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INVESTMENT GUIDE

FUNDS AVAILABLE FROM MARCH 2021



As a member of a Marsh & McLennan Companies (UK) defined contribution (DC) pension arrangement, your benefits at retirement will depend on how much has accumulated in your Individual Account as well as the type of benefits you choose at retirement. The size of your Individual Account will depend on the level of contributions paid and the growth on your investments.

You can choose how your Individual Account is invested based on your personal circumstances and the degree of risk you wish to take. The information contained in this guide provides detail about the investment choices that are available to select from March 2021.

Investment styles



You will have two options for investing your Individual Account:

Making your own selection (“Self Select”)

You can select your own funds from the range of options on offer in whatever proportion and for however long you choose; or

Following one of the pre-set strategies (“SmartPath”)

There are three “Mercer SmartPath™” strategies which will initially invest in higher risk, higher potential growth investments while you are more than eight years from retirement.

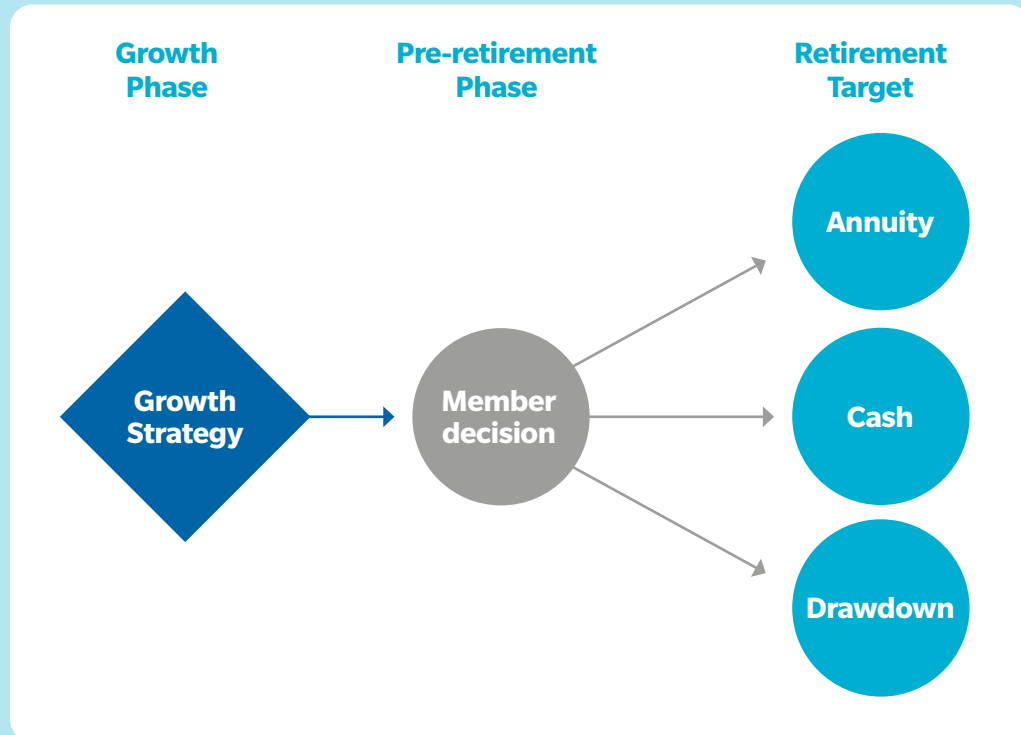
During the final eight years prior to retirement, the Mercer SmartPath™ strategies will automatically and gradually switch your investments into lower risk funds designed to help you target the type of benefit you want to take on retirement.

Investment styles continued



SmartPath members

There are three Mercer SmartPath™ strategies available which target annuity purchase, cash or income drawdown and further information on these is given later in this guide.



If you do not make a decision as to how you wish to have your Individual Account invested, then the default SmartPath option will apply and this will target income drawdown for you at retirement.

Introduction



If you do not wish to be actively involved in making investment decisions, you may wish to consider selecting one of the Mercer SmartPath™ options. There are three SmartPath strategies available and they aim to target benefits in three forms; annuity purchase, cash or income drawdown.

Why are there three SmartPath strategies?

As a member in the MMC UK Pension Fund with money purchase (or Defined Contribution – ‘DC’ – benefits), you can choose to take benefits in one or more of the three forms outlined above. The Trustee has made the three SmartPath strategies available to help meet each of the different options you have at retirement.

