



**LEGAL & GENERAL PORTFOLIO BOND  
(NATIONWIDE IPS)**

**FUNDS KEY  
FEATURES.**

This is an **important document**. Please keep it safe for future reference.



## FUND SPECIFIC RISK DEFINITIONS

An explanation of the fund specific risks used in this **Funds key features** can be found overleaf. You can keep the fund specific risk definitions open for easy reference while you read the Funds information section. You'll note that there are some numbers missing from the list. This is because we use standard descriptions for a number of different products and some of those numbers don't apply to the Portfolio Bond.



To find out which risks apply to a fund you need to cross-reference the numbers in the fund specific risks section of the fund information with the corresponding numbered definitions overleaf.

# FUND SPECIFIC RISK DEFINITIONS

## 12. Currency changes

The fund may hold assets in currencies that are not sterling (British pounds). If the value of these currencies falls compared to sterling this may cause the fund's value to go down.

## 13. Equities

As the fund invests in equities (shares of companies), there's a higher risk of fund values falling than investing in most other asset types, particularly in the short term.

## 14. Fixed interest securities

The fund invests in fixed interest securities – usually corporate and government bonds. Investment returns are particularly sensitive to longer term interest rate movements, typically those for five years and more. Fund values are likely to fall when these interest rates rise.

## 15. Risk of issuer becoming less secure

The financial strength of a company or government issuing a fixed interest security determines their ability to make some or all of the payments due. If this financial strength weakens, the chances of them not making payments increases and this could reduce the fund's value.

## 16. Sub investment grade corporate bonds

Corporate bonds are assessed by independent analysts. They rate them depending on how likely the company who issues the bond is to fail to pay the interest due and/or to repay the original capital on the agreed date. They're divided into two categories:

- 'Investment grade' – these are bonds with the least risk.
- 'Sub investment grade' – these bonds are more risky than investment grade bonds.

The fund invests in sub investment grade corporate bonds so there's an increased risk of fund values falling due to non-payment by the companies issuing the bonds.

## 17. Derivatives

This fund invests in derivatives and so may be higher risk than funds that invest in other types of assets. In addition, there are some derivatives whose value falls even though the market is rising.

If any of the companies with whom the fund has taken out a derivative experiences financial difficulties, it may be difficult to value the derivative or for it to be sold. This may reduce the value of your investment.

## 19. Smaller companies

The fund invests in smaller companies that tend to be riskier than large companies. This is because their shares can be harder to buy and sell, and the value of them may go up and down more often and by larger amounts, particularly in the short term.

## 20. Limited holdings

Most funds spread investments across lots of individual holdings, rather than relying on the performance of just a few. The whole of this fund, or a large part of it, invests in relatively few individual holdings. This means that a fall in

the value of an individual holding can have a major impact on the overall performance of the fund.

## 21. Developing markets

The fund invests in countries where investment markets are not as well developed as those in the UK. This means that investments are generally riskier than those in the UK because they:

- are not as well regulated,
- are more difficult to buy and sell, and
- have less reliable arrangements for the safekeeping of assets.

## 22. Specialist

The fund invests in companies from a particular market sector which means that there is a higher level of risk. The value of your investment may go up and down more often and by larger amounts than funds that are spread more widely, particularly in the short term.

## 23. Commercial Property

Property can be difficult to buy or sell. This could mean:

- cash remains uninvested and/or
- property may have to be sold for less than expected.

If an exceptional amount of withdrawals are requested, the fund manager may be forced to sell properties quickly. This could mean that properties are sold for less than expected which would reduce the value of your investment. In exceptional circumstances, it may not be possible to sell properties quickly and the fund manager can suspend dealing in the fund. If this happened at a time you wanted to withdraw from the fund, it could become necessary for us to delay acting on your instructions. This would lead to a delay in dealing with your withdrawal. This can only be done if it is in the interest of all investors.

If the size of the fund falls significantly, the fund may have to hold fewer properties. This may lead to an increase in risk.

Rental growth is not guaranteed and unpaid rent could affect the performance of your investment.

The value of property is generally a matter of valuer's opinion rather than fact.

## 24. Money market insolvency

The fund invests in money market assets, which includes deposits in banks and other financial institutions. If any of these suffer financial difficulties or become insolvent, they may not pay back some or all of the amount invested with them. This could mean that you might not get back the full value of your investment.

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Fund specific risk definitions

## WHAT IS THE FUNDS KEY FEATURES?

This document is part of the information we provide to help you decide whether our Portfolio Bond is right for you.

Like the accompanying **Key Features**, which explains the basics of the bond itself, the **Funds key features** explains the basics of investing in funds and the important things you need to know about them. It also lists all of the available funds in risk order, together with the key information for each, to help you compare them. You should read this document carefully and keep it safe together with the **Key Features** and your **Illustration**.

### USING THE FUNDS KEY FEATURES

We aim to use language that's easy to understand. Sometimes however, because of the way investments work and the words some investment fund managers use to describe their funds, we've no choice but to use technical terms.

Wherever possible, we've tried to explain each point in full. You'll already be familiar with some of the terms used in this document having read the **Key Features**, but many may be new to you. If you're unclear about anything at all, your adviser will be happy to answer any questions you have.



### FINDING OUT MORE

If you need more detailed information about any particular fund, your adviser will be able to help.

