



## *Lincoln i2Live®*

gives your clients flexibility and control  
with an income guarantee option

### **Investment Funds Guide**

For financial adviser use only

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## Retirement solution specialists

As you'll know from experience, working with a company who really understands the marketplace, their products and the consumer, is satisfying and rewarding.

In the US, Lincoln has a reputation for developing innovative retirement solutions. Lincoln's *i4LIFE*® Advantage, a patented retirement income management tool, has been one of our success stories in recent years, achieving investments of \$2.2 billion in 2008, up 133% compared to 2005 and increased total assets under management from 2006 by more than 50% to \$4.8 billion.

Now, we believe the UK market is ready for a similar sophisticated investment-based pension product. Building on our colleagues' experience in the US, together with product development and investment specialists in the UK, we've designed *Lincoln i2Live*, a flexible retirement solution for progressive investors and their advisers.

### Strength and security

Lincoln Financial Group is the UK business name of Lincoln National (UK) PLC and its UK subsidiary companies.

Lincoln National Corporation, the parent group, is listed as LNC on the New York Stock Exchange. Lincoln National Corporation was founded in 1905 and has a proud heritage of over 100 years financial strength and security, with credit ratings (as at 4 March 2009) of 'A-' from Standard & Poor's, 'a-' from AM Best, 'A' from Fitch and has assets under management of \$178 billion (as at 31 December 2008).

The UK operation dates back to 1934 with assets under management of £4.19 billion (as at 31 December 2008). Lincoln Assurance Limited is part of Lincoln in the UK, within which UK life and pensions business is written. AKG actuaries' current financial strength rating (as at October 2008) rated Lincoln Assurance Limited with an overall Financial Strength rating of 'B+'.

Lincoln in the UK is passionate about doing the best for its customers at or in retirement, by bringing to the market reliable and flexible solutions which enables a smooth transition through retirement, protecting and enhancing wealth to enjoy an income for life. Lincoln serves the needs of customers nationwide through financial advisers and is dedicated to building excellent customer service.

*"Lincoln is focused on providing advisers with creative solutions and expert support to help their clients achieve financial security throughout their lengthy retirement years."*

Dennis Glass – Lincoln Chairman and CEO, Lincoln National Corporation

# The *Lincoln i2Live* fund range

## Designing the fund range

Supporting your clients' retirement expectations by selecting suitable investment options enables your business to provide a wider range of retirement choices.

The *Lincoln i2Live* pension fund range has been specifically designed to support the product aims, enabling the client to remain invested in real assets both in the accumulation phase, and when they are ready to take an income. The majority of funds outlined in this guide have been carefully selected for their pedigree and potential to perform well over the longer term.

Working with one of the UK's leading investment research consultancies, Old Broad Street Research, and some of the UK's leading fund managers, we have designed a range of funds which will give you managed and self select fund options. Passive managed funds are also available, allowing further options to suit the type of advice that you wish to give your clients.

## Old Broad Street Research



Lincoln has worked closely with Old Broad Street Research Ltd (OBSR) to construct a range of funds specifically for the different components of *Lincoln i2Live*.

Selection of funds is a complex and skilled process. OBSR is a specialist investment

research consultancy that provides a truly independent ratings service. It uses stringent processes to select fund managers that it believes have the potential to out-perform their peers.

OBSR's research has a strong qualitative bias. Its experienced research team meets fund managers regularly to ensure that each fund continues to be managed according to its mandate and that it is delivering appropriate returns with a commensurate level of risk. They focus on understanding what a manager is trying to achieve because, in the absence of such understanding, they believe that the analysis of historical quantitative data is meaningless.

## Supporting the advice process

One of the most important considerations when designing this fund range was to ensure that financial advisers were given enough of the right information about each of the funds to make selection straightforward, whilst supporting management of their clients' expectations around investment returns.

The *Lincoln i2Live* fund range provides a choice of active managed, passive managed and single asset class funds, which can be combined with or without the Income Guarantee Option. You have the components to construct an investment solution with an asset allocation and level of risk that is tailored to the specific needs of your clients.

## Reviewing the funds

When you advise a client to invest in a particular fund, you do so on the expectation that the fund will perform within certain parameters. It is therefore important to be confident that these funds are regularly reviewed and monitored by experts to ensure they adhere to their investment objectives.

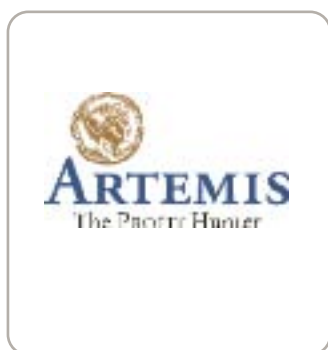
Lincoln, along with OBSR, operates a strict governance framework around the *Lincoln i2Live* fund range to ensure that decisions about fund inclusion, or removal, are taken in the context of the overall proposition<sup>1</sup>.

All OBSR ratings and figures in this edition are correct as at 31 March 2009 and are subject to change. For latest figures and ratings please refer to [www.lincoln-ifa.co.uk](http://www.lincoln-ifa.co.uk)

<sup>1</sup> OBSR only rate Active Managers so no OBSR Ratings will ever be obtained on the Passive Managed funds.

