

## **Additional Notes and Information**

### **Phoenix Life Limited Britannic With-Profits Fund - With Profits Annuity**

#### **How we manage the Phoenix Life Limited Britannic With-Profits Fund**

Your policy invests in the Phoenix Life Limited Britannic With-Profits Fund through a with profits annuity policy. The enclosed guide "How we manage the Phoenix Life Limited Britannic With-Profits Fund" gives important information about how our with profits policies work. This replaces the equivalent guide we sent you in 2006. It has been updated to reflect the transfer from Britannic Assurance to Phoenix Life. Please read this guide and keep it in a safe place.

The life assurance, pension and investment business of Britannic Assurance was transferred to Phoenix Life Limited on 31 December 2006. You will notice the Phoenix logo and the new company name on all your future correspondence with us.

There is a more comprehensive document that describes how we manage our with profits business, called the "Principles and Practices of Financial Management" (PPFM). You can read the current PPFM for Phoenix Life which covers the Britannic With-Profits Fund on our website at [www.phoenixlifegroup.co.uk](http://www.phoenixlifegroup.co.uk) or you can ask us for a copy.

#### **Principles and Practices of Financial Management Update Leaflet**

The enclosed leaflet describes the changes to the Britannic Assurance Principles and Practices of Financial Management (PPFM) and the annual report for 2006.

#### **With Profits Committee**

You may recall that we have previously provided a statement from an independent actuarial consultancy, confirming that your policy has been managed in accordance with the information you were provided at the point of sale. This statement, however, is no longer required as the governance arrangements for with profits funds have changed. Our With Profits Committee, which includes independent non-executive directors, provides an independent review of the management of the with profits fund. This includes reviewing the with profits annuity returns declarations, bonuses and compliance with the Principles and Practices of Financial Management.

Information about the asset mix is contained overleaf.

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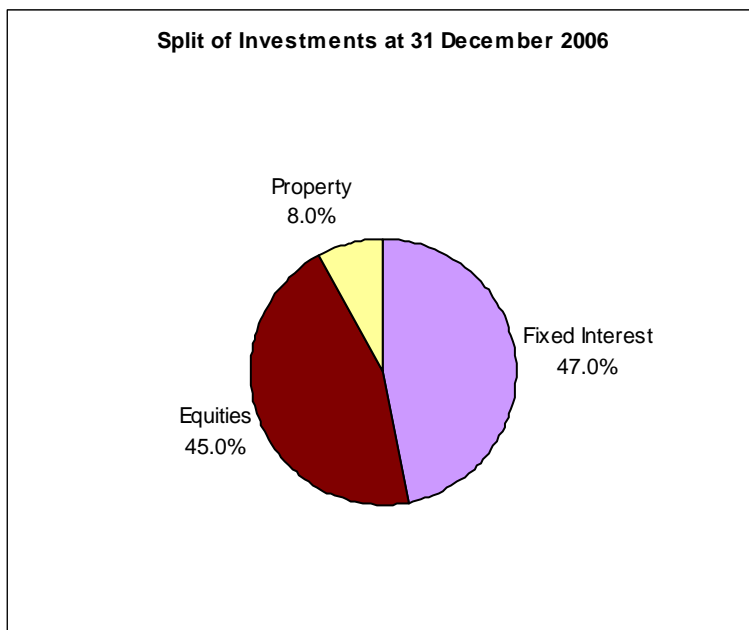
### Phoenix Life Limited Britannic With-Profits Fund - With Profits Annuity

#### How the with profits fund is invested

We invest the with profits fund in a mix of assets such as company shares, property, bonds (types of loan usually issued by the Government or companies) and cash deposits.

How much we put into each type of investment will change over time. We aim to make sure that the with profits fund can always meet the guarantees it has given to policyholders. Subject to this, we aim to get the highest possible investment return while balancing this with the degree of risk being taken. We currently hold some higher risk investments which we expect to provide a higher return, such as company shares (equities) and property. The rest are lower risk investments such as bonds and cash (fixed interest).

The pie chart below shows the split of investments backing with profits annuities in the Britannic With-Profits Fund at the end of December 2006.



The return on the investments in the with profits fund in 2006 was 7.7%. By keeping approximately 50% of the with profits fund invested in equities and property, we believe that we are well placed to benefit from any growth due to the stock market or property price increases, whilst still protecting the long term security of the fund.

Phoenix Life Limited remains strong and the assets available to meet our liabilities are in excess of the level required by our regulator, the Financial Services Authority.

Information about how we manage the with profits fund is contained overleaf.

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