



An insight Into Unit Linked

PREFACE

The purpose of this guide is to give some background knowledge and explanations, as well as answering some frequently asked questions about the concept of unit linked and the unit linked funds of Swan Life Limited (hereinafter referred to as Swan Life Ltd or the Company).

This document will be useful to anyone who wishes to invest or has already invested in our range of unit linked fund(s) through one of the policies of Swan Life Limited.

In the event that there is any discrepancy between this guide and your policy document, the terms and conditions as set out in your policy document will prevail.

The information contained in this guide shall NOT be construed as financial or other professional advice. You are kindly requested to seek professional advice or consult the relevant authorities before you invest in the unit linked fund(s) of Swan Life Limited.

Swan Life Limited shall not be liable for any damages (including, without limitation, damages for the loss of business or profits) arising from the use of this guide.

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1. WHAT IS A “UNIT LINKED FUND”?

The term “unit linked” is normally associated with a “fund” hence the term “unit linked fund”. A fund is created when payment of premiums are made. The sum of money thus created (which is called the fund) is invested in various investment vehicles such as shares, government bonds etc. The premium paid, after deduction of charges, will buy a certain number of units in the fund(s) chosen by the policyholder.

The fund is divided into units of equal value and the value or “price” of each unit depends on the value of the assets held by the fund. Policyholders share in the investment performance as well as bear the risks of the assets held within their chosen fund(s).

2. WHAT ARE THE UNIT LINKED FUNDS OF SWAN LIFE LTD?

		Risk Grading				
Life Funds for individuals	Started In	Low				High
General Fund - Life	Jul-99					
Mixed Fund - Life	Feb-07					
Equity Fund - Life	May-00					
Foreign Bond - Life	Oct-07					
Foreign Equity - Life	Oct-07					

		Risk Grading				
Pension Funds for individuals	Started In	Low				High
Secure - Pension	Jul-99					
Mixed - Pension	Feb-07					

More details about the above mentioned funds are available on the Company’s website at www.swanforlife.com and in the monthly fund fact sheets which is available at the Company’s head office, branches or with the Sales Representatives of the Company.

3. DO YOU HAVE ANY POLICY IN A CURRENCY OTHER THAN MAURITIUS RUPEE?

Swan Life Ltd has a Foreign Currency plan which presently can be effected in US Dollar, GB Pound & Euro.

Premiums and benefits will be paid exclusively in the currency denomination of the policy.

4. WHO MANAGES THE UNIT LINKED FUNDS OF SWAN LIFE LTD?

Whilst the funds are managed by Swan Life Ltd itself, the investment of the money in the funds is entrusted to a subsidiary company of Swan Life Ltd, known as Swan Wealth Managers Ltd.

5. HOW ARE YOUR UNIT LINKED FUNDS VALUED?

Swan Life Ltd uses up to date figures to value the assets in its unit linked funds; for example, if an asset is listed on the Stock Exchange, on the valuation date, the latest available quoted price is used. Any income which is generated is added to the value of the assets and any anticipated costs and taxes etc. are taken into consideration to determine the value of each fund. Therefore, the value of a fund is the sum of the value of its underlying assets less its underlying liabilities at the valuation point.

6. HOW DO YOU CALCULATE THE PRICE OF THE UNITS?

Swan Life Ltd calculates the unit price by taking the net asset value of each fund and dividing it by the number of units in the fund.

The figure which is obtained is called the “Bare” price. It is from the “Bare” price that both the Bid price & the Offer price are determined.

7. CAN YOU EXPLAIN THE BID PRICE & THE OFFER PRICE?

The Bid price is the “Bare” price rounded to the nearest two decimal places. Whenever a policyholder wishes to cancel units, e.g. converting units into cash or switch units from one fund to another, the Bid price is used to carry out the process.

The Offer price is, presently, the Bid price plus a 5% spread. Whenever a payment of premium is made, the Offer price is used to calculate the number of units to which the policyholder is entitled. For example, if after the valuation of a fund, the “Bare” price is 24.567453, then the Bid price will be set at 24.57 and the Offer price will be set at 25.80.

However, for the following plans, issued as from April 2015, units are bought for and sold at a single price, i.e. the bid price:

- Prosper Unit Linked Plan
- Provide Unit Linked Plan
- Progress Unit Linked Plan

8. HOW OFTEN DO YOU CALCULATE THE PRICES OF UNITS?

Presently, Swan Life Ltd carries out the valuation of its funds as at the 10th, 20th and the last day of each calendar month. The unit prices are normally available around seven working days after the valuation date.

