Nokia Savings / 401(k) Plan

Glossary of Investment-Related Terms

This glossary defines terms that apply to the Nokia Savings/401k Plan, but it may not include definitions for every investment-related term that is applicable to the Nokia Savings/401(k) Plan. Definitions represent only one way to define a particular term. This glossary was provided by the Plan Sponsor who, from time to time, may modify this glossary.

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Active Management: The trading of securities to take advantage of market opportunities as they occur, in contrast to passive management. Active managers take securities positions which will typically deviate from a fund's benchmark. Active managers rely on research, market forecasts, quantitative models and their own judgment and experience in selecting securities to buy and sell.

Activity-Specific Fees or Charges: Any fee charged against your investments for purchase and sale (such as short-term trading fees), other than the Fund Operating Expenses or Plan Administrative Costs.

Administrative Costs: see **Plan Administrative Costs**.

Agency Debentures: Debt issued by a federal agency or a government-sponsored enterprise ("GSE") for financing purposes. These types of debentures are not backed by collateral, but by the integrity and credit worthiness of the issuer. Officially, agency debentures issued by a federal agency are backed by the full faith and credit of the United States government. Agency debentures issued by a GSE are backed only by that GSE's ability to pay. Also known as "Agency Debt".

Aggressive: An investment approach that accepts above-average risk of loss in return for potentially above-average investment returns.

Alpha: Estimates a manager's contribution to performance, on a risk-adjusted basis, relative to an index. A positive alpha means the investment manager added value, based on the level of risk taken (or beta).

Annual Report: A yearly report or record of a company's financial position and operations.

Annual Rate of Return: The annual rate of gain or loss on an investment expressed as a percentage.

Appreciation: An increase in the value of an investment.

Asset: Anything with commercial or exchange value owned by a business, institution or individual. Examples include cash, real estate, and stocks and bonds.

Asset Allocation: A method of investing by which investors include a range of different investment classes – such as stocks, bonds, and real assets – in their portfolios. See also **Diversification**.

Asset-Backed Security: A financial security backed by a loan, lease or receivables against assets other than real estate and mortgage-backed securities. For investors, asset-backed securities are an alternative to investing in corporate debt.

Asset Class: A group of securities or investments that have similar characteristics and behave similarly in the marketplace. Three common asset classes are equities (e.g., stocks), fixed income (e.g., bonds, money market funds), and real assets (e.g., commodities, Treasury Inflation Protected Securities (TIPS)).

Average Annual Total Return: The yearly average percentage increase or decrease in an investment's value that includes dividends, gains, and changes in share price.

Average Maturity: The average amount of time until an investment fund's debt securities mature. The shorter the average maturity, the less the price will fluctuate with changes in interest rates.

Basis Point: One-hundredth of one percent, or 0.01%. For example, 20 basis points equal 0.20%. Investment expenses, interest rates, and yield differences among bonds are often expressed in basis points.

Benchmark: A representative group of securities whose performance is used as a standard to track investment performance of an investment fund or investment manager. Some well-known benchmarks are the Dow Jones Industrial Average and the S&P 500 Index.

Beta: A measure of the volatility (price changes) of a security or a fund relative to an index. A beta of 1 indicates that fluctuations in the fund's value were about the same as the index. Values less than 1 indicate the fund experienced less price volatility than the index and a value of 1.5 means it experienced 150% of the volatility of the index. Most fund betas range from 0.75 to 1.25.

Bloomberg 1-3 Year Government/Credit Bond Index: The Bloomberg 1-3 Year Government/Credit Bond Index is an unmanaged market value-weighted index for government and corporate fixed-rate debt issues with maturities between one and three years. Government and corporate issues include all public obligations of the U.S. Treasury (excluding flower bonds and foreign-targeted issues) and U.S. Government agencies, as well as non-convertible investment-grade, SEC-registered corporate debt.

Bloomberg U.S. Aggregate Bond Index: The Bloomberg U.S. Aggregate Bond Index is a broad-based benchmark that tracks the performance of the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, mortgage-backed securities, asset-backed securities, and commercial mortgage-backed securities.

