

investing for  
growth with the  
managed capital  
account



# investing in your financial future

At Royal Skandia we understand that our customers want to have a secure financial future but may want to take a simplified approach to investment.

That is why we have designed the Managed Capital Account. It is a simple medium-term investment plan particularly suited to you if you have a lump sum of at least £10,000(\$15,000/€15,000) to invest. It gives you easy access to your capital at any time, including the option of taking regular withdrawals.

Through our successful MultiManager approach, the Managed Capital Account gives you access to a wide range of international, sector and specialist funds with a choice of investment objectives and risk-reward profiles. And as your financial goals change, so too can your choice of funds, simply and quickly.

Whether you are building a nest egg for the future, saving to supplement your retirement or simply taking the opportunity to build up your savings while working abroad, the Managed Capital Account could be the ideal investment opportunity for you.

# at a glance

<b>Payment term</b>	suited to medium to long term investments. There is no fixed period but a savings term of at least five years is recommended
<b>Flexible payment options</b>	lump sums: from £10,000 (US\$15,000/€15,000), then £1,000 (US\$1,500/€1,500) for top-ups regular payments: £300 (US\$450/€450) monthly, £900 (US\$1,350/€1,350) quarterly
<b>Changing Payments</b>	option to increase or decrease regular premiums, subject to the minimums at that time
<b>Choice of currencies</b>	sterling, US dollar or euro
<b>Range of payment methods</b>	cheque*, credit card, standing order or telegraphic transfer
<b>Allocation percentage</b>	100% of contributions allocated to units in your selected funds
<b>Death benefit</b>	101% of the surrender value of your account is payable on death additional life cover available on request on single life policies
<b>Tax efficiency</b>	except for certain investment income which may have a withholding tax deducted in its country of origin, your investment will grow tax free
<b>Bid-offer spread</b>	nil
<b>Annual management charge</b>	1% of the value of the selected fund(s)
<b>Establishment charge</b>	1.6% a year of the fund value. Charge deducted up to the fifth Account anniversary of each year of premiums
<b>Investment choice</b>	access to Skandia's successful MultiManager investment approach choose from any of our extensive range of Royal Skandia funds unlimited switching between funds (currently free of charge)
<b>External fund management charge</b>	the normal annual management charges and operational costs charged by the fund managers (details available on request)
<b>Maintenance charge</b>	£5 (US\$7.50/€7.50) a month if the higher of the premium paid or fund value in that month is below £10,000 (US\$15,000/€15,000).
<b>Withdrawals and surrenders</b>	easy access to your capital 10% of premiums paid each year available without early encashment charges regular withdrawals from £50 (US\$75/€75) a month available where no regular premiums are being paid
<b>Withdrawal or surrender charge</b>	early encashment charge made if withdrawals taken within five years of last premium being paid
<b>Estate and tax planning</b>	see separate brochure about the range of trusts available through Royal Skandia - <a href="#">using trusts in investment planning for the international investor</a>

\* for lump sum premiums only.

# a disciplined approach

Earning more during your working life means that you have more spare income to invest to achieve your financial goals.

You need a disciplined attitude to your savings to ensure you make the most of this opportunity and pay regularly into your account. We will continue to collect and invest your money until you tell us not to, however you should make a personal commitment to keep investing for at least five years.

Over the medium- to long-term you have a greater opportunity for investment growth.

If you want to increase or decrease your regular contributions, you can do so at any time providing your contributions do not fall below the minimum level for the frequency shown.

# getting started

The Managed Capital Account is set up with either a lump sum or regular premiums or both. You can pay regular contributions to your account based on the minimums below.

You can pay lump sums by cheque, telegraphic transfer or banker's draft, and regular premiums by standing order, credit card or telegraphic transfer.

Your account can be set up in sterling, US dollar or euro.

Frequency	To start your account			Future increase		
	£	US\$	€	£	US\$,	€
Regular						
Monthly	300	450	450	100	150	150
Quarterly	900	1,350	1,350	300	450	450
Lump sum contributions	10,000	15,000	15,000	1,000	1,500	1,500

# investing the MultiManager way

Following our successful MultiManager approach to investment, you can benefit from the expertise of some of the world's finest fund managers.

Skandia's buying power allows us to negotiate substantial initial discounts with fund management companies for investments into our range of funds, and, as a result, more of your money is invested at outset.

The Managed Capital Account gives you access to a portfolio that offers exposure to a breadth of markets, managers and asset types.

Fund managers need to be selected and monitored to ensure they remain on top of their game - and replaced when they do not.

