



Secure Growth Fund and Investment Summary

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This guide provides a summary of how we manage the **Aviva Life & Pensions UK Limited Secure Growth Fund** (the “Fund”), along with details of the asset mix and investment returns.

Your policy document will show the name of the company your policy was taken out with. If you’re unsure which with-profits sub-fund you’re invested in, you can find further details at **aviva.co.uk/ppfm**.

Contents

What is an Aviva with-profits investment?	Page 3
Asset mix	Page 4
Investment returns and market overview	Page 6
How are interest rates determined?	Page 7
What happens if you leave the Secure Growth Fund early?	Page 9
What are the Guarantees?	Page 10
Questions and Answers	Page 11
Where can I find out more?	Page 12

Making sense of it

You may find some of the terms in this guide unfamiliar. To help, we’ve provided an explanation of the terms in **‘What does it mean?’** boxes.

What is an Aviva with-profits investment?

At a glance

An Aviva with-profits investment in the Secure Growth Fund is a **low risk investment** that has the advantage of pooling your money with that of other investors, so you can benefit from investing in a wide spread of **assets**.

We explain assets in greater detail on page 4.

- The Secure Growth Fund is rated as a **low volatility** fund.
- The objective of the Secure Growth Fund is to provide stable income and long-term capital guarantees.
- All policies share in the investment profits made in the Fund.
- We use your premiums to buy units in the Fund. We add regular interest, if any, by increasing the unit price daily in line with the regular interest rate we declare, less any charges.
- Other forms of profit distributions may also be used to ensure fairness between policyholders over time. This might include a special interest addition or a final bonus when your policy ends.
- There are likely to be guarantees under your policy if certain events happen or on specified dates. We explain some of these guarantees in greater detail in the What are the Guarantees section on page 10.



What does it mean?

Low volatility – 2

Aviva assesses risk ratings using historical performance.

The historical performance of funds with this risk rating has typically experienced low volatility compared with other funds Aviva has rated. This means that these funds have a low potential for substantial changes in value compared with other Aviva funds.

You can find out more about our risk ratings at: [aviva.co.uk/retirement/fund-centre/investment-funds/risk-ratings](https://www.aviva.co.uk/retirement/fund-centre/investment-funds/risk-ratings)

Assets

An Asset is a type of investment. Different types of assets include equities (company shares), gilts (loans to the UK government), corporate bonds (loans to companies), property or cash/money market. Assets can rise and fall in value.



Things you need to be aware of

Investing in with-profits may not be appropriate if you:

- expect to need your money in the short term
- aren't prepared to accept any risk of losing money
- would prefer the certainty of the interest from a bank or building society savings account, which you are guaranteed to receive once it is earned.

Asset mix

At a glance

We invest your money in the Secure Growth Fund, which invests in a mix of assets, including:

- UK shares (equities)
- fixed interest - UK corporate bonds and UK gilts
- cash/money market

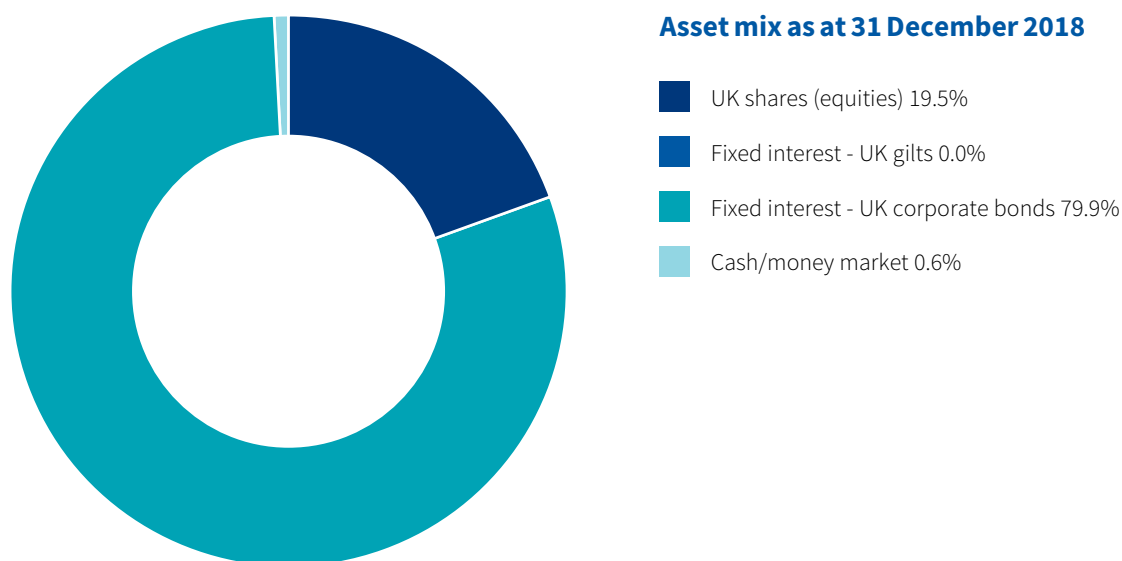
How do we invest your money?

