



# INVESTMENT GUIDE **UNIT-LINKED FUNDS**

FOR REASSURE LIFE (FORMERLY OLD MUTUAL  
WEALTH LIFE ASSURANCE) CUSTOMERS



ReAssure



## WELCOME

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This document is to help you to understand how ReAssure unit-linked funds available through our insurance and pension products are priced and managed.

We understand that reading financial literature can be daunting, so where technical explanations are unavoidable, we'll also include an explanation in plain English.

If you're unsure about any of the details in this document, we recommend you speak to a financial adviser. If you do not wish to use a financial adviser you can contact us directly.

Please see our contact details on page 15.



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## WHAT ARE 'UNIT-LINKED' FUNDS?

ReAssure uses unit-linked funds in some of our insurance and pension products. Unit-linked funds are offered by life assurance companies like us as a way of making a range of investment options available to customers within our products.

Unit-linked funds can invest in a wide range of investments, including shares of individual companies and collective investment schemes. Collective investment schemes pool investors' money and then invest it in a variety of assets, such as gilts, bonds, shares, property and so on. This means you are not relying on the performance of one single asset.

ReAssure's unit-linked funds only invest into collective investment schemes, which we will refer to as the 'underlying funds'. You will not be directly invested in the underlying funds – ReAssure will purchase units in these underlying funds to use in the unit-linked funds you are invested in.

Some unit-linked funds restrict the underlying assets of their investments to a particular type, e.g. UK equities, whilst others will hold different types of asset to meet a specific objective. Each unit-linked fund will have different levels of risk associated with it, depending on what underlying assets it invests in.

## THE TWO TYPES OF UNIT-LINKED FUNDS THAT WE OFFER



### SINGLE MANAGER FUNDS

Our single manager unit-linked fund range gives you complete control to select individual funds for yourself. Each single manager unit-linked fund invests in one underlying fund that is set up and run by an external fund manager.

#### Example:

When you invest in the OMR Allianz Strategic Bond fund, you are buying units in our unit-linked fund. We will, in turn, invest in the Allianz Strategic Bond fund (the 'underlying fund'), which is managed by the fund group Allianz. Note that although these two funds are similar in name, they present two distinct funds operated by two separate and unrelated entities (ReAssure and Allianz respectively).

All the investment decisions will be made by the manager of the underlying fund, and the performance of our single manager unit-linked funds will typically track (or 'mirror') the performance of the underlying funds but will not be exactly the same.



### MULTI-MANAGER FUNDS

The second type of unit-linked fund that we offer is a multi-manager fund. Multi-manager funds are portfolios of funds provided by ReAssure that invest into a mixture of different underlying funds. These are managed by investment experts who select, combine and monitor multiple fund managers into a single fund. The performance of these managed funds will depend on the collective performance of the underlying assets they invest in.

## PRICING OUR UNIT-LINKED FUNDS

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**Each of our unit-linked funds is made up of individual units and, as the unit-linked funds are ReAssure's own funds, we are responsible for determining the price of each unit.**

Each of our unit-linked funds is split up into units of equal value. The price of each unit determines how many units you'll get when you invest in the fund, and how much money you will receive when you decide to sell units in the fund.

The price of each unit in the unit-linked fund depends on how well the underlying funds are performing.

**The price movements of our unit-linked funds will be broadly in line with the underlying funds; however these will not be exactly the same for several reasons:**

we can negotiate reduced fees with the underlying investment managers due to our scale and buying power

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the price could include ReAssure's product charges

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allowances for tax that could be applicable

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the process of pricing the unit-linked fund means there is a one-day lag in performance between the underlying fund and our unit-linked fund.

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**We determine the prices of our unit-linked funds using the step-by-step calculations described in the following pages. The figures we use in the calculations depend on:**