# QUESTIONS AND ANSWERS.

## WHAT IS AN INVESTMENT FUND?

- When you invest in the bond, we put your money into one or more funds.
- Each fund is divided into a number of units. When you invest we buy you some of these units.
- It's the rise and fall in the price of these units that determines the value of your investment.
- The bond offers over 20 funds by 10 different investment management companies.
- We manage some of the funds. Other investment management companies manage the rest.

## WHAT HAPPENS WHEN I INVEST IN AN EXTERNAL FUND?

- When you invest in an external fund, we buy you units in a Legal & General fund that invests in the corresponding 'authorised fund'.
- Authorised funds are explained in the **What is an authorised fund?** section.

## NOTES

- We refer to the funds that aren't managed by us as 'external funds' elsewhere in this document.

## NOTES

- You don't hold units directly in the authorised fund.
- We don't have any influence over how external fund managers manage their funds.



For more information about external funds, please see the **Product Guide**.

## WHAT IS AN AUTHORISED FUND?

- There are two types of authorised funds:
  - A unit trust.
  - An Investment Company with Variable Capital, more commonly known as an Open-Ended Investment Company (OEIC).

### Unit trusts

The fund manager sets up a trust and appoints an independent financial institution such as a bank to act as the trustee. The trustee is entrusted to look after the assets that the fund invests in and to monitor the fund manager, for the beneficiaries. The beneficiaries of a unit trust are the people who invest in it.

### OEICs

An OEIC is like a company. The fund manager is usually the director of the company and investors receive shares in the company. An OEIC has an independent depositary, usually a financial institution like a bank, who is entrusted with the safekeeping of the assets that the fund invests in. A depositary is similar to the trustee of a unit trust. OEICs usually offer a number of investment choices by using 'sub funds' which have different investment aims.

## WHAT ARE INVESTMENT ASSETS?

- Assets are what your fund invests in.
- The assets that a fund invests in will have a significant impact on the performance of your investment. It's important that you understand the differences between the main types of assets.
- There are four main types of asset and each has its own characteristics:
  - Equities
  - Fixed interest securities
  - Commercial property
  - Cash.
- It's generally a good idea to invest in a number of different holdings so that you don't rely on the performance of one individual company or property. This strategy, called 'diversification', is basically what funds offer as they spread your investment across lots of holdings.
- Many funds also invest in more than one type of asset to create even more diversification.
- Investing in a mix of funds is another good way to spread your investment.

## NOTES

- An OEIC is not a company in the traditional sense but simply an arrangement for investment.
- Because an OEIC has a number of sub funds, it may become necessary in exceptional circumstances for the liabilities for one sub fund to be met by all the other sub funds in the OEIC.
- While this could affect the performance of your fund, you'd never be personally responsible for any debts of the OEIC and wouldn't be required to make any further payments after investing.

## WHAT ARE EQUITIES?

- Equities are the type of asset commonly known as ‘shares’.
- Equities buy a share in a company in return for participation in any financial success that company achieves.
- Equities can achieve growth in two ways:
  - Through increases in share prices. The share price reflects the underlying value of the company.
  - Through dividends, which are regular payments made to shareholders generally based on the company’s annual profits.
- Investing in equities is considered by many investment experts to be one of the best ways to achieve long-term growth.

## WHAT ARE FIXED INTEREST SECURITIES?

- Fixed interest securities are more commonly known as ‘bonds’.
- A fixed interest security is essentially a loan, usually to a company, or sometimes a government.
- The company or government pays regular interest on the loan and pays back the original capital in full at a set date in the future.
- Your return from a fund investing in fixed interest securities comes from the interest the company or government pays and the market value of the securities.
- The value of funds investing in fixed interest securities do go up and down. They tend to go up and down less than funds investing in equities, although the potential returns are often lower.

### NOTES

- Over the short term, the value of funds investing in equities can go up and down a lot.
- Share prices can also change dramatically in response to the activities and financial performance of individual companies, as well as being influenced by general market and economic conditions.

### NOTES

- Be careful not to confuse fixed interest securities with the ‘Portfolio Bond’. Although both are called bonds, they’re very different.
- If a fund invests in a corporate bond in a company that performs poorly, there’s a risk that company won’t be able to pay back the loan or the interest owed. Some companies offer more risky bonds paying high interest rates, known as sub-investment grade bonds, where the risk of non-payment is higher.
- The value of bonds is particularly sensitive to changes in interest rates. As a rule, the value is more likely to fall when interest rates are rising.
- Government bonds generally carry less risk than company bonds but as a result often pay less interest.

## WHAT IS COMMERCIAL PROPERTY?

- An investment in commercial property usually means that you're buying a share in the ownership of a number of buildings.
- These buildings might be office blocks, shopping units, retail warehouses, industrial units and leisure centres.
- Commercial property investments can provide growth in two ways:
  - Through rises in the value of the property.
  - Through rent paid by the tenants of the buildings.

## WHAT IS A CASH INVESTMENT?

- Some funds keep a proportion of your money in cash.
- Cash is useful because it adds flexibility to your asset mix and aids stability.
- The growth potential for cash is low, so if your fund does include a cash element, it tends to account for only a small percentage of the total fund.

