Select Investment

Growth & Income Option

Contents

Select Investment

What is Select Investment?

- It's an investment bond which gives you the potential to benefit from stock market growth.
- It lets you invest a lump sum of money in up to 10 different funds from a wide range of investment options. Each fund is divided into units of equal value. We use your money to buy units in your chosen funds.
- It's designed for long-term investment.

What are the benefits?

Growth potential
By investing your money over the longer term, you've the potential for growth.

Guarantees
We offer a range of funds which include a reassuring guarantee. Depending on which fund you choose, you'll get up to 100% of your investment in the fund back at your selected anniversary date.

Flexibility
You can invest for income, growth or a combination of both. You can take regular or one-off withdrawals and move money from fund to fund in line with your investment objectives. You can also leave your money in the bond for as long as you need to meet your investment aims because there's no fixed end date.

When we say 'income', we mean the money you withdraw from your bond. We're not talking about the income payments you get from interest. You may not have to pay any immediate income tax when you take money out of your bond because it's classed as a capital payment. For more information, please see our guide 'Making withdrawals less taxing'.

You can pay more into your bond after your initial investment by making additional investments, subject to our terms and conditions at the time. You can make additional investments of at least £5,000 at any time.

Expertise
You've access to a wide range of investment funds, all managed by professional fund managers.

Tax planning
By putting the bond in a trust, you could help to minimise any inheritance tax liability. As this might mean you've no access to the money in future, you should seek professional advice before doing so.

Yearly updates
You'll get an easy to follow statement every year to let you know exactly how your investment is performing.

What are the risks?

The value of your bond can go down as well as up because the value of the funds you invest in can fluctuate. This is a normal part of investing in assets like equities, property, corporate bonds and gilts. Similarly, any income you get may also vary. For more information on funds and fund categories, please see page 7.

The amount you'll get back depends on how the funds you've invested in perform. For most funds, this means your money isn't guaranteed and you could get back less than you have invested. The amount you'll get back also depends on:

- how long you keep your investment
- our charges
- any withdrawals you make

If you move out of one of our funds with a money-back guarantee when the guarantee doesn't apply, you may not get back the amount you invested.

Who is it suitable for?

Select Investment could be suitable if you:

- have at least £10,000 to invest over the long term and have used up your ISA allowance for this year
- are a basic or higher rate income tax payer
- are prepared to accept some risk to your money.

Who isn't it suitable for?

Select Investment might not be suitable if you:

- haven't got access to enough spare cash in the case of an emergency
- don't want to take any risks with your money
- don't pay income tax
- need to clear debts
- would prefer the certainty of the interest earned from a bank or building society savings account
- want to be able to make regular payments into an investment fund.

What do I do next?

You'll need to talk to a financial adviser to invest in Select Investment Growth & Income Option. You may have to pay for their advice, they'll give you details about the cost.

We always recommend you speak to a financial adviser before making decisions about your investments. If you have your own financial adviser, please speak to them. If you don't have an adviser, you can find one in your area on **unbiased.co.uk**. Or, call the team on **0808 239 6359** or go to **aviva.co.uk/investment-advice**. We can put you in touch with an adviser from Aviva Financial Advice who can guide you on all your financial planning options. Any recommendation they make will be for products from Aviva and other carefully selected partners.

Select Investment – an attractive choice?

Growth potential

By investing in Select Investment, you've got the potential to get back more over the longer term than you could with a bank or building society cash account. It gives you access to a wide range of funds offering different levels of growth potential.

However the risk will be higher than keeping your money in a cash account with a bank or building society, where your money is safer and easily accessible. Also, bank or building society accounts normally offer greater certainty of returns through the interest earned.

As well as funds which offer a higher potential return for taking a higher risk, Select Investment has options if you're a more cautious investor. It offers a range of funds which include reassuring guarantees. If you do choose one of our funds with a guarantee, you'll get up to 100% of the amount you invested in the fund back at your selected anniversary date.

Flexibility

Whether you want an income from your investment or just want to aim for growth, Select Investment can offer you a solution.