## Partner fund managers

Please note: The information detailed about individual fund managers has been provided by each individual fund manager (March 2009).



### Artemis

Established in 1997, Artemis Investment Management Limited has grown to manage an asset base of some £10.3bn (30 January 2009). The four founding partners have been joined by 12 other dedicated fund managers who share the same flair and

enthusiasm for fund management. Since the first funds were launched in 1998, Artemis has established a reputation for strong investment performance in up as well as down markets. Their investment mandates encourage individual style and freedom of thought demonstrated by a track record which validates their approach.



### Aviva Investors

Aviva Investor's sole investment objective is to consistently meet their clients' performance expectations through an active approach to investing client assets. The Aviva Investors Property Trust, managed by the award

winning team at Aviva Investors, was the UK's first property unit trust when it was launched in 1991 and, at more than £1.6 billion (as at 31 January 2009), remains one of the largest. The fund offers investors exposure to a portfolio of commercial property assets throughout the UK and diversified across shops, offices, industrial and leisure properties. The fund from time to time also includes some exposure to property-related assets, primarily Real Estate Investment Trusts.



### BlackRock

Since its establishment in 1988, BlackRock has grown to become one of the world's leading asset managers entrusted with over £900 billion of assets (31 December 2008). The firm provides an impressive breadth

of investment solutions ranging across the equities, fixed income, money markets and alternatives arena. BlackRock conducts business in over 60 countries, with a client list that includes banks and insurance companies, third-party distributors, foundations, corporations, charities, independent financial advisors and individual investors. In today's world, the increasing rate of change creates a distinct advantage for those who can spot opportunity early and react to it instantly. The company uses a combination of experienced professionals, powerful technology and global perspective which ensures that they are fully prepared to take advantage of investment opportunities wherever they occur. BlackRock is a firm that is prepared to navigate all market conditions, take measured risks and maximise investment opportunities for its clients throughout the world.



### Fidelity International

Established nearly 40 years ago, Fidelity International is committed to delivering superior returns for clients by finding the best global investment opportunities in any prevailing market

environment. Its success in understanding what investors want and delivering superior products is reflected in its remarkable growth - Fidelity International has become one of the UK's largest mutual fund managers and the European leader in pan-European equities with assets under management of \$157.3 billion (as at 31 December 2008). Fidelity International attributes the main reason for success as being its approach to investment, encouraging fund managers to develop their individual flair, while basing every investment choice on rigorous research, the cornerstone of its global investment process. The independence it enjoys as a privately-owned company enables Fidelity International to take the longer-term view and concentrate on developing innovative products while delivering the highest levels of customer service.



## FundQuest

FundQuest is the multi-management specialist of BNP Paribas Investment Partners. With teams of analysts and portfolio managers based in Boston, London and Paris, FundQuest covers all of the world's markets.

FundQuest gives its customers access to the expertise of specialist portfolio managers around the world and a wide range of investment solutions. At the 31 December 2008, the company employed 210 employees including 48 analysts and portfolio managers, and managed more than £30 billion in assets on behalf of institutional and high net worth individuals worldwide.



## Invesco Perpetual

Invesco Perpetual is one of the largest independent investment managers in the UK, currently managing assets on behalf of consumers, intermediaries and professional investors through a broad product range. The highly-respected

fund management teams are experienced at finding the right long-term investments, whatever the market conditions. Never following anyone else's lead, Invesco Perpetual believes in a truly active fund management approach – building portfolios based on rigorous research, to identify the investment opportunities most likely to provide the strongest long-term returns. £34.4bn in assets are managed (31 December 2008) by the Henley investment centre on behalf of consumers, intermediaries, institutional and investment professionals.



## Gartmore

Gartmore is a respected independent fund manager whose sole focus is asset management. With over £18bn under management (31 December 2008), they have offices strategically located in London, Tokyo, Boston, Madrid and

Frankfurt. Gartmore has been managing investments for over 30 years and their investment capabilities have been recognised by a variety of sources. During 2007 and 2008 they won more than 20 industry awards, and in both years won a Gold Standard Award, recognising a high level of service, fair value for customers, and financial stability.



## Investec

Investec Asset Management is a specialist investment manager, providing a premier range of portfolio management services and products to institutional and individual investors. Established in 1991, the firm has been built

from start-up into an international business managing approximately US \$55bn (30 September 2008) on behalf of third party clients. The business has grown from domestic roots in the UK and Southern Africa to a position where it proudly serves a growing international client base from the Americas, Europe, Asia, the Middle East, Australia and Africa, and employs 100 investment professionals. The firm seeks to create a profitable partnership between clients, shareholders and employees, and to exceed expectations for both client service and performance. Investec Asset Management is an independently managed subsidiary of Investec group.



## JPMorgan

JPMorgan Asset Management is a leading asset manager of choice for institutions, financial intermediaries and individual investors, worldwide. With a heritage of more than two centuries, a broad

range of core and alternative strategies, and investment professionals operating in every major world market, JPMorgan offers investment experience and insight that few other firms can match. They provide a clear focus on managing client assets and delivering strong risk-adjusted returns. They employ more than 650 investment professionals providing over 200 different strategies spanning the full spectrum of asset classes.