## ABOUT SPECIALIST INVESTMENT FUNDS

- In addition to the risks and characteristics of the individual asset types outlined on the previous pages, specialist investments have other features that are unique to where they invest.
  - Specialist funds usually invest in a particular market, country or region.
  - Specialist funds allow you to exploit the characteristics of a particular type of investment.
  - They tend to aim for high performance compared with more balanced funds.

## ABOUT OVERSEAS INVESTMENTS

- Overseas investments allow you to take advantage of the growth potential of markets outside the UK.
- Currency changes can affect the value of overseas investments.

### NOTES

- As property valuations are based on a valuer's opinion rather than fact, they may be revised up or down from time to time. This can affect the value of a fund invested in commercial property.
- Commercial properties can sometimes be difficult to buy and sell quickly. It may be necessary for the fund manager to postpone meeting customer requests to withdraw money from a property fund until they can sell some of the buildings the fund invests in.

### NOTES

- Cash offers the lowest risk of all asset types but also the lowest potential returns.

### NOTES

- Specialist funds are likely to be more risky than those holding a very wide spread of assets.

### NOTES

- Because the value of funds holding overseas investments is converted from local currency into pounds (sterling), the value can fall if the pound strengthens against the local currency.

# FUNDS INTRODUCTION.

## WHO MANAGES THE FUNDS?

- An introduction to each investment management company and their funds available on the bond can be found in the **Investment management companies** section on page 25.

## ABOUT THE FUND INFORMATION

- For easy comparison, we've put the funds into the order we've rated their level of risk – beginning with the lowest risk and ending with the highest risk.

**i** We've included an explanation of the risk ratings at the beginning of each risk category.

## THE INFORMATION HEADINGS EXPLAINED

- We've set out descriptions of all the headings that may be used and in the order they will appear.
- Not all information headings apply to all funds – some have fewer depending on their characteristics.
- The information provided for each fund is set out as shown in the example below:

### LEGAL & GENERAL EXTERNAL FUND MANAGER FUND

**Risk rating:** Low

This fund is managed by Fund Manager Name on Legal & General's behalf/This fund is co-managed by Legal & General and Fund Manager Name.

**Aim:** To achieve long-term capital growth.

**Annual fund charge:** 2.00%      **Fund specific risks:** 12, 13, 20

**Fund code:** 0999      **Underlying fund type:** OEIC

### Risk rating

- This is the risk rating we've given to the fund.

**i** To find out about our risk ratings please see the **Fund risk rating** section on page 12.

**This fund is managed by Fund Manager Name on Legal & General's behalf/ This fund is co-managed by Legal & General and Fund Manager Name**

- Legal & General owns this fund but its management is carried out by another fund manager or is co-managed with another fund manager.

### Aim

- This is a general description of what the fund aims to achieve, as stated by the company managing the fund.
- There's no guarantee the fund manager will achieve the aim, and it's not a statement of what will actually happen.
- It's important to consider that what you'll get back from a fund may not match your expectation, particularly in the short term.

## NOTES

- Please note the company overviews are provided by the investment management companies themselves. As such, we cannot endorse or validate any of the information given.
- The information provided for each fund is as accurate and current as we can make it.
- For external funds we rely on the information provided by the company managing it. As such, we can't guarantee it's up to date.

### Fund specific risks

- In addition to the general risks of investing, as described in the **Key Features**, each fund carries some risks specific to the type of assets it invests in.
- We make regular assessments of all the funds we offer and then decide which risks apply to each fund. Our assessment takes account of:
  - the fund’s aim,
  - the assets the fund invests in, and
  - the fund manager’s own opinion of the risks that apply to their fund.



To find out what the fund specific risk numbers applied to each fund mean please go to the fold out **Fund specific risk definitions** section at the front of this guide. We’ve designed it for easy reference while reading the fund information section.

For more information about fund specific risks, please see the **Putting the fund risks into context** section on page 11.

### Annual fund charge

- The current annual fund charge applicable to the fund, as described in your **Key Features**.

### Fund code

- The code we use to identify the fund for administration purposes.

### Underlying fund type

- This tells you if the fund is invested in a unit trust or a sub fund of an OEIC, as explained in the **What is an authorised fund?** section on page 6.

### NOTES

- The underlying fund type is not included for our own funds as they’re not directly invested in unit trusts or OEICs.

## PUTTING THE FUND RISKS INTO CONTEXT

- Some funds have many fund specific risks. This doesn't necessarily mean that investing in that fund is riskier than choosing one with fewer fund specific risks. A fund often has more fund specific risks because it invests in a wider variety of assets.
- What's important is the percentage of the fund that's exposed to each risk. A significant exposure to one risk can lead to a fund rising and falling in value more than one with a low exposure to several risks.

For example:

- Fund A invests 20% in overseas equities, 30% in UK equities and 50% in fixed interest securities. It has four fund specific risks.
  - Fund B invests 100% in overseas equities. It only has two fund specific risks.
  - Fund B has fewer fund specific risks but because all of your investment is exposed to equities and the exchange rate risk, it's likely to be a higher risk fund than Fund A, where your investment is divided between a spread of risks.
- Investing in a fund with a mix of assets can reduce the impact of each fund specific risk. Alternatively, you can create an investment portfolio that invests in a mix of funds.

## FUND RISK RATINGS.

### WHAT ARE THE RISK RATINGS?

- Identifying your attitude to investment risk is very important. Nationwide has created four attitude to risk categories based on their experience to help you with the way you look at risk and investing your money – minimal, low, medium and high.
- We've put all the funds we offer into one of these four categories to make it easier for you to choose where to invest.

