



# Wincanton plc Pension Scheme

## Pension Builder Plan

### Investment Guide

One of the benefits of the Pension Builder Plan (the “Plan”) is that you have your own personal pension account and if you want, you can choose where contributions are invested. You also have the added flexibility of being able to switch your investments between the various available funds at a later date if you wish.

This guide does include some technical terms, however, where possible we have tried to explain things in a straightforward way.

#### What funds can I invest in?

The value of your personal pension account when you retire will depend on how much you have contributed and how your money has been invested, so choosing the right fund is very important. Which fund or funds are right for you will depend on a number of factors, particularly when you want to retire and how you wish to take your savings at retirement and potentially during your retirement. Another factor in choosing your funds will be the level of risk you want to take with your investments versus the level of potential ‘reward’. It is also important to choose a fund or funds that suit your own personal circumstances, for example taking your other savings or investments into consideration.

The Trustee has taken advice and has appointed BlackRock and Legal & General as the investment managers for the Plan. The funds are made available through an Investment-Only Platform provided by BlackRock. The benefits of offering funds via a Platform are the competitive management fees, and they allow future changes to the range of funds (such as the addition of funds to the range) to be made easily. The administrator of the Wincanton plc Pension Scheme is Capita.

The investment options available to you are: -

**Lifestyle options** – if you feel uncomfortable managing your own investments, or simply don't have the time, one of the Lifestyle options may be appropriate for you. These options will not be appropriate for all members and the Trustee recommends you seek independent advice to assess the suitability of these options.

**Self-select option** – a range of funds has been made available to you if you wish to manage the investment of your personal pension account yourself.

#### What happens if I don't make a fund choice?

If you do not choose or do not wish to choose a fund on your application form, your contributions will automatically be invested on a default basis into the Cash at Retirement Lifestyle Option.

#### How do the Lifestyle options work?

The Lifestyle options adopt an approach which manages the investment of your personal pension account throughout your working life by aiming to invest in the appropriate type of funds between now and retirement, depending on how you wish to take your savings at retirement. The Plan offers two Lifestyle options:

The **Cash at Retirement Lifestyle Option** is aimed at individuals who wish to take their entire personal pension account as **cash** from the Plan at retirement. This will be the default investment option for the Plan, and is the option that your retirement savings will be invested in if you do not actively choose one of the other options.

The **Income at Retirement Lifestyle Option** is aimed at individuals who wish to buy an **annuity** (a secure income for life) and take a cash lump sum from the Scheme at retirement.

The two options are identical until 9 years from retirement. From then, these options each target a specific way for you to take your savings at retirement but you will still be able to take your savings in a number of different ways. You should check if the target of the lifestyle options best meets your needs or whether using the self-select options are more appropriate. You may wish to take financial advice to help you. Whatever you decide, it is important that you also inform Capita of any changes to the age you intend to retire as the options will target your specific intended retirement age.

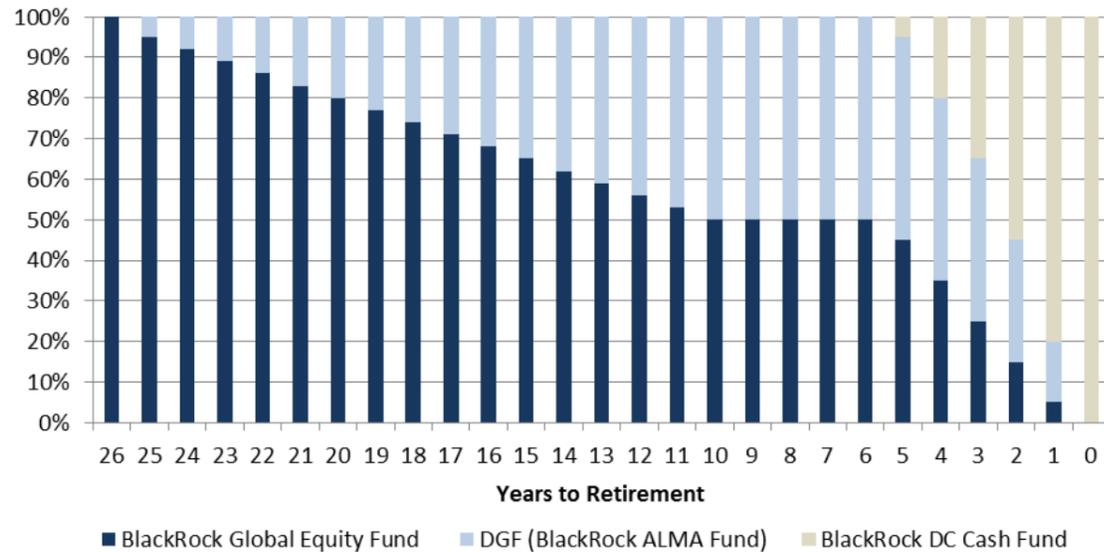
The Lifestyle options invest in a combination of fund types: - equities – which invest in stocks and shares, a diversified growth fund (DGF) – which invest in a range of assets (including equities), a pre-retirement fund (only included in the Income at Retirement Lifestyle Option) which invests mainly in bonds – which provide fixed interest returns (albeit not guaranteed), and cash. These funds are managed by BlackRock and/or Legal & General, and are described on the next page.