Bloomberg US Government Inflation-Linked Bond Index: The Bloomberg US Government Inflation-linked bond index (US TIPS) tracks the performance of inflation-linked securities issued by the U.S. Treasury. The index only includes U.S. Treasury Inflation Notes with a remaining maturity of one year or more and must have at least $500M par outstanding.

Bloomberg U.S. High Yield – 2% Issuer Capped Index: The Bloomberg U.S. High Yield – 2% Issuer Capped Index tracks the performance of below-investment grade debt issued by corporations domiciled in the U.S. and includes cash-pay, deferred interest and Rule 144A bonds. A 2% maximum market value weight is imposed on the par amount of each issue.

Bloomberg US TIPS 1-10 Year Index: An index that consists of Inflation Protection securities issued by the US Treasury that have maturities ranging from 1-10 years. Each security has at least $500 million par amount outstanding, publicly issued, dollar denominated, non-convertible, fixed rate, and rated investment grade by at least two of the following ratings agencies: Moody's, S&P, and Fitch. If only two of the three agencies rate the security, the lower rating is used to determine index eligibility. If only one of the three agencies rates a security, the rating must be investment grade.

Bloomberg Commodity Index: The Bloomberg Commodity Index aims to provide broadly diversified representation of commodity markets. The index is made up of exchange-traded futures on physical commodities and currently represents 22 commodities. The index is weighted to account for economic significance and market liquidity, subject to weighting restrictions applied annually such that no related group of commodities constitutes more than 33% of the index and no single commodity constitutes more than 15%.

Bond: A debt security which represents the borrowing of money by a corporation, government, or other entity. The borrowing institution repays the principal amount of the loan plus a percentage as interest in regular coupon payments. Fixed Income funds generally invest in bonds.

Bond Fund: A fund that invests primarily in bonds and other debt instruments.

Bond Rating: A rating or grade that is intended to indicate the credit quality of a bond, considering the financial strength of its issuer and the likelihood that it will repay the debt. Agencies such as Standard & Poor's, Moody's Investors Service, and Fitch issue ratings for different bonds, ranging from AAA (highly unlikely to default) to D (in default).

Broker: A person who acts as an intermediary between the buyer and seller of a security, insurance product, or mutual fund, often paid by commission. The terms broker, broker/dealer, and dealer are sometimes used interchangeably. Brokers are held to standards that require them only to make *suitable* recommendations to their clients. This is in contrast to the standard of care for a fiduciary who is required to act at all times for the sole benefit and interest of a client.

Brokerage Window: A plan feature that permits participants to purchase investments that are not included among the plan's general menu of designated investment funds.

Capitalization (Cap): The total market value of a company's outstanding equity. See also **Market Capitalization.**

Capital Gain: An increase in the value of an investment, calculated by the difference between the net purchase price and the net sale price.

Capital Loss: The loss in the value of an investment, calculated by the difference between the purchase price and the net sale price.

Capital Preservation: An investment goal or objective to keep the original investment amount (the principal) from decreasing in value.

Cash Equivalent: An investment that is short term, highly liquid, and has high credit quality.

Collective Investment Fund: Investments created by a bank or trust company for employee benefit plans, such as 401(k) plans, that pool the assets of retirement plans for investment purposes. They are governed by rules and regulations that apply to banks and trust companies. Instead of being registered with the SEC they operate under the regulatory authority of the Office of the Comptroller of the Currency (OCC). These funds are also referred to as collective or commingled trusts.

Commercial Mortgage-Backed Security (CMBS): A type of mortgage-backed security that is secured by the loan on a commercial property.

Commingled Fund: An investment fund created by a bank or trust company for employee benefit plans, such as 401(k) plans, that pools the assets of more than one employee benefit plan for investment purposes. Commingled funds are governed by rules and regulations that apply to banks and trust companies. They are not registered with the SEC and operate under the regulatory authority of the Office of the Comptroller of the Currency. These funds are also referred to as collective investment funds.

Commission: Compensation paid to a broker or other salesperson for his or her role when investments are bought or sold.

Common Stock: An investment that represents a share of ownership in a corporation.

