



This document must be read in conjunction with an addendum which is appended to the final page. When printing/distributing this document, please take care to include all pages of the addendum.

skandia investment solutions

terms and conditions

for the collective investment bond

Skandia MultiFUNDS Assurance Limited will manage each policy within your Collective Investment Bond ('the Bond') according to the terms and conditions set out below (Terms) which, together with the Application form and Policy Schedule, comprise your agreement with Skandia MultiFUNDS Assurance Limited for your policies.

1. Definitions

Actuary	The Appointed Actuary to Skandia MultiFUNDS Assurance Limited in accordance with the supervision manual of the FSA handbook.
BACS	Banking Automated Clearing System.
Bond	A collection of single premium unit-linked, whole life, life assurance policies. Premiums and benefits are spread equally between the policies.
Business Day	Any day other than a weekend or Bank Holiday on which banks in the United Kingdom are open.
Company	Skandia MultiFUNDS Assurance Limited is a company registered in England as No 4163431 and having a registered office address as Skandia House, Portland Terrace, Southampton SO14 7EJ. Reference to 'we', 'us' or 'ours' shall be construed accordingly.
Cut-off Time	The Company's deadline for trade-related instructions to meet the next Dealing Point. Cut-off Times for each Fund are stated in our Funds List.
Dealing Day	Any Business Day on which a fund manager accepts trades.
Dealing Point	The time up to which the fund manager will accept trades on a Fund on the current Business Day. Dealing Points for each Fund are stated in our Funds List.
Default Cash Fund	This means the BlackRock Cash Fund unless notified to you in accordance with Term 4.1.2.
Death Benefit	The amount payable on death pursuant to Section 3.11 on the death of Life or Lives Assured.
Encashment Value	The total bid value of the underlying Funds, less any outstanding charges.
Financial Adviser	A firm or individual authorised by an appropriate body under financial services legislation to provide advice and arrange or carry out investment transactions on behalf of customers.
Fund	A notional account within the Company's Long-Term Business Fund which may be selected for investment, and which the company maintains for the purpose of calculating benefits under the policies within the Bond. Each such notional account will contain investments in a single Underlying Fund.
Funds List	This means the Skandia Investment Solutions platform Funds List, a document which is available on our website or from your financial adviser detailing the allowable Funds available through us.

Head Office	The Company's Head Office for which the postal address is Skandia MultiFUNDS Assurance Limited, Skandia House, Portland Terrace, Southampton, SO14 7EJ.
Investment	The amount payable in pounds sterling by the Policy Holder for investment into the Bond. This is the total sum paid on the same date as premiums under the group of Policies in the Bond.
Investment Holding	A subset of Units in each Policy in the Bond purchased by a particular premium.
Life Assured	A person whose life is insured under the terms of the Policies in the Collective Investment Bond.
Policy	A single premium unit-linked, whole life, life assurance contract held within the Bond.
Policy Holder	The person(s) as shown on the Policy Schedule, and referred to as the Bond Holder. Reference to 'you' and 'yours' shall be construed accordingly.
Premium	A sum paid into a Policy.
Structured Product	An investment vehicle comprising various cash assets and/or derivative products which are packaged together and managed with the objective of providing a risk-reward profile which would not otherwise be available to the market. The vehicle usually involves more than one investment firm. Typically a UK bank provides the product and the underlying risk protection and an investment firm manages the underlying assets of the product and holds and administers the product via its custodian on behalf of the customer.
Underlying Fund	An authorised or recognised Unit Trust, OEIC, Collective Investment Scheme or Structured Product into which 100% of the Fund may be typically invested.
Units	Notional shares of Funds allocated to the Collective Investment Bond.

The singular shall include the plural except where the context otherwise provides.

2. General

2.1 Objectives

The Policy is a unit-linked whole life assurance contract under which the Company provides investment and life assurance benefits in return for payment of one or more Premium(s).

Further information on the investment objectives and characteristics of each Underlying Fund, as described in the fund managers' factsheets, is available from Skandia MultiFUNDS Assurance Limited or can be found on the Skandia Investment Solutions website. Funds may be added or removed from time to time and their investment objectives may vary from time to time.

2.2 Ownership of assets

The Company shall not be a trustee for the Policy Holder or any other person of any of the Units of the Fund or any of the Company's assets whatsoever and the allocation of Units to the Policy will not confer on any person any right to or interest in such Units or assets but will operate only as a measure for determining the amount of the benefits assured by the Policy.

2.3 Cancellation rights

You have the right to cancel this agreement within 30 days of receipt of our confirmation of the transaction. In the event of cancellation within this period your Investment will be returned to you, less any fall in the market value of the Units. If you decide to cancel, you must let us know in writing.

2.4 Lives Assured and Policy Holders

The Company currently provides the Policy on a single or joint life last survivorship basis, with a maximum of 10 Lives Assured. There can be up to two Policy Holders.

Any person can invest in the Bond, provided they are at least 18 years old and not older than 80 years. These age limits apply to Policy Holders.

Lives Assured must be at least 3 months old and no older than 80 years.

The Policy is also available to corporate investors and trustees.

The Policy is currently only available to UK resident investors.

Lives Assured may be added to the Bond, however this is deemed as a chargeable event and may incur a tax charge.

