My Future
Member guide

What this guide covers

Here's what the following pages cover:

Please note that the value of investments can fall as well as rise and are not guaranteed. This means that the value could be worth less than has been paid into your plan.

For an explanation of the terms used please refer to glossary

How My Future manages your pension savings

My Future manages your pension savings automatically, whatever stage of life you are at.

Saving for retirement is a long journey and building the financial resources you need for later in life can take time. For this reason, we think of your pension savings in two stages - growth and consolidation.

With that in mind, we've designed our My Future "universal strategy" using two funds - My Future Growth and My Future Consolidation. In this way, you are invested in funds that are best placed to help you meet your financial needs, as we describe below.

Growth

This is the first stage of the retirement journey and it invests in the My Future Growth Fund.

Think of the Growth stage as the 'engine' of your pension which means that the focus is very much on growing the value of your pension. For this reason your contributions are mainly invested in company shares, also known as equities. Your pension will also have some exposure to fixed income investments, including government bonds, in order to limit the negative impact of falls in company shares on the value of your pension savings.

Consolidation

This stage begins when you are within 15 years of your planned retirement date. At this point your savings start to move into the My Future Consolidation Fund.

The focus now is on reducing the risks to which your pension pot might be exposed to, while continuing to provide the opportunity for investment growth. This means that your pension savings have a bigger allocation to fixed interest assets with a smaller weighting in company shares.

How My Future works

A summary

Your pension works by investing contributions. The aim is for the value of the contributions to grow in value over time, helping you to save for your retirement. But investments can fall in value as well as rise, so it is a good idea to review how your savings are doing on a regular basis.

You may not have the time or expertise to do this yourself, and this is why we believe My Future can be useful. The programme invests your contributions in funds on your behalf with the aim of managing the risks your money is exposed to throughout your journey to retirement. At the start of the journey, your money will be invested in the My Future Growth Fund, which aims to grow the value of your savings. It will then gradually move into funds that aim to reduce the risk of your savings falling in value as you approach your planned retirement date. You may choose My Future yourself, or it may be automatically applied when you join your scheme (known as the 'default investment programme'). Either way, each contribution from you and your employer is invested in My Future.

How My Future could help you

Planning your retirement can feel like a full-time job in itself. My Future can help when investing for retirement.

- You won't have to make investment decisions, choose funds or constantly monitor them.
- You know that your regular contributions are managed and governed by investment professionals in a highly disciplined environment.
- You simply tell Aviva when you are intending to retire and the programme will automatically move your funds as you get closer to this date.

However, please be aware that there is no guarantee that any investment programme will benefit your pension savings when you come to retire and we cannot guarantee it is suitable for your individual needs or appetite for risk.

The My Future programme

A summary

My Future aims to grow your money when retirement's a long way off, then to reduce the risk of your savings falling in value as you get closer to your retirement date.

The My Future 'universal' strategy is designed for customers who have not yet decided how they want to use their pension savings and would like to keep their options open. My Future also gives you flexibility. It gets your money ready for the different ways you can take it at retirement: as drawdown; cash; or an annuity. That makes it ideal if you're not yet sure what you're going to do or if you want to keep your options open.

If you decide later that you want to take your money in a particular way, then you could move into one of our targeted My Future options. You can find details of these on pages 7 to 11.

We continuously monitor the funds that make up the My Future investment programme to ensure they remain suitable at all times, given possible changes in regulations and customer preferences. We also follow developments in the financial markets to ensure any changes in markets are taken into consideration.

There are potential advantages and disadvantages to investing in an investment programme.

POTENTIAL BENEFITS

- The investment programme offers an alternative to changing your investment funds independently as you head towards retirement.
- During the period leading up to your retirement, your investments are moved from assets with a greater exposure to the stock market into more cautious investments. This aims to reduce your exposure to risk from stock market fluctuations.
- Your investment programme can be amended if you choose to take your benefits earlier or later than planned.
- You can choose to leave the investment programme at any time.

