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# Introduction

The information in this guide is intended for customers working with their adviser, who will help them understand the information. If you are reading this without the help of an adviser, we recommend you take financial advice to help you decide on your appropriate investment approach.

The investment funds described in this guide are available through Sterling's Investment Bond which is a medium to long-term investment contract, typically of five to ten years.

Details of the Sterling Investment Bond and fund charges are given in your key features and fund charges and expenses sheet.

Details of all charges and how these may affect your investment returns are given in your illustration. Full terms and conditions are available on request.

By their very nature investment returns can not be guaranteed. You should not use past performance as a suggestion of future performance. It should not be the main or sole reason for making an investment decision. The value of investments and any income from them can fall. You may not get back the amount you invested.

Investments produce income, capital growth or a combination of the two. Within the Sterling Investment Bond all income produced by the funds is reinvested.

# List of current investment funds by sector

## Risk rated portfolios

### Cautious

10 Defensive / Defensive 2

### Moderately cautious

11 Defensive Equity & Bond / Defensive Equity & Bond 2

11 7IM AAP Moderately Cautious / 7IM AAP Moderately Cautious 2

11 7IM Moderately Cautious / 7IM Moderately Cautious 2

### Balanced

11 Equity & Bond / Equity & Bond 2

12 7IM AAP Balanced / 7IM AAP Balanced 2

12 7IM Balanced / 7IM Balanced 2

### Moderately Adventurous

12 Global Equity & Bond 05 / Global Equity & Bond 05 2

12 7IM AAP Moderately Adventurous / 7IM AAP Moderately Adventurous 2

13 7IM Moderately Adventurous / 7IM Moderately Adventurous 2

### Adventurous

13 Global Equity 05 / Global Equity 05 2

13 7IM AAP Adventurous / 7IM AAP Adventurous 2

13 7IM Adventurous / 7IM Adventurous 2

## Managed funds

14 AXA Framlington Global Opportunities / AXA Framlington Global Opportunities 2

14 BlackRock Balanced Portfolio / BlackRock Balanced Portfolio 2

14 Gartmore Cautious Managed / Gartmore Cautious Managed 2

14 Gartmore Managed / Gartmore Managed 2

14 Henderson Managed / Henderson Managed 2

14 HSBC Managed / HSBC Managed 2

14 Invesco Perpetual Managed / Invesco Perpetual Managed 2

14 Investec Cautious Managed / Investec Cautious Managed 2

15 JPM Cautious Total Return / JPM Cautious Total Return 2

15 Jupiter Distribution / Jupiter Distribution 2

15 M&G Cautious Multi Asset / M&G Cautious Multi Asset 2

15 M&G Managed Growth / M&G Managed Growth 2

15 Neptune Balanced / Neptune Balanced 2

15 Newton Balanced / Newton Balanced 2

15 Newton Managed / Newton Managed 2

15 Schroder Managed Balanced / Schroder Managed Balanced 2

### Threadneedle funds

16 Managed / Managed 2

16 Managed Income / Managed Income 2

## Multimanaged funds

17 7IM Income / 7IM Income 2

17 Cazenove Multi-Manager Diversity / Cazenove Multi-Manager Diversity 2

17 F&C Lifestyle Balanced / F&C Lifestyle Balanced 2

17 F&C Lifestyle Cautious / F&C Lifestyle Cautious 2

18 F&C Lifestyle Defensive / F&C Lifestyle Defensive 2

18 F&C Lifestyle Growth / F&C Lifestyle Growth 2

18 Fidelity MultiManager Distribution / Fidelity MultiManager Distribution 2

18 Fidelity MultiManager Growth / Fidelity MultiManager Growth 2

18 Fidelity MultiManager Income / Fidelity MultiManager Income 2

18 Jupiter Merlin Balanced Portfolio / Jupiter Merlin Balanced Portfolio 2

18 Jupiter Merlin Growth Portfolio / Jupiter Merlin Growth Portfolio 2

19 Jupiter Merlin Income Portfolio / Jupiter Merlin Income Portfolio 2

19 Jupiter Merlin Worldwide Portfolio / Jupiter Merlin Worldwide Portfolio 2

Please note: Your illustration will detail which series of funds apply to your investment.

- 19 Midas Balanced Growth / Midas Balanced Growth 2
- 19 Midas Balanced Income / Midas Balanced Income 2
- 19 New Star Intrinsic Adventurous / New Star Intrinsic Adventurous 2
- 19 New Star Intrinsic Cautious / New Star Intrinsic Cautious 2
- 19 New Star Intrinsic Dynamic / New Star Intrinsic Dynamic 2
- 19 New Star Intrinsic Moderate/ New Star Intrinsic Moderate 2
- 20 Omnis Advanced / Omnis Advanced 2
- 20 Omnis Balanced / Omnis Balanced 2
- 20 Omnis Cautious / Omnis Cautious 2
- 20 Omnis Distribution
- 21 Omnis (Threadneedle) Advanced
- 21 Omnis (Threadneedle) Balanced
- 21 Omnis (Threadneedle) Cautious

#### **UK equity funds**

- 22 AEGON Ethical Equity / AEGON Ethical Equity 2
- 22 Artemis Capital / Artemis Capital 2
- 22 Artemis Income / Artemis Income 2
- 22 Artemis UK Growth / Artemis UK Growth 2
- 22 Artemis UK Smaller Companies / Artemis UK Smaller Companies 2
- 22 Artemis UK Special Situations / Artemis UK Special Situations 2
- 22 AXA Framlington Monthly Income / AXA Framlington Monthly Income 2
- 23 AXA Framlington UK Select Opportunities / AXA Framlington UK Select Opportunities 2
- 23 AXA Framlington UK Smaller Companies / AXA Framlington UK Smaller Companies 2
- 23 Baring UK Growth / Baring UK Growth 2
- 23 BlackRock UK Dynamic / BlackRock UK Dynamic 2
- 23 BlackRock UK Special Situations / BlackRock UK Special Situations 2
- 23 Cazenove UK Dynamic / Cazenove UK Dynamic 2
- 23 Cazenove UK Growth & Income / Cazenove UK Growth & Income 2
- 23 Fidelity MoneyBuilder UK Index / Fidelity MoneyBuilder UK Index 2
- 23 Fidelity UK Special Situations / Fidelity UK Special Situations 2
- 24 Gartmore UK Focus / Gartmore UK Focus 2
- 24 HSBC UK Growth & Income / HSBC UK Growth & Income 2
- 24 Invesco Perpetual High Income / Invesco Perpetual High Income 2
- 24 Invesco Perpetual Income / Invesco Perpetual Income 2
- 24 JPM Premier Equity Growth / JPM Premier Equity Growth 2
- 24 Jupiter High Income / Jupiter High Income 2
- 24 Jupiter Income / Jupiter Income 2
- 24 Jupiter UK Growth / Jupiter UK Growth 2
- 24 Jupiter Undervalued Assets / Jupiter Undervalued Assets 2
- 25 Liontrust First Income / Liontrust First Income 2
- 25 M&G Recovery / M&G Recovery 2
- 25 Neptune Income / Neptune Income 2
- 25 New Star UK Alpha / New Star UK Alpha 2
- 25 New Star UK Growth / New Star UK Growth 2
- 25 Newton Higher Income / Newton Higher Income 2
- 25 Old Mutual UK Select Mid Cap / Old Mutual UK Select Mid Cap 2
- 25 Rathbone Income / Rathbone Income 2
- 25 Schroder Income Maximiser / Schroder Income Maximiser 2
- 26 Schroder UK Alpha Plus / Schroder UK Alpha Plus 2
- 26 Schroder UK Mid 250 / Schroder UK Mid 250 2

#### **Threadneedle funds**

- 26 Monthly Extra Income / Monthly Extra Income 2
- 26 UK / UK 2

**Please note: Your illustration will detail which series of funds apply to your investment.**

- 26 UK Equity Alpha Income / UK Equity Alpha Income 2
- 26 UK Equity Income / UK Equity Income 2
- 26 UK Growth & Income / UK Growth & Income 2
- 26 UK Monthly Income / UK Monthly Income 2
- 27 UK Select / UK Select 2
- 27 UK Smaller Companies / UK Smaller Companies 2

#### **European equity funds**

- 28 Artemis European Growth / Artemis European Growth 2
- 28 Cazenove European / Cazenove European 2
- 28 Fidelity European / Fidelity European 2
- 28 Gartmore European Selected Opportunities / Gartmore European Selected Opportunities 2
- 28 Ignis Argonaut European Alpha / Ignis Argonaut European Alpha 2
- 29 Ignis Argonaut European Income / Ignis Argonaut European Income 2
- 29 Invesco Perpetual European Equity / Invesco Perpetual European Equity 2
- 29 JPM New Europe / JPM New Europe 2
- 29 Jupiter Emerging European Opportunities / Jupiter Emerging European Opportunities 2
- 29 Newton Continental European / Newton Continental European 2

#### **Threadneedle funds**

- 29 European / European 2
- 29 European Select / European Select 2
- 29 European Smaller Companies / European Smaller Companies 2

#### **North American equity funds**

- 30 Fidelity American / Fidelity American 2
- 30 Gartmore US Opportunities / Gartmore US Opportunities 2
- 30 M&G American / M&G American 2
- 30 Neptune US Opportunities / Neptune US Opportunities 2
- 30 UBS US Equity / UBS US Equity 2

#### **Threadneedle funds**

- 31 American / American 2
- 31 American Select / American Select 2
- 31 American Smaller Companies / American Smaller Companies 2

#### **Japanese equity funds**

- 32 Invesco Perpetual Japanese Smaller Companies / Invesco Perpetual Japanese Smaller Companies 2
- 32 JPM Japan / JPM Japan 2
- 32 SG Japan CoreAlpha / SG Japan CoreAlpha 2

#### **Threadneedle funds**

- 32 Japan / Japan 2
- 32 Japan Smaller Companies / Japan Smaller Companies 2

#### **Other regional equity funds**

- 33 Allianz RCM BRIC Stars / Allianz RCM BRIC Stars 2
- 33 First State Asia Pacific Leaders / First State Asia Pacific Leaders 2
- 33 Gartmore China Opportunities / Gartmore China Opportunities 2
- 33 Ignis Pacific Growth / Ignis Pacific Growth 2
- 33 Schroder Pacific / Schroder Pacific 2

#### **Threadneedle funds**

- 33 Asia / Asia 2
- 34 Far East & Japan / Far East & Japan 2
- 34 Latin America / Latin America 2

#### **Global equity funds**

- 35 Allianz RCM Global EcoTrends / Allianz RCM Global EcoTrends 2
- 35 AXA Framlington Global Technology / AXA Framlington Global Technology 2
- 35 AXA Framlington Health / AXA Framlington Health 2

Please note: Your illustration will detail which series of funds apply to your investment.

- 35 BlackRock Global Equity / BlackRock Global Equity 2
- 35 BlackRock Gold & General / BlackRock Gold & General 2
- 36 Fidelity Global Special Situations / Fidelity Global Special Situations 2
- 36 Fidelity Managed International / Fidelity Managed International 2
- 36 Fidelity WealthBuilder / Fidelity WealthBuilder 2
- 36 First State Global Opportunities / First State Global Opportunities 2
- 36 Gartmore Global Emerging Markets Opportunities / Gartmore Global Emerging Markets Opportunities 2
- 36 Henderson Global Technology / Henderson Global Technology 2
- 36 Henderson Industries of the Future / Henderson Industries of the Future 2
- 36 Invesco Perpetual International Equity / Invesco Perpetual International Equity 2
- 37 Investec Global Energy / Investec Global Energy 2
- 37 Investec Global Free Enterprise / Investec Global Free Enterprise 2
- 37 JPM Global Equity Income / JPM Global Equity Income 2
- 37 JPM Natural Resources / JPM Natural Resources 2
- 37 Jupiter Ecology / Jupiter Ecology 2
- 37 M&G Global Basics / M&G Global Basics 2
- 37 Neptune Global Equity / Neptune Global Equity 2
- 37 Schroder Global Equity Income / Schroder Global Equity Income 2

**Threadneedle fund**

- 37 Global Select / Global Select 2

**Distribution funds**

- 39 Distribution / Distribution 2

**Property funds**

- 40 Aviva Investors Property Trust / Aviva Investors Property Trust 2
- 40 Fidelity Global Property / Fidelity Global Property 2
- 40 Ignis UK Property / Ignis UK Property 2
- 40 M&G Property Portfolio / M&G Property Portfolio 2
- 41 New Star UK Property / New Star UK Property 2
- 41 Schroder Global Property Securities / Schroder Global Property Securities 2

**Threadneedle fund**

- 41 Property / Property 2

**Protected funds**

- 44 Multimanager Generation 2 Protected Profits / Multimanager Generation 2 Protected Profits 2
- 44 Multimanager Protected Profits / Multimanager Protected Profits 2
- 44 Tracker Protected Profits / Tracker Protected Profits 2
- 45 Close UK Escalator / Close UK Escalator 2
- 45 Close UK Escalator Plus / Close UK Escalator Plus 2

**Fixed-interest funds**

**UK fixed-interest**

- 46 AEGON Ethical Corporate Bond / AEGON Ethical Corporate Bond 2
- 46 AEGON Sterling Corporate Bond / AEGON Sterling Corporate Bond 2
- 47 Allianz PIMCO Gilt Yield / Allianz PIMCO Gilt Yield 2
- 47 Artemis High Income / Artemis High Income 2
- 47 Fidelity MoneyBuilder Income / Fidelity MoneyBuilder Income 2
- 47 Henderson Preference & Bond / Henderson Preference & Bond 2
- 47 Henderson Strategic Bond / Henderson Strategic Bond 2
- 47 Ignis Corporate Bond / Ignis Corporate Bond 2
- 48 Invesco Perpetual Corporate Bond / Invesco Perpetual Corporate Bond 2
- 48 Invesco Perpetual Monthly Income Plus / Invesco Perpetual Monthly Income Plus 2
- 48 M&G Corporate Bond / M&G Corporate Bond 2
- 48 M&G Gilt & Fixed Interest Income / M&G Gilt & Fixed Interest Income 2
- 48 M&G Optimal Income / M&G Optimal Income 2

Please note: Your illustration will detail which series of funds apply to your investment.

