

Your AVC investment choice



You can invest your monthly AVCs in a range of funds provided by Friends Provident. There are seven funds to choose from.

Making your choice

Which fund or funds you choose is a decision that you have to take based on your own personal circumstances and your attitude to risk. DMGT Pensions is unable to give you advice in this area, but we can provide you with factual information. Hopefully you will find the following information helpful but if you are unsure please take independent financial advice.

The following table shows the range of funds available, together with the risk rating, fund aim and annual charge.

Fund	Risk	Aim	Annual charge
Fixed Interest	Low+	The fund invests in British Government gilt-edged stocks and UK company bonds. These provide a reliable income and can also offer potential for capital growth. When market conditions allow, our fund managers actively switch between stocks to increase growth. We reinvest any income in the fund to increase the value of the units. This fund is managed by F&C Asset Management plc.	0.60%
UK Corporate Bond Index	Medium -	The fund invests in investment grade corporate bonds denominated in Sterling. The fund aims to achieve a return consistent with the iBoxx £ Non-Gilts Over 15 Years Index, which is widely regarded as the benchmark for the UK pension fund investment in the longer-dated end of the UK gilt market. This fund is managed by Barclays Global Investors.	0.60%
Baillie Gifford Managed	Medium	The fund aims to achieve above-average returns over the long-term by investing worldwide in securities in any economic sector. The fund will be diversified by holding different asset classes, by investing internationally, and by holding shares of companies operating in a wide range of industries.	0.80%
Managed	Medium	The fund aims to provide you with a professional management service where our fund managers make all the investment decisions for you. They aim to achieve above-average growth over the longer term. The fund may invest in UK and overseas shares, fixed interest securities, property or cash as the managers decide. Normally we buy units in our other investment funds although, if the circumstances are right, we may invest direct. This fund is managed by F&C Asset Management plc.	0.60%
Baillie Gifford International	Medium +	The fund aims to achieve capital growth through investing principally in the shares of international companies worldwide excluding the UK.	0.80%
Overseas Equity	Medium +	The fund aims for long-term capital growth by investing primarily in overseas shares. It may also include shares of UK companies that invest mainly overseas. This fund is managed by F&C Asset Management plc.	0.60%
UK Equity	Medium +	The fund aims to provide long-term capital growth from a balanced portfolio of UK shares. This fund is managed by F&C Asset Management plc.	0.60%

Fund charges

Friends Provident take an annual management charge out of the fund over the lifetime of your plan, as shown in the table above. For the two Baillie Gifford funds, a share of expenses, such as fees to auditors, trustees or valuers is payable. As at January 2006 this reduces the fund value by not more than 0.2% a year.

Your choice of funds will depend not only on your investment aims but also your approach to investment risk. Friends Provident has developed the guide below to help you choose funds with a level of investment risk you're prepared to accept.

First decide which approach best describes your attitude to investment risk. Then check to see the funds that meet your investment aims are not in a higher risk band than you've identified using this guide. If the risk band of your chosen fund is higher, you should go ahead with this choice only if you're sure you're prepared to accept the extra risk.

Your approach to investment risk	Risk band	Fund
Although a cautious investor, you're prepared to accept low levels of risk for the prospect of slightly higher returns	Low +	Fixed Interest
You will accept below-average risk to achieve more attractive returns	Medium -	UK Corporate Bond Index
You prefer a balanced approach to investment and are willing to accept average risk to achieve more attractive returns	Medium	Managed, Baillie Gifford Managed
You prefer a balanced approach to investment and are willing to accept above-average risk in the hope of higher returns	Medium +	Overseas Equity, UK Equity, Baillie Gifford International

Features of unit linked funds

- Your AVC contributions are used to buy units in your chosen fund(s)
- The value of these units fluctuate in line with financial markets

By paying AVCs

- You will build up an AVC fund which will be used to buy you a pension from an insurance company when you retire
- The amount of pension you can buy depends on the value of your fund and the cost of the pension
- You will have the flexibility to choose the type of pension that can be bought. For example, if you are married you can buy a 50% spouse's pension and you can choose the level of pension increases (if any) you want in retirement.

Investment Performance

You can see how the funds have performed by visiting www.dmgtpensions.com or you can call DMGT Pensions for a fund factsheet.

Fund risk factors

Please remember the value of your plan is not guaranteed. It can go up and down depending on how well the investments perform. You could get back less than you've paid in.

Some funds aim for income as well as capital growth, and others for income only. Any income in the fund is reinvested to increase the value of the units.

Where a fund invests overseas, the value can go up and down simply because of changes in currency exchange rates.

Where a fund invests in fixed interest securities, the value may go up and down as interest rates change. For example, if interest rates rise, the value is likely to fall.

Some funds invest in company bonds. High-yielding bonds are usually lower grade. These carry an increased risk both to the income and capital value of the fund, for example if the company issuing the bond has financial difficulties and stops trading.

Some funds invest in a concentrated number of stocks and so are riskier than broader-based funds.

Some funds invest in smaller companies. The market for these is narrower than for larger companies and price swings can be greater.

Where a fund invests in emerging markets, investment values can move sharply down or up. These markets tend not to be so well regulated as developed markets and political unrest is more likely.

Where a fund invests in property, sometimes the properties are not easy to sell, and there may be a delay of up to six months on the cashing in or switching of units. The value of property depends on the individual views of the valuers. In exceptional circumstances, there may be a delay in the cashing in or switching of units for up to one month. This won't be done at your selected retirement age or on death. A breakdown of the portfolio of each fund is shown on the fund factsheet.



This leaflet has been prepared by DMGT Pensions.

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