POTENTIAL RISKS

- There is no guarantee that the investment programme will prove beneficial to your pension fund.
- Taking your retirement benefits earlier or later than planned may have an impact on an investment programme and may mean that it is no longer suitable for your individual circumstances.
- There is no guarantee the investment programme will be suitable for your individual needs and attitude to risk

The value of your investments, even in lower risk funds, can fall as well as rise and the value of your pension fund is not guaranteed.

The My Future investment programme in action

What your pension investments could look like

So far, we have covered basic information about My Future. Below you can see a visual representation of how the My Future investment programme works in practice.

Across the bottom of the graph is the timeline, ending at your planned retirement date in the bottom right corner. To the left you can see the percentage of your money allocated to each stage of the journey. How far you are from your retirement date will determine where in the graph you join My Future. For example, if you're 10 years from your retirement date, contributions will be invested in both the My Future Growth Fund and the My Future Consolidation Fund starting from the '10 years to retirement date' point.

The graph below shows how when you are 15 years away from your planned retirement date, the programme will gradually move your investments in preparation for retirement. These movements take place on a quarterly basis and are at no extra cost. As your investments are moved to different funds within the programme, your annual management charge (AMC) may change as well. To find out details of your charges you should log into your account.

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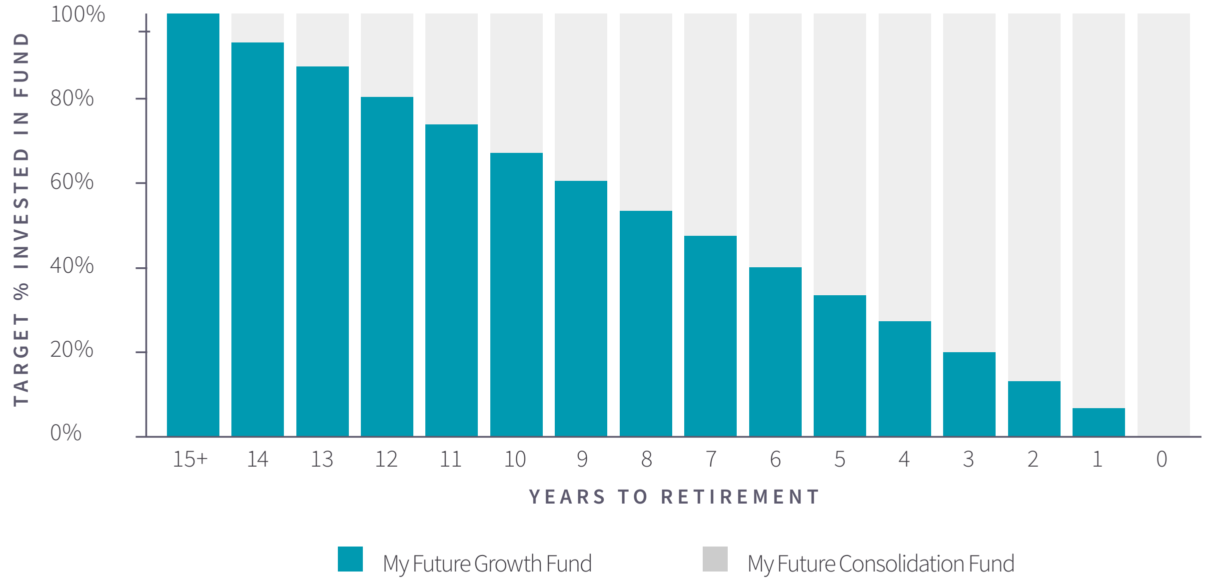
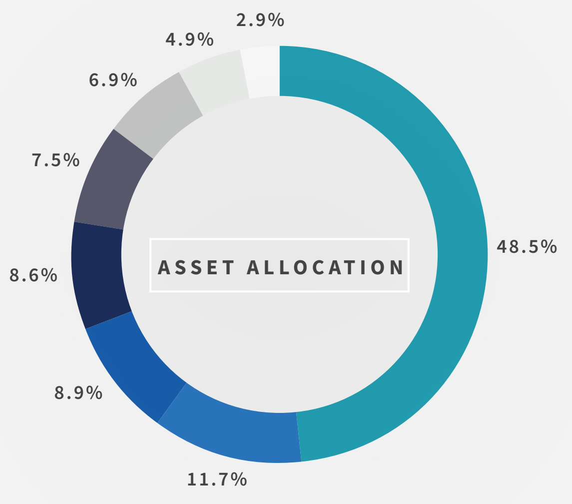


The My Future investment programme sits alongside alternative options targeting annuity purchase, cash withdrawal and drawdown, which enables you to select the option that is most aligned with how you intend to use your pension savings in retirement. We describe these options from page 10 onwards in this guide.