We have shown how the lifestyle options operate in the chart below, which show the investments at each year from retirement from 26 years out, which is when the switching commences. The switching between funds across this structure is performed by Capita every three months. Rebalancing to the actual target will only take place if the allocation is outside an agreed narrow range.

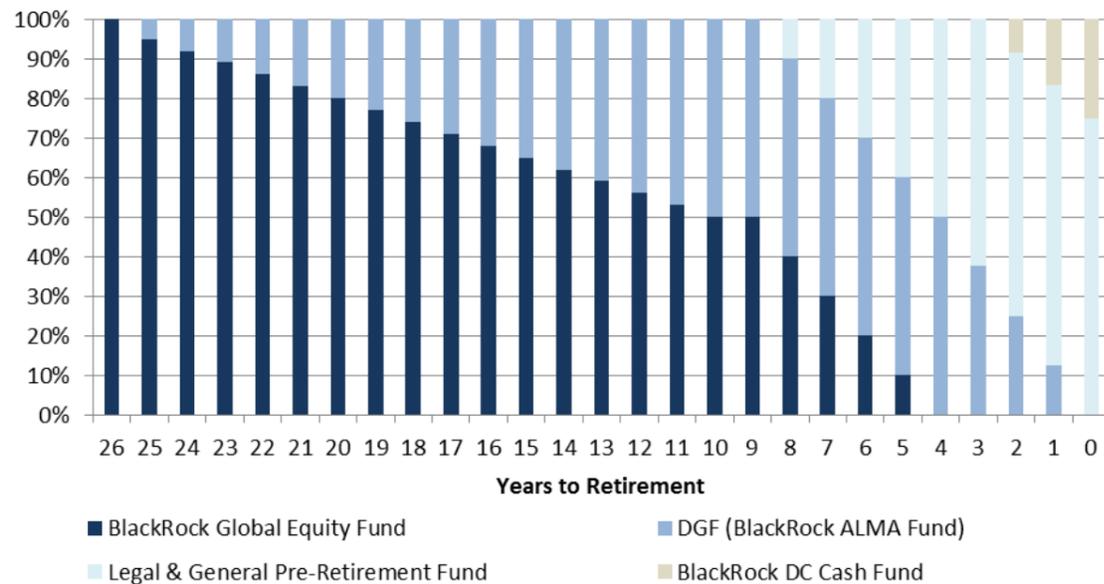
The switching process starts at 26 years from retirement. For those more than 26 years before retirement, all contributions to a Lifestyle Option will initially be invested in the Global Equity Fund (which invests in stocks and shares in the UK and overseas). The aim of this is to help grow your personal pension account as much as possible in the early years of investment. Following this, a phased allocation to a diversified growth fund will be introduced. Then as you approach retirement, to help safeguard your pension from fluctuations in stock markets and annuity rates, your personal pension account is gradually switched into assets that aim to reduce risk relative to the type of retirement benefit targeted by each Lifestyle Option (i.e. annuity or cash). This part of the switching process automatically starts to happen after you reach six years before retirement for the Cash at Retirement Lifestyle Option and nine years before retirement for the Income at Retirement Lifestyle Option, as illustrated.



**Cash at Retirement Lifestyle Option**



**Income at Retirement Lifestyle Option**



If you retire earlier than age 65 (or a different age if previously instructed by you) this may result in your pension fund being invested in higher risk funds rather than lower risk funds at retirement. . The Lifestyle Options invest on the assumption that you will take retirement at the Normal Retirement Age of 65 – it is your responsibility to tell Capita if your intended retirement age differs from this.

**How does the self-select option work?**

If you decide to manage the investments of your personal pension account yourself you can choose from a range of funds selected by the Trustee. You can choose to invest in just one of the funds, or split your investments between a number of the different funds. You will also be able to switch your investments between funds at a later date, if you wish. Investment on a self-select basis will not be affected by the age at which you aim to retire – for example, risk will not automatically reduce as you approach retirement. It will be your decision to manage your investment choices using the list of fund options below.

