FLC With-Profits Sub-Fund

and Investment Summary

AVIVA

This guide provides a summary of how we manage the **Aviva Life & Pensions UK Limited FLC With-Profits Sub-Fund (the 'Sub-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**

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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.

There are two main types of with-profits policies in the Sub-Fund:

Unitised with-profits policies – your investment is used to buy units of equal monetary value based on the unit price on the day of the investment.

Conventional with-profits policies – your investment provides a guaranteed amount (sometimes referred to as the 'sum assured') at maturity or on death.

If your yearly statement or bonus notice shows units and/or unit prices, then you have a **unitised policy**. Otherwise, your policy is a **conventional** one. Where there is a different explanation between types of policy, to make it easier to spot which one that applies, you'll find the 'Unitised policy' explanation on the left and the 'Conventional policy' one on the right.

There can be other differences between the two types – where appropriate these are highlighted throughout the guide.

An Aviva with-profits investment

At a glance

A number of our products allow investment into with-profits. An Aviva with-profits investment is a low to medium 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 8.

- The FLC With-Profits Sub-Fund is rated as a **low to medium risk** fund. It offers the possibility of higher returns than you may get from an average savings account with a bank or building society.
- On 1 July 2022, we merged the FLC New With-Profits Sub-Fund with the FLC Old With-Profits Sub-Fund. This brochure applies to the merged Sub-Fund - the FLC With-Profits Sub-Fund.
- An Aviva with-profits investment aims to provide steady capital growth over the medium to long term by investing in a broad range of assets, while smoothing out some of the fluctuations of investment markets.
- The value of the Sub-Fund can go down as well as up depending on the returns made by the assets that make up the Sub-Fund, so you may get back less than has been paid in. We share out the profits and losses of the Sub-Fund through a system of bonuses, with the aim of smoothing the returns on your with-profits investment over the long term. We explain smoothing on page 15.
- Some products provide guaranteed policy benefits 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 15.

What does it mean?

Aviva assesses its risk ratings using historical performance data.

Low to medium - 3

Funds typically investing in **assets like corporate bonds** or a mix of assets where day-to-day changes in value have historically been less than for shares. There's still a risk that the value of your investment could fall. We review each investment fund's risk rating on a yearly basis, so they may change from time to time.

You can find out more about our risk ratings and risk warnings at **aviva.co.uk/retirement/fund-centre/investment-funds/risk-ratings/**.

You can see the specific risk warnings relating to investing in the Sub-Fund on page 18.

Assets

An asset is a type of investment. Different types of assets include equities (shares), property, fixed interest (gilts and other bonds), alternative investments and 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're guaranteed to receive once it's earned.

Asset mix

At a glance

We invest your money in the FLC With-Profits Sub-Fund, which invests in a mix of assets including:

- equities (shares) (UK & international)
- property
- fixed interest
- alternative trading strategies
- cash/money market investments

How do we invest your money?

We invest your money into a broad mix of assets. The asset diagram below shows the type and percentage of each asset that the FLC With-Profits Sub-Fund invests in.

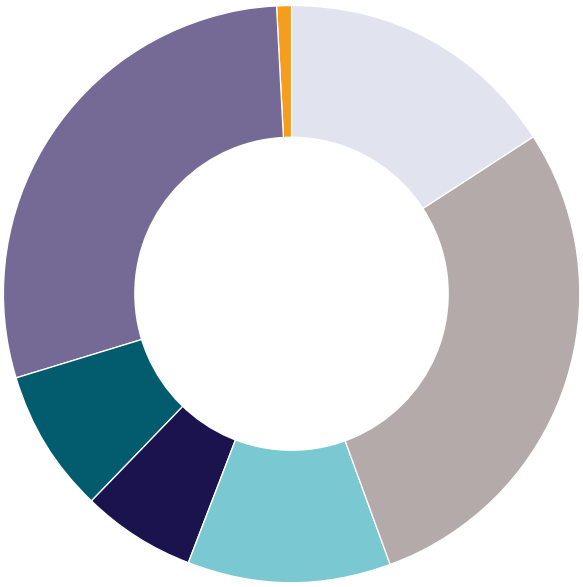
The Sub-Fund your policy invests in will always hold a mixture of higher and lower risk assets to achieve its objective.