3. Policy operation

3.1 Application

You may apply by forwarding a completed application to us together with valid payment. Valid payment must be a cheque, evidence of a bank transfer already made to the Company, or a debit card authorisation (electronic applications only) and must be in pounds sterling.

The minimum initial Premium is £10 per Policy. Additional Premiums can be made at any stage, with no minimum limits applying. We reserve the right to revise these limits and not to accept further Premiums in the future. If we do so notice will be provided in accordance with Term 4.1.2.

3.2 Allocating Units

Premiums received less any applicable charges are used to purchase Units in the Funds you have selected and/or Units in the Funds defined on your application form. You can initially invest in up to a maximum of 50 Funds per Investment Holding.

Each portion of your Investment directed at a Fund, after receipt of both valid payment and a satisfactory completed application will normally be invested no later than the Dealing Point for that Fund on the following Dealing Day. Typically, transactions for Funds with a Cut-off Time at 1pm or later will receive prices based on the Dealing Day of receipt and all others will receive prices for the following Dealing Day. Cash not yet invested will be held in a non-interest bearing client money account held outside of your Bond. All of the Funds available in our Funds List are priced daily by the fund manager, although some Funds (for example, Structured Products) have a deal order and associated price receipt process that completes over two Dealing Days rather than one. A full list of the Funds affected is available in our Funds List.

Where exceptional circumstances apply (for example, if no accurate price is available from the fund manager), then we may defer a purchase of Units to the earliest Dealing Day we consider appropriate and reasonable. Under exceptional disaster scenarios it may be necessary to suspend dealing on Funds within your Bond. It may also be necessary for the fund manager to suspend their Funds following their liaison with the FSA. This could mean that some or all of the Funds available to your Bond are suspended.

For Investments by cheque in excess of £100,000 the Company will require the cheque to have cleared in its own bank account before being

invested, unless otherwise agreed. Whilst waiting for the cheque to clear Units will not be purchased and the money will be held in a non-interest bearing client money account outside of your Bond.

A Premium will be evidenced by a Policy schedule or Policy endorsement issued by the Company. This will detail the Premium received, the date of Investment and the number of Units allocated. The Policy schedule or Policy endorsement will be issued within one Business Day of confirmation from the fund manager of the final trade.

If for any reason a cheque is not cleared, the allocation of Units for that payment will be cancelled. Any shortfall, this being the size of any drop in market value of the Units being sold, will be deducted from the Policy.

The Company may, when entering into a Unit transaction on your behalf, match such a transaction against an opposite transaction of another Policy Holder. Similarly, when aggregating orders to allocate Units, the Company may match such aggregated orders against aggregated orders to disinvest Units. In such instances, any savings made in investment or trading costs will be to the benefit of the Company.

Records of Units held within each Policy are maintained separately for each Premium paid. The Units held in respect of a particular Premium are collectively referred to as an Investment Holding. A Policy may therefore contain many Investment Holdings, one for each Premium made.

If there are multiple servicing transactions being carried out on the Bond, there may be a delay to the actioning of some of the transactions as they have to be dealt with sequentially. This may result in trades not occurring at the expected time which could impact the number of units purchased.

3.3 Income reinvestment

All income arising from the Underlying Funds will be reinvested by the Company.

3.4 Charges

All charges quoted are current rates and are not guaranteed in the future. However, the Company reserves the right to increase or introduce a charge (with the exception of the annual increase in the Investor Charge). Notice will be provided to you in accordance with Term 4.1.2. We will notify you, once we have been informed by the fund manager, of any increase to the annual management charge.

3.4.1 Company charges

The Company is entitled to apply the following charges and effect payment of commissions due to your Financial Adviser.

The necessity to round the number of Units deducted in respect of these charges may result in the charge being up to the value of one Unit higher per Fund per month than as defined below.

We will notify you, once we have been informed, of any changes to the charges by Underlying Fund managers.

The current charges are:

3.4.1.1 Initial charge

From 15 September 2008 an initial charge of 4.5% is deducted from each Premium you make and the balance is allocated to purchase Units in your selected Funds

3.4.1.2 Phased initial charge

Your full Premium is allocated to purchase Units in your selected Funds and a phased initial charge of 1.125% per annum (1.25% for Investments made before 15 September) of the Premium is deducted from your Policy over each of the following 60 months. The Company will sell Units to meet this charge. This charge is deducted monthly at a monthly rate equal to the annual rate divided by 12.

If you select this option, and you encash your Policy before this period has elapsed, then any outstanding phased initial charges due on this Policy will be deducted from your encashment proceeds.