## M&G

M&G have a strong track record of consistent performance across a diverse range of funds. They have one of the largest credit research teams in the City and are the UK's largest active investor in equities.

Their scale gives them certain advantages over their competitors, such as access to company management. They are regarded as a leader in equities, bonds and property. M&G manages over £140 billion and are one of the strongest brand investment houses in the UK (31 December 2008).



## Jupiter

Established in 1985 as a specialist boutique, Jupiter has since grown to be one of the UK's most successful and respected investment management groups. With £16.8bn under management (30 September 2008) across a broad variety of portfolios,

Jupiter has gained a reputation for achieving outperformance. Jupiter boasts some of the most respected fund managers in the UK – a number of these have been at Jupiter for many years, providing continuity and strength to long-term performance.



## New Star

Henderson Group PLC has formally announced an offer to acquire New Star Asset Management Group PLC subject to a number of shareholder and regulatory approvals. For further information

on the takeover refer directly to the New Star website at [www.Newstaram.com](http://www.Newstaram.com)



## Schroders

Schroders is a global asset management company with £110.2 billion (EUR 114.0 billion / \$158.4 billion) under management as at 31 December 2008. Its clients include corporations, insurance companies, local and

public authorities, charities, pension funds, high net worth individuals and retail investors. Schroders aim to apply specialist asset management skills in serving the needs of their clients worldwide and to deliver value to its shareholders. With one of the largest networks of offices of any dedicated asset management company and over 350 portfolio managers and analysts covering the world's investment markets, they offer their clients a comprehensive range of products and services.



## Standard Life

Operating on a global scale, Standard Life Investments has assets under management of more than £123.8 billion (31 December 2008). Centres of excellence include UK equities, UK and global equities,

global property and private equity. The company's team-based approach is guided by a robust investment philosophy, which aims to exploit investment opportunities whatever the prevailing market conditions. The last year has seen Standard Life win a raft of industry awards, including Multi-asset Manager of the Year at the UK Pensions Awards 2008. They also received the 'Investment Provider' and 'Life & Pensions' 5-Star Award for the twelfth consecutive year at the annual Financial Adviser Service Awards 2007, confirming their commitment to the financial adviser channel.

# Funds

To create an investment portfolio that meets a client's requirement with an appropriate level of risk, it is important to understand the overall objective of the underlying funds selected and the level of risk that it might take in order to achieve a return.

## Risk management

In order to support your advice process, the table opposite provides a definition of how the future return for each fund might be achieved relative to the market. This varies by asset class and will help you to consider how much risk your client might be taking in order to meet their income and investment objectives.

There is a section at the back of this guide that shows the different risks associated with each fund.

Asset range	Category
<b>Passive Managed</b>	Passive
<b>Active Managed</b>	Multi manager
	Direct
<b>Equities</b>	Core
	Core plus
	Specialist
<b>Fixed interest</b>	Investment grade
	Strategic
	High yield
	Mixed asset
<b>Property</b>	Direct
	Companies
	Mixed
<b>Cash</b>	Money market

## Definition

These funds aim to achieve long-term growth through investment in a mixture of equity, fixed income and property securities, and cash. That mixture will be broadly consistent with the relevant ABI peer group. This will be achieved by investing in Exchange Traded Funds (ETFs) or equivalent vehicles that track appropriate indices.

These funds aim to achieve long-term growth through investment in a mixture of equities, fixed income securities, cash and property. This will be achieved by investing in funds which invest in these asset classes from the whole of the investment market place.

These funds aim to achieve long-term growth through investment in all asset classes. This will be achieved by investing directly into these assets.

Core funds are likely to be diversified with an investment approach that can be considered 'mainstream' or 'non specialist' in nature. They are broadly representative of their asset class when compared to other funds in the sector. Typically, core funds will be managed with tight risk controls relative to a main market or peer group benchmark. Performance is not expected to stray too far from these although there will be an intention to generate outperformance over the medium to long term.

Core plus funds are typically managed and structured with a view to significantly outperforming the accepted main market or peer group benchmarks over the medium to long term. Whilst they are likely to be managed with reference to main market or peer group benchmarks, they are not necessarily benchmark driven.

Specialist funds are not core in nature. This is a wide ranging group of funds that adopt a variety of different approaches. They are often managed with little reference to performance market indices and peer group, and therefore performance can differ significantly from these.

These funds are invested either predominantly in investment grade bonds or with a strategic bias towards investment grade bonds. Investment grade bonds may include government and corporate borrowers. The main risk to investors in this asset class is the erosion of real returns that might result from prevailing interest rate rises and rising inflation. Typically, funds in this category can be considered lower risk but also have lower return potential.

These funds can be invested in investment grade and high yield debt with no structural bias to any geographical area. The manager is free to allocate the fund's assets to geographical areas that are deemed to be most attractive in the prevailing market environment. Managers will invest either with a view to maximising total return whilst aiming to preserve capital or with the aim of generating a high income stream.

These funds are invested either predominantly in high yield bonds or with a strategic bias towards high yield bonds. High yield bonds may include emerging market government debt and/or less credit-worthy corporate borrowers. The main risk to investors in this asset class is the possibility of default on the part of the borrower, which puts income, and potentially the return of capital, at risk. Typically, funds in this category can be considered higher risk but have higher return potential.

