



May 2007

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Dear Policyholder,

## **Scottish Mutual International (SMI) With Profits Series 1 Customers.**

**Policy number <<policy number>>**

### **Your With Profits Policy**

I am writing to keep you up to date with the performance of the SMI With Profits Series 1 Fund and what this means for you.

### **How we manage the With Profits Fund**

We are dedicated to ensuring that all our With Profits policyholders are treated fairly. To do this we continue to manage our With Profits Fund as explained in our Principles and Practices of Financial Management.

### **Deciding on Annual and Final Bonus and Reducing Market Value Reductions (MVR)**

We have declared a zero annual bonus for 2007. We continue to review the final bonus amounts on a regular basis and we will send you a letter annually as well as providing updates on our website [www.smi.ie](http://www.smi.ie).

A MVR will reduce the value of the units when you take them out of the Fund. It is designed to ensure that all policyholders are treated fairly.

### **Fund Performance**

From 1 January 2006 to 31 December 2006, the Fund delivered the following returns (before tax and charges): Euro 7.5%, US Dollar 9.5% and Sterling 6.2%

The Fund returns are taken into account when determining Final Bonus. The Final Bonus rates were last reviewed in November 2006 and will be reviewed again in June 2007.

Please remember that past performance is not an indication of future performance and the value of investments can go down as well as up.

### **Want To Know More?**

We strongly recommend you read the enclosed '2007 With Profits – Your Questions Answered' document which gives you more information about how we manage the With Profits Fund.

If you still have any questions or want to discuss any other features of your policy, we recommend you talk to your Financial Adviser.

### **Have Your Contact Details Changed?**

Please get in touch with any changes to your contact details so that we can update our records. You can inform us of any changes by writing to the address at the top of this letter or by calling the number overleaf.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Niall Gallagher', written in a cursive style.

Niall Gallagher  
Director