- 48 Old Mutual Corporate Bond / Old Mutual Corporate Bond 2
- 48 Schroder All Maturities Index Linked Bond / Schroder All Maturities Index Linked Bond 2
- 48 Schroder Gilt & Fixed Interest / Schroder Gilt & Fixed Interest 2
- 49 SG Gilt / SG Gilt 2

**Threadneedle funds**

- 49 Sterling Bond / Sterling Bond 2
- 49 UK Corporate Bond / UK Corporate Bond 2

**International fixed-interest**

- 49 AEGON Global Bond / AEGON Global Bond 2
- 49 Newton International Bond / Newton International Bond 2

**Threadneedle funds**

- 49 Emerging Market Bond / Emerging Market Bond 2
- 49 European Bond / European Bond 2
- 50 Global Bond / Global Bond 2
- 50 High Yield Bond / High Yield Bond 2
- 50 Strategic Bond / Strategic Bond 2

**Money market funds**

- 51 Henderson Liquid Assets Sterling / Henderson Liquid Assets Sterling 2
- 52 BlackRock Money Market / BlackRock Money Market 2

**Threadneedle funds**

- 52 UK Money Securities / UK Money Securities 2

**Please see this section for the current fund used for the phased investment option.**

**Absolute return funds**

**Threadneedle funds**

- 53 Absolute Return Bond / Absolute Return Bond 2

**Funds closed to new investors**

- 54 Aberdeen Multi-Asset
- 54 Aberdeen UK Equity Income Plus
- 54 Aberdeen UK Growth
- 54 AXA Framlington Equity Income
- 54 AXA Framlington Financial
- 54 AXA Framlington UK Growth
- 54 Baring Managed
- 54 Close European Escalator
- 55 Close FTSE techMARK
- 55 Close World Escalator
- 55 Fidelity Worldwide Special Situations
- 55 Foreign & Colonial Managed
- 55 Henderson European Opportunities
- 55 Henderson Multi-Manager Growth
- 55 Lazard Managed
- 56 Legg Mason US Equity
- 56 New Star Higher Income
- 56 New Star High Yield Bond
- 56 New Star International Property
- 56 New Star Managed Distribution
- 56 New Star Sterling Bond
- 56 Rathbone Special Situations

**Threadneedle funds**

- 57 Pan European Growth
- 57 Protected Profits
- 57 Secured Stockmarket

**Please note: Your illustration will detail which series of funds apply to your investment.**

# Investment choice and flexibility

A key ingredient of any investment strategy is choosing investment funds that suit your objectives, with the flexibility to change them if your circumstances or objectives change. At Sterling, we offer a wide range of investment funds covering different areas of the world's stock markets and economies. With the help of your adviser, you can put together and maintain a portfolio that suits your needs.

We invest your payment in the funds you choose. We offer a range of funds to choose from; as well as the funds managed on our behalf by our primary fund manager, Threadneedle, we offer more funds where other fund managers manage the investments. The fund managers are responsible for:

- Managing the fund and taking all investment decisions about buying and selling securities within the fund.
- Making sure the fund is managed in line with its objectives and meets all regulatory and legal requirements.
- Setting the fund charges and any alterations to the charges within the limits set out in the fund documentation.

Through the investment funds available you can invest in a wide range of countries, economies and market sectors, spreading your investment across many different assets.

This provides exposure to many investment opportunities and helps to reduce the risk associated with investing in a single company. Funds that invest in a wider range of sectors or shares are likely to carry less risk.

The objective of the funds is to produce consistently good returns over the medium to longer-term, by investing in equities (shares in companies), property or fixed-interest investments. However, it must be borne in mind that the value of investments and any income they produce can fall as well as rise and you may not get back the amount you invested.

We provide a range of managed and multimanaged funds, some specifically tailored to suit different investors' attitudes to risk – from cautious to adventurous.

Alternatively, you may invest in specific UK, international or specialist funds reflecting your own preferences and objectives.

We don't provide advice on the suitability of any particular fund. You must seek advice from your adviser before you decide which funds to invest in.

Each fund follows a particular investment policy and these are explained in more detail over the following pages.

We aim to maintain a broad fund choice and, over time, will look for opportunities to add to the choices available. At other times we might remove funds. You can get an up-to-date list of funds from our website at [www.sterling-assurance.co.uk](http://www.sterling-assurance.co.uk) or by contacting your adviser.

# Fund risks

All investment funds carry an element of risk. The funds have different levels of risk, from the more cautious to the more adventurous, and different levels of investment performance:

- Over time a fund that invests mostly in shares is likely to offer greater potential for higher returns than a fund investing in cash deposits, but with it come greater fluctuations in value. A fund classed as a 'protected' fund, or one with a high proportion of fixed-interest securities, is more likely to produce lower returns with more stability.
- Certain funds, typically investing in fixed-interest securities tend to be more suited for a shorter-term investment or as part of a personalised portfolio designed to achieve an overall balance of risk and potential return. Investing solely in these funds for the longer-term may result in a lower return than a bank or building society savings account.
- Some funds make use of derivatives to achieve an overall risk profile. A derivative is an asset issued by financial institutions and its value is usually linked to another asset or index. When the derivative matures, the financial institution pays out an agreed value. Ultimately, though, if the financial institution is not able to meet its obligations, the derivative may be worthless and the funds value will reduce as a result.
- The rate of income on fixed-interest securities such as corporate bonds and government bonds won't increase in line with inflation unless they are index-linked. So, over time, the real value of the income they produce is likely to fall. The value of these investments is affected by interest rate changes and is likely to fall if long-term interest rates rise.
- Specific risks that may adversely affect the value of investments within a fund include exchange rate fluctuations and dealing in relatively less mature markets, such as Latin America and some areas of the Far East.
- If you choose a fund that invests in overseas assets, changes in exchange rates between currencies may also cause the value of your investment to fall or rise.
- Funds that specialise or concentrate their investment in specific regions, sectors (such as smaller companies or emerging markets) or in a smaller number of shares can result in greater fluctuations in value. Funds that invest in a wider range of sectors are likely to carry less risk.
- Property funds are normally valued by taking into account the views of an independent valuer, general market conditions for commercial property, and the value received for recent property sales. At times the value of your investments in these funds could fall quite sharply. In more uncertain market conditions we may need to delay your transaction in these funds by up to 12 months. We will do this if we (or the fund manager) believe it is necessary to sell properties before carrying out your transaction.
- High yield bond funds tend to invest in high yielding corporate bonds, which are generally higher risk investments than government bonds or lower yielding corporate bonds.
- Funds that specialise in gold-mining shares tend not to follow stock market movements.
- Funds investing in the shares of smaller companies, in a concentrated portfolio of shares, or in a less mature market (such as Eastern Europe, the Far East, Central and South America) carry more investment risk.
- In some less developed stock markets there are risks from political, economic and market factors that could cause a large increase in currency and fund price risk.
- Some fund managers take their yearly management charge from capital rather than income. This results in a higher income but lower capital growth.

# Sectors and fund objectives

## Risk rated portfolios

A managed fund allows you to invest in a range of countries and/or market sectors, spreading your investment across different types of assets. The fund manager is able to adjust the asset allocation of the fund in anticipation of changing market conditions. The funds benefit from two layers of investment management as the fund manager takes account of the opportunities in the world's major economies and then selects what he considers to be the best investments within those markets. There are also multimanager funds where the fund manager is able to invest in other managers funds and adjust the make up of the fund.

We offer a number of portfolios specifically tailored to suit different attitudes to risk – from cautious right through to adventurous. Five managed portfolios invest with our primary fund manager Threadneedle. Another eight risk-rated multi-manager funds provided by 7IM invest with some of the UK's largest investment fund managers.

### **Cautious**

If you are a 'cautious' investor you are likely to accept limited risks with your money and may want to try to avoid large fluctuations in the value of your investment, accepting the prospect of a more modest longer-term gain to achieve this.

The cautious portfolio includes a high proportion of fixed-interest investments, such as company and government bonds, and some investment in UK company shares.

### **Defensive / Defensive 2**

The investment objective is to provide income and capital growth. The investment policy is to invest in a defensive fixed income portfolio of funds managed by Threadneedle. It may also invest in funds that invest in index-linked bonds or cash. The fund also has the flexibility to invest in equity funds managed by Threadneedle, however it is not intended that this will represent more than 20% of the portfolio.

## Moderately Cautious

If you are a 'moderately cautious' customer you are likely to accept some risk in return for the prospect of steady investment gains over the longer term.

You want to try to avoid large fluctuations in the value of your investment, but accept there will be some fluctuation, particularly over the shorter term.

The moderately cautious portfolios include a high proportion of fixed-interest investments. This includes company and government bonds from the UK and other countries. The portfolios also contain other investments such as company shares, mainly in the UK. The fund manager alters the mix of fixed-interest investment and company shares to take advantage of changing market conditions.

## Defensive Equity & Bond / Defensive Equity & Bond 2

The investment objective is to provide a return by way of capital growth and income. The investment policy is to invest the assets of the fund mainly in a defensive managed portfolio of funds managed by Threadneedle.

## 7IM AAP Moderately Cautious / 7IM AAP Moderately Cautious 2<sup>1, 2</sup>

The fund aims to provide a total return, mostly from income, but with some capital growth, by applying active asset allocation techniques to a mainly passive investment strategy. The fund will invest mainly in fixed-interest and equity instruments using mainly passive strategies while also using alternative asset classes, some of which may be actively managed. While income-generating assets are likely to represent a significant part of the fund's composition, it may also include assets with scope for capital growth. As a result, there is a moderate risk to capital.

## 7IM Moderately Cautious / 7IM Moderately Cautious 2<sup>1</sup>

This fund aims to provide a return, by way of income but with some capital growth. There may be a moderate risk to capital. The fund invests mainly in a range of collective investment vehicles and securities managed by selected fund managers. While income-generating assets are likely to represent a significant part of the portfolio, the portfolio may also include assets with scope for capital growth in real terms. The fund may use different asset classes, with a substantial proportion in fixed-interest. The fund may also invest in money market instruments and deposits.

## Balanced

If you are a 'balanced' customer you are likely to accept a risk in return for the prospect of good investment gains over the longer term.

You accept there will be some fluctuation in the value of your investment, particularly over the shorter term. However, you want to limit the amount of your money held in more risky investments.

The balanced portfolios invest in a mix of company shares, and fixed-interest investments. Investing in shares through the balanced portfolios is a way of benefiting from the performance of many different kinds of companies, mostly in the UK, but including some companies from the major world markets. The manager alters the mix of fixed-interest investment and company shares to take advantage of changing market conditions.

## Equity & Bond / Equity & Bond 2

The investment objective is to achieve capital growth and income. The investment policy is to invest in a portfolio of funds managed by Threadneedle. The portfolio will normally include lower risk funds from the Threadneedle range.

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<sup>1</sup>Allied Zurich Holdings Limited (a member of the Zurich Group) has a shareholding in 7IM and may therefore benefit from investments in 7IM funds.

<sup>2</sup>For investments in 7IM AAP funds, 7IM will make additional payments, based on the value of the holdings in these funds, to certain financial adviser firms. Any additional payments will be paid from 7IM's management charge and will not result in any additional charge to you. Your adviser will have informed you if this arrangement applies to your investment.

## 7IM AAP Balanced / 7IM AAP Balanced 2<sup>1, 2</sup>

The fund aims to provide a balance of income and capital growth by applying active asset allocation techniques to a mainly passive investment strategy. The fund will invest mainly in equities and fixed-interest investments or instruments that track the returns of equity and fixed-interest as well as investing in alternative asset classes, some of which may be actively managed. The fund will comprise a mixture of income-generating assets and assets with scope for capital growth in real terms. As a result, there may be some risk to capital.

## 7IM Balanced / 7IM Balanced 2<sup>1</sup>

This fund aims to provide a balance of income and capital growth, however there may be some risk to capital. The fund invests mainly in a range of collective investment vehicles and securities managed by selected fund managers. The fund will comprise a mixture of income generating assets and assets with scope for capital growth in real terms. The fund may use different asset classes, with investment mainly in equities and fixed-interest with no long-term bias to either class. The fund may also invest in money market instruments, deposits and warrants.

## Moderately Adventurous

If you are a 'moderately adventurous' customer you are likely to understand that the value of your investment can go down and up sharply, and accept this to get the potential for greater returns over the longer term.

The moderately adventurous portfolios include a high proportion of world-wide company shares, and a smaller proportion of company and government bonds.

Investing in shares through the moderately adventurous portfolios is a way of potentially benefiting from the performance of many different kinds of companies both in the UK and from other major world markets.

## Global Equity & Bond 05 / Global Equity & Bond 05 2

The investment objective is to achieve capital growth with some income. The investment policy is to invest in a portfolio of funds managed by Threadneedle. The portfolio will normally include a broad spectrum of growth funds from the Threadneedle range.

## 7IM AAP Moderately Adventurous / 7IM AAP Moderately Adventurous 2<sup>1, 2</sup>

The fund aims to provide a total return, mainly through growth in capital, by applying active asset allocation techniques to a mainly passive investment strategy. The fund will invest mainly in equities or instruments that track the returns of equity indices as well as using alternative asset classes, some of which may be actively managed. Assets with scope for capital growth are likely to represent a significant part of the fund's composition, although it may also include other assets held mainly for income generation. As a result, there is a risk of fluctuations in capital values.

