



THE STM

INTERNATIONAL LIFE BOND

KEY FEATURES
DOCUMENT



THE STM LIFE INTERNATIONAL LIFE BOND

The STM Life Assurance PCC Plc (“STM Life”) International Life Bond (“ILB”) is a single premium unit-linked whole of life assurance bond (“Bond”) issued by STM Life, comprising one policy and which may be divided into a set number of identical sub-policies called segments.

HOW IT WORKS

You agree to invest assets to a value of at least £100,000 as a premium into the Bond.

The types of assets that can be held within your Bond are subject to the approval of STM Life and include those quoted on a stock exchange recognised by STM Life, selected from a range of pooled assets specified by STM Life or otherwise specifically agreed by STM Life from time to time as being eligible to be purchased for allocation to the Bond.

Under the terms of the ILB, STM Life will appoint an Investment Adviser from an approved panel to advise on the investment of the underlying assets. The Policyholder (“you”) will be entitled to indicate the overall investment objective of the ILB but you will not be entitled to give any instructions to STM Life or the Investment Adviser with regard to the composition of the Bond.

The Bond will be placed within a separate legally recognised cell within the Company in order to segregate and protect your assets.

Assets may be bought and sold throughout the lifetime of the Bond subject to having sufficient cleared funds available for the purchases.

You will receive a detailed valuation statement quarterly, which sets out the total value of your Bond based on the latest price information that STM Life has available.

You may make cash withdrawals from the Bond and you may surrender the Bond at any time. If you surrender the Bond, you will receive the value of the underlying assets less any costs associated with selling the underlying assets and any applicable charges and fees.

There will be a cash account for the collection of dividends and other forms of liquid investment income. It is from this account that any withdrawals may be made and charges may be taken. It is recommended that a minimum of £10,000 is maintained within the cash account to cover future costs.

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RISK FACTORS

The actual value of your Bond will depend upon the performance of the underlying investments. The value of the investments can fall as well as rise.

If you surrender your Bond you will get back the value of the underlying assets of your Bond less any applicable charges and fees. Depending on the future return from the assets, if you surrender your Bond, you may get back less than you invested.

If you make regular withdrawals which exceed the growth in the value of your Bond, the value of the investments in your Bond will fall.

If you invoke your right to cancel your Bond you will get back the amount that you invested less any fall in the value of the underlying assets within your Bond at the time STM Life receive your notice to cancel.

If your Bond holds an investment for which there is no recognised and liquid market, it may be difficult to deal in that investment or to obtain a reliable valuation or information about the risks to which it may be exposed. If STM Life is unable to dispose of such an asset for any reason it may, in its discretion, transfer that asset to you or to your nominee and treat it as either a partial encashment or a full surrender of the Bond, depending on its value, compared to the total value of the Bond at the time of transfer.

Normally the investments in your Bond will be denominated in Sterling. Where an asset allocated to your Bond is denominated in a currency other than Sterling, changes in the rate of exchange may cause the value of the investment to go up as well as down.

STM Life reserves the right to dispose of any asset which has become valueless or becomes, directly or indirectly, contrary to its normal investment philosophy or becomes an investment, directly or indirectly, in a company whose activities are regarded by STM Life as being illegal, unethical or of a nature that may be detrimental to Gibraltar's reputation. The costs of selling such asset will be charged to your Bond. STM Life will not incur any liability to you as a result of exercising this right.

YOUR PERSONAL ILLUSTRATION

The enclosed Personal Illustration shows how the Bond may work for you and the effect of various deductions. This is for illustrative purposes only and is not intended as a forecast, projection or warranty of investment performance by STM Life. The actual performance will depend entirely on the investment performance of the underlying assets.

QUESTIONS AND ANSWERS

1. WHAT IS THE INTERNATIONAL LIFE BOND?

The International Life Bond is an international insurance policy underwritten by STM Life and consists of the Policy. The Policy is a single premium unit-linked whole of life assurance policy issued by STM Life which is made up of one policy and which may be divided into a set number of identical sub-policies called segments.

2. WHO CAN INVEST IN THE INTERNATIONAL LIFE BOND?

Anyone between the ages of 18 and 75 can invest. Investments can be made by individuals, companies or trustees. Individuals may apply for a single life policy on their own or joint life policy with someone else.

