

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

Together we can be more **FutureWise**



F Fidelity
INTERNATIONAL

Creating a better future for your members and our planet

FutureWise helps members grow their pension savings over their working life and manages those savings for them in retirement. It is designed by our investment experts, backed by rigorous governance and built around members' needs.

The investment strategy aims to maximise a member's pot value leading up to retirement and dynamically adapts to changing markets throughout their life. This gives members the flexibility to aim for the future they want. Our focus on sustainability integrates environmental, social and governance (ESG) factors into the investment process, capitalises on Fidelity's engagement with companies and aims to halve carbon emissions by 2030 based on 2020 as a base year - before reaching net zero by 2050.

FutureWise is continually evolving and innovating to meet the future needs of 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.



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 freedom to make changes if their plans change along the way. The investment strategy aims to maximise a member’s pot value leading up to retirement and dynamically adapts to changing markets throughout their life.



Dynamic and diversified

Investment returns are variable, so FutureWise adapts as markets change and to the risks members will be exposed to in their lives.



A lifetime solution

FutureWise plans for the future, supporting members throughout their working lives and into retirement.



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 target 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

We give members the freedom to start taking their benefits when they choose and to enjoy the independence they deserve. Remember that withdrawals from a pension can normally be taken from age 55. This is due to rise to 57 in 2028.

FutureWise is simple and easy to use, giving members the freedom they may need as their retirement plans change over time.

The FutureWise investment strategy uses a 'target date fund' (TDF) approach to invest members' savings. This approach is widely used in 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 FutureWise strategy glidepath. We have a series of TDFs that target dates every five years, such as 2030, 2035 and 2040.

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. Then, at a set number of years before its target and as members get closer to retirement, each TDF will start to adjust members' investments to further diversify and better manage risk towards

Members will be automatically assigned to the Target Date Fund closest to their stated retirement age



retirement by gradually moving some holdings out of equities. As the TDF approaches the target date, the level of investment risk is designed for people who are ready to retire.

Around three years after the TDF reaches the target date, the member's money is automatically moved into the FutureWise Target Date Retirement Fund. This is for members who leave their pension invested in retirement and then withdraw money from it through 'income drawdown'.

Members who start investing in FutureWise will be automatically allocated into the TDF closest to their stated retirement age. We know from our own research* that most members don't retire on the exact day stated, so the TDF allows the money to be managed effectively for a member retiring at any point in that five-year period. If the member decides to move their retirement date, their savings can simply be switched into the TDF that is closest to their chosen retirement age.

“We have a series of TDFs that target dates every five years, such as 2030, 2035 and 2040”

*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, which have the potential to deliver higher returns over the long term, although this is not guaranteed. The value of investments can go down as well as up and members may get back less than they invested.