These funds are invested predominantly in bonds but may also invest in equities, convertibles and preference shares. Given these funds' exposure to more risky parts of a company's capital structure, they can be considered higher risk compared to some other fixed income funds but they also have greater return potential.

These funds are primarily invested directly into property. They may also hold cash, fixed income and property shares for liquidity purposes. Historically, directly held commercial property as an asset class has delivered less volatile returns than property securities and real estate investment trusts. However, key risks to consider are those of liquidity and diversification.

These funds are primarily invested in property shares and real estate investment trusts. The risk and return profile of property securities is typically more volatile than it is for the underlying property investments, particularly over shorter-term time periods, as they are securities listed on stock exchanges. However, there are also a number of benefits compared to directly invested property funds, notably better liquidity, lower transaction costs and greater diversification potential.

These funds hold physical properties, property securities and real estate investment trusts. They may also hold cash and fixed income for liquidity purposes. A mixed property fund would seek to benefit from the opportunities in both the Direct and Companies arenas, but key risks for both types of investment also apply.

These funds aim to achieve returns that keep pace with, or outperform, inflation.

## Lincoln i2Live pension fund range

The OBSR Fund Ratings service aims to provide professional intermediaries with a clear set of fund recommendations and alternatives. The focus is on UK authorised unit trusts, UK OEICs and 'UK friendly' offshore funds. The service is a dynamic one with around 250 funds awarded A, AA or AAA status under the criteria. Further information can be found at [www.obsr.co.uk](http://www.obsr.co.uk).

The OBSR Fund Ratings service was launched in 2002 to provide a truly independent ratings service and relies heavily on a qualitative, 'forward-looking' research approach.

### OBSR Fund Ratings

OBSR Fund Ratings are determined by several key factors:

- Strength of investment process and length of time it has been in place
- Continuity of investment personnel
- Investment style that has proven durable over time
- Clearly defined investment objectives
- Strong and consistent past performance record
- Favourable risk adjusted returns.

The ratings run from AAA for the strongest through AA to A.

- AAA Rating – This is the highest rating awarded. It is given to funds which demonstrate very powerful investment processes and disciplines which OBSR believe will translate into exceptional long-term performance. The OBSR AAA Rating is an indication of excellence.
- AA Rating – The OBSR AA Rating is an indication of highly superior quality, based on their processes and track record.
- A Rating – A fund that achieves the OBSR A Rating status is regarded as a highly commended one.

From time to time OBSR will change a fund's rating (though not often its endorsement), most frequently because there is a change of fund manager. This is not an indicator that the fund will underperform, but does indicate the rigorous nature of the OBSR ratings process.

- Not Rated - Lincoln and OBSR are satisfied that the fund justifies a place within the endorsed range yet is not currently rated by OBSR.
- Not Endorsed – This will apply when it is deemed a fund has experienced a significant change which may prevent the fund from being able to consistently deliver the fund objectives.

Note: Past performance is not a guide to future performance.

**All figures and OBSR ratings correct as at 31 March 2009 but are subject to change. For latest figures and ratings please refer to [www.lincoln-ifa.co.uk](http://www.lincoln-ifa.co.uk).**

<sup>1</sup> Asset split for income guarantee purposes (this may not reflect actual asset split). <sup>2</sup> The Total Expense Ratio represents the total annual cost of running the fund, equal to the annual investment fund charge plus any additional expenses from the underlying OEICs and unit trusts. <sup>3</sup> OBSR only rate Active Managers so no OBSR Ratings will ever be obtained on the Passive Managed funds. Funds that are not rated are shown by a dash below ('-').

Lincoln Fund Code	ABI Sector	Managed Funds	Underlying Fund OBSR Fund Rating	%Equity <sup>1</sup> For income guarantee purposes	%Other <sup>1</sup>	Total Expense Ratio <sup>2</sup>	Annual Investment Fund Charge
F869	Flexible Managed	Lincoln Flexible Passive Managed	- <sup>3</sup>	100%	0%	0.674%	0.350%
F870	Balanced Managed	Lincoln Balanced Passive Managed	- <sup>3</sup>	70%	30%	0.622%	0.350%
F871	Cautious Managed	Lincoln Cautious Passive Managed	- <sup>3</sup>	50%	50%	0.615%	0.350%
F841	Balanced Managed	Lincoln Gartmore MM Balanced	-	85%	15%	2.140%	1.250%
F819	Balanced Managed	Lincoln Jupiter Merlin Balanced	AAA	80%	20%	2.450%	1.400%
F812	Cautious Managed	Lincoln Fidelity MM Distribution	-	40%	60%	1.830%	0.900%
F814	Cautious Managed	Lincoln Fidelity MM Income Portfolio	-	55%	45%	1.890%	0.900%
F837	Cautious Managed	Lincoln Gartmore Cautious Managed	AA	60%	40%	1.270%	1.100%
F842	Cautious Managed	Lincoln Gartmore MM Cautious Managed	-	60%	40%	1.890%	1.150%
F846	Cautious Managed	Lincoln Invesco Perpetual Distribution	AAA	40%	60%	1.310%	1.100%
F851	Cautious Managed	Lincoln Investec Cautious Managed	AA	60%	40%	1.085%	0.975%
F821	Cautious Managed	Lincoln Jupiter Merlin Income Portfolio	AAA	60%	40%	2.310%	1.250%
F827	Cautious Managed	Lincoln New Star Managed Distribution	-	40%	60%	1.380%	1.150%
F813	Flexible Managed	Lincoln Fidelity MM Growth Portfolio	-	100%	0%	1.890%	0.900%
F843	Flexible Managed	Lincoln FundQuest Select	AA	100%	0%	2.050%	1.250%
F840	Flexible Managed	Lincoln Gartmore MM Active	-	100%	0%	2.110%	1.250%
F820	Flexible Managed	Lincoln Jupiter Merlin Growth Portfolio	AAA	90%	10%	2.430%	1.400%
F866	Unclassified	Lincoln Select 50	-	50%	50%	1.671%	0.700%
F867	Unclassified	Lincoln Select 70	-	70%	30%	1.770%	0.700%

