

The Ukraine Crisis

MMC UK Pension Fund

What does it mean for your pension?



We are extremely saddened to see the recent developments in Ukraine.

As Trustee of the MMC UK Pension Fund (“the Fund”), we understand you may be concerned about the impact of the current instability on your pension savings. This note provides an update on what has happened and exposures to Russian and Ukrainian assets held by the Fund. Please note that the situation is extremely fluid and the comments made below should be seen in that context.

What has happened?

Following a series of escalations, on 24 February Russian military forces began a large-scale military assault on Ukraine. Western nations, having already increased sanctions on Russian entities and individuals, following Russia’s formal recognition of separatist states in eastern Ukraine, have introduced further sanctions.

This kind of event creates a great deal of uncertainty for investors and increases the range of possible outcomes for economic growth. This increased uncertainty manifests itself with heightened levels of volatility across investment markets as is being experienced at the moment.

MMC UK Pension Fund – **Defined Contribution Section** exposure to Russian assets

The overall exposure to Russian and Ukrainian assets in the Defined Contribution section is very small.

Most of the fund range has no direct exposure to Russian assets and none of the fund range has direct exposure to Ukrainian assets.

The Fund’s default investment option (where your pension savings will be invested if you do not actively select something else) is known as the SmartPath Target Drawdown. It is a diversified investment strategy that provides members with exposure to a wide range of different investments from across the world.

The table on the right hand side sets out the investment funds that had direct exposures to Russian assets prior to the invasion of Ukraine. We have highlighted in bold those funds that are an underlying component of the default option. These exposures are now considerably smaller due to the market sell-off and Russian assets being excluded from some market indices.

Mercer Fund	Exposure to Russia of each Fund
Defensive Fund	0.5%
Moderate Growth Fund	1.0%
Growth Fund	1.3%
High Growth Fund	1.1%
Diversified Growth Fund	1.1%
Diversified Retirement Fund	0.5%
Active Global Equity Fund	0.1%
Passive Emerging Markets Equity Fund	2.6%
Active Emerging Markets Equity Fund	5.1%

Russia exposure percentages for the multi-asset fund figures (first 6 funds) are as at 31 January 2022, with Russia exposure percentages for single asset class funds (remaining 3 funds) as at 20 February 2022. Funds highlighted in bold are components of the Fund’s default option.

Do you need to do anything?

You do not have to take any action as a result of this communication if you are comfortable with your current investment choice.

The Trustee would however like to remind you to periodically consider whether your fund choice is right for your circumstances and your investment time horizon.

For many people, pension saving is long-term and it's important not to make any snap decisions based on day to day changes in the value of your pension savings. Where you haven't made a choice in terms of where to invest your pension savings, you will be invested in the 'default' investment strategy.

The default strategy's aim is to give you the long-term investment growth needed to build your pension savings and then gradually reduce the level of risk before you start to draw on them.

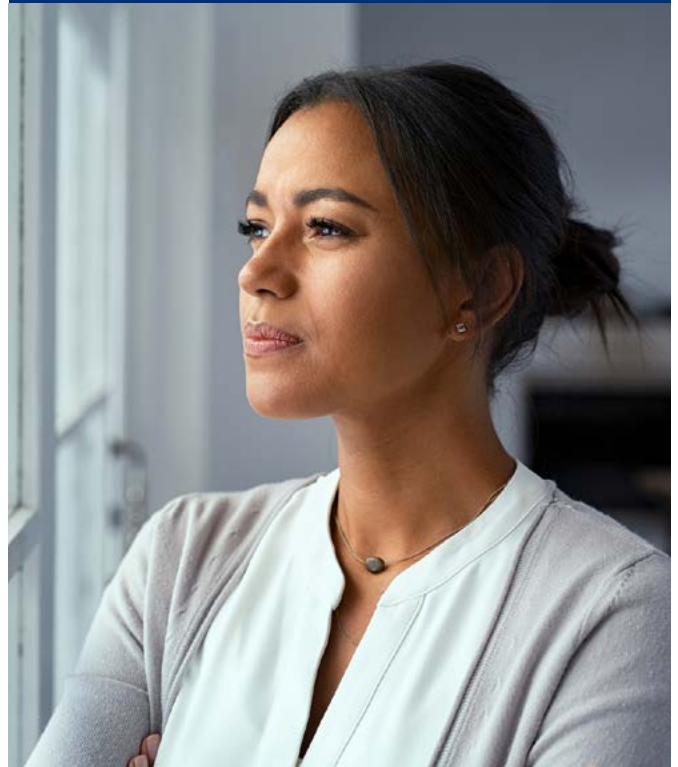
If you are closer to the age you plan to draw your pension savings, this reduces the impact of what is happening in the stock market.

If you've chosen funds other than the default investment strategy, we suggest you keep these choices under regular review and consider seeking authorised financial advice if you aren't sure of the best investment option for you.

Further information about your investment options is available on the [Fund website](#) and details of where you are invested is available on [Mercer OneView](#).

MMC UK Pension Fund – Defined Benefit Section exposure to Russian assets

The exposure to Russian assets for the Defined Benefit Section of the Fund was also very small prior to the invasion of Ukraine. This is due to the diversified investment approach that is adopted.



This update is provided for information only and does not constitute financial advice. If you need advice, you should contact a regulated financial adviser. If you need help finding a regulated financial adviser, you can visit the Money and Pensions Service website (<https://www.moneyhelper.org.uk/en/getting-help-and-advice>) and click on 'Financial advisers'.