

## THE CHEVIOT PENSION

# INVESTMENT FACTSHEET

Have you ever thought about what happens to the contributions that you and your employer make towards your pension?

The contributions are sent to Cheviot every month and the Trustee invests them for you.

### Why it matters how your savings are invested

You need your contributions to grow while you're working to provide you with the best possible income in retirement. Cheviot funds aim to provide relatively stable growth above inflation to help your fund grow in real terms.

### Choosing the right investment journey for you

We understand that investment choices can be difficult. The Cheviot Lifeplan allows the Trustee to make investment decisions for you. If you prefer to make your own decisions, you can choose from an alternative range of options explained on page 2.

## CHEVIOT LIFEPLAN

### Looking after you before and after retirement

The Trustee has designed the Cheviot Lifeplan to manage your savings throughout your membership. You don't need to take any investment decisions if you're invested in the Lifeplan.

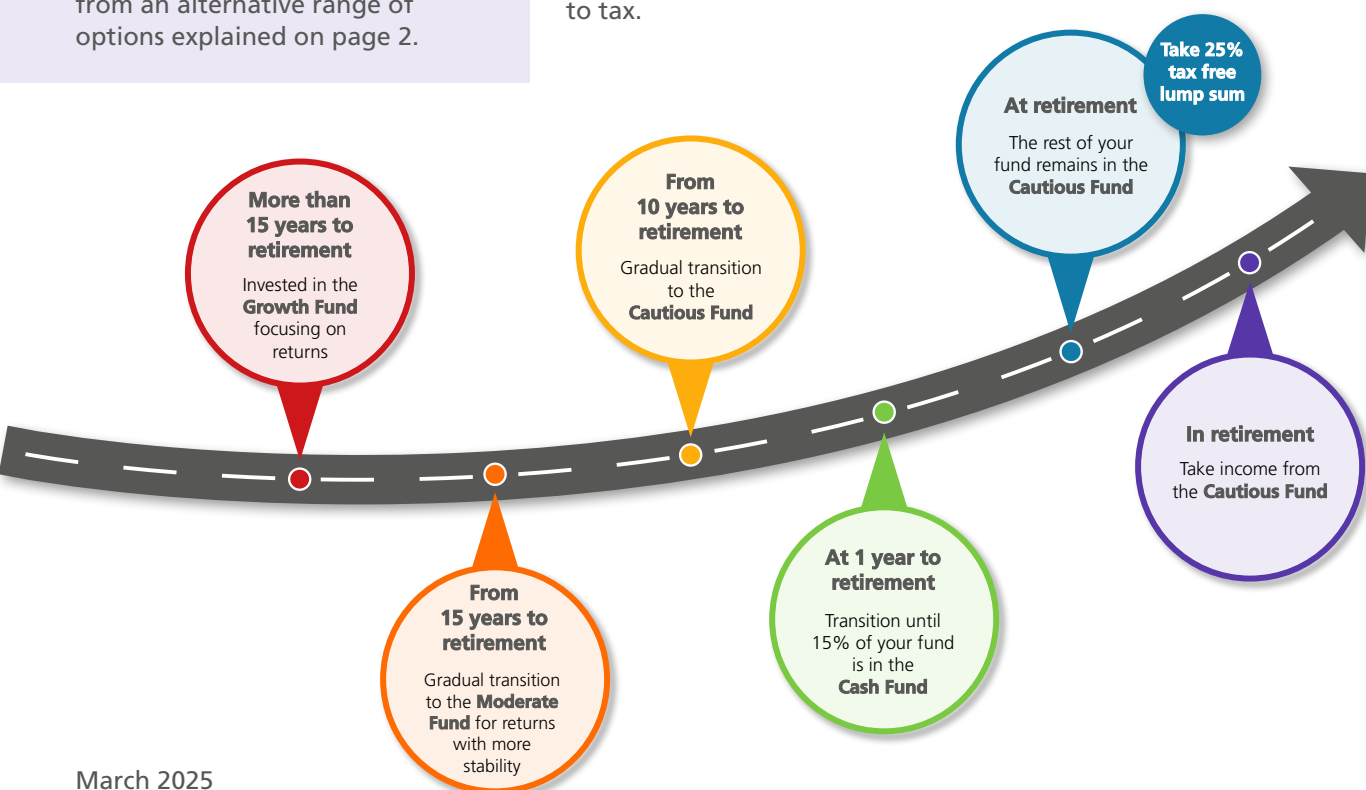
### While you're working

The Lifeplan looks after your savings and aims to provide the best possible retirement income for you. It uses four core funds: Growth, Moderate, Cautious and Cash. The Growth and Moderate funds take more risk and aim to provide higher returns when you're a long way from retirement. The Cautious and Cash funds reduce risk as you approach retirement, with slightly lower returns.

