




Shares Guide & Fund Factbook

DENTISTS'
PROVIDENT



Dentists' Provident offers market-leading, flexible income protection. As an added benefit, all members share in any surpluses we make.

Every year we allocate a share of any surpluses from our insurance business and our investments to each member and these bonuses accumulate to a tax-free* cash lump sum which is available to you at retirement.

Shares

Shares give you the right to participate in any surpluses made by Dentists' Provident. How much of the surpluses are allocated to you depends on the number of Shares you hold. You have to pay a regular premium for your Shares and these premiums vary according to your age.

How many Shares can I hold?

All members of Dentists' Provident must hold at least 1 Share. The maximum number you can hold depends on the level of income protection cover you have, subject to an overall ceiling of 2,000 Shares.

If you've chosen a packaged contract, you'll be given a shareholding of 1 Share as standard, but you can choose additional Shares, unless you have a discounted package.

Can I change my shareholding?

Yes, you can reduce or increase your shareholding at any time until your retirement age, within the limits permitted by your income protection cover.

If you have a discounted package, you won't be able to change your shareholding until after the end of the discounted period.

How does my cash lump sum accumulate?

Your cash lump sum accumulates in your Member's Bonus Account. At the end of each year we'll add a dividend to your Bonus Account, based on the number of Shares you've held during that year. We'll also credit your Bonus Account with interest, based on the performance of our investments.

The dividends and interest accumulate each year of your membership to form a tax-free* cash lump sum which is available to you normally at retirement.

Depending on our financial performance over the duration of your membership, we may also pay a one-off terminal bonus on cessation of your membership.

We aim to provide a smooth rate of growth, ironing out extreme fluctuations in investment returns, but we don't guarantee our future rates of dividend, interest or terminal bonus. The rates are reviewed regularly and may change without notice.

What might I get back?

The premiums you pay for your Shares give you a right to share in our future surpluses, but there's no direct link between the amount you pay and what you might get back.

The amount you get back will depend on several factors, including the length of your membership; the number of Shares you hold; how well we and our investments perform; whether you temporarily suspend your membership; what withdrawals you make; and whether any penalties apply.

Will my income protection claims affect my cash lump sum?

No, your cash lump sum won't be affected by any income protection claims you make, regardless of how many times you claim. However, changes in our overall claims experience will affect the rates of dividend we pay our members.

When can I access my cash lump sum?

Your cash lump sum is available to you at retirement. Our standard retirement age is 60, but you can choose to retire at any time after 50 without penalty.

Instead of cashing in your membership at retirement, you can choose to become a Commuted Member and continue to build up your cash lump sum for as long as you wish. As a Commuted Member, dividends and interest will continue to be added to your Bonus Account, but you won't be entitled to income protection cover.

Can I take my cash lump sum before I retire?

Yes, but if you withdraw your funds early or if you cancel your membership before retirement, the lump sum payable will be subject to a penalty equal to the dividends and interest credited to you in the previous two financial years. If you've been a member for less than two years, you'll forfeit your full cash lump sum.

The following pages provide information about Dentists' Provident's assets and their performance during the year ended 31 December 2010 and the Society's investment strategy.

Investment strategy

The Society's investment strategy seeks to maximise the total returns (after allowing for the effect of any taxation and investment expenses) whilst:

- Maintaining an acceptable overall level of risk (having regard to the currency, nature and duration of the liabilities);
- Maintaining an appropriate and broad mix of suitable investments; and
- Protecting adequately the interests of the members.

The Society's investment strategy permits the use of any investment instrument, provided the instrument has been approved by the Board.

The Society's Investment Committee oversees the investment policy and strategy, which is implemented using investment mandates. The investment mandates include:

- Details of the approved investments;
- Defined performance benchmarks;
- Limits on asset allocation by asset type, market capitalisation and geographical spread;
- Counterparty and credit limits; and
- Limits on duration of the fixed interest portfolio.

