



DRAFT COPY

This letter may be amended before despatch

Our ref: ET – MFA – 1119
Scheme ref:
Date: November 2019
Tel:

[Addressee1]
[Address 1]
[Address 2]
[Address 3]
[Address 4]
[Address 5]
[Address 6]
[Postcode]

Dear Employer

We have decided to close the My Future Advantage investment programme and funds. Members within the My Future Advantage investment programme will move into our new My Future Focus investment programme. Members who currently invest directly in a My Future Advantage fund outside of the My Future Advantage investment programme will have their investment transferred to the relevant new My Future Focus fund.

As you currently have employees invested in the My Future Advantage investment programme or the My Future Advantage funds we're getting in touch to let you know about these changes.

We've summarised the changes in the box opposite. For more detailed information, please see the questions and answers on the following pages.

There is no action you or your employees need to take as a result of these changes. We will write to your employees during December to tell them what's happening.

Keeping you informed

These changes mean that in future your employees' pension savings will be managed by Aviva Investors. Aviva Investors has considerable experience and expertise in managing savings that are invested in a wide range of investments and we believe over the long term this will deliver improved investment results for all customers in the programme.

For further information please see the questions and answers on the next page, or visit our website at www.avivamicrosite.co.uk/fundchanges for more detail.

Alternatively, your usual Aviva contact will be able to help you.

Yours faithfully

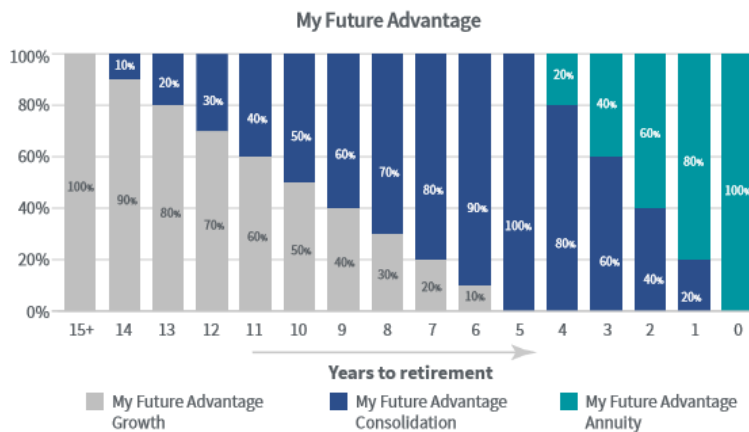
Colin Williams
Managing Director of Workplace Savings & Retirement

In Summary

- The My Future Advantage investment programme will close and your employees' pension savings will move into our new My Future Focus investment programme.
- The funds held will change from "My Future Advantage" to "My Future Focus".
- The My Future Focus funds have a lower charge.
- The composition of the funds within My Future Focus will be different.
- The "glide path" will also change and reduce from 15 years to ten years.
- Investing responsibly is a key part of My Future Focus.
- You do not need to take any action.
- Please visit: www.avivamicrosite.co.uk/fundchanges for more information.

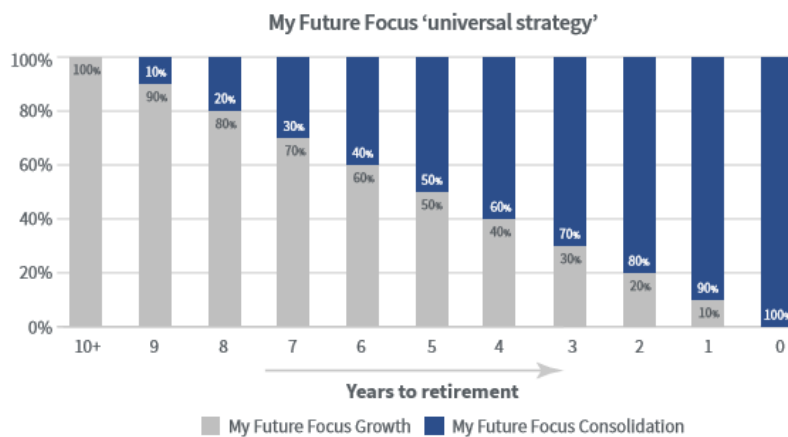
The glide path is changing

The charts below are called “glide paths” and show how your employees’ pension savings move into different funds as they approach their selected retirement date. During the journey to retirement, their pension savings are moved from a fund which holds riskier assets to ones which hold less risky assets.



Current glide path

Until 15 years before the selected retirement date, the pension savings are invested solely in the My Future Advantage Growth Fund. The pension savings then “glide” from the My Future Advantage Growth Fund to the My Future Advantage Consolidation and My Future Advantage Annuity funds. The pension savings retain a reducing allocation to the My Future Advantage Growth and Consolidation funds as your employees approach retirement.



Future glide path

During the journey to retirement, the pension savings will continue to move from a fund which holds riskier assets to one which holds less risky assets. The Annuity fund is no longer used. In future, the glide path period will be reduced from 15 to ten years as illustrated, which we believe will be beneficial to our customers’ investment outcomes. The fund names will also change.

How will the funds change under My Future Focus?

The My Future Focus investment programme will comprise the My Future Focus Growth and Consolidation funds. It will no longer use an annuity fund to target annuity purchase.

Employees who currently invest directly in a My Future Advantage fund outside of the My Future Advantage investment programme will have their investment transferred to the relevant new My Future Focus fund.