Although not all of these options are available from the MMC UK Pension Fund and you may need to transfer your benefits out to take advantage of them, you can:

OPTION 1

“**Mercer SmartPath Target Drawdown**” invests in “growth funds” in the early years and then gradually and automatically switches your Individual Account into lower risk, less volatile investments which aim to target withdrawal of a 25% cash lump sum with the rest of the account remaining invested through retirement.

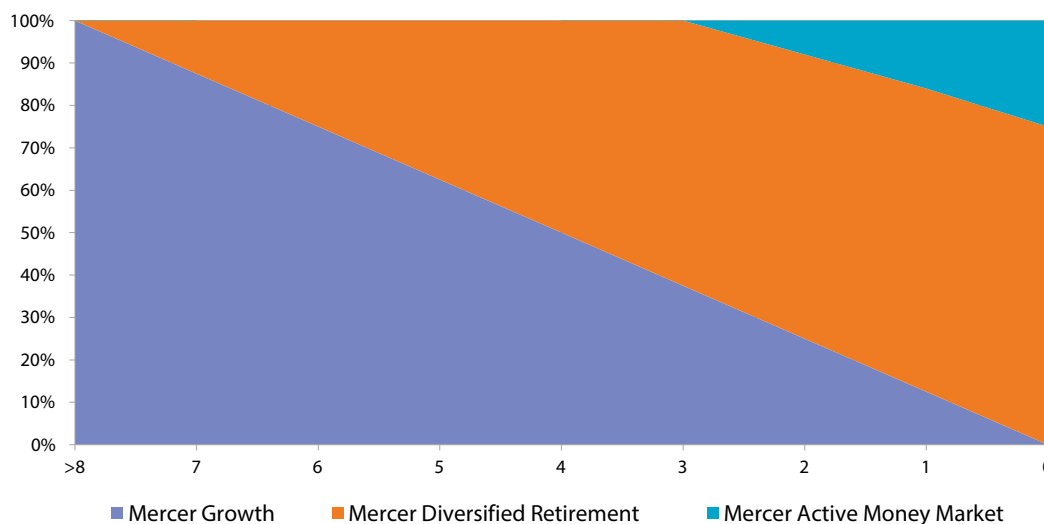
Draw an income from your pension savings – you may wish to have more control over how you draw income in retirement, leaving your account invested and withdrawing amounts from your account over time, as you wish.

You can choose to take up to 25% of your account as tax-free cash (currently) at the start, in which case each future “drawdown” would be taxed at your marginal income tax rate. This is known as ‘income drawdown’ or ‘flexi-access drawdown’. **This option is not available within the MMC UK Pension Fund**, but you could opt to transfer your Individual Account out to an individual policy of your own choosing and to then manage your retirement income independently.

Alternatively, you can choose not to take a tax-free cash sum at the start, but to have 25% of each subsequent “drawdown” tax-free (currently) with the balance of each payment being taxed at your marginal rate of income tax. This is known as an ‘Uncrystallised Funds Pension Lump Sum’ or ‘UFPLS’ and up to three UFPLS payments are allowed in the MMC UK Pension Fund. If you wished to take more than three payments, then you would need to transfer your Individual Account out to an individual policy of your own choosing and to then manage your retirement income independently.



The chart below shows how **Mercer SmartPath Target Drawdown** works:

