

Portfolio Investment Accounts

2016 - Quarter 2

What is an Investment Account?

An Investment Account, in the context of a Policy with SEB Life International, is an account maintained by the Company with a Financial Institution ("Custodian") whereby a Discretionary Asset Manager ("Asset Manager") has the authority to enter into investment transactions under an investment management agreement. The Investment Account, which is treated as a unique asset linked to the Policy, is normally established directly by SEB Life International on request of the client. Policies may be linked to one or more Investment Accounts as well as individual assets.

SEB Life International primarily works with authorised Custodians and Asset Managers incorporated in the EEA. Please refer to the "Pre-appointed Asset Manager and Custodian List" document for more information.

Reasons to open an Investment Account

Investment Accounts can prove to be an attractive proposition for clients that do not have the time or experience to manage their asset selection themselves and who wish to avail of the professional services of an Asset Manager.

The Insurance Intermediary will help define the client's personal risk profile by looking at important factors such as the

client's investment objectives, experience, time horizon, attitude towards investing and risk preferences. Assets then selected by the Asset Manager in accordance with the client's profile and strategy must conform to the criteria detailed in the "Permitted Assets and Exchanges" documentation.

While the Insurance Intermediary advises in relation to all aspects of the Insurance Policy, the appointed Asset Manager liaises with the Custodian to buy and sell assets within the Investment Account, monitor the Investment Account, manage cash levels and instruct in respect of corporate actions relevant to the Investment Account. The Custodian is in turn charged with safekeeping the assets in the Investment Account, settling trades placed, reconciling holdings, collection of dividends and coupons and also involved in tax reclamation/tax reporting.

Advantages for the client

- Clients can choose from a wide range of pre-appointed asset managers and custodians.
- The selected Asset Manager will manage all investment decisions in relation to the Investment Account (in line with the client's risk profile and the Company's asset acceptance criteria);
- The trades within the Investment Account will be placed by the Custodian;
- Assets held in custody are legally segregated from those of the Custodian;

- All coupons (bonds, savings certificates, etc.) arising within the Investment Account will accrue to the Investment Account;
- It is possible to link to both directly selected assets in addition to different Investment Accounts via a single SEB Life International Policy.
- No VAT arises on Asset Manager or Custody Fees within a SEB Life International Discretionary Management arrangement.
- Clients can see the value of their Policy at any time via www.seb.ie

Costs

The charges of the Insurance Policy are detailed in the relevant Product literature. The cost of the Investment Account will depend on the client's choice of Asset Manager, Custodian, trading frequency and nature of assets selected. All external costs incurred in dealing such as delivery fees, bank charges, settlement costs, stockbroker commissions, stamp duties and custodial fees will be charged directly to the Investment Account. The Policy charges will be deducted from the Policy which is normally funded from the value of the Investment Account. (For more information please see the relevant product information literature)

How does it work?

An Investment Account can be registered as soon as the relevant paperwork has been received and processed by SEB Life International as long as the client selects a Custodian and an Asset Manager as detailed in the "Pre-appointed Asset Manager and Custodian List".

In the context of opening a new Policy, the following documents are required:

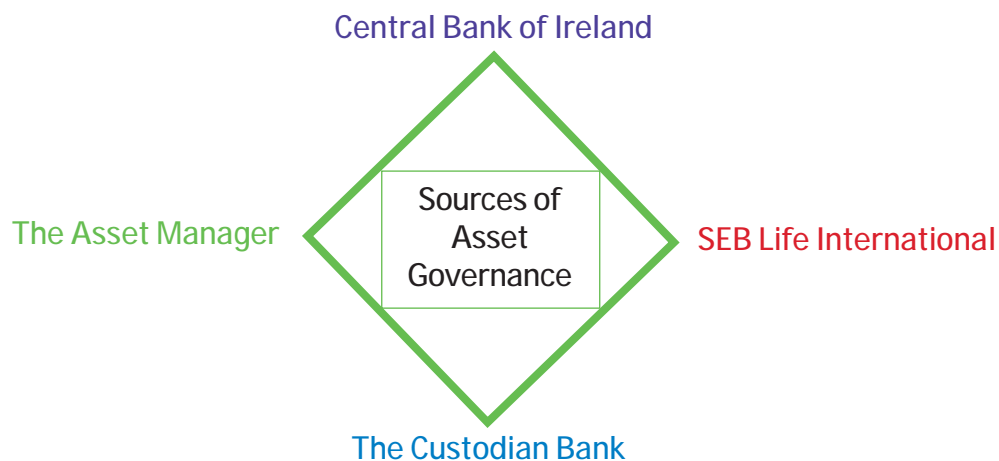
- A new Policy application form (includes the dealing instruction);
- Additional Conditions for Investment Accounts;
- Investment Risk Profile Form;
- Current and valid proof of address and identity of the applicant(s) to fulfil our Anti-Money Laundering requirements
- Premium sent from client's bank account to SEB Life International's premium collection account

Please note that it is possible for an existing client to switch the (direct) assets linked to their Policy into an Investment Account at any time.

Depending on the choice of Asset Manager and Custodian, additional documentation may be required by SEB Life International, the Custodian or the Asset Manager.

Investment Account – Security and regulation

Acceptance to our list of Custodians and Asset Managers is subject to satisfactory completion of the Company's due diligence procedures and agreement to fulfil certain requirements for operational efficiency. New Custodians and Asset Managers require SEB Life International Management approval in advance of appointment. As the Custodian and the Asset Manager are regulated in their place of domicile, there are 4 sources of protection for Clients:



The Irish Regulator - Central Bank of Ireland

- Responsible for the supervision of the Irish Insurance industry including SEB Life International;
- Issues Irish Asset Admissibility rules that govern the assets which may be linked to the Policy;
- Monitors the insurance companies shareholder assets (solvency margin).

The Insurance Company – SEB Life International

- SEB Life International must maintain its own capital and reserves and maintain its own solvency margin;
- Authorised and supervised by the Central Bank of Ireland;
- Detailed annual reporting to the Central Bank of Ireland;
- See our Guide to Financial Security and Policyholder Protection for further information.

The Custodian Bank

- Authorised and supervised by home regulator;
- Entirely independent from SEB Life International;
- Holds SEB Life International's insurance linked assets in segregated accounts;
- In the event of the failure of the Custodian Bank the segregated assets are not counted as assets of the Custodian (other than cash holdings).

The Asset Manager

- Authorised and supervised by home regulator;
- Advise on asset allocation and investment strategy under an appropriate license (e.g. MiFID license or equivalent);
- External entity;
- No access to underlying assets within the Investment Account which is held by an independent Custodian.

Note: It is possible to appoint an Asset Manager to manage assets held with SEB Life International's core Custodian and where all transactions are managed through SEB Life International's Dealing Desk.

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