Compounding: The cumulative effect that reinvesting an investment's earnings can have by generating additional earnings of their own.

Conservative: An investment approach that accepts lower returns in return for potentially lower risk.

Consumer Price Index (CPI): The CPI in the United States is defined by the Bureau of Labor Statistics as "a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services."

Convertible Bond: A type of bond that the holder can convert into a prespecified number of shares of common stock of the issuing company.

Corporate Bond: A bond issued by a corporation, rather than by a government. The credit risk for a corporate bond is based on the re-payment ability of the company that issued the bond. Also referred to as "Corporates."

Credit Risk: The risk that a bond issuer will default, meaning not repay principal or interest to the investor as promised or the risk of having its credit rating downgraded causing a loss in the market value of a bond. Credit risk is also known as "default risk" or "downgrade risk".

Credit Quality: A measure of credit worthiness, or risk of default, with designations ranging from high ('AAA' to 'AA') to medium ('A' to 'BBB') to low ('BB', 'B', 'CCC', 'CC' 'C', to D).

Current Yield: The current rate of return of an investment calculated by dividing its expected income payments by its current market price.

Custodian: A person or entity (e.g., bank, trust company, or other organization) responsible for holding financial assets.

Customized Benchmark: Customized benchmarks blend the returns of more than one broad-based market index. Customized benchmarks are often utilized for investment funds that have a mix of asset class exposures. See also **Retirement Date Fund Benchmark**. They may also be utilized when a fund's benchmark has been changed and prior benchmarks are linked to show "apples-to-apples" performance comparisons.

Defensive Equity: Stocks that seek to provide returns that are similar to equity markets but with less risk since they demonstrate relatively stable performance regardless of the state of the economy. See also **Low Volatility Equity.**

Deflation: The opposite of inflation-a decline in the prices of goods and services.

Depreciation: A decrease in the value of an investment.

Derivative Securities: A security whose price is dependent upon or derived from one or more underlying assets. The derivative itself is merely a contract between two or more parties. Its value is determined by fluctuations in the underlying asset. The most common underlying assets include stocks, bonds, commodities, currencies, interest rates and market indexes. Also known as "Derivatives."

Designated Investment Alternative: The investment fund chosen by your plan into which your contributions are made if you do not provide investment direction. For a participant-directed individual account plan, this is referred to as a Qualified Designated Investment Alternative.

Developed Markets: As defined by MSCI, the developed markets consists of the following 23 countries: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States.

Diversification: The practice of investing with different investment managers, in multiple asset classes, or in securities with different risk characteristics to reduce portfolio risk.

Dividend: Money an investment fund or company pays to its shareholders, typically from profits. The amount is usually expressed on a per-share basis.

Dow Jones Industrial Average (Dow or DJIA): A widely followed price-weighted index of 30 of the largest, most widely held U.S. stocks.

Duration: A measure, in years, of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Bonds with higher/longer durations carry more interest rate risk and have higher price volatility than bonds with lower/shorter durations.

Emerging Markets: Generally, economies that are in the process of growth and industrialization, such as in Africa, Asia, Eastern Europe, the Far East, Latin America, and the Middle East. Investing in securities in these economies typically provides above-average risk of loss in return for potentially above-average investment returns. As defined by MSCI, the emerging markets consist of the following 25 countries: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Kuwait, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, Saudi Arabia, South Africa, Taiwan, Thailand, Turkey, and United Arab Emirates. May also be called developing markets.

Emerging Market Fund: A fund that invests primarily in securities in emerging market countries.

Equity/Equities: A security or investment representing ownership in a corporation, unlike a bond, which represents a loan to a borrower. Often used interchangeably with "stock."

Equity Fund: A fund that invests primarily in equities.

Expected Return: Expected return is the amount of profit or loss an investor anticipates on an investment that has various known or expected rates of return. It is calculated by multiplying potential outcomes by the chances of them occurring and summing these results.

Expense Ratio: The total annual sum (expressed as a percentage of its assets, as a dollar amount, or in basis points) of Fund Operating Expenses and Plan Administrative Costs associated with managing and operating an investment fund. Participants pay these costs and expenses through a reduction in the asset value of a fund, which in turn reduces the investment fund's rate of return. See also **Fund Operating Expenses** and **Plan Administrative Costs**.

