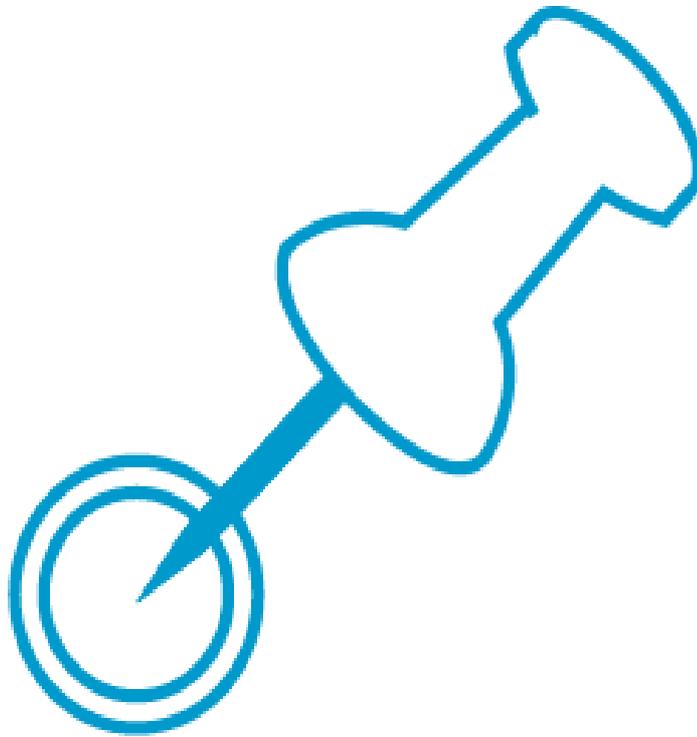


Key features of the Legal and General Assurance (Pensions Management) Limited Pooled Pension Fund Policy

December 2018



The Financial Conduct Authority is a financial services regulator. It requires us, Legal and General Assurance (Pensions Management) Limited ("PMC"), to give you this important information to help you to decide whether our unit linked insurance policy (the "policy") is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

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Before you start reading

We have used plain language to keep these Key Features simple. Some of the terminology that we use has been highlighted in blue like this throughout this document and a description given in context. Please refer to your policy for the overriding definitions.

For the purpose of this document the following words are used interchangeably;

- You/yours/trustees
- PF Section/fund
- We/us/the Company/Legal and General Assurance (Pensions Management) Limited/PMC

About us

Legal and General Assurance (Pensions Management) Limited (“PMC”) is a life insurance company authorised to write long-term business under the Financial Services and Markets Act 2000. PMC is an insurance undertaking for the purposes of Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (“the Insurance Distribution Directive”). The business of PMC primarily consists of writing unit-linked pooled pension fund insurance policies.

As part of that business PMC holds assets the value of which are notionally allocated to separate funds, known as PF Sections.

Registered Address:	One Coleman Street, London, EC2R 5AA
Registered No.:	202202
Authorised by:	Prudential Regulation Authority
Regulated by:	Financial Conduct Authority and the Prudential Regulation Authority
Ultimate Holding Company:	Legal & General Group Plc
Investment Management:	<p>PMC has delegated investment management to Legal & General Investment Management Limited (“LGIM”), which may in turn delegate to its affiliates.</p> <p>LGIM is a subsidiary of Legal & General Group plc and is authorised and regulated by the Financial Conduct Authority.</p> <p>The principal activities of LGIM on behalf of PMC are to provide fund management, investment advice, administration and marketing services.</p>
Fund Accounting:	LGIM
Register of unitholders:	LGIM
Custodian:	<p><u>UK assets</u></p> <p>HSBC Bank Plc, 8 Canada Square, London, E14 5HQ</p> <p><u>Overseas Assets</u></p> <p>Citibank, N.A. (London Branch), Citigroup Centre, Canada Square, Canary Wharf, E14 5LB</p>
Auditor:	KPMG LLP

Contact us

For more information please contact your LGIM representative or call:

+44 (0)20 3124 3124

Legal & General Investment Management,
One Coleman Street, London, EC2R 5AA.

To ensure quality of service and for the protection of all parties, telephone calls may be recorded.

About your policy

You purchase a contract of insurance, a “policy” with PMC, to which units in one or more funds are allocated. These funds are offered to PMC policyholders and, by way of reinsurance, to other authorised insurance companies in relation to their pensions business.

In order to enter into a policy with PMC you must be the trustee(s)¹ of a UK registered occupational scheme under Chapter 2 of the Finance Act 2004 or a non UK registered occupational pension scheme² (which is eligible under The Insurance Companies (Overseas Life Assurance Business) (Excluded Business) Regulations 2000) (“OLAB”). OLAB pension schemes are typically registered in Ireland, Jersey, Guernsey or the Isle of Man.

If your scheme ceases to be a registered scheme under Chapter 1 of Part XIV of the Income and Corporation Taxes Act 1988 you need to notify us immediately.

Your policy will take effect from the effective date noted in your policy document and, subject to cancellation, is unlimited in its duration.

The policy should be considered as a medium to long-term investment.

About the funds

As the appointed investment manager LGIM may invest the PMC assets allocated to the funds:

- Directly in a portfolio of assets designed to meet the investment objective of the fund
- Indirectly into alternative funds referred to as [collective investment schemes](#) (“CIS”) which are managed by a subsidiary company of Legal & General Group plc
- Indirectly into funds which are managed by a company that is independent of Legal & General Group Plc

Each fund is notionally divided into units so we can fairly determine what we owe to you under the policy. When you transfer consideration to PMC, units are allocated to your policy reflecting the amount you subscribed in the fund(s) you selected using the unit price(s) prevailing on the appropriate dealing day. You have no property rights in the assets allocated to the fund, which instead form part of the assets of PMC. All securities and cash allocated to the various funds are held by external custodians or depositaries on behalf of PMC. There is no formal segregation between the funds which are notional in nature.