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<sup>1</sup>Allied Zurich Holdings Limited (a member of the Zurich Group) has a shareholding in 7IM and may therefore benefit from investments in 7IM funds.

<sup>2</sup>For investments in 7IM AAP funds, 7IM will make additional payments, based on the value of the holdings in these funds, to certain financial adviser firms. Any additional payments will be paid from 7IM's management charge and will not result in any additional charge to you. Your adviser will have informed you if this arrangement applies to your investment.

## 7IM Moderately Adventurous / 7IM Moderately Adventurous 2<sup>1</sup>

This fund aims to provide a return by way of capital growth. There is a risk of fluctuations in capital values. The fund invests mainly in a range of collective investment vehicles and securities managed by selected fund managers. While assets with scope for capital growth in real terms are likely to represent a significant part of the portfolio, the portfolio may also include other assets held mainly for income generation. The fund may use different asset classes, with a substantial proportion in equities. The fund may also invest in money market instruments, deposits and warrants.

### Adventurous

If you are an 'adventurous' customer you are likely to aim for the highest possible returns and accept higher levels of risk, recognising the value of your investment may fluctuate significantly, particularly over the short term.

The adventurous portfolios are largely invested in worldwide company shares. Investing in shares through the adventurous portfolios is a way of benefiting from the performance of many different kinds of companies from around the world's major markets.

## Global Equity 05 / Global Equity 05 2

The investment objective is to achieve above-average capital growth. The investment policy is to invest in a portfolio of funds managed by Threadneedle. The portfolio will normally include more specialist funds from the Threadneedle range.

## 7IM AAP Adventurous / 7IM AAP Adventurous 2<sup>1, 2</sup>

The fund aims to provide capital growth by applying active asset allocation techniques to a mainly passive investment strategy. The fund will invest mainly in equities or instruments that track the returns of equity indices as well as investing in alternative asset classes, some of which may be actively managed. Assets with scope for capital growth in real terms are likely to represent a significant part of the fund's composition. As a result, there is a risk of wide fluctuations in capital values.

## 7IM Adventurous / 7IM Adventurous 2<sup>1</sup>

This fund aims to provide capital growth. There is a risk of wide fluctuations in capital values. The fund invests mainly in a range of collective investment vehicles and securities managed by selected fund managers. Assets with scope for capital growth in real terms are likely to represent a major part of the portfolio. The fund may use different asset classes, with the composition mainly in equities. The fund may also invest in money market instruments, deposits and warrants.

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<sup>1</sup>Allied Zurich Holdings Limited (a member of the Zurich Group) has a shareholding in 7IM and may therefore benefit from investments in 7IM funds.

<sup>2</sup>For investments in 7IM AAP funds, 7IM will make additional payments, based on the value of the holdings in these funds, to certain financial adviser firms. Any additional payments will be paid from 7IM's management charge and will not result in any additional charge to you. Your adviser will have informed you if this arrangement applies to your investment.

# Managed funds

Managed funds give exposure to a wider range of investment opportunities and aim to reduce the risk to your capital because they are not tied to the fortunes of just one market area.

## [AXA Framlington Global Opportunities / AXA Framlington Global Opportunities 2](#)

The fund aims to achieve capital growth through world-wide investment in equities. Investment is made in companies which, in the manager's opinion, show above-average profitability, management quality and growth.

## [BlackRock Balanced Portfolio / BlackRock Balanced Portfolio 2](#)

The fund aims to produce long-term total returns from capital growth and/or income, achieved through a global portfolio of equities and fixed-interest securities, as well as collective investment schemes, cash deposits and money market instruments. Under normal market conditions there will be an emphasis on the UK, although investment may be made in any economic sector.

## [Gartmore Cautious Managed / Gartmore Cautious Managed 2](#)

The fund aims to provide a combination of income and long-term capital growth.

## [Gartmore Managed / Gartmore Managed 2](#)

The fund invests in shares and fixed income securities and aims to produce long-term capital growth. The portfolio is actively managed and tends to have a strong European bias although a proportion of the fund will always be invested in the UK. The investment is achieved through a range of Gartmore funds.

## [Henderson Managed / Henderson Managed 2](#)

The fund invests in shares, fixed income securities and aims to produce long-term capital growth. The portfolio is actively managed and tends to focus on overseas companies while at all times retaining some exposure to the UK market. The investment is achieved through a range of Henderson Investors funds.

## [HSBC Managed / HSBC Managed 2](#)

The fund invests in shares and aims to produce long-term growth. The portfolio contains UK and overseas companies through HSBC's Active and Index investment funds. The fund pursues an active asset allocation policy and generally has more overseas investments and less fixed income than balanced funds.

## [Invesco Perpetual Managed / Invesco Perpetual Managed 2](#)

The fund invests in shares and some fixed income securities and aims to produce long-term growth. It is designed to provide a balance of UK and international exposure by currently investing in the Invesco Perpetual High Income and International Equity funds.

## [Investec Cautious Managed / Investec Cautious Managed 2](#)

The fund aims to provide a combination of income and long-term capital growth by investing conservatively in a diversified portfolio of equities, bonds and other fixed-interest securities of high quality and marketability. At all times the fund's equity exposure will be limited to a maximum of 60% of the portfolio value.

## JPM Cautious Total Return / JPM Cautious Total Return 2

The fund aims to achieve returns over the medium-term in excess of those available from sterling money market instruments, by investing mainly in fixed income securities, convertible bonds, equity securities and short-term securities issued in any country. The fund may invest up to 100% in cash and cash equivalents or up to 100% in government and public securities. Asset and country allocations may vary over time to reflect market conditions and opportunities. The fund may invest in securities issued in emerging countries worldwide.

## Jupiter Distribution / Jupiter Distribution 2

The fund aims to provide a sustainable level of income and the prospect of capital growth over the long-term by investing in an actively balanced portfolio of fixed-interest securities and mainly UK equities.

## M&G Cautious Multi Asset / M&G Cautious Multi Asset 2

The fund's objective is to produce a total return through investment in a varied range of asset types. Subject to this, the fund aims to grow income in the long-term.

## M&G Managed Growth / M&G Managed Growth 2

The fund's aim is to achieve long-term capital growth. The fund is an actively managed fund investing mainly in collective investment schemes in order to provide a well diversified exposure to global equities. The fund may also invest in other collective investment schemes and directly in securities, fixed income assets, warrants, money market instruments, deposits, cash, near cash and derivatives for the purposes of efficient portfolio management.

## Neptune Balanced / Neptune Balanced 2

The fund aims to generate a positive total return from investment mainly in equities and bonds. There are no limits on the regional or sector allocation policy used. Other eligible asset classes may include collective investment schemes, other transferable securities, cash or near-cash deposits and money market instruments.

## Newton Balanced / Newton Balanced 2

The objective of the fund is to achieve a balance between capital growth and income mainly from a portfolio of UK and International securities. The fund may also invest in derivative instruments, forward transactions, and collective investment schemes.

## Newton Managed / Newton Managed 2

The objective of the fund is to achieve capital growth and income from a portfolio of UK, EC and international securities.

## Schroder Managed Balanced / Schroder Managed Balanced 2

The fund's investment objective is to give a balanced exposure to UK and overseas equities and fixed income securities through a range of underlying authorised unit trusts, recognised schemes and collective investment schemes.

## **Threadneedle funds**

### **Managed / Managed 2**

The fund invests in shares, fixed income securities and some commercial property and aims to produce long-term growth. The portfolio tends to focus on UK and overseas companies with some holdings in smaller companies for more aggressive growth potential. Investment in fixed income securities provides a degree of capital security.

### **Managed Income / Managed Income 2**

The investment objective is to provide a growing income with capital growth. The investment policy is to invest the assets of the funds in a portfolio of funds managed by Threadneedle. The portfolio will normally include more income orientated funds from the Threadneedle range.

# Multimanaged funds

These add another level of management from managed funds. The fund manager splits the portfolio between fund managers, choosing different investment managers to run different parts of the portfolio. This enables the funds to combine differing skills across the market from the style of the manager to managing different investment types.

## 7IM Income / 7IM Income 2 <sup>1</sup>

The fund aims to provide an above-average level of income, while seeking to maintain capital over the longer term. There may be some risk to capital. The fund invests mainly in a range of securities and collective investment vehicles managed by selected fund managers. While income-generating assets are likely to represent a significant part of the portfolio, the portfolio may also include assets with scope for capital growth in real terms. The fund may use different asset classes, with the emphasis on fixed-interest. The fund may also invest in money market instruments and deposits. A significant proportion of the fund may be maintained in or hedged<sup>2</sup> back to sterling at any time. Forward foreign exchange transactions may be used to hedge currency risk.

## Cazenove Multi-Manager Diversity / Cazenove Multi-Manager Diversity 2

The fund aims to achieve long-term capital growth in excess of inflation from a portfolio invested across a broad range of asset classes. The fund is intended to provide consistent rates of return with lower risk than more traditional approaches to portfolio management which tend to be largely dependent on the performance of equities.

## F&C Lifestyle Balanced / F&C Lifestyle Balanced 2 <sup>3</sup>

The fund will invest in UK equities with the balance of the fund allocated across the principal non-UK equity markets to include some exposure to emerging markets and UK corporate bonds. Investment in property will be primarily through collective investment schemes. The fund may also hold transferable securities and money market instruments. Derivatives may be used to increase, maintain, and reduce investment exposures.

## F&C Lifestyle Cautious / F&C Lifestyle Cautious 2 <sup>3</sup>

The fund will invest in UK equities and corporate bonds with a lower exposure to property and a greater exposure to non-UK equities than the F&C Lifestyle Defensive fund. The fund may also hold transferable securities, money market instruments, and collective investment schemes. Derivatives may be used to increase, maintain, and reduce investment exposures.

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<sup>1</sup>Allied Zurich Holdings Limited (a member of the Zurich Group) has a shareholding in 7IM and may therefore benefit from investments in 7IM funds

<sup>2</sup>Currency hedging intends to reduce the risk of loss from exchange rate fluctuations in the market. It would be like taking out an insurance policy against this happening so that any unfavourable change in a currency (for example, the dollar against the euro) would not seriously reduce the value of your investment.

<sup>3</sup>For investments in F&C Lifestyle funds, F&C will make additional payments, based on the value of the holdings in these funds, to certain financial adviser firms. Any additional payments will be paid from F&C's management charge and will not result in any additional charge to you. Your adviser will have informed you if this arrangement applies to your investment.

## F&C Lifestyle Defensive / F&C Lifestyle Defensive 2<sup>1</sup>

The fund will invest mainly in UK equities and corporate bonds with some exposure to property and non-UK equities through collective investment schemes. The fund may also hold transferable securities, money market instruments, and collective investment schemes. Derivatives may be used to increase, maintain, and reduce investment exposures.

## F&C Lifestyle Growth / F&C Lifestyle Growth 2<sup>1</sup>

The fund will invest approximately half the portfolio in UK equities with the balance split between the major international markets and emerging markets with an allocation to UK corporate bonds and a small allocation to property primarily through collective investment schemes. The fund may also hold transferable securities, money market instruments, and collective investment schemes. Derivatives may be used to increase, maintain, and reduce investment exposures.

## Fidelity MultiManager Distribution / Fidelity MultiManager Distribution 2

The fund aims to achieve a return through a combination of income and long-term capital growth. It invests in funds that hold UK company shares (equities), fixed income and money market securities, and real estate property. It invests primarily in funds managed by other companies but may also invest in funds managed by Fidelity, and directly in equities, bonds and money market instruments. The fund may invest in derivatives for the purposes of the efficient management of the fund.

## Fidelity MultiManager Growth / Fidelity MultiManager Growth 2

The aim is to achieve long-term capital growth. It invests mainly in a range of worldwide funds managed by other companies. It may also invest in funds managed by Fidelity, and directly in company shares, bonds and money market instruments. The fund may invest in derivatives for the purposes of the efficient management of the fund.

## Fidelity MultiManager Income / Fidelity MultiManager Income 2

The fund's aim is to provide an income along with the possibility of capital growth. It invests mainly in a range of UK funds managed by other companies. It may also invest in funds managed by Fidelity, and directly in company shares (equities), bonds and money market instruments. The fund may invest in derivatives for the purposes of the efficient management of the fund.

## Jupiter Merlin Balanced Portfolio / Jupiter Merlin Balanced Portfolio 2

The fund aims to achieve long-term capital growth with income investing mainly in unit trusts, OEICs, Exchange Traded Funds and other collective investment schemes across several management groups.

## Jupiter Merlin Growth Portfolio / Jupiter Merlin Growth Portfolio 2

The fund aims to achieve long-term capital growth investing mainly in unit trusts, OEICs, Exchange Traded Funds and other collective investment schemes across several management groups.

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<sup>1</sup>For investments in F&C Lifestyle funds, F&C will make additional payments, based on the value of the holdings in these funds, to certain financial adviser firms. Any additional payments will be paid from F&C's management charge and will not result in any additional charge to you. Your adviser will have informed you if this arrangement applies to your investment.

## Jupiter Merlin Income Portfolio / Jupiter Merlin Income Portfolio 2

The fund aims to achieve a high and rising income with some potential for capital growth investing mainly in unit trusts, OEICs, Exchange Traded Funds and other collective investment schemes across several management groups.

## Jupiter Merlin Worldwide Portfolio / Jupiter Merlin Worldwide Portfolio 2

The fund aims to achieve long-term capital growth investing mainly in unit trusts, OEICs, Exchange Traded Funds and other collective investment schemes across several management groups.

## Midas Balanced Growth / Midas Balanced Growth 2

The fund aims to achieve long-term capital growth by investing in a balanced and varied portfolio of UK and international equities and fixed-interest securities including government and corporate bonds. Investments may also be made in regulated collective investment schemes, money markets and cash deposits to provide further variety within the fund in accordance with applicable regulations.

