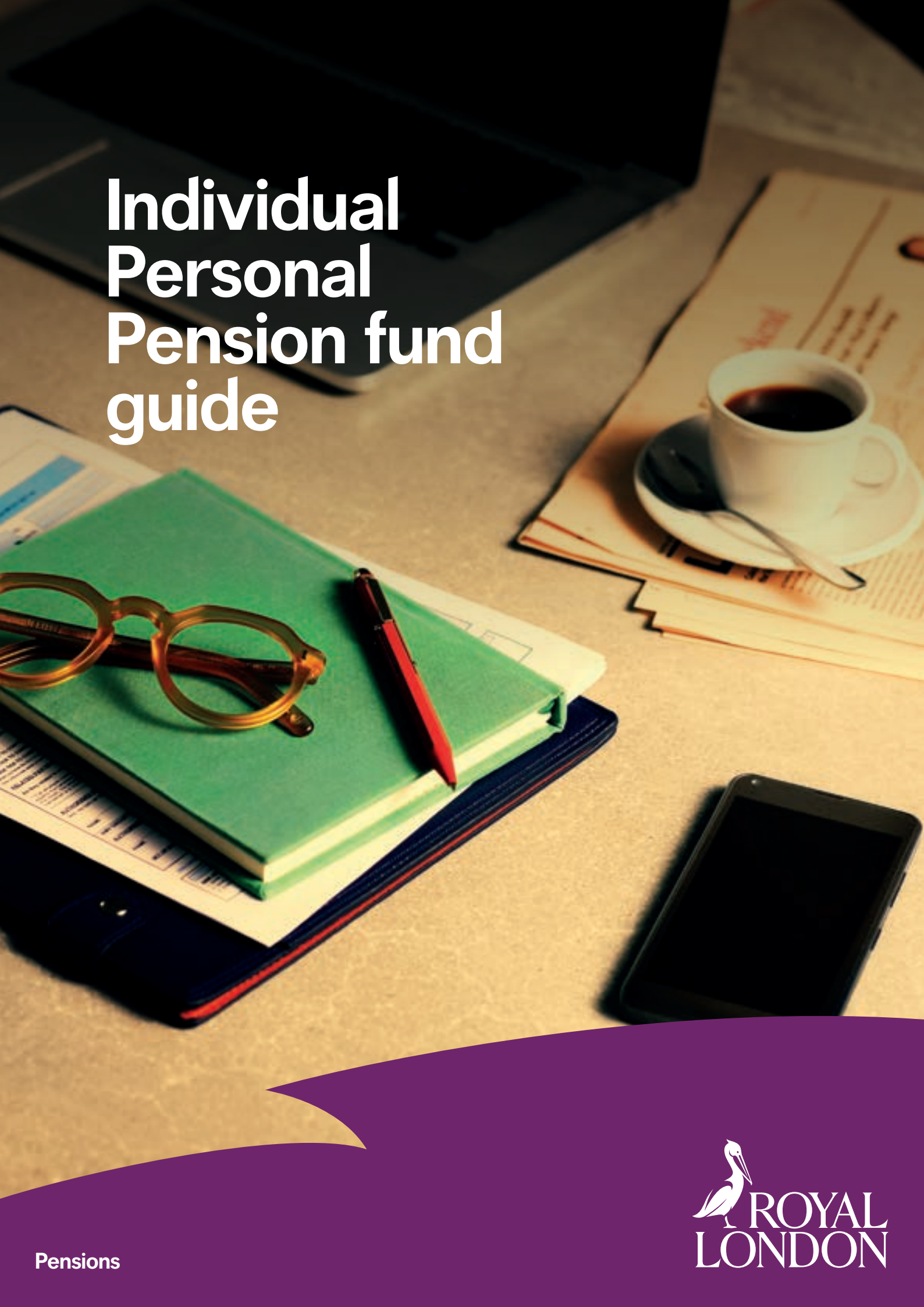


# Individual Personal Pension fund guide



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## What is an Individual Personal Pension?