3.4.1.3 Investor Charge

The investor charge, £51.58 per annum as at 1 April 2009, covers all accounts/Bonds held individually under the same client reference number. Where you are both an individual investor as well as an underlying investor in a joint, corporate, trustee or pension scheme account then the investor charge will apply separately for each. If you wish to notify us of multiple customer reference numbers recorded against your name please do so in writing. The Offshore Collective Investment Bond is not included in the investor charge as this product is provided by Old Mutual International (Guernsey) Limited. For up-to-date details of this charge please refer to your Financial Adviser or the Funds List. The charge is taken half-yearly based on the opening date of your first investment through Skandia Investment Solutions (with the exception of the Offshore Collective Investment Bond). For new Investments a charge will be deducted from the Investment with the balance invested in your selected Funds. Thereafter a charge will be applied by deduction of Units on each six-month anniversary from the largest Fund in your account/Bond. If there are not enough Units in your largest Fund to meet the charge we will sell Units from your next largest Fund and so on until the charge has been met. Should you hold multiple products with us then the charge will be applied to just one of the products that you own, in the order of Collective Investment Bond, Collective Retirement Account, Collective Investment Account and then ISA Account. If you have multiple products of the same type (for example you hold two Collective Investment Bonds) the charge will be taken from the first product opened with us. Units will be sold to meet this charge. The necessity to round the number of Units deducted in respect of these charges may result in the charge being up to one Unit higher. Where you hold accounts/Bonds both individually and jointly these will be subject to separate charges. With effect from 1 April 2009 and annually thereafter the investor charge will increase in line with the level of increase in the Average Earnings Index over the previous year. The increase will be calculated by comparing the latest published index value with that published one year previously.

3.4.1.4 Tax charges

Life companies are taxed by HM Revenue & Customs (HMRC) on their taxable income and gains arising on their investments each year. The Company therefore makes a charge related to the income and gains arising on each Policy based on its estimated liability to income tax and gains arising on the policy holdings transactions. Any such charge will be taken by deduction of units. For most distributions, which are received net of tax, there is no tax charge by the Company on income. Where some income is received gross a charge will be made. Currently this applies to Funds domiciled outside the UK. Charges on gains will be calculated when you make encashments or switches and at the end of each calendar year based on the gains achieved during the year.

3.4.1.5 Death Benefit charges

The Capital Protected Death Benefit (as defined in Section 3.11) is subject to underwriting for Lives Assured and may not be available where the total of Investments paid to the Company are significant. The Company reserves the right to decline (or extend to further premiums) the Capital Protected Death Benefit should any one of the Lives Assured not meet our underwriting standards applicable at the time. If you are accepted for the Capital Protected Death Benefit we will apply a monthly charge based on the difference between the sum assured and the Encashment Value of the Policy. The rate of charge will be set by the Actuary, and will vary by relevant criteria such as age and/or sex, and may be reviewed from time to time. This charge will be deducted within each Policy. If the charge exceeds the value of your Policy, the Capital Protected Death Benefit will cease immediately.

3.4.2 Fund managers' charges

3.4.2.1 Annual management charge

Each of the Company's Funds invests in a Unit Trust/Open-Ended Investment Company (OEIC) or other Collective Investment Scheme. Any charges made by the fund managers will affect the value of the Unit Trust, OEIC or Collective Investment Scheme and will consequently affect the value of your Investment with the Company.

The managers of the Underlying Funds deduct a percentage of the Underlying Fund value each year to cover the day-to-day management of the Underlying Funds. The actual fee applied depends on the underlying choice of Fund but is typically in the range of 0.5% to 2.0% per annum. Details are available from the Company in the Funds List.

The fund managers also deduct other expenses from the Underlying Funds such as audit fees, registrar's fees, trustee and depository fees. These fees will vary depending on the underlying investments of the Fund in which you are investing. Although typically 0.25% per annum, they do vary fund by fund in the range of 0.1% to 1.8%. The charge is reflected in the price of the Units. Specific details are available in the Funds List.

The Company may receive an income from the fund managers of typically just over half the fund manager's annual management charge. This is paid from the underlying annual management charge of the Investments. As an example, if the bid value were £6,000 and the fund manager's annual management charge were 1%, we would typically receive £30 per year rebate from the fund manager of that Fund and if it were £12,000 we would receive £60 per year. Other than this we receive no income from the buying or selling of Funds within your Bond.

3.4.2.2 Other costs for buying and selling investments

When purchasing units in a Unit Trust there is normally a buying price and a selling price. The difference between the two is called a 'bid/offer spread' and includes the fund managers' dealing costs and their initial charges. Details of these fees are available from the Company. The Company uses its buying power to secure discounted and in many circumstances no initial charge on the part of the fund manager for our Policy Holders. In some cases, for example OEICs, Underlying Funds are single-priced and the fund manager normally takes an explicit up-front initial charge.

As above, the Company uses its buying power to secure discounted or even no initial charge on the part of the fund manager when investing on behalf of our Policy Holders. In the case of OEICs and other Collective Investment Schemes, fund managers may charge a dilution levy to protect the interests of their existing investors. Where there are unusually high levels of buying and selling this may increase the fund's dealing costs and affect the value of its assets and a dilution levy may be charged which will be reflected in the Unit price.

Some fund managers use 'swinging single pricing' whereby the fund manager has discretion to 'swing the single daily price' to be higher or lower than the mid-market price to counteract the effects of dilution. This 'swing' is called a dilution adjustment and would normally apply when there are high volumes of shares being created or cancelled. Swinging pricing differs from the dilution levy approach where the single mid-market price is still quoted and a dilution levy may apply in addition. In some cases the Company receives a proportion of the discounted initial charge.

3.5 Commission

A combination of initial commission and monthly trail commission is paid to your Financial Adviser based on the commission options agreed by you at application. Your Financial Adviser will be able to give you full details of the cost of providing advice.

Initial commission is an agreed fixed percentage rate of the value of your Investment and is paid to your Financial Adviser upon completion of the Investment.

Fund-based monthly trail commission, if selected, varies according to the Funds held but is typically between 0-0.5% per annum of the value of Funds held and is paid monthly to your Financial Adviser. For further details please refer to the Funds List.