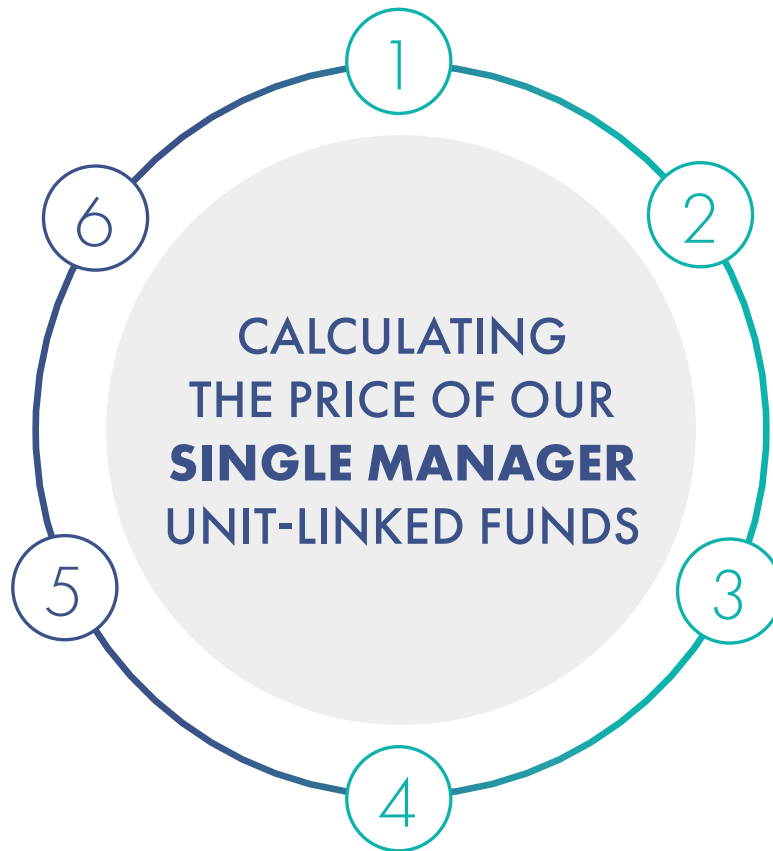
whether we are calculating the price of a single manager or a multi-manager fund (see page 4)

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which pricing basis is being used to value the funds – you can learn more about the different pricing bases on pages 6-7

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whether the fund is initial or single priced – you can learn more about the difference between initial and single priced funds on page 8.



**1** We receive the price for units in the underlying fund from the investment manager.

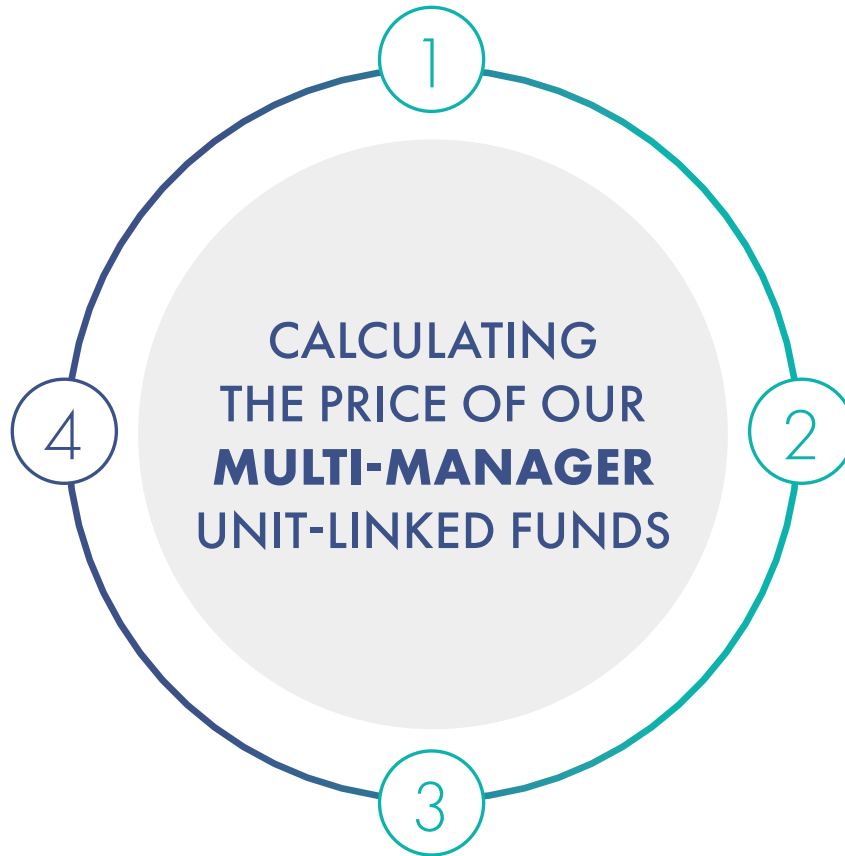
**2** We multiply the number of units we hold in the underlying fund by the price received from the investment manager - we use either the purchase or selling price (depending on which pricing basis is being used).