The basic idea of an Individual Personal Pension is quite simple: it is a wrapper within which your money is invested into one or more funds of your choice. You can choose from our ready-made fund portfolios or from our individual funds, up to a total of 10 funds and/or portfolios. These funds are then looked after by expert fund managers, over the medium to long-term duration of the investment, and are then used to provide an income when you retire

The fund then invests in selected assets which might include cash, equities, property and fixed-interest securities, depending on the fund's investment objective. Because the fund managers pool together all the money invested in that fund, they can invest in a much larger spread of investments than you could by investing directly yourself. And by spreading the investments they are also spreading the degree of risk.

Different funds have different levels of risk (these are described on page 4) and a varying level of potential reward, depending on what it invests in. For example, you could choose to invest in a deposit fund, which would keep your money safe and secure with minimal risks to your investment. However, this would also give you little chance of seeing your investment grow significantly, particularly when you consider the effects of inflation.

On the other hand you could choose to invest in a higher-risk fund, which invests in assets like shares or properties. This would give more potential for growth than a deposit fund, but there would also be more risk to your investment as values can fall. You could get back less than you invest.

There are major tax advantages with an Individual Personal Pension – for every £1 you contribute, the Government currently adds 25p. If you are an intermediate rate (Scottish taxpayers only), a higher-rate or a top rate taxpayer, you may be able to reclaim further tax relief from H.M. Revenue & Customs at the end of each tax year.

## Flexibility is key

Because you can hold a number of funds within an Individual Personal Pension, it gives you the opportunity to spread the risk by diversifying your investment.

And although the Individual Personal Pension may carry a higher level of risk than some other forms of saving, it also has the potential to provide better returns on your money

An Individual Personal Pension enables you to invest your money however you choose. You can move your money from fund to fund so you can manage the level of risk you wish to take.

However, you cannot usually take money out of an Individual Personal Pension until you reach the age of 55. Note: From April 2028 the Government is increasing this normal minimum pension age to 57.

## Professionally-managed funds

Whilst there's no denying that an Individual Personal Pension carries a certain level of risk, one of its main advantages is that it invests in funds that are professionally managed.

Fund managers are trained to anticipate trends, find and weigh-up opportunities, look for companies with growth potential and generally do their utmost to ensure that the funds they look after perform as well as possible. Through active management, they aim to achieve the highest returns they can on the money you invest.

Fund managers make a small charge for their services – in return for which you have the peace of mind that comes from knowing your money is being looked after by an experienced professional. Even though they can't control the market, their experience helps them to look for opportunities and do whatever they can to avoid the pitfalls.

You can also choose some funds which are passively managed (see Glossary on pages 16 and 17), and simply aim to track their relative index.

## The funds in detail

The full list of funds you can invest in is shown on page 6.

The Royal London funds are managed by our own fund managers, Royal London Asset Management (RLAM).

All the fund objectives shown on the following pages are supplied by the individual fund managers. You'll find a glossary of the investment terms used within the fund objectives on pages 16 and 17. The risk category for each fund is based on Royal London's ratings, and these may change from time to time.

## Charges

We take a total yearly charge from each fund, as a percentage of the fund value.

This charge is made up of an annual management charge and any other charges which may apply to your fund. Some examples are additional fund management charges and the expenses connected with owning and maintaining the assets, such as the trustees' fees. The other charges may vary slightly from year to year depending on the size of the fund and the expenses associated with managing the fund. These charges are shown in the tables on the following pages.

The annual management charges for any of the funds we offer may change in the future.

## Responsible Investment

### We're committed to being a responsible investor

That means when you choose your pension with us we invest your payments in a responsible way. We aim to generate good returns whilst also making a positive contribution to our society and environment.

The majority of our assets are invested with our sister asset management company Royal London Asset Management (RLAM).

Investing money responsibly is part of everyday business for RLAM. RLAM's Responsible Investment team oversees research into and engagement on environmental, social and corporate governance issues. To help influence positive change they vote at annual meetings, engage with management and advocate strong corporate governance.

Remember, the value of your investments could fall as well as rise and you could get back less than you paid in.

### Governance and Stewardship

The UK Stewardship Code was published in July 2010. It aims to enhance the quality and effectiveness of engagement between institutional investors and companies, and to help improve long-term returns to shareholders. It also sets out principles of good practice that the Financial Reporting Council (FRC) believes institutional investors should aspire to when engaging with investee companies.

RLAM is fully supportive of the Stewardship Code and complies with the Code, in particular the seven principles contained in the document.