Lincoln Fund Code	ABI Sector	Equity Funds	Underlying Fund OBSR Fund Rating	%Equity <sup>1</sup> <small>For income guarantee purposes</small>	%Other <sup>1</sup>	Total Expense Ratio <sup>2</sup>	Annual Investment Fund Charge
F815	Asia Pacific ex Japan	Lincoln Fidelity South East Asia	A	100%	0%	1.660%	1.400%
F844	Asia Pacific ex Japan	Lincoln Invesco Perpetual Asian	AA	100%	0%	1.460%	1.250%
F831	Asia Pacific ex Japan	Lincoln Schroder Pacific	-	100%	0%	1.460%	1.250%
F802	Europe ex UK	Lincoln Artemis European Growth	AA	100%	0%	1.370%	1.200%
F809	Europe ex UK	Lincoln Fidelity European	AA	100%	0%	1.460%	1.250%
F839	Europe ex UK	Lincoln Gartmore European Select Opportunities	AA	100%	0%	1.480%	1.300%
F853	Europe ex UK	Lincoln JPM European Dynamic	A	100%	0%	1.420%	1.250%
F823	Europe ex UK	Lincoln New Star European Growth	AAA	100%	0%	1.530%	1.300%
F830	Europe ex UK	Lincoln Schroder European Alpha Plus	AA	100%	0%	1.420%	1.250%
F838	Global Emerging Markets	Lincoln Gartmore Emerging Markets Opportunities	AA	100%	0%	1.490%	1.250%
F817	Global Emerging Markets	Lincoln Jupiter Emerging European Opportunities	AA	100%	0%	1.950%	1.500%
F803	Global Equities	Lincoln Artemis Global Growth	AA	100%	0%	1.410%	1.250%
F852	Global Equities	Lincoln Investec Global Free Enterprise	AA	100%	0%	1.310%	1.200%
F816	Global Equities	Lincoln Jupiter Ecology	AA	100%	0%	1.700%	1.500%
F862	Global Equities	Lincoln M&G Global Leaders	AA	100%	0%	1.420%	1.250%
F856	Japan	Lincoln JPM Japan	-	100%	0%	1.390%	1.250%
F832	Japan	Lincoln Schroder Tokyo	AA	100%	0%	1.420%	1.250%
F861	North America	Lincoln BlackRock US Dynamic	AA	100%	0%	1.450%	1.250%
F850	North America	Lincoln Investec American	AA	100%	0%	1.310%	1.200%
F855	North America	Lincoln JPM US	AA	100%	0%	1.390%	1.250%
F836	North America	Lincoln Schroder US Small & Mid Cap*	AA	100%	0%	1.430%	1.250%
F801	UK All Companies	Lincoln Artemis Capital	AA	100%	0%	1.330%	1.150%
F808	UK All Companies	Lincoln Artemis UK Special Situations	AAA	100%	0%	1.290%	1.200%
F857	UK All Companies	Lincoln BlackRock UK	AAA	100%	0%	1.440%	1.250%
F858	UK All Companies	Lincoln BlackRock UK Dynamic	AA	100%	0%	1.430%	1.250%
F860	UK All Companies	Lincoln BlackRock UK Special Situations	AA	100%	0%	1.380%	1.200%
F822	UK All Companies	Lincoln Jupiter UK Growth	AA	100%	0%	1.680%	1.400%
F833	UK All Companies	Lincoln Schroder UK Alpha Plus	AA	100%	0%	1.360%	1.200%
F834	UK All Companies	Lincoln Schroder UK Mid 250	AAA	100%	0%	1.340%	1.200%
F805	UK Equity Income	Lincoln Artemis Income	AAA	100%	0%	1.270%	1.200%
F848	UK Equity Income	Lincoln Invesco Perpetual High Income	AAA	100%	0%	1.390%	1.200%
F818	UK Equity Income	Lincoln Jupiter Income	AAA	100%	0%	1.540%	1.350%
F807	UK Smaller Companies	Lincoln Artemis UK Smaller Companies	AAA	100%	0%	1.400%	1.250%
F859	UK Smaller Companies	Lincoln BlackRock UK Smaller Companies	AAA	100%	0%	1.410%	1.250%
F835	UK Smaller Companies	Lincoln Schroder UK Smaller Companies	AA	100%	0%	1.320%	1.150%

\*From 01 June 2009 this fund will be renamed Lincoln Schroder US Mid Cap.

