in the currency of that fund and, as a result, fund prices may rise and fall purely on account of exchange rate fluctuations.

Stop loss may be suspended in certain market conditions.

The unit-linked products through which you may invest in these funds are not designed for early surrender and a discontinuance charge may be applied. These funds are intended for medium to long-term investment.

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Authorised by the Isle of Man Insurance & Pensions Authority and
regulated by the Financial Services Authority for the conduct of
investment business in the UK. Provider of life assurance and
investment products.

The rules and regulations made by the Financial Services Authority for
the protection of investors will not normally apply to persons resident
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