The value of the policy and benefits payable are linked to the performance of the funds you have been allocated units in. The returns achieved by the funds are entirely dependent on the performance of the underlying assets which have been notionally allocated to your chosen funds. The value of the policy and its benefits are not guaranteed by PMC.

We offer a wide range of fund choices for various types of policyholders. Different funds are exposed to different types of assets and can provide exposure to a variety of geographical regions. Some funds are exposed to a diversified range of assets whilst others are specialised. Each fund has its own investment objective and carries a level of risk and potential return. You and your professional adviser/investment consultant choose in which funds to allocate your subscription(s).

¹ Some UK occupational pension schemes (mainly in the public sector) are established under statute rather than by trust and consequently do not have trustees. For the purposes of this document we use the term ‘trustees’ to include the managers of such schemes.

² PMC may be able to accept certain other entities as policyholders if the underlying monies are pension monies. Please contact us if you believe you fall into this category.

About this document

This document is intended for use by the trustees of prospective PMC policyholders and their professional advisers who wish to access PMC's range of funds. The target audience is schemes which have been classified as 'retail clients'³, however this document may also contain information that is of interest to 'professional clients'. This document is not intended for use by individual scheme members.

This document provides information on the main features, benefits and risks of investing in a PMC policy, but it contains only a summary of the most important points. For full information about the benefits, charges and conditions of the policy you must read the **Pooled Fund Policy Standard Conditions (Second Edition)** together with the following documents:

- **Proposal** (*and any amendments and/or Supplemental Proposals*) is made by the policyholder to PMC and forms the basis of the policy. This provides PMC with a variety of warranties and acknowledgments from the policyholder which are primarily required for regulatory or tax reasons and includes details of the permitted funds and associated fees. The proposal also includes details of the designated bank account where redemption proceeds will be remitted
- **Description of Funds** (*the latest edition issued*) is the document which sets out details of the range of PMC funds available to different types of policyholder, the risks associated with the funds, the dealing and pricing basis of the funds and other information as required by the Pooled Fund Policy Conditions (Second Edition) or which PMC considers relevant to policyholders
- **Operational procedures sheets** are the documents which describes the operational procedures relevant to the policy. They include requirements for dealing instructions, settlement terms, bank account details, dealing schedules and other items relating to transacting in PMC funds
- **Fund spreads sheet** is a document produced which retrospectively provides details of the dealing spreads applied on the funds
- **Factsheets** (*where available*) are documents produced quarterly and provide details including aims, characteristics, past performance and fund holdings information
- **Key Information Document ("KID")** (*where available*) are documents produced annually in accordance with the Packaged Retail and Insurance-based Investment Products Regulations 2017

With the exception of the proposal all of these documents are available on request. The factsheets and KIDs are additionally available on our website **www.lgim.com**.

Additional terms that are used throughout this document are:

Benchmark – an instruction from the policyholder to PMC setting out the on-going management of the unit allocation across funds

Cash driven transaction - a transaction in a fund where the instruction is to create, cancel, or switch a specific monetary value

Dealing day - any day which PMC shall determine and notify to policyholders as a day on which units may be created, cancelled or switched

In specie transfer - the transfer of an agreed portfolio of assets, typically equities and/or bonds, to or from PMC in exchange for units

³ As defined by the FCA Conduct of Business Sourcebook (COBS) chapter 3, i.e. an occupational pension scheme which has less than 50 members or has assets of less than £10 million (or its equivalent in any other currency)

2018 Key Features of the Pooled Pension Fund Policy

PF Section/fund - any one of PMC's funds which determines the benefits received by policyholders. Each will hold a portfolio of assets maintained by PMC which is notionally divided into units of equal value

Surrenders - the process of exchanging units in one or more funds for assets, typically cash, at the prevailing unit price(s). This may also be referred to as a redemption, disinvestment, cancellation of units or sale

Subscription – the process of applying assets, typically cash, to one of more funds in exchange for units at the prevailing unit price(s). This may also be referred to as an investment, creation of units or purchase

Trustee controlled – either the policy uses in a single fund, or the policy uses more than one fund and the trustees advise subscriptions are to be applied, where redemptions are to be taken from or advise us of any switches between the funds

Unit - each fund is notionally divided into units of equal value. Units may be allocated as fractions of a unit (to 2 decimal places)

Unit driven transaction - a transaction in a pooled fund (typically a surrender/switch) where the instruction is to surrender a specific number of units

Risks

Any investment involves risk; correspondingly there are risks you need to understand before investing in a PMC policy. Some of these risks are general and apply to all of the funds within the PMC range. Other risks are specific and only apply to certain funds. The following risk factors apply to all funds:

Market risk

The value of any investment and any income taken from it is not guaranteed and can go down as well as up. You may get back less than the amount you originally invested. The degree of investment risk depends on the funds you choose.

Performance risk

The return from your investment is not guaranteed and therefore you may receive a lower or higher return than you anticipated. Past performance is not a guide to the future. There will be a variation in performance between funds with similar objectives due to the different assets selected.

Charges and transaction costs risks

In addition to any explicit fees that are levied by PMC in relation to the provision of this policy, each Fund will incur transaction costs associated with the purchase and sale of financial instruments. This can include an explicit basis point transaction charge levied by executing brokers; an implicit spread levied by executing brokers when quoting to buy financial instruments from the portfolio on a bid basis or quoting to sell the same instruments to the Fund on an offer basis; and a transaction processing charge levied by the custodian for settling the trade. Implementation shortfall can also be incurred, which is generally defined as the change in the price of a financial instrument between the point in time at which the investment manager raises a transaction and the point in time at which transaction is executed. PMC's charges and associated transaction costs are subject to change, with notice for the former and without notice for the latter. Charges and transactions costs deducted from the policy reduce your potential for capital growth in the future.