9. WHAT IS THE ACTUAL VALUE OF MY POLICY?

The value of any policy, on any given date, is the number of units accumulated on that date multiplied by the latest Bid price.

10. HOW DO YOU COMMUNICATE THE VALUE OF MY POLICY AND HOW OFTEN?

We are required by the Financial Services Commission to send an annual statement of units to all our unit linked clients, detailing the value of policies as at a specific date. However, you may request, at any time, for a statement of units with the latest available bid price – the statement will be sent within 24 hrs.

Additionally, we also provide to our clients an online secured access 24/7 facility with accounts updated once a month (on or around the 30th/31st) with the value of the policies for the previous month. For example, the update as at 30th June 2015 was online on the 29th July 2015. To receive your login and password, you need to send us an email with details of your full name and NIC no. at request@swanforlife.com or call in person at our head office or branches.

11. WHAT IS THE ALLOCATION RATE?

The Allocation Rate is the percentage of the net premium (i.e. premium less charges such as policy fee, cost of any additional benefit, if applicable etc.) that is invested in the unit linked funds. The higher the premium, the higher will be the allocation rate.

12. ARE THERE ANY CHARGES APPLICABLE?

In line with normal practice, the difference between the net premium and the amount that is invested, is used by the Company to meet its operating expenses. A policy will also bear a policy fee which is used by the Company to administer the policy. Furthermore, a fund management charge is levied on the net assets of each unit linked fund to pay for the cost of administering/managing the funds. The Company may vary these charges; however, policyholders will be advised of any such change.

All bank charges and/or transaction costs are to be borne by the customer.

13. WHAT IS THE EFFECTIVE DATE OF ANY TRANSACTION?

The effective date is the date on which the Company completes the buying & selling of units. This is not necessarily the date on which an instruction is received from the policyholder. The table below illustrates on which dates of the month the various transactions are normally carried out:

Premiums received through direct debit	
Date premium received at Swan Life Ltd	The premium will buy units based on
From 1st to 10th	Price calculated for the 10th of the month
From 21st to 30th/31st	Price calculated for the 10th of the following month
Premiums received through standing order	
Month premium received at Swan Life Ltd	The premium will buy units based on
May	Price calculated for the 20th of the June
June	Price calculated for the 20th of July
July	Price calculated for the 20th of August
Premiums received by cash	
Date premium received at Swan Life Ltd	The premium will buy units based on
From 1st to 10th	Price calculated for the 10th of the month
From 11th to 20th	Price calculated for the 20th of the month
From 21st to 30th/31st	Price calculated for the last day of the month

Maturity date of the policy:

If the date of the maturity is	The price of units to be used will be based on
From 1st to 10th of the month	Valuation date of the 10th of the same month
From 11th to 20th of the month	Valuation date of the 20th of the same month
From 21st to the last day of the month	Valuation date of the last day of the same month

14. WOULD I BE ALLOWED TO STOP MY POLICY AND GET MY MONEY BACK?

It is normally possible to stop a policy and it is called "Surrender". All policies will acquire a surrender value after they have been in force for a defined period of time, and on certain types of policies a surrender charge may apply.

Please note that a Unit Linked Personal Pension Plan/Provide Personal Pension Plan (Unit-Linked) **cannot** be surrendered.

Payment of a surrender value:

If the letter is received	Price of the units to pay surrender value will be based on
From 1st to 10th of the month	The valuation date of the 10th of the same month
From 11th to 20th of the month	The valuation date of the 20th of the same month
From 21st to the last day of the month	The valuation date of the last day of the same month

15. CAN I GET SOME MONEY, AT ANY TIME, FROM MY POLICY?

Depending on the type of policy which has been set up and the length of time that it has been in force, a sum of money, if any, may be payable. This is called a "Cash Advance". Normally, a cash advance is paid about seven working days after the written request has been received by the Company.

16. WOULD I BE ALLOWED TO PLACE FUTURE PREMIUMS INTO ANOTHER FUND?

Yes, it is called “Premium Reallocation” but it depends on the type of policy. The policyholder will need to complete a “Premium Re-allocation Form” and give us at least 30 days’ notice to effect any change(s).

Presently, the **first two** premium re-allocation requests, in any policy year, are free but any subsequent request(s) in the same policy year will be subject to the then applicable processing fee.

17. WHAT IS A POLICY YEAR?

A policy year is a period of 365 days in the life of a policy. For example, if a policy is set up on the 1st of April, the policy year, of that particular policy, will start from the 1st April of that year and will end on the 31st March of the following year.