Investment managers

The Society's funds are currently invested with a number of specialist managers in a mixed portfolio, which includes Government and other fixed interest stocks, equities (both UK and overseas), property and currency. The investment managers, and the assets they manage, are shown on the right:

AllianceBernstein – Global Equities

AllianceBernstein is one of the largest publicly traded global asset management firms in the world, with \$477 billion in assets under management as at 31 March 2011.

AXA Framlington – UK Equities

AXA Framlington is a specialist investment management company within the AXA Investment Managers Group, a wholly owned subsidiary of the leading global financial institution, the AXA Group. AXA Framlington had over €23 billion assets under management as at 31 December 2010.

BlackRock – Currency and US Equities

BlackRock is the world's pre-eminent asset management firm and a provider of global investment management services. As at 31 March 2011, BlackRock had \$3.65 trillion in assets under management.

First State Investments – Emerging Market Equities

First State Investments is a specialist asset manager and forms part of the consolidated asset management business of the Commonwealth Bank of Australia, with \$155 billion in assets under management as at 31 December 2010.

Invesco Perpetual – UK Equities

Invesco Perpetual is a division of Invesco Asset Management Ltd, which forms part of Invesco Ltd. Operating in 20 countries and with \$668 billion in assets under management as at 30 April 2011, Invesco Ltd is a leading independent global investment manager.

Aviva Investors – Property

Aviva Investors is part of the Aviva Group and is one of the UK's leading providers of investment solutions, with £371 billion assets under management as at 30 June 2010.

Longview – Global Equities

Longview Partners is a private asset management firm based in London and Guernsey with a worldwide client base which includes financial institutions, endowments, foundations, charities and private clients.

PIMCO – Global Fixed Interest Bonds

PIMCO is a global investment management firm serving a full range of institutional investors worldwide. Since its founding, PIMCO's mission has been to preserve and protect the assets of its clients, and to provide them with consistent risk-adjusted returns. PIMCO has offices in North America, Europe, Asia and Australia and is owned by Allianz Global Investors, a subsidiary of the Munich-based Allianz Group, a leading global insurance company. As at 31 March 2011, PIMCO had €905 billion in assets under management.

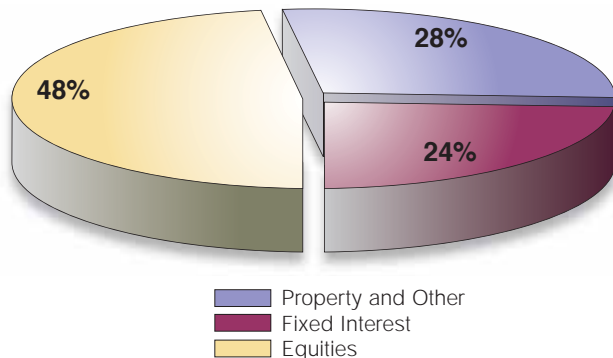
Wellington Management – Global Fixed Interest Bonds

Wellington Management is a leading private global institutional investor which invests the assets of more than 1,950 institutions in over 50 countries. Assets are invested using a broad range of asset classes and investment approaches and its assets under management were \$663 billion as at 31 March 2011.

The operational performance of the investment managers and the adequacy of the investment strategy are reviewed regularly.

Asset mix

The asset mix of our investments as at 31 December 2010 is shown below:



The equity backing ratio ("EBR") is the percentage of assets held in UK and overseas shares and property. The following table shows the EBR as at 31 December for the past five years:

	2010	2009	2008	2007	2006
Equity Backing Ratio	76%	70%	70%	69%	65%

Source: Dentists' Provident

Asset performance

The overall investment returns over each of the last five years on the Society's investments are shown below, together with a comparison against a benchmark portfolio comprising 70% UK listed equities and 30% UK Government securities. It does not represent returns received by the members.

Investment Returns	2010	2009	2008	2007	2006
Dentists' Provident ⁽¹⁾	12.2%	16%	-13%	6%	6% ⁽²⁾
Benchmark Portfolio ⁽³⁾	12.3%	21%	-12%	6%	7%

Source: Dentists' Provident

(1) The investment returns for Dentists' Provident do not include any income or gains arising on the head office premises.

