

Investing your pension account



2021

Making your choices

This guide takes you through the range of fund choices available for investing your account in the Fund.

Please take the time to read through it carefully, as the investments you choose – and how well they perform – will affect the amount you build up in your account.

We are aware that some may be making investment decisions like this for the first time, while others may be more used to it and have a clear idea of how they want to invest already.

With this in mind, we've set the guide out in a series of decisions, to help you work your way towards your choices – and we've explained any technical terms as and when they crop up.

If you have any questions about the Fund or the investment choices, please get in touch. However, please remember that we cannot give you personal advice or tell you what you should do – for that, you must speak to an independent financial adviser.

Turn to page 8 for any contact details you're likely to need.

If you don't make a choice, we will choose an option (called the 'default') for you automatically – see page 6.

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Investing your account... in 2 stages

Stage 1 – Your approach

In this first step, you choose your overall approach to investing.

Lifestyle

You set a target retirement age. We will invest your account on your behalf. As you get close to the age you plan to retire, we will gradually move your account into investments which aim to protect its value in line with how you intend to take your benefits.

or

Self-select

You make your own choices from the range of investment options available.

So, a key difference to note at this stage:

- with 'Lifestyle', your account is invested for you automatically, while
- with Self-select, you would take a more 'hands-on' role and make decisions about investing in particular funds as you go along.

Stage 2 – Your choices

If you choose...

Lifestyle

You can choose from three Lifestyle approaches. Each one is designed to suit one of the options for taking your benefits at retirement – that is:

Stay invested (Drawdown)

Annuity

Cash

You can find more details about these retirement options in your main Fund guide.

Self-select

You can invest your account in the following investment options, in whatever combination you choose:

'Mixed' funds (investing in a range of different assets):

Mixed 50

Mixed 80

Diversified Growth

'Individual' funds (each investing in a single asset type):

Overseas Equity

Global Equity

UK Equity

Corporate Bonds

Gilts

Annuity Pre-retirement

Cash



Asset types – in brief


As you read through this guide and think about how you want to invest your account, it will help if you keep the different types of investment in mind.

- Equities are shares in companies. They can rise and fall sharply, depending on the company's financial performance as well as economic conditions. However, they have tended to give good returns over longer periods.

Overseas share values will also vary in line with exchange rates.

- Bonds are loans issued by companies to raise money – the return on the bond is the interest paid on the loan. Bonds are seen as relatively stable – they may not give returns as high as equities, but they do not carry as much risk.
- Gilts are bonds issued by the Government – as a result, they are regarded as more secure than corporate bonds. Annuity prices broadly change in line with gilt prices making them a common choice for savers nearing retirement.
- Cash investments work in a similar way to ordinary bank or building society accounts. They have a very low investment risk, but only give low returns, in line with interest rates – which may be less than inflation. For this reason, cash is often used very close to retirement – especially if taking any benefits as cash – to give the amount as much security as possible.

See page 8 for the main types of risk that apply to investments in different asset types.



...think about how
you want to invest
your account ...

Stage 1

Your approach

Your first decision is whether to take the 'Lifestyle' or 'Self-select' approach to investing. Your choice will at least partly depend on whether you would prefer your account to be invested 'automatically' on your behalf, or if you want to take more control yourself.

(Please note, you cannot do both at once and split your account between Lifestyle and Self-select.)

Lifestyle

Once you start investing in Lifestyle, your account is moved between investment funds on your behalf. At first, it places your account in Global Equities (shares in companies worldwide), a fund aiming for growth – that is, trying to achieve relatively high returns, while carrying a certain level of investment risk.

Once you reach the age 15 years before you plan to retire, your account will start to move into funds investing across a wider range of assets classes but aiming for lower growth, to try to give some protection to the amount you have already built up.

Then, in the 5 years before you plan to retire, your account will switch into funds which aim to protect its value in line with how you plan to take your retirement benefits.

These later funds will depend on whether you choose the Lifestyle approach for the 'stay invested' (drawdown), 'annuity' or 'cash' approach for the retirement options. (We look at these in more detail on page 6.)

Think about...

You might prefer to use Lifestyle if you are uncomfortable with making ongoing investment decisions, or if you are happy that automatically moving into funds aiming for lower growth as you approach retirement is the best approach for you.

Lifestyle aims to be a sensible choice for most people – but it won't be exactly right for everyone. So please look carefully about how your account would move in Lifestyle, and take advice if you need to before deciding to use it.

Self-select

With the Self-select approach, you begin choosing the funds you want to invest in separately from the outset. You can match your choices to your personal situation, as well as the level of investment risk you are comfortable with.