Federal Deposit Insurance Corporation (FDIC): A federal agency that insures money on deposit in member banks and thrift institutions.

Fiduciary: A person who, under applicable law, is required to act at all times for the sole benefit and interest of a client.

Financial Statements: The written record of the financial status of a fund or company, usually published in the annual report. The financial statements generally include a balance sheet, income statement, statement of cash flows, statement of changes in stockholders' equity, and other financial disclosures.

Fixed Income Fund: A fund that invests primarily in bonds and other fixed-income securities, often to provide shareholders with current income.

Fixed Return Investment: An investment that provides a specific rate of return to the investor.

FTSE 90 Day Treasury Bill Index: The FTSE 90 Day Treasury Bill Index is an average of the last three three-month Treasury bill month-end rates. This Index tracks return equivalents of yield averages that are not marked to market. Returns for this index are calculated on a monthly basis.

FTSE US Broad Investment-Grade (US BIG) Bond Index: The FTSE US Broad Investment Grade (US BIG) Bond Index is designed to track the performance of US dollar-denominated bonds issued in the US investment-grade bond market. The USBIG Index includes institutionally traded US Treasury, government-sponsored (US agency and supranational), mortgage, asset-backed, and investment-grade securities.

FTSE US High Yield Market Capped Index: The FTSE US High-Yield Market Capped Index tracks the performance of below-investment grade debt issued by corporations domiciled in the United States and Canada and includes cash-pay, deferred interest, and Rule 144A bonds. The total debt of any single issuer is capped at $15 billion USD of par amount outstanding**.**

Fund of Funds: A single investment fund that invests in several underlying funds to achieve diversification of investments.

Fund Operating Expenses: The expenses associated with running or operating an investment fund, including the fund's investment management fee and other operational expenses incurred by the fund's investment manager, such as custodian, legal, and audit fees.

Futures: A financial contract obligating the buyer to purchase an asset (or the seller to sell an asset), such as a physical commodity or a financial instrument, at a predetermined future date and price. Futures contracts detail the quality and quantity of the underlying asset; they are standardized to facilitate trading on a futures exchange. Some futures contracts may call for physical delivery of the asset, while others are settled in cash.

GICS (Global Industry Classification Standard): A standardized classification system for equities developed jointly by Morgan Stanley Capital International (MSCI) and Standard & Poor's. The GICS methodology is used by the MSCI indexes, which include domestic and international stocks, as well as by a large portion of the professional investment management community. The GICS hierarchy begins with 10 sectors and is followed by 24 industry groups, 67 industries and 156 sub-industries. Each stock that is classified will have a coding at all four of these levels.

Glide Path: The automatic change over time in a retirement date fund's (or target date fund's) asset allocation mix from equities toward bonds and money market funds.

Government Securities: Any debt obligation issued by a government or its agencies (e.g., Treasury Bills issued by the United States).

Growth Fund: A fund that invests primarily in the stocks of companies with above-average risk in return for potentially above-average gains. These companies often pay small or no dividends and their stock prices tend to have more day-to-day volatility.

Hedge: A risk management strategy employed to offset losses in investments by taking an opposite position in a related asset. Hedging strategies may involve use of derivatives, such as options and futures contracts. Also known as "Hedging."

High Yield Bond: A high paying bond with a lower credit rating than investment-grade corporate bonds, Treasury bonds and municipal bonds. Because of the higher risk of default, these bonds pay a higher yield than investment grade bonds. Also known as "Junk Bonds."

Inception Date: The date that a fund was introduced into the plan.

Income Fund: A fund designed for participants who have retired and begun withdrawing from his or her account. The fund seeks to provide both current income and capital appreciation.

Index: A basket of securities whose prices are measured using a standardized methodology to track the performance of a certain area of the market. Indices are used as benchmarks against which to evaluate a fund's performance.

Index Fund: An investment fund that seeks to replicate the performance of a particular stock market or bond market index. Index funds are often referred to as passively managed investments.