### HOW DO WE DECIDE ON THE RISK RATING OF OUR FUNDS?

- We organise our funds into Nationwide's four risk categories based on the risks we think they present to your money, assuming you'll keep your investment for at least five years.
- To help make it clearer, we show our view of the risk rating of the funds on the 'spectrum of risk' shown on the opposite page. It's basically a scale running through the four risk categories, from minimal up to high. Each fund is given a place within the scale so you can compare it easily to other funds.

### HOW DO I DECIDE WHICH FUNDS TO INVEST IN?

- Our ratings have to be calculated without knowing your personal attitude to the different risks that exist. When you're looking at which funds to invest in it's therefore important that you don't just rely on our rating. You need to decide how your view on them, combined with our risk rating, affects where you might want to invest.
- Your circumstances and outlook are unique, so it's this that should be influencing your investment decisions.
- We can't tell you where you should put your money. For some people a mix of funds is the most appropriate option. Others prefer to invest in one fund. There's no one 'best' place to invest.



Your adviser will help you make your fund selection.

### CAN THE RISK RATINGS CHANGE?

- These ratings are based on our current view of the relative risks of each fund based on our experience. We may change our view of the amount of risk presented by certain types of investment over time.
- If you switch to another fund, or funds, your new fund's risk rating and position on the spectrum of risk assumes you'll remain invested in that fund for at least five years from the date of the switch.
- We do not risk rate funds over periods of less than five years so you cannot rely on the risk rating if you cash in units in a fund within five years of investing in it. Fund risk generally increases over shorter periods.



Your adviser will be able to provide you with the most up-to-date copy of our spectrum of risk at any time.

#### NOTES

- Page 13 shows a spectrum of risk. While two funds could be in the same category, they don't necessarily have the same level of risk.
- A fund near the top of one risk category might have a more similar risk profile to a fund near the bottom of the category above it than to funds lower down in its own category.

#### NOTES

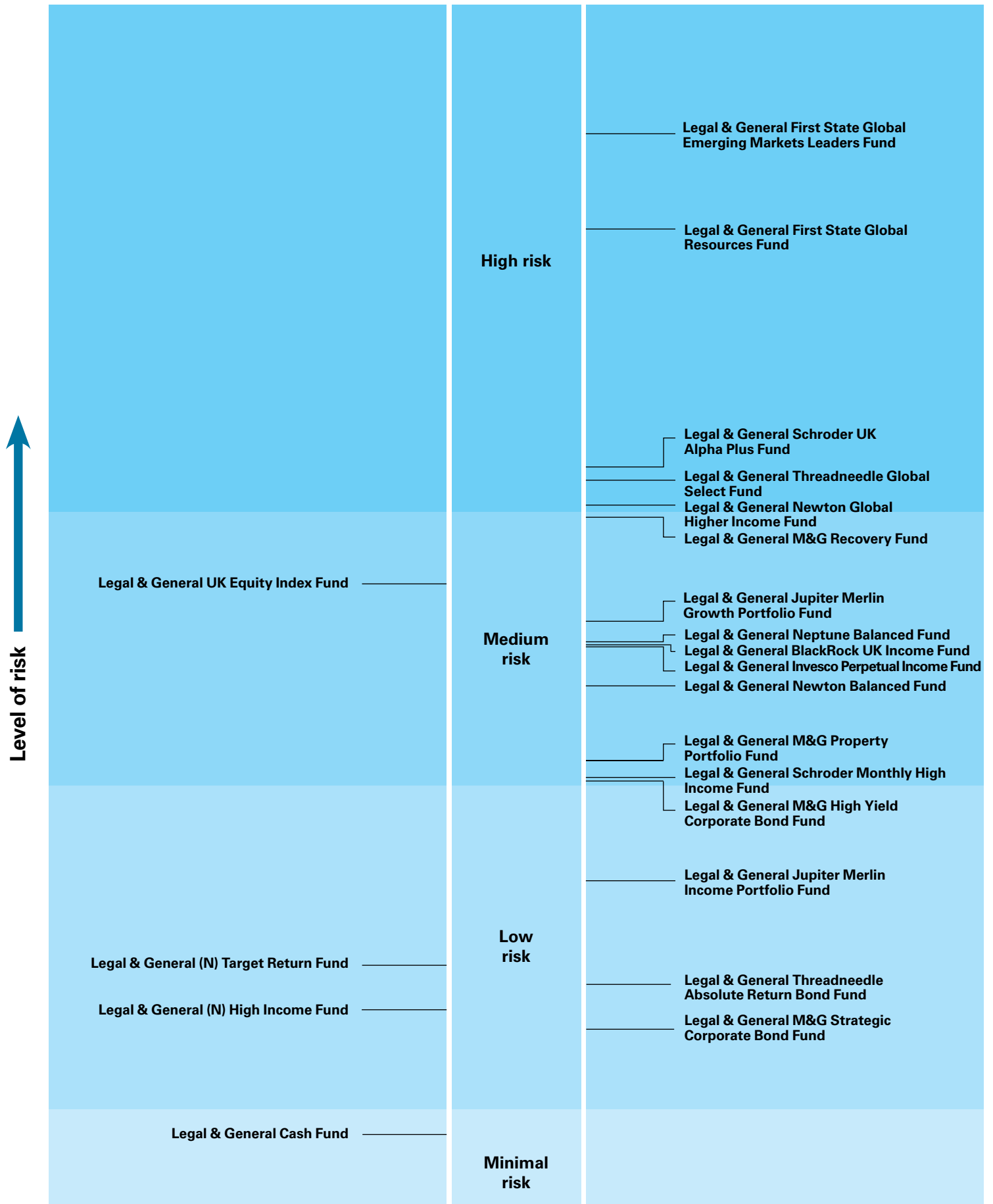
- We suggest that you review your situation regularly with your adviser to make sure that the funds you have chosen are still suitable for you.

