

KEY FEATURES OF THE OFFSHORE OPEN BOND



This document sets out the main features of the Offshore Open Bond and is designed to help you decide whether it is the right investment for you.

You should read it with any illustration that you have been given. Please read the document carefully and keep it in a safe place for future reference.



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INNOVATION YOU CAN TRUST

Key Features

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1 What is the purpose of this document?

The purpose of this document is to set out the main features of the Offshore Open Bond and help you decide whether it is the right investment for you. You should read it with any illustration that you have been given. Please read the document carefully and keep it in a safe place for future reference.

The Offshore Open Bond is not right for everybody and it is important that you obtain financial advice before making your decision.

2 Its Aims

- To give you the opportunity to invest a sum of money for as long as you choose, with the aim of increasing the value of your investment.
- To allow your investment to grow in a tax-efficient way. Please see our Tax guide leaflet for further information.
- To give you the flexibility at any time to withdraw funds in a tax-efficient way. Please see our Tax guide leaflet for further information.
- To allow you to choose from a wide range of investments.
- To pay a lump sum on death – see section 5.10

3 Your commitment

- To invest at least £100,000.
- To consider the Bond as a medium to long term investment (i.e. at least 5 years).

4 Risks

- i) What you get back will depend on the performance of the investments chosen.
- ii) What you get back is not guaranteed, and could be less than the amount you paid in.
- iii) We cannot guarantee the financial security of any institution in which investments are made or with which cash is deposited. Please see our Policyholder protection leaflet for further explanation.
- iv) If you cancel your Bond within the 30-day cancellation period you may get back less than you have paid in – see section 5.14
- v) Changes in taxation may reduce the amount you get back.
- vi) Inflation will erode the purchasing power of your investment.



5 Questions and answers

5.1 What is the Offshore Open Bond?

It is a type of investment plan that is used to invest over the medium to long term.

5.2 Who can invest in the Bond?

Any UK resident individual aged 18 or over or the trustees of any UK resident trust may invest in the Bond.

5.3 Who can own the Bond?

Normally the person who invests in the Bond is the owner unless the Bond is to be put in trust, in which case the trustees will own the Bond. The Bond can be owned jointly by a maximum of two people.

5.4 How flexible is it?

You may invest in the Bond by cheque, transfer of assets or a combination of the two. In addition, you can decide how your funds are invested by choosing from a wide range of permitted investments. Please see our Investment booklet for further information.

You can also add to (subject to the minimum) or withdraw money from (see section 5.7) or cash in your Bond at any time (see section 5.8).

5.5 What is the minimum investment?

£100,000. If you are considering transferring assets to your Bond please see our Investment booklet for further information.

5.6 Where can I invest my money?

You can choose any investments within the permitted range. Please see our Investment booklet for more details.

5.7 Can I withdraw money from my Bond?

Yes, at any time. You can take one-off or regular withdrawals from your Bond at a frequency that suits you.

If the total of your annual withdrawals exceeds 5% of your original investment there may be taxation implications – see section 5.12

5.8 Can I cash in my Bond?

Yes. When you instruct us to cash in your Bond you will get back an amount equal to the sale proceeds of your investments, less any charges at that time. Please see our Bond charges leaflet.

5.9 How will I know how my Bond is doing?

We will send you a statement of your Bond on a six-monthly basis. Valuations of your investments can also be provided by telephone, subject to satisfactory security identification procedures.

5.10 When will my Bond come to an end?

Your investment will end on the earlier of the following events:

- i) You cash in your Bond – see section 5.8*
- ii) On the death of the last surviving person named in the Bond conditions.*

You can select up to ten people (which can include yourself) to be named in the Bond conditions for this purpose.

The amount payable on the last death will be a lump sum equal to 101% of the value of your Bond at that time.

5.11 What are the charges?

Full details of our charges are contained in our Bond charges leaflet. These cover the cost of setting up and administering your Bond.

However, our charges do not include any payment to your Financial Adviser. Any fee that you agree with them can either be paid separately or (subject to your agreement) deducted from your Bond. Any fee payable from your Bond will be shown in your illustration.

