

The **co-operative** investments
good with money

Platinum Bond Plus

explained simply...



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Why invest with The Co-operative Investments?

“The Co-operative Investments is one of the UK’s leading socially responsible organisations with a long and successful history of managing our customers’ money.”

Zack Hocking, Head of The Co-operative Investments

We are part of The Co-operative Group, voted the UK’s most ethical brand in 2008¹.

The Co-operative is a household name in the UK, offering a wide range of services including food, pharmacy and travel, as well as financial services such as banking, insurance and of course, investments.

As a co-operative, we are owned by our members (not shareholders) and we have a tradition of upholding co-operative values which include fairness, value and social responsibility.

You’ll be investing your money with a trustworthy organisation that combines the specialist knowledge and long-standing experience that few other providers can match.

Some further benefits of investing with us include:

- working with a Co-operative Financial Adviser who can help you to make the right decisions about your investments
- our belief that we shouldn’t sacrifice performance for principles; we strive to deliver both of these to you with equal importance
- access to a wide range of products on the market, including our own investment products and products provided by other reputable and established companies like Aviva and The Children’s Mutual.



Our Manchester head office is home to the largest solar project in the UK. Its 7,244 solar panels, designed to convert daylight into electricity, creates 18,000 units of renewable electricity each year.

Source: CASG 2005

¹Source: The GfK NOP Ethical Brands Survey 2008 was conducted in the UK, covering a total of 3,000 respondents from March to April 2008.

Help and support with your investment decisions

You're not alone when it comes to investing.

Working with a Co-operative Financial Adviser involves developing a personal relationship with a trained and qualified professional.

When you start out, you will be offered a free no-obligation appointment with your adviser to have an initial discussion about what you need and how they might help you. At this meeting, your adviser will gather information about your financial circumstances. They will spend time to get to know you, understand your situation and what you want to achieve. Your adviser will take you through a detailed questioning process. This will enable them to provide the most suitable advice to meet your needs.

After your meeting, your adviser will analyse all the information and provide you with recommendations which they will explain to you. It's important that you are completely comfortable with the recommendations and that you understand the products and costs involved.

If you decide to go ahead, your adviser will make sure that everything happens smoothly to implement the recommendations. After this, they will be available when you want them to review your situation and recommend adjustments if necessary.

Our advisory service offers a number of benefits:

- **a big picture view** – in addition to addressing specific investment needs you may have, your adviser can also review your overall financial situation
- **choice of solutions** – your Co-operative Financial Adviser can recommend a range of products provided by The Co-operative Investments, The Co-operative Insurance and The Co-operative Bank, as well as some other providers. They can also help you with products (listed to the right) to meet your other financial needs
- **there when you need them** – after you invest, the relationship with your adviser can continue over time. They can review your situation with you as often as you want and help to keep your finances on the right track
- **convenience** – your adviser can meet with you at a time and place to suit you, whether at home or at work either during the day or in the evening.

How your adviser can help you

Your Co-operative Financial Adviser can help you with a wide range of financial issues and products, including the following:

- savings and investments
- mortgages
- life and health cover
- car and home insurance
- pensions
- retirement planning
- funeral plans.



Why invest?

During your lifetime, if you kept your money in bank accounts and fixed term deposits, your hard-earned savings would eventually get eaten away by the effects of tax and inflation.

