

# SCOTTISH MUTUAL INTERNATIONAL

## With Profits Funds

### PERFORMANCE AND BONUS INFORMATION JANUARY 2000 TO DECEMBER 2005

Scottish Mutual International's With Profits Funds are managed by Abbey National Asset Managers. The WP Series I Fund<sup>1</sup> has three currency sub-funds: Euro, US Dollar and Sterling, while the SMI Dublin With Profits Fund<sup>2</sup> also has a Hong Kong Dollar sub-fund. The performance and declared annual bonus rates<sup>3</sup> of the various sub-funds are set out below. With Profits funds aim to smooth out some of the extremes in stock market returns provided policies remain invested over the medium to long term. The use of Market Value Reductions (MVR) aims to ensure that those policyholders who take money out of a With Profits fund do not prejudice the performance of the fund, and do not disadvantage the policyholders who remain invested. MVRs continue to apply to certain withdrawals (apart from contractual MVR free allowances) from SMI's With Profits funds. The level of the MVR depends, amongst other things, on the date of purchase of units in a With Profits fund and the returns obtained on the underlying assets in the period since that date.

Sterling sub-fund						
	2000	2001	2002	2003	2004	2005
WP Series 1	-1%	-3%	-6%	6%	10%	12.25%
Annual Bonus	6%	5.25%	4.25%	0%	0%	0%
SMI Dublin With Profits Fund	-4% <sup>4</sup>	-9%	-8%	7%	7%	11.5%
Annual Bonus	6.25% <sup>5</sup>	5.75%	4.75%	3.5%	2.5%	2.5%

Euro sub-fund						
	2000	2001	2002	2003	2004	2005
WP Series 1	-9%	-6%	-13%	5%	10%	12.5%
Annual Bonus	5.25%	4.75%	3.75%	0%	0%	0%
SMI Dublin With Profits Fund	-11% <sup>4</sup>	-7%	-13%	5%	6%	13.25%
Annual Bonus	5.5% <sup>5</sup>	5.25%	4.25%	3%	2%	2%

US Dollar sub-fund						
	2000	2001	2002	2003	2004	2005
WP Series 1	-9%	-7%	-6%	13%	7%	3.5%
Annual Bonus	5.25%	4.75%	3.75%	0%	0%	0%
SMI Dublin With Profits Fund	-15% <sup>4</sup>	-13%	-5%	12%	7%	4.25%
Annual Bonus	5.5% <sup>5</sup>	5.25%	4.25%	3%	2%	2%

Hong Kong Dollar sub-fund				
	2002	2003	2004	2005
SMI Dublin With Profits Fund	3%	13%	8%	2.75%
Annual Bonus	4.25% <sup>6</sup>	3%	2%	2%

Past performance is not a guide to future performance. The fund performance figures shown above are illustrated in the currency of the relevant sub-fund.

- 1 The contracts linked to this fund are Scottish Mutual International's International With Profit Investment Bond, International With Profit Redemption Bond and SMI VIP Plan
- 2 The contracts linked to this fund are Scottish Mutual International's Guaranteed With Profit Bond, Complete Investment Portfolio, Controlled Capital Plan, Investment Bond, Universal Capital Account, Inheritance Plan and Dublin With Profit Redemption Bond
- 3 Bonus rate effective from 1 March and guaranteed for 12 months; annual bonus is reflected in unit price
- 4 Note that the Dublin With Profits Fund was not launched until April 2000, and hence this performance does not apply to the whole of this period
- 5 Bonus rate declared upon fund launch in April 2000
- 6 Bonus rate declared upon launch in June 2002

See overleaf

The WP Series 1 Fund is reassured into the Scottish Mutual Assurance With Profits Fund which is a mature UK based fund. The SMI Dublin With Profits Fund, by contrast, was launched in April 2000. The funds are managed in a similar manner and are invested in a broadly similar mix of assets, although the SMI Dublin With Profits Fund invests more widely in collective investments which enable it to achieve greater diversification. The funds are however domiciled in different jurisdictions and are subject to different regulatory regimes, they are of different size and have different cash flow positions. As a consequence, there can and will be differences in performance between the two With Profits Funds from time to time.

Investment performance is clearly an important driver of ultimate returns to With Profits investors. However it is not the only influence. Other relevant factors include product charges, bonus rates and Market Value Reductions (if any), each of which may vary by product type. Please refer to specific product brochures for further detail.

SMI is authorised in Ireland by the Financial Regulator to transact life assurance business, the regulatory regime of which may be different to that of the UK. SMI is an authorised person under the UK Financial Services and Markets Act 2000.

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