

# Who's performing well?

DC Default Fund Survey - Growth Phase

Q1 2019



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Report run on 03 June 2019



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# Section 1: Introduction



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# Section 1

## DC overview

This survey examines the growth phase of the standard default investment options of the leading providers in the DC market as at 31 March 2019. Based on the analysis of this survey we conclude the following:

### Assets under Management

- Most of the default funds sit within an Assets under Management range of approximately £940m and £14bn, depending mainly on their launch date.
- Legal & General's and Scottish Widows defaults have the highest total fund values, with £14bn and £13.9bn respectively.

### Assets Allocation

- The allocation to equities, bonds and other asset classes varies dramatically between the default funds, depending mainly on the targeted risk levels and the range of investment tools used.
- In the broadest terms, those providers (Royal London, Standard Life, Fidelity, Aviva, Legal & General) who have their own asset management arm within their Group (which means more internal resources are available including ranks of economists, strategists, portfolio managers and specialised analysts) have developed the more diversified and sophisticated default offerings.
- In general, the growth phase of the average default option is designed with significant exposure to Equities to maximise growth. The average allocation to Equities amongst the defaults was around 66%, with Scottish Widows' and Fidelity's defaults having the highest exposure at 85% approximately, while Legal & General's has the lowest exposure at 35% approximately of its total asset allocation, followed by Standard Life with 42%.
- Default options also hold a significant portion of Fixed Income, allocating 25% on average to this asset class. Legal & General has the highest allocation with 45%, while Royal London has no exposure at all.
- Most of the defaults do not use Alternative Investments due mainly to cost constraints. The average percentage of the overall allocation to Alternative Investments within the default funds is almost 6%, with Standard Life and Royal London placing the highest weights, 24% and 18% respectively. The Alternative Investments asset class includes allocations to investments such as commodities, property and absolute return strategies.
- The average allocation between UK and non-UK assets has been 31% and 69% respectively, with Aegon and Aviva (My Future) having the highest concentration in the UK region of their total assets with 55% and 49% respectively.
- Being invested in a diversified default option is really important as it helps to manage risk during volatile periods. There are providers (Legal & General, Fidelity, Royal London and Standard Life) with a more diversified approach to the design of their default options incorporating for example Commodity, High Yield, Property and other alternative investments alongside the traditional asset classes. The advantages of such asset classes are to provide higher risk adjusted returns, especially in stress markets. However, they can also carry a few disadvantages as they can occasionally be more illiquid, costly, risky and more opaque to monitor.
- The use of active underlying funds in some default solutions (Royal London, Standard Life and Fidelity) is also a noteworthy distinguisher since the majority of the default funds use only passive components. Being more expensive than the passive funds, actively managed funds are targeted to deliver higher returns than their corresponding benchmarks, along with greater downside protection due to their tactical management.
- Providers (Zurich, Friends Life, Aegon, Scottish Widows) without an asset management arm, employ a long-term approach to asset allocation (strategic asset allocation) based on optimisations of expected long-term risk and return numbers provided by a third party. However, to benefit further from market inefficiencies, it should also involve an active oversight by taking a more dynamic approach to asset allocation (tactical asset allocation).



# Section 1

## DC overview

### Performance

- There is no single specific measure to assess the performance of the default options in the DC Market, as providers are using a wide variety of different comparators (peer group sectors, composite benchmarks, cash or inflation indices) based on the strategy's objectives and asset allocation.
- Additionally, for better risk management, the vast majority of the default funds have an explicit volatility target included within their expected returns (Aegon, Scottish Widows and Zurich do not).
- Given the diversified nature of the DC Defaults and holdings of less than 100% equity, it is no surprise that they outperform the global equity market in periods of falling equities and underperform in periods of rising equity markets. Similarly, they have a less extreme range of returns than equities. Over the long term, higher risk should be rewarded with a higher return, although clearly there is an optimal level of asset allocation where the level of return is maximised for the risk taken.
- Over the last 3 years, the Zurich fund was the best performer (11.3%), although on a relatively higher level of risk (8.4%) compared to the other defaults, which is no surprise given the levels of equity within the fund (79% equities). In the same period, Standard Life produced the worst return (5.4%), but it does exhibit a consistently lower level of risk (5.2%) than all the default funds.
- There has been a wide performance spread amongst the top and bottom performers, indicating the significance of the asset allocation in the growth phase to maximise member's fund values. However, the returns take no account of the overall risk taken, therefore regarding 3 year risk-adjusted performance, Zurich have the highest Information Ratio (0.71). The Information Ratio is a commonly used measure which measures the excess return against the benchmark (CPI plus 3%) divided by tracking error, where tracking error is a measure of consistency.

### Growth phase length

- The timing of when the growth phase period ends, with assets moving gradually to lower risk assets, differs significantly amongst all the providers. The duration of the growth phase could have a significant impact on members' fund values. The longer that period is offers members more chance of creating higher fund values at retirement, but also provides them with less downside protection as they get closer to retirement (underperformance is more impactful and irreversible close to retirement).
- Furthermore, the duration of the growth phase is determined mainly by the allocation of growth assets. Providers with high percentages in equities tend to start de-risking earlier, trying to mitigate volatility risk and stabilise growth.

### Fees

- Even if charges vary from scheme to scheme, they remain crucial in the final outcome of each default strategy as they affect member's fund values and subsequently members' available income at retirement. The more diversified and sophisticated the default option, the higher the total cost. Therefore providers need to ensure consistent performance and efficient protection from market volatility to create value for money and justify the higher fees.

*Note: After the acquisition of Friends Life by Aviva, Friends Life, with effect from October 2017, is no longer a legal entity and therefore any references to Friends Life in the default fund report have been removed. The Friends Life default, My Future, remains as the default strategy for Aviva's NGP and My Money platforms, the old Friends Life platforms, whilst Future Focus 2 remains as the default strategy for the Aviva Unisure platform. However, the plan is for Aviva to harmonise and utilise one default across all three platforms, this is expected to happen in late 2019. The single Aviva default will then be based upon the current My Future default.*

*The performance of the Fidelity Growth Portfolio is only indicative and not formal as a few of its underlying funds were launched in June 2018 so there is no 1 and 3 years track record yet for this investment strategy.*



# Section 1



Fund	Aegon Workplace Default	Aviva Diversified Assets Fund II	Fidelity Growth Portfolio	My Future Growth	L&G Multi Asset	Royal London Governed Portfolio 4	Scottish Widows Pension Portfolio 2	Stan Life Active Plus III	Zurich Passive Multi-Asset(V and IV)
Fund Manager Managed	Aegon for fund overall, Blackrock for constituent funds	Yes	Yes	No	Yes	Yes	No	Yes	No
Volatility targeting	None	10%	6%-8%	12%	2/3 of DM equity	Min 11.3% Max 13.8%	No	9%-12%	No
Active Components (in-house)	None	No	Yes	No	Yes	Yes	No	Yes	No
Typical active proportion	0%	Fixed income only (corps and gilts)	FutureWise Equity: No Fidelity DM Fund: <50%	None	High Yield Bonds	Approximately 55%	None	Over 80%	None
Alternatives	0%	No	No	No	Yes	Yes	No	Yes	No
Property	0%	No	Fidelity DM Fund: Global Developed Real Estate	No	Passive REITS	Yes	No	Yes	No
Passive Provider	BlackRock	In-house	FutureWise Equity: BlackRock Fidelity DM Fund: Open market including Futures	BlackRock	In-house	In-house	SSGA(Equities) Aberdeen(Bonds)	N/A	BlackRock
Qualitative Tactical Asset Allocation	None currently	Yes	No	No	Yes	Yes	No – strategic/medium term only	Yes	No
Comparator	Composite benchmark	RPI +3%	Fidelity Diversified Markets: Cash + 3% (gross) FutureWise Equity: 10% FTSE Custom Emerging Net Midday Index 10% FTSE All Share Index 80% FTSE Developed ex UK Index	70%:30% Equity:Bond, Libor + 4%	DM equity returns	Composite	ABI (40%-85%)	N/A	Composite
Asset class buckets	6	c. 10	20	c. 5	22	8	9	13	4
Growth Phase length	Until 6 calendar years before the start of the retirement year	up to 10 years before retirement	up to 2 years before retirement	up to 15 years before retirement	no derisking	up to 15 years before retirement	up to 15 years before retirement	up to 10 years before retirement	up to 7 years before retirement
AUM	£3.4bn	£3.2bn	£1.31bn	NGP(£1.8bn)/MyMoney (1.4bn)	£14bn	£7.7bn	£13.9bn	£2.9bn	£944m



# Section 1

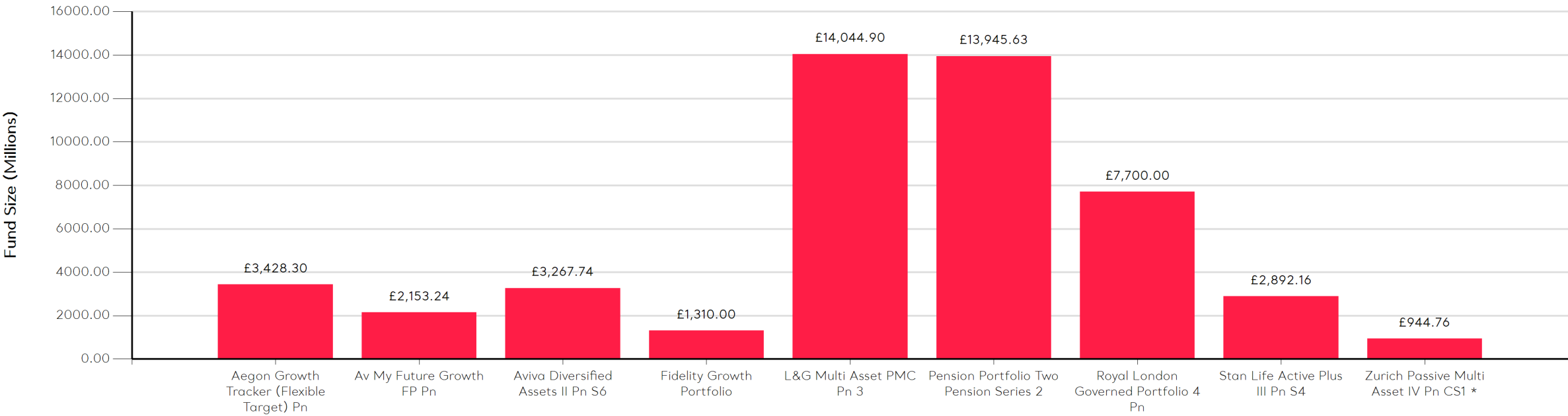
Specified DC Default Fund Universe

Returns to: 31 March, 2019

Fund Name	Launch Date	Quarter	Fund performance %		3 years performance %				
			1 Year	3 Years <sup>4</sup>	3 Years Risk <sup>4</sup>	Comparator <sup>1</sup> %	Comparator <sup>2</sup> %	Comparator <sup>3</sup> %	Information Ratio <sup>1</sup>
Aegon/Scottish Equitable plc - Aegon Growth Tracker (Flexible Target) Pn	27 Jan 2016	7.61	6.71	9.31	7.54	5.29	7.47	10.93	0.53
Aviva Life & Pensions UK Ltd - Aviva Diversified Assets II Pn S6	09 Mar 2009	7.10	8.05	9.85	7.10	5.29	7.47	10.93	0.64
Aviva Life & Pensions UK Ltd - Av My Future Growth FP Pn	26 Mar 2013	7.20	8.07	10.02	7.54	5.29	7.47	10.93	0.63
Fidelity International (FIL Invt Svcs UK Ltd) - Fidelity Growth Portfolio	20 Jun 2018	7.81	8.32	11.37	9.09	5.29	7.47	10.93	0.66
Legal & General Assurance Soc - L&G Multi Asset PMC Pn 3	06 Jan 2012	6.61	6.90	9.14	6.50	5.29	7.47	10.93	0.58
Royal London Model Portfolio - Royal London Governed Portfolio 4 Pn	12 Jan 2009	6.99	6.47	8.44	6.95	5.29	7.47	10.93	0.45
Scottish Widows Limited - Pension Portfolio Two Pension Series 2	06 Feb 2006	6.78	5.04	10.20	9.25	5.29	7.47	10.93	0.53
Standard Life Assurance Co - Stan Life Active Plus III Pn S4	01 Mar 2012	5.93	3.32	5.43	5.23	5.29	7.47	10.93	0.03
Zurich Assurance Ltd - Zurich Passive Multi Asset IV Pn CS1	02 Dec 2013	7.83	9.51	11.33	8.43	5.29	7.47	10.93	0.71

<sup>1</sup> CPI+3%  
<sup>2</sup> ABI Mixed Investment 40%-85%  
<sup>3</sup> PS Aspire DC Default Composite  
<sup>4</sup> Annualised

DC Default Fund Size





## Section 2: Asset Allocation



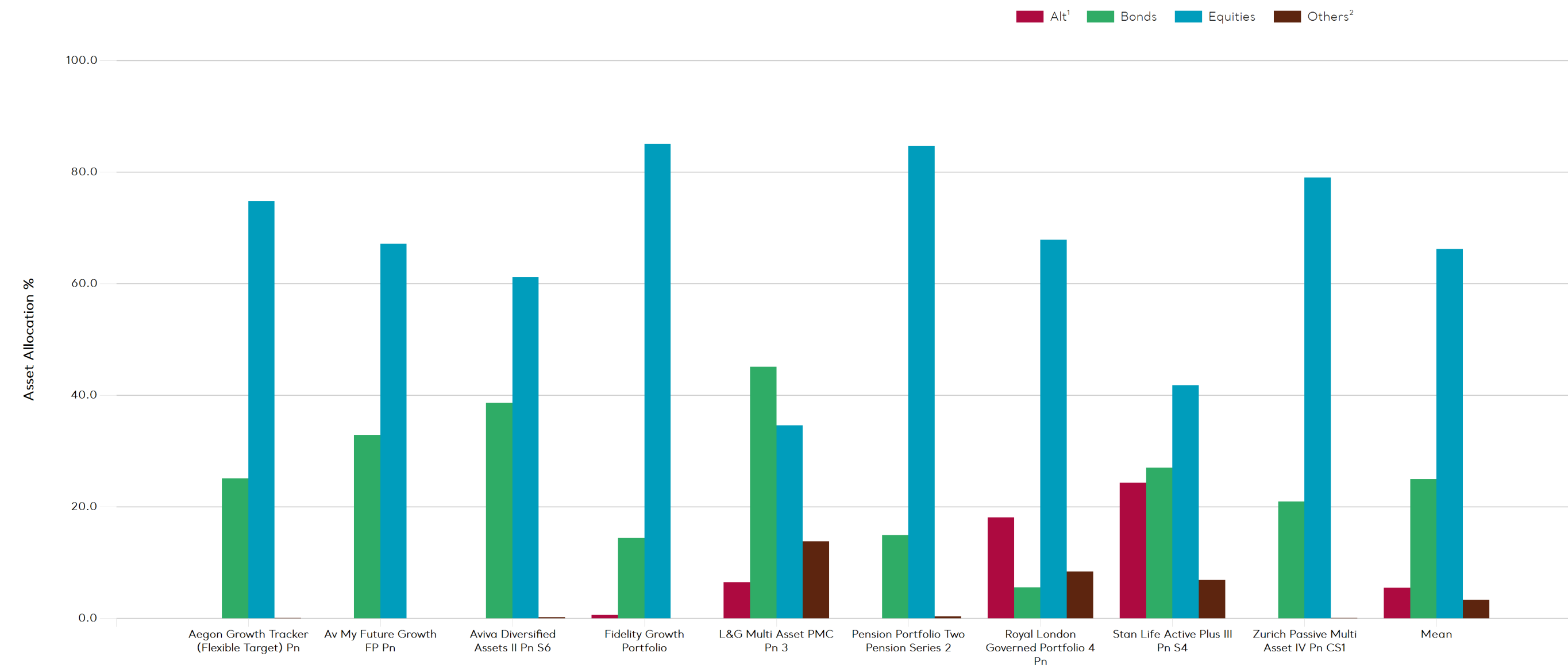
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# Section 2

## Asset Allocation



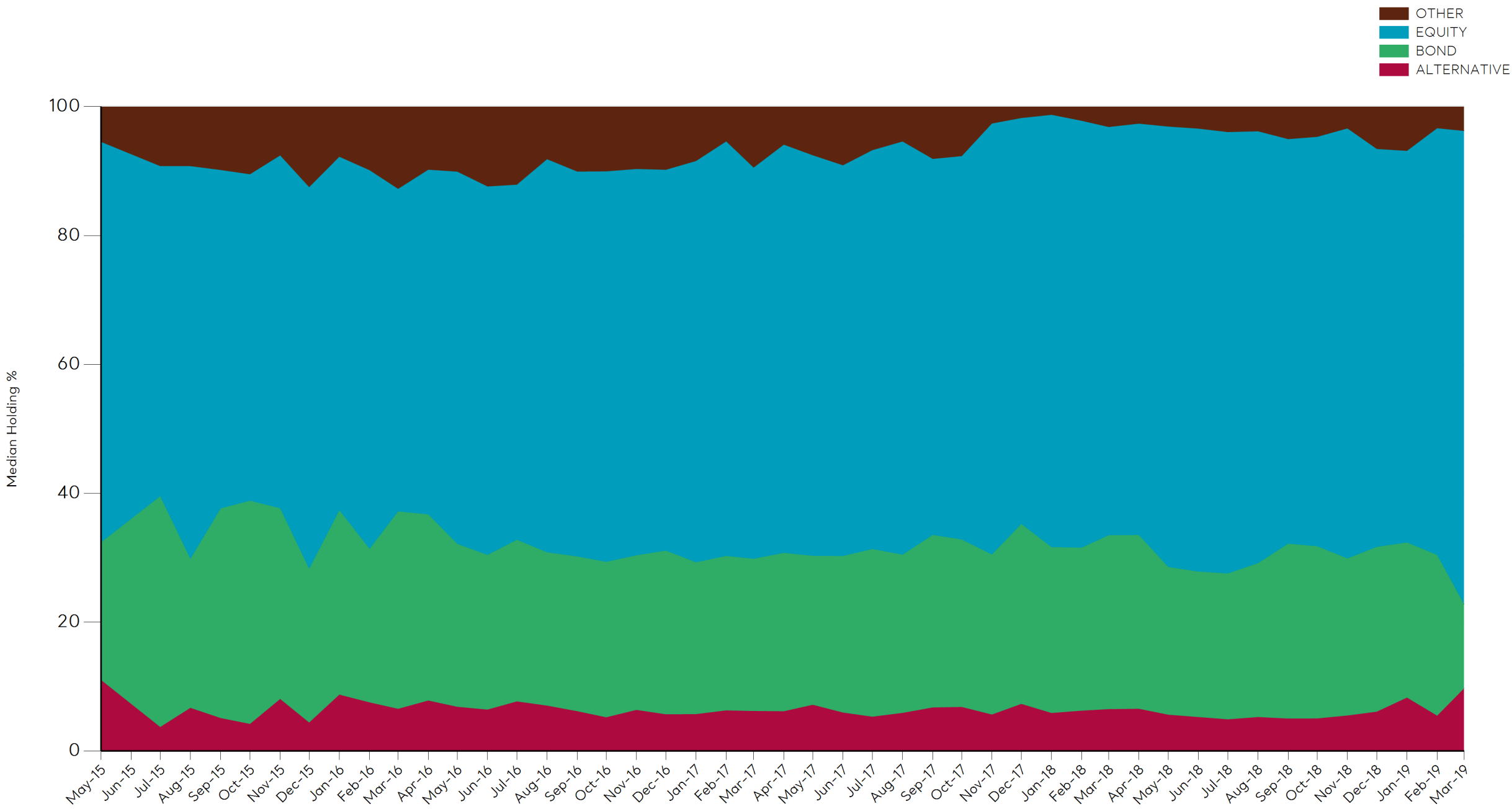
¹ Alternative Assets & Property ² Money Market & Others

	Aegon Growth Tracker (Flexible Target) Pn	Av My Future Growth FP Pn	Aviva Diversified Assets II Pn S6	Fidelity Growth Portfolio	L&G Multi Asset PMC Pn 3	Pension Portfolio Two Pension Series 2	Royal London Governed Portfolio 4 Pn	Stan Life Active Plus III Pn S4	Zurich Passive Multi Asset IV Pn CS1	Mean
Alt	0	0	0	1	7	0	18	24	0	6
Bonds	25	33	39	14	45	15	6	27	21	25
Equities	75	67	61	85	35	85	68	42	79	66
Others	0	0	0	0	14	0	8	7	0	3
UK Assets	55	49	43	10	7	30	32	22	33	31
Non UK Assets	45	51	57	90	93	70	68	79	67	69



# Section 2

Historical Universe Asset Allocation Mean





# Section 3: Performance



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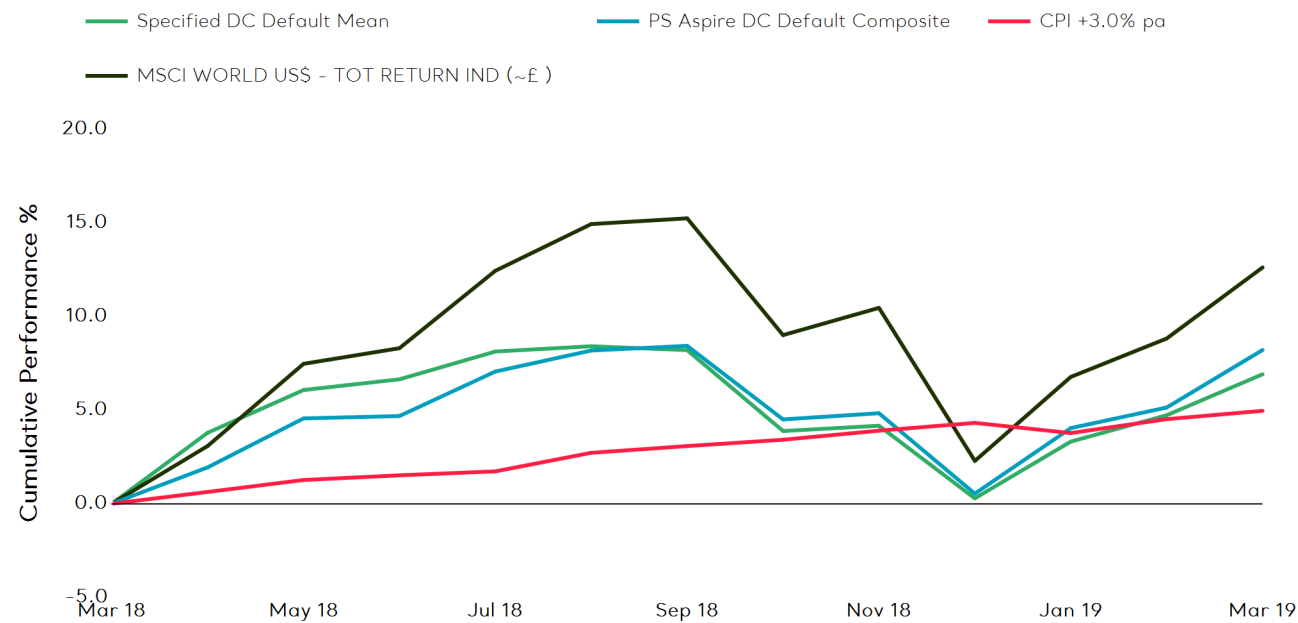




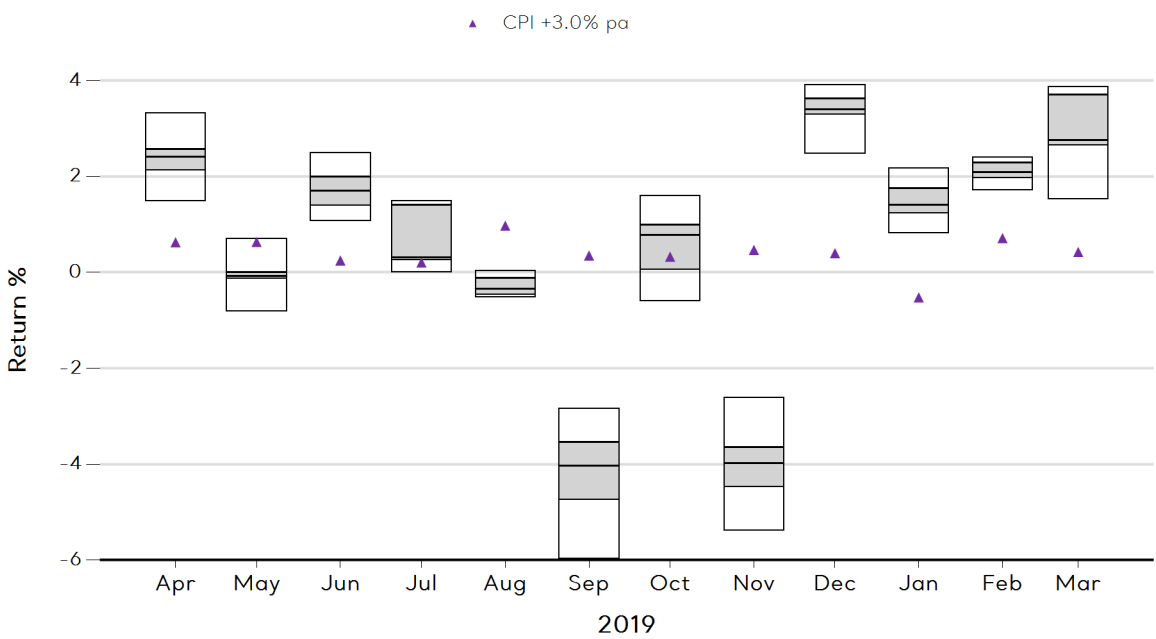
# Section 3

## Return Performance

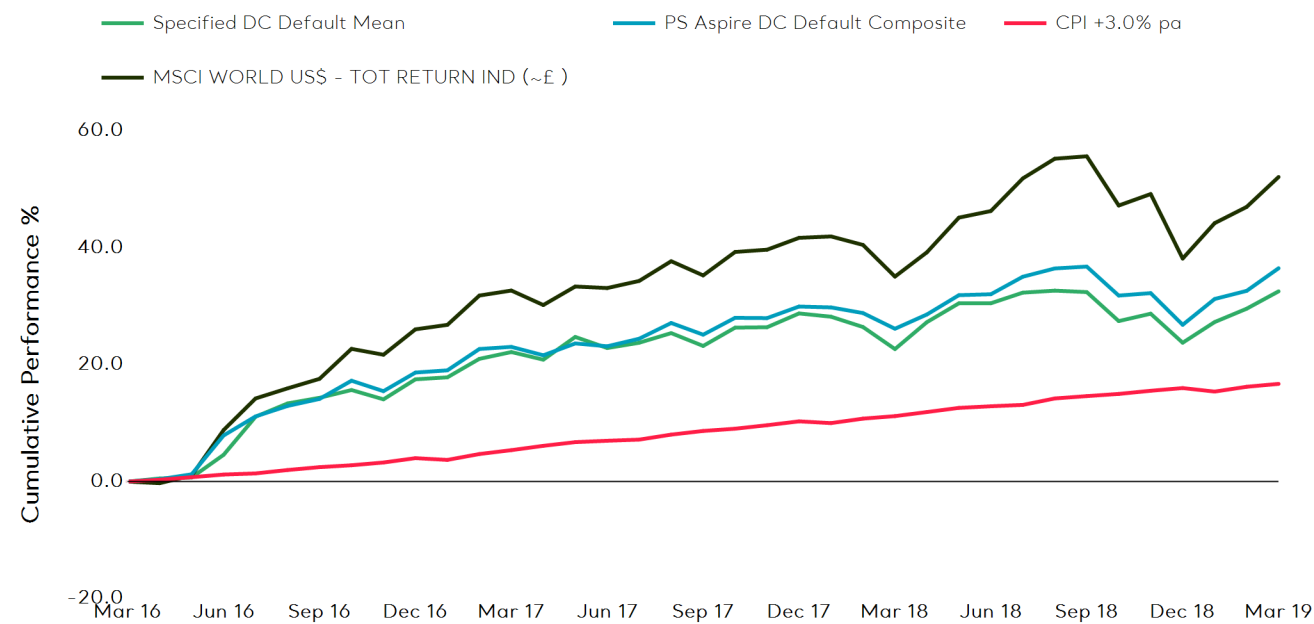
CUMULATIVE RETURNS - DC DEFAULT V MARKET (1 YEAR)



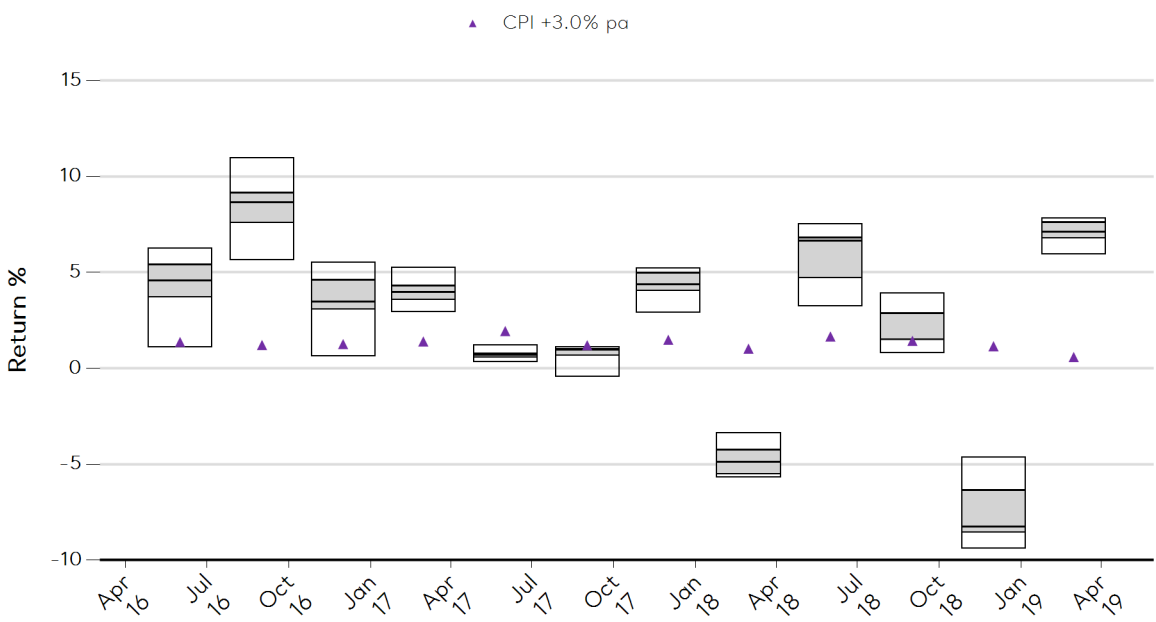
MONTHLY RETURNS - DC DEFAULT



CUMULATIVE RETURNS - DC DEFAULT V MARKET (3 YEARS)



QUARTERLY RETURNS - DC DEFAULT

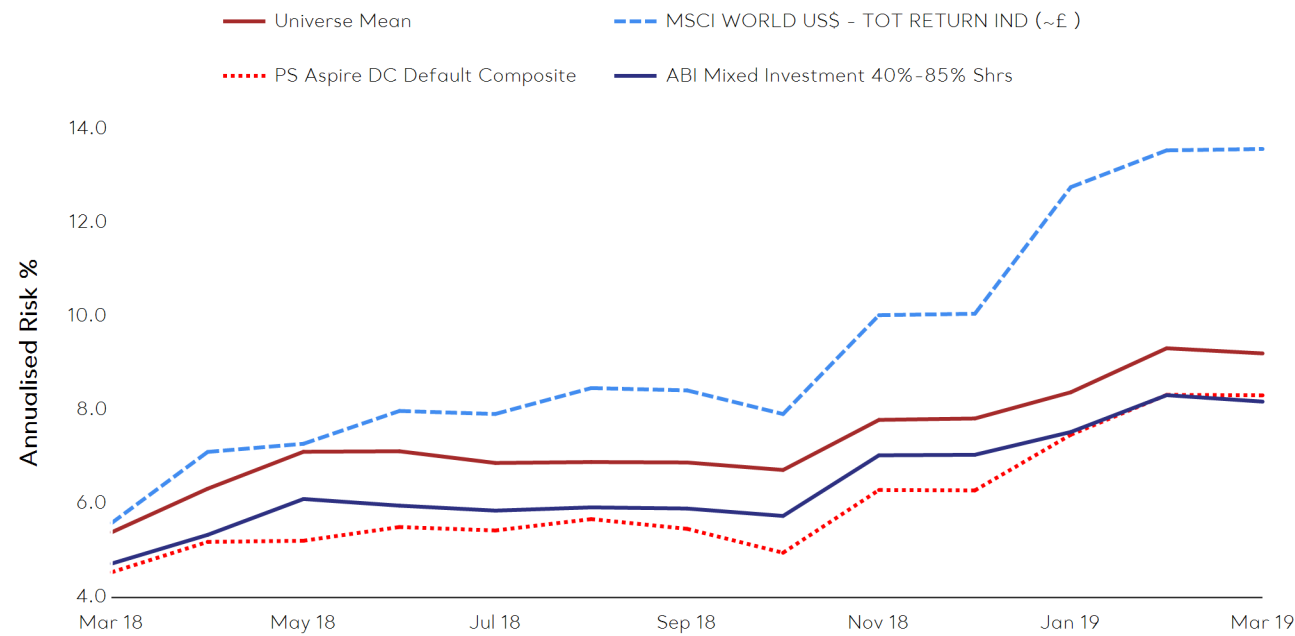


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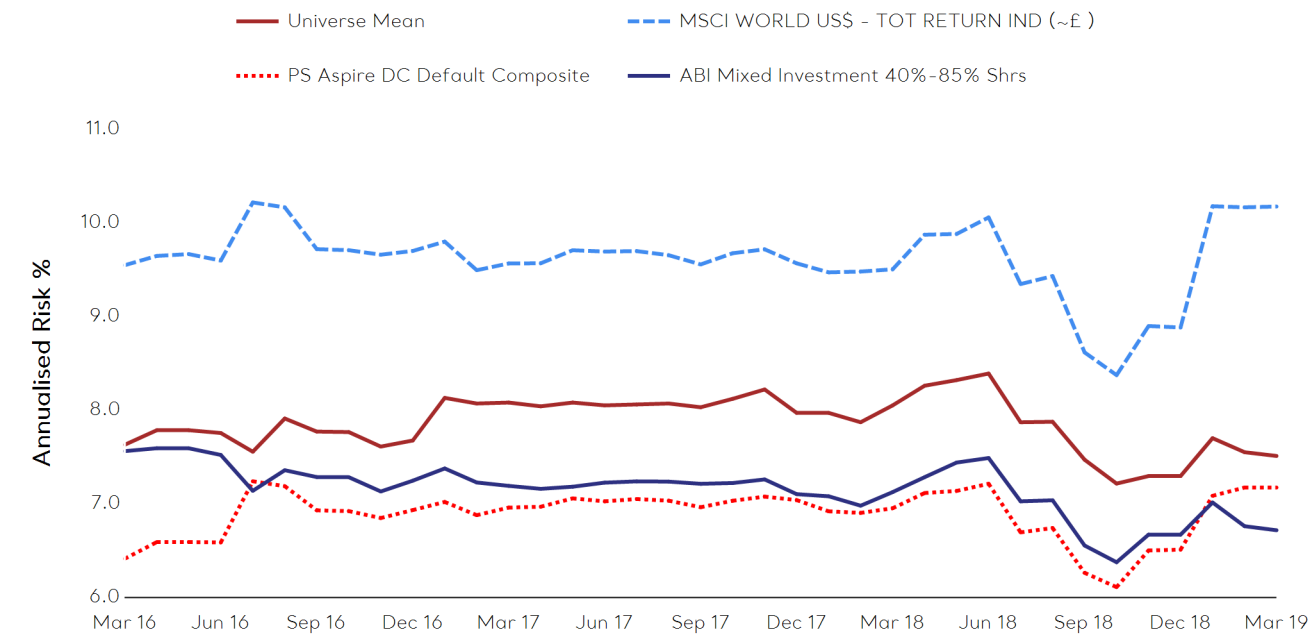
# Section 3

Risk Performance

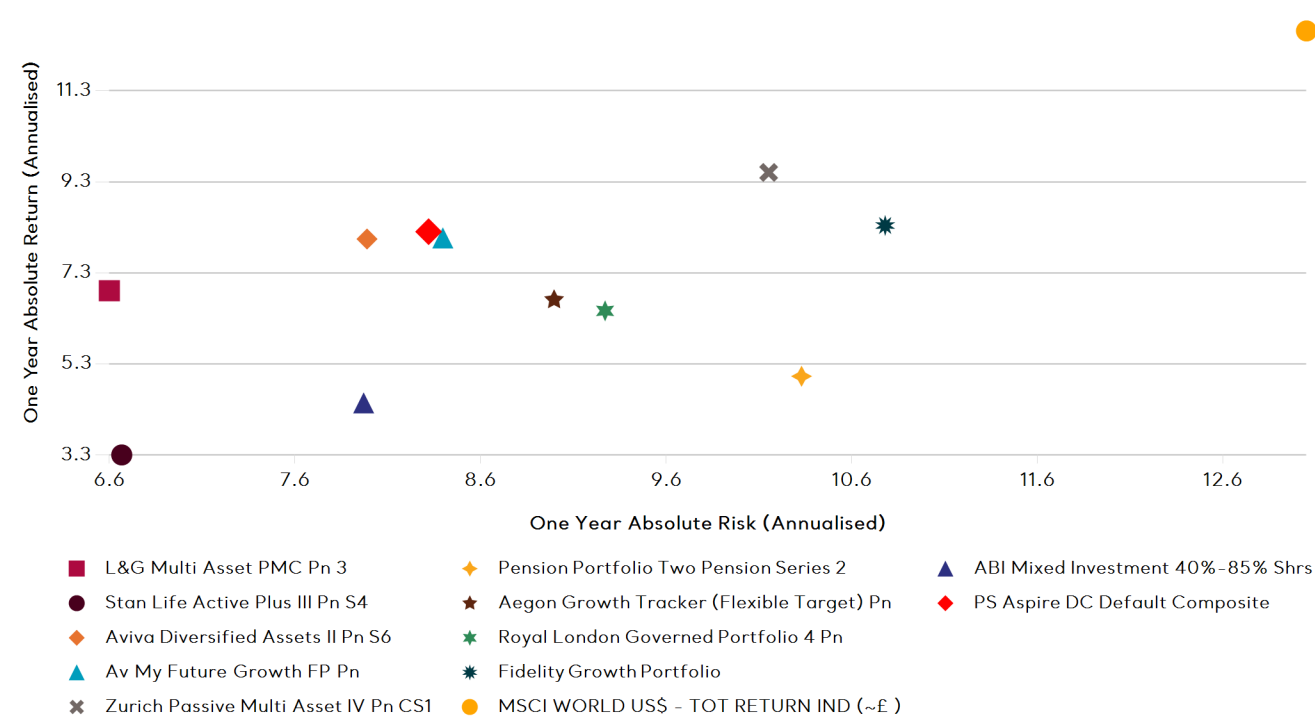
1 YEAR ANNUALISED RISK - SPECIFIED DC DEFAULT FUND UNIVERSE



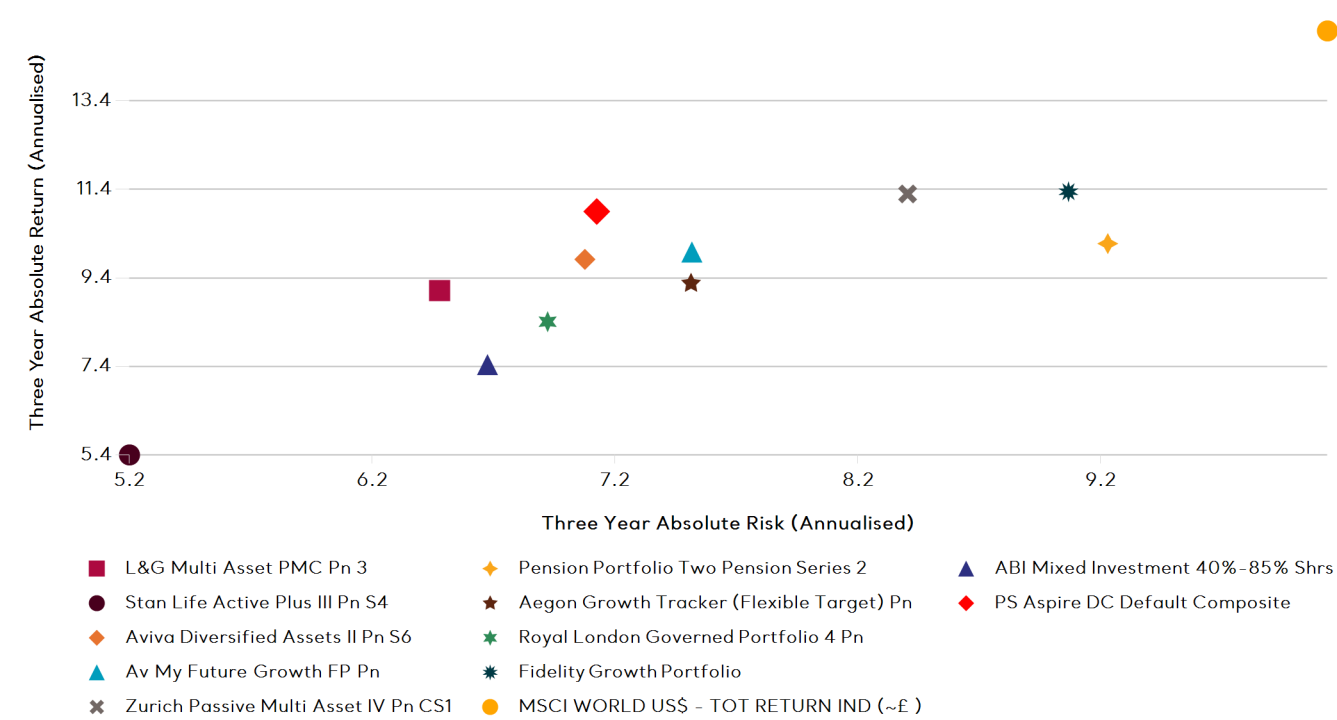
3 YEAR ANNUALISED RISK - SPECIFIED DC DEFAULT FUND UNIVERSE



1 YEAR RISK RETURN - SPECIFIED DC DEFAULT FUND UNIVERSE



3 YEARS RISK RETURN - SPECIFIED DC DEFAULT FUND UNIVERSE

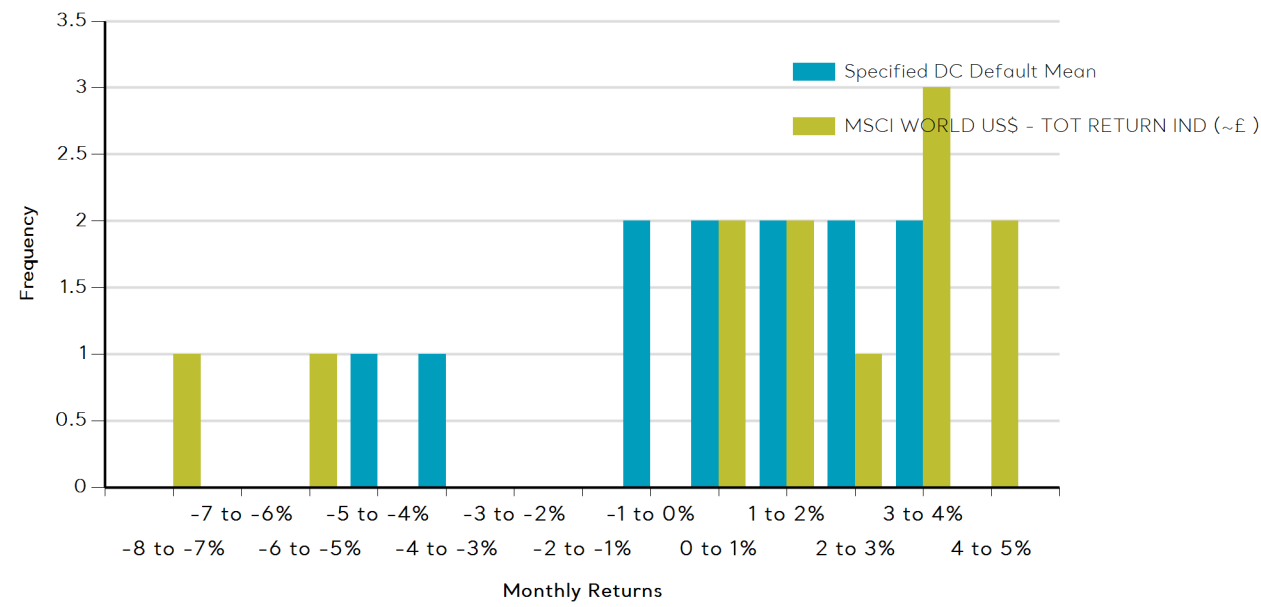




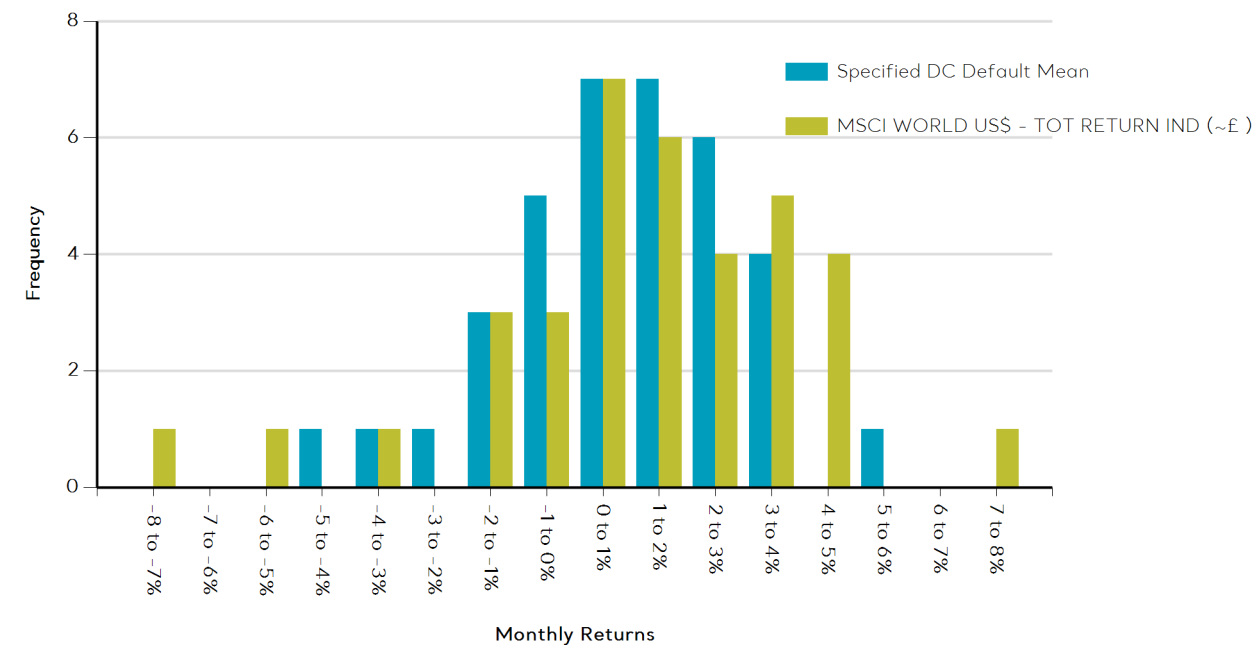
# Section 3

Distribution of Returns

DISTRIBUTION OF MONTHLY RETURNS 1 YEAR - DC DEFAULT FUNDS



DISTRIBUTION OF MONTHLY RETURNS 3 YEARS - DC DEFAULT FUNDS



# Section 4: Fund analysis



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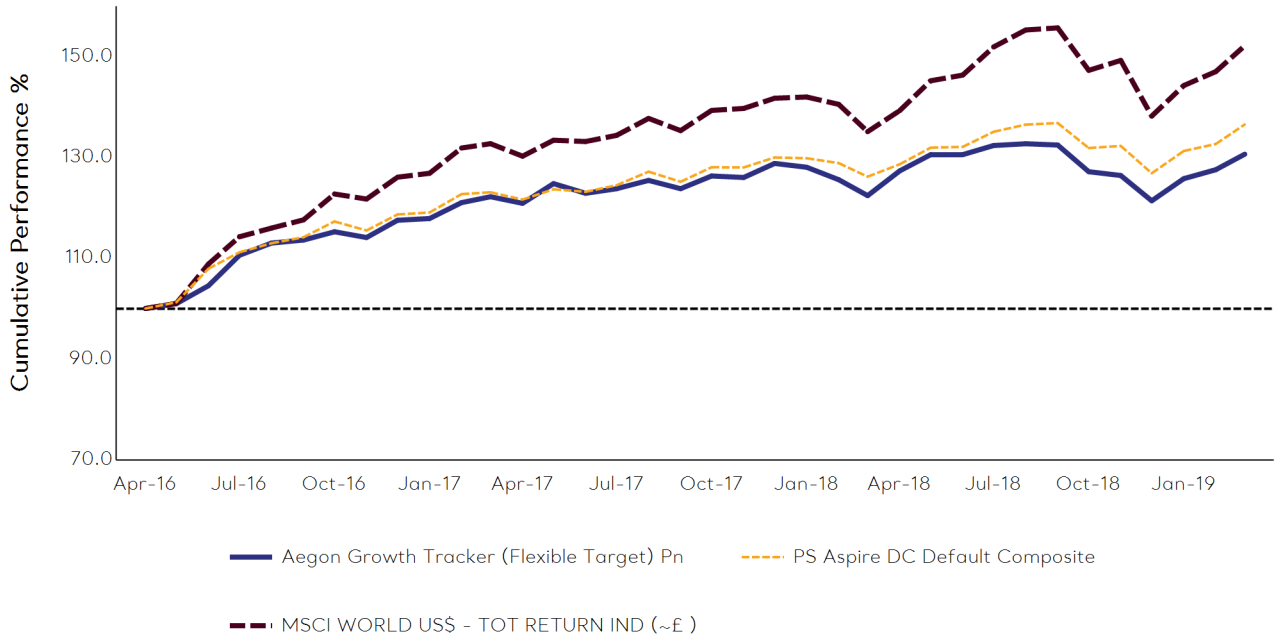
# Section 4

## Fund Analysis: Aegon Growth Tracker (Flexible Target) Pn

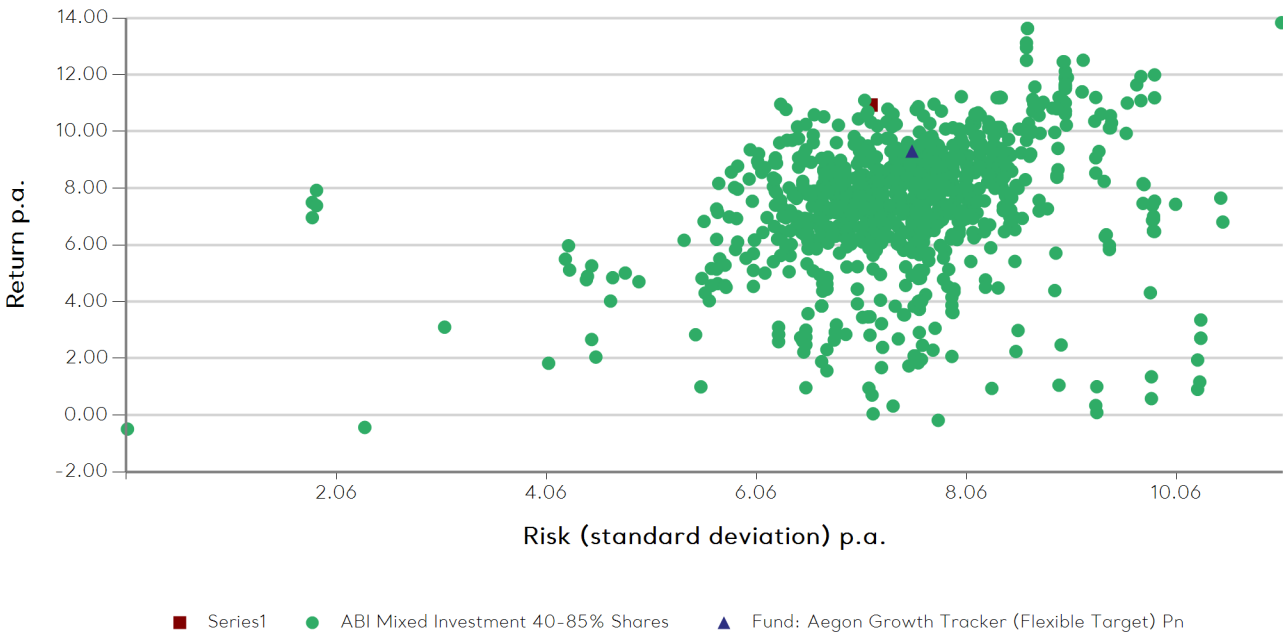
### FUND OBJECTIVE

This fund is aimed at those who want to keep their options open at retirement. It uses a two-stage investment process. In the early years (the growth stage) it aims to grow savings over the long term by investing mainly in global equities (company shares) with the remainder (around 25%) in UK bonds (a blend of UK corporate, UK index-linked and conventional government bonds). Its designed to track the markets it invests in, so performance should be similar to those markets. In the six years before your target retirement year (the flexible target stage), we'll progressively move you into less risky investments. We'll also move part of your investment into cash in the final two years to cater for your maximum tax-free cash entitlement, currently 25% of your pension pot. We review our workplace target funds regularly and may change them if we believe it's in the best interests of investors.

