Recognising your value through benefits and rewards
August 2019
Making the right investment choices is important because it directly affects the amount of money you will have available to take your pension benefits from. Your decision will be influenced by a number of factors, such as how close you are to retirement and how you feel about managing your own pension investments.

This Defined Contribution Investment Guide explains the different funds available to you as at August 2019 under the Scheme, as well as the fees, risks and potential rewards associated with each type. Although UBS cannot give you specific advice about the investment options, this guide describes the funds and how you can manage your investment choices through the Scheme.

You can find information on the recent past performance, transaction costs and current fees of each of the investment funds available by accessing the UK Benefits portal. When making your investment decisions, you should bear in mind that past performance is no guarantee of future performance.

For more details on the funds please access the UK Benefits portal:

- type 'goto/ukbenefits' into your browser and log on via WebSSO

or

- from outside the UBS network, access the portal via the internet at www.ubs.com/ukbenefits

To access the portal website from outside the UBS network, you will need your Logon and Password.

Alternatively, you can contact the UBS Benefits Centre by calling 1931 82831 or externally on 01737 227527 (+44 1737 227527 from overseas) between 9am and 5pm Monday to Friday, UK time (excluding Bank Holidays) or by email to UBSBenefits@willistowerswatson.com

If, after reading this guide, you feel that you need more information in selecting your pension investments, you may wish to consult a financial adviser. For more information on choosing a financial adviser, please visit www.moneyandpensionsservice.org.uk
Investment options

The Trustee acknowledges that members have differing investment needs and views that may change during the course of members’ working lives. The Trustee also recognises that members have differing attitudes to risk and has, therefore, made available funds covering a broad range of asset classes to enable members to make investment decisions based on their specific circumstances and needs.

Although there are a range of investment options available to members, there are two main investment options available to choose from: **Lifestyle** and **Freestyle**.

**Lifestyle** investment strategies are designed to be suitable for those members who wish for their investments to follow a pre-defined path to direct them towards their retirement target. As at August 2019, there are **three** Lifestyle strategies available:

- Lifestyle Targeting an Annuity (the default strategy)
- Lifestyle Targeting Income Drawdown
- Lifestyle Targeting Cash

These are explained in more detail on pages 4-7.

**Freestyle** investment options are available for those who prefer to choose their own mix of funds. More details can be found from page 8.

Members are able to invest in any combination of **Lifestyle** or **Freestyle** options.

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When making investment choices, please note the risk warnings below.

**Risk Warnings**

The aims of the funds and any stated performance objectives and performance targets are guidelines only and are not guaranteed.

The value of the investments may fall as well as rise and you may not get back the amount invested. If the fund invests in overseas markets, changes in exchange rates may also cause the value of investments to rise or fall.

Funds consisting wholly or substantially of real property may be difficult or impossible to realise because real property investment may not be readily saleable and the value of real property is generally a matter of the valuer’s opinion.
Lifestyle Targeting an Annuity

The aim of the Lifestyle Targeting an Annuity is to achieve a relatively good level of return over the long term, while protecting the annuity (pension) purchasing power of your investments as you approach retirement. This is the default strategy for members who do not make an investment choice.

This Lifestyle strategy is designed for members who wish to take 25% of their pot as tax-free cash and use the rest to purchase an annuity (or pension) at retirement with either fixed increases (increasing by, for example, 1% each year) or no increases.

The allocation for this strategy will gradually switch out of a globally diversified portfolio of return-seeking assets (Growth Fund) and into a mix of bonds (the Pre-Retirement Fund, which is designed to reflect movements in annuity prices) and cash (Cash Fund). This will begin when you are eight years from your Target Retirement Date (i.e. at age 57 if you have a Target Retirement Date of age 65). Due to legacy issues, some members will have a slightly different switching pattern. The allocation to the Cash Fund is to facilitate members taking a 25% tax-free lump sum entitlement at retirement (subject to HMRC limits), should they choose.

Contributions are invested in the Growth Fund, the Pre-Retirement Fund and the Cash Fund. Further information on the funds is contained in the ‘Fund details of the Lifestyle options’ section on page 7.

Summary

The investment mix is pre-determined according to the number of years until your Target Retirement Date. Upon reaching your Target Retirement Date, 75% of your assets will be invested in the Pre-Retirement Fund, with the remaining 25% invested in the Cash Fund. If you do not make an investment decision, you will default to the Lifestyle Targeting an Annuity.
**Lifestyle Targeting Income Drawdown**

The aim of the Lifestyle Targeting Income Drawdown is to achieve a relatively good level of return over the long term.