Inflation: The overall general upward price movement of goods and services in an economy. Inflation is one of the major risks to investors over the long term because it erodes the purchasing power of their savings.

Interest/Interest Rate: The fee charged by a lender to a borrower, usually expressed as an annual percentage of the principal. For example, someone investing in bonds will receive interest payments from the bond's issuer.

Interest Rate Risk: The possibility that a bond's or bond fund's market value will decrease due to rising interest rates. When interest rates (and bond yields) go up, bond prices usually go down and vice versa.

International Fund: A fund that invests primarily in the securities of companies located, or with revenues derived from, outside of the United States.

Investment Grade Bond: A rating that indicates that a municipal or corporate bond has a relatively low risk of default. Bond rating firms use different designations consisting of upper- and lower-case letters 'A' and 'B' to identify a bond's credit quality rating. 'AAA' and 'AA' (high credit quality) and 'A' and 'BBB' (medium credit quality) are considered investment grade.

Investment Manager: An organization hired to manage an investment fund. Sometimes known as an investment adviser.

Investment Company: A corporation or trust that invests pooled shareholder dollars in securities appropriate to the organization's objective. The most common type of investment company, commonly called a mutual fund, stands ready to buy back its shares at their current net asset value.

Investment Objective: The primary goal that an investment fund seeks to achieve, such as capital appreciation or asset preservation, as summarized in one or two sentences in the fund fact sheet.

Investment Return: The gain or loss on an investment over a certain period, expressed as a percentage. Income and capital gains or losses are included in calculating the investment return.

Investment Risk: The various risk factors associated with investing in a fund as described in the fund's fact sheet (e.g., market risk, liquidity risk, credit risk). The types of risks will vary by fund and includes the possibility of losing some or all of the amounts invested or the investment not gaining value.

Investment Strategy: A detailed description related to how a fund intends to achieve its objective, as described in the fund's fact sheet. It may include the types of securities the fund may invest in, the fund's investment style, types of analysis used, and any other pertinent information related to the fund's investment philosophy.

Large Capitalization (Cap): A reference to either a large company stock or an investment fund that invests in the stocks of large companies.

Large Cap Fund: A fund that invests primarily in large cap stocks.

Large Cap Stocks: Stocks of companies with a large market capitalization. Large caps tend to be well-established companies, so their stocks typically entail less risk than smaller cap stocks, but large caps also offer less potential for dramatic growth.

Lifecycle Fund: A fund designed to provide varying degrees of long-term appreciation and capital preservation based on an investor's age or target retirement date through a mix of asset classes. The mix changes over time to become less focused on growth and more focused on income. Also known as "retirement date", "target date retirement" or "age-based" funds.

Liquidity: The ease with which an investment can be converted into cash. If a security is very liquid, it can be bought or sold easily. If a security is not liquid, it may take additional time and/or a lower price to sell it.

Low Volatility Equities: Stocks that seek to provide returns that are similar to equity markets but with less risk since they demonstrate relatively stable performance regardless of the state of the economy. Also referred to as **Defensive Equity.**

Management Fee: A fee or charge paid to an investment manager for its services. Also referred to as an investment management fee.

Market Capitalization or Market Cap: The total market value of a company's outstanding securities, excluding current liabilities. See also **Capitalization**.

Market Risk: The possibility that the value of an investment will fall because of a general decline in the financial markets.

Maturity Date: The date on which the principal amount of a loan, bond, or any other debt becomes due and is to be paid in full.

Mid Capitalization (Cap): A reference to either a medium sized company stock or an investment fund that invests in the stocks of medium-sized companies.

Mid Cap Fund: A fund that invests primarily in mid-cap stocks.

Mid Cap Stocks: Stocks of companies with a medium market capitalization. Mid-caps are often considered to offer more growth potential than larger caps (but less than small caps) and less risk than small caps (but more than large caps).

Momentum: The rate of acceleration of a security's price or volume. The idea of momentum in securities is that the security's price is more likely to keep moving in the same direction rather than to change directions.

Money Market Fund: A fund that invests in short-term, high-grade fixed-income securities, and seeks the highest level of income consistent with preservation of capital (i.e., maintaining a stable share price).

