For scheme sponsors, trustees, their advisers and consultants use only

Together we can be more **FutureWise**

Fidelity INTERNATIONAL

Creating a better future for your business and your people

FutureWise, our default investment strategy for workplace investing pension schemes, helps your members to prepare for retirement and to look after their savings when they get there. It is designed by our investment experts, backed by rigorous governance and built around members' needs.

We recognise that members are entrusting us to build better financial futures for them – this is a huge responsibility, and one that we don't take lightly. Most savers stick with the default option, meaning that the performance of these schemes is central to the retirement hopes of millions of workers.

The investment strategy dynamically adapts throughout a member's life and gives them the flexibility to aim for the future they want. Our focus on sustainability integrates environmental, social and governance (ESG) factors into the investment process, and capitalises on engagement with companies. We have halved the carbon footprint of the investment strategy since 2020 and we are now working towards our goal of net zero by 2050.

FutureWise is continually evolving and innovating to meet the future needs of your business and your members. We use our investment expertise, foresight and sustainable approach to ensure that together we can build a better future, starting today.

Together, we can be more FutureWise.

corporate adviser awards 25

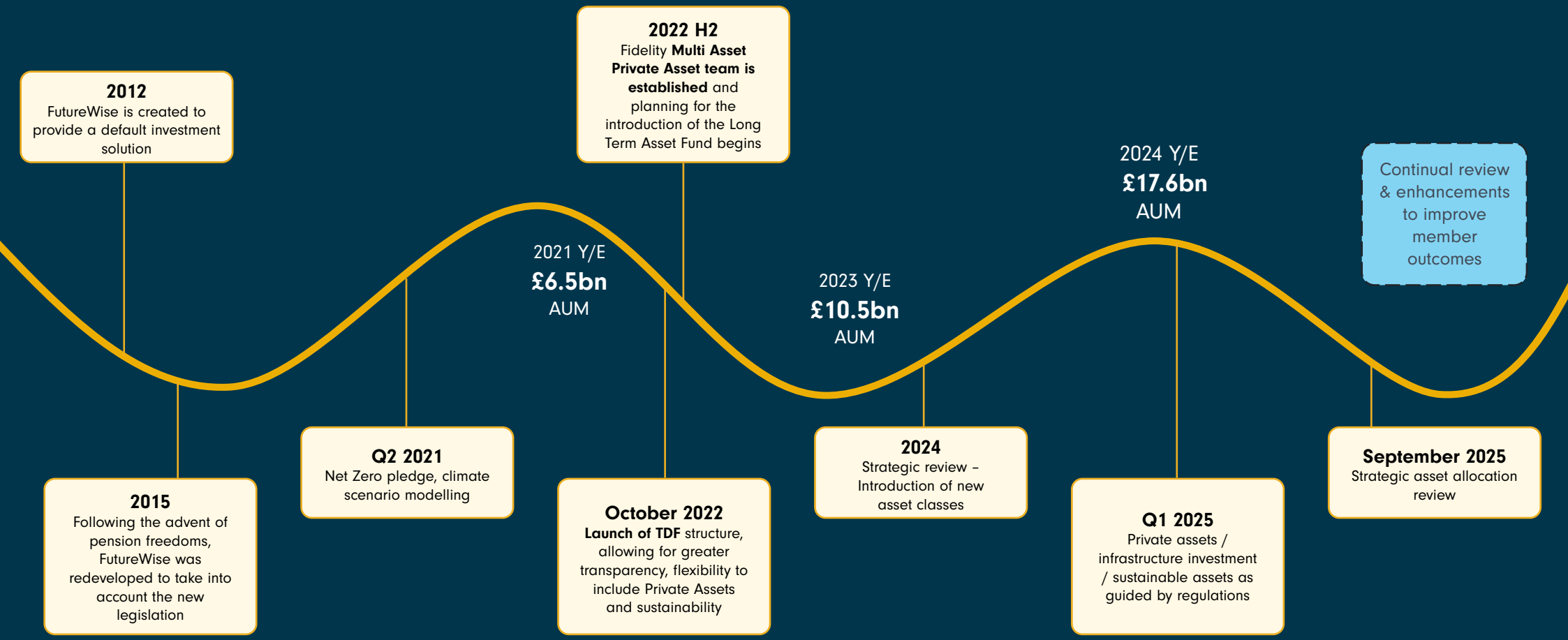
HIGHLY COMMENDED
Ultimate Default Fund

The Corporate Adviser Awards took place on 26 June 2025 and recognise excellence and innovation in the delivery of workplace benefits advice, consultancy, products and services. They are the leading awards for the workplace benefits community.