Lincoln Fund Code	ABI Sector	Fixed Interest Funds	Underlying Fund OBSR Fund Rating	%Equity <sup>1</sup> <small>For income guarantee purposes</small>	%Other <sup>1</sup>	Total Expense Ratio <sup>2</sup>	Annual Investment Fund Charge
F847	Global Fixed Interest	Lincoln Invesco Perpetual Global Bond	AA	0%	100%	1.240%	1.050%
F811	Sterling Corporate Bond	Lincoln Fidelity MoneyBuilder Income	AAA	0%	100%	0.980%	0.800%
F845	Sterling Corporate Bond	Lincoln Invesco Perpetual Corporate Bond	AAA	0%	100%	1.240%	1.050%
F829	Sterling Corporate Bond	Lincoln New Star Sterling Bond	AAA	0%	100%	1.160%	1.100%
F804	Sterling Other Fixed Interest	Lincoln Artemis High Income	AA	20%	80%	1.250%	1.150%
F806	Sterling Other Fixed Interest	Lincoln Artemis Strategic Bond	AA	0%	100%	1.180%	1.050%

Lincoln Fund Code	ABI Sector	Fixed Interest Funds	Underlying Fund OBSR Fund Rating	%Equity <sup>1</sup> For income guarantee purposes	%Other <sup>1</sup>	Total Expense Ratio <sup>2</sup>	Annual Investment Fund Charge
F849	Sterling High Yield	Lincoln Invesco Perpetual Monthly Income Plus	AAA	20%	80%	1.390%	1.200%
F824	Sterling High Yield	Lincoln New Star Extra High Yield Bond	-	0%	100%	1.390%	1.150%
F825	Sterling High Yield	Lincoln New Star Fixed Interest	AA	0%	100%	1.330%	1.100%
F826	Sterling High Yield	Lincoln New Star High Yield Bond	AA	0%	100%	1.250%	1.000%

Lincoln Fund Code	ABI Sector	Property Funds	Underlying Fund OBSR Fund Rating	%Equity <sup>1</sup> For income guarantee purposes	%Other <sup>1</sup>	Total Expense Ratio <sup>2</sup>	Annual Investment Fund Charge
F810	Global Property	Lincoln Fidelity Global Property	-	0%	100%	1.550%	1.300%
F868	Global Property	Lincoln Schroder Property Securities	A	0%	100%	1.370%	1.200%
F864	Global Property	Lincoln Standard Life Inv Select Property	-	0%	100%	1.860%	1.800%
F863	UK Direct Property	Lincoln Aviva Investors Property	-	0%	100%	1.650%	1.150%

Lincoln Fund Code	ABI Sector	Cash Funds	Underlying Fund OBSR Fund Rating	%Equity <sup>1</sup> For income guarantee purposes	%Other <sup>1</sup>	Total Expense Ratio <sup>2</sup>	Annual Investment Fund Charge
F865	Money Market	Lincoln Standard Life Inv Sterling Liquidity	-	0%	100%	0.500%	0.500%

Funds which are not endorsed. Reasons are outlined on [www.lincoln-ifa.co.uk](http://www.lincoln-ifa.co.uk)

Lincoln Fund Code	ABI Sector	Name of Fund	%Equity <sup>1</sup> For income guarantee purposes	%Other <sup>1</sup>	Total Expense Ratio <sup>2</sup>	Annual Investment Fund Charge
F854	UK All Companies	Lincoln JPM Premier Equity Growth	100%	0%	1.330%	1.250%
F828	UK Direct Property	Lincoln New Star UK Property	0%	100%	1.310%	1.150%

# Income Guarantee Option requirements

All the pension funds detailed in this guide are available for use when the Income Guarantee Option has been selected. The amount your client invests in equity based investments (UK and overseas) will currently be restricted to 70% of the value of their investment to which the income guarantee applies. We will check whether they have exceeded the 70% equity limit when income limits are reviewed or they choose to switch their investments between investment funds. If the 70% limit has been exceeded we may ask them to switch their investments so that they meet the requirement.

## Example income guarantee portfolios

Advisers are able to select their clients' portfolio from a number of options with the *Lincoln i2Live* fund range.

**Managed funds** – provide a potential one-stop option for investors money. The Lincoln Select 70 fund is designed specifically to meet the required asset allocation to support the Income Guarantee Option and will automatically retain the 70% maximum equity limit. Other managed funds can be selected, provided their asset allocation as defined by Lincoln does not exceed 70% in equities.


### Switching

Funds can be switched at any time and at no additional cost. The minimum amount your client can switch between funds is £1,000. With partial switches, they must leave at least £5,000 invested in each fund.

Simply select up to 70% from the category list and the balance from the other category. The funds can be switched at any time without charge providing the equity proportion does not exceed the greater of 70% and that in place at the time of the switch.