When we say 'income', we mean the money you withdraw from your bond. We're not talking about the income payments you get from interest. You may not have to pay any immediate income tax when you take money out of your bond because it's classed as a capital payment. For more information, please see our guide 'Making withdrawals less taxing'.

And if you want a combination of growth and income, we have funds which aim to provide both. Select Investment is designed to be flexible.

As you grow older, your circumstances are likely to change and so will your financial needs. But Select Investment can change with you because you can move your money between funds free of charge. You can also top up your bond with additional investments of £5,000 or more.

You can also take a regular income or make occasional withdrawals from your bond to help with any unexpected expenses. You may have to pay a tax charge when you take money out of your bond. It'll depend on your personal circumstances, so your adviser should be able to tell you if you're affected.

Expertise

All of the funds available through Select Investment benefit from expert fund management. Fund managers are trained to anticipate trends, find and assess investment opportunities, look for growth potential, and manage funds through both good times and bad. Their aim is to achieve the highest possible returns they can for your money.

By pooling lots of customers' money together, the fund managers can invest more effectively in a much larger spread of investments than you could by yourself. And, by spreading the investments, you're also spreading the risk – where one type of investment might be going through a period of poor performance, another could see its value increasing.

Inheritance tax planning

If you want to reduce or even eliminate any inheritance tax liability, you can put your bond in trust. Depending on the way you put your bond in trust, you could lose access to the investment and/or any growth it generates.

We have a number of different types of trust available. If you'd like more details, please talk to your financial adviser.

The name you can trust

You'll be able to enjoy the peace of mind of knowing you've invested your money with a trusted and well-respected company which has been around for more than 325 years.

Our charges

Charges

There are two types of charges that we may apply to your bond: annual management charges and fund charges.

To see what charges you'll pay, please see your personalised illustration or speak to your financial adviser.

Annual management charges

We take an annual management charge to cover the cost of running your bond. We cancel units in your funds on the first of each month to pay for it.

Fund charges

Some funds have charges in addition to the basic annual management charge. These vary depending on the funds you choose. There may be an extra management charge and/or a fund management expense charge (FMEC), which covers the fund manager's expenses connected with buying, selling, valuing and maintaining the assets. FMECs may vary from year to year. You can find full details of all fund charges on our Fund Centre at **aviva.co.uk/retirement/fund-centre/life-funds**

Choosing Select Investment

Taking out your bond

Amount you can invest

Your investment can be as little as £10,000. There's no limit to the amount you can invest, except for the Smooth Managed funds, where the maximum in most cases is £1 million.

Age limits

One or two people can be covered by the bond and must be aged between 12 and 85 attained.

Number of funds

The maximum number of funds you can invest in is 10, each with a minimum investment of £500.

Bond features

Regular withdrawals

You can take regular withdrawals from your bond monthly, quarterly, half-yearly or yearly. You can do this across all your funds or just selected ones.

To find the limits for regular withdrawals please check the current Terms and Conditions.

Remember, making withdrawals may reduce the value of your investment.

Fund switches

You can change the funds you wish to invest in at any time and it's free of charge. In exceptional circumstances we may need to delay the switching of funds – your Terms and Conditions gives details.

Tax planning

Select Investment has two features to help you with tax planning.

1) Identical policies
When you invest in Select Investment, we'll put your money in up to 250 identical policies. Setting up your bond this way can help with your tax planning. It lets you choose the most tax-efficent way to take money out of your bond. You can either take a little from each policy or cash in whole policies. The tax treatment is very different, so you should talk to your financial adviser before withdrawing any money.

2) 5% withdrawals
Each year you can take withdrawals (by taking a little cash from each policy) of up to 5% of the total investment amount without paying any immediate income tax. This 5% tax allowance accumulates every policy year. So, if you don't take all of your 5% in the first policy year it rolls over to the second policy year, and so on up to a maximum of 20 years.

You can defer tax until you've taken out all of your investment, as long as you don't take out more than 5% a year, and no more than the amount you invested. This could be useful if you're currently a higher or additional rate taxpayer, but expect to be a basic rate taxpayer in the future. It means you can plan when is the best time for you to pay any deferred tax so you pay as little as possible.