18. CAN I TRANSFER MY UNITS FROM ONE FUND TO ANOTHER?

Yes, we call it “Switching”. Depending on the type of policy that has been set up, the policyholder may, at any time, switch up to a certain amount or all the units, in the chosen policy, from one fund to another fund(s).

Name of Plan	No of switches allowed in any policy year		
	1st Switch	2nd Switch	3rd or more Switches
Capital Growth Plan	Not Allowed		
Mortgage Plan	Not Allowed		
Educational Plan	Not Allowed		
Capital Life Plan	Free	Free	Charges Applied
Oxygen Education Needs/ Provide Education	Not Allowed		
Oxygen Regular Premiums Plan/ Prosper Regular Savings	Free	Free	Charges Applied
Oxygen Loan Repayment Plan/ Progress Loan Repayment	Not Allowed		
Oxygen Investment Plan/ Prosper Single Investment	Free	Free	Charges Applied
Oxygen Foreign Plan Single Premium/ Prosper Foreign Single Investment	Free	Free	Charges Applied
Oxygen Foreign Plan Regular Premium/ Prosper Foreign Regular Savings	Free	Free	Charges Applied
Unit-Linked Personal Pension Plan/ Provide Personal Pension Plan	Free	Free	Charges Applied

Important Note:

You are strongly advised to consider a fund’s investment objectives and risks carefully, before proceeding with a switch and reallocation of fund.

You have only two choices of funds for:

- (1) The Unit-Linked Personal Pension Plan/Provide Personal Pension Plan, namely:
 - The Secure Fund Pension
 - The Mixed Fund Pension
- (2) The Capital Life Plan, namely:
 - The General Fund Life
 - The Equity Fund Life

19. HOW DO YOU CARRY OUT A SWITCH OF UNITS?

A switch is done by cancelling units from the source fund and purchasing units in the destination fund. Both the cancellation and the purchasing of units are carried out using the Bid Price of the next valuation date.

20. IN ADDITION TO MY NORMAL PREMIUM CAN I INJECT EXTRA MONEY IN MY POLICY?

Policyholders may, at any time, inject additional money (it is called “optional premiums”) in their policies. However, a minimum amount is applicable, subject to the type of policy.

21. CAN I INJECT MY ACCRUED PENSION BENEFIT AS AN OPTIONAL PREMIUM?

All accrued pension benefits can be injected as an optional premium in a Unit Linked Personal Pension Plan/Provide Personal Pension Plan (Unit-Linked) or it can be used to set up a new Unit Linked Personal Pension Plan/ Provide Personal Pension Plan (Unit-Linked).

22. CAN I INVEST MY “OPTIONAL PREMIUMS” IN ANY OTHER FUND(S)?

Policyholders may leave their existing premiums in the fund(s) selected at inception and invest all or part of their “optional premiums” in any other fund(s) and in whatever proportion (where applicable).

23. CAN YOU GUARANTEE THE VALUE OF MY UNITS?

(a) The projected cash value of units will depend on the performance of the underlying investments in the fund(s). Therefore, the price of units may go down as well as up and, subject to subsection (b) below, accordingly the cash value of units cannot be guaranteed.

(b) In case of life policies, if 100% of all premiums are invested in the General Fund and they continue to be invested in the General Fund only, at all times, a Guaranteed Amount or the Cash Value of Units (whichever is the higher) will be payable at the end of the selected term of the Standard Benefits.

(c) For new types of life policies issued as from 1st April 2015, there is a guaranteed amount equal to allocated premiums compounded at 4.00% p.a., if 100% of all premiums are invested in the General Fund and they continue to be invested in the General Fund only, at all times.

(d) In case of personal pension plans, there is a minimum Guaranteed Amount of cash option on which the monthly pension will be calculated.

24. HOW OFTEN DO YOU PUBLISH THE PRICE OF THE UNITS?

The prices of units are updated on our website at www.swanforlife.com as soon as they are available. Additionally, they are published monthly in the fund fact sheets, which are issued by Swan Life Ltd.

25. HOW OFTEN DO YOU PUBLISH THE PERFORMANCE OF YOUR FUNDS?

The funds’ performance is calculated at the end of each month and they are published monthly in the fund fact sheets, which are issued by Swan Life Ltd.

26. HOW CAN I SELECT THE FUND INTO WHICH I WISH TO INVEST?

The “Investment Profile Sheet”, which is available from the Company’s Head Office, branches and its Sales Representatives gives some guidelines as to whether the fund, which has been selected, is appropriate for a particular form of investment.