Tax risk

Tax rules and the treatment of income and capital gains could change in the future and may be applied retrospectively.

Inflation risk

Inflation reduces the purchasing power of money over time as the cost of purchasing goods and services increases. If the rate of inflation exceeds the rate of return on your portfolio, it will erode the value of your portfolio and its investments in real terms.

Liquidity risk

In extreme market conditions it may be difficult to realise assets held for a fund and it may not be possible to redeem units at short notice. We may have to delay acting on your instructions to sell or the price at which you cancel the units may be lower than you anticipated.

Political risk

The value of a fund's assets may be affected by uncertainties that affect the behaviour of markets. Examples include, but are not limited to; international political developments, market sentiment, economic conditions, circumstances where markets are not allowed to freely move (in the absence of government controls), changes in government policies, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investment may be made.

Custodian risk

Each fund's non-cash assets are (with the exception of property) held with independent custodians to reflect PMC's proprietary rights to those assets under trust law, and hence would not be lost in the event of the custodian's insolvency. The custodians are entitled to appoint sub-custodians locally overseas, and remain legally responsible for the actions of the sub-custodians as if they were the custodian's own actions, as well as being obliged to use reasonable skill and care in selecting the sub-custodian. Wherever possible, non-cash assets are held by custodians and sub-custodians on a segregated and not an omnibus basis. However, in the event of the failure of sub-custodian there is a

residual risk that a fund may suffer asset losses which are unrecoverable. For cash left on deposit with PMC's custodians, the relevant custodian will hold this as banker and the fund is exposed to cash deposit losses on the failure of the custodian. PMC seeks to mitigate this risk on behalf of its policyholders by sweeping cash (where appropriate) overnight into the LGIM Sterling, US Dollar and Euro Liquidity funds (above a de minimus level).

Fund specific risks

A description of each fund is shown in the Description of Funds, together with the specific risks that apply to that fund.

Questions and answers

How do I take out a policy?

We can provide you with a Guide to Take On Documentation to assist you when setting up a policy with PMC.

You initially send us a signed proposal for a pooled fund policy. Once the proposal is accepted, we will arrange for the [Policy Document](#) to be issued to you.

We will also require you to complete supporting documents, including an authorised signatory mandate and may ask you for some additional details to verify your identity. This is required by relevant money laundering regulations.

Other documentation is optional and enables us to accommodate your investment requirements, see “What other services do you offer?” for further information.

Following receipt of the necessary documents, we will make arrangements with you and your administrator (where applicable) for the initial investment.

Is there a minimum amount I need to invest?

We do not impose a minimum investment size for subscriptions to your policy generally or to most PMC funds. An aggregate minimum investment amount does apply in certain cases. If this applies to you, we will let you know.

How can I invest in my policy?

Subscriptions can be made in your policy on a designated dealing day. PMC offers [weekly dealt funds](#) and [daily dealt funds](#). Weekly dealt funds broadly allow weekly transactions on designated dealing days which are set out in the operational procedures sheets. Daily dealt funds allow transactions on a daily basis except on bank holidays in England & Wales and any other dates that are identified in the operational procedures sheets. These documents are typically published three months prior to the end of the calendar year and will be adhered to unless there are events beyond PMC’s control that prevent normal operation.

We require receipt of your instruction to deal in accordance with our dealing process as set out in ‘What is the dealing process?’ below. A PMC Client Dealing Form is available for providing your instruction to us.

Subscriptions may be made in cash by a bank transfer. We do not accept cheques. By special arrangement, subscriptions may be made by way of in specie transfer.

We will act upon receipt of a valid instruction to deal. The monies in relation to any dealing instruction must reach the designated account by the close of banking hours on the dealing day. If you fail to make the payment on the date due PMC may charge interest on the amount outstanding.

Please refer to the operational procedures sheets for full information on transacting in weekly and daily dealt funds.

How are units surrendered?

In most circumstances (see section ‘What discretion does PMC have over my policy?’ below for the exceptions) all or part of the units in funds allocated to your policy may be surrendered (disinvested/redeemed) on any dealing day by sending us an authorised and completed surrender request in accordance with our dealing process.

By special arrangement, redemptions may be made by way of in specie transfer. PMC reserves the right, in certain circumstances, to impose an in specie transfer when units are surrendered.

Written surrender requests should be signed by your authorised signatories. We reserve the right to reject any instruction to deal without the appropriate documentation and information, or where the signatures provided vary from the mandate you have provided to us. Additional documentation may be required in the event that the proceeds are to be paid to an account other than the trustees' designated bank account. We also have the capability to receive redemption requests electronically via [straight through processing](#). See "What is the dealing process?" for further information.

The redemption proceeds will be sent by bank transfer on the settlement day, which for value driven transactions in weekly dealt funds is typically two days after the dealing day. The proceeds from certain funds, as detailed in the operational procedures, are available one day after the dealing day. All unit driven transactions are settled three days after the dealing day. For daily dealt funds all transactions are settled two days after the dealing day.

Please refer to the operational procedures sheets for full information on transacting in weekly and daily dealt funds.

Can I switch between funds?

Yes. You may switch your units into any fund which is listed on your proposal. If you wish to switch into another eligible fund not stated in your proposal we can issue a supplemental proposal to add funds to the list available to you.

The switch facility is currently offered free of charge, however transaction costs can be incurred.

Switch instructions should be provided in line with the requirements and timescales for investments as detailed in the dealing process section below.

How are units allocated to my policy?

