

what are the charges for your investment?

When you make an investment on the Skandia Investment Solutions platform there are three main parties involved, in addition to you as the investor. There is Skandia – the provider of the platform and the plan you are investing in; the managers of the funds you choose; and your financial adviser.

The purpose of this document is to explain the roles of each of them and what charges are applicable, depending on the kind of investment you are making and the terms you have agreed with your financial adviser.

For specific details of how much the charges will be in your own case, please refer to your personalised [Key Features Illustration](#).

Who is involved and what do they do?



Skandia – we are the providers of the account, pension or bond you are investing in. This involves setting up and administering your investment and the provision, monitoring and maintenance of the range of funds available for you to choose from. We also provide the platform that gives you and your financial adviser a variety of online facilities for managing your investments and your choice of funds.



Fund managers – the managers of the funds you and your financial adviser have chosen are responsible for creating and managing the funds; researching, selecting and buying the investments that make up the funds; and additional administrative duties such as appointing trustees and auditors.



Your financial adviser – the role of your financial adviser is to understand your financial goals, assess your attitude to risk and recommend suitable investments. They will also agree with you when they will review the performance of your investments and recommend any changes that may be necessary, such as changing your fund selection – a process known as 'fund switching'.



Skandia charges

As well as the standard Investor Charge, which applies to all investors on the platform, there are some additional charges that apply to investors in the Collective Investment Bond (CIB), the Offshore Collective Investment Bond (OCIB) and the Collective Retirement Account (CRA).

Investor Charge

We currently make an Investor Charge of £26.16, increasing to £34.25 on 14 June 2011 deducted from the first investment into a plan and then is payable every six months from the date that you took out the policy, which covers all products you hold individually on the platform. If you hold a product jointly, a further Investor Charge may apply. Every April, this charge will increase in line with the increase of the Average Weekly Earnings Index* over the previous year.

The charge is taken by cashing in units from your largest fund holding by value in one of the following products, in this order: Collective Investment Bond, Collective Retirement Account, Collective Investment Account, ISA (formerly PEP), ISA.

This charge does not apply if you only hold an Offshore Collective Investment Bond on the platform or if the only investments you hold with us are ones that have been re-registered to our platform.

Charge applicable only to the Collective Investment Bond:

Taxation Charge

As the bond provider, we are taxed by HM Revenue & Customs on taxable income and gains arising from the investments we make on your behalf. We make charges to your bond based on the estimated tax liability to us as a result of your investment and transactions.

Charges on gains will be calculated when units are sold to pay for withdrawals (including at death), charges or switches. Charges may also arise on fund income distributions. The taxation charge is additional to the Investor Charge above. For more information on this please see our [Collective Investment Bond Terms and Conditions](#).

Charges applicable only to the Offshore Collective Investment Bond:

Annual Charge – an annual charge is deducted on a monthly basis. It is calculated as a percentage of the value of units at the start of each month. The level charged, shown in the table below, takes into account the total value of your policies if you were to sell them (also called the 'bid' value).

Total value of Offshore Collective Investment Bond	Annual Charge
First £15,000	0.70%
Next £25,000	0.30%
Over £40,000	0.15%

Charge applicable only to the Collective Investment Bond and Offshore Collective Investment Bond:

Death Benefit Charge for Capital Protected Death Benefit – if you apply and are accepted for this option, we will make a charge based on the difference between the value of the death benefit and 101% of the value of the bond. This charge is made monthly by cashing in units. Charges vary according to your age and sex. For more information on this charge please see the [relevant Terms and Conditions](#).

Charge applicable only to the Collective Retirement Account:

Withdrawal Charge – if you choose to receive an income as a result of taking a drawdown pension, a charge of £55.38 each year will be made to your account. The charge is taken in two equal parts on a six-monthly basis by cashing in units from your largest crystallised fund. The first instalment will be taken following your first income withdrawal, normally on the next working day. This charge will be increased each year on 1 April, in line with the rise in the level of the Average Weekly Earnings Index over the previous year.



Fund Manager Charges

You don't pay fund manager charges as an actual monetary amount. Instead, the charges are reflected in the daily price of units, set by the fund manager, in each of the funds you have chosen to invest in. As unit prices change, the new price includes the fund manager charges for the relevant period. The charges differ from fund to fund.

The charges specific to the funds you have chosen are shown in your personalised [Key Features Illustration](#).

Some funds, mostly unit trusts, are known as dual-priced funds. These have a structure that involves separate prices for when you sell and buy units, known as the 'bid' and 'offer' prices respectively. The difference between them is known as the 'bid/offer spread' and covers the fund manager's expenses. Other funds, usually OEICs, are known as 'single-priced funds' – this means there is no difference between the buying and selling prices.



See your platform and investment guide for more information about this and ask your financial adviser about the effect these different pricing structures might have on the charges for the funds you have chosen.

