

INTERNATIONAL INVESTMENT CATEGORIES

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INVEST FOR ME

OBJECTIVE

These funds aim to provide long-term capital growth for investors planning to withdraw substantial portions of their investment in the year selected.

WHO'S THIS FOR?

This category is for the investor that does not want to be actively involved in investment decisions. They are happy for the fund manager to use their expertise to stay within their investment guidelines and deliver appropriate performance for market conditions. All the investor needs to do is select the year closest to when they will retire/ need their money.

WHAT DOES THE FUND DO?

The funds are called Target Dated Funds.

They are retirement funds that allow you to pick the year closest to when you need access to your money. The fund manager will manage the fund along that timeline. It will have the appropriate mix of equity and bonds and the level of risk depending on where the fund is on the timeline to the target year. These are international funds, which also means that they will be geographically diverse.

In the early years, the fund will invest mostly in equity funds as historically they provide more growth. The performance of these funds can go up and down. This is called volatility but as you will not be needing the money until the selected year, that is fine as you will be benefiting from price cost averaging, and if the market does fall, there is time for it to recover before you need the money.

As the target year nears, the fund manager will automatically de-risk the fund so that as it gets closer to the target year, the fund will move away from equities and into bonds (fixed income) and, potentially, cash. The focus moves to protecting the capital you have accumulated over the years.

TYPE OF INVESTOR

This category is suitable for an investor that would like to leave the investment decisions to the fund manager. They can select the year, carry out an annual review to make sure they are still happy to remain in the fund. They have the comfort to know that as they near the target year, the fund is taking less risk and so the focus will be on protecting the capital that has built up over the years.

This is for the more cautious investor because as the fund de-risks over the timeline, the opportunity of additional growth will diminish. In addition, you are taking less risk and therefore will potentially receive less reward. You will, however, be protecting the capital built up over the years from volatility.

INFORMATION ON THE FUND MANAGER

These funds are managed by the global fund manager Fidelity International.

Fidelity International provides world class investment solutions and retirement expertise to institutions, individuals and their advisers - to help clients build better futures for themselves and generations to come. They are currently responsible for total client assets of £457.3† billion from over 2.52 million clients across Asia Pacific, Europe, the Middle East, South America and Canada.†

HOW MUCH DOES IT COST?

The fund manager's charge is 1.5% and this is taken at fund level so that it is reflected in the price and the performance. Sovereign has negotiated a 0.5% reduction and passes this saving on via additional units added on a quarterly basis into an investor's member's account if they are invested in the fund at time of calculation.

HELP ME INVEST

OBJECTIVE

This category allows investors to harness the multi-asset investment and risk management expertise of BlackRock. There are four multi-asset funds available: defensive, moderate, conservative and growth.

WHO'S THIS FOR?

This category is for the investor who would like the fund manager to create the portfolio and make the asset allocation decisions but would also like to select their investment by their level of exposure to risk.

The Fund manager will still be responsible for managing the portfolio but the fund will remain within a set range of equity to bond exposure.

This means that the risk will remain relatively constant. Therefore this category is for people that wish to stay invested in the market for longer as these funds do not de-risk.

WHAT DOES THIS FUND DO?

These are international multi-asset portfolios that are also geographically diverse with an ESG** approach where possible. They will have a relatively consistent asset allocation between Bond and Equity funds.

	Defensive	Conservative	Moderate	Growth
Volatility Bands Per annum	2% – 5%	5% – 8%	5% – 10%	10% – 15%
Fixed Income (Bonds)	88%	73%	59%	15%
Equities	10%	25%	39%	82%
Non-Traditional	2%	2%	2%	3%

The volatility band indicators are quoted to provide a guide to the statistical probability that market prices will remain within the bands over a set time. There can be no guarantee that the Fund will attain the level of risk, especially during periods of unusually high or low volatility in the equity and fixed income markets. Generally, the Fund will seek to be positioned such that the Fund's risk as measured by annualised volatility over a five year period falls within the range stated. However the Fund's risk profile may fall outside the stated range from time to time.

TYPE OF INVESTOR

This is for the investor who understands their tolerance to risk and wants consistent levels of investment in the market. Once you have thought about how you feel when the value of your account goes up and down, you can match your risk tolerance to the right fund. The fund manager will manage the fund accordingly.

For example, if you see your member account reduce in value by 5% and it keeps you awake at night, then you have a low tolerance to risk and you may feel more comfortable in the Defensive Fund. However, if your fund value is going up and down and you are more relaxed and because you don't need the money for quite some time, then you have a higher tolerance to risk and can consider the other fund options in the range.

INFORMATION ON THE FUND MANAGER

These funds are managed by the global fund manager Blackrock. They are a large fund manager with over \$6.4 trillion assets under management.

HOW MUCH DOES IT COST?

The fund manager's charge is 0.5% and this is taken at fund level, so it is reflected in the price and the performance.

LET ME INVEST

OBJECTIVE

This category is for the investor that would like to build their own portfolio. We have provided a range of funds, with an ESG* focus where possible, in the core asset classes.

WHO'S THIS FOR?

The investor that is confident they can build their own portfolio. They can choose one or many from the menu of funds and they just need to choose the funds and select the % they want to invest, using increments of 5%.

Please note that each contribution type can have a different fund asset allocation, but each contribution type sub-account must add up to 100%.

WHAT DO THESE FUNDS DO?

These equity and bond funds have set geographical and/or sectors in which they invest. They are large mainstream funds operated by world renowned fund managers. There are Key Investor Information Documents (KIID) on our website that will provide information on the Objectives, Risks and Rewards profiles and Charges. You can also study the composition of the funds and look at historic fund performance using the fund fact sheets. Please note that historic performance is no guarantee to future performance.

You can build your own portfolio using the funds available.

HOW MUCH DOES IT COST?

The cost will depend upon the fund. The fund manager's charge is listed in the KIID documentation and varies from 0.06% to 0.8%. The fee is taken at fund level, so it is reflected in the price and the performance.

MIX AND MATCH

You may decide to mix and match. For example, if you have an employer contribution with a retirement goal, you can select the appropriate target date fund.

Then, if you have an additional voluntary contribution, you may decide you use one of the managed funds that stay invested in higher risk funds for longer or to build your own portfolio.

SO TO RECAP

Category	Fund Type	Choose by	Why
Invest For Me	Target Dated Funds	Year you need your money	Invest and forget. Fund manager does it all. De-Risks as it nears target year
Help Me Invest	Multi-Asset Portfolios	By equity/bond split Volatility range	Stays consistently invested in equity/bond split
Let Me Invest	Self-Select range of equity and bond funds in core asset classes	Geographical /Sector Asset type Risk Rating	Build your own portfolio