The tax you pay depends on your individual circumstances and you should remember that tax law could change in the future.

For more information on the tax implications of making a withdrawal, please see our guide to 'Making withdrawals less taxing'.

Additional Investments

You can pay more into your bond after your initial investment by making additional investments, subject to our terms and conditions at the time. You can make additional investments of at least £5,000 at any time.

Death benefit

The amount we'll pay depends on the funds you've chosen, but we'll pay at least 100.1% of the value of the units held in your bond.

Valuations

As well as your yearly statement, you can request a valuation at any time to find out how your bond is performing. You can also find out the performance of a fund on our Fund Centre at **aviva.co.uk/retirement/fund-centre/life-funds**

EU regulation requires Insurance Companies to provide a Key Information Document (KID) and Underlying Investment Option Document (UIOD) to help you with your investment fund selection.

The KID and UIODs for the Select Investment Growth & Income Option are accessible to you via the Fund Centre on our website.

Note: As part of the regulation an EU fund specific risk rating was introduced which is different to Aviva's own fund risk ratings. Therefore, if you're viewing a fund factsheet and UIOD you'll notice that the risk rating could be different on these documents even though it relates to the same fund.

Select Investment's fund categories

When you invest in Select Investment, you can choose to invest in a maximum of 10 funds from a wide range of internally and externally managed funds (series 4). The funds are split into the following categories:

- Cash/Money market
- Corporate bonds
- Distribution
- Equities
- Ethical
- Gilts
- Global bonds
- Guaranteed
- Mixed asset
- Property
- Smooth Managed funds
- Specialist/Other
- Tracker

The summary below gives a brief description of each of these fund categories. We recommend that you talk to your adviser before you choose which funds you want to invest in. **Please remember that the value of funds can go down as well as up and you may get back less than has been invested.**

Please refer to the fund fact sheet for further details of each fund's investments at our Fund Centre **aviva.co.uk/retirement/fund-centre/life-funds**

Cash/Money market

Cash/Money market funds are lower risk investments aimed at giving similar growth to bank/building society interest rates, however, investing in these funds isn't the same as saving in a bank or building society account. Although this is the least risky of the asset types, these funds can still fall in value. In the long-term an investment in this type of fund can be eroded due to the effects of fund charges, product charges and inflation. They invest in cash and cash alternatives:

- cash means a range of short-term deposits – similar to a bank/ building society account.
- cash alternatives are money market securities, which are interest generating investments, issued by governments, banks and other major institutions.

Corporate bonds

Corporate bonds are issued by UK and international companies as a way for them to borrow money. The company pays interest on the loan and promises to repay the debt at a certain point in time.

They're seen as riskier investments than gilts, which are loans to the UK government. This is because companies are more likely to fail to repay the loan than the UK government. However, corporate bonds often offer a higher rate of return to balance out this higher risk. The highest risk bonds tend to offer the highest potential returns; these are known as high yield bonds.

A corporate bond fund will usually invest in a range of bonds which means you're spreading the risk in case one company can't pay back the money it owes.

Interest rate movements have an impact on corporate bond and fund unit prices. So for example, as interest rates rise, bond prices fall. This would affect the value of your investment.

If you need to access your money quickly it's possible that, in extreme market conditions, it could be hard to sell holdings in corporate bond funds. This means there could be a delay in receiving your money.

Distribution

Distribution funds aim to provide a regular income. You receive the income produced by the fund, minus any fund charges. See Distribution fund section on page 9 for more information.

Equities

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.

Some funds invest in shares traded only in certain countries, while others invest in companies from all over the world. Others only invest in certain types of company, such as technology companies. Generally, the more specialised the fund is, the higher the risk to your investment.

Ethical

Funds where the choice of investments is influenced by social, environmental or other ethical criteria. The fund managers of some ethical funds carry out ethical screening to meet their investment aims. This means they'll check companies against certain moral standards before investing in them. Because ethical funds are therefore unable to invest in certain sectors and companies they may be more sensitive to price swings than other funds.