### CUMULATIVE PERFORMANCE

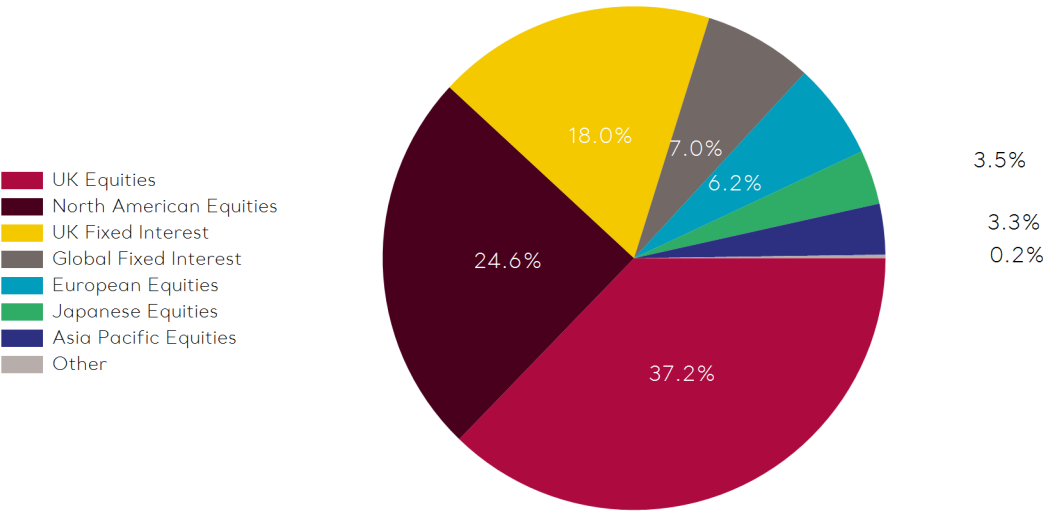


### THREE YEAR ANNUALISED RISK/RETURNS AS AT MAR 2019



Fund	Annualised Return			Annualised Risk
	Quarter	1 Year	3 Years	3 Years
MSCI WORLD US\$ - TOT RETURN IND (~£ )	7.62%	6.72%	9.31%	7.54%
PS Aspire DC Default Composite	10.10%	12.62%	15.01%	10.16%
ABI Mixed Investment 40%-85% Shrs	7.63%	8.21%	10.93%	7.15%
	6.21%	4.45%	7.47%	6.70%

### ASSET ALLOCATION AS AT MAR 2019



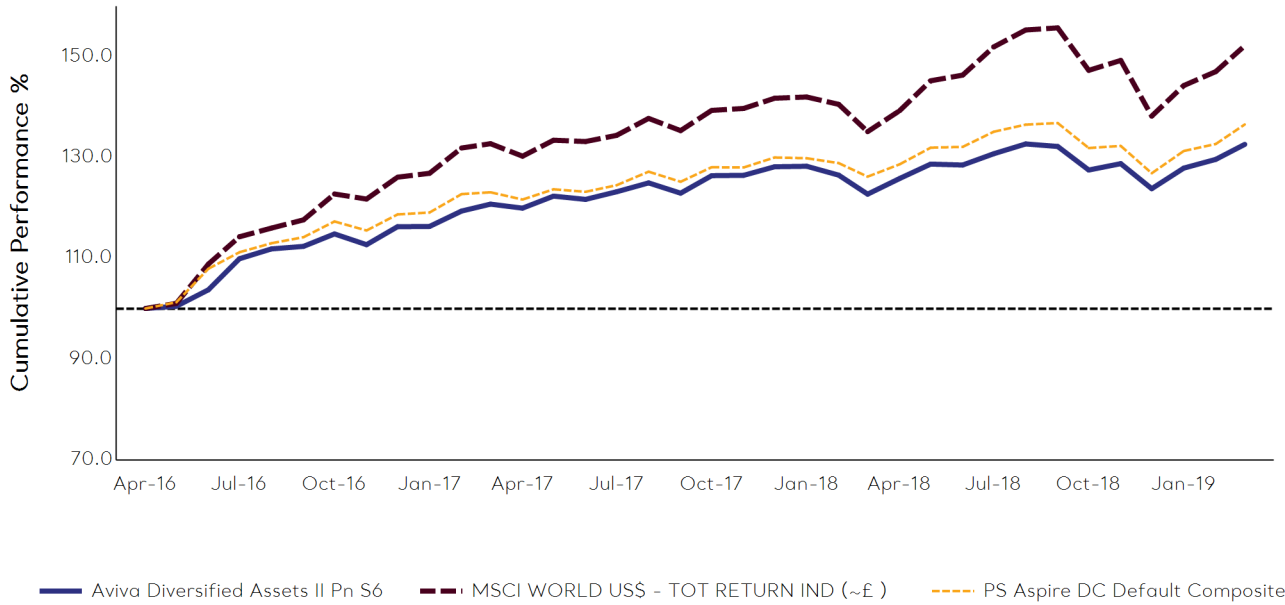
# Section 4

## Fund Analysis: Aviva Diversified Assets II Pn S6

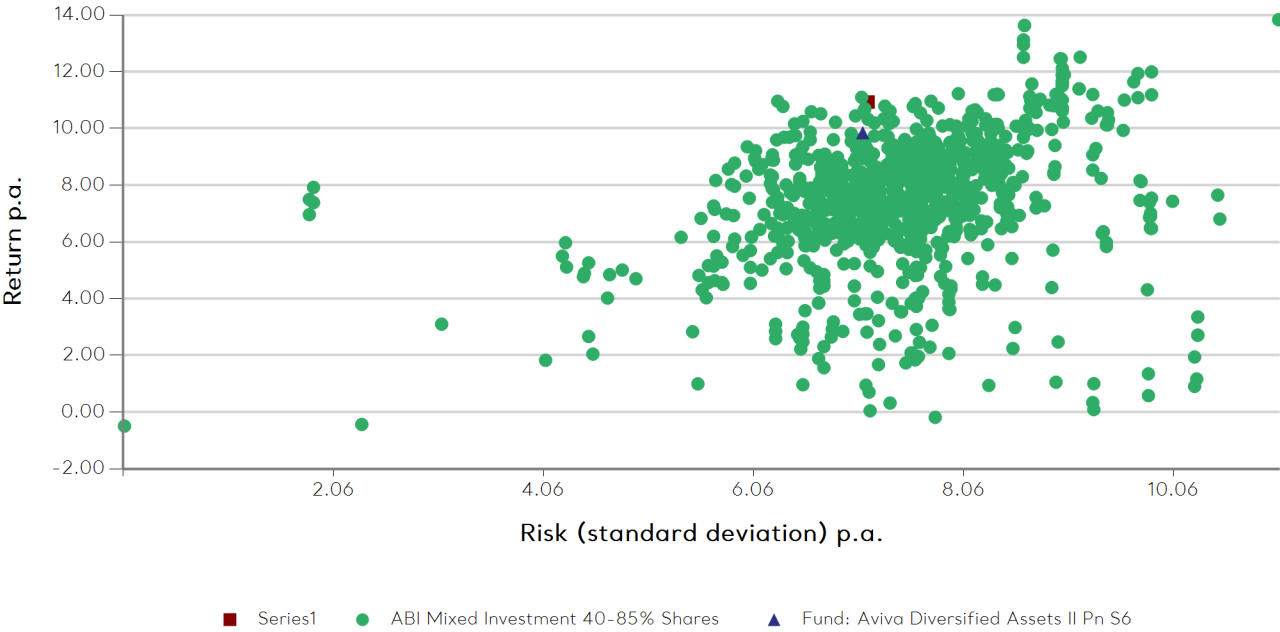
### FUND OBJECTIVE

The objective of the fund is to provide long term growth through exposure to a range of asset classes, that can include, but is not limited to equities, fixed interest, cash, property and commodities. The fund may also use derivatives. This fund is part of a range of funds that have been designed to offer different risk options.

### CUMULATIVE PERFORMANCE

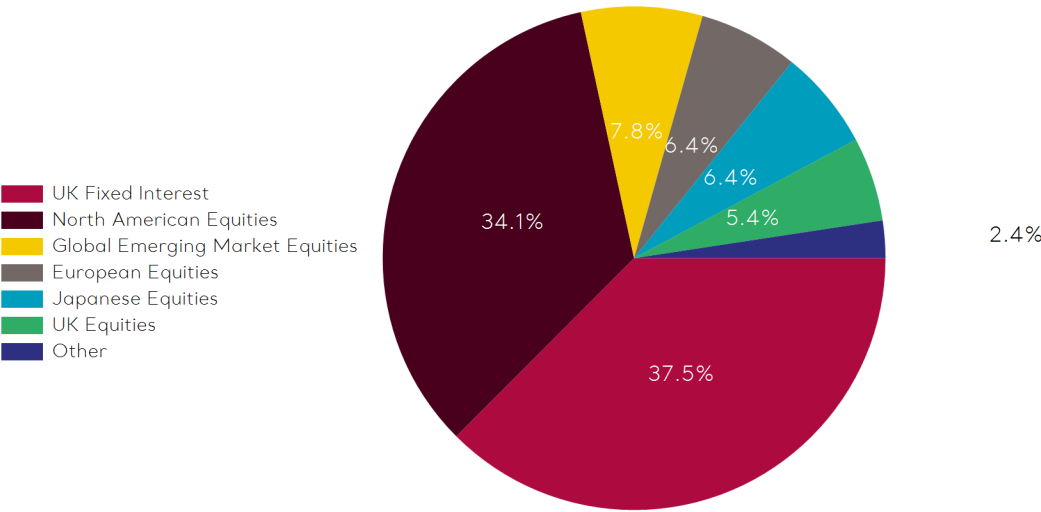


### THREE YEAR ANNUALISED RISK/RETURNS AS AT MAR 2019



Fund	Annualised Return			Annualised Risk
	Quarter	1 Year	3 Years	3 Years
MSCI WORLD US\$ - TOT RETURN IND (~£ )	7.10%	8.05%	9.85%	7.10%
PS Aspire DC Default Composite	10.10%	12.62%	15.01%	10.16%
ABI Mixed Investment 40%-85% Shrs	7.63%	8.21%	10.93%	7.15%
	6.21%	4.45%	7.47%	6.70%

### ASSET ALLOCATION AS AT MAR 2019





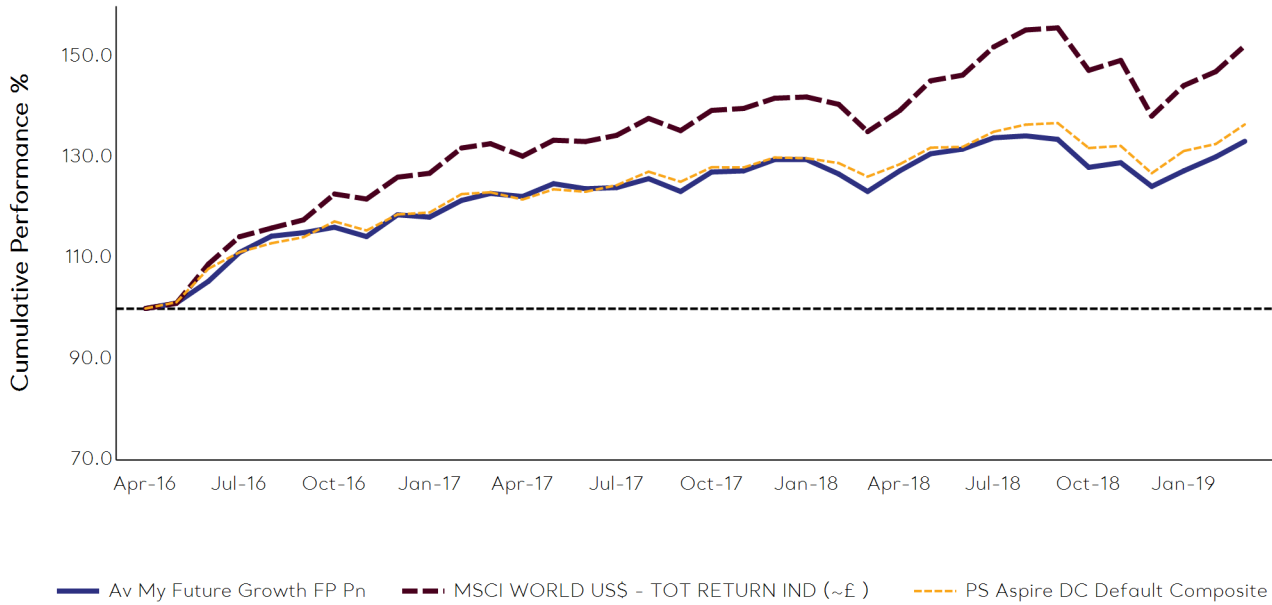
# Section 4

## Fund Analysis: Av My Future Growth FP Pn

### FUND OBJECTIVE

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.

### CUMULATIVE PERFORMANCE

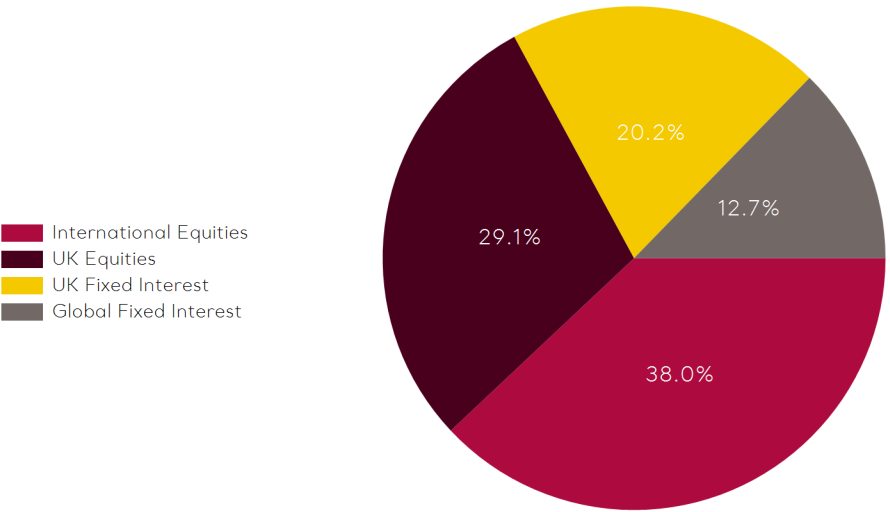


### THREE YEAR ANNUALISED RISK/RETURNS AS AT MAR 2019



	Quarter	Annualised Return		Annualised Risk
		1 Year	3 Years	3 Years
Fund	7.20%	8.07%	10.01%	7.54%
MSCI WORLD US\$ - TOT RETURN IND (~£ )	10.10%	12.62%	15.01%	10.16%
PS Aspire DC Default Composite	7.63%	8.21%	10.93%	7.15%
ABI Mixed Investment 40%-85% Shrs	6.21%	4.45%	7.47%	6.70%

### ASSET ALLOCATION AS AT MAR 2019

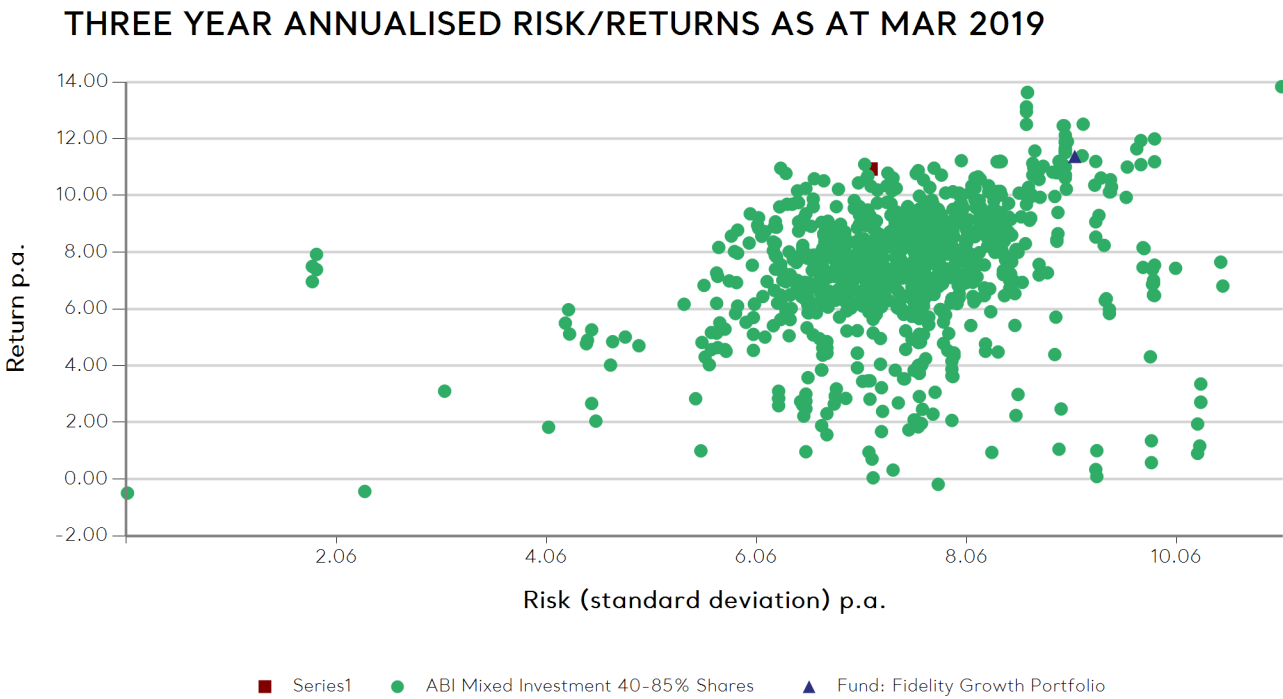
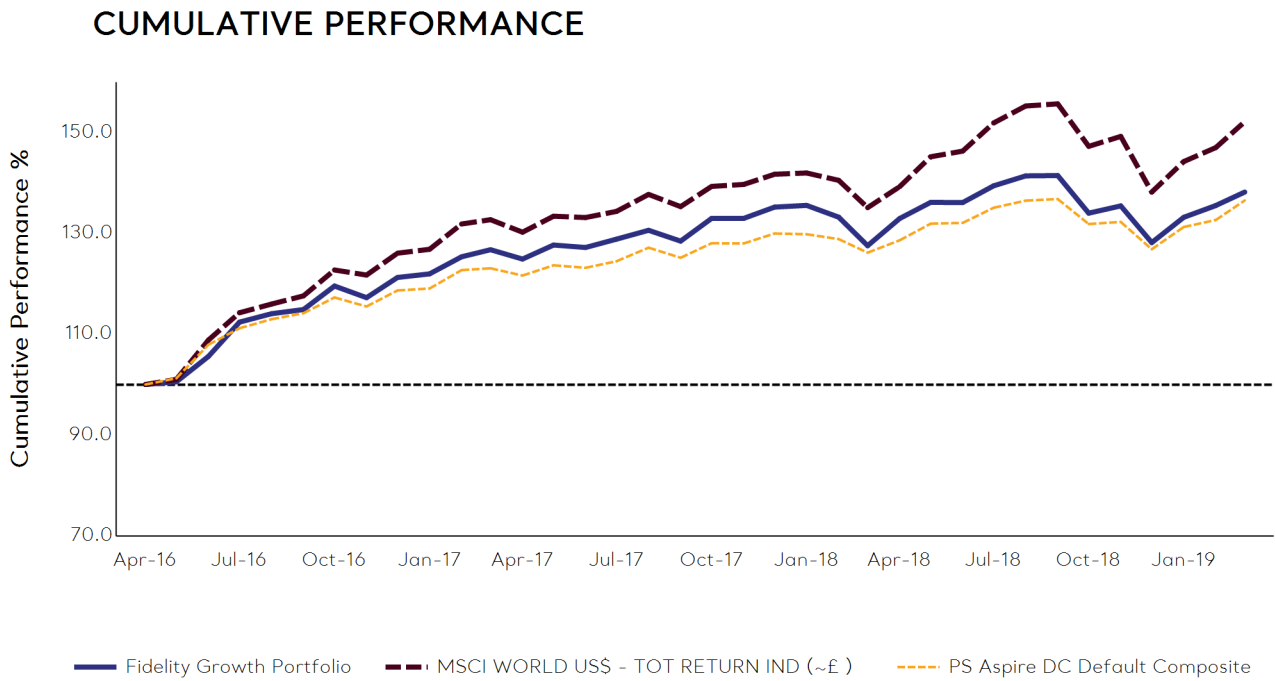


# Section 4

## Fund Analysis: Fidelity Growth Portfolio

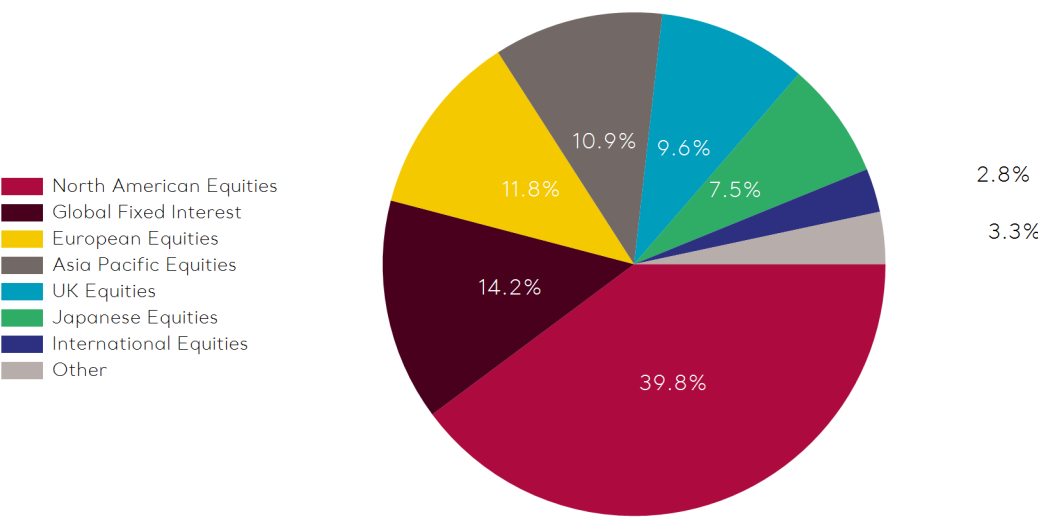
### FUND OBJECTIVE

The Fund aims to deliver long-term growth by investing in other funds. The Fund invests predominantly in equities, with some exposure to fixed interest securities and other asset classes, by investing mainly in passive index tracking funds.



Fund	Annualised Return			Annualised Risk
	Quarter	1 Year	3 Years	3 Years
MSCI WORLD US\$ - TOT RETURN IND (~£ )	7.82%	8.35%	11.38%	9.09%
PS Aspire DC Default Composite	10.10%	12.62%	15.01%	10.16%
ABI Mixed Investment 40%-85% Shrs	7.63%	8.21%	10.93%	7.15%
	6.21%	4.45%	7.47%	6.70%

### ASSET ALLOCATION AS AT MAR 2019





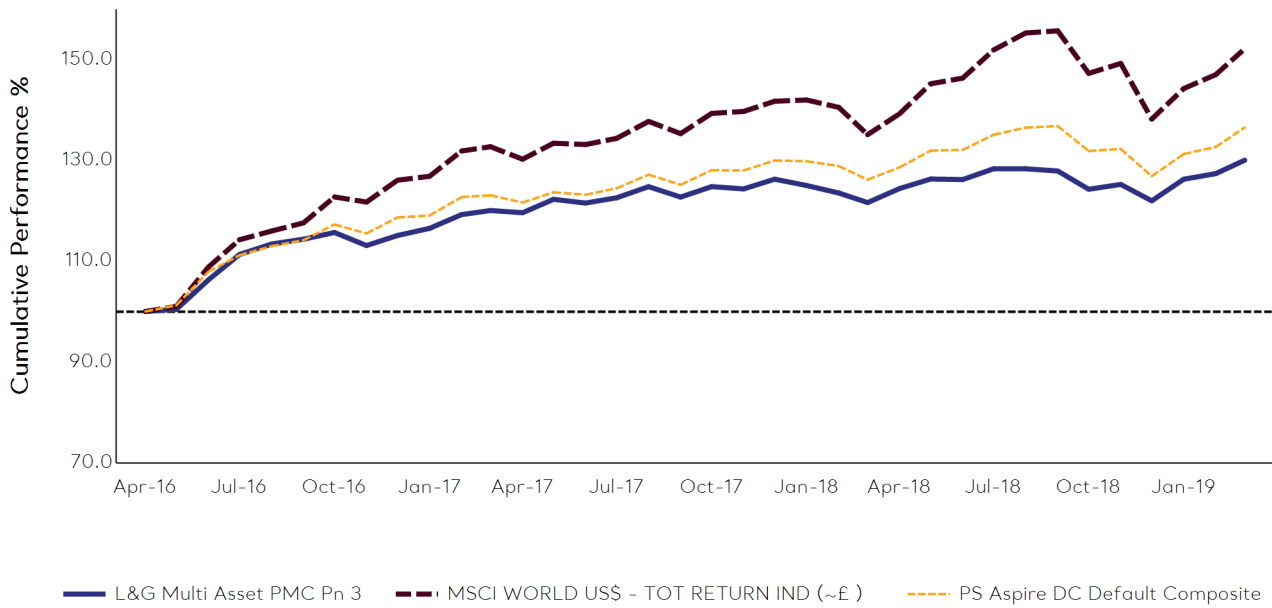
# Section 4

## Fund Analysis: L&G Multi Asset PMC Pn 3

### FUND OBJECTIVE

To provide long-term investment growth through exposure to a diversified range of asset classes. The diversified nature of the Fund means that the Fund is expected to have less exposure than an equity-only fund to adverse equity market conditions. However, the Fund may perform less strongly than an equity-only fund in benign or positive market conditions.

### CUMULATIVE PERFORMANCE

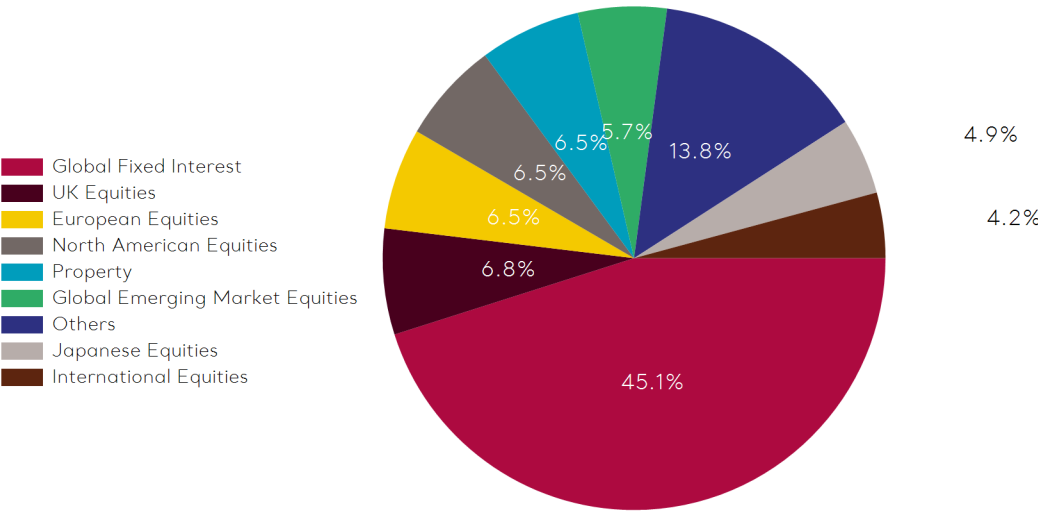


### THREE YEAR ANNUALISED RISK/RETURNS AS AT MAR 2019



	Annualised Return			Annualised Risk
	Quarter	1 Year	3 Years	3 Years
Fund	6.61%	6.91%	9.14%	6.50%
MSCI WORLD US\$ - TOT RETURN IND (~£ )	10.10%	12.62%	15.01%	10.16%
PS Aspire DC Default Composite	7.63%	8.21%	10.93%	7.15%
ABI Mixed Investment 40%-85% Shrs	6.21%	4.45%	7.47%	6.70%

### ASSET ALLOCATION AS AT MAR 2019

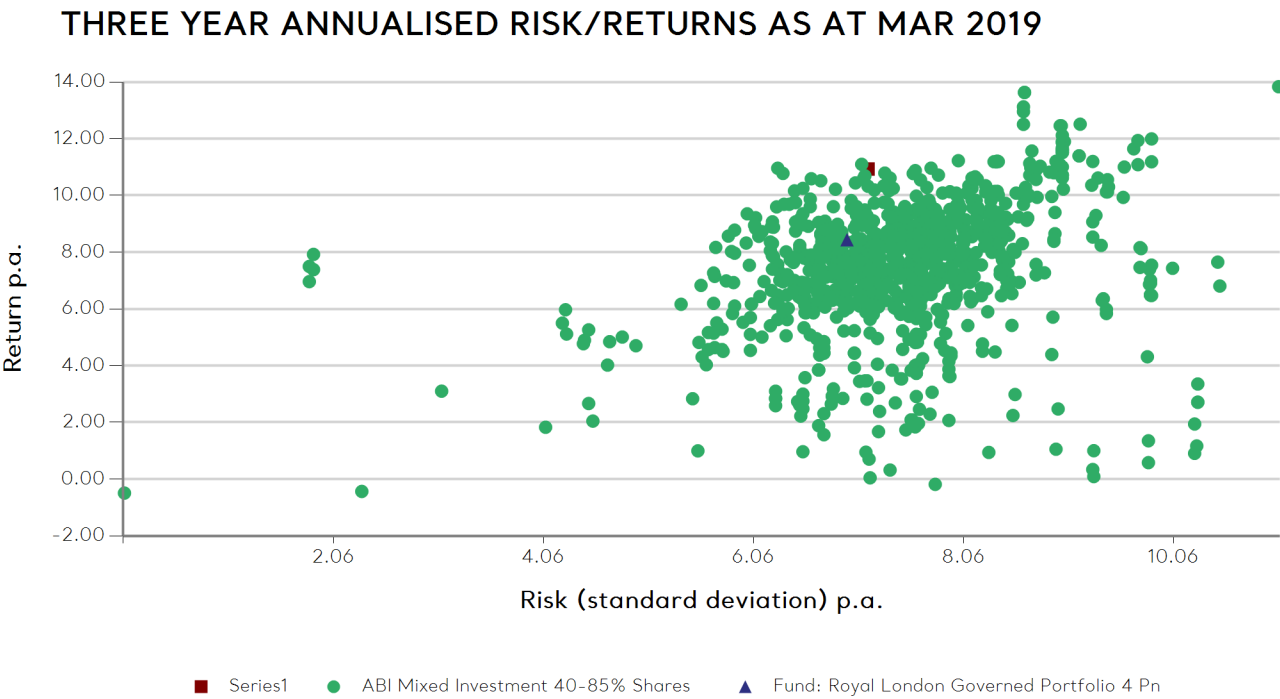
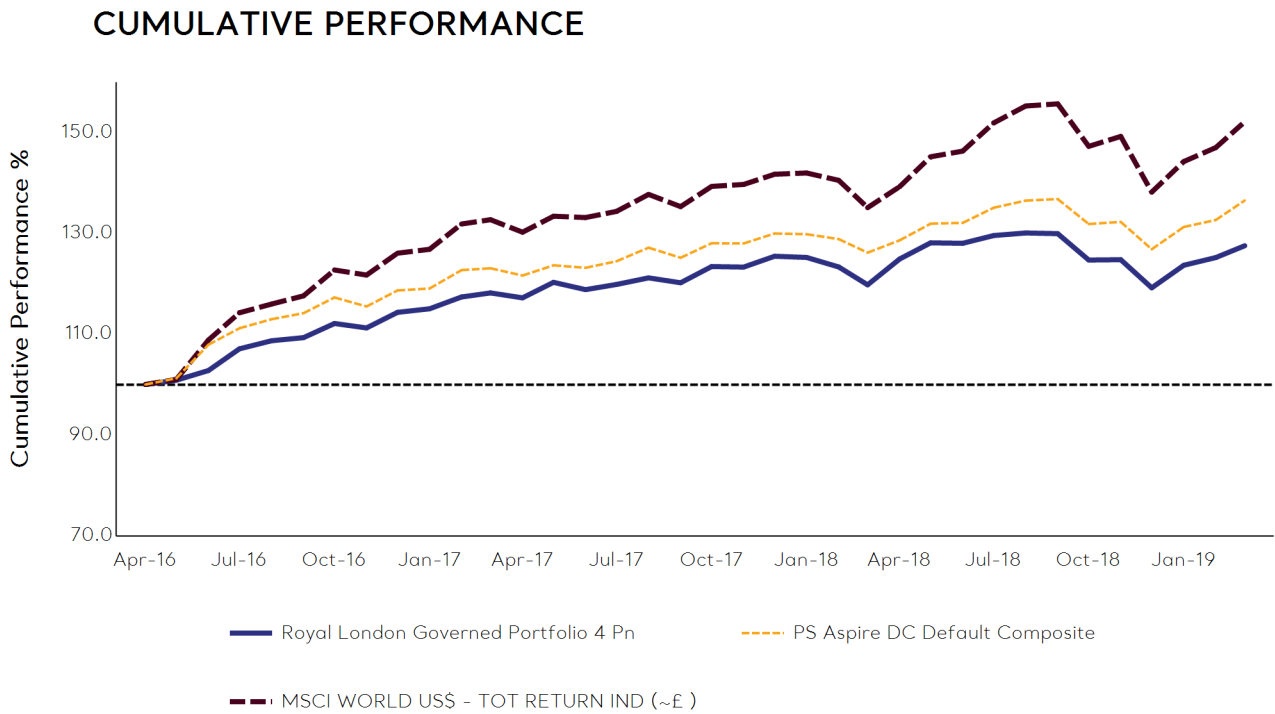


# Section 4

## Fund Analysis: Royal London Governed Portfolio 4 Pn

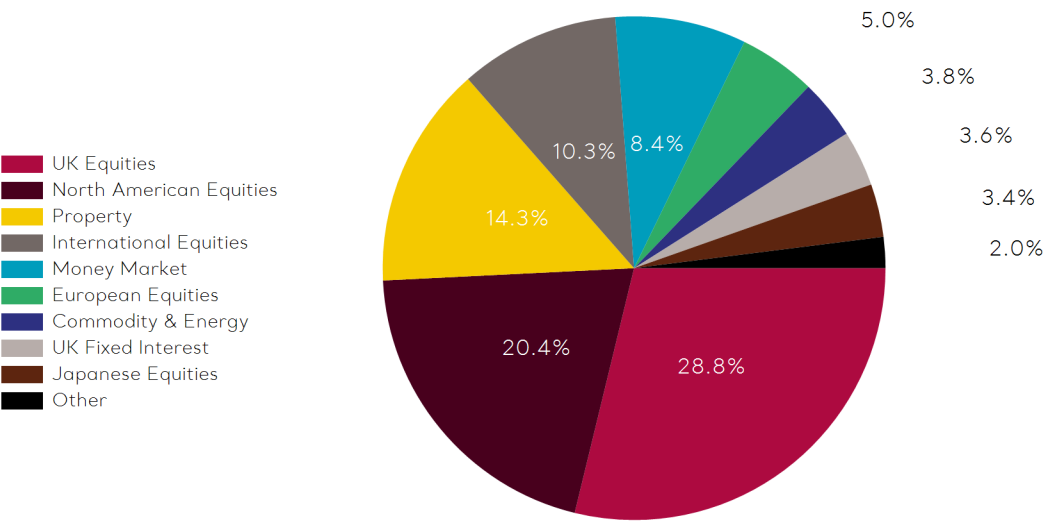
### FUND OBJECTIVE

This portfolio aims to deliver above inflation growth in the value of the fund at retirement, whilst taking a level of risk consistent with a moderately cautious or balanced risk attitude over a long time period.



	Annualised Return			Annualised Risk
	Quarter	1 Year	3 Years	3 Years
Fund	7.00%	6.47%	8.44%	6.95%
MSCI WORLD US\$ - TOT RETURN IND (~£ )	10.10%	12.62%	15.01%	10.16%
PS Aspire DC Default Composite	7.63%	8.21%	10.93%	7.15%
ABI Mixed Investment 40%-85% Shrs	6.21%	4.45%	7.47%	6.70%

### ASSET ALLOCATION AS AT MAR 2019





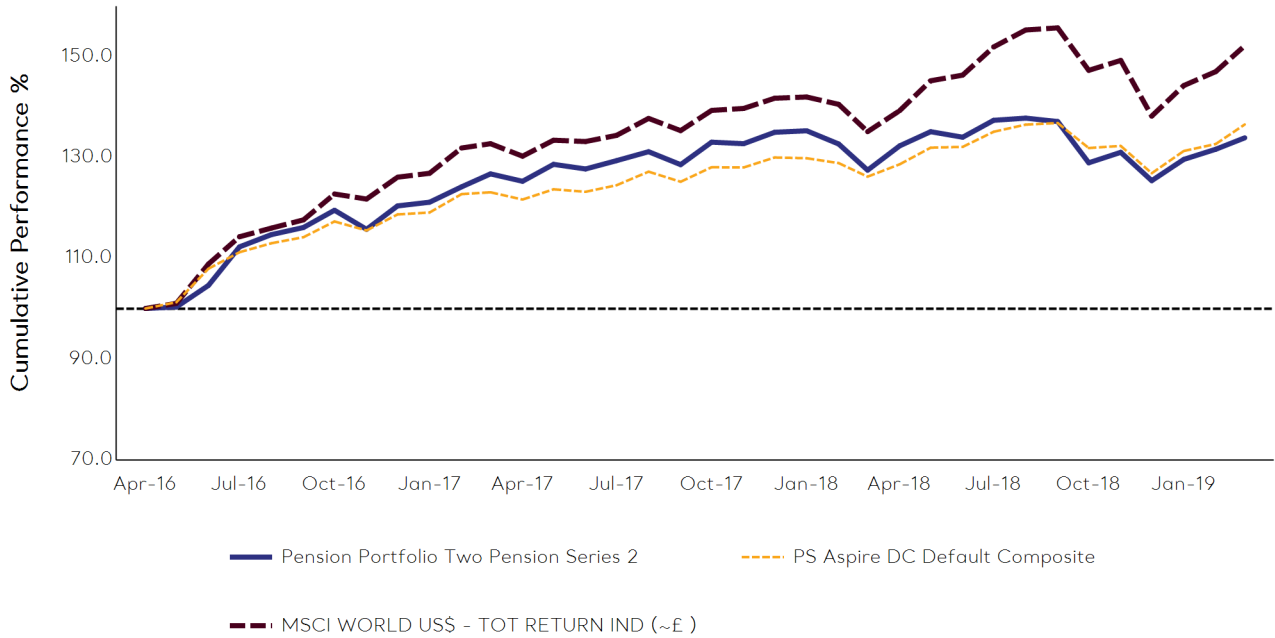
# Section 4

## Fund Analysis: Pension Portfolio Two Pension Series2

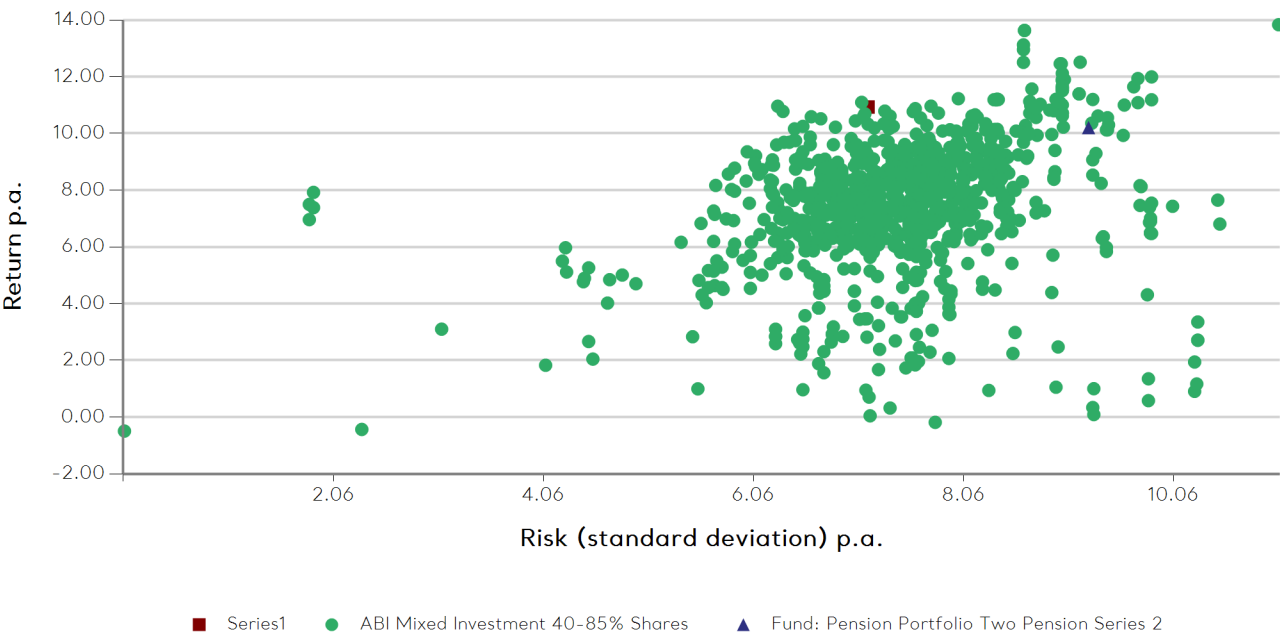
### FUND OBJECTIVE

The Fund aims to deliver long-term growth by investing in other funds. The Fund invests predominantly in equities, with some exposure to fixed interest securities, by investing in passive\* index tracking funds. The equity investments cover a mix of geographic regions and can include the UK, other developed markets and emerging markets. The fixed interest securities can be in sterling or other currencies and may be issued by governments or companies. This Fund will be reviewed periodically by Scottish Widows. In future the Fund could be invested in different funds and additional asset types, though the Fund will continue to invest predominantly in equities. \*Passive management is where the fund manager aims to match a benchmark index and will buy, sell or hold investments depending on the components of that index.

### CUMULATIVE PERFORMANCE

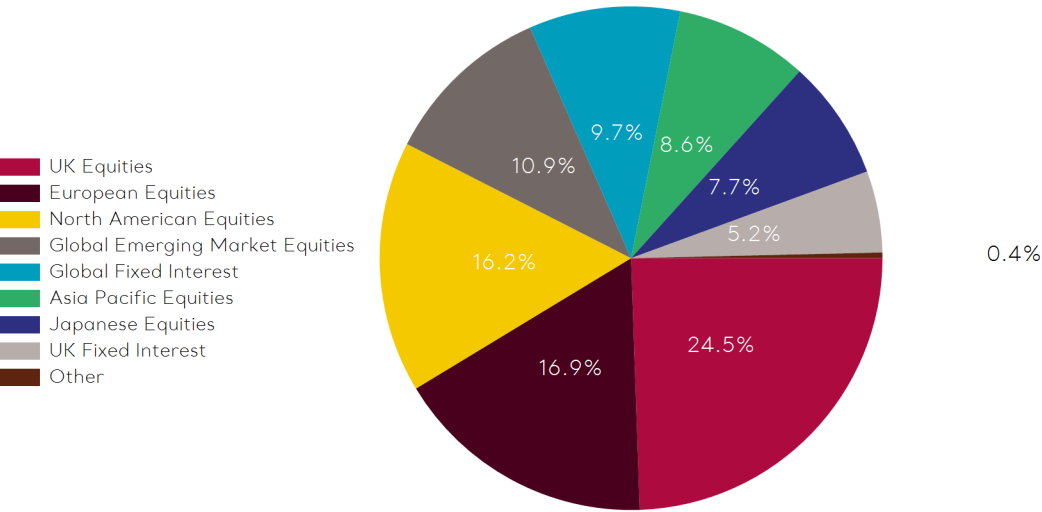


### THREE YEAR ANNUALISED RISK/RETURNS AS AT MAR 2019



Fund	Annualised Return			Annualised Risk
	Quarter	1 Year	3 Years	3 Years
MSCI WORLD US\$ - TOT RETURN IND (~£ )	6.77%	5.03%	10.20%	9.25%
PS Aspire DC Default Composite	10.10%	12.62%	15.01%	10.16%
ABI Mixed Investment 40%-85% Shrs	7.63%	8.21%	10.93%	7.15%
	6.21%	4.45%	7.47%	6.70%

### ASSET ALLOCATION AS AT MAR 2019



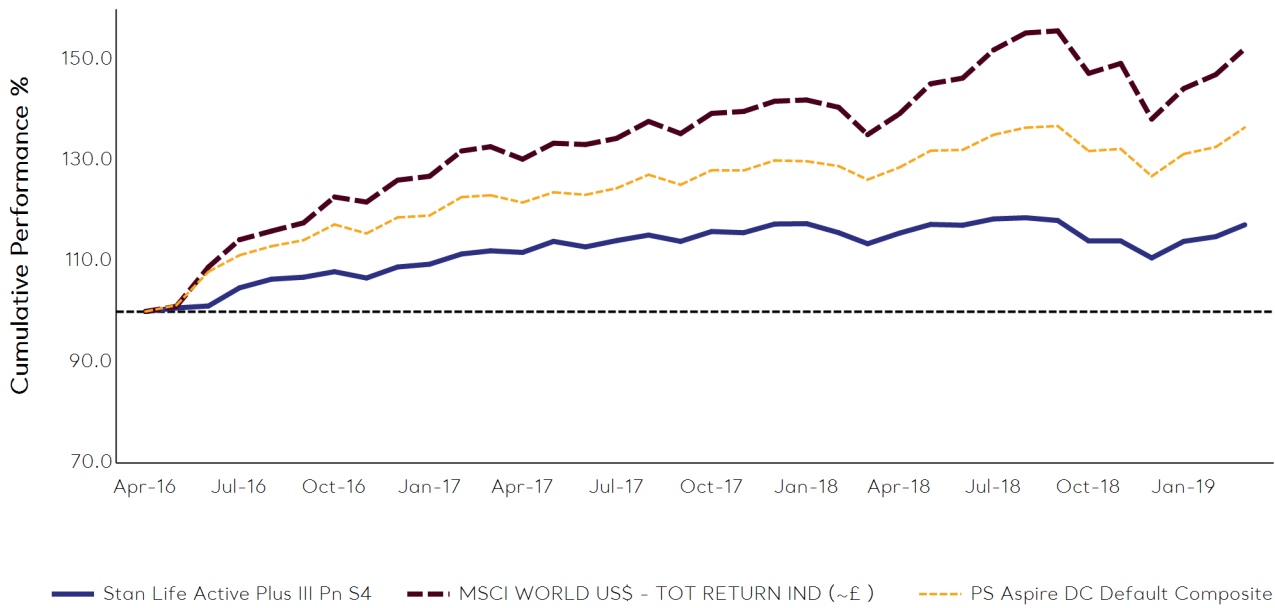
# Section 4

## Fund Analysis: Stan Life Active Plus III Pn S4

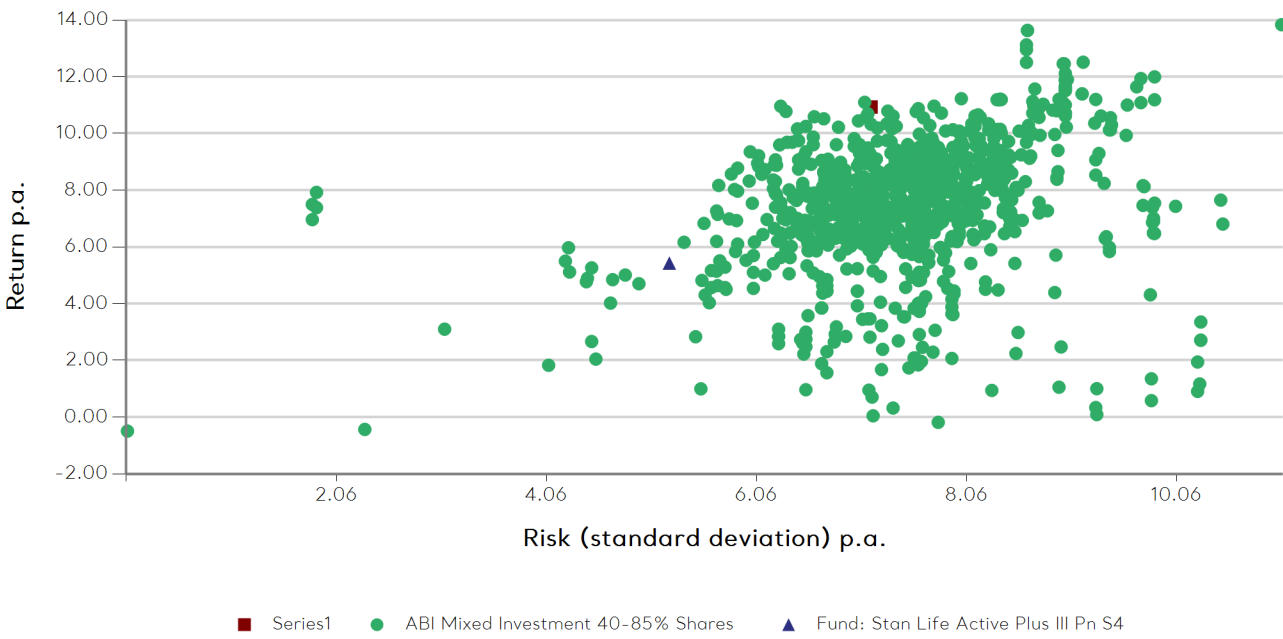
### FUND OBJECTIVE

The fund aims to meet this goal by holding different types of investment funds, such as those investing in equities (shares), bonds (loans to a government or company) and non-residential property (such as offices, shopping centres and shares in property development companies). The investments in the fund can be from around the world, including emerging markets, which means that some of them will be in a foreign currency. The fund can also invest in absolute return funds that aim to provide positive investment returns, regardless of whether markets are going up or down, over the medium to long term. They do this by using a wide range of investment strategies including those using derivatives. Derivatives are financial instruments whose value comes from movement in other investments, such as equities and currencies.