Where is your money invested?

The pie charts below show what your money is invested in when you invest in the My Future Universal investment programme.

My Future Growth Fund



- US equities
- European equities
- Overseas bonds
- UK equities
- Japanese equities
- Up to five-year UK corporate bonds
- Asia Pacific ex Japanese equities
- Corporate bonds

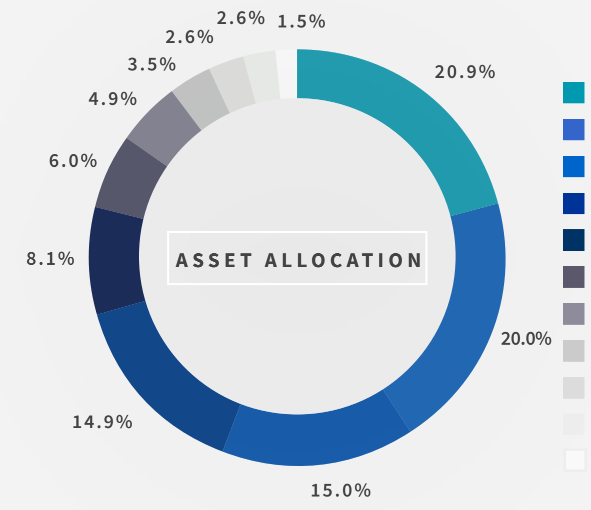
Source: Aviva, as at 30 September 2019

My Future Growth in summary:

- A fund of funds
- Members' contributions are wholly invested in this fund until 15 years before retirement
- 80% of the fund is invested in company shares, primarily the shares of companies that are listed overseas such as in the US and Europe
- The remainder is held in fixed income, including UK and overseas government bonds and UK corporate bonds

Please refer to the Glossary for an explanation of the terms used.

My Future Consolidation Fund



- Up to five-year UK corporate bonds
- Up to five-year UK government bonds
- US equities
- Overseas government bonds
- UK corporate bonds
- UK government bonds
- Money market instruments
- European equities
- Japanese equities
- UK equities
- Asia Pacific ex Japanese equities

Source: Aviva, as at 30 September 2019.

My Future Consolidation in summary:

- A fund of funds
- Used from 15 years before retirement
- 80% in fixed income and 20% in the shares of companies listed overseas such as in the US and Europe

Please refer to the Glossary for an explanation of the terms used.

Alternative options available to you

If you have a clear idea about what you would like to do with your pension savings when you retire, we have a number of options available that may match your intentions.

All of these options have the same growth stage as the My Future investment programme. At any time from 15 years before your planned retirement date you can move into one of the other options, which all follow a different path from the My Future investment programme.

Please note you don't have to move into one of these options and can remain in the My Future universal investment programme until your planned retirement date.

On the following pages, we provide details of the three options:

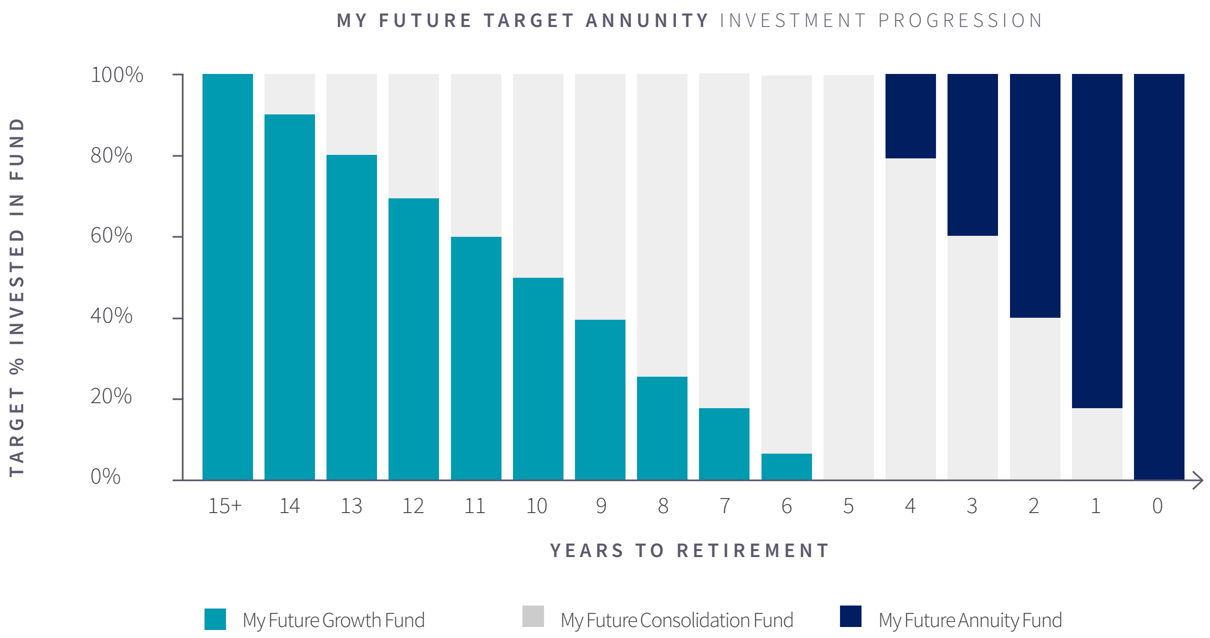
- Target Annuity
- Target Cash Lump Sum
- Target Drawdown

My Future ‘Target Annuity’

This option is designed for people who intend to convert their pension savings into a regular guaranteed income for life by buying an annuity when they retire. As a result, if you choose this option, your savings will be adjusted over time to prepare for the purchase of an annuity.

This option uses the same My Future Growth and My Future Consolidation Funds as the My Future investment programme. However, in this option, with five years to go until your planned retirement date, your pension savings start to move into the My Future Annuity Fund.

This fund aims to reduce the impact of setbacks in the financial markets on your pension pot, as well as track changes in the cost of buying an annuity.

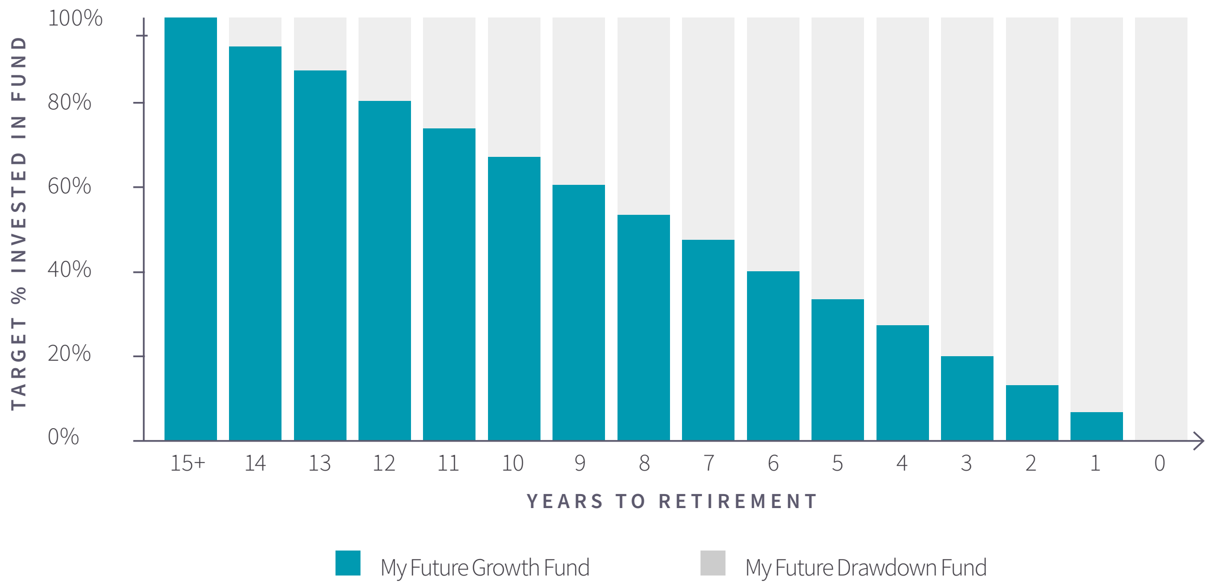


My Future ‘Target Drawdown’ option

This option is designed for people who intend to take an income by making withdrawals directly from their pension savings while remaining invested in My Future through a drawdown arrangement.