You can find more details about how RLAM acts as a Responsible Investor at [www.rlam.co.uk/globalassets/media/literature/policies/rlam-responsible-investment-policy](http://www.rlam.co.uk/globalassets/media/literature/policies/rlam-responsible-investment-policy).

## The risks associated with different investments

The table below gives you an idea of the levels of risk involved with the funds available within your Individual Personal Pension.

To understand more about your attitude towards investment risk, please refer to the 'making the right investment choice' leaflet, which is designed to help you consider your attitude to investment risk and reward.

In assigning different funds to a risk category, we look at a number of factors including how volatile the fund's performance has been over the previous three years. By volatile, we mean how often and by how much the value of

an investment changes. Our investment managers use their expertise to review each fund's performance regularly and may reassess and recategorise the risk of funds accordingly.

It is important that you review your funds on a regular basis (at least annually) to check whether the risk category has changed and whether they continue to meet your investment objectives.

### Attitude to risk

#### Risk category one: lowest

You are looking for a clear rate of return on your savings and not looking to put them at risk. While your savings are secure you understand that they may not grow as much or as quickly as those in the other categories.

#### Risk category two: low/medium

You are looking for a return that is higher than investing solely in cash. You understand that some of your savings may be invested in higher risk assets and the amount you save is not guaranteed, although some protection on your savings may be available within this category. The investment horizon should be at least 5 years.

#### Risk category three: medium

Your investment has the possibility of providing a higher rate of return over the long term from a balanced mix of lower and higher risk assets. You are exposing your investment to a higher degree of risk and direct exposure to daily fluctuation in its value, although some protection on your savings may be available within this category. The investment horizon should be at least 5 years.

#### Risk category four: medium/high

Your investment has the possibility of providing a high rate of return over the long term from investing in mainly higher risk assets. You are exposing your investment to a higher degree of risk and direct exposure to daily fluctuation in its value. The investment horizon should be at least 5 years.

#### Risk category five: higher

Your investment has the possibility of providing a superior rate of return over the long term from predominately investing in higher risk assets. You are exposing your investment to a high degree of risk and direct exposure to daily fluctuation in its value. The investment horizon should be at least 5 years.

#### Risk category six: highest

Your investment has the possibility of providing a very high rate of return over the long term from investing in higher risk assets. You are exposing your investment to a very high degree of risk and direct exposure to daily fluctuations in its value. The investment horizon should be at least 5 years.



## What are the specific risks associated with these funds?

In addition to the general investment risks mentioned in the Key Features document, some further types of risk apply to individual funds because of their investment approach and the type of asset in which they invest. The fund-specific risks listed below do not apply to all the funds. Please see each Fund objective commentary to see what specific risks apply to each individual fund.

### Fund-specific risks

- A** Some funds will invest in 'sub-investment grade' bonds. These bonds may produce a higher level of income than 'investment grade' bonds but at a higher risk to your capital as there is a risk that the issuer may default. The likelihood of this happening will depend on the credit-worthiness of the issuer.
- B** In instances where funds invest in other collective investments, these funds can also have initial and annual management charges plus additional expenses that will indirectly affect your investment.
- C** Emerging markets can be more volatile than more established stock markets, therefore increasing greater risk to any investment. This can be due to a number of reasons, including political instability and economic conditions.
- D** Overseas investments are not held in Sterling (GBP), and therefore, exchange rate changes could result in the Sterling value of your investment falling.
- E** Some funds may use derivatives for the purposes of hedging or meeting the funds' investment objectives, or both. Derivatives have the potential to increase or reduce existing market risk within a fund.
- F** Investments in smaller companies are generally more risky than investments in larger companies as their assets may be less liquid than those of larger companies, meaning fluctuations in price may be greater.
- G** For funds that hold a limited number of investments, the impact of price movements on one or more of the investments could have more of an effect on the value of the investment than if a large number of investments are held.
- H** Corporate and Government bonds are tradeable debts from companies or the government that are issued in the form of bonds. The overall return from an investment will fall or rise as a consequence of a number of factors. Changes in interest rate, inflation expectations and the potential for default are key factors.
- I** Ethical Screening will result in certain industries being excluded. As a consequence, the funds' portfolio will not be represented in many areas of industry and commerce meaning that the price of units cannot be expected to move in a manner similar to that of other general investment funds.
- J** Property related investments may have greater price movements than equities or bonds due to the nature of their underlying investments. There can be delays in selling property meaning their assets may be less liquid than other asset classes, meaning fluctuations in price may be greater.
- K** Deducting annual charges from capital, rather than from the income, can result in the income paid by the fund being higher than would otherwise have been the case and growth in the capital sum being eroded.

