Glossary of investment terms

Annuity

A product that provides a regular cash payment over a period of time or until the occurrence of a specific event. In retirement, this product provides cash payments for the rest of your life and can consist of fixed or increasing payments.

Asset Allocation

This is the mix of investments your fund holds for example, 25% **cash** & 75% **bonds**.

Benchmark

A benchmark is a reference measure used for performance comparison. A funds benchmark can be an **index** or a mix of **indices** that typically represents the **strategic asset allocation** of the fund or portfolio.

Bloomberg Global Aggregate Corporate index (GBP hedged)

This is an **index** provided by Bloomberg, a global financial information provider, which measures the performance of corporate **bonds** from different global regions including the US, Europe, Asia Pacific and Canada. 'GBP hedged' means the performance of this index is not affected by changes to currency values in regions outside of the UK where bonds are issued.

Bloomberg UK Government Inflation Linked Bond 1-10 Year index

This is an **index** provided by Bloomberg which measures the performance of various 1–10-year maturity UK government inflation-linked **bonds**.

Bloomberg World Government Inflation Linked Bond (ex UK) 1-10 Year (GBP hedged)

This is an **index** provided by Bloomberg which measures the performance of 1–10-year maturity government inflation-linked **bonds** from different global regions including Australia, Canada, Denmark, France, Germany, Italy, Japan, New Zealand, Spain, and Sweden. The index does not include UK government inflation-linked bonds. 'GBP hedged' means the performance of this index is not affected by changes to currency values in regions outside of the UK where bonds are issued.

Bonds

A bond is a financial instrument issued by governments (gilts), companies (corporate bonds or credit) and other organisations. A bond investor exchanges an upfront payment in return for a series of regular interest payments plus a final lump sum payment at maturity, which is typically equal to the original upfront amount.

Different bonds can have different terms to maturity and can typically range from 5 years to 20 years. Regular interest payments can also be increasing and linked to an **index** (typically an inflation index), also known as index-linked bonds.

As your fund invests in bonds, the value of your investments will be impacted by the price of bonds held in the fund. These bond prices are determined by several factors including the interest payments offered by the issuer.

Cash

Cash can include money held as cash at a bank or invested in a range of **bonds** which mature within a year. These are generally seen as safe and very short-term investments.

Diversification

The process of investing across a range of investments. The aim is to smooth out the ups and downs of investment growth, because not all investments may perform well at the same time. If one investment performs poorly, better performance from other investments can help reduce the effect.

FTSE A Index Linked Gilt All Stocks Index

This is an **index** provided by FTSE Russell, a UK based financial information provider, which measures the performance of all UK inflation-linked government **bonds** quoted on the London Stock Exchange.

FTSE A UK Gilt All Stocks Index

This is an **index** provided by FTSE Russell which measures the performance of all UK government **bonds** quoted on the London Stock Exchange.

Index

An index represents a group of assets that are gathered using a predefined set of rules and can be used as a comparator for fund performance. Fund **benchmarks** are typically made up of an index or a group of indices.

Investment objective

The outcome your fund or portfolio intends to achieve, for example to provide returns of at least 1% above the **benchmark** or a specified **index**, although this is not guaranteed.

JPM Global ex-UK Traded index (GBP hedged)

This is an **index** provided by the investment bank J.P Morgan which measures the performance of various global government **bonds**, excluding the UK. 'GBP hedged' means the performance of this index is not affected by changes to currency values in regions outside of the UK where bonds are issued.

Markit iBoxx Sterling Non-Gilts Index

This is an **index** provided by a financial information provider IHS Markit (now merged with S&P Global) which measures the performance of various UK corporate **bonds**.

Stable level of annuity income

The RLP Annuity fund holds a mixture of bonds to help support your decision to purchase an annuity. As annuities become more expensive, bond prices generally increase and vice-versa. Holding bonds as an investment can help protect against changes in annuity prices and therefore provide some assurance in the level of annuity income when it comes to your annuity purchase, although this is not guaranteed.

Strategic Asset Allocation

This is the **asset allocation** set for your fund to provide long-term value. The current asset allocation might change and differ from the strategic asset allocation to provide short term value from moving markets.

SONIA

The Sterling Overnight Index Average (SONIA) is a measure that reflects the average interest rate at which banks borrow pound sterling overnight and is calculated by the Bank of England.

**Words in bold reference defined terms.*

18 61

We're happy to provide your documents in a different format, such as Braille, large print or audio, just ask when you get in touch.