

Teachers Assurance Risk and Reward Scale

At Teachers Assurance, we want to help you understand the risk you are taking, when you invest with us. To make this easy, each of our funds is given a risk rating. This rating is determined by considering the asset mix of the fund and takes into account any guarantees that the product offers.

We use a simple risk scale of 1 - 5, with a rating of 1 representing very low risk and 5 representing high risk.

Fund	1	2	3	4	5
Risk Profile	Very Low	Low	Medium	Medium/High	High
Volatility	Low	Low/Medium	Medium	Medium/High	High
Tax Free Savings Plan		With Profits Fund			
Child's Tax Free Savings Plan		With Profits Fund			
Guaranteed Savings Plan		With Profits Fund			
Guaranteed ISA		With Profits Fund			
Unit Trust		Cautious Fund	Balanced Fund	Adventurous Fund	
				Sovereign Ethical Fund	
Stocks & Shares ISA		Cautious Fund	Balanced Fund	Adventurous Fund	
				Sovereign Ethical Fund	
Investment Bond	Cash Fund	Gilt and Fixed Interest Fund	Managed Fund		

Each risk rating has a written risk profile to help you work out where you feel most comfortable.

We also include a volatility profile. The volatility profile gives you an idea of the relative ups and down associated with each level of risk.

Risk rating	Risk profile	Volatility
1	Very Low	Low

You are willing to take a minimal amount of risk only. You do not want to lose any of your capital. You prefer to keep your money in cash based deposits. You understand and accept that inflation could erode the value of your money over time.

You understand that Teachers Assurance offers no funds that could be regarded as "Very Low Risk" with the exception of the Investment Bond (Cash Fund): this fund is not recommended for new investment monies. It is an option for existing Investment Bondholders to move to, should they wish to reduce risk in later years.

Risk rating	Risk profile	Volatility
2	Low	Low / Medium

You are only willing to take low levels of risk. You are prepared to accept the potential for only a small amount of capital growth for the greater security of your money. You understand that you could still lose money on a "Low Risk" investment.

You understand that Teachers Assurance will categorise its own investment funds as "Low Risk" where the fund typically invests:

- Up to 20% in equity markets (company shares) and the remainder in Gilts, Corporate Bonds and Cash or;
- Up to 60% in equity markets (company shares) and property with the remainder in Gilts, Corporate Bonds and Cash, but also carries a money-back guarantee on a set date (conditions apply).

Risk rating	Risk profile	Volatility
3	Medium	Medium

You are willing to take a moderate amount of risk. You accept that there will be fluctuations in the value of your investment and that you need to remain flexible about when to cash in your plan, unless the plan carries a money-back guarantee on a set date (conditions apply). You understand that you could lose money on a "Medium Risk" investment.

You understand that Teachers Assurance will categorise its own investment funds as “Medium Risk” where the fund typically invests:

- Between 60 - 75% in equity markets (company shares) and/or property with the remainder in a combination of Gilts, Corporate Bonds and Cash.

Risk rating	Risk profile	Volatility
4	Medium / High	Medium / High

You are willing to take a medium to high level of risk. You accept that fluctuations in the value of your investment will be commonplace and that you need to remain flexible about when to cash in your plan. You understand that, if stock markets fall, you have a greater chance of losing money than with a “Low Risk” or “Medium Risk” investment.

You understand that Teachers Assurance will categorise its own investment funds as “Medium / High Risk” where the fund typically invests:

- Between 90 - 100% in equity markets (company shares) with the remainder in Cash.
- You understand that our “Medium / High Risk” funds may carry ‘Specialist Investment’ Risk
- You understand that our “Medium / High Risk” funds may carry significant ‘Currency’ Risk.

Risk rating	Risk profile	Volatility
5	High	High

You are willing to take a high level of risk. You accept that all of your money will be invested directly or indirectly in high-risk investments. Whilst this gives you the potential for high capital growth, it also means you could suffer a high degree of capital loss, should stock markets not move in your favour.

You understand that Teachers Assurance offers no products that could be regarded as “High Risk”.