

Orange Business Services Defined Contribution Pension Plan



How contributions
are invested



Retirement
Investments
Insurance
Health

This guide explains how contributions will be invested. Please read it alongside your supporting documents.

This guide was produced in August 2017.

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Where are contributions invested?

A default investment solution has been created for your employer's pension scheme, into which contributions will be invested. This means you don't have to make your own investment decision.

This solution has been chosen by the scheme trustees after taking advice from their advisers.

Although the scheme trustees have made this selection for those who don't make an investment choice, there are no guarantees that this solution is the most suitable for your own personal circumstances.

The objective of the default investment solution is to provide an appropriate investment strategy for members who do not wish to make an investment choice for themselves. Up until 8

years from your planned retirement date the default investment solution aims to help your pension savings grow by investing primarily in shares (also known as equities). The value of your savings will fluctuate (increase or decrease) on a daily basis as a result of the performance of the fund used in the growth phase.

In the 8 years leading up to your retirement date, your savings are gradually moved into lower risk investments, such as fixed interest and money market investments. This aims to reduce the risk of your savings falling in value as you approach your planned retirement date. This is likely to produce lower rates of return.

Contributions will be invested in the funds which make up the Annuity Purchase Lifetime. This programme has been designed to manage your pension investments for the life of your account.

The following chart shows how the programme aims to invest your money to specific investment funds. The movements take place on a monthly basis as you approach your retirement date. The percentages invested in each of these funds, shown below, will vary slightly according to financial market movements. Each column can represent one year or a number of years depending on the length of the programme. All movements of funds are managed by the programme at no extra cost.

Whilst you are invested in this solution you are unable to invest in other funds at the same time.

If you wish to leave the programme at any time, you must let us know how you wish to invest future contributions.

This investment programme may be subject to changes to the funds included in each programme or to the timings of the fund movements and their frequency, in accordance with the terms of your account.

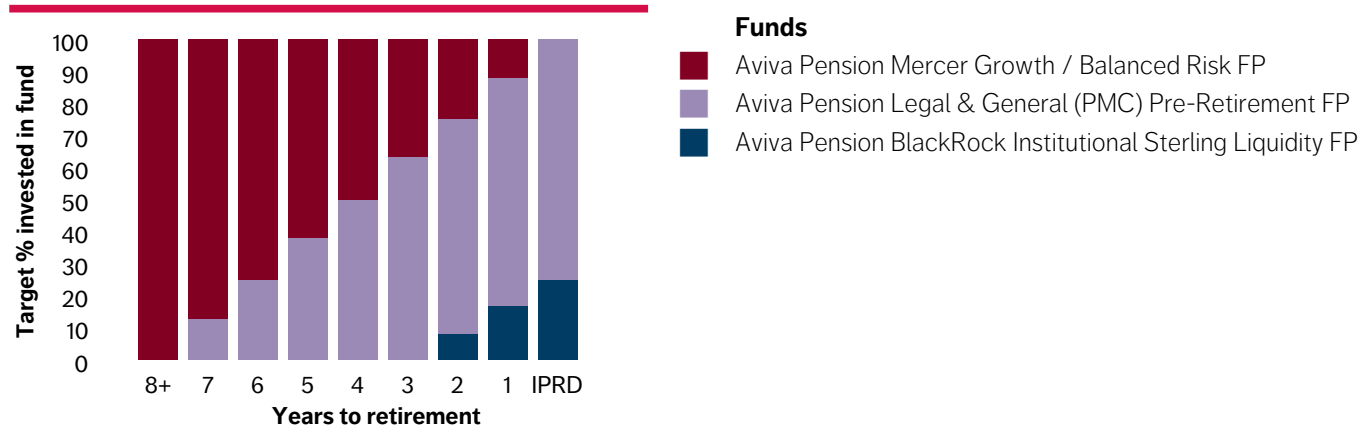
As your investments are moved to different funds within the programme, your annual management charge (AMC) may change.

Please be aware there is no guarantee that this programme will benefit your retirement savings.