If your clients would like us to take this task on for you, we offer the specialist services of 'managing the managers' using the skills we have built up in conjunction with our sister company, Skandia Investment Management.

Alternatively if you would prefer to select funds and fund managers yourself then we have our Self Select option, with a comprehensive choice across asset types and geographical sectors, from leading fund managers.

If you wish to change your investment approach at any time, you have the flexibility to change your choice of funds, currently free of charge.

This ensures that you are not 'locked' into the fortunes of a fund or fund management group in the future.

## using an investment adviser

Creating, maintaining and increasing your hard-earned cash is a challenging task.

Balancing the potential risks and rewards of different investments can be difficult and time consuming. Some people choose to play this role themselves, but many leave it to professionals. With the Managed Capital Account you can choose to delegate your investment choices to your professional adviser, or keep control of it yourself.

## access to your capital

The Managed Capital Account gives you access to your money whenever you need it. You can take withdrawals from your account at any time. If you make a withdrawal within five years of the last premium payment, we may make a charge.

You can however take up to 10% of the total premiums paid each year without charge. Any of this 10% allowance that is not used will be carried forward each year.

Withdrawals five years after setting up your account or five years from the date of last premium paid (whichever is the later) are entirely without penalty.

If your account is set up with lump sum premiums only, you can also choose to receive a regular monthly/quarterly/half-yearly or yearly income. The minimum withdrawal is £50 (US\$75/€75).

Tax treatment of withdrawals and profits from your account will depend on the tax rules in your country of residence. Any amount payable on death may also be taxable. Please speak with your professional adviser about the rules that apply to your circumstances.



# protection against the unexpected

Whilst building up as much capital as possible may be one of your main reasons for investing, it can be equally important to provide for your dependants when you die.

The Managed Capital Account guarantees a death benefit of 101% of the surrender value of your account free of charge.

You can also build in additional life cover - an important benefit to help with any changes to your personal circumstances - for the duration of your account.

The cost of this extra cover will be met by deducting units from the selected investment fund or funds. Your professional financial adviser will help you choose the most appropriate level of cover to suit your needs.