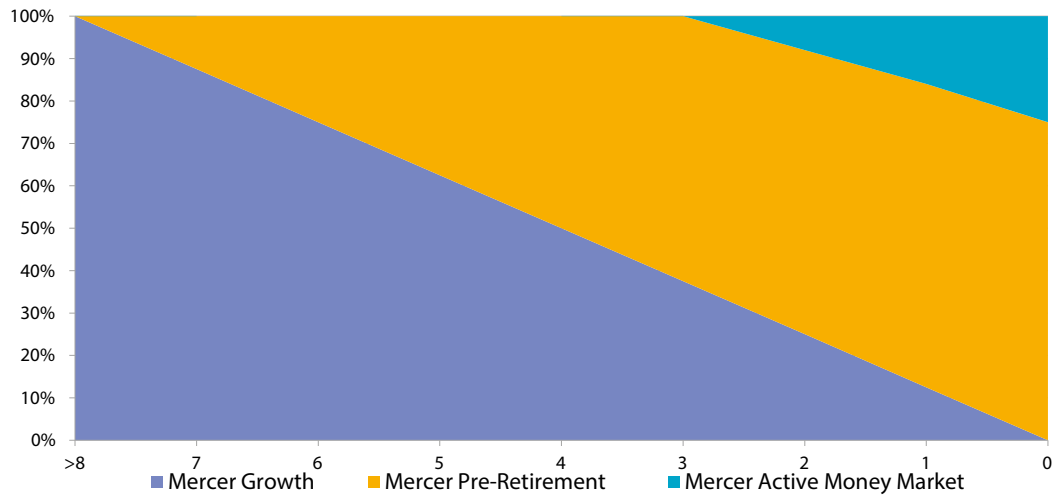


OPTION 2

“**Mercer SmartPath Target Annuity**” invests in “growth funds” in the early years and then gradually and automatically switches your Individual Account into lower risk, less volatile investments which aim to target withdrawal of a 25% cash lump sum and the purchase of a fixed annuity.

Purchase an annuity – you can use your Individual Account to purchase a guaranteed income for life (an annuity) from an insurance company. You may take up to 25% of your Individual Account as a lump sum which is currently tax free, with the balance of your Individual Account being used to buy the annuity.

The chart below shows how **Mercer SmartPath Target Annuity** works:

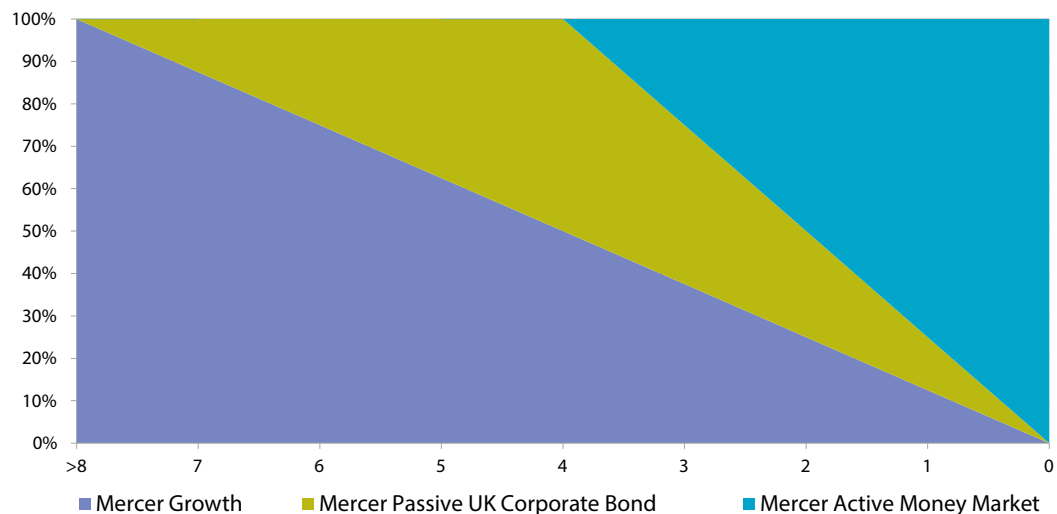


OPTION 3

“**Mercer SmartPath Target Cash**” invests in “growth funds” in the early years and then gradually and automatically switches your Individual Account into cash as you approach retirement

Take cash – you can take all of your Individual Account as a cash lump sum. 25% of your Individual Account would be payable (currently) tax-free, with the balance added to your other income and taxed at your marginal rate of income tax.

The chart below shows how **Mercer SmartPath Target Cash** works:





Your choice

If you wish to invest in a pre-set strategy, you need to choose between the three available strategies, depending on the way you feel you are likely to take your retirement benefits. All three SmartPath strategies invest in the same funds until you are eight years from retirement, and you will receive further information around that time to assist you in understanding your options.

The SmartPath strategies will not necessarily be the most appropriate option for you as they have not been designed to your own specific circumstances. Please consider your choice carefully and take advice if you are unsure.

What if I do not make a decision?

If you do not make a decision, your Individual Account will be invested in the **Mercer SmartPath Target Drawdown option**, assuming a target retirement age of 65 (see page 4).

Can I change my investments?

Yes, you can change your choice of SmartPath (or Self Select) strategy at any point. You can invest across different SmartPath options (as long as the splits add up to 100%), however, you cannot mix Self Select funds and SmartPath strategies.