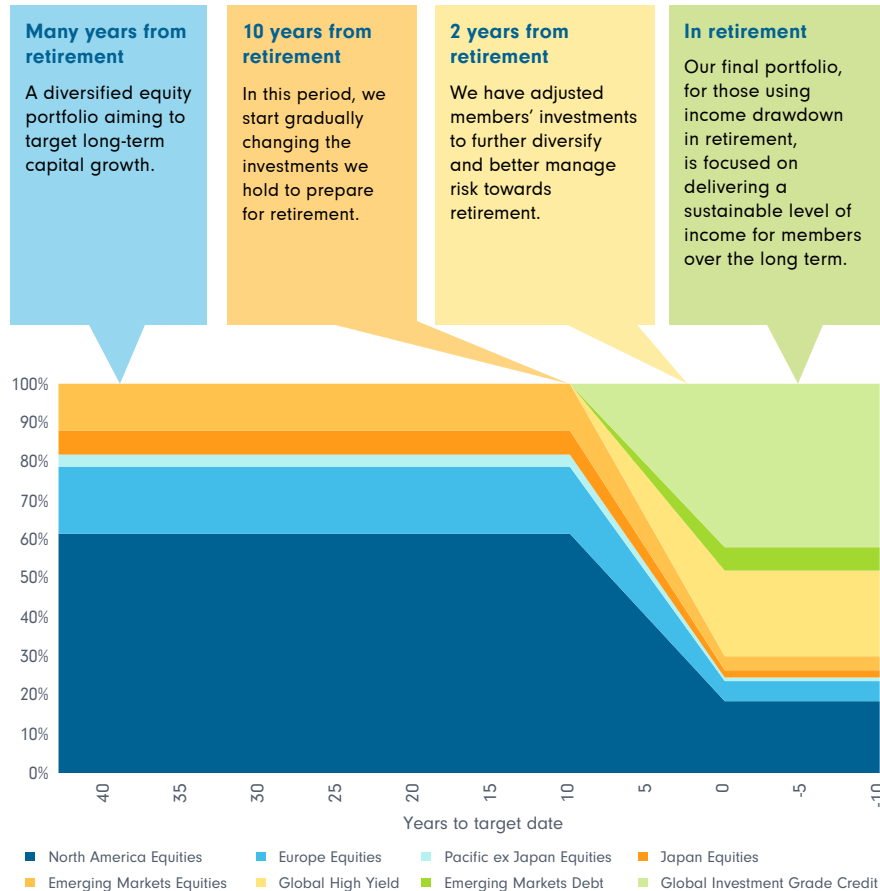
FutureWise aims to manage risk while delivering a sustainable level of income in retirement (specifically 3.5% to 4% of the value of the portfolio each year over the long term, although this is not guaranteed - though, of course, the member can choose to withdraw more or less than this). This means maintaining 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 general glidepath that the TDFs will follow to their target date.

Flexibility for each TDF

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 of adjusting members' investments to further diversify (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.

This flexible approach is 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.



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



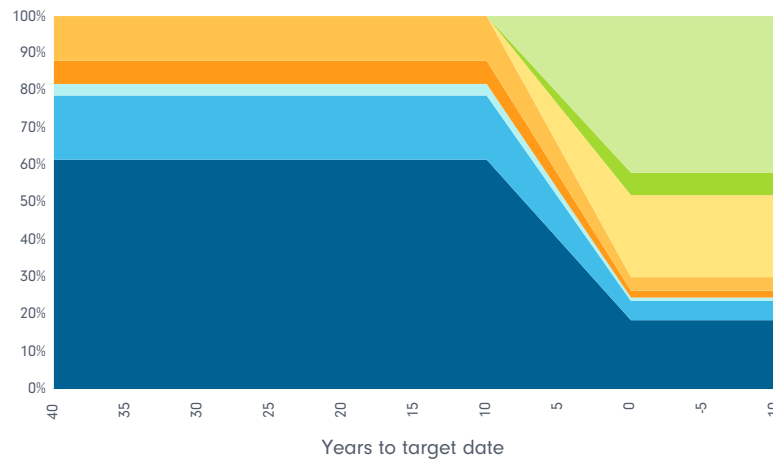
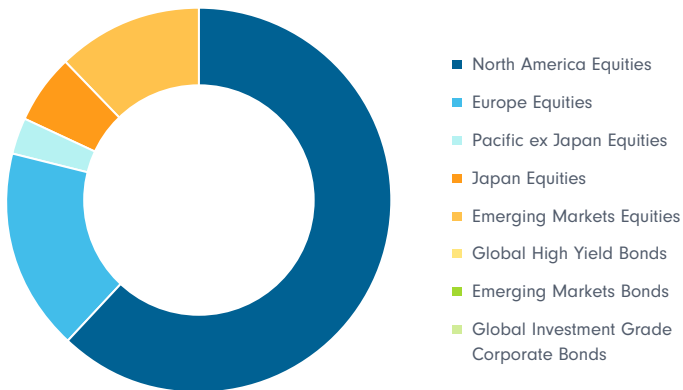
FutureWise in action – time to save

A focused approach. We aim to help everyone who has time to make the most of their retirement savings.