**3** This value is adjusted to account for tax, income or certain charges which can be applicable to the fund. Which, if any, adjustments are made in this step depend on the individual fund.

**4** The sum of the above steps gives us the 'unit-linked fund value'.

**5** The unit-linked fund value is divided by the number of units in the fund.

**6** If applicable, ReAssure's Annual Management Charge and any rebate due to the fund are applied to give the price of the individual units of our unit-linked fund.



1

Because the multi-manager unit-linked funds contain a mixture of different external funds, we start by calculating a value for each of the underlying funds within the portfolio by following steps 1-4 the same as for single manager unit-linked funds.

2

We add together the value of all of the holdings in the portfolio, giving us the 'unit-linked fund value'.

3

The unit-linked fund value is divided by the number of units in the fund.

4

If applicable, ReAssure's Annual Management Charge and any rebate due to the fund are applied to give the price of the individual units of our unit-linked fund.

## PRICING OUR UNIT-LINKED FUNDS (CONT'D)

### PRICING BASIS OF UNIT-LINKED FUNDS

The underlying fund manager will provide us with the price to buy units and the price to sell units in the underlying fund; the price we use in Step 2 of our calculations above<sup>1</sup> depends on the pricing basis we are using to value the unit-linked fund. The price to buy units (called the 'offer' price) is higher than the price to sell units (the 'bid' price) to account for the additional expenses involved when the underlying fund manager needs to buy additional assets (e.g. shares) in the fund.

The two pricing bases we use are 'contracting' and 'expanding'. A contracting basis means that overall more money is being taken out of the fund than invested into it. This is the basis we usually use to value our funds, and means that Step 2 of the calculation process uses the price that the underlying investment manager gives us to **sell** units in the underlying fund for the calculation.

If there is more money being invested into a fund than being taken out of it, we will move to an expanding basis. This means that Step 2 of the calculation process uses the price that the underlying investment manager gives us to **buy** units in the underlying fund for the calculation.

The purpose of moving between pricing bases is to make sure that all investors in the fund receive fair and equal treatment.

Basis moves won't affect you unless you are purchasing or selling units in the unit-linked fund. They can however affect valuations, so we'd recommend that you speak to your financial adviser if you have any concerns.

### THE TWO TYPES OF FUND PRICES

Our unit-linked funds are priced in one of two ways, depending on the type of product you have with us. Both ways of pricing use the calculations described on pages 6-7 and are described in more detail below.

#### INITIAL PRICED FUNDS

Some of our unit-linked funds have different prices for buying and selling units in order to allow for the product charges on certain products. These are known as 'initial priced' funds.

The selling price of these funds is known as the '**bid**' price and the buying price is known as the '**offer**' price. When you invest new money into the fund to buy new units, you will purchase these units at the offer price. The difference between bid & offer is known as the initial charge (you can find more information on initial charges on page 11).

Any other transactions you make in the fund once you have purchased the units, such as exchanging these units for units in a different fund (a process known as fund switching), selling your units, or cancelling units to pay for charges associated with your product, will all be carried out at the bid price, so you will only pay the initial charge once. The fund will also be valued using the bid price.

For clarity, note that the bid and offer prices described above are in respect of our unit-linked funds, whereas the bid and offer prices described under the section titled "Pricing Basis Of Unit-Linked Funds" are in relation to the underlying funds. For example, if you purchase new units in one of our initial priced unit-linked funds, then this will be transacted at the offer price. Our unit-linked fund, however, would have been priced based on either the bid or offer price of the underlying fund, depending on which pricing basis (expanding or contracting) applied on the day.

#### SINGLE-PRICED FUNDS

The alternative to initial-priced funds is single-priced funds. Single priced funds are bought and sold using the same price. If you buy, sell, switch or cancel single-priced fund units, all will be carried out using the one calculated price for that fund.

<sup>1</sup> For the majority of the underlying funds there is a single price.



