
International Portfolio Bond

A Legal & General International product brought to you by Cofunds

International Funds Key Features

This is an **important document** which you should read and keep with your Personal Illustration and the International Portfolio Bond Key Features.

For UK residents only.

International Funds Key Features

This document provides details of the international funds managed by Legal & General Investment Management Limited on behalf of Legal & General International, which you may have chosen to invest in through the Legal & General International Portfolio Bond.

The information provided for each fund consists of the fund aims and the specific risks Legal & General International considers are applicable to each fund.

If you are investing in other funds, your adviser will confirm to you the aims and risks associated with those funds.

All information provided is as accurate and current as we can make it. However, we cannot guarantee that the information for any individual fund has not changed since the document was published.

Where this document makes reference to Legal & General International it is a reference to Legal & General International (Ireland) Limited.

FUND AIMS AND RISKS

Legal & General Investment Management Limited manages the international funds available through the International Portfolio Bond on behalf of Legal & General International.

The fund aims shown are generally the guidelines set by Legal & General Investment Management Limited. They provide an operational framework for the fund manager and are not intended as a statement of what will actually be achieved. It is important to consider that the returns from funds

may not match your expectations, particularly in the short term.

Each of the fund aims outlined below also includes a list of the relevant fund specific risk definitions. These definitions show the type of risks that apply to that fund.

Please note that the fund specific risks are in addition to the risks set out in the risks section of the International Portfolio Bond Key Features.

Distribution Fund

The Distribution Fund is a balanced fund and its investments include equities, fixed interest securities and property. The fund aims to offer good long-term growth potential through a combination of capital growth and reinvested income, from a cautious, balanced portfolio, and is actively managed to achieve this objective.

Fund specific risks

Currency changes

The fund may hold assets in currencies that are not sterling (British pounds). If the value of these currencies falls compared to sterling this may cause the fund's value to go down.

Fixed interest securities

The fund invests in fixed interest securities – usually corporate and government bonds. Investment returns are particularly sensitive to longer-term interest rates, typically those for five years and more. Fund values are likely to fall when these interest rates rise.

The financial strength of a company or government issuing a fixed interest security determines their ability to make some or all of the payments due. If this financial strength weakens, the chances of them not making payments increases and this could reduce the fund's value.

Equities

As the fund invests in equities (shares of companies), there's a higher risk of fund values falling than investing in most other asset types, particularly in the short term.

Derivatives

This fund invests in derivatives and so may be higher risk than funds that invest in other types of assets. In addition, there are some derivatives whose value falls even though the market is rising.

If any of the companies with whom the fund has taken out a derivative experiences financial difficulties, it may be difficult to value the derivative or for it to be sold. This may reduce the value of your investment.

Sub investment grade corporate bonds

Corporate bonds are assessed by independent analysts. They rate them depending on how likely the company who issues the bond is to fail to pay the interest due and/or to repay the original capital on the agreed date. They're divided into two categories:

- 'Investment grade'. These are bonds with the least risk.
- 'Sub investment grade'. These bonds are more risky than investment grade bonds.

The fund invests in sub investment grade corporate bonds so there's an increased risk of fund values falling due to non-payment by the companies issuing the bonds.

Commercial property

Property can be difficult to buy or sell. This could mean:

- cash remains uninvested and/or
- property may have to be sold for less than expected.

If an unexpected large number and/or value of withdrawals are requested:

- The fund manager may be forced to sell properties quickly. This could mean that properties are sold for less than expected which could reduce the value of your investment.
- There are times when it's not possible to sell properties quickly. If this happened at the same time as you asking us to withdraw money from the fund, it may become necessary for Legal & General International to delay dealing with your request. You could wait for as long as six months.

If the size of the fund falls significantly, the fund may have to hold fewer properties. This may lead to an increase in risk.

Rental growth is not guaranteed and unpaid rent could affect the performance of your investment.

The value of property is generally a matter of a valuer's opinion rather than fact.

Managed Fund

To seek steady long-term growth, whilst at the same time safeguarding the fund against excessive risks. It invests principally in UK and international equities but also has some exposure to fixed interest securities, UK commercial property and cash, thus offering a more diversified investment than a pure equity fund.

Fund specific risks

Currency changes

The fund may hold assets in currencies that are not sterling (British pounds). If the value of these currencies falls compared to sterling this may cause the fund's value to go down.