The Sub-Fund holds a greater proportion of higher risk assets, such as **equities (shares)** and **property**. The rest is in medium and lower risk investments, such as **fixed interest, alternative trading strategies** and **cash/money market investments**.

For details of the December 2025 asset mixes see the illustrations below. Historical asset mixes are shown on page 10.

FLC With-Profits Sub-Fund

Overall asset mix (whole Sub-Fund) as at 31/12/2025

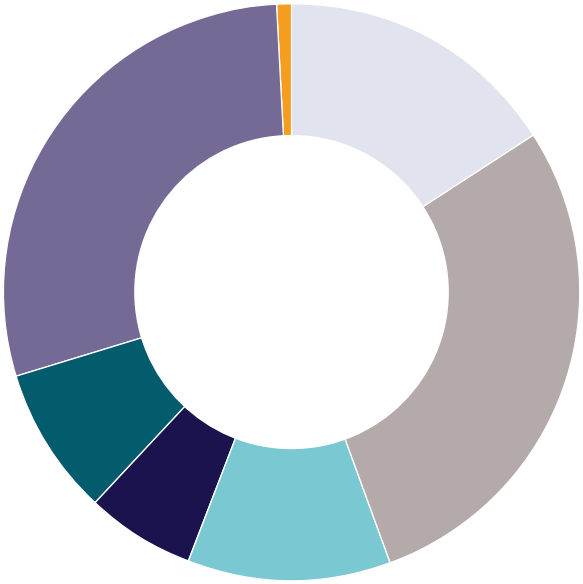


- UK equities (shares) 15.9%
- International equities (shares) 28.6%
- Property 11.5%
- Alternative trading strategies 6.3%
- Fixed interest - gilts 8.1%
- Fixed interest - other bonds 29.0%
- Cash/money market investments 0.6%

The asset mix may be different for conventional and unitised policies, as detailed on the next page.

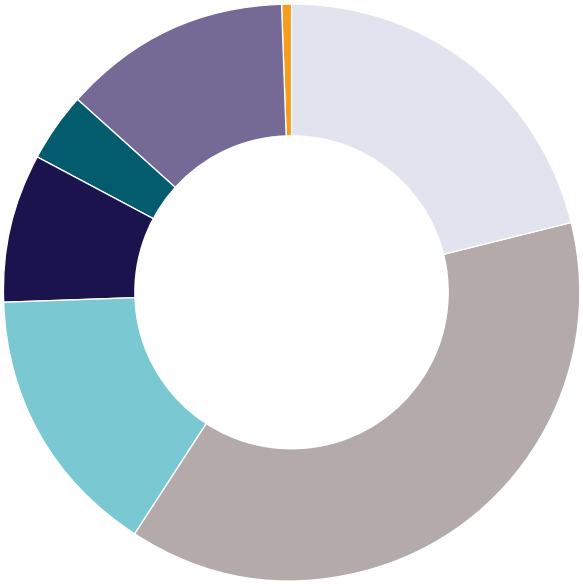
Asset mix (continued)

Asset mix for conventional policies as at 31/12/2025



- UK equities (shares) 15.9%
- International equities (shares) 28.6%
- Property 11.4%
- Alternative trading strategies 6.3%
- Fixed interest - gilts 8.1%
- Fixed interest - other bonds 29.1%
- Cash/money market investments 0.6%

*Initial asset mix for unitised policies as at 31/12/2025



- UK equities (shares) 21.2%
- International equities (shares) 38.1%
- Property 15.3%
- Alternative trading strategies 8.4%
- Fixed interest - gilts 3.7%
- Fixed interest - other bonds 13.0%
- Cash/money market investments 0.3%

*All **unitised** policies are initially invested in a higher proportion of **equities (shares)** and **property** (as shown in the second diagram above). However, as policies get nearer to their maturity date, we increase the level of **fixed interest (gilts and other bonds)** and reduce the level of **equities (shares)** and **property**.

Note

The total asset allocation may be affected by individual percentages being rounded to one decimal place. Rounding is used to simplify numbers and make them easier to read. As examples: 12.34% would be rounded to 12.3%, and 12.35% would be rounded to 12.4%.

Asset mix (continued)

The performance of the different types of assets varies over time, and all asset types can go down in value as well as up. Our fund managers may change the asset mix to:

- try to improve the long term performance of the Sub-Fund
- make sure that the Sub-Fund can meet its obligations.