The default target retirement age is 65. You are able to choose a different target age if you wish, by contacting MMC UK Pensions (see page 9).

Further details of the funds underlying the SmartPath strategies are below (charges shown are as at February 2021).

Mercer Growth

Asset Class	Management Style	Current Asset Manager	Proportion of Assets	Indicative Total Expense Ratio
Equities, Bonds, Property, Alternative Investments	Active	Mercer	100%	0.221%

Mercer Diversified Retirement

Asset Class	Management Style	Current Asset Manager	Proportion of Assets	Indicative Total Expense Ratio
Equities, Bonds, Property, Alternative Investments	Active	Mercer	100%	0.320%

Mercer Passive UK Corporate Bond

Asset Class	Management Style	Current Asset Manager	Proportion of Assets	Indicative Total Expense Ratio
Bonds	Passive	Mercer	100%	0.081%

Mercer Pre-Retirement

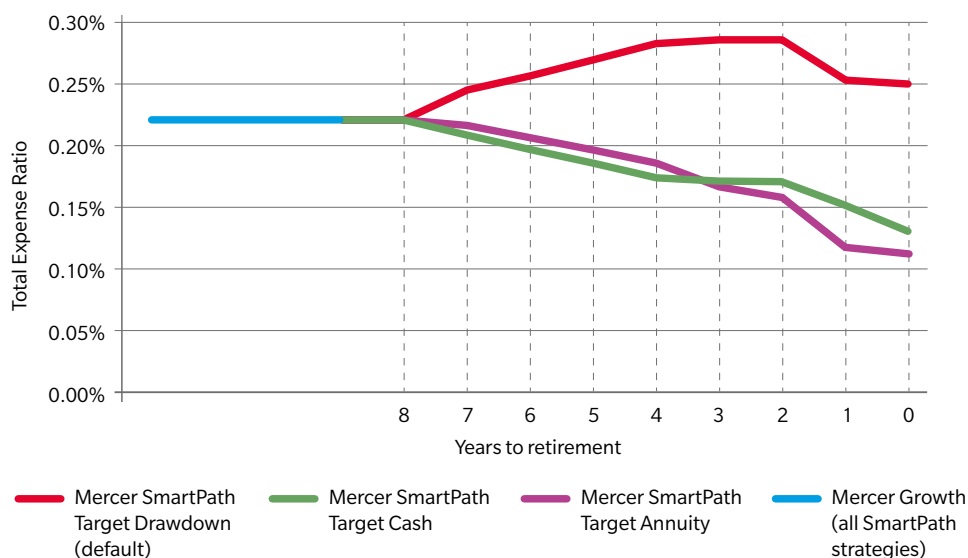
Asset Class	Management Style	Current Asset Manager	Proportion of Assets	Indicative Total Expense Ratio
Bonds	Active	Mercer	100%	0.105%

Mercer Active Money Market

Asset Class	Management Style	Current Asset Manager	Proportion of Assets	Indicative Total Expense Ratio
Cash	Active	Mercer	100%	0.130%

Charges

The change in the mix of investments within the Mercer SmartPath strategies is reflected in the charges, which are shown in the chart below. The change in the charges in the eight years before your target retirement age is due to the different funds that your investments are switched into.