### CUMULATIVE PERFORMANCE

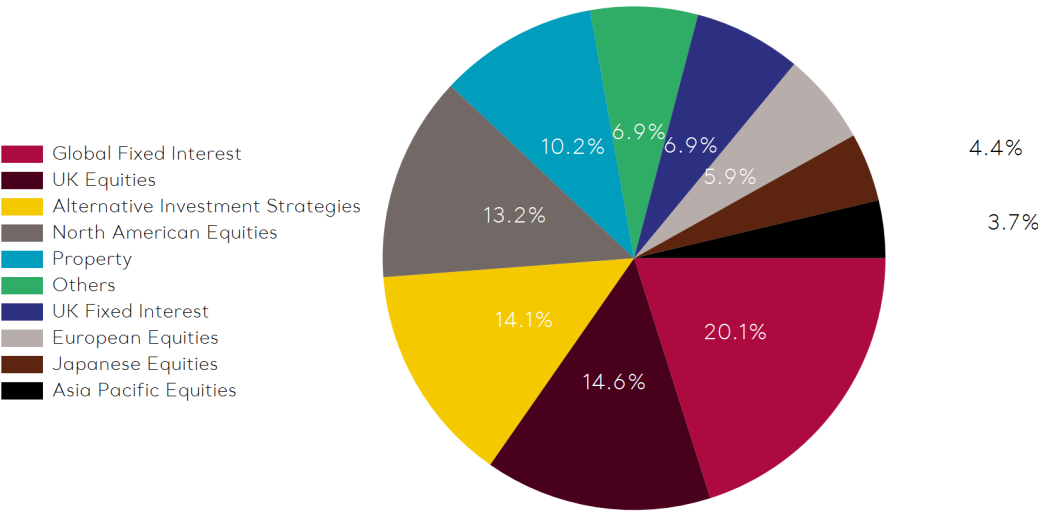


### THREE YEAR ANNUALISED RISK/RETURNS AS AT MAR 2019



Fund	Annualised Return			Annualised Risk
	Quarter	1 Year	3 Years	3 Years
MSCI WORLD US\$ - TOT RETURN IND (~£ )	5.93%	3.31%	5.43%	5.23%
PS Aspire DC Default Composite	10.10%	12.62%	15.01%	10.16%
ABI Mixed Investment 40%-85% Shrs	7.63%	8.21%	10.93%	7.15%
	6.21%	4.45%	7.47%	6.70%

### ASSET ALLOCATION AS AT MAR 2019

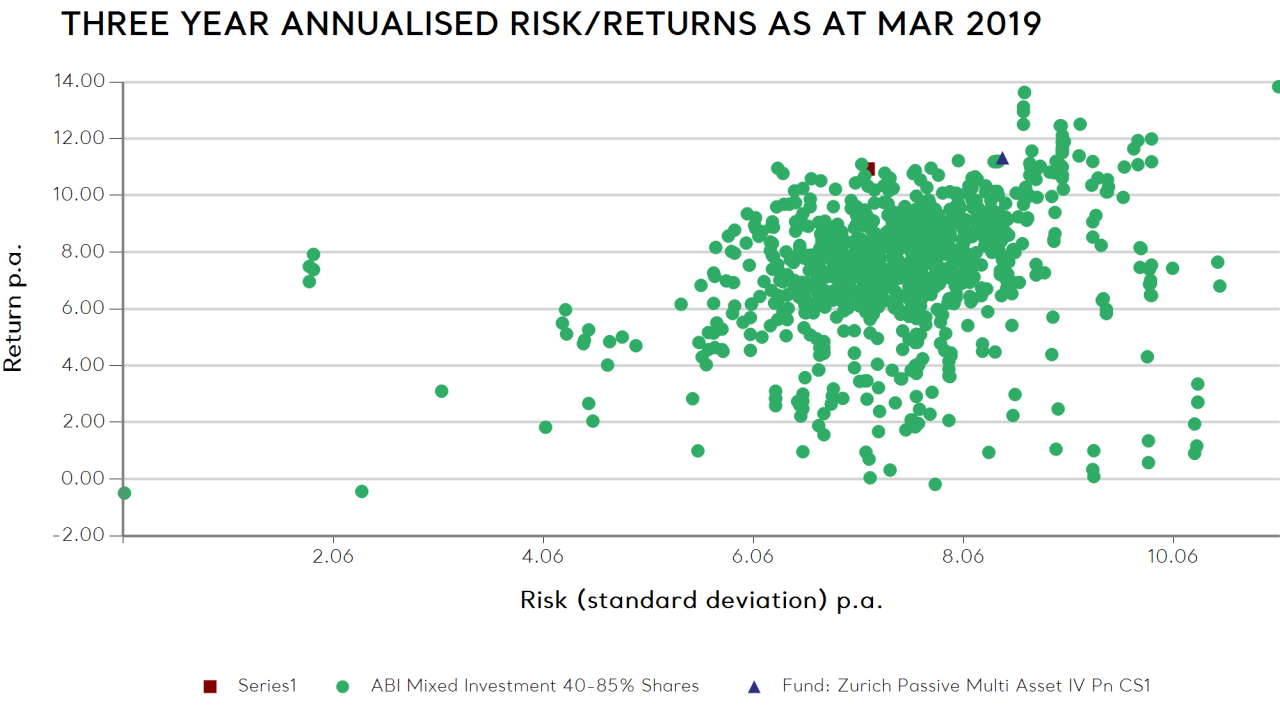
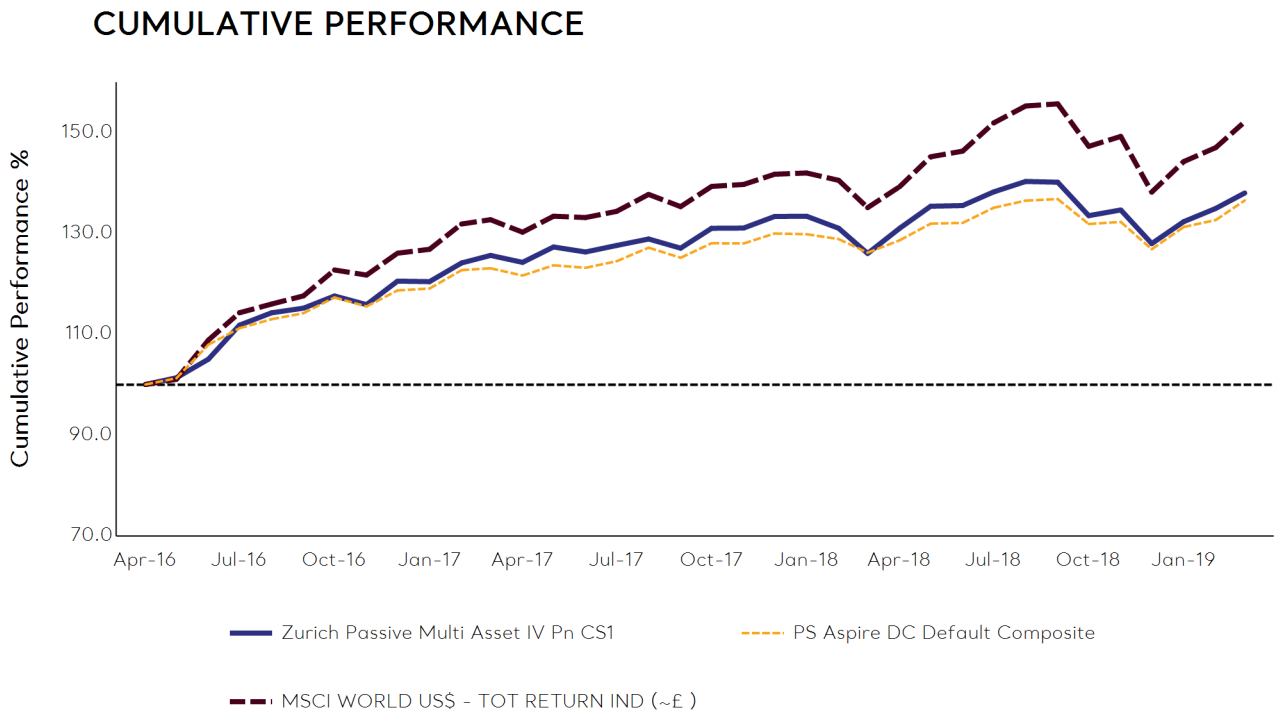




# Section 4

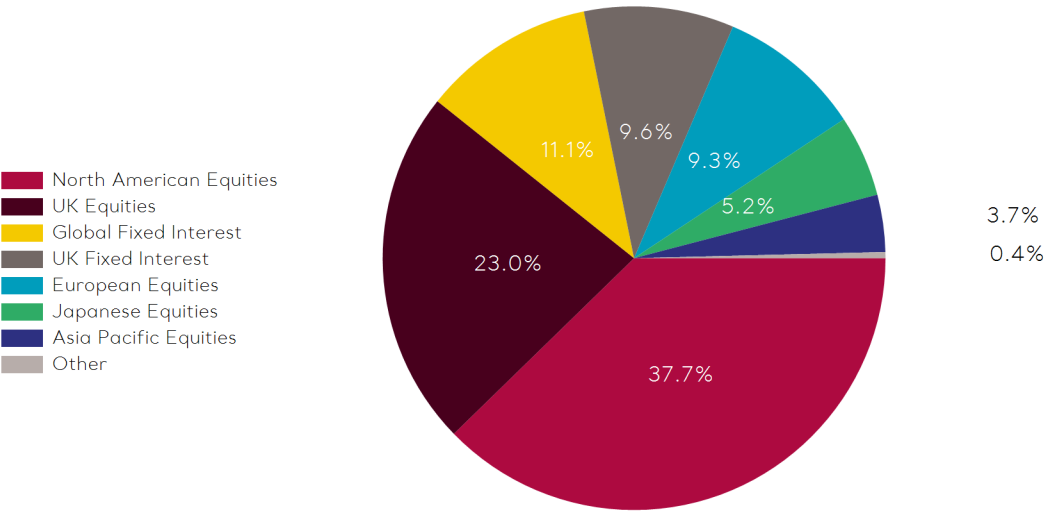
## Fund Analysis: Zurich Passive Multi Asset IV Pn CS1

### FUND OBJECTIVE



Fund	Annualised Return			Annualised Risk
	Quarter	1 Year	3 Years	3 Years
Fund	7.84%	9.51%	11.33%	8.43%
MSCI WORLD US\$ - TOT RETURN IND (~£ )	10.10%	12.62%	15.01%	10.16%
PS Aspire DC Default Composite	7.63%	8.21%	10.93%	7.15%
ABI Mixed Investment 40%-85% Shrs	6.21%	4.45%	7.47%	6.70%

### ASSET ALLOCATION AS AT MAR 2019



[illegible]



# Appendix 2

## Defined Contribution Default Composite Benchmark (DCDC)

The DCDC (Defined Contribution Default Composite) is a static, passive benchmark. It attempts to represent the central asset allocation of the default funds on the DC pension platforms used in the growth phase.

As you would expect of the default solutions, the vast majority of the member’s experience is in the growth phase (that growth phase being biased towards those assets with the highest expected long-term return such as equities).

Following analysis of various peers groups and, indeed, the entire global opportunity set, the following asset allocation has been adopted for the DCDC:

Component	Weight
Global Equity	60%
Global Investment Grade Corporate Bonds	10%
Global Sovereign Bonds	5%
High Yield Bonds	5%
Fixed Interest Gilts	7.5%
Emerging Markets Debt	5%
Commodities	5%
Property	2.5%

Given the long-term growth nature of the default funds, 60% of the weighting is in equities whilst a significant allocation is in corporate bonds such as high yield and investment grade debt. These constitute large parts of the global opportunity set. The EMD allocation is equally split between hard currency and local currency indices. Index-linked gilts are a very small part of the opportunity set and are not often held.

The DCDC is composed of a broad global opportunity set of different asset classes (as defined by market indices) that are typically available to multi-asset funds. It allows a deeper quantification of a manager’s performance than using a cash or inflation outperformance target alone. It enables investors to understand the performance achieved by the investment manager’s skill in:

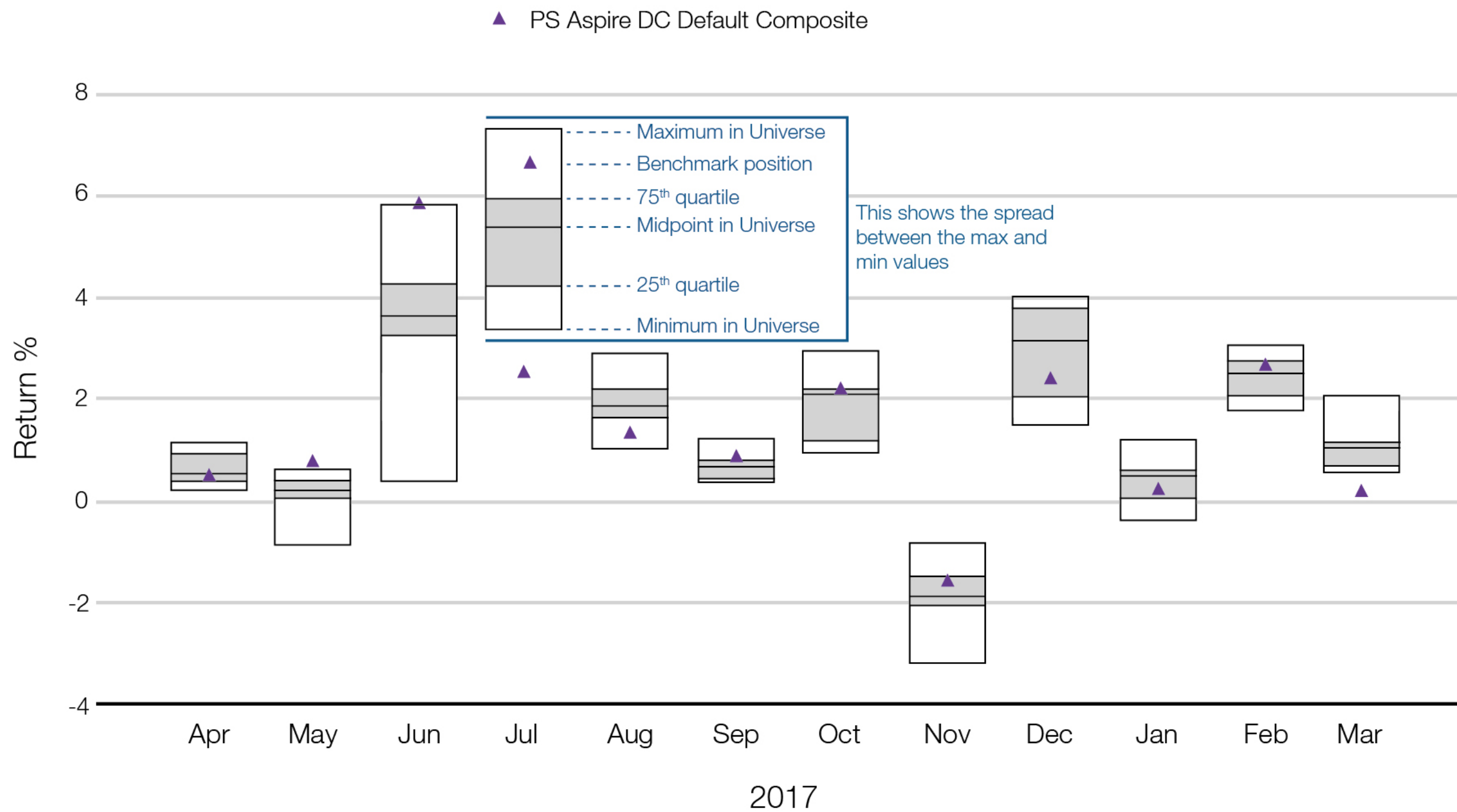
- using and rotating between asset classes, both strategically and tactically, and
- specific capabilities in underlying asset classes.

The DCDC is a useful benchmarking tool for multi-asset funds and can be used alongside the long-term risk-free target (cash) and other quantitative and qualitative factors for measuring success.

# Appendix 3



Understanding the quarterly/monthly performance returns chart





# Who are we

We are Punter Southall Aspire. And we're part of the Punter Southall Group, which is proudly independent and majority employee-owned.

We're a major investment and savings business that blends a strong customer focused heritage with a modern and technology-led outlook.

Uniting pensions consultancy, workplace savings and individual financial advice, we work with employers, trustees and private clients through our regional UK offices to design and manage solutions that meet their unique needs.

Our new and innovative Master Trust solution provides cost-effective pension scheme management for employers and pension freedom solutions for individuals.



1,250  
PENSION  
SCHEMES



£3.5bn  
OF ASSETS  
UNDER ADVICE



200,000  
SCHEME  
MEMBERS



10  
OFFICES ACROSS  
THE UK



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## Fund Data

All fund data is sourced from Financial Express and performance returns are net of fees.



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# Who's performing well?

DC Default Fund Survey - Consolidation Phase  
Q1 2019



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Report run on 25 May 2019

# How we help

We bring together different skills and experience, tailoring them to the needs of you, your scheme and your employees.



## Master Trust

The Aspire Savings Trust is a multi-employer, occupational pension scheme. It brings together governance, investment, administration and communications expertise within a technology-led solution.



## Governance

Establishing and governing the ideal workplace pensions and savings for your employees can be complex and time consuming. That's where we come in.



## Communications

Our online platform educates and inspires employees across a range of financial topics. It helps them understand the importance of saving for their long-term future.



## Retirement

With greater choice and freedom in how and when individuals are able to access their pension fund, there is now an even greater need for early education and advanced planning. Find out how we help.



## Investment

Our investment research division analyses and rates over 18,000 DC investment funds. The insight we have enables us to support your investment objectives, making sure they're on track to deliver.



## Education

Our financial wellbeing and education service helps employers explain finances and their implications to employees, giving them the tools to make better financial choices at all stages of their working lives.



# Section 1: Introduction



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# Section 1

## Introduction

Following on from our quarterly Growth phase survey, this report examines the latter part of the glidepath, the Consolidation phase, for the standard default investment options offered by the leading providers in the DC market as at 31 March 2019

During the Consolidation phase the objective is twofold: firstly to provide growth (above inflation to preserve real value on assets) and also to offer robust risk management to protect members' fund values by avoiding significant losses (especially for members close to retirement). Taking into account increased life expectancy, the risk for members during this period (mainly caused by low investment returns or low contributions) is in not accumulating sufficient fund value levels that can provide a more comfortable retirement.

Our analysis is broken down into two periods of time, 5 years before retirement and at retirement, and uses the underlying fund allocation of the default strategies during those time periods to assess how well these default strategies align with their retirement objectives and to establish if they still provide efficient growth (relative to the level of risk taken) at the different glidepath stages.

Based on our analysis we conclude the following:

### Retirement objective

- Post-pension freedoms, members are now taking their pension benefits in a number of different ways, i.e. any combination or one of drawdown, annuities and cash. During 2018, all providers adjusted their default strategies to reflect this flexibility at retirement, so our investment analysis is structured to consider only those investment options targeting flexible access.

### Glidepath

- For their default investment strategies, the main providers have adopted a lifestyling approach which is designed to manage the risks to which members are exposed as they approach their selected retirement age by switching assets from higher to lower risk funds in accordance with the following switching programme (or glidepath). The only exception here is Legal & General (see below).
- There is dispersion across providers with regards to the starting point of their glidepath process and this is determined mainly by the allocation of growth assets during the growth phase. Providers with high percentages in equities tend to start de-risking earlier, trying to mitigate volatility risk and stabilise growth.
- Legal & General have taken the decision to not implement a risk reducing strategy as members approach retirement. They would argue that it's difficult to predict when members will retire and in fact many members don't know when they will retire. As such defaulters will stay in the multi-asset fund unless the individual chooses to change investment.

### Asset Allocation

- Being invested in a diversified default option is important as it helps to manage risk during volatile periods. In the broadest terms, those providers who have their own asset management arm within their Group (which in turn means they have access to more internal resources including ranks of economists, strategists, portfolio managers and specialised analysts) have developed the more diversified and sophisticated default offerings, which also take a more dynamic approach to asset allocation (tactical asset allocation) to benefit further from market inefficiencies. Examples of these include Royal London, Standard Life, Fidelity, Aviva, and Legal & General.
- The only similarity across all providers in their equity glidepath is that the allocation to equities tends to decline as members approach retirement. However the initial allocations, the changes to allocation and the at retirement allocation are different for almost every default strategy and depend mainly on the risk levels being targeted and the range of investment tools used. Conversely, the overall bond allocation tends to increase closer to retirement for most of the default solutions.
- '5 years before retirement' portfolios: The average allocation to equities amongst the defaults at this stage of the consolidation phase was around 35%, with Aviva Future Focus default having the highest exposure at 48%, while Standard Life have the lowest exposure at approximately 21% of their total asset allocations. On the fixed income side, default options allocate 56% on average to this asset class, with Fidelity and Aviva My Future having the highest allocation with 69% and 67% respectively. The average percentage of the overall allocation to alternative investments within the default funds is almost 4%, with Royal London (14%) and Standard Life (12%) placing the highest weights.
- 'At retirement' portfolios: The average allocation to equities amongst the defaults at this stage of the consolidation phase was around 21%, with Legal & General's default having the highest exposure at 35%. On the fixed income side, default options allocate 57% on average to this asset class, with Aviva My Future and Standard Life having the highest allocations with 83% and 71% respectively. The average percentage of the overall allocation to alternative investments within the default funds is almost 2%, with Royal London (11%) placing the highest weight.

# Section 1

## Introduction

### Comparators

- There is no single specific measure to assess the performance of the default options in the DC market, as providers are using a wide variety of different comparators (peer group sectors, composite benchmarks, cash or inflation indices) based on the strategy's objectives and asset allocation. Default strategies that do not exceed inflation will cause pension pots to lose purchasing power. We therefore selected the Consumer Price Index (CPI) as the main return performance benchmark in this analysis.
- '5 years before retirement' portfolios: Apart from downside protection a good level of growth is still required for members to secure enough assets to fund their retirement. Therefore, we used CPI +2% as the main benchmark for return performance.
- 'At retirement' portfolios: Capital preservation is the priority at retirement, by dampening as much volatility as possible. However it is still important to generate above-inflation returns. Therefore, we used CPI as the main benchmark for return performance.

### Performance

- The general principle is that higher risk should be rewarded with a higher return, although clearly there is an optimal level of asset allocation where the level of return is maximised for the risk taken.
- For some providers (Zurich, Royal London, Fidelity and Aegon) who changed recently their default, not all the underlying funds (of their default solution) had a 1 or 3 year track record as at Q1 2019.
- '5 years before retirement' portfolios: Legal & General's fund was the best performer (9.1%), although at a relatively higher level of risk (6.5%) compared to the other defaults. Standard Life produced the worst return (5%), relative to the risk taken (4.7%). In terms of risk-adjusted performance, Legal & General & Aviva Future Focus have the highest Information Ratio (0.73). The information ratio is commonly used to measure the excess return against the benchmark (CPI plus 2%) divided by tracking error, where tracking error is a measure of consistency.
- 'At retirement' portfolios: Legal & General were the best performer (9.1%), although at a relatively higher level of risk (6.5%) compared to the other defaults. Royal London produced the worst return (2.5%), relative to the risk taken (4.1%). In terms of risk-adjusted performance, Legal & General have the highest information ratio (1.05) using CPI as the benchmark.

### Fees

- Even if charges vary from scheme to scheme, they remain crucial to the final outcome of each default strategy as they affect members' fund values and subsequently members' available income at retirement. The more diversified and sophisticated the default option, the higher the total cost. Therefore providers need to ensure consistent performance and efficient protection from market volatility to create value for money and justify the higher fees.

# Section 1



Consolidation Phase									
Default strategy	Aegon Workplace Default (ARC)	Future Focus 2	My Future	Futurewise	MAF	RLP Balanced Lifestyle Strategy	Balanced Pension Investment Approach	Universal Strategic Lifestyle Prolife	Passive interim lifestyle
Retirement objective	Flexible Access	Flexible Access	Flexible Access	Flexible Access	Flexible Access	Flexible Access	Flexible Access	Flexible Access	Flexible Access
Glide path length(years)	6	10	15	18	No derisking	15	15	10	7
Underlying funds	Cautious Mix (retirement target component)	Aviva Diversified Assets Fund I & Aviva Deposit Fund	My Future Consolidation	Fidelity Diversified Markets Fund Fidelity UK Aggregate Bond Fidelity Cash	L&G Multi Asset	Royal London Governed Portfolio 5, Royal London Governed Portfolio 6, Governed Retirement Income Portfolio	Scottish Widows Pension Portfolio 3, Scottish Widows Pension Portfolio 4, Scottish Widows Pension Portfolio 5	SL Pre-Retirement (Active Plus Universal), SL At-Retirement (Active Plus Universal)	Zurich Passive Multi-Asset III and II, Passive Annuity Purchase and Money Market
Provider's comparator	Composite benchmark	RPI + 2% (Aviva Diversified Assets Fund I); LIBID GBP 7 Days (Aviva Deposit)	20%:80% Equity:Bond, Libor + 1%	Diversified Markets Fund: Cash (SONIA) + 3% (gross) UK Aggregate Bond: 50% IBOXX Sterling Non Gilt Index; 50% iBoxx Sterling Gilts Fidelity Cash Pensions: Morningstar UK Savings 2500+ Gross	DM equity returns	Composite	ABI (20%-60%)	N/A	Composite
Volatility targeting	No	7%	4%	6%-8%	2/3 of DM equity	Yes, except for GRIP	No	N/A	No
Fund manager managed	No	Yes	No	Yes	Yes	Yes	No	Yes	No
Passive Provider	Blackrock	In-house	Blackrock	Diversified Markets Fund: Open market including futures	In-house	In-house	SSGA (Equities) Standard Life Aberdeen (Bonds/Cash)	N/A	Blackrock
Active Components(in-house)	No	No	No	Yes	Yes	Yes	No	Yes	No
Typical active proportion	None	Fixed Income – corps and gilts for Aviva Diversified Assets Fund I	None	Yes	High Yield Bonds	<80%	None	> 80%	None
Typical asset allocation	No	Yes	No	Yes	Yes	Yes	No – strategic/medium term only	Yes	No
Asset class buckets	9	10	5	20	21	8	11	18	6
Alternatives	No	No	No	No	Yes	Yes	No	Yes	No
Property	No	No	No	Diversified Markets Fund: Global Developed Real Estate	Yes	Yes	No	Yes	No



# Section 1

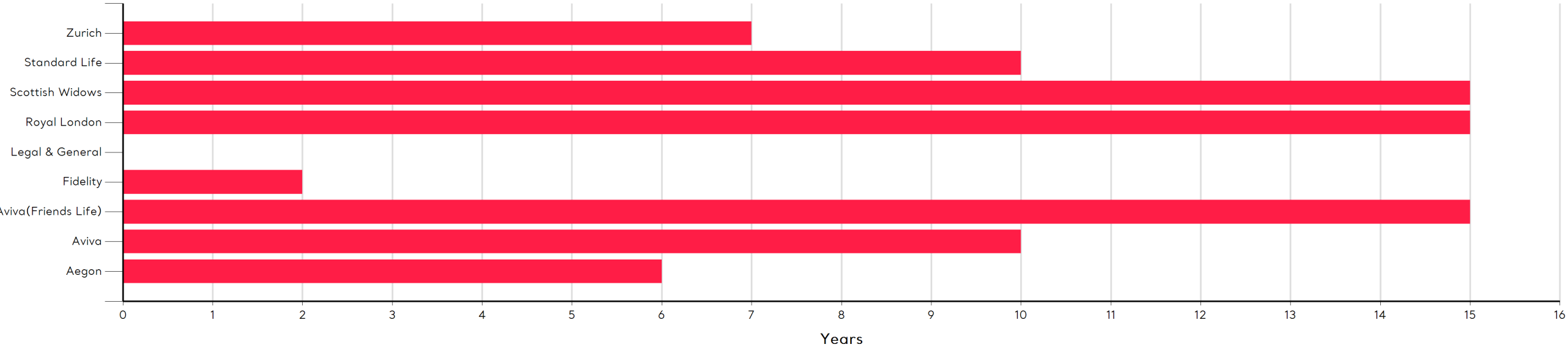
Specified DC Default Fund Universe

Consolidation Phase - Fund Performance								
Provider Name	Returns to: 31 March, 2019	Quarter	1 Year	3 Years	3 Years Risk	Comparator	Rel 3 years	Information Ratio
Flexible Portfolios (5 years before retirement) - Comparator (CPI +2.0% )								
Aviva Future Focus 2		6.42	7.14	8.78	6.12	4.27	4.51	0.73
Fidelity Futurewise		4.38	4.30	5.45	4.40	4.27	1.18	0.26
Aviva My Future		3.77	5.13	5.78	4.07	4.27	1.51	0.37
Legal & General Multi Asset Fund		6.61	6.90	9.14	6.50	4.27	4.87	0.73
RLP Balanced Lifestyle Strategy		4.10	4.36	5.20	4.04	4.27	0.93	0.22
Scottish Widows Balanced Pension Investment Approach		5.37	4.21	6.96	6.21	4.27	2.69	0.43
Standard Life Universal Strategic Lifestyle Prolife		5.51	3.11	5.07	4.77	4.27	0.81	0.16
Zurich Passive Interim Lifestyle		6.35	7.47	N/A	N/A	4.27	N/A	N/A
Flexible Portfolios (At retirement) - Comparator (UK CPI )								
Aviva Future Focus 2		4.34	4.84	5.88	3.95	2.14	3.74	0.92
Fidelity Futurewise		3.27	3.27	4.13	3.43	2.14	1.98	0.57
Aviva My Future		2.10	3.68	3.70	2.40	2.14	1.55	0.62
Legal & General Multi Asset Fund		6.61	6.90	9.14	6.50	2.14	6.99	1.05
RLP Balanced Lifestyle Strategy		4.81	-0.29	2.56	4.18	2.14	0.41	0.10
Scottish Widows Balanced Pension Investment Approach		4.04	3.14	5.18	4.66	2.14	3.04	0.64
Standard Life Universal Strategic Lifestyle Prolife		3.77	2.07	3.47	3.40	2.14	1.33	0.37
Zurich Passive Interim Lifestyle		4.27	4.62	N/A	N/A	2.14	N/A	N/A

# Section 1

Specified DC Default Fund Universe

DC DEFAULT GLIDE PATH LENGTH





## Section 2: Asset Allocation



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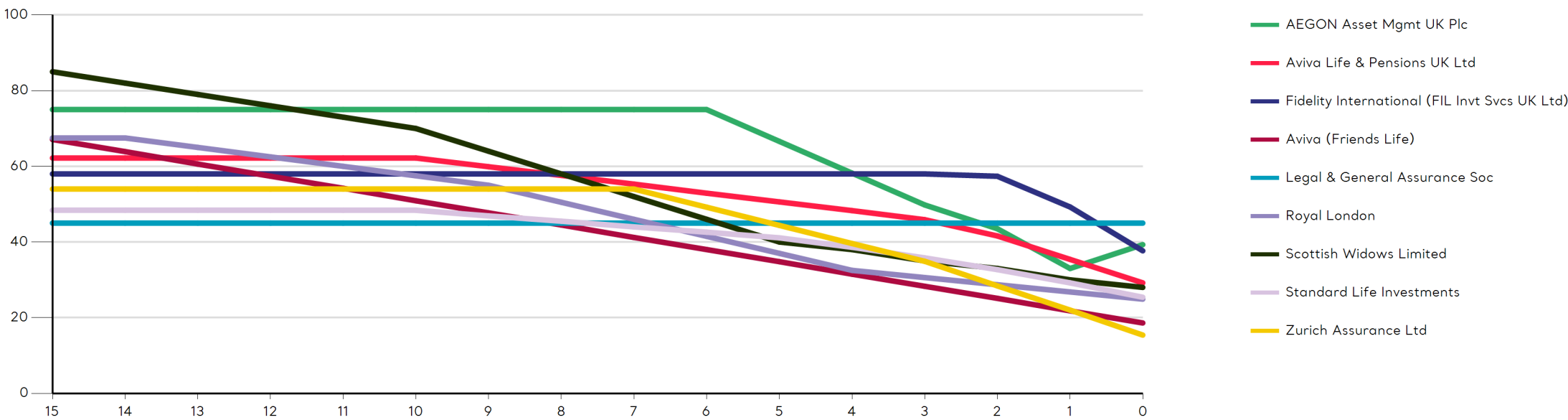




# Section 2

Specified DC Default Fund Universe

## DC DEFAULT GLIDE PATH EQUITIES

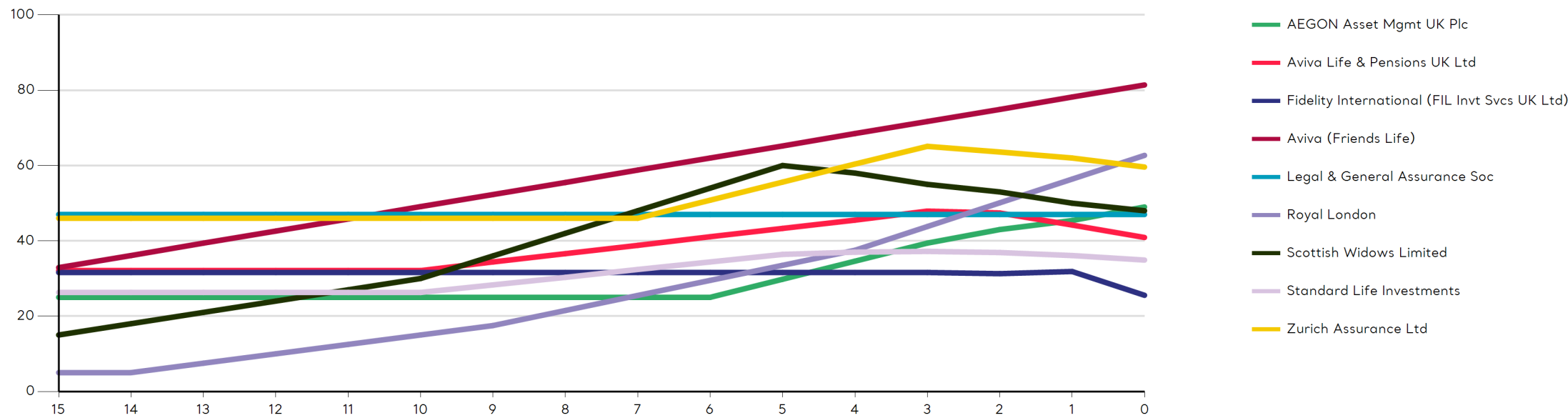


Equities (% rounded)	Years to retirement															
	15+	14	13	12	11	10	9	8	7	6	5	4	3	2	1	At Retirement
AEGON Asset Mgmt UK Plc	75	75	75	75	75	75	75	75	75	75	67	58	50	44	33	39
Aviva Life & Pensions UK Ltd	62	62	62	62	62	62	60	58	55	53	51	48	46	42	35	29
Fidelity International (FIL Invt Svcs UK Ltd)	58	58	58	58	58	58	58	58	58	58	58	58	58	57	49	38
Aviva (Friends Life)	67	64	61	57	54	51	48	45	41	38	35	32	28	25	22	19
Legal & General Assurance Soc	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45
Royal London	68	68	65	63	60	58	55	51	46	42	37	33	31	29	27	25
Scottish Widows Limited	85	82	79	76	73	70	64	58	52	46	40	38	35	33	30	28
Standard Life Investments	48	48	48	48	48	48	47	46	44	43	41	39	36	33	29	25
Zurich Assurance Ltd	54	54	54	54	54	54	54	54	54	49	44	40	35	28	22	15

# Section 2

Specified DC Default Fund Universe

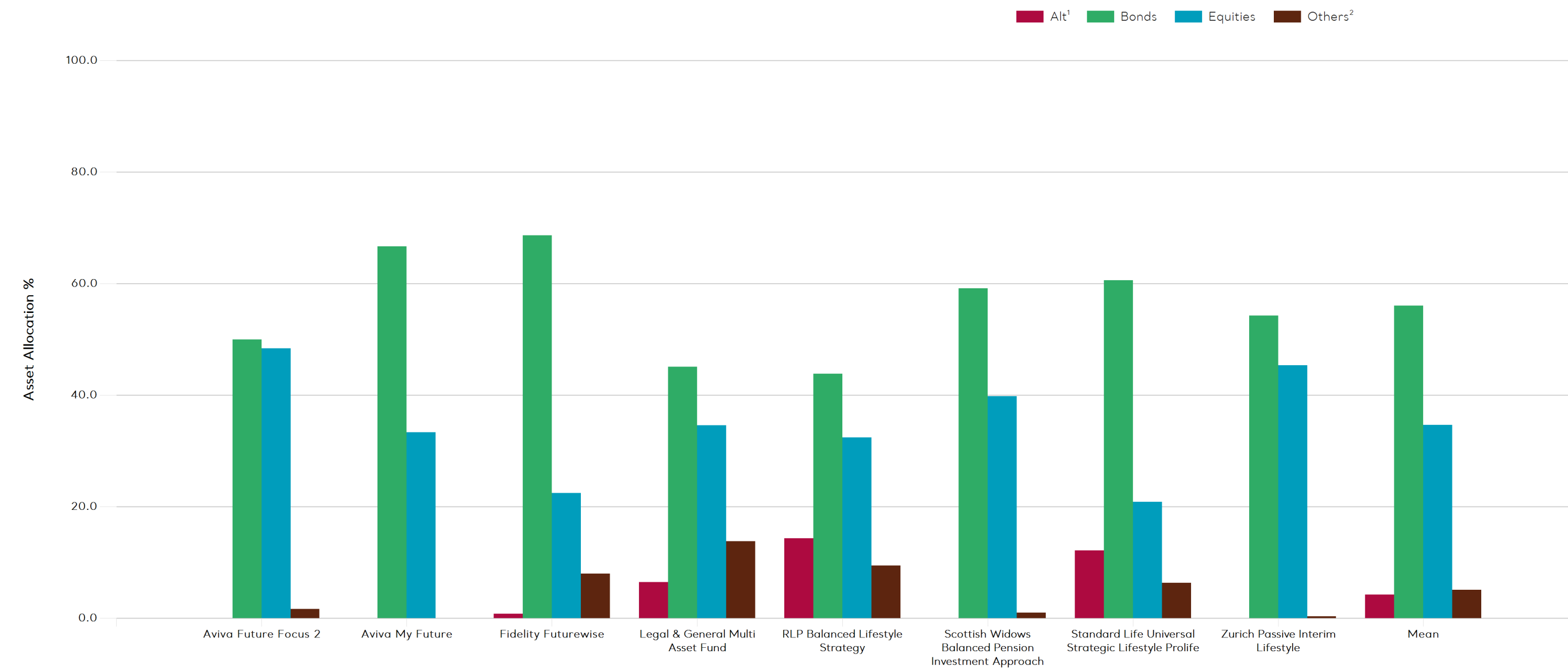
## DC DEFAULT GLIDE PATH BONDS



Bonds (% rounded)	Years to retirement															
	15+	14	13	12	11	10	9	8	7	6	5	4	3	2	1	At Retirement
AEGON Asset Mgmt UK Plc	25	25	25	25	25	25	25	25	25	25	30	35	39	43	45	49
Aviva Life & Pensions UK Ltd	32	32	32	32	32	32	34	37	39	41	43	46	48	47	44	41
Fidelity International (FIL Invt Svcs UK Ltd)	32	32	32	32	32	32	32	32	32	32	32	32	32	31	32	26
Aviva (Friends Life)	33	36	39	43	46	49	52	56	59	62	65	69	72	75	78	81
Legal & General Assurance Soc	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47
Royal London	5	5	8	10	13	15	18	22	26	30	34	38	44	50	56	63
Scottish Widows Limited	15	18	21	24	27	30	36	42	48	54	60	58	55	53	50	48
Standard Life Investments	26	26	26	26	26	26	28	30	32	34	36	37	37	37	36	35
Zurich Assurance Ltd	46	46	46	46	46	46	46	46	46	51	56	60	65	64	62	60

# Section 2

Asset Allocation (5 years before retirement)



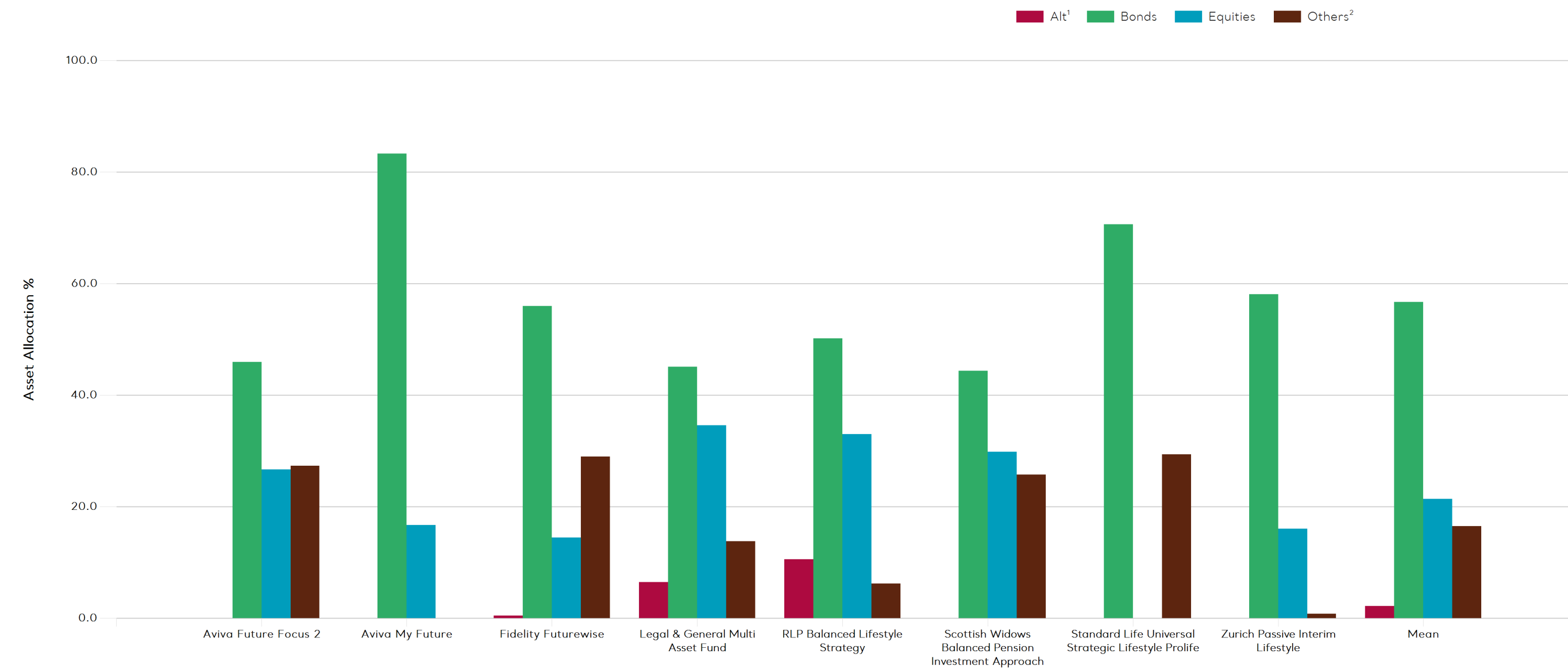
¹ Alternative Assets & Property ² Money Market & Others

	Aviva Future Focus 2	Aviva My Future	Fidelity Futurewise	Legal & General Multi Asset Fund	RLP Balanced Lifestyle Strategy	Scottish Widows Balanced Pension Investment Approach	Standard Life Universal Strategic Lifestyle Prolife	Zurich Passive Interim Lifestyle	Mean
Alt	0	0	1	7	14	0	12	0	4
Bonds	50	67	69	45	44	59	61	54	56
Equities	48	33	22	35	32	40	21	45	35
Others	2	0	8	14	9	1	6	0	5



# Section 2

Asset Allocation (at retirement)



¹ Alternative Assets & Property ² Money Market & Others

	Aviva Future Focus 2	Aviva My Future	Fidelity Futurewise	Legal & General Multi Asset Fund	RLP Balanced Lifestyle Strategy	Scottish Widows Balanced Pension Investment Approach	Standard Life Universal Strategic Lifestyle Prolife	Zurich Passive Interim Lifestyle	Mean
Alt	0	0	1	7	11	0	0	0	2
Bonds	46	83	56	45	50	44	71	58	57
Equities	27	17	14	35	33	30	0	16	21
Others	27	0	29	14	6	26	29	1	17



# Section 3: Performance



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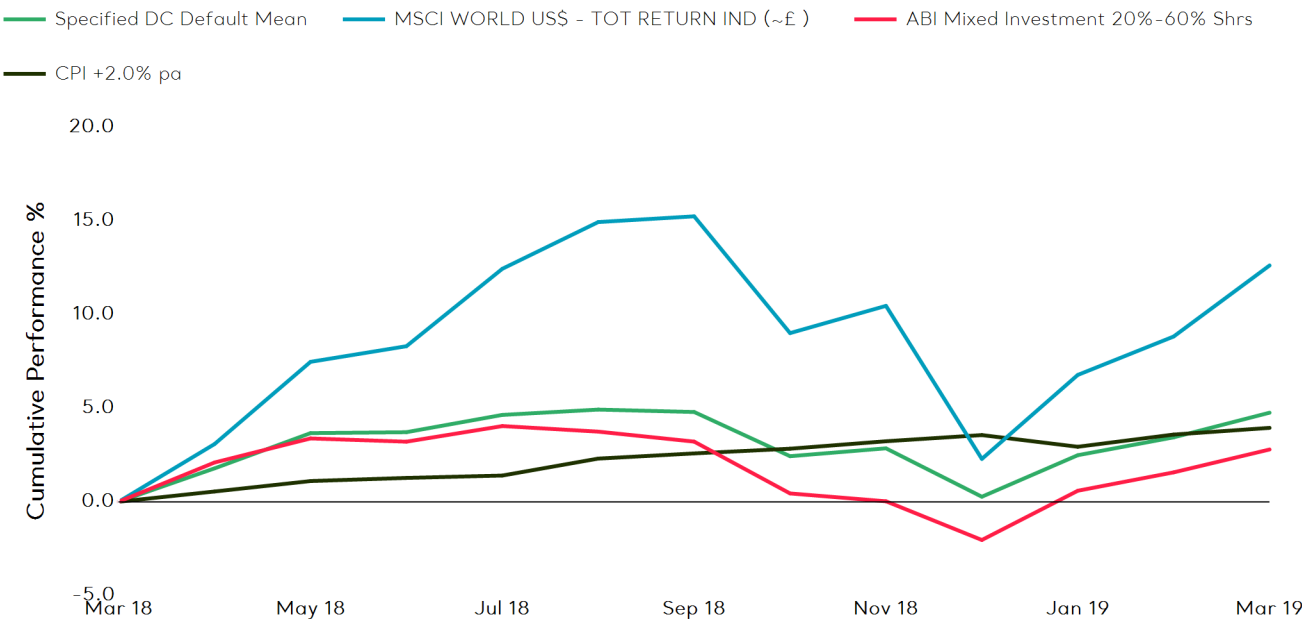




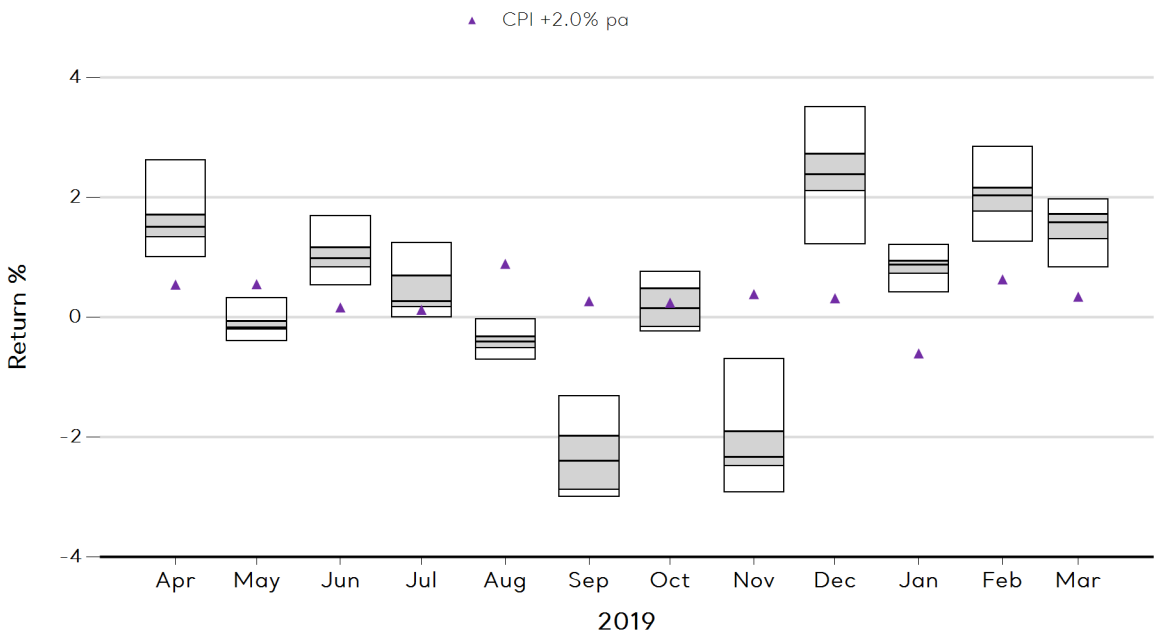
# Section 3

Return Performance (5 years before retirement)

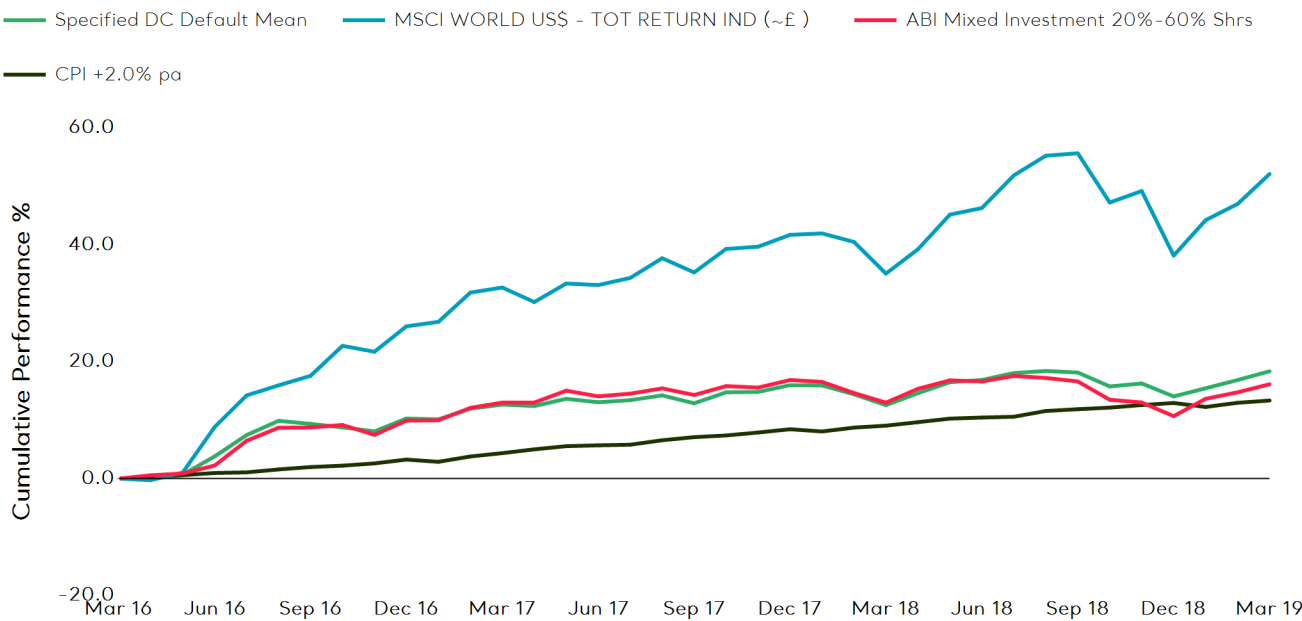
CUMULATIVE RETURNS 1 YEAR - FLEXIBLE PORTFOLIO