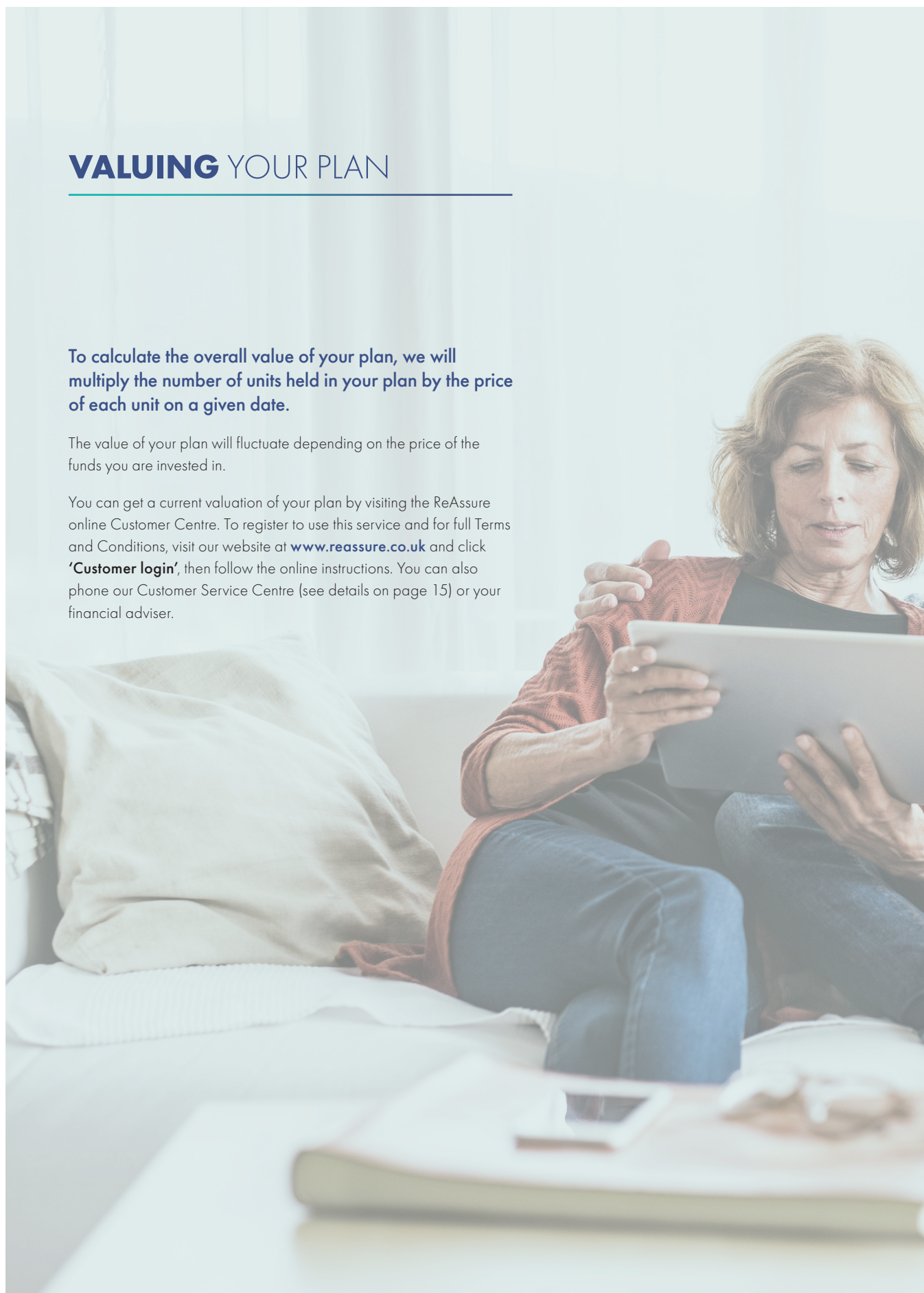
## VALUING YOUR PLAN

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**To calculate the overall value of your plan, we will multiply the number of units held in your plan by the price of each unit on a given date.**

The value of your plan will fluctuate depending on the price of the funds you are invested in.

You can get a current valuation of your plan by visiting the ReAssure online Customer Centre. To register to use this service and for full Terms and Conditions, visit our website at [www.reassure.co.uk](http://www.reassure.co.uk) and click 'Customer login', then follow the online instructions. You can also phone our Customer Service Centre (see details on page 15) or your financial adviser.