## Midas Balanced Income / Midas Balanced Income 2

The fund aims to provide growth through a high level of increasing income by investing in a balanced and varied portfolio of UK and international equities and fixed-interest securities including government and corporate bonds. Investments may also be made in regulated collective

investment schemes, money markets and cash deposits to provide additional variety to the fund in accordance with applicable regulations.

## New Star Intrinsic Adventurous / New Star Intrinsic Adventurous 2<sup>1</sup>

The fund aims to achieve long term capital growth through investment in both the UK and overseas markets. Equity exposure may be as high as 100% of the fund.

## New Star Intrinsic Cautious / New Star Intrinsic Cautious 2<sup>1</sup>

The fund aims to achieve long term capital growth through investment in both UK and overseas markets, broadly diversified across asset classes. The fund will adopt a cautious investment approach by limiting equity exposure to a maximum of 60%.

## New Star Intrinsic Dynamic / New Star Intrinsic Dynamic 2<sup>1</sup>

The fund aims to achieve long term capital growth through investment in both the UK and overseas markets, diversified across asset classes. Equity exposure will be up to 90% of the fund.

## New Star Intrinsic Moderate / New Star Intrinsic Moderate 2<sup>1</sup>

The fund aims to achieve long term capital growth through investment in both UK and overseas markets, broadly diversified across asset classes. The fund will adopt a moderate investment approach by limiting equity exposure to a maximum of 80%.

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<sup>1</sup>The New Star Intrinsic funds are managed by New Star in accordance with the investment objectives and risk profiles of the funds which have been set in conjunction with Intrinsic, which is a network of financial advisers. New Star will make payments to Intrinsic based on the value of the funds. The amount of these payments is included in the fund charges disclosed to you and is not an additional charge to you.

## Omnis Advanced / Omnis Advanced 2 <sup>1</sup>

The objective of the fund is to achieve capital growth over the medium to longer term significantly in excess of cash deposit rates. The fund will mainly invest in collective investment schemes across a range of global geographical areas and asset classes, managed by multiple different investment managers, but with a core holding in UK equities. The fund may invest in other assets where appropriate. Foreign currency exposure through non-UK investments may be hedged<sup>2</sup> back into £-sterling.

## Omnis Balanced / Omnis Balanced 2 <sup>1</sup>

The objective of the fund is to achieve capital growth over the medium to longer term well in excess of cash deposit rates. The fund will mainly invest in collective investment schemes across a range of global geographical areas and asset classes, managed by multiple different investment managers, but with a core holding in UK equities. The fund may invest in other asset classes where appropriate. Foreign currency exposure through non-UK investments may be hedged<sup>2</sup> back into £-sterling.

## Omnis Cautious / Omnis Cautious 2 <sup>1</sup>

The objective of the fund is to achieve capital growth over the medium to longer term in excess of cash deposit rates. The fund will mainly invest in collective investment schemes, and individual stocks and bonds, across a range of global geographical areas and asset classes, managed by multiple different investment managers, but with a core holding in UK equities. The fund may invest in other asset classes where appropriate. Foreign currency exposure through non-UK investments may be hedged<sup>2</sup> back into £-sterling.

## Omnis Distribution <sup>1</sup>

The objective of the fund is to provide, over the medium to long term, a growing income without reducing the purchasing power of capital. This will be achieved through mainly investing in collective investment schemes across a range of global geographical areas and asset classes, but with a core holding in UK equities and bonds. The fund may invest in other asset classes where appropriate. Foreign currency exposure through non-UK investments may be hedged<sup>2</sup> back into £-sterling.

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<sup>1</sup>The Omnis funds and Omnis (Threadneedle) funds are managed by Octopus Investments Ltd and Threadneedle Asset Management Limited respectively, in accordance with the investment objectives of the funds. The investment objectives and risk profiles of the funds have been set in conjunction with the fund sponsor, Omnis Investments Ltd. As sponsor, Omnis Investments Ltd receives payments out of the fund charges. Omnis Investments Ltd is part of the Openwork Group (which is part of the Zurich Group). Therefore both Openwork and Zurich may benefit financially from these payments. The amount of these payments is included in the fund charges disclosed to you and is not an additional charge.

<sup>2</sup>Currency hedging intends to reduce the risk of loss from exchange rate fluctuations in the market. It would be like taking out an insurance policy against this happening so that any unfavourable change in a currency (for example, the dollar against the euro) would not seriously reduce the value of your investment.

## Omnis (Threadneedle) Advanced <sup>1</sup>

The objective of the fund is to achieve capital growth over the medium to longer term well in excess of cash deposit rates. The fund will mainly invest in collective investment schemes (almost exclusively from the Threadneedle Group) across a range of global geographical areas and asset classes but with a core holding in UK equities. The fund may invest in other asset classes where appropriate. Foreign currency exposure through non-UK investments may be hedged<sup>2</sup> back into £-sterling.

## Omnis (Threadneedle) Cautious <sup>1</sup>

The objective of the fund is to achieve capital growth over the medium to longer term that is above cash deposit rates. The fund will mainly invest in collective investment schemes (almost exclusively from the Threadneedle Group) across a range of global geographical areas and asset classes but with a core holding in UK equities and bonds. The fund may invest in other asset classes where appropriate. Foreign currency exposure through non-UK investments may be hedged<sup>2</sup> back into £-sterling.

## Omnis (Threadneedle) Balanced <sup>1</sup>

The objective of the fund is to achieve capital growth over the medium to longer term, in excess of cash deposit rates. The fund will mainly invest in collective investment schemes (almost exclusively from the Threadneedle Group) across a range of global geographical areas and asset classes but with a core holding in UK equities and bonds. The fund may invest in other asset classes where appropriate. Foreign currency exposure through non-UK investments may be hedged<sup>2</sup> back into £-sterling.

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<sup>1</sup>The Omnis funds and Omnis (Threadneedle) funds are managed by Octopus Investments Ltd and Threadneedle Asset Management Limited respectively, in accordance with the investment objectives of the funds. The investment objectives and risk profiles of the funds have been set in conjunction with the fund sponsor, Omnis Investments Ltd. As sponsor, Omnis Investments Ltd receives payments out of the fund charges. Omnis Investments Ltd is part of the Openwork Group (which is part of the Zurich Group). Therefore both Openwork and Zurich may benefit financially from these payments. The amount of these payments is included in the fund charges disclosed to you and is not an additional charge.

<sup>2</sup>Currency hedging intends to reduce the risk of loss from exchange rate fluctuations in the market. It would be like taking out an insurance policy against this happening so that any unfavourable change in a currency (for example, the dollar against the euro) would not seriously reduce the value of your investment.

# UK equity funds

The UK has always been a popular home for investments, with UK investors traditionally seeing good returns from a mature and stable economy. In addition, it offers an opportunity for many investors to take a stake in the success of their home country's economy and industry.

## AEGON Ethical Equity / AEGON Ethical Equity 2

The main objective of the fund is to produce a total return by investment in equities and equity-type securities in companies based in the UK, principally conducting business in the UK or listed on the UK Stock Market which meet the fund's predefined ethical criteria.

## Artemis Capital / Artemis Capital 2

The investment objective is capital growth. The Trust Deed allows great flexibility, though the main content of the fund is in companies of UK origin. Income within the fund is accumulated and reinvested. This income is reflected in the dealing prices of the fund.

## Artemis Income / Artemis Income 2

The objective of the fund is to produce a rising income combined with capital growth from a portfolio mainly made up of investments in the UK, including ordinary shares, preference shares, convertibles and fixed-interest securities.

## Artemis UK Growth / Artemis UK Growth 2

The objective of the fund is to provide long-term capital growth by investment in companies listed, quoted and/or traded in the UK and in companies which are headquartered or have a significant part of their activities in the UK which are quoted on a regulated market outside the UK. The fund aims to provide investors with a total return in excess of that of the FTSE Actuaries All-Share Index.

## Artemis UK Smaller Companies / Artemis UK Smaller Companies 2

The objective of the fund is to provide long-term capital growth by investment in companies listed, quoted and/or traded in the UK and in companies which are headquartered or have a significant part of their activities in the UK which are quoted on a regulated market outside the UK.

## Artemis UK Special Situations / Artemis UK Special Situations 2

The objective of the fund is to provide long-term capital growth by exploiting special situations. The fund invests mainly in UK equities and in companies which are headquartered or have a significant part of their activities in the UK which are quoted on a regulated market outside the UK.

## AXA Framlington Monthly Income / AXA Framlington Monthly Income 2

The fund aims to combine a regular income with the potential for long-term capital growth. The fund will invest mainly in equities and fixed-interest securities.

## AXA Framlington UK Select Opportunities / AXA Framlington UK Select Opportunities 2

The fund aims to achieve capital growth by investing in companies, mainly of UK origin, where the Manager believes above-average returns can be realised.

## AXA Framlington UK Smaller Companies / AXA Framlington UK Smaller Companies 2

The fund aims for capital growth through investment mainly in smaller UK quoted companies.

## Baring UK Growth / Baring UK Growth 2

The fund aims to achieve long-term capital growth through selective investment in economic sectors in the UK and through securities in any country and/or economic sectors throughout the world represented in the UK markets.

## BlackRock UK Dynamic / BlackRock UK Dynamic 2

The aim of the fund is to achieve long-term capital growth for investors. The fund invests mainly in the shares of companies incorporated or listed in the UK which the Manager considers exhibit either growth or value investment characteristics, placing an emphasis as the market outlook warrants. The fund may also invest in collective investment schemes.

## BlackRock UK Special Situations / BlackRock UK Special Situations 2

The fund aims to achieve long-term capital growth for investors. The fund invests mainly in the shares of small or medium sized companies incorporated or listed in the UK. The fund may also invest in collective investment schemes. Small and medium sized companies are those whose market capitalisation is lower than that of companies in the FTSE 100 index.

## Cazenove UK Dynamic / Cazenove UK Dynamic 2

The fund aims to achieve long-term capital growth by investment in an actively managed portfolio of UK equities. Investment will be made mainly in any economic sector of the UK market, but may extend to other geographic areas.

## Cazenove UK Growth & Income / Cazenove UK Growth & Income 2

The fund aims to achieve long-term capital and income growth through investment mainly in the UK. Investments will be made mainly in UK equities, fixed-interest and other securities.

## Fidelity MoneyBuilder UK Index / Fidelity MoneyBuilder UK Index 2

The aim is to achieve long-term capital growth by matching the performance of the FTSE All-Share Index as closely as possible. It invests in the shares of companies which are listed in the FTSE All-Share Index. Parts of the FTSE All-Share Index will be replicated in full e.g. the FTSE 100 and the FTSE mid 250, but, investment in companies in the FTSE Smallcap Index will be limited. The fund may invest in derivatives for the purposes of the efficient management of the fund.

## Fidelity UK Special Situations / Fidelity UK Special Situations 2

The aim is to achieve long-term capital growth. It invests mainly in the shares of UK companies. It can also invest up to 20% of its value in companies based outside the UK. The portfolio is likely to have a bias towards medium sized and smaller companies. The fund may invest in derivatives for the purposes of the efficient management of the fund.

## Gartmore UK Focus / Gartmore UK Focus 2

The fund aims to achieve a long-term return, in excess of the long-term return that is typically achieved from UK equity markets, by investing in a concentrated portfolio of:

- Companies having their registered office in the UK.
- Companies that do not have their registered office in the UK but either;
  - (i) carry out most of their business activity in the market, or
  - (ii) are holding companies which mainly own companies with registered offices in the United Kingdom.

The fund will invest in companies of any market capitalisation. The fund will invest in a portfolio of typically 25 – 40 holdings. The return will be a combination of capital and income returns.

## HSBC UK Growth & Income / HSBC UK Growth & Income 2

The fund aims to provide long-term capital and income growth by investing mainly in the UK.

## Invesco Perpetual High Income / Invesco Perpetual High Income 2

The fund aims to achieve a high level of income, together with capital growth. The fund intends to invest mainly in companies listed in the UK, with the balance invested internationally.

## Invesco Perpetual Income / Invesco Perpetual Income 2

The fund aims to achieve a reasonable level of income, together with capital growth. The fund intends to invest mainly in companies listed in the UK, with the balance invested internationally.

## JPM Premier Equity Growth / JPM Premier Equity Growth 2

The fund aims to provide long-term capital growth from investment in stocks and shares. The fund currently invests mainly in a portfolio of UK equities.

## Jupiter High Income / Jupiter High Income 2

The fund aims to achieve a high and rising income with capital growth from investment mainly in UK equities and high yielding convertibles with some exposure to fixed-interest securities.

## Jupiter Income / Jupiter Income 2

The fund aims to produce a high income, increasing at least in line with inflation, from a managed portfolio chiefly invested in UK equities and fixed-interest stocks although with some overseas exposure.

## Jupiter UK Growth / Jupiter UK Growth 2

The fund aims to obtain long-term capital growth from investment mainly in UK equities.

## Jupiter Undervalued Assets / Jupiter Undervalued Assets 2

The fund aims to achieve long-term capital growth by investing in companies which the Manager believes have recovery potential and considers to be undervalued, mainly in UK equities with the potential for some overseas exposure.

## Liontrust First Income / Liontrust First Income 2

The investment objective of the fund is to provide a high level of income with capital values keeping pace with inflation. Although the fund may invest in all economic sectors in all parts of the world, it is intended that it will currently invest mainly in securities in companies listed on the International Stock Exchange of the UK and Ireland. The fund may also invest in shares issued by companies incorporated in any European Economic Area ("EEA") Member State other than the UK which are listed on a recognised stock exchange of an EEA Member State.

## M&G Recovery/ M&G Recovery 2

The fund's sole aim is capital growth. The fund mainly invests in a diversified range of securities issued by companies which are out of favour, in difficulty or whose future prospects are not fully recognised by the market. There is no particular income yield target.