The value of an investment is not guaranteed and can go up and down. You could get back less than the amount paid in.

Details about each fund in the investment solution are shown in 'More about each fund' starting on page 6.

Annuity Purchase Lifetime Investment Programme



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

Advantages

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

Disadvantages

- There is no guarantee that the investment programme will prove beneficial to your pension fund.
- The value of your investments, even in lower risk funds, can fall as well as rise and the value of your pension fund is not guaranteed.
- Taking your retirement benefits earlier or later than planned may have an impact on your investment programme, and may mean that it is no longer suitable for your individual circumstances.

More about each fund

Each fund is divided into units of equal value and contributions are used to buy units in the funds you choose. The price of the unit depends on the value of the investment funds. We work out the value of your personal fund based on the total number of units you have in each fund. If the unit price goes up and down, so will the value of your personal fund.

The funds you're invested in

The following table shows the funds which make up the investment solution. It shows each fund's aim, risk rating, risk warnings, the total AMC and additional expenses.

Please see information about risk ratings and risk warnings starting on page 10.

Risk rating	Fund name	Fund aim	Total AMC	Additional expenses
4	Medium volatility	Aviva Pension Legal & General (PMC) Pre-Retirement FP	0.26%	0.00%
		Legal & General state that the fund aims to provide diversified exposure to assets that reflect the investments underlying a typical traditional level annuity product. The fund invests in LGIM's index-tracking bond funds to gain exposure to these assets. The fund, however, cannot provide full protection against changes in annuity rates for individual members since these also depend upon a number of other factors (e.g. changes to mortality assumptions). The asset allocation is reviewed quarterly by LGIM's Strategic Investment and Risk Management team and the fund will not take short-term, tactical asset allocation positions. Risk warnings A, B, E, L		
4	Medium volatility	Aviva Pension Mercer Growth / Balanced Risk FP	0.36%	0.06%
		This is a moderate to higher risk fund designed by Mercer Limited aiming to provide moderate to high levels of long-term capital growth. It invests in one or more underlying funds to produce a portfolio with around three quarters or more invested in UK and overseas shares, a holding in government and corporate bonds and the remainder spread across other asset types giving exposure to commodities, property and money market instruments. Investors in this fund will be automatically moved into the appropriate Mercer Target Retirement Fund when they are 8 calendar years from the year of their selected retirement date. Depending on the chosen retirement destination, the Mercer Target Retirement Fund aims to gradually reduce exposure to investment risk by investing in lower growth assets. Derivatives may be used for investment purposes as well as risk reduction. The fund factsheet shows the underlying fund(s) and weightings. These are selected and reviewed by the investment adviser, Mercer Limited, and may change. Risk warnings A, B, C, D, E, G, J, K, N, O		

Risk rating	Fund name	Fund aim	Total AMC	Additional expenses
1	Lowest volatility	Aviva Pension BlackRock Institutional Sterling Liquidity FP	0.25%	0.00%
		BlackRock state that the fund aims to maximise the income generated on investment consistent with maintaining capital and ensuring its underlying assets can easily be bought or sold in the market in normal market conditions. It will do this by maintaining a portfolio of high quality short term money market instruments. The fund invests in a broad range of fixed income securities and money market instruments. It may also invest in deposits with credit institutions. Risk warnings A, E, H		

Please note the details of each fund may change over time. For up-to-date details, you can view fund factsheets at: www.avivafunds.co.uk.

Investment governance

Aviva has a dedicated investment team who have a clear objective to develop and maintain a robust investment range. They proactively monitor and review all the funds that are offered through all our pension schemes, adding new funds that are worthy of inclusion.

The fund range may change from time to time. As a result, the funds that are available now may not be available in the future. If you are invested in a fund that is closed, we will write to you and offer an alternative investment fund.

Charges

We deduct the following charges from your account:

Annual management charge

An AMC is taken from each fund during the course of your account.