## List of funds

Fund name	Page
<b>Risk category one: lowest</b>	
Royal London Deposit Pension Fund	10
<b>Risk category two: low/medium</b>	
Royal London Investment Grade Short Dated Credit Fund	10
Royal London Sterling Credit Fund	10
Royal London GMAP Conservative Fund	10
<b>Risk category three: medium</b>	
Royal London Select Portfolio (20%-60% Shares)	7
Royal London Open Portfolio (20%-60% Shares)	7
(S2) Royal London With-Profits Pension Fund	11
<b>Risk category four: medium/high</b>	
Royal London Select Portfolio (40%-85% Shares)	8
Royal London Open Portfolio (40%-85% Shares)	8
(S2) Royal London UK Broad Equity Tilt Pension Fund	11
(S3) Royal London UK Income with Growth Pension Fund	11
(S3) Royal London UK Growth Pension Fund	11
Royal London Global High Yield Fund 1	12
Royal London Global High Yield Fund 2	12
(S2) Royal London Sustainable Leaders Pension Fund	12
Royal London UK Dividend Growth Fund	13

Fund name	Page
<b>Risk category five: higher</b>	
Royal London Select Portfolio (60%-100% Shares)	9
Royal London Open Portfolio (60%-100% Shares)	9
Royal London GMAP Dynamic Fund	13
(S3) Royal London European Growth Pension Fund	13
(S3) Royal London US Growth Pension Fund	13
Royal London Global Equity Select Fund	14
Royal London Asia Pacific ex Japan Equity Tilt Fund	14
Royal London UK Smaller Companies Fund 1	14
Royal London UK Smaller Companies Fund 2	15
Royal London Japan Equity Tilt Fund	15

## Fund Portfolios

The ready-made fund portfolios mean that you can rely on experienced fund managers to monitor the performance of the funds regularly within that portfolio for you. Each portfolio invests in up to 20 individual funds, and our expert managers are able to change funds from time to time in order to select those that are expected to perform the best. We're offering six portfolios based on different risk categories, three of which are socially responsible. The other three portfolios give access to a wider range of funds.

You can also select from our individual funds which are covered on pages 10-15. You can choose up to 10 individual funds and/or portfolios in total.

Portfolio name	Portfolio objective	Annual management charge	Extra management charges	Total charge
<b>Risk category three: medium</b>				
Royal London Select Portfolio (20%-60% Shares)	This portfolio provides a low-risk investment option and aims to achieve a higher return than would be achieved by investing in a bank or building society account. It will invest in a portfolio of socially responsible Royal London funds and selected fund managers' unit trusts and OEICs and cash. The fund's investment policy is to diversify investment across global bond and equity markets. The portfolio is made up of Royal London funds, which meet the Ethical Engagement Policy, and funds from other providers which are socially responsible. To ensure the most appropriate diversification of the portfolio, where no socially responsible fund exists we have selected the best available alternative.  Specific Risks - B,C,D,E,H, I	1.50%	0.14%	1.64%
Royal London Open Portfolio (20%-60% Shares)	This portfolio provides a low-risk investment option and aims to achieve a higher return than would be achieved by investing in a bank or building society account. It will invest in a portfolio of Royal London funds and selected fund managers' unit trusts and OEICs and cash. The fund's investment policy is to diversify investment across global bond and equity markets.  Specific Risks - B,C,D,E,H	1.50%	0.72%	2.22%