## Neptune Income / Neptune Income 2

The fund aims to provide a total return mainly through a rising level of income. Whilst this is the main objective there is also potential for capital growth, from an actively managed portfolio invested mainly in UK securities and fixed-interest stocks, with some overseas exposure.

## New Star UK Alpha / New Star UK Alpha 2

The fund aims to seek capital growth through a relatively concentrated portfolio mainly investing in the securities of UK companies. In addition to ordinary shares, the fund may also invest in fixed-interest securities, preference shares, debt securities convertible into ordinary stock and other equity linked investments and may also from time to time invest outside the UK.

## New Star UK Growth / New Star UK Growth 2

The fund aims to seek long-term capital growth mainly through investment in the securities of UK companies. In addition to ordinary shares, the fund may also invest in preference shares, debt securities convertible into ordinary stocks and shares and other equity linked investments, and may also from time to time invest outside the UK.

## Newton Higher Income / Newton Higher Income 2

The fund aims to achieve increasing distributions with the potential of long-term capital growth mainly through investment in the securities of UK companies.

## Old Mutual UK Select Mid Cap / Old Mutual UK Select Mid Cap 2

The fund aims to provide capital growth from investing mainly in a portfolio of medium sized UK companies.

## Rathbone Income / Rathbone Income 2

The objective of the fund is to achieve above-average and maintainable income but without neglecting capital security and growth. The Manager intends to achieve the objective mainly through the purchase of ordinary shares with an above-average yield. There is no restriction on the economic sectors or geographic areas in which the fund may invest. However, investments will always be mainly in the ordinary shares of UK companies.

## Schroder Income Maximiser / Schroder Income Maximiser 2

The fund's investment objective is to provide income with potential for capital growth mainly through investment in equity and equity-related securities of UK companies. The fund will also use derivative instruments to generate additional income.

## Schroder UK Alpha Plus / Schroder UK Alpha Plus 2

The fund's investment objective is to provide capital growth through investment in UK and other companies. In order to achieve the objective the manager will invest in a focused portfolio of securities. The emphasis of the fund will be investment in UK companies. The fund may also invest in companies headquartered or quoted outside the UK where those companies have material or critical operations within, or derive significant business from the UK. Fixed-interest securities may be included in the portfolio. Investment will be in directly held transferable securities. The fund may also invest in collective investment schemes, warrants and money market instruments.

## Schroder UK Mid 250 / Schroder UK Mid 250 2

The fund's investment objective is to achieve long-term capital growth by investing mainly in companies listed in the FTSE 250 (ex Investment Trusts) Index. However, the fund may also hold former components of, or expected entrants into, that index if in the opinion of the Manager it may be advantageous to do so.

This fund is not in any way sponsored, endorsed, sold or promoted by FTSE International Limited, or by the London Stock Exchange Limited or by the Financial Times Limited.

### **Threadneedle funds**

## Monthly Extra Income / Monthly Extra Income 2

The investment objective is to achieve a high level of income with prospects of capital growth. Income will be paid monthly. The investment policy is to invest mainly in sterling denominated fixed-interest securities and UK equities.

## UK / UK 2

The investment objective is to achieve capital growth. The investment policy is to invest the assets of the fund mainly in equities of companies based in the UK or which have significant UK operations. If the Authorised Corporate Director considers it desirable, it may further invest in other securities (including fixed-interest securities, other equities and money market securities).

## UK Equity Alpha Income / UK Equity Alpha Income 2

The investment objective of the fund is to achieve a reasonable and growing income with the prospects of capital growth from a concentrated portfolio of UK equities.

## UK Equity Income / UK Equity Income 2

The investment objective is to achieve an above-average rate of income combined with sound prospects for capital growth. The investment policy is to invest mainly in UK equities. It may, however, invest in other securities such as convertibles and gilts.

## UK Growth & Income / UK Growth & Income 2

The investment objective is to achieve a high level of income. The investment policy is to invest mainly in 'blue chip' large capitalised UK companies, but including, when deemed appropriate, small and medium sized companies, mainly from the UK.

## UK Monthly Income / UK Monthly Income 2

The investment objective is to achieve an above-average income combined with sound prospects for capital growth. Income will be paid monthly. The investment policy is to invest mainly in UK equities. It may, however, invest in other securities such as convertibles and gilts.

## UK Select / UK Select 2

The investment objective is to achieve above-average capital growth. The investment policy is to invest the assets of the fund for growth, through a concentrated, actively managed portfolio. The select investment approach means that the Authorised Corporate Director has the flexibility to take significant stock and sector positions which may lead to increased levels of volatility. The portfolio will consist mainly of equities of companies based in the UK, or which have significant UK operations. If the Authorised Corporate Director considers it desirable, it may further invest in other securities (including fixed-interest securities, other equities and money market securities).

## UK Smaller Companies / UK Smaller Companies 2

The investment objective is to achieve capital growth. The investment policy is to invest mainly in the equities of smaller companies in the UK.

# European equity funds

Europe has become a popular choice for UK investors. As the central economies forge closer ties and eastern European countries develop their industries, the potential for investors is considerable.

## Artemis European Growth / Artemis European Growth 2

The objective of the fund is to provide long-term capital growth through investment mainly in companies in Europe (excl. the UK). The fund aims to provide investors with a total return in excess of that of the FTSE Europe (excl. the UK) Index. The Manager actively manages the portfolio in order to achieve the above objective and will not be restricted in the choice of investments either by company size or industry, or in terms of the geographical split of the portfolio, which is largely determined by the availability of attractive investment opportunities rather than the outlook for each market.

## Cazenove European / Cazenove European 2

The fund aims to achieve long-term capital growth by investing in any or all European markets (excluding the UK) and any or all economic sectors. The fund also aims to invest in a wide range of companies without any restrictions on the size of those companies.

## Fidelity European / Fidelity European 2

The aim is to achieve long-term capital growth. It invests mainly in the shares of continental European companies. The portfolio is likely to have a bias towards medium sized and smaller companies. The fund may invest in derivatives for the purposes of the efficient management of the fund.

## Gartmore European Selected Opportunities / Gartmore European Selected Opportunities 2

The fund aims to achieve a long-term return, in excess of the long-term return that is typically achieved from European equity markets, by investing in:

- Companies having their registered office in Europe.
- Companies that do not have their registered office in Europe but either;
  - (i) carry out a major proportion of their business activity in these markets, or
  - (ii) are holding companies which mainly own companies with registered offices in Europe.

## Ignis Argonaut European Alpha / Ignis Argonaut European Alpha 2

The fund aims to produce returns by investing in a concentrated portfolio of 30 – 55 (with a maximum of 60) stocks selected mainly from European markets excluding the UK.

## Ignis Argonaut European Income / Ignis Argonaut European Income 2

The fund aims to provide growth through achieving an income in excess of the yield of the MSCI Europe ex UK Index by investing in a concentrated portfolio of approximately 30 – 50 securities of companies mainly incorporated in Europe (excluding the UK) or which produce a significant part of their business from Europe (excluding the UK), whilst preserving the value of capital.

## Invesco Perpetual European Equity / Invesco Perpetual European Equity 2

The fund aims to achieve capital growth by mainly investing in shares in Continental Europe. It may also use other European related investments such as transferable securities, money market instruments, warrants, collective investment schemes, deposits and other permitted investments and transactions.

## JPM New Europe / JPM New Europe 2

The fund aims to provide long-term capital growth by investing mainly in companies operating or investing in central and eastern Europe and Russia.

## Jupiter Emerging European Opportunities / Jupiter Emerging European Opportunities 2

The fund aims to achieve long-term capital growth through investment mainly in central and eastern Europe.

## Newton Continental European / Newton Continental European 2

The objective of the fund is to achieve capital growth from a portfolio of mainly European securities.

### **Threadneedle funds**

## European / European 2

The investment objective is to achieve capital growth. The investment policy is to invest the assets of the fund mainly in equities of companies based in Continental Europe or which have significant Continental European operations with growth prospects. If the Authorised Corporate Director considers it desirable, it may further invest in other securities (including fixed-interest securities, other equities and money market securities).

## European Select / European Select 2

The investment objective is to achieve above-average capital growth. The investment policy is to invest the assets of the fund mainly in a relatively concentrated portfolio of equities of companies based in Continental Europe or which have significant Continental European operations. The select investment approach means that the Authorised Corporate Director has the flexibility to take significant stock and sector positions which may lead to increased levels of volatility. If the Authorised Corporate Director considers it desirable, it may further invest in other securities (including fixed-interest securities, other equities and money market securities).

## European Smaller Companies / European Smaller Companies 2

The investment objective is to achieve capital growth. The investment policy is to invest the assets of the fund mainly in the equities of smaller companies based in Continental Europe or with significant Continental European operations. If the Authorised Corporate Director considers it desirable it may further invest in other securities (including fixed-interest securities, other equities and money market securities).

# North American equity funds

North America boasts the world's largest equity market and economy. Its economic diversity is unmatched. It draws on huge natural resources and has a reputation for ambition and entrepreneurial spirit.

## Fidelity American / Fidelity American 2

The aim is to achieve long-term capital growth. It invests mainly in the shares of US companies. The portfolio is likely to have a bias towards larger and medium-sized companies. The fund may invest in derivatives for the purposes of the efficient management of the fund.

## Gartmore US Opportunities / Gartmore US Opportunities 2

The fund aims to achieve a long-term return in excess of that typically achieved from the US equity markets. The fund will invest primarily in US companies or companies that carry out most of their business activity in the US. The fund may invest in companies of any size.

## M&G American/ M&G American 2

The fund's aim is long-term capital growth through investment wholly or mainly in securities of North American (including Canadian) issuers. When not wholly invested as above, it may only invest in companies which are listed, registered or trading within North America.

## Neptune US Opportunities / Neptune US Opportunities 2

The fund aims to achieve capital growth through investing mainly in North American (including Canadian) securities. Derivatives and forward transactions may be used for the efficient management of the fund. The fund may also invest in cash or near cash where appropriate.

## UBS US Equity / UBS US Equity 2

The investment objective and policy of the fund is to achieve long-term capital growth through active management of a diversified portfolio invested mainly in US equities. The fund may also invest in other transferable securities (including warrants), money market instruments, deposits, cash and near cash and units in collective investments schemes. The fund will use derivatives only for the purpose of efficient portfolio management.

### **Threadneedle funds**

#### **American / American 2**

The investment objective is to achieve capital growth.

The investment policy is to invest the assets of the fund in companies based in North America or which have significant North American operations. If the Authorised Corporate Directors consider it desirable, it may further invest in other securities (including fixed-interest securities, other equities and money market securities).

#### **American Select / American Select 2**

The investment objective is to achieve above-average capital growth. The investment policy is to invest the assets of the fund in companies based in North America or which have significant North American operations. These include smaller and emerging growth companies, those with potential for merger or takeover, those with new management, recovery situations and exploration companies. There will be no particular specialisation. The select investment approach means that the Authorised Corporate Director has the flexibility to take significant stock and sector positions which may lead to increased levels of volatility.

#### **American Smaller Companies / American Smaller Companies 2**

The investment objective is to achieve capital growth.

The investment policy is to invest mainly in smaller US based companies, which offer potential for capital growth.

# Japanese equity funds

Japan is the largest single market outside the US and European Union and is a gateway to the increasingly affluent markets of the Pacific Rim countries.

## Invesco Perpetual Japanese Smaller Companies / Invesco Perpetual Japanese Smaller Companies 2

The fund aims to achieve capital growth, mainly through a portfolio of investments in smaller Japanese companies. In pursuing this objective, the fund managers may include investments that they consider appropriate which include transferable securities, money market instruments, warrants, collective investment schemes, deposits and other permitted investments and transactions.

## JPM Japan / JPM Japan 2

The aim of the fund is to provide capital growth over the long-term by investing mainly in the shares of Japanese companies.

## SG Japan CoreAlpha / SG Japan CoreAlpha 2

The fund aims to achieve capital growth by investing in the quoted securities of companies operating in Japan. The fund is mainly invested in securities of companies listed on Japan's stock markets. The fund may also invest in other investments to the extent permitted by the Financial Services Authority.

### **Threadneedle funds**

## Japan / Japan 2

The investment objective is to achieve capital growth. The investment policy is to invest in a diversified portfolio of Japanese companies, concentrating on value and growth prospects. While mainly equity-based, the fund may invest in warrants, convertible bonds and other approved instruments deemed appropriate.

## Japan Smaller Companies / Japan Smaller Companies 2

The investment objective is to achieve capital growth. The investment policy is to invest mainly in the equity of smaller companies in the Japanese market.

# Other regional equity funds

These funds invest in specific regions of the globe, many of which are emerging as investment opportunities.

## Allianz RCM BRIC Stars / Allianz RCM BRIC Stars 2

The fund aims to achieve capital growth in the long-term by investing mainly in the equity markets of Brazil, Russia, India and China.

## First State Asia Pacific Leaders / First State Asia Pacific Leaders 2

The fund aims to achieve long-term capital growth. The fund invests in large and mid capitalisation Leaders Fund equities in the Asia Pacific region (excluding Japan, but including Australasia).

## Gartmore China Opportunities / Gartmore China Opportunities 2

The fund aims to achieve a long-term return, in excess of the long-term return that is typically achieved from investments in Hong Kong and Chinese equity markets, by investing in:

- Companies having their registered office in Hong Kong or China.
- Companies that do not have their registered office in Hong Kong or China but either;
  - (i) carry out most of their business activity in these markets, or
  - (ii) are holding companies which mainly own companies with registered offices in Hong Kong or China.

## Ignis Pacific Growth / Ignis Pacific Growth 2

The fund aims to achieve growth by investing in companies throughout the Far East and Pacific Basin, including Australia and India but not Japan. At least 80% of the fund's assets are invested in Far Eastern securities. The fund is actively managed with its investments spread across the region with focus on companies with above-average growth prospects.

