

# Executive Investment Bond



Award-winning service  
Investment discounts

Your guide

The leader in MultiManager investment

Royal  Skandia

## Executive Investment Bond

### **Combining investment freedom with tax-efficiency**

Paperwork can be a tedious and time-consuming task when managing a diverse investment portfolio. With an Executive Investment Bond, Royal Skandia takes care of all this by wrapping all of your assets together within the Bond and managing the paperwork on your behalf. You can take advantage of Royal Skandia's buying power and excellent relationship with its fund managers by receiving reduced stockbroking fees and substantial initial discounts. As the Executive Investment Bond is an investment portfolio held as a life assurance policy, it can also help you maximise tax-efficiency. It really is the ideal investment bond for the experienced investor.

## Making the right choice

### **Choose Royal Skandia**

Choosing Royal Skandia gives you the confidence you have invested your money wisely.

Royal Skandia is part of Skandia Insurance Company Limited which is the largest unit-linked company in the world. With Skandia's corporate strength you know your money is in safe hands. Add to this Skandia's experience in the unit-linked market and your money has an excellent opportunity for capital growth.

Understanding and meeting the needs of investors like yourself is a top priority at Royal Skandia. With this in mind Royal Skandia's range of tax-efficient investment plans provide you with an unbeatable combination of excellent investment choice, value for money, flexibility and first class service.

Skandia was established in 1855 and has grown rapidly worldwide. Today it has operations in over 20 different countries and has assets in excess of £69 billion. This success is reflected by Royal Skandia which has over £3.3 billion assets under management clearly showing the confidence investors worldwide have in choosing Royal Skandia.

## Creating greater wealth

As an investor with a large amount of capital to invest, you have the opportunity to spread your capital across a wide range of investments worldwide to provide even greater personal wealth. A diversified portfolio of assets means that you can develop an investment strategy to suit you.

However, you may have already discovered that building and administering your own portfolio can be time consuming, stressful and often a costly experience. As well as having to consider which assets, funds or stocks to buy you have to keep up with the paperwork as well. Better investment deals are often available if you only had greater buying power.

On top of all this you have to consider all the legal and taxation complications particularly if you wish to invest in foreign securities or funds, or you live in a country which seeks to tax your investment profits.

## Solving the investment challenge

Many of these problems can be reduced by investing your portfolio of assets in the Executive Investment Bond. The advantages include:

- convenience of holding all your assets in one portfolio
- reduced stockbroking fees
- significant initial discounts from fund management groups
- award-winning administrative support
- opportunities for greater tax-efficiency
- ability to transfer in existing quoted shareholdings
- almost total investment freedom
- flexibility to change your investment portfolio at any time
- easy access to capital
- regular income facility
- option to provide additional life cover.



## Addressing your needs

The Executive Investment Bond allows you to hold all your assets in one portfolio, with the flexibility to move assets into different markets whenever you choose. You have the ideal opportunity to achieve excellent capital growth with the minimum of fuss.

We are part of the largest unit-linked company in the world, offering a stable and secure financial environment and, as we are based on the Isle of Man, your investments also benefit from tax-efficient growth.

Our award-winning service and administrative support team will keep you regularly updated and will act on your investment instructions, quickly and effectively.

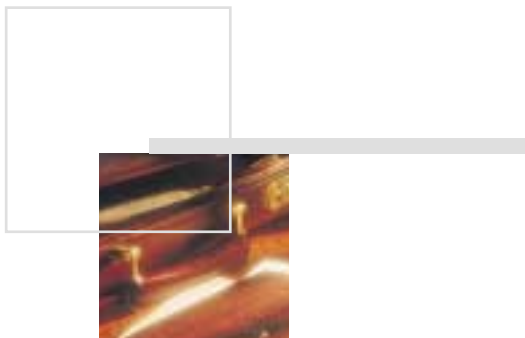
Our size and close relationship with stockbrokers and other groups within the financial sector means we are able to obtain substantial initial discounts for investments into offshore funds and authorised unit trust investments. These initial discounts are passed directly onto YOU. We have also obtained competitive stockbroking charges which mean that deals can be placed at reduced rates.

You can be certain that we aim to obtain the best deals and that your investments are backed by experienced staff, looking after all your administrative needs.

