

# CHANGES TO THE INVESTMENT OBJECTIVES AND POLICIES FOR THE UNIT-LINKED MIXED PORTFOLIO FUNDS

- NFU MUTUAL MIXED  
PORTFOLIO 20-60%  
SHARES FUND
- NFU MUTUAL MIXED  
PORTFOLIO 40-85%  
SHARES FUND
- NFU MUTUAL MIXED  
PORTFOLIO MAX 100%  
SHARES FUND

JUNE 2021



**NFU Mutual**  
INSURANCE | PENSIONS | INVESTMENTS

## **Introduction**

The investment objective is a statement that sets out what the fund aims to achieve, whilst the investment policy explains how we seek to meet the objective. We have made changes to the objectives and policies for our mixed portfolio funds from June 2021 and this document summarises these changes. The updates do not change the way the funds are managed on a day to day basis and you do not need to take any action.

The amended wording for each fund is shown at the end of this document.

## **Investments Included**

This document covers NFU Mutual's 'Mutually Managed' unit-linked funds for both Pensions and Life products:

- Mixed Portfolio 20-60% Shares Fund
- Mixed Portfolio 40-85% Shares Fund
- Mixed Portfolio Max 100% Shares Fund

Investments in one or more of these funds may be held in any of the following plans:

## **Pension Products**

- Personal Pension Account
- Stakeholder Pensions

- Personal Pensions
- Executive Pensions and Group/Free Standing Additional Voluntary Contributions commencing after 1988
- Managed Fund Schemes
- Trustee Investment Plan (TIP) – an investment plan for group pension schemes
- Barnett Waddingham Self-Invested Personal Pension/Simplified Pension Drawdown plans
- Flexible Retirement Account (FRA)

## **Life Products**

- Flexibond
- NFU Mutual Classic Bond
- Capital Investment Bond (CIB)

This document excludes investments made directly into our Open-Ended Investment Company (OEIC) Mixed Portfolio funds via My Investments, through the Select Investment Plan, Select Pension Plan or Select ISA products. These funds have however had similar changes made to their objectives and policies – for revised wording please refer to the NFU Mutual Portfolio OEIC Prospectus which is also available on our website.

### **Why have we made these changes?**

We think that the changes provide a clearer and more consistent description of how the funds seek to meet their investment objectives.

The changes also provide limited increased investment flexibility in some cases but do not change the investment objectives of the funds, alter the key constraints or lead to a specific change in the actual investments or risk profiles of the funds.

### **Summary of changes – Investment Objective**

The objectives have been reworded for clarity and consistency only – the fund objectives themselves to provide a return net of fees over the long-term are unchanged.

### **Summary of Changes – Investment Policy**

The policies have been expanded to provide increased detail and clarity on the potential investment types within the funds and methods of accessing them, with consistent wording now used across the fund range. The new wording does not change the investment restrictions unless stated below. The amended policies now:

- More clearly explain that a majority of the investment is into other funds, with up to 100% of investment being made in this way.
- Clarify that the other funds invested in may be actively or passively managed, with a majority actively managed.
- Improve the descriptions of the types of assets that the fund may gain exposure to.
- Remove any previous ‘typical’ ranges of investment for UK and Overseas equity, replacing these with a single specific range of total equity investment for each fund aligned with the fund name. This change provides increased investment flexibility in some cases but does not lead to a specific change in investments.
- Clarify that the shares invested in can be of companies anywhere in the world and in any sector, and that fixed income securities and money market instruments may be issued by various institutions anywhere in the world and can have a range of credit ratings.
- Give more detail on our potential use of financial derivatives in the funds.
- Confirm that the fund is actively managed and monitored by our investment team.

### **Further Information**

If you have any questions you can call our Customer Services team on 0800 622 323 or contact your NFU Mutual Financial Adviser direct.

NFU Mutual Financial Advisers advise on NFU Mutual products and selected products from specialist providers. They will explain the advice services and charges.

Financial Advice is provided by NFU Mutual Select Investments Limited.

## **New Wording – Mixed Portfolio 20-60% Shares Fund**

### **Investment Objective**

To provide capital growth and income (net of fees) over the long term (a period of at least 5 years).

### **Investment Policy**

The Fund invests in the NFU Mutual Portfolio Funds OEIC Mixed Portfolio 20-60% shares Fund, managed by N.F.U. Mutual Unit Managers Limited. This Fund invests up to 100% of its assets in other funds. The other funds invested in may be funds managed by NFU Mutual or third-party managers. The other funds may be actively managed or may be passively managed (that is funds which track or are closely linked to the performance of a market index) and no more than half of the assets will be invested in passive funds.