Gilts

UK Gilts (also known as government bonds) are issued by the UK government as a way for them to borrow money, usually for a fixed term. The government pays interest on the loan. As they're issued by the UK government, they're generally seen as lower risk investments than bonds issued by companies (corporate bonds).

As gilts can be bought and sold on the open market, their value can rise and fall.

Global bonds

Global bond funds invest in bonds issued by companies (corporate bonds) and governments from around the world.

Global bonds can be bought and sold on the open market, so their value can rise and fall. Some global bonds are denominated in the currency of the country of the issuing company or government. In which case, their value can also be affected by fluctuations in exchange rates.

Guaranteed

The guaranteed funds offer a fifth anniversary guarantee on a percentage of the investment into the fund.

See Guaranteed funds section on page 9 for more information.

Mixed asset

Mixed asset funds invest in a range of assets such as equities, corporate bonds, gilts, property and cash.

The diversification offered by these funds helps spread the risk to your money. If one type of asset falls in value, another type may offset that reduction in value by performing well. In that way, it's possible that the overall value of your investment may not fall.

On the other hand, because the fund's investments are spread between different asset types, if one type performs especially well you may miss out on some growth.

Property

These funds invest mainly in commercial property, such as shopping centres and business offices. They may also invest in indirect property investments, including quoted property trusts and unregulated collective investment schemes.

The funds may also hold geared investments. With these, the investment manager borrows money to boost potential growth and income. The manager repays the loan from the returns and uses the remaining returns to increase profits for investors. Geared investments can carry a higher degree of risk than normal investments and can also fall sharply or suddenly in value.

A valuer's opinion often decides the value of property investments and it may not be possible to sell property investments immediately. That means there could be a delay if you want to move all or part of your investment out of funds investing in property. We may have to delay payments, or transferring or moving your money for up to six months.

If a property fund invests in a collective fund which suspends trading, the property fund may hold more cash than usual until the underlying collective fund begins trading again. This could restrict growth potential as cash investments have less potential for growth than property investments.

Please remember the value of property can go down as well as up and isn't guaranteed.

Smooth Managed funds

The Smooth Managed fund range is designed to deliver growth over the medium to long term, employing a 'smoothing' process to shelter you from some of the impact of adverse market movements. See the Smooth Managed funds section on page 10 for more information.

Specialist/Other

This type of investment covers funds that don't fit into the other fund types described previously. For example, they may invest in assets such as infrastructure, commodities, derivatives and hedge funds or may be free to invest in any asset type at any time.

Each fund in this group will invest differently, so you should check its fact sheet for the fund objective, risk rating and asset details.

Tracker

These funds aim to perform in line with a particular stock market index. They're often referred to as passive rather than active managed funds, where the fund manager makes the investment decisions.

Funds can track the index in three main ways and more than one method may be used. The fund can try to:

- hold the same assets as the index in the same proportions and/or
- decide on a selection of holdings to still closely mirror the index performance, and/or
- use derivatives. (Derivatives are a financial contract whose value is based, or derived from, a traditional security or asset stock, bond or commodity or a market index.)

Distribution fund

Distribution funds are designed to provide you with a regular income. When we say income, this relates to cash withdrawals from your bond. This isn't income in the same sense that earnings and interest are income payments. All withdrawals from your bond are capital payments.

The fund invests in income-producing assets and is designed to pay you the actual income generated by these assets after the charges have been taken.

Your investment is used to buy capital units in your fund. On the 1st of each month, the income generated by the assets is used to buy additional units in your fund. After charges have been taken, the remaining additional units can be used to give you a regular income. Alternatively these units can remain invested in the fund, alongside your capital units, if you don't wish to take an income.

Income tax is payable only when a chargeable gain is made, not on the cash withdrawal itself. Please see our guide to 'Making withdrawals less taxing' for further information.

Factors that could affect your capital and income

The value of the assets held within the fund will fluctuate on a daily basis. Therefore, the value of your investment can go down as well as up and you may not get back the amount you invested in the fund. The income the fund creates can also go down as well as up.