Driving best-ideas through FutureWise

Target Date Fund (TDF) structure uses tax efficient vehicles. A **diversified** strategy that taps into a range of **public** and private assets and aims to maximise the value of **projected pots at retirement for members.**

FutureWise has **sustainability fully-integrated across the entire strategy** to achieve a **net-zero** carbon footprint by 2050 or sooner. Delivered at a **market competitive cost** across all cohorts.



FutureWise: designed with you and your members in mind

Transparency is key – whether it's pricing, sustainability or investment allocation and performance, FutureWise provides clarity for members.

Simple and flexible

FutureWise gives members an easy way to save for the retirement they want, with the flexibility to make changes if their plans change along the way.

Dynamic and diversified

Investment returns can be variable, so FutureWise aims to adapt the investment strategy and manage the risks members will be exposed to in their lives.

Access to private assets

We continually look for ways to innovate and enhance member outcomes. For members who are far from retirement, we include private assets in the investment strategy.

Sustainable focus

Sustainability is at the core of what we do. Setting ourselves ambitious targets is not just the right thing to do for the planet, we believe it's the smart thing to do for members' investments.

Value for money

We combine competitive, transparent pricing with rigorous governance and oversight to ensure peace of mind for you and aim for good outcomes for members.

"Investing is at the heart of our business, and we use our experience, proprietary insight and independent analysis to support members to achieve their goals"

Simple and flexible

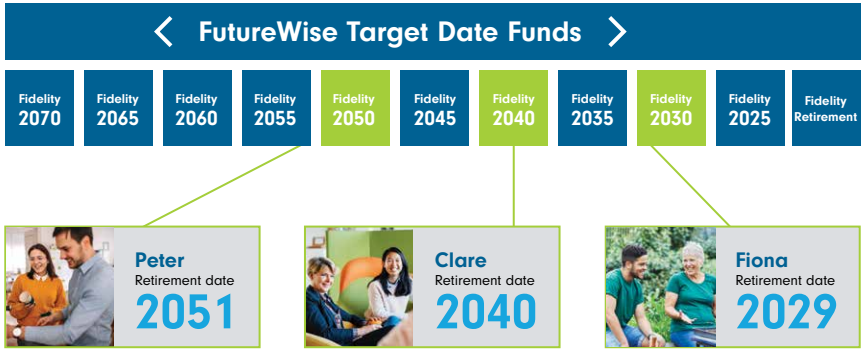
FutureWise is simple and easy to use, giving members the flexibility they may need as their retirement plans change over time. We do the hard work, as members will be invested in the fund that aligns most closely with their 'retirement age' and each FutureWise Target Date Fund follows the set investment strategy.

The FutureWise investment strategy uses a 'target date fund' (TDF) strategy to invest members' savings. This strategy is widely used across the UK and the US. The TDFs are carefully managed by experts at Fidelity and BlackRock towards set maturity dates in the future based on the target retirement date and then follow a pre-determined FutureWise strategy glidepath.

We have a series of TDFs that target dates every five years, such as 2030, 2035 and 2040. Members will remain in the same TDF unless they wish to change their retirement date. Each TDF has a factsheet which is updated every quarter as the investment strategy changes as the retirement date approaches, making it easy for members to keep track on where their retirement savings are invested.

However, we know from our own research* that most members don't retire on the exact day stated, each TDF is managed effectively for a member retiring at any point in that five-year period. If the member decides to move their retirement date outside of this five-year period, their savings can simply be switched into the TDF that is closest to their chosen retirement age. TDFs provide more investment flexibility compared to traditional lifestyle strategies as they allow us to make changes to the strategy when required. Fidelity adjusts the asset allocation and can add and remove funds to best serve the objective of providing good member outcomes.

The member's money will be invested in the fund that aligns most closely with their 'retirement age'



The TDFs aim for growth when they are a long way from the target date and in the earlier stages of members' lives, investing in higher-risk investments such as equities and private assets. Then, as members progress towards retirement, a set number of years before their target, each TDF will gradually move some holdings out of equities or private assets and into lower-risk investments, such as bonds, which better serve the member needs approaching and in retirement. As the TDF approaches the target date, investment allocation is adjusted with the aim of managing investment risk for people who are ready to retire.