This Lifestyle strategy is designed for members who wish to keep their retirement savings invested after retirement in a suitable investment vehicle and achieve an income in retirement by making regular withdrawals.

This strategy remains invested in a globally diversified portfolio of return-seeking assets (the Growth Fund) up to retirement and gradually introduces an allocation to the Cash Fund over the three years before your Target Retirement Date. The allocation to the Cash Fund is to facilitate members taking their 25% tax-free lump sum entitlement at retirement, subject to HMRC limits, should they choose.

When you reach retirement, you will receive more detailed information about your benefit options.

**Summary**

The investment mix is pre-determined according to the number of years until your Target Retirement Date. Upon reaching your Target Retirement Date, 70% of your assets will be invested in the Growth Fund, with the remaining 30% invested in the Cash Fund.
Lifestyle Targeting Cash

The aim of the Lifestyle Targeting Cash is to achieve a relatively good level of return over the long term while aiming to protect the capital value of your investments as you approach retirement.

This Lifestyle strategy is designed for members who intend to withdraw their entire savings as cash upon retirement.

The allocation for this strategy will gradually switch out of a globally diversified portfolio of return-seeking assets (the Growth Fund) into initially the Pre-Retirement Fund and then into cash with this strategy 100% invested in the Cash Fund once you reach your Target Retirement Date. Please note, that if you elect to withdraw all of your retirement savings as a single cash lump sum, you may encounter adverse income tax implications.

Summary

The investment mix is pre-determined according to the number of years until your Target Retirement Date. Upon retirement, 100% of your assets will be invested in the Cash Fund.

Reaching retirement – all Lifestyles

In all the Lifestyle strategies, once you reach your Target Retirement Date, your assets will be held in line with the end position (Lifestyle Targeting an Annuity – 75% Pre-Retirement Fund/25% Cash Fund, Lifestyle Targeting Income Drawdown – 70% Growth Fund/30% Cash Fund, Lifestyle Targeting Cash – 100% Cash) until you take your benefits or change your Target Retirement Date. You can change your Target Retirement Date on the UK Benefits portal or by calling the UBS Benefits Centre.
Fund details of the Lifestyle options

High level details of the funds which make up the three Lifestyle investment options are outlined below. The Trustee is responsible for selecting the underlying funds of the Growth Fund, the Pre-Retirement Fund and the Cash Fund, which can be managed on an active or passive basis. The underlying composition of these funds may vary over time, under the direction of the Trustee. More detail regarding these funds can be found in the fund factsheets and the Quarterly Performance Summary both of which are available on the UK Benefits portal.

The Growth Fund
The Growth Fund is a bespoke ‘fund of funds’ aiming to achieve capital growth via investment in return-seeking assets such as equities. The Growth Fund is aimed at members wishing to achieve long-term growth.

The Pre-Retirement Fund
The Pre-Retirement Fund is a bespoke ‘fund of funds’ which aims to protect the value of your pension pot relative to the price of an annuity (pension). This fund is aimed at members who are looking to purchase a fixed annuity at retirement and would like to see the volatility of the amount of annuity (pension) they can purchase at retirement reduced.

The Cash Fund
The Cash Fund invests in cash and money market assets. This fund is aimed at members who are looking to withdraw a cash lump sum at retirement and/or do not wish to be exposed to the risk inherent in investment markets. However, over the long term, cash is likely to underperform investment markets and inflation.
Freestyle investment

If you feel confident about selecting your own mix of investment funds, you can select the Freestyle investment option.

If you use this route, you can choose your own mix of investments from the range of funds on offer and you can change your investments, as you feel appropriate, throughout your membership.

You can allocate your investments among any of the funds available. The only restriction is that you must direct at least 10% of a particular contribution into any one fund. You can change your choice of funds for future contributions, as well as for part or all of the value of your individual pension account, by accessing the UK Benefits portal.

- Changing the investment mix for your future contributions is known as ‘redirecting’.
- You can change the investment mix of your account (i.e. contributions already invested) by ‘switching’ (this is a specific fund transfer or switch of your investment strategy) or by performing a ‘fund rebalance’ (this is a complete change of your entire investment fund portfolio).

Indirect transaction costs may be incurred when switching investments (please see page 12).

Details of the funds available are set out in the ‘Fund details’ section on the following pages.

The returns on funds which invest in overseas markets may also be impacted by changes in foreign exchange rates, except where the fund is currency hedged.

Summary

- You can create your own individual investment mix, in line with your personal attitude to investment risk and rewards.
- You can change your individual investment mix through the UK Benefits portal.

A wide range of funds are available under the Freestyle investment option, giving members access to a range of asset classes. Between different types of asset classes there are different levels of risk (defined as expected volatility) and potential return as shown in the diagram below. For example, equities have a very different risk and return profile to cash.