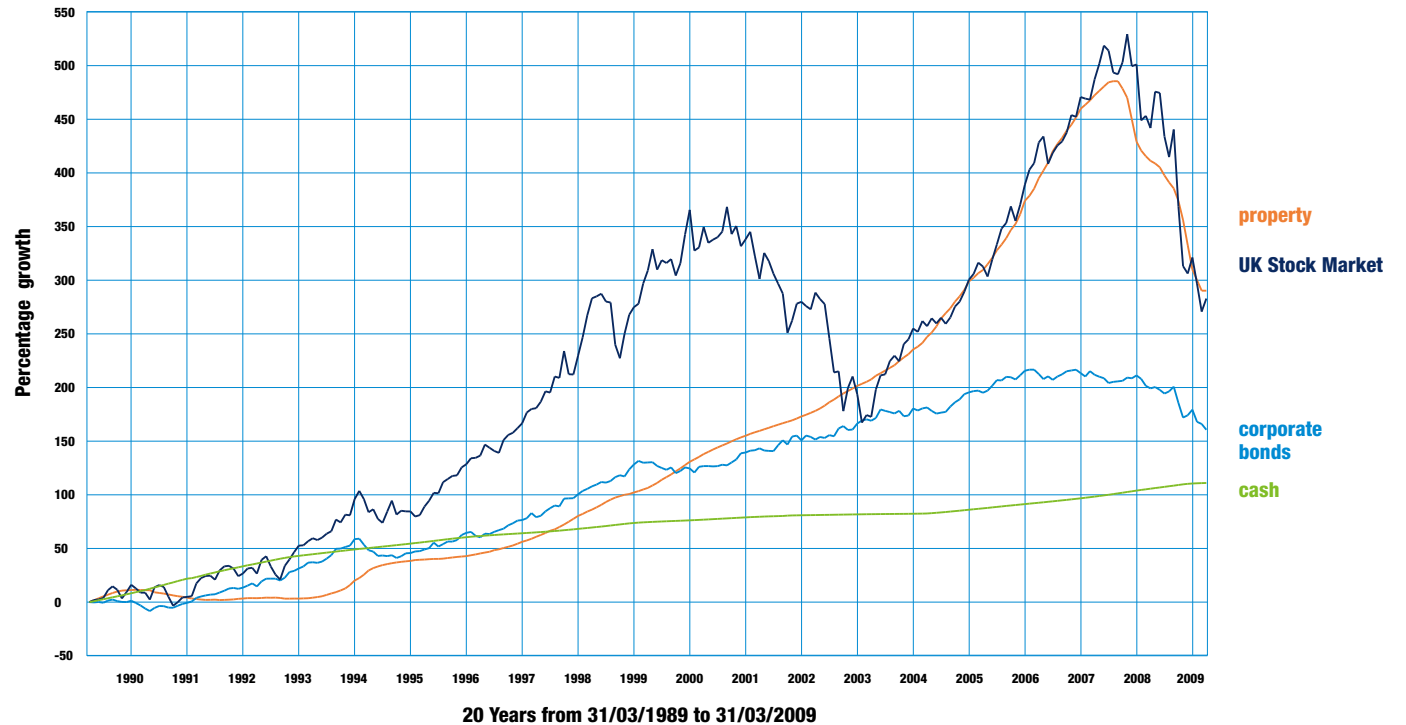
Everyone needs to keep some money readily to hand to meet their normal living requirements and to provide funds in case of an emergency. It's also a good idea to have some cash available as part of a well-diversified financial plan.

However, if you have money to put away for five years or more (in other words, the medium to long term), you may want to consider investing in shares, bonds and other types of investment which have the potential to produce higher returns than bank deposits, even after the effects of tax and inflation.

It's important to remember that investments, such as shares and property, are different to bank or building society accounts. Their value will go up and down, while your money in a bank or building society account is secure. Neither the value of an investment nor the income from it is guaranteed, so you may get back less than you paid in. However, a few investments offer a guarantee to protect you from market falls, under certain circumstances.

If you are interested in the prospect of earning higher returns than bank accounts or deposits, making an investment with us could be right for you. However, if you are put off by the ups and downs of stock market investments, Platinum Bond Plus may be the answer.

How the UK stock market has performed compared to property, bonds and cash over the past 20 years.



Source: Lipper. Net income and interest is reinvested. Past performance is not a reliable indicator of future results.

Key: ■ shows the FTSE All-Share Index ■ shows the IPD UK All Property Monthly Index
■ shows the IMA UK Corporate Bond Index ■ shows the average cash management instant access account (min £2,500).