Managing retirement savings in retirement

Around three years after the TDF reaches the target date, the member's money is automatically moved into the FutureWise Target Date Retirement Fund. Members can leave their pension invested in retirement and withdraw money through 'income drawdown'. However, FutureWise's investment strategy can also support other retirement options.

*Source: Fidelity International: Stepping into retirement paper, March 2022

Dynamic and diversified

A dynamic strategy that is outcome-focused and which proactively changes as the world around us evolves. We ensure that portfolios are adaptive and have the flexibility to invest widely – to respond to changes in investment markets and opportunities.

We've built FutureWise to focus on the outcomes we think members need at different stages of their lives, both when they are in work and after they've retired. For most of their working lives, they need to build up their retirement savings by maximising the growth potential they can achieve. We believe the best way to do this is to allocate to global equities and private assets which have the potential to deliver higher returns over the long term. However, the value of investments can go down as well as up and membners may get back less than they invested.

FutureWise aims to manage risk while delivering a sustainable level of income in retirement (specifically 3.5% to 4% of the value of the portfolio each year over the long term – though, of course, the member can choose to withdraw more or less than this). This means maintaining the long-term value of their pension pot to allow it to generate the ongoing income members will need to withdraw.

The graph to the right shows the strategic asset allocation for FutureWise and the glidepath that the TDFs will follow to their target date.

Flexibility

A key benefit of TDFs is providing the flexibility to manage the strategic asset allocation dynamically on an ongoing basis. This means that we can tactically increase or decrease the allocation to certain investments and delay or expedite the process for reducing the level of risk (within prescribed bandwidths) when we believe doing so can add value or better manage risk. This flexibility also includes the ability to introduce new investments into FutureWise including private markets.

These tools are especially valuable as markets change, new regulations are introduced and member needs change over time. What this means is that while each TDF will broadly follow the strategic glidepath below, their real-world asset allocation will evolve over time to account for market trends, events and opportunities.

Many years from target date

Targeting long-term capital growth by investing across equities and private asset opportunities around the world.

20 years from target date

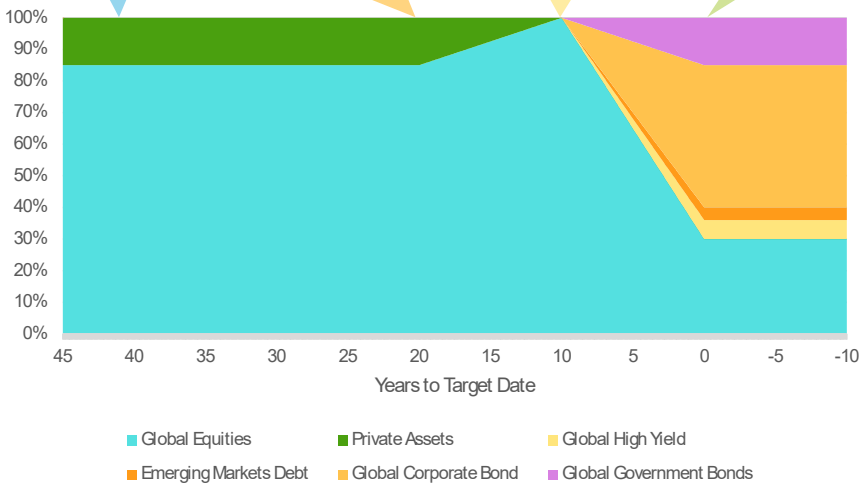
We begin slowly moving money from private assets into equities to manage liquidity and to begin preparing for members accessing their money.

12 to 8 years from target date

Fully invested in liquid assets, we begin moving some assets from equities to bonds with the aim of reducing risk, as members start to think about transitioning to retirement and relying more on their pension pot.

At target date

As the target date approaches, the funds' investments are designed for people who want to leave their pension invested with Fidelity in retirement and then withdraw money from it.



Source: Fidelity International. For illustration purposes only and subject to change.

Access to private assets

Our latest evolution for FutureWise is the introduction of private assets as part of our investment strategy for members who are far from retirement.

Fidelity has designed a Long Term Asset Fund (LTAF) to provide access to multiple different types of private assets, which is a Financial Conduct Authority (FCA) authorised fund structure designed to aid with the process of buying and selling private assets. This process will take time and we expect to increase exposure gradually over three years, starting from quarter 1 in 2025, until we reach a target allocation of 15% invested in the LTAF in the growth phase.