## Schroder Pacific / Schroder Pacific 2

The fund's investment objective is to achieve capital growth. Income will be minimal. The fund will follow a highly active investment policy in all economic sectors in the Pacific and Far East regions, excluding Japan. Investments may also offer some exposure to Asian countries not in the Pacific Rim.

### **Threadneedle funds**

## Asia / Asia 2

The investment objective is to achieve capital growth. The investment policy is to invest the assets of the fund mainly in the equity of companies based in Asia (with the exclusion of Japan) or with significant Asian (excluding Japan) operations. It may further invest in other securities including fixed-interest securities, other equities and money market securities.

## Far East & Japan / Far East & Japan 2

The fund invests in shares and aims to produce long-term capital growth. The portfolio focuses on companies in the Far East, including Japan, Asia and Australasia. Other investments may be used when suitable opportunities arise.

## Latin America / Latin America 2

The investment objective is to achieve capital growth. The investment policy is to invest the assets of the fund mainly in equities of companies based in Latin America or which have significant Latin American operations and it may further invest in fixed income securities such as sovereign and corporate Latin American debt, other equities and money market securities.

# Global equity funds

The international funds allow you to pursue a truly global investment strategy and cover the world's major investment markets.

## Allianz RCM Global EcoTrends / Allianz RCM Global EcoTrends 2

The fund aims to achieve long-term capital growth by investing in companies worldwide that are directly or indirectly active in the ecoenergy, pollution control, and clean water sectors. These companies will mainly be listed on the FTSE Environmental Technology 50 Index (FTSE ET50). The fund may also invest in cash deposits and collective investment schemes.

## AXA Framlington Global Technology / AXA Framlington Global Technology 2

The aim of the fund is to achieve long-term growth mainly through investments in companies engaged in the research, design and development of technologies in all sectors including information technology and the internet and in companies manufacturing and distributing products and/or providing services resulting from such research, design and development.

## AXA Framlington Health / AXA Framlington Health 2

The fund aims to achieve capital growth through investment in healthcare, medical services and product companies worldwide. Investment will be in producers of pharmaceuticals, bio-technology firms, medical device and instrument manufacturers, distributors of healthcare products, care providers and managers, and other healthcare service companies.

## BlackRock Global Equity / BlackRock Global Equity 2

The aim of the fund is to achieve capital growth mainly through an actively-managed portfolio of the world's most successful companies. Most of these companies possess dominant global franchises and have internationally diversified revenues. Other holdings will normally represent leading growth industries where the process of globalisation is currently less advanced.

## BlackRock Gold & General / BlackRock Gold & General 2

This is a specialised unit trust which aims to achieve long-term capital growth by investing in gold, mining and precious metal related shares. It tends to be volatile and is particularly suitable for diversification in a larger portfolio.

Funds which specialise in goldmining shares tend not to follow stockmarket movements. In some less developed stockmarkets there are risks from political, economic and markets factors which could cause a large increase in currency and fund price risk.

## Fidelity Global Special Situations / Fidelity Global Special Situations 2

The fund's objective is to achieve long-term capital growth from a portfolio mainly made up of shares of companies from around the world. The fund will have a blend of investments in larger, medium and smaller-sized companies. The Authorised Corporate Director is not restricted in its choice of companies either by size or industry, or in terms of the geographical split of the portfolio and will choose stocks largely determined by the availability of attractive investment opportunities. The fund may also invest in other transferable securities, units in collective investment schemes, money market instruments, cash and deposits. Derivatives and forward transactions may also be used for investment purposes.

## Fidelity Managed International / Fidelity Managed International 2

The aim of the fund is to achieve long-term capital growth. It invests mainly in the shares of companies from around the world. It invests in a relatively concentrated portfolio with no predetermined bias to any particular country, sector or company size. The fund may invest in derivatives for the purposes of the efficient management of the fund.

## Fidelity WealthBuilder / Fidelity WealthBuilder 2

The aim is to achieve long-term capital growth. It invests mainly in a range of worldwide funds managed by Fidelity. The fund may invest in derivatives for the purposes of the efficient management of the fund.

## First State Global Opportunities / First State Global Opportunities 2

The fund aims to achieve long-term capital growth through investment in equities worldwide, in any economic sector.

## Gartmore Emerging Markets Opportunities / Gartmore Emerging Markets Opportunities 2

The fund aims to achieve a long-term return in excess of that which is typically achieved from emerging equity markets, by investing mainly in companies whose businesses are based in countries which are referred to by the World Bank as developing countries. The fund may also invest in other transferable securities, money market instruments, cash and near cash, derivative instruments and forward transactions, deposits and units in collective investment schemes. The return will be a combination of capital and income.

## Henderson Global Technology / Henderson Global Technology 2

The fund aims to provide capital growth by investing in companies worldwide that derive, or are expected to derive, profits from technology.

## Henderson Industries of the Future / Henderson Industries of the Future 2

The fund aims to provide capital growth by investing in companies that meet the ethical criteria applied by the Authorised Corporate Director. The fund may invest in companies in any economic sector and any area of the world.

## Invesco Perpetual International Equity / Invesco Perpetual International Equity 2

The fund aims to achieve capital growth by investing in equities quoted on world stockmarkets.

## Investec Global Energy / Investec Global Energy 2

The fund aims to achieve long-term capital growth mainly through investments in equities issued by companies around the globe involved in the exploration, production or distribution of oil, gas and other energy sources and companies which service the energy industry.

## Investec Global Free Enterprise / Investec Global Free Enterprise 2

The fund aims to achieve long-term capital growth mainly through investment in equities issued by companies from around the world that are expected to benefit from the process of privatisation, deregulation or demutualisation or otherwise believed to offer above-average opportunities for capital gains.

## JPM Global Equity Income / JPM Global Equity Income 2

The fund aims to provide a portfolio designed to achieve growth through high and rising income by investing globally, mainly in equities, in any economic sector while still participating in long-term capital growth.

## JPM Natural Resources / JPM Natural Resources 2

The aim of the fund is to invest, mainly in the shares of, companies throughout the world engaged in the production and marketing of commodities. The fund aims to provide capital growth over the long-term.

## Jupiter Ecology / Jupiter Ecology 2

The fund aims to provide long-term capital growth and a growing income. This will be achieved by investing worldwide in companies that demonstrate a positive commitment to the long-term protection of the environment.

## M&G Global Basics / M&G Global Basics 2

The fund's sole aim is long-term capital growth through investing wholly or mainly in companies operating in basic industries ('primary' and 'secondary' industries) and also in companies that service these industries. The fund may also invest in other global equities.

## Neptune Global Equity / Neptune Global Equity 2

The fund aims to produce capital growth from a concentrated portfolio of global securities, selected from across world equity markets.

## Schroder Global Equity Income / Schroder Global Equity Income 2

The fund aims to achieve long-term capital growth and income mainly through investment in equity and equity related securities of companies worldwide. These companies must offer attractive yields and sustainable dividend payments. The fund may also invest in collective investment schemes, warrants and money market instruments.

### **Threadneedle fund**

## Global Select / Global Select 2

The investment objective is to achieve above-average capital growth by investing the assets of the fund mainly in equities issued by companies worldwide. The portfolio may be concentrated geographically or with respect to stock and sector positions, which may lead to increased levels of volatility. If the Authorised Corporate Director considers it desirable, it may further invest in other securities (including fixed-interest securities, other equities and money market securities).

# Distribution fund

The fund may appeal to investors who have a moderately cautious to balanced investment risk and who want regular 'income payments'. Investors seeking capital growth may also be attracted to the distribution funds for the asset allocation and choose to leave the income invested, whilst still being able to understand how much is actually generated.

The fund generates an income that is distributed to investors. The income is distributed either as 'income payments' or, if 'income payments' are not taken, it increases the value of the investment.

'Income payments' are set twice a year, on the distribution dates (1 March and 1 September), we'll work out how much income the assets in the Distribution and Distribution 2 fund have produced and take out the tax we have to pay on that income. The income that's left is the amount that can be distributed to investors through regular withdrawals. We show the distribution as a percentage of your fund value. The latest distribution is available from your adviser or from our website [www.sterling-assurance.co.uk](http://www.sterling-assurance.co.uk).

The distribution will determine what your 'income payments' will be for the next six months. You cannot choose the level of your 'income payments' but you can stop them and restart them at any time. Your 'income payments' may change after each distribution date.

The amount of income produced by the fund depends on how well the fund performs and can go down as well as up. Because your 'income payments' depend on this, they can also go down as well as up.

When you invest (or top up your investment) there are two main elements used to work out the unit price. The first is the capital value of the funds assets on the day you invest. The second is the income that has built up in the fund since the last distribution date. The two elements added together set the unit price for that day.

This means you are investing into capital assets in the fund, that over the medium to long term may grow, and you are also buying income that has not yet been paid to investors as 'income payments'.

During the first year after you invest (or top up your investment) 'income payments' will include an element of capital as well as income. If you don't want your 'income payments' to have an element of capital, you should delay taking them until the second distribution date following your investment. For example, if you invest in June you should delay taking 'income payments' until the following March.

For taxation purposes the 'income payments' are deemed to be a withdrawal of capital and you may be subject to income tax if you are a higher rate taxpayer and your income payments exceed 5% of the amount invested.

## Distribution / Distribution 2

The fund aims to provide reinvested income with some potential for long-term capital growth. The fund invests mainly in income yielding equities, property, gilts and other high income stock mainly based in the UK. The fund's assets are chosen by Threadneedle to provide a higher level of initial income compared to UK income funds with a similar risk rating. Long-term capital growth and rising income may be restricted.

Please note: If you invest in the Distribution fund or Distribution 2 fund you will not be able to invest in any other funds in the same investment bond.

# Property funds

Investing in commercial property allows diversity away from the traditional asset classes of equity and fixed-interest. As well as looking for capital growth on the properties, rental income can be received.

Property funds are normally valued by taking into account the views of an independent valuer, general market conditions for commercial property, and the value received for recent property sales. At times the value of your investments in these funds could fall quite sharply. In more uncertain market conditions we may need to delay your transaction in these funds by up to 12 months. We will do this if we (or the fund manager) believe it is necessary to sell properties before carrying out your transaction.

## Aviva Investors Property Trust / Aviva Investors Property Trust 2

The investment objective of the fund is to obtain optimum returns compatible with security via income and capital growth mainly through investment in certain kinds of real property, property related securities, government and other public securities and units in collective investment schemes.

## Fidelity Global Property / Fidelity Global Property 2

The fund's objective is to achieve a combination of income and long-term capital growth from a portfolio mainly made up of the securities of companies mostly engaged in the real estate industry and other real estate-related investments.

## Ignis UK Property / Ignis UK Property 2

The fund aims to achieve income and capital growth mainly through investment in UK commercial property. The fund will invest up to 100% in UK real commercial property. The fund will diversify risk by seeking exposure mainly in three main sectors – retail, office and industrial. In addition, the fund may also invest in the other commercial sectors including the smaller leisure sector. The fund will seek geographic diversification (across the UK) amongst properties held.

## M&G Property Portfolio / M&G Property Portfolio 2

The portfolio aims to maximise long-term total return (the combination of income and growth of capital) through investment mainly in commercial property. The portfolio invests in a diversified portfolio of commercial property mainly in the UK seeking to add value through strategic asset allocation, stock selection, and asset management. The portfolio may also invest in other property related assets, including collective investment schemes, securities, derivatives and debt instruments, as well as government debt, money market instruments and cash.

## New Star UK Property / New Star UK Property 2

The fund aims to achieve a high income together with some growth of both income and capital through investing mainly in commercial property and property-related assets.

## Schroder Global Property Securities / Schroder Global Property Securities 2

The fund's investment objective is to provide a total return mainly through investment in real estate investment trusts, equity and debt securities of other types of property companies worldwide.

### **Threadneedle fund**

## Property / Property 2

This fund mainly invests in the UK property market. Properties are generally let on long-term leases to good quality tenants with regular rent reviews. Other properties are acquired with the intention of carrying out development. The investment aim is to combine the prospects for good capital growth with a secure and rising rental income.

# Protected funds

A protected fund seeks to protect your investment from some of the effects of market falls. This can be done by continuous unit price protection or investing in assets whose prices are protected on quarterly dates. Over time, a pure equity fund is likely to offer greater potential for higher returns, but with it less stability. For that reason protected funds often appeal to the more cautious investor or to an investor looking to balance their investment portfolio.

## Continuous price protection

### Investing in protected profits – Aims

- The funds aim to protect your investment from some of the effects of stock market falls, so they tend to appeal to the more cautious investor. Alternatively, they may appeal to investors looking to balance their portfolio of funds by including a protected profits fund as one fund in a range of funds.
- The protected profits funds combine the returns from a range of equity funds and the Barclays Global Investors (BGI) Sterling Liquidity First fund, with the aim of ensuring the unit price won't fall below 80% of the highest-ever price. Once charges are taken into account, you may, however, get back less than the 80% of your investment in the protected profits funds.
- We reserve the right to change the underlying funds used within the protected profits funds in future.
- We pool the money you invest with other investors' money in your chosen protected profits fund. This combined money is then used with the aim of achieving returns from a mix of equities and the BGI Sterling Liquidity First fund.
- The protection the protected profits funds aim to achieve is delivered primarily by the day-to-day management of the mix of equities and the BGI Sterling Liquidity First fund.
- For the Protected Profits fund, the Multimanager Protected Profits funds, and the Tracker Protected Profits funds, additional protection is purchased in the form of a financial contract, from a financial institution. This is designed to provide additional protection that the unit price won't fall below 80% of the highest-ever price. This additional protection has been arranged with Barclays Bank plc.
- For the Multimanager Generation 2 Protected Profits funds it is proposed that additional protection will be purchased in the form of a financial contract, from a financial institution. Until this financial contract is arranged the additional protection will be provided by Zurich Assurance Ltd. Further information regarding the provider of any financial protection contract that is arranged will be available from our website [www.sterling-assurance.co.uk](http://www.sterling-assurance.co.uk)
- We reserve the right to change the financial institution which provides the financial contract for the additional protection for any of our funds.

