

MGM Bonus Growth Fund

Latest Fund Size*: **£165.8m** as at 31 March 2010
 Launch Dates: Life Fund **2 January 1987**
 Pension Fund **1 January 1988**
 Risk rating/level: **Cautious**
 AMC: **1.00% Life / 1.25% Pension**

The **MGM Bonus Growth Fund** is suitable for the cautious investor who is looking for the attractive returns offered by asset backed investments, but would also like a way of 'smoothing out' the fluctuations such markets unavoidably experience.

The **MGM Bonus Growth Fund** is a unitised with profits fund, under which policyholders participate in the profits of **MGM Advantage**. As a mutual society, we have designed this Fund to provide growth which emerges regularly to our members, our with profits policyholders, rather than being subject to fluctuations in price. The Fund does not have segregated assets, but forms part of the **MGM Advantage** with profits fund which includes UK and overseas equities, fixed interest securities and property investments.

Initially, investors in the Fund will be allocated units at the published offer or buying price. Reversionary bonuses, which broadly reflect the expected long-term investment yield on the underlying assets after tax and charges of the with profits fund, are declared each quarter. Each bonus is an interim rate for the following quarter and is allocated on a daily basis, thus increasing the unit price.

In addition, in order to allow for capital appreciation of the assets in a way that ensures fairness of treatment between policyholders holding policies issued at different times, a terminal bonus may also be payable.

For details of the current bonus rate payable to the **MGM Bonus Growth Fund**, the split of assets allocated to the Fund and information as to whether a Market Value Reduction currently applies, please contact our Customer Centre on **01903 836000**.

Important information

Factors affecting your bonus

You should note that a number of factors will affect the bonus rate we are able to declare for the **MGM Bonus Growth Fund**. Of greatest importance will be the performance of the underlying investments selected by our investment managers. However, other factors such as the expenses of acquiring and administering business, the taxation of income and capital growth and the level of death claims will all have an important effect. In summary, the returns from an investment in the **MGM Bonus Growth Fund** may be affected by how much profit or loss **MGM Advantage** makes, which includes the results from other business written through the Society.

Market Value Reduction (MVR)

MGM Advantage may make a Market Value Reduction (MVR) at any time. As the MVR reduces the amount you get back, it is important that you obtain full details of the MVR applicable to your investment whenever you consider realising or switching your investments.

The MVR is at the Board's discretion, and they may apply, alter and extend the MVR at any time. It is normally applied where there is a fall in the value of the underlying assets below the value of the units and is a measure imposed to ensure fairness between policyholders surrendering their policies and those remaining in the Fund.

Past performance figures**LIFE FUND (Percentage Growth Rate (%), rolling 12 month basis)**

	Quarter 4 2009 end Quarter 1 2010	Quarter 4 2008 end Quarter 1 2009	Quarter 4 2007 end Quarter 1 2008	Quarter 4 2006 end Quarter 1 2007	Quarter 4 2005 end Quarter 1 2006
Fund	1.15	3.02	2.98	3.01	3.00

PENSION FUND (Percentage Growth Rate (%), rolling 12 month basis)

	Quarter 4 2009 end Quarter 1 2010	Quarter 4 2008 end Quarter 1 2009	Quarter 4 2007 end Quarter 1 2008	Quarter 4 2006 end Quarter 1 2007	Quarter 4 2005 end Quarter 1 2006
Fund	1.69	3.50	3.51	3.48	3.50

Important: The above information shows performance for five complete 12 month periods to 31 March each year.

Source: MGM Advantage; Financial Express Analytics; Calculation basis, bid-bid, UK Basic Rate Taxpayer (Life Fund), UK Pension Fund tax (Pension Fund).

The figures above show the performance of the fund only. They do not reflect the actual value of your policy as charges specific to the policy are not taken into account. These are described in the personal illustration that would have been issued when the product was effected. Please remember that past performance is not necessarily a guide to the future and the fund value of an investment is not guaranteed and may fluctuate.

Asset allocation as at 31 December 2009**Asset Class**