# SPECTRUM OF RISK FOR ALL FUNDS.

## - RISK METER

Managed by Legal & General

Managed by External Managers



## MINIMAL AND LOW RISK FUNDS METER

Managed by Legal & General



## FUND INFORMATION.



Please go to the **Fund specific risk definitions** section at the back of this document if you haven't done so already.

### MINIMAL RISK

#### What is the minimal risk category?

If you're only prepared to take minimal risk it's likely that your main concern is the security of your money.

Other people with this attitude to risk often share a number of common traits:

- You prefer investing in banks and building society deposits.
- You tend to limit where you invest to these.
- You look for stability in the value of your investment.
- You view the security of your money as more important than the possibility of the buying power of your money reducing as a result of inflation.
- You're unlikely to invest in shares or property and would prefer funds that didn't do this.

Minimal risk funds tend to be cash or cash-like investments. Minimal risk doesn't mean there's no risk.

### MINIMAL RISK FUNDS

#### LEGAL & GENERAL CASH FUND

**Risk rating:** Minimal

**Aim:** To provide capital protection with growth at short-term interest rates. The fund invests in the short-term money markets such as bank deposits and Treasury Bills.

#### Notes

A. The fund does not invest in any asset types where the capital value can fall, such as fixed interest securities. The value of the fund's assets would only fall if a deposit holder or the UK Government were unable to meet their obligations.

B. If the interest earned by the fund's assets is insufficient to cover the annual fund charge and any additional fund expenses, the unit price will fall.

**Annual fund charge:** 1.30%

**Fund specific risks:** 24

**Fund code:** DABU

## LOW RISK



Please go to the **Fund specific risk definitions** section at the back of this document if you haven't done so already.

### What is the low risk category?

If you've got a low attitude to risk, it's likely that, when investing your money, you look for the security that your investment's value won't go up and down a lot.

Other people with this attitude to risk often share a number of common traits:

- You're happy to invest in non-cash assets, such as fixed interest securities.
- You accept that the value of your investment isn't guaranteed and might go down as well as up.
- You're comfortable with some of your money being invested in shares, but not all of it, and some of it may be outside the UK.
- You accept that it's possible you may lose some of what you invested for the prospect of better growth.
- You'll probably want to spread your money across different types of investments, which should help to reduce the risk by balancing out one type of risk against another.

Low risk funds tend to have a mix of investment types, or just fixed interest securities.

## LOW RISK FUNDS

### LEGAL & GENERAL M&G STRATEGIC CORPORATE BOND FUND

**Risk rating:** Low

**Aim:** To maximise total return (the combination of income and growth of capital) through investment predominantly in investment grade corporate bonds, but may invest in other debt instruments, including higher yielding corporate bonds, government debt and convertible and preference stocks, as well as money market instruments and equities.

**Annual fund charge:** 1.94%

**Fund specific risks:** 14, 15, 16, 17

**Fund code:** 0026

**Underlying fund type:** OEIC

### LEGAL & GENERAL (N) HIGH INCOME FUND

**Risk rating:** Low

This fund is managed by BlackRock on Legal & General's behalf.

**Aim:** To produce a high level of income consistent with long-term preservation of capital through investing primarily in bonds and money market instruments issued by governments, other public issuers and companies worldwide.

**Annual fund charge:** 1.99%

**Fund specific risks:** 12, 14, 15

**Fund code:** DPTU

**LEGAL & GENERAL THREADNEEDLE ABSOLUTE RETURN BOND FUND****Risk rating:** Low

**Aim:** To achieve a total positive return in all market conditions through exposure to the global bond markets. The fund will invest primarily in derivatives, cash and near cash, fixed interest securities, index linked securities, money market instruments and deposits. At times the portfolio may be concentrated in any one or a combination of such assets. The manager may take long and short positions through derivatives in such issues.

**Annual fund charge:** 2.07%**Fund specific risks:** 12, 14, 15, 16, 17**Fund code:** 0646**Underlying fund type:** OEIC**LEGAL & GENERAL (N)TARGET RETURN FUND****Risk rating:** Low

This fund is managed by BlackRock on Legal & General's behalf.

**Aim:** To deliver long-term capital growth which exceeds the Bank of England's base interest rate as set by the Monetary Policy Committee or successor bodies. It will principally invest in fixed interest securities (corporate and government), UK and overseas equities and cash, with the manager retaining the flexibility to invest up to 100% of the fund in approved money market instruments, cash or near cash assets. The fund aims to outperform the Base Rate over any one year period invested. The Base Rate is potentially subject to frequent change, so we use the weighted average Base Rate for comparison purposes, when calculating this figure, we take account of the Base Rate and the proportion of the period for which it has applied.

