DC Statement of Investment Principles

Contents

The Trustee’s Statements of Investment Principles for the DC assets contained in this document include the:

1. Statement of the aims and objectives for the default investment arrangements*
2. Statement of the aims and objectives for investment options outside the default investment arrangements* and
3. Statement of investment beliefs, risks and policies**.

The Statement of Investment Principles for the DC assets in the Scheme** comprises sections 1, 2 and 3.

The Statement of Investment Principles for the Scheme’s default arrangements*** comprises items 1 and 3.

* In accordance with Regulation 2A(1) of the Occupational Pension Schemes (Investment) Regulations 2005.

** In accordance with Regulation 2 of the Occupational Pension Schemes (Investment) Regulations 2005 as modified by subsequent Regulations and section 35 of the 1995 Act.

*** As required by the Occupational Pension Schemes (Charges and Governance) Regulations 2015.

Introduction

Zurich Financial Services UK Pension Trustee Limited ("the Trustee") has produced this Statement of Investment Principles ("the Statement") which sets out how the Trustee invests the defined contribution (DC) assets for the Zurich Financial Services UK Pension Scheme ("the Scheme"). A separate Statement of Investment Principles is available for the defined benefit (DB) arrangements held within the Scheme.

This Statement has been prepared in accordance with all relevant legislations in force at the date of approval. It outlines the principles and policies governing investment decisions made by, or on behalf of, the Trustee for the management of the defined contribution assets and the Trustee's policy for complying with Sections 35 and 36 of the Pensions Act 1995 and subsequent legislation.

This Statement will be reviewed by the Trustee at least every three years and without delay after any significant change in the investment approach or the demographics of the Scheme. Before revising this Statement the Trustee will obtain and consider the written advice of the Trustee's appointed Investment Adviser ("the Adviser") to ensure its contents are appropriate to the circumstances of the Scheme.

The Trustee also consults the principal employer Zurich Financial Services (UKISA) Limited ("the Employer") as to the contents of this Statement as well as any material change to its investment strategy not explicitly described in this Statement.

The part of the Scheme which holds the DC assets, and provides the DC benefits, is called ZCashBuilder and is referred to throughout this Statement. Additional voluntary contributions paid by members of the Scheme are also used to provide DC benefits. Some of these are not held in ZCashBuilder but are invested separately with external providers.

Members are able to invest in any of the default arrangements or ZCashBuilder investment options outside the defaults, but have to make a choice and notify the Scheme's administrators.

1. Statement of the aims and objectives for the default investment arrangements

The Trustee offers the following default strategies:

a) For DC only members which targets drawdown at retirement;

b) For members with both DB and DC benefits which targets cash at retirement;

c) For members where, for some reason, the Trustee can't invest contributions in line with the member's instructions.

1.1 Investment aims and objectives

The Trustee has agreed the following investment objectives for the Scheme's DC default arrangements where members have not instructed their contributions to be invested elsewhere:

To provide a good value lifestyle strategy which:

- Is expected to be suitable for the majority of members who do not wish to make an active choice
- Aims to protect members against volatility in the approach to retirement

The Trustee believes that these strategies are suitable for the majority of members based on modelling the expected fund values at retirement and how members are expected to take their benefits.

The main default arrangements are therefore lifestyle strategies which:

- gradually move investments between different funds to manage the levels of investment returns and principal investment risks at each stage of membership of the Scheme; and
- target members who are expected to access Flexi-Access Drawdown during their retirement (DC only strategy) and members who are expected to take cash at retirement (DB and DC strategy).

If for some reason the Trustee can't invest contributions in line with the member's instructions it may decide to re-direct contributions to a fund with a similar, or lower, level of investment risk. The aim of this is to invest the contributions promptly and protect against market volatility whilst members are informed of the change and given the opportunity to review their investment instructions.

1.2 Expected levels of investment returns

The expected levels of investment returns (after the deduction of charges) and risks for the funds used are consistent with the Trustee's objectives for the default arrangement. The expected levels of return will be based on the level of risk chosen. These returns and the approach to managing investment risks including financially material considerations such as climate change are described in Section 3.

1.3 Kind of investments to be held

The Trustee invests in pooled funds accessed through the Scheme's investment platform provider. These pooled funds may invest in a wide range of assets including equities, bonds, cash, property, derivatives and alternatives, subject to complying with relevant legislation. In practice, the kinds of investments held depend on the investment strategy of each fund within the default strategies.