Please note that the diagram below is illustrative only and is not drawn to scale.
The freestyle fund range offers a wide variety of different fund types. Please see the graph on page 8 for an idea of the relative volatility and return of each asset class.

The range of fund options comprises each of the funds held within the three Lifestyle strategies (see pages 4-6) in addition to a wider range of funds summarised below.

The funds available consist of ‘Active’ options as well as ‘Passive’ options. Active funds are funds where the managers are seeking to outperform their benchmarks, but at the risk of underperforming their benchmarks. Passive funds (sometimes known as ‘tracker’ or ‘index’ funds) seek to achieve returns in line with their benchmark. Please note that active funds tend to have higher costs than passive funds. When considering your choice of funds, please note the risk warnings on page 3.

The Trustee is responsible for selecting the fund options available to members, and the fund range is under regular review.
Equities
Equities are generally thought of as an asset class likely to provide long-term growth in excess of inflation (i.e. preserving the ‘real value’, or purchasing power, of your Retirement Account). However, equities are also likely to experience periods of volatile returns, both positive and negative. The aim of the fund range is to provide members with a suitable range of funds from which to construct an equity portfolio. Equity funds are likely to be more suitable for members with a few years (for example, more than five) to retirement, given the level of investment risk. Alternatively, if you are looking to leave your funds invested through retirement and take benefits through income drawdown, it may be appropriate to continue to hold a proportion of your assets in equities. Equity funds can be passively or actively managed.

Property
The Scheme offers funds that actively invest in property (due to the unique nature of individual properties, it is very unusual to see a passively managed property fund). Property is generally seen as an asset class with the potential to out-perform inflation over the long term although with slightly less volatility than equity markets. However, you should be aware that property can still exhibit large and sudden falls in value. Further, investing in property funds is typically subject to relatively large transaction costs and it is possible that there may be times when daily dealing is temporarily suspended due to a lack of available liquidity. Property funds are likely to be more appropriate for members with a significant period of time to retirement but could also be appropriate if you are looking to leave your funds invested through retirement.

Bond Funds
The Scheme also offers a range of bond funds, both passively and actively managed. A bond is a loan from a government (gilts) or a company (corporate bonds) to an investor, which will pay a regular amount ‘coupon’ and repay the balance at the end of the loan term. Bonds are generally expected to return less than equities over the long term but with less volatility, although they can still experience material falls in value over the short term. They could also be used to preserve the value of your pension pot when approaching retirement, or to protect against equity market volatility. Bond funds can be passively or actively managed. The Scheme also offers more ‘specialist’ bond funds such as Emerging Market Debt and a Global Bond Fund which could be used within a return-seeking portfolio. These options are likely to be more relevant for members who are more financially sophisticated and comfortable with choosing their own investments.
Cash Fund

The Cash Fund invests in cash and other money market assets. This fund is aimed at members who are looking to withdraw a cash lump sum at retirement and/or do not wish to be exposed to the risk inherent in investment markets. However, over the long term, cash is likely to underperform investment markets and inflation.

Diversified Growth Fund and Mixed Asset Funds

Diversified Growth Funds and Mixed Asset Funds hold a variety of assets and trade based on a target of stable growth with less volatility than equity markets.

The current fund range as at August 2019 is:

- The Growth Fund (Lifestyle and Freestyle)
- The Pre-Retirement Fund (Lifestyle and Freestyle)
- The Cash Fund (Lifestyle and Freestyle)
- UBS Global AM World (ex-UK) Equity Tracker Fund
- UBS World Equity Tracker Fund (hedged)
- UBS Global AM UK Equity Tracker Fund
- UBS North America Equity Tracker Fund
- UBS Global AM Europe (ex-UK) Equity Tracker Fund
- UBS Global AM Japan Equity Tracker Fund
- UBS Global AM Pacific (ex-Japan) Equity Tracker Fund
- HSBC Islamic Global Equity Index Fund
- Global Equity Fund
- Emerging Markets Equity Fund
- Smaller Companies Equity Fund
- UK Property Fund
- Global Listed Property Fund
- UBS Global AM Fixed Interest Tracker Fund
- UBS Global AM Over 5 Year Index-Linked Gilt Tracker Fund
- Sterling Corporate Bond Fund
- Global Bond Fund
- Emerging Markets Debt Fund
- Diversified Growth Fund
- UBS Life Dev. World Equity Tracker Fund (Fundamental Weights)
- Sustainable World Equity Fund
Managing your investments

In this section we guide you through managing your Scheme investments.