This option uses the same My Future Growth Fund as the My Future investment programme. Then, 15 years from your planned retirement date, your pension savings start to move into the My Future Drawdown Fund. This fund invests in a range of different assets, including company shares, corporate bonds and government bonds. It aims to provide the potential for continued investment growth but with a lower level of risk than the My Future Growth Fund.

When you are 15 years from your planned retirement date your pension savings will primarily be invested in company shares. As you get closer to retirement, your savings will be increasingly invested in less risky assets, such as government bonds. It is important to note that the fund will still have an allocation to company shares (between 30% and 50%) at this point in the retirement journey, in preparation for moving into a drawdown arrangement.

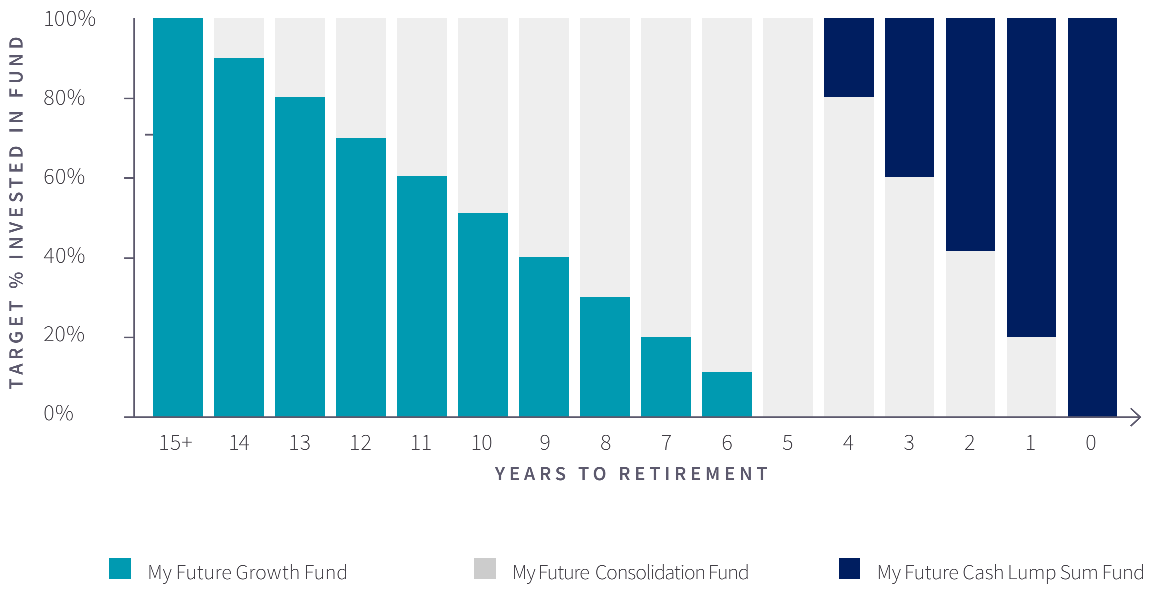


My Future 'Target Cash Lump Sum' option

This option is designed for people who intend to take their pension savings as a cash lump sum (or sums) when they retire.

This option uses the same My Future Growth and My Future Consolidation Funds as the Universal My Future investment programme. However, in this option, with five years to go until your planned retirement date, your pension savings start to move into the My Future Cash Lump Sum Fund.

This fund, which invests in less risky investments, such as fixed interest and money market investments, aims to reduce the risk of your savings falling in value. If you decide to take this option it is important to ensure you have appropriately planned your future income in retirement.