## MAKING CHANGES TO YOUR PLAN

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**You may wish to make changes to your plan – for example, you could decide to change your fund choice and switch the units you hold in one fund for units in another, or you may wish to sell some of your units to take money out of your plan.**

When you submit an instruction to us to make a change to your plan, the price we use to carry out the action you have requested may not be the same as the price on the day you submitted the instruction, as the fund price can change daily.

If you are switching between funds, the price used to determine how much your current units are worth (and therefore how many units you can purchase in the new fund) will be the published price on the first working day after we have received your instruction, in line with our dealing cut-off times. The price applied to other types of transactions, is dependent on the type of transaction being carried out. The Terms and Conditions document you hold for your plan will give you full details on the different transactions you can carry out and the prices that will be used.

**(If you would like to request a copy of your Terms and Conditions document, please contact us).**

### DELAYING OR DEFERRING YOUR REQUESTS

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There may be exceptional circumstances where it may be necessary for us to delay or defer your request to make changes to your plan to a future date, as we may not be able to calculate fair and accurate unit prices for the request you have submitted to us.

This could happen if, for example, the underlying fund manager has had to suspend dealings in its fund, which means no money can be invested into or taken out of that underlying fund; or if the underlying fund cannot easily sell the assets it invests in due to market conditions. Examples include UK property funds being suspended following the Brexit referendum in 2016 and in response to the Coronavirus pandemic in 2020.

These circumstances are usually outside of our control; however we will keep you as informed as possible about the status of your request. In the event of a future fund suspension we will fully meet maturities, regular withdrawals, pensions coming into payment when the selected retirement age has been reached and pay-outs on death relating to unit-linked contracts during deferral periods.



## CHARGES APPLICABLE TO OUR UNIT-LINKED FUNDS

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**Our unit-linked funds have several types of charges which are applicable to them. Some of these charges are already included in the price that we calculate for each unit, and some of them are charges that apply in addition to the price.**

You can view full details of all charges that are applicable to your policy, including who they are paid to, on your annual benefit statement.

### CHARGES FOR THE UNDERLYING FUNDS

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The underlying funds that our unit-linked funds invest in all have their own costs. Funds typically have an Ongoing Charges Figure (OCF), which is a percentage figure that represents the total cost of investing in that fund. The underlying fund's OCF is made up of an Annual Management Charge (AMC) which covers the cost of investment management and fund administration, plus other charges associated with the fund.

Due to the size and scale of our business, ReAssure is often able to negotiate a discount on the AMC of the underlying fund with the fund group – this discount is known as a rebate. We may pass back a portion of this rebate to the unit-linked fund by increasing the fund price and we will retain the remainder.

If there is a significant increase in the cost of your unit-linked fund, we will write to you to let you know.

### THE ANNUAL MANAGEMENT CHARGE OF YOUR PRODUCT

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The ReAssure unit-linked fund that you are invested in has its own Annual Management Charge (AMC). This covers the cost of administering the product that you are invested in, for example a pension or a bond. This AMC is not a fixed amount and so we have discretion to amend it if the costs associated with running the product change - we would inform you of any material changes to the AMC.

For most products, this AMC will be deducted during the last stage of our unit-linked price calculation process – see pages 6-7. If the AMC is deducted at this stage, then this charge will be accounted for in the price of the unit-linked funds linked to your product.

For other products, this AMC is not included in the unit-linked fund price calculation, but rather charged as a regular unit deduction from your policy - please check your specific product Terms & Conditions for more details.

### INITIAL CHARGES

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Our initial-priced unit-linked funds (see page 8) will include an initial charge. This charge is the difference between the bid and the offer price (as described on page 8) and can be up to 5%. When you invest into a fund you will buy units at the offer price, therefore paying the initial charge for entering the fund. You will only pay this initial charge when new money is invested into the fund.

### FUND ADMINISTRATION COSTS

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Fund Administration Costs<sup>1</sup> are costs that ReAssure incur for maintaining the unit-linked funds. These costs are accounted for in Step 6 of our unit-linked price calculation (see page 6).

### TAX

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On our Pension funds we will, where applicable, recover any tax charges on distribution payments that were deducted at source. These will be included in the unit price.