**Annual fund charge:** 1.97%**Fund specific risks:** 12, 13, 14, 15**Fund code:** DPUU**LEGAL & GENERAL JUPITER MERLIN INCOME PORTFOLIO FUND****Risk rating:** Low

**Aim:** To achieve a high and rising income with some potential for capital growth by investing predominantly in unit trusts, OEICs, Exchange Traded Funds and other collective investment schemes across several management groups. The underlying funds invest in equities, fixed interest stocks, commodities and property, principally in the UK.

**Annual fund charge:** 3.20%**Fund specific risks:** 12, 13, 14, 15**Fund code:** 0022**Underlying fund type:** UnitTrust

## MEDIUM RISK FUNDS METER

Managed by Legal & General

Managed by External Managers

Level of risk ↑



## MEDIUM RISK



Please go to the **Fund specific risk definitions** section at the back of this document if you haven't done so already.

### What is the medium risk category?

If you've got a medium attitude to risk, it's likely that you already have an interest in investing and are comfortable with the ups and downs of the stock market.

Other people with this attitude to risk often share a number of common traits:

- You're happy to put a significant proportion of your money in shares or other unpredictable investment types.
- You accept that there's a real risk of losing your money, but this is balanced with the prospect of greater growth.
- You're likely not to mind investing outside the UK.
- You might have an interest in and knowledge of the stock market.
- You understand the general risks involved with investing.

Medium risk funds take risks to provide greater returns. They tend to contain higher risk fixed interest investments, shares and commercial property. These may be outside the UK.

## MEDIUM RISK FUNDS

### LEGAL & GENERAL M&G HIGH YIELD CORPORATE BOND FUND

**Risk rating:** Medium

**Aim:** To maximise total return (the combination of income and growth of capital) while generating a high level of income.

**Annual fund charge:** 1.94%

**Fund specific risks:** 14, 15, 16, 17

**Fund code:** 0024

**Underlying fund type:** OEIC

### LEGAL & GENERAL SCHRODER MONTHLY HIGH INCOME FUND

**Risk rating:** Medium

**Aim:** To achieve a high level of income from a diversified portfolio of debt securities. The full spectrum of available securities, including unrated issues and those of non-investment grade, will be utilised. Investment will be in directly held transferable securities. The fund may also invest in collective investment schemes, warrants and money market instruments.

**Annual fund charge:** 2.10%

**Fund specific risks:** 14, 15, 16, 17

**Fund code:** 0695

**Underlying fund type:** Unit Trust

### LEGAL & GENERAL M&G PROPERTY PORTFOLIO FUND

**Risk rating:** Medium

**Aim:** To maximise long-term total return through investment mainly in commercial property. The fund may also invest in other property related assets, including collective investment schemes, securities, derivatives and debt instruments, as well as government debt, money market instruments and cash.

**Annual fund charge:** 2.28%

**Fund specific risks:** 23

**Fund code:** 0465

**Underlying fund type:** Unit Trust

**LEGAL & GENERAL NEWTON BALANCED FUND****Risk rating:** Medium

**Aim:** To achieve a balance between capital growth and income predominantly from a portfolio of UK and International Securities. The fund may also invest in derivative instruments, forward transactions, and collective investment schemes.

**Annual fund charge:** 1.98%**Fund specific risks:** 12, 13, 14, 15, 17, 19, 21**Fund code:** 0189**Underlying fund type:** OEIC**LEGAL & GENERAL INVESCO PERPETUAL INCOME FUND****Risk rating:** Medium

**Aim:** To achieve a reasonable level of income, together with capital growth. The fund intends to invest primarily in companies listed in the UK, with the balance invested internationally. In pursuing this objective, the fund managers may include investments that they consider appropriate which include transferable securities, money market instruments, warrants, collective investment schemes, deposits and other permitted investments and transactions.

**Annual fund charge:** 2.19%**Fund specific risks:** 12, 13, 17**Fund code:** 0015**Underlying fund type:** OEIC**LEGAL & GENERAL BLACKROCK UK INCOME FUND****Risk rating:** Medium

**Aim:** To provide an above average and growing income without sacrificing the benefits of long-term capital growth by investing primarily in the shares of companies incorporated or listed in the UK. The fund may also invest in collective investment schemes.

**Annual fund charge:** 1.81%**Fund specific risks:** 13**Fund code:** 0180**Underlying fund type:** UnitTrust**LEGAL & GENERAL NEPTUNE BALANCED FUND****Risk rating:** Medium

**Aim:** To generate a positive total return from investment predominantly in equities and bonds, with a view to attaining top quartile performance amongst the relevant peer group. The fund may invest in collective investment schemes, transferable securities, money market instruments, deposits and cash. The fund manager may also use derivatives and forward transactions for the purpose of efficient portfolio management.

**Annual fund charge:** 2.13%**Fund specific risks:** 12, 13, 14, 15, 21**Fund code:** 0183**Underlying fund type:** UnitTrust**LEGAL & GENERAL JUPITER MERLIN GROWTH PORTFOLIO FUND****Risk rating:** Medium

**Aim:** To achieve long-term capital growth by investing predominantly in unit trusts, OEICs, Exchange Traded Funds and other collective investment schemes across several management groups. The underlying funds invest in international equities, fixed interest stocks, commodities and property, with a core in the UK.