If you choose it, nominated monthly trail commission will apply to an Investment Holding within your Bond. This results in a charge which is offset by the trail commission which is paid in respect of your Fund holdings. This is a fixed percentage rate of the value of your investment up to a maximum of 1.5% each year of the Investment amount. The annual percentage rate is divided by 12 to calculate the monthly amount applicable. Should this amount be higher at the end of a particular month than the fund-based trail commission generated by your selected Funds, then the Company will levy a charge by selling Units to meet the cost of this difference. The charge is met by deduction of Units from your largest holding of Funds in an Investment Holding. If there are not enough Units in your largest Fund to meet the charge, Units will be sold from your next largest Fund and so on until the charge has been met.

If, at the end of a particular month, this commission is lower than the fund-based trail commission generated by your selected Funds, then the Company will enhance the number of Units in your Funds. Any such enhancement to the number of Units held will be made into the same Funds and proportions as the original investment into the Investment Holding and will be subject to normal Fund charges.

You may cancel the nominated trail commission arrangement at any time by notifying the Company in writing.

If you cancel the nominated trail commission arrangement and the arrangement was set at 0.5% or above then regular fund-based trail commission payments (as set out in the Funds List) will be paid to your Financial Adviser unless you make alternative arrangements with your Financial Adviser. If the level of nominated trail commission agreed was less than 0.5% then regular fund-based trail commission will resume and any enhancement to your Bond will cease.

If you change your Financial Adviser and there is an existing nominated trail commission arrangement in place which is set at 0.5% or above then regular fund-based trail commission payments (as set out in the Funds List) will be paid to your new Financial Adviser unless you make alternative arrangements. If the level of nominated trail commission agreed was less than 0.5% then nominated trail commission and fund-based trail commission will cease unless you make alternative arrangements. Any enhancement to Units under this Term will continue until such time that we have received notice of alternative arrangements.

You may also nominate a switch charge rate at the time of application which will be applied when a switch is effected on your Policy and will apply to all switch instructions; it will even apply to switches where you have not received advice, unless you instruct us otherwise on the appropriate form or in writing. This charge is then paid to your Financial Adviser as commission. You may vary this discretionary charge at any time by notifying us in writing. The charge is deducted after the Funds are sold and before the new Funds are purchased. Further details for your Investment can be found in your illustration.

3.6 Switches

You may instruct the Company to sell Units within a Fund or Funds and use the proceeds to purchase Units in another Fund at any time. This may be a direct switch instruction from you or your Financial Adviser if such authority has been delegated. A switch charge of between 0-3% of the switch value may apply to your Policy where you have selected this discretionary option on your latest application, switch request or otherwise instructed by you in writing. Automatic switches as a result of rebalancing, phased investment or where Funds are closed or removed from the Funds list are not subject to the switch charge.

On receipt of instructions to switch, we will sell the relevant Units in the existing Fund(s) and subsequently reinvest the sale proceeds into the new

Fund(s) selected. Amounts to be switched out will typically be disinvested at the next Dealing Point, and no later than the next Dealing Day, following acceptance before the Cut-off Time at the Company's offices of a satisfactorily completed instruction. The proceeds will normally be reinvested at the next Dealing Point following completion of the disinvestment transactions.

Some Funds have a deal order and associated price receipt process, that completes within two Dealing Days. This means that for a switch out of this type of Fund into a new Fund that follows the same process, the switch will typically take no more than three Dealing Days to complete from receipt of your instruction. A list of these Funds is shown in our Funds List. Where the total value of a switch instruction, when reviewed in light of all trading activity, is of a sufficient size to affect our cash liquidity position it may mean we would be unable to settle with the fund manager of the Units purchased as we have not received settlement from the fund manager in relation to the Units sold. We therefore reserve the right to sell the existing Units in accordance with this Term but not purchase the new Units until we have received the cash settlement from the fund manager. New Units will be purchased at the next available Dealing Point. If this occurs we will notify you in writing as soon as reasonably practicable. Should you wish to switch a monetary amount from a Fund, the minimum balance to be retained is 20% of the Fund value from which the switch is being made.

Instructions to switch your Funds must be given in writing to the Company and you will receive transaction advice from the Company as confirmation that the transaction has taken place. The statement will be issued within one Business Day of receipt of all trade confirmations from the Fund Manager. Typically this will be within five Business Days of your instruction to switch. Transaction advice will not be sent for switches in relation to phased investment or portfolio rebalancing instructions on your Bond. Where multiple transactions have taken place you will receive multiple transaction notifications.

3.7 Portfolio Rebalancing Option

You can elect to have portfolio rebalancing applied to your whole Bond at any time subject to an application being received by the Company. Your Bond must have a minimum value of £1,000 (plus one and a half times any outstanding phased initial charge where applicable) at the time of setting up the rebalancing instruction.

This option allows you to switch Investments between Funds automatically within your Bond every 3, 6 or 12 months to restore the proportionate value of your Investments to percentages you have specified.

To prevent very small transactions taking place, the Company will only perform these switches where the proportionate value of at least one of the Funds either exceeds or falls below the target percentage for the Fund by more than a specific tolerance percentage set by the Company and which may be revised from time to time where it is no longer economic to operate under the existing tolerance level set. Where the tolerance level is revised notice will be provided in accordance with Term 4.1.2. The tolerance is currently set at 2%. This means that any Fund movement greater than 2% on the date specified in your instruction will result in the whole Bond being rebalanced.

