

The **co-operative** investments good with money

CIS Individual Stakeholder Pension

Statement of Investment Principles

Broad principles of investment policy

The basic aim of the investment policy is to maximise the return on the investments, balanced with an acceptable level of risk. Different levels of risk will apply to different funds.

Objectives of the funds

CIS FTSE® All-Share Index Tracker Pension Fund – aims to provide capital growth by tracking the Financial Times Stock Exchange (FTSE®) All-Share Index. Investment management of the fund is delegated to UBS Global Asset Management (UK) Ltd.

CIS With-Profits Stakeholder Fund – aims to achieve steady growth by investing in a wide range of assets, such as UK and overseas equities, government and other sterling bonds and property.

The investment profits (or losses) made on the underlying funds are 'smoothed' before being credited to investors through changes in the unit price. Further details of the smoothing process, which is aimed at delivering a more stable investment return than direct stock-market investment, can be found in the 'Guide to investing in the CIS With-Profits Stakeholder Fund'. The smoothed unit price can fall as well as rise but one of the main aims of smoothing is to reduce the number of occasions on which the price falls.

Between 50% and 70% of the fund is normally held in higher risk assets, such as company shares including a proportion of overseas shares. At present this is achieved by investing in unit trusts from The Co-operative Investments, the investment aims of which are described below. The remainder is held in interest-bearing investments such as government bonds and deposits.

CIS UK Growth Pension Fund – aims to achieve above-average capital growth by investing in a diverse portfolio of UK equities in any economic sector. The trust's portfolio is broadly based and well balanced, investing in good quality UK companies with excellent prospects.

CIS European Growth Pension Fund – aims to provide above-average capital growth over the medium to long-term, by investing in a wide range of large, well-known companies spread across the stock markets of continental Europe. Investment management of the fund is delegated to UBS Global Asset Management (UK) Ltd.

CIS US Growth Pension Fund – aims to provide above-average capital growth from a diverse portfolio of US equities in any economic sector. The trust's portfolio is broadly based and well balanced, investing in good-quality US companies with excellent prospects. Investment management of the fund is delegated to UBS Global Asset Management (UK) Ltd.

CIS Sustainable Leaders Pension Fund – aims to provide capital growth from a diverse portfolio of equities, mainly in the United Kingdom and in any economic sector. Investment is limited to companies that are likely to benefit from measures to improve the environment, human health, safety and the quality of life. In addition, investment may be made in companies considered to be beneficiaries of changing attitudes towards a cleaner and safer environment, including those seen to be making above-average efforts to minimise environmental damage caused by their activities. Areas of avoidance constitute animal testing (unless conducted for the benefit of human health), countries where human rights are being disregarded, items with military applications, tobacco and nuclear power.

CIS Deposit Pension Fund – aims to provide more security by depositing the investment in a bank account with The Co-operative Bank p.l.c.

CIS Fixed-Interest Pension Fund – aims to provide stability of income by investing in a range of fixed-interest securities.

The investments of the **CIS UK Growth, European Growth, US Growth and Sustainable Leaders Pension Funds** comprise of units in the corresponding unit trusts from The Co-operative Investments. You should note that prices of units in these funds will differ from the prices of the units in the corresponding unit trusts.

Risk

Investments in stocks and shares are subject to a degree of risk and the values of such investments can rise or fall on a daily basis. The fund managers seek to spread the risks involved by investing in a wide range of underlying assets consistent with the investment objectives of each fund. For the **CIS FTSE® All-Share Index Tracker Pension Fund** this is achieved by investing in the constituents of the FTSE® All-Share Index. For the **CIS UK Growth, European Growth, US Growth and Sustainable Leaders Pension Funds** it is achieved by investing in the corresponding unit trusts from The Co-operative Investments, which themselves hold diversified portfolios of stocks and shares.

For the **CIS With-Profits Stakeholder Fund** the risk is spread further by holding a range of different types of investments both in the UK and abroad. The investment returns achieved on this fund are smoothed in order to reduce fluctuations and produce more stable returns to investors.

The **CIS Deposit** and **Fixed-Interest Pension Funds** are suitable for investors with a very low attitude to risk and/or who are close to retirement.

The **CIS European Growth, US Growth and Sustainable Leaders Pension Funds** invest overseas and are therefore subject to currency risks.

CIS Sustainable Leaders Pension Fund is a specialised fund, which concentrates on specific stocks, some of them in overseas markets and in smaller companies, and there are many areas of industry and commerce in which it does not invest. There may, therefore, be movements in prices of units that are not related to broad changes in the stock market.