The graph tells us that over the past 20 years:

- over the long term, the stock market has performed better than some other types of investment
- but, the stock market goes through good times and bad times along the way and the past performance shown here is not a reliable indicator of future results
- it makes good financial sense to have a balanced mix of shares, property, bonds and cash when you invest.

How tax and inflation could impact your savings

Put simply, if your deposit account pays 5% per year and you're a basic rate tax payer, you'd lose approximately 1% in tax. And if inflation is running at 2%, your annual real return will only be around 2%.

Can you take the risk of not growing your money over time?

Platinum Bond Plus explained

Platinum Bond Plus is our with-profits investment that offers you the potential to grow your money over the medium to long term. You can invest lump sums whenever you wish, there is no fixed term, and you can take a regular income if you need to.

What is a with-profits investment?

With-profits investments provide growth and/or income by investing in a range of 'assets' including stocks and shares, property, bonds, gilts and cash.

They are different to ordinary funds because the 'profits' of the investment are spread over time to 'smooth out' the ups and downs associated with stock market investments.

This means that the investment risks are reduced in a with-profits fund compared with directly investing in stocks and shares.

The profits earned from the with-profits fund are partly distributed as bonuses to you on each anniversary of your investment.

Platinum Bond Plus at a glance

Main features:

- a with-profits investment that softens the effect of the ups and downs of the stock market
- returns are 'smoothed out' and paid as bonuses (i.e. 'profits') which you receive on each anniversary of your investment
- you can invest a lump sum of £1,000 or more
- you get a guaranteed amount of annual bonus in the first year, as well as a special first anniversary bonus depending on how much you invest (see page 5)
- you then receive annual bonuses and a final bonus when you cash in, but the addition of these is not guaranteed in advance
- no fixed term
- if you want to supplement your income, each year you can take up to 5% of your invested capital as regular income with no immediate tax liability.

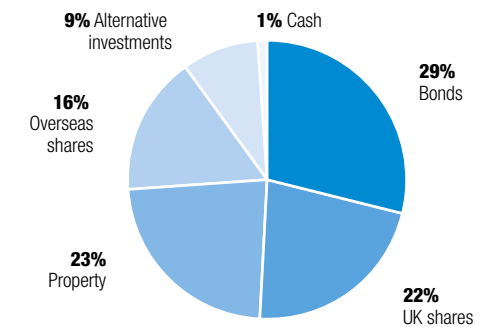
Suitable for:

- cautious investors who can put away savings for five years or more but do not want to be directly exposed to the full volatility of stock market movements. Please note that an MVR (Market Value Reduction) may apply in certain circumstances (see page 5)
- those seeking growth, income or a combination of both.

Growth potential with protection from the ups and downs

Platinum Bond Plus enables you to access the growth potential of the stock market while softening the effect of market fluctuations.

Your money is invested in a carefully selected portfolio of stocks and shares, property, bonds and cash by our investment experts. The mix of investments as at 10th January 2009 is shown below:



A flexible income

If you want to supplement your income, each year you can take up to 5% of your invested capital as regular income with no immediate tax liability.

Your income is paid directly into your bank or building society account, and you can choose to have it paid monthly, quarterly, half-yearly or annually.

But please remember that if your income withdrawals are greater than any growth achieved, the value of your bond will fall.



What you can expect from your investment

You can generally expect to achieve higher returns than a bank or building society product over the medium to long term. On the next page, we show you how Platinum Bond Plus has performed in the past.

However, while you have the potential to earn considerably more, you could also get back less than you invested.

If you cash-in all or part of your Bond we may reduce your plan value by applying a Market Value Reduction (MVR) to ensure that all payouts are fair to all customers. This will only apply if there has been a significant investment loss, due to poor stock market performance, during the period of your investment.

Please note that an MVR will not apply to payments on death, on income payments made, or if you do not cash in your policy.

How do bonuses work?

Platinum Bond Plus grows by the addition of bonuses each year. You get a guaranteed amount of bonus in the first year based on the rate of return that currently applies. For example, the current bonus rate applied to new policies with effect from 1st April 2009 of 3.25% would be guaranteed as the minimum rate applied on the first anniversary, even if the bonus rate was reduced during the first year of your investment.

