



Wincanton plc Pension Scheme

Retirement Savings Section Investment Guide

One of the benefits of the Retirement Savings Section is that the investment options provided to you adopt an approach which manages your personal pension account throughout your working life depending on how you wish to take your savings at retirement – an approach which is known as *lifestyling*.

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

How are my funds invested?

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.

A pre-defined approach, called the *Lifestyle*, is used to invest your funds so this is suitable for people who are uncomfortable managing their own investments, or simply don't have the time. There are two *Lifestyle* options available to members, and it is important that you understand how the *lifestyle* approach works, and also are aware of the funds that form the 'building blocks' of each *Lifestyle* option.

The Trustee has taken advice and has appointed BlackRock and Legal & General as the investment managers for the Scheme. 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 funds to be made easily. The administrator of the Wincanton plc Pension Scheme is Capita.

How do the Lifestyle options work?

The *Lifestyle* options adopt an approach which tries to manage 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 two *Lifestyle* options available to you are:

Cash at Retirement Lifestyle Option - aimed at individuals who wish to take their entire personal pension account as cash from the Scheme at retirement. This will be the default investment option for the Scheme, and is the option that your retirement savings will be invested in if you do not actively make a choice between the two options.

Income at Retirement Lifestyle Option - 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.

You may wish to take financial advice to help you. Whatever you decide, it is important that you inform Capita of any changes to the age you intend to retire as the investment within these options is based on this age.

The *Lifestyle* options invest in a combination of fund types: - equities – which invest in stocks and shares; a diversified growth fund (DGF) – which invests 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.

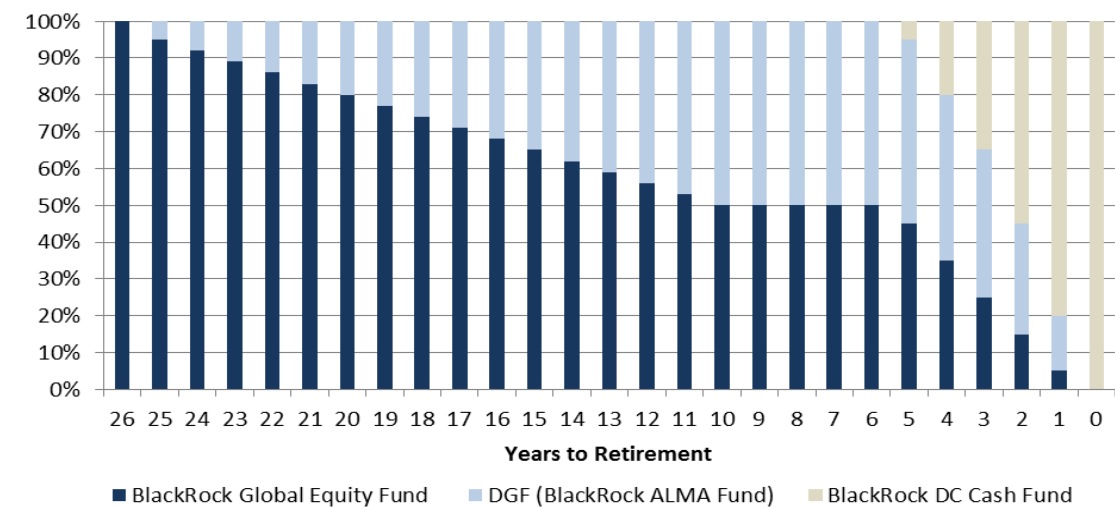
We have shown how the *lifestyle* options operate in the charts below, which show the investments at each year from retirement from 26 years out, which is when the switching commences. The switching between funds across this structure is performed by Capita every three months. Rebalancing to the actual 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 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. 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.

What happens if I don't make an investment choice?

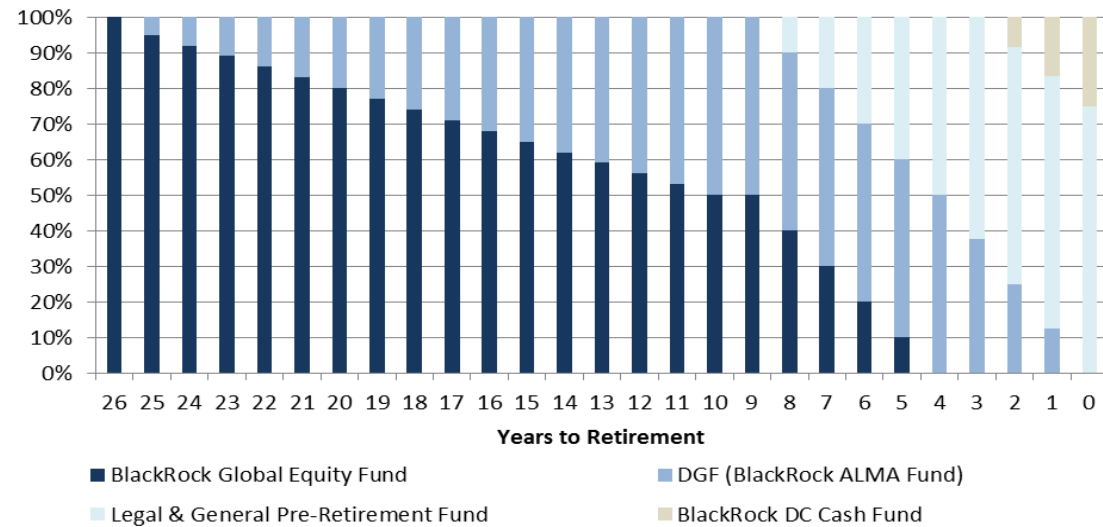
If you do not choose or do not wish to choose an investment, your contributions will automatically be invested on a default basis into the Cash at Retirement Lifestyle Option.

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 personal pension account being invested in higher risk funds rather than lower risk funds at retirement.

The funds that are used in the Lifestyle options 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:

Phase	Fund name	TER	Description	Risk versus reward
Growth	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 designed for 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 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 results in less volatility than pure equities.

Defensive	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 fund, 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.
	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, this means taking more risk when you are younger and less risk as you get closer to retirement. Typically, this is done by investing in higher risk funds initially, and then switching into safer funds as you get closer to retirement. You should be aware that the value of your investment is not guaranteed and may go down as well as go up. The pre-retirement and cash funds can also fluctuate in value. Past performance is not necessarily a guide to the future.

How do I switch between the Lifestyle options?

You can choose which Lifestyle option you wish your personal pension account to be invested in by accessing your online pension account. There is no administrative charge for this switch. 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 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 Scheme 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 Scheme, 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.



Road to retirement
Your future, your choice



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 registered already then please register your online pension account by visiting 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. 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.



Road to retirement
Your future, your choice