Attitude to risk	
Risk category 1: risk-averse	A risk-averse attitude to risk indicates that you are not prepared to risk any of your capital.
Risk category 2: defensive	A defensive attitude to risk indicates that you are prepared to accept a low risk to your capital, with the aim of achieving an improved return over a bank or building society account.
Risk category 3: cautious	A cautious attitude to risk indicates that you are prepared to accept some risk to your capital, with the aim of achieving a better return than a bank or building society account.
Risk category 4: balanced	A balanced attitude to risk indicates that you are prepared to accept average, or slightly above-average, risk to your capital, with the aim of achieving an improved return on your investment.
Risk category 5: adventurous	An adventurous attitude to risk indicates that you are prepared to accept above-average risk to your capital, with the aim of achieving a high return.
Risk category 6: aggressive	An aggressive attitude to risk indicates that you are prepared to accept a higher risk to your capital, with the aim of achieving a higher return.
Risk category 7: speculative	A speculative attitude to risk indicates that you are prepared to accept a very high risk to your capital, with the aim of achieving a very high return.

Risk profiles	Risk-averse	Defensive	Cautious	Balanced	Adventurous	Aggressive	Speculative
CIS Deposit Pension Fund	✓						
CIS Fixed-Interest Pension Fund		✓					
CIS With-Profits Stakeholder Fund			✓				
CIS UK Growth Pension Fund				✓			
CIS FTSE® All-Share Index Tracker Pension Fund				✓			
CIS European Growth Pension Fund					✓		
CIS US Growth Pension Fund					✓		
CIS Sustainable Leaders Pension Fund				✓			

The Co-operative Investments Responsible Shareholder Programme

In addition to the investment objectives, The Co-operative Investments applies a responsible investment approach across its equity funds under management. This approach encompasses the following elements:

- An active voting policy – we always exercise our voting rights at the Annual General Meetings (AGMs) of all our UK and overseas investee companies and challenge them on a range of issues. We were the first UK investor to publish our voting record on the web in 2002, a practice now increasingly adopted by other fund managers.
- Research giving an understanding of companies' attitudes in respect of ESG (environmental, social & governance) issues and the implications for the business.
- Engagement – we engage with companies via letters, meetings and company AGMs encouraging them to adopt best practice on ESG issues including those identified in the Ethical Engagement Policy followed by The Co-operative Investments such as employment practices, health and safety or the environment.

Realisation of investments

For the **CIS FTSE® All-Share Index Tracker Pension Fund** assets are bought and sold to balance the portfolio in order to track their respective benchmarks as closely as possible. For the other funds, decisions to buy or sell underlying investments are based on the fund managers' views on relative future performance in order to meet the investment objectives of the fund.

good with money

Savings & investments

Life assurance

Car & home insurance

Retirement planning

Ethics as standard

Membership

Golden oldies – as our population continues to age we face new health issues all the time. The CIS Sustainable Leaders Trust invests in companies such as those specialising in new medical techniques and treatments for older patients.

Please call 08457 46 46 46 if you would like to receive this information in an alternative format such as large print or Braille.

The Co-operative Investments is a brand name used by Co-operative Insurance Society Limited.

**Co-operative Insurance Society Limited is authorised and regulated by the Financial Services Authority.
Registered Office: Miller Street, Manchester M60 0AL. Registered in England, Number 3615R.**

Co-operative Financial Services Limited, Registered Office: New Century House, Manchester M60 4ES. Registered Number IP29379R.

The CIS Stakeholder Pension Plan is not in any way sponsored, endorsed, sold or promoted by FTSE International Limited ("FTSE") or by the London Stock Exchange plc (the "Exchange") or by the Financial Times Limited ("FT") and neither FTSE nor Exchange nor FT makes any warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the FTSE All-Share Index ("the Index") and/or the figure at which the said Index stands at any particular time on any particular day or otherwise. The Index is compiled and calculated by FTSE. However, neither FTSE nor Exchange nor FT shall be liable (whether in negligence or otherwise) to any person for any error in the Index and neither FTSE or Exchange or FT shall be under any obligation to advise any person or any error therein.

"FTSE®", "FT-SE®" and "Footsie®" are trade marks jointly owned by the London Stock Exchange plc and The Financial Times Limited and are used by FTSE International Limited under licence. "All-World", "All-Share" and "All-Small" and "FTSE4Good" are trade marks of FTSE International Limited.

Calls may be monitored or recorded for security and training purposes. Calls to 0845 numbers will cost no more than 4p per minute for BT customers. Call charges from other companies may vary and you may want to check this with your service provider.

co-operativeinvestments.co.uk
Textphone: 08000 684 244