**Annual fund charge:** 3.15%**Fund specific risks:** 12, 13, 19**Fund code:** 0021**Underlying fund type:** UnitTrust

**LEGAL & GENERAL UK EQUITY INDEX FUND****Risk rating:** Medium

**Aim:** To provide the potential for reliable growth by tracking the performance of the FTSE All-Share Index. In order to accurately track this Index, the fund's investments will closely replicate the holdings in that Index. To gain exposure to the UK stock market, but without all the risk attached to individual stock selection.

**Annual fund charge:** 1.30%**Fund specific risks:** 13**Fund code:** DFDU**LEGAL & GENERAL M&G RECOVERY FUND****Risk rating:** Medium

**Aim:** The fund primarily invests in a diversified range of companies which are out of favour, in difficulty or whose future prospects are not fully recognised by the market. The sole aim of the fund is capital growth. There is no particular income yield target.

**Annual fund charge:** 2.13%**Fund specific risks:** 13**Fund code:** 0025**Underlying fund type:** OEIC

# HIGH RISK FUNDS METER

Managed by Legal & General

Managed by External Managers

Level of risk ↑

High risk

Legal & General First State Global Emerging Markets Leaders Fund

Legal & General First State Global Resources Fund

Legal & General Schroder UK Alpha Plus Fund

Legal & General Threadneedle Global Select Fund

Legal & General Newton Global Higher Income Fund

## HIGH RISK



Please go to the [Fund specific risk definitions](#) section at the back of this document if you haven't done so already.

### What is the high risk category?

If you're prepared to take high risk, it's likely that you're an experienced and knowledgeable investor, whose primary aim is to achieve the highest possible returns on your money, while accepting that this means taking substantial risks.

Other people with this attitude to risk often share a number of common traits:

- You're happy to invest in funds in specialist areas or new markets, or both.
- You're looking for high returns on your money, and you're willing to take substantial levels of risk to achieve it.
- You accept that there's a real risk of losing your money, but this is balanced with the prospect of greater growth.
- You're attracted to new markets with substantial risk, or enjoy trying new types of investment.
- You accept that the value of your investment can change rapidly and by a large amount, possibly resulting in total loss of your money.
- You're experienced in investing in the stock market, and probably already manage a range of your own investments.
- You understand the risks posed to your money when investing, particularly that your investment is very likely to regularly go up and down in value.

High risk funds tend to be in specialised areas or in one or more countries outside the UK.

## HIGH RISK FUNDS

### LEGAL & GENERAL NEWTON GLOBAL HIGHER INCOME FUND

**Risk rating:** High

**Aim:** To achieve increasing distributions on a calendar year basis with long-term capital growth. It may also invest in collective investment schemes.

**Annual fund charge:** 2.02%

**Fund specific risks:** 12, 13, 19, 21

**Fund code:** 0507

**Underlying fund type:** OEIC

### LEGAL & GENERAL THREADNEEDLE GLOBAL SELECT FUND

**Risk rating:** High

**Aim:** To achieve above average capital growth through investment in equities issued by companies worldwide. The portfolio may be concentrated geographically, or with respect to stock and sector positions, which may lead to increased levels of volatility. If desirable, it may further invest in other securities (including fixed interest securities, other equities and money market securities).

**Annual fund charge:** 1.98%

**Fund specific risks:** 12, 13, 19

**Fund code:** 0003

**Underlying fund type:** OEIC

### LEGAL & GENERAL SCHRODER UK ALPHA PLUS FUND

**Risk rating:** High

**Aim:** To provide capital growth through investment in UK companies. The fund will invest in a focused portfolio of between 20 and 40 stocks with an objective of achieving an absolute return.

**Annual fund charge:** 2.29%

**Fund specific risks:** 13, 20

**Fund code:** 0031

**Underlying fund type:** UnitTrust

**LEGAL & GENERAL FIRST STATE GLOBAL RESOURCES FUND****Risk rating:** High

**Aim:** To achieve long-term capital growth. The fund invests in equities in the natural resources and energy sectors worldwide.

**Annual fund charge:** 1.95%

**Fund specific risks:** 12, 13, 19, 21

**Fund code:** 0130

**Underlying fund type:** OEIC

**LEGAL & GENERAL FIRST STATE GLOBAL EMERGING MARKETS LEADERS FUND****Risk rating:** High

**Aim:** To achieve long-term capital growth. The fund invests in large and mid capitalisation equities in emerging economies, including those companies listed on developed market exchanges whose activities predominantly take place in emerging market countries.

**Annual fund charge:** 2.19%

**Fund specific risks:** 12, 13, 19

**Fund code:** 0010

**Underlying fund type:** OEIC

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# INVESTMENT MANAGEMENT COMPANIES.

## BLACKROCK

BlackRock® is a premier provider of global investment management services. As of 30 September 2010, BlackRock managed \$3.45 trillion across equity, fixed income, real estate, liquidity, alternatives, and asset allocation/balanced strategies for institutional and retail clients. Through BlackRock Solutions® (BRS), the firm provides risk management and advisory services that combine capital markets expertise with internally-developed systems and technology. Substantial resources are allocated to ongoing development of technology and analytical capabilities for internal users and external clients. BRS provided risk management and enterprise investment services for \$9.5 trillion in assets as of 30 September 2010.