Self Select funds

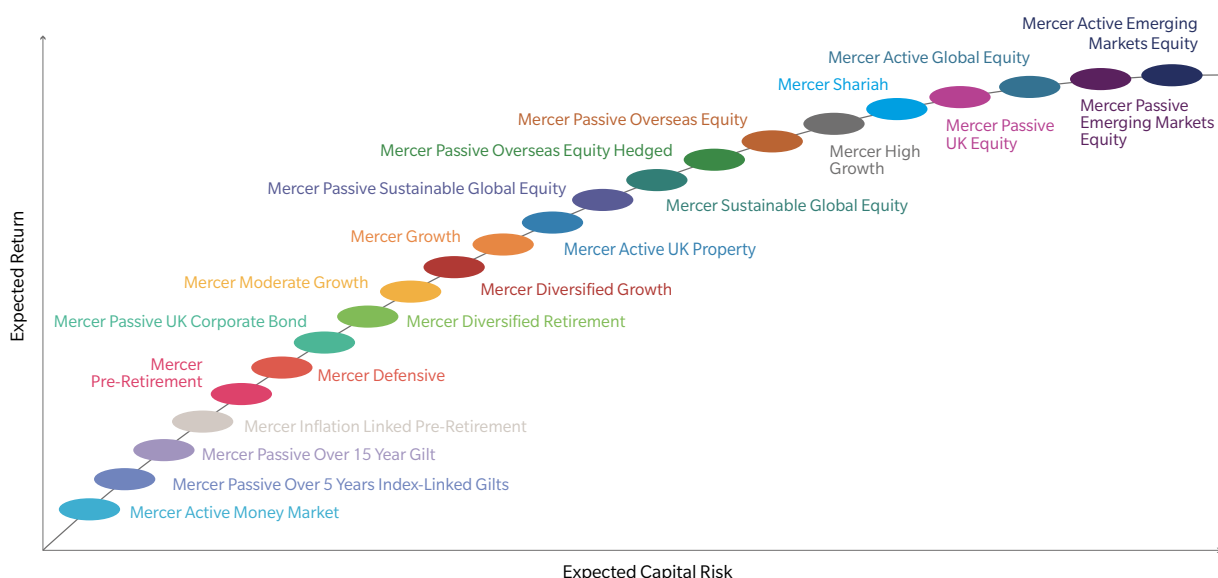


If you prefer having the option to make your own investment choices, you can choose the Self Select option and will be able to select your own investment strategy from the range of funds detailed in the table below.

There are 22 fund options to choose from. The chart below provides an overview of the funds and highlights the level of capital risk / potential return associated with each.

Those funds that have a higher potential for return over the long term may also have more volatility in their performance.

All investments carry a level of risk, but there are different types of risk including capital risk, inflation risk and pension conversion risk (see the Glossary for definitions). You need to decide how much of each type of risk you are prepared to take.



Fund Name	Description	Indicative Total Expense Ratio*	Capital Risk Profile
Mercer Active Money Market	The fund aims to achieve an investment that is in line with wholesale money market short-term interest rates. Specifically, the fund will aim to better the return of Seven Day LIBID before fees.	0.130%	Low
Mercer Passive Over 5 Years Index-Linked Gilts	This fund invests in UK government index-linked securities (index-linked gilts) that have a maturity period of 5 years or longer. The fund aims to achieve a return consistent with the FTSE UK Gilts Index-Linked Over 5 Years Index. The fund invest in assets that tends to produce more stable returns.	0.069%	Low
Mercer Passive Over 15 Year Gilt	This fund invests in UK government fixed income securities (gilts) that have a maturity period of 15 years or longer. The fund aims to achieve a return consistent with the FTSE UK Gilts Over 15 Years Index, which is widely regarded as the benchmark for UK pension fund investment in the longer dated end of the UK gilt market.	0.069%	Low
Mercer Inflation Linked Pre-Retirement	The fund aims to achieve a return consistent with the move in inflation linked annuity prices by investing in a passively-managed fund that invests in UK Index Linked Government and Corporate bonds.	0.105%	Low
Mercer Pre-Retirement	The fund aims to achieve a return consistent with the level annuity prices by investing in a passively-managed underlying fund that invest in UK Government and Corporate bonds.	0.105%	Low
Mercer Defensive	The Fund aims to achieve stable growth over the long-term. It invests in a diversified range of asset classes with a higher allocation to bonds and money market instruments.	0.190%	Low
Mercer Passive UK Corporate Bond	This fund invests in investment grade corporate bonds denominated in sterling. The fund aims to achieve a return consistent with the iBoxx £ Non-Gilts Index. This index covers the broad spectrum of investment grade corporate bonds in issue.	0.081%	Medium

continued from previous page...