Prospective customers are kindly requested to seek financial advice and any other such information needed before investing in the unit linked funds of the Company.

27. CAN YOU DEVISE A FUND IN ACCORDANCE WITH MY SPECIFIC INSTRUCTIONS?

Presently, the Company is unable to offer this facility. However, please note that the unit linked funds of Swan Life Ltd have been carefully and specifically designed to meet the needs of its unit linked policyholders and prospective customers alike.

28. CAN I ASK YOU TO INVEST MY MONEY IN ANY PARTICULAR ASSET(S)?

It is the prerogative of the Company to decide to invest money in the funds in such securities, bank deposits, derivative instruments, property or any other assets allowed by law, as it shall in its absolute discretion think fit and may in the like discretion dispose of or vary any such investments.

29. WOULD I HAVE TO PAY ANY TAXES ON MY POLICY BENEFITS?

Presently, the benefits of a life assurance policy, whether it is a cash advance, maturity or a surrender value is free of all taxes. A Unit Linked Personal Pension Plan/ Provide Personal Pension Plan (Unit-Linked) is presently free of taxes up to a certain amount.

30. CAN I USE MY POLICY TO ACQUIRE A LOAN WITH SWAN LIFE LTD?

It is called a “Loan on Policy”. Subject to the type of policy and the length of time it has been in force, a policyholder may use his policy to guarantee a “Loan on Policy” from Swan Life Ltd.

31. CAN I USE MY POLICY TO COVER A LOAN, OTHER THAN A “LOAN ON POLICY”?

In most cases a policy may be used as an additional security for a loan which has been or is being contracted with either Swan Life Ltd or another lender. However, depending on the type of policy, certain adjustments may have to be made to the amount of life assurance and/or total & permanent disability cover so as to meet the requirements of the lender.

32. WOULD I BE ALLOWED TO ADD LIFE ASSURANCE COVER TO MY POLICY?

A policyholder may, at any time, add life assurance cover and other “riders” (e.g. total & permanent disability cover, waiver of premium benefit) to his policy. The Company’s usual criteria such as a medical examination, processing fee etc. may apply.

33. WHAT IS PAYABLE WHEN MY POLICY REACHES ITS TERM?

On the date of maturity of a policy (the date on which a policy reaches its term), the amount payable, subject to No. 24 (b), will be the cash value of units. This is calculated by taking the accumulated number of units, credited to the policy, multiplied by the Bid price of the next valuation date.

34. WHAT WILL HAPPEN IF I AM UNABLE OR RELUCTANT TO “COLLECT” MY MATURITY BENEFIT?

If, on the date of maturity of a policy, the Company has not received any instructions regarding the disposal of units, they will be maintained in the same fund(s) as they were last chosen by the policyholder until the Company is informed otherwise by the client. However, please note that the amount payable will be based on the price of units, of the next valuation date, following the date that the instructions are received by Swan Life Ltd.

35. IF AFTER BUYING MY POLICY I AM NOT SATISFIED, CAN I GET MY MONEY BACK?

Following the receipt of the policy document, a policyholder has a specific number of days to cancel the contract, if he so wishes and this is called “the cooling-off period”. The exact procedure to be followed is stated in the policy document under the section “the cooling off conditions”.

Nevertheless, policyholders are advised that the risk of any fall in value of the underlying investment, during the cooling off period, will be borne by the policyholder.

36. DOES THIS GUIDE COVER ALL I NEED TO KNOW ABOUT MY POLICY?

This document is intended to give an overall view of the unit linked concept. Policyholders are kindly requested to refer to their policy document for specific details concerning their particular policy. In the event that there is any discrepancy between the information contained in this guide and the policy document, the information stated in the latter shall prevail.

37. CAN THIS DOCUMENT BE TREATED AS AN INVITATION TO INVEST?

This document should not be used as an invitation to invest. It is a guide for policyholders and prospective customers who wish to familiarize themselves with the unit linked concept and the unit linked funds of Swan Life Ltd.

Prospective customers are kindly requested to seek financial advice and any other such information needed before investing in our unit linked funds.

38. HOW CAN I GET MORE INFORMATION ABOUT YOUR COMPANY & ITS PRODUCTS?

Policyholders and prospective customers are invited to visit the Company’s website: www.swanforlife.com, for details and information regarding Swan Life Ltd and its products, as well as details regarding the other companies and activities of the group.