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FutureWise

The smart choice
today for a resilient
tomorrow





Be future confident with FutureWise

FutureWise helps members of your pension scheme to make the most of their retirement. It helps them to prepare – by proactively facing challenges, by adapting to meaningful trends and by effectively funding their future freedom.

For whatever stage in life your employees are at now, FutureWise can help them better prepare for what lies ahead.

You and your team need an investment strategy that adapts – to an evolving economic environment and to the changes we all face as we get older. You want a dynamic approach that intelligently manages risk while capturing opportunities. You want a partner whose sole purpose is investing to help you meet your objectives.

This is why thousands of employees throughout the UK invest in FutureWise to help provide their future security.

Because attaining a comfortable retirement, above all, demands resilience. Fidelity – with investing at its core – can help you achieve that.

**“Fidelity – with
investing at its
core – can help
you achieve that.”**

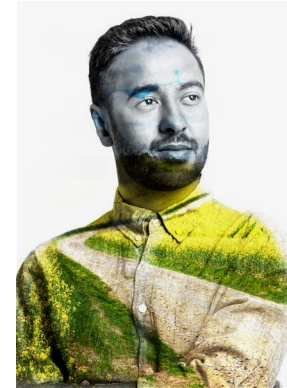
FutureWise: helping you to succeed, with strength at its core

Offering an effective retirement plan requires a set of qualities that are attuned to the needs of both employers and employees.



A flexible retirement option

Gives employees more choices with a design that keeps all available retirement options open.



Dynamic and diversified

Because investment returns are variable, FutureWise portfolios adapt for the risks in the market, and the risks members will be exposed to at various stages in their lives.



A sustainable solution

Making sustainable choices is not only the right thing to do for the planet, it's the smart thing to do with your investments. Find out about our ESG strategy.



Suitable for all life stages

FutureWise adapts to the present, and looks ahead – for every stage of an employee's life. Whether they are younger, mid-career or older workers.



Reassurance at every step

Our multiple layers of governance and oversight give your employees reassurance that their interests are a priority – and that our processes are rigorous.



Experienced, single-minded investors

As a company we strongly focus on investing – that's where we deploy our resources. Helping investors to achieve their objectives is our primary goal.

A flexible retirement option

Incredible flexibility. Giving employees the options to take retirement when they choose and enjoy the independence they deserve.







Because no two members are the same, FutureWise offers the flexibility to meet all their varying aspirations and gives them the freedom to decide when and how they retire.

It has been specifically designed for the current pensions environment, where auto-enrolment and pension flexibilities offer both opportunities and challenges for members.

FutureWise is adaptive – it ensures that pension scheme members can be flexible with their retirement age and take their retirement income in whatever ways their scheme allows.