Helping you to understand risk

The Aviva Investment Governance team allocates risk ratings and warnings for all funds included in the Select fund range available to you with your Flexible Retirement Account. Please note that not all of the risk warnings listed on pages 14 and 15 apply to each fund and there is no direct relationship between the number of risk warnings and the risk ratings shown below.

Investing means risk

Investing money always means there is a level of risk. Even if you leave cash under a mattress, the risk is that its value can be eroded over time by rising prices. However, the more risk you take, the more potential there is for reward, but it also means more potential for loss. Risk means different things to different people, but for many it means the risk to their original investment. Fund values will move up and down with investment markets, but to varying degrees. That's why we have risk ratings: to give you a good idea of the risk you are taking when you choose your funds.

Our risk ratings go from 1 to 7, with 1 being the lowest and 7 the highest. As a point of reference, a fund with a risk rating of 4 (medium volatility) would typically experience the volatility you would expect from a fund invested in a range of different investments (for example shares, property and bonds) without any bias to a particular investment type. Remember that all investment funds carry some element of risk but this varies from fund to fund.

RISK RATING	VOLATILITY	DESCRIPTION
7	HIGHEST	Funds typically investing in the highest risk sectors, such as specific themes or shares of companies in emerging markets. These funds offer the highest potential for long-term returns, but also experience the largest day-to-day price movements compared to other funds. They therefore present the highest risk to your investment.
6	HIGH	Funds typically investing in high-risk sectors, such as shares of companies in developed overseas markets. These funds offer high potential for long-term returns, but also experience large day-to-day price movements, and so present a high risk to your investment.
5	MEDIUM TO HIGH	Funds typically investing in shares of companies in the UK or a mix of other major stock markets. Fund prices may move up and down significantly but offer potential for good returns over the long term.
4	MEDIUM	Funds typically investing in a mix of assets with the potential for better long-term returns than lower risk funds. There is a greater risk that the value of your investment could fall.
3	LOW TO MEDIUM	Funds typically investing in assets like corporate bonds or a mix of assets where the day-to-day prices go up or down less than shares. There is still a risk that the value of your investment could fall.
2	LOW	Funds typically investing in assets like the highest quality corporate bonds, which normally offer better long-term returns than savings accounts. There is still a risk that the value of your investment could fall.
1	LOWEST	Funds typically investing in the lower risk sectors - like the money market - which usually aim to provide returns similar to those available from deposit and savings accounts. These funds offer the lowest potential for long-term returns, but also experience the smallest day-to-day price movements compared to other funds. They present the lowest risk to your investment, although there is still a risk it could fall in value.

The funds you're invested in

The table below shows the fund's risk rating, risk warnings and objective.

RISK RATING	FUND NAME, OBJECTIVE & RISK CODES
2	**My Future Cash Lump Sum** This fund seeks to achieve a positive real return over a full market cycle (which includes one complete uptrend and one complete downtrend) from capital growth and reinvested income by investing in a diversified portfolio of predominantly passively managed underlying funds. A significant proportion of the fund's assets invest in UK and overseas Government and corporate bonds, money market instruments and cash. The fund factsheet shows the underlying fund(s) and weightings. **Risk code: A, E, J**
3	**My Future Consolidation** This fund seeks to achieve a total overall return from capital growth and reinvested income by investing in a diversified portfolio of predominantly passively managed underlying funds. A significant proportion of the fund's assets invest in UK government (including index-linked) and corporate bonds. It may also invest in UK and overseas equities (including emerging markets), property, money market instruments and cash. Derivatives may be used by the underlying fund(s) for investment purposes. The fund factsheet shows the underlying fund(s) and associated weightings. **Risk code: A, B, C, E, F**
4	My Future Growth The fund aims to achieve a total overall return from capital growth and reinvested income by investing in a diversified portfolio of predominantly passively managed underlying funds. The fund will predominantly invest in UK and overseas equities (including emerging markets), with some investment in UK Government (including index-linked) and corporate bonds. It may also invest in overseas government and corporate bonds, money market instruments and cash. **Risk code: A, B, C, E, F,**