1.4 Illiquid assets

The Trustee acknowledges that illiquid assets may have a role to play in the default investment strategies.

However, given the complexity surrounding the accessibility of illiquid investments (in particular, potential divestment complications), the current lack of suitable options available on the investment platform used by the Scheme, as well as the higher costs associated with illiquid investments, means that they do not merit further exploration by the Trustee at this time.

The Trustee will monitor the development of this asset class with a view to considering its inclusion in the default strategies at a future date.

1.5 Balance between different kinds of investments

The expected levels of investment return will be based on the level of risk chosen.

The return received from different kinds of investment is achieved in different ways and at different rates (for example, low risk but little opportunity for capital growth as opposed to high risk but substantial opportunity for capital growth).

The Trustee considers the merits of both active and passive management for the default strategies and may select different approaches for different asset classes.

The Trustee is aware that the appropriate balance between different kinds of investments will vary over time and the asset allocation may change as the membership profile evolves.

The Trustee believes that the current default strategies and self-select range are suitable for the members with DC benefits in the Scheme. It will review this regularly, at least triennially or after significant changes to the demographics of the Scheme's membership.

These reviews take into account the Trustee's views of how members are likely to behave at retirement based on a combination of an understanding of member demographics and behaviours, views of the Adviser, wider pensions industry knowledge and experience and modelling of members' expected pension outcomes.

2. Statement of the aims and objectives for investment options outside the default investment arrangements

2.1 Investment aims and objectives

The Trustee has agreed the following investment objectives for the Scheme's DC assets:

To provide a range of funds and lifestyle strategies with the aim of helping members invest their savings appropriately according to their own beliefs and requirements.

To provide a range of lifestyle strategies which:

1. are designed to generate real growth whilst members are some years from retirement;
2. in the period approaching retirement aim to protect the value of members' retirement income as well as protecting members from volatility; and
3. are aligned to how members are able to take their benefits and consistent with the pension flexibilities enabled by the 'freedom and choice' regulations.

To provide a range of alternative investment options which:

1. recognise that members have different needs and objectives;
2. enable members to invest in funds which provide real growth over the long term;
3. are appropriate for members' attitude to risk and proximity to retirement as members' investment needs and risk appetite change;
4. cater for the needs of certain groups within the memberships that have ethical or religious beliefs or want to invest more responsibly; and
5. offer members a choice between actively and passively managed funds.

2.2 Choosing investments

The Trustee takes the overall strategic investment decisions, recognising that implementing an investment strategy requires specialist knowledge and understanding.

It has formed a sub-committee (the DC Committee) to act on behalf of the Trustee and to make proposals to the Trustee on investment matters not delegated to the DC Committee.

The DC Committee have delegated authority on straightforward matters, such as investment decisions which fall within already agreed investment guidelines.

The Trustee has a service agreement in place with Zurich Insurance Company Ltd which covers Analytical and Advisory Services which are provided in line with the Investment Management standards established by Zurich Insurance Group.

The Trustee from time to time also receives advice from other appropriately qualified experts as to the suitability of investments.

The Trustee acknowledges that members will have different attitudes to risk and different aims for accessing their retirement savings. So, while seeking to achieve the best outcome for members, net of fees, it also considers the level of risk that is appropriate based on an assessment of the impact of different investment options.

The Trustee is closely involved in the wider issues relating to the investment funds made available to members, but the Trustee is not responsible for selecting which fund(s) a member should invest in from the range available.

Taking account of this, the Trustee's policy is to offer the following options for members:

- A default strategy for members with DC benefits only in the Scheme
- A default strategy for those who have both DC and DB benefits in the Scheme
- A range of lifestyles targeting the options available at retirement
- A range of self-select investment funds designed to meet differing levels of risk.

The Trustee has taken advice from the Adviser to ensure the investments offered are suitable for the majority of members.

The Trustee ensures compliance with legal requirements by monitoring these requirements, reflecting them in any investment management agreements the Trustee enters into, and by having clear terms of reference for the DC Committee set out in its Charter and taking appropriate formal investment advice where required.

2.3 The kinds of investment to be held

The Trustee invests in pooled funds accessed through the Scheme's investment platform provider. These pooled funds may invest in a wide range of assets including equities, bonds, cash, property, derivatives and alternatives, subject to complying with relevant legislation.