## Managing the portfolio

### Why appoint an investment adviser?

The ability to structure an investment portfolio to satisfy your personal investment objectives requires careful planning, prudent stock selection and a knowledge of the world's investment markets. If you do not have the time to keep up to date with this because you want to enjoy life, or want to take the stress out of choosing your investments, then you can appoint a professional fund adviser to do this for you. We will deal with them directly making life easier for you. The choice is yours.



## Investment freedom

### Giving you the chance to seize investment opportunities

To tailor your portfolio to your needs we offer you a wide range of investments to choose from. Your portfolio can be made up of any of the following:

- stocks and shares or fixed interest securities quoted on a recognised stock exchange
- any offshore fund or authorised unit trust agreed by Royal Skandia
- eurobonds and various currency deposits
- our own range of unit-linked managed, sector and specialist funds.\* Managed by internationally recognised investment fund management groups, carefully selected on the basis of their award-winning performance and expertise in particular investment markets.

We also provide Deposit and Building Society funds which may be used to secure any gains or to adopt a more cautious approach.

The minimum value of each asset holding within the Bond is £5,000 or currency equivalent.

\* Details of our full range of investment funds and fund managers are available in the brochure 'Superior Offshore Investment' and the 'Fund Performance Summary', plus on our web site at [www.royalskandia.com](http://www.royalskandia.com).

It is advisable to maintain at least a small part of your account in cash (in the chosen Bond currency) so that money is readily available to meet Bond charges or withdrawals. (Your account will be credited with deposit interest where the cash balance is above our specified minimum. However, if there is insufficient cash to cover Bond charges, your account may become overdrawn and overdraft interest may be incurred.)

## How the Bond works

The Executive Investment Bond combines the flexibility of a personal investment portfolio, with the tax-efficiency of a Royal Skandia whole of life policy.

Once you have chosen your investments, we can arrange for the transactions to take place, and sort out all the administration and paperwork. You can relax in the knowledge that your investments are in safe and experienced hands, working hard for your benefit.

All the assets within your Bond, either the units in collective investment schemes or the stocks, shares and securities, are legally owned by us. They are held on our behalf by a custodian trustee. Your Bond will operate through an 'investor's account', which is notionally divided into units. These are allocated to your account at a price determined by us and are based on the value of the underlying assets.

We have many years' experience in servicing the needs of investors who have purchased Executive Investment Bonds. We have the reputation for providing an unbeatable dealing administration service and have won many service awards over the years.

### Quarterly valuations

Each quarter we will provide you with an in-depth valuation statement. This valuation will keep you informed of the Bond's progress, providing full information on asset movement, income accrual, cash withdrawals and charges.

### Minimum contributions

Minimum Investment	Minimum Additional Investment
£	£
50,000 (or currency equivalent)	5,000 (or currency equivalent)

Additional payments can be added to your investment at any time while the Bond is in force.

You can invest and denominate your Bond in a range of different currencies, some of which include:

- Sterling (GBP)
- US Dollar (USD)
- Euro (EUR)
- Swedish Kronor (SEK)
- Japanese Yen (JPY).

## Competitive choice of charges

Royal Skandia offers you a choice of competitively priced charging structures, enabling you to tailor the Executive Investment Bond to suit your individual circumstances. Your professional financial adviser will provide you with details.

## Access to capital

Your investment is automatically split into a number of separate policies. Each policy can then be partially or completely encashed without cancelling the entire Bond. The cash amount can be paid out in any major currency of your choice.

You can also take regular withdrawals to provide an income, perhaps on a monthly or annual basis. Your professional financial adviser will be able to advise you on the suitability of this option.

An Early Withdrawal Charge may apply to your withdrawal, income payment or full or partial surrender. Details are available on request from your professional financial adviser.

## Peace of mind

### **Protection for your dependants**

The Executive Investment Bond automatically provides a death benefit of 101% of the encashment value of the Bond. You can also build in additional life cover appropriate to the level of protection your family and dependants will need, subject to underwriting.



## Questions & answers

### **Who can take out a Bond?**

As long as you are aged between 18 and 89, and not a resident of the Isle of Man, you have the opportunity to take out an Executive Investment Bond. Before applying, you should consult your professional financial adviser about your own individual position.

### **Can I transfer my existing shareholdings into the Bond without having to sell them?**

YES, as long as the shareholdings are acceptable forms of investment, we will transfer them directly into your portfolio, saving time and expense. Simply complete 'Application Form No. 2 Share Exchange Scheme'.

### **Can the Bond provide me with a regular income?**

YES, you have the option of taking withdrawals at regular intervals, providing a steady source of income.