For all contributions you are free to select any of the investment funds. If you wish to change your investments, you can do so through the UK Benefits portal.

Timing
For all switches, providing you make your switch prior to 1pm (UK time) on a working day, the funds will be switched by the end of the following working day (the trade date). The switch will be updated on the administration records 3 working days after the trade date. For example, if you make a switch prior to 1pm (UK time) on Monday, your fund switch will be traded on Tuesday and you will be able to view your investments after close of business on Friday. You will not be able to see your completed investment until the price has been received from the Manager.

Charges

Annual management charges
Each of the managers levies an annual management charge (‘AMC’) for managing the individual funds. The AMC is met by members investing in the fund via a daily pro-rata adjustment to the unit price.

Administration fees
A number of the funds detailed in this guide also incur additional fees, such as custody fees, which can vary over time. These fees are usually small relative to the AMCs and are also met by members. The total of the AMC and any additional fees make up the total expense ratio (‘TER’), which varies over time. For the most recently available TERs, please see the fund factsheets or the Quarterly Performance Summary.

Transaction-related fees
There are two main transaction-related fees which members can indirectly incur through investing in the funds detailed in this guide:

- **Fund manager transactions:** When the fund managers for each of the funds buy and sell any of the investments held within the funds, transaction costs are incurred by the funds which are reflected in the unit price of the funds. The costs of these transactions are therefore borne by members investing in the funds.

- **Member transactions:** When you buy, sell or direct contributions to any of the funds detailed in this guide, you may incur indirect transaction costs. Whether or not such transaction costs are incurred depends on the pricing basis of the fund on the day of dealing (please refer to ‘Pricing basis’ on page 13 for more details). If transaction costs are incurred, the magnitude of the costs depends on the nature of the underlying investments of the fund and whether the transaction is to buy or sell (e.g. transaction fees for purchasing UK property and UK equities are relatively high, in part due to stamp duty being payable on such purchases). Details of ‘worst case’ transaction costs can be found in the Quarterly Performance Summary document.
**Pricing basis**

All the funds detailed in this guide are ‘unitised’ (sometimes referred to as ‘pooled’). Therefore, members can purchase units in each of the funds which will entail ownership of a proportion of the overall fund.

For all the funds detailed in this guide, a single unit price for both purchases and sales is set on a daily basis.

In pricing the units for each fund, each of the funds detailed in this guide use what is known as a ‘swinging single price’. In general this means that if a fund has net sellers on a certain day (i.e. the number of units sold exceeds the number of units purchased), the single price on that day will be the cancellation price (also known as the ‘bid’ price) for both buyers and sellers. Conversely, if the fund has net investors, the single price is based on the creation price (also known as the ‘offer’ price) for both buyers and sellers. The cancellation price will be lower than the creation price, with the difference representing the transaction costs inherent in purchasing and selling the fund’s underlying investments.

**Switching your investments**

The Scheme allows you to change funds, or switch in and out of a Lifestyle option at any time of your choosing. You may ‘switch’ the investment mix of your individual pension account by accessing the UK Benefits portal.

**Tracking your investments**

Once a year you will receive a pension benefit statement to show the value of your defined contribution pension. Alternatively, you can access the UK Benefits portal to obtain a current fund balance at any time.

**UK Benefits portal**

The UK Benefits portal is the UBS online benefits tool and is available to all members of the UK Pension Scheme.

To access the UK Benefits portal:

- type ‘goto/ukbenefits’ into your UBS browser
- from outside the UBS network, access the portal via the internet at [www.ubs.com/ukbenefits](http://www.ubs.com/ukbenefits)

To access the portal from outside the UBS network, you will need your Logon and Password.

Through the UK Benefits portal, you can:

- view your investment balances;
- view a breakdown of your transaction history and check fund performance;
- switch existing funds, complete a fund rebalance or change future investments;
- complete an online electronic Pension Beneficiary Designation;
- project your retirement income; and
- change your target retirement date.
Managing your investments

Further information

For further information about your pension benefits or the investment funds, please go to the UK Benefits portal. Alternatively, please call the UBS Benefits Centre on 1931 82831 or externally on 01737 227527 (+44 1737 227527 from overseas) between 9am and 5pm Monday to Friday, UK time (excluding Bank Holidays) or by email to UBSPensions@willistowerswatson.com

Please log onto the UK Benefits portal to obtain the performance of each fund option after the deduction of fees. When making your investment decisions, you should bear in mind that past performance is no guarantee of future performance.

If, after reading this guide, you feel that you need more information in selecting your pension investments, you may wish to consult a financial adviser. For more information about choosing a financial adviser, please visit www.moneyandpensionsservice.org.uk