Having taken advice from the Adviser, the Trustee has made available a range of investment options in which members can invest. From time to time investment options may be added, removed or amended as considered necessary by the Trustee.

Within the investment options, a number of lifestyle strategies are offered, including two default options, one for members with DC only Scheme benefits and another for members with both DB and DC benefits in the Scheme.

The structure of the funds used in the lifestyle strategies allows the Trustee to accommodate changes in the underlying funds with minimum disruption.

2.4 The balance between different kinds of investment

The Trustee recognises that:

- The expected levels of investment return will be based on the level of risk chosen
- The return received from different kinds of investment is achieved in different ways and at different rates (for example, low risk but little opportunity for capital growth or high risk but substantial opportunity for capital growth).

The Trustee recognises that individuals will have differing personal investment requirements and preferences and seeks to offer members a range of investment options to meet these requirements. This includes a number of lifestyle strategies which take into account that members close to retirement will generally require more capital protection and assets best matched to their retirement outcome, whereas members a long way from retirement will generally need sufficient exposure to risks to generate investment returns.

The Trustee considers the merits of both active and passive management for the investment options available and may select different approaches for different asset classes.

3. Statement of investment beliefs, risks and policies

3.1 Investment beliefs

The Trustee has agreed a set of DC investment beliefs and refers to these when making strategic investment decisions. These beliefs will be revisited at regular intervals and updated as and when appropriate.

3.2 Risks

Investment risk in a DC scheme ultimately sits with the members.

The Trustee has considered a number of risks in arriving at the investment fund choices and designing the lifestyle strategies. These include, but are not limited to, those listed in the table below.

The Trustee has put in place a structure both to monitor these risks and take action to mitigate them when it believes it is appropriate to do so. It is not possible to mitigate all of the risks at the same time, so members are encouraged to consider the risks that are most relevant to them and to invest to mitigate those risks.

The Trustee aims to provide information that allows members to make informed decisions.

In arriving at the investment fund choices and designing the lifestyle strategies the Trustee has considered a number of risks including:

Risk	Definition	How we address the risk
Climate risk	The extent to which climate change causes a material decrease in asset values as a consequence of factors including, but not limited to, policy change, physical impacts and the expected transition to a low-carbon economy. This is a macro-economic risk.	Engagement with the Adviser, fund managers and investment platform provider to understand the potential implications for the DC assets.
Counterparty risk	The failure of the investment platform provider.	The Trustee ensures that the selected investment platform provider is regulated by the Financial Conduct Authority and is required, where appropriate, by the Prudential Regulation Authority to maintain adequate financial resources to ensure that it can meet its liabilities as they fall due.
Concentration risk	The failure of some of the investments that constitute a significant proportion of the assets.	The Trustee uses a range of pooled funds across different asset classes to diversify risk. The funds available to members are also pooled funds across the different asset classes to offer diversification to members.
Credit risk	That one party to a financial instrument will cause financial loss for the other party by defaulting or falling in value.	The Trustee uses pooled funds which invest in a wide range of corporate and government bonds to minimise the impact should any one party default or fall in value.
Currency risk	Where a fund invests in overseas assets, a risk that the currency of the assets underperforms relative to Sterling, leading to losses (or gains) in the value of the asset.	The Trustee has considered the need for currency hedging within the default investment strategies.

Risk	Definition	How we address the risk
Equity risk	The risk that equities may fall in value due to fluctuations in the market, as well as the financial risk involved in holding equity in a particular company.	The Trustee manages equity risk primarily through investing in a range of global equities and by using pooled funds which minimise the financial risk associated with any particular company. All lifestyle strategies look to reduce downside risk in the years prior to retirement by switching into lower-risk funds. A cash fund is available both in the lifestyle strategies and self-select fund range to provide capital protection.
ESG (Environmental, Social and Governance) risk	The extent to which ESG issues (including, but not limited to, climate change) are not reflected in asset prices and/or not considered in investment decision making, leading to underperformance relative to expectations over the timescale relevant until DC members take their benefits.	The Trustee has a policy on responsible investment that addresses how these risks are considered and managed. The Trustee monitors the ESG activities of its fund managers and will engage periodically.
Interest rate risk	The risk of a reduction in the value of a bond fund as a result of an increase in interest rates.	The Trustee uses bond funds in combination with other asset classes to diversify risk. Members use the bond funds as lower-risk investments and also if they are likely to purchase an annuity.
Inflation risk	That investments do not provide a return at least in line with inflation, thus eroding the purchasing power of the member's retirement savings.	The Trustee makes available investment options that are expected to provide a long-term real rate of return.
Liquidity risk	The risk that a fund, or asset, cannot be traded quickly when required.	The Trustee's policy is to invest in funds that offer daily dealing as far as possible to enable members to readily realise and change their investments.
Manager risk	A fund underperforms against the benchmark that it is being assessed against in the long term.	Fund performance is monitored on a regular basis. The Trustee has adopted a passive investment style for some of the funds which minimises the risk from underperformance.
Operational risk	The loss or error arising from the failure of people, processes and systems, or disruption due to an external event.	Appropriate processes and controls are integrated into business activities. The annual assessment against Code of Practice 13 includes confirmation that business continuity plans are in place and checked regularly.

