

# Investment Choices Guide

## RSA Pension Scheme





# Your Investment Decision

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# Helping you invest in your future

## What's this guide about?

This guide is about the options you have for investing your Pension Account. You can choose how your Pension Account is invested based on your personal circumstances and the degree of risk you wish to take. The information contained in this guide aims to help you to make your investment choices.

## Why is it important that I make the right investment choice?

The way people invest varies depending on what they are trying to achieve. However, when it comes to pensions, most people invest with the aim of either increasing the size of their Pension Account or preserving its value.

Different investment options have different characteristics. Therefore, it is important that you choose the option that best suits your needs so that you maximise the chances of achieving your goals at retirement.

## Monitoring your investments

You may be investing for a long period of time, so what is an appropriate investment choice for you now may not be so in five or ten years' time.

PlanViewer is an easy way of monitoring your investments. You can see how your current investment choice is performing and download the latest fund factsheets for each of the funds available to you. Your PlanViewer login details will be sent to you in your Welcome Pack after you join the Scheme.

## Investment risk

You may like to consider these questions to help you understand how you feel about investment risk:

- How long have I got to go before I plan to retire?  
A long-term investment strategy and a short-term investment strategy could look very different.
- If my Pension Account fell in value before my retirement, could I afford a drop in income – or could I delay my retirement plans until things recover?
- How willing am I to keep track of my investments and make changes over time? Would I prefer to invest in a Lifestyle fund that automatically moves from higher to lower risk funds in the run up to my retirement?

To help you identify what type of investor you are there is an Investor Profiler tool available on PlanViewer; if you have your logon details. Alternatively, please visit [www.fidelity.co.uk/rsa](http://www.fidelity.co.uk/rsa).

## Who to contact

Fidelity's Pensions Service Centre provides a range of services to help you manage your retirement account. You can do so in four ways:



**online** with PlanViewer  
[www.planviewer.co.uk](http://www.planviewer.co.uk)



**call** the Pensions Service Centre on  
**0333 300 3353**



**send** general enquiries to  
[pensions.service@fil.com](mailto:pensions.service@fil.com)



**write** to the Pensions Service Centre:  
**Fidelity Pensions Service Centre**  
**Beech Gate**  
**Millfield Lane**  
**Lower Kingswood**  
**Tadworth**  
**Surrey KT20 6RP**

Fidelity's representatives will be happy to answer questions about the Scheme and its investment options but, for regulatory reasons, are unable to provide you with financial advice.

# Making your investment decision

## What investment choices do I have?

You have two main ways for investing your Pension Account:

### Lifestyle Options

You can opt for one of three specially designed investment strategies, these will automatically switch your Pension Account between different funds as you approach retirement.

### Core Self-select

Make your own investment selection from the range of funds available.

## Why should I choose a Lifestyle option?

The Lifestyle options aim to automatically move your pension account into assets that are expected to more closely reflect how you plan to use your account at retirement.

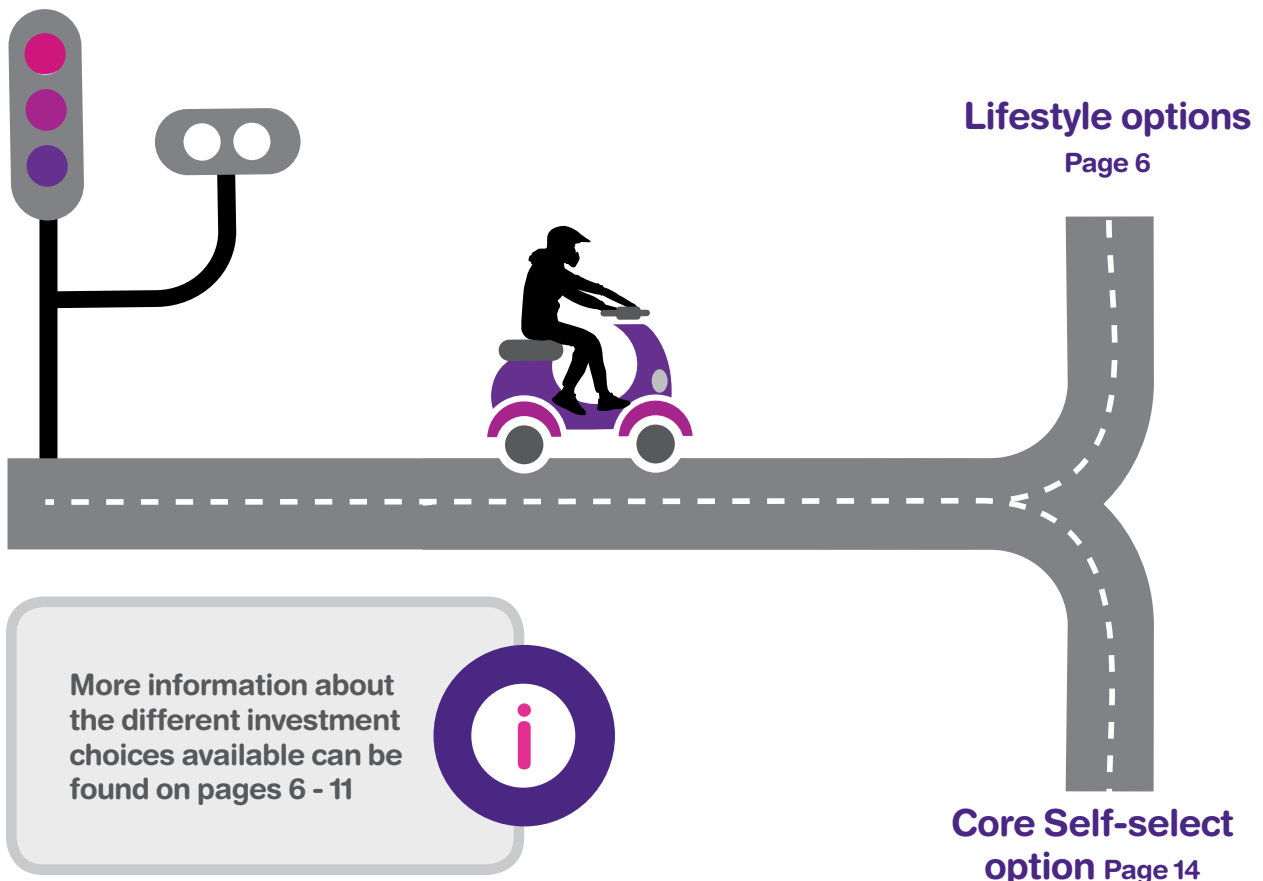
Choosing your retirement age plays an important part in any Lifestyle option. Unless you tell us otherwise, we will use a retirement age of 65.