Through its investment in other funds, the Fund will have an exposure to the following asset classes: shares of companies (equities) and between 20-60% of the assets of the Fund will be in equities. At least 30% of Fund exposure will be to fixed income securities (such as bonds), money market instruments and cash and near cash. The Fund can also invest indirectly in property through other funds which gain exposure to property related securities and through shares, including in real estate investment

trusts (REITs) and may also seek exposure to alternative assets (such as infrastructure) through its equity investment.

The shares which can be invested in by the Fund can be of companies anywhere in the world and in any sector. The fixed income securities and money market instruments which can be held may be issued by companies, governments, government agencies and international organisations (such as the European Investment Bank) anywhere in the world. They can be investment grade (meet a certain level of credit rating by a credit rating agency) or they may be sub-investment grade or unrated (and hence more likely to fail than investment grade bonds).

The Fund may use financial derivatives but only for the purpose of “efficient portfolio management” to reduce risk and cost in the Fund, including through hedging (to manage currency exposure) or to generate extra income or growth in line with the risk profile of the Fund. Where the Fund invests in funds managed by other managers, those other funds may use derivatives for investment purposes but such use is expected to be minimal.

The Fund is actively managed. The mix of investment types will be managed and regularly monitored by our investment team.

## **New Wording – Mixed Portfolio 40-85% Shares Fund**

### **Investment Objective**

To provide capital growth and income (net of fees) over the long term (a period of at least 5 years).

### **Investment Policy**

The Fund invests up to 100% of its assets in other funds. The other funds invested in may be funds managed by NFU Mutual or third-party managers. The other funds may be actively managed or may be passively managed (that is funds which track or are closely linked to the performance of a market index) and no more than half of the assets will be invested in passive funds.

Through its investment in other funds, the Fund will have an exposure to the following asset classes: shares of companies (equities), fixed income securities (such as bonds), money market instruments and cash and near cash. Between 40-85% of the assets of the Fund will be in equities. The Fund can also invest indirectly in property through other funds which gain exposure to property related securities and through shares, including in real estate investment trusts (REITs) and may also seek exposure to alternative assets (such as infrastructure) through its equity investment.

The shares which can be invested in by the Fund can be of companies anywhere in the world and in any sector. The fixed income securities and money market instruments which can be held may be issued by companies, governments, government agencies and international organisations (such as the European Investment Bank) anywhere in the world. They can be investment grade (meet a certain level of credit rating by a credit rating agency) or they may be sub-investment grade or unrated (and hence more likely to fail than investment grade bonds).

The Fund may use financial derivatives but only for the purpose of “efficient portfolio management” to reduce risk and cost in the Fund, including through hedging (to manage currency exposure) or to generate extra income or growth in line with the risk profile of the Fund. Where the Fund invests in funds managed by other managers, those other funds may use derivatives for investment purposes but such use is expected to be minimal.

The Fund is actively managed. The mix of investment types will be managed and regularly monitored by our investment team.

## **New Wording – Mixed Portfolio Max 100% Shares Fund**

### **Investment Objective**

To provide capital growth (net of fees) over the long term (a period of at least 5 years).

### **Investment Policy**

The Fund invests up to 100% of its assets in other funds. The other funds invested in may be funds managed by NFU Mutual or third-party managers. The other funds may be actively managed or may be passively managed (that is funds which track or are closely linked to the performance of a market index) and no more than half of the assets will be invested in passive funds.

Through its investment in other funds, the Fund will have an exposure to the following asset classes: shares of companies (equities), fixed income securities (such as bonds), money market instruments and cash and near cash. Up to 100% of the assets of the Fund will be in equities. The Fund can also invest indirectly in property through other funds which gain exposure to property related securities and through shares, including in real estate investment trusts (REITs) and may also seek exposure to alternative assets (such as infrastructure) through its equity investment.

The shares which can be invested in by the Fund can be of companies anywhere in the world and in any sector. The fixed income securities and money market instruments which can be held may be issued by companies, governments, government agencies and international organisations (such as the European Investment Bank) anywhere in the world. They can be investment grade (meet a certain level of credit rating by a credit rating agency) or they may be sub-investment grade or unrated (and hence more likely to fail than investment grade bonds).

The Fund may use financial derivatives but only for the purpose of “efficient portfolio management” to reduce risk and cost in the Fund, including through hedging (to manage currency exposure) or to generate extra income or growth in line with the risk profile of the Fund. Where the Fund invests in funds managed by other managers, those other funds may use derivatives for investment purposes but such use is expected to be minimal.

The Fund is actively managed. The mix of investment types will be managed and regularly monitored by our investment team.



**NFU Mutual**

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CH-INV-OP-0621