If you have selected portfolio rebalancing the Company will automatically switch investments between Funds within your Bond, on the scheduled rebalance date specified in your application, to restore the proportionate value of your Investments to the percentages specified. Automatic switches as a result of restoring the proportionate values of your Investment are not subject to any switch charge. Due to daily changes in unit prices, different valuation points for different Funds and forward pricing the number of Units that will need to be sold and purchased in order to achieve the target percentages, it is possible that the proportionate value of the holdings will differ slightly from the target proportions after these switches have been carried out.

Transaction advice will not be issued after each portfolio rebalance.

Any income distributions awaiting reinvestment will be excluded from any portfolio rebalancing switches.

You can select the month you wish the first portfolio rebalance to start. The rebalance will always occur on the 15th day of the month. Where the 15th is not a Dealing Day the portfolio rebalance will take place on the next available Dealing Day.

If you do not specify a start month the Company will start the portfolio rebalancing on the next available start date depending on the frequency you have selected and the portfolio rebalance will continue until your instructions are completed or cancelled. To take effect for the next available start date your instructions must be received ten Business Days before that date. Portfolio rebalancing instructions cannot run concurrently with phased investment instructions.

Your instructions will be cancelled in the event of any of the following occurrences:

- death
- Bond closure
- closure of a Fund(s) affected by your instructions.

3.8 Phased Investment

An Investment can be phased into your chosen Fund choice at any time subject to an application being received by the Company.

Your Investment amount will be held in the Default Cash Fund and phased proportionately into your chosen Funds over a 3, 6 or 12 month period as specified in your application.

You can select the month you wish phased investment to start. The phasing will occur on the 1st day of the month. Where the 1st is not a Dealing Day the phasing will take place on the next available Dealing Day. If you do not specify a start month the Company will start the phasing on the next available start date following receipt of your application and will continue until your instructions are completed or cancelled. To take effect for the next available start date your instruction must be received at least 10 Business Days before that date.

For a phased investment where no phased switches have yet taken place, the number of switches remaining will be the same as the timescale selected. This means that where a new phased investment instruction is received to run for 12 months, the number of phased switches remaining will be 12.

Phasing out of the Default Cash Fund will be calculated by dividing the amount held in the Default Cash Fund by the number of phased switches outstanding at the time, including the current phased switch. This means that where an instruction to phase over three months is received, one third of the amount held in the Default Cash Fund in your Bond will be switched at the beginning of month one to the Funds specified in your application, one half of the remaining balance in the Default Cash Fund will be switched at the beginning of month two and all of the remaining balance will be switched at the beginning of month three.

Phased investment instructions cannot run concurrently with portfolio rebalancing. An instruction for a new phased investment will cancel any portfolio rebalancing in force at the time.

Where a phased investment instruction is in force at the time of receiving a new phased investment instruction, the new instruction will cancel the existing instruction.

Transaction advice will not be sent following each phasing transaction.

Your instructions will be cancelled in the event of any of the following occurrences:

- death
- Bond closure
- an ad hoc switch request
- closure of Fund(s) affected by your instructions
- additional Investment not into the original Funds selected and their proportions
- Default Cash Fund being fully depleted.

3.9 Encashments

You can apply to make a partial encashment or to close a Policy at any time. The Company will typically sell Units at the next Dealing Point and no later than the next Dealing Day, following acceptance before the Cut-off Time by the Company of your satisfactorily completed instruction. Typically transactions for Funds with a Cut-off Time of 1pm or later will receive prices based on the Dealing Day of receipt and all others will receive prices for the following Dealing Day.

You can make partial encashments by partially encashing a Policy, or by making a full encashment of a Policy. The method chosen can have different personal tax implications. Where you do not specify which approach to take, the Company will process your instruction by partially encashing all the Policies.

The Company reserves the right to defer payment of the proceeds until after it has received the disinvestment proceeds from the Underlying Fund manager into its bank account.

If you have selected the phased initial charging basis for any of your

Premiums and subsequently request a full encashment of a Policy, any outstanding phased initial charges due on the Policy will be deducted from the Encashment Value. The investor charge where deducted will not be refunded in the event of subsequent disinvestment.

If you wish to make a partial encashment, the minimum balance you must leave in your Bond is £1,000 (plus one and a half times the value of any outstanding phased initial charges) at the date the transaction is processed. In addition, when a monetary value is specified as a partial encashment, the minimum balance to be retained is 20% of the Fund/Investment Strategy value for each specific Fund from which the encashment is being made. This is to guard against an encashment instruction being received where due to market movements the monetary amount requested exceeds the value of the Fund available to encash.

Where an encashment amount has been defined in monetary amounts the number of Units deducted from the Policy will be rounded. In some cases you may receive an amount in respect of the sale which is up to the value of one Unit fewer than the number of Units sold on your behalf.

Instructions to fully or partially encash a Policy must be given in writing to the Company and cash proceeds are paid to you via BACS in accordance with your instructions within 15 Business Days. If your Bond is held under trust you can instruct the Company to make payments to beneficiaries of the trust and we will make payment direct to them up to a maximum of £50,000 in a 12-month period. Payment requests to beneficiaries in excess of £50,000 will be paid to the trustee and will not be paid to the beneficiaries.