Fund Name	Description	Indicative Total Expense Ratio*	Capital Risk Profile
Mercer Diversified Retirement	Over the long-term the fund is expected to deliver returns of approximately cash + 2.5% p.a.	0.320%	Medium
Mercer Moderate Growth	The fund seeks to achieve low to medium capital growth over the long-term with low to medium levels of risk by investing predominantly in a diversified mix of bonds, shares and other asset types.	0.227%	Medium
Mercer Diversified Growth	The objective of the strategy is to outperform cash by 3-4% p.a over rolling three year periods.	0.320%	Medium
Mercer Growth	The fund seeks to achieve medium to high capital growth over the long-term with medium to high risk by investing predominantly in a diversified mix of bonds, shares and other asset types.	0.221%	Medium
Mercer Active UK Property	The fund invests primarily in direct UK commercial property including industrial warehouses, shopping units and office space. It aims to generate total returns (from income and capital appreciation) above its benchmark over rolling 3 year periods.	0.705%	Medium
Mercer Passive Sustainable Global Equity	The fund aims to achieve long-term growth by investing in line with the Solactive Sustainable Global Developed Equity Index. The key investment constraint is to invest in securities that demonstrate strong environmental, social and governance practices.	0.130%	High / Specialist
Mercer Sustainable Global Equity	This fund aims to achieve long-term growth by holding a basket of stocks issued by a range of companies in different countries and industry sectors which have strong sustainability profiles.	0.665%	High / Specialist
Mercer Passive Overseas Equity Hedged	This fund invests in the shares of overseas companies (Europe, Japan, Far East, US and Canadian markets), according to market capitalisation weightings. The majority of overseas currency exposure is hedged. Within each of those markets, the fund aims to generate returns consistent with those of each country's primary share market. The fund aims to achieve a return in line with the FTSE All-World Developed ex-UK (95% GBP Hedged) Index.	0.110%	High
Mercer Passive Overseas Equity	This fund invests in the shares of overseas companies, (Europe, Japan, Far East, US and Canadian markets) according to market capitalisation weightings. Within each of those markets, the fund aims to generate returns consistent with those of each country's primary share market. This fund aims to achieve a return in line with the FTSE All-World Developed ex-UK Index.	0.075%	High
Mercer High Growth	The fund seeks to achieve high levels of capital growth over the long-term, but with high levels of risk by investing predominantly in shares.	0.225%	High
Mercer Shariah	Aims to provide long-term capital growth by investing primarily in a broad range of company shares from around the world, which meet the Islamic investment principles of the underlying fund/s.	0.340%	High / Specialist
Mercer Passive UK Equity	This fund invests in the shares of UK companies and aims to achieve a return that is consistent with the return of the FTSE All-Share Index. This index is widely regarded as the benchmark for UK pension fund investment in shares of companies in the UK.	0.068%	High
Mercer Active Global Equity	The objective of the fund is to outperform the MSCI World Index by 2% per annum over rolling three year periods.	0.730%	High
Mercer Passive Emerging Markets Equity	The fund aims to achieve a return consistent with the MSCI Emerging Markets Index.	0.170%	High
Mercer Active Emerging Markets Equity	The objective of the fund is to outperform the MSCI Emerging Markets index by 2% per annum over rolling three year periods.	0.960%	High

Each fund has a specific investment objective and performance target. The Trustee has selected one or more underlying fund manager(s) for each fund. Managers have been chosen for their abilities in a particular specialist area. The Trustee has the flexibility to change the underlying manager(s) at any time without significantly changing the objectives of the fund itself. The advantage of this is that you will be able to choose a fund that will always have the same investment objectives, irrespective of the underlying manager(s).

Each fund invests 100% in an underlying fund of the same name.

More information through Mercer OneView



Mercer OneView is a secure, web-based service available 24 hours a day, 7 days a week that can be accessed from any computer with an internet connection. Using Mercer OneView you will be able to:

View your current Individual Account values

Check your current investment choices

Review your last 12 months' contributions and transaction history

Change your investment strategy/funds for your existing investments and/or your future contributions (where appropriate)

Obtain an illustration of the possible benefits you might receive using the online annuity illustrator

You are encouraged to regularly review the progress of your Individual Account and useful information can be found on choosing your investments on the sites mentioned earlier and on **www.pensions.uk.mmc.com**.

Whilst the Trustee and the Administrator can provide you with information about the current investment options available, they cannot offer you advice that is specific to your circumstances. Your choice of investment options will be based on a number of personal factors, including your attitude to taking risk and the length of time until your retirement. If you need advice based on your personal circumstances, you should speak to a Professional Financial Adviser. You can find a regulated financial adviser in your area by **visiting www.fca.org.uk/consumers/finding-adviser**.

MMC UK Pension Fund Trustee Limited

Here to help



If you have any questions about the information contained in this guide, please contact the Administrator at:

MMC UK Pension Fund

PO Box 476, Westgate House, 52 Westgate, Chichester PO19 3WZ

Email: mmcpensions.uk@mercer.com

This document is a summary description of investment options. MMC's pension arrangements are governed by the rules of the Fund from time to time. If there is any discrepancy between the description of benefits in this document and the rules of the MMC pension arrangements, the rules of the MMC pension arrangements will prevail.