If you invest £5,000 or more, after 12 months we'll give you a special first anniversary bonus. This is expressed as a percentage of your initial lump sum, and the more you invest, the greater the bonus you'll receive, as shown in the table opposite.

Each year, an annual bonus may be added to your investment, and when you cash in your investment you may also get a final bonus. You can see the amount of these bonuses on the statement we'll send you annually. The statement also shows any MVR that may apply at that time, and your cash-in value.

Initial lump sum	Special anniversary bonus
£0-£5,000	nil bonus
£5,000-£9,999	1.25%
£10,000-£12,499	2.50%
£12,500-£14,999	2.75%
£15,000-£19,999	3.00%
£20,000-£29,999	3.25%
£30,000-£49,999	3.50%
£50,000 and over	3.75%

This bonus does not apply to any investment in the Bond which is cashed in during the first year.

Case study 1

Lump sum investment where no MVR applies

Marie Marshall opened a Platinum Bond Plus in April 2003 with £10,000. She cashed in her policy in April 2009 and received a total of £12,714.67. This amount represented an annualised rate of return of 4.1% per annum.



Case study 2

Lump sum investment where an MVR applies

John Brown opened a Platinum Bond Plus in April 2004 with £10,000. On cashing in his policy in April 2009, he received a total of £11,348.86 which represented an annualised rate of return of 2.6% per annum. The amount he received included a Market Value Reduction (MVR) of £200 – applied following a prolonged fall in stock markets since investing into the policy, in order to ensure that his payout reflected the fair value of his investment.



Case study 3

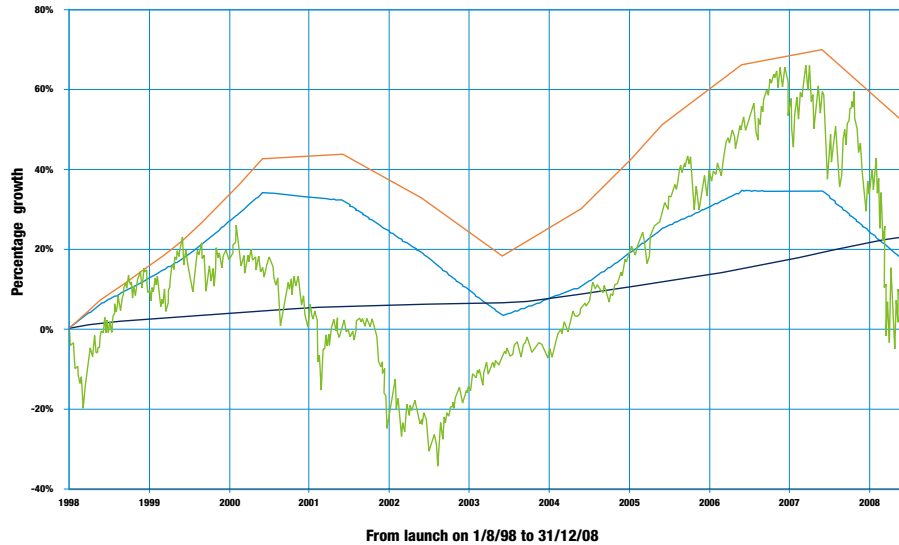
Regular payments made

Susan Smith invested £10,000 into her Platinum Bond Plus in April 2003, and immediately started drawing an income of 5% from her policy. When she came to cash in her policy in April 2009, she received a cheque for £9,491.52. During the lifetime of her policy she had also withdrawn £2,999.52 of income. This therefore represented an annualised rate of return of 4.3% per annum.



Fund performance

Past performance of the underlying with-profits fund from launch on 1/8/98 to 31/12/08



Key: ■ Cash (Moneyfacts average instant access £2,500)
 ■ Without withdrawals*
 ■ With withdrawals of 3% per annum
 ■ FTSE AllShare Tracker

Source: Lipper and The Co-operative Investments. Data shown since launch on 1/8/98 to 31/12/08. The Platinum Bond Plus returns are shown before the deduction of charges. Returns for Cash and FTSE AllShare Tracker are shown with net income reinvested.