Weekly dealt funds

Units in the weekly dealt funds are typically allocated at the offer price prevailing on the dealing day. Redemptions of units are typically effected at the bid price. Any switch is subject to the bid/offer spread in relation to the funds involved. All transactions in weekly dealt funds will be eligible for matching under PMC's matching policy. This means that some or all of that buy/sell transaction may be matched against the sell/buy transactions of other clients. Where this is possible units will be transacted at the mid price rather than the bid or offer price. Where only part of a transaction can be matched, for example when there is an imbalance between the size of buy and sell orders, the matched portion is carried out at the mid price, with the remainder being executed at bid or offer price dependent on whether it is a purchase or a sale of units. If there is more than one client transacting matching will take place on a pro rata basis. There is no guarantee that there will be matching opportunities when your transaction is executed.

Daily dealt funds

For daily dealt funds all transactions, unit creations and cancellations, in a particular fund which take place on the same dealing day and at the same pricing point (i.e. daily close or daily midday) will normally be effected at the [dealing price](#). That price will be the offer price if there is a net inflow to the fund or the bid price if there is a net outflow from the fund.

Please refer to 'How are the prices determined?' for further information.

Whenever transactions are made on behalf of your scheme, we issue a statement showing your scheme's unit purchases and sales, the prices used and the market value of your scheme's unit holdings.

What is the dealing process?

Units can be purchased, sold or switched by sending an authorised deal notification by fax to +44 (0)20 7634 0889 or email to dailydealingadmin@lgim.com for daily priced funds or pmc.investment.monies@lgim.com for weekly priced funds. Your deal notification must be received by the cut-off deadline for the fund range⁴, which are:

- Daily Priced Funds 18.00 (UK time) on the Business Day before the dealing day
- Weekly Priced Funds 12.00 (UK time) on the second Business Day before the dealing day

Any instruction to deal received after these deadlines will be treated as received for the subsequent dealing day.

A [PMC Client Dealing Form](#) should be used and needs to contain your scheme name and policy number together with the amount(s) for investment, surrender and/or switch and the fund names and identifiers (unless you have provided us with a benchmark letter).

We also have the capability to receive transaction requests and send prices, holdings and confirmations electronically via [straight through processing](#). This capability improves the security and efficiency of the process whilst reducing risk for you, your scheme and administrators. If you would like to discuss the availability of this functionality please speak with your scheme administrator and LGIM representative.

Certain funds may require advanced notice to deal. These are identified within the Description of Funds document. Funds which are not yet launched may require a minimum investment and/or additional notice in order to deal.

What funds are available?

PMC provides a wide range of funds for qualifying investors. The majority of these funds are [LGIM-managed funds](#) where LGIM directly manages the assets or, in some circumstances, invests into an alternative CIS which is managed by LGIM.

Full details and descriptions of the range of LGIM-managed funds available to policyholders can be found in the Description of Funds document.

For regulatory and operational reasons certain funds may only be available to certain types of policyholder, for example, certain funds are not available to some policyholders for tax reasons.

Many of our funds have been assessed as appropriate for either defined benefit or defined contribution schemes. However, some funds are available solely to defined benefit schemes on the grounds of appropriateness. Other funds have been assessed as appropriate for defined contribution schemes, but it is suggested that trustees offer these funds only as part of a diversified investment strategy for individual scheme members.

The Description of Funds details which funds are available to each investor profile.

Please refer to your professional advisor who should be able to advise you on the suitability of funds for your scheme's investment objective.

⁴ Unless you have been advised of different dealing cut-offs in relation to the funds in which you have been allocated units

When are the funds valued?

Each daily priced fund is valued on any applicable dealing day at either 12:00 UK time or the local close of business time. Each weekly priced fund is valued on the day preceding the dealing day.

How is the value of the units calculated?

The unit price of a fund is determined from the value of the underlying investments notionally allocated to it. The key driver of this value is the behaviour of the market which is influenced by a wide variety of factors. Values may also be impacted by exchange rate, interest rate or inflation expectation changes.

If the value of the investments notionally allocated to the fund grows, correspondingly the price of the units held by your policy goes up and the value of your policy holding increases. Similarly, if the value of the investments notionally allocated to the fund falls, the price of the units held by your policy goes down and the value of your policy holding decreases.

Each weekly dealing day the funds are valued based on the assets notionally allocated to each fund on the day preceding the dealing day. The weekly dealt funds are valued on a [middle market price](#) basis using an asset pricing framework, the objective of which is to use the most appropriate and accurate asset prices on a timely basis. The middle market price of the fund is derived from the middle market value of the assets and adjusted for other items including but not limited to; outstanding dividends, interest and taxes payable or recoverable. The middle market value of the fund is divided by the number of units in issue to obtain the middle market price, otherwise referred to as the [mid price](#).

For certain daily dealt funds a similar process is undertaken using the relevant, asset specific, local market close value of assets on the day dealing day. For other daily dealt funds an estimation process is used to determine the prevailing price of the units. This process uses the valuation of the relevant weekly priced fund at the previous weekly dealing day, adjusted to allow for market and/or currency movements to the relevant pricing point for the daily close or daily midday dealt fund.

Further details on the valuation basis applicable to each fund may be found in the Description of Funds. Full details of the unit valuation methodology are set out in your policy.