This category includes everyone from recent graduates starting their first job to those who have been working for several decades. While their daily lives may be very different, what they need from their retirement savings is the same - to accumulate as much as they can in their pension pot. FutureWise aims to target long term capital growth for members further from retirement by allocating 100% to equities.

“I need long-term growth from my savings, so I’m willing to take some risk.”

40 years from retirement



Source: Fidelity International. Charts are for illustration purposes only and subject to change.



FutureWise in action – the run-up to retirement

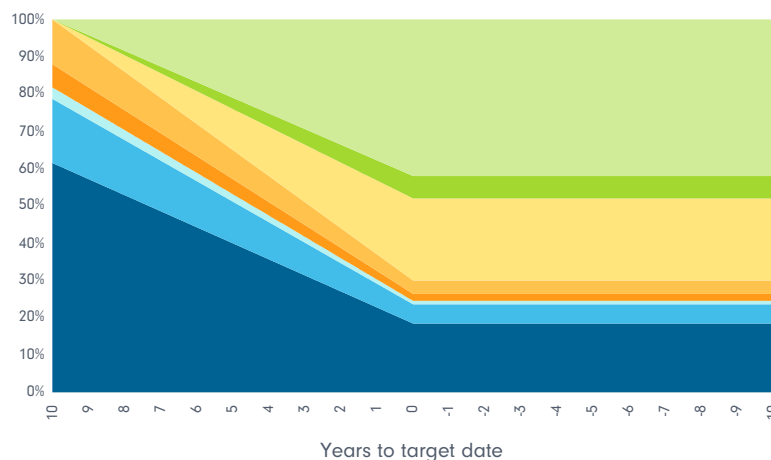
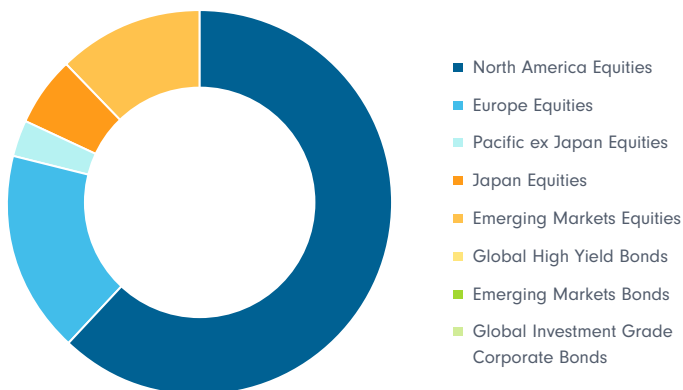
Planning ahead. Retirement is likely to be something that members are starting to think more about.

While they may still be focused on their careers, older workers could be starting to think about their retirement. From age 55, they now have a range of options for using the money in their pension pot. Withdrawals from a pension can normally be taken from age 55. This is due to rise to 57 in 2028. This includes withdrawing some of their pension savings tax-free if they want to do so.

We recognise that at this time, growth remains important, especially for those members who wish to remain invested and take an income in retirement. But, reducing the impact of market fluctuations on the value of savings is increasingly valuable as well, which is why we start to make changes to their FutureWise TDF to adjust members' investments to further diversify and better manage risk towards retirement.

“I’m still looking for growth, but I want to start thinking more about looking after the savings I have accumulated”

10 years from retirement



Source: Fidelity International. Charts are for illustration purposes only and subject to change.



