

an integrated safety solution

March 2007



Laurie Jaques
Head of Structured Products Sales

Laurie Jaques explains how advisers are using protected products as part of an integrated planning solution.

March heralds the fourth anniversary of capital protected products issued by Skandia. As part of our continuous stream of tranches for you to recommend, 1 March saw the launch of our 23rd issue courtesy of the relationship we have with Morgan Stanley International Limited.

The core offering has remained much the same - giving you access to the performance of the accumulation units of a portfolio of actively managed funds from leading fund managers with a choice of either 100% or 80% capital protection payable at maturity. However, throughout this period there have been a number of positive developments in the way the product is used.

Four years ago we were at the tail end of a bear market in equities and capital protected products were perceived to be an ideal way to encourage nervous investors back into the stock markets. Over time, as the memory of the last bear market has faded, the use of protected products for *this* reason has reduced.

For more information about Protected Portfolio Investment and our tax-year end campaign, visit www.skandia.co.uk/isatye

sophisticated use

Over the last four years we have seen advisers become increasingly sophisticated in the ways that they have chosen to utilise structured products for their clients. Advisers are no longer viewing these products as standalone solutions for nervous investors, but instead are looking at ways in which they can be integrated within clients' overall investment solution. For example, advisers are seeking to provide clients with superior total returns over what might be achieved in a traditional corporate bond fund by utilising Skandia Protected Portfolio Investment either alongside, or at the expense of clients' fixed interest exposure.

Another use is as a home for profits earned over the last three to four years of positive equity markets. With recent volatility perhaps indicating a less than rosy future, a client will know that in the worst case their capital (their profits from the last few years) will benefit from the protection, and equally, that they will participate in future rises.

a viable ISA alternative

There may be investors who are wary of investing in stock markets at this stage of the stock market cycle, but who equally do not want to miss out on their tax-free allowance. Skandia Protected Portfolio Investment may provide an excellent stocks and shares ISA alternative for clients who would otherwise opt to hold cash within their ISA.

The potential for investment growth with access to funds from the likes of Schroders, Invesco Perpetual and New Star, but with a risk control element, makes Protected Portfolio Investment a viable ISA solution.

ISA deadline dates

Original ISA applications and cheques need to be at our PPI Administration Office by 7pm on Thursday 5 April 2007. The deadline for original applications with Telegraphic Transfer (TT) payments is 5pm on Thursday 5 April 2007. Faxed applications can be accepted until 11.59pm on 5 April 2007, as long as the cheque is received by 7pm on Thursday 5 April 2007, or the TT payment by 5pm on Thursday 5 April 2007. The original applications must be received on the next business day, Tuesday 10 April 2007 - we therefore recommend special delivery to ensure that the application is received and so is valid for the 2006/7 tax year.

The closing date for ISA and PEP transfer applications is Monday 2 April 2007.

www.skandia.co.uk

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