3. HOW MUCH CAN I INVEST?

The minimum initial premium is £100,000, there is no maximum. At least £10,000 of your initial premium must be in cash. Additional premiums can be paid at any time subject to a minimum of £50,000. STM Life in its absolute discretion may permit an amount below the minimum premium.

4. CAN I TAKE REGULAR WITHDRAWALS OF INCOME FROM MY BOND?

You can take regular withdrawals from your Bond monthly, quarterly, half-yearly or annually, subject to a minimum withdrawal of £5,000 each time and to there being sufficient cash and readily realisable investments to make such payments.

Any withdrawal should not reduce the cash balance of the Bond to below £10,000. Should the balance fall below this amount STM Life has the right to encash your remaining investment.

5. WHAT HAPPENS IF I WANT TO ENCASH PART OF, OR MY ENTIRE BOND?

You can encash part of, or your entire Bond at any time.

Any partial encashment must not reduce the cash balance of the Bond to below £10,000. Should the balance fall below this amount you may be required, by STM Life, to encash your remaining investment.

If STM Life cannot easily dispose of the underlying assets in order to encash all or part of the Bond it may return any assets allocated to the Bond net of charges, to you or your nominee.

6. HOW IS MY MONEY INVESTED?

100% of each premium less any applicable charges and fees is invested in your Bond.

The value of your Bond is calculated by reference to the value of those assets owned by STM Life which are allocated to your Bond. These assets form part of the Long Term Business Fund of STM Life. At least £10,000 of your initial premium must be in cash. The current minimum amount of cash that should be retained within the Current Account is £10,000. Other assets could include:

- Units in a Unit Trust, shares in an Investment Trust, Shares in an Open Ended Investment Company.
- Units in an internal linked fund operated by STM Life.
- Holdings in other funds including Experienced Investor Funds, Property Funds and Hedge Funds.
- Private company shares.
- Any other assets specifically agreed by STM Life.

The composition of your Portfolio will be determined by an Investment Adviser appointed by STM Life and will be subject to the provisions of an Investment Advisory Agreement.

If you wish to choose the composition of your Portfolio, or appoint your own Investment Adviser to act on your instructions, then we can offer the International Self Directed Bond as an alternative.

7. DOES THE POLICY INCLUDE LIFE COVER?

In the event of the death of the defined Life Assured, the Bond will terminate with the payment of the sum assured. In the case of joint or multiple lives assured, the option is available to select whether the death benefit will become payable on either the first death that occurs or on the death of the last survivor, such option having been specified in the schedule to the Bond.

The total amount payable on the death of the defined Life Assured is the value of the Bond after the deduction of any outstanding charges plus an additional amount equal to one per cent of the Bond value (up to a maximum of £2,000).

8. WHAT ARE THE CHARGES AND WHAT ARE THEY FOR?

The charges comprise an Establishment Charge and an Annual Management Charge payable to STM Life as well as any fees charged by your Intermediary. STM Life's fees are calculated by reference to the nature of the assets held and will be agreed in advance by STM Life. The actual charges and the effect of these will be detailed in your Personal Illustration.

ESTABLISHMENT CHARGE

An Establishment Charge will be levied on the value of your Premium.

ANNUAL MANAGEMENT CHARGE

An Annual Management Charge will be levied on the total value of assets in your Bond at each quarterly valuation date. This charge will be deducted quarterly in arrears.

INVESTMENT ADVISER

Any Investment Adviser fees are subject to a separate agreement between STM Life and the Investment

Adviser appointed by STM Life. Such fees will be paid by STM Life directly to the Investment Adviser.

INTERMEDIARY FEES

Any Intermediary fees shall be agreed between you and the Intermediary prior to signing the application form. The corresponding charges will be deducted from the cash account within the Bond at the relevant dates.

STM Life reserves the right, at its discretion, to change the charging structure, having given 30 days' notice of the intention to do so. Should there be insufficient assets in the Bond to pay such charges then the Bond will automatically lapse.

OTHER COSTS

STM Life may debit to the Current Account an amount which it considers to be appropriate to take account of any expenses, taxes, duties, charges and other liabilities (including the costs of any currency conversion) that may arise in connection with the purchase, management, maintenance, custody, valuation and sale of any assets allocated, or to be allocated, to the Portfolio (including any costs incurred in contemplation of a sale of any assets allocated to the Portfolio, which sale fails, for any reason whatsoever, to be completed) or the receipt of any income attributable to those assets and interest on, and the repayment of, any monies borrowed in connection with the Portfolio.