From time to time the Sub-Fund may include investments in other Aviva group companies. However, this won't have a direct effect on the asset mix backing your policy.

What does it mean?

Equities (shares)

Equities are company shares. They represent part-ownership in a company. Companies issue shares on stock exchanges such as the London Stock Exchange, and the shares are then bought and sold on stock markets. Their value can go up or down.

While there is more potential for gains with shares than some types of investment, there is also greater risk that they will fall in value.

Property

This usually refers to commercial property. Shops, offices and warehouses are examples of commercial property. There are two components to an investment in commercial property – the value of the property itself and the rental income received from tenants of the property.

Commercial property can be subject to heavy falls and sharp increases in value. **Property isn't always easy to sell because it can take time for the purchase or the sale to be completed, and as a result, to access the money from the property.** Property funds may also invest in indirect property investments, including quoted property trusts and unregulated collective investment schemes.

Alternative trading strategies

Alternative trading strategies can help to enhance returns and provide diversification.

These investments could include multi-strategy funds (that offer a larger number or broader range of investment strategies within a single fund) which seek to take advantage of investment opportunities not always found in the approach used by more traditional asset classes. They can also include investment in non-traditional assets, such as commodities (raw materials) and derivatives (financial instruments to help manage risk and/or enhance returns). **They may increase the risk profile of the fund compared to funds that only use traditional asset types.**

Fixed interest

Government bonds (defensive bonds) and corporate bonds (riskier and typically 'growth' bonds) are examples of fixed interest assets. UK government bonds are also called gilts.

Government bonds are loans issued by governments in the financial markets to pay for things such as public services. They're a way for governments to borrow money, usually for a fixed term. Governments then pay interest on the loans and therefore on the bonds.

International and UK corporate bonds are loans issued by companies to pay for their operations or to grow the business among other things.

Gilts, and government bonds issued by developed nations, are generally regarded as lower risk investments than corporate bonds.

Asset mix (continued)

Bonds pay bondholders a regular income. The full value of the bond is paid to bondholders when the bond matures. Bonds carry interest rate risk - **changes in interest rates can contribute to the value of a bond going up and down. For example, if interest rates rise, the value of a bond is likely to fall**. Bonds also carry default risk. This applies especially to corporate bonds, but also to government bonds. This is the risk that the issuer of the bond becomes unable pay back the money it has borrowed.

Cash/Money market investments

Money market investments are also known as cash investments. They are short-term deposits of cash amounts, usually held with a financial company for less than 12 months. Please note they are not deposit accounts with banks or building societies.

Although these investments are less risky than other asset classes, they can sometimes fall in value, for example if an organisation is unable to pay back money it has borrowed. Their value can also be gradually affected over time by inflation and the effect of charges.

Historical asset mixes

Recent overall asset mix (whole Sub-Fund)

	2025	2024	2023	2022	2021
UK equities (shares)	15.9%	16.2%	15.7%	17.4%	18.3%
International equities (shares)	28.6%	30.1%	29.5%	27.1%	27.4%
Property	11.5%	9.4%	10.5%	10.7%	9.7%
Alternative trading strategies	6.3%	6.7%	6.3%	6.2%	6.6%
Fixed interest - gilts	8.1%	8.6%	13.5%	12.1%	11.6%
Fixed interest - other bonds	29.0%	28.1%	24.2%	26.1%	22.2%
Cash/money market investments	0.6%	0.8%	0.2%	0.4%	4.2%

Recent conventional policies asset mix

	2025	2024	2023	2022	2021
UK equities (shares)	15.9%	15.8%	15.8%	17.6%	18.5%
International equities (shares)	28.6%	29.3%	29.7%	27.4%	27.9%
Property	11.4%	9.2%	10.6%	10.8%	9.9%
Alternative trading strategies	6.3%	6.5%	6.4%	6.3%	6.7%
Fixed interest - gilts	8.1%	9.0%	13.3%	11.8%	11.3%
Fixed interest - other bonds	29.1%	29.4%	23.9%	25.7%	21.6%
Cash/money market investments	0.6%	0.9%	0.1%	0.4%	4.1%