### OTHER CHARGES

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The Terms and Conditions for your product will detail any other charges that are specific to the product you hold. If you have any questions about charges, you should speak to your financial adviser in the first instance, or get in touch with us using the details on page 15.

## USING OUR DISCRETION TO MANAGE YOUR UNIT-LINKED FUNDS

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### FUND EVENTS

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The underlying funds' investment managers can make a variety of changes to the funds they offer, including merging with other funds, changing the investment objective of the fund, or closing the fund entirely to name just a few.

If an underlying investment manager undertakes a fund event, we will mirror the change in our unit-linked fund. If we need to close or merge the fund you are invested in, we will let you know as soon as we can in advance of the event, to give you time to choose an appropriate action (for example switching into an alternative fund should you want or need to). If the fund you're invested in is being closed and we don't hear from you with an alternative fund choice, we will use our discretion to switch your holdings into an appropriate default fund. When doing so we will take our customers' best interests into regard, e.g. ensuring consistency of investment strategy and also considering the impact of one-off as well as ongoing fund charges.

Where a significant change to a fund's objective has been made, we will write to you to let you know as soon as practically possible as we recognise that you may wish to consider whether the fund is still right for you.

We also have several unit-linked funds where we manage the fund's investment strategy, which includes selecting the underlying assets (known as 'Managed funds'). If we make any significant changes to our Managed funds we will give you advance notice and will always ensure that all investors are treated fairly before making any changes.

### FUND CHARGES

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We may change the charges applicable to our unit-linked funds if needed, for example to reflect an increase in overall costs.

We may also change how charges are taken, for example increasing the product Annual Management Charge (AMC) in lieu of reducing the underlying fund charges. We will only do this if we were satisfied that we were treating all investors fairly, and taking into account any relevant regulations. We would also communicate the details to you prior to making any such changes.

### REASSURE UNIT HOLDINGS

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We may hold a small amount of units in our unit-linked funds ourselves, as this aids the day to day operation of these funds. We manage these holdings according to internal limits and will sell units in any particular fund if our exposure exceeded a set threshold.

### CHANGES TO OUR UNIT-LINKED FUND RANGE

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ReAssure offers a wide range of funds to meet the needs of investors. We may amend our fund range from time to time to ensure choice and diversity, and to make sure we can meet the needs of our customers.

We may close a fund to new business (to prevent new investors from entering that fund), or close a fund altogether e.g. when a fund becomes too small or where it becomes difficult to administer for reasons outside our control. If the fund you're invested in is being closed and we don't hear from you with an alternative fund choice, we will use our discretion to switch your holdings into an appropriate default fund. Before switching to an alternative fund we will always take our customers' best interests into regard to ensure we treat them fairly.

### CHANGES TO TAX RULES

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We can change the way we allow for tax to more accurately reflect its impact on our fund, or if applicable tax laws change.

### VOTING PRACTICE

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ReAssure recognises that it has a fiduciary responsibility to those on behalf of whom they are investing. This responsibility includes the consideration of fund group corporate actions and exercising its voting rights in respect of such corporate events on behalf of its customers. For this reason ReAssure actively uses its voting rights and maintains a set of voting principles and practices to ensure consistency of voting.

## TREATMENT OF PRICING ERRORS

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**A pricing error occurs when a miscalculation is made in the process of pricing fund units. This could happen if the underlying fund manager miscalculates the price of the underlying fund, or if we at ReAssure miscalculate the price of our unit-linked fund.**

If we discover a pricing error, either through internal monitoring or if we are notified of an error in the underlying fund price by an investment manager, we will record the error and assess it for the potential impact it could have on our customers.

In the event that ReAssure makes a significant pricing error, we will conduct root cause analysis to determine the reason for the error and put steps in place to avoid similar errors occurring again. We aim to correct errors as soon as possible in line with pre-determined tolerances; our approach is consistent with industry guidelines developed by the Association of British Insurers (ABI). As we are regulated by the Financial Conduct Authority (FCA) (see page 14), we have a duty to report any significant price errors to them.

Our aim is to put customers' policies back into the position they would have been in had the pricing error not occurred, dependant on the level of materiality. If the pricing error is significant enough to mean that we need to re-calculate the price of our unit-linked fund price on a given day or period, then we will correct the price of any transactions made by policyholders on the days where there was an error.