3.10 Regular Withdrawal Option

You can elect to have a regular withdrawal option applied to your Bond at any time or at a future date stipulated by you.

The minimum regular withdrawal amount is £25 per payment. However the Company reserve the right to increase this minimum where it is no longer economic having regard to our administration costs and will provide notice in accordance with Term 4.1.2.

You may choose to receive fixed amount withdrawals on the 28th day of the month in accordance with the frequency or months you selected in your application.

Withdrawals will be provided through the encashment of Units from your Funds up to seven Business Days before the due payment date.

Any income distributions paid by a fund manager to your Bond will be reinvested into your Bond and will not be included in any regular withdrawal option set up on your Bond.

For withdrawals you can elect to increase your regular withdrawal amount automatically by 5% each year or by the published increase in the retail prices index (RPI) as published by the Office for National Statistics. The rate used will be two months in arrears. This means that the RPI rate published in April 2009 for the year to March 2009 continued to be used by us throughout May 2009.

All withdrawals will be paid into the UK bank account nominated by you. Monthly withdrawal payments will start in the month following the investment date, provided that the investment date is prior to the 15th of the month. Investments made after the 15th of the month will require an additional full calendar month prior to withdrawal payments commencing. Frequencies other than monthly will start on the 28th day of the month after the selected frequency has passed. This means that for an application submitted in November with an annual withdrawal frequency, the first payment will be effected on 28 December in the following year.

When setting up the option, you cannot select a level of withdrawal which over the period of one year would exceed 10% of the value of your Bond.

The level of withdrawals selected will be reviewed regularly by the Company and may be automatically adjusted without notice to ensure that withdrawals remain within this limit.

Instructions to add or alter the regular withdrawal option must be received in an application acceptable to the Company.

A sale of Units to realise a regular withdrawals amount will be spread proportionately across all Funds in the Bond.

You can cancel the regular withdrawal option at any time. In order to take effect for the next available withdrawal date your instruction must be received at least ten Business Days before the next withdrawal payment date is due. Where exceptional circumstances apply (for example, if a Fund is temporarily suspended for trading) the Company may defer a sale of Units to the earliest Dealing Day it considers to be appropriate and reasonable.

Regular withdrawals will be processed by partially encashing Policies. Regular withdrawals are spread across all Units in the Policy irrespective of the Premium that was used to purchase them.

3.11 **Death**

If your Policy is established on a single life basis, then a Death Benefit will be payable upon the death of the Life Assured. If your Policy is established on a joint life last survivor basis, then the Death Benefit will be payable on the death of the last surviving Life Assured.

If you are a Life Assured, but not the only or the last surviving Life Assured, the Policy will continue beyond your death.

Your Policy will automatically terminate upon payment of a Death Benefit.

When initially investing you can select an option of how you prefer the value of the Death Benefit to be determined either:

3.11.1 with Capital Protected Death Benefit

The benefit payable on the Policy will be a cash sum equal to the greater of the total premiums paid on each Policy less the Policy encashments or 101% of the Policy Encashment Value; or

3.11.2 without Capital Protected Death Benefit

The benefit payable on the Policy will be a cash sum equal to 101% of the Policy Encashment Value.

For ease of use we will aggregate the benefits payable across each of the Policies in your Bond and make one payment.

Upon death, the calculation for Encashment Value will take place using the next available price following the receipt of written notification. Death is treated as a chargeable event, therefore any amounts received on death will be subject to income tax.

If a Policy is fully encashed, then the associated Death Benefit will be lost. It is important to report the deaths of any of the Lives Assured. Failure to report any of the deaths within six months of the date of death may result in a reduced benefit being paid. A claim for the Death Benefit will need to be accompanied by documentation stipulated by the Company.

Upon death of the last Policy Holder, where the Policy is not in trust, then the entitlements after death will be determined by the terms of the deceased Policy Holder's will or the intestacy provisions.

3.12 **Instructing the Company**

Where the Policy is jointly owned instructions must be signed by both parties. If you wish to inform the Company of changes in your personal details, you should submit your revised details in writing to your Financial Adviser or to the Company:

Skandia MultiFUNDS Assurance Limited

Skandia House

Portland Terrace

Southampton SO14 7AY.

Telephone 08456 410 410.

Any changes will be carried out as soon as is reasonably practicable.

Any telephone calls may be monitored and recorded.

4. Further information

4.1 Changes in these Terms

Your Bond may continue for a number of years and is affected by regulations, legislation, HMRC practice and the rules of regulatory authorities. In view of the potential for a changed approach by any of the above and the need for flexibility in the Terms for an Investment of this nature, it is important that we have provision to vary these Terms in the future.