If the charges are greater than the value of the new additional units created each month, capital units will be cancelled to pay the charges.

With a distribution fund, the number of capital units (not their value) should remain stable. So, if charges are taken out of the capital units, we'll add new units from any future income until the number of units is the same as it was at the start of your investment. This means that if the number of units falls, the income would firstly be used to buy back units and pay charges. In this instance, you wouldn't receive any income until the number of units matches the original number. If the level of income rises above the level of charges, you still won't receive any income until the number of units held at the start of the investment is re-established.

The regular income paid by the distribution fund may be higher than the actual earnings, meaning that we may need to take money from the investment to continue to pay an income. We'll replenish the investment with the returns from a higher earning period. This allows us to pay a more stable level of income over the term of the bond.

Guaranteed funds

The guaranteed funds offer a fifth anniversary guarantee on a percentage of the amount invested into the fund. They offer some potential for capital growth. However in low interest rate and/or low economic growth environments there may be little or no growth on the Guaranteed 100 fund which is a low equity investment. Any withdrawals or switches out of the fund before the fifth anniversary will reduce the guaranteed amount in proportion to the number of units cancelled rather than cash amounts taken from the fund. In this event you may not get back the full amount of your original guarantee.

The funds invest in a mix of assets including equities. The proportion of your money invested in equities provides most opportunity for your investment to grow. The value of equities can go down as well as up depending on market conditions. If the market goes down, the fund manager will sell equities to make sure the value at the fifth anniversary doesn't go below the guaranteed amount. Similarly, if the markets go up, the fund manager may increase the equity proportion, so increasing the potential for growth. In short, as market conditions change during the five-year period, so will the proportion of equities in the fund, which could limit the growth potential.

Any units that are cancelled to pay for the management charge won't reduce the amount we guarantee.

The Guaranteed funds are only available for five years. On the fifth anniversary you'll be moved into the latest Guaranteed 100 Fund, unless you choose to:

- reinvest into another fund
- cash in your bond and invest in another product, or
- cash in your bond and take the money.

If the units are cashed in, an income tax charge may arise

For all the Guaranteed funds, the value will go up and down and you're only guaranteed a specific percentage of the amount invested at the fifth anniversary. Ask your financial adviser for further details.

Smooth Managed funds

The Smooth Managed funds invest in a wide range of assets such as equities, bonds and property from around the world, including the US, Europe and Asia. These assets can change over time as we aim to keep the investment risk in line with each fund's risk profile. The Smooth Managed fund has a "medium risk" profile and the Smooth Managed fund 2 has a "low to medium risk" profile. The funds are designed to deliver growth over the medium to long term, which means you should be prepared to invest in one for at least five years. You should also be aware that the value of your investment can go down and well as up and isn't guaranteed, so you could get back less than you invested.

The Smooth Managed fund range aims to smooth out some of the peaks and troughs of the stock markets by 'smoothing' investment returns. Each Smooth Managed fund does this by having an Unsmoothed Price and a Smoothed Price.

The Unsmoothed Price is the value of a fund's assets divided by the number of units in the fund. The Smoothed Price is the price you pay to buy and sell units in that Smooth Managed fund. The Smoothed Price normally increases by the Smooth Growth Rate.

The Smooth Growth Rate for the Smooth Managed fund, is equal to the Bank of England Base Rate +4% per year, but will never be less than 4% or more than 9%.

The Smooth Growth Rate for the Smooth Managed fund 2 is equal to the Bank of England Base Rate +3% per year, but is no less than 3% per year and no greater than 8% per year.

However the return you get from a fund may be more or less than this due to the Fund Price Adjustment.

If there is a 6.5% or more difference between the Smoothed and Unsmoothed Price, we automatically adjust the Smoothed Price so the difference is only 1.5%. This is known as a Fund Price Adjustment. The Fund Price Adjustment can be applied at any time and this means that a positive or negative adjustment of 5% or more could be applied to your investment soon after investing or before you take money out.

