



CHEVIOT PENSION

INVESTMENT OPTIONS

The Cheviot pension offers a dynamic default option, the Cheviot Lifeplan, together with a range of options for members to self-select and a range of strategies as they approach retirement.

Cheviot Lifeplan

The Cheviot Lifeplan transitions members through a range of funds as they approach retirement. It targets a position of 75% Cheviot Retirement Planning and 25% Cheviot Cash at a member's Target Retirement Date. This is reviewed at least annually by the Trustee in light of member behaviour and market conditions. Very few members take an annuity, so this is not reflected in the final position. The Cheviot Retirement Planning option is usually 100% invested in Cheviot Cautious but is white labelled to enable the Trustee to dilute the equity exposure if markets are volatile.

<p>> 20 years to retirement Cheviot Growth Target return CPI + 4-5% Volatility target: less than 100% of global equity volatility Risk rating – 5/6</p>	<p>< 20 years to retirement Cheviot Moderate Target return CPI + 3-4% Volatility target: less than 75% of global equity volatility Risk rating – 4/6</p>	<p>< 10 years to retirement Cheviot Cautious Target return CPI + 2-3% Volatility target: less than 60% of global equity volatility Risk rating – 3/6</p>	<p>75% < 3 years to retirement Cheviot Retirement planning Target return CPI + 2-3% Volatility target: less than 60% of global equity volatility Risk rating – 3/6 Cheviot Cash 25% In line with cash benchmark Risk rating – 1/6</p>
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All target returns are shown net of charges. The risk rating is from 1-6, where 1 is cash and 6 is equities. All funds outperformed their targets over the five years to 31 December 2020.

Range of self-select funds

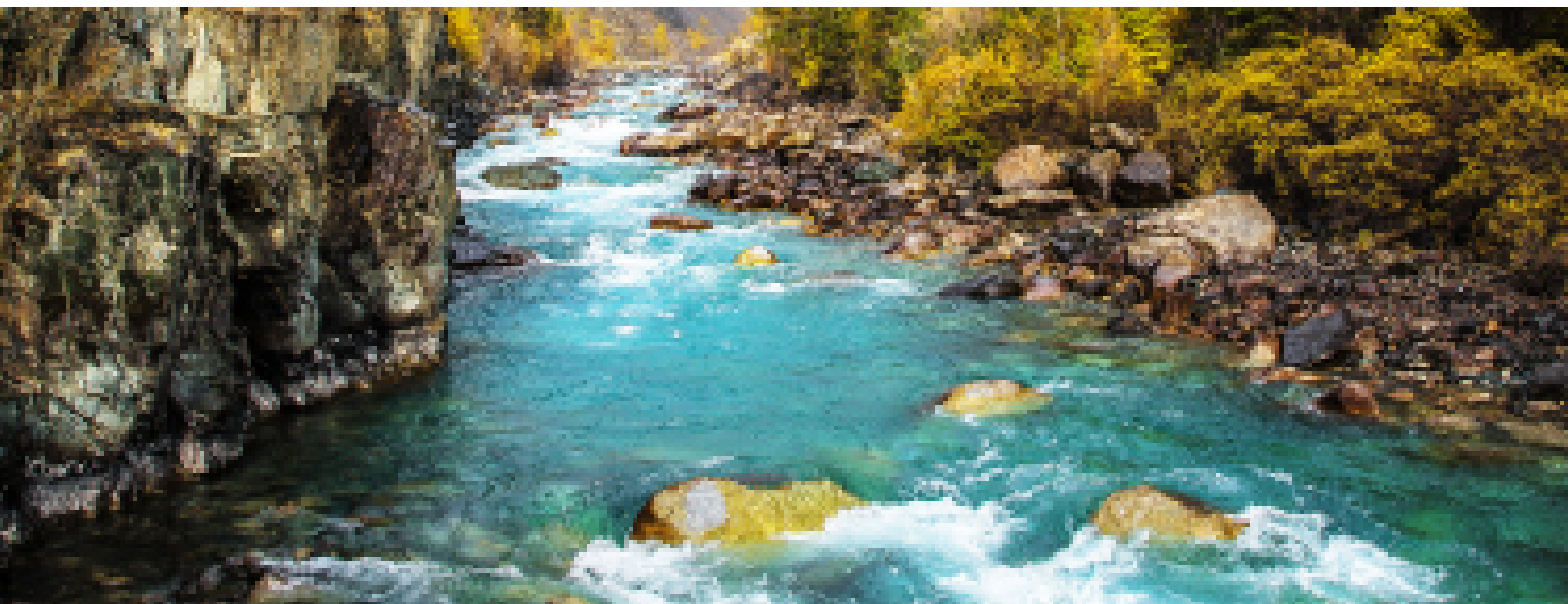
Members can make their own investment choices from a range of funds. These include the Cheviot funds managed by the Trustees, equity only funds and specialist funds, which are designed to meet certain religious, ethical and retirement planning needs.

Pre-retirement strategies

A range of pre-retirement strategies give members the option to invest their funds in a way which matches their target retirement outcome – either cash, drawdown (over different time horizons) or annuity purchase. Members in a pre-retirement strategy automatically transition into the equivalent post-retirement strategy at the point of taking their tax-free cash, recognising that a Target Retirement Date is less relevant for investment strategy after a member has taken their cash. Tax-free cash is always taken from cash holdings (rather than a slice of the whole portfolio), to avoid unnecessary transition costs. A 10% cash allocation post-retirement (where it applies) is used to maintain some stability for drawdown – members may select a different cash allocation.