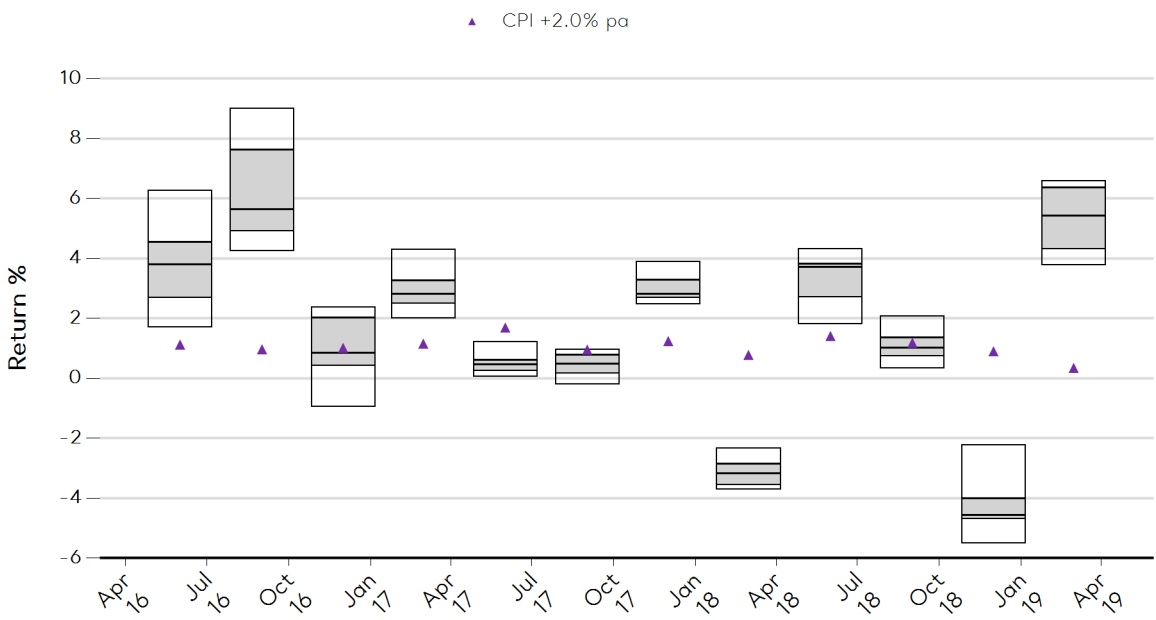
MONTHLY RETURNS - FLEXIBLE PORTFOLIO



CUMULATIVE RETURNS 3 YEARS - FLEXIBLE PORTFOLIO



QUARTERLY RETURNS - FLEXIBLE PORTFOLIO

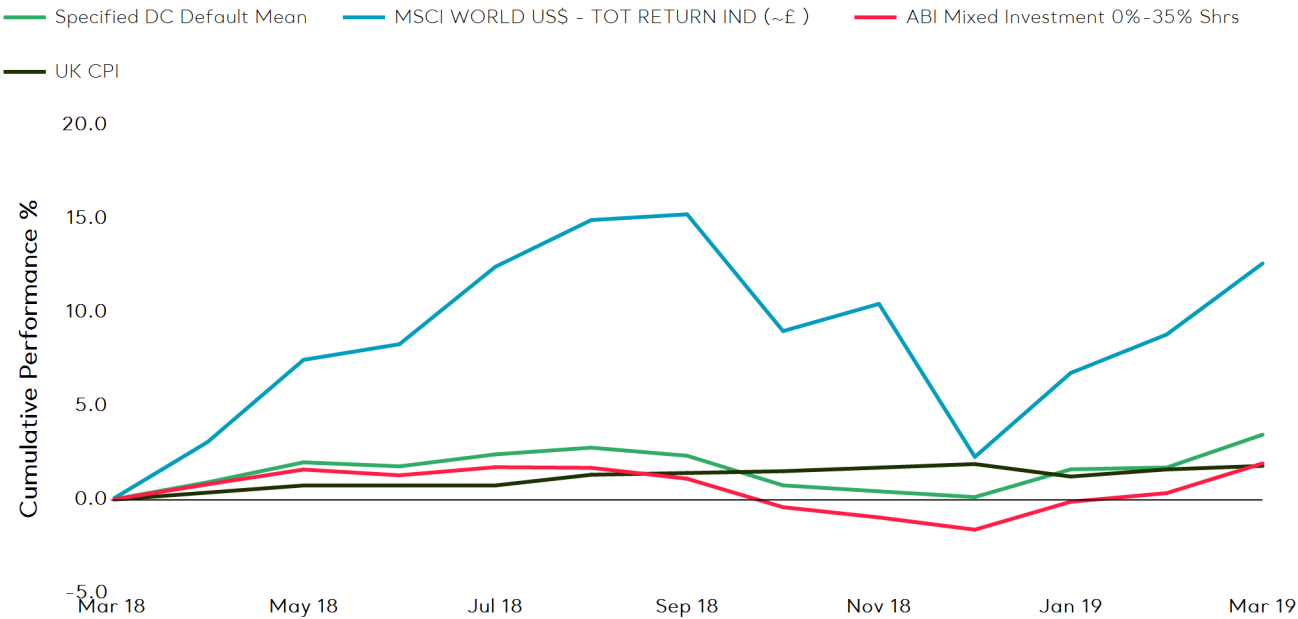




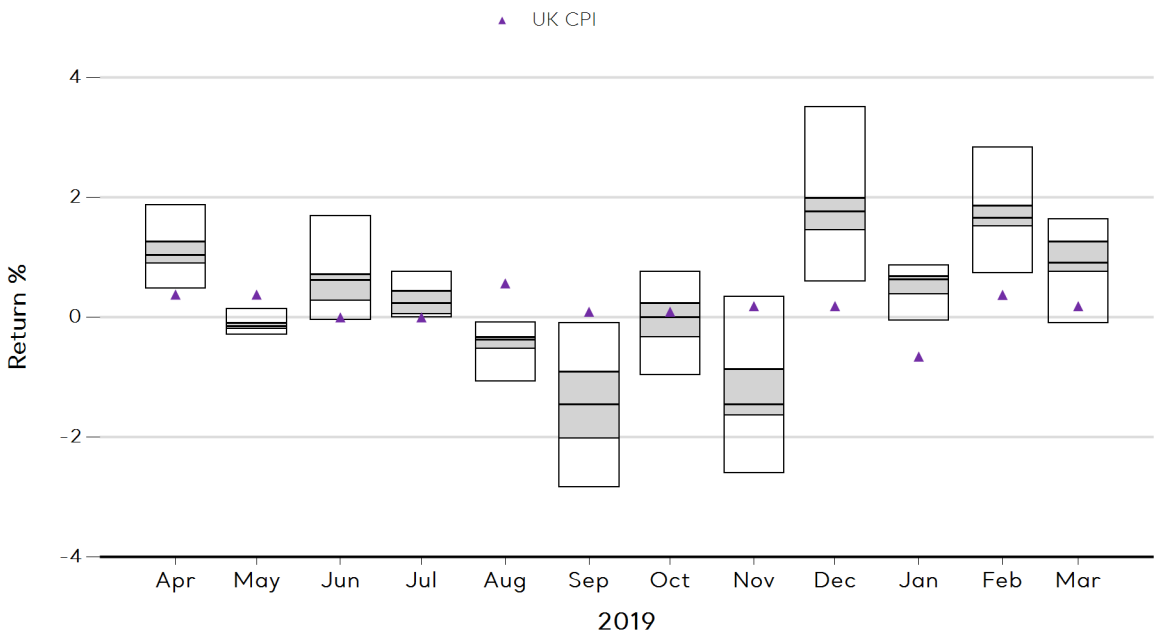
Section 3

Return Performance (At retirement)

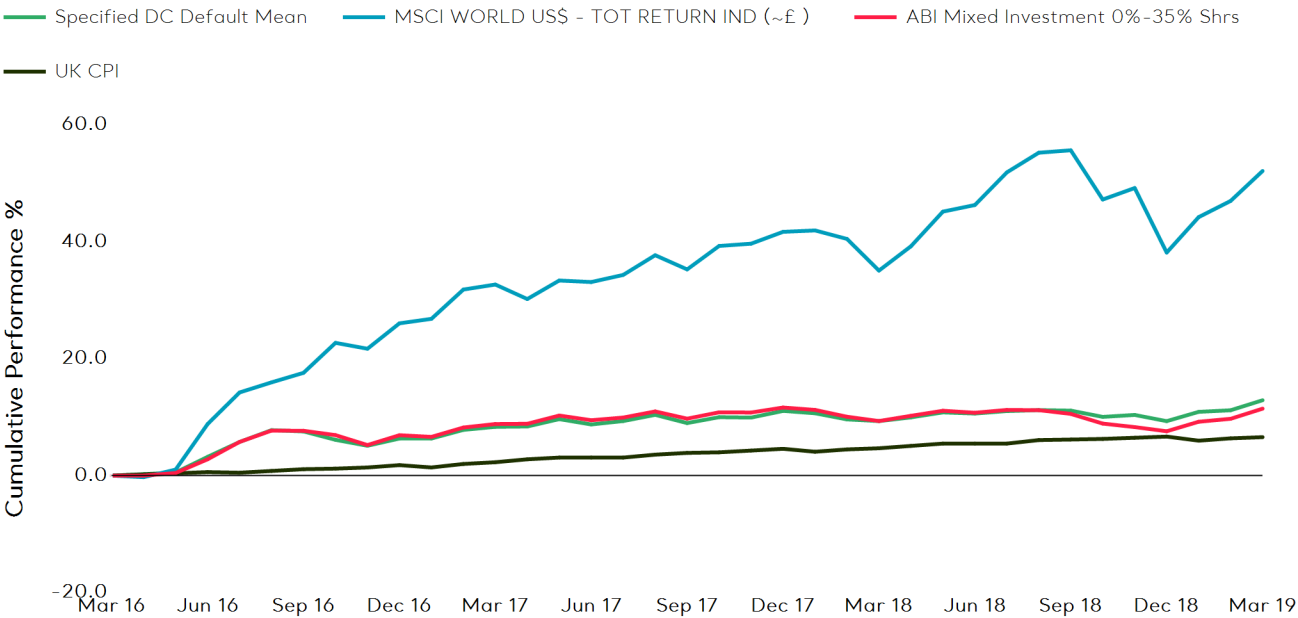
CUMULATIVE RETURNS 1 YEAR - FLEXIBLE PORTFOLIO



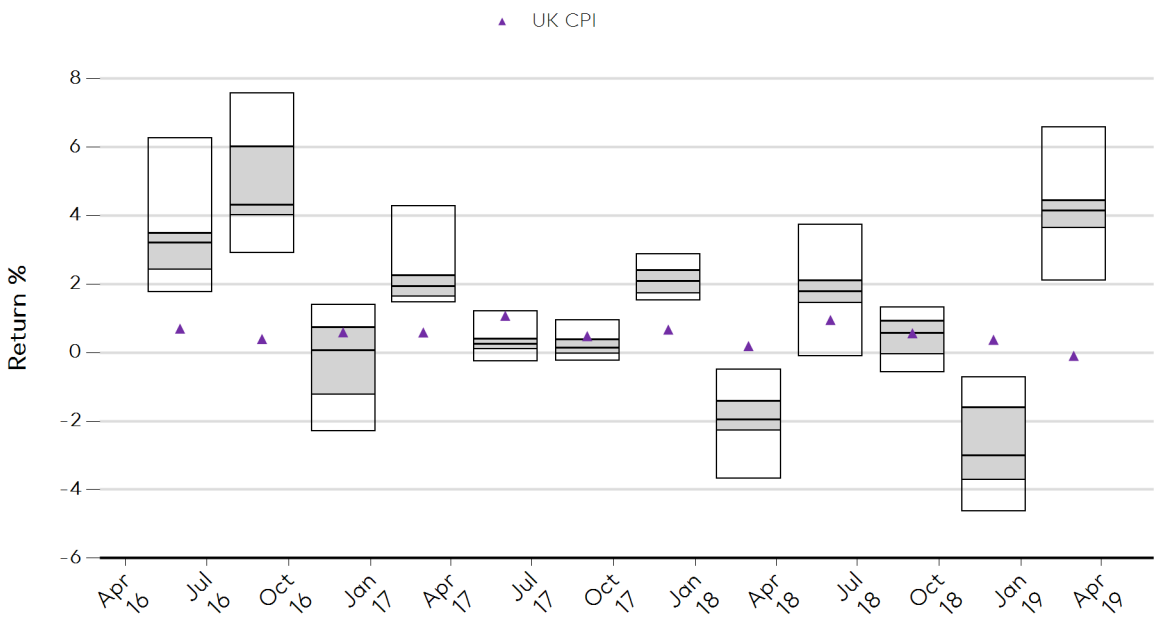
MONTHLY RETURNS - FLEXIBLE PORTFOLIO



CUMULATIVE RETURNS 3 YEARS - FLEXIBLE PORTFOLIO



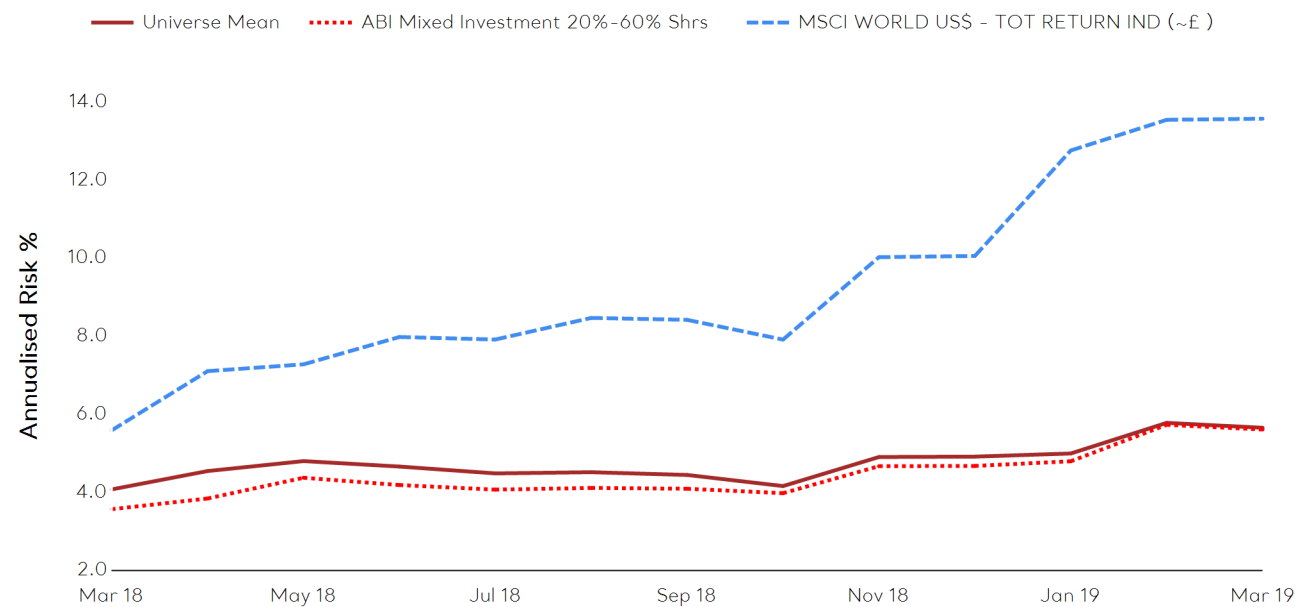
QUARTERLY RETURNS - FLEXIBLE PORTFOLIO



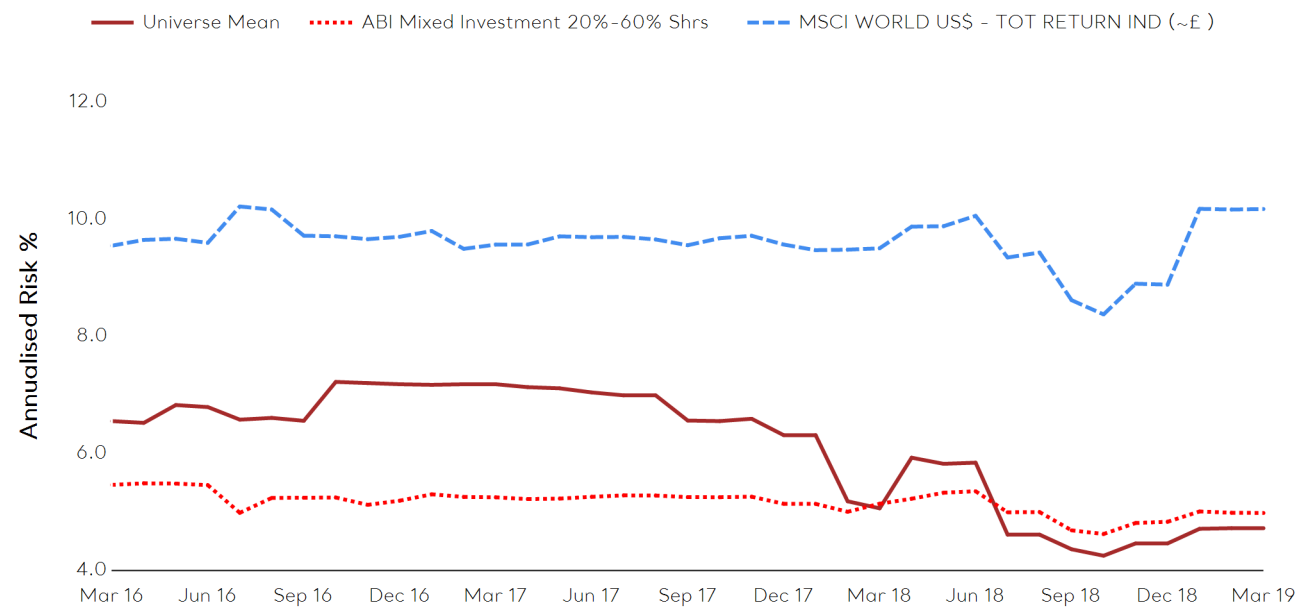
# Section 3

Risk Return(5 years before retirement)

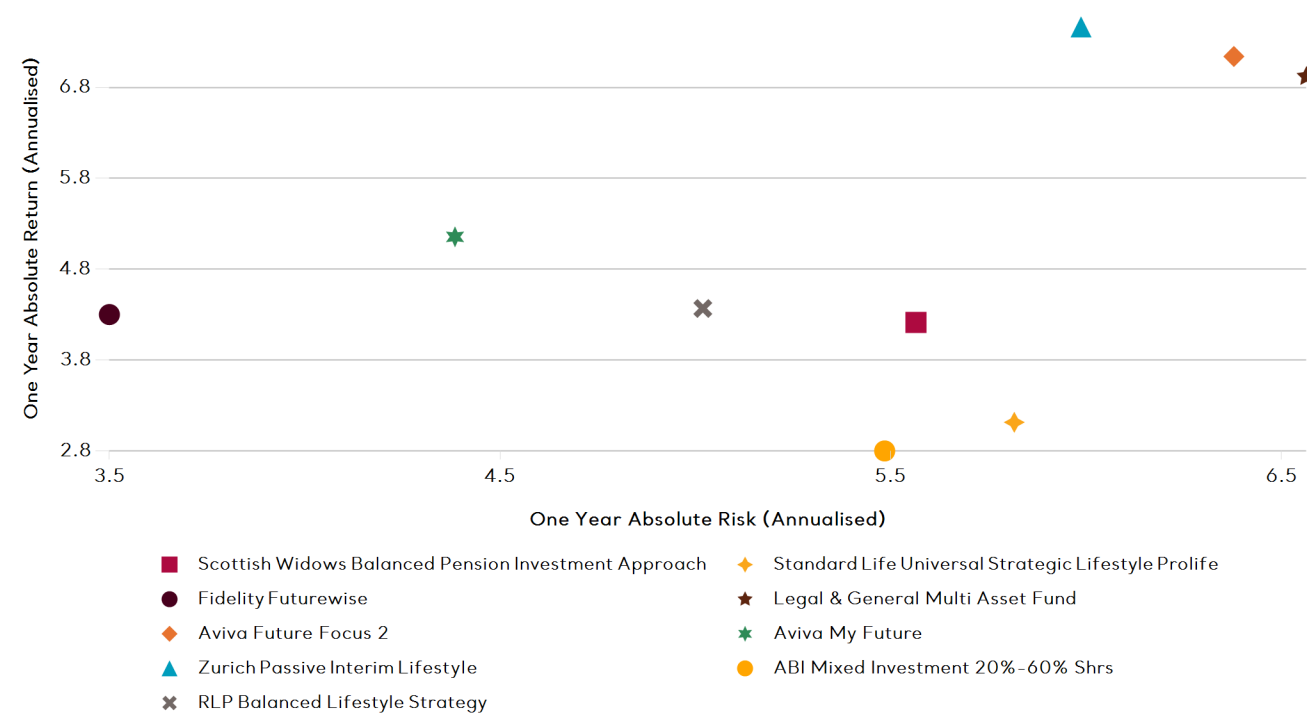
1 YEAR ANNUALISED RISK - FLEXIBLE PORTFOLIO



3 YEAR ANNUALISED RISK - FLEXIBLE PORTFOLIO



1 YEAR RISK RETURN - FLEXIBLE PORTFOLIO



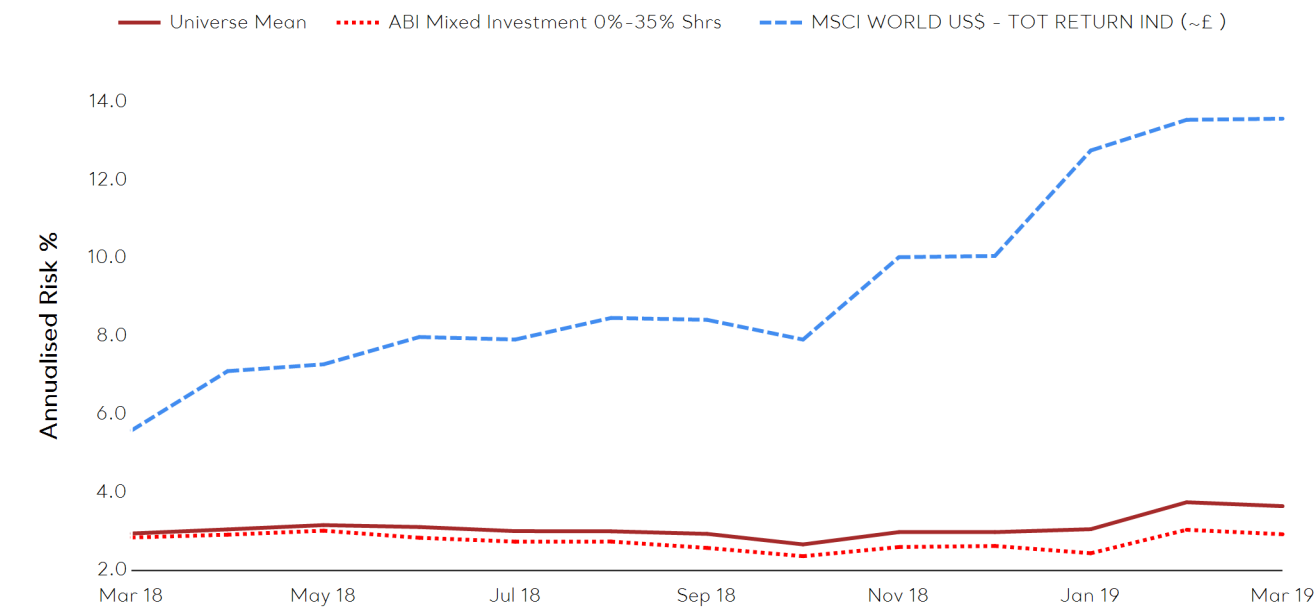
3 YEARS RISK RETURN - FLEXIBLE PORTFOLIO



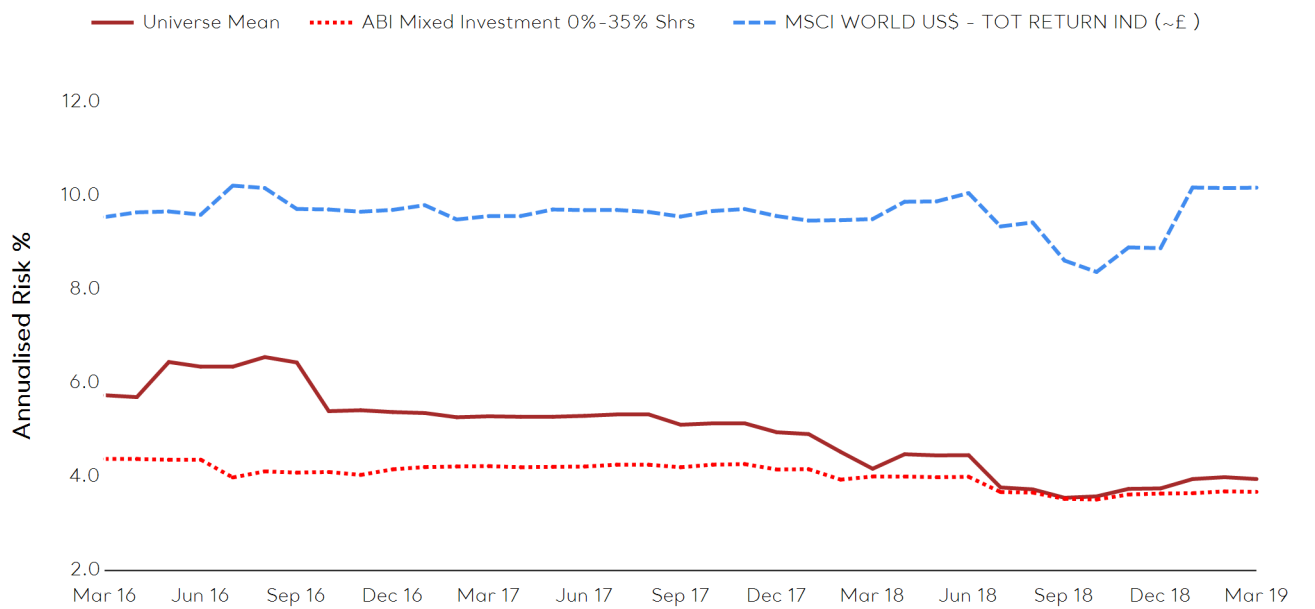
# Section 3

Risk Return(At retirement)

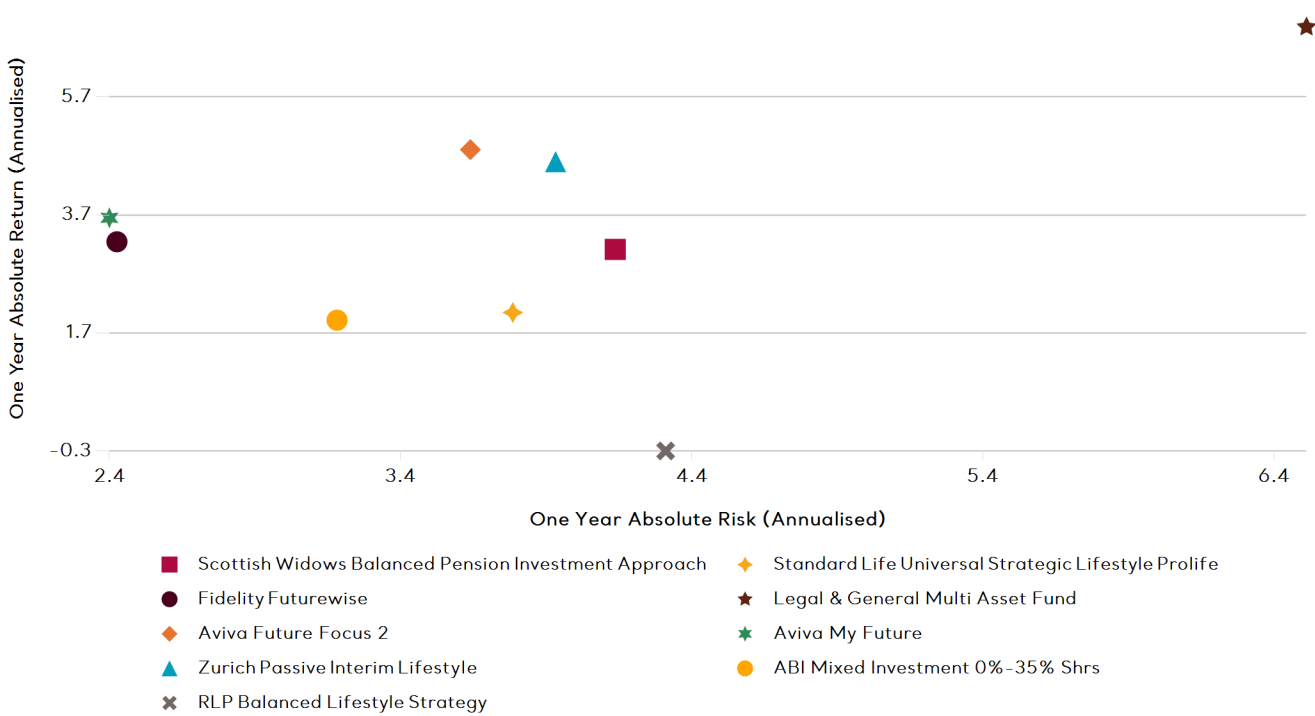
1 YEAR ANNUALISED RISK - FLEXIBLE PORTFOLIO



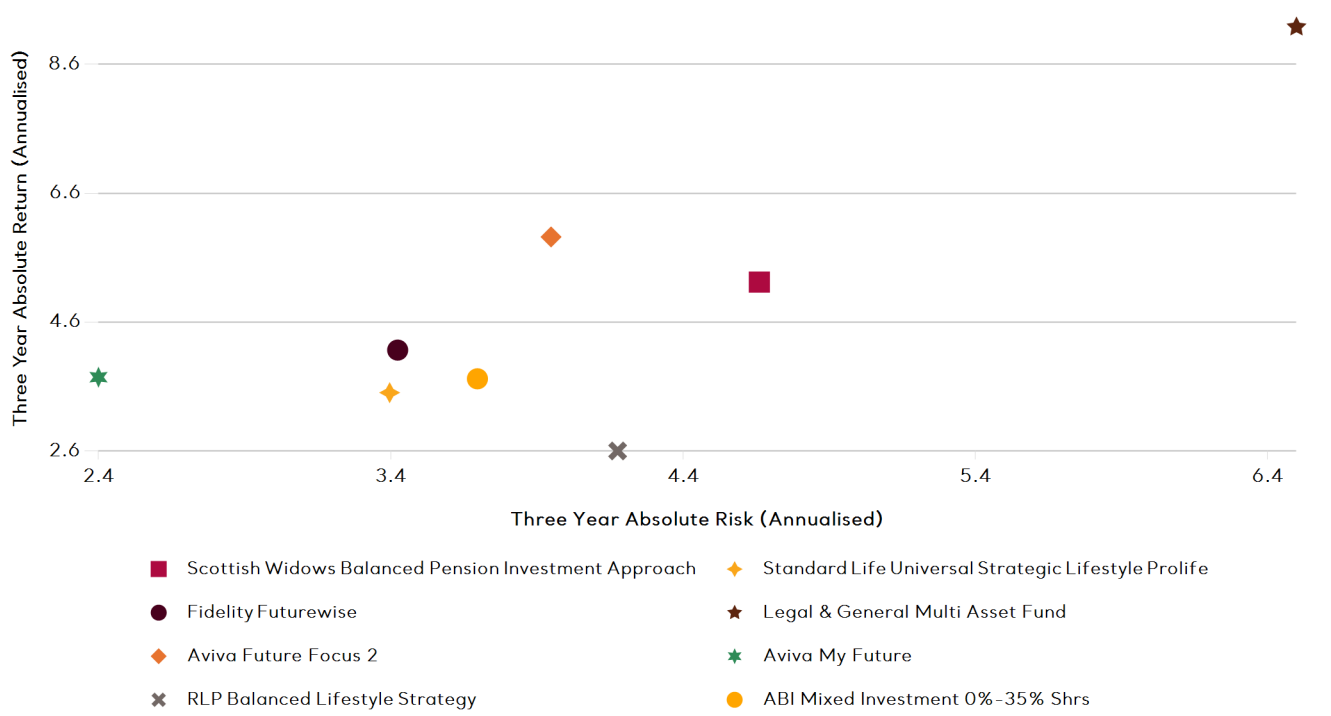
3 YEAR ANNUALISED RISK - FLEXIBLE PORTFOLIO



1 YEAR RISK RETURN - FLEXIBLE PORTFOLIO



3 YEARS RISK RETURN - FLEXIBLE PORTFOLIO





# Section 4: Fund analysis



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## AEGON Asset Mgmt UK Plc - Default Strategy

Flexible access

The chart displays the distribution of pension assets across three categories over a 15-year period. The x-axis represents years from 15 to 0, and the y-axis represents the percentage of assets from 0 to 100. The legend identifies three pension types: Cash Pn (dark blue), Aegon Workplace Default Retirement (ARC) Pn (red), and Aegon Growth Tracker (Flexible Target) Pn (teal).

Year	Cash Pn (%)	Aegon Workplace Default Retirement (ARC) Pn (%)	Aegon Growth Tracker (Flexible Target) Pn (%)
15	0	0	100
10	0	0	100
6	0	0	100
5	0	10	90
4	0	20	80
3	0	35	65
2	0	50	50
1	0	70	30
0	0	100	0

[illegible]

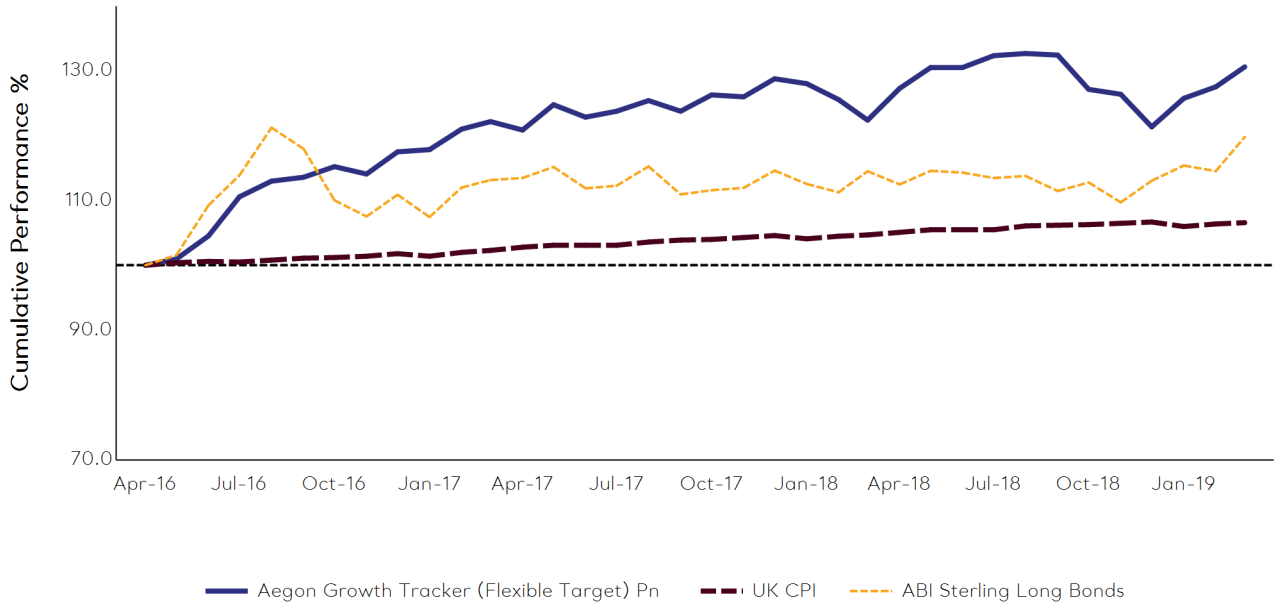
# Section 4

## Fund Analysis: Aegon Growth Tracker (Flexible Target) Pn

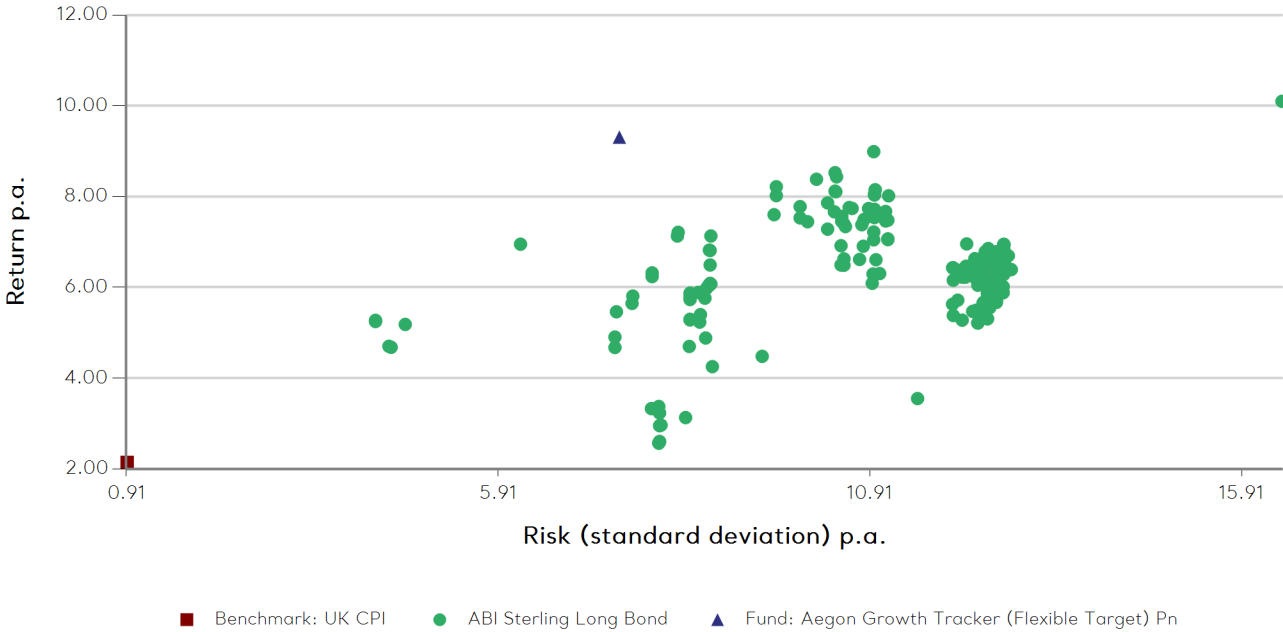
### FUND OBJECTIVE

This fund is aimed at those who want to keep their options open at retirement. It uses a two-stage investment process. In the early years (the growth stage) it aims to grow savings over the long term by investing mainly in global equities (company shares) with the remainder (around 25%) in UK bonds (a blend of UK corporate, UK index-linked and conventional government bonds). Its designed to track the markets it invests in, so performance should be similar to those markets. In the six years before your target retirement year (the flexible target stage), we'll progressively move you into less risky investments. We'll also move part of your investment into cash in the final two years to cater for your maximum tax-free cash entitlement, currently 25% of your pension pot. We review our workplace target funds regularly and may change them if we believe it's in the best interests of investors.

### CUMULATIVE PERFORMANCE

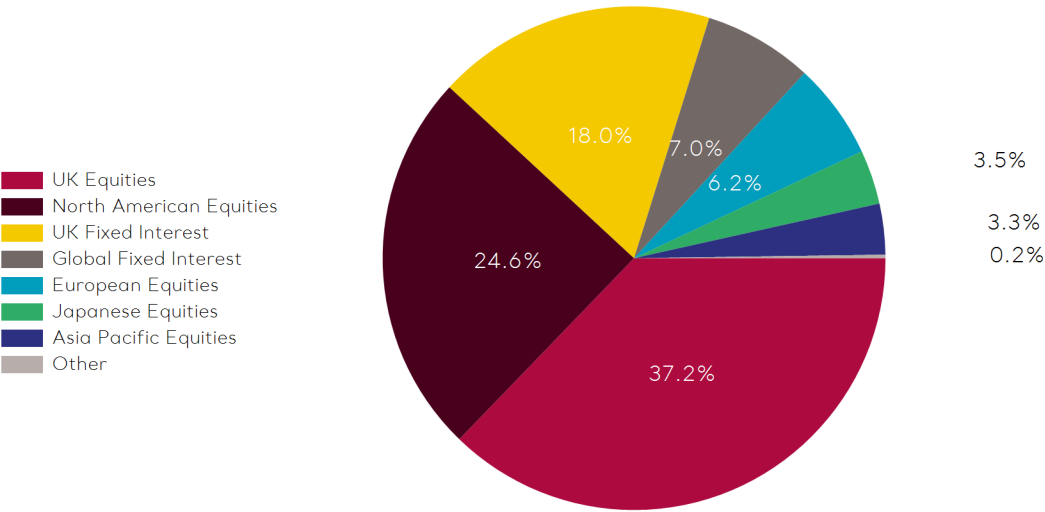


### THREE YEAR ANNUALISED RISK/RETURNS AS AT MAR 2019



	Annualised Return			Annualised Risk
	Quarter	1 Year	3 Years	3 Years
Fund	7.62%	6.72%	9.31%	7.54%
UK CPI	-0.09%	1.81%	2.14%	0.92%
ABI Sterling Long Bonds	5.96%	4.60%	6.20%	10.37%

### ASSET ALLOCATION AS AT MAR 2019





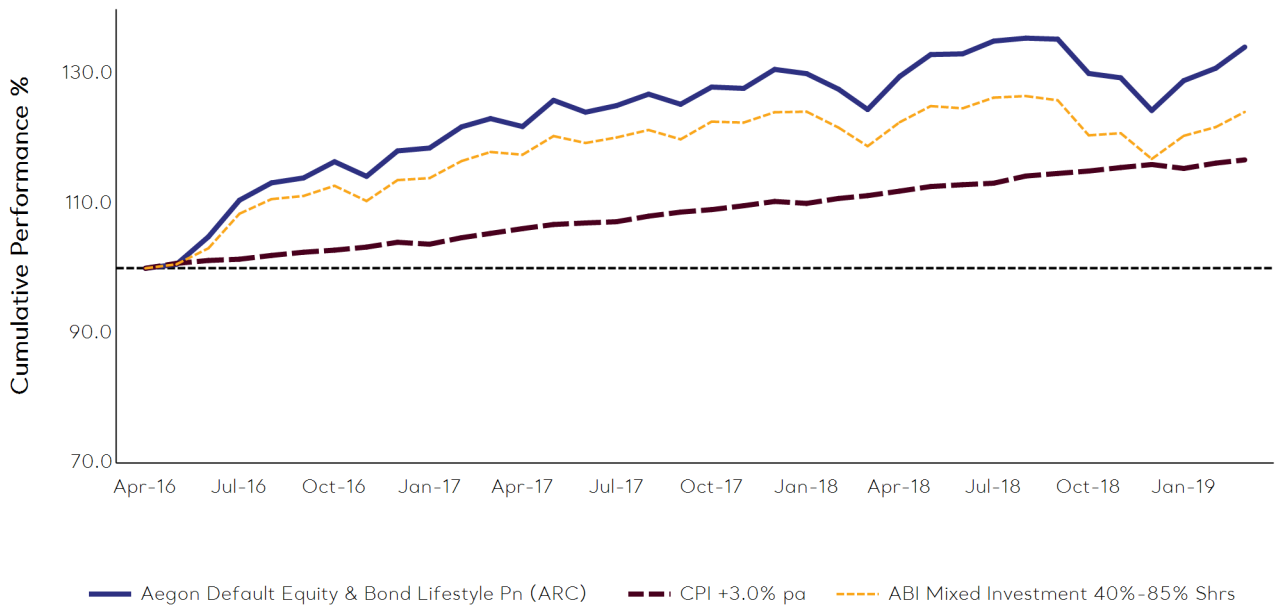
# Section 4

## Fund Analysis: Aegon Default Equity & Bond Lifestyle Pn (ARC)

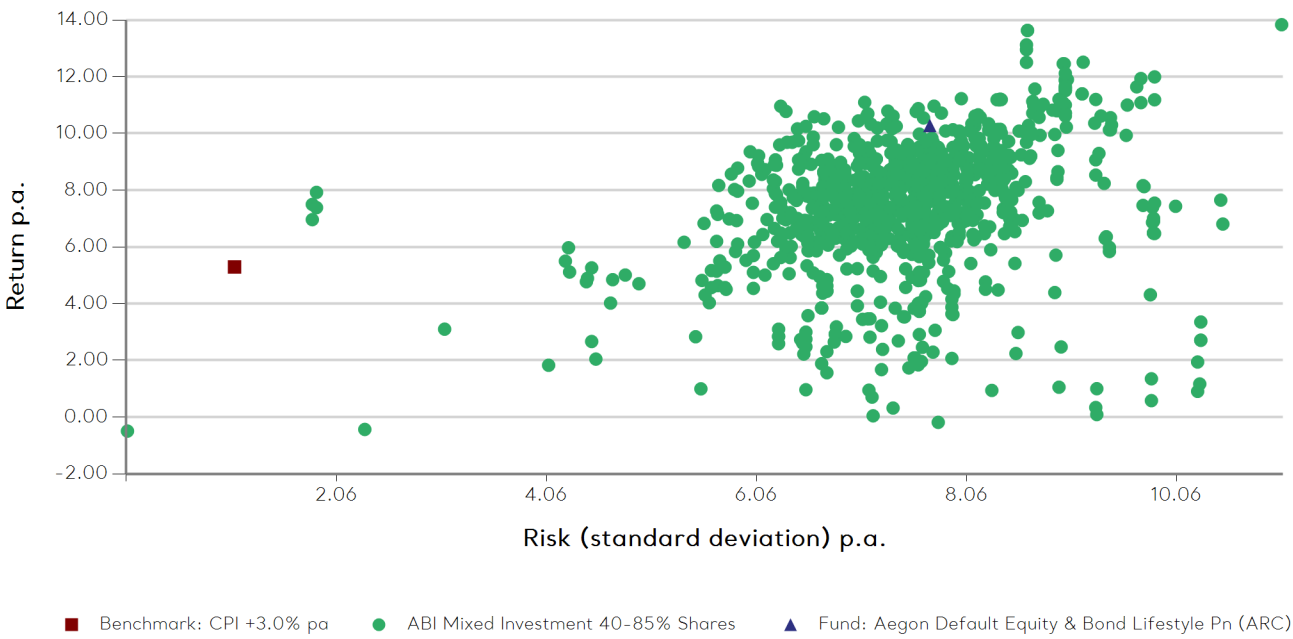
### FUND OBJECTIVE

This fund uses a two-stage investment process. In the early years (the growth stage) it aims to grow savings over the long term by investing mainly in global equities (company shares) with the remainder (around 25%) in UK bonds (a blend of UK corporate, UK index-linked and conventional government bonds). It's designed to track the markets it invests in, so performance should be similar to those markets. Then, six years before your nominated retirement year, it automatically starts moving into investments better suited to preserving the size of annuity you can buy (the lifestyle stage). It does this by investing increasing amounts into the Aegon Over 15 Years UK Gilt Index fund. This process assumes you'll buy an annuity when you retire. In the final two years, we'll also move some of your investment into our Cash fund, to cater for you tax-free cash entitlement. This is Aegon's default fund, which means it's designed for use by company pension schemes. We reserve the right to make changes to make sure this fund continues to remain appropriate for use as a scheme default.

### CUMULATIVE PERFORMANCE

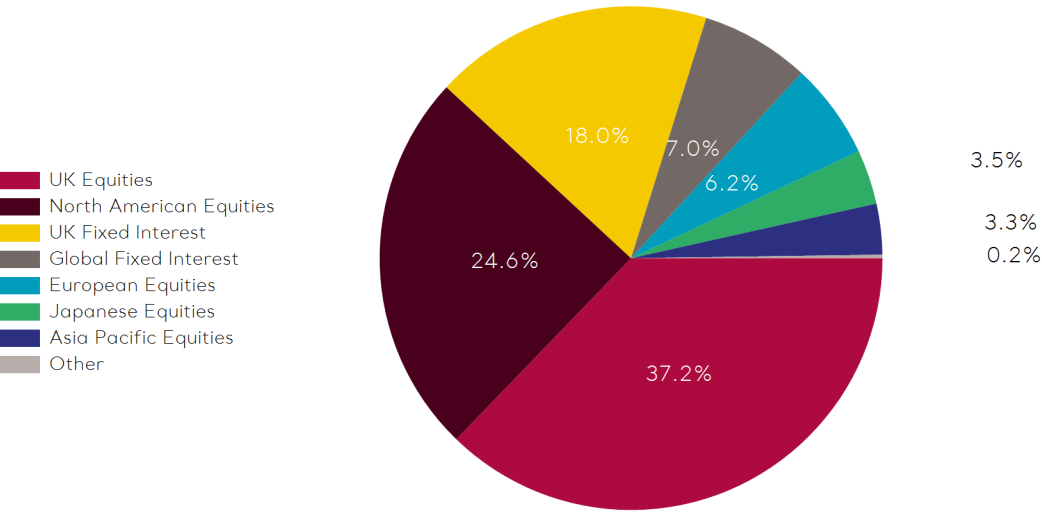


### THREE YEAR ANNUALISED RISK/RETURNS AS AT MAR 2019



	Annualised Return			Annualised Risk
	Quarter	1 Year	3 Years	3 Years
Fund	7.87%	7.74%	10.28%	7.71%
CPI +3.0% pa	0.62%	4.96%	5.29%	1.09%
ABI Mixed Investment 40%-85% Shrs	6.21%	4.45%	7.47%	6.70%

### ASSET ALLOCATION AS AT MAR 2019

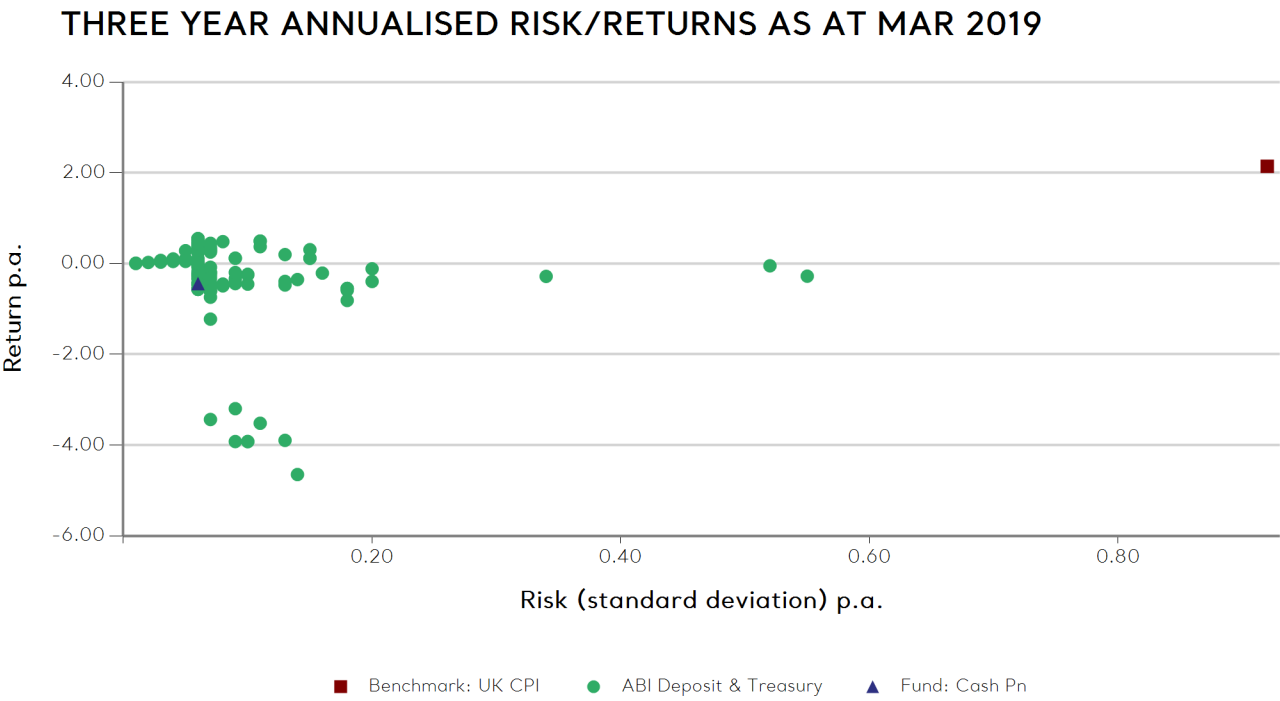
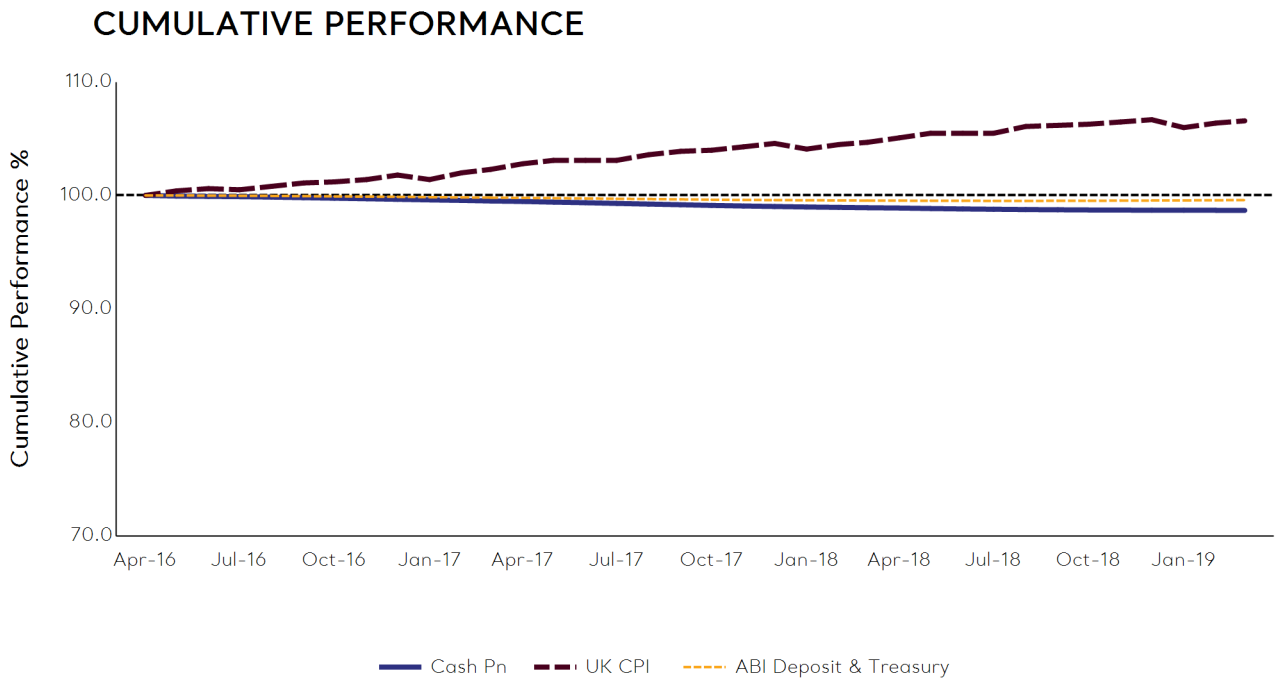


# Section 4

## Fund Analysis: Cash Pn

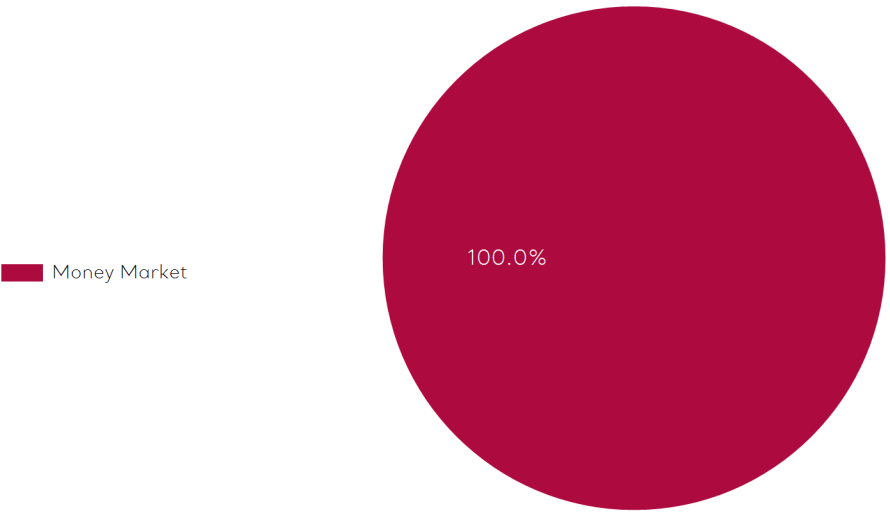
### FUND OBJECTIVE

The fund aims to outperform the LIBID (London Interbank Bid Rate) 7 days, before charges, by investing in short-term, sterling denominated money market instruments such as bank deposits, certificates of deposit and short-term bonds. Instruments held in the portfolio will have a weighted average maturity of no more than 60 days.