(Source: BlackRock)

Legal & General (N) High Income Fund – managed by BlackRock on Legal & General's behalf.

Legal & General (N) Target Return Fund – managed by BlackRock on Legal & General's behalf.

Legal & General BlackRock UK Income Fund.

## FIRST STATE INVESTMENTS (UK) LTD

First State Investments is the international operation of Colonial First State Global Asset Management, the asset management business of the Commonwealth Bank of Australia. The group's combined investment businesses manage approximately £100 billion globally as at 31 December 2010.

(Source: First State Investments (UK) Ltd)

Legal & General First State Global Emerging Markets Leaders Fund.

Legal & General First State Global Resources Fund.

## INVESCO FUND MANAGERS LIMITED

Invesco Perpetual is a business name of Invesco Asset Management Limited and forms part of Invesco Limited, a leading global investment management organisation, dedicated to helping people worldwide build their financial security. Assets under management at 30 September 2010 were £383.9 billion.

(Source: Invesco Fund Managers Limited)

Legal & General Invesco Perpetual Income Fund.

## JUPITER UNIT TRUST MANAGERS LTD

Launched in 1985 as a specialist boutique, Jupiter has grown to be one of the UK's most successful and respected investment management groups. They currently manage more than £22.2 billion worth of assets as at 30 September 2010, spread across a range of UK and offshore mutual funds, multi manager products, hedge funds, institutional mandates and investment trusts. Jupiter's principal activity has been, and remains, investment management.

(Source: Jupiter Unit Trust Managers Ltd)

### Funds available on the bond

Legal & General Jupiter Merlin Growth Portfolio Fund.

Legal & General Jupiter Merlin Income Portfolio Fund.

## LEGAL & GENERAL GROUP

The Legal & General Group, established in 1836, is one of the UK's leading financial services companies. As at 30 June 2011, we were responsible for investing £370 billion worldwide on behalf of investors, policyholders and shareholders. We also had over seven million customers in the UK for our life assurance, pensions, investments and general insurance plans.

(Source: Legal & General Group)

### Funds available on the bond

Legal & General Cash Fund.

Legal & General UK Equity Index Fund.

Legal & General (N) High Income Fund – managed by BlackRock on Legal & General's behalf – see page 25 for Fund Manager description.

Legal & General (N) Target Return Fund – managed by BlackRock on Legal & General's behalf – see page 25 for Fund Manager description.

## M&G SECURITIES LIMITED

M&G are an investment-led business which is driven by performance. They look after investments for nearly 325,000 investors, with almost £190 billion under their management invested in equities, fixed income and property\*. They manage assets on behalf of a wide variety of investors across UK, Europe, Asia, the Americas and South Africa.

\*As at 30 September 2010

(Source: M&G Securities Limited)

### Funds available on the bond

Legal & General M&G High Yield Corporate Bond Fund.

Legal & General M&G Property Portfolio Fund.

Legal & General M&G Recovery Fund.

Legal & General M&G Strategic Corporate Bond Fund.

## NEPTUNE INVESTMENT MANAGEMENT LIMITED

Neptune Investment Management Limited was formed in 2002 and has over £7.25 billion under management as at 31 December 2010.

(Source: Neptune Investment Management Limited)

### Funds available on the bond

Legal & General Neptune Balanced Fund.

## NEWTON (BNY MELLON FUND MANAGERS LIMITED)

BNY Mellon Asset Management is the global asset management arm of BNY Mellon, one of the world's major financial services groups. With £754 billion\* in assets under management, their multi-boutique model encompasses the skills of a number of world class specialist investment managers in their UK fund range, including Newton Investment Management (Newton). BNY Mellon Fund Managers Limited (BNY MFM) is the Authorised Corporate Director. The investment adviser of the Newton sub-funds is Newton.

(\*Source: The Bank of New York Mellon Corporation 31 December 2010)

### Funds available on the bond

Legal & General Newton Balanced Fund.

Legal & General Newton Global Higher Income Fund.

## SCHRODERS

Schroders manage £181.5 billion under management on behalf of institutional and retail investors, financial institutions and high net worth clients from around the world, invested in a broad range of asset classes across equities, fixed income and alternatives.

Schroders has developed under stable ownership for over 200 years and long term thinking governs their approach to investing, building client relationships and growing their business.

(Source: Schroders, all data as at 30 September 2010)

### Funds available on the bond

Legal & General Schroder Monthly High Income Fund

Legal & General Schroder UK Alpha Plus Fund.

## THREADNEEDLE INVESTMENT SERVICES LIMITED

Threadneedle is a global asset management company with a distribution reach covering four continents and over fifteen countries. Founded in 1994, they manage more than £64 billion (as at 30 September 2010) of assets for a wide range of clients including pension schemes, insurance companies, private investors, corporations, mutual funds and affiliate group companies.

(Source: Threadneedle Investment Services Limited)

### Funds available on the bond

Legal & General Threadneedle Absolute Return Bond Fund.

Legal & General Threadneedle Global Select Fund.

**REMEMBER, IF YOU'RE UNSURE ABOUT ANYTHING, PLEASE ASK.**  
We've made this document as simple to use as possible. However, some of the information is quite technical, so if there's anything you don't understand, or if you have a question about any of the funds, please ask your adviser.



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