The Secure Growth Fund invests mainly in fixed interest investments (corporate bonds and gilts), although shares (equities) make up around one fifth of the assets.

We aim to provide the best possible investment returns for the benefit of policyholders generally, allowing for:

- the objective of investing mainly in fixed interest investments;
- the level of guarantees within the Fund; and
- the amount of excess assets in the Fund.

We set guidelines for our investment managers to tell them the proportions of the Fund that should be invested in each type of asset. We also control any potential risks to the Fund by setting guidelines covering the quality of the assets, and range of investments within each asset class.



Asset mix (continued)



What does it mean?

Shares (equities)

Shares (or equities) are shares in companies listed on stock exchanges around the world. As shares can rise and fall in value very easily, equities are riskier than most other investments. However, they usually offer the greatest chance of higher returns over the long term. In our Secure Growth Fund the equity part of the asset mix includes equity-type assets that aren't quoted on stock exchanges, plus alternative investments. We only invest a small proportion in alternative investments, typically less than 5%.

Fixed interest

Fixed interest investments include government and corporate bonds. These are loans issued by the government or a company as a way for them to borrow money. The government or company pays interest on the loan and promises to pay back the debt at a certain point in the future. The value of fixed interest investments can go down as well as up. Government bonds issued by the UK government are referred to as UK gilts.

If a government or a company defaults on the loan then the interest won't be paid. UK gilts are regarded as less risky than corporate bonds as the UK government has a good credit rating.

Cash/money market

Cash means a range of short-term deposits – similar to a bank/building society account. Cash also includes money market securities, which are interest generating investments, issued by governments, banks and other major institutions. The value of cash and money market securities can go down as well as up.

Investment returns and market overview

Investment returns

The investment returns achieved in each of the last five years by the Secure Growth Fund are shown in the table below:

	2018	2017	2016	2015	2014
Before tax (pensions)	-1.9%	7.3%	14.5%	1.1%	12.8%

The investment returns above are on the whole Fund. They are not applicable to any individual policy or plan. These figures are before any deduction for charges and investment expenses. This is past performance. Past performance isn't a guide to future returns, and the value of investments may go down as well as up.

Investment markets in 2018

Equity markets generally performed poorly in 2018, with the exception of the US which made modest gains in sterling terms, helped by the weakness of the pound relative to the dollar. UK government bond (gilt) prices edged slightly higher but UK corporate bonds made a small loss over the year.

The main factors affecting performance were investors' concerns about the reduction of economic support from central banks plus interest rate increases, fears of a global trade war, political risk in Europe and uncertainty around Brexit and its effects.

The FTSE 100 share index, a commonly used indicator of the performance of UK shares, showed a total return of minus 8.8% (see Note 1), while UK corporate bonds returned minus 1.5%. (see Note 2).

Notes:

1 Source: Lipper IM, a Thomson Reuters company. FTSE 100 Total Return Index.

2 Source: Lipper IM, a Thomson Reuters company. Markit iBoxx Sterling Non Gilts Overall TR Index.

How are interest rates determined?

At a glance

All policies share in the investment profits made in the Secure Growth Fund through the addition of regular interest.

Other forms of profit distributions may also be used to ensure fairness between policyholders over time. This might include a special interest addition to policies in force at a specified date, or a final bonus when a policy ends.

Regular interest rates

We base the regular interest rates on the future investment return we expect to earn in the long term on the assets of the Fund.

Excess assets exist when the assets of the Fund are higher than the amount required to pay policy and other benefits (including the payment of guaranteed benefits and future interest) plus an amount to meet adverse events. If there are excess assets in the Fund we increase regular interest rates to allow the distribution of some, or all, of the excess assets over the lifetime of the remaining policies. Similarly, if excess assets don't exist in the Fund, we reduce the regular interest rates to allow any shortfall to be recovered over the lifetime of remaining policies.

Regular interest rates are reviewed at least once a year. We last reviewed regular interest rates in December 2018 and concluded that the rate should be 4.0% p.a. gross of any management charge. The rate was implemented from 1st January 2019.

The history of regular interest rate additions in the last 10 years is given below year.

