

# fund news

## fund launches

	Fund Category	Life	Pension	MultiSA	MultiPEP	MultiFUND	Royal Skandia
New Star Property	Self Select	23 June	23 June			1 June	
Gartmore European Focus	Self Select			16 June	16 June	16 June	
Legg Mason US Equity	Self Select	28 May	28 May	28 May	28 May	28 May	
Legg Mason Japan Equity	Self Select	28 May	28 May	28 May	28 May	28 May	
Legg Mason Strategic Bond	Self Select	28 May	28 May				
Neptune Income						18 June	
Investec UK Smaller Companies				23 June	23 June	23 June	

## fund name changes

	Fund Category	Life	Pension	MultiSA	MultiPEP	MultiFUND	Royal Skandia
SocGen European Growth becomes <b>SocGen European Special Opportunities</b>	Self Select	28 May	28 May	28 May	28 May	28 May	24 May
BWD Aggressive Growth becomes <b>Rensburg UK Select Growth Trust</b>	Self Select	28 May	28 May	28 May	28 May	28 May	
BWD UK Equity Income becomes <b>Rensburg UK Equity Income</b>	Self Select	28 May	28 May	28 May	28 May	28 May	

## fund objective and name change

New Star has received unit holder approval to change the name and objective of the New Star UK Aggressive Fund to the New Star UK Alpha Fund with effect 7 June 2004 (available to Life, Pension, MultiSA, MultiPEP, MultiFUND and Royal Skandia investors).

### Skandia New Star UK Aggressive Objective

The Skandia New Star UK Aggressive Fund invests solely in the New Star UK Aggressive fund, a sub-fund of New Star Investment Funds, a UK authorised Open-Ended Investment Company.

The aim of the underlying investment is to seek aggressive capital growth through a relatively concentrated portfolio principally investing in the securities of UK companies.

### Skandia New Star UK Alpha Objective

The Skandia New Star UK Alpha Fund invests solely in the New Star UK Alpha fund, a sub-fund of New Star Investment Funds, a UK authorised Open-Ended Investment Company.

The aim of the underlying investment is to seek capital growth through a relatively concentrated portfolio principally investing in the securities of UK companies.

## the guaranteed pension fund

guaranteed pension fund bonus announcement as at 1 June 2004:

	Monthly Bonus Rates
Bonus rate on contribution units	0.05%
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.*

## update on USelect

In last month's article 'Polish up your past performance' we looked at proposed changes to USelect to make it fully CP183 compliant. This would mean among other things removing all fund performance data for funds that have under one year's history. Your feedback is that this would detract from its

primary use for determining suitable products and funds for individual clients, and reviewing existing client portfolios. We believe such usage does not constitute use in 'financial promotions' and so falls outside the scope of CP183. We will therefore be retaining performance on funds under a year old,

but this does mean you must not use USelect for any financial promotion content as it is not compliant for this use – we suggest you refer to your own compliance source to check where use of USelect might be deemed a 'financial promotion'.

## other fund statistics in informer

### Risk Evaluator

The Risk Evaluator is a tool provided by Skandia which compares the volatility of fund sectors. The sectors have been arranged in ascending order according to their volatility numbers, which have been calculated over five years, and the entire range has been divided into ten segments, each representing 10% of the range. The sectors have been placed into the relevant segment, depending on where their volatility numbers fall. Each segment has been colour-coded to represent the risk associated with each sector.

### Quartile Rank

Quartile rank is a rating of performance on a scale of 1 to 4, where 1 is best and 4 is worst. The entire performance range of a sector is divided into 4, with each quartile rank corresponding to 25% of the range.

### Total Expense Ratio (TER)

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.

### S&P Fund Management Ratings

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.

### Bond Fund Volatility Ratings

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.

### S&P Star Ratings

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