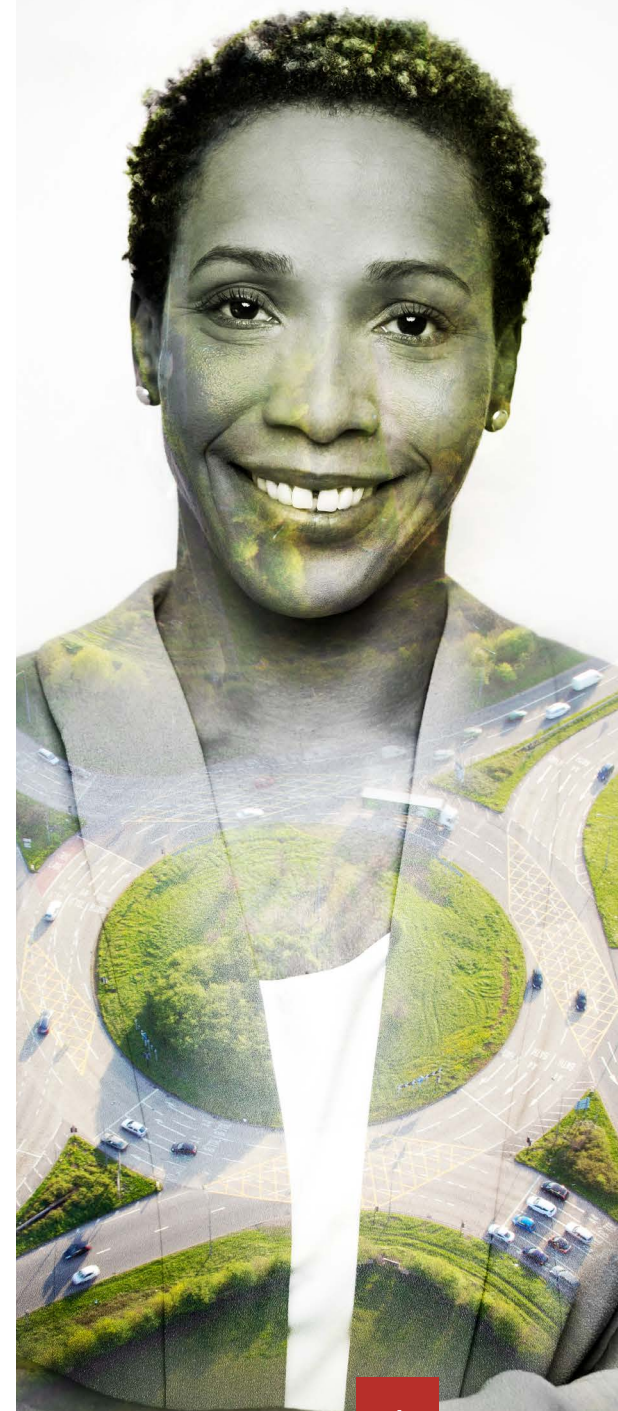
Meeting members' goals – what we do differently

Unlike most providers we use the 40% income replacement ratio (based on our retirement research calculations) as a starting point and work backwards to achieve that result. We optimise for this goal by using other assumptions and parameters – a specialist modelling rigour that guides the strategy design and which members benefit from.

Type of worker:	Time to retirement:	Objective:	Tolerance to risk:
The younger worker 	>30 Years	Higher capital growth (accumulate wealth)	High 
The mid-career worker 	30 – 15 Years	Capital growth (accumulate wealth)	Medium 
The older worker 	<15 Years	Capital preservation and income (start drawing down)	Low 

Based on our ongoing research, our assumptions are derived from the average member:

- Working for 42 years.
- Having pension contributions equal to 10% of their salary. (from their pay, their employer, or both)
- Retiring at 68.
- Needing a retirement income of around 40% of what they earned before retiring.
- Living until they are 92.



How we think differently about investing, and risk

Dynamic and diversified. Ensuring that portfolios are adaptive and invest widely – to prepare for evolving markets, variable returns and as employees face new stages in their lives.

Investment returns are variable and notoriously difficult to predict. The most successful asset class one year may be the worst-performing the next year.

In contrast, risk is a much more consistent way to measure the behaviour of an asset class. Volatility, which is a common measure of risk, is a far more dependable variable over time. For this reason, we construct FutureWise portfolios on the basis of the risks we believe members could face at certain stages in their working life, rather than the returns that asset classes have achieved in the past. The chart to the right is an example of the type of asset classes each member may typically invest in, depending on the time left until they retire.