Portfolio name	Portfolio objective	Annual management charge	Extra management charges	Total charge
<b>Risk category four: medium/high</b>				
Royal London Select Portfolio (40%-85% Shares)	<p>This portfolio aims to achieve above-average capital growth and investment income over the medium to long-term by investing in a portfolio of socially responsible Royal London funds and selected fund managers' unit trusts and OEICs and cash. The fund's investment policy is to moderate risk by investing in diversified funds across global bond and equity markets and property.</p> <p>The portfolio is made up of Royal London funds, which meet the Ethical Engagement Policy, and funds from other providers which are socially responsible. To ensure the most appropriate diversification of the portfolio, where no socially responsible fund exists we have selected the best available alternative.</p> <p>Specific Risks - B,C,D,E,H, I</p>	1.50%	0.14%	1.64%
Royal London Open Portfolio (40%-85% Shares)	<p>This portfolio aims to achieve above-average capital growth and investment income over the medium to long-term by investing in a portfolio of Royal London funds and selected fund managers' unit trusts, OEICs and cash. The fund's investment policy is to moderate risk by investing in diversified funds across global bond and equity markets and property.</p> <p>Specific Risks - B, C, D, E, H</p>	1.50%	0.75%	2.25%



Portfolio name	Portfolio objective	Annual management charge	Extra management charges	Total charge
<b>Risk category five: higher</b>				
Royal London Select Portfolio (60%-100% Shares)	<p>This portfolio aims to achieve above-average capital growth over the long-term by investing in a portfolio of socially responsible Royal London funds and other selected fund managers' unit trusts, OEICs and cash. The fund is designed for investors who wish to accept higher levels of risk through their investment across a diversified range of global shares, bonds and property.</p> <p>The portfolio is made up of Royal London funds, which meet the Ethical Engagement Policy, and funds from other providers which are socially responsible. To ensure the most appropriate diversification of the portfolio, where no socially responsible fund exists we have selected the best available alternative.</p> <p>Specific Risks – B, C, D, E, H, I</p>	1.50%	0.12%	1.62%
Royal London Open Portfolio (60%-100% Shares)	<p>This portfolio aims to achieve above-average capital growth over the long-term by investing in a portfolio of Royal London funds and other selected fund managers' unit trusts, OEICs and cash. The fund is designed for investors who wish to accept higher levels of risk through their investment across a diversified range of global shares, bonds and property.</p> <p>Specific Risks – B, C, D, E, H</p>	1.50%	0.77%	2.27%

## Individual funds

Fund name	Fund objective	Fund manager	Annual management charge	Extra management charges	Total charge
<b>Risk category one: lowest</b>					
Royal London Deposit Pension Fund	<p>The fund aims to provide security by depositing the investment in a bank account with HSBC Bank Plc.</p> <p>Specific Risks - There are no specific risks associated with this fund. Please refer to your Key Features document to see what general risks may apply.</p>	Royal London Asset Management	1.00%	NIL	1.00%
<b>Risk category two: low/medium</b>					
Royal London Investment Grade Short Dated Credit Fund	<p>The fund aims to provide a return from a combination of income and capital growth by investing in a diversified portfolio of investment grade short dated bonds. The fund will seek to outperform its benchmark, ML 1-5 year Sterling Non-Gilt All Stocks Index, by 0.25% per annum over rolling three year periods.</p> <p>Specific Risks - B, E, H, I</p>	Royal London Asset Management	1.50%	0.04%	1.54%
Royal London Sterling Credit Fund	<p>The fund aims to maximise long term (7 years) returns mainly through investment in sterling fixed interest securities. The Fund invests mainly in sterling denominated bonds, of any quality issued by corporations. The Fund may also invest a small amount in UK government bonds and non-sterling bonds.</p> <p>Specific Risks - A, D, E, H</p>	Royal London Asset Management	1.50%	0.06%	1.56%
Royal London GMAP Conservative Fund	<p>The fund aims to deliver a combination of income and capital growth, over an investment cycle of approximately 6 to 7 years, by investing in a diversified portfolio of bond assets. The fund seeks to provide the lowest level of return with the lowest level of risk when compared to other funds within the Royal London Multi-Asset range.</p> <p>Specific Risks - B, D, E, G, H</p>	Royal London Asset Management	1.50%	0.15%	1.65%