In certain circumstances, to prevent large purchases or sales from adversely affecting the value of the fund, fund managers may adjust unit prices to protect the interests of existing investors.

Annual Charge

The annual charge made by fund managers is based on the costs they incur in running the fund. This cost, known as the 'Total Expense Ratio' (TER), is a combination of an amount known as the 'Annual Management Charge' (AMC), typically between 1% and 1.75% of the fund value, and additional expenses such as audit fees, registrars fees, trustee and depository fees necessary for running the fund, typically between 0% and 0.5%. The average TER for all our funds was 1.69% as at 31 July 2010.

For fund-by-fund details of the AMC and TER, see the [Funds List](#).

Due to our scale and buying power, we have been able to negotiate favourable terms with fund managers. As a result, investors on our platform do not pay the initial charge normally applied every time a fund investment is made. We have also negotiated that fund managers repay to us a proportion of their annual charge (known as a rebate). We use this rebate in part to pay any ongoing Fund-Based Trail Commission that you have agreed with your financial adviser (see financial adviser charges below). The amount of the rebate varies from fund to fund and can vary over time. As at 31 July 2010 the amounts we receive vary between 0% and 1.24% of the fund value.

Further information about the rebates we receive from fund managers is available on request from our helpdesk on **08456 410410**.

Commission options available to pay your financial adviser

To give you and your financial adviser freedom to agree how they should be paid for their advice, we provide a range of options. You can, if you wish, specify different methods of payment for different types of investments that you hold on the platform. The options are as follows:

Initial Commission Options

Either	Or
<p>Initial Charge</p> <p>We deduct up to 4.5% from each payment before investing in your chosen funds and pay that deduction as Initial Commission to your financial adviser.</p>	<p>Phased Initial Charge (not available on the ISA or Collective Investment Account)</p> <p>This means your full payment is used to purchase units in your chosen funds and then we take the Phased Initial Charge of up to 5.625% of the amount invested, taken over each of the following 60 months by cashing in units. This charge is based on 1.25% x Initial Commission.</p> <p>We will pay your financial adviser a maximum of 4.5% commission under this option</p>

Trail (ongoing) Commission Options

Either	Or	And/Or
<p>Fund-Based Trail Commission</p> <p>We pay this to your financial adviser monthly from a rebate we receive from the fund manager's AMC. It does not represent an additional cost to you. More information on this can be found in the fund manager charges (see above). The amount varies between funds.</p>	<p>Nominated Trail Commission</p> <p>This is a fixed percentage rate of up to 1.5% of the value of the particular investment. The amount paid is inclusive of the Fund-Based Trail Commission level. If the nominated amount exceeds this level, we will charge you by cashing in units each month to meet the difference. Where the selected level of Nominated Trail Commission is less than the level of Fund-Based Trail Commission from your funds, we will reinvest the difference into your account/bond.</p> <p>ISA only: The minimum level of Nominated Trail Commission which can be paid for ISAs is 0.5%. For all other products the minimum level is 0%.</p>	<p>Switch Commission Charge</p> <p>Although there is no Skandia charge for switching you can agree to pay your financial adviser commission each time you request a fund switch (known as a Switch Charge). You can agree a charge of up to 3% of the cash value of the sale. This is deducted from the sale proceeds before the new fund is purchased. There is no switch charge when funds are switched as part of portfolio rebalancing.</p> <p>Collective Investment Bond only: Any fund manager charges, as described in the fund manager charges section above, and taxation charges for the Collective Investment Bond (see Skandia charges) will also apply on switching.</p>

Your financial adviser will provide you with confirmation details for the level of payment agreed between you. This will also be shown in your personalised [Key Features Illustration](#).

www.skandia.co.uk

A Member of the  **OLD MUTUAL** Group

Calls may be monitored and recorded for training purposes and to avoid misunderstandings.

Skandia provides you with access to its investment platform, known as Skandia Investment Solutions. Within this platform you can open an ISA and Collective Investment Account provided by Skandia MultiFUNDS Limited, a Collective Retirement Account and Collective Investment Bond provided by Skandia MultiFUNDS Assurance Limited and an Offshore Collective Investment Bond, distributed by Skandia MultiFUNDS Limited but provided by Old Mutual International (Guernsey) Limited.

Skandia MultiFUNDS Limited and Skandia MultiFUNDS Assurance Limited are registered in England & Wales under numbers 1680071 and 4163431 respectively. Registered Office at Skandia House, Portland Terrace, Southampton SO14 7EJ, United Kingdom. Both companies are authorised and regulated by the Financial Services Authority. FSA register numbers 165359 and 207977 respectively. VAT number 386 1301 59.

When printed by Skandia this item is produced on a mixed grade material, which uses a combination of recycled wood or paper fibre from controlled sources and virgin fibre sourced from well managed, sustainable forests.

SK7402/211-1045/April 2011