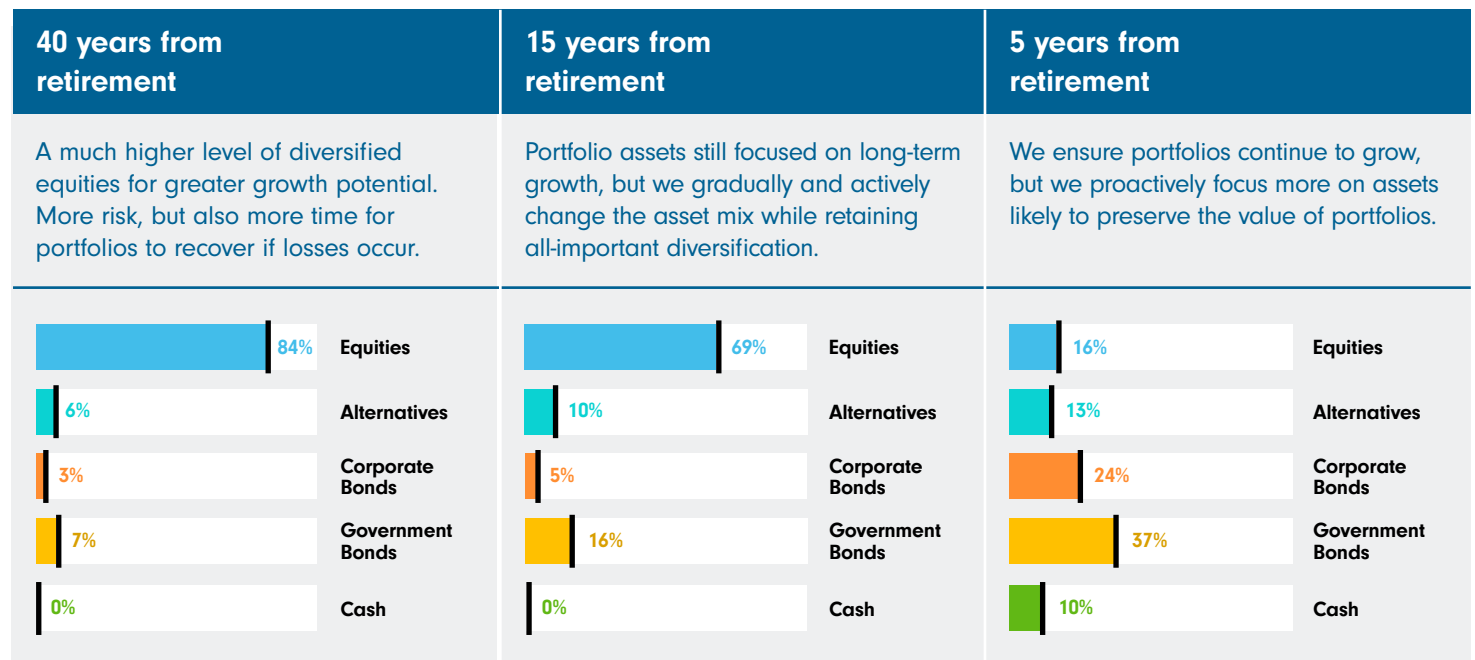
We concentrate on the risk premium associated with each asset class – this is the reward you stand to receive for taking on the risk of investing in that asset class. This is a more dynamic form of portfolio construction because each asset class can carry different risk premiums over the course of a market cycle.

By combining risk premiums that bear a low level of correlation to each other we can improve the diversification of a portfolio and help achieve stronger risk-adjusted returns.

This approach also helps us to manage unknown risks – such as pandemics – as people approach retirement. Defensively positioning these portfolios gradually can help reduce the impact that these extreme events might have and help them preserve the capital that they have worked hard to build up over their working lives.

“Risk is a much more consistent way to measure the behaviour of an asset class”

The investment needs of employees change over time, so we dynamically align the allocation of assets based on their evolving life stages. Concentrating on uncorrelated risk premiums allow us to construct well-diversified and focused portfolios – which we adapt as employees’ needs change.



This chart is for illustration purposes only.
The figures used are approximate and form a consolidation of wider sub-sectors of each asset class.

Our goal for FutureWise is to halve emissions by 2030 and achieve net zero by 2050

Every portfolio will have protection against the future cost of carbon emissions

A sustainable solution, for long-lasting impact

Sustainable advocates.

Making sustainable choices is not only the right thing to do for the planet and society, it's the smart thing to do with your investments – our sustainable strategy is embedded at our core.

We work with our investment managers to consider the impact that ESG factors and other risks may have on the sustainability of the returns generated by a business. We aim to enhance long-term returns for scheme members, while helping to make a positive difference.

FutureWise tilts towards companies with high ESG credentials – using Fidelity's proprietary sustainability ratings and engagement platform, to integrate sustainability within the investment decisions. At Fidelity, our team of over 230 research professionals, specialising by sector and region, look at whether a company is fully aware of the ESG risks it faces and what it needs to do to address them. If a company is responding well to ESG risks, or is failing to do so, it will be reflected in the rating we give them.