Glossary of terms



Active management

An active manager aims to outperform a specific target (for example a market index, or other fund managers). Although the potential returns from active investments (if successful) can be higher than passive investments over the long term, there is also a risk that they will be worse. Charges for actively managed funds tend to be higher than for corresponding passively managed funds.

Alternative investments

“Alternative assets” is the term used for any form of investment which offers broadly similar potential for growth to equities over the longer term, but which doesn’t depend solely on the stockmarket going up to generate this return. Examples include property, some higher-risk bonds, commodities and currency. Like equities, these types of investments carry high “capital risk”. However, as the returns on these investments are not directly driven by the stockmarket, their value will rise and fall in a different way and at different times to equity funds. Therefore, investing in alternative assets alongside equities would ensure that you spread your risks.

Bonds

Bonds are loans to a government, company or other organisation. The level of capital protection falls somewhere between cash and equities. Assuming the bond issuer does not default, the return on your investment over the lifetime of the bond is the interest you receive on the loan. This interest can either be “fixed” (for example 5%) or “index-linked” (which means that it varies in line with inflation). Bonds generally have a maturity date (when the loan is repaid) and bond funds usually hold a mix of bonds with different maturity dates. Bond prices usually fall when interest rates rise (and vice versa). Investing in bonds closer to retirement might help to protect the level of income you could secure with your Individual Account. This is because the cost of buying a pension depends partly on the price of bonds and gilts. Bonds and gilts are expected to provide lower returns, but they are generally less volatile i.e. they are not so prone to large short-term fluctuations in value.

Cash

Cash funds hold various income producing investments and whilst they offer good capital protection they do not offer 100% capital protection due to the various risks inherent in the underlying securities – as such, the value of your investment can still go down as well as up. In addition to this risk, all cash funds are subject to the risk that returns may fail to outpace inflation, so the buying power of your investment may reduce. Cash funds can provide good security for your Individual Account if you are about to retire, but may not provide good enough long-term returns for younger members.

Diversified Growth Fund (DGF)

A diversified growth fund invests across a range of asset classes with the aim of providing a less volatile (but potentially lower return) than investing solely in equities.

Diversified Retirement Fund

The Diversified Retirement Fund aims to provide investors with a diversified portfolio of growth and defensive assets which is intended to represent a broadly sensible investment strategy for a typical member aiming to take their benefits in retirement as income drawdown.

Equities

Equities are shares in companies. In the past, they have grown in value more than bonds, gilts or cash over longer periods. However, they can go up and down in value, sometimes significantly. Equities are likely to carry the highest risk that they could fall in value, so you might want to choose a fund that invests mainly in equities if you are aiming for higher long-term returns, and are not too worried about losing value over shorter periods.

You may be more willing to invest mainly in equities if, for example, retirement is still some way off, or you have other secure investments, or your DC pension is only a small part of your retirement savings.

Gilts

Bonds issued by the UK Government.

Index fund

Another term for a passively managed fund.

Indicative Total Expense Ratio

The measure of the total cost of investing in a fund, which may include various fees and other expenses and may vary from time to time.

Individual Account

An investment account set up in your name as a member of the DC sections of the MMC UK Pension Fund.

Passive management

A passive manager aims to match the performance of a chosen market index (sometimes known as index tracking). It follows the market whether it goes up or down and so returns do not depend on the success of the fund managers' choices. Passive management takes away the possibility that your investments will do better than the market, but it also removes the risk that they will do worse. Charges for passively managed funds tend to be lower than for corresponding actively managed funds.

Risk

All investments carry a level of risk, but there are different types of risk which are detailed below. You need to decide how much of each type of risk you are prepared to take.

Capital Risk

The risk that your investments may fall in value and not recover. This could happen with equities, bonds, alternative assets and even cash funds.

Inflation Risk

The risk that your investments will not grow quickly enough to outpace the increase in the cost of living.

Pension Conversion Risk

When you retire, you may choose to use part of your Individual Account to buy an annuity. The cost of buying an annuity varies and moves broadly in line with bonds and gilts and depends on whether you buy an increasing or non-increasing annuity.

By switching your investments into a fund that invests in bonds and /or gilts when you are closer to retirement can help protect against this risk.

Default Risk

The risk that the bond issuer will default so you will not get back the capital you have invested when the bond is due for repayment.