Fund name	Fund objective	Fund manager	Annual management charge	Extra management charges	Total charge
<b>Risk category three: medium</b>					
(S2) Royal London With-Profits Pension Fund	<p>The fund aims to achieve capital growth by investing in a wide range of assets to earn investment returns which are then smoothed, providing a more stable return than direct stock market investment.</p> <p>Specific Risks - A, D, H</p>	Royal London Asset Management	1.50% (reducing to 1.00% after 10 years)	NIL	1.50% (reducing to 1.00% after 10 years)
<b>Risk category four: medium/high</b>					
(S2) Royal London UK Broad Equity Tilt Pension Fund	<p>The fund aims to deliver capital growth and income over the medium term, which should be considered as a period of 3-5 years, by primarily investing in the 600 largest UK companies by market capitalisation listed on the London Stock Exchange, and incorporating responsible investment ("RI") and environmental, social &amp; governance ("ESG") insights into the investment process.</p> <p>The fund's performance target is to deliver the performance, after the deduction of charges, of the FTSE® All-Share Total Return GBP Index over rolling 3-year periods.</p> <p>Specific Risks - there are no specific risks associated with this fund. Please refer to your Key Features document to see what general risks may apply.</p>	Royal London Asset Management	1.50% (reducing to 1.00% after 10 years)	NIL	1.50% (reducing to 1.00% after 10 years)
(S3) Royal London UK Income with Growth Pension Fund	<p>The aim of the fund is to provide both income and capital growth over the medium to long term, by investing in a diverse range of UK equities as well as government bonds and fixed-interest securities. Investment will be concentrated on higher yielding equities, combined with a lower proportion of fixed-interest securities.</p> <p>Specific Risks - G, H, K</p>	RLUM Limited	1.50%	0.05%	1.55%

Fund name	Fund objective	Fund manager	Annual management charge	Extra management charges	Total charge
<b>Risk category four: medium/high</b>					
(S3) Royal London UK Growth Pension Fund	The aim of the fund is to provide above-average capital growth over the medium to long term, by investing in a diverse range of UK equities in any economic sector. Investment will be concentrated on strong franchise companies with excellent prospects.  Specific Risks – G	RLUM Limited	1.50%	0.04%	1.54%
Royal London Global High Yield Fund 1	The fund aims to achieve a combination of capital growth and income. The fund seeks to achieve its investment objective by outperforming its benchmark, the BoAML BB-B Global Non-Financial High Yield Constrained Index, 100% Hedged to Sterling (the “Benchmark”) by 1% per annum over rolling three year periods.  Specific Risks – A, D, E, H	Royal London Asset Management	1.50%	0.08%	1.58%
Royal London Global High Yield Fund 2	The fund aims to achieve a combination of capital growth and income. The fund seeks to achieve its investment objective by outperforming its benchmark, the BoAML BB-B Global Non-Financial High Yield Constrained Index, 100% Hedged to Sterling (the “Benchmark”) by 1% per annum over rolling three year periods.  Specific Risks – A, D, E, H	Royal London Asset Management	1.50%	0.08%	1.58%
(S2) Royal London Sustainable Leaders Pension Fund	The aim of the fund is to provide capital growth by investing in a diverse range of equities, mainly in the UK, in any economic sector. Investment will be concentrated on strong franchise companies with excellent prospects. Investment is limited to companies that have a net positive benefit on society either through their products and services they offer or in the way they conduct their business. This means that certain areas of the market are not considered for investment.  Specific Risks – D, F, G, I	RLUM Limited	1.50% (reducing to 1.00% after 10 years)	NIL	1.50% (reducing to 1.00% after 10 years)

Fund name	Fund objective	Fund manager	Annual management charge	Extra management charges	Total charge
<b>Risk category four: medium/high</b>					
Royal London UK Dividend Growth Fund	The aim of the fund is to achieve a growing income over the medium term with some capital growth. The fund invests predominantly in UK companies of any size, focusing on those which have, in the opinion of the investment manager, both strong business models and cash flows that support continued growth in dividend payments.	Royal London Asset Management	1.50%	0.03%	1.53%
	Specific Risks - E				
<b>Risk category five: higher</b>					
Royal London GMAP Dynamic Fund	The fund aims to deliver capital growth, over an investment cycle of approximately 6 to 7 years, by investing in a diversified portfolio of UK and global equities. The fund seeks to provide the highest level of return with the highest level of risk when compared to other funds within the Royal London Multi-Asset range.	Royal London Asset Management	1.50%	0.15%	1.65%
	Specific Risks - B, C, D, E				
(S3) Royal London European Growth Pension Fund	The aim of the fund is to provide above average capital growth over the medium to long term, by investing in a diverse range of European equities in any economic sector. Investment will be concentrated on strong franchise companies with excellent prospects.	RLUM Limited	1.50%	0.12%	1.62%
	Specific Risks - D, G				
(S3) Royal London US Growth Pension Fund	The aim of the fund is to provide above-average capital growth over the medium to long term, by investing in a diverse range of US equities in any economic sector. Investment will be concentrated on strong franchise companies with excellent prospects.	RLUM Limited	1.50%	0.08%	1.58%
	Specific Risks - D, G				