## Investing in protected profits – Specific risks

- If the financial institution, providing the additional protection, is unable to fulfil its obligations or fails to meet its liabilities under the financial contract, the additional protection may not be available. This could mean that you lose some or all of your investment. This might happen, for example, if the financial institution went into administration or liquidation.
- The protection may also be at risk in extreme market conditions if we are unable to sell enough investments within the funds or if there are large cashflows out of the funds.
- A large fall in the stock market may mean a large part of the protected profits funds would be invested in the BGI Sterling Liquidity First fund. If the stock market then recovers, you may not fully benefit as you would have if you'd directly invested in the stock market.

## How your money is protected

- More of the fund is linked to equities when the stock market is performing well and less when the stock market is lower. The balance between the equity funds and the BGI Sterling Liquidity First fund may change daily. We use a prescribed formula to determine how assets are allocated – this is available on request.
- If the value of a protected profits fund has gone up, more is linked to equities, giving it greater potential for growth. If its value has gone down, more is linked to the BGI Sterling Liquidity First fund, giving it greater stability. Depending on stock markets and how close a fund is to its protected price, between zero and 70% will be linked to the equity funds.
- When you invest in a fund you buy units in that fund, similar to buying shares in a company. The fund's performance is reflected in the price of these units, known as the fund price.
- Unlike our other funds, the protected profits funds also have a protected price that should not fall below 80% of the highest-ever fund price. Each time the fund price increases to a new high, the protected price also increases. If the fund price then falls, the protected price remains unchanged. In this context fund price means selling price.

## The protected price in action

This example table shows you how the fund price and protected price of our protected profits funds could change over a six-month period. It also shows you that the split between equity funds and the BGI Sterling Liquidity First fund changes as stock market performance changes.

	Fund price	Protected price	Equity funds	BGI Sterling Liquidity First Fund
1 January	102.0p	81.6p	68%	32%
1 February	99.0p ↓	81.6p →	60%	40%
1 March	97.0p ↓	81.6p →	54%	46%
1 April	103.0p ↑	82.4p ↑	68%	32%
1 May	105.0p ↑	84.0p ↑	68%	32%
1 June	102.0p ↓	84.0p →	60%	40%

## The cost of protection

- Protection carries a cost. If equities fall and don't recover when you cash in, you could lose up to 20% of your investment in the fund, plus the charges we've taken. Alternatively, if equities continually rise and you cash in, you won't get back as much as you would have if you'd simply invested in an equity-based fund.
- In extreme market conditions, such as if stock markets fell considerably and didn't recover, we may consider the fund is no longer viable. This may happen, for example, where the fund becomes all or significantly invested in the BGI Sterling Liquidity First fund and interest rates are low, and associated charges can no longer be supported. If this happens we'll switch your investment to an alternative fund. We will then write to you to give you the opportunity to switch to a fund or funds of your own choice – we won't charge for this fund switch. You should speak to your adviser about choosing which fund or funds to switch in to.

## Multimanager Generation 2 Protected Profits / Multimanager Generation 2 Protected Profits 2

The fund currently combines the returns from a selection of equity funds actively managed by some of the UK's leading fund managers, and the BGI Sterling Liquidity First fund with an aim of ensuring that the selling price should not fall below 80% of the highest-ever selling price.

This fund was launched in March 2009.

## Multimanager Protected Profits / Multimanager Protected Profits 2

The fund currently combines the returns from a selection of equity funds actively managed by some of the UK's leading fund managers, and the BGI Sterling Liquidity First fund with an aim of ensuring that the selling price should not fall below 80% of the highest-ever selling price.

This fund was launched in January 2005.

## Tracker Protected Profits / Tracker Protected Profits 2

The fund currently combines the returns from a selection of passively managed equity tracker funds, and the BGI Sterling Liquidity First fund with an aim of ensuring that the selling price should not fall below 80% of the highest-ever selling price.

## Unit price protection on quarterly dates

- These funds invest in authorised unit trusts managed by Close Investments (UK) Limited. These unit trusts aim to provide 'protection' on set quarterly dates only, called the "quarter dates". If the stock market falls during the quarter, the intention is that the price of the unit trust which the Close UK Escalator / Close UK Escalator 2 funds invest in will not fall by more than 5% compared to the price at the end of the previous quarter. For the Close UK Escalator Plus / Close UK Escalator Plus 2 funds the intention is that the price of the unit trust will not fall compared to the price at the end of the previous quarter.
- However, the 'protection' only applies on the four quarter dates, currently the third Friday of March, June, September and December. At all other times the price of the unit trusts will reflect the market value of the underlying assets within the funds, which may be lower than the previous quarter date price. This means that, although you can cash in on any day, you will only benefit from the 'protection' if you cash in on a quarter date.
- While these funds do not have a protected price, the price movement of our funds should broadly reflect the price of the protected unit trusts which they invest in (allowing for charges within our fund).
- The funds invest in futures and options written on major exchanges and over-the-counter derivatives sold by major financial institutions. As well as cash, these funds invest in financial derivatives with the total return depending on the performance of these underlying investments.

- If there is a liquidity crisis which affects an exchange or if there is a failure of a counterparty, the value of one or more of the funds could be significantly adversely affected which means that the unit price at the next quarter date could reduce and any 'protection' would be lost. Proportionately large cashflows into or out of the fund could also adversely affect the level of protection.
- The level of 'protection' offered by these funds is subject to the risks explained in the previous paragraph. In addition, it applies only to the unit price and does not take account of the charges applied to the Investment Bond. Neither Zurich nor Close Investments (UK) Limited guarantees the performance of the funds.

### Close UK Escalator / Close UK Escalator 2

The fund aims to provide investors with an exposure to some of the rise in the London Stock market, whilst at the same time protecting 95% of the investors' capital (net of charges) against falls over quarterly periods.

### Close UK Escalator Plus / Close UK Escalator Plus 2

The fund aims to provide investors with an exposure to some of the rise in the London Stock market, whilst at the same time protecting investors' capital (net of charges) against falls over quarterly periods.

# Fixed-interest funds

Many governments and companies borrow money from investors as a way to raise funds. In turn they issue securities known as 'bonds' or 'gilts' if they are loans to a government. In return for the loan, an agreed rate of interest is paid until a set date. These securities can be traded (bought or sold) before the set date. Often referred to as fixed-interest investments, returns are generally lower than those from equities and are more stable. Fixed-interest funds tend to be more suited for shorter term investment or as part of a personalised portfolio invested to achieve an overall balance of risk and potential return. Investing solely in the funds for the longer term may result in a lower return than a building society account.

The rate of income on fixed-interest securities such as corporate bonds and government bonds won't increase in line with inflation unless they are index-linked. So, over time the real value of the income they produce is likely to fall. The value of these investments is affected by interest rate changes and is likely to fall if long-term interest rates rise. High yield bond funds tend to invest in high yielding corporate bonds, which are generally higher risk investments than government bonds or lower yielding corporate bonds.

These funds can invest in the UK or be more internationally orientated.

## **UK fixed-interest**

### **AEGON Ethical Corporate Bond / AEGON Ethical Corporate Bond 2**

The fund aims to provide a total return by investing in sterling denominated bonds issued by a company or organisation that meets the fund's stated ethical criteria. Investments may be in investment grade corporate bonds, cash and up to 10% of the fund may be in high yield bonds.

### **AEGON Sterling Corporate Bond / AEGON Sterling Corporate Bond 2**

The fund aims to produce a total return by investing mainly in sterling denominated bonds, including investment grade corporate bonds, government bonds and cash. Up to 10% of the fund may be invested in high yield bonds.

## Allianz PIMCO Gilt Yield / Allianz PIMCO Gilt Yield 2

The fund aims to maximise total return, while maintaining a relatively high level of capital security, by investing mainly in UK government bonds. The fund may also invest in cash deposits, money market instruments, derivatives and collective investment schemes. More than 35% of the fund may be invested in UK government bonds.

## Artemis High Income / Artemis High Income 2

The investment objective of the fund is to provide a higher than average initial yield, combined with the prospect of rising income and some capital growth over the long-term. To achieve the objective the fund invests mainly in UK fixed-interest securities and preference shares. The fund may invest in equities, other transferable securities, money market instruments, derivatives and forward transactions, deposits and units in collective investment schemes. Investment may be in all economic sectors worldwide.

## Fidelity MoneyBuilder Income / Fidelity MoneyBuilder Income 2

The fund's aim is to achieve an attractive level of income. It invests mainly in the UK. Any overseas investments are hedged<sup>1</sup> back to sterling. It invests mainly in investment grade (higher quality) sterling denominated bonds issued by companies. It can also invest in government bonds, sub-investment grade (lower quality) corporate bonds and other sterling fixed-interest securities. Most of the bonds it invests in will have a credit rating of BBB or above, although it may invest a small proportion of its value in bonds which are rated lower than BBB. The fund can invest in bonds of any duration. The fund may invest in derivatives for the purposes of the efficient management of the fund.

## Henderson Preference & Bond / Henderson Preference & Bond 2

The fund aims to provide a return by investing primarily in sterling denominated preference shares, government securities, corporate bonds, Eurobonds and other bonds. The fund may invest in other transferable securities, money market instruments, derivatives and forward transactions, deposits and units in collective investment schemes.

## Henderson Strategic Bond / Henderson Strategic Bond 2

The fund aims to provide a return by investing in higher yielding assets including high yield bonds, investment grade bonds, government bonds, preference shares and other bonds. The fund may also invest in equities. The fund will take strategic asset allocation decisions between countries, asset classes, sectors and credit ratings. The fund may invest in other transferable securities, money market instruments, derivatives and forward transactions, deposits and units in collective investment schemes.

## Ignis Corporate Bond / Ignis Corporate Bond 2

The fund aims to produce an income and capital growth by investing in UK fixed-interest securities (which includes corporate bonds) and gilts. The fund can invest up to 15% of its investments in fixed-interest securities outside the UK. The fund is actively managed to produce a stable level of income (which is paid out every three months) and capital growth. This is done by focusing mainly on investment-grade (lower risk) corporate bonds where a higher yield and return than from gilts can be obtained, and bonds with different maturity dates.

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<sup>1</sup>Currency hedging intends to reduce the risk of loss from exchange rate fluctuations in the market. It would be like taking out an insurance policy against this happening so that any unfavourable change in a currency (for example, the dollar against the euro) would not seriously reduce the value of your investment.

## Invesco Perpetual Corporate Bond / Invesco Perpetual Corporate Bond 2

The fund aims to achieve a high level of overall return, with relative security of capital. It intends to invest primarily in fixed-interest securities. In pursuing this objective, the fund managers may include investments that they consider appropriate which include transferable securities, money market instruments, warrants, collective investment schemes, deposits and other permitted investments and transactions, although the fund will not invest in any instrument which gives rise to a stamp duty liability.

## Invesco Perpetual Monthly Income Plus / Invesco Perpetual Monthly Income Plus 2

The fund aims to achieve a high level of income whilst seeking to maximise total return through investing in high yielding corporate and government bonds, together with UK equities. In pursuing this objective, the fund managers may include investments that they consider appropriate which include transferable securities, money market instruments, warrants, collective investment schemes, deposits and other permitted investments and transactions.

## M&G Corporate Bond / M&G Corporate Bond 2

The fund aims to achieve a higher return than would be achieved through investing in UK government bonds, by investing in sterling denominated fixed and variable rate securities such as corporate bonds.

## M&G Gilt & Fixed Interest Income / M&G Gilt & Fixed Interest Income 2

The fund aims to provide a high and secure income (with relative security of capital) by mainly investing in government bonds.

## M&G Optimal Income / M&G Optimal Income 2

The fund aims to achieve a total return through maximising income returns where at least 50% will be invested in debt instruments such as corporate bonds. The fund may also invest in a wider range of assets including, collective investment schemes, money market instruments, cash, near cash, deposits, equities, and derivatives. Derivatives may be used both for investment purposes and the efficient management of the fund.

## Old Mutual Corporate Bond / Old Mutual Corporate Bond 2

The fund aims to maximise total return through investment in a diversified portfolio of fixed-interest and other debt securities.

## Schroder All Maturities Index Linked Bond / Schroder All Maturities Index Linked Bond 2

The fund aims to achieve capital growth and income mainly through investment in index-linked gilts. The fund may also invest in a wide range of investments including transferable securities, derivatives, cash deposits, collective investment schemes, warrants and money market instruments.

## Schroder Gilt & Fixed Interest / Schroder Gilt & Fixed Interest 2

The fund's investment objective is to achieve a high level of income with the potential for capital growth, from investment in a diversified portfolio of sterling denominated fixed-interest securities.

## SG Gilt / SG Gilt 2

The fund aims for capital growth from mainly sterling denominated fixed-interest securities. To achieve the objective the fund invests mainly in UK government bonds. Investment may also be made in bonds of governments, government-related bodies, companies and other organisations rated AA- or better by Standard & Poors (or equivalent rating by other recognised ratings agencies) at the date of purchase of such bonds.

### **Threadneedle funds**

## Sterling Bond / Sterling Bond 2

The investment objective is to achieve total return mainly by way of income with some capital growth. The investment policy is to invest mainly in UK government securities, agencies, sovereign and supranational borrowers denominated in sterling.

## UK Corporate Bond / UK Corporate Bond 2

The investment objective is to achieve a high level of income. The investment policy is to invest mainly in fixed-interest investments in the UK and Continental Europe.