## Why should I choose Core Self-select?

This option allows you to build your own investment strategy which is closely aligned to your own individual goals and views of investing. This range of funds covers all the main investment types and is more likely to be suited to you if you are a confident or experienced investor.

## What is the default option?

It is natural that some people are not comfortable making investment choices. If you do not make an investment choice, your Pension Account will be invested in the 'RSA Pension Cash Targeting Lifestyle' which has been chosen as the Scheme's 'default' option.



# The Lifestyle options

## What is a Lifestyle option?

Lifestyle options work on one simple principle, which is that most people can afford to take more investment risk when they are younger:

Lifestyle options are designed so that your Pension Account will be invested in funds that offer greater growth potential when your retirement is still some way away (typically equity funds). These funds tend to be more risky and so as you approach retirement, your Pension Account is gradually switched out of these funds and into assets which are expected to be less volatile (such as bonds and cash) which aim to protect the value of your Pension Account as you approach retirement.

Your chosen retirement age plays a very important part in any Lifestyle option – so if you choose to invest your Pension Account in any of the Lifestyle options, it's important for you to try and choose a retirement date which is as realistic as possible. More detail about choosing your retirement age is set out on page 10.

**The Lifestyle options may not necessarily be the most appropriate option for you. Here are the main advantages and disadvantages to help you to decide whether or not a Lifestyle option might be a suitable choice for your needs:**

### Advantages of a Lifestyle option

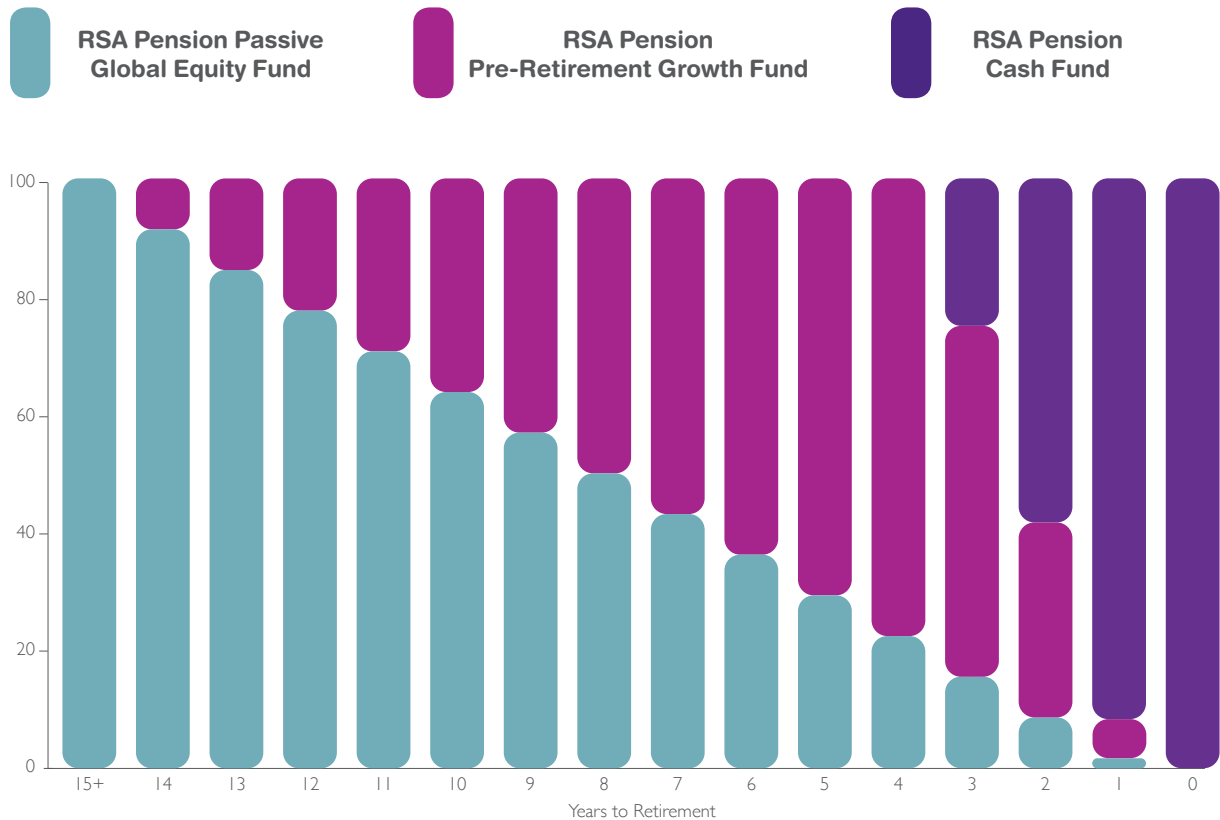
- Although it is good practice to periodically review whether your investment choice remains appropriate for your needs, the fact that the switching process within a Lifestyle option will be carried out automatically means that, providing you are still happy with the Lifestyle approach you have chosen, there is nothing more for you to do. (If you wish to take a more hands-on investment approach then the Core Self-select option may be more appropriate for your needs).
- The Lifestyle options aim to protect the value of your Pension Account from a significant fall in the value of your growth assets as you near retirement. As you get closer to retirement age, the Lifestyle options also aim to broadly align with the way you have chosen to take your income at retirement - be it a cash lump sum, flexible drawdown or annuity purchase.
- There is no additional charge for investing in a Lifestyle option. Annual management charges and other charges are levied on the underlying funds used by the Lifestyle options as would be the case if you invested in the same funds on a Core Self-select basis. Further details on fund charges are set out on pages 11 - 14.