Fair Value Pricing

Fair value pricing is a mechanism that can be used by LGIM, in their capacity as PMC's fund administrator, when necessary to ensure that PMC's policyholders are allocated units at a fair and accurate price. Fair value pricing may apply either to a whole fund or certain securities within it. Examples include but are not limited to;

- If LGIM believes that a significant market event has occurred between the close of the markets in which the fund invests and the point of valuation, and that such event will materially affect the valuation of that fund's underlying assets, LGIM may adjust the middle market value of the fund so as to reflect what is believed to be the fair value of the portfolio as at the point of valuation
- If there has been a failure in the systems that deliver the prices used for valuing the fund, LGIM may select an alternative pricing source or adjust the valuation by the movement of a relevant index
- If in LGIM's opinion, the price obtained for an underlying asset or group of assets is unreliable, a recent traded price is not available or no recent price exists, at a value which, in the opinion of LGIM, is fair and reasonable. In these circumstances LGIM may adjust that price so as to reflect what is believed to be the fair value of the underlying asset, in order to reflect the fair value of the fund

The decision to apply these measures is undertaken by LGIM's Asset Valuation and Pricing Committee whenever it deems it appropriate. Where fair value pricing measures are applied this will be consistent across all affected PMC funds and any other relevant LGIM administered funds.

How are the unit prices used for dealing determined?

The middle market value of the fund is adjusted to the bid value and offer value. The bid and offer values represent the amounts for which the investments in the fund could practically be sold or purchased in the open market respectively. The reason for adjusting the value is to protect existing unitholders from the impact of dealing costs relating to the activity being undertaken on the dealing day. The adjustment that is applied to the middle market value is a dealing spread that takes into account the typical cost of trading in the underlying assets including any brokers' commission, custodian transaction costs and local taxes. The adjustment will vary according to market conditions. The bid and offer values of the fund are divided by the number of units in issue to obtain the **bid price** and **offer price** respectively. The difference between the bid price and offer price is known as the **bid/offer spread** and reflects the costs of buying or selling the underlying investments.

For funds that are invested wholly in units of other funds the price is determined by the price of the underlying funds in the appropriate proportions.

Examples of bid/offer spreads that have historically been applied to the funds are available on the Fund Spreads sheet, which is produced periodically and is available on request. Full details of the unit pricing methodology are set out in your policy.

What happens if there is an error?

Unit pricing

Our aim is to calculate the unit prices of funds accurately and consistent with your policy. Should we later discover a possible error in a unit price this will be investigated and, if material, we will correct the unit price as soon as reasonably practicable.

We correct if the unit price error is over the tolerance stated in your policy. If the unit price error is so corrected, we will also review all transactions effected by the incorrect price, and if the potential financial impact is greater than £100, put you back into the position you would have been in had the unit price error not occurred. The correction will primarily be made by an increase or decrease in the number of units allocated to your policy; however, alternative methods may also be used e.g. making a cash payment if you no longer hold units in the fund which has been incorrectly priced.

Dealing

We have controls to ensure that your dealing instructions are acted upon precisely for the specified dealing day. Should we process dealing instructions incorrectly, our policy is to put you back into the position that you would have been in had we not processed the instructions incorrectly. When we correct, the unit price may have changed from the dealing day on which the deal should have occurred. We will take this into account and correct your unit position so that there is no impact (positive or negative) to your unit position as a result of an error we have made.

Incorrect instruction

We will act upon receipt of a valid instruction to deal. If subsequently you, or your administrators, identify that we have been sent an instruction in error or an incorrect instruction you should notify us immediately. We will work with you to resolve the issue as soon as practicable. Costs may be incurred by the policyholder in respect of any losses (including any from market movements) and expenses incurred by amending the unit transactions.

What is the value of my policy?

The value of your policy is dependent on the number of units in funds allocated to the policy and the latest bid price of each fund unit.

What additional services do you offer?

PMC provides a range of optional additional services which enables us to accommodate your investment requirements. These include:

- **Benchmark management** – where the policyholder provides PMC with an instruction, a **benchmark letter**, which sets out the criteria for the on-going management of the asset allocation across a range of funds
- **Pre-investment facility** - whereby payments in respect of unit purchases may be settled after the due date. In order for us to assess this we will need to know your intended investment date and value. If approved, we will issue you with an **indemnity letter**, which is an agreement between the trustees and PMC enabling the use of this facility
- **In specie transfer** – where a transaction is effected by way of an in specie transfer units will typically be created or surrendered at the mid price
- **Notional Dividend Income Payment** (“NDIP”) – a facility that exists for certain funds which enables a policyholder to draw income from the fund by surrendering units at the mid price. The rate of NDIP available is based on the underlying yields from UK investments held by the relevant funds. Please contact your LGIM representative for details of the funds that are eligible for this facility
- **External Manager funds** - a range of funds offered by PMC for clients that take up PMC’s Platform Service. These are funds where assets are invested in, or are reinsured into, funds which are managed by a company that is independent of Legal & General Group plc. Please contact your LGIM representative for further details of this service and the External Manager funds

Where PMC levies a charge for these services you will be notified by us.

What are the fees and charges?

There are currently no initial or surrender charges.

The on-going charges consist of a policy charge, plus an ad valorem fee.

Policy charge

The policy charge is a flat amount per annum and is levied based on the offer value of the units held at the first dealing day in April each calendar year. It is payable quarterly in arrears and can either be invoiced or deducted by cancelling units.

The flat charge for a policy whose total value is less than £10 million is:

- £1,500 per annum if the policy is *trustee controlled*
- £2,250 per annum if the policy utilises a *benchmark*

The flat charge for a policy whose total value is £10 million or more is:

- £1,000 per annum if the policy is *trustee controlled*
- £1,500 per annum if the policy utilises a *benchmark*

The flat charge is waived for a policy which has over £25 million invested with us.

Ad valorem fee

Please refer to your proposal documentation for the specific charges for each PF Section applicable to your scheme.

The ad valorem fee is based on the average offer value of the policy's holdings;

- On a dealing price basis in the daily dealt funds
- On an offer price basis in the weekly dealt funds

PMC's custody fees are included within the ad valorem fee and are not incurred by the fund. Similarly, any costs incurred through the appointment of LGIM for fund accounting and unit registration services, are met from the ad valorem fee and are not borne by the funds themselves.