- 4.1.1 We may vary the Terms without notice and we will provide you with the details of any material changes to the Terms with your next statement issued after the date of the change:
 - 4.1.1.1 if it means we can administer your Bond more effectively or to introduce additional facilities and provisions to increase the scope of your Bond
 - 4.1.1.2 to comply with any change in legislation, or in the practice of HMRC or of any regulatory authorities or other relevant UK or European legislation, significant changes in regulatory regime or reporting requirements, changes in how the London Stock Exchange or other markets may work which may impact operation of your Bond.
- 4.1.2 We may vary the terms by giving you 30 days' notice of a proposed change:
 - 4.1.2.1 where we consider it appropriate to increase any existing minimums, introduce a minimum amount, cease to offer, restrict or extend a Fund, an option or facility; or
 - 4.1.2.2 where we alter any charges or impose a charge to meet our administrative obligations. Any such charge will be reasonable in amount and reasonably incurred and, where appropriate, take into account changes in:
 - the rate of inflation;
 - investment dealing or administration which may impact operation of your Bond;
 - how the internet operates;
 - our administration expenses; or
 - the responsibilities imposed on us by the regulations.
 - 4.1.3 If we exercise our right to vary these Terms in accordance with Term 4.1.2, you may decide to accept the change or to close your Bond. If you choose to close your Bond, no additional charges will be made to your Bond, but any deferred charges will be recovered.

4.2 Changes in Funds

- 4.2.1 Where a Fund has been replaced for any reason for example by way of merger, reconstruction, closure, conversion then:
 - 4.2.1.1 If the replacement Fund is in the Funds List your Units in the original Fund(s) will be automatically switched into the replacement Fund. You may however give us instructions to switch to another Fund.
 - 4.2.1.2 If the replacement is not in the Funds List (including closure), or the Company has for whatever reason removed a Fund from that list, then your Units will be switched to the Default Cash Fund unless you have given us instructions to switch to another Fund.
 - 4.2.1.3 If the Fund closes to new business you will remain invested in the Fund.
- 4.2.2 The Company will notify you as soon as reasonably practicable where a Fund closes or is removed from the Funds List and where possible prior to the change taking effect.
- 4.2.3 Occasionally a fund manager may refund an initial charge where a Fund is closing. Should this occur the Company will retain the charge.

The Company will also notify you in writing as soon as reasonably practicable of any material change to a Fund, for example where there is an increase in the annual management charge of the Fund.

Increasingly fund managers are converting their Funds from Unit Trusts to Investment Companies with Variable Capital (ICVC) otherwise referred to as Open-Ended Investment Companies (OEICs). An ICVC/OEIC is a company rather than a trust and each company can have a number of Funds, also known as sub-funds, within it. ICVC/OEIC Funds are single-priced which is deemed to be more transparent than Unit Trust dual-pricing and have shares rather than Units. Conversions tend to take place on a one share for one Unit basis so the number of shares an investor holds in the ICVC/OEIC will be the same as the number of Units they held in the Unit Trust. The Company will only write to investors if the conversion is not on a one-for-one basis or if the Fund undergoes a substantial change, for example an increase in the fund manager annual management charge.

- 4.2.4 Where it becomes no longer viable to offer a Fund, for example due to a small Fund size or operational reasons, we reserve the right to withdraw the Fund from the range. We will notify you in accordance with Term 4.1.2. Your Units will be switched into the Default Cash Fund unless you have provided us with instructions to switch into another Fund.

4.3 Notices

- 4.3.1 Notices from the Company

Any notice, instruction or other communication to be given by the Company will be made in writing, and will be valid if posted to you at the address as shown in your application or the last address you notified the Company of. Any such communication will be treated as though you had received it when it would normally be expected to have been received in the ordinary course of post. Where there is more than one Policy Holder, any notice made by the Company will be sent to the first-named Policy Holder on the application.

If we both agree to use electronic facilities in relation to your Bond, any notice, instruction or other communication given by the Company as part of the use of the electronic facilities will be valid, and treated as though you had received it at the time it was sent.

You may agree in writing to us that certain correspondence such as transaction confirmations and periodic statements will be sent via your Financial Adviser.

4.3.2 Notices from You

Any instructions, requests or notices required from you under these Terms must generally be made in writing bearing your original signature or from your Financial Adviser, acting as your agent. In some circumstances, to protect your benefits, we may request additional proof of identity prior to executing your instructions and this may delay the instructions being carried out. To protect your interests, instructions by e-mail, facsimile transmission ('fax'), telex or telephone cannot be accepted, except in accordance with a separate agreement made with you for this purpose. Any telephone calls may be monitored and recorded.

The Company will accept instructions from your Financial Adviser, acting as your agent where the Company has agreed to submission by means other than paper, for example where your Financial Adviser has an agreed extranet connection with the Company.

The Company will only accept instructions or requests from you or your Financial Adviser if they are in such form and are accompanied by such documents as the Company may reasonably require. The Company will not be bound to act on the instructions unless they are, in its reasonable opinion, clear and unambiguous.

Instructions and requests from you or your Financial Adviser will not be treated as received until actually received by us at the Company's Head Office or as stipulated in any agreement the Company has made with your Financial Adviser to use electronic means.

The Company may agree to the use of electronic means for communications subject to such security and other requirements as the Company consider reasonable at the time any agreement is entered into.

4.4 Money laundering

Measures aimed at preventing money laundering will require the Company to verify the identity of all relevant parties and the source of monies. This will result in a request to provide certain information in this regard and any delay or failure to provide this may result in your Investment being returned to you.

4.5 The euro

In the event of pounds sterling being replaced by the euro, your Policy will continue, subject to compliance with necessary changes inherent to a change in currency denomination.

4.6 Governing Law

The laws of England and Wales govern these Terms, and the courts of England and Wales have exclusive jurisdiction.