Fund name	Fund objective	Fund manager	Annual management charge	Extra management charges	Total charge
<b>Risk category five: higher</b>					
Royal London Global Equity Select Fund	<p>The fund aims to deliver long term capital growth. The fund will aim to outperform the MSCIWorld Net Total Return. The fund invests predominantly in a concentrated portfolio of global equities. These equities may be from developed or emerging market countries and from any sector or industry. The fund is actively managed and is not constrained by the constituents or weightings of the benchmark index. It is expected that the fund will generally hold 25-45 equities at any one time. The fund may use derivatives, but for efficient portfolio management purposes only.</p> <p>Specific Risks – C, D, E, F, G</p>	Royal London Asset Management	1.50%	0.08%	1.58%
Royal London UK Smaller Companies Fund 1	<p>The aim of the fund is to achieve capital growth by investing primarily in UK smaller companies. The fund invests primarily in the shares of UK companies which form the smallest 10% of UK companies by value.</p> <p>Specific Risks – B, F</p>	Royal London Asset Management	1.50%	0.04%	1.54%
Royal London Asia Pacific ex Japan Equity Tilt Fund	<p>The fund aims to deliver capital growth and income over the medium term, which should be considered as a period of 3-5 years, by primarily investing in companies within the developed and emerging markets of Asia Pacific, excluding Japan, and incorporating responsible investment (“RI”) and environmental, social &amp; governance (“ESG”) insights into the investment process.</p> <p>The fund’s performance target is to deliver the performance, after the deduction of charges, of the FTSE® Asia Pacific ex Japan GBP Net Total Return Index (the “Index”) over rolling 3-year periods.</p> <p>Specific Risks – C, D</p>	Royal London Asset Management	1.50%	0.07%	1.57%



Fund name	Fund objective	Fund manager	Annual management charge	Extra management charges	Total charge
<b>Risk category five: higher</b>					
Royal London UK Smaller Companies Fund 2	<p>The aim of the fund is to achieve capital growth by investing primarily in UK smaller companies. The fund invests primarily in the shares of UK companies which form the smallest 10% of UK companies by value.</p> <p>Specific Risks – B, F</p>	Royal London Asset Management	1.50%	0.04%	1.54%
Royal London Japan Equity Tilt Fund	<p>The fund aims to deliver capital growth and income over the medium term, which should be considered as a period of 3-5 years, by primarily investing in the largest companies listed on the Japanese Stock Exchange, and incorporating responsible investment (“RI”) and environmental, social &amp; governance (“ESG”) insights into the investment process.</p> <p>The fund’s performance target is to deliver the performance, after the deduction of charges, of the FTSE® Japan GBP Net Total Return Index (the “Index”) over rolling 3-year periods.</p> <p>Specific Risks – C, D</p>	Royal London Asset Management	1.50%	0.05%	1.55%

## Glossary of investment terms

### Actively Managed

Funds which aim to outperform a benchmark index, such as the FTSE® 100. The aim is for the fund manager to manage the fund's investments in such a way that the fund will generate better returns than you might receive in a passively managed fund.

### Assets

This term is used to describe anything owned by an individual or business which has a monetary value. Some assets are relatively easy to measure – debtors, cash and stock. Others are more difficult – goodwill, intellectual property and brand values.

### Bonds

From an investment point of view, when a bond is written, it is a promise to repay a debt. It is issued for a period of more than one year for the purpose of raising capital through borrowing. The bond is generally a promise to repay the borrowed amount plus interest at a specified date. This should not be confused with an 'investment bond', which is a product that allows access to one or more investment funds with the purpose of providing growth/income.