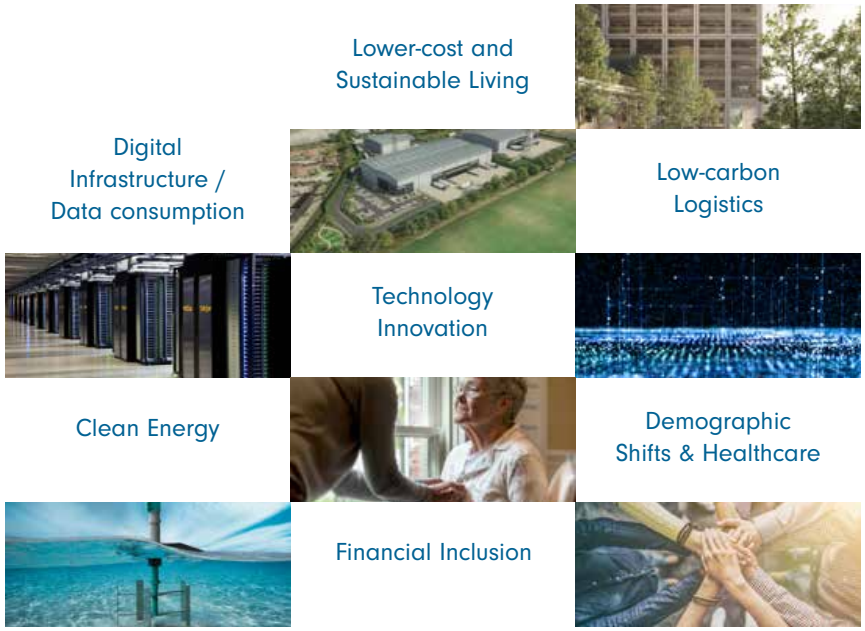
Investing in private assets provides most potential benefit over the longer term, so this change will only apply to members invested in FutureWise Target Date Funds 2045 and beyond and not to members closer to retirement.

Private assets are bought and sold privately rather than on a stock exchange. Private assets are referred to as illiquid assets. Examples of private assets include property, infrastructure assets, private equity (buying companies or stakes in private companies), and private credit (providing private loans to businesses).

There are additional costs involved in accessing private assets, so these members will see an incremental increase in their charges which will reflect the exposure to private assets in the target date fund. New investment opportunities for members should drive better outcomes and offer the potential to increase investment pots at retirement. Our modelling shows that member's pots at retirement could potentially increase by over 5% after fees[1].

Our focus is on accessing new investment opportunities and bringing down barriers to quality implementation. Leveraging an expected 20 General Partners (GPs) with c. 90% of private market exposure.

Private Asset Sustainable Integration Themes



[1]Fidelity International for illustrative purposes only. Based on Fidelity H1 2024 Capital Market Assumptions with a 2% alpha for private asset classes. Results based on median outcome for 25 year old member and assume glidepath allocation to private assets is fully realised from the start.

FutureWise Governance layers

There are several layers of governance and oversight that go into running FutureWise and private assets allocation including independent governance by our Master Trust Board and their independent adviser, as well as oversight from the Independent Governance Committee.

Fidelity Platform Governance

- Investment Solutions Forum
- Asset Range Governance Committee (ARGC)

FutureWise Governance

- Independent Governance
- Master Trust Investment Sub Committee
- Independent adviser (Isio)
- Independent Governance Committee (IGC)

Fidelity Joint Investment Committee (JIC)

Private Asset Governance

Multi Asset Private Assets Investment Committee (MAPA IC)
Fidelity's investment committee that approves the eligibility of investment universe for LTAF

Multi Asset Private Assets Allocation Committee (MAPA AC)
Fidelity's investment committee that approves the allocation policy and LTAF allocation

Sustainable focus

Sustainability is at the core of what we do. Setting ourselves ambitious targets is not just the right thing to do for the planet, it's the smart thing to do with our members' investments.

Sustainability has been at the heart of FutureWise for some time. With FutureWise TDFs, we have integrated sustainability further into our investment approach, as well as setting climate-related goals for FutureWise. The value of investments can go down as well as up and members may get back less than they invested. 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.