	Annualised Return			Annualised Risk
	Quarter	1 Year	3 Years	3 Years
Fund	-0.02%	-0.24%	-0.44%	0.06%
UK CPI	-0.09%	1.81%	2.14%	0.92%
ABI Deposit & Treasury	0.04%	0.04%	-0.14%	0.05%

### ASSET ALLOCATION AS AT MAR 2019



## Aviva Life & Pensions UK Ltd - Default Strategy

Aviva Future Focus 2

10

Flexible access

The chart illustrates the percentage of assets in three categories over a 15-year period. The x-axis represents years from 15 to 0, and the y-axis represents the percentage from 0 to 100. The categories are Aviva Diversified Assets II Pn S6 (dark blue), Aviva Deposit Pn S6 Acc (teal), and Aviva Diversified Assets I Pn S6 (red). The chart shows a significant shift in asset allocation over time, with Aviva Diversified Assets I Pn S6 increasing from 0% at year 10 to 100% at year 0, and Aviva Deposit Pn S6 Acc increasing from 0% at year 2 to approximately 25% at year 0.

Year	Aviva Diversified Assets II Pn S6 (%)	Aviva Deposit Pn S6 Acc (%)	Aviva Diversified Assets I Pn S6 (%)
15	100	0	0
10	100	0	0
9	95	0	5
8	85	0	15
7	75	0	25
6	65	0	35
5	55	0	45
4	45	0	55
3	35	0	65
2	25	0	75
1	15	10	75
0	0	25	75

	Years to retirement															
Aviva Future Focus 2	15+	14	13	12	11	10	9	8	7	6	5	4	3	2	1	At Retirement
Aviva Diversified Assets I Pn S6	0	0	0	0	0	0	10	20	30	40	50	60	70	75	75	75
Aviva Diversified Assets II Pn S6	100	100	100	100	100	100	90	80	70	60	50	40	30	20	10	0
Aviva Deposit Pn S6 Acc	0	0	0	0	0	0	0	0	0	0	0	0	0	5	15	25



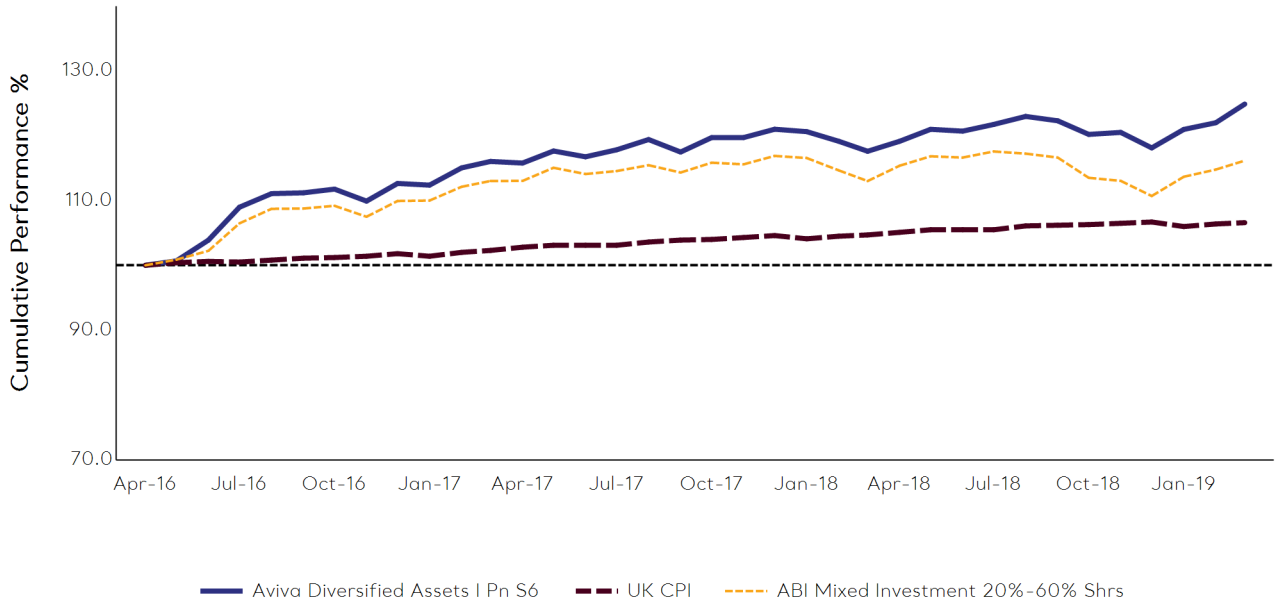
# Section 4

## Fund Analysis: Aviva Diversified Assets I Pn S6

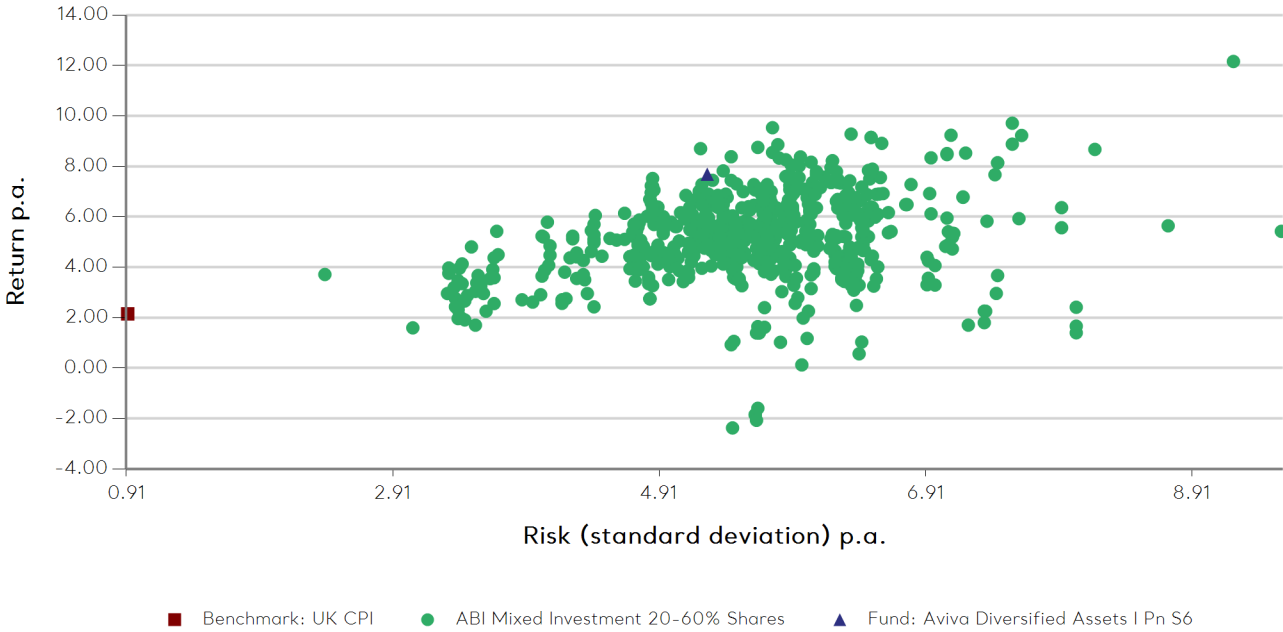
### FUND OBJECTIVE

The objective of the fund is to provide long term growth through exposure to a range of asset classes, that can include, but is not limited to equities, fixed interest, cash, property and commodities. The fund may also use derivatives. This fund is part of a range of funds that have been designed to offer different risk options. This fund is designed to provide a lower risk option, with the expectation of less potential for growth, than Diversified Assets Fund II.

### CUMULATIVE PERFORMANCE

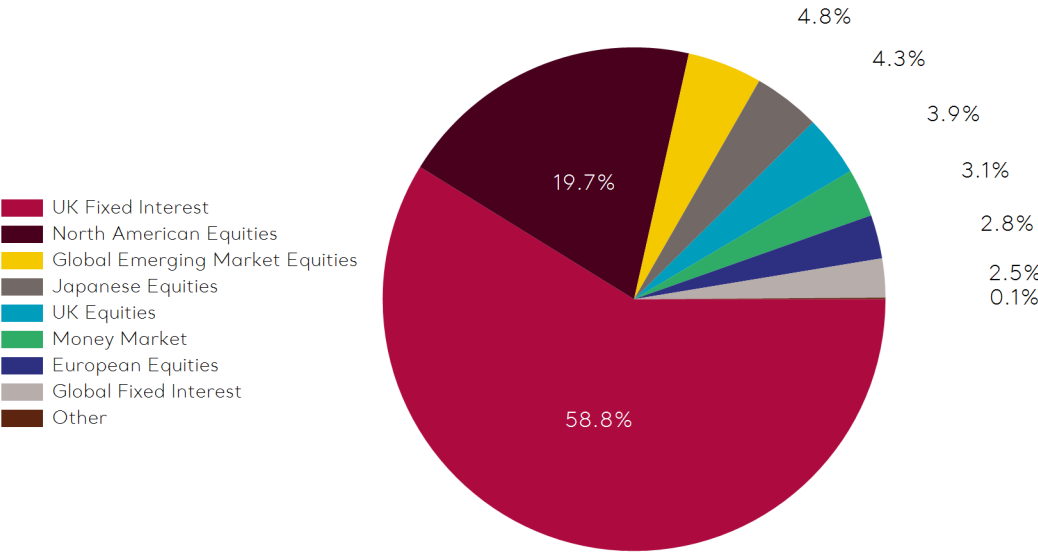


### THREE YEAR ANNUALISED RISK/RETURNS AS AT MAR 2019



	Annualised Return			Annualised Risk
	Quarter	1 Year	3 Years	3 Years
Fund	5.72%	6.19%	7.68%	5.27%
UK CPI	-0.09%	1.81%	2.14%	0.92%
ABI Mixed Investment 20%-60% Shrs	4.93%	2.79%	5.11%	4.93%

### ASSET ALLOCATION AS AT MAR 2019



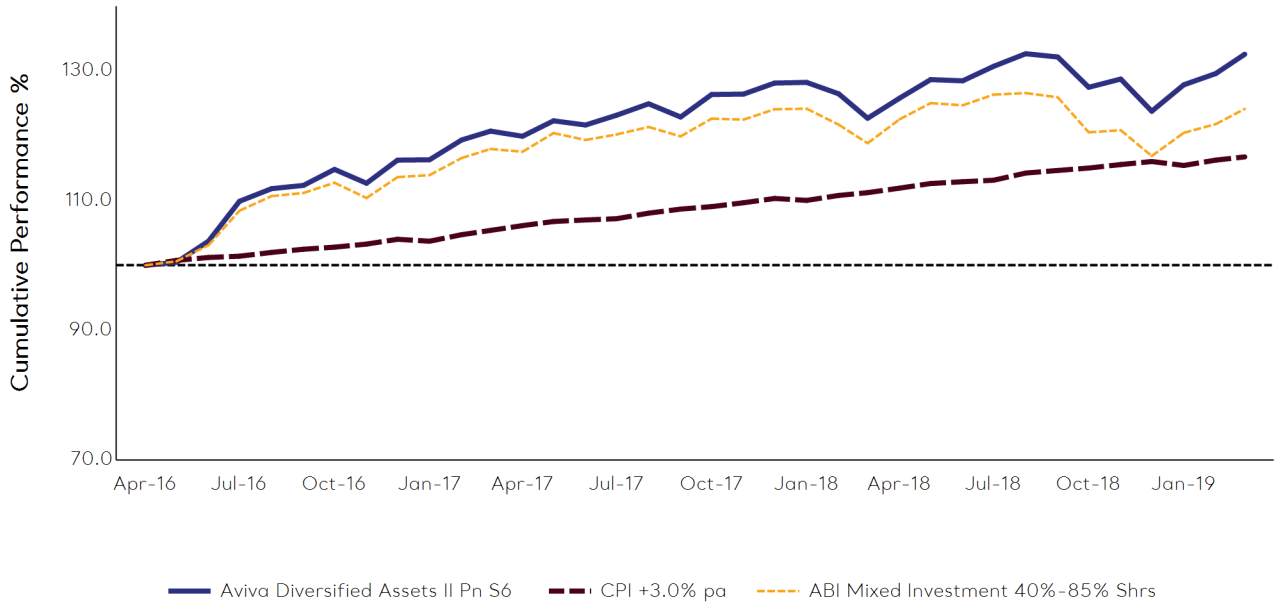
# Section 4

## Fund Analysis: Aviva Diversified Assets II Pn S6

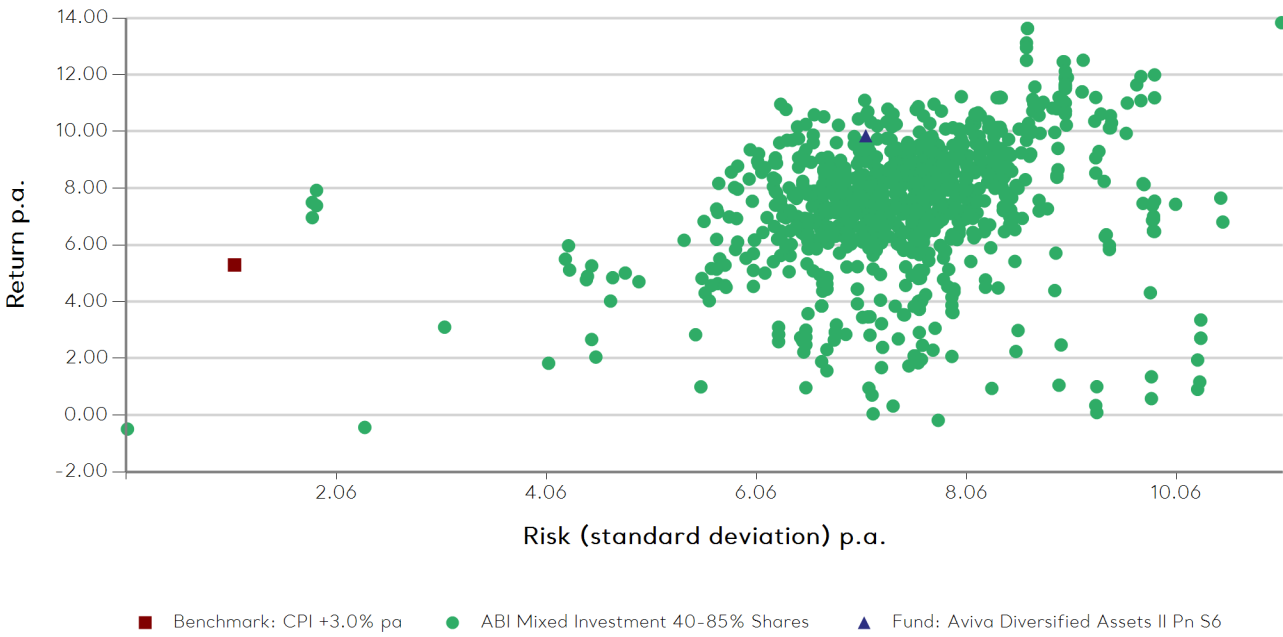
### FUND OBJECTIVE

The objective of the fund is to provide long term growth through exposure to a range of asset classes, that can include, but is not limited to equities, fixed interest, cash, property and commodities. The fund may also use derivatives. This fund is part of a range of funds that have been designed to offer different risk options.

### CUMULATIVE PERFORMANCE

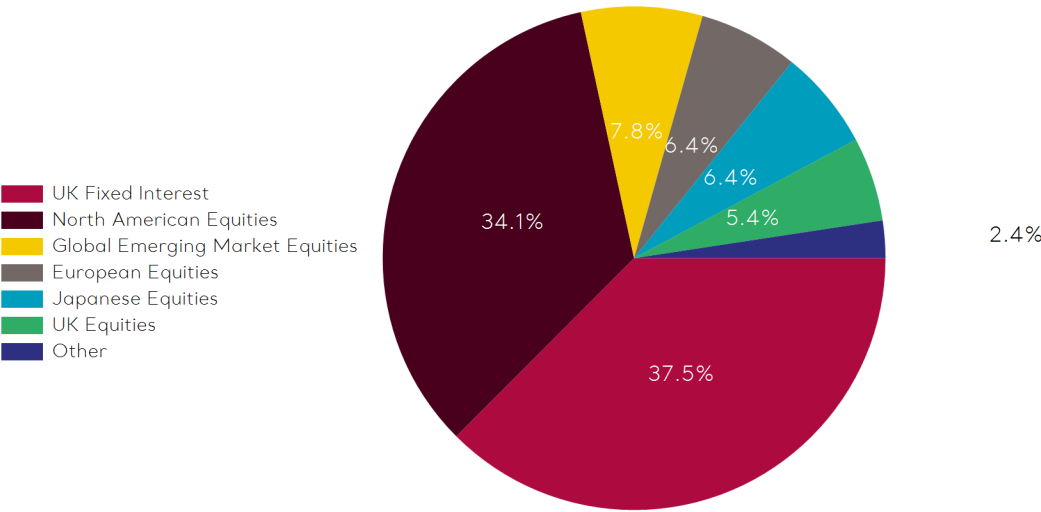


### THREE YEAR ANNUALISED RISK/RETURNS AS AT MAR 2019



	Annualised Return			Annualised Risk
	Quarter	1 Year	3 Years	3 Years
Fund	7.10%	8.05%	9.85%	7.10%
CPI +3.0% pa	0.62%	4.96%	5.29%	1.09%
ABI Mixed Investment 40%-85% Shrs	6.21%	4.45%	7.47%	6.70%

### ASSET ALLOCATION AS AT MAR 2019

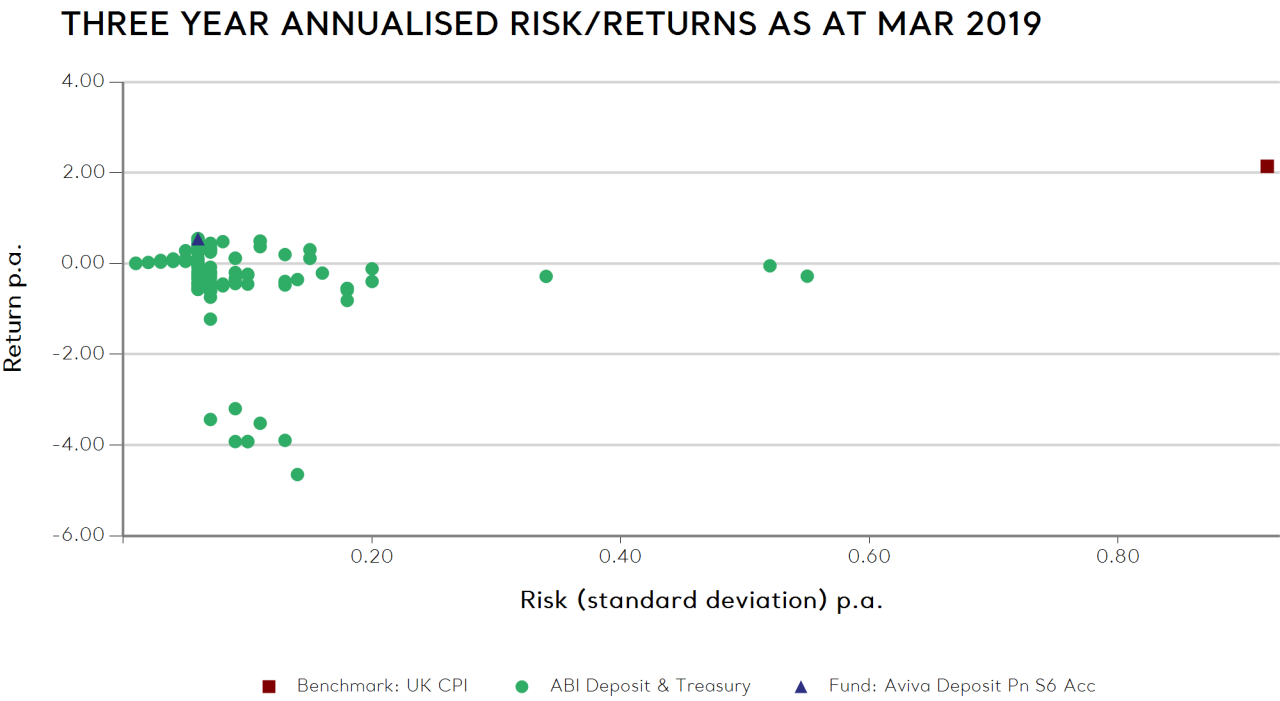
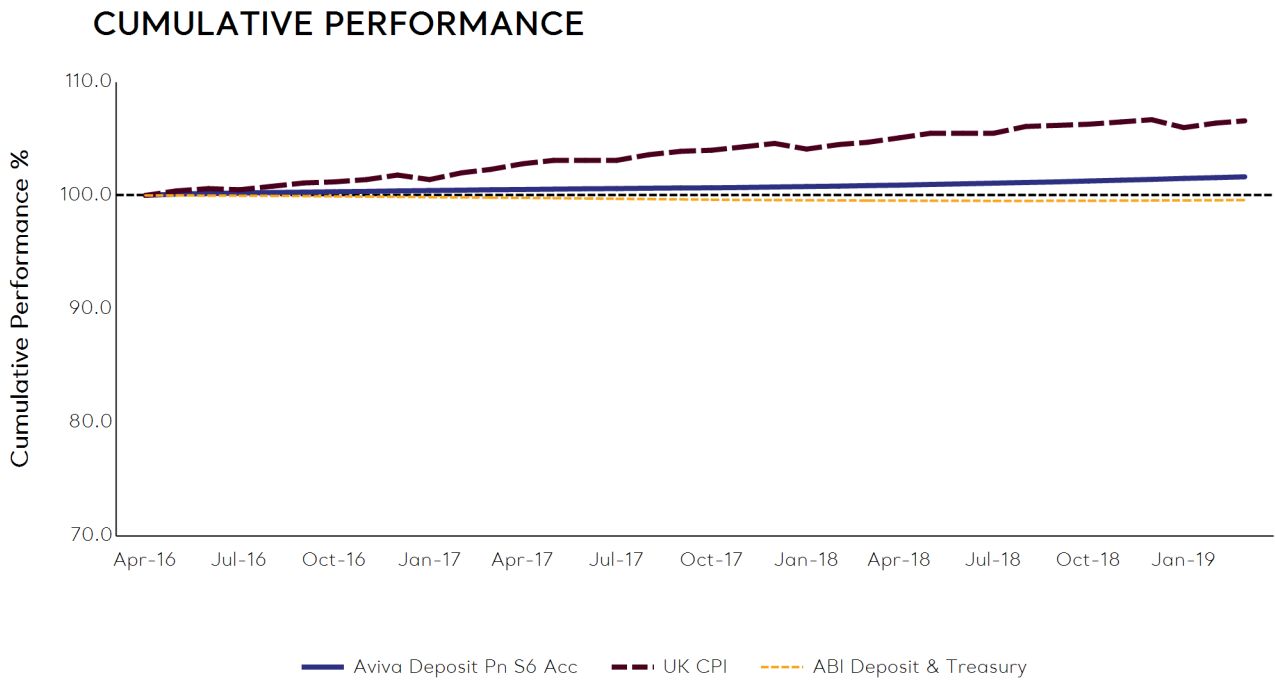


# Section 4

## Fund Analysis: Aviva Deposit Pn S6 Acc

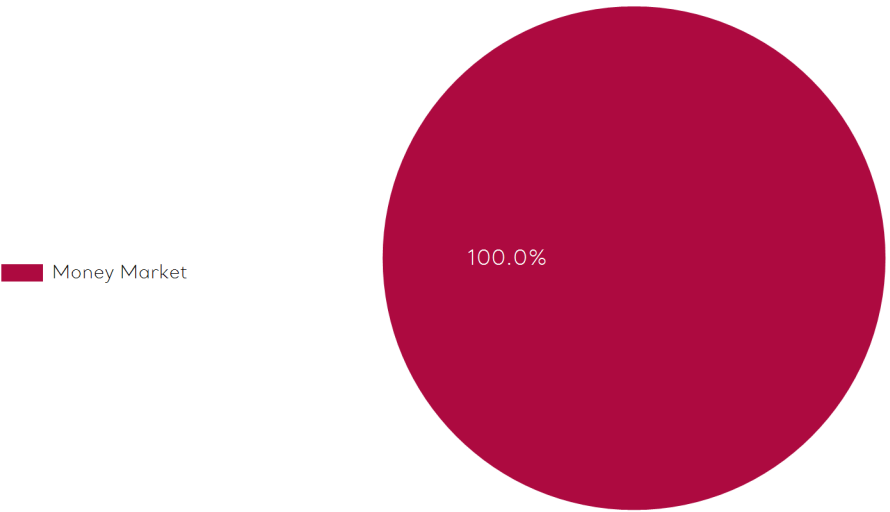
### FUND OBJECTIVE

The Fund aims to protect capital by investing typically in deposit investments and similar assets with governments, first class banks and major companies. Although the Fund aims to provide a lower risk return, the value can fall.



	Annualised Return			Annualised Risk
	Quarter	1 Year	3 Years	3 Years
Fund	0.23%	0.77%	0.54%	0.06%
UK CPI	-0.09%	1.81%	2.14%	0.92%
ABI Deposit & Treasury	0.04%	0.04%	-0.14%	0.05%

### ASSET ALLOCATION AS AT MAR 2019





# Section 4

Aviva - Default Strategy

Aviva

Aviva My Future

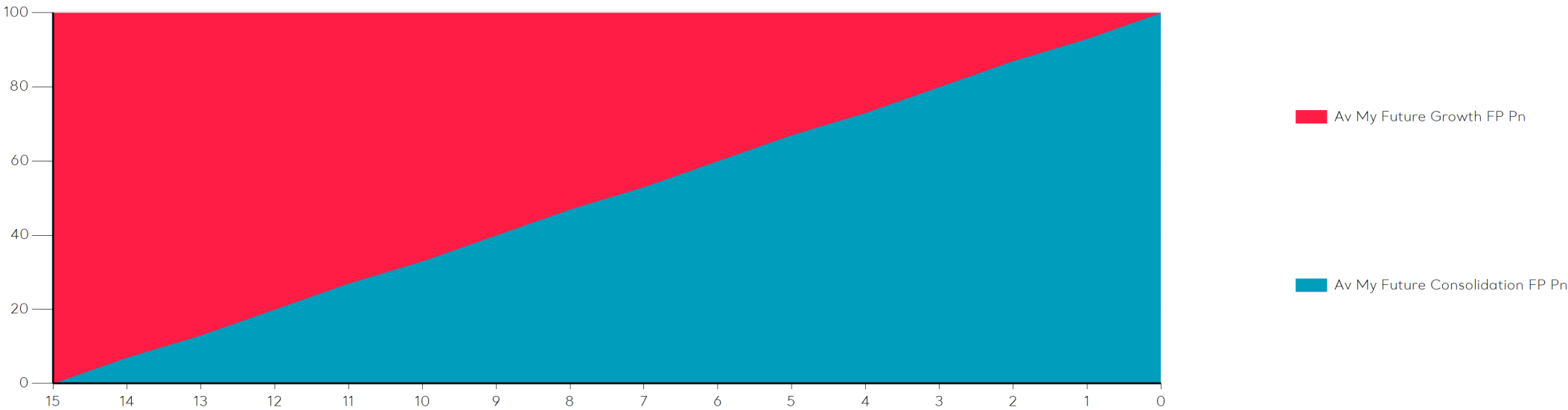
Glide Path

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Fund Objective

Flexible access

GLIDE PATH



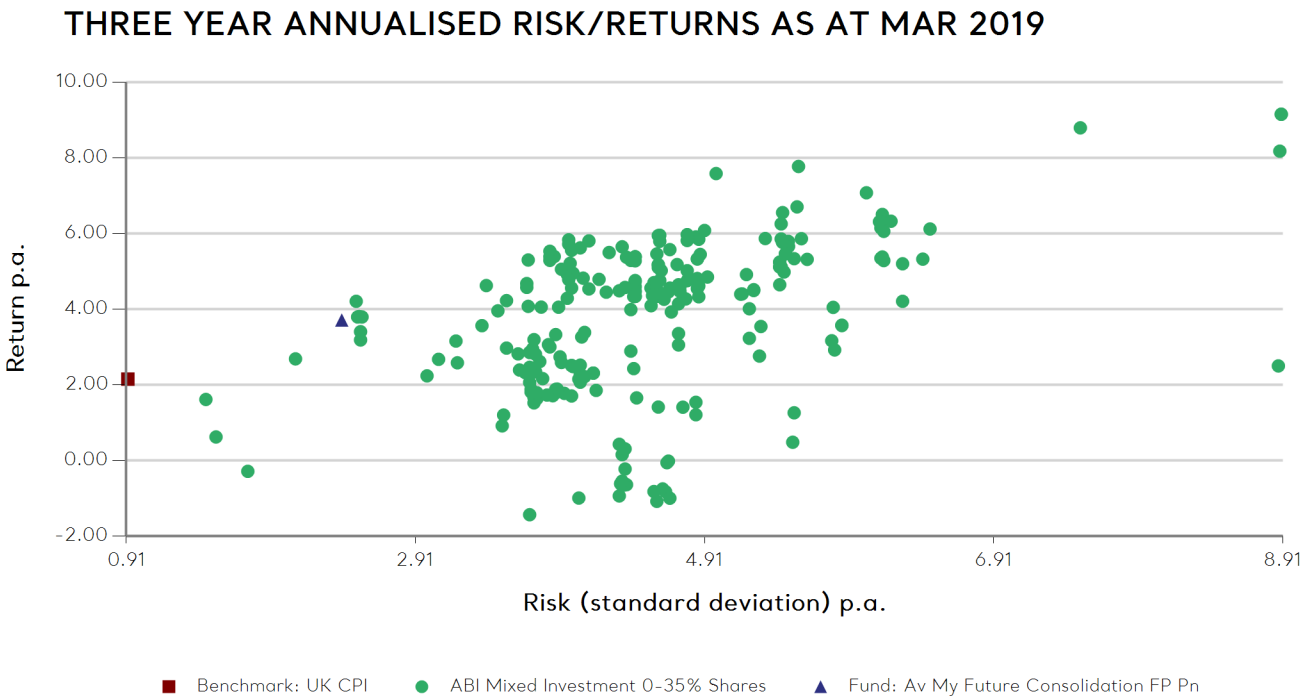
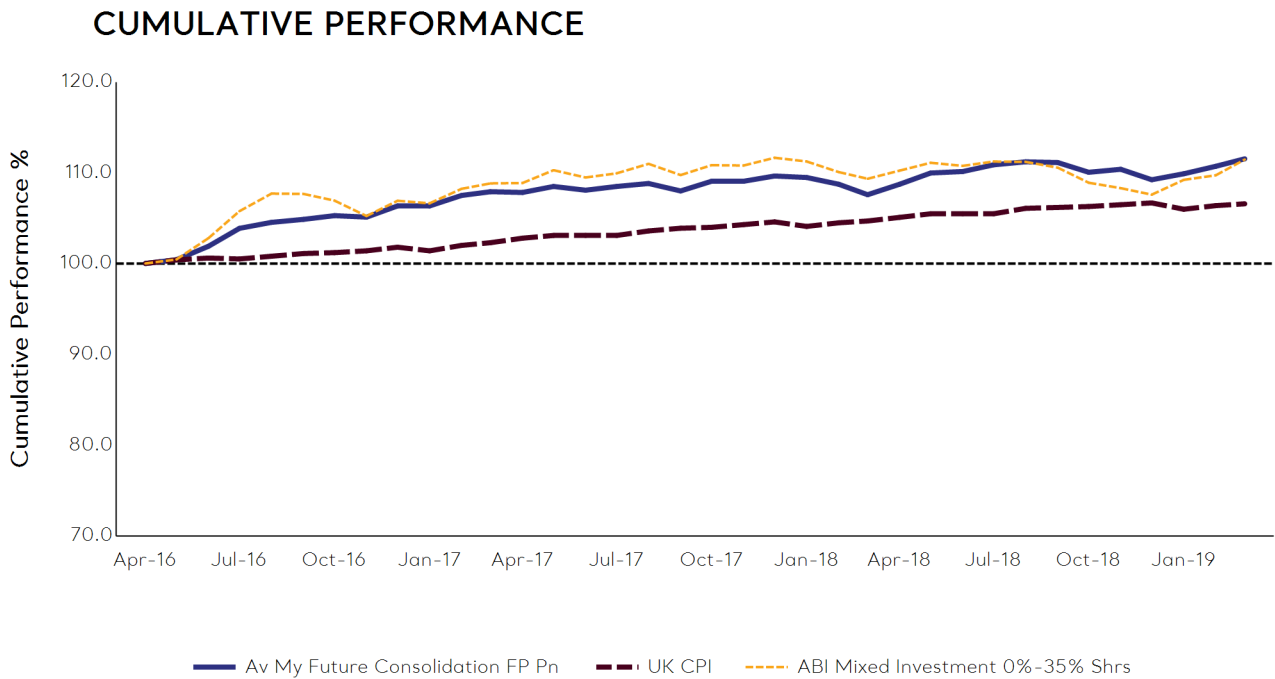
Aviva My Future	Years to retirement															
	15+	14	13	12	11	10	9	8	7	6	5	4	3	2	1	At Retirement
	Av My Future Growth FP Pn	100	93	87	80	73	67	60	53	47	40	33	27	20	13	7
Av My Future Consolidation FP Pn	0	7	13	20	27	33	40	47	53	60	67	73	80	87	93	100

# Section 4

## Fund Analysis: Av My Future Consolidation FP Pn

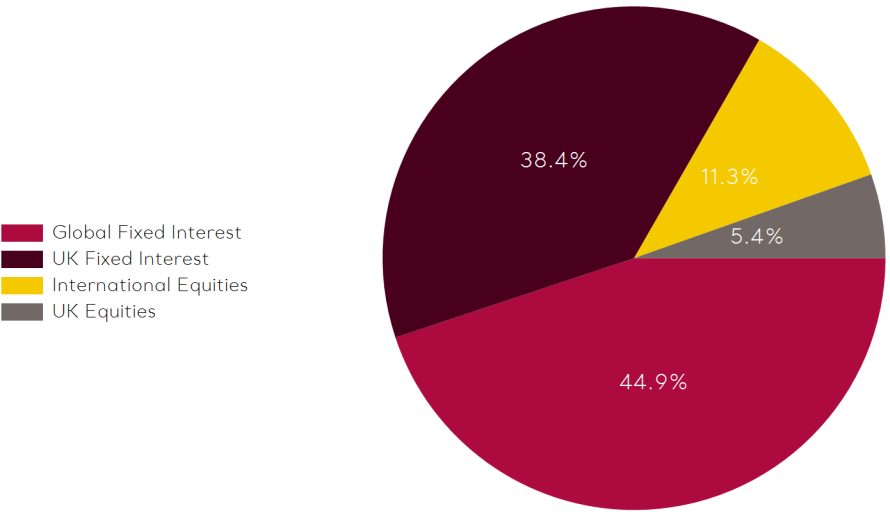
### FUND OBJECTIVE

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.



	Annualised Return			Annualised Risk
	Quarter	1 Year	3 Years	3 Years
Fund	2.11%	3.68%	3.70%	2.40%
UK CPI	-0.09%	1.81%	2.14%	0.92%
ABI Mixed Investment 0%-35% Shrs	3.59%	1.94%	3.68%	3.70%

### ASSET ALLOCATION AS AT DEC 2018



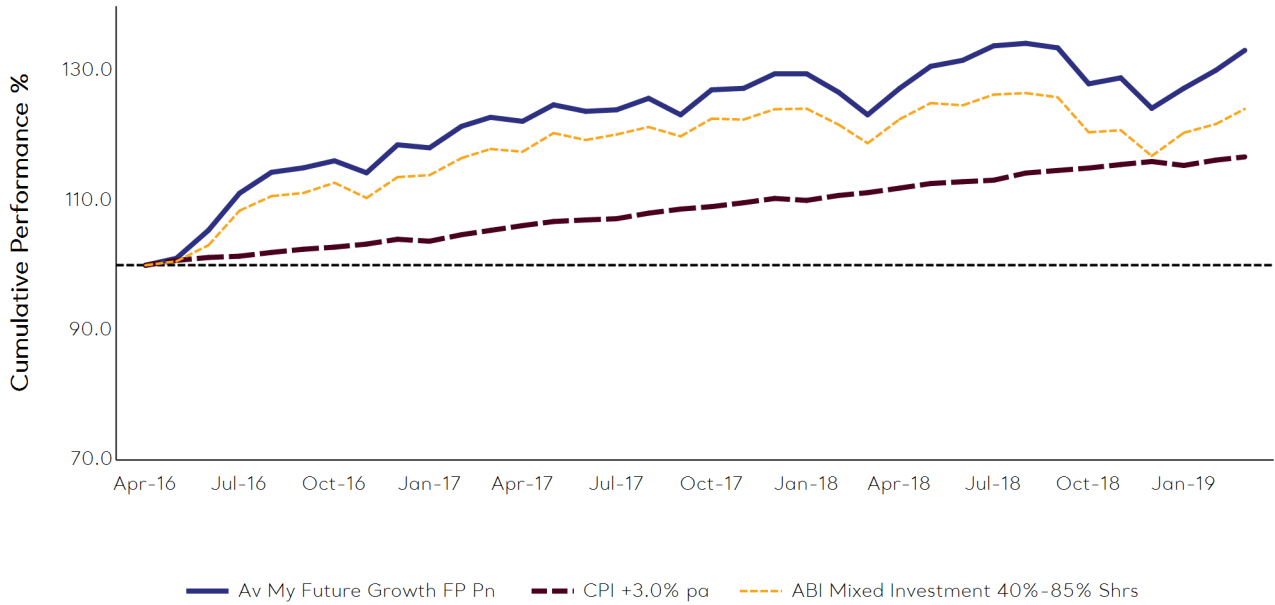
# Section 4

## Fund Analysis: Av My Future Growth FP Pn

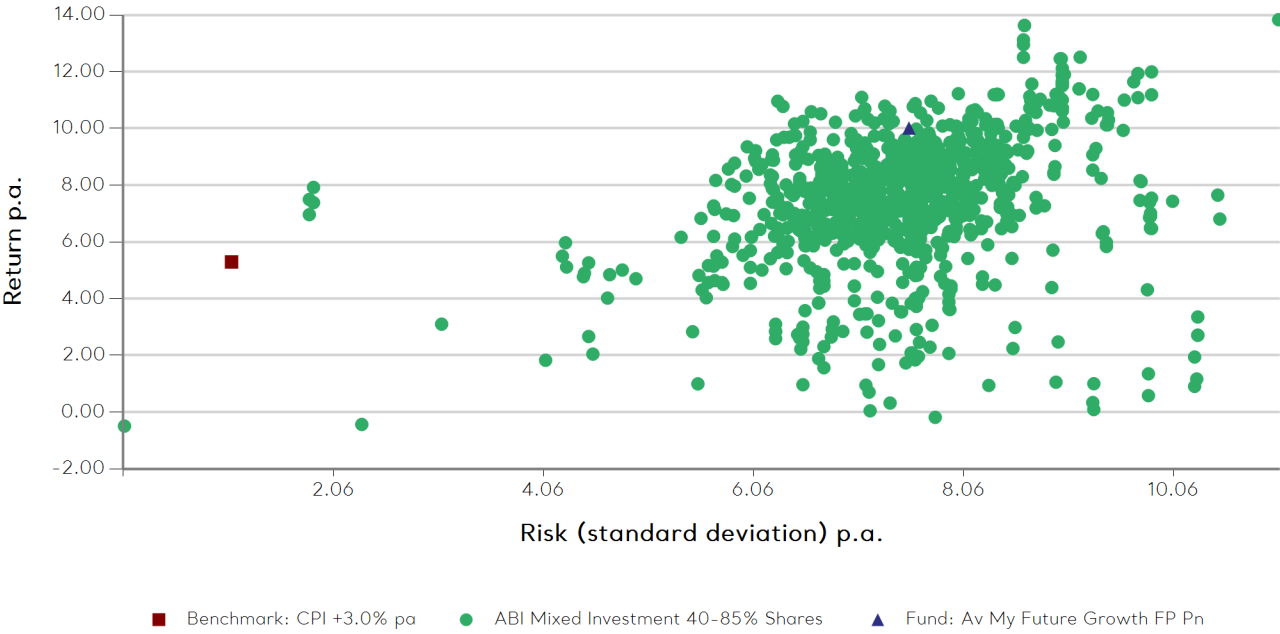
### FUND OBJECTIVE

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.

### CUMULATIVE PERFORMANCE

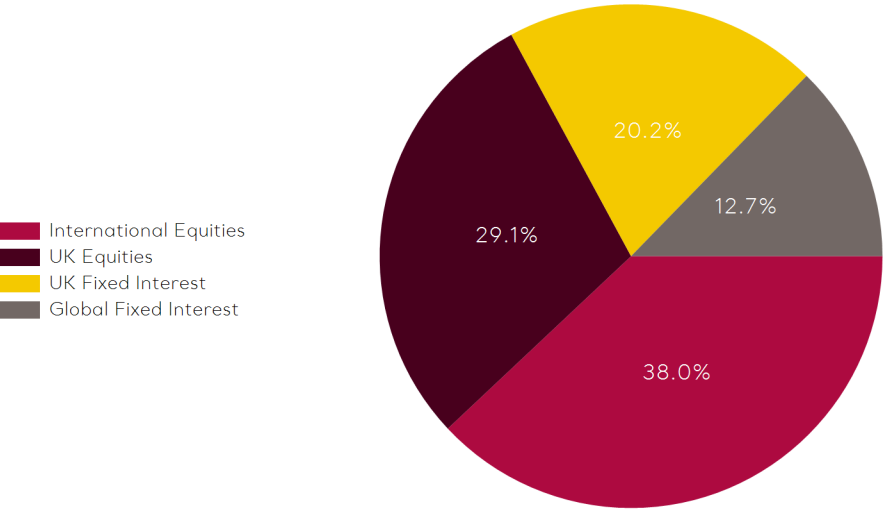


### THREE YEAR ANNUALISED RISK/RETURNS AS AT MAR 2019



	Annualised Return			Annualised Risk
	Quarter	1 Year	3 Years	3 Years
Fund	7.20%	8.07%	10.01%	7.54%
CPI +3.0% pa	0.62%	4.96%	5.29%	1.09%
ABI Mixed Investment 40%-85% Shrs	6.21%	4.45%	7.47%	6.70%

### ASSET ALLOCATION AS AT MAR 2019





## Fidelity International (FIL Invt Svcs UK Ltd) - Default Strategy

### Fund Objective

Flexible access

The chart illustrates the historical asset allocation of a Fidelity portfolio. The Y-axis represents the percentage of assets (0-100%), and the X-axis represents time in years (15 to 0). The portfolio was heavily weighted in Fidelity Futurewise Equity (dark blue) and Fidelity Diversified Markets Pn 9 (red) 15 years ago. Over time, the allocation shifted significantly towards Fidelity UK Aggregate Bond Pn CI8 (green) and Fidelity Cash Pn CI8 (blue), with Fidelity Diversified Markets Pn 9 remaining a major component.

Year	Fidelity UK Aggregate Bond Pn CI8	Fidelity Cash Pn CI8	Fidelity Futurewise Equity	Fidelity Diversified Markets Pn 9	Fidelity Diversified International Pn 9
15	0%	0%	55%	45%	0%
14	0%	0%	45%	55%	0%
13	0%	0%	30%	70%	0%
12	0%	0%	15%	85%	0%
11	0%	0%	10%	90%	0%
10	0%	0%	5%	95%	0%
9	0%	0%	2%	98%	0%
8	0%	0%	1%	99%	0%
7	0%	0%	0%	100%	0%
6	0%	2%	0%	98%	0%
5	0%	5%	0%	95%	0%
4	0%	10%	0%	90%	0%
3	0%	15%	0%	85%	0%
2	0%	20%	0%	80%	0%
1	0%	25%	0%	75%	0%
0	40%	25%	0%	35%	0%

[illegible]

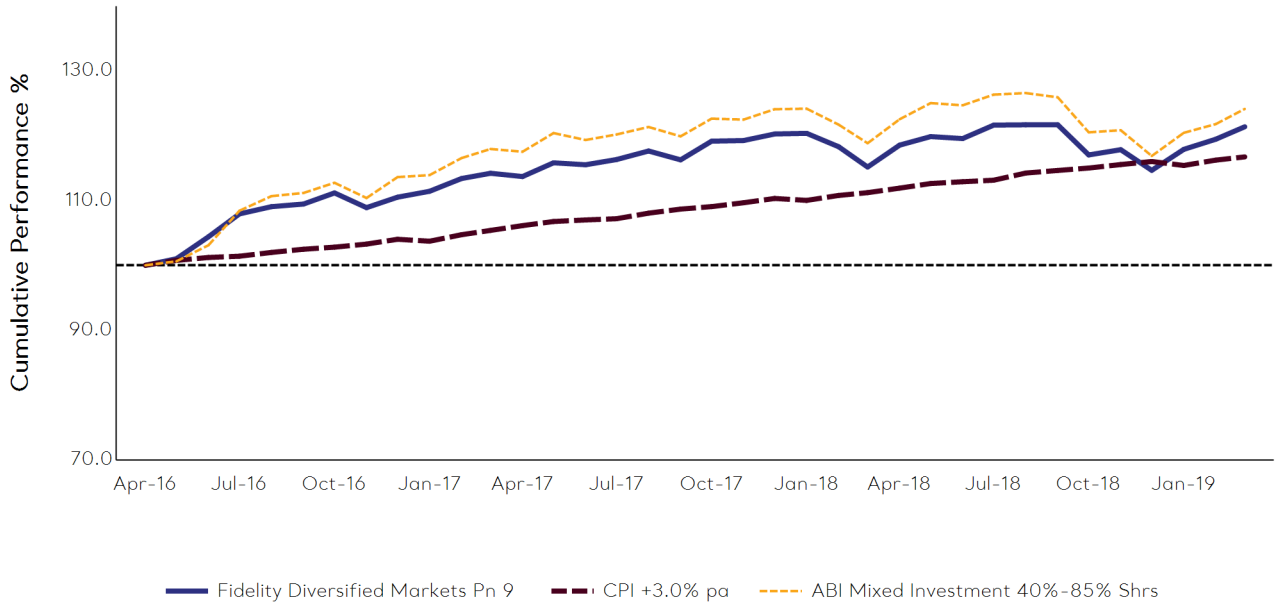
# Section 4

## Fund Analysis: Fidelity Diversified Markets Pn 9

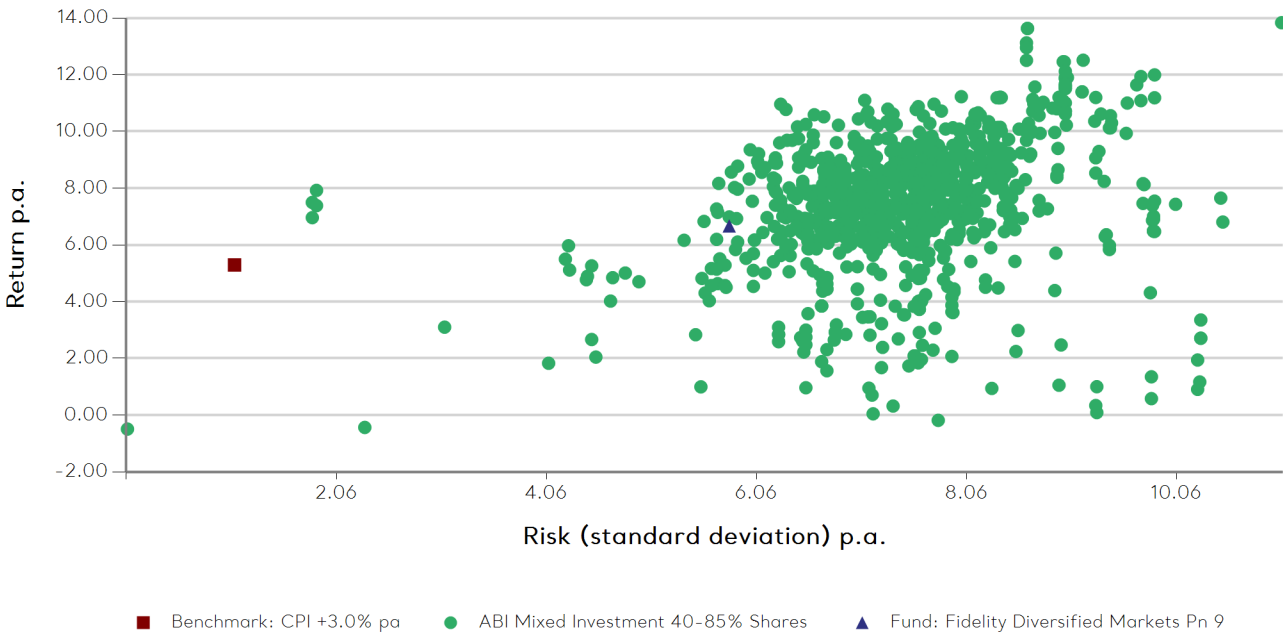
### FUND OBJECTIVE

This life fund invests in an underlying fund managed by Fidelity: The Fund's investment objective is to achieve long term capital growth by investing in a range of assets giving diversified underlying global exposure to mainly corporate and government bonds, equities and high yield securities in variable proportions to manage volatility and risk. The Fund may invest in securities, collective investment schemes, money market instruments, cash, deposits, derivatives and forward transactions (which can also be used for investment purposes). It is anticipated that investments shall be made in both funds managed by third party fund providers and funds managed by Fidelity and in such proportions as the investment manager may decide in pursuit of the investment strategy.