For policyholders which are trustees of defined contribution pension schemes where each member pays towards the investment charges, we also offer a range of funds priced to include the ad valorem charge. These are identified within the Description of Funds with "charges included".

PMC may charge additional fees for added services it provides. These will be agreed with you in advance.

Pooled policyholders are not currently liable to UK Value Added Tax (VAT) on its charges under current legislation. However, should there be any changes to the legislation whereby VAT is chargeable PMC reserves the right to amend its charges accordingly.

Other costs and charges

The funds will also incur transaction costs and charges associated with buying and selling securities within the fund. These include both explicit costs such as broker commission, transaction taxes and exchange fees, and implicit costs such as the response of the market to a trade or the timing of a trade (market impact, opportunity cost, delay costs).

The majority of the explicit costs form part of the bid/offer spread as described previously. Other costs that may be incurred within the funds include; custodian overdraft costs, interest resulting from intra fund borrowing and depositary services fees (fees for services associated with holding [depository receipts](#) (American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs)).

A small number of funds, where the assets are invested indirectly into funds which are managed by a subsidiary company of Legal & General Group plc, will incur additional on fund costs to cover the fees and charges for third party administration, custody and other expenses. These are identified and disclosed within the Description of Funds.

A charge to cover custodial and administrative costs may be made when a transfer in specie takes place to an external manager or when a switch between funds can be effected in specie.

PMC will not pay commission to any adviser in respect of any investment made in connection with your policy.

What is the effect of deductions on the value of my policy?

The following illustrations demonstrate the effect that costs and charges will have on your investment. Each example is based on a single lump sum investment of £1 million and assumes that income is reinvested and that there are no withdrawals.

The deductions are for;

- custodial services, administration, investment management i.e. those costs covered by the ad valorem fee

- the cost of trading in the underlying investments i.e. those costs incurred through the bid/offer spread
- estimated transaction costs i.e. the the expected costs and associated charges of transacting in the fund, less those that are captured in the bid/offer spread, and
- other on fund costs as described above

The basis of these examples is detailed below

Fund Name	UK Equity Index Fund	AAA AA A Corporate Bond All Stocks Index Fund	Diversified Fund
Fund Identifier	N	CN	MAAA
Policy charge per annum	£1,500	£1,500	£1,500
Ad valorem charge per annum ⁵	0.10%	0.15%	0.30%
Bid/offer spread ⁶	0.74%	0.64%	0.80%
On fund costs ⁷	0.03%	0.00%	0.03%
Estimated transaction costs ⁷	-0.02%	-0.08%	-0.07%
Assumed rate of investment growth prior to the deduction of charges per annum ⁸	6.00%	3.00%	4.70%

The effect of charges and expenses on an investment of £1 million, assuming that income is reinvested and that there are no withdrawals, is set out in the table below:

At end of year	Total paid in to date	UK Equity Index Fund		AAA AA A Corporate Bond All Stocks Index Fund		Diversified Fund	
		Effect of deductions to date	What you might get back at 6.00%	Effect of deductions to date	What you might get back at 3.00%	Effect of deductions to date	What you might get back at 4.70%
1	£1,000,000	£10,600	£1,040,000	£8,820	£1,020,000	£12,600	£1,030,000
2	£1,000,000	£14,000	£1,100,000	£11,400	£1,040,000	£17,500	£1,070,000
3	£1,000,000	£17,600	£1,170,000	£14,000	£1,070,000	£22,800	£1,120,000
4	£1,000,000	£21,500	£1,240,000	£16,700	£1,100,000	£28,400	£1,170,000
5	£1,000,000	£25,800	£1,310,000	£19,500	£1,130,000	£34,500	£1,220,000
10	£1,000,000	£52,700	£1,730,000	£35,200	£1,300,000	£71,400	£1,510,000

The last line in the table shows the effect over 10 years of the total charges and expenses i.e. for:

- The UK Equity Index Fund would amount to £52,700, or putting it another way, over the 10 years this would have the same effect as bringing investment growth from 6.00% a year down to 5.60% a year.
- The AAA-AA-A Corporate Bond All Stocks Index Fund would amount to £35,200, or over the 10 years this would have the same effect as bringing investment growth from 3.00% a year down to 2.70% a year.

⁵ On an Offer Price basis

⁶ As at December 2018

⁷ As at Q3 2018

⁸ Based on projection rates as at June 2018

- The Diversified Fund would amount to £71,400, or over the 10 years this would have the same effect as bringing investment growth from 4.70% a year down to 4.20% a year.

These figures are only examples and are not guaranteed – they are not minimum or maximum amounts. What you get back depends on how your investment grows and on the tax treatment of the investment. Do not forget that inflation may reduce what you could buy in the future with the amounts shown.

Further costs and charges information can be found in the KID which is available on our website www.lgim.com.

What about tax?

All investment income and capital gains earned by each fund are free from UK tax under current legislation. Investment income and gains received from non-UK securities may be received net of withholding tax levied by the tax authority of the country in which the securities are located.

UK pension schemes may be able to benefit from either an exemption from, or a lower rate, of dividend withholding tax regimes in certain markets. Where PMC considers this to be a benefit to the fund units will only be allocated to UK pension schemes. Details of these, together with any alternative versions for non UK registered schemes where applicable, can be found in the Description of Funds.

How is income treated?

PMC operates accumulation units only meaning that all investment income received from the underlying investments and any tax recovered is retained within the fund and is reflected in the unit price. There are no distributions from the funds, but a Notional Dividend Income Payment (“NDIP”) facility exists for certain funds.

What discretion does PMC have over my policy?