### Disadvantages of a Lifestyle option

- Lifestyle options rely on the bond and cash funds being lower risk. However, it is important to understand that these funds can also suffer falls in value, and the effects of inflation mean that cash funds especially, could produce negative returns in real terms.
- By moving out of funds that offer higher growth potential into bonds and cash as you approach retirement you could potentially miss out on higher returns.
- Investment decisions are taken away from you. If you want a more hands-on approach to planning for your retirement, a Lifestyle option is probably not for you. Lifestyle options are automated and are not reactive to market conditions.

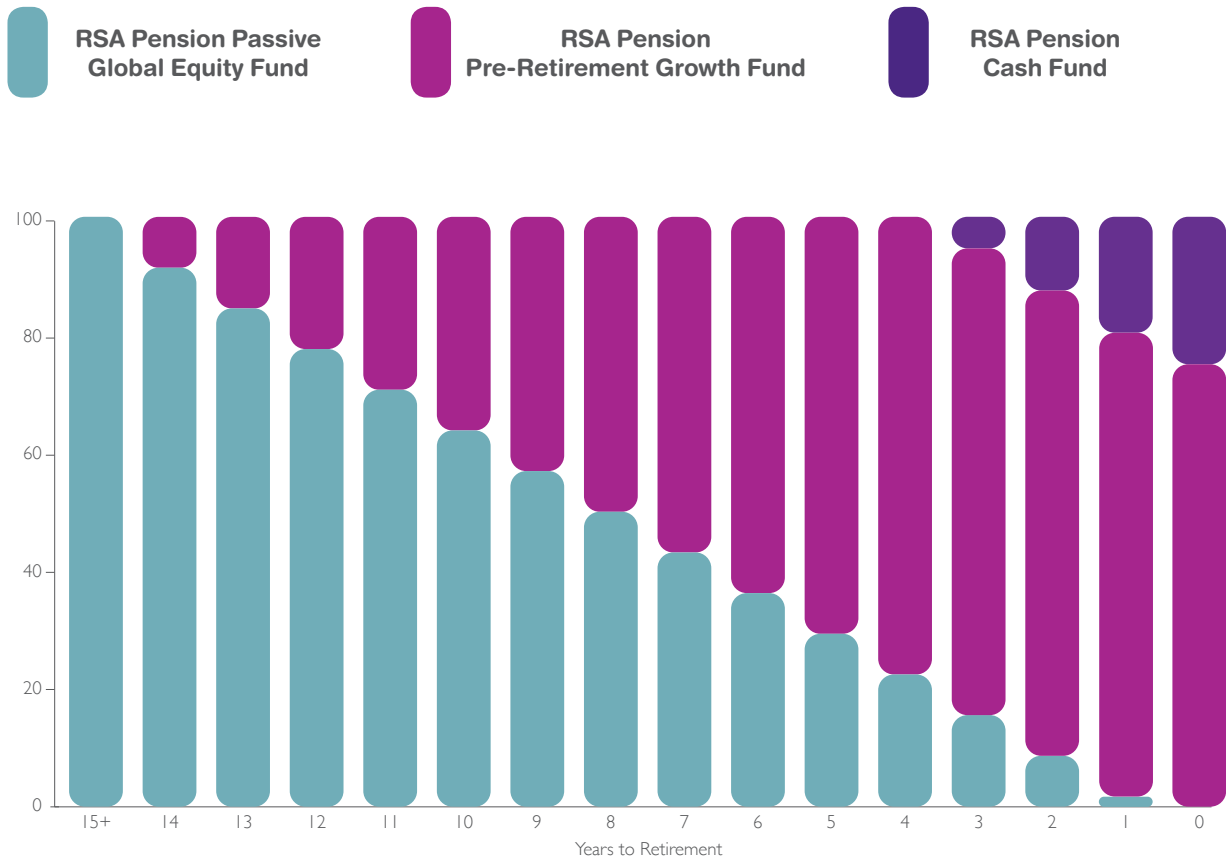
## RSA Pension Cash Targeting Lifestyle (Default)

The RSA Pension Cash Targeting Lifestyle option aims to provide you with an investment portfolio at retirement which will be appropriate if you plan to take all of your pension account as cash at retirement.