2030 ✓
Halve carbon footprint

2050
Net zero

Our approach is focused on four key areas:

Environmental Impact

- Our commitment to net zero is built into our portfolio construction
  - **Progressively reducing carbon budget** – aligned to Paris Climate Accord
- We avoid portfolio tilting on a carbon basis
  - Carbon is a backward-looking statistic
- **Climate Rating Governance**
  - **Physical risk** management

Exclusions

Allocating away from excluded companies

- **Controversial weapons**
- **Tobacco**
- **Thermal coal**
- **Oil sands**
- **UNGC violations**
- **Country restrictions** (e.g. Russia / Belarus)

Integration

- **Proprietary ESG & Climate Ratings**, used to capture **Sustainability Outlook**
- **ESG & Climate ratings** are **relative to peers** within 127 sectors, to avoid sector distortion
- Proprietary **UN Sustainable Development Goals revenue mapping tool** monitors impact and identifies regionally underinvested growth opportunities

Engagement

- Global footprint to enable **local in-person engagement**
- **$5trn of AUM** provides global leverage for **C-suite access**
  - Doubled YoY engagement to H1 2023, improving on % meetings
- **Active ownership focuses on providing solutions** and connecting companies with sector-based solutions
- **Impactful voting**, against management in 52% of vote
- **Nature Roadmap** focuses uses Deforestation Framework to monitor and hold companies to account
- **Transparent Voting** track record

Value for money

Feel reassured. Each member is invested in a TDF that matches their retirement date. Each TDF has a clear target date and provides a clear and transparent view of the costs and investment allocation throughout working life and into retirement. Plus, alongside the investment expertise that underpins them, they benefit from multiple layers of governance and oversight. They are designed to give you the confidence that your members' interests are a priority – and that our approach is built to last.

Ongoing value for money

The inherent transparency of our TDF strategy has a clear benefit. In a traditional lifestyle strategy, members have their money spread across a selection of funds, each with their own charge. This means the overall charge can change from month to month, as well as being difficult to identify for anyone unfamiliar with investments.

Each TDF has a factsheet that will show the charge and investment allocation. Factsheets are updated every quarter. This means members know what they're paying at all times.

Safeguarding members' interests

On a monthly basis, Fidelity looks at the asset allocation of each FutureWise TDF and decides whether any adjustments can be made to add value or manage risk in light of fast-moving economic and market developments.

We review the investment strategy quarterly to ensure it continues to perform as expected. This includes:

- Monitoring investment performance of each TDF against the FutureWise objectives
- Reviewing any changes to asset allocation over the quarter and the positioning of each TDF going forwards
- Analysing any market feedback

On an annual basis, we review the glidepath for each TDF to ensure it is still on track to meet the objectives we have set, especially as economies and markets change over time.

Every three years, we take a deep dive to ensure any developments that underpin our philosophy, capabilities and framework are reflected in FutureWise.

"Value for money is about much more than just cost and returns. We make sure we offer it in every aspect of FutureWise, including our high-quality governance"