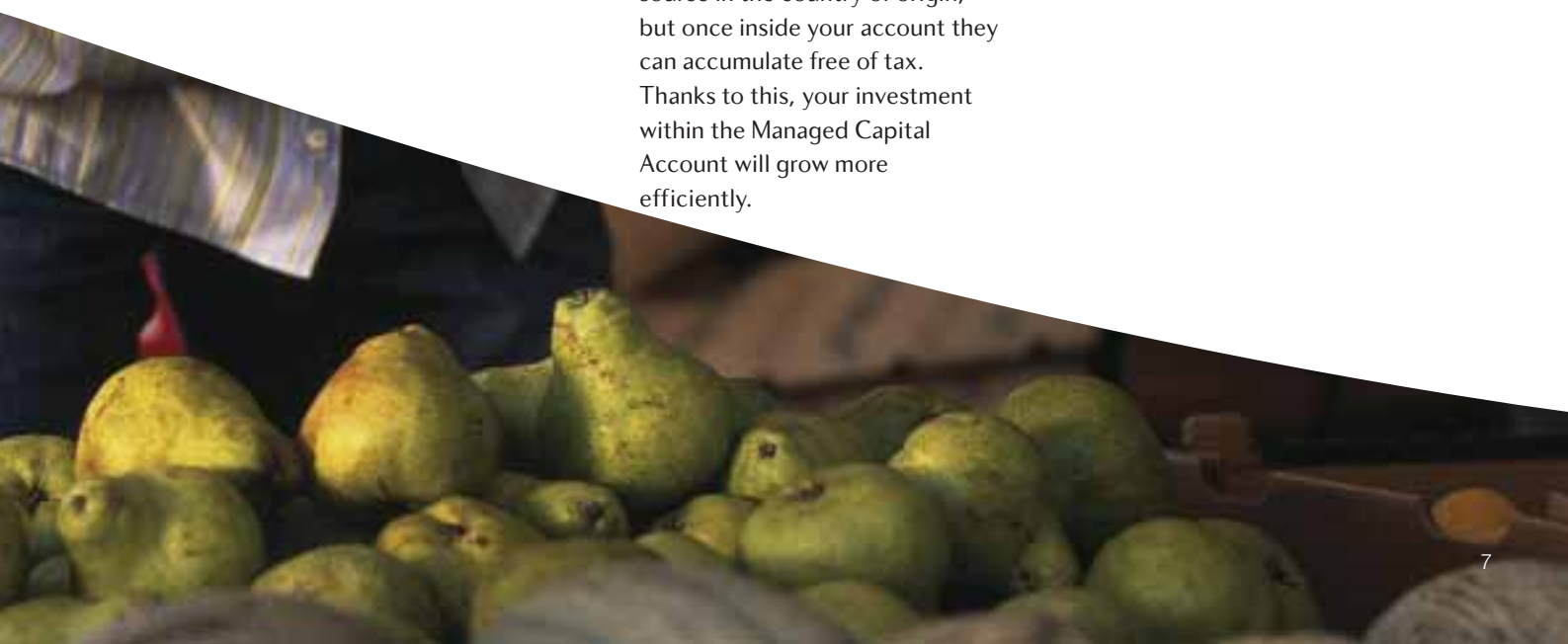
# truly tax efficient

We like to make sure you keep as much of the money from your investment as possible and structure our products to maximise potential tax advantages for you.

As Royal Skandia is located in the tax-efficient offshore centre of the Isle of Man, your investment will grow virtually tax free.

Royal Skandia is not liable to income tax, capital gains tax or corporation tax on its accountholders' funds. Some dividends may be received net of withholding tax, deducted at source in the country of origin, but once inside your account they can accumulate free of tax. Thanks to this, your investment within the Managed Capital Account will grow more efficiently.

The personal tax consequences of investing in the account will depend on many factors. You may have a personal tax liability in respect of the proceeds of the account. This will largely depend on your country of residence. It is therefore important that you seek professional guidance before proceeding with any investments.



# using your managed capital account in a trust

Royal Skandia have a variety of trusts available, which, when combined with a Managed Capital Account can provide extra value for you.

- Reduce UK inheritance tax liability.
- Control who inherits your investment, and when.
- Provide extra confidentiality.
- Avoid probate delays.

For further information about Royal Skandia's trusts, please ask Royal Skandia or your professional adviser for the brochure **using trusts in investment planning for the international investor**.

If you choose to write your account into trust, you have the option of choosing your own trustees, or appointing Royal Skandia Trust Company as independent trustees.

- No dilemmas selecting personal trustees.
- All trust paperwork dealt with on your behalf.
- Objective trustee decisions, without personal complications.
- Confidence that trust laws and provisions are not being breached.

Additional information about Royal Skandia Trust Company is available through Royal Skandia or your professional adviser in the brochure **choosing Royal Skandia Trust Company**.



# stability and security

The Managed Capital Account is designed to give your savings every opportunity for growth with security.

Royal Skandia's presence in the Isle of Man means you can be confident that your interests will be protected. The Isle of Man is an established offshore investment centre offering a politically and economically stable environment.

Of all the offshore centres – including Guernsey, Jersey, and Luxembourg, only the Isle of Man has a statutory compensation scheme for offshore life assurance companies. This means that investors benefit from unique protection.

The Island's system operates globally, covering investors no matter where they reside.

From 1997 through to 2004 the Isle of Man has been voted 'Best Offshore Centre' at the International Money Marketing Awards, showing that it is an excellent place for your money. It was also voted 'Best International Financial Services Centre' at the International Investment Awards.

## unique policyholder protection - the facts:

- 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.

# benefit from the strength and reputation of a world leader

Royal Skandia is part of the Skandia UK Group; a dynamic life assurance, pensions and investment group with extensive experience in international financial services.

Our parent company, Skandia Insurance Company Limited based in Sweden, is a world leader. Established in 1855, it is one of Europe's oldest and largest financial services companies, with operations in over 20 countries.

You can be confident that you are investing with a company that understands the needs of international investors. At Skandia we also continue to set new, higher standards to deliver ever-improving products and a wider investment choice.

Investors should be aware that the value of unit-linked contracts is not guaranteed as the prices of units may fall as well as rise. The value of funds that hold assets designated in a different currency to the fund may rise and fall purely as a result of exchange rate fluctuations.



# further information

Royal Skandia's Managed Capital Account provides you with the opportunity to flexibly invest your money into tax-efficient funds. This brochure has introduced some of the account's benefits.

When you are ready to proceed with your application, you should complete the necessary form, being careful to include all relevant information. Royal Skandia will issue an acceptance letter followed by policy terms and schedules, the formal record of your Account. Copies of these items are always available and a summary of the units allocated to your Account can be requested at any time. You may wish to trace movements in the value of units of their 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 Board of Inland Revenue practice at January 2005. While this interpretation is believed to be correct, Royal Skandia can give no guarantee in this respect or that tax reliefs and the tax treatment of investment funds will remain the same in the future. The value of any tax reliefs will depend on individual financial circumstances.

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.

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