Recent initial unitised policies asset mix

	2025	2024	2023	2022	2021
UK equities (shares)	21.2%	21.1%	21.1%	23.4%	24.7%
International equities (shares)	38.1%	39.1%	39.7%	36.5%	37.1%
Property	15.3%	12.2%	14.2%	14.4%	13.2%
Alternative trading strategies	8.4%	8.7%	8.5%	8.1%	8.9%
Fixed interest - gilts	3.7%	4.3%	5.9%	5.4%	4.9%
Fixed interest - other bonds	13.0%	14.2%	10.6%	12.0%	9.4%
Cash/money market investments	0.3%	0.4%	0.1%	0.2%	1.8%

Note

The total asset allocation may be affected by individual percentages being rounded to one decimal place. Rounding is used to simplify numbers and make them easier to read. As examples: 12.34% would be rounded to 12.3%, and 12.35% would be rounded to 12.4%.

Investment returns

The investment returns achieved by the Sub-Fund in recent years are:

	2025	2024	2023	2022	2021
before tax (pensions)	12.2%	5.8%	6.9%	-7.3%	9.0%
after tax (life)	10.7%	5.4%	6.1%	-5.8%	8.6%

Further historical investment returns together with other useful updates are available at **aviva.co.uk/help-and-support/managing-your-policy/investments/with-profits-bonus-information/**

The investment returns above are on the whole FLC With-Profits Sub-Fund, and previously both the FLC New and FLC Old With-Profits Sub-Funds, and aren't applicable to any individual policy or plan. Figures are before any deduction for investment expenses. 'Before tax (pensions)' returns relate to the investment returns that apply to pension products. 'After tax (life)' returns relate to non-pension products, such as investment bonds or endowment policies.

This is past performance. Past performance isn't a guide to future performance.

What affects how much you might get?

The amount you get back will depend on the amount you invest, plus:

- how the Sub-Fund has performed during the time you've invested with us
- the way we apply the smoothing process (this is explained on page 12).
- the effect of any guarantees (shown in your policy documents)
- our charges, such as administration costs, investment management fees and any financial adviser commission or charges
- any tax we pay and any future tax changes (pensions currently receive favourable tax treatment)
- for unitised policies any withdrawals (where these are allowed), and whether we're applying a **market value reduction** when you move money out of the Sub-Fund.

Smoothing – how it works

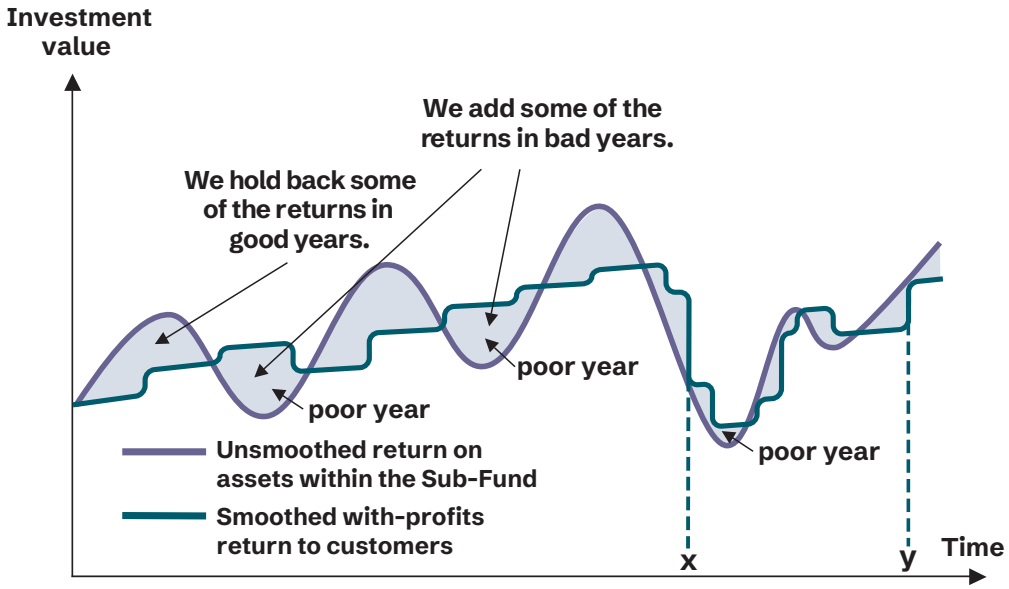
At a glance

One of the main features of a with-profits investment is that it aims to grow in value smoothly from year to year rather than being affected by the significant ups and downs of the stock market.