### **What type of investments can I hold within the portfolio?**

We endeavour to offer you the widest possible range of assets to choose from. However, certain classes of assets cannot be held within a Royal Skandia policy. These restrictions are made for administrative and/or regulatory reasons and do not reflect any guidance on risk or potential performance. Examples of assets which may not be acceptable include derivatives, commodities, property, precious metal or coins and works of art. If in doubt, please refer to your professional financial adviser.

### **Can I have a debit card linked to my Bond?**

YES, we have an arrangement with Lloyds TSB Bank and Singer & Friedlander in the Isle of Man where you can open an account with them. You use the money in the account as and when required. When the account is reduced to a level agreed by you, we will top up the cash amount by selling some of the assets held within your Bond. Please contact your professional financial adviser or your closest Royal Skandia office for information on this scheme.

### **When can I expect to receive my quarterly valuation?**

You can expect to receive your valuation within two weeks of the normal valuation date. If you are using a nominated third party (eg your bank) you will normally receive the valuation within four weeks.

The valuation dates are 31 December, 31 March, 30 June and 30 September.



## The Isle of Man

### **Tax-efficiency and security combined**

The Isle of Man is an established offshore investment centre with a stable and independent legal, political and regulatory framework.

From 1997 through to 2001 the Isle of Man was voted 'Best Offshore Centre' at the International Money Marketing Awards, showing that it is an excellent place for your money.

## Unique policyholder protection

### **How does the Isle of Man compare?**

Of all the major offshore centres, including Guernsey, Jersey, Dublin and Luxembourg, ONLY the Isle of Man has a statutory compensation scheme for offshore life assurance companies. The Island's system operates globally, covering investors no matter where they reside. This means that investors benefit from unrivalled protection.

This compensation scheme is as a result of the Life Assurance (Compensation of Policyholders) Regulations 1991, which protects all investors whose policies are effected on or after 1 February 1991.

## How is the policyholder protected?

- Investors in policies issued by Isle of Man authorised life assurance companies are protected worldwide.
- In the unlikely event that a company is unable to meet its liabilities, the policyholder will be protected by this compensation scheme.
- The compensation scheme offers investors up to 90% of the value of their policies. There is no upper monetary limit.

Holders of policies issued by Royal Skandia will not be protected by the UK Financial Services Compensation Scheme.

## Further information

The Executive Investment Bond provides a tax-efficient and flexible vehicle for investors to create a truly personal portfolio for their capital to grow. This brochure has introduced some of the benefits, however, before making an application you should read and carefully consider all other literature on the Executive Investment Bond. In particular you should note that the contract that you will be entering into by completing an application form will be subject to the laws of the Isle of Man and that the policy terms and schedules will be in the English language.

Investors must make their own investment decisions, in conjunction with their professional financial adviser. Royal Skandia will accept no responsibility for the performance of assets chosen. The tax treatment of cash withdrawals and profits made from your Bond will depend upon the tax rules that apply in the country where you are resident for tax purposes. You should check your position with your professional financial adviser. Residents of the United Kingdom should be aware that this type of Bond is subject to tax under the Personal Portfolio Bond (Tax) Regulations 1999 and is taxed each year on a deemed gain equal to 15% of the premium compounded. This tax charge may be in addition to any tax charge on a 'chargeable event'.

When you are ready to proceed with the application, you should complete the necessary forms, being careful to include all relevant information. Royal Skandia will issue an acceptance letter followed by policy terms and schedules, the formal record of the Account (copies of the policy terms are always available). You may wish to trace movement in the value of units of your selected funds in the financial press - your professional financial adviser will explain how to do this.

This document is based on Royal Skandia's interpretation of the law and Isle of Man Treasury practice at February 2002. While the interpretation is believed to be correct, Royal Skandia can give no guarantee in this respect or that tax reliefs and tax treatment of investment funds will remain the same in the future. The value of any tax reliefs will depend on individual financial circumstances.

The rules and regulations made by the FSA under the Financial Services and Markets Act 2000 for the protection of investors may not apply to persons outside the UK.

Past performance is not necessarily a guide to future performance, and the value of unit-linked contracts is not guaranteed as the prices of units may fall as well as rise. Where a fund holds investments in another currency, there may be additional risks because of exchange rate fluctuations.

[www.royalskandia.com](http://www.royalskandia.com)

This piece of literature is available on the Royal Skandia Web Site.

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Member of the Association of International Life Offices Authorised by the FSA

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