OUR GOVERNED RETIREMENT INCOME PORTFOLIOS

Investing for your retirement

Building up your retirement savings may have taken you many years. So when you're getting ready to retire, it's important you take time to think about what you want to do with your savings.

We have lots of ways for you to invest your retirement savings. They're all about balancing the return you want to get with the risk you're prepared to take. If you decide you'd like flexible access to your savings and a regular income, then we have an investment option that could suit you – Governed Retirement Income Portfolios (or GRIPs for short).

WHAT'S INSIDE

INTRODUCING **GRIPS**

When you're saving for retirement you can usually afford to ride out the ups and downs of the stockmarket. But when the time comes to start taking income the impact of investment returns can have a much greater effect on your savings.

If you suffer losses in the early years it can be hard to recover, and could result in you having to take a reduced income in order to avoid running out of money. This means it can be difficult to know how much income your retirement savings can sustain over a period of time. A financial adviser can help you to discuss your own individual investment needs.

GRIPs are designed for people who want to take a **sustainable income** from their pension. They aim to deliver growth above inflation to support regular income withdrawals, whilst taking a level of risk consistent with your attitude to risk.

GRIPs are also designed to be **resilient** and have delivered **strong performance** against recent challenging market conditions including the uncertainty of Brexit, the 2016 US Election and the devaluing of the Chinese Yuan.

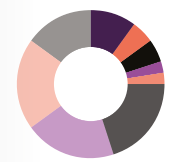
GRIPs form part of our Governed Range, so they benefit from **regular reviews**, **hands-on supervision** and **ongoing fine-tuning**. This governance is intended to ensure the GRIPs meet their objectives.

And this governance comes at **no extra cost**.

A CLOSER LOOK **AT GRIPS**

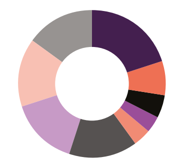
There are five portfolios to choose from and each one is made up of a diversified mix of asset classes.

Governed Retirement Income Portfolio 1



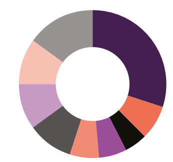
- 10.0% Equity
- 5.0% Property
- 5.0% Commodities
- 2.5% Global High Yield Bonds
- 2.5% UK High Yield Bonds
- 20.0% Corporate Bonds
- 20.0% Gilts
- 20.0% Index Linked Gilts
- 15.0% Absolute Return Strategies (incl cash)

Governed Retirement Income Portfolio 2



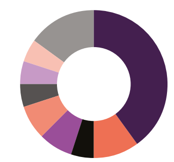
- 20.0% Equity
- 7.5% Property
- 5.0% Commodities
- 3.75% Global High Yield Bonds
- 3.75% UK High Yield Bonds
- 15.0% Corporate Bonds
- 15.0% Gilts
- 15.0% Index Linked Gilts
- 15.0% Absolute Return Strategies (incl cash)

Governed Retirement Income Portfolio 3



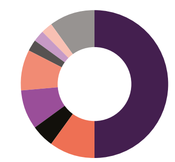
- 30.0% Equity
- 7.5% Property
- 5.0% Commodities
- 6.25% Global High Yield Bonds
- 6.25% UK High Yield Bonds
- 10.0% Corporate Bonds
- 10.0% Gilts
- 10.0% Index Linked Gilts
- 15.0% Absolute Return Strategies (incl cash)

Governed Retirement Income Portfolio 4



- 40.0% Equity
- 10.0% Property
- 5.0% Commodities
- 7.50% Global High Yield Bonds
- 7.50% UK High Yield Bonds
- 5.0% Corporate Bonds
- 5.0% Gilts
- 5.0% Index Linked Gilts
- 15.0% Absolute Return Strategies (incl cash)

Governed Retirement Income Portfolio 5



- 50.0% Equity
- 10.0% Property
- 5.0% Commodities
- 8.75% Global High Yield Bonds
- 8.75% UK High Yield Bonds
- 2.5% Corporate Bonds
- 2.5% Gilts
- 2.5% Index Linked Gilts
- 10.0% Absolute Return Strategies (incl cash)

RISK

Lower **Higher**

We want to try and get the best returns we can for you, in line with how you feel about risk. Doing that means investing in a range of different things called 'asset classes'. How much you invest in each asset class depends on how much (or how little) risk you're comfortable with.

