

ANNEX K

SEGREGATED FUNDS AND INVESTMENT FUNDS: DIFFERENCES BETWEEN PRODUCTS, DISTRIBUTION CHANNELS AND REGULATION

The role of registrants/insurers in cost disclosure

Investment funds	Segregated funds
A registered dealer or adviser (i.e., an intermediary) provides disclosures to clients.	Cost and performance disclosure is provided by the insurer (i.e., the manufacturer) directly to the policy holder, typically on an annual basis.

Account statement frequency

Investment funds	Segregated funds
Clients receive monthly/quarterly account statements, an annual report on charges and other compensation and an annual investment performance report.	There is a single statement provided annually, although some insurers choose to provide statements more frequently.

Distribution channel

Investment funds	Segregated funds
The registered dealer or adviser has an ongoing relationship with the client.	There is no intermediary equivalent to the registered dealer in the insurance sector in most jurisdictions. Insurance advisers are not required to carry on an ongoing relationship with clients in the same way as advisor on securities side.

Product features

Investment funds	Segregated funds
No guarantees are provided.	Segregated funds are insurance contracts that provide guarantees.