Fixed interest securities

The fund invests in fixed interest securities – usually corporate and government bonds. Investment returns are particularly sensitive to longer-term interest rates, typically those for five years and more. Fund values are likely to fall when these interest rates rise.

The financial strength of a company or government issuing a fixed interest security determines their ability to make some or all of the payments due. If this financial strength weakens, the chances of them not making payments increases and this could reduce the fund's value.

Equities

As the fund invests in equities (shares of companies), there's a higher risk of fund values falling than investing in most other asset types, particularly in the short term.

Cash Fund

To provide capital protection with growth at competitive interest rates, while offering a wide spread of counterparty risk and short-term access. The fund invests in short term money market instruments such as bank deposits and Treasury Bills.

Fund specific risks

Money market insolvency

The fund invests in money market assets, which include deposits in banks and other financial institutions. If any of these suffer financial difficulties or become insolvent, they may not pay back some or all of the amount invested with them. This could mean that you might not get back the full value of your investment.

Notes:

- A. The fund does not invest in any asset types where the capital value can fall, such as fixed interest securities. The value of the fund's assets would only fall if a deposit provider or the UK Government were unable to meet their obligations.
- B. If the interest earned by the fund's assets is insufficient to cover the annual fund charge and any additional fund expenses, the unit price will fall.

FUND RISKS

Like any other investment, there are risks involved when investing in the International Portfolio Bond.

Some risks apply to all investments into the bond. Details of these are included in the International Portfolio Bond Key Features.

Additional risks may arise as a result of your fund selection. The risks associated with investing in funds offered by Legal & General International are set out in this document, although information about fund risks in general is also provided.

The risks that apply to each individual fund have been identified by Legal & General International following a detailed assessment of the funds offered.

We have included what we consider to be the specific risks appropriate to each fund. This assessment took account of a number of factors, in particular:

- the fund manager's aim;
- the assets underlying the fund; and
- the fund manager's own view of the risks that apply to the fund.

You should be aware that these risks, together with the risks generally applying to the bond, mean that the value of your investment can go down as well as up. The value of your fund is not guaranteed.

Severity of fund specific risks

The severity of a particular risk is dependent on the proportion of the fund exposed to that risk.

For example, a fund with 20% of assets held in overseas equities is likely to have a considerably reduced exchange rate risk than one that wholly invests in overseas equities. Therefore, you should consider the amount of your chosen fund(s) that is exposed to each risk.

Some funds, including fund of funds and multi asset class funds will appear to have many risks associated with them as they invest in a wide range of funds and/or assets. However, you should not assume that the overall risk to your investment is directly proportional to the number of risks.

Diversification of an overall investment by using such mixed funds or constructing a portfolio that invests in a range of funds can reduce the individual impact of the risks.

Most fund risks relate to the types of asset held by the fund. An overview of the risks that apply to the most common asset types follows.

RISKS ASSOCIATED WITH PARTICULAR ASSETS

Equities

Funds investing in equities tend to be more volatile than funds investing in other asset types. The value of the underlying investments in equity funds may fluctuate quite dramatically in response to activities and results of individual companies, as well as in connection with general market and economic conditions.

Fixed interest securities (generally comprising corporate bonds and/or government gilts)

Funds investing wholly or partially in fixed interest securities tend to be less volatile than funds invested wholly in equities, but their value will still fluctuate. In particular, it will tend to fall in an economic environment where interest rates are generally rising. Investments in higher yielding bonds issued by borrowers with lower credit ratings may result in a greater risk of default and have a negative impact on values.

Property

If you invest in a fund that invests in property, it may be necessary to defer encashment of units during periods when property is not easily sold. The maximum delay is six months. Also, property valuations are based on the opinion of independent property experts, not fact, so can be liable to revision, up or down.

Overseas investments

Funds invested in overseas investments can have their performance adversely affected if sterling strengthens against other currencies.

Specialist funds

Funds aiming for relatively high performance can incur greater risk than those adopting a more standard approach. Also, funds which specialise in a particular region or market sector are likely to be more risky than those that hold a very broad spread of investments.

Legal & General International (Ireland) Limited

Registered in Ireland number: 440141

Registered office: Beaux Lane House,
Lower Mercer Street, Dublin 2, Ireland.

www.legalandgeneralinternational.com

Legal & General International (Ireland) Limited is
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W11467 01/10 Approved: 01/10 H109575

BF15 01/10