## RSA Pension Drawdown Targeting Lifestyle

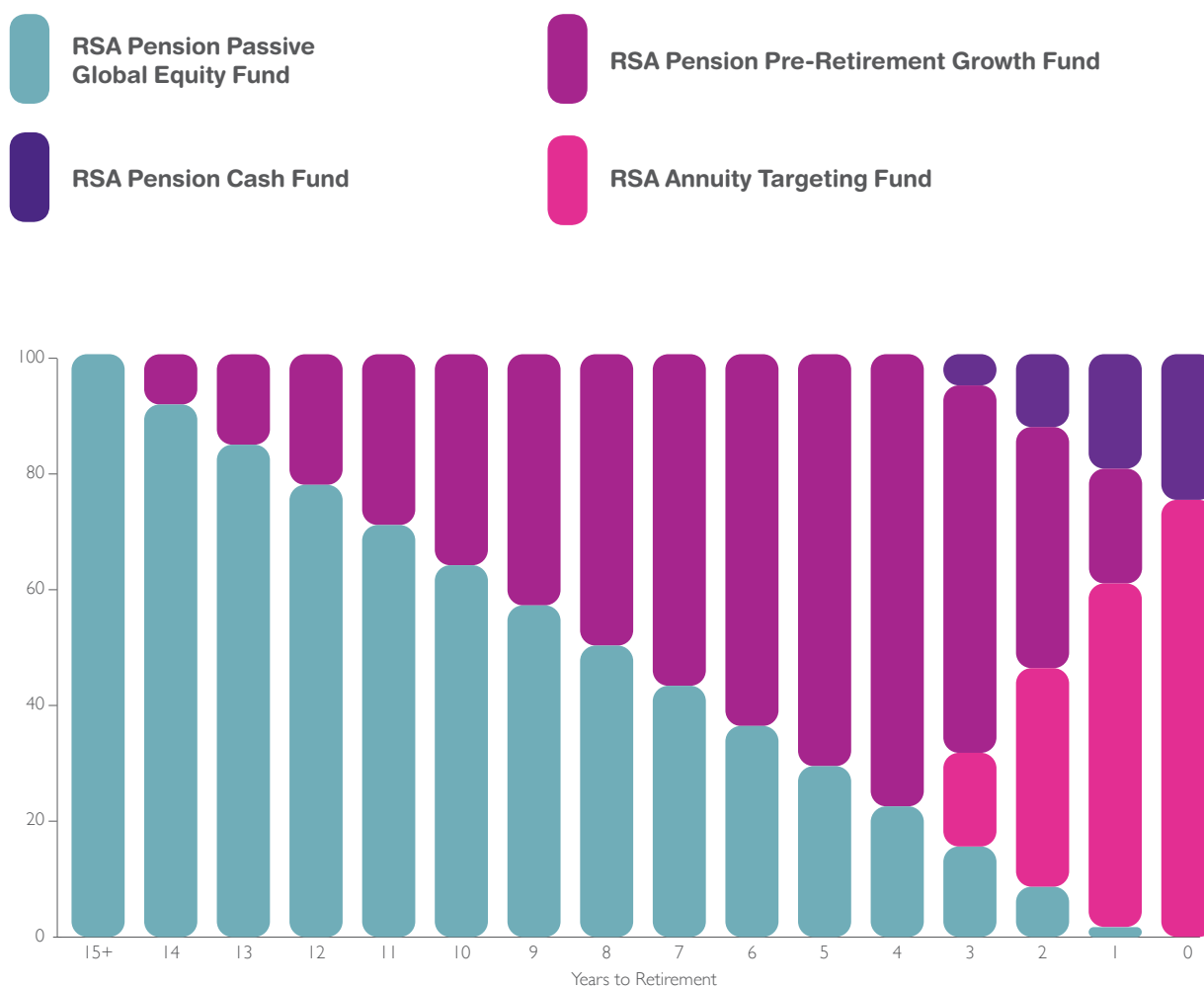
This Lifestyle option aims to provide you with an investment portfolio at retirement which will be appropriate if you plan to take advantage of drawdown in retirement. Drawdown means keeping your pension account invested during retirement and drawing an income (or ad hoc cash amounts) which can be varied, in terms of both frequency and amount, to suit your needs.





## RSA Pension Annuity Income Targeting Lifestyle

The Target Annuity Lifestyle aims to provide you with an investment portfolio at retirement which will be appropriate if you wish to use the balance of your account, after taking a tax free lump sum, to buy an annuity at retirement from an insurance company.



The annual management charges associated with the funds that make up each of the Lifestyle options are listed in the Core Self-select section starting on page 11.

Please note that Fidelity may not automatically rebalance your Pension Account if changes in the values of the funds mean that the actual mix of funds is already very close to the intended target when a change is due.

## Choosing your retirement age

The Lifestyle options are targeted to the age you plan to take your benefits - your selected retirement age. You may want to ask yourself the following questions:



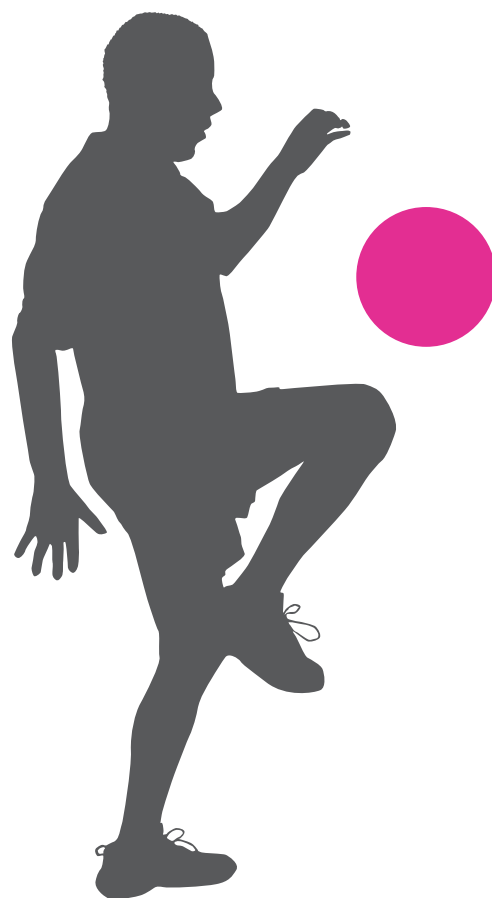
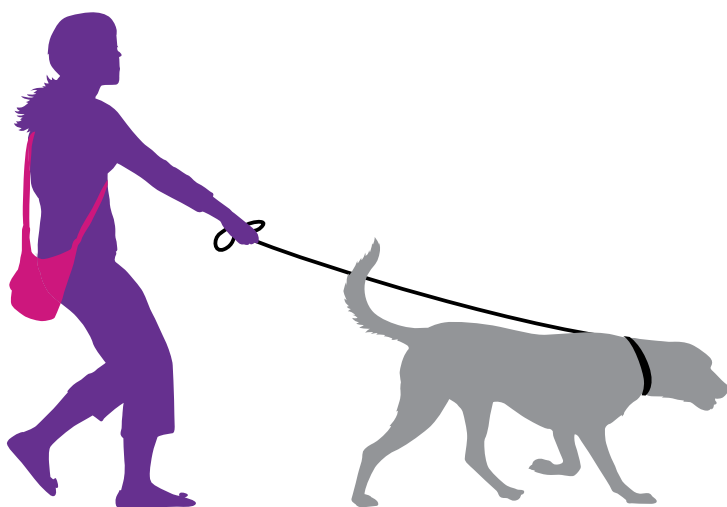
**Will I have enough to retire on by that time?**

**How much should I be contributing now to be able to retire then?**

If you don't confirm your selected retirement age, it will be assumed that you plan to take your benefits when you are 65. You can choose an earlier or later retirement age, if you want to. This can be as early as 55 or as late as you see fit.