(2) The investment return for 2006 only relates to the last ten months of 2006 due to the reorganisation of the Society's investments and includes the effects of transition costs.

(3) 70% UK equities and 30% gilts.

Our financial strength

The financial strength of the Society can be measured by the assets it has to cover its liabilities in excess of the solvency requirements laid down by the Financial Services Authority. The following table shows the financial strength of the Society as at 31 December 2010 and 31 December 2009.

Financial Strength	2010 £	2009 £
Total Assets	167,359,000	151,149,000
Total Liabilities	111,827,000	102,202,000
Total Available Capital Resources	55,532,000	48,022,000
Solvency Requirement	14,379,000	18,342,000
Assets in Excess of Solvency Requirements	41,153,000	29,680,000

Source: Dentists' Provident FSA Returns for 2010 and 2009

Subject to the need to maintain assets to meet any liabilities as they fall due, the higher the level of assets in excess of the solvency requirements, the greater the ability of the Society to follow an investment strategy which further enhances its returns.

Member returns

The following table gives examples of payouts based on historical rates for a member retiring on 31 December 2010 aged 60. The table gives the estimated Member's Bonus Account and annualised returns if a member joined 10 years ago and 30 years ago.

In both examples the member held 50 Shares for the entire period. Please note that past performance is not a guide to future performance.

Member Returns	30 Years £	10 Years £
Member's Bonus Account	9,225	934
Terminal Bonus on retirement	923	93
Total lump sum payable	10,148	1,027
Annualised return	8.2%	7.1%

Source: Dentists' Provident

Annualised return is the constant rate of interest at which the Member's Account will need to grow each year so the total amount, at retirement, is equivalent to the total lump sum payable.

Current bonus rates

During 2010 the Society paid over £5.9m in interest, dividends and terminal bonuses. The following table shows the bonus rates declared at 31 December 2010:

Bonus Rates	2010
Interest Rate	4%
Dividend per Share (Insured Members)	£1.56
Dividend per Share (Commuted Members)	£1.80
Terminal Bonus Rate on Maturity or Surrender	15%
Terminal Bonus Rate on Death	25%

Source: *Dentists' Provident Financial Statements 31 December 2010*

The Terminal Bonus is payable to members who cease their membership and are aged over 50 or are Commuted Members. The Terminal Bonus may change at any time to reflect changes in the investment markets or the Society's financial resources without prior notification.

How to contact us

If you'd like further information, please contact our Member Services Department:

Telephone: +44 (0) 20 7400 5710
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Your financial advisor will normally be your first point of contact as we're unable to give you financial advice.

Important notes

Past performance is not a guide to the future. The past performance information is updated on an annual basis. The fund performance in this brochure is before any investment management fees and is based on a mid-price, Sterling basis, inclusive of net income re-invested.

This brochure is intended for general information only. It is not designed to provide financial or other advice, nor is it intended to make any recommendations regarding the suitability of the Society's contract for any particular individual. Nothing in this document constitutes an invitation, inducement or offer to subscribe for membership or additional benefits of Dentists' Provident.

Please refer to the Key Features Document for more information or contact your financial advisor.

Dentists' Provident Society Limited

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We may monitor calls to improve our service.

Fax number: **+44 (0) 20 7400 5701**
Website: **www.dentistsprovident.co.uk**

Dentists' Provident is the trading name of Dentists' Provident Society Limited which is incorporated in the United Kingdom under the Friendly Societies Act 1992 (Registration Number 407F) and is authorised and regulated by the Financial Services Authority (Firm Reference Number 110015).

*All benefits you receive from Dentists' Provident are currently exempt from income tax and capital gains tax.

All references to taxation are within the context of UK tax regulations. HM Revenue & Customs rules regarding tax treatment of premiums and benefits in relation to Holloway Contracts and income protection insurance may change in the future.

Members resident outside the UK should seek professional tax advice regarding the impact of membership of Dentists' Provident on their tax affairs.

Full details of our contract are contained in the Memorandum and Rules. Applications are required and non-standard terms may apply. Nothing in this guide constitutes an invitation, inducement or offer to subscribe for membership or additional benefits of Dentists' Provident.

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