The AMC is made up of two parts:

- A scheme AMC which is taken out of the value of your pension account over its lifetime to cover administration costs and investment charges and may change over time.
- For certain funds, a fund AMC applies. These charges are taken by fund managers for managing the fund. The charge varies according to the funds you invest in.

The total AMC is shown in the fund table starting on page 6.

Additional expenses

There are additional expenses associated with some funds, and these are reflected in the unit price. The additional expenses reflect the cost of managing the assets and include fees to auditors, trustees and valuers. The additional expenses may change as the expenses incurred by the fund change and the size of the fund changes. We regularly review the expenses and update our literature and annual statements accordingly.

Changes to funds

Please note that there may be circumstances when the fund managers decide to increase the fund AMC. If this happens, you can switch to another fund.

We may choose to close the fund concerned, but please be assured that whatever action we take, we will write to inform you and explain the choices you have at the time. Please see your supporting documents for more information.

Types of investment

You can choose which funds you invest your money in. The fund manager uses this money to buy the assets that make up the fund's investments. Generally, each fund offered by Aviva invests in one of four main asset classes which are described below.

Please note that although your money is invested in a fund, you do not own any of that fund's underlying assets. For example, you won't receive a dividend from shares in an equity fund or rental income from a property held by a property fund. These are reflected in the value of the fund itself.

Money market

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

Although less risky than other asset classes, there could be circumstances where these investments fall in value, for example, if an organisation defaults. Their value could also be eroded over time due to the effects of fund charges, product charges and inflation.

Fixed interest

Referred to as bonds, these are loans to a government or a company which pay a fixed interest rate for a set period until the loan is repaid to the investor. The most common bonds are government bonds (known in the UK as gilts) and corporate bonds (issued by companies). If a government or company defaults on the loan, then the interest will not be paid. For this reason UK gilts are seen as less risky than corporate bonds, as the UK government is less likely to be unable to repay them.



Property

Property investment usually means commercial property, such as offices and retail, leisure and industrial developments. It can also include residential property. As well as the potential increase in their value, property investments can also produce rental income. Property can be subject to heavy falls and sharp increases in value. It can also take more time to buy and sell property than investments in other asset classes.



Shares

Shares are also known as equities. Shareholders have a 'share' in a company's assets. Shares are bought and sold on stock markets and their value can go up and down depending on the fortunes of the company and stock markets in general. Companies may also pay a share of profits to shareholders, known as dividends. While there is more opportunity for potential gains with shares than some asset classes, there is also greater risk that they will fall in value.

Your approach to investment risk

Aviva calculates its risk ratings using historical performance data, based upon the methods set by European Union rules. We also carry out further research using information from the fund's investment manager(s). We review each fund's risk rating annually and these may change over time. The timing of your investment decisions is very important and you should consult a financial adviser. Past performance is not a guarantee of future performance.

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

Risk rating Risk rating description

7	Highest volatility	The historical performance of funds with this risk rating has typically experienced the highest volatility of all the funds Aviva has rated. This means that these funds have the highest potential for substantial changes in value compared with other Aviva funds.
6	High volatility	The historical performance of funds with this risk rating has typically experienced high volatility compared with other funds Aviva has rated. This means that these funds have a high potential for substantial changes in value compared with other Aviva funds.
5	Medium to high volatility	The historical performance of funds with this risk rating has typically experienced medium to high volatility compared with other funds Aviva has rated. This means that these funds have a medium to high potential for substantial changes in value compared with other Aviva funds.
4	Medium volatility	The historical performance of funds with this risk rating has typically experienced medium volatility compared with other funds Aviva has rated. This means that these funds have a medium potential for substantial changes in value compared with other Aviva funds.
3	Low to medium volatility	The historical performance of funds with this risk rating has typically experienced low to medium volatility compared with other funds Aviva has rated. This means that these funds have a low to medium potential for substantial changes in value compared with other Aviva funds.
2	Low volatility	The historical performance of funds with this risk rating has typically experienced low volatility compared with other funds Aviva has rated. This means that these funds have a low potential for substantial changes in value compared with other Aviva funds.
1	Lowest volatility	The historical performance of funds with this risk rating has typically experienced the lowest volatility of all the funds Aviva has rated. This means that these funds have the lowest potential for substantial changes in value compared with other Aviva funds.