Range of self-select funds

Cheviot diversified funds	Equity funds	Specialist funds
<p>Cheviot Growth Fund This option is designed for members who are investing for the long term and are prepared to accept some fluctuations in returns in order to maximise growth.</p>	<p>Legal & General Global Equity Fund This fund tracks the performance of the FTSE World Index 50% unhedged and 50% GBP hedged.</p>	<p>HSBC Islamic Global Equity Index Fund This fund aims to track the performance of a world index which meets Islamic investment principles as interpreted and laid down by the HSBC Shariah Committee.</p>
<p>Cheviot Moderate Fund This option is designed for members who are prepared to accept a moderate degree of risk to achieve returns and require more stability over the long term.</p>	<p>Legal & General UK Equity Fund This fund tracks the performance of the FTSE All-Share Index.</p>	<p>Legal & General Ethical Global Equity Index Fund This fund holds equities which meets criteria in environmental sustainability, human rights, labour standards, countering bribery and climate change. Companies involved in certain industries (tobacco, weapons etc) are excluded.</p>
<p>Cheviot Cautious Fund This option is designed for members investing for the medium term who want stability with some growth.</p>	<p>Blackrock Aquila Connect Emerging Markets Funds Equity Fund This fund aims to achieve a return consistent with the return of the MSCI Emerging Markets index.</p>	<p>Cheviot Annuity Planning Fund This fund is designed for members intending to purchase a secure pension income in the short term. The objective of the fund is to reduce the impact of changes in interest rates on the value of the secure pension income (an annuity).</p>
<p>Cheviot Retirement Planning Fund This option is designed for members investing for the medium term who want stability with some potential for growth, including members in drawdown.</p>	<p>Blackrock ACS World ESG Tracker Fund Equity Fund This is a blend of two underlying funds which tracks the performance of MSCI World ESG Focus Low Carbon Screened Index.</p>	<p>Cheviot Cash Fund This option is designed for members investing in the short term who intend to take part or all of their pensions savings in cash. This option may provide slightly negative returns after charges when interest rates are low.</p>
<p>Cheviot Low Cost Fund This option is designed for members who are prepared to accept some degree of risk to achieve returns and are less concerned about stability over the long term in return for a lower charge.</p>		



Pre-retirement strategies

All members in the Cheviot Lifeplan are automatically lifestyled but can choose to change the lifestyling at any time.

Cheviot Lifeplan

Investment split before retirement	Investment split after cash
75% Cheviot Retirement Planning Fund 25% Cheviot Cash Fund	90% Cheviot Retirement Planning Fund 10% Cheviot Cash Fund The Cheviot Retirement Planning Fund aims to provide real returns. The cash allows members to draw down each year.

Alternative strategies

Members can select from a range of alternative strategies to meet their retirement plans.

Annuity planning strategy

Investment split before retirement	Investment split after cash
75% Cheviot Annuity Planning Fund 25% Cheviot Cash Fund	100% Cheviot Annuity Planning Fund The investment will broadly move in line with the cost of buying an annuity.

Cash strategy

Investment split before retirement	Investment split after cash
100% Cheviot Cash Fund	100% Cheviot Cash Fund This option provides no protection against inflation but will be broadly protected from any falls in value.

Additional drawdown strategies

Members can select from the following drawdown strategies, usually dependent on their time horizon.

Alternatively, members can choose to invest in any of the available funds and cash in proportions to meet their needs.

Cautious drawdown strategy

Investment split before retirement	Investment split after cash
90% Cheviot Cautious Fund 10% Cheviot Cash Fund	Cheviot Cautious Fund with a 10% allocation to cash. The cautious drawdown strategy aims to provide real returns. The cash allows members to draw down each year.

Moderate drawdown strategy

Investment split before retirement	Investment split after cash
90% Cheviot Moderate Fund 10% Cheviot Cash Fund	Cheviot Moderate Fund with a 10% allocation to cash. The moderate drawdown strategy aims provide real returns. The cash allows members to draw down each year.

This information is provided in good faith but is not legal or financial advice or binding on the Trustee. The trust deed and rules will override in the event of any inconsistency. We strongly recommend that members take independent financial advice where appropriate.

Charges

The standard charges are shown as at 1 July 2021. We expect to continue to reduce charges over time. Charges include all core services: governance, investment strategy, administration and communications.

Charges are negotiable for large clients and we also offer the option of bolting on specific funds at the request of larger employers.

Cheviot diversified funds	Equity funds	Specialist funds
Cheviot Growth Fund 0.65% per year	Legal & General Global Equity Fund 0.45%	HSBC Islamic Global Equity Index Fund 0.65% per year
Cheviot Moderate Fund 0.65% per year	Legal & General UK Equity Fund 0.45%	Legal & General Ethical Global Equity Index Fund 0.65% per year
Cheviot Cautious Fund 0.65% per year	Blackrock Emerging Markets Equity Fund 0.45%	Cheviot Annuity Planning Fund 0.50% per year
Cheviot Retirement Planning Fund 0.65% per year	Blackrock ACS World ESG Tracker Fund Equity Fund 0.45%	Cheviot Cash Fund 0.25%
Cheviot Low Cost Fund 0.45% per year		

Retirement solutions Meeting members' needs to manage their retirement savings	
Transfers in which remain invested for more than 12 months	NO CHARGE
Transfers in (including from the With Profits Section) withdrawn in full within the first 12 months	One-off charge of £250
Flexible income drawdown set up	NO CHARGE
Monthly income set in advance	£50 annual charge
Adhoc payments	£25 per payment
Fund switches	NO CHARGE
Flexible Income drawdown account closure	£500 charge on disinvestment within first 12 months, between 12 - 24 months £250