Details of the closing My Future Advantage funds and the new My Future Focus funds are shown below:

Current fund name and risk details	Current fund objective
Name: My Future Advantage Growth Risk rating: 5 Risk warnings: A, B, C, D, E, F, J	The fund aims at a target of 12% average annualised volatility (a measure of risk associated with the fund's price over time) over a full market cycle (which includes one complete uptrend and one complete downtrend) by providing exposure to a diversified portfolio of assets to produce capital growth. No assurance can be made that this target will be met. 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 (including emerging markets), commodities, money market instruments, derivatives and cash. The fund will invest indirectly through a combination of actively and passively managed underlying funds.
Name: My Future Advantage Consolidation Risk rating: 3 Risk warnings: A, B, C, D, E, F, J	The fund aims at a target of 4% average annualised volatility (a measure of risk associated with the fund's price over time) over a full market cycle (which includes one complete uptrend and one complete downtrend) by providing exposure to a diversified portfolio of assets. No assurance can be made that this target will be met. The fund will predominantly invest in UK Government (including index-linked) and corporate bonds, with some investment in UK and overseas equities (including emerging markets). It may also invest in overseas government and corporate bonds (including emerging markets), commodities, money market instruments, derivatives and cash. The fund will invest indirectly through a combination of actively and passively managed underlying funds.
Name: My Future Advantage Annuity Risk rating: 3 Risk warnings: A, B, E, J	This fund is designed for employees approaching retirement and considering buying a fixed annuity. The fund will predominantly invest in UK Government (including index-linked) and corporate bonds, mainly through passively managed funds. Derivatives may be used by the underlying fund(s) for investment purposes. The fund factsheet shows the underlying fund(s) and weightings.

New fund name and risk details	New fund objective
Name: My Future Focus Growth Fund Risk rating: 4 Risk warnings: A, B, C, E, F	This fund aims to provide long term growth, through exposure to a range of asset classes that can include, but are not limited to, equities, fixed interest, cash, and property. It may also use derivatives for investment purposes. The fund targets volatility of 75% of Global Equities (as measured on a rolling 5-year basis).
Name: My Future Focus Consolidation Fund Risk rating: 2 Risk warnings: A, B, C, E, F	This fund aims to provide growth with a reduced level of risk, through exposure to a range of asset classes that can include, but are not limited to, equities, fixed interest, cash, and property. It may also use derivatives for investment purposes. The fund targets volatility of 25% of Global Equities (as measured on a rolling 5-year basis).
Name: My Future Focus Annuity Fund* Risk rating: 4 Risk warnings: A, B, E, J	This fund is designed for employees approaching retirement and considering buying a fixed (or level) annuity. The fund will predominantly invest in UK Government and corporate bonds. Derivatives may be used by the underlying fund(s) for investment purposes.

*this fund will not be used in the replacement My Future Focus investment programme

Why are these changes being made?

We have been reviewing and modernising our range of pension investments following regulatory changes which now give employees greater freedoms in how they can use their pension savings. Previously the rules meant that in most cases on retirement, after taking a possible tax-free cash lump sum of up to 25%, employees had to buy an annuity with their pension savings. This annuity would then provide an income during retirement. The My Future Advantage investment programme was therefore orientated towards the eventual purchase of an annuity. The new My Future Focus 'universal strategy' investment programme reflects the array of choices now available to your employees. It is designed to provide your employees with flexibility in how they will eventually decide to use their pension savings.

Those within the investment programme as well as those who invest directly in the funds will continue to benefit from enhanced asset class diversification – the concept of 'not putting all your eggs in one basket'. The My Future Focus funds can access asset classes such as Emerging Market Bonds (bonds issued primarily by the governments of the countries designated as emerging economies), Property (commercial property, such as offices and warehouses) and High Yield Bonds (bonds issued by companies with a low debt rating). Over the long term we expect this to continue to lead to an improved outcome for your employees.

Who manages the new funds?

The new funds are managed by the Aviva Investors Multi-Asset Team. Aviva Investors has considerable experience and expertise in managing savings that are invested in a wide range of investments and we believe over the long term this will deliver improved investment results for your employees. The exception is the My Future Focus Annuity Fund, which invests in the L&G Pre-Retirement fund, as the My Future Advantage Annuity Fund does currently.

How will the funds invest responsibly?

Aviva and Aviva Investors have always believed that companies that conduct their business in a responsible and sustainable way are more likely to succeed over time. Aviva Investors takes an active approach where it is a shareholder, promoting good practice among those companies in which it holds shares.

When deciding which companies to invest in, Aviva Investors also considers factors such as a company's impact on the environment, how it treats people such as its employees, and how it governs itself. Within some of the investments used in the My Future Focus funds, Aviva Investors will increase the amount it holds in companies that score higher on such factors, while reducing the amount it holds in companies with a lower score.

What will happen to the fund charges?

The My Future Focus funds have lower annual management charges. Under My Future Focus the funds will have a charge of 0.10%, compared with the current charges of 0.40% for My Future Advantage Growth and Consolidation and 0.15% for My Future Advantage Annuity.

Is there any cost to my employees from these changes?

No. Aviva will cover the transaction costs associated with changing the funds' assets.

Is there anything I need to do?

No action is required as a result of these changes.

When will these changes take place?

We expect the transfer to My Future Focus to happen by the end of March 2020.

Where can I find out more?

- Visit our website at www.avivamicrosite.co.uk/fundchanges for more information
- Call the number at the top of this letter
- Alternatively, your usual Aviva contact will be able to help you