You can change your selected retirement age at any time either online using PlanViewer or by calling the Pensions Service Centre – see the full details on page 4.

Please note that if you do change your selected retirement age, Fidelity may need to re-allocate the proportions invested in your selected Lifestyle option. Any adjustment will apply to both the accumulated value of your Pension Account, and future contributions. The reallocation will take place as soon as possible, but Fidelity cannot guarantee the specific date and members will not be informed if their assets are to be rebalanced.



# What is the Core Self-select option?

If you would prefer to build an investment strategy which is closely aligned to your goals and views on investing, you may choose to invest in one or more Core Self-select funds rather than selecting one of the Lifestyle options. The Core Self-select fund range covers the main investment types – including equities, bonds, property and cash – and all the major financial markets. This option is more likely to be suited to you if you are a confident and experienced investor who can commit the time to managing your investments.

Information about investment types and different styles of investment management can be found on pages 16-17.

## Core Self-select Funds

– These are listed in the table below and on pages 12-14.

The underlying funds within each of the Core Self-select Funds will be reviewed periodically and, if it is thought to be in members' best interests, changes will be made. Changes may result in an increase or decrease in the charges and fees shown.

## Core Self-select Fund Range

FUND NAME	RISK RATING, RISK FACTORS AND FUND OBJECTIVES	ANNUAL MANAGEMENT CHARGE	OTHER CHARGES	TOTAL EXPENSE RATIO	FUND MANAGEMENT STYLE
<b>RSA Pension Passive Global Equity Fund</b>	<b>Risk rating: M2</b> Fund specific risk factor: 3, 4, 6  The fund aims to achieve long-term capital growth by investing or reinsuring into underlying funds managed by Fidelity or our Fund Partners, which primarily invest in the shares of companies around the world.	0.27%	0.01%	0.28%	Passive
<b>RSA Pension Passive UK Equity Fund</b>	<b>Risk rating: M2</b> Fund specific risk factor: 3  The fund aims to achieve long-term capital growth by investing or reinsuring into underlying funds managed by Fidelity or our Fund Partners, which primarily invest in the shares of UK companies.	0.26%	0.00%	0.26%	Passive
<b>RSA Pension Active UK Equity Fund</b>	<b>Risk rating: M2</b> Fund specific risk factor: 2, 3, 4, 6, 8, 15, 17  The fund invests in one or more actively managed UK equity funds. The fund(s) invest predominantly in the shares of UK companies. The funds may also invest in the shares of overseas companies. The objective of the fund is to generate a return above the benchmark return over the longer term.	0.66%	0.03%	0.69%	Active

FUND NAME	RISK RATING, RISK FACTORS AND FUND OBJECTIVES	ANNUAL MANAGEMENT CHARGE	OTHER CHARGES	TOTAL EXPENSE RATIO	FUND MANAGEMENT STYLE
<b>RSA Pension Active Global Equity Fund</b>	<b>Risk rating: H</b> Fund specific risk factor: 3, 4, 6, 9, 15, 18 The fund invests in one or more actively managed global equity funds. The fund(s) will invest predominantly in the shares of companies listed on global stock markets. The objective of the fund is to generate a return above the benchmark return over the longer term..	0.84%	0.03%	0.87%	Active
<b>RSA Pension Global Small Cap Equity Fund</b>	<b>Risk rating: H</b> Fund specific risk factor: 3, 6, 15, 16 The fund invests in one or more global smaller companies equity funds. The fund(s) will invest predominantly in the shares of global smaller companies. The objective of the fund is to generate a return close to the benchmark return over the longer term.	0.41%	0.00%	0.41%	Active
<b>RSA Pension Shariah Equity Fund</b>	<b>Risk rating: M2</b> Fund specific risk factor: 4, 5, 6, 9 The fund invests in one or more equity funds adhering to Shariah principles. The fund(s) invest predominantly in the shares of global companies which aim to meet Shariah investment principles. The objective of the fund is to generate a return close to the benchmark return over the longer term.	0.45%	0.00%	0.45%	Passive
<b>RSA Pension Emerging Market Equity Fund</b>	<b>Risk rating: H</b> Fund specific risk factor: 1, 3, 4, 6, 9, 18 The fund invests in one or more emerging market equity funds. The fund(s) will invest predominantly in the shares of emerging markets companies. The funds may also invest in stocks in developed markets that derive a significant portion of revenues from emerging markets. The objective of the fund is to generate a return above the benchmark return over the longer term.	1.00%	0.00%	1.00%	Active
<b>RSA Pension Ethical Fund</b>	<b>Risk rating: M2</b> Fund specific risk factor: 3, 6 The fund aims to achieve long term capital growth by investing or reinsuring into underlying funds managed by Fidelity or our Fund Partners, which primarily invest in the shares of companies that are selected based on the SRI (socially responsible investing) criteria of the underlying fund/s.	0.45%	0.00%	0.45%	Passive