9. HOW CAN I FOLLOW THE PROGRESS OF MY BOND?

On a quarterly basis you shall receive a full valuation statement of the current assets held within your bond detailing in full, those transactions which have occurred during the quarter.

More frequent Bond valuations may be obtained at any time subject to an additional charge not exceeding £100. Any third party valuation fees will be charged separately as stipulated in the Standard Policy Terms and Conditions document.

FURTHER INFORMATION

CANCELLATION RIGHTS

After your proposal has been accepted you will receive a Notice of Your Right to Cancel. You will then have 30 days from the date of this notice in which to change your mind. Please note that if the value of your investment falls before we receive your cancellation notice an amount equal to the fall in value will be deducted from your refund.

PAYMENT

Payment can be made in Sterling by cheque, banker's draft or Telegraphic Transfer. Payment can also be made in other currencies.

TAX

Generally, STM Life should not be subject to any Income Tax, Capital Gains Tax or Corporation Tax in respect of assets allocated to your policy. Exceptions include withholding tax, which is tax withheld by some countries on certain types of income e.g. dividend income and interest and if certain types of Gibraltar source income are received by STM Life.

UK tax legislation contains provisions applicable to "Personal Portfolio Bonds". Whilst every effort has been made to ensure that the bond does not constitute a "Personalised Portfolio Bond", STM Life is not providing any advice as to the tax implications of investing in The International Life Bond.

Your tax position will depend upon a number of factors including your personal circumstances and you must obtain advice from your own professional advisers, both at the outset and throughout the life of your Bond. In particular you should ensure that you are able to satisfy any local tax, exchange control, insurance legislation or regulations that are applicable.

UK tax legislation requires that, in certain circumstances, STM Life must disclose information concerning UK resident Policyholders to HM Revenue & Customs. This disclosure may be required when an event occurs which results in a gain being realised. Disclosure will be dependent upon the amount of any gain and whether or not we are aware, or believe, that the Policyholder was resident in the UK at the time the event occurred.

LAW

Your Policy is construed in accordance with the law of Gibraltar.

REGULATION

STM Life is registered in Gibraltar, Company Number 100244. STM Life is licensed by the Commissioner of Insurance under the Insurance Companies Act to carry on assurance business in Gibraltar.

NOTIFICATION OF RISKS PCC LEGISLATION

STM Life is structured as a Protected Cell Company (a "PCC") subject to the provisions of Gibraltar's Protected Cell Companies Act 2001. This means that STM Life may create legally recognised "cells" within the company in order to segregate and protect each Policyholder's assets. Each cell has its own designation (the policy number) and it is the duty of the Directors to keep the assets and liabilities of each cell separate (and therefore accounted for separately). The legislation prohibits the assets of a cell to be used to satisfy any liability not attributable to that cell. In the event that the liabilities of a cell exceed the value of its assets, the shortfall will be payable from the solvency capital of STM Life.

The added protection offered by the PCC would undoubtedly be effective in any legal proceedings brought in Gibraltar. However, the Directors of STM Life know of no legal challenges to the PCC concept in any other jurisdiction. They are therefore unable to give Policyholders an assurance that the courts of another country would grant the level of protection for cellular assets intended under Gibraltar's Protected Cell Companies Act.

INVESTMENT RISK

Past performance is not necessarily a guide to the future. The value of investments can go down as well as up.

QUERIES AND COMPLAINTS

For further information, or if you wish to complain about any aspect of the service you have received, please contact the

Managing Director
STM Life Assurance PCC Plc
Montagu Pavilion,
8–10 Queensway,
Gibraltar.
or email info@stmlife.com

If you feel that your complaint is not being resolved satisfactorily, you can contact the Department of Consumer Affairs of the Government of Gibraltar at

10 Governors Lane,
Ground Floor,
Gibraltar.
Telephone Number +350 200 50788 or +350 200 43585.

This is a brief guide to the features of the Bond and should be read in conjunction with the Standard Policy Terms and Conditions document.

References to legislation and taxation in this leaflet are based on STM Life's understanding of current law, which may change without notice.



STM Life may be contacted via telephone between the hours of 9.00am to 5.30pm, Central European Time, during normal working days in Gibraltar or via post, email or facsimile as per the details below.

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