In exceptional circumstances, the Smoothed Price can be reset to protect customers invested in a Smoothed Managed fund. This could happen if a significant number of customers leave the fund over a short period of time. If this happens, the Smoothed Price of the fund will immediately be adjusted so that it's equal to the Unsmoothed Price.

For more information, including the risks, please see the **Aviva Smooth Managed fund customer guide**.

Our funds

You can invest in a maximum of ten funds through Select Investment. Your financial adviser will be able to help you choose the most appropriate fund(s) based on your objectives and attitude to risk.

The relationship between risk and return

Aviva calculates its risk ratings using historical performance data, based upon the methods set by European Union rules. We also carry out further research using information from the underlying fund's investment manager(s). We review each fund's risk rating annually and it may change over time. The timing of your investment decisions is very important and you should consult a financial adviser. Past performance is not a guarantee of future performance.

Our risk ratings go from 1 to 7, with 1 being the lowest and 7 the highest. As a point of reference, a fund with a risk rating of 4 (medium volatility) would typically experience the volatility you would expect from a fund invested in a range of different types of investment (for example shares, property and bonds) without any bias to a particular investment type.

Risk rating		Descriptions
1	**Lowest volatility**	Funds typically investing in the lower risk sectors – like the money market – which usually aim to provide returns similar to those available from deposit and savings accounts. These funds offer the lowest potential for long-term returns, but also experience the smallest day-to-day price movements compared to other funds. They present the lowest risk to your investment, although there is still a risk it could fall in value.
2	**Low volatility**	Funds typically investing in assets like the highest quality corporate bonds, which normally offer better long-term returns than savings accounts. There is still a risk that the value of your investment could fall.
3	**Low to Medium volatility**	Funds typically investing in assets like corporate bonds or a mix of assets where the day-to-day prices go up or down less than shares. There is still a risk that the value of your investment could fall.
4	**Medium volatility**	Funds typically investing in a mix of assets with the potential for better long-term returns than lower risk funds. Compared to lower risk funds there is a greater risk that the value of your investment could fall.
5	**Medium to High volatility**	Funds typically investing in shares of companies in the UK or a mix of other major stock markets. Fund prices may move up and down significantly but offer potential for good returns over the long term.
6	**High volatility**	Funds typically investing in high-risk sectors, such as shares of companies in developed overseas markets. These funds offer high potential for long-term returns, but also experience large day-to-day price movements, and so present a high risk to your investment.
7	**Highest volatility**	Funds typically investing in the highest risk sectors, such as specific themes or shares of companies in emerging markets. These funds offer the highest potential for long-term returns, but also experience the largest day-to-day price movements compared to other funds. They therefore present the highest risk to your investment.

Next steps

What do I do next?

If you want to invest in Select Investment you should:

1. Discuss your requirements with your financial adviser to make sure Select Investment is right for you.
2. Ask your adviser to help you choose the options you want (e.g. withdrawals, trust planning, etc)
3. Decide with your adviser which funds most closely meet your attitude to risk.
4. Read the Select Investment Key Features and Terms and Conditions.
5. Complete the application form and return it to us with your payment - we accept cheque, bankers draft, electronic payment. Your adviser may also be able to submit the application online.

What will I receive after I've invested?

We'll send you or your financial adviser a policy document, which will give you confirmation of your investment.

We'll also send you a statement each year shortly after the anniversary of your investment date. The statement includes an easy to follow summary and valuation of how your bond is doing.

Once you've invested you can obtain even more information by registering with MyAviva via **aviva.co.uk/existing-customers**.

Where can I get more help?

For more information on your options, please either visit our website at **aviva.co.uk/retirement/products/select-investment**

Or call us on **0800 068 6800**

Calls may be monitored and will be recorded.

We always recommend you speak to a financial adviser before making decisions about your investments. If you have your own financial adviser, please speak to them. If you don't have an adviser, you can find one in your area on **unbiased.co.uk**. Or, call the team on **0808 239 6359** or go to **aviva.co.uk/investment-advice**. We can put you in touch with an adviser from Aviva Financial Advice who can guide you on all your financial planning options. Any recommendation they make will be for products from Aviva and other carefully selected partners.

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