FUND NAME	RISK RATING, RISK FACTORS AND FUND OBJECTIVES	ANNUAL MANAGEMENT CHARGE	OTHER CHARGES	TOTAL EXPENSE RATIO	FUND MANAGEMENT STYLE
<b>RSA Pension Diversified Growth Fund</b>	<p><b>Risk rating: M1</b></p> <p>Fund specific risk factor: 1, 2, 3, 4, 5, 6, 10, 11, 17</p> <p>The fund aims to achieve long-term capital growth by investing or reinsuring into underlying funds managed by Fidelity or our Fund Partners, which may invest in a range of asset classes in the UK and overseas including equities, bonds, cash/currencies, real estate, commodities, hedge funds, high yield debt and private equity.</p>	0.73%	0.01%	0.74%	Active
<b>RSA Pension Property Fund</b>	<p><b>Risk rating: M2</b></p> <p>Fund specific risk factor: 3, 4, 5, 6, 11, 13</p> <p>The fund aims to achieve long-term capital growth by investing or reinsuring into underlying funds managed by Fidelity or our Fund Partners, which invest in property and property-related securities.</p>	0.70%	0.01%	0.71%	Active
<b>RSA Pension Corporate Bond Fund</b>	<p><b>Risk rating: M1</b></p> <p>Fund specific risk factor: 3, 17</p> <p>The fund aims to achieve long-term capital growth by investing or reinsuring into underlying funds managed by Fidelity or our Fund Partners, which primarily invest in Sterling denominated bonds issued by UK companies and other companies who issue Sterling bonds.</p>	0.27%	0.00%	0.27%	Passive
<b>RSA Pension Pre-Retirement Growth Fund</b>	<p><b>Risk rating: M1</b></p> <p>Fund specific risk factor: 3, 4, 6, 11, 13, 17</p> <p>The fund aims to achieve a return consistent with its benchmark by investing or reinsuring into underlying funds managed by Fidelity or our Fund Partners. The fund invests in a range of asset classes in the UK and overseas for example equities, equities, corporate bonds, government bonds and real estate.</p>	0.29%	0.00%	0.29%	Predominately passive

FUND NAME	RISK RATING, RISK FACTORS AND FUND OBJECTIVES	ANNUAL MANAGEMENT CHARGE	OTHER CHARGES	TOTAL EXPENSE RATIO	FUND MANAGEMENT STYLE
<b>RSA Pension Annuity Targeting Fund</b>	<b>Risk rating: L2</b> Fund specific risk factor: I 7 The fund aims to move up and down in line with annuity pricing by investing or reinsuring into underlying funds managed by Fidelity or our Fund Partners, which primarily invest in government issued bonds.	0.27%	0.00%	0.27%	Passive
<b>RSA Pension Fixed Interest Gilt Fund</b>	<b>Risk rating: L2</b> Fund specific risk factor: 2, 3, 6, I 6, I 7 The fund invests in one or more UK index-linked gilt funds. The fund(s) will invest predominantly in UK government fixed interest securities (nominal gilts).The objective of the fund is to generate a return close to the benchmark return over the longer term.	0.19%	0.01%	0.20%	Passive
<b>RSA Pension Index-Linked Gilt Fund</b>	<b>Risk rating: L2</b> Fund specific risk factor: 2, 3, 6, I 6, I 7 The fund invests in one or more UK index-linked gilt funds. The fund(s) to invest predominantly in UK government index-linked securities (index-linked gilts).The objective of the fund is to generate a return close to the benchmark return over the longer term	0.19%	0.01%	0.20%	Passive
<b>RSA Pension Cash Fund</b>	<b>Risk rating: L1</b> Fund specific risk factor: 3, I 6, I 7 The fund aims to achieve capital stability and some long-term capital growth by investing or reinsuring into underlying funds managed by Fidelity or our Fund Partners, which invest in a diversified range of money market instruments, other short term instruments and transferable securities.	0.25%	0.00%	0.25%	Active

## How to change your investment choices?

Making your fund selection is easy, either by:



- **Using the online PlanViewer service at [www.planviewer.co.uk](http://www.planviewer.co.uk) if you have already received your log in details**
- or
- **speaking to the representatives at Fidelity's Pensions Service Centre, on 0333 300 3353.**

There is no charge for changing the way your pension account is invested. However, please remember that if you move money between funds or switch from one investment option to another, you may be out of the market for a short time. If the market moves in that time, it could affect the value of your investments. Any request to change your investment choice will be picked up on the next working day and depending on which funds are involved will determine how long the process will take. If you move from a Fidelity fund to another Fidelity fund the switch out and switch in will occur on the same day, and there will not be any out of market exposure. If you are moving from or moving to a fund not managed by Fidelity this process may take longer, depending on when the investment is priced and if the market moves this could affect the value of your investment.

The pricing used will be dependent on the timing of the fund(s) being sold and the fund(s) being bought.

There are no explicit costs to you as a result of the above change. Any indirect costs associated with any restructuring will be reflected in the unit price of the funds affected. Unfortunately, it is not possible to provide a precise estimate of the actual transaction costs that might apply to your funds, as the actual costs depend on activity on the date that units are transferred. To understand the costs associated with your current investment strategy and how this may affect your pension value, please visit our web page: <https://retirement.fidelity.co.uk/about-workplace-pensions/investing/costs-and-charges/>

Contact Fidelity's Pension Service Centre for further details

## Active trading

Fidelity reserves the right to limit the number or frequency of times you switch. Fidelity may do this, for example, if short-term or excessive trading could harm fund performance by disrupting portfolio management strategies and increasing the expenses that the fund has to pay. Active trading is discouraged, these are switches of units held in a fund for less than 30 days. Active trades will be investigated as they are considered detrimental to other investors. An active trade will result in the

individual receiving a letter explaining Fidelity's Dealing Policy and requesting that no further active trades are undertaken. If further active trades are made, measures will be taken to discourage the practice, such as applying trading restrictions on the pension account. The policy will apply at all times, regardless of market volatility.

## Fund Charges

**There are no initial charges for any of the funds.**

So if you contribute £100 to your account, £100 is invested into your chosen funds.

All funds do however have annual management charges. The charges relating to the underlying funds within the Lifestyle options and for Core Self-select option are set out in the Core Self-select section on page 11. This information is also detailed on the fund factsheets.

Funds also incur other expenses such as auditing and registry fees and these are shown as 'Other Charges' which are shown alongside the annual management charges. The figures shown are a guide based on historical estimates and so may change over time.

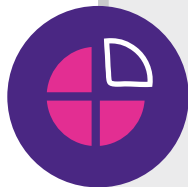
The annual management charge and the other charges (together expressed as the 'Total Expense Ratio') are deducted from each fund's assets and are reflected in the quoted daily price for the fund – they are not a separate charge taken directly from your pension account. Performance figures for the funds therefore take account of all charges.