FutureWise in action – the last few years of work

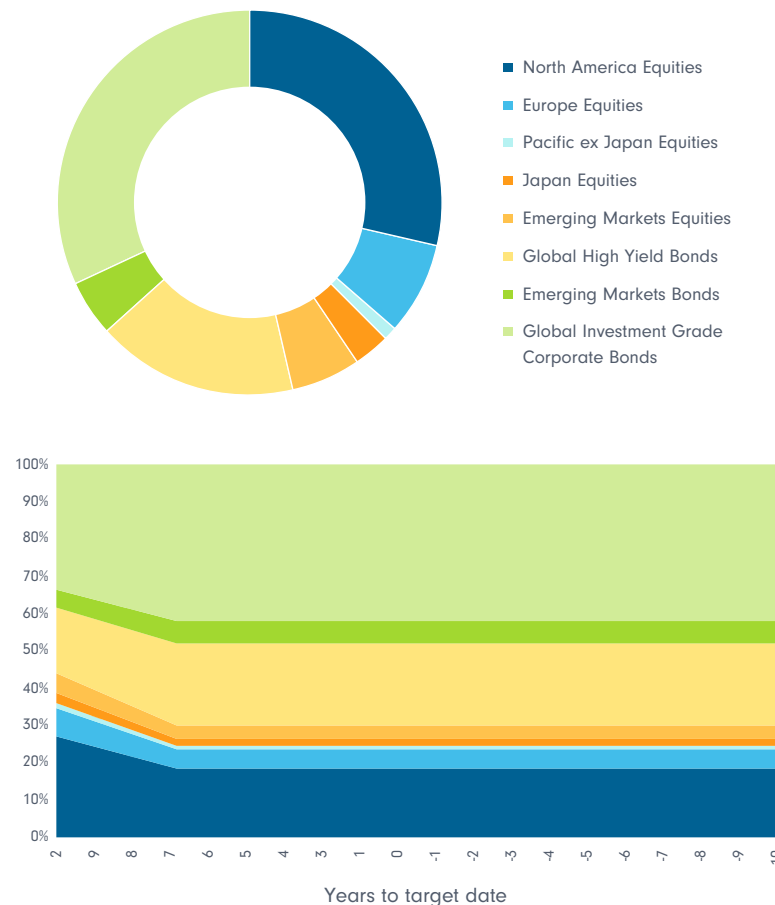
A secure outlook. Hard work has been rewarded, but security of assets must be reconciled with greater freedom. We ensure everything is on track and members can feel reassured about their future.

With only a few years to go, it's likely retirement will be the focus of members' plans. That doesn't mean they have to stop working, unless they want to – taking income from their pension while working part-time or pursuing a personal passion are both increasingly common.

In this situation, accumulation is unlikely to be an investment priority. Instead, members want to reduce the impact of market fluctuations on the value of the savings they have built up, along with any further contributions.

“I want to prepare my savings to start taking an income in retirement”

2 years from retirement



Source: Fidelity International. Charts are for illustration purposes only and subject to change.



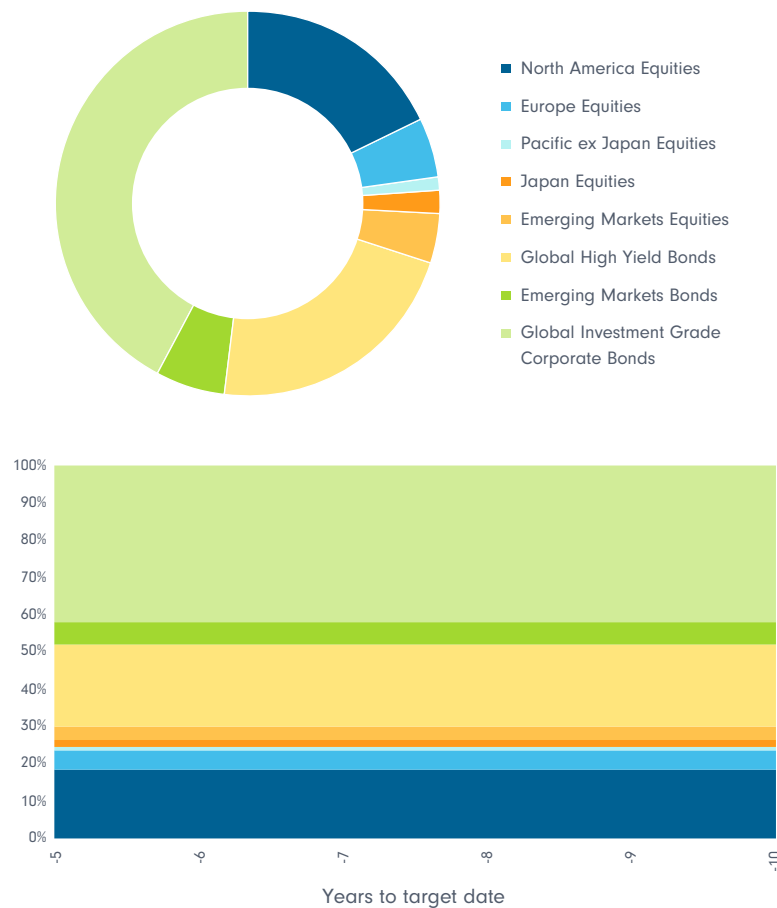
FutureWise in action – enjoying retirement