RISK RATING	FUND NAME, OBJECTIVE & RISK CODES
4	**My Future Annuity** This fund seeks to achieve a total overall return from capital growth and reinvested income by investing in a diversified portfolio of predominantly passively managed underlying funds. A significant proportion of the fund's assets invest in UK government (including index-linked) and corporate bonds. It may also invest in UK and overseas equities (including emerging markets), property, money market instruments and cash. Derivatives may be used by the underlying fund(s) for investment purposes. The fund factsheet shows the underlying fund(s) and associated weightings. **Risk code: A, E, J**
4	**My Future Drawdown** This fund seeks to achieve a total overall return from capital growth and reinvested income by investing in a diversified portfolio of predominantly passively managed underlying funds. A significant proportion of the fund's assets invest in UK and overseas equities including emerging markets. Additionally, investments in the underlying funds may include UK and overseas Government and corporate bonds, property, money market instruments and cash. The fund factsheet shows the underlying fund(s) and weightings. **Risk code: A, B, D, E, J,**

Fund risk codes

Here's how our risk codes work

There are different risks associated with investing in funds. To help you understand what these are, we assign risk warning codes (letters A to J) to each fund. You'll see these letters at the end of each fund description. Each type of risk is explained clearly below. Please note that there's no direct link between the number of risk codes and the risk ratings.

RISK CODE	RISK CODE DESCRIPTION
A	**Investment is not guaranteed:** The value of an investment is not guaranteed and can go down as well as up. You could get back less than you have paid in. **Specialist funds:** Some funds invest only in a specific or limited range of sectors and this will be set out in the fund's aim. These funds may carry more risk than funds that can invest across a broader range or a variety of sectors. **Suspend trading:** Fund managers often have the ability, in certain circumstances, to suspend trading in their funds for as long as necessary. When this occurs, we will need to delay the 'cashing in' or switching of units in the relevant fund. You may not be able to access your money during this period **Derivatives:** Derivatives are financial contracts whose value is based on the prices of other assets. Most funds can invest in derivatives for the purpose of managing the fund more efficiently or reducing risk. Some funds also use derivatives to increase potential returns, known as 'speculation'. For those funds we apply an additional risk warning (see Risk F).
B	**Foreign Exchange Risk:** When funds invest in overseas assets the value will go up and down in line with movements in exchange rates as well as the changes in value of the fund's holdings.
C	**Emerging Markets:** Where a fund invests in emerging markets, its value is likely to move up and down by large amounts and more frequently than one that invests in developed markets. These markets may not be as strictly regulated and securities may be harder to buy and sell than those in more developed markets. These markets may also be politically unstable which can result in the fund carrying more risk.
D	**Smaller Companies:** Where a fund invests in the shares of smaller companies, its value is likely to move up and down by large amounts and more frequently than one that invests in larger company shares. The shares can also be more difficult to buy and sell, so smaller companies funds can carry more risk.

RISK CODE	RISK CODE DESCRIPTION
E	**Fixed Interest:** Where a fund invests in fixed interest securities, such as company, government, index-linked or convertible bonds, changes in interest rates or inflation can contribute to the value of the investment going up or down. For example, if interest rates rise, the value is likely to fall.
F	**Derivatives:** Derivatives are financial contracts whose value is based on the prices of other assets. The fund invests in derivatives as part of its investment strategy, over and above their use for managing the fund more efficiently. Under certain circumstances, derivatives can result in large movements in the value of the fund and increase the risk profile, compared to a fund that only invests in, for example, equities. The fund may also be exposed to the risk that the company issuing the derivative may not honour their obligations, which could lead to losses.
G	**Cash/Money Market Funds:** These are different to cash deposit accounts and their value can fall. Also, in a low interest rate environment the product or fund charges may be greater than the return, so you could get back less than you have paid in.
H	**Property funds:** The fund invests substantially in property funds, property shares or direct property. You should bear in mind that: • Properties are not always readily saleable and this can lead to times in which clients are unable to 'cash in' or switch part or all of their holding and you may not be able to access your money during this time • Property valuations are made by independent valuers, but are ultimately subjective and a matter of judgement • Property transaction costs are high due to legal costs, valuations and stamp duty, which will affect the fund's returns.
I	**High Yield Bonds:** The fund invests in high yield (non- investment grade) bonds. Non-investment grade bonds carry a higher risk that the issuer may not be able to pay interest or return capital. In addition, economic conditions and interest rate movements will have a greater effect on their price. There may be times when these bonds are not easy to buy and sell. In exceptional circumstances, we may need to delay the 'cashing in' or switching of units in the fund and you may not be able to access your money during this period.
J	**Reinsured Funds:** Where a fund invests in an underlying fund operated by another insurance company through a reinsurance agreement, if the other insurance company were to become insolvent, you could lose some or all of the value of your investment in this fund.

