

# fund news

## fund launches

The following funds launched on 18 December 2003 (available to MultiBOND investors).

- Skandia AXA Distribution
- Skandia DWS Managed Distribution
- Skandia New Star Managed Distribution
- Skandia Norwich Distribution
- Skandia Prudential Distribution

The following funds launched on 12 January 2004 (available to MultiPENSION, MultiBOND, MultiISA, MultiPEP and MultiFUND investors).

- Rathbone Income (found under the UK Equity Income Sector)
- Rathbone Special Situations (found under the UK All Companies Sector)

## fund closure

The Fidelity American Special Situations Fund will be closing to new business with effect from 14 January 2004 (available to MultiBOND, MultiPENSION, Skandia Professional, MultiISA, MultiPEP and MultiFUND investors). Existing regular premium investors will not be affected.

## the guaranteed pension fund

guaranteed pension fund bonus announcement as at 1 January 2004:

	Monthly Bonus Rates
Bonus rate on contribution units	0.06%
Bonus rate on bonus units	0.00%

Due to the extreme and prolonged deterioration of stock market conditions, this month's bonus rate on contribution units is less than would normally be expected from a deposit fund. Further information including historical bonus rates is available on the Skandia web site. Investors should be aware that the value of the investment may fall as well as rise, although units in the Guaranteed Pension Fund have their value guaranteed at a pre-selected date. Bonuses are calculated after deducting an annual management charge of 0.9%. A discount may apply if units are redeemed prior to the Selected Guarantee Date.

# Skandia risk evaluator

Every month in *informer*, you can see the relative volatility of all the sectors available to the UK investor in our Risk Evaluator. We've taken the five-year volatility of every fund sector, and ordered the sectors in a chart according to volatility. We then split the chart into ten segments to give each sector a score out of 10 - where 1 is the most stable and 10 the most volatile. In the *informer* statistics we have ordered the sectors from low to high volatility and 'heat' coded each sector.

As we have reached the end of 2003 it is time to rerun the statistics to give you an up-to-date and realistic snapshot of how the sectors compare. This means that the sector ranking may change according to movements in volatility over the new period analysed, which is five years to 31 December 2003.

Before each group of statistics, we have provided a Risk Evaluator chart which shows the order of the sectors, as well as the highest and lowest quarterly

return over the previous five years. These charts highlight the risks and potential opportunities associated with investing in each sector. We hope the Skandia Risk Evaluator is a helpful tool in analysing, choosing and presenting the investment sectors available to your clients.

Please refer to the July 2003 issue of *informer* for a full explanation. This is available at [www.skandia.co.uk](http://www.skandia.co.uk) under 'Fund Information'.

## other fund statistics in *informer*

The S&P Fund Management Ratings are based on an evaluation of quantitative (historic performance, volatility, and portfolio construction) and qualitative (management, corporate status and investment process) factors that contribute to long-term performance.

AAA - the fund demonstrates the highest standards of quality in its sector based on its investment process and management's consistency of performance as compared to funds with similar objectives.

AA - the fund demonstrates very high standards of quality in its sector.

A - The fund demonstrates high standards of quality in its sector.

The Bond Fund Volatility Ratings are a current opinion of a fixed-income fund's sensitivity to changing market conditions relative to the risk of a portfolio composed of government securities\* and denominated in the base currency of the fund. Volatility ratings evaluate the fund's sensitivity to interest rate movements, credit risk, investment diversification or concentration, liquidity, leverage, and other factors.

The Bond Fund Volatility Ratings range from S1 to S6, with S1 rated funds possessing the lowest sensitivity to changing market conditions and S6 rated funds possessing the highest sensitivity.

\* Note for S1 through S4 categories government securities are intended to signify the most liquid, highest quality securities issued by a sovereign government.

The S&P Star Rating is calculated using a fund's monthly performance relative to its sector average for the past 36 months. The average and volatility of these 36 numbers is used to calculate a fund's star ranking.

5 ★ - funds in the top 10% of the sector

4 ★ - funds in the top 11-30% of the sector

3 ★ - funds in the top 31-50% of the sector

2 ★ - funds in the next 25% of the sector

1 ★ - funds in the bottom 25% of the sector

The Total Expense Ratio (shown for Life and Pension funds) represents the true cost of running a fund. It includes the fund AMC (which is shown for Skandia MultiFUNDS Ltd fund links) as well as the depository and custodial charges, and audit, registration and compliance fees.