Please note:

These investment risk ratings are based on our interpretation of investment risk and are only meant as a guide. These levels of investment risk are not guaranteed and may change in the future.

The colours in this table may be different to those used online; however, the ratings and approach to investment risk remain the same.

Fund risk warnings

There are risks associated with investing in funds, or types of funds.

Starting on page 6 we show which risk warning or warnings apply to each fund. These risk warnings are explained below.

Please note that we only show the warnings that apply to the funds in the investment solution and there is no direct relationship between the number of fund risk warnings and the investment risk rating for each fund.

Risk warning code	Risk warning description
A	<p>Investment is not guaranteed: The value of an investment is not guaranteed and can go down as well as up. You could get back less than you have paid in.</p> <hr/> <p>Price: At times, the way a fund's price is calculated may need to change to ensure that those moving into and out of the fund and existing unitholders/shareholders are treated fairly and are not disadvantaged by any large cash flows.</p> <hr/> <p>Suspend trading: Fund managers have the ability, in certain circumstances, to suspend trading in their funds for as long as necessary. When this occurs we will need to delay the 'cashing in' or switching of units in the relevant fund. You may not be able to access your money during this period. The circumstances in which we may delay a switch, withdrawal or transfer can include but are not limited to the following:</p> <ul style="list-style-type: none">• If a large number of customers want to take money out of the same fund at the same time.• If there are practical problems selling the assets in which a fund is invested.• If the fund (or part of it) is managed by an external company, they may insist on a delay. <hr/> <p>Stock lending: Where a fund is involved in the temporary transfer of securities, there is a risk that the borrower may not be able to return the security to its owner. This may have a negative effect on the performance of the fund.</p> <hr/> <p>Derivatives: Most funds can invest in derivatives for the purpose of efficient portfolio management or risk reduction. For funds that also use derivatives for investment purposes, we apply an additional risk warning due to the possible increase in the risk and volatility of the fund.</p>
B	<p>Currency risk: Where a fund invests in share classes or securities priced in currencies other than the fund's base currency, changes in exchange rates can contribute to the value of the investment going up or down.</p>
C	<p>Emerging markets: Where a fund invests in emerging markets, it is likely to be more volatile than one that invests in developed markets. These markets may not be as strictly regulated and securities may be harder to buy and sell than those in more developed markets. These markets may also be politically unstable, which can result in the fund carrying more risk.</p>
D	<p>Smaller companies: Where a fund invests in the shares of smaller companies, these shares can be more volatile and may be harder to buy and sell than larger company shares, which can result in the fund carrying more risk.</p>

Risk warning code	Risk warning description
E	Fixed interest: Where a fund invests in fixed interest securities, such as corporate or government bonds, changes in interest rates can contribute to the value of the investment going up or down. If interest rates rise, the value is likely to fall. Bonds with a lower credit rating are known as sub-investment grade or junk bonds. These carry an increased risk that the issuer of the bond will be unable to continue the interest payments or return the capital at maturity.
G	Derivatives: Where a fund uses derivatives for investment purposes, there may be an increase in the risk and volatility of the fund. Some derivative investments also expose investors to counterparty or default risk where another party is unable to meet its obligations and pay what is due. This could result in the loss of the value of the derivative itself.
H	Cash/Money market funds: These are not cash deposit accounts but invest in money market instruments and short-term bonds and can fall in value. In a low interest rate environment, the charges applied to a cash fund may be greater than its return, so you could get back less than you have paid in.
J	Index-linked: Where a fund invests in index-linked bonds, changes in inflation rates can contribute to the value of the investment going up or down. If inflation falls, the value is likely to fall.
K	High cash levels: Due to the way some funds are managed there may be periods when they have large cash holdings. This can be a deliberate asset allocation decision or while suitable investment opportunities are researched and selected. A fund's growth potential may be less during this period.
L	Reinsured funds: Where a fund invests in an underlying fund operated by another insurance company through a reinsurance agreement, if the other insurance company were to become insolvent, you could lose some or all of the value of your investment in this fund.
N	Alternative investments: Where a fund invests in alternatives, it may carry more risk, as these instruments are generally priced less regularly and may be harder to buy and sell than investments in more conventional asset classes. Alternatives include commodities, hedge funds, private equity, real estate investment trusts (REITs), venture capital and currencies.
O	Convertible bonds: Where a fund invests in convertible bonds, it will experience the risks associated with holding bonds until conversion, at which point it will experience the risks associated with holding equities. To compensate for having additional value through the option to convert from a bond to an equity, a convertible bond typically has a coupon rate lower than that of a similar, non-convertible bond.