## **International fixed-interest**

## AEGON Global Bond / AEGON Global Bond 2

The main investment objective is to produce a total return by investing in global debt instruments, denominated in any currency, ranging from AAA government bonds through to high yield and emerging market corporate bonds. At least 50% of the fund will be invested in sterling and other currency denominated bonds hedged<sup>1</sup> back to sterling. This fund's management style incorporates tactical asset allocation with high frequency portfolio adjustments.

## Newton International Bond / Newton International Bond 2

The objective of the fund is to maximise total return from income and capital growth in the world bond markets through investment mainly in government and other public securities.

### **Threadneedle funds**

## Emerging Market Bond / Emerging Market Bond 2

The investment objective is to achieve a total return mainly by way of income with some capital growth. The investment policy is to invest mainly in high yielding public sector, sovereign and corporate bonds issued by emerging market borrowers. Typically these countries are outside the Organisation for Economic Cooperation and Development (OECD). It may further invest in other fixed-interest securities, including bonds issued by countries making up the G7, deposits, cash and near cash. Additionally, it may use derivatives (including currency, interest rate and credit default swaps) and forward transactions for purposes that are limited to efficient portfolio management techniques.

## European Bond / European Bond 2

The investment objective is to achieve total return mainly by way of income with some capital growth. The investment policy is to invest in European public sector sovereign bonds and corporate bonds, issued by companies based in Europe or with significant European operations, denominated in a range of European currencies. The fund has the flexibility to invest in bonds issued by Eastern European issuers.

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<sup>1</sup>Currency hedging intends to reduce the risk of loss from exchange rate fluctuations in the market. It would be like taking out an insurance policy against this happening so that any unfavourable change in a currency (for example, the dollar against the euro) would not seriously reduce the value of your investment.

## Global Bond / Global Bond 2

The investment objective is to achieve a total return comprising mainly income with some capital growth.

The investment policy is to invest the assets of the fund in a managed portfolio of fixed income securities quoted on markets worldwide.

## High Yield Bond / High Yield Bond 2

The investment objective of the fund is to achieve growth through a higher level of income. The investment policy is to invest principally in higher risk UK and international fixed-interest securities. It may also invest in equities.

Income will be paid monthly.

## Strategic Bond / Strategic Bond 2

The investment objective is to achieve total return mainly by way of income. Income will be paid monthly. The investment policy is to invest in a managed portfolio of mainly UK and European fixed-interest securities. The portfolio will include investment grade as well as below investment grade fixed-interest securities. From time to time, it may also invest in securities issued by sovereign and supranational borrowers. Where securities are non-sterling denominated it is intended that they will typically be hedged<sup>1</sup> back into sterling.

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<sup>1</sup>Currency hedging intends to reduce the risk of loss from exchange rate fluctuations in the market. It would be like taking out an insurance policy against this happening so that any unfavourable change in a currency (for example, the dollar against the euro) would not seriously reduce the value of your investment.

# Money market funds

Money market funds tend to be more suited for the shorter-term investment or as part of a personalised portfolio invested to achieve an overall balance of risk and potential return. Investing solely in these funds for the longer term may result in a lower return than a bank or building society account, or a return lower than inflation. In the longer term the returns of money market funds are generally expected to be lower than those from equity funds.

Some money market funds invest mainly in cash deposits or near cash assets. By near cash, we mean short-term (normally less than one year) debt investments like certificates of deposit. A debt investment is where a loan of cash is made in return for interest paid on that cash for a specified period and the repayment of the loan by a specified date.

## Henderson Liquid Assets Sterling / Henderson Liquid Assets Sterling 2

The main investment objective is to preserve capital values and achieve growth by investing in a diversified portfolio of overnight deposits, short term deposits and certificates of deposit.

**This is the current choice for phased investments.**

Other money market funds invest in a much broader range of money market instruments and seek to obtain a higher return, although this carries an increased risk of the fund value falling. Money market instruments include commercial paper and floating rate notes. Commercial paper is short-term unsecured notes issued by a company or bank. A floating rate note is an instrument whose interest payment varies with short-term interest rates.

These types of money market instruments are debt instruments that produce an income and can be traded (bought and sold). Their value when traded can fall and rise between the time of purchase and their maturity date. Their value will depend on comparable rates of interest achieved in the market place and the financial security and credit worthiness of the underlying institution the loan has been made to. This tends to mean the value of these instruments can fall and rise more than other near cash assets.

When an overseas money market instrument is used it will often be hedged<sup>1</sup> back into sterling currency to reduce risk of foreign exchange fluctuations affecting its value.

## [BlackRock Money Market / BlackRock Money Market 2](#)

This fund invests in the BlackRock Cash Fund.

The fund aims to achieve a high rate of interest, principally from a portfolio of cash, cash deposits, and other money-market instruments. The fund will be managed to produce a high rate of income. It is not aimed at investors seeking long-term capital growth.

## **Threadneedle funds**

### [UK Money Securities / UK Money Securities 2](#)

The investment objective is to achieve a high level of security together with a competitive wholesale money market rate of return. The investment policy is to invest mainly in a broad range of UK money market instruments, including floating rate notes and overseas money market instruments hedged<sup>1</sup> into sterling.

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<sup>1</sup>Currency hedging intends to reduce the risk of loss from exchange rate fluctuations in the market. It would be like taking out an insurance policy against this happening so that any unfavourable change in a currency (for example, the dollar against the euro) would not seriously reduce the value of your investment.

# Absolute return funds

Absolute return funds aim to deliver positive returns in any market conditions. This is in contrast to more traditionally managed funds that aim to outperform a benchmark such as an index or similar funds, but which can still have negative returns over a specified period.

It's important to note that although absolute return funds typically aim to achieve consistent positive returns in each year, this is not guaranteed and, in particular, returns may not be positive after charges have been taken into account.

Performance comparisons with other funds in the absolute return sector may be inappropriate due to the varied nature of the funds within this sector resulting in different benchmarks, risk profiles and timeframes for delivering returns. However, the funds would generally be expected to achieve consistent but moderate returns.

Many absolute return funds will use derivatives to help in the risk management of the fund as well as for investment purposes.

Absolute return funds tend to be more suitable for shorter term investment or for use as part of a personalised portfolio to achieve an overall balance of risk and potential return. Investing solely in these funds for the longer term may result in a lower return than a bank or building society account.

## **Threadneedle funds**

### [Absolute Return Bond /](#) [Absolute Return Bond 2](#)

The fund aims to achieve a total return in all market conditions, through investing in global bond markets. The fund will invest mainly in derivatives, cash and near cash, fixed-interest and index-linked securities, money market instruments and deposits. At times, the fund may be concentrated in any one or a combination of these assets. Derivatives may be used for investment purposes and the efficient management of the fund.

# Funds closed to new investors

## Aberdeen Multi-Asset

The investment objective of the fund is to provide long-term total return from a diversified portfolio. The fund may invest in transferable securities and may also hold units in collective investment schemes (in particular, schemes managed by the Investment Adviser), money market instruments, warrants, derivatives and forward transactions, cash and near cash and deposits.

## Aberdeen UK Equity Income Plus

The fund aims to achieve an attractive level of income combined with capital growth from a portfolio mainly consisting of UK equity and equity-related securities. The fund may be suitable for investors seeking a high level of income with a moderate level of volatility.

## Aberdeen UK Growth

The fund aims to provide capital growth through investment in companies registered in the UK or companies which derive a significant proportion of their revenues or profits from the UK or have a significant proportion of their assets there. The fund may be suitable for investors seeking long-term capital growth with a moderate level of volatility.

## AXA Framlington Equity Income

The fund aims to produce a higher than average yield combined with long-term growth of income and capital. Investment is made mainly in UK equities and convertible shares of companies which, in the Manager's opinion, show above-average profitability, management quality and growth.

## AXA Framlington Financial

The fund aims to provide capital growth through investment mainly in financial services companies worldwide. Investment will be mainly in banks, insurance companies, property companies, investment related companies and other financial service providers which, in the Manager's opinion, show above-average profitability, management quality and growth.

## AXA Framlington UK Growth

The fund aims to provide capital growth through investment mainly in UK large and medium capitalisation companies which, in the Manager's opinion, show above-average profitability, management quality and growth.

## Baring Managed

The fund invests in shares and fixed income securities and aims to produce long-term growth. The portfolio is actively managed and focuses on UK and overseas companies and some investment in fixed income securities.

## Close European Escalator

The fund aims to provide investors with exposure to growth in a range of European stock indices whilst at the same time protecting 95% of the investors' capital (net of charges) against falls over quarterly periods.

(For an explanation of how this works, please see the 'Unit price protection on quarterly dates' section on page 45).

## Close FTSE techMARK

The Scheme is constituted for the purpose of tracking the performance (in capital terms) of an index calculated by FTSE International Limited (“FTSE International”), representing securities admitted to the Official List of the Stock Exchange (“the Exchange”) and comprised within the techMARK market. The techMARK is part of an initiative by the Exchange to encourage companies with short trading histories that are dedicated to high technology activities (e.g. telecommunications, the Internet etc.) to seek listings in London. The techMARK market and related indices commenced operations on 3 November 1999. The Exchange and FTSE International launched two indices on this market:

- The FTSE techMARK All-Share Index, comprising all the stocks in the techMARK; and
- The FTSE techMARK 100 Index.

The FTSE techMARK 100 Index is based on the performance of the stocks comprised in the techMARK, but excludes stocks issued by the very largest companies. Unit holders thus benefit from the continued growth of stocks in the technology sector with a market capitalisation ranging between approximately £50m and approximately £11bn. The scheme aims to track the FTSE techMARK 100 Index performance in capital terms.

This fund is not in any way sponsored, endorsed, sold or promoted by FTSE International Limited, or by the London Stock Exchange Limited or by the Financial Times Limited.

## Close World Escalator

The fund aims to provide investors with exposure to a basket of world equity markets whilst at the same time protecting 95% of the investors’ capital (net of charges) against falls over quarterly periods.

(For an explanation of how this works, please see the ‘Unit price protection on quarterly dates’ section on page 45).

## Fidelity Worldwide Special Situations

The fund aims to achieve long-term capital growth by investing in two underlying funds, the Fidelity Special Situations fund and the Fidelity Global Special Situations fund.

## Foreign & Colonial Managed

The fund aims to secure long-term growth in capital and income from an international investment portfolio.

## Henderson European Opportunities

The fund aims to provide capital growth by investing in European companies, excluding the UK. The fund is not restricted in the size of companies in which it can invest.

## Henderson Multi-Manager Growth

The fund aims to provide capital growth through investment in a spread of authorised unit trusts and/or authorised companies selected from those available in the whole market. The trust will not be restricted to any particular economic sectors and the investment policy will take a long-term balanced view of stock markets worldwide while maintaining a core holding in the UK.

## Lazard Managed

The fund invests in shares and fixed-income securities and aims to produce long-term growth. It is designed to provide a balanced portfolio by investing in the Lazard UK Alpha and Lazard Global Equity funds. The portfolio is invested in large companies in the UK and major overseas markets. Emphasis is placed on risk control within the portfolio construction process.

## Legg Mason US Equity

The fund aims to achieve capital growth, mainly through investment in securities of US issuers. The fund seeks to achieve its objective by investing mainly in securities of US issuers which the Authorised Corporate Director believes are undervalued. The fund may also invest up to 20% of its assets in securities of non-US issuers. At least 50% of the net asset value of the fund will be invested in equity securities. The fund may also invest in other investments to the extent permitted by the FSA Rules.

## New Star Higher Income

The fund aims to achieve increasing distributions with the potential of long-term capital growth through investment in the securities of UK companies.

## New Star High Yield Bond

The fund aims to achieve a high level of income with modest long-term capital growth through investment in fixed and variable rate and index related securities issued by corporate, government, supranational institutions and local and regional agencies, both in the UK and internationally, as well as any other security that the investment adviser deems appropriate.

## New Star International Property

The fund aims to achieve long-term capital growth and income. The fund will invest mainly in commercial property and property related securities. The fund may also invest in residential property, non-property related securities, collective investment schemes, money market instruments, deposits, derivatives and forward exchange contracts.

## New Star Managed Distribution

The fund aims to seek long-term income and capital growth through investment aimed towards fixed-interest securities and in equities both in the UK and internationally. In addition to fixed-interest securities the fund may also invest in variable and index related securities.

## New Star Sterling Bond

The fund aims to provide a high and stable income through investment in sterling denominated fixed-interest securities including preference shares, with an emphasis on those assets that offer a higher yield than gilts.

## Rathbone Special Situations

The objective of the fund is to achieve capital growth from investment in shares temporarily out of favour with the market in which significant recovery is expected. Investment may be in special situations in all economic sectors worldwide.

## **Threadneedle funds**

### **Pan European Growth**

The investment objective is to achieve capital growth.  
The investment policy is to invest the assets of the fund mainly in the equity of large companies based in Continental Europe or the UK or with significant Continental European or UK activities. The Authorised Corporate Director may, however, invest in the equity of smaller companies.

### **Protected Profits**

The fund currently combines the returns from a selection of equity funds actively managed by Threadneedle, and the BGI Sterling Liquidity First fund with an aim of ensuring that the selling price should not fall below 80% of the highest ever selling price.

(Please refer to the Protected funds section starting on page 42 for an explanation of how this works).

### **Secured Stockmarket**

The fund aims to give exposure to the UK equity market while at the same time providing a quarterly lock in of the growth in the FTSE 100 index. The value to be locked in reflects the increase in the average FTSE index over the value at the start of the quarter. The fund invests in fixed term deposits to return the original investment or 100% of the original investment plus FTSE 100 call options.

This fund is not in any way sponsored, endorsed, sold or promoted by FTSE International Limited, or by the London Stock Exchange Limited or by the Financial Times Limited.

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