Secure Growth Fund

and Investment Summary

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**

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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.

An Aviva with-profits investment

At a glance

A number of our products allow investment into with-profits. 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 5.

- The Secure Growth Fund is rated as a **low risk** 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 8.

What does it mean?

Aviva assesses its risk ratings using historical performance data.

Low volatility – 2

Funds typically investing in **assets such as the highest-quality corporate bonds**, which normally offer better long-term returns than savings accounts. There's still a risk that the value of your investment could fall.

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

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 Secure Growth Fund, which invests in a mix of assets, including:

- equities (shares) (UK & international)
- fixed interest
- cash/money market investments

How do we invest your money?

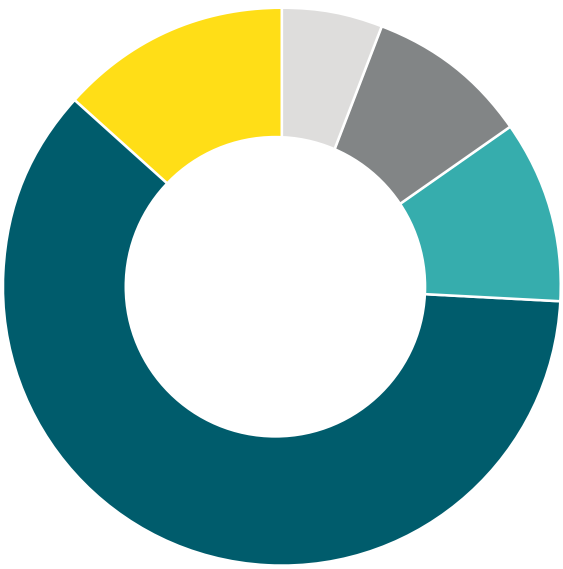
The Secure Growth Fund invests mainly in **fixed interest** investments.

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 that specify 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.

For details of the December 2023 asset mix see the illustration below. Historical asset mixes are shown on page 12.



Secure Growth Fund
Asset mix as at 31/12/2023

- UK equities (shares) 6.0%
- International equities (shares) 9.5%
- Fixed interest - gilts 10.4%
- Fixed interest - other bonds 60.9%
- Cash/money market investments 13.2%

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 manage the assets within specific limits and are required to hold a wide range of investments within each asset class for security and diversification.

What does it mean?

Equities – UK and International (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.

Fixed interest

Government bonds and corporate bonds are examples of fixed interest assets. In the UK, government bonds are also called gilts.

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

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

UK gilts issued by the UK Government are generally seen as lower risk investments than bonds issued by companies (corporate bonds).

Bonds pay the holder of the bond a regular income, and then the full value of the bond is paid when the bond comes to the end of its lifetime. Bonds carry interest rate risk - **changes in interest rates or inflation can contribute to the value of the bond going up or down. For example, if interest rates rise, the bond's value is likely to fall**. There's also the risk of the bond issuer becoming unable to 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 mix

	2023	2022	2021	2020	2019
UK equities (shares)	6.0%	6.5%	6.0%	5.8%	20.8%
International equities (shares)	9.5%	10.2%	9.4%	9.1%	0.0%
Fixed interest - gilts	10.4%	9.8%	10.1%	10.0%	0.0%
Fixed interest - other bonds	60.9%	61.1%	60.9%	60.8%	77.7%
Cash/money-market	13.2%	12.4%	13.6%	14.3%	1.5%

Investment returns

The investment returns achieved by the Secure Growth Fund in recent years are:

	2023	2022	2021	2020	2019
Before tax (pensions)	11.1%	-12.9%	0.8%	6.2%	10.9%

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 Fund and aren't applicable to any individual policy or plan. These figures are before any deduction for charges and investment expenses. 'Before tax (pensions)' returns relate to the investment returns that apply to pension products.

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

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 2023 and concluded that the rate should be 3.0% p.a. gross of any management charge. The rate was implemented from 1 January 2024.

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

Year	Regular Interest rate – gross (%)
1/1/2024	3.0
1/1/2022	2.0
1/1/2021	2.0
1/1/2020	3.0
1/1/2019	4.0
1/2/2018	5.0
1/1/2017	5.5
1/1/2016	6.5
1/1/2015	6.5
1/2/2014	6.5

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

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

How are interest rates determined? (continued)

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.

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 the future.

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're encashed). As a result it's 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, aren't guaranteed and could be zero.

Smoothing

Over time, the value of the investments held by the Fund will rise and 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 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.

Some policies have a guaranteed minimum lifetime interest rate where the minimum payment at your original retirement date is the value of premiums, less any charges, accumulated at a guaranteed rate.

Certain pension policies offer **guaranteed annuity rates** (referred to as GARs) which specify the minimum annual income that can be bought from us for each pound of the unit fund value when the policyholder retires.

We won't apply a market value reduction (MVR) on death, or on retirement at the age(s) specified in the policy documents. For some policies, there are other circumstances when an MVR may not be applied. You should refer to your policy documents to find out more information on MVRs and when they may be applied.

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 recommend you seek financial advice before cashing-in, transferring or switching any benefits in the future.

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 guide.

A bit more about with-profits

What's the With-Profits Committee?

Our customers are at the heart of everything we do and we're 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**

How are business risks managed?

There are a few factors which could affect the Secure Growth Fund. We call these business risks. Most business risks are borne by the Aviva Life & Pensions UK Limited Non-Profit Sub-Fund. 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 (STIC).

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 documents.

What is the estate and what is it used for?

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. The estate is 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 estate 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.

We review the size of the estate in the Secure Growth Fund every year to determine whether there is additional surplus that can be shared between eligible policies as an estate distribution.

You can find out about the estate distributions that are currently applying at **aviva.co.uk/estate-distributions**

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?

Profit from the Fund is only distributable to its with-profits policyholders in the form of bonuses added to their policies. Shareholders don't receive a share in the investment profits, or losses, of the Fund.

Where can you find out more?

We hope this guide has helped you understand how our Secure GrowthFund 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 this guide and the relevant Principles and Practices of Financial Management, 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.

Manage your products online with MyAviva

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