5.12 What about tax?

CAPITAL GAINS TAX

There is no tax on capital gains when you sell or switch investments held within your Bond.

INCOME TAX

There is no tax on the income received from the investments held within your Bond, except that some institutions (including those in the UK) may deduct a withholding tax from dividends or interest paid.

When you cash in your Bond

If you are a UK resident at the time you cash in your Bond, any gain will be included with your income and taxed at the income tax rates applicable. Please see our Tax guide leaflet for further details.

When you take withdrawals

There will not be any immediate tax charge for withdrawals taken up to 5% of your original investment in each Bond year until such time as the total withdrawals taken equal the amount of your original investment.

You are able to carry forward any amount of this allowance not taken in any previous years. This means that you could take withdrawals equal to 5% of your original investment every year for 20 years without an immediate tax charge. Any withdrawal in excess of the 5% limit could give rise to a tax charge, depending on your circumstances. Please see our Tax guide leaflet for some examples.

INHERITANCE TAX (IHT)

If your Bond was not set up under trust then its value will be added to your estate for IHT purposes. If it was set up under trust then the IHT treatment on death will depend on the particular type of trust.

Please see our Tax guide leaflet and speak to your Financial Adviser for further information.

5.13 Can I change my mind?

You have a right to cancel your Bond within 30 days from the day that you receive our letter accepting your application. Once you receive this, if you wish to cancel you just need to complete the cancellation notice enclosed with that letter and send it to us.

If you do not wish to cancel your Bond please ignore the cancellation notice.

5.14 Will I lose anything if I cancel within 30 days?

If you change your mind within the cancellation period we will return any payments received, free of our charges. If any of this money has already been invested it is possible that the amount returned will be less than we initially received. This will be due to the performance of the investments together with any costs associated with the purchase and sale of those investments.

6 How to contact us

If you require further information or an up-to-date valuation on your Bond, please contact us on: 0870 7566696 or visit our website www.londoncolonial.com

Alternatively you can write to us at the following address:

London & Colonial
38-42 Perrymount Road
Haywards Heath
West Sussex
RH16 3DN

7 How to complain

We are committed to providing a high quality of service in accordance with best industry practice. We hope you should never need to complain, but if you do please contact us in the first instance - see section 6. Copies of our complaints handling procedure are available on request.

Depending on the parties involved you may be able to refer your complaint to the Financial Ombudsman Service (FOS). Their address is as follows:

The Financial Ombudsman Service
South Quay Plaza
183 Marsh Wall
London E14 9SR
Tel: 0845 080 1800



8 Law

The Offshore Open Bond is subject to Gibraltar law. The information in this document is based on our interpretation and understanding of current Gibraltar and UK law and HMRC practice, all of which may be subject to change.

All documents relating to the Offshore Open Bond are supplied in English, and all other communications will be in English.

9 How is London & Colonial regulated?

London & Colonial is licensed by the Gibraltar Financial Services Commission under the Insurance Companies Ordinance 1987.

Gibraltar has one of the best regulated financial centres in the world and is widely regarded in Europe and the USA as a benchmark jurisdiction in terms of supervisory infrastructure.

It has implemented all EU directives relating to the insurance business and its regulatory and supervisory infrastructure matches all relevant UK standards.

The regulation of Gibraltar's financial services has the full endorsement of the International Monetary Fund (IMF) following a rigorous examination by their commissioned team of independent experts. You can access the latest IMF report from the Gibraltar Financial Services Commission website www.fsc.gi/imf/imf.htm. Gibraltar is only the third jurisdiction to volunteer for such internationally recognised regulation.

10 UK compensation scheme

If you are resident in the United Kingdom you may be covered by the Financial Services Compensation Scheme (FSCS) established under the UK Financial Services & Markets Act 2000. The amount of compensation depends on the type of business and the circumstances of the claim.