#### For example, using single asset class funds

Customer fund allocation	Fund name	Category	Equity asset allocation (from table on page 11)
20%	Lincoln Artemis Capital	Core plus	100%
20%	Lincoln BlackRock UK	Core	100%
20%	Lincoln M&G Global Leaders	Specialist	100%
30%	Lincoln New Star Fixed Interest	Strategic	0
10%	Lincoln Aviva Investors Property	Mixed	0
<b>Equity asset allocation = 60%</b>			



#### Or, blend managed and single asset class funds

Customer fund allocation	Fund name	Category	Equity asset allocation (from table on page 11)
40%	Lincoln Gartmore MM Cautious	Multimanager	60%
40%	Lincoln New Star Managed Distribution	Direct	40%
10%	Lincoln Fidelity South East Asia	Core plus	100%
10%	Lincoln Schroder UK Mid 250	Core plus	100%
<b>Overall Equity asset allocation = 60%</b>			



These examples are not intended as a recommendation or to constitute advice to the adviser or the client. They merely demonstrate how a random group of funds might satisfy the maximum 70% equity requirement for income guarantee purposes.

## Fund risks

When selecting funds, we want to ensure that your clients are comfortable that they have made their choice understanding the types of risk that may be involved.

The tables on the following pages detail the different funds, with an indication of the types of risk to which they are usually exposed (as at March 2009).

### Potential risk

- a. The value of your capital may fluctuate. Loss of original investment may occur.
- b. Funds that invest predominantly in 'sub-investment grade' bonds have potential for higher returns than 'investment grade' bonds but are subject to greater risk.
- c. With bond funds there is a risk of default from the bond issuer. The risk of default will increase as the credit-worthiness of the issuer declines.
- d. Funds with exposure to less developed overseas markets pose greater investment risk than funds invested in larger and more established markets. Emerging markets funds can be more volatile than investments in more developed markets.
- e. Funds that invest in overseas markets are exposed to currency risk, that is, the value of your investment depends on changes in exchange rates.
- f. Funds with a relatively small number of holdings can be more volatile than funds with greater diversification.
- g. Funds that invest predominantly in smaller companies are subject to greater risk than funds invested in larger companies.
- h. Funds that invest predominantly in cash may be affected if any of the institutions invested in experience financial difficulty.
- i. Fund of funds may be subject to higher costs due to the effect of management charges on each underlying fund.
- j. Funds with direct investments in property may be subject to greater risk due to lack of liquidity and the subjective nature of the valuation process.

The purpose of this information is to capture the broad risks associated with the *Lincoln i2Live* pension fund range. New risk exposures due to changes in the underlying funds may not be captured by this guide. Specific risk information can be found on the Fund Filter Tool available at [www.lincoln-ifa.co.uk](http://www.lincoln-ifa.co.uk)

Lincoln Fund Code	Lincoln i2Live pension fund	Category	Potential risks									
			a	b	c	d	e	f	g	h	i	j
Managed funds												
F870	Lincoln Balanced Passive Managed	Passive	•			•	•					•
F871	Lincoln Cautious Passive Managed	Passive	•			•	•					•
F869	Lincoln Flexible Passive Managed	Passive	•			•	•					•
F812	Lincoln Fidelity MM Distribution	Multimanager	•		•		•					•
F813	Lincoln Fidelity MM Growth Portfolio	Multimanager	•			•	•					•
F814	Lincoln Fidelity MM Income Portfolio	Multimanager	•		•							•
F843	Lincoln FundQuest Select	Multimanager	•			•	•					•
F842	Lincoln Gartmore MM Cautious Managed	Multimanager	•		•		•					•
F840	Lincoln Gartmore MM Active	Multimanager	•			•	•					•
F841	Lincoln Gartmore MM Balanced	Multimanager	•		•	•	•					•
F837	Lincoln Gartmore Cautious Managed	Direct	•		•							
F846	Lincoln Invesco Perpetual Distribution	Direct	•		•		•					
F851	Lincoln Investec Cautious Managed	Direct	•		•							
F819	Lincoln Jupiter Merlin Balanced Portfolio	Multimanager	•		•	•	•					•
F820	Lincoln Jupiter Merlin Growth Portfolio	Multimanager	•			•	•					•
F821	Lincoln Jupiter Merlin Income Portfolio	Multimanager	•		•		•					•