Time to enjoy life. Members are in charge of their savings, using income drawdown to take money out when they need it – perhaps as their sole source of income or maybe alongside other options.

Retirement means different things to different people, but whether it's living life to the full or enjoying some peace and quiet, there are expenses that need to be paid. Pension savings may not be meeting all these costs, but they're likely to be playing a significant role. FutureWise aims to deliver a sustainable income for members in their retirement.

“I need my savings managed for me, so I can manage my income”

In retirement



Source: Fidelity International. Charts are for illustration purposes only and subject to change.





“Sustainability has been at the heart of FutureWise for some time”

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.

Climate change is the critical issue of our time. Consumers are becoming ever more aware of the social impact of the goods and services they buy and how corporate entities are managed. As a member of the Institutional Investors Group on Climate Change (IIGCC) Net Zero Asset Managers initiative, Fidelity is committed to the goals of the Paris Agreement.

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. These are to reach net zero by 2050 and to halve our carbon footprint by 2030 – based on 2020 as a base year, when emissions were exceptionally low. 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.

Our approach is based on four considerations:

- **Emissions targets:** FutureWise has year-on-year emissions reduction targets to meet its net-zero goals. It aims to have a lower carbon footprint and allocate more to green revenues than the broader market.
- **ESG integration:** We use the extensive resources of both Fidelity and BlackRock to create proprietary sustainability ratings that help drive our investment decisions. FutureWise tilts towards companies that are sustainability leaders or improvers – and away from those that are lagging behind their peers.
- **Exclusions:** FutureWise excludes companies involved in business activities which we believe will not provide long-term value for members. This includes manufacturers of various types of weapons, companies deriving revenue from thermal coal, oil sands and tobacco, as well as violators of the UN Global Compact and restricted countries, which currently include Russia and Belarus.
- **Engagement:** As FutureWise is managed by two large asset managers, we can use our experience and leverage, through engagement and voting, to influence companies across the globe as we move towards a net-zero economy.

Reporting on our progress

Compared with a more traditional ‘lifestyle’ strategy across multiple funds, our TDF approach gives great clarity on reporting. Each FutureWise TDF has a clearly defined portfolio, which allows us to provide more detailed and transparent reporting on sustainability issues.

This means we can keep you and your members well informed about the steps we are taking on your behalf to drive improvements in environmental, social and governance issues.



Value for money

Feel reassured. Our TDFs have a single transparent cost throughout a member's working life and into retirement. Plus, alongside the investment expertise that underpins them, they benefit from multiple layers of governance and oversight. Their design aims 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 approach has a clear benefit. In a traditional lifestyle approach, 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.

With the FutureWise TDFs, we have a single charge that applies for the life of the TDF, even into retirement. This means members know what they're paying at all times – and we can easily translate the percentages into pounds and pence figures to make things even clearer.

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.

More strategically, 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 will 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.

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 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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