### CUMULATIVE PERFORMANCE

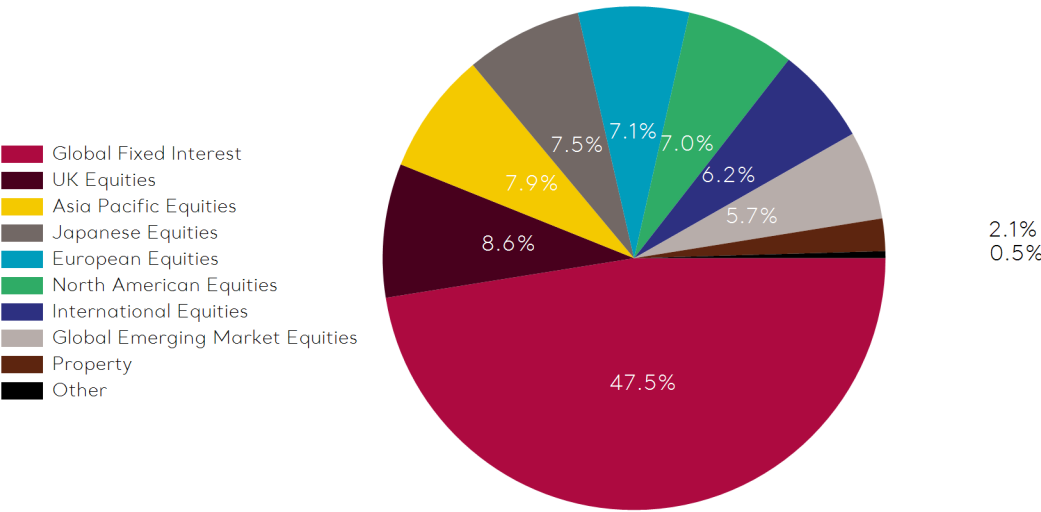


### THREE YEAR ANNUALISED RISK/RETURNS AS AT MAR 2019



		Annualised Return		Annualised Risk
	Quarter	1 Year	3 Years	3 Years
Fund	5.86%	5.39%	6.67%	5.80%
CPI +3.0% pa	0.62%	4.96%	5.29%	1.09%
ABI Mixed Investment 40%-85% Shrs	6.21%	4.45%	7.47%	6.70%

### ASSET ALLOCATION AS AT MAR 2019

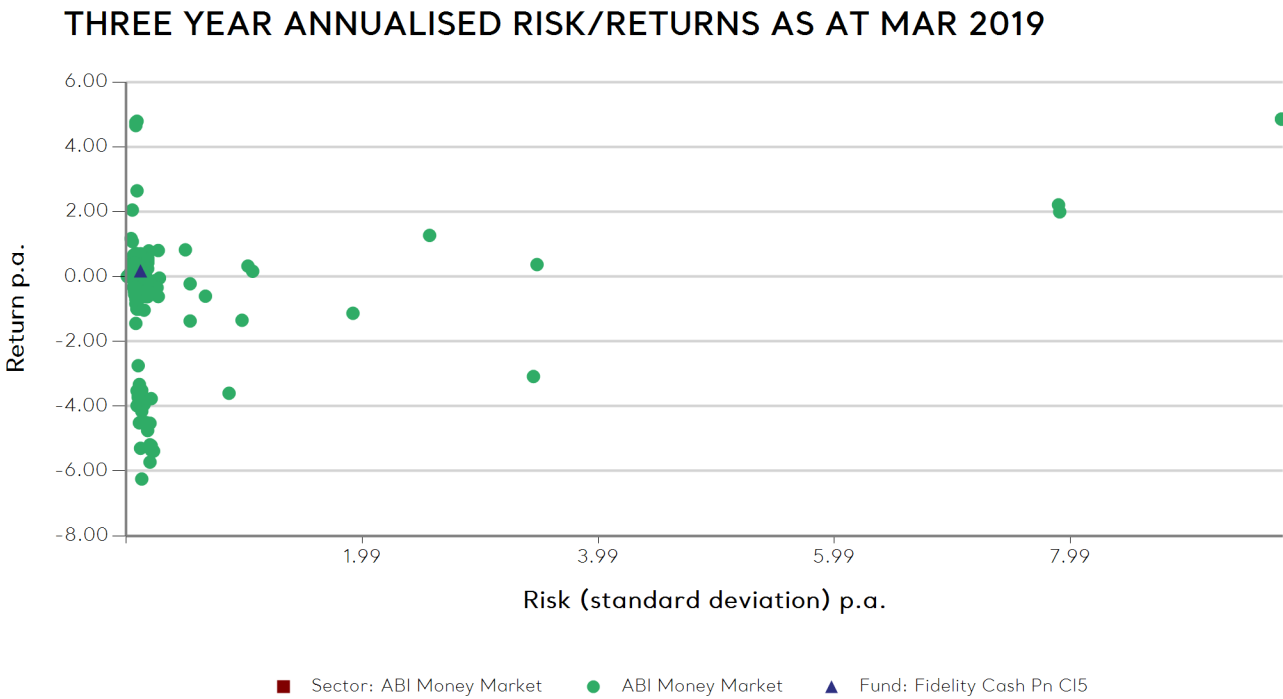
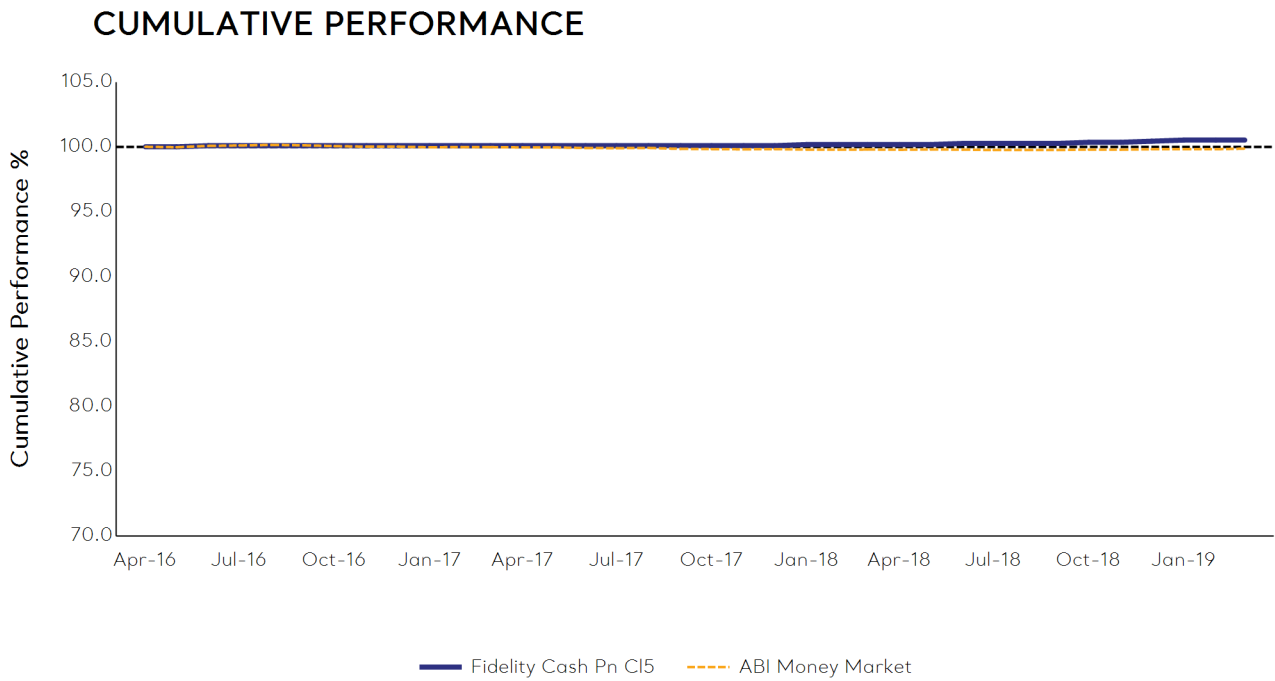


# Section 4

## Fund Analysis: Fidelity Cash Pn CI5

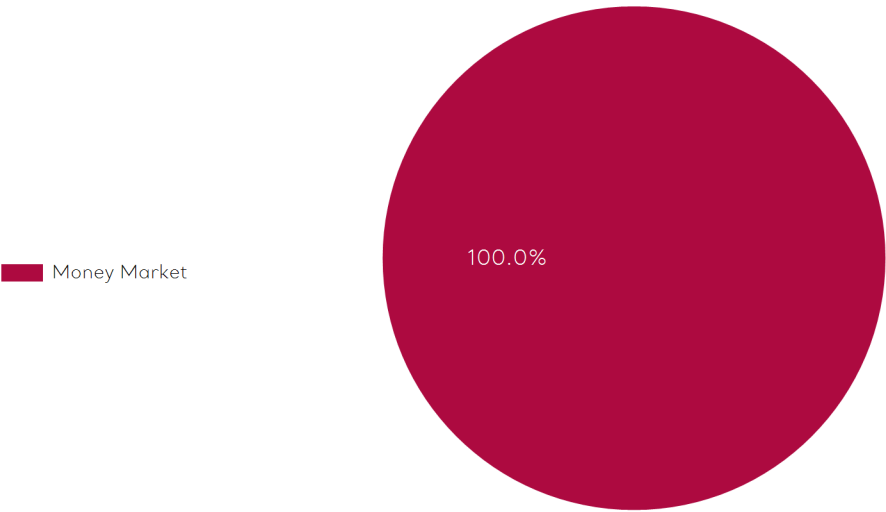
### FUND OBJECTIVE

Aims to maintain capital value while producing income. The fund will invest primarily in a diversified range of Sterling denominated money market instruments, other short-term investments and transferable securities. The fund's investments may include, but are not limited to, certificates of deposit, commercial paper, medium-term notes, floating rate notes and treasury bills. The fund has been classified as a Short-Term Money Market Fund in accordance with the European Securities and Markets Authority's guidelines on a common definition of European money market funds. This classification means that the weighted average maturity of the fund shall not exceed 60 days and the weighted average life of the fund shall not exceed 120 days. The fund will not hold derivative positions. Has the freedom to invest in other short-term instruments of appropriate credit quality. Can invest in instruments issued by governments, companies and other bodies. Income is reinvested in additional shares or paid to shareholders on request. Shares can usually be bought and sold each business day of the fund.



	Annualised Return			Annualised Risk
	Quarter	1 Year	3 Years	3 Years
Fund	0.09%	0.34%	0.17%	0.11%
ABI Money Market	0.05%	0.07%	-0.05%	0.12%

### ASSET ALLOCATION AS AT MAR 2019

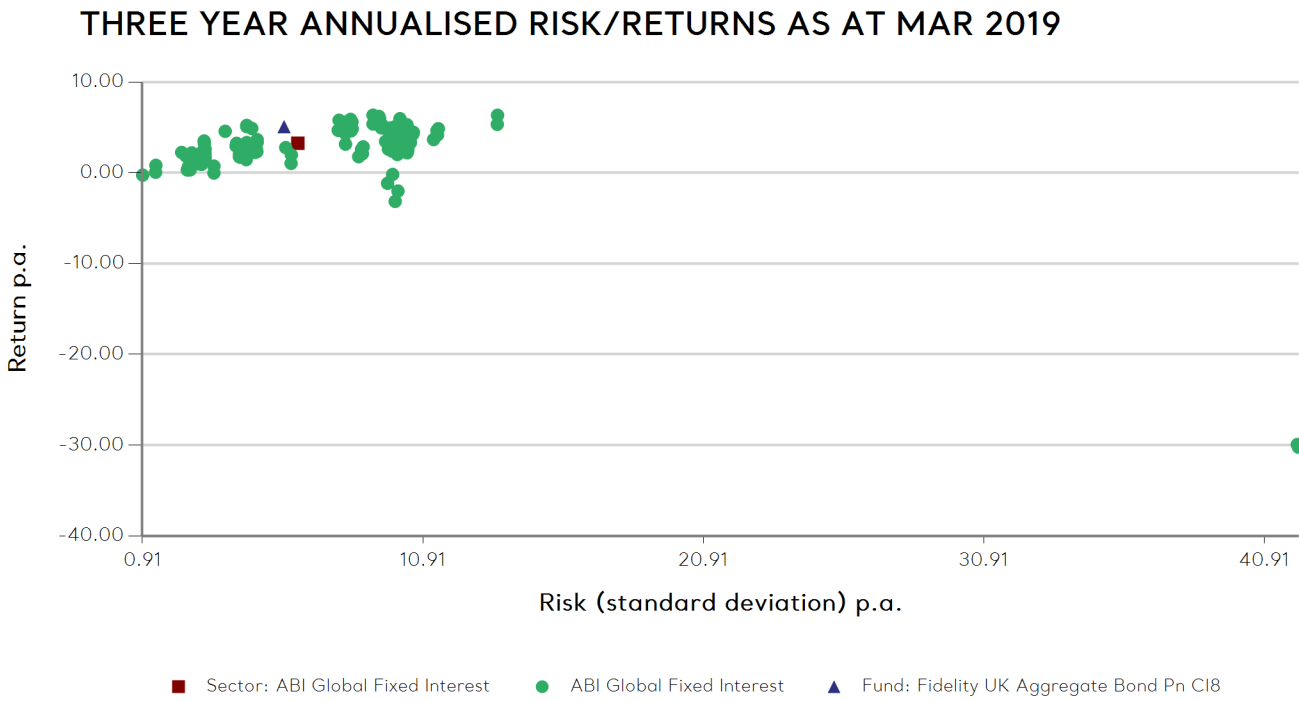
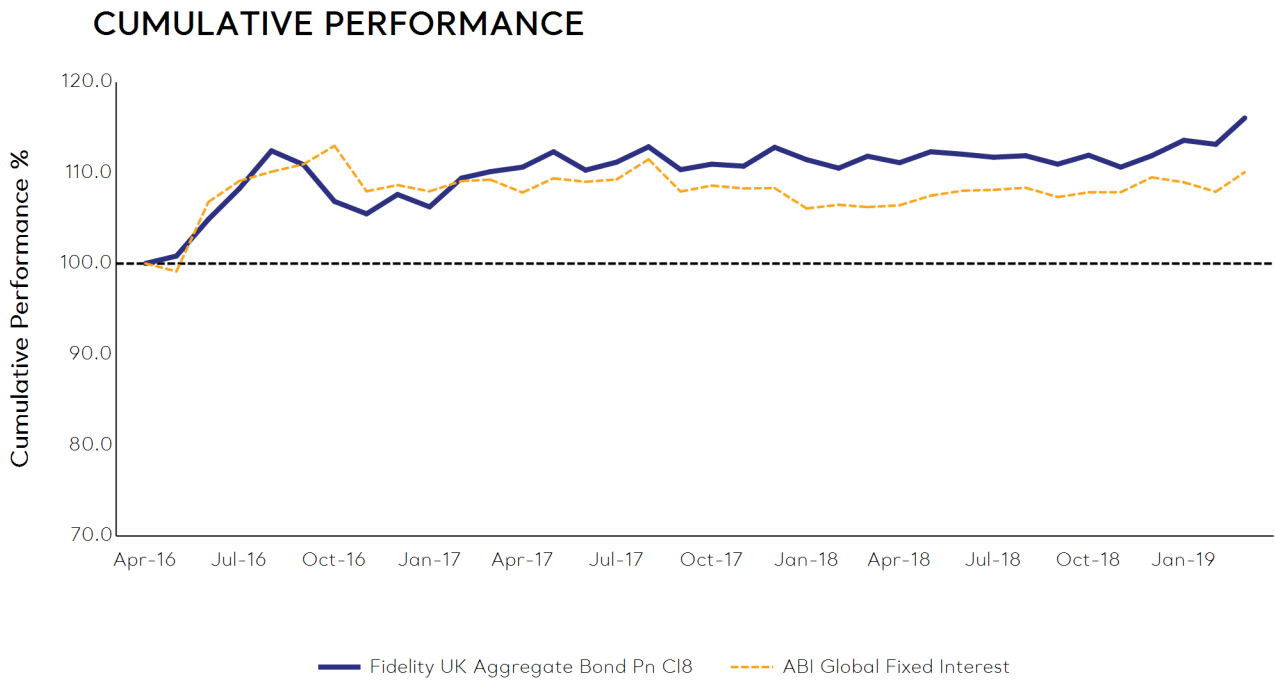


# Section 4

## Fund Analysis: Fidelity UK Aggregate Bond Pn Cl8

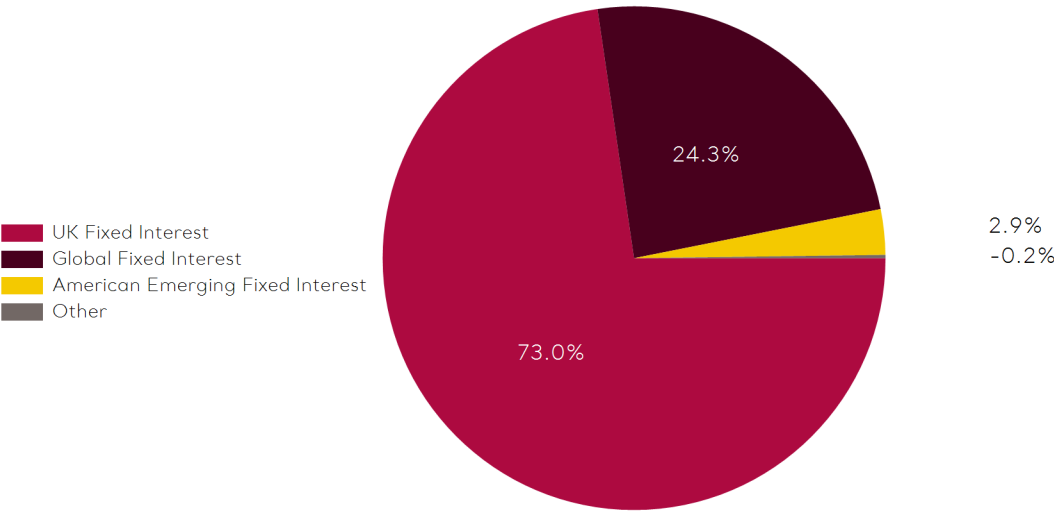
### FUND OBJECTIVE

Aims to provide income and capital growth Obtains exposure primarily to UK government and non-government bonds. Investments may be made in relation to bonds issued in currencies other than the fund's denominated currency. Exposure to currencies may be hedged, for example with currency forward contracts. Can invest in relation to bonds issued by governments, companies and other bodies. The fund may make use of derivatives which are consistent with achieving the fund's objective. This may result in "leverage" by which we mean a level of exposure which could expose the fund to the potential of greater gains or losses than would otherwise be the case. The fund has discretion in its choices of investments within its objectives and policies.



	Annualised Return			Annualised Risk
	Quarter	1 Year	3 Years	3 Years
Fund	3.72%	3.77%	5.08%	5.96%
ABI Global Fixed Interest	0.53%	3.63%	3.25%	6.45%

### ASSET ALLOCATION AS AT MAR 2019





## Legal & General Assurance Soc - Default Strategy

Legal &amp; General Multi Asset Fund

Flexible access

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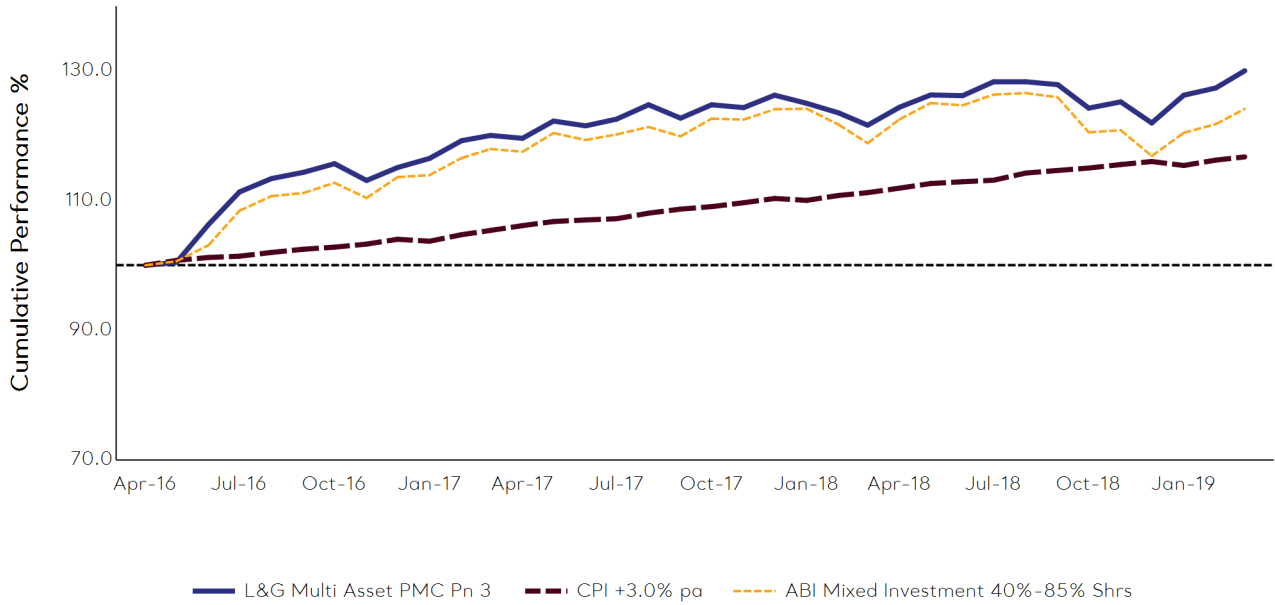
# Section 4

## Fund Analysis: L&G Multi Asset PMC Pn 3

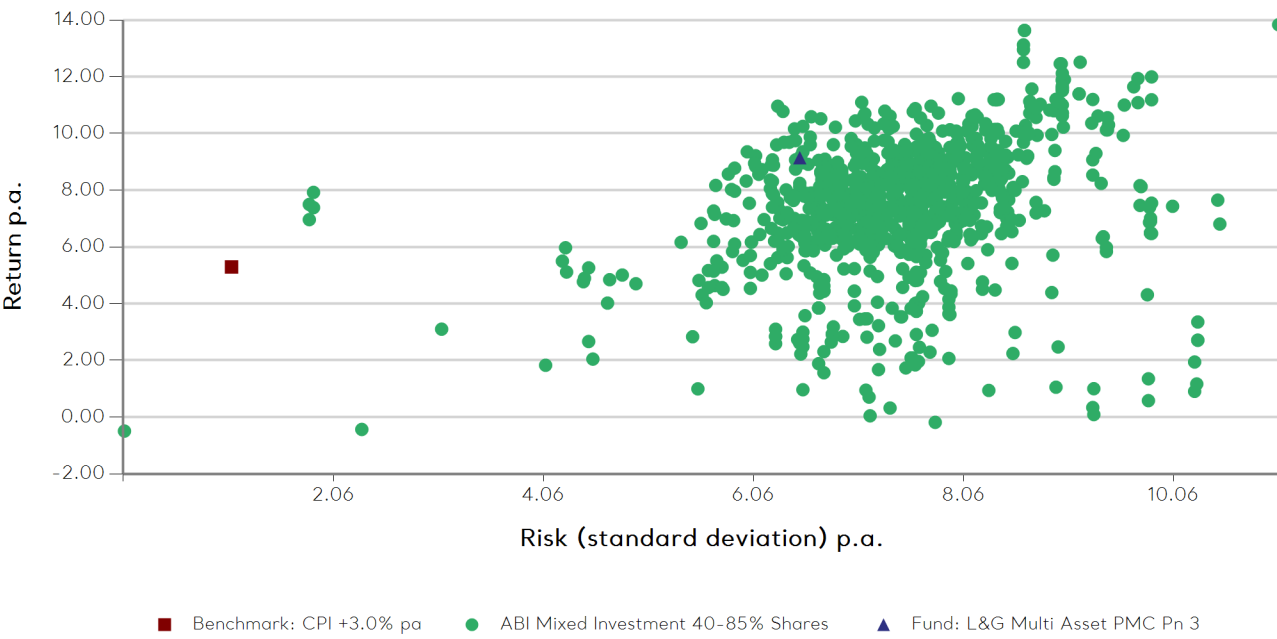
### FUND OBJECTIVE

To provide long-term investment growth through exposure to a diversified range of asset classes. The diversified nature of the Fund means that the Fund is expected to have less exposure than an equity-only fund to adverse equity market conditions. However, the Fund may perform less strongly than an equity-only fund in benign or positive market conditions.

### CUMULATIVE PERFORMANCE

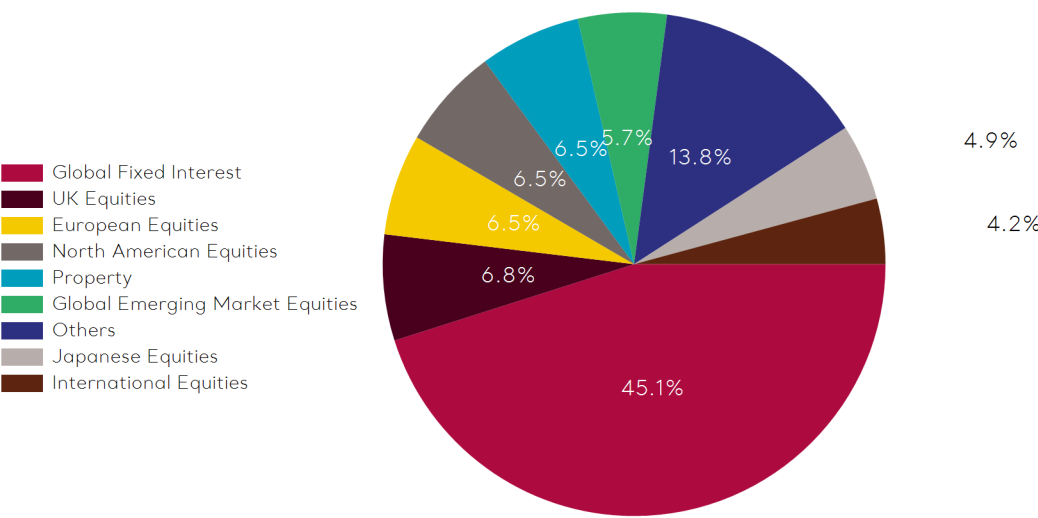


### THREE YEAR ANNUALISED RISK/RETURNS AS AT MAR 2019



	Annualised Return			Annualised Risk
	Quarter	1 Year	3 Years	3 Years
Fund	6.61%	6.91%	9.14%	6.50%
CPI +3.0% pa	0.62%	4.96%	5.29%	1.09%
ABI Mixed Investment 40%-85% Shrs	6.21%	4.45%	7.47%	6.70%

### ASSET ALLOCATION AS AT MAR 2019



# Section 4

## Royal London - Default Strategy

Royal London

RLP Balanced Lifestyle Strategy

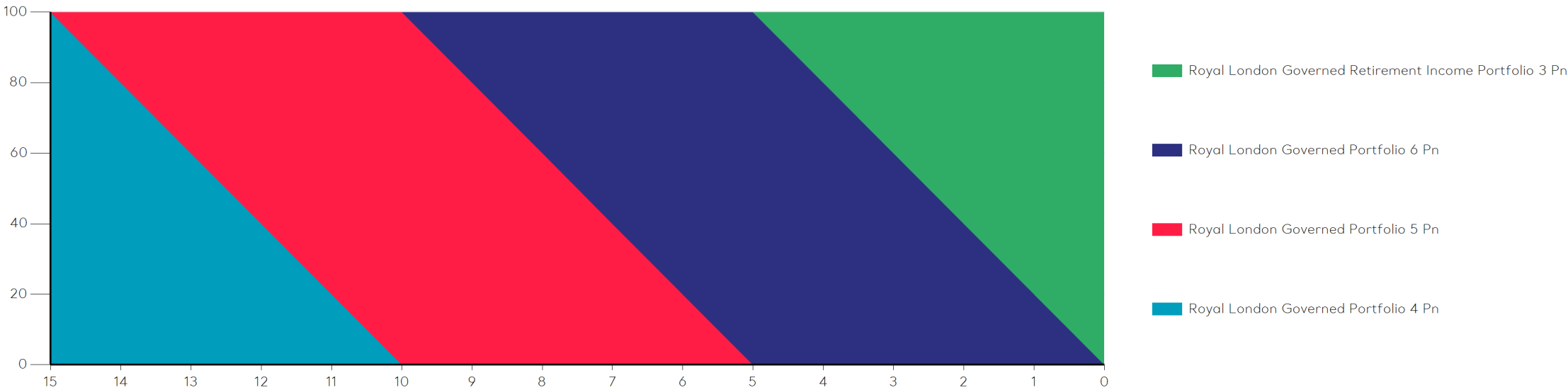
Glide Path

15

Fund Objective

Flexible access

### GLIDE PATH



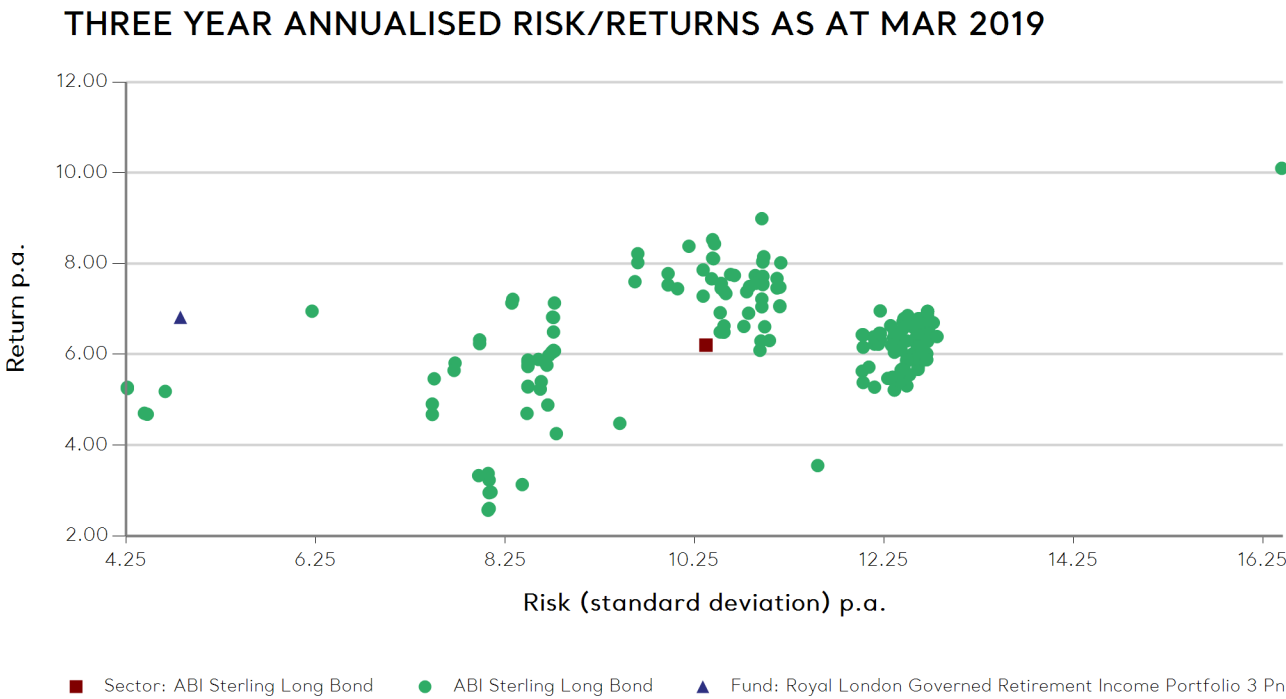
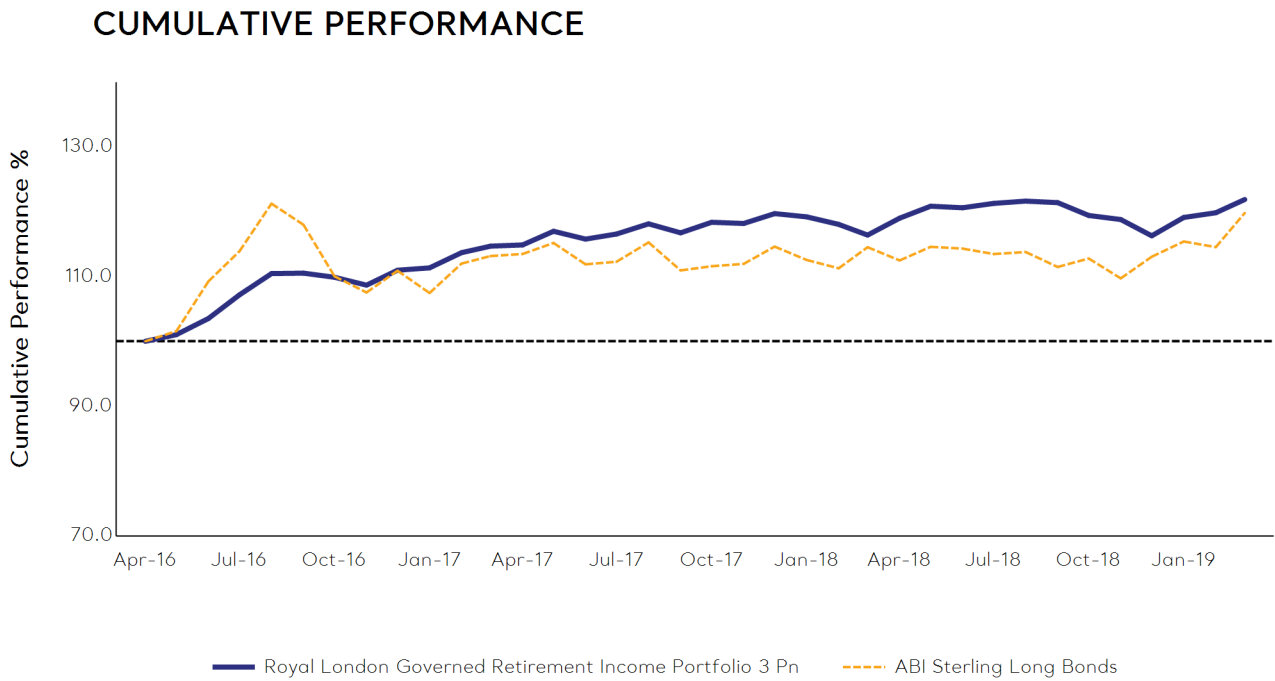
	Years to retirement															
RLP Balanced Lifestyle Strategy	15+	14	13	12	11	10	9	8	7	6	5	4	3	2	1	At Retirement
Royal London Governed Portfolio 4 Pn	100	80	60	40	20	0	0	0	0	0	0	0	0	0	0	0
Royal London Governed Portfolio 5 Pn	0	20	40	60	80	100	80	60	40	20	0	0	0	0	0	0
Royal London Governed Portfolio 6 Pn	0	0	0	0	0	0	20	40	60	80	100	80	60	40	20	0
Royal London Governed Retirement Income Portfolio 3 Pn	0	0	0	0	0	0	0	0	0	0	0	20	40	60	80	100

Section 4

Fund Analysis: Royal London Governed Retirement Income Portfolio3 Pn

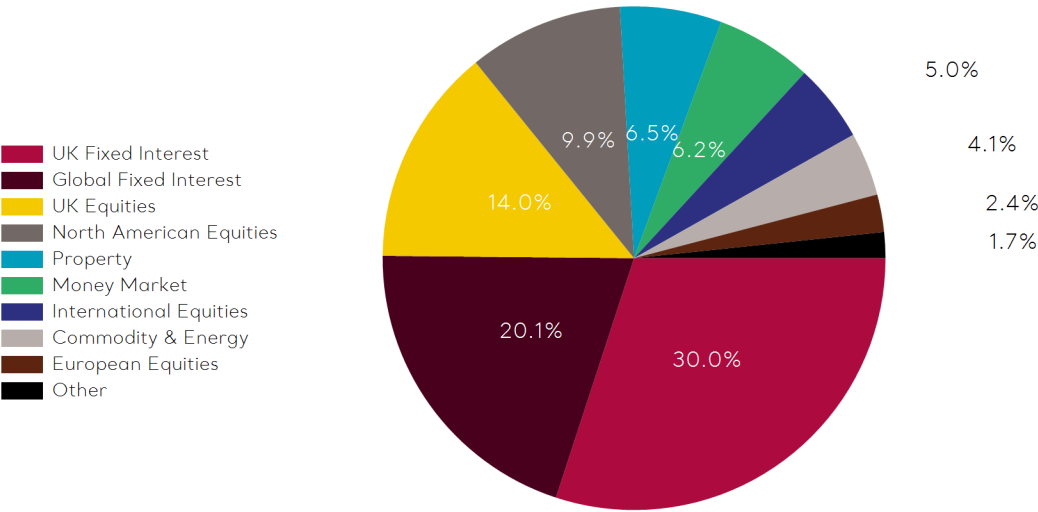
FUND OBJECTIVE

This portfolio aims to deliver growth above inflation to support regular income withdrawals, whilst taking a level of risk consistent with a risk rating 3 risk attitude.



	Annualised Return			Annualised Risk
	Quarter	1 Year	3 Years	3 Years
Fund	4.82%	4.71%	6.81%	4.82%
ABI Sterling Long Bonds	5.96%	4.60%	6.20%	10.37%

ASSET ALLOCATION AS AT MAR 2019



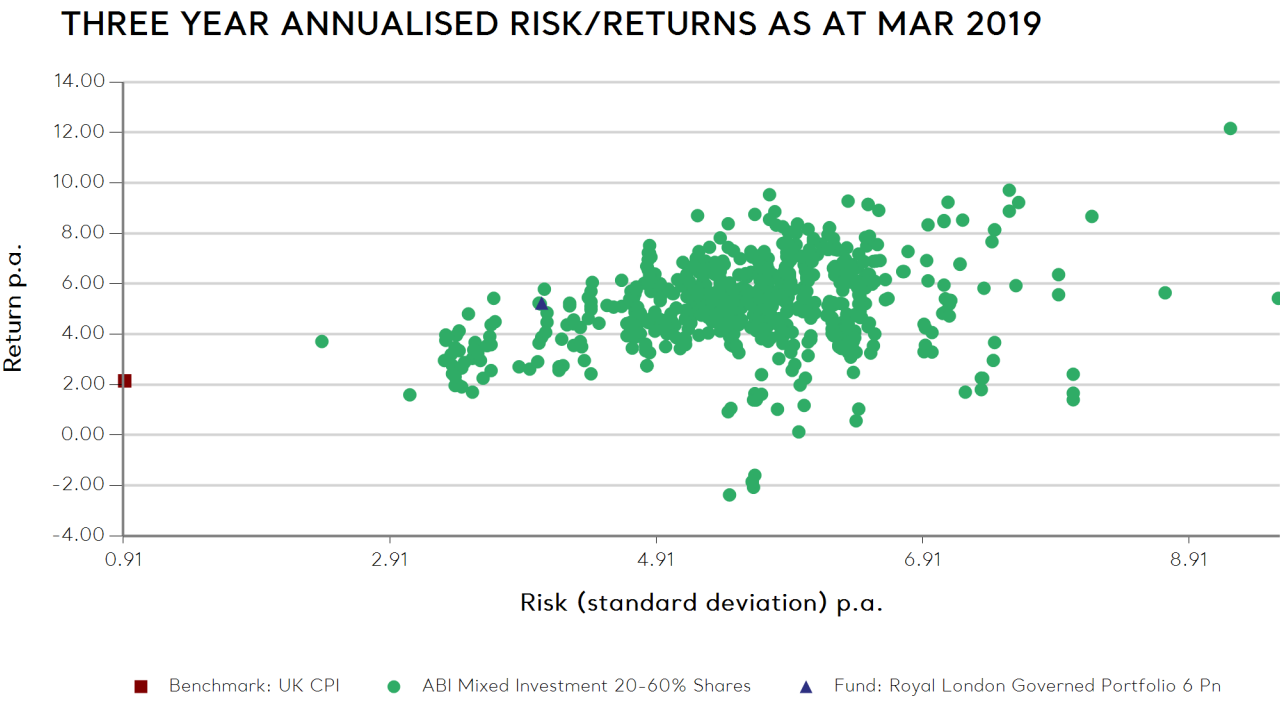
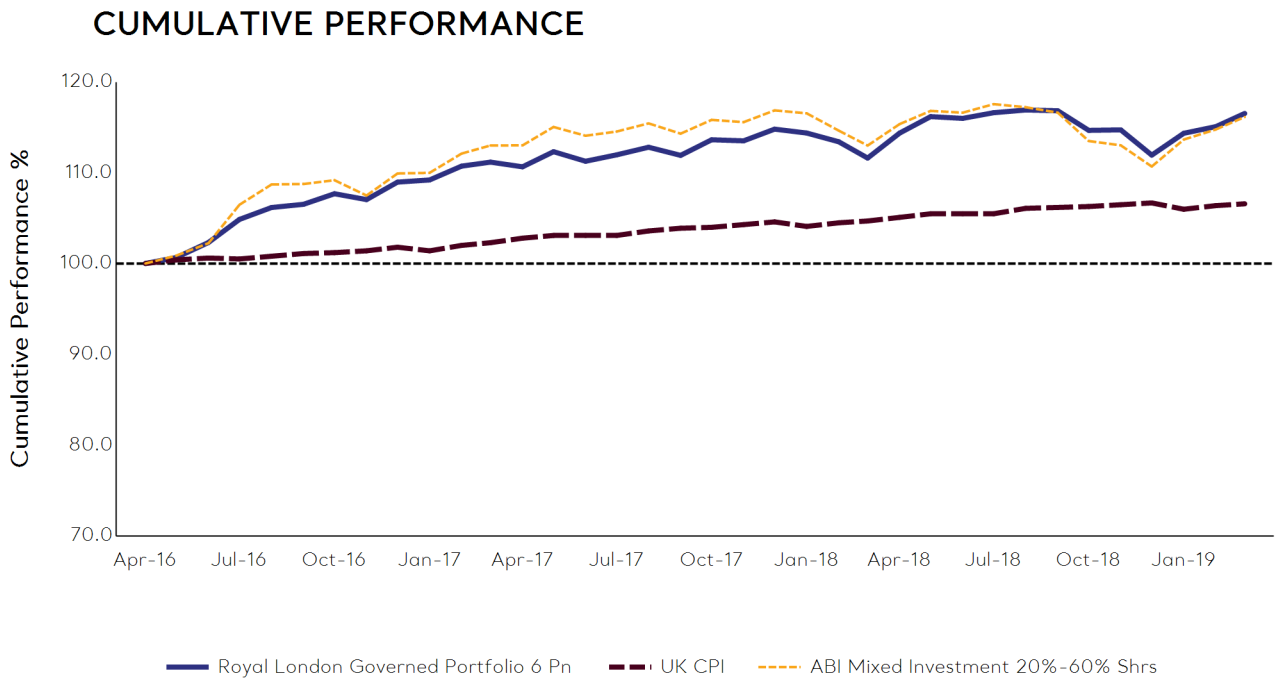


# Section 4

## Fund Analysis: Royal London Governed Portfolio 6 Pn

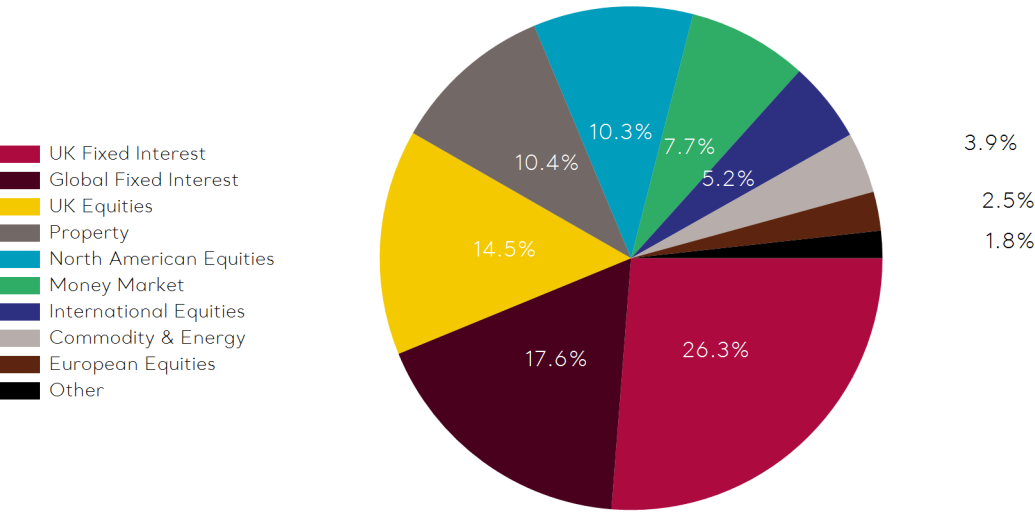
### FUND OBJECTIVE

This portfolio aims to deliver above inflation growth in the value of the fund at retirement, whilst taking a level of risk consistent with a balanced or moderately adventurous risk attitude over a short time period.



	Annualised Return			Annualised Risk
	Quarter	1 Year	3 Years	3 Years
Fund	4.10%	4.40%	5.23%	4.05%
UK CPI	-0.09%	1.81%	2.14%	0.92%
ABI Mixed Investment 20%-60% Shrs	4.93%	2.79%	5.11%	4.93%

### ASSET ALLOCATION AS AT MAR 2019



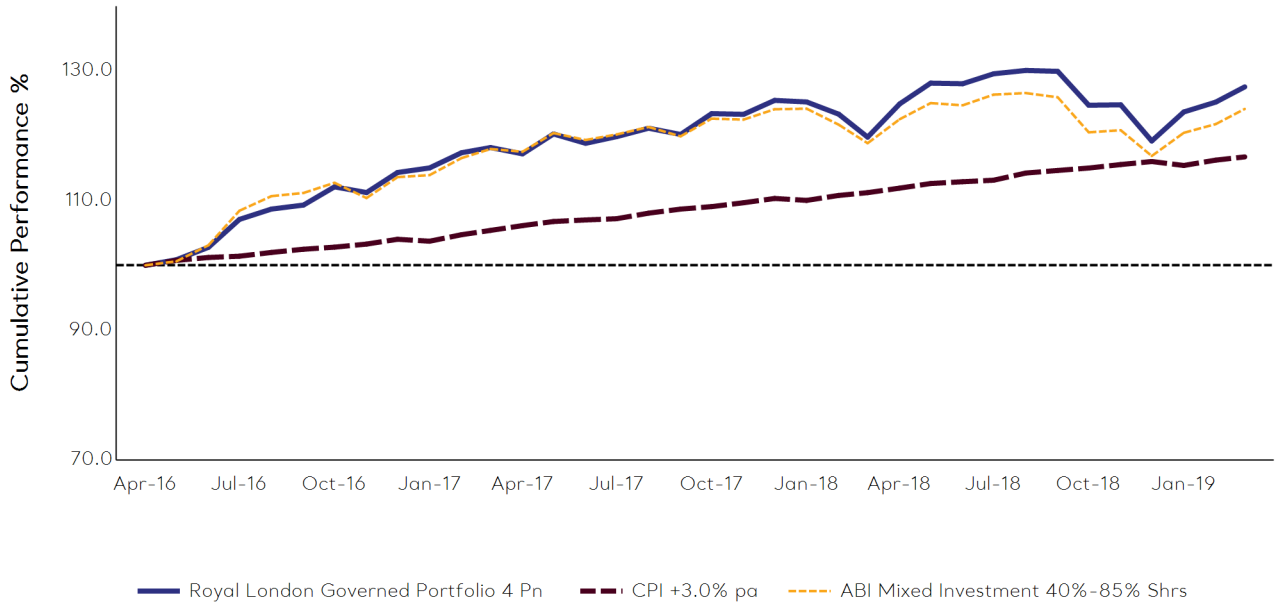
# Section 4

## Fund Analysis: Royal London Governed Portfolio 4 Pn

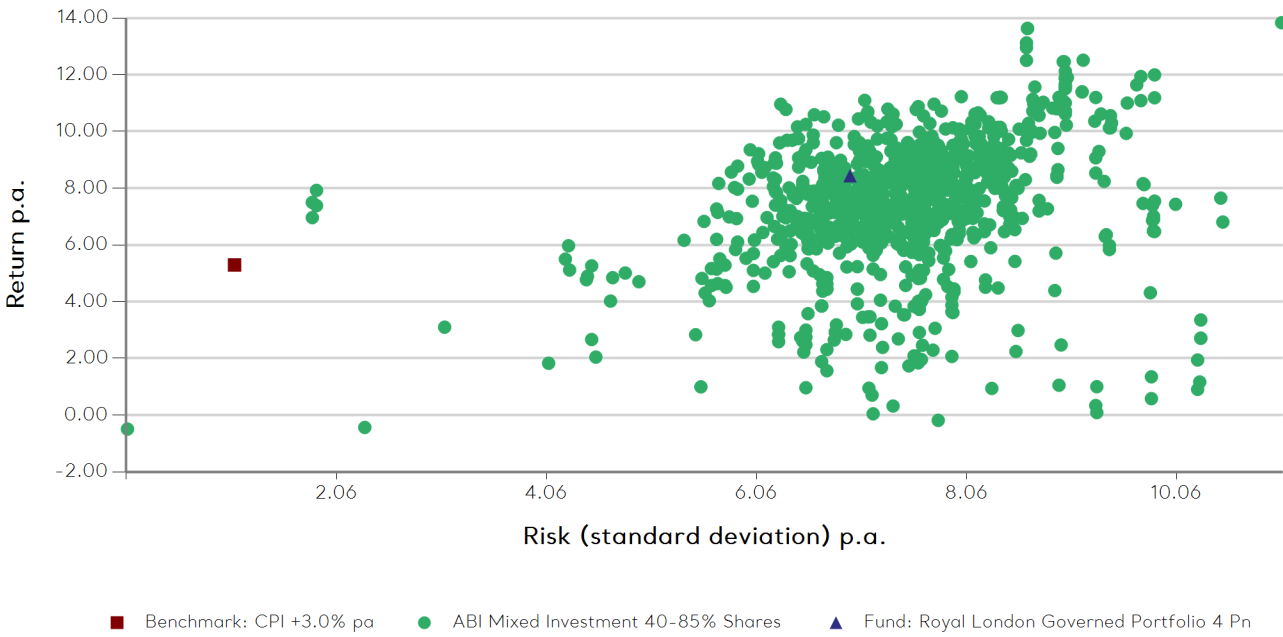
### FUND OBJECTIVE

This portfolio aims to deliver above inflation growth in the value of the fund at retirement, whilst taking a level of risk consistent with a moderately cautious or balanced risk attitude over a long time period.

