

What does the Fund risk rating mean?

Investments can experience rises and falls in value – this is known as ‘volatility’. The larger the expected rises and falls in value, the higher the risk rating. Risk and reward is a balance and, generally speaking, the bigger the risk the bigger the potential reward.

There are a range of investment funds to choose from which vary in risk levels from high to low. Risk isn’t necessarily bad for you, and all funds carry some risk. The type of assets a fund invests in affects the level of risk involved too.



High-risk funds

Investors in high-risk funds can expect to experience sharp rises and falls in value in the short term, but see above average growth over the long term. High-risk funds typically invest in things like shares (equities) which means they are more likely to be affected by changes in the economy and stock markets.



Medium-risk funds

Investors in medium-risk funds can also expect to experience rises and falls in value in the short term, but maintain income and avoid loss over the long term. Medium-risk funds often invest in bonds, managed in a low-activity way aimed to strengthen and sustain fund value over the medium term.



Low-risk funds

Investors in low-risk funds should expect low growth over the short and long term. Although that means you’re less likely to experience the extreme highs and lows, low risk doesn’t mean no risk. If you save in a low-risk fund for a long time, the value of your investments are unlikely to keep up with the cost of living (inflation).

The risk rating for each fund is shown on its factsheet. The ratings are based on future expectations of volatility, which can change over time. They do not indicate the historic volatility of the fund, or offer any form of guarantee. These risk ratings are only intended as a guide and should not be taken as a recommendation for your own circumstances and retirement plans.

Neither the Trustee, Railpen nor your employer can give you financial advice. You should consider speaking to an Independent Financial Adviser (IFA) regulated by the Financial Conduct Authority before making decisions about your investments. Details of IFAs in your local area can be found at unbiased.co.uk.

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