Mortgage-Backed Security: A type of asset-backed security that is secured by a mortgage or collection of mortgages. These securities usually pay periodic payments that are similar to coupon payments. Also known as a "mortgage-related security," "MBS" or a "mortgage pass through."

MSCI ACW (All Country World) ex USA Standard Index (Net): A free float-adjusted market capitalization weighted index that is designed to track the equity market performance of developed markets (excluding the USA) and emerging markets. See also **Developed Markets** and **Emerging Markets**.

MSCI ACW (All Country World) Commodity Producers Index: A free float-adjusted market capitalization index designed to measure the performance of listed commodity producers across three industry categories as defined by the Global Industry Classification Standard (GICS): energy, metals and agriculture. See also **GICS**.

MSCI ACW (All Country World) Minimum Volatility Index: An index that aims to reflect the performance characteristics of a minimum variance strategy applied to large and mid-cap equities across 23 Developed Markets (DM) and 25 Emerging Markets (EM) countries, as defined by MSCI. The index is calculated by optimizing the MSCI ACWI Index, its parent index, for the lowest absolute risk (within a given set of constraints). Historically, the index has shown lower beta and volatility characteristics relative to the MSCI ACWI Index.

MSCI Emerging Markets Index: A free float-adjusted market capitalization index that is designed to track equity market performance of emerging markets. See also **Emerging Markets**.

MSCI World Index: is a free float-adjusted market capitalization weighted index that is designed to track the equity market performance of developed markets. See also **Developed Markets.**

MSCI World Ex-USA Index: The MSCI World Ex-USA Index is a free float-adjusted market capitalization weighted index that is designed to track the equity market performance of developed markets ex-USA.

Multi-Manager Fund: An investment fund that is managed by two or more investment firms in order to provide exposure to different styles of portfolio management and reduce the risks associated with a single investment manager.

NASDAQ: The National Association of Securities Dealers Automated Quotation, also called the "electronic stock market." The NASDAQ composite index tracks the performance of more than 5,000 U.S. and non-U.S. companies traded "over the counter" through NASDAQ.

Net Asset Value (NAV): The net dollar value of a single investment fund share or unit that is calculated by the fund on a daily basis.

New York Stock Exchange (NYSE): The oldest and largest stock exchange in the United States, founded in 1792.

Option: A financial derivative that represents a contract sold by one party (option writer) to another party (option holder). The contract offers the buyer the right, but not the obligation, to buy (call) or sell (put) a security or other financial asset at an agreed-upon price (the strike price) during a certain period of time or on a specific date (exercise date).

Passive Management: The process or approach to operating or managing a fund in a passive or non-active manner, typically with the goal of tracking an index. These funds are often referred to as index funds and differ from investment funds that are actively managed.

Plan Administrative Costs: The costs associated with administering the plan and shared by all participants including recordkeeping fees, trustee/custodial fees, fiduciary and plan administrator costs, on-line investment-advice tool fees, participant communications costs, audit and legal fees, and fees for certain third-party services used in connection with administering the Plan and overseeing the Plan's investment managers.

Portfolio: A collection of investments such as stocks and bonds that are owned by an individual, organization, or investment fund.

Portfolio Manager: The individual, team or firm who makes the investment decisions for an investment fund, including the selection of the individual investments.

Portfolio Turnover Rate: A measure of how frequently investments are bought and sold within an investment fund during a year. For Retirement Date Funds, Multi-Manager Funds and funds of funds, the portfolio turnover rate is a measure of how frequently the underlying investment funds are bought and sold. Each underlying investment fund in a Retirement Date Fund, Multi-Manager Fund or fund of funds has its own turnover rate.

Principal: The original dollar amount of an investment. Principal may also be used to refer to the face value or original amount of a bond.

R-squared: Represents the percentage of a fund or security's movements that can be explained by movements in an index. R-squared values range from 0 to 1, where zero means the fund or security's performance is distinctly different from the index and 1 means that performance closely mimics the index. Other statistics (alpha, beta) are less meaningful as R-squared moves away from 1.

Rate of Return: The gain or loss on an investment over a period of time. The rate of return is typically reported on an annual basis and expressed as a percentage.