### CUMULATIVE PERFORMANCE

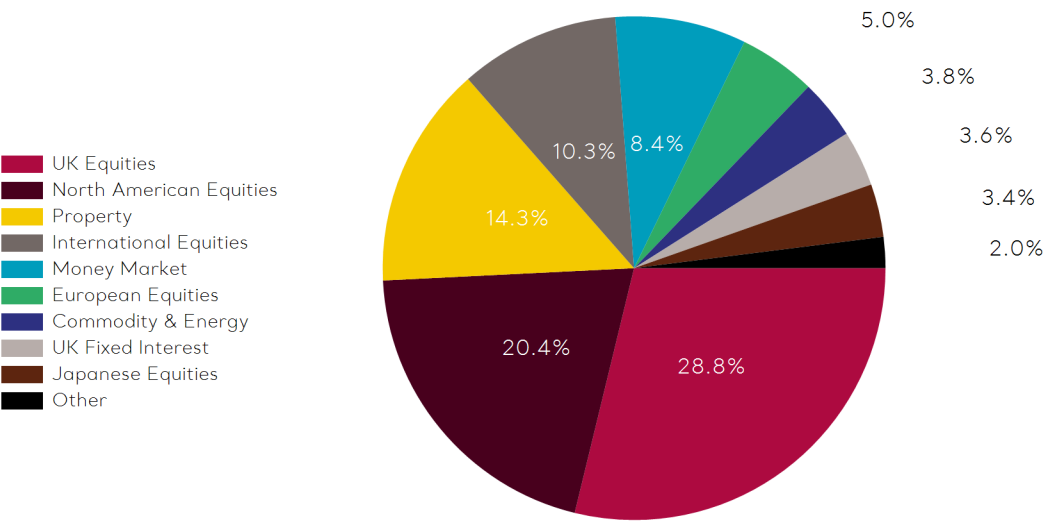


### THREE YEAR ANNUALISED RISK/RETURNS AS AT MAR 2019



		Annualised Return		Annualised Risk
	Quarter	1 Year	3 Years	3 Years
Fund	7.00%	6.47%	8.44%	6.95%
CPI +3.0% pa	0.62%	4.96%	5.29%	1.09%
ABI Mixed Investment 40%-85% Shrs	6.21%	4.45%	7.47%	6.70%

### ASSET ALLOCATION AS AT MAR 2019



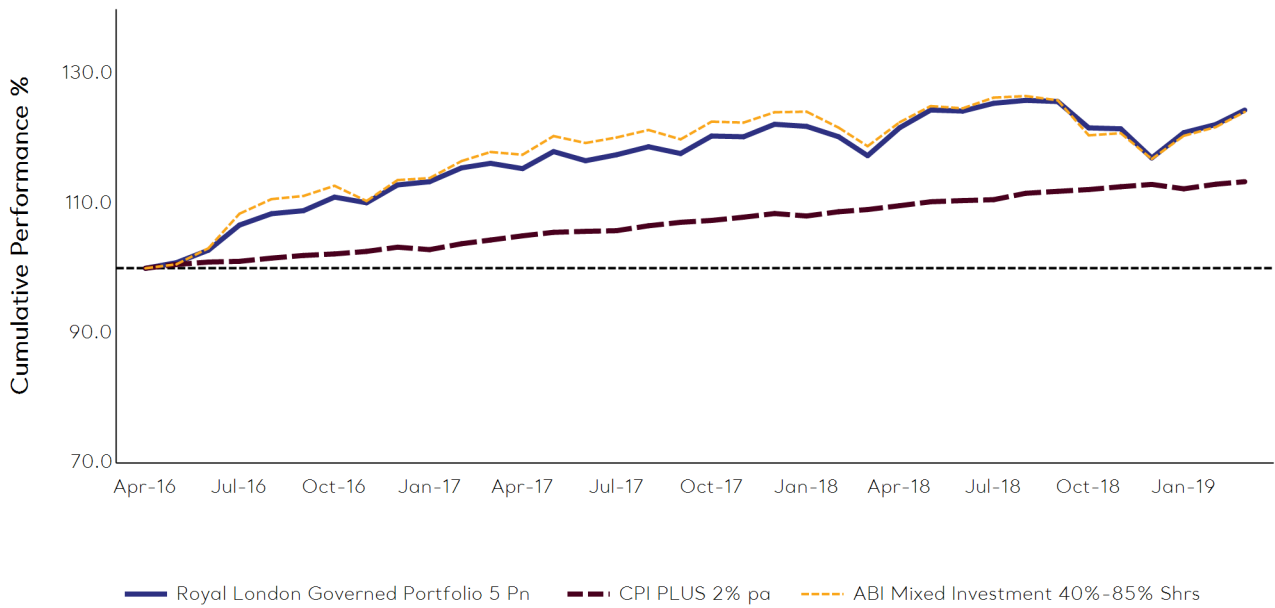
# Section 4

## Fund Analysis: Royal London Governed Portfolio 5 Pn

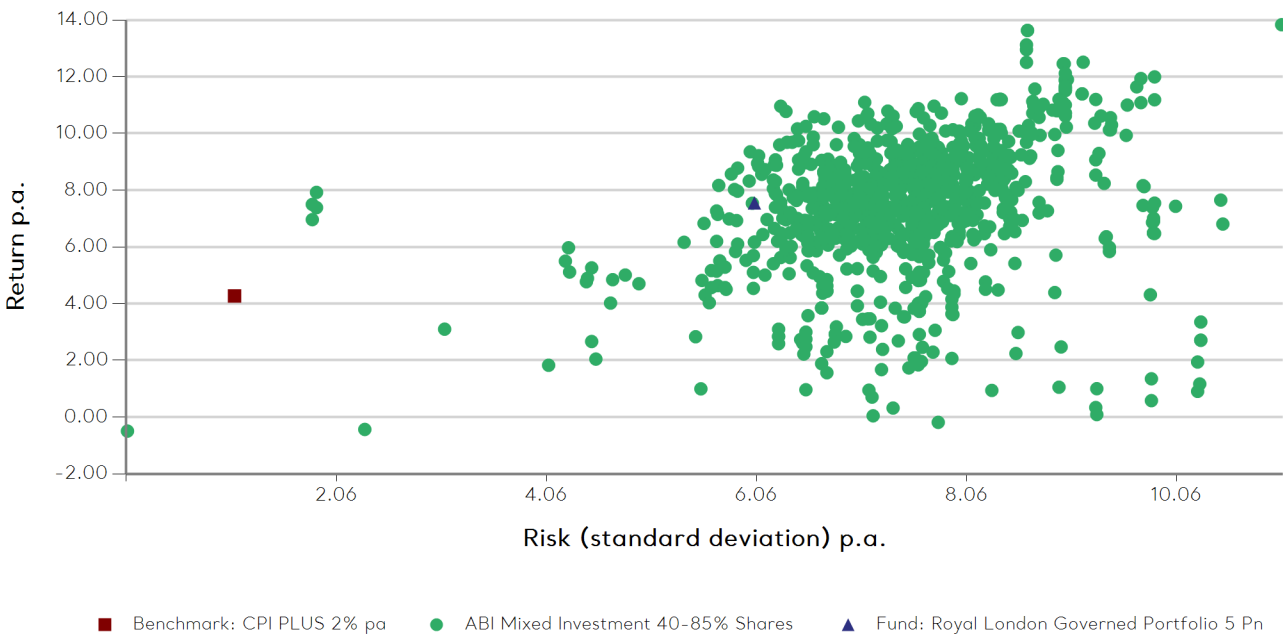
### FUND OBJECTIVE

This portfolio aims to deliver above inflation growth in the value of the fund at retirement, whilst taking a level of risk consistent with a moderately cautious, balanced or moderately adventurous risk attitude over a medium time period.

### CUMULATIVE PERFORMANCE

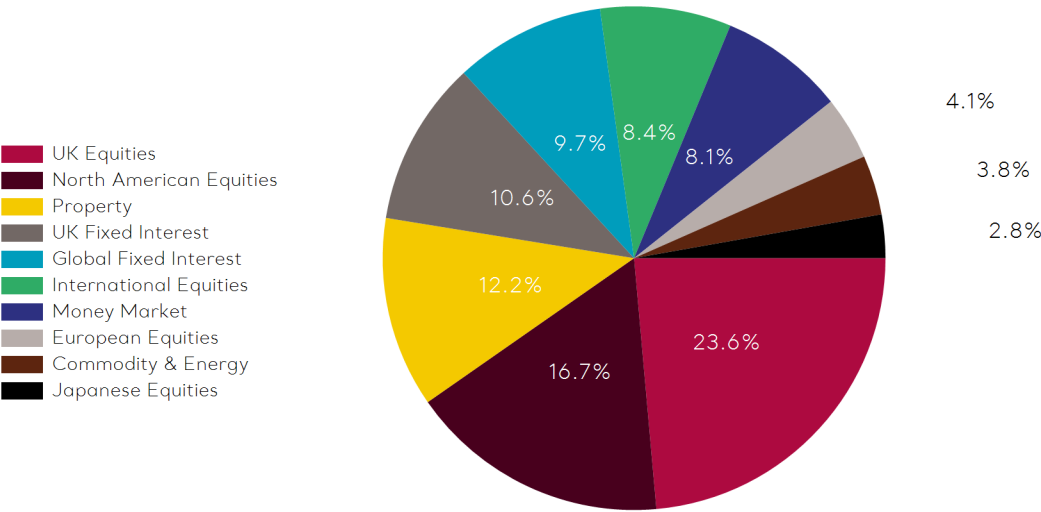


### THREE YEAR ANNUALISED RISK/RETURNS AS AT MAR 2019



		Annualised Return		Annualised Risk
	Quarter	1 Year	3 Years	3 Years
Fund	6.31%	5.99%	7.55%	6.04%
CPI PLUS 2% pa	0.37%	3.94%	4.27%	1.09%
ABI Mixed Investment 40%-85% Shrs	6.21%	4.45%	7.47%	6.70%

### ASSET ALLOCATION AS AT MAR 2019



# Section 4

## Scottish Widows Limited - Default Strategy

Scottish Widows Limited

Glide Path

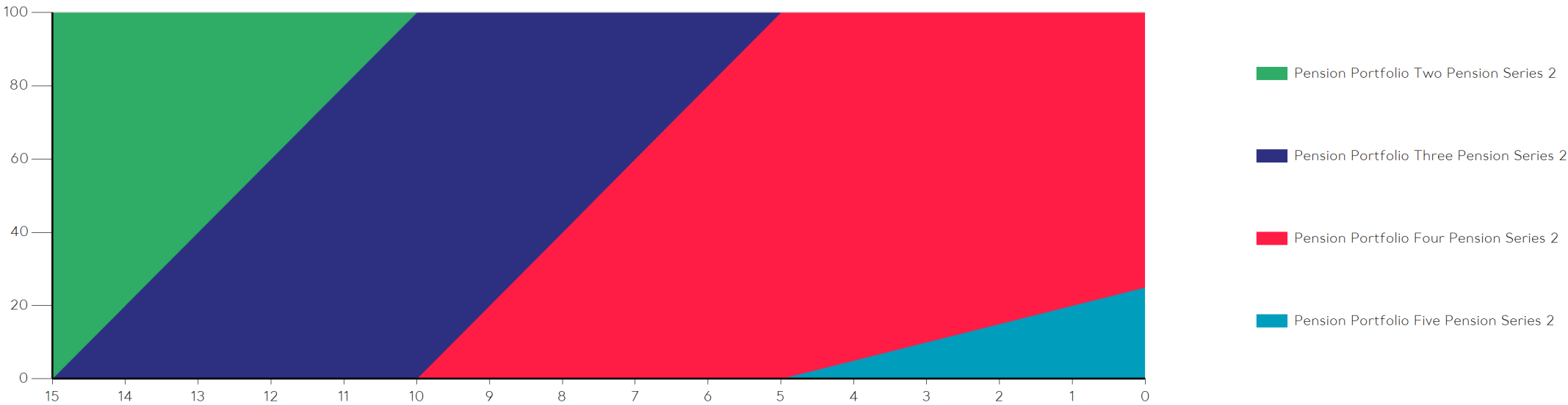
Fund Objective

Scottish Widows Balanced Pension Investment Approach

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Flexible access

### GLIDE PATH



Scottish Widows Balanced Pension Investment Approach	Years to retirement															
	15+	14	13	12	11	10	9	8	7	6	5	4	3	2	1	At Retirement
	Pension Portfolio Five Pension Series 2	0	0	0	0	0	0	0	0	0	0	5	10	15	20	25
	Pension Portfolio Two Pension Series 2	100	80	60	40	20	0	0	0	0	0	0	0	0	0	0
	Pension Portfolio Three Pension Series 2	0	20	40	60	80	100	80	60	40	20	0	0	0	0	0
Pension Portfolio Four Pension Series 2	0	0	0	0	0	0	20	40	60	80	100	95	90	85	80	75

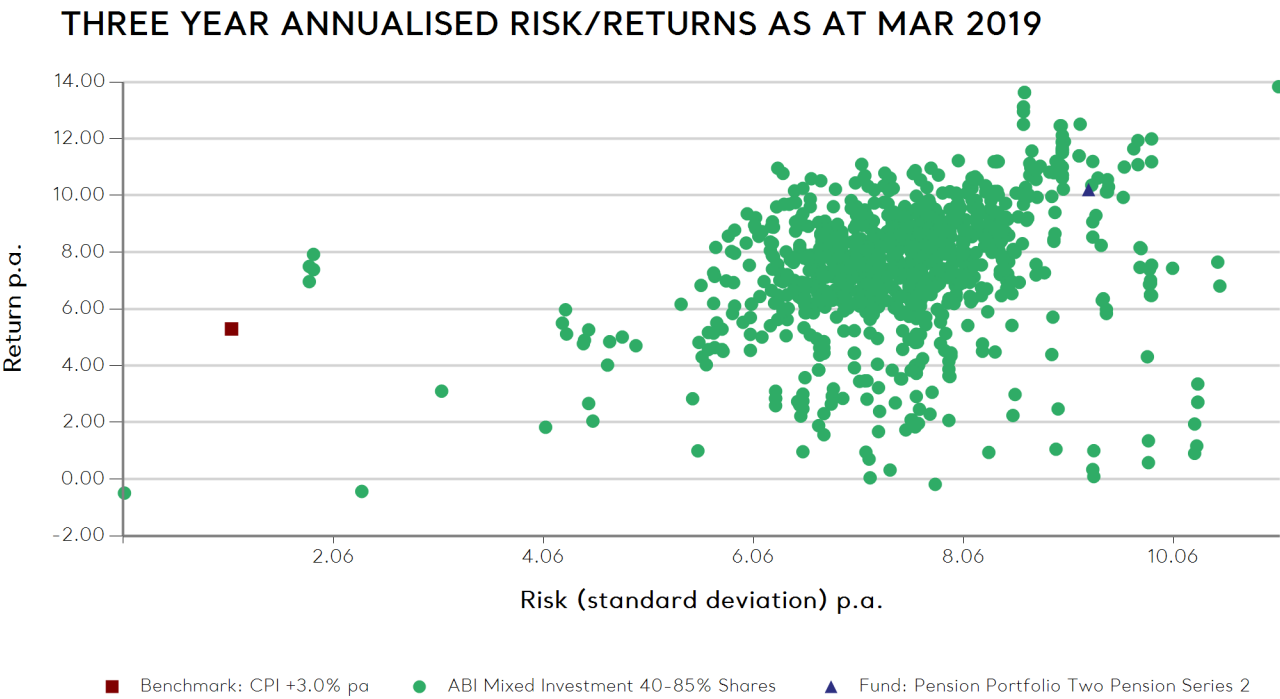
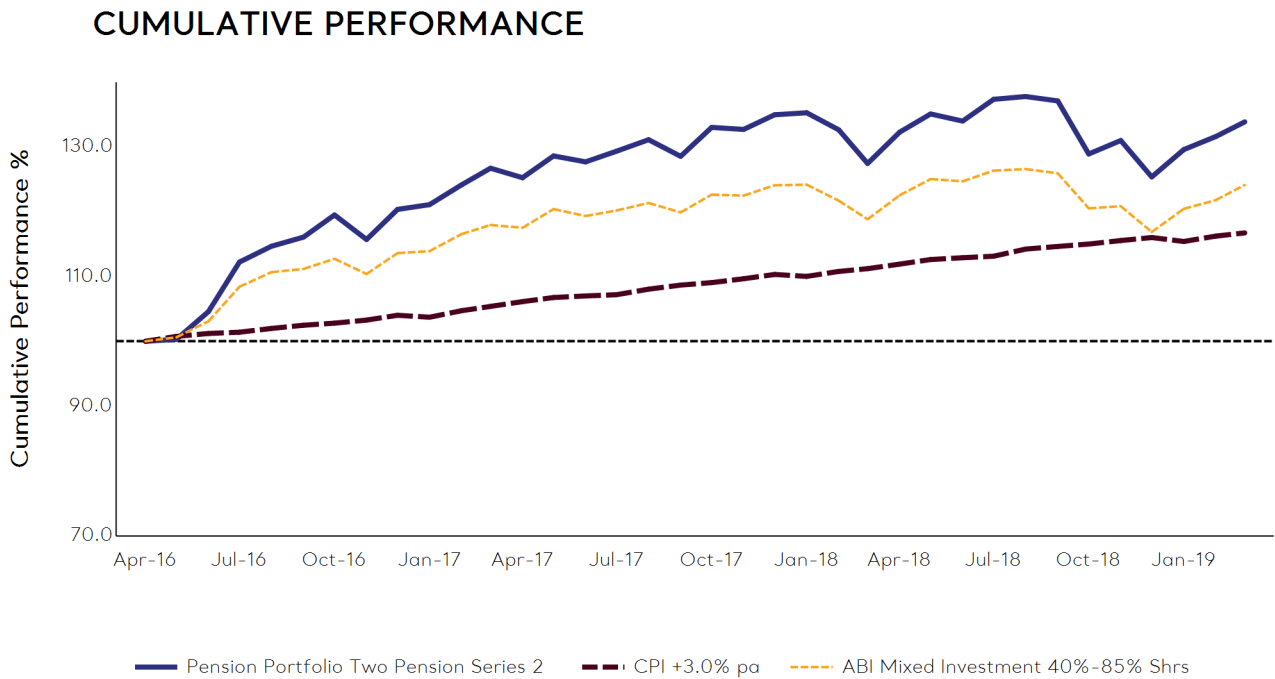


# Section 4

## Fund Analysis: Pension Portfolio Two Pension Series2

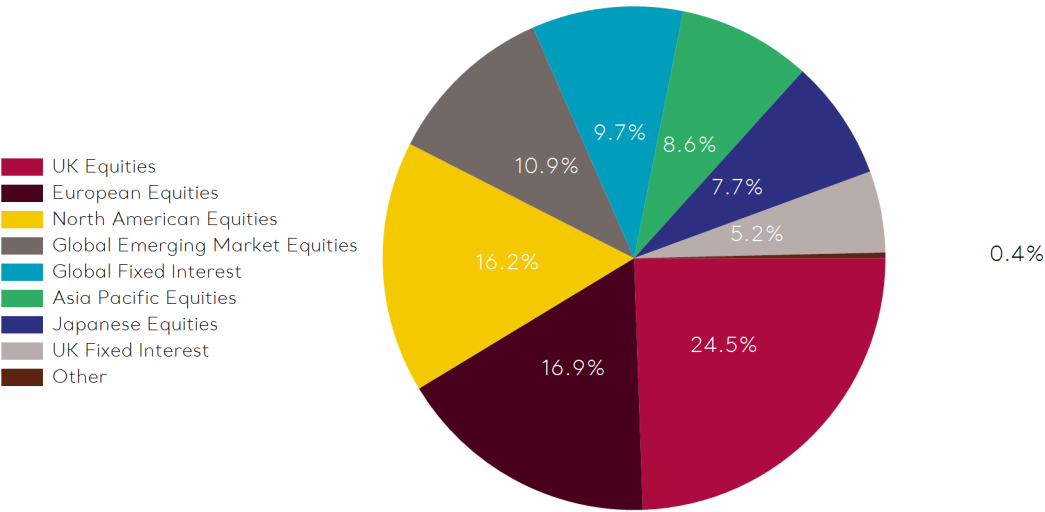
### FUND OBJECTIVE

The Fund aims to deliver long-term growth by investing in other funds. The Fund invests predominantly in equities, with some exposure to fixed interest securities, by investing in passive\* index tracking funds. The equity investments cover a mix of geographic regions and can include the UK, other developed markets and emerging markets. The fixed interest securities can be in sterling or other currencies and may be issued by governments or companies. This Fund will be reviewed periodically by Scottish Widows. In future the Fund could be invested in different funds and additional asset types, though the Fund will continue to invest predominantly in equities. \*Passive management is where the fund manager aims to match a benchmark index and will buy, sell or hold investments depending on the components of that index.



	Annualised Return			Annualised Risk
	Quarter	1 Year	3 Years	3 Years
Fund	6.77%	5.03%	10.20%	9.25%
CPI +3.0% pa	0.62%	4.96%	5.29%	1.09%
ABI Mixed Investment 40%-85% Shrs	6.21%	4.45%	7.47%	6.70%

### ASSET ALLOCATION AS AT MAR 2019



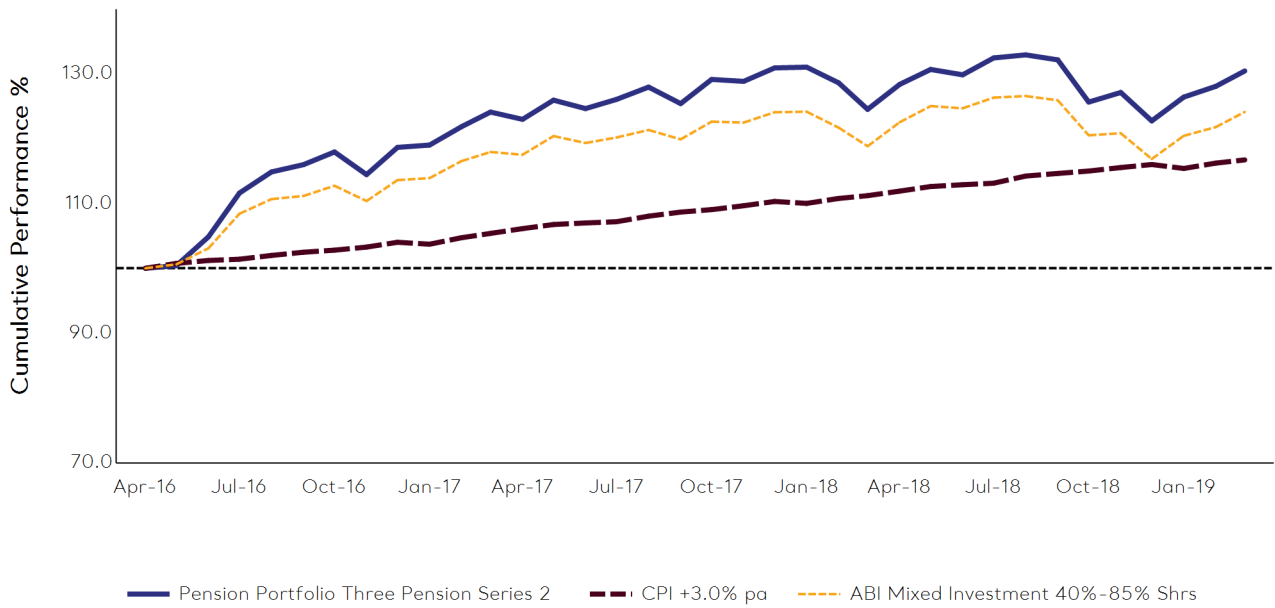
# Section 4

## Fund Analysis: Pension Portfolio Three Pension Series 2

### FUND OBJECTIVE

The Fund aims to deliver long-term growth by investing in other funds. The Fund invests primarily in equities, with a proportion in fixed interest securities, by investing in passive\* index tracking funds. The equity investments cover a mix of geographic regions and can include the UK other developed markets and emerging markets. The fixed interest securities can be in sterling or other currencies and may be issued by governments or companies. This Fund will be reviewed periodically by Scottish Widows. In future the Fund could be invested in different funds and additional asset types, though the Fund will continue to invest primarily in equities. \*Passive management is where the fund manager aims to match a benchmark index and will buy, sell or hold investments depending on the components of that index.

### CUMULATIVE PERFORMANCE

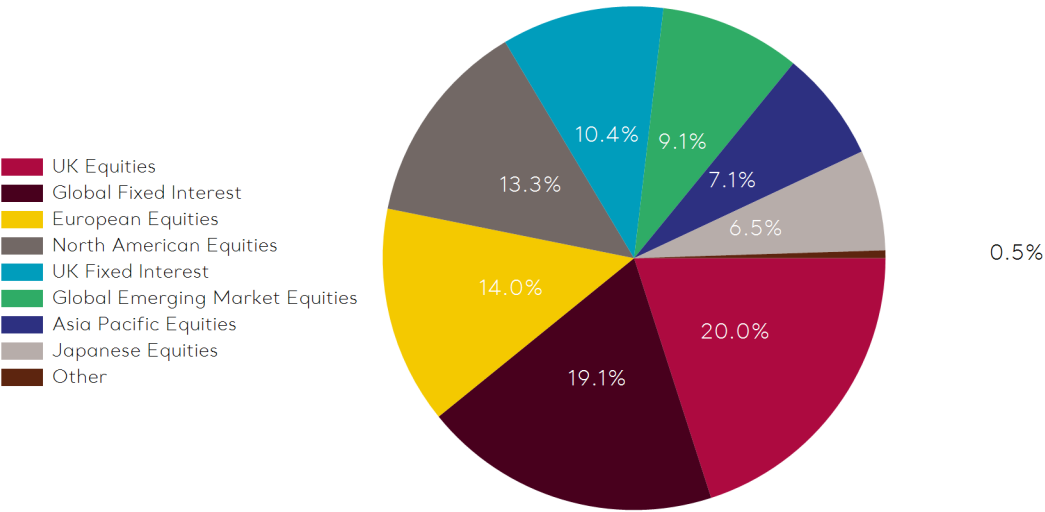


### THREE YEAR ANNUALISED RISK/RETURNS AS AT MAR 2019



	Annualised Return			Annualised Risk
	Quarter	1 Year	3 Years	3 Years
Fund	6.27%	4.76%	9.26%	8.15%
CPI +3.0% pa	0.62%	4.96%	5.29%	1.09%
ABI Mixed Investment 40%-85% Shrs	6.21%	4.45%	7.47%	6.70%

### ASSET ALLOCATION AS AT MAR 2019



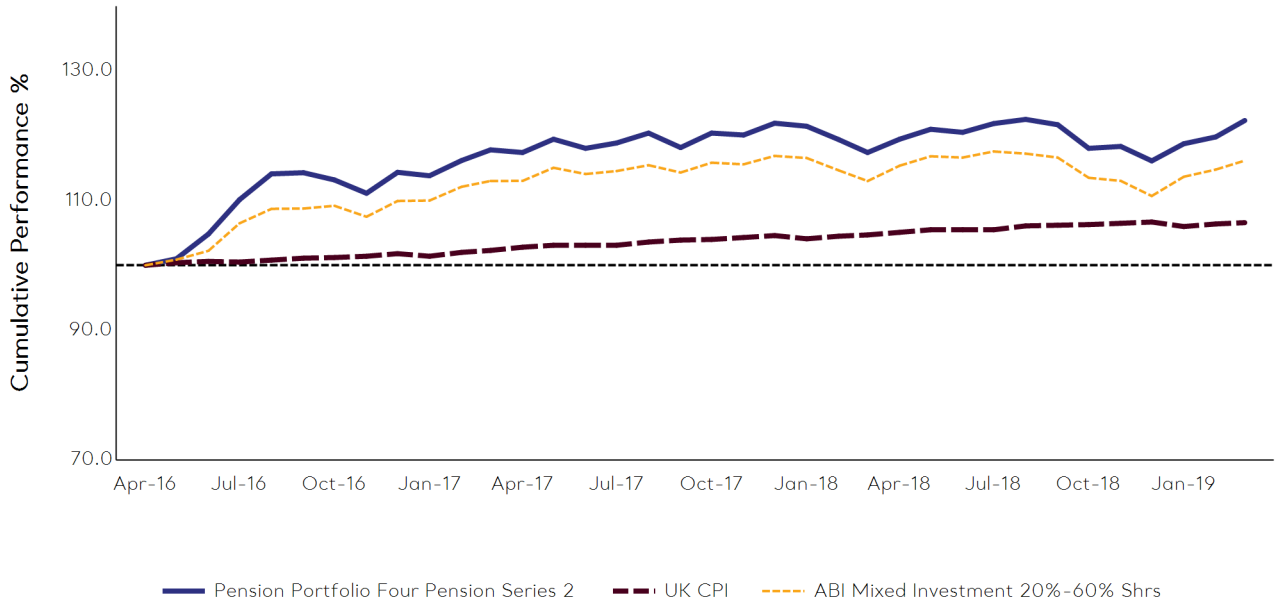
# Section 4

## Fund Analysis: Pension Portfolio Four Pension Series 2

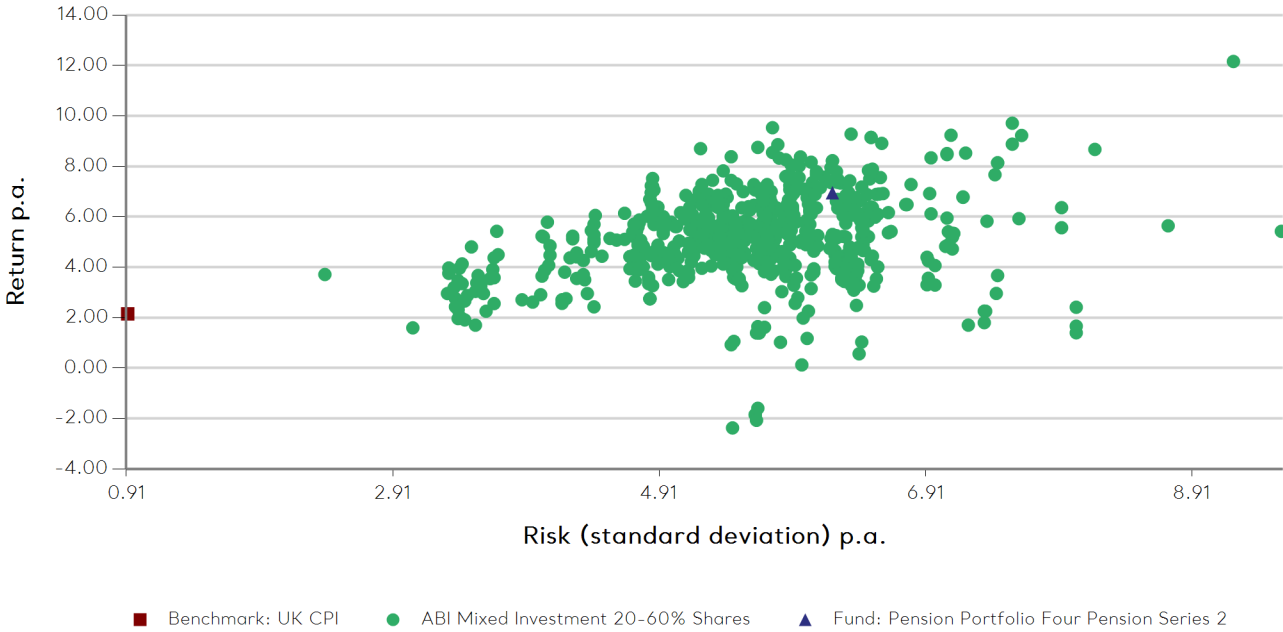
### FUND OBJECTIVE

The Fund aims to deliver long-term growth by investing in other funds. The Fund invests with an emphasis on fixed interest securities, with the remainder in equities, by investing in passive\* index tracking funds. The fixed interest securities can be in sterling or other currencies and may be issued by governments or companies. The equity investments cover a mix of geographic regions and can include the UK, other developed markets and emerging markets. This Fund will be reviewed periodically by Scottish Widows. In future the Fund could be invested in different funds and additional asset types, though the Fund will continue to invest with an emphasis on fixed interest securities. \*Passive management is where the fund manager aims to match a benchmark index and will buy, sell or hold investments depending on the components of that index.

### CUMULATIVE PERFORMANCE

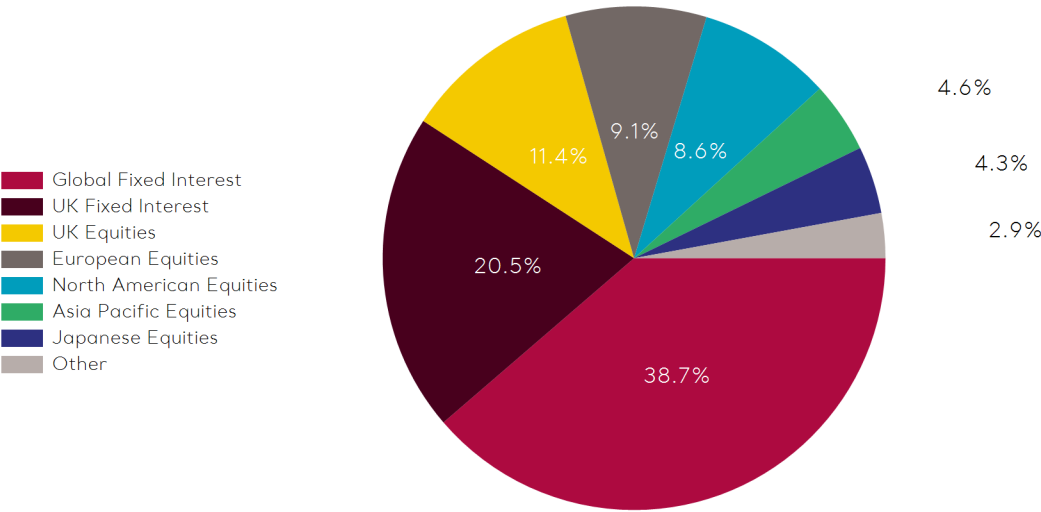


### THREE YEAR ANNUALISED RISK/RETURNS AS AT MAR 2019



	Annualised Return			Annualised Risk
	Quarter	1 Year	3 Years	3 Years
Fund	5.36%	4.20%	6.95%	6.21%
UK CPI	-0.09%	1.81%	2.14%	0.92%
ABI Mixed Investment 20%-60% Shrs	4.93%	2.79%	5.11%	4.93%

### ASSET ALLOCATION AS AT MAR 2019

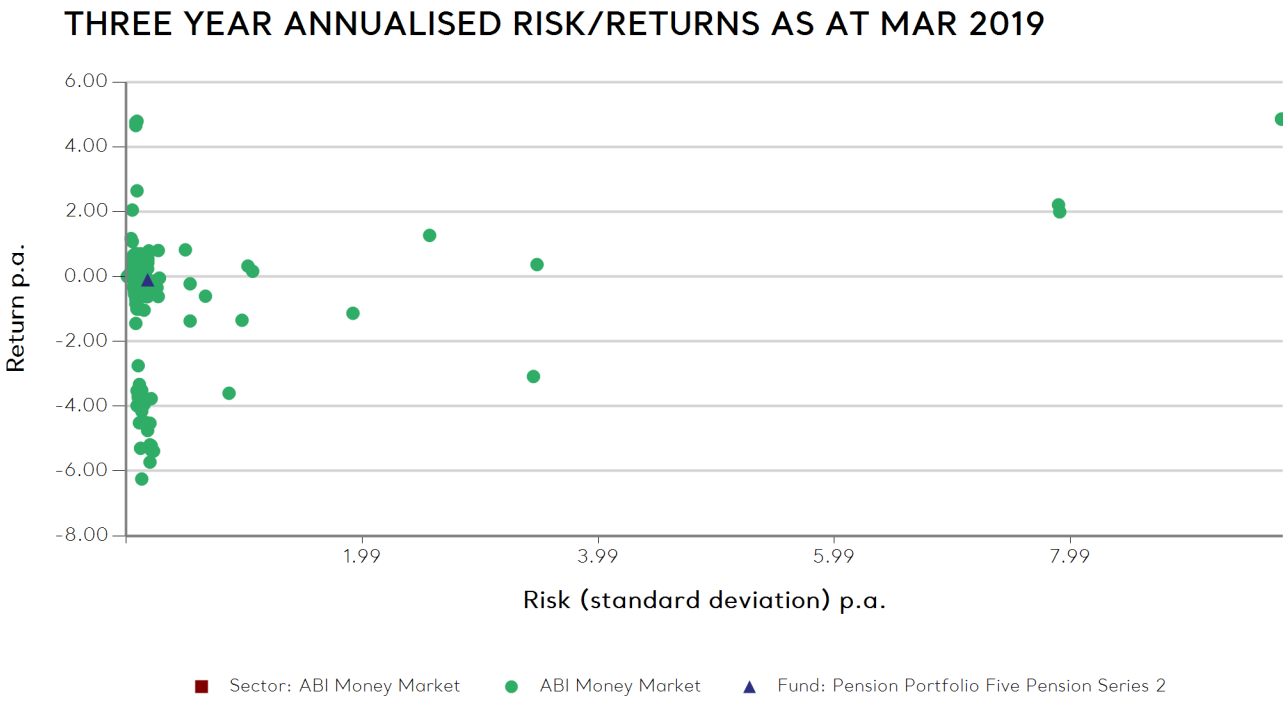
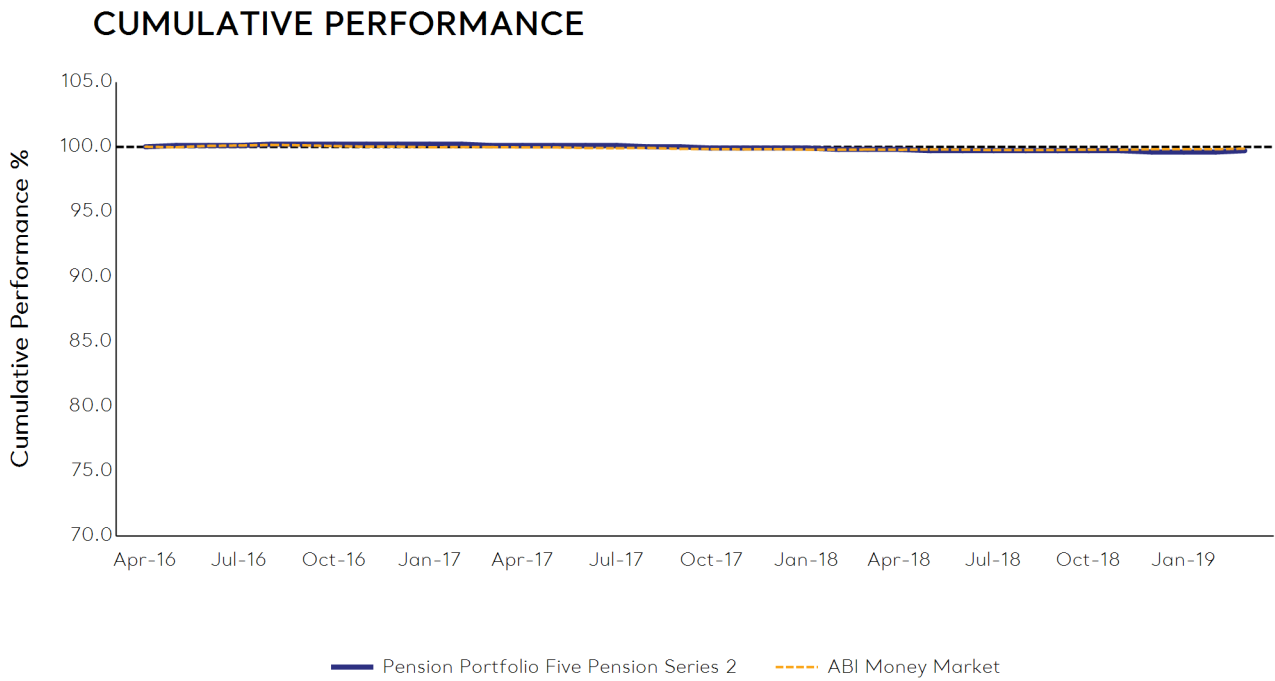


# Section 4

## Fund Analysis: Pension Portfolio Five Pension Series 2

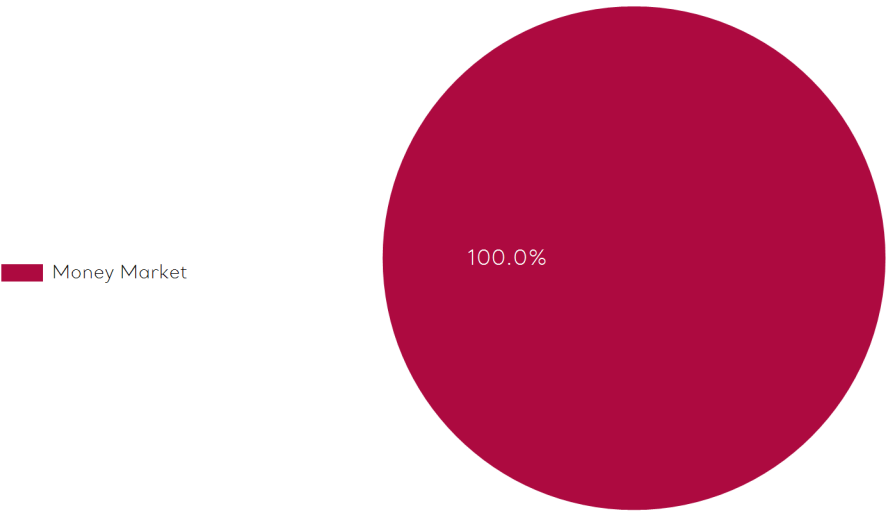
### FUND OBJECTIVE

The Fund aims to provide high levels of capital security by actively investing almost exclusively in high-quality short- to medium-term securities through other funds. These include fixed- or floating-rate debt instruments such as deposits, commercial paper, medium-term notes, asset-backed securities and bonds. This Fund will be reviewed periodically by Scottish Widows. In future the Fund could be invested in different funds and additional asset types, though the Fund will continue to invest almost exclusively in short- to medium-term securities.



	Annualised Return			Annualised Risk
	Quarter	1 Year	3 Years	3 Years
Fund	0.10%	-0.10%	-0.10%	0.17%
ABI Money Market	0.05%	0.07%	-0.05%	0.12%

### ASSET ALLOCATION AS AT MAR 2019





# Section 4

## Standard Life Investments - Default Strategy

Standard Life Investments

Glide Path

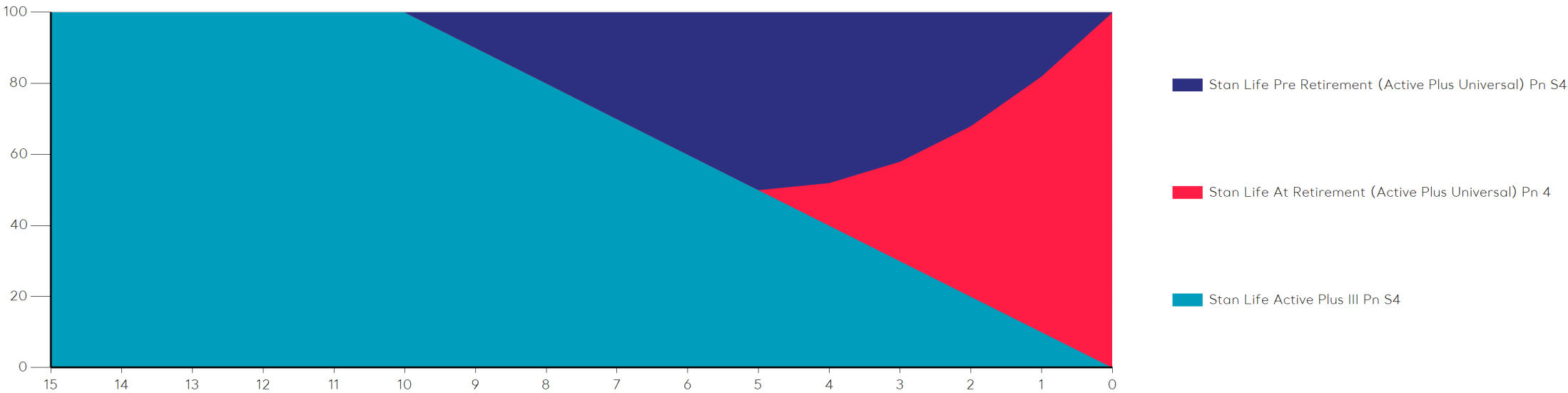
Fund Objective

Standard Life Universal Strategic Lifestyle Profile

10

Flexible access

### GLIDE PATH



Standard Life Universal Strategic Lifestyle Profile	Years to retirement															
	15+	14	13	12	11	10	9	8	7	6	5	4	3	2	1	At Retirement
	Stan Life Pre Retirement (Active Plus Universal) Pn S4	0	0	0	0	0	10	20	30	40	50	48	42	32	18	0
	Stan Life Active Plus III Pn S4	100	100	100	100	100	90	80	70	60	50	40	30	20	10	0
Stan Life At Retirement (Active Plus Universal) Pn 4	0	0	0	0	0	0	0	0	0	0	0	12	28	48	72	100

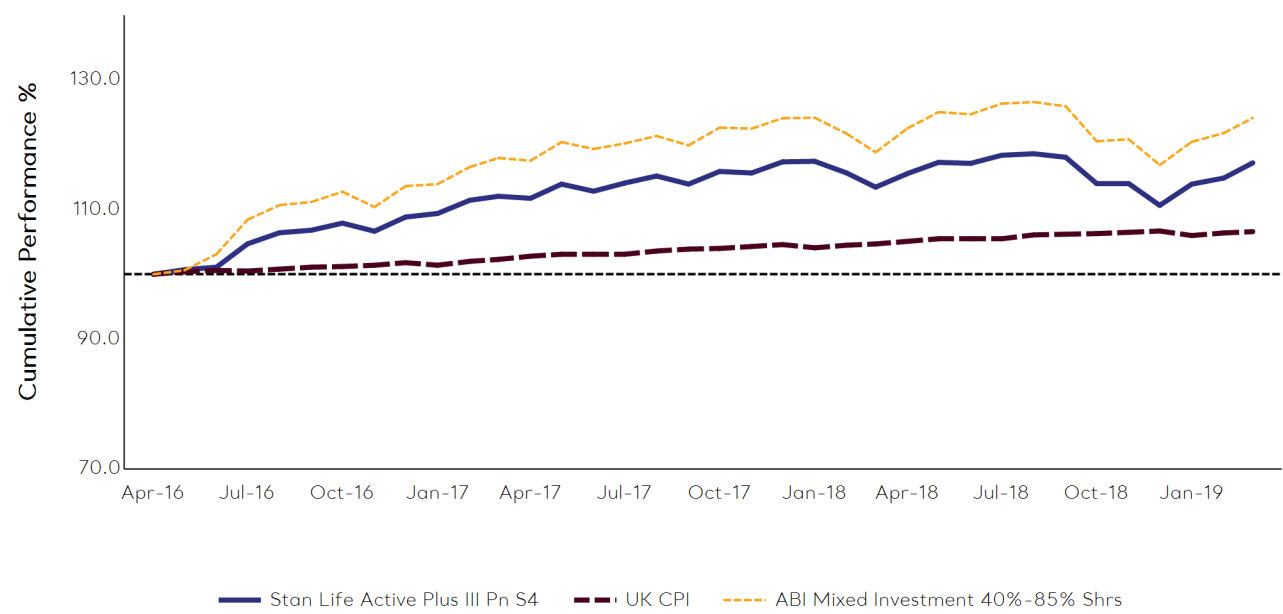
# Section 4

## Fund Analysis: Stan Life Active Plus III Pn S4

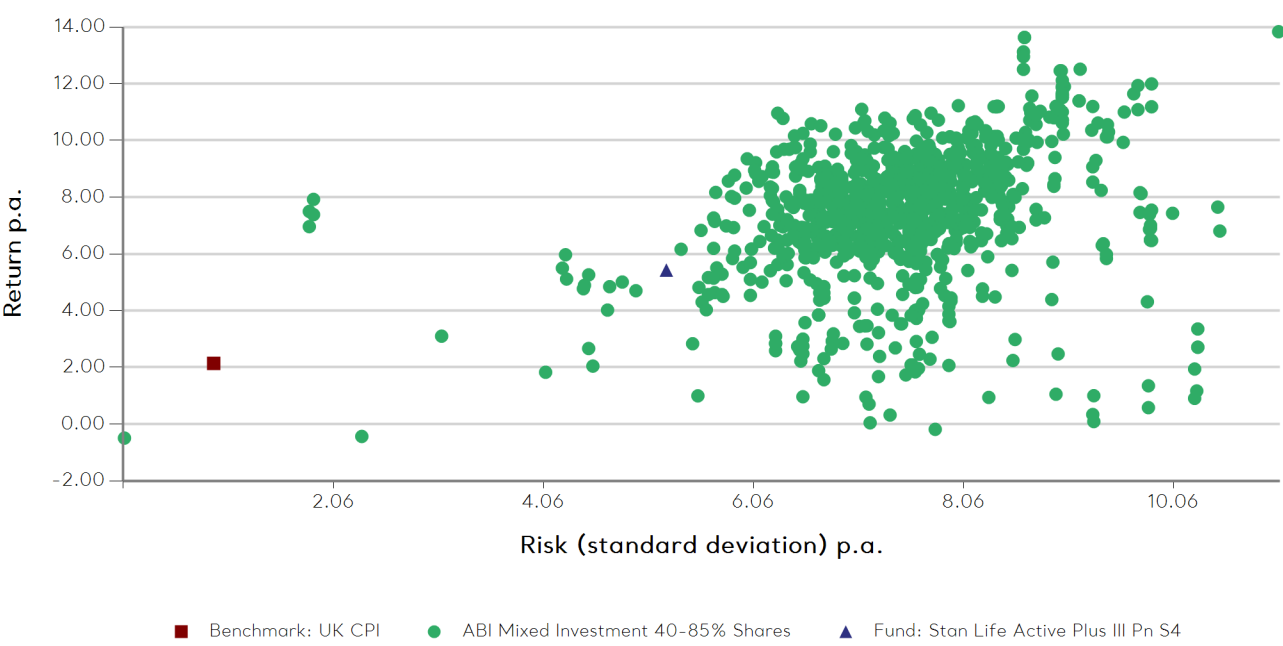
### FUND OBJECTIVE

The fund aims to meet this goal by holding different types of investment funds, such as those investing in equities (shares), bonds (loans to a government or company) and non-residential property (such as offices, shopping centres and shares in property development companies). The investments in the fund can be from around the world, including emerging markets, which means that some of them will be in a foreign currency. The fund can also invest in absolute return funds that aim to provide positive investment returns, regardless of whether markets are going up or down, over the medium to long term. They do this by using a wide range of investment strategies including those using derivatives. Derivatives are financial instruments whose value comes from movement in other investments, such as equities and currencies.