"If a company is responding well to ESG risks, or is failing to do so, it will be reflected in the rating we give them."

Our ESG approach is therefore an active methodology, not a box-ticking exercise. Our global analysts use forward-looking proprietary ratings to build a sustainable strategy. Through direct company dialogue, our analysts are best placed to assess their ESG credentials.

By actively engaging with companies we can exert our influence and encourage them to improve returns by

adopting more sustainable business models – which is good for investors and members, and good for the planet. Exclusions apply only where engagement has little effect.

As the climate changes, so must companies

Climate change is the critical issue of our times. Consumers are also becoming ever more aware of the social impact of the goods and services they buy and how corporate entities are managed. Companies therefore face a range of risks related

"Fidelity is committed to the goals of the Paris Agreement and to achieving net zero by 2050 or sooner"

to environmental, social and governance (ESG) factors. As a member of the IIGCC Net Zero Asset Managers initiative, Fidelity is committed to the goals of the Paris Agreement and to achieving net zero greenhouse gas emissions by 2050 or sooner. And for our FutureWise strategy specifically, we have a goal of net zero by 2050 and for these emissions to be halved by 2030.



Source: Fidelity International, UNPRI

FutureWise in action – the younger employee

A spirited approach. We aim to harness the adventurous spirit of younger workers and help them to take the right steps now to ensure a bright future.

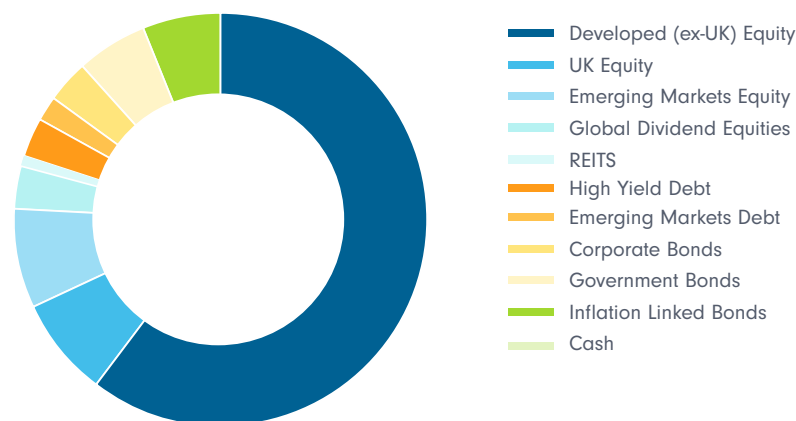
A typical younger worker might be a recent graduate, starting their first job. They have a student loan to pay off and are putting a little money aside in the hope of one day getting onto the housing ladder.

If they are aged 25, they probably have a good 40 years until they retire. This may seem a long way off, but the uncertainty about what might happen over that time may encourage them to give some thought to their pension. They may have an adventurous spirit and be prepared to take some risk to accumulate as much as possible in their pension pot.

"I may be prepared to take some risk"

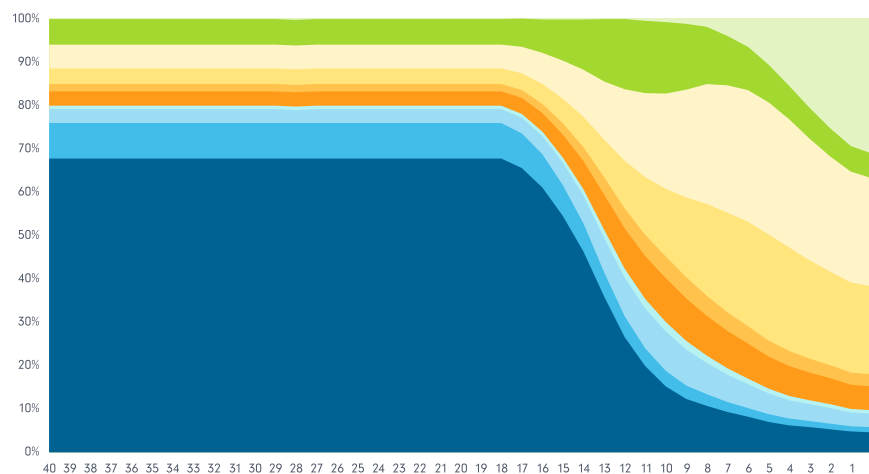
These charts to the right show what their current FutureWise portfolio would look like and how it might change over the course of their working life.