Year	Regular Interest rate – gross (%)
1/1/2018	5.0
1/2/2017	5.5
1/1/2016	6.5
1/1/2015	6.5
1/1/2014	6.5
1/2/2013	6.5
1/1/2012	5.5
1/1/2011	5.5
1/1/2010	5.5
1/2/2009	5.5

The information shown refers to the past. Past performance isn't a guide to future performance.

The declared interest rates shown above are before any charges have been deducted. For details of charges please refer to your policy documents.



Things you need to be aware of

- Our primary aim is to make sure that all guarantees are met and that all policyholders are treated fairly. Future interest rates can't be guaranteed as they come from profits that haven't yet been earned. This means that it's possible that very low levels of interest may be added for a period.
- Some policies include guarantees of minimum interest rates over the full term of the policy. Please check your policy conditions for more details.

How are interest rates determined? (continued)

Special interest additions and final bonus

We aim to fairly balance the interests of policyholders cashing in units in the Fund in the immediate future and those who'll remain invested in the Fund for many years. From time to time, we may consider that the excess assets of the Fund have reached a level at which its distribution, through an increased regular interest rate alone, wouldn't achieve this aim. In this case, we may then make a special interest payment to all policies in force at a specified date or add a final bonus to units when they're cashed in.

The history of special interest rate additions over the last 10 years is given below.

Year	Special Interest addition
2017	5%
2016	10%
2014	15%

The information shown refers to the past. Past performance isn't a guide to future performance.

In order to enable a fairer distribution of excess assets among policyholders, we commenced adding a final bonus to claims from 1 January 2018 (subject to units being held for a minimum number of years when they are encashed). As a result it is less likely that further special interest additions will be made.



Things you need to be aware of

We normally review final bonus rates twice a year. However, we may review them more frequently if there are large changes in investment markets. Final bonus rates can change at any time, are not guaranteed and could be zero.

Smoothing

Over time, the value of the investments held by the Fund will rise or fall. We restrict the pace of change in the value of your policy from year to year, so that in normal circumstances there's a maximum change that we may make from one year to the next. In adverse circumstances, we may make changes larger than this maximum. This could be, for example, where the investment return earned on the Fund in the last year has been very low or negative.

Over the long term, we wouldn't expect the Fund itself to gain or lose from smoothing and we adjust regular interest rates to ensure this.

There may be times in poor market conditions when smoothing can't fully protect your investment. This can happen following a large or sustained fall in the stock markets or when investment returns are below the level we normally expect. If you leave the Fund under these circumstances, this could reduce the value of your investment. This is explained in more detail under the heading 'What happens if you leave the Secure Growth Fund early?'

What happens if you leave the Secure Growth Fund early?

You may decide to move some or all of your investment out of the Fund early.

For example you might:

- cash-in your policy;
- transfer to another company; or
- switch to another type of Aviva fund.

We work out the cash-in, transfer or switch value by looking at the value of the units in your policy and then apply any reduction (as described in your policy conditions) and any final bonus.

If the assets in the Fund which back your policy have performed poorly, then we may reduce your payout by applying what's known as a **Market Value Reduction (MVR)**. We apply an MVR to make sure that a fair share of the Fund is left for the remaining policyholders. MVRs won't be applied on death or on retirement at the age, or ages, specified in the policy document. For certain policies we guarantee not to apply an MVR in other circumstances. Your policy document will tell you if this is the case.

An MVR reduces the unit price used to calculate the value of units for policyholders. When it's applied, it'll reduce the value of your investment, which may mean that you get back less than you invested.

A **Short Term Investment Charge (STIC)** may also be applied where you started to invest in the Fund (or made a one off contribution or switch to the Fund) less than five years before you wish to take your benefits from the Fund. The cash-in value may be reduced to ensure that a fair share of the Fund is left for the remaining policyholders.



Things you need to be aware of

You should view an investment in the Secure Growth Fund as a long-term investment. This means leaving the Fund early may be the wrong option for you, especially if you have guarantees.

If you're considering leaving the Fund, we'd strongly suggest that you talk to your financial adviser or contact us directly. You can call us on the telephone number shown at the end of this brochure.

What are the Guarantees?

There are likely to be guarantees under your policy if certain events happen or on dates as set out in your policy document. For example, it may be the date you intended to retire when you started the policy.

We won't apply a Market Value Reduction (MVR) on death or on retirement at the age, or ages, specified in the policy document.

Some policies include guarantees of minimum interest rates over the full term of the policy. In these cases, the value of premiums, less, in some cases, charges, accumulated at the guaranteed interest rate will always be the minimum payout usually at the date you intended to retire when you started the policy.