### Collective Investment Schemes

These are schemes such as unit trusts and open-ended investment companies (OEIC) where investors' money is pooled together. The aim of collective investment schemes is to allow investors with small amounts of money access to a wider range of stocks and shares than would be available to them if they were to invest individually.

### Distributions

Income paid out from a unit trust or OEIC in the form of interest or dividends.

### Diversified Investment

Investing in a range of assets in order to minimise risk.

### Dividend

Payment declared by a company's board of directors and given to its shareholders.

### Dividend Yield

Yearly dividend divided by the share price, which is expressed as a percentage.

### Fixed Interest

Stocks issued either by the government (gilts) or companies (corporate bonds) as a way of generating extra cash they can use for investment. By investing in fixed-interest stocks you are loaning your money to these institutions. In return, they pay you interest on your money plus, on a fixed date in the future, they will return your original investment.

### FTSE® All-Share Index

The daily share price performance of all companies listed on the London Stock Exchange is measured by the FTSE® All Share Index.

### FTSE® All-Share Index Yield

Yearly dividend of all companies on the FTSE® All Share Index divided by their total share price. This is expressed as a percentage.

### FTSE® All-World (ex UK) Index Series

The FTSE® All-World (ex UK) Index Series covers multiple different countries and captures 90-95% of the investible market. The index is divided into Developed, Advanced Emerging and Emerging segments. The modular nature of the series provides maximum breadth of options for structuring portfolios with indices calculated at regional, national and sector level.

### FTSE® Mid-250 Index

These are the companies ranked between 101 and 350 on the London Stock Exchange. The FTSE® Mid-250 Index measures the daily share price performance of these companies (sometimes known as Mid Cap companies).

### FTSE® 100 Index

There are many companies listed on the London Stock Exchange; however, 100 of the largest account for about 90% of the entire stock market's value. The FTSE® 100 Index measures the daily share price performance of these companies.

### FTSE® World Japan Index

This is comprised of large and mid-cap Japanese companies that are constituents of the FTSE® All-World Index.

### FTSE® World Asia Pacific ex Japan Index

This is comprised of large and mid-cap stocks providing coverage of the Developed and Advanced Emerging markets in Asia Pacific excluding Japan.

### Gilts

A bond issued through the United Kingdom treasury and guaranteed by the British Government. An investor is effectively lending money to the Government and, in return, they will pay a competitive level of fixed interest.

### Gross Income Yield

The percentage rate of return on a stock paid in the form of dividends prior to tax.

### Income Earned

The investment income provided by a distribution fund each month. This income buys additional units in the fund, which can be used to provide distributions.

## Investment Income

Income such as dividends, provided or derived from a range of invested assets.

## Large Cap

Large caps refer to the very largest companies. So companies in the FTSE® 100 would certainly be large caps and those in the FTSE® MID 250 are also likely to be large caps.

## OEICs

Open ended investment companies. These are very similar to unit trusts, but are constituted as companies rather than trusts. They are the established structure in many other European countries.

## Passively Managed

See definition for Tracker.

## Return

The return on an investment is the combination of any capital growth and investment income.

## Shares

These are stakes in the ownership of companies. Shares traded on the stock market are also known as equities. Dividend income is usually paid to shareholders twice a year, although it is not guaranteed.

There is no maturity date and shareholders not wishing to hold the shares any longer must sell to the market.

## Socially Responsible

These are funds which invest in companies which operate ethically, provide social benefits and are sensitive to the environment.

Three of our portfolios are socially-responsible – these are a combination of socially-responsible Royal London funds, SRI (Socially Responsible Investment) funds provided by other fund managers and where no SRI option exists, some non-SRI funds.

## Total Return

The gain or loss on an investment which is made up of two components:

1. Income: dividends or interest.
2. Capital growth: increase in the share price or bond price.

## Tracker

Tracker funds aim to mirror the progress of a stock market index, e.g. the FTSE® 100, by buying and selling shares in the same proportions as represented on the index.

These are also sometimes called index (tracker) funds or passively managed funds.

## Unit Trusts

Investors pool their contributions with others, which combine to form a large fund. The fund invests in a spread of different assets to minimise the risk of loss. Also known as collective/pooled investments or investment funds.

## Yield

The amount of income generated by the fund's investments in relation to the price. Equity funds will quote net (after tax and charges). Fixed-interest securities will quote gross.

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