You decide how much of your account you want to place in each of the funds you choose. And then, it will also be up to you when you make changes (if any) and move your account between different fund choices in the future.

Think about...

You might prefer to use Self-select if you are already familiar with investing and would like more control of your account.

Self-select will give you the flexibility of moving your account to different funds as and when you want to – but it is important to remember to check how you are investing regularly. Unlike Lifestyle, your account will **not** move automatically.



Stage 2

Your choices

Lifestyle

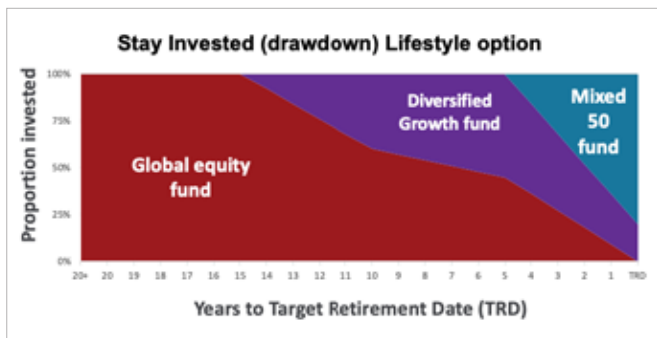
As we have explained, the Lifestyle approach invests your account in the Global Equity fund until you reach 15 years before your 'target retirement age'. The Normal Retirement Date is age 62. However, you can choose another target retirement age to match your plans (see page 7 of your main Fund guide).

Where your account moves to in the final 5 years depends on whether you choose the stay invested (drawdown), annuity or cash approach.

These charts show how each one works.

Stay-invested ('Drawdown')

Drawdown is arguably the most flexible retirement option – and accordingly, the pattern here keeps you invested in a wider range of asset types for longer. Part of your account will start moving automatically from the Global Equity fund into the Diversified Growth fund when you are 15 years from your target retirement age. This fund aims to offer more protection against falls in financial markets than the Global Equity fund, while still providing some investment growth by investing in a wide range of assets. In the 5 years prior to your target retirement age, you will start switching into the 'Mixed 50' fund which is split evenly between equities and bonds, so – along with the 'diversified growth' fund, provides your account with both protection and the opportunity to grow further, as you continue to invest it.

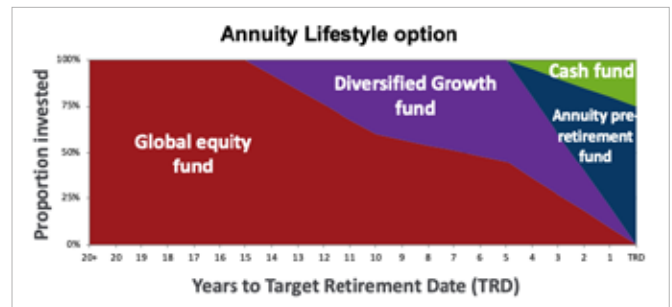


Annuity

When you are 15 years from your target retirement age your account will start moving into the 'Diversified Growth'. This fund aims to offer more protection against falls in financial markets than the Global Equity fund, while still providing some investment growth.

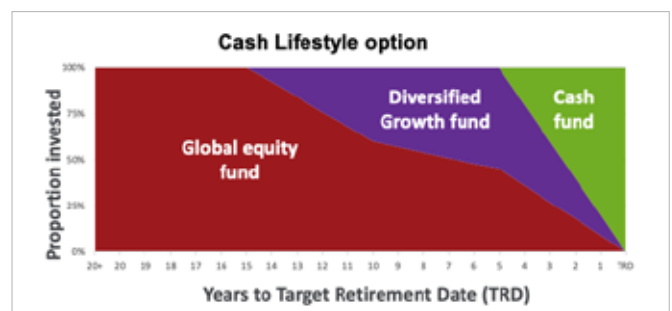
Then, five years before your target retirement age, your account will start moving into a mix of the Annuity Pre-retirement and Cash funds. The Annuity Pre-retirement fund value aims to move in line with the cost of buying annuities.

The move is timed so that, on reaching your target retirement age, you have 25% of your account in cash – this is the highest amount you can take as a cash lump sum tax-free – with the rest in the Annuity Pre-retirement fund for you to buy an annuity.



Cash

You also have the option at retirement to take your entire account as cash. The Lifestyle pattern for this is more simple – it moves your account from equities into 'diversified growth' investments in the same way as for the other options – but after that it places more and more of your account in cash investments. At your target retirement age, you will have your whole account in cash investments.



Please note

If you do not make a clear investment choice when you join the Fund, we will make a choice for you automatically – this is called the 'default' option. We will assume that:

- You choose the Lifestyle stay invested (drawdown) approach; and
- Your target retirement age is 62.