Risk	Definition	How we address the risk
Pension conversion risk	The risk that at retirement the assets held do not closely match how the member is expected to use their fund value in retirement. This is particularly important following the introduction of DC flexibilities at retirement.	For the default strategies this risk is managed by gradually switching into assets which more closely match how the Trustee expects members to access their retirement savings. A range of lifestyle strategies are available for members to select the option which best matches how they plan to take their benefits at retirement.
Political risk	The level of concentration in any one market leading to the risk of a negative influence on investment values arising from political intervention of other events.	Diversification of the assets within the default strategy.
Real estate risk	The risk that real estate may fall in value due to fluctuations in the market.	The Trustee uses a Property Fund as part of a diversified range of pooled funds.
Retirement benefit risk	The risk that a member's retirement benefit falls short of the amount expected, whether this is due to lower investment returns than expected or insufficient contributions being paid.	Regular reviews of the suitability and performance of the investment options offered with the aim of helping members optimise their retirement income. The level of contributions is outside the Trustee's control, but member communications include reminders to consider the level of contributions. The member retirement planner allows members to see how changing contributions affects their fund value at retirement.

3.3 Responsible investment

The Trustee recognises that members are long-term investors and believes that incorporating ESG factors into investment decisions improves the long-term risk-adjusted returns for them. ESG factors may, however, be outweighed in appropriate circumstances by other financially material factors.

Stewardship

The Trustee aims to be a responsible steward of the DC assets and believes stewardship includes:

- The selection and appointment of asset managers that invest on behalf of the Trustees
- Asset allocation
- Voting and engagement across all asset classes.

Selecting managers

The Trustee includes ESG considerations when assessing the default strategies and self-select fund choices available to members. The fund selection process includes the fund manager's responsible investment practices and consideration of ESG factors, including, but not limited to, climate change.

When appointing the investment platform provider and selecting fund managers, the Trustee will require that each has an appropriate conflict of interest policy in place.

Asset allocation
The Trustee recognises that in using pooled funds it has delegated consideration of stock-specific issues to the fund manager.

Voting
The Trustee has adopted a policy of delegating voting decisions to the fund managers. The fund managers' house policies are expected to broadly meet with the Trustee's views. The Trustee will monitor fund mangers' voting activity and may periodically review fund managers' voting patterns.

The Trustee currently uses an expression of wish form to set out its priorities on voting.

Engagement
The Trustee believes it is appropriate for its fund managers to engage with key stakeholders, which may include corporate management, issuers of debt or equity regulators and governance bodies, relating to their investments for the Scheme in order to improve corporate behaviours, improve performance and strategy and mitigate financial risks.

The Trustee periodically reviews engagement activity undertaken by the fund managers as part of its broader monitoring activity. The Trustee believes that engagement by fund managers with investee companies will enhance the long-term value of shareholder investments. Where appropriate, the Trustee communicates its views on ESG issues to fund managers.

Financially material considerations
The fund and manager selection processes include consideration of how financially material factors are taken into account when selecting, retaining and realising investments. The Trustee also assesses how these considerations are taken into account over an appropriate time horizon.

The Trustee accepts that the role of the passive manager is to deliver returns in line with the benchmark and believes the choice of benchmarks will deliver appropriate risk adjusted returns.