Glossary

Actively managed funds

The fund manager chooses which investments to buy and sell, with the aim of achieving higher returns than the fund's benchmark.

Asset Allocation

This refers to the composition of a fund and its exposure to different asset classes, including company shares, fixed income and commodities. Investing in different asset classes can help to provide the benefits of diversification and reduce risk.

Asset class

A collective term to describe different types of investment such as fixed interest investments and shares.

Blended fund

A blended fund is made up of more than one underlying fund. This type of fund can invest in different asset classes, including company shares, bonds and money market instruments. This allows investors to diversify their investment risk using one fund, which also helps them to keep track of the investment more easily.

Diversification

Diversification refers to investing in more than one type of investment. This approach is taken by investment specialists to prevent investors 'putting all of their eggs in one basket' so to speak and to prevent investors from relying on the performance of company shares, property or bonds during their journey to retirement. Investing in company shares and bonds at the same time can help to reduce the risk that investors might be exposed to. The aim is to reduce investors' exposure to the fall in the value of company shares, for example, should stock markets fall, which would negatively impact the performance of their investment savings.

Equities (or 'shares')

Company shares are also known as equities. Shareholders have a 'share' in a company's assets. Shares are bought and sold on a stock market, such as the London Stock Exchange, and their value can go up and down, sometimes sharply, depending on the fortunes of the company and stock markets in general.

Companies may also pay a share of their profits to shareholders, known as dividends. While there is more opportunity for potential gains with shares than some asset classes, there is also greater risk that they could fall in value. UK company shares are the shares of companies listed on the UK stock market, while international company shares refer to the shares of companies listed on stock markets outside the UK, including the US, Europe and Japan, as well as less developed countries, including parts of Asia and Latin America.

Fixed interest (or 'bonds')

Loans issued by a government (those issued by the UK government are also known as 'gilts') or a company, known as corporate bonds. Investors receive a regular income in the form of interest payments and the full value of the bond upon maturity.

Fund

Is where an investor's assets are pooled with those of other investors and then invested in shares, fixed interest or property on their behalf by a fund manager.

Fund of funds

A fund of funds invests in several different funds, rather than directly in shares, bonds or other investment types. Fund of funds aim to provide investors with greater diversification, enhanced returns, lowered risk or a combination of all three. This type of fund may invest in actively managed funds, index funds or both.

Index funds

The aim of an index fund is to track the performance of an index of a specific financial market. A UK equity index fund will track the performance of the UK's FTSE All-Share Index. The fund manager does this by investing in most of the company shares in an index, with the aim of replicating the performance of that index.

Money market instruments

The term 'money market instruments' is a mechanism for short-term borrowing and lending between organisations. Money market investments typically include what are described as 'near-cash instruments', including certificates of deposit, floating rate notes and treasury bills. They are not to be confused with bank or building society deposit accounts.

The returns that money market investments can provide will reflect the rate of interest setby the Bank of England and will typically be lower than returns from fixed interest investments, property and shares. While the value of money market instruments will normally fluctuate less than the value of fixed interest investments, property and shares, there is a risk that they won't keep pace with inflation. Also, if the annual management charge of a money market fund is higher than prevailing interest rates or the returns generated, the value of the fund will go down.

Risk

Risk is how likely investors are to lose money if they invest in a particular asset. However, by investing in riskier assets, you could potentially earn a better return over the long term.

Underlying funds

This is a collective term used to refer to the funds included in a blended fund.

Volatility

As far as investing is concerned, risk tends to be associated with potentially higher volatility: meaning the higher the risk levels, the more likely the value of a fund may go up and down from day to day.

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