### CUMULATIVE PERFORMANCE

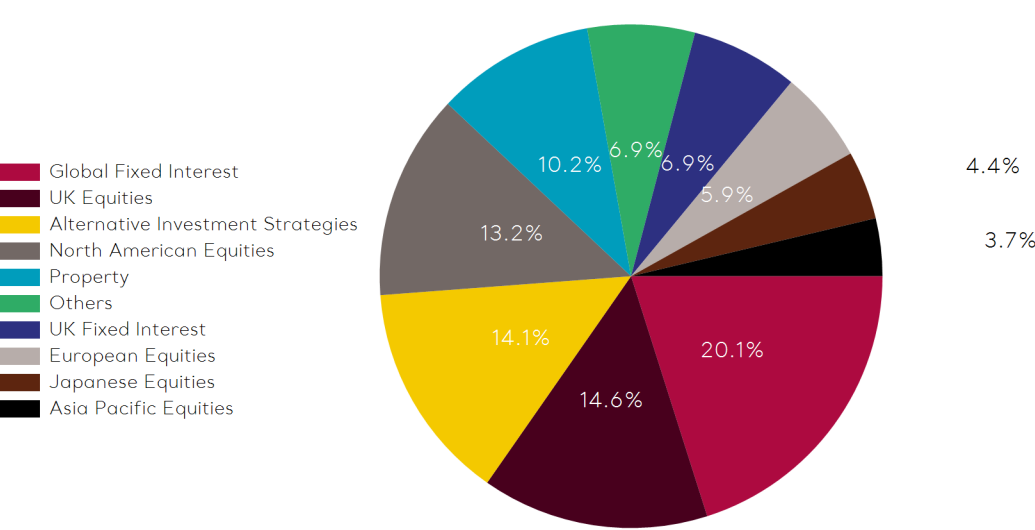


### THREE YEAR ANNUALISED RISK/RETURNS AS AT MAR 2019



		Annualised Return		Annualised Risk
	Quarter	1 Year	3 Years	3 Years
Fund	5.93%	3.31%	5.43%	5.23%
UK CPI	-0.09%	1.81%	2.14%	0.92%
ABI Mixed Investment 40%-85% Shrs	6.21%	4.45%	7.47%	6.70%

### ASSET ALLOCATION AS AT MAR 2019



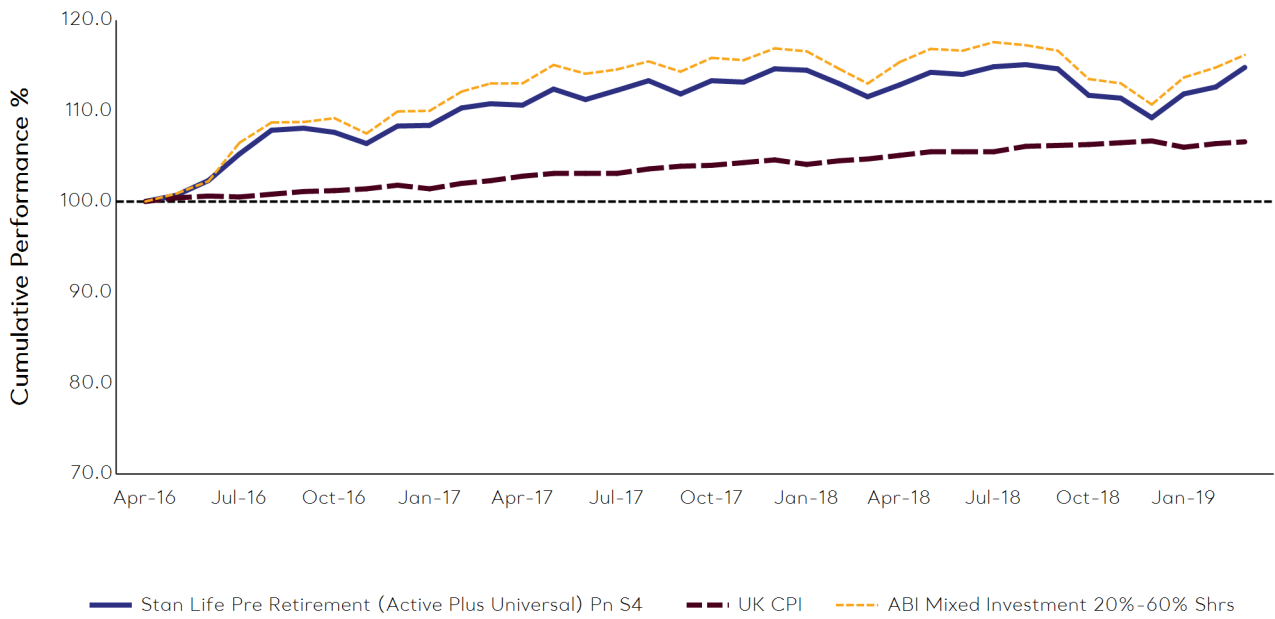
# Section 4

## Fund Analysis: Stan Life Pre Retirement (Active Plus Universal) Pn S4

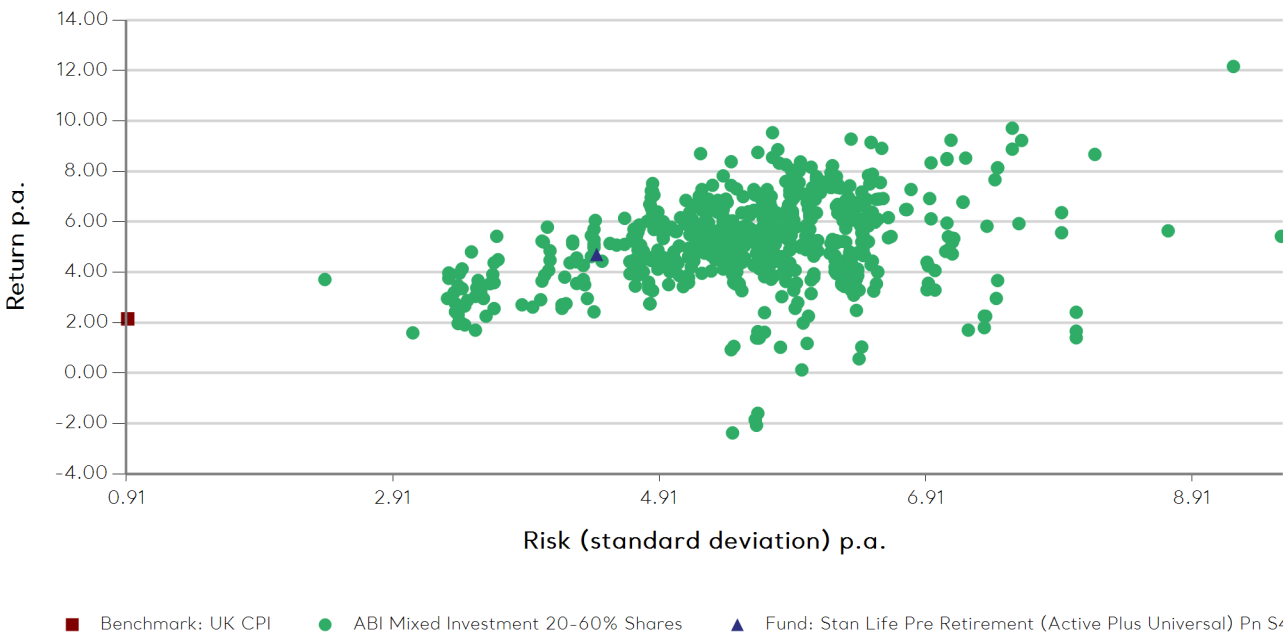
### FUND OBJECTIVE

This fund is used to start gradually moving your money out of the growth phase of a Universal strategic lifestyle profile (SLP), into a mix of lower risk investments which are considered appropriate if you have yet to decide how you're going to take your retirement income or if you want to take a flexible income (known as drawdown). It may not be suitable as a standalone fund or if you're building your own portfolio from our full fund range. The fund aims to meet its goal by holding different types of investment funds, such as those investing in equities (shares), bonds (loans to a government or company) and non-residential property (such as offices, shopping centres and shares in property development companies). These investments can be from around the world, including emerging markets, which means that some of them will be in a foreign currency. The fund can also invest in absolute return funds that aim to provide positive investment returns, regardless of whether markets are going up or down, over the medium to long term. They do this by using a wide range of investment strategies...

### CUMULATIVE PERFORMANCE

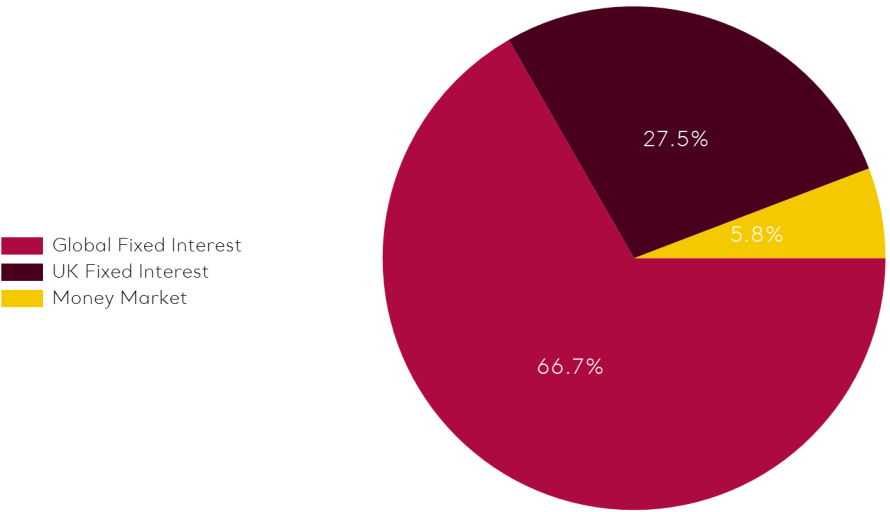


### THREE YEAR ANNUALISED RISK/RETURNS AS AT MAR 2019



	Annualised Return			Annualised Risk
	Quarter	1 Year	3 Years	3 Years
Fund	5.07%	2.90%	4.70%	4.44%
UK CPI	-0.09%	1.81%	2.14%	0.92%
ABI Mixed Investment 20%-60% Shrs	4.93%	2.79%	5.11%	4.93%

### ASSET ALLOCATION AS AT MAR 2019



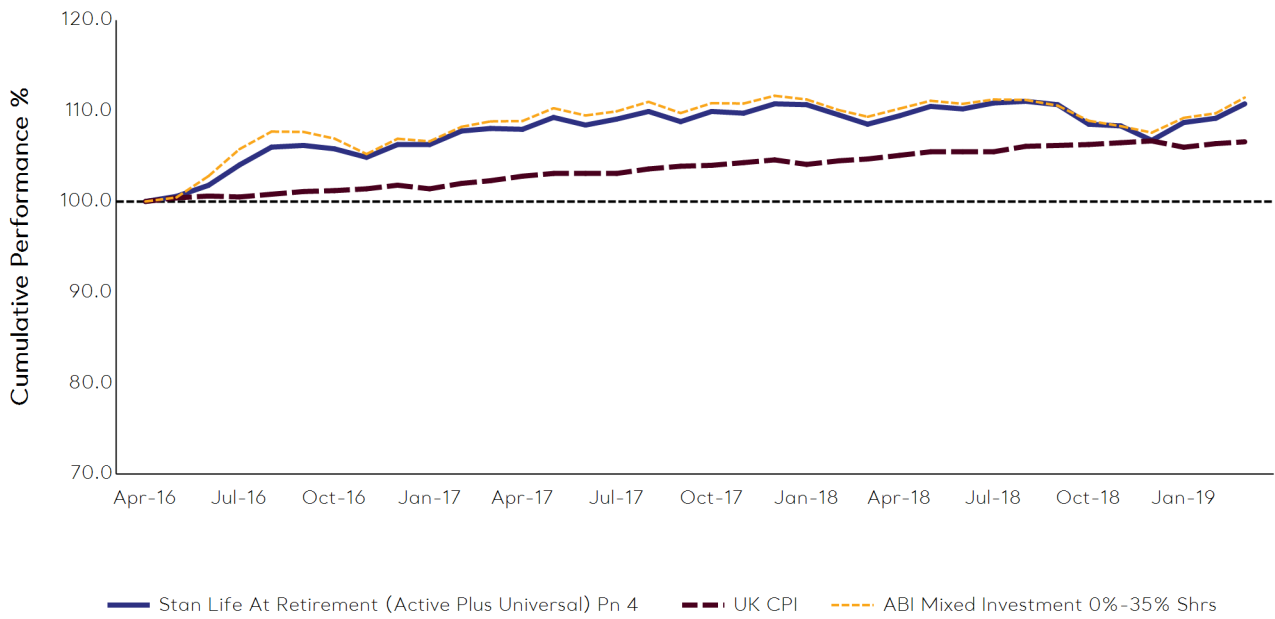
# Section 4

## Fund Analysis: Stan Life At Retirement (Active Plus Universal) Pn4

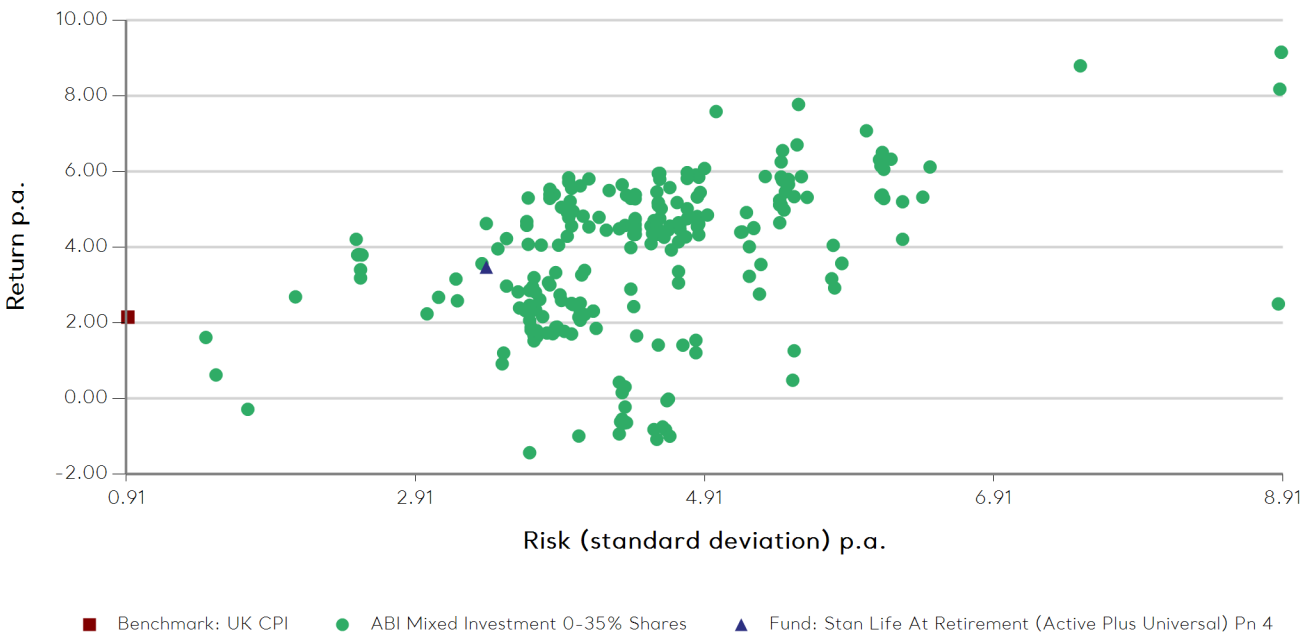
### FUND OBJECTIVE

The fund aims to meet its goal by holding different types of investment funds, such as those investing in equities (shares), bonds (loans to a government or company) and non-residential property (such as offices, shopping centres and shares in property development companies). The investments in the fund can be from around the world, including emerging markets, which means that some of the investments will be in a foreign currency. The fund can also invest in absolute return funds that aim to provide positive investment returns, regardless of whether markets are going up or down, over the medium to long term. They do this by using a wide range of investment strategies including those using derivatives. Derivatives are financial instruments whose value comes from movement in other investments, such as equities and currencies.

### CUMULATIVE PERFORMANCE

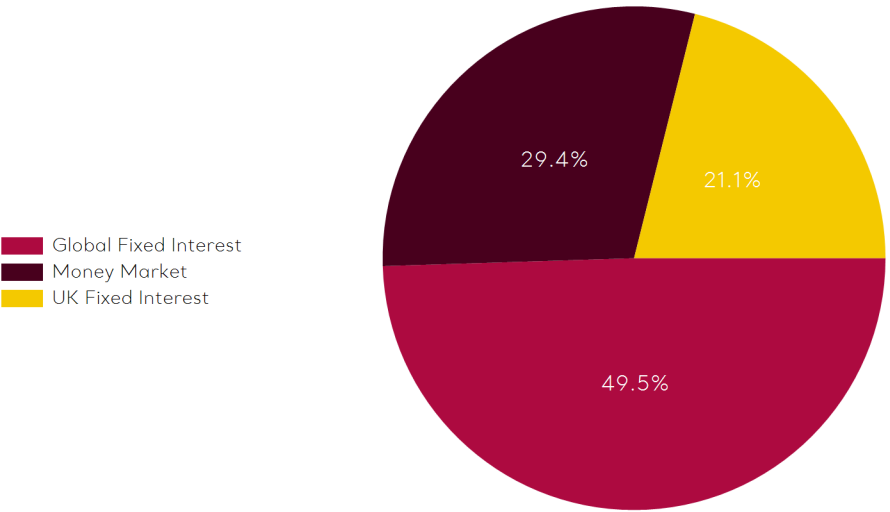


### THREE YEAR ANNUALISED RISK/RETURNS AS AT MAR 2019



	Annualised Return			Annualised Risk
	Quarter	1 Year	3 Years	3 Years
Fund	3.77%	2.07%	3.46%	3.40%
UK CPI	-0.09%	1.81%	2.14%	0.92%
ABI Mixed Investment 0%-35% Shrs	3.59%	1.94%	3.68%	3.70%

### ASSET ALLOCATION AS AT MAR 2019





## Zurich Assurance Ltd - Default Strategy

## Zurich Passive Interim Lifestyle

7

Flexible access

The chart displays the asset allocation for Zurich Passive Multi Asset III Pn CS1 as of 31.12.2023. The y-axis represents the percentage of assets (0 to 100), and the x-axis represents the asset classes. The data is as follows:

Asset Class	Percentage
Zurich Passive Multi Asset III Pn CS1	~65%
Zurich Passive Multi Asset II Pn CS3	~35%
Zurich Passive Annuity Purchase Pn CS1	~0%
Zurich Money Market Pn CS1	~0%

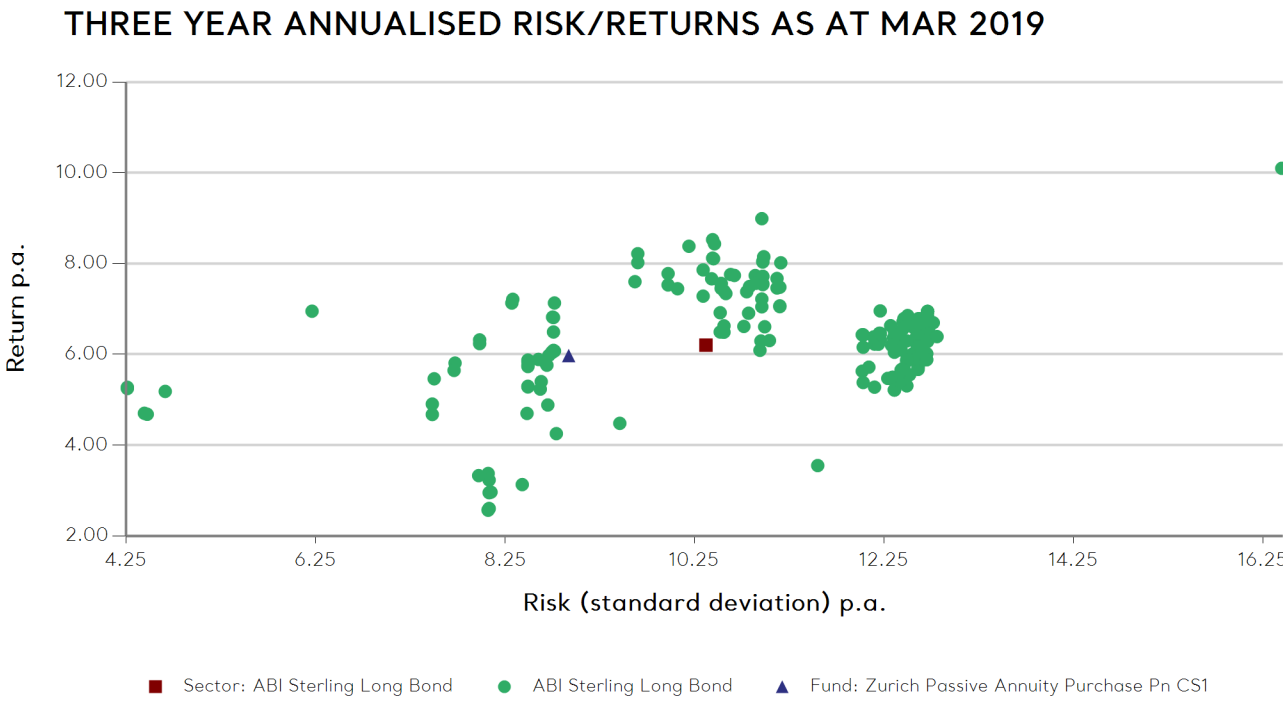
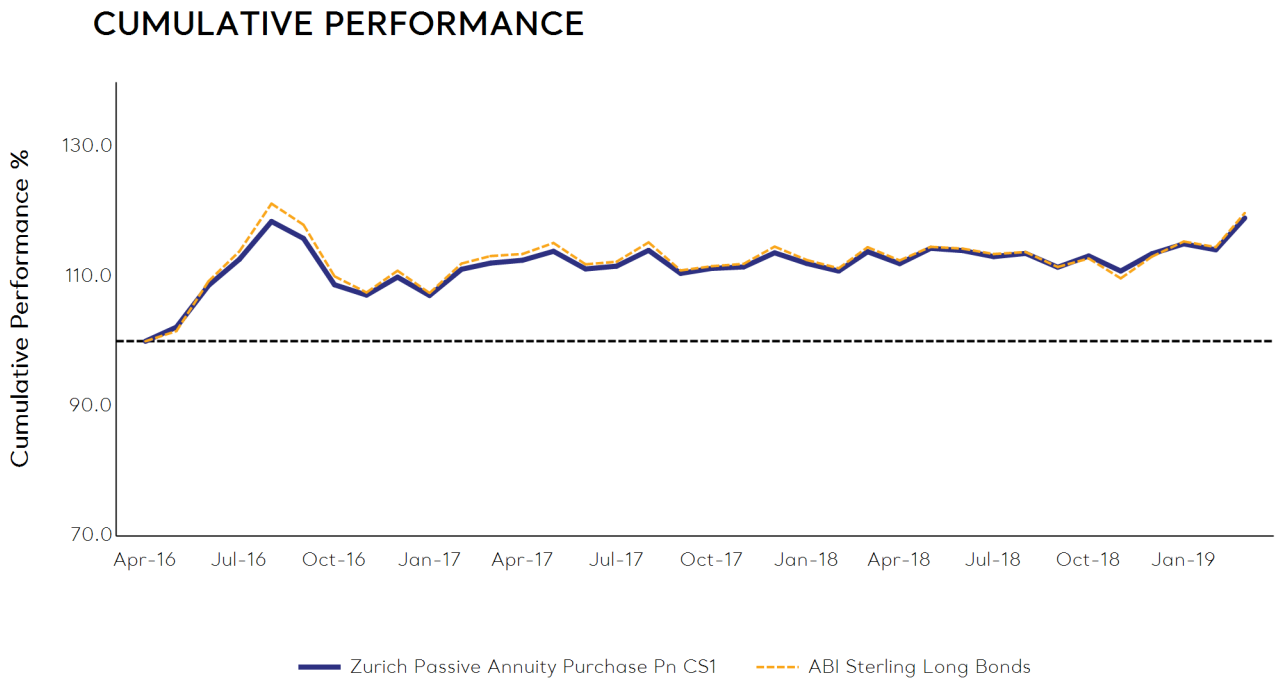
	Years to retirement															
Zurich Passive Interim Lifestyle	15+	14	13	12	11	10	9	8	7	6	5	4	3	2	1	At Retirement
Zurich Passive Annuity Purchase Pn CS1	0	0	0	0	0	0	0	0	0	7	15	23	31	34	37	40
Zurich Passive Multi Asset III Pn CS1	100	100	100	100	100	100	100	100	100	88	71	57	43	29	14	0
Zurich Passive Multi Asset II Pn CS3	0	0	0	0	0	0	0	0	0	6	13	20	27	30	33	35
Zurich Money Market Pn CS1	0	0	0	0	0	0	0	0	0	0	0	0	0	8	16	25

# Section 4

## Fund Analysis: Zurich Passive Annuity Purchase Pn CS1

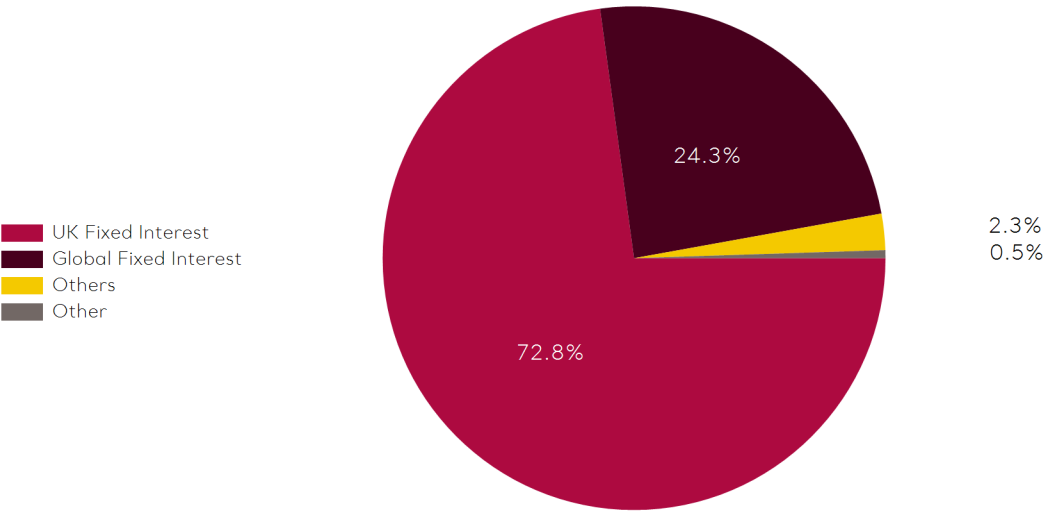
### FUND OBJECTIVE

The Fund aims to reflect to some degree the changes in the cost of purchasing a level annuity.



	Quarter	Annualised Return		Annualised Risk
		1 Year	3 Years	3 Years
Fund	4.87%	4.56%	5.97%	8.92%
ABI Sterling Long Bonds	5.96%	4.60%	6.20%	10.37%

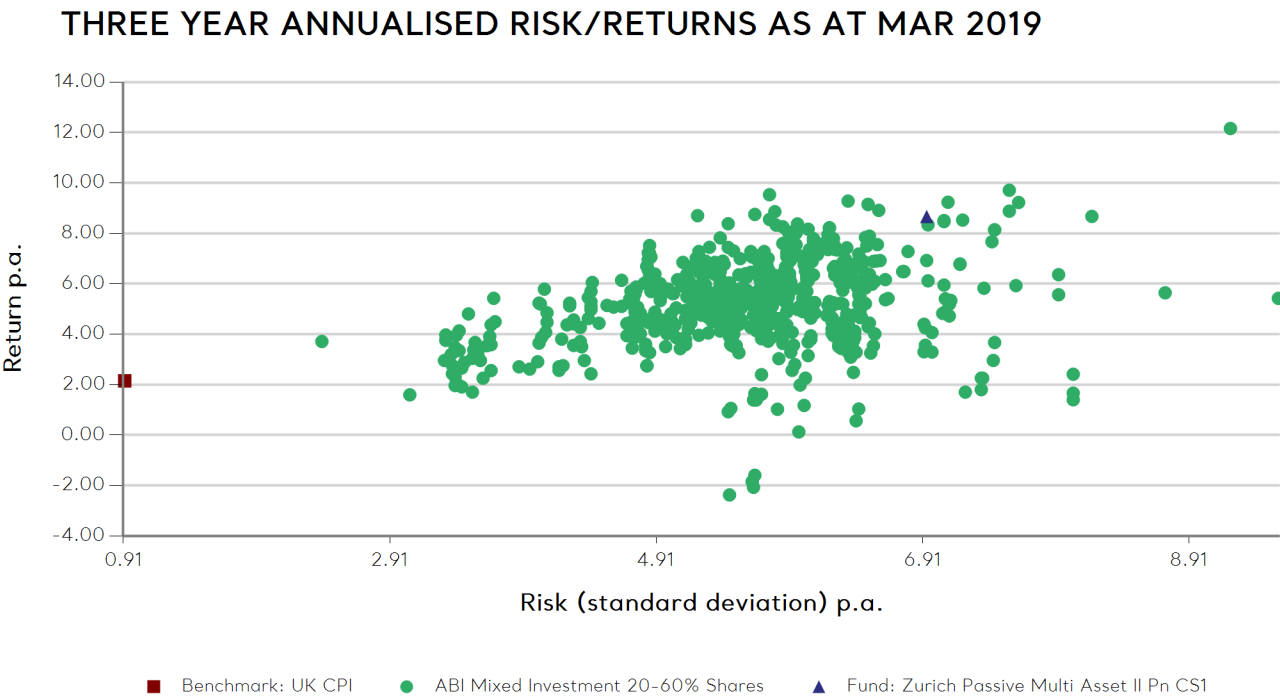
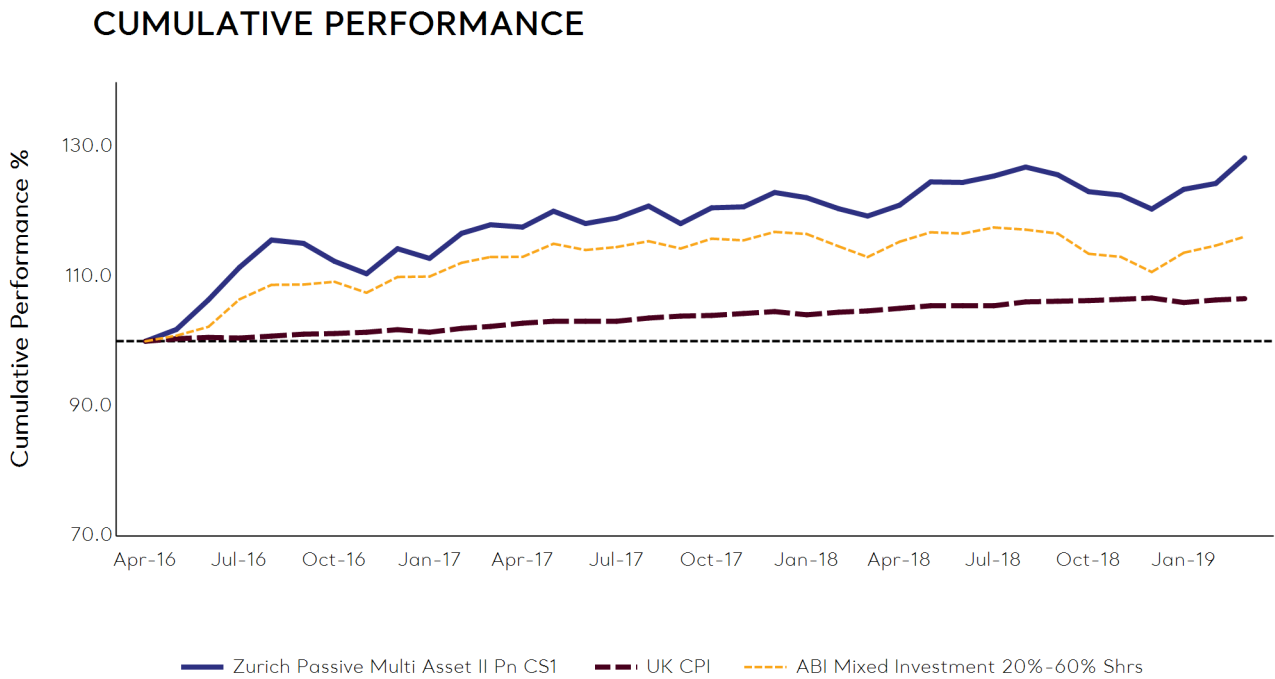
### ASSET ALLOCATION AS AT DEC 2018



# Section 4

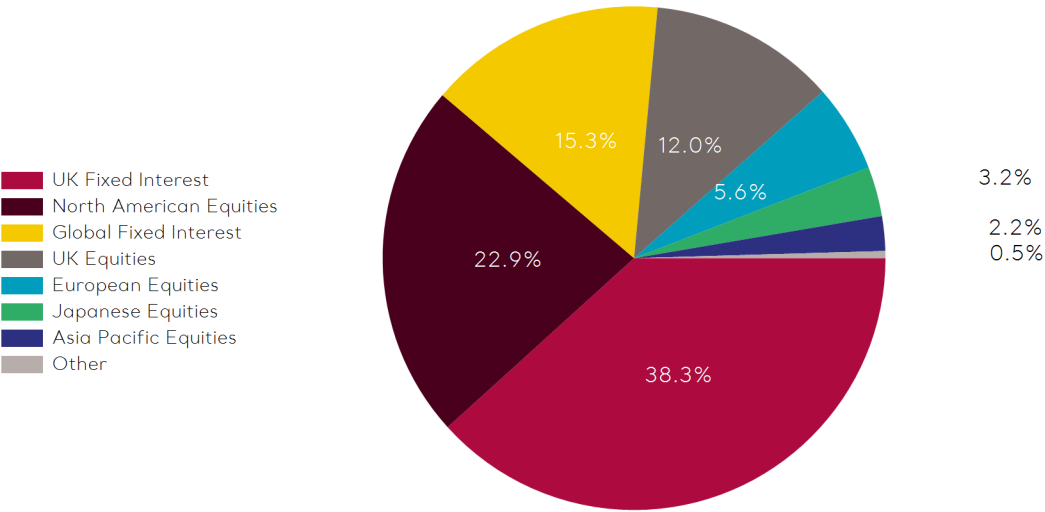
## Fund Analysis: Zurich Passive Multi Asset II Pn CS1

### FUND OBJECTIVE



	Annualised Return			Annualised Risk
	Quarter	1 Year	3 Years	3 Years
Fund	6.56%	7.53%	8.66%	6.94%
UK CPI	-0.09%	1.81%	2.14%	0.92%
ABI Mixed Investment 20%-60% Shrs	4.93%	2.79%	5.11%	4.93%

### ASSET ALLOCATION AS AT MAR 2019

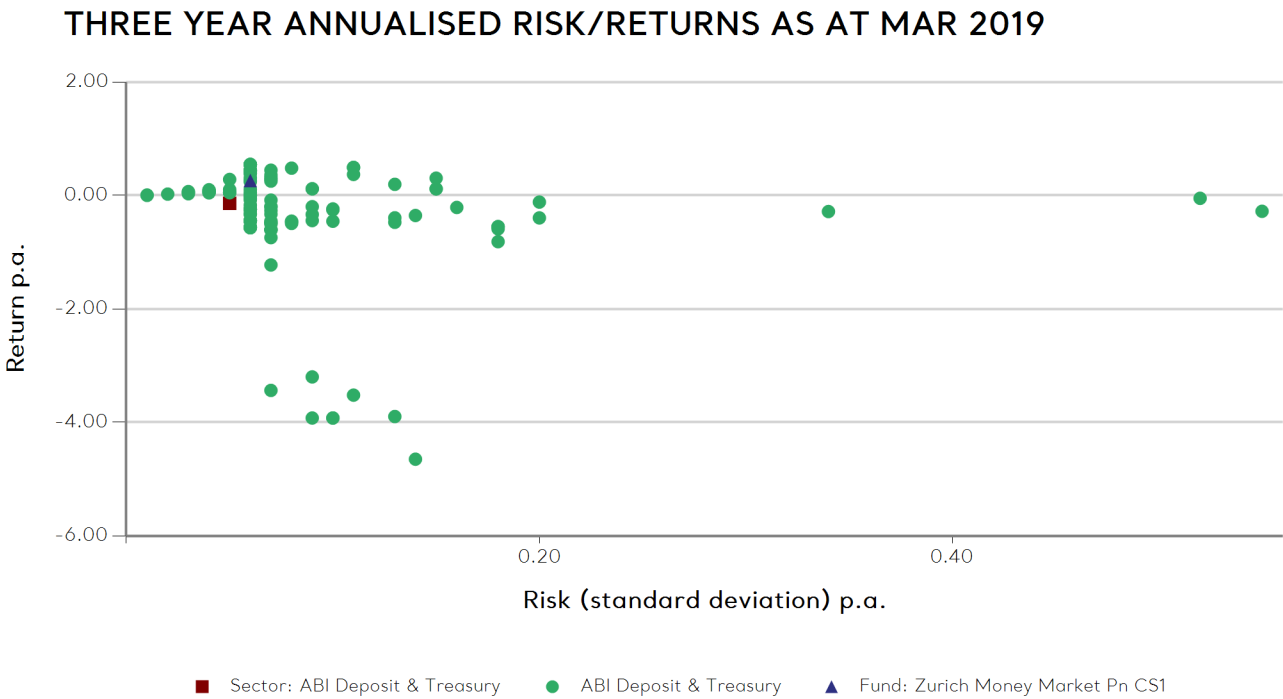
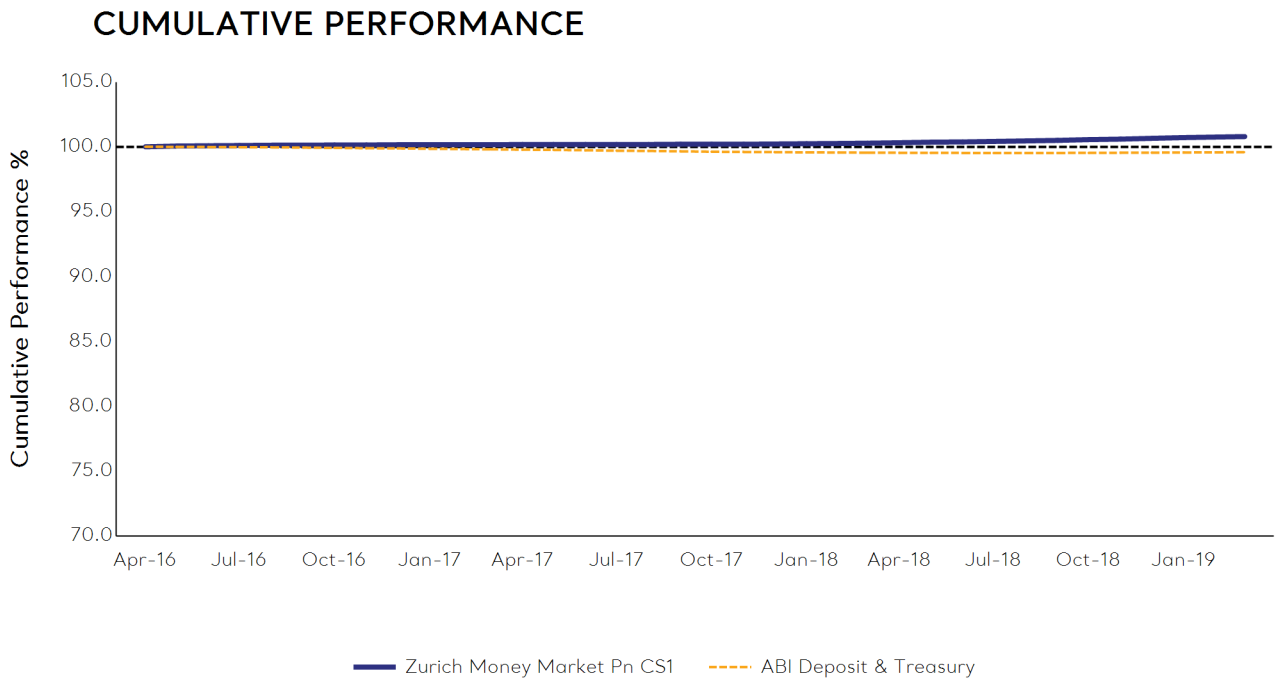


# Section 4

## Fund Analysis: Zurich Money Market Pn CS1

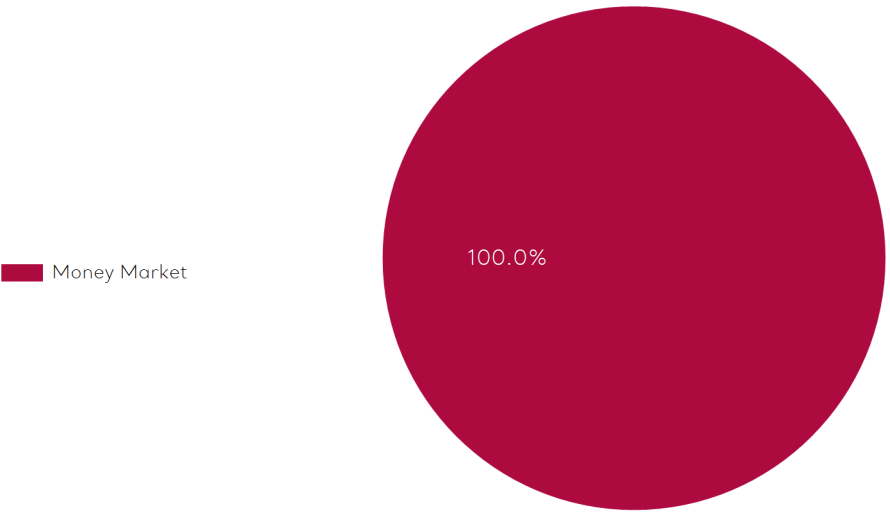
### FUND OBJECTIVE

The fund aims to provide stability of capital and a modest level of return through investment in bank deposits such as time deposits and certificates of deposit and government debt instruments such as gilts and treasury bills, with less than 12 months to maturity.



	Annualised Return			Annualised Risk
	Quarter	1 Year	3 Years	3 Years
Fund	0.14%	0.51%	0.26%	0.06%
ABI Deposit & Treasury	0.04%	0.04%	-0.14%	0.05%

### ASSET ALLOCATION AS AT JAN 2019



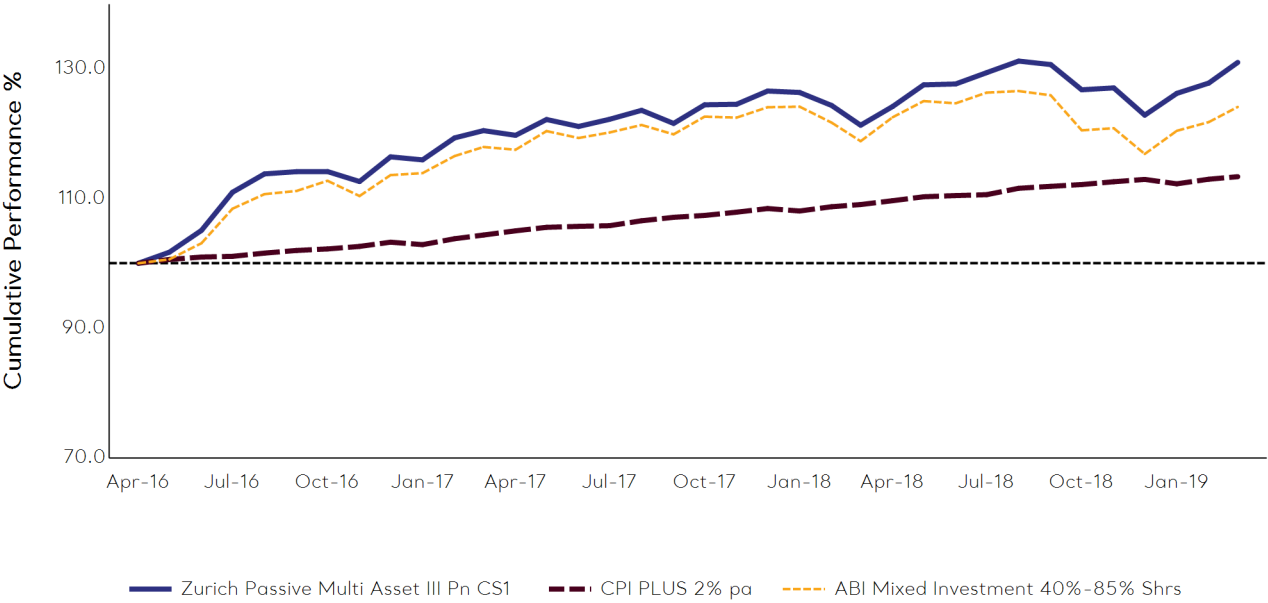


# Section 4

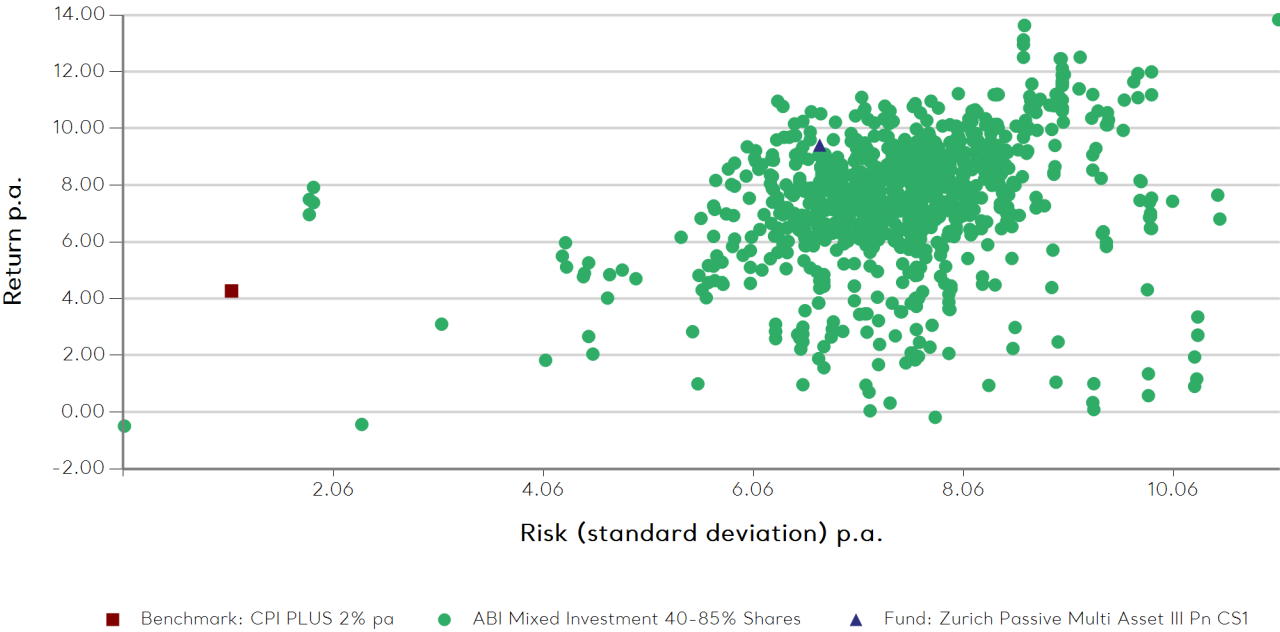
## Fund Analysis: Zurich Passive Multi Asset III Pn CS1

### FUND OBJECTIVE

CUMULATIVE PERFORMANCE

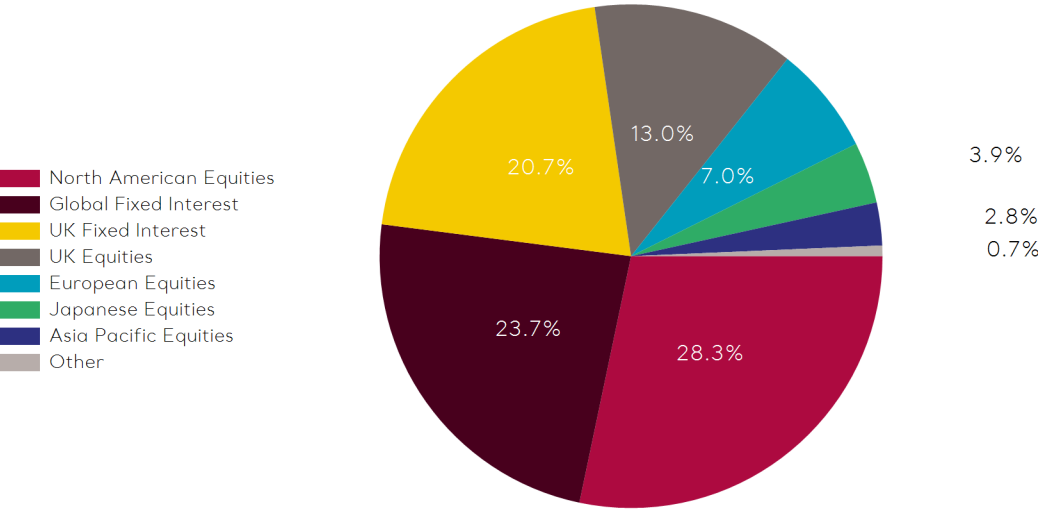


THREE YEAR ANNUALISED RISK/RETURNS AS AT MAR 2019



	Annualised Return			Annualised Risk
	Quarter	1 Year	3 Years	3 Years
Fund	6.62%	7.99%	9.41%	6.69%
CPI PLUS 2% pa	0.37%	3.94%	4.27%	1.09%
ABI Mixed Investment 40%-85% Shrs	6.21%	4.45%	7.47%	6.70%

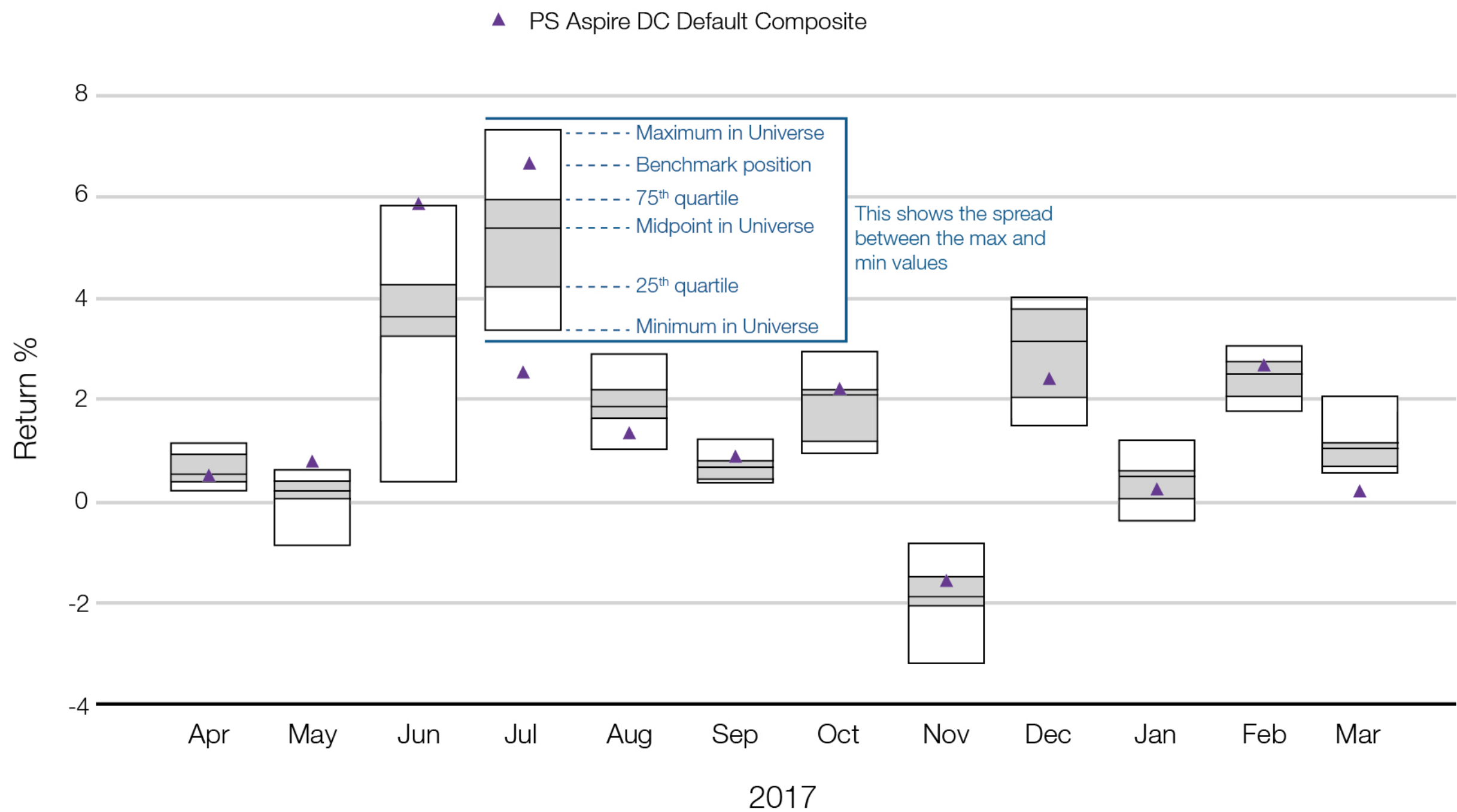
ASSET ALLOCATION AS AT MAR 2019



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# Appendix 2

Understanding the quarterly/monthly performance returns chart



# Who are we

We are Punter Southall Aspire. And we're part of the Punter Southall Group, which is proudly independent and majority employee-owned.

We're a major investment and savings business that blends a strong customer focused heritage with a modern and technology-led outlook.

Uniting pensions consultancy, workplace savings and individual financial advice, we work with employers, trustees and private clients through our regional UK offices to design and manage solutions that meet their unique needs.

Our new and innovative Master Trust solution provides cost-effective pension scheme management for employers and pension freedom solutions for individuals.



1,250  
PENSION  
SCHEMES



£3.5bn  
OF ASSETS  
UNDER ADVICE



200,000  
SCHEME  
MEMBERS



10  
OFFICES ACROSS  
THE UK





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## Fund Data

All fund data is sourced from Financial Express and performance returns are net of fees.



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