Priorities
The Trustee has set the following stewardship themes for the DC assets:

- Climate Change – the Trustee believes climate change to be a source of financial risk that could have a material impact on member outcomes over the short, medium, and long term as a result of the impact of the physical and transition risks on markets and, therefore, investors.
- Diversity, Equality and Inclusion (DEI) – the Trustee believes that investees that are diverse and inclusive deliver better financial performance than firms with poor DEI practices, due to their ability to make better decisions, identify risks and opportunities more effectively, and their ability to appeal to a wider customer base.
- Corporate Transparency – the extent to which a company provides open and accessible information about its activities and decision-making processes to its stakeholders, including shareholders, employees, customers, suppliers, and the wider community.

The Trustee believes stewardship is an appropriate tool to utilise when trying to manage and mitigate the risks identified above as well as other ESG risks.

The Trustee has communicated these stewardship priorities to its investment managers and also confirmed its more general expectations in relation to ESG factors and voting and engagement activities, specifically how these factors are taken into account when making investment decisions with the aim of improving risk-adjusted returns.

If the Trustee's monitoring identifies areas of concern, it will engage with the relevant manager to encourage improvements.

Non-financial matters

The Trustee notes that non-financial matters can affect various investment risks which are borne by members.

Fund managers are only expected to take non-financial factors into account when these do not conflict with the financial interests of members or beneficiaries and the Scheme's investment objectives.

Member engagement

The Trustee recognises the importance of member engagement in relation to the investment options offered within ZCashBuilder. The DC Committee includes company representatives and regular attendance by members of the ZPen team who are both in a position to collate and present member feedback.

The Trustee promotes member engagement via the Scheme's website www.zpen.info, giving members access to resources including fund factsheets, member guides and newsletters.

The Trustee is aware that across the membership there will be differing views on responsible investment and aims to meet these through offering a range of self-select funds so members who wish to can select a fund which better reflects their views. Regular communications from the Trustee should encourage members to review their investment options to ensure they remain appropriate for their overall objectives.

3.4 Asset managers

The realisation of investments

The Trustee's policy is to invest in funds that offer daily dealing as far as possible to enable members to readily realise and change their investments.

In the unlikely event of any fund having a short-term dealing suspension, the Trustee will always keep affected members informed via the ZPen website.

The expected return from investments

When considering the range of investment options made available to members, the Trustee will have regard to the relative investment return that each asset class and fund is expected to produce net of fees. In particular, when selecting investments for the default strategies, the Trustee will have regard to the relative investment return of each category and structure of the fund such that it is expected to deliver a return consistent with their investment objective.

Having established the investment options available to members, the Trustee monitors the performance of the funds within these options. A consistent failure to achieve adequate performance or to provide continued value for members could result in a fund being replaced.

Performance measurement

The Trustee regularly monitors actual fund performance against the benchmarks set and will contact the fund manager if it has any concerns. The Trustee would not expect to replace a fund based on short-term underperformance as the focus is on longer-term outcomes; this aligns with the Trustee's beliefs on corporate governance.

The Trustee will review on a regular basis the investment performance of the investment funds together with the continuing suitability of the fund range made available to members. If the review showed that the performance or continuing suitability needed to be addressed, the DC Committee would either make a decision on behalf of the Trustee, or for more substantial issues would recommend an action to the Trustee.

Turnover
In the normal course of events the managers of pooled funds will sell investments from time to time to be replaced by others. The fund managers are aware that the expenses involved in transactions can affect performance and that transaction costs are reported to the Trustee for inclusion in the Chair's Statement each year.

In addition, the Trustee recognises that for the passive fund range the amount of each asset held by the investment manager is dictated by the benchmark and that the manager has limited freedom to minimise transaction costs. The Trustee accepts that the role of the passive manager is to deliver returns in line with the benchmark and the stock turnover that comes with this.

When selecting actively managed funds, the Trustee will consider, with the help of its investment advisers, the expected level of turnover commensurate with a fund's investment objectives, the investment manager's investment processes and the nature of the fund's assets.

Whilst the Trustee expects performance to be delivered net of costs, including the costs of trading within the portfolio, the Trustee will ask the investment platform provider to report on at least an annual basis on the underlying assets held within funds with details of any transaction costs incurred over the Scheme's reporting year.

The Trustee will challenge the platform provider and/or investment managers if the level of turnover seems excessive.

Duration
The agreement between the Trustee and the investment platform provider will continue until it is no longer required; this could be when the Scheme ceases or if either party takes measures to end the agreement.