We look to use our experience and judgement to ensure that the management, valuation and pricing of the funds is fair to all policyholders. From time to time, in accordance with the terms of your policy, we (acting through LGIM) may use our discretion in the management of our funds. When we do so we endeavour to act with our customers’ best interests in mind. Examples of where we may use discretion when making decisions about the way we run and manage our funds include:

- **Pricing basis** – as described in the sections ‘How are units allocated to my policy?’ and ‘How are the prices determined?’ we will apply the most appropriate pricing basis for each fund to ensure the fairness for customers investing, redeeming or remaining in the fund. Additionally, where a transaction is effected by way of an in specie transfer, a deduction may be made to compensate the fund for any costs incurred.
- **Significant events** - As mentioned in the section ‘How is the value of the units calculated?’ if a significant event occurs we will ensure that our funds are priced appropriately in the circumstances. In exceptional circumstances, we may need to amend the dealing process to protect the interests of all clients, for example as a result of a market disturbance or where there is a system failure and it is not possible to fair value the units of a fund, or otherwise. In such circumstances PMC reserves the right to:
 - Delay the creation, cancellation or switching of units.

- Defer the payment of surrender proceeds until sufficient funds are available e.g. in circumstances where a fund is unable to settle its market trades in line with typical settlement timescales
- Temporarily suspend fund trading
- Suspend unit pricing

If this applies to you, we will let you know.

- **Fund launches, closures and mergers** - PMC is able to amend the range of funds available at any time and is not obliged to provide policyholders with notice of new fund launches or, where there no unitholders, the withdrawal of a fund.

The Description of Funds document is updated periodically to reflect the range that is available.

- **Investment objectives** - the investment objectives for funds may be adjusted in line with your policy.
- **Investment discretion** – for LGIM-managed funds the assets may be invested directly into portfolios of assets, other PF Sections and/or other funds managed by a subsidiary company of Legal & General Group plc. Funds may hold shares in the in LGIM Liquidity Funds Plc for cash management purposes and they may borrow, on a temporary basis, from other funds for operational efficiency. Certain funds may undertake derivative transactions for efficient portfolio management, investment purposes or use forward currency transactions for currency hedging purposes. Eligible assets from across the whole fund range may be used as security (collateral).
- **Fund management charges** - All charges may be varied by PMC in line with your policy.
- **Corporate Governance** - PMC delegates to LGIM's independent corporate governance team most decisions relating to its shareholder rights as the owner of the assets of funds. LGIM uses its scale and influence to bring about real, positive change to create sustainable investor value.
- **Group securities related litigation** - Occasionally, LGIM may suggest that PMC enters into group litigation as a claimant in relation to securities held by PMC funds. PMC will assess the any material risks and costs (including potential adverse costs or irrecoverable costs in the event of success) in proceeding and, in the event that PMC considers such activity to be in the interests of the policyholders, may elect to participate. Any judgement or settlement proceeds from successful claims, less 10% which will be retained by PMC, will be applied to the relevant fund.
- **US Class Action settlement proceeds** - LGIM claims on behalf of relevant PMC funds in US (and other jurisdictions with similar non-participatory recovery mechanisms) class action settlements (where others have litigated and a settlement pool has been established whereby any eligible class members can claim regardless of participation), and any successful recoveries less 10% which will be retained by PMC, will be applied to the relevant fund.
- **Additional withholding tax** - where PMC believes it is eligible, and it would be in the interest of the fund to do so, it will seek to reclaim additional dividend withholding tax. Claims may represent a full exemption or a reduced rate of tax depending on the individual circumstances and markets involved. Such opportunities may arise from either historic market claims or through successfully entering into new tax treaties. Any settlement proceeds from successful claims, less a proportion representative of PMC's expenses in pursuing the claim, will be applied to the relevant fund.

PMC may, at its discretion, undertake additional activities in relation to the underlying assets in order to generate additional income for a fund. All income, less expenses, generated from these activities is re-invested into the relevant fund for the benefit of the policyholders. These include:

- **Stock lending** - PMC has approved the implementation of a stock lending programme by LGIM, whereby a fund's assets may be temporarily used by counter-parties in return for a fee. The stock lending programme is run by PMC's custodian, Citibank, as an agent of PMC who will levy a charge based on the volume of revenue raised, which will be deducted at source.
- **Underwriting** - PMC may approve underwriting issuance of new stock for a fund which would be a natural holder of the stock once issued. By underwriting the issue of new stock the fund receives income in exchange for agreeing to buy a pre agreed number of shares in the stock at fixed price in the event that the new issue is not fully subscribed for. The fund would not underwrite a substantial proportion of any new issuance.

Details of the funds where these activities are currently undertaken, together with any associated risks, can be found in the Description of Funds.

How do you ensure good governance?

Good governance is important to us and we are committed to the FCA's principles of Treating Customers Fairly to ensure our customers receive good outcomes.

The key aims of our governance process are to make sure that;

- funds are managed in line with regulations, objectives, policy documentation and expectations set out in fund literature
- customers are treated fairly
- there is thorough supervision and oversight of LGIM in their capacity as the appointed fund manager, administrator and distributor of PMC funds
- there are no significant operational, organisational or structural issues that could affect the funds
- internal policies and framework⁹, which cover a wide variety of operational and governance issues, are adhered to

PMC has a Board of Directors which is ultimately responsible for all of the Company's activities and governance. The PMC Board of Directors, together with their delegated Governance Committee¹⁰; oversee our governance framework.

The PMC Board of Directors meets quarterly with the Governance Committee meeting at least monthly.

As an insurer, PMC also has to comply with the EU regulatory framework of Solvency II. This requires the company to have approved individuals with prescribed responsibilities under the Senior Insurance Managers Regime.

How do you remunerate your staff?

Legal & General believes that;

- rewards received by employees will not conflict with its duty to act in the customer's best interests

⁹ Including, where appropriate, those of the wider Legal & General Group.