An adventurous portfolio, to meet the needs of younger workers



40 years left to retirement

We initiate and dynamically maintain a portfolio mix that is built for growth. So we are heavily weighted towards a global equity mix – with appropriate uncorrelated diversification to allow us to aim for less volatile returns over time.



Source: Fidelity International
[Charts are for illustration purposes only]

FutureWise – the smart choice today
for a resilient tomorrow



FutureWise in action – the mid-career employee

A steady trajectory. A decent income, a comfortable place in life – we help to maintain that balance while enabling mid-career employees to fully embrace their potential.

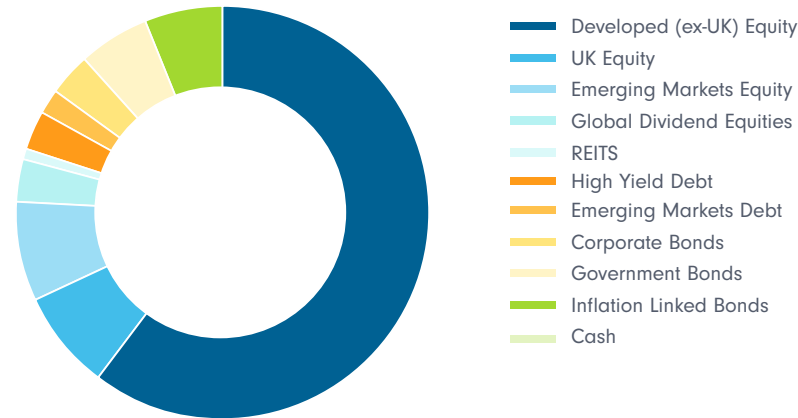
‘Mid-career’ will mean something different to each person, but let’s consider someone in their mid-40s, married for 15 years, with children just starting secondary school. Their student loan is paid off, they now have a decent income and they live comfortably. They may well be at the peak of their career.

With at least 20 years to go until they are likely to retire, their goal is still to accumulate as much as possible in their pension pot, especially now that their earning power has increased.

“My goal is to accumulate as much as possible”

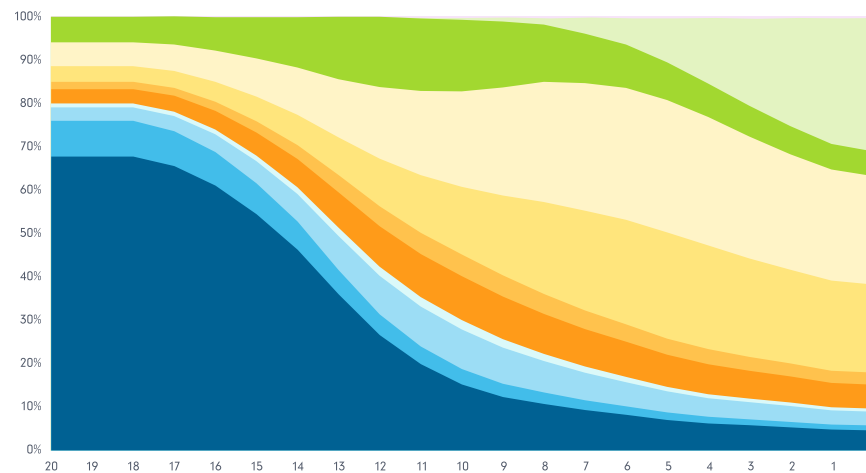
Yet to ensure their comfort now is maintained in future, as these charts to the right show, it won’t be long until the balance of their FutureWise investment begins its shift towards more cautious investments.

