



*A guide to our company values,
products and services*

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Foreword

We have designed this simple guide to provide an overview of Scottish Life International: our product proposition, our services and to show where we fit into the corporate structure of our \$47.5bn* parent company, the Royal London Group.

Whether you are a curious investor or a financial adviser, there are many reasons why you should consider offshore investment. If you are looking for tax-efficient investment growth, the ability to supplement income now or in retirement, or just to preserve wealth for future generations whilst mitigating tax, we believe offshore investment can help to meet your investment and tax planning needs.

At Scottish Life International it is our aim to be a leading provider of offshore investments: offering tax-efficient and risk-defined investment solutions, delivered with outstanding service experience. At the heart of our business is the desire to help our clients successfully accumulate and preserve their wealth. We achieve this through providing them with the ability to control and understand the risks associated with stock market investment and by supplying appropriate tax planning solutions.

I hope you enjoy reading this brief guide and if you would like any further information then please contact me, or one of my colleagues, at Scottish Life International.

A handwritten signature in blue ink that reads "David". The signature is written in a cursive style with a long horizontal line extending to the left of the name.

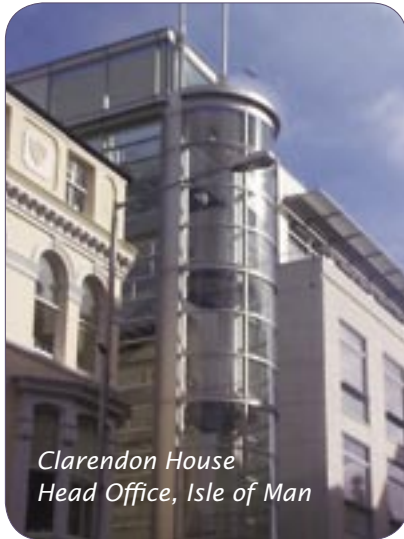
David Kneeshaw
Chief Executive, Scottish Life International

* as at 31 December 2004

Scottish Life International

Scottish Life International specialises in offshore investment, life assurance and protection. We conduct business in a number of markets around the world and distribute our products through financial advisers, recognising the need for expert financial advice when conducting investment or tax planning.

In the UK we market products via advisers to UK residents, companies and trusts. International versions are also available to expatriate investors. In the Middle East, where we operate under a local licence, and in Germany, through our Royal London brand, intermediaries market our products to resident investors. Additionally, we are in partnership with a South African resident company who provides investment products to South African residents.



*Clarendon House
Head Office, Isle of Man*

Scottish Life International was launched in 1996 and is now part of the Royal London Group. We have grown rapidly in size and now have funds under management in excess of \$1.2 billion worldwide, as at 31 December 2004. Scottish Life International, which is based in the tax-efficient environment of the Isle of Man, has already received many awards for product innovation, service and performance, illustrating our competitive edge.

Tax-efficiency is achieved by the ability of the underlying funds to grow virtually free of tax. Instead of paying local tax on an annual basis, for example, investments are allowed to accumulate any growth that occurs. This is known as the “gross roll-up effect”. Tax may be due on encashment, depending on individual circumstances.

Scottish Life International is a member of the Association of International Life Offices (AILO). AILO aims to promote the cross-border life industry and to encourage professionalism and high standards amongst its members.

The Isle of Man

A dedicated tax-efficient service centre

Our head office is based in Douglas on the Isle of Man, which has a world-class reputation as a centre for offshore finance, offering access to a wide range of investments throughout the world. Over the last 25 years, the Isle of Man has developed into one of the largest offshore insurance and investment centres and is renowned as the leading base for international life assurance in the world today. This was recently confirmed when the island won the title: 'Best International Financial Services Centre 2005' at the International Investment Awards; evidence indeed of its outstanding business reputation.

The Isle of Man has the strongest country risk rating of **Aaa** from Moody's and **AAA** from Standard & Poors. These companies are the world's foremost providers of independent credit ratings for companies and countries, and the data provided by them has become an integral part of the global financial infrastructure. They undertake rigorous in-depth investment analysis and are able to measure a company's future capacity to meet its policyholder obligations; or 'financial strength'.

Alongside excellent financial supervision and regulation, another advantage is the long-term political and economic stability of the island. The government is committed to supporting international financial activity, which includes a flexible and non-bureaucratic approach. The island is a UK Crown Dependency, which through its ancient parliament Tynwald, enjoys a high degree of domestic, legislative and political autonomy.

Investor protection

The island has an outstanding reputation for investor protection and security due to the comprehensive legislation enforced by the Isle of Man Insurance and Pensions Authority (IPA). Companies carrying out insurance business in or from the Isle of Man are regulated by the IPA and are authorised under the Insurance Act 1986 which provides regulations for detailed supervisory reporting requirements.

Scottish Life International Insurance Company Limited policyholders are protected by the Isle of Man Life Assurance (Compensation of Policyholders) Regulations 1991. This compensation scheme is broadly equivalent to the UK Financial Services Compensation Scheme (FSCS). Policyholders will be protected by the Isle of Man scheme for up to 90% of an insurer's liability to the policyholder in the event that a company goes into liquidation.