Some policies have guaranteed annuity rates which specify the minimum annual income that, subject to the policy conditions, can be bought from us by each pound of the unit's fund value when the policyholder retires. Please read your policy document to find out if this applies to you.



Things you need to be aware of

As these guarantees are valuable, we recommend you seek financial advice before cashing-in, transferring or switching any benefits in the future.

Questions and Answers

What is the With Profits Committee?

Our customers are at the heart of everything we do and we are fully committed to treating you fairly at all times.

To support this, we have a With Profits Committee which oversees our work with independent expertise to make sure our decisions relating to with-profits investments are fair.

You can find out more about our With Profits Committee at [aviva.co.uk/wpcommittee](https://www.aviva.co.uk/wpcommittee).

How are business risks managed?

There are a few factors which could affect the Secure Growth Fund. We call these business risks. Risks arising from investment performance guarantees are the responsibility of the Fund.

These include:

- having to cash-in units at the current price on normal retirement dates and, for some policies, on some other occasions irrespective of the value of the Fund's assets;
- smoothing limits on reducing the regular interest rate;
- having to add interest at a non-zero rate where this is a policy requirement;
- meeting the minimum lifetime interest guarantee which some policies possess.

The risk that large volumes of new premiums may have an adverse effect on existing investors is controlled by the ability to apply a Short Term Investment Charge.

Other business risks are borne by the Aviva Life & Pensions UK Limited Non-Profit Sub-Fund.

We control the risks to the Fund by monitoring risks and taking action to reduce our exposure to risk, when necessary, establishing appropriate reserves and setting interest rates prudently over time.

If the assets of the Fund are insufficient to pay the guaranteed benefits of Secure Growth Fund policies, other assets of Aviva Life & Pensions UK Limited will be used to do this.

What are the charges and expenses?

Expenses are what it actually costs us to look after your policy and to meet certain guarantee costs. Charges are the deductions taken from your policy to meet our expenses.

All expenses associated with the management of policies invested in the Fund are met by the Non-Profit Sub-Fund of Aviva Life & Pensions UK Limited. In addition, the cost of providing Guaranteed Annuity Rates at retirement is met by the Non-Profit Sub-Fund.

Charges deducted from your policy are paid to the Non-Profit Sub-Fund. Details, including the circumstances in which they may be changed, are specified in your policy terms and conditions.

What are the excess assets used for?

The excess assets of the Fund are used to pay an interest rate in excess of the return we expect to earn on the Fund's assets.

If the size of the excess assets becomes an unreasonably large percentage of the total value of units in the Fund, we'll make a special interest addition or add a final bonus to payouts in order to reduce that percentage.

If at any time we believe that the amount of the excess assets is too low then we'll take action to increase it by reducing the regular interest rate.

The excess assets:

- provide us with investment flexibility; and
- enhance the security of policy benefits generally.

Are new policies still being issued?

No new policies are being issued, although existing policyholders can still top-up their plans and new members can still join existing group pension policies. Also, some existing policyholders not currently invested in the Fund retain the right to switch their unit-linked investments into the Fund and to pay future premiums into it.

How are the profits shared?

Shareholders don't receive a share in the investment profits or losses of the Secure Growth Fund, although they're entitled to any profit or loss as a result of the differences between actual expenses and the charges made to policies.

Where can I find out more?

We hope this guide has helped you understand how our Secure Growth Fund works.

This guide is only meant to be a summary. We also have a detailed document, called the **Principles and Practices of Financial Management (PPFM)**, which is produced in line with guidance from our regulator, the Financial Conduct Authority. You can find it and more on our website: aviva.co.uk/ppfm/#secure-growth

If there are any differences between the information in the two guides, you should take the Principles and Practices of Financial Management as the final word.

You can see a summary of any changes to our PPFM on our website together with our yearly compliance statement.



You can also contact us for a copy of these guides or for more information by calling

0345 602 9199

Calls may be recorded and/or monitored for training and quality assurance.



Write to us at:

**Aviva, PO Box 1550
Salisbury, Wiltshire
SP1 2TW**



You can use the link below to find out more about our Sub-Funds at:

aviva.co.uk/ppfm



If you have any questions about your investment you can talk to your financial adviser. They'll be able to consider your current circumstances and financial goals.

If you don't have a financial adviser, one can be found at **unbiased.co.uk**.

Please note your financial adviser may charge you for any advice provided.



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The Customer Call Centre is open Monday to Friday, 8am to 8pm, Saturday from 8.30am to 5pm and Sunday 10am to 4pm.