The funds available to you are detailed in the table below as well as the annual charge (Total Expense Ratio, or TER as at September 2017) that applies to each fund:

Fund Type	Fund name	TER	Description	Risk versus reward
Equity	BlackRock Aquila Life UK Equity Fund	0.11%	Invests in UK stocks and shares and is aimed at people investing for long term capital growth.	Historically has provided growth potential over the long term, but also tends to have the most risk over the short term.
	BlackRock Aquila Life 30/70 Global Equity Fund	0.19%	Invests 30% in UK and 70% in overseas stocks and shares, where some developed overseas market currency exposure is hedged. An allocation to emerging markets may also enhance returns. It is aimed at people investing for long term capital growth.	
Diversified Growth Fund	BlackRock Aquila Life Market Advantage (ALMA) Fund	0.28%	Invests in a range of asset classes, including equities, to give you the opportunity to diversify your portfolio.	The aim of a DGF is to provide equity-like returns over the long term whilst providing more stability in the returns achieved, hence resulting in less volatility than pure equities.
Bonds	BlackRock Aquila Life Gilts Fund	0.11%	Invests in government fixed income securities that have a maturity of 15 years or longer.	More moderate in risk than the equity funds, but may not provide the same level of growth over the long term. These funds can go up and down in value, though they expected to vary less than equity funds. These funds are aimed at people who are investing to protect the value of their pension as they get closer to retirement and are considered a lower risk option for people nearing retirement.
	BlackRock Aquila Life Corporate Bond Fund	0.17%	Invests in a mixture of corporate bonds.	
	BlackRock Aquila Life Over 5 year Index-Linked Fund	0.11%	Invests in index-linked (inflation) government securities that have a maturity of 5 years or longer. The index-linked gilt fund is aimed at people who are seeking to obtain inflation exposure and for those people who wish to purchase an index-linked annuity when they reach retirement.	



Pre-Retirement	Legal & General Pre-Retirement Fund	0.21%	Invests in a range of government fixed income securities and corporate bonds that underlies the pricing of a typical level annuity.	More moderate in risk than the equity funds, but may not provide the same level of growth over the long term. Suitable for individuals who wish to purchase a level annuity at retirement.
Cash	BlackRock Cash Fund	0.13%	Invests in sterling denominated cash, deposits and money-market instruments. Designed for people who are investing to protect the value of their built-up savings as they get closer to retirement.	Helps protect your fund but historically returns over the long term are lower than equity and bond funds. The fund may also not grow faster than inflation over the long term.

Bear in mind that although higher risk funds are likely to be more volatile and more likely to rise and fall in value, they may give better returns over the long term. Generally, people may choose to take more risk when they are younger and less risk as they get closer to retirement. Typically this is done by investing in higher risk funds initially, and then switching into less risky funds as you get closer to retirement. The Lifestyle Options do this automatically for you. If you decide to invest in equity based funds, you should be aware that the value of your investment is not guaranteed and may go down as well as go up. The bond and cash funds, including the pre-retirement fund, may also fluctuate in value. Past performance is not necessarily a guide to the future.

### Where can I get more specific information on each of the self-select funds?

For individual factsheets on the self-select range of funds please contact our Pensions Administrators, Capita, on 0345 122 2032 or you can access the factsheets via your online pension account.

### How do I switch funds in the future and what are the charges?

You can switch funds by accessing your online pension account. There is no administrative charge for this switch.

### How can I keep up to date with my personal pension account?

It is important that you review the progress of your personal pension account. To help you do this, each year after the Plan renewal in April you will receive an annual benefit statement. This will show the current value of your personal pension account and will also include a projection of your potential future pension benefits under the Plan, and any other important information relevant to you.

Remember that there are now a number of ways that you can take your benefits so you should check if the way your savings are invested is appropriate to meet your intentions. Independent financial advice may help you with these decisions.

**You may wish to monitor your personal pension account more frequently and you can do this in two ways:**

#### Scheme website

We have introduced a website specifically for the scheme which allows online access to your fund value. If you haven't already then please register your own online pension account by visiting [www.wincantonpensions.co.uk](http://www.wincantonpensions.co.uk).

#### Make a call

Contact Capita on **0345 122 2032** to obtain your current unit-holding and daily fund prices.

### And finally, who can I speak to if I have any questions regarding the investment options?

The Company, the Trustee and the investment managers are prevented by law from giving you advice. Therefore, you may find it helpful to talk to an Independent Financial Adviser (IFA).

You can obtain a list of IFAs in your area from the website [www.unbiased.co.uk](http://www.unbiased.co.uk). You may be charged a fee for any advice you receive and the company does not cover the cost of this advice.

Neither the Company, the Trustee or Capita staff can take responsibility for the advice you receive and/or any action you may take as a result.