Robust and confident, a portfolio that embraces potential

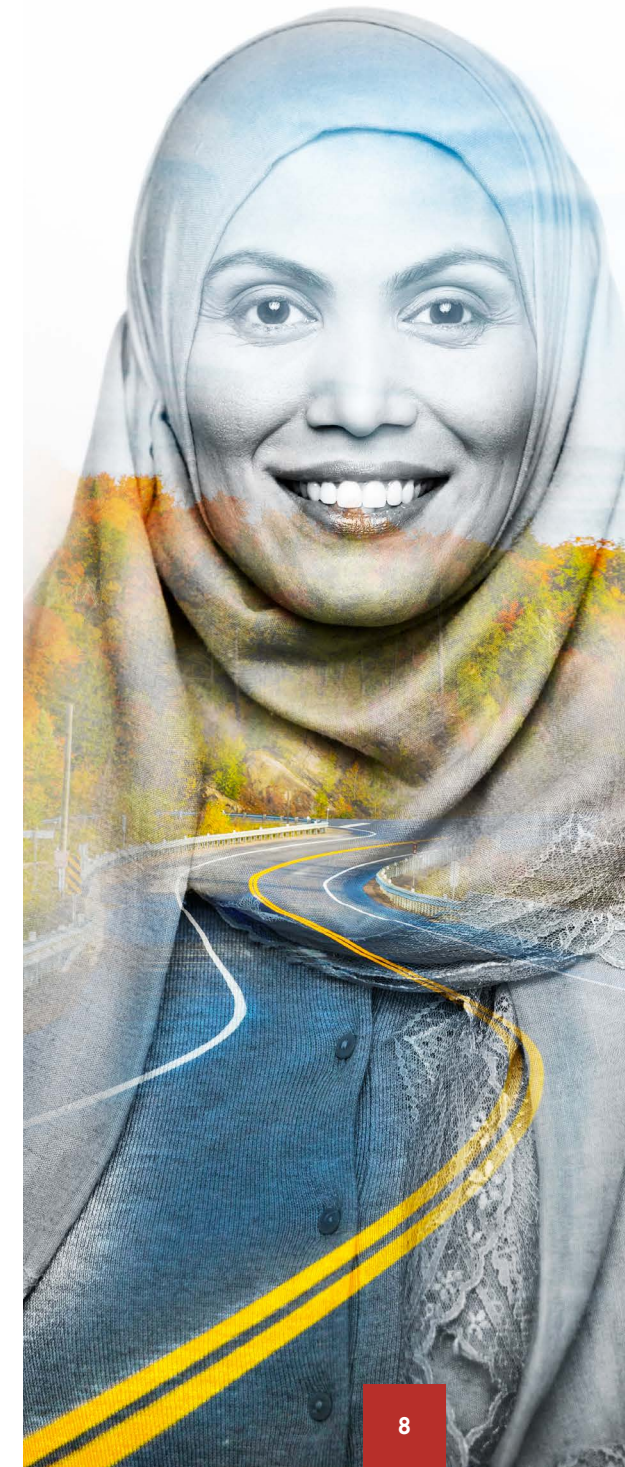


20 years left to retirement

We continue to invest in assets that benefit primarily from global growth, and are globally diversified. With an eye on the future we actively, but gradually, evolve the asset mix to ensure we align with the risk and age profile of each member.



Source: Fidelity International
[Charts are for illustration purposes only]



FutureWise in action – the older employee

A secure outlook. Hard work has been rewarded, but security of assets must be reconciled with greater freedom – we ensure everything is on track and they can feel reassured about their future.