Over time the value of the assets held by the Sub-Fund will rise or fall. We don't change bonus rates as often as the value of the assets changes. Instead we aim to even out some of these variations in performance. This is known as smoothing. We show this with the green line in the diagram below. In contrast, the unsmoothed Sub-Fund's value changes each day as the value of the assets goes up and down. This is shown by the purple line in the diagram.

Smoothing applies to both **unitised** and **conventional** policies.

The following diagram is for illustration purposes only and shows a period of positive growth overall, which isn't guaranteed.



Things you need to be aware of

There may be times in poor market conditions when smoothing can't fully protect the value of your investment. This is illustrated in the diagram above between points x and y where the teal green line showing the smoothed with-profits value has fallen.

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 Sub-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 Sub-Fund early?' on page 16.

Bonuses – how do we add the bonuses?

We share out the returns the Sub-Fund earns through a system of bonuses. There are different types of bonuses: regular and final.

Regular bonus

Regular bonuses are designed to be sustainable and provide steady growth over time in the value of your investment. We decide regular bonus rates at least once a year.

You can usually see any regular bonus details in your yearly statement. The rate will vary over the period of your investment.

We decide the bonuses by looking at:

- how the Sub-Fund has performed in the current year
- any returns or losses from earlier years that we haven't already shared out through smoothing
- what we expect to earn in future years, and the effect of smoothing.

Unitised policies

We calculate your share of your investment in the Sub-Fund in units. We add regular bonuses, if any, by either buying extra units or by increasing the price of the units, depending on the type of policy that you have.

For most unitised policies we add regular bonuses, if there are any, at least monthly by increasing the unit price. For the remaining unitised policies, we add regular bonuses, if any, once a year by adding extra units.

For some unitised policies there's a guaranteed rate of interest. For these policies we may also set a regular bonus which will be paid on top of this guaranteed interest. Your policy documents tell you if this applies to your policy.

Conventional policies

We add regular bonuses, if any, once a year to the guaranteed amount.

Conventional with-profits policies can receive two types of regular bonus, which are added on top of the initial guaranteed amount. This is calculated as:

- a proportion of the initial guaranteed amount; and
- a proportion of any bonuses we've added previously.

Once added, we guarantee that the regular bonus will be paid at your chosen retirement date, the policy's maturity date or on death.

Things you need to be aware of

- A regular bonus isn't the same as interest from a bank or building society.
- We don't guarantee to add a regular bonus to your investment each year. This is illustrated on the diagrams on the next page at years 1 and 9 for unitised policies, and at years 1, 11, 17 and 19 for conventional policies.
- It's likely that bonuses will be smaller in poor investment years than in good years.

Bonuses – how do we add the bonuses? (continued)

Final bonus

Final bonus aims to pay any balance between the regular bonuses we've already added and the performance of the Sub-Fund over the whole period of your investment. This makes sure that you get a fair share of the return your investment has earned.

Bonuses can vary and aren't guaranteed.

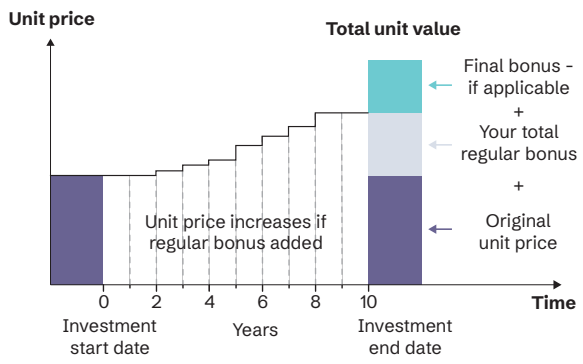
We aim to pay a final bonus to increase the value of your policy:

- if you die
- if you transfer your pension or cash-in your policy
- at the end of the term eg. for savings policies with a maturity date, or on your chosen retirement date for pensions
- if you switch out of the Sub-Fund into another investment fund (unitised policies only).

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, aren't guaranteed and could be zero.