The stages of the Lifeplan are based on the Target Retirement Date that you select. You can base this on the age you expect to stop working. If you don't choose a Target Retirement Date, we'll use your State Pension Age. If your plans change, remember to let us know by changing your Target Retirement Date, and your investments will be automatically adjusted for you.

### During retirement

Most Cheviot members go into flexible drawdown at retirement. You can use Cheviot's drawdown option so you don't have to transfer your savings to another provider or pay any additional charges. Flexible drawdown allows you to take a tax-free lump sum at retirement, and the rest of your fund remains invested by the Trustee so you can take an income when you need to, subject to tax.



## Who looks after my savings?

The Trustee reviews and monitors how your savings are managed and how well they perform. The Cheviot Trustee board includes both member and employer representatives. This makes sure that your interests are always taken into account.

The Trustee uses Van Lanshot Kempen Investment Manager (VLK) to support it in looking after your savings.

## Performance and sustainability

VLK has provided excellent performance and returns for investors over the long term. They also have a proactive approach to incorporating sustainability into their investment process. This means not investing in certain companies, incorporating environmental, social and governance factors into decision making and active engagement with companies. VLK's approach fits with the Trustee's sustainability investment principles.

## How are my contributions invested?

The Growth, Moderate and Cautious funds all hold a mix of investments which balance managing risk (a fall in value) against the need to help your savings grow. VLK manages the mix of investments on behalf of the Trustee. A key component of all three funds is a global equity fund, which incorporates the Trustee's sustainability objectives.

**Growth:** suitable if you're investing for the long term to maximise growth. Target return: CPI + 4-5%\*

**Moderate:** suitable if you're investing for the long term but want some stability. Target return: CPI + 3-4%\*

**Cautious:** suitable if you're investing for the medium term and want stability with some growth. Target return: CPI + 2-3%\*

\* CPI is capped at 5%

# CHOOSING YOUR OWN INVESTMENT OPTIONS

If you prefer to make your own investment decisions, we have a range of funds to choose from. The funds used in the Cheviot Lifeplan described above are available as stand-alone options, together with a range of externally managed funds set out below. These include equity funds, which only invest in stock markets, and specialist funds, which are designed to meet certain religious, ethical and retirement planning needs.

If you choose your own investments, it's your responsibility to review your fund choices and decide which is right for you, particularly when you're approaching retirement. You'll find more information on this in Investment Factsheet 2 – Fund Details.

### Equity funds

#### Legal & General World Equity Index Fund

Tracks the performance of the FTSE World Index 50% unhedged and 50% GBP hedged.

#### Legal & General UK Equity Index Fund

Tracks the performance of the FTSE All-Share Index.

#### Blackrock Aquila Connect Emerging Markets Fund

Aims to achieve a return consistent with the return of the MSCI Emerging Markets Index.

#### State Street World TPI Climate Transition Index Equity Sub-Fund

Aims to provide a return on your investment by closely tracking the performance of the FTSE Developed TPI Climate Transition ex Coal ex Controversies ex Nuclear ex Tobacco Index, the Fund's benchmark index.

### Specialist funds

#### Cheviot Annuity Planning Fund

Designed for members intending to purchase a secure pension income (an annuity) when they retire. The fund aims to reduce the impact of changes in interest rates on the value of an annuity and is a short term (1-2 years before retirement) investment option.

#### Cheviot Cash Fund

Designed for members investing in the short term who intend to take part or all of their pensions savings in cash. This option may provide slightly negative returns after charges when interest rates are low.

#### HSBC Islamic Global Equity Index Fund

Aims to track the performance of a world index which meets Islamic investment principles as interpreted and laid down by the HSBC Shariah Committee.

#### Legal & General FTSE4Good Developed Equity Index Fund

Holds equities which meet criteria in environmental sustainability, human rights, labour standards, countering bribery and climate change. Companies involved in certain industries (tobacco, weapons, etc.) are excluded.

*All investments can go down as well as up.*

*This information is provided in good faith but is not legal or financial advice or binding on the Trustee. The trust deed and rules will override in the event of any inconsistency. We strongly recommend that you take independent financial advice where appropriate. You can find a financial adviser via [www.unbiased.co.uk](http://www.unbiased.co.uk)*