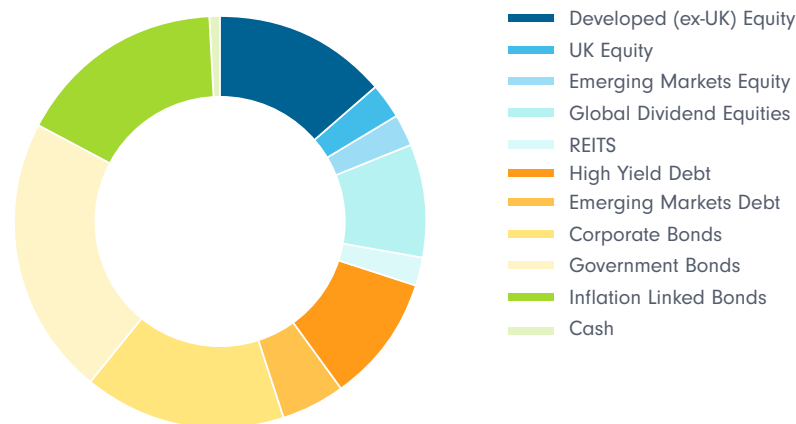
While enjoying the benefits of a successful career, the older worker may be thinking about retiring in ten years or so. As they are typically over 55, they now have a range of options for using the money in their pension pot. They can withdraw some of their pension savings tax-free, to help a son or daughter buy their first flat – or wish to spend as they choose.

They may well have enjoyed healthy growth in their pension savings over the years, so accumulation may no longer be their investment priority. Instead, they want to preserve the value of the savings they have built up, along with any further contributions they accrue in the next few years.

“I want to preserve the value of the savings I have built up”

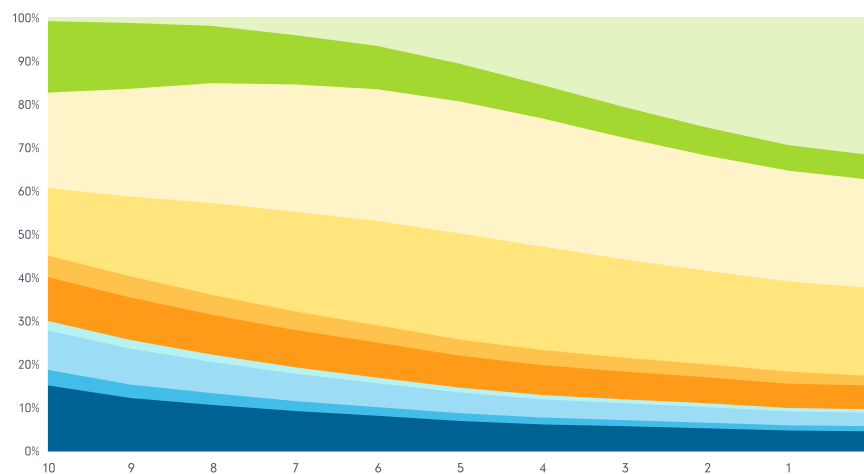
These charts to the right show that their portfolio is now relatively cautious in its make-up and will become more so over the final years of their career.

On track: the reassurance that their investments support their goals



10 years left to retirement

While our sustainable focus is on making a long-lasting impact, this thinking also applies to our investment portfolios. While we aim for some growth through exposure to risky assets such as equities, the asset mix is now geared towards capital preservation. Our active allocation aims to ensure that members will be well placed to meet their retirement objectives.



Source: Fidelity International
[Charts are for illustration purposes only]

FutureWise – the smart choice today for a resilient tomorrow



Valuable reassurance every step of the way

Feel reassured. Our multiple layers of governance and oversight give you the confidence that your members' interests are a priority – and that our approach is built to last.

Rigorous quarterly reviews – to safeguard members' interests

We review the investment strategy quarterly to ensure it is fit for purpose.

- Monitor the appropriateness of the underlying investments and providers
- Measure investment performance against objectives and peer groups
- Ensure the underlying investments are consistent with the strategy's overall objectives
- Analyse market feedback and consider new ideas for FutureWise.

Constant risk evaluation – to adapt to changing times

We are responsible for the way asset allocations change during members' working lives. We consider the risk/return profile of the investments within the strategy and develop an acceptable risk budget for the average member.

"Investment solutions that are fit for purpose – and can adapt."