continued

Lincoln Fund Code	Lincoln i2Live pension fund	Category	Potential risks									
			a	b	c	d	e	f	g	h	i	j
<b>Managed funds continued</b>												
F827	Lincoln New Star Managed Distribution	Direct	•		•		•					
F866	Lincoln Select 50	Multimanager	•			•	•				•	
F867	Lincoln Select 70	Multimanager	•			•	•				•	
<b>Equity funds</b>												
F801	Lincoln Artemis Capital	Core plus	•									
F802	Lincoln Artemis European Growth	Core	•					•				
F803	Lincoln Artemis Global Growth	Core plus	•			•	•					
F805	Lincoln Artemis Income	Core	•									
F807	Lincoln Artemis UK Smaller Companies	Core plus	•							•		
F808	Lincoln Artemis UK Special Situations	Specialist	•							•		
F857	Lincoln BlackRock UK	Core	•									
F858	Lincoln BlackRock UK Dynamic	Core plus	•						•			
F859	Lincoln BlackRock UK Smaller Companies	Specialist	•							•		
F860	Lincoln BlackRock UK Special Situations	Specialist	•							•		
F861	Lincoln BlackRock US Dynamic	Core plus	•					•				
F809	Lincoln Fidelity European	Specialist	•					•		•		
F815	Lincoln Fidelity South East Asia	Core plus	•			•	•					
F838	Lincoln Gartmore Emerging Markets Opps	Core plus	•			•	•					
F839	Lincoln Gartmore European Select Opps	Core	•					•				
F844	Lincoln Invesco Perpetual Asian	Specialist	•			•	•					
F848	Lincoln Invesco Perpetual High Income	Core	•									
F850	Lincoln Investec American	Core	•					•	•			
F852	Lincoln Investec Global Free Enterprise	Specialist	•			•	•					
F853	Lincoln JPM European Dynamic	Specialist	•					•				
F856	Lincoln JPM Japan	Core plus	•					•				
F854	Lincoln JPM Premier Equity Growth	Core	•									
F855	Lincoln JPM US	Core	•					•				
F816	Lincoln Jupiter Ecology	Specialist	•					•				
F817	Lincoln Jupiter Emerging European Opps	Specialist	•			•	•	•				
F818	Lincoln Jupiter Income	Core	•									
F822	Lincoln Jupiter UK Growth	Core	•									
F862	Lincoln M&G Global Leaders	Specialist	•					•				
F823	Lincoln New Star European Growth	Specialist	•					•				
F830	Lincoln Schroder European Alpha Plus	Specialist	•					•		•		
F831	Lincoln Schroder Pacific	Core plus	•			•	•					
F832	Lincoln Schroder Tokyo	Core plus	•					•				
F833	Lincoln Schroder UK Alpha Plus	Specialist	•					•				

continued

Lincoln Fund Code	Lincoln i2Live pension fund	Category	Potential risks									
			a	b	c	d	e	f	g	h	i	j
<b>Fixed Equity funds continued</b>												
F834	Lincoln Schroder UK Mid 250	Core plus	•									
F835	Lincoln Schroder UK Smaller Companies	Core plus	•							•		
F836	Lincoln Schroder US Small & Mid Cap*	Core plus						•		•		
<b>Fixed interest funds</b>												
F804	Lincoln Artemis High Income	Mixed	•		•							
F806	Lincoln Artemis Strategic Bond	Strategic	•		•			•				
F811	Lincoln Fidelity MoneyBuilder Income	Investment grade	•		•							
F845	Lincoln Invesco Perpetual Corporate Bond	Investment grade	•		•							
F847	Lincoln Invesco Perpetual Global Bond	Strategic	•		•			•				
F849	Lincoln Invesco Perpetual Monthly Income Plus	Mixed	•		•							
F824	Lincoln New Star Extra High Yield Bond	High yield	•	•	•			•				
F825	Lincoln New Star Fixed Interest	Strategic	•		•							
F826	Lincoln New Star High Yield Bond	High yield	•	•	•			•				
F829	Lincoln New Star Sterling Bond	Investment grade	•		•							
<b>Property funds</b>												
F863	Lincoln Aviva Investors Property	Mixed	•									•
F810	Lincoln Fidelity Global Property	Companies	•					•				
F828	Lincoln New Star UK Property	Direct	•		•							•
F868	Lincoln Schroder Property Securities	Companies	•			•		•				
F864	Lincoln Standard Life Inv Select Property	Mixed	•		•			•				•
<b>Cash funds</b>												
F865	Lincoln Standard Life Inv Sterling Liquidity	Money market	•								•	

\*From 01 June 2009 this fund will be renamed Lincoln Schroder US Mid Cap.







## About Lincoln Financial Group

Lincoln Financial Group is the UK business name of Lincoln National (UK) PLC and its UK subsidiary companies.

Lincoln National Corporation, the parent group, is listed as LNC on the New York Stock Exchange. Lincoln National Corporation was founded in 1905 and has a proud heritage of over 100 years financial strength and security, with credit ratings (as at 4 March 2009) of 'A-' from Standard & Poor's, 'a-' from AM Best, 'A' from Fitch and has assets under management of \$178 billion (as at 31 December 2008).

The UK operation dates back to 1934 with assets under management of £4.19 billion (as at 31 December 2008). Lincoln Assurance Limited is part of Lincoln in the UK, within which UK life and pensions business is written. AKG actuaries' current financial strength rating (as at October 2008) rated Lincoln Assurance Limited with an overall Financial Strength rating of 'B+'.

Lincoln in the UK is passionate about doing the best for its customers at or in retirement, by bringing to the market reliable and flexible solutions which enables a smooth transition through retirement, protecting and enhancing wealth to enjoy an income for life. Lincoln serves the needs of customers nationwide through financial advisers and is dedicated to building excellent customer service.

## Daily fund prices and performance information

Information on performance, asset allocation, risks and further fund information is available at [www.lincoln-ifa.co.uk](http://www.lincoln-ifa.co.uk)

Information is also provided by our partner fund managers and is available through this site.

## Annual statements

Copies of your clients' annual statements are sent out between 4-6 weeks before their plan anniversary.

## Monitoring and recording of telephone calls

We may monitor or record telephone conversations for staff training and security purposes. Any personal details or other information will be treated as completely confidential.

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## Please ensure your clients are aware:

**They should read the relevant product Key Features and discuss their objectives with their financial adviser before making any investment.**

Pension funds are generally designed for long-term investment.