¹⁰ Some functions are delegated to LGIM committees with reports or minutes being reviewed by the PMC Board or Governance Committee

- employees should be rewarded according to the contribution they make towards achieving the Company's goals
- rewards correlate with the performance of the Company against its objectives and take into account its risks

The remuneration of LGIM¹¹ employees is paid by LGIM (Holdings) Limited and is ultimately overseen by the Legal & General Group Remuneration Committee. Employees are salaried and may receive a variable discretionary annual bonus, which includes deferred bonuses to ensure a long-term commitment to the performance of the Company. Eligibility for bonuses is based on a range of factors such as personal objectives but is not directly linked to sales volumes. Employees do not receive commission, profit share or other financial incentive.

How is the policy terminated or cancelled?

As described previously, you may surrender units in part or full at any time on any dealing day. A full surrender and payment of fees will lead to termination, or 'discharge' of the policy.

Can my policy be amended?

PMC has the legal right to amend the terms and provisions of the policy as detailed in your policy by giving at least four months' notice in writing.

What information will I receive on an on-going basis?

We will issue you with quarterly investment reports providing details of your unit holdings and investment performance of your chosen funds over the past quarter.

Unit statements are provided to clients on a monthly basis and transaction statements will be sent following any unit transaction activity.

LGIM CONNECT is a secure portal that enables pooled pension scheme clients to access their investments with LGIM as well as details of LGIM products and capabilities. LGIM Connect is available to existing and new trustees, their advisers and scheme administrators and has been rolled out to all of our pension scheme clients from early 2016. Log in details will be provided automatically as part of our on-boarding process.

We will also respond to any reasonable ad hoc requests for information when requested to do so.

We will usually communicate with you by email, however at times we will contact you by letter or telephone. To ensure quality of service and for the protection of all parties, telephone calls may be recorded.

¹¹ PMC has no direct employees.

Other information

Right to cancel

The Financial Conduct Authority provides certain clients with an additional right to cancel the policy in its entirety.

If you have a right to cancel your policy under the Financial Conduct Authority's rules, then you can do so within 30 days of the date on which you received the Policy Document. To do so you must contact us by any reasonable means.

If you do not exercise your right to cancel your policy within that period, then your right to cancel will expire.

If you exercise your right to cancel, then we will cancel all units and transfer the resulting proceeds to you as explained on page 7. Please note that you may suffer a shortfall should the value of the funds which you chose to subscribe for units in fall in value after the day on which units were allocated to your policy and you may not receive back the original amount invested.

Floating charge

PMC's floating charge is intended to operate to protect PMC policyholders, by maximising their likely recoveries, if PMC were to become insolvent. If you require details of PMC's floating charge, please contact your LGIM representative.

Financial services compensation scheme ("FSCS")

In addition, in the event of PMC's insolvency eligible PMC policyholders may be able to recover up to 100% of any deficit (any shortfall in the recovery of policy entitlements after the operation of PMC's floating charge) from the FSCS. Please note that PMC policyholders would have to meet the relevant FSCS eligibility criteria to claim. Your ability to claim and the amount you may be able to claim under the FSCS will depend on the specific circumstances of your claim.

For further information about the FSCS (including amounts and eligibility to claim) please refer to their website www.fscs.org.uk or call them on 0800 678 1100.

Conflicts of interest

During the term of your policy, conflicts of interest may arise between you and another client of ours or between you and us, our employees, our associated companies or our representatives. A conflict of interest is where our duties to you as a customer may conflict with what is best for us or for another client. To ensure we treat customers consistently and fairly, we have a policy on how to identify and manage these conflicts. A summary of the policy is available at www.lgim.com/conflicts. Further information on the policy is available on request.

How to make a complaint

If you are dissatisfied with any part of the service you have received you may contact the Head of Governance - Distribution at the address below. All complaints will be dealt with in accordance with our internal complaints handling procedures. A copy of our complaints handling procedure is available on request. Our address is:

Legal and General Assurance (Pensions Management) Limited,
One Coleman Street, London, EC2R 5AA.

We hope that we will be able to handle your complaint in a way that satisfies you. If you are not satisfied with our response, eligible complainants can refer the matter to:

The Financial Ombudsman Service
Exchange Tower
Harbour Exchange Square
London E14 9SR
Telephone: 0800 023 4567

Important information

Advice

This document should not be taken as an invitation to deal in any PMC, LGIM or other Legal & General products/investments or any of the stated stock markets. PMC does not provide advice on the suitability of its products or services.

Law and language

The policy is governed by English Law and your contract will be in English. The policy incorporates the current standard terms and conditions in use by PMC as detailed in the Pooled Pension Fund Policy Standard Conditions (Second Edition). We will always communicate with you in English.

Publication, amendments and updates

The information contained in this document is believed to be correct as at the time of printing or publication. No assurance can be given to you that this document is complete or accurate in the light of information that may become available after its publication. The information contained in this document may not take into account any relevant events, facts or conditions that have occurred after the publication or printing of this document. We are under no obligation to update or amend the information contained in this document, or correct any errors, following the date it was delivered to you.

In the event of a conflict of terminology or information the Proposal or the Pooled Pension Fund Policy Standard Conditions (Second Edition) will prevail.

PMC reserves the right to update this document and/or the information contained at any time and without notice.

This document should not be distributed without the permission of PMC.

Important Notice

Legal & General Investment Management Limited ("LGIM") provides investment and marketing services to Legal and General Assurance (Pensions Management) Limited ("PMC"). PMC is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. LGIM is authorised and regulated by the Financial Conduct Authority.

The ultimate holding company of Legal and General Assurance (Pensions Management) Limited is Legal & General Group Plc.

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