

Ryan Hughes introduces the Skandia Global Dynamic Equity Fund.



a one-stop global solution

March 2009

Investors are increasingly seeking global – rather than regional – equity solutions, due in part to the growing correlation between stock markets worldwide, particularly during times of stress. This trend is borne out by IMA data, which shows the Global Growth sector enjoying the third-largest net retail sales in 2008 (up from 9th position in 2005).*

At the end of March Skandia is set to launch the Global Dynamic Equity Fund, a focused and flexible global equity solution that combines both manager selection and active asset allocation in a single package. The Fund will provide access to a diversified portfolio of high quality investment managers, each running specialist regional or country-specific mandates across the full global equity opportunity set. These managers have been carefully selected and monitored by Skandia's investment research team, with the overall portfolio designed to achieve similar returns over the long term as investing in each region separately, but with lower volatility. Moreover, selecting fewer managers will enable Skandia to pick the very best specialists in each region, while rebalancing between regions will be managed within the Fund.

the flexibility to add value

While manager selection is expected to provide the main source of alpha, the Global Dynamic Equity Fund will offer the potential to generate additional value via a flexible asset allocation overlay, making full use of UCITS III investment powers. Through the use of derivatives, the portfolio management team will be able to implement tactical positions away from the strategic asset allocation in a timely, cost-effective manner without trading the underlying portfolios.

The use of an overlay will permit a much more dynamic approach to asset allocation, a key benefit in the current environment when market conditions are changing rapidly. The flexible asset allocation component will be managed with a clear set of parameters, which allow the portfolio managers to adjust the allocation to each region by up to 30% either side of the target weights but not to exit regions entirely. This framework ensures an appropriate level of investment flexibility while managing benchmark risk effectively.

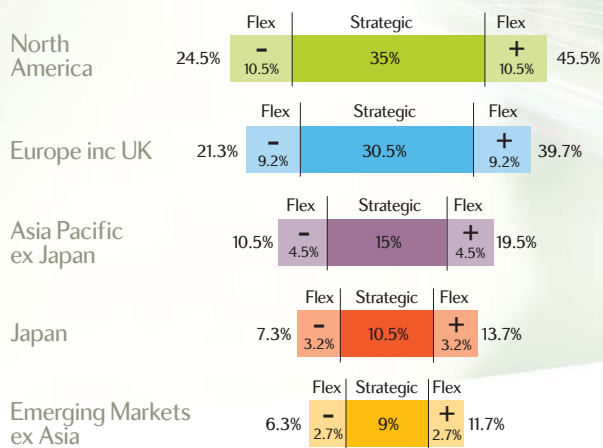
In addition to seeking alpha through geographic positioning, the portfolio managers will actively manage the Fund's

allocation to different styles (growth/value) and market capitalisations. These positions, which will tend to reflect longer-term views, will be achieved primarily through adjusting the exposure to the underlying mandates or through investment in specialist collective investment schemes (up to 10% permitted), as appropriate.

a team-based approach

All asset allocation positions will be reviewed on a monthly basis, both by Skandia Investment Group's Global Asset Allocation Committee (GAAC) and the portfolio management team. The first stage involves the GAAC, who debate and agree upon a series of asset allocation recommendations using a combination of quantitative and qualitative inputs to inform their decision-making process. These inputs include extensive analysis of the economic environment, views of key managers gleaned from the research team's constant interaction with the industry's most talented investors, together with quantitative analysis of valuation, growth and momentum trends. The portfolio management team, who form part of the GAAC, will then consider these recommendations in the context of

Global Dynamic Equity – flexible asset allocation



Strategic asset allocations based on estimated weightings for the MSCI AC World GDP Index as at 28 February 2009. These allocations are subject to change and may differ from the actual weightings at launch.

proposed strategic and flexible asset allocations at launch

Market	Strategic asset allocation	Flexible asset allocation	Active position
North America	35.0	38.5	+3.5
Europe inc UK	30.5	27.5	-3.0
Asia Pacific ex Japan	15.0	19.0	+4.0
Japan	10.5	7.5	-3.0
Emerging Markets ex Asia	9.0	7.5	-1.5
Total	100.0	100.0	

Important note: all positions shown above are subject to change and may differ from actual weightings at launch.

the existing regional allocations and mandate characteristics to ensure any changes are implemented in the most effective way.

favouring growing economies

The Global Dynamic Equity Fund's benchmark will be the MSCI AC World GDP Index. A GDP-weighted benchmark places greater emphasis on economies that are enjoying the highest growth rates. Strong economic growth tends to result in strong profit growth for a country's corporate sector, which in turn provides the lifeblood of its stock market returns. A GDP-weighted benchmark therefore can be considered more appropriate than a market capitalisation-weighted index

(such as MSCI World), which may reflect strong historic growth but does not necessarily have any bearing on future growth.

Currently, the MSCI AC World GDP has a much greater exposure to emerging markets, notably China, with a lower weighting in developed markets such as the UK and US. Each year, as the new GDP figures are published, the Fund's strategic asset allocation will be rebalanced, with the allocation to faster-growing economies increased.

The Global Dynamic Equity Fund offers a cost-effective one-stop solution for advisers seeking diversified global equity exposure via leading investment managers, with an actively managed asset

allocation. The manager of managers approach ensures the underlying portfolios are tailored to achieve the optimal overall blend while maintaining transparency and keeping costs to a minimum. ●

The Skandia Global Dynamic Equity Fund will be available across Skandia's UK fund ranges from late March 2009. For further details, including manager information, please visit www.skandiainvestmentmanagement.com

The launch is currently subject to FSA approval.

*UK domiciled funds, source IMA.

The performance of the linked life assurance fund will not mirror the performance of the underlying fund because of Skandia fund charges, taxation adjustments (if appropriate) and the Skandia investment process.

www.skandia.co.uk

Calls may be monitored and recorded for training purposes and to avoid misunderstandings.

Selestia Investment Solutions investment platform gives you access to an ISA and Collective Investment Account provided by Skandia MultiFUNDS Limited, a Collective Retirement Account and Collective Investment Bond provided by Selestia Life & Pensions Limited and an Offshore Collective Investment Bond distributed by Skandia MultiFUNDS Limited for Old Mutual International (Guernsey) Limited.

Skandia fund platform gives you access to MultiISA and MultiFUND provided by Skandia MultiFUNDS Limited and to products provided by Skandia Life Assurance Company Limited.

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