All charges are reviewed regularly and the latest charges will be detailed on the fund factsheets.



## Investment types

There are four main investment types which it may be helpful to have an understanding of before you make your investment choice, particularly if you plan to choose the Core Self-select option:



**Equities** these are shares in companies. Owning a share means you own part of a company. Whilst you hold shares in that company, you're entitled to any dividends paid out. Dividends are payments made to shareholders to reflect the company's profits – essentially the way shareholders are rewarded for investing in the company. Shares are traded on markets (such as the London Stock Exchange), and when you later sell your share(s) the hope is that you'll sell it for a higher price than you paid (you make a gain) although it could be lower (you make a loss).



**Bonds** (also referred to as fixed interest securities) are a form of IOU. Companies (or Governments) borrow money by offering lenders (people who buy bonds) a fixed or variable rate of interest on their money. Bonds have fixed lifetime – the debt is repayable at a set date. So, if you invested £1,000 in a 10 year bond paying a fixed 2.5% rate of interest (sometimes known as its coupon) in the absence of default you'd get £25 each year and your £1,000 back after ten years. Bonds are also traded on markets. Bonds issued by the government are known as gilts.



**Property** in investment terms, property usually means commercial property such as shops and offices. Property investors receive a share of rental payments and a share of any capital growth (if the property is sold for a higher price than when it was bought).



**Cash** is expected to be the most stable of all investments. As a type of investment, cash covers simple deposits but also includes 'cash-like' investments such as bank credit notes.



## Different style of investment management

There are two main styles of investing – active and passive management. They involve different risks and possible returns, so it may be helpful for you to understand how they both work particularly if you plan to consider investing on a Core Self-select basis.

### Active management

An active manager aims to outperform a specific target (usually a market index such as the FTSE 100) through stock selection. Although the potential returns from active management (if successful) can be higher than passive management, there is also a risk that they will be worse. Charges for actively managed funds tend to be higher than for passively managed funds.

### Passive management

A passive manager aims to match the performance of a chosen market index (as so is sometimes referred to as index-tracking). The manager aims to follow the market whether it goes up or down and so returns have little dependence on the skill of the fund manager. Passive management takes away the possibility that your investments will do better than the market, but it also minimises the risk that they will do worse. Charges for passively managed funds tend to be materially lower than for actively managed funds.



# Understanding risk

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**There are risks associated with investing.  
Some of the key ones are listed below:**

## Investment risk

Some types of investment are riskier than others. Generally higher risk investments have the potential to deliver higher growth over the longer term. Lower risk funds tend to be more stable but lead to lower growth. The value of investments can rise and fall, especially over the longer term. This is especially true of higher risk investments which can be particularly volatile.

## Inflation

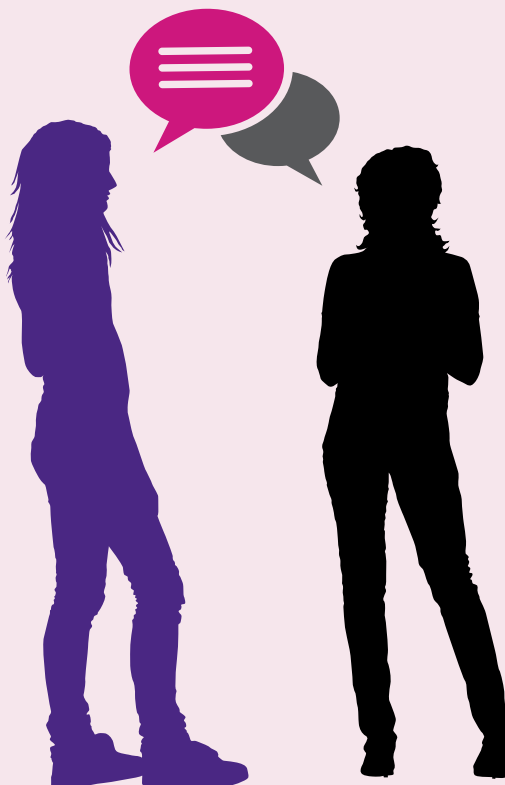
Inflation reduces what you can buy with your money over time. You either have to pay more for the same goods or buy fewer goods for the same money. Your investments need to grow faster than inflation to offset this risk.

## Exchanging your Pension Account for a regular income

On retirement, you can use some or all of your Pension Account to buy a pension income for life. The amount of income you receive will depend on a number of factors, including the value of your account and your age.

## Fund specific risks

In addition to some of the general risks highlighted above, each fund will have its own specific risks. Fidelity has rated each of the available funds to give you an indication of the potential level of risk that applies, details of which can be found on the fund factsheets available on PlanViewer.



## Risk rating – investment risk and how Fidelity rates funds

There are various ways to measure risk, but Fidelity chose to provide an indication of the risks involved in their fund range by considering two factors. The first factor is volatility based on past performance. Volatility is the movement, both up and down, in the fund returns over a fixed period. The second factor is an internal assessment of the underlying asset types within a fund.

These ratings are meant to provide a guide to help you understand the potential risks involved when investing in each fund. Each increase in risk level represents an increase in the potential for your fund value to grow but also to fall. In the Core Self-select section, starting on page 11, we show the risk rating associated with each fund.

These ratings may change in the future and we will not contact you when they do. For the most up to date ratings you should review the latest fund factsheet on PlanViewer or contact the Pensions Service Centre on 0333 300 3353.

None of the risk ratings imply or offer any form of guarantee. Remember that each fund has been assigned a risk category partly based on Fidelity's internal methodology and this only considers risk in the context of their overall fund range. It is important that you read the appropriate risk category description. You should also consider financial advice regarding the suitability of your investment choices.