Should I make a different investment choice?

We understand that some people may find the investment solution provided does not match their attitude to investment risk or it invests in areas that they wouldn't choose for themselves.

It's important to ensure that your investments are right for you and are in line with the amount of investment risk you are prepared to take.

How much risk you are prepared to take will depend on your own personal circumstances, such as how long you have left until you retire and whether you have made other provisions for retirement.

You should consider your own personal views and opinions on money.

If you would like to choose your own investments, you can do so once we have received and invested the first contribution from your employer. You may select different funds. If you do, you will no longer be in the investment programme and we won't move you into lower risk funds, unless you select a different programme.

Please view the 'Choosing your own investment funds' guide for all the options available. It provides detailed information about each fund, such as the aim, its associated risks and the charges, together with any investment programmes available to you.

This guide can be found online at <https://library.aviva.com/aepen155c.pdf> or you can request a printed copy from us using the contact details on page 14.

Once you've decided where to invest contributions, you can update your account using Membersite or contact us using the details on page 14.

You can currently switch funds at any time. However, in exceptional circumstances we may need to delay the switching of the funds.

We do not currently charge for switching funds but we could introduce a charge in the future in accordance with the Terms and conditions, a copy of which can be obtained from the scheme trustees.

For more information about switching, please refer to your supporting documents.

More information and help

Further information

If you feel you would like advice with your pension planning, please speak to a financial adviser. If you don't have an adviser, you can find one at www.unbiased.co.uk.

GOV.UK provides impartial UK government information on pensions, visit www.pensionwise.gov.uk.


Membersite allows you to easily monitor and make changes to your pension account: www.aviva.co.uk/membersite.


If you have any queries about your pension account, please speak to the scheme trustees.

How to contact us

The scheme trustees will normally be your first point of contact. They will be able to help you with queries about your salary and contributions.


You can contact us with any queries about your pension account in the following ways:

 Call us on **0345 602 9221** at the following times: Monday to Friday between 8.30am and 6pm. We may record calls to improve our service. Calls may be charged and these charges will vary; please speak to your network provider.

 Fax us on **0345 600 0624**.

 Email us at ngp.questions@aviva.com.

Email is not a secure form of communication and you should not email us with any personal information about you or personal details about your pension with us. For similar reasons, we will not reply by email if to do so would compromise your security.

 Write to us at
Aviva, PO Box 1550, Salisbury, SP1 2TW.



Aviva provides millions of customers worldwide with insurance, savings and investment products. We're the UK's largest insurer and one of Europe's leading providers of life and general insurance.

In everything we do, we have one goal. To make everything simpler, better and more rewarding for our customers. We call it Good Thinking. This is our promise to customers. This could be by helping people save for their retirement. By giving safer drivers a way to save on their car insurance. Or simply by making people's policies easily accessible online through MyAviva.

Find out more about automatic enrolment at
www.avivamicrosite.co.uk/ae

This information is based on Aviva's understanding of current legislation, regulations, guidance and practice as at January 2017 and is not providing legal or financial advice.

Aviva Life & Pensions UK Limited.

Registered in England No. 3253947. Registered office: Wellington Row, York, YO90 1WR.

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Firm Reference Number 185896.

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