4.7 Liabilities

The Company will exercise due care and diligence in the management of your Bond. The Company will not be liable to you for:

- 4.7.1 any costs, claims, demands, losses or expenses suffered by or arising from any depreciation in the value of your Bond; or
- 4.7.2 its acts or omissions or those of any third party, except if they arise as a result of the Company's negligence or wilful default.

This limitation of liability is subject to us complying with these Terms and the FSA rules and does not apply to any liability which the FSA regulatory regime requires to be unlimited in accordance with Section 150 of the Financial Services and Markets Act 2000 (Actions for Damages).

personal data statement

By accepting these Terms, you understand and agree to the following:

We may use your personal data including any sensitive personal data ('your Data') to process your Application and to service your Bond.

We may provide your Data, by electronic or other means to:

- other companies within the Skandia and Old Mutual groups of companies if we regard this as necessary to service your Bond
- your Financial Adviser
- a third party to verify your identity in line with money laundering or other requirements. This may involve carrying out checks with credit reference databases
- third parties who perform tasks for us to help us service your Bond. These third parties may be based in countries outside the EEA. You understand that these countries may not have laws to protect your Data equivalent to those of the UK. However, you understand that we will ensure that any such third parties agree to treat your Data with the same level of protection as if we were dealing with it.

To prevent and detect fraud we may:

- share your Data with other organisations, including the police
- check and/or file your Data with fraud prevention agencies and databases, and if you give us false or inaccurate information and we suspect fraud, we will record this.

We and other companies within the Skandia and Old Mutual groups of companies may use your Data for assessment and statistical analysis purposes.

Your Data may be made available to third parties where required by law, court order or regulation.

On payment of a small fee, you are entitled to receive a copy of your Data which is subject to the Data Protection Act 1998.

You also have the right to require us to correct any inaccuracies in your Data.

In such circumstances you can contact us at

Skandia House
Portland Terrace
Southampton SO14 7EJ.

www.skandia.co.uk

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.

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skandia investment solutions – supplementary terms and conditions for collective investment bond

These supplementary Terms and Conditions must be read in conjunction with the Terms and Conditions applicable to the Skandia Investment Solutions Collective Investment Bond, together referred to as the 'Terms'. You should retain a copy of the Terms and Conditions for your records.

These Terms enable your financial adviser to submit your switching and redirection instructions directly to us. The Terms also confirm how we will treat a request to switch units in more than one fund at the same time, if any part of your instructions cannot be processed.

new and amended definitions added

Owner	The legal owner of the Collective Investment Bond and if more than one, all of them.
Nominated Financial Adviser	A firm and its appointed representatives authorised by an appropriate body under financial services legislation to provide advice and arrange or carry out investment transactions on behalf of customers and appointed by the Owner from time to time to act as his or her agent. The Owner's Nominated Financial Adviser may appoint any of its appointed representatives to act as the Owner's agent and may change any appointed representative appointed as their agent from time to time during the period they are appointed as the Owner's Nominated Financial Adviser.

new terms

After Term 4.3.2 insert:

4.3.3 Conditions relating to the appointment of your Nominated Financial Adviser.

4.3.3.1. The authority delegated by the Owner to their Nominated Financial Adviser is subject to this Term 4.3.3 and is in addition to any other powers or restrictions that we may agree with the Owner from time to time.

4.3.3.1.1. We are authorised to treat all Switch and Redirection instructions received from the Owner's Nominated Financial Adviser as if they were received directly from the Owner, however transmitted and whether or not in writing.

4.3.3.1.2. Where the Owner is a trustee(s) the Owner confirms that all instructions received from the Owner's Nominated Financial Adviser are made in accordance with the express terms of the trust deed or the relevant legislation.

4.3.3.1.3. The Owner agrees to authorise and confirm any actions carried out in good faith by their Nominated Financial Adviser when exercising the powers granted to them by this Term 4.3.3. The Owner will not hold us liable for any losses or costs incurred as a result of us accepting in good faith any instruction from their Nominated Financial Adviser in accordance with the powers granted by this Term 4.3.3.

4.3.3.2. We accept no liability for any delays, errors or omissions in instructions submitted by the Nominated Financial Adviser however transmitted and whether or not in writing.

4.3.3.3. The Owner confirms that the authority delegated to their Nominated Financial Adviser under Term 4.3.3.1 above shall continue in full force and effect until such time as the Owner's written notification of cancellation is received by us in writing at our Head Office.

4.3.3.4. We will treat the Nominated Financial Adviser that submitted a bond on behalf of the Owner as their current Nominated Financial Adviser in respect of that bond. If the Owner appoints a new Nominated Financial Adviser at any time in respect of any bond they must notify us immediately by writing to our Head Office address.

4.3.3.5. If the Owner appoints a new Nominated Financial Adviser, or the legal status of their Nominated Financial Adviser changes, this authority will transfer in full to the new Nominated Financial Adviser from the date we receive notification of the change in a form acceptable to us, provided that the new Nominated Financial Adviser has Terms of Business with us.

additional terms

3.6 Switches

After Term 3.6 insert:

3.6.1 We will treat instructions to switch Units in more than one Fund at the same time as a single transaction. Where any part of the instructions cannot be processed, we will not process any part of the transaction until we receive revised acceptable instructions.

www.skandia.co.uk

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

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