It is important to let us know if you want to change your target retirement age, so that the Lifestyle approach switches your investments at the appropriate time.

Self-select

There are currently ten funds available in the 'Personal' range for you to choose from.

Fund	Invests in	Aims to	Description	Yearly charge
Mixed funds				
Mixed 50	25% UK equities 25% overseas equities 25% bonds 25% gilts	Offer a mix of good potential for growth with lower risk investments.	May be suitable if you are nearing retirement but still want your account to grow further if possible, or if you are uncomfortable with a higher level of investment risk.	0.10%*
Mixed 85	42.5% UK equities 42.5% overseas equities 7.5% bonds 7.5% gilts	Focus on long-term growth by investing a large part of the fund in equities.	Mainly growth – so higher investment risk. May suit you if early to mid-career looking for higher returns, but without placing everything in equities.	0.08%*
Diversified Growth	A range of asset classes with varying amounts in each	Achieve a return above UK inflation each year over a certain period.	Provide a good level of growth over the medium to long term with fewer rises and falls than an investment solely in equities.	0.54%*

Individual funds				
Overseas Equity	100% overseas equities	Focus on growth over the mid to long term.	Can rise and fall sharply in short term but potential for growth over longer periods. May also be affected by exchange rates.	0.220%*
Global Equity	A mix of overseas and UK equities			0.07%
UK Equity	100% UK equities			0.100%
Corporate Bond	100% bonds	Give steady returns in the short to mid term.	Value generally rises and falls less sharply than equities. 'Fixed interest' return over an agreed period.	0.150%
Gilts	100% gilts			0.100%
Annuity Pre-retirement	A mix of gilts and bonds	Protect the value of money built up in relation to annuity costs.	Value generally rises and falls less sharply than equities and in line with annuity costs	0.15%
Cash	100% cash	Protect the value of the money you have built up.	Very stable. However, returns are very low, so normally only suitable to give savings security in the short term.	0.125%

*Based on target asset spread and underlying fund charges

When deciding which funds to choose, you need to bear in mind that the higher the returns you achieve, the more money you will have in your account to buy benefits. However, the broad rule of thumb is that asset types – such as equities – which have tended to give high returns over longer periods also carry more risk of going up and down in value in the short term.

So, it's worth considering:

- How you want to take your benefits – flexible drawdown, annuity or cash
- and
- How long you have to go until your target retirement date
- which, in turn, may affect
- how much risk you are willing to carry.

Risk: a closer look

When thinking about the risk involved with investing, people tend to think of making a loss: the value of their savings going down. But it is more helpful to think of four types of risk.

Investment risk

This is the risk most people are broadly aware of – that your investments will rise and fall in line with economic conditions. All investments carry some level of risk, but broadly speaking, those that have tended to give higher returns are also those with higher risk – such as equities (company shares).

This is why it is more usual for savers to choose equity funds early to mid-career, when they need to grow their money and have time to bear some risk – and then move to other types of funds (such as bonds and gilts) when they approach retirement.

Inflation risk

This is the risk that a fund loses 'real value' because its returns are lower than the increase in the cost of living. This can happen with very low-risk funds – like cash – which are often used only to aim to provide security for savings very close to retirement.

Conversion risk

This risk applies in particular if you are planning to use your account to buy an annuity. 'Annuity rates' – the cost of buying your retirement income – change in line with economic conditions – broadly along the same lines as bond values change.

This is why it is common to invest in bonds or gilts in the approach to retirement if you want to take your pension account as a guaranteed income, or annuity, as the value of the amount you place in them should rise and fall in line with the cost of buying your annuity.

Diversity risk

This is the risk of your account losing value because you have invested it in one or two funds that have performed poorly. One way to manage risk is to invest savings across funds with a range of assets, or in different locations – so if a particular market or region has a bad patch, it need not affect a large part of your account.

You can do this using the Mixed funds, or by spreading your account across a mix of different funds yourself.



Help and support

If you have any questions about the Fund or your account, please contact the fund administrators.

Email: fujifilmdiosynth@willistowerswatson.com

Phone: 0345 601 3508

Write to: Fujifilm Diosynth
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PO Box 545
Redhill
Surrey
RH1 1YX

Please remember, however, that no-one involved in the Fund can give you personal advice about your finances. If you are at all uncertain about your investment decisions, please take independent financial advice.

You can find an adviser in your area using the Government's Financial Conduct Authority website:

www.fca.org.uk/consumers/finding-adviser

Please check that the adviser you speak to is properly qualified, and remember that they will charge for the advice.