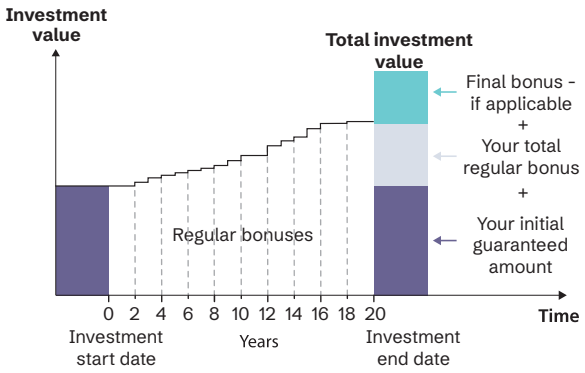
Unitised policies

The diagram shows how we add regular bonuses to your original investment.



Conventional policies

The diagram shows how we add regular bonuses to your initial guaranteed amount to build up a larger lump sum.



These diagrams are for illustration purposes only and show periods of positive growth overall, which isn't guaranteed. The terms illustrated aren't the minimum or maximum period of investment for with-profits.

Things you need to be aware of

For unitised and conventional policies

- The final bonus is based on the year in which you invested and the point at which you leave the Sub-Fund. It may vary depending on the returns earned over the lifetime of your investment and isn't guaranteed.
- If the investment return has been low over the period you invested, you may not receive a final bonus as you'll have already received your share of the returns through regular bonuses.
- We use a typical policy rather than individual policies when setting final bonus rates for policies issued in the same year.
- Certain policies aren't entitled to receive a final bonus and as a result the regular bonus on these policies may vary more than on others. Policies where we don't pay final bonuses include:
  - with-profits Individual Savings Accounts
  - Retirement Savings Schemes, and
  - pension policies invested in the Group With-Profits Fund.

For unitised policies

- If a **market value reduction** is in place then this can reduce the effect of any final bonus and you may get back less than you invested. We'll tell you if a market value reduction is applying before you take money out of the Sub-Fund so you have the opportunity to change your mind.

What are the guarantees?

Some unitised and conventional products provide guaranteed policy benefits if certain events happen or on dates as set out in your policy document.

For example, the event may be your policy's maturity date as agreed when you took it out. Or, for a pension policy, it may be the date you chose to retire when you started the policy. Your policy documents will set out any guarantees.

Unitised policies

We won't apply a market value reduction to your policy on your original retirement date, on maturity or on death. However, for pensions policies we may apply one on your selected retirement date if you've made any additional single payments, transfer payments or switches into the Sub-Fund in the previous five years.

We can't guarantee the amount you'll get back if you move out of the Sub-Fund before or after your originally selected retirement date or before your maturity date.

Some types of unitised policy have a guaranteed rate of interest. For these policies we may also set a regular bonus which will be paid on top of this guaranteed interest. Your policy documents tell you if this applies to your policy.

Some pension policies may offer **guaranteed annuity options**. Please read your policy document to find out if this applies to you.

Conventional policies

At the end of your policy term or on death, we'll pay the basic guaranteed benefit as well as any regular bonus we've already added. We'll do this even if the stock market falls significantly.

You won't receive any guarantees if you decide to cash in your policy early.

Some pension policies may offer **guaranteed annuity options**. Please read your policy document to find out if this applies to you.

What does it mean?

Guaranteed Annuity Options

Some pension policies may offer guaranteed annuity options, such as a guaranteed annuity rate. A guaranteed annuity rate is a valuable benefit, and usually means you can get a higher income from us than you could from another company.

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 recommended you seek financial advice before withdrawing, switching or surrendering any benefits in the future.

What happens if you leave the Sub-Fund early?

You may decide to move some or all of your investment out of the Sub-Fund early. For example, where your policy allows, you might:

- cash-in your policy
- transfer to another company; or
- switch to another type of fund (only available for unitised with-profits policies).

You should view with-profits investments as a long-term investment. This means leaving the Sub-Fund early may be the wrong option for you, especially if you have guarantees.

If you're considering leaving the Sub-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 on your annual statement.

Unitised policies

We work out the cash-in, transfer or switch value by looking at the value of units in your policy and then apply any deduction as described in your policy documents. We may then add a final bonus.

There may be times in poor market conditions or when investment returns are below the level we normally expect when we would apply a **market value reduction** if you move out of the Sub-Fund.