In Germany we market through Royal London. German policyholders are therefore protected by the UK FSCS scheme as they hold policies issued by a UK insurer.

Protected investment solutions

Scottish Life International offers focused investment solutions tailored to investors' needs in many international markets. The matrix below gives an outline of our main areas of business and is followed by a brief summary of each product.

Product	Markets
Personal Investment Management Service	UK, International
<i>safe combination</i> ® bond	UK, Germany, International
Protected Lifestyle	Lebanon, Middle East, Africa
Royal London European With Profits Bond	Germany

Personal Investment Management Service (PIMS)

PIMS is an innovative investment portfolio service which enables investors to hold a wide collection of different types of savings and investment funds under one tax-efficient product umbrella. The umbrella provides investment flexibility, access to externally managed funds at discounted prices and less administrative burden to the investor.

One of the most important features of PIMS is our unique insurance option, which covers all the assets held within the PIMS contract; we call this PIMS Wealth Insurance and it protects investors' capital from day one. This is re-valued and held at its highest level every six months, providing a valuable death benefit for preserving wealth for future generations.

PIMS has access to our internal capital-protected funds via the Scottish Capital Protected Fund plc, run by our subsidiary fund management arm, Scottish International Fund Managers Limited (SIFM). Our PIMS structure is also used for products offered by local South African resident insurance companies.





***safe combination*[®] bond**

The *safe combination*[®] bond is a single-premium investment bond offering links to Scottish Life International's range of award-winning capital-protected fund which participate in the growth potential of leading world stock markets. At the same time the bond allows investors to clearly define how much capital they are prepared to risk, if any, and also offers an automatic lock-in facility whereby gains previously made can be protected.

'Risk' is defined and controlled from an investor's point of view; "how much of my initial capital do I want to protect?" As investors earn bonuses they can decide to lock the gain in and protect it, or participate in higher potential reward, safe in the knowledge that they are only ever risking their profits. *safe combination*[®] is available to international and UK investors and a similar version to investors in Germany through Royal London.

Protected Lifestyle

This product is a flexible life assurance policy designed primarily for the Middle East, Lebanon and African markets and can be tailored to meet protection, savings or retirement requirements. Its scope includes adapting the product to the client's changing needs such as saving for the future or retirement in the way that best suits. Protected Lifestyle has built-in capital protection and a choice of protection options, such as life cover or critical illness cover.



Royal London European With Profits Bond

This bond invests in the Royal London European With Profits Fund and is available only in Germany. It is a single premium with profits product, allowing access to the stock market but with a lower overall level of investment risk and a greater degree of stability than direct stock market investment can provide.

Investors should be aware that the value of investments can fall as well as rise and is not guaranteed

Adding value

Customer service

At Scottish Life International we believe the key to success is building strong business and customer relationships. Our highly qualified service team, based on the Isle of Man, is dedicated to providing a level of service that ensures doing business with us is an enjoyable experience. We aim to offer a personal dedicated service to all our clients and we continually improve this service, through innovation and in response to feedback.

“Our overall objective is to deliver the tasks covered in our service standards, whilst maintaining the highest possible level of quality. We will achieve this objective by getting it right first time.”

Customer Services Manager

Tax & trust planning

In addition to our core products, we provide assistance in the tax-efficient transfer of wealth, including the set-up of draft trusts, which can be a valuable service for clients who wish to pass on wealth to succeeding generations.

Our range of trusts can assist with inheritance tax planning strategies and the draft trusts offered by Scottish Life International include the Secure Estate Plan, the Nil Rate Band Trust, Loan Trust, Gift Trust and Probate Trust.

Our experienced and qualified technical team can provide advisers with help on tax planning issues and, in particular, inheritance tax planning.

Choosing the correct trust could mean substantial inheritance tax savings for loved ones and importantly would ensure that the right amount of money goes to the right people at the right time.



Online access

The Scottish Life International website offers a dedicated area for financial advisers providing up-to-date investment and product information including:

- ◆ key product features, including how our protected funds work;
- ◆ monthly updates on tax and technical issues;
- ◆ marketing support material;
- ◆ quarterly fund bonus rates and market indicators;
- ◆ fund performance, unit prices and factsheets.

sli-central.com is Scottish Life International's exclusive secure extranet service for financial advisers. The interactive extranet means advisers can handle enquiries and requests in a simple and straightforward way which will reduce administration time in finding the information they require. **sli-central.com** helps advisers to:

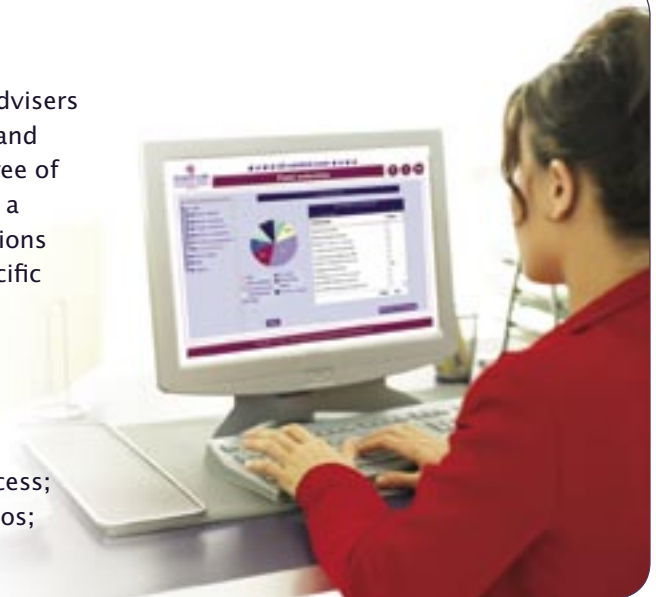
- ◆ enquire about their clients' Scottish Life International portfolios;
- ◆ switch Scottish Life International funds online, change protection amounts and lock-in levels for *safe combination*[®];
- ◆ view and receive online policy valuations.

Asset allocation tool - Risk Manager

Risk Manager is an online asset allocation tool for financial advisers with the aim of simplifying and specifying the potential risk and rewards of investment decisions. Risk Manager is available free of charge via our extranet and can help advisers to recommend a suitable portfolio based on their clients' investment expectations and objectives, whilst maintaining an appropriate, client-specific level of potential risk.

Risk Manager helps advisers to:

- ◆ create a bespoke portfolio for their clients;
- ◆ profit from a disciplined and consistent investment process;
- ◆ review the potential risk and rewards of current portfolios;
- ◆ present a simple yet comprehensive portfolio report.



Financial strength

As in all walks of life, being part of a larger group allows everyone to benefit from a far greater range of resources. Scottish Life International, as part of the Royal London Group, benefits in particular from the financial strength, commitment and expertise that the Group offers.



The Royal London Mutual Insurance Society Limited is the UK's second-largest mutual life insurer and has a core objective to help protect financial security at all stages of life. Most people have a need for some sort of protection, whether that is to protect their income or their family while they are working; protect their standard of living in retirement by saving into a pension; or to protect their savings by investing in a capital-protected product.

The Group has over three million customers and funds under management of around \$47.5 billion. The company has a with profit fund of around \$25 billion and around 2 million with profits policyholders (as at 31 December 2004).

The **Royal London Group** has the financial strength to remain secure and competitive. The current **financial strength ratings** are shown in the table below.

Company	Rating	Explanation of rating
Cazalet	7/10	This is the recommended rating and is considered healthy in comparison to our competitors.
AKG Actuaries and Consultants	4/5	Very good financial strength.
Moody's	A2	Good financial security.
Standard & Poor's*	A-	Describes us as having strong regulatory solvency, with a stable outlook.

AKG September 2004, Cazalet Financial Consulting October 2004, Moody's January 2005, Standard & Poor's February 2005. For further information on these ratings and the independent agencies, please contact your Scottish Life International representative.

* Royal London's counterparty credit rating (broadly similar to a financial strength rating)

International diversification

The Royal London Group aims to become market leaders by providing the best products and services to financial advisers to help our customers create a secure and safe financial environment for their lives.

The Royal London Group strategy is to enhance its value by growing profitable specialist businesses, each of which has a clearly differentiated position in its market. Having a specialist offshore business is an important part of this proposition and Scottish Life International provides the group with an international business, dedicated to servicing the “high net worth” market. Scottish Life International is innovative, award-winning and complements the other businesses in the group.

Besides Scottish Life International, the Group consists of Scottish Life, which provides pension and retirement planning products and Bright Grey, the group’s specialist protection business. Bright Grey provides products such as life insurance, critical illness and income protection. RLAM is the asset management arm of Royal London which provides investment management for a range of institutional clients – such as pension funds, charities and universities – as well as wholesale clients.

The Royal London Group

- ◆ Financially strong
- ◆ A modern mutual – with proven management strength
- ◆ A specialist company in chosen markets – providing expertise and focus
- ◆ Supportive of intermediary distribution partners



As part of the Royal London Group, Scottish Life International offers investors, both in the UK and abroad, investment and tax planning solutions to meet the changing needs and demands of investors throughout their lifetime.

Contact us

Scottish Life International

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British Isles

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IFA Support:

01624 681 485

Internet: www.sli.co.im

Extranet: www.sli-central.com

For further information on our products please refer to the appropriate product literature. The value of tax benefits depends on individual circumstances and can change. Investors should obtain professional advice before taking or refraining from any tax or trust planning.

Holders of policies issued by Scottish Life International Insurance Company Limited based in the Isle of Man, will not be protected by the UK Financial Services Compensation Scheme if the company becomes unable to meet its liabilities to them. Policyholders will however be protected by the Isle of Man Life Assurance (Compensation of Policyholders) Regulations 1991.

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