The Trustee recognises the long-term nature of defined contribution pension investments and chooses funds which are expected to deliver sustainable returns over the Scheme members' investment horizon. The Trustee will carry out due diligence on the fund manager's investment decision-making process to ensure the investment decisions are over an appropriate time horizon and aligned with the objectives.

Incentives
The Trustee invests in pooled funds where the fund managers are paid for their services through an Annual Management Charge set and paid by the investment platform provider. For this reason, the Trustee does not have an arrangement providing incentives for the fund manager to either align its investment strategies and decisions with the Trustee's policies, or to make decisions aimed at improving their performance in the medium to long term.

The Trustee will:

- Conduct an annual Value for Members assessment
- Periodically review the Scheme's choice of investment platform provider and fund managers
- At least every 3 years review the suitability of both the investment options and the investment management arrangements.

The Investment platform provider and fund managers are aware that should they be found to not be providing value for members or otherwise acting in line with the Trustee's policies then the Trustee would consider replacing them.

Glossary

- **Active management:** A type of investment fund manager where managers aim to outperform the benchmark by market timing and stock selection.
- **Adviser:** A person who is reasonably believed by the Trustee to be qualified by their ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of the investments of trust-based pensions. The names of the Trustee's Advisers can be found in the Scheme Annual Report and Accounts.
- **Appropriate time horizon:** The length of time that the Trustee considers members' benefits may be invested in the Scheme. For younger members this could be 40 years or more.
- **AVCs:** Additional Voluntary Contributions are contributions made by individuals to the Scheme to build up additional benefits at retirement. These are also sometimes called Additional Pension Contributions.
- **Bond:** is a fixed-income instrument that represents a loan made to a borrower. Bonds are issued by companies (corporate bonds) and governments to finance projects and operations. The issuer of the bond pays interest during the term of the bond and the amount of the loan at the end date.
- **Code of Practice 13:** The Pensions Regulator's Code 13: Governance and administration of occupational trust-based schemes providing money purchase benefits.
- **DC/defined contribution:** A type of money purchase arrangement where the amount of money going in is fixed according to a given formula (usually a percentage of salary).
- **Default:** This refers to the investment fund or strategy which is used when a member does not make a choice.
- **Diversification:** is a risk management strategy that mixes a variety of investments with the aim of reducing risk by limiting the amount invested in any single asset or asset class.
- **Environment, Social and Governance (ESG):** ESG criteria are a set of standards for a company's operations that investors use to screen potential investments. Environmental criteria consider how a company performs as a steward of nature. Social criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates. Governance deals with a company's leadership, executive pay, audits, internal controls, and shareholder rights.
- **Financially material considerations:** include (but are not limited to) environmental, social and governance considerations (including but not limited to climate change), which the Trustee considers financially material.
- **Fund manager:** is someone who manages an investment fund, including implementing the fund strategy and managing its trading activities with the aim of meeting, or exceeding, its benchmark.
- **Investment platform provider:** The investment platform provider is a firm which provides access to a wide range of investment funds from a number of different fund managers. The investment platform provider is selected and appointed by the Trustee and provides access to the investment funds more efficiently than dealing separately with individual fund managers, as well as enabling the Trustee to build their own investment funds.
- **Lifestyle:** An investment strategy which gradually moves into lower-risk investments in the years before retirement.
- **Liquidity:** This refers to how easily assets, or investments, can be converted into cash. Cash is the most liquid asset, whereas property can be less liquid as it can take longer to sell and convert into cash.
- **Macro-economic:** This means it affects the economy as a whole, not just a specific sector.
- **Non-financial matters:** The views of the members and beneficiaries including (but not limited to) their ethical views and their views in relation to social and environmental impact and present and future quality of life of the members and beneficiaries of the Scheme.

- **Passive management:** A type of investment fund management where managers aim to trace the returns of a particular market index, e.g. FTSE All-Share.
- **Pooled funds:** collect money from multiple investors, and schemes, and put it in one fund. They enable investors to benefit from economies of scale including lower trading costs and diversification.
- **Real investment return:** The actual investment return once the effect of inflation has been accounted for.
- **Volatility:** is the likelihood of making major, unforeseen short-term price movements at any given time. Highly volatile investments can be prone to making sharp upward and downward moves. Investments with low volatility are less likely to see such spikes and are therefore more stable.
- **Trust Deed and Rules:** These are the legal documents by which the Scheme is governed.