Market value reductions only apply to unitised with-profits policies. It's a reduction made to ensure that policyholders who remain in the Sub-Fund aren't disadvantaged when others leave.

If you move out of the Sub-Fund when a market value reduction is in place it'll reduce the value of your investment. This means you could get back less than you've invested. We won't apply it to your policy on your selected retirement date, on maturity or on death. However, we may apply it on your selected retirement date if you've made any additional single payments, transfer payments or switches into the Sub-Fund in the previous five years. Please refer to your policy documents for further details.

If you tell us you want to move your money out of the Sub-Fund, we'll let you know if a market value reduction will be applied before taking your money out of the Sub-Fund. This gives you the chance to change your mind.

Conventional policies

If you move your money out of a conventional with-profits policy (eg. surrender before the maturity date or transfer before the selected retirement date) we'll reduce the policy's guaranteed benefits to reflect that you've paid fewer premiums and been invested in the Sub-Fund for a shorter time than we expected when you took out the policy. We may add a final bonus.

What does it mean?

Market value reduction

This is a reduction we sometimes have to make so that customers who remain invested in the Sub-Fund aren't disadvantaged when others choose to leave.

An example showing why we may make a market value reduction

If there are three investors in a fund who each invest £10,000, the total fund is worth £30,000. If stock markets fall by 20% and the total fund value drops to £24,000, this would mean that if one investor withdraws their original £10,000 without a market value reduction in place, it would only leave £14,000 to be shared between the remaining two investors. In this example, it would be fairer for the investor wanting to withdraw their investment to only receive £8,000, leaving £16,000 to be shared between the other two investors.

A bit more about the Sub-Fund

What's the With-Profits Committee?

Our customers are at the heart of everything we do and we're fully committed to treating them 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**

How are business risks managed?

The Sub-Fund is exposed to a number of risks. The cost of risks is normally allocated to the Sub-Fund as a whole, not to individual policies.

Our biggest risks come from the need to pay the guaranteed payments on all policies when they become due, and from the possibility of falls in asset values. We control the risks to the Sub-Fund by monitoring the various risk factors, and taking action to reduce our exposure to risk, for example by changing investment strategy.

What are the estate and the capital support?

Each of our with-profits sub-funds has a buffer over and above the amount needed to make pay-outs to policyholders. This buffer is known as the estate and we use this to support smoothing and guarantees and to provide security for our policyholders. We review the size of the 'buffer' in each with-profits sub-fund every year to determine whether they have additional surplus that can be shared between eligible policies.

In addition, certain capital support assets are available within other parts of Aviva Life & Pensions UK Limited, in all but extreme circumstances. Support assets may be used to pay policy benefits of the Sub-Fund should the reserves and estate prove insufficient. In certain circumstances the support assets will be transferred to the Sub-Fund. The assets will also be repaid when no longer required.

The estate and capital support assets support the operation of with-profits policies. In particular they:

- provide us with the flexibility to invest in a wider range of assets
- provide a cushion of extra security to protect our investors when investment returns are low
- enable bonuses on with-profits policies to be smoothed.

If at any time we believe that the amount of the estate is too low then we'll take action to increase it, for example by reducing future bonus rates or changing our investment strategy. Similarly, if we believe that the amount of the estate is too high, we will take action to reduce it, for example by increasing the amount we allocate to bonuses over a period of time.

We aim to distribute all of the assets attributable to the with-profits policies in the Sub-Fund over the remaining lifetime of those policies. You can find out about the estate distributions that are currently applying at **aviva.co.uk/estate-distributions**

Is the Sub-Fund closed to new business?

Yes, the Sub-Fund is closed to new business, although we still accept increments to existing policies and new members to existing groups schemes (prior to merger, the FLC New and Old With-Profits Sub-Funds were closed to new business on 28 December 2012).

How have previous court schemes and the recent fund merger affected policies?

The business of what is now the FLC With-Profits Sub-Fund has been the subject of a number of past schemes by the High Court. In 2017, a further Scheme moved the business to Aviva Life & Pensions UK Limited. All important aspects of the previous schemes have been retained for policyholders.

What are policyholder and shareholder interests?