Real Assets: Physical or tangible assets that have value, due to their substance and properties. Real assets include, but are not limited to, precious metals, commodities, real estate, agricultural land and oil. These are different from financial assets (e.g., stocks, bonds, futures) whose value is derived from a contractual claim on an underlying asset, which may be real or intangible. In an investment fund, real assets are often represented by financial assets whose value depends on the underlying real assets (e.g., commodity futures or real estate investment trusts).

Real Rate of Return: The rate of return on an investment adjusted for inflation.

Rebalance: The process of moving money from one type of investment to another to maintain a desired asset allocation.

Retirement Date Fund: A fund designed to provide varying degrees of long-term appreciation and capital preservation based on an investor's age or target retirement date through a mix of asset classes. The mix changes over time to become less focused on growth and more focused on income. Also known as a "target date fund," or "lifecycle fund."

Retirement Date Fund Benchmark: The customized benchmark for the Retirement Date Funds are composite benchmarks with the same target asset allocation as the Retirement Date Fund's target asset allocation that uses index returns to represent performance of the underlying funds. The customized benchmark returns are calculated by weighting the monthly index returns of each underlying fund's benchmark by the Retirement Date Fund's monthly target allocation for underlying funds. Target allocations adjust quarterly in accordance with the Retirement Date Fund's asset allocation design. Comparing the performance of a Retirement Date Fund to its composite benchmark shows the extent to which the investment managers of the underlying funds within the Retirement Date Funds out/underperformed on an aggregate basis over a given time period.

Portfolios with different mixes of asset classes than the Retirement Date Funds may perform better or worse than the Retirement Date Funds. See also **Customized Benchmark.**

Return: The gain or loss on an investment. A positive return indicates a gain, and a negative return indicates a loss.

Risk: The potential for investors to lose some or all the amounts invested or to fail to achieve their investment objectives.

Risk Tolerance: An investor's ability and willingness to lose some or all of an investment in exchange for greater potential returns.

Russell 3000® Index: The Russell 3000® Index tracks the performance of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. The Russell 3000® Index is constructed to provide a comprehensive, unbiased, and stable barometer of the broad market and is completely reconstituted annually to ensure new and growing equities are reflected.

Russell 1000® Index: The Russell 1000® Index tracks the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000® Index and includes approximately 1,000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000 Index® represents approximately 92% of the total market cap of the Russell 3000® Index. The Russell 1000® Index is constructed to provide a comprehensive and unbiased barometer for the large-cap segment and is completely reconstituted annually to ensure new and growing equities are reflected.

Russell 1000® Growth Index: The Russell 1000® Growth Index tracks the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000® companies with higher price-to-book ratios, higher forecasted earnings per share growth, and higher historical sales per share growth. The Russell 1000® Growth Index is constructed to provide a comprehensive and unbiased barometer for the large-cap growth segment. The Index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect growth characteristics.

Russell 1000® Value Index: The Russell 1000 Value Index tracks the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000® companies with lower price-to-book ratios, lower expected earnings growth, and lower historical sales per share growth. The Russell 1000® Value Index is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment. The Index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics.

Russell 2000® Index: The Russell 2000 Index tracks the performance of the small-cap segment of the U.S. equity universe. The Russell 2000® Index is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000® Index is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.

S&P 500 Index: The S&P 500 Index is market cap weighted and includes a representative sample of 500 leading companies in leading industries of the U.S. economy. The index focuses on the large-cap segment of the market, capturing 80% coverage of U.S. equities.

S&P MidCap 400 Index: The S&P MidCap 400 Index provides investors with a benchmark for mid-sized companies. The index covers over 7% of the U.S. equity market and seeks to track the performance of mid-sized companies, reflecting the risk and return characteristics of the broader mid-cap universe on an on-going basis.

Securities and Exchange Commission (SEC): A government agency created by Congress in 1934 to regulate the securities industry and to help protect investors. The SEC is responsible for ensuring that the securities markets operate fairly and honestly.

Security: A general term for stocks, bonds, mutual funds, and other investments.