We generally consider a significant error to be one where the price impact is 0.5% or greater. Compensation will normally be paid when an individual policyholder is disadvantaged by £10 or more.



## GOVERNANCE OF OUR UNIT-LINKED FUNDS

**When you invest your money in our funds, you'll want to know that we are doing all we can to ensure that those funds are being managed well. To help govern our unit-linked funds and make sure that they are being managed in an appropriate and responsible way, we have a Unit Pricing Committee (UPC) that is made up of senior managers from within our business.**

The UPC has a specific responsibility to oversee and make decisions regarding the administration of our unit-linked funds and ensure they are managed fairly for our customers.

We also have a Policyholder Investment Committee that monitors the performance of our unit-linked funds available to customers and produces a quarterly report highlighting funds that have consistently underperformed over the previous three years. This report can be found at [www.reassure.co.uk/fund-centre](http://www.reassure.co.uk/fund-centre)

The Policyholder Investment Committee also monitors compliance with the investment guidelines of our unit-linked funds.

As a business we are also regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA). We are also a member of the Association of British Insurers (ABI) and follow the guidelines set out in their Guide to Good Practice for Unit-Linked funds.

### THE UPC AND POLICYHOLDER INVESTMENT COMMITTEE ENSURE THAT:



**WE ARE CREATING THE BEST OUTCOMES FOR OUR CUSTOMERS**



**OUR FUNDS ARE PERFORMING IN LINE WITH THEIR AIMS AND OBJECTIVES**



**THERE ARE NO SIGNIFICANT OPERATIONAL PROBLEMS THAT MAY AFFECT THE PERFORMANCE OF OUR UNIT-LINKED FUNDS.**

## COMPLAINT PROCEDURES

**Customer satisfaction is very important to us at ReAssure, but if you do have cause to complain about the services provided, either by your financial adviser or ReAssure, there are clear procedures laid down by the Financial Conduct Authority to ensure that your complaint is dealt with fairly.**

If your complaint relates to the advice you have been given, you should contact your financial adviser in the first instance. If your complaint concerns the service you have received from ReAssure, please contact us using one of the methods below and we will do everything we can to resolve the problem.

**If you are not satisfied with the response you receive from us, you can complain to:**

Financial Ombudsman Service  
Exchange Tower  
London E14 9SR

Complaining to the Ombudsman will not affect your legal rights.

## COMPENSATION AND INVESTOR PROTECTION

The Financial Services Compensation Scheme (FSCS) acts as a safety net for customers of financial services providers. If ReAssure Life Limited cannot meet its liabilities, the FSCS may arrange to transfer your policy to another insurer, provide a new policy or, if these actions are not possible, provide compensation. For long-term insurance (such as pension plans and life assurance), the level of compensation you can receive from the Scheme is as follows:

- the Scheme covers payment to 100% of the value of a policy in liquidation.

If you have invested into a fund group that goes into liquidation, then ReAssure Life Limited is unable to claim compensation from the FSCS on your behalf as you are not the legal owner of the funds. You will also not be able to claim compensation directly from the FSCS in this event.

For more details please refer to our How Your Money is Protected guide, which is available from your financial adviser or from **our website ([www.reassure.co.uk](http://www.reassure.co.uk))** while further information about compensation arrangements is available from the Financial Services Compensation Scheme website [www.fscs.org.uk](http://www.fscs.org.uk)

## CONTACT DETAILS

**If you need any further information about the contents of this guide, we suggest you speak to your financial adviser in the first instance.**

**If you wish to contact us directly, you can do so in the following ways:**



**PHONE: 0800 073 1777**

**+44 1952 292929 (from overseas)**



**WEBSITE: [www.reassure.co.uk/contact-us](http://www.reassure.co.uk/contact-us)**

**BY WRITING TO:**



**ReAssure**

**Windsor House, Ironmasters Way, Telford, TF3 4NB**

The purpose of this guide is to set out the main criteria and standards by which these unit-linked funds are operated, with specific reference to the scope of ReAssure's discretion relating to unit pricing. This document is intended to provide an explanation of ReAssure's operational practice and does not form part of the product Terms and Conditions.

**ReAssure**

Windsor House  
Ironmasters Way  
Telford  
TF3 4NB  
T: 0800 073 1777  
+44 1952 292929 (from overseas)

**[www.reassure.co.uk](http://www.reassure.co.uk)**

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