There are two groups who have an interest in the Sub-Fund – **policyholders** and **shareholders**. We must make sure that any decisions we make about how we run the Sub-Fund are fair to everyone. This means we have to balance the interests of:

- policyholders whose investments start at different times
- policyholders who move money out of the Sub-Fund and those who keep their money invested in it
- our shareholders.

We take all this into consideration in the way we run the Sub-Fund. Shareholders are currently allocated one ninth of surplus distributed to with-profits policyholders (that is, 10% of the total profits are allocated to shareholders).

What does it mean?

Policyholders have invested their money in the Sub-Fund.

Shareholders own a stake in our total business.

What are the risk warnings that apply to the Sub-Fund?

All funds carry risks because of the type of assets they invest in. The risk warnings that apply to the Sub-Fund as explained in the table below.

Risk warning	Risk warning description
A - General	**Investment is not guaranteed:** The value of an investment is not guaranteed and can go down as well as up. You could get back less than you've paid in. **Specialist funds:** Some funds invest only in a specific or limited range of sectors. This will be set out in the fund's aim. These funds may be riskier than funds that invest across a broader range of sectors. **Suspend trading:** Fund managers are often able to stop any trading in their funds in certain circumstances for as long as necessary. When this happens, cashing in or switching your investment in the fund will be delayed. You may not be able to access your money during this period. **Derivatives:** Derivatives are financial contracts whose value is based on the prices of other assets. Most funds can invest partly in derivatives so that the fund can be managed more efficiently or to reduce risk, but there's a risk that the company that issues the derivative may default on its commitments, which could lead to losses. Some funds also use derivatives to increase potential returns – this is known as 'speculation' – and an additional risk warning applies to those funds (see risk F below).
B - Foreign exchange risk	When a fund invests substantially in overseas assets, its value will go up and down in line with movements in exchange rates as well as the changes in value of the fund's investments.
C - Emerging markets	Where a fund invests substantially in emerging markets, its value is more likely to move up and down by large amounts and more frequently than a fund that invests in developed markets. Emerging markets may not be as strictly regulated, and investments may be harder to buy and sell than in developed markets. Emerging markets may also be politically unstable which can make these funds riskier.
E - Fixed interest	Where a fund invests substantially in fixed-interest assets, such as corporate or government bonds, changes in interest rates or inflation can contribute to the value of the fund going up or down. For example, if interest rates rise, the fund's value is likely to fall. There is also a risk that a bond issuer might fail to pay interest or return the capital that was invested.
F - Derivatives	See risk A above. Some funds also invest in derivatives as part of their investment strategy, not just for managing the fund more efficiently. Under certain circumstances, derivatives can cause large movements up or down in the value of the fund, making it riskier compared with funds that only invest in, for example, company shares. There's also a risk that the company that issues the derivative may default on its commitments, which could lead to losses.
H - Property funds	When a fund invests substantially in direct property or property funds, you should bear in mind that: • Property isn't always easy to sell, so at times the fund may not be able to cash-in or switch part or all of its holdings. You may not be able to access your money during this time • Property valuations are made by independent valuers, but effectively they remain a matter of judgement and opinion • Property transaction costs are high due to legal costs, valuation costs and stamp duty, all of which affect the value of a fund

Risk warning	Risk warning description
K – Alternative Investment Funds	The fund invests partly in one or more alternative investment funds, for example Long-Term Asset Funds (LTAFs) or Reserved Alternative Investment Funds (RAIFs). These investments give access to sectors such as infrastructure, venture capital, private equity and private debt investments and they add diversification to the fund, but it can take longer to move money out of them than from many other types of asset. This could mean that in exceptional circumstances cashing-in or switching your investment in the fund may need to be delayed. The values of some of the underlying holdings are a matter of judgement and opinion and transaction costs may be high due to legal costs, valuation costs and stamp duty, all of which affect the value of a fund. These types of funds may be more susceptible to adverse economic, political or regulatory changes, and business operations may be adversely affected by additional costs, competition, and regulatory implications. To reduce these risks, we set strict limits on how much of the fund can be invested in Alternative Investment Funds and monitor this closely.

Where can you find out more?

We hope this guide has helped you understand how our FLC With-Profits Sub-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/#flc-with-profits**

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

0117 989 9000

Calls may be monitored and/or recorded.

Write to us at:
Aviva, PO Box 582
Bristol
BS34 9FX

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, you can find one at **unbiased.co.uk**

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

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