Securities Lending: Securities lending involves the lending of securities held by an investment fund to a borrower in exchange for cash and/or other securities, which are then held as collateral for the securities being lent.

Separate Account: A separate account is an institutional investment account managed by an investment manager(s) for a single plan or trust that does not get commingled with any other plan's or trust's assets. A separate account in the Nokia Savings/401(k) Plan is only available to Plan participants and is not offered for sale to the general public. A separate account is not a mutual fund and is not required to file a prospectus with the Securities and Exchange Commission (SEC).

Share: A representation of ownership in a company or investment fund.

Shareholder: An owner of shares in an investment fund or corporation.

Short-Term Trading Fee: A fee charged to discourage short-term or excessive trading by participants in certain investment funds. The fee is charged when the investment is sold within a designated time period after purchase (i.e., less than 30 days since date of purchase).

Small Capitalization (Cap): A reference to either a small company stock or an investment fund that invests in the stocks of small companies.

Small Cap Fund: A fund that invests primarily in small-cap stocks.

Small Cap Stocks: Stocks of companies with a smaller market capitalization. Small caps are often considered to offer more growth potential than large caps and mid caps but with more risk.

Standard Deviation (annualized): Statistical measurement of the dispersion of an investment fund's return over a specified time period. It is calculated by comparing a fund's monthly returns to its average monthly return over a 36-month period and annualizing the number. A higher standard deviation indicates a wider dispersion of past returns and thus greater historical volatility.

Stock: A security that represents an ownership interest in a corporation.

Stock Fund: A fund that invests primarily in stocks.

Swap: An exchange of streams of payments over time according to specified terms. The most common type is an interest rate swap, in which one party agrees to pay a fixed interest rate in return for receiving an adjustable rate from another party.

Target Date Fund: A fund designed to provide varying degrees of long-term appreciation and capital preservation based on an investor's age or target retirement date through a mix of asset classes. The mix changes over time to become less focused on growth and more focused on income. Also known as a "retirement date fund," or "lifecycle fund."

Time Horizon: The amount of time that an investor expects to hold an investment.

Total Expense Ratio: The total annual sum (expressed as a percentage of its assets, as a dollar amount, or in basis points) of Fund Operating Expenses and Plan Administrative Costs associated with managing and operating an investment fund. Participants pay these costs and expenses through a reduction in the asset value of a fund, which in turn reduces the investment fund's rate of return. See also **Fund Operating Expenses** and **Plan Administrative Costs**.

Trustee: The independent bank retained by the Plan fiduciaries to hold the assets of the Plan in trust. Trustees are required to act in accordance with the standard of care established under ERISA, the Employee Retirement Income Security Act of 1974. The Plan's trustee is a "directed trustee," which is a fiduciary with no discretionary investment management duties or authority over the Plan's assets. The Plan's trustee also serves as the Plan's custodian, responsible for the safekeeping of investment assets and for processing transactions of the investment funds.

Unit: A representation of ownership in an investment that does not issue shares. Most collective investment funds are divided into units instead of shares. See also **Share**.

Unitholder: An owner of units in an investment. See also **Shareholder**.

Unit Value: The dollar value of each unit on a given date.

U.S. Treasury Securities: Debt securities issued by the United States government and secured by its full faith and credit. Treasury securities are the debt financing instruments of the United States Federal government, and they are often referred to simply as Treasuries.

Value Fund: A fund that invests primarily in stocks that are believed to be priced below their intrinsic value or what they are really worth.

Variable Return Investment: Investments for which the return is not fixed. This term includes stock and bond funds as well as investments that seek to preserve principal but do not guarantee a particular return, e.g., money market funds.

Volatility: The amount and frequency of fluctuations in the price of a security, commodity, or a market within a specified time period. Generally, an investment with high volatility is said to have higher risk since there is an increased chance that the price of the security will have fallen when an investor wants to sell.

Yield: The value of interest or dividend payments from an investment, usually stated as a percentage of the investment price.

Yield Curve: A curve that shows the relationship between yields and maturity dates for a set of similar bonds, usually Treasuries, at a given point in time.

Yield To Maturity: The rate of return on a bond if the bond is held to maturity.