Risk Band	Description
<b>L 1</b> <b>Lower risk/return</b>	Greater emphasis is placed on capital preservation rather than maximising returns. This means that these types of funds will generally aim to preserve the value of your investments but in return will usually offer a lower rate of growth. Please note that low risk does not mean that the fund's value would not fall.
<b>L 2</b> <b>Lower-medium risk/return</b>	Less emphasis is placed on capital preservation than in the lower risk/return category introducing a chance of higher potential returns. Compared to the lower risk/return category there is more of a risk of your fund value going down but in return for this there maybe a better chance of your fund value experiencing a higher rate of growth.
<b>M 1</b> <b>Medium risk/return</b>	The potential for capital growth is generally better than the lower risk/return and lower-medium risk/return categories but the value of the fund may vary considerably either up or down.
<b>M 2</b> <b>Medium-higher risk/return</b>	The potential for capital growth is higher than the medium risk/return category, but risk is increased. Funds in this category can often experience large fluctuations in value, either up or down, especially in the shorter term.
<b>H</b> <b>Higher risk/return</b>	The potential for capital growth could be high, but with a corresponding level of risk. Funds in this category can often experience extreme fluctuations in value, either up or down, especially in the shorter term.

## Fund specific risk factors

In addition to general risks highlighted in the 'Risks' section, each fund will have its own specific risks. A description of each of these risks can be found in the table below. You may wish to refer to this table when reviewing your fund choices.

Risk factor	Type of risk	Description of risk
1	<b>Concentrated portfolio</b>	The fund may invest in a relatively smaller number of stocks. This stock concentration may carry more risk than funds spread across a larger number of companies.
2	<b>Derivative exposure</b>	The fund invests in derivatives as part of its investment strategy, over and above their use for efficient portfolio management. Investors should be aware that the use of these instruments can, under certain circumstances, increase the volatility and risk profile of the Fund beyond that expected of a fund that only invests in equities. The fund may also be exposed to the risk that the company issuing the derivative may not honour their obligations which in turn could lead to losses arising.
3	<b>Efficient portfolio management</b>	The fund may use other investment instruments apart from/or in place of the actual underlying securities. This is done in order to manage the fund in a more efficient fashion. Examples of these other instruments could be options, derivatives or warrants. The process of using these instruments in the fund is referred to as efficient portfolio management. These instruments can be used to effectively take a position (or reduce an existing position) in a share or index, allowing positions to be altered more quickly and cost effectively than dealing directly in the underlying investment, but are not generally used to try and magnify returns. However, investors should be aware that the use of these instruments can, under certain circumstances, increase volatility and risk beyond that expected of a fund that only invests in conventional equities.
4	<b>Emerging markets</b>	The fund invests in emerging markets. There is an increased chance of political and economic instability with less reliable custody, dealing and settlement arrangements. The market(s) can be less liquid. If a fund investing in markets is affected by currency exchange rates, the investment could either increase or decrease. These investments therefore carry more risk.
5	<b>Ethical restrictions</b>	The fund is unable to invest in certain sectors and companies due to the ethical criteria used to select investments for the fund.
6	<b>Exchange rate</b>	The fund invests in securities outside the UK. The value of investments and any income from them may therefore decrease or increase as a result of changes in exchange rates between currencies.
7	<b>Geared investments</b>	The fund focuses on geared investments. Funds which focus on geared investments such as warrants or options carry a higher degree of risk than other equity investments because of the risk of the underlying investments. It is possible that the fund may suffer sudden and large falls in value so that the short fall on cancellation, or the loss of the realisation on the investment could be very high and could even equal the amount invested, in which case you would get nothing back.

Risk factor	Type of risk	Description of risk
8	High yield bonds	The fund invests in high yield bonds. High yield bonds carry a greater risk of default than investment grade bonds, and economic conditions and interest rate movements will have a greater effect on their price. Income levels may not be achieved and the income provided may vary.
9	Specialist	The fund is specifically aimed at sophisticated investors and is particularly high risk, because it concentrates on a region that may be exposed to unusual political or economic risks. You should only invest if you are comfortable with the specific risks pertaining to the fund in question.
10	Income eroding capital growth	The fund focuses on income which may reduce the prospect of capital growth. Any income generated cannot generally be withdrawn from a Pension Account until retirement and will be reinvested in the fund.
11	Liquidity	The fund can suffer from partial or total illiquidity, which may lead to considerable price fluctuations and the inability to redeem your investment. This could affect you, for example when you are close to retirement.
12	Performance charges	The fund makes charges that depend on the fund's performance.
13	Property funds	The fund invests directly in physical property, there may be delays in completing your instruction to sell. This could affect you, for example when you are close to retirement, as it may be difficult to sell the units you hold in such funds. Any decision to invest in physical property should be carefully considered in line with your planned retirement goals. The value of physical property is generally a matter of a valuer's opinion rather than fact.
14	Sector specific funds	The fund invests in specific sectors. Funds which invest in specific sectors may carry more risk than those spread across a number of different sectors. They may assume higher risk, as markets/sectors can be more volatile. In particular, gold, technology funds and other focused funds can suffer as the underlying stocks can be more volatile and less liquid.
15	Smaller companies	The fund invests in smaller companies. Smaller companies shares can be more volatile and less liquid than larger company shares, so smaller companies funds can carry more risk.
16	Solvency of depositary	The value of the fund may be affected if any of the institutions with which cash is deposited becomes insolvent or experiences other financial difficulties.
17	Solvency of issuers	The fund invests in bonds and there is a risk that the issuer may default, resulting in a loss to the portfolio.
18	Volatility	Investments in the fund tend to be volatile and investors should expect an above-average price increase or decrease.





## The nature of investments

Contributions will be allocated to funds of FIL Life Insurance Limited (FIL Life). Through these funds, FIL Life invests in underlying Fidelity unit trusts and open-ended investment company (OEIC) funds managed by FIL Investment Services (UK) Limited, authorised and regulated by the Financial Conduct Authority.

The Cash Pensions Fund invests in the Fidelity Cash Fund, a UK-authorised unit trust by FIL Investment Services (UK) Limited.

FIL Life Insurance Limited (FIL Life) may also invest into funds managed by non-Fidelity fund managers or be reinsured by non-Fidelity life insurance companies. The name of the non-Fidelity insurance company or fund manager will normally be shown in the name of the FIL Life fund.

