

fund news



New Star Select Opportunities Fund

New Star have advised that they are actively promoting the New Star Select Opportunities Fund again. This fund is available to Life, Pension, MultiISA, MultiPEP and MultiFUND investors.

fund launches

	Fund Category	Life	Pension	MultiISA	MultiPEP	MultiFUND	Royal Skandia
Cazenove UK Dynamic Fund	Self Select	30 Sept	30 Sept	30 Sept	30 Sept	30 Sept	–

fund closures

	Fund Category	Life	Pension	MultiISA	MultiPEP	MultiFUND	Royal Skandia
GBP Gartmore Safeguard	Self Select	–	–	–	–	–	18 Oct

fund name changes

	Fund Category	Life	Pension	MultiISA	MultiPEP	MultiFUND	Royal Skandia
Merrill Lynch UK Value Fund becomes Merrill Lynch UK Special Situations	Self Select	1 Oct	1 Oct	1 Oct	1 Oct	1 Oct	–
ISIS Extra Income Bond becomes F&C Extra Income Bond	Self Select	1 Nov	1 Nov	1 Nov	1 Nov	1 Nov	–
ISIS Maximum Income Bond becomes F&C Maximum Income Bond	Self Select	1 Nov	1 Nov	1 Nov	1 Nov	1 Nov	–
ISIS UK Equity becomes F&C UK Equity	Self Select	1 Nov	1 Nov	1 Nov	1 Nov	1 Nov	–
ISIS UK Prime becomes F&C UK Prime	Self Select	1 Nov	1 Nov	1 Nov	1 Nov	1 Nov	–
ISIS European Prime becomes F&C European Prime	Self Select	–	–	1 Nov	1 Nov	1 Nov	–
ISIS Strategic Bond becomes F&C Strategic Bond	Self Select	–	–	1 Nov	1 Nov	1 Nov	–
ISIS Stewardship Income Fund becomes F&C Stewardship Income Fund	Self Select	–	–	1 Nov	1 Nov	1 Nov	–

the guaranteed pension fund

guaranteed pension fund bonus announcement as at 1 October 2004:

	Monthly Bonus Rates
Bonus rate on contribution units	0.10%
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.

sector news

In May this year, The Investment Management Association (IMA) merged the Property, Latin America and Index Bear sectors into the Specialist sector. As a result Property and Latin American funds available to MultiISA, MultiPEP and MultiFUND investors now appear within the Specialist sector.

The Specialist sector is now more diverse and you should note that its Skandia Risk Evaluator ranking will not show a true reflection of the risk level assigned to individual funds therein. Some funds may be far less or indeed, far more volatile than the sector average would indicate.

Please note that this change is affecting IMA sectors only. The ABI (Association of British Insurers) have maintained the Property sector classification, therefore property funds within Skandia's Life and Pension fund ranges will appear displayed under the ABI Property sector.

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

Sector Averages

Sector averages denote the median performance of all funds within that particular sector. Sectors are governed by the Association of British Insurers (ABI) for Life and Pension funds and by the Investment Management Association (IMA) for MultiISA, MultiPEP and MultiFUND investments. The two bodies do not necessarily provide the same sectors. Our Royal Skandia fund range uses the sectors defined by Standard & Poor's. There is therefore a difference between sectors across Skandia product categories.