For further information, please contact the Financial Services Compensation Scheme (FSCS) at:

7th Floor
Lloyds Chambers
1 Portsocken Street
London E1 8BN

11 Data Protection

All personal data is processed and stored in accordance with the Data Protection regulations currently in force. London & Colonial Assurance PLC is resident in Gibraltar and is registered as Data Controllers with the Gibraltar Data Protection Commissioner

12 Call recording

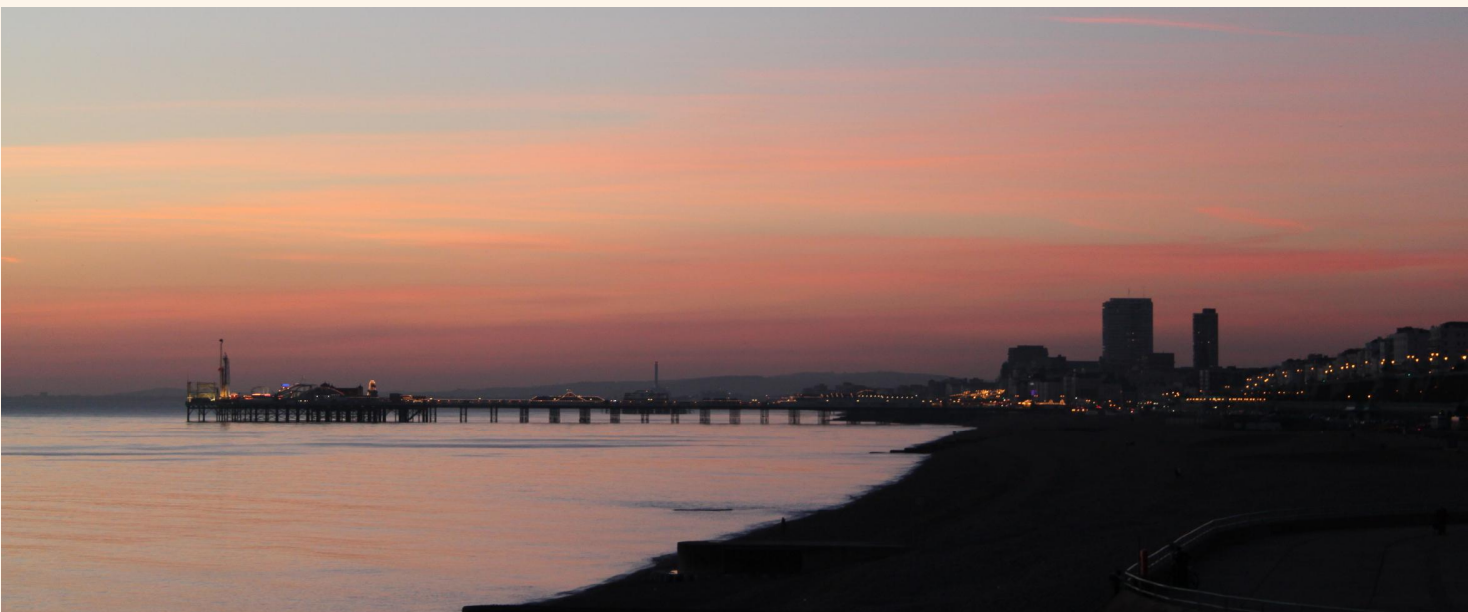
Telephone calls to or from us may be recorded for training, monitoring and fact verification purposes.

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13 Terms & conditions of the Offshore Open Bond

This is a summary only; the full terms of the Offshore Open Bond are contained in the Bond conditions.

Further information is available on our website at www.londoncolonial.com Your Financial Adviser will provide you with any additional explanations or information that you may need.



KEY FEATURES

Take control of your pension

Please remember the Offshore Open Bond is not necessarily the right solution for everyone, so it is important you seek financial advice as to whether this Bond is suitable to your personal circumstances.



For more information about any London & Colonial product please contact:

London & Colonial
38-42 Perrymount Road
Haywards Heath
West Sussex
RH16 3DN

t: 0870 7566696
f: 0870 7566697
e: info@londoncolonial.com
w: www.londoncolonial.com

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