The diagram above shows that as you move from GRIP 1 to GRIP 5 the mix of assets changes from lower risk to higher risk.

The **higher risk** you're willing to take with your investments, the higher your potential return, but the greater your chance of loss.

Lower risk investments on the other hand offer greater security but lower potential returns.

It's important to remember that the value of investments can fall as well as rise and you could get back less than you pay in.

Your financial adviser can help you decide which GRIP would suit you best.

ASSET CLASSES **EXPLAINED**

The GRIPs are currently made up of nine different asset classes, and an explanation of each type is given below.

EQUITIES

Companies sell shares to raise money, and pay you a share of their profits as 'dividend'. Investors buy and sell shares on stock markets. The price goes up or down based on how well the company is doing, or what its prospects are.

Investors tend to think shares give better returns in the long run, though they're too volatile for short-term investing. It's also worth bearing in mind some overseas stock markets are more volatile than UK shares, and currency exchange rates can affect them.

There are two main types of property funds.

DIRECT PROPERTY FUNDS

Here, you're investing in a range of properties, like shopping centres, offices or factories. You might not be able to cash in your investment when you want to if the property doesn't sell quickly. And the true value only becomes clear once a buyer agrees a price.

PROPERTY SECURITY FUNDS

Here, you're investing in property companies. Like shares, the price of these funds can go up or down suddenly. Compared to direct property funds, you're more likely to be able to cash in your investment when you want to.

CORPORATE BONDS

(also includes Global High Yield Bonds and UK High Yield Bonds)

Effectively, you lend money to a company for a set time at a set interest rate. The returns are predictable, with more chance of them growing than deposits. The main risk is that the company goes bankrupt without paying back the loan. Even so, bonds tend to be less volatile than shares.

GOVERNMENT BONDS

(includes Gilts and Index Linked Gilts)

These are like corporate bonds, but you're lending to the government. People see gilts as low-risk, because the government is unlikely to go bankrupt. Like corporate bonds, gilts are less volatile than shares and the chances of returns growing are better than with deposits.

SPECIALIST

(includes Commodities and Absolute Return Strategies)

Some funds invest in other things, which might suit you depending on the sort of investor you are and what you want to achieve. They include foreign exchange or commodities like grain, gold or oil. We'd recommend talking to an adviser if you're interested in these.

GRIPPING REASONS TO INVEST

G OVERNANCE

R ESILIENT

I NCOME SUSTAINABILITY

P ERFORMANCE

S IX-YEAR TRACK RECORD

GOVERNANCE

Our GRIPS come with ongoing governance. This simply means that our investment experts check them regularly. It allows us to maintain the best mix of assets in line with the risk category - and to make sure each GRIP is performing in line with its objectives - aiming to give you the best returns.

If our experts decide that the mix of assets needs to be adjusted, it happens automatically for you - you don't need to do anything. What's more, this service comes at no extra cost.

RESILIENT

The timing of when you start taking income can have a big impact on your retirement savings. GRIPs are designed to take advantage of opportunities to help your money grow and aim to reduce the impact of sudden market falls.

INCOME SUSTAINABILITY

GRIPS are designed for taking a regular income from your retirement savings and their governance and resilience helps to ensure that your income will last throughout your retirement.

PERFORMANCE

GRIPs have a proven track record in delivering risk, returns and governance.

SIX-YEAR TRACK RECORD

GRIPs have a successful six-year track record for growing and delivering an opportunity for sustainable income.

Find out more

If you think a GRIP could be the right investment option for you then please speak to your financial adviser.

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