Impartial, external expertise

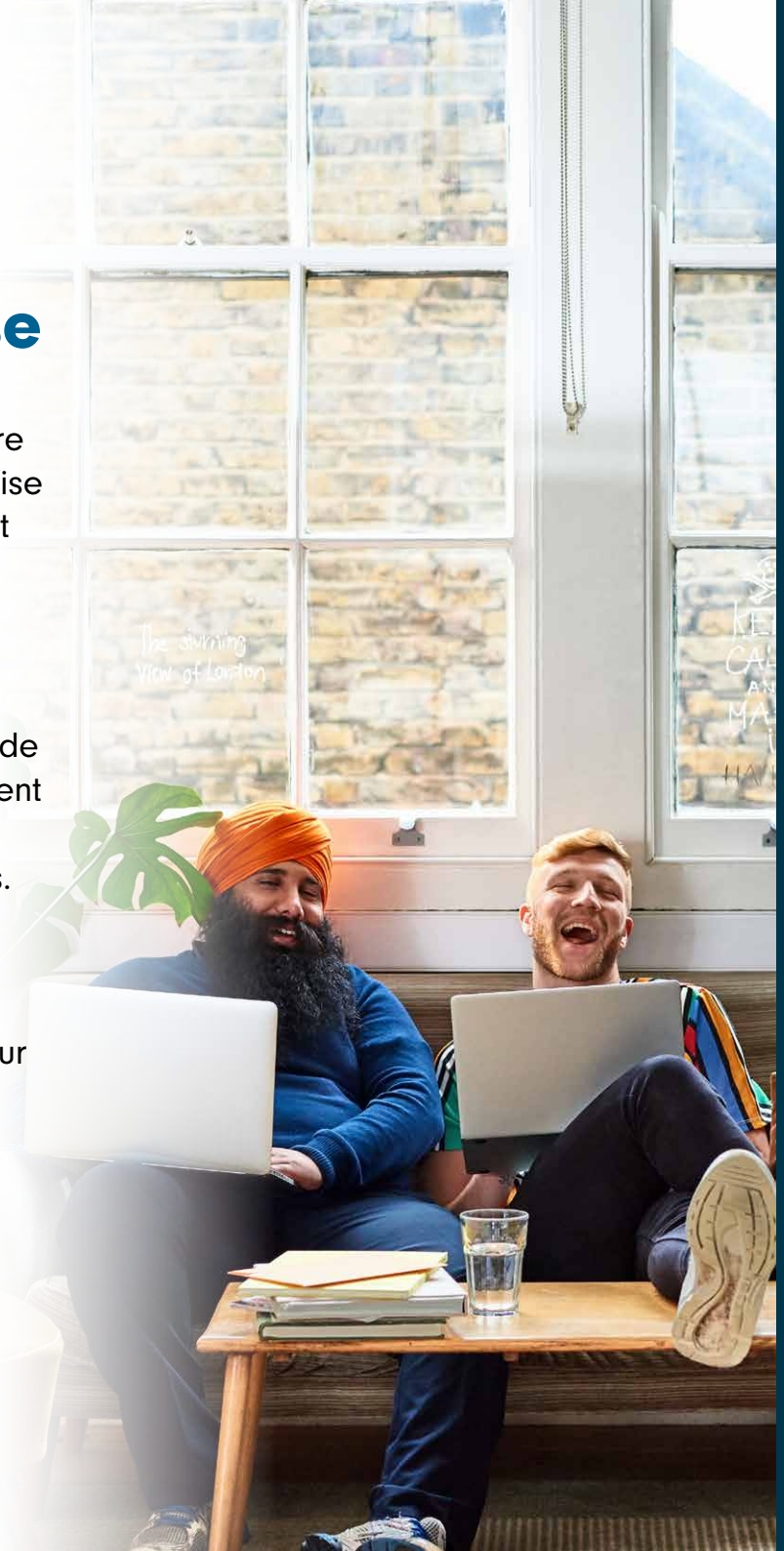
FutureWise is scrutinised by the Independent Governance Committee on behalf of contract schemes and by the Master Trust Board and their independent adviser on behalf of Master Trust clients. These independent bodies challenge Fidelity on the design of the strategy and aim to ensure it is suitable for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

Together we can be more FutureWise

Regardless of where your members are on their journey to retirement, FutureWise can help them better prepare for what lies ahead.

It's not enough merely to invest for the long term. The structure of the investments is crucial, as are the attitude and aptitude of those making investment decisions and the resources they can draw on to grasp global opportunities.

We believe that the FutureWise TDFs are a smart choice for the challenges of today and tomorrow – to ensure your members have savings to enjoy the futures they want.



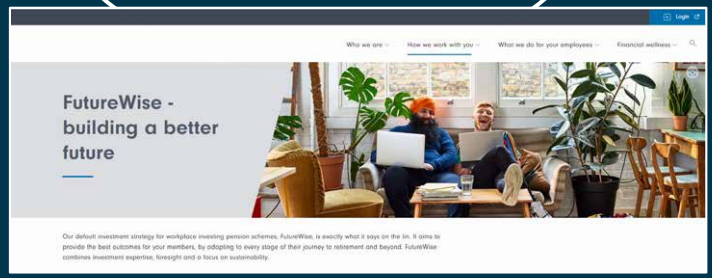
What you can do next

For further information about FutureWise, please get in touch with your Relationship Director.

Supporting our clients and scheme trustees

Quarterly updates

Information



Important information

This material is for the attention of UK pension scheme sponsors, trustees and their advisers and is not to be relied upon by private investors or pension scheme members.

The value of investments can go down as well as up and members may get back less than they invested. Withdrawals from a pension product are not normally possible until members reach age 55, rising to 57 in April 2028.

Issued by FIL Life Insurance Limited (Reg No. 3406905). Authorised in the UK by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Registered Office at: Beech Gate, Millfield Lane, Lower Kingswood, Tadworth Surrey, KT20 6RP. Fidelity, Fidelity International, the Fidelity International logo and the F symbol are trademarks of FIL Limited

W10925/WF3106863/SSO/0926