- This graph shows performance of the underlying Long Term Business Fund (into which Platinum Bond Plus investments are made) since launch.
- In the past, Platinum Bond Plus has achieved strong returns compared to cash, while smoothing out some of the ups and downs you would have experienced in the UK stock market.
- **For comparison purposes, past performance is shown without any deduction of charges. Therefore, the cash in value that policyholders would have received would have been less than this.**

*Please note, the above graph shows performance of the underlying Long Term Business Fund, which for comparison purposes is shown without the deduction of charges. It does not show the comparative performance of an actual investment in Platinum Bond Plus. To show actual returns from a Platinum Bond Plus investment, the table below shows payouts (inclusive of all possible charges) for an amount of £10,000 invested over different periods of time.

How performance of the with-profits fund impacts on Platinum Bond Plus policies

The table below shows payouts that would have been made to customers who have invested into Platinum Bond Plus over different periods of time.

Duration of Investment (years)	Cash-in value value as at 1st April 2009 (£)	Annualised Rate of Return (% per annum)
1	10,162	1.6
2	8,192	-9.5
3	9,033	-3.3
4	10,285	0.7
5	11,349	2.6
6	12,715	4.1
7	11,268	1.7
8	11,010	1.2
9	10,726	0.8
10	13,573	3.1

The cash in values detailed include the addition of a special anniversary bonus, annual bonuses and may also include a final bonus where this would have been payable. In addition, deducted from these amounts are the initial charges that applied and also a Market Value Reduction (MVR), where this would have applied. Please remember that these examples of past performance are not a reliable indicator of future results.

- Please remember that Platinum Bond Plus is a different kind of investment from a bank or building society deposit account. Whilst the capital in such an account is secure, the future value of your investment will fluctuate and the cash in value is not guaranteed, so you may get back less than you paid in.

Our ethics

The Co-operative Group leads the way in responsible business practices and in 2008, we were voted the UK's most ethical brand¹. In the area of investments, ethics similarly plays a part in everything we do.

Ethics and Platinum Bond Plus

When choosing companies to invest in, most fund providers just analyse the financial performance of a company. We are the only UK fund manager to also analyse social, ethical, environmental and other company management issues (e.g. 'fat cat' pay) across all the funds we manage.

We believe that this gives us an edge to potentially produce superior returns since we have a more rounded and informed view of a company's future prospects, as we show opposite.

Acting responsibly, honestly and with integrity is a key part of our tradition as a co-operative society.

How we are different		
Issues to consider when analysing companies for investment	The Co-operative Investments	Most other providers
Management team	✓	✓
Business strategy	✓	✓
Financial performance	✓	✓
Competitive advantage	✓	✓
Industry trends & changes	✓	✓
Environmental impact	✓	✗
Employee impact	✓	✗
Supplier & trading policies	✓	✗
Board structure	✓	✗
Risk management	✓	✗
Executive salaries & bonuses	✓	✗

Please note that the investment processes used by other providers do vary. This diagram is intended to show an example of the differences between The Co-operative Investments' responsible investment approach and other investment processes.



¹Source: The GfK NOP Ethical Brands Survey 2008 was conducted in the UK, covering a total of 3,000 respondents from March to April 2008.

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Savings & investments

Life assurance

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Ethics as standard

Membership

Your Co-operative Financial Adviser is

Alternatively you can call

08457 46 46 46

We are here 8am to 8pm Mon to Fri and 8am to 5pm Sat

co-operativeinvestments.co.uk

Any advice from Co-operative Financial Advisers will relate only to a range of the products and services available from members of the CFS marketing group and a limited number of other companies.

Please call 08457 46 46 46 if you would like to receive this information in an alternative format, such as large print or Braille.

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Textphone 08000 684 244

co-operativeinvestments.co.uk

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