



Skandia Shield Fund – important information for Skandia Life investors

Please read this information sheet together with **'the Skandia Shield Fund – protecting your investment' brochure**. For more information on Skandia Life unit-linked funds please read **'skandia's guide to investing in our unit-linked funds'**.

When you invest in a Skandia Life product, your policy value is derived from the performance of unit-linked funds which invest in collective investment schemes such as unit trusts. Collective investment schemes pool investors' money and invest it in a variety of assets, such as gilts, bonds, shares, and property. These assets are known as 'underlying funds' or 'underlying assets'. In this case, the underlying fund is the **Skandia Shield Fund**.

A Skandia Life investment will differ to a direct investment in the **Skandia Shield Fund**. This document aims to summarise how this will affect the performance of your investment and to answer any questions you may have.

Where is my money invested?

Your money is invested in a unit-linked fund, set up by Skandia Life Assurance Company, which invests in the underlying **Skandia Shield Fund**. This fund is called the **Skandia Life Shield Fund**. You are not therefore investing directly in the **Skandia Shield Fund**.

Will I benefit from the protection offered by the Skandia Shield Fund?

The units you own in the **Skandia Life Shield Fund** are **not themselves protected**. When you sell them however – and the **Skandia Life Shield Fund** sells units in the underlying **Skandia Shield Fund** to pay you – those units will benefit from the protection. This is because each unit of the underlying **Skandia Shield Fund** cannot fall below 80% of the highest price they have ever achieved. It is important to note that because you are not invested in the underlying **Skandia Shield Fund**, the amount you receive back may be less than 80% of your initial investment.

Are the prices of both funds the same?

The prices of the underlying **Skandia Shield Fund** and the **Skandia Life Shield Fund** will be different. This is because of the product charges, taxation adjustments and the investment process that affect the price of **Skandia Life Shield Fund**. For more information please read **'skandia's guide to investing in our unit-linked funds'**.

Are there different buying and selling prices for my Skandia Life investment?

It depends on the Skandia Life product you are investing in.

If it is an 'initial priced' product like a life plan, bond or initial priced pension, there are different prices for buying and selling units in the **Skandia Life Shield Fund**. These are known as the 'offer' (buying) and 'bid' (selling) prices.

When you first invest into an initial priced Skandia product you are allocated units at the 'offer' price of the unit-linked fund and thus pay the initial charge. Any subsequent valuation, switch, withdrawal or sale of units within that product is carried out at the 'bid' price. This means that you only pay the initial charge once – when new money is invested.

If you invest into a 'single priced' product, such as a Series 6 pension, the same price applies whether you are buying or selling units in the **Skandia Life Shield Fund**, and product charges are taken via unit deductions.

Will the performance of my Skandia Life investment be different from that of the Skandia Shield Fund?

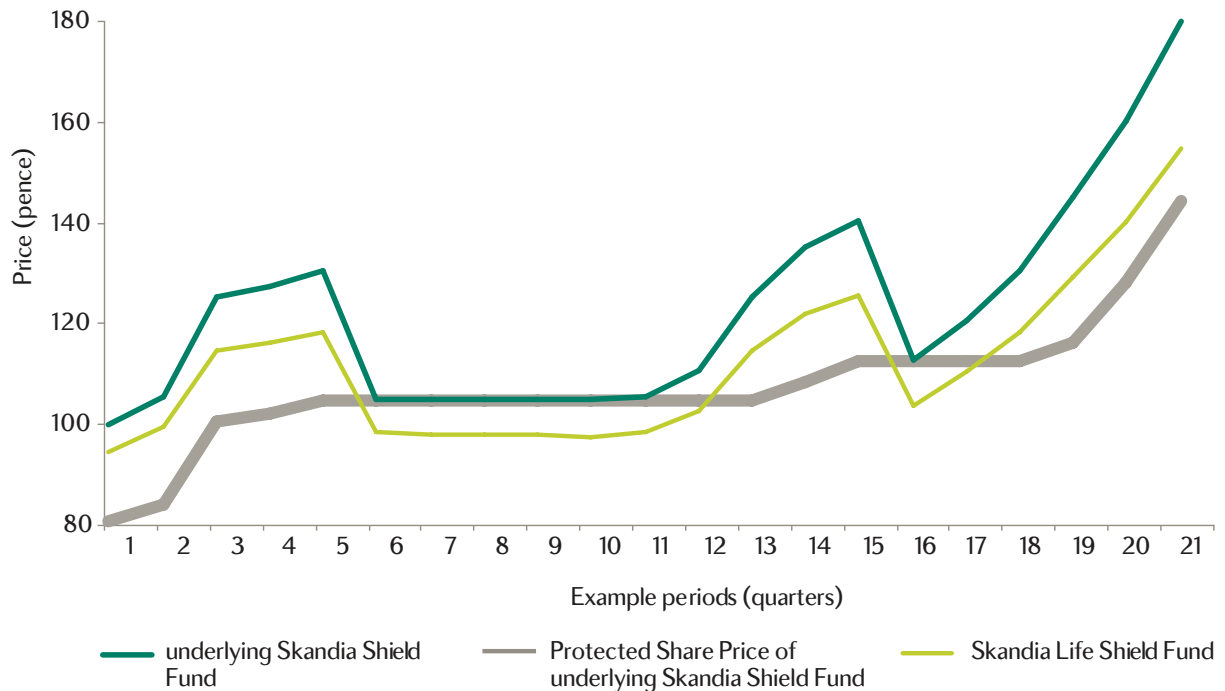
The **Skandia Life Shield Fund** will perform broadly in line with the underlying **Skandia Shield Fund** in which it invests. If the value of the underlying fund rises or falls, so will the value of the **Skandia Life Shield Fund**, however its performance will not be exactly the same because of the factors mentioned above. (See chart below).

The unit price of the **Skandia Life Shield Fund** will be generally lower than the underlying **Skandia Shield Fund** because of the Skandia Life charges and adjustments. As these are taken throughout the life of your investment, the difference in unit price between the two funds will widen over time. One consequence of this is that if the price of the underlying **Skandia Shield Fund** were to stay the same for some time, the difference in performance between the **Skandia Life Shield Fund** and the underlying **Skandia Shield Fund** would continue to widen.

Illustrative example of potential differences

The chart below shows a hypothetical five-year investment period, showing the underlying **Skandia Shield Fund** and its Protected Share Price, alongside the **Skandia Life Shield Fund**. This example is only to illustrate the potential differences between the two funds which in practice may be larger or smaller than shown.

The underlying **Skandia Shield Fund** is shown as having a price of £1 at the beginning of period 1. The buying or 'offer' price of the **Skandia Life Shield Fund** is £1 at the beginning for period 1, meaning that the selling or 'bid' price is 95p, as shown. This accounts for the difference in value at the outset.



This chart is not intended to show actual past or anticipated future performance.

For further information on Skandia's fund pricing process and approach to managing the Skandia Life fund range, please read [skandia's guide to investment in our unit-linked funds](#).

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