Impartial, external expertise – to ensure our approach is cost-efficient and appropriate

FutureWise is scrutinised by the Independent Governance Committee on behalf of contract schemes and by the Master Trust Board on behalf of Master Trust clients. These independent bodies challenge Fidelity on the design of the strategy and for continuous improvement. They aim to ensure it is suitable for their members and gives them value for money. This external governance is in addition to any carried out by trustee boards for other clients.

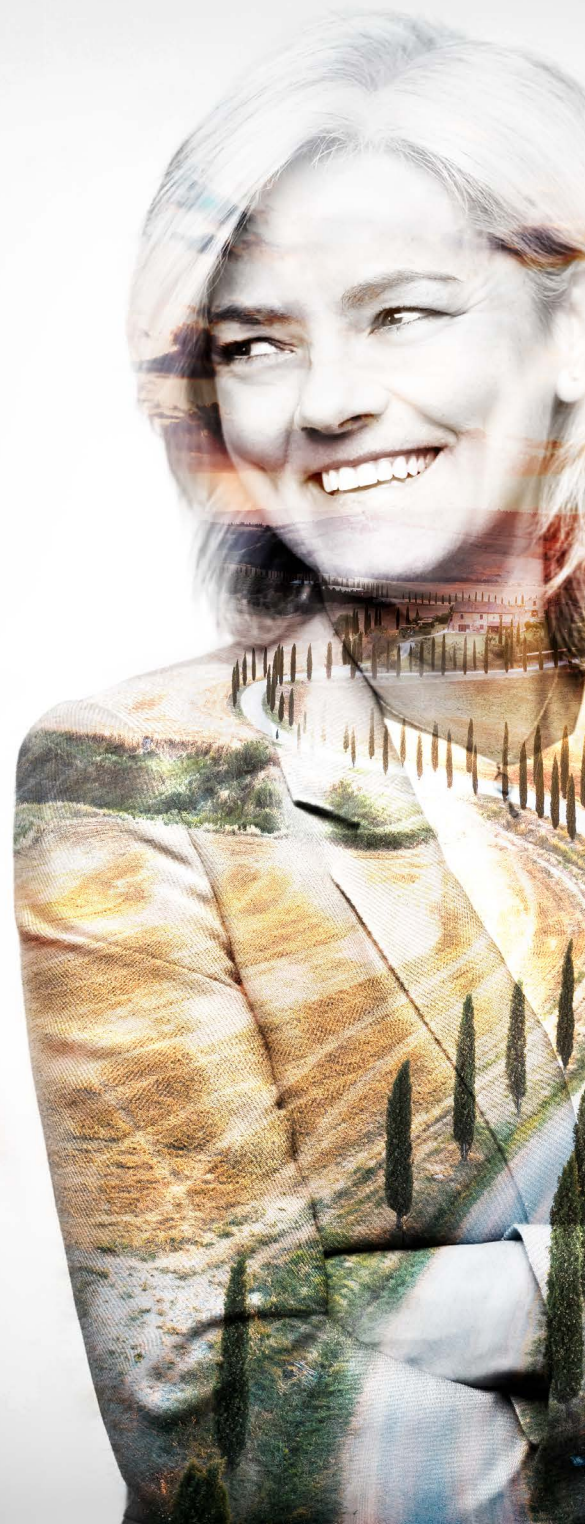


For adaptive investments – and a resilient future

For whatever stage in life your employees are at now, FutureWise can help them better prepare for what lies ahead.

It's not enough to merely invest for tomorrow – the nature of how those investments are structured is crucial. The attitude and aptitude of those making investment decisions is paramount. The resources that a company can assign to grasp global opportunities is critical.

We believe, Fidelity's default solution, FutureWise is a smart choice for the challenges of today and beyond – to ensure your employees have the resilience to enjoy tomorrow.



What you can do next

For further information about FutureWise, please visit our website:

Or get in touch with your Relationship Director.

Disclaimer

The value of investments can go down as well as up and members may get back less than they invested. Past Performance is not a reliable indicator of future returns. The focus on maintaining strong environmental, social and governance (ESG) credentials may affect investment performance favourably or unfavourably in comparison to similar products without such focus. The views expressed by Fidelity may no longer be current and should not be taken as a recommendation to take any course of action.

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