Investment Guide

ING UK Pension Fund (Defined Contribution Section)

February 2024

do your thing

Introduction

As a member of the Defined Contribution (DC) Section of the ING UK Pension Fund, you have the opportunity to decide how your pension account is invested, to help your money grow over the long term.

This guide is designed to give you an overview of some of the key elements to consider when choosing how your pension account is invested.

Choosing your investments isn't a one-off decision. It is a good idea to review your investment decisions regularly or, if your plans change, to make sure your choices still meet your needs now and when you get closer to expecting to access the money in your pension account. Your choice of funds will depend on your personal circumstances and your financial situation such as what other savings and sources of income you have. It's also important to remember that you need to maximise the value of your pension account over your working life. Because of this, making a short term investment gain is less important than the performance of your pension account over the whole of your period of membership.

If you need more information or are unsure about any of the investment options available to you, we recommend you seek professional advice to ensure that any choices you make are appropriate and that they continue to remain appropriate over time.

Helping you decide

Your personal circumstances and your attitude to risk

Types of risk

Broad characteristics of the main investment asset classes

Your options

Do it for me – the Default strategy

Help me do it – the Flexicycle funds

Let me do it – the Self-Select options

Where can I get more information?

Go to: **www.myingpension.com** to find out more.

Your personal circumstances and your attitude to risk

It's important to understand that, depending on your circumstances and attitude to risk, you may not be in a position to take a lot of investment risk. If this is the case you may decide that protecting the money in your pension account is as important as, or more important than, growing it.

Whilst everyone wants their pension account to grow, it's not always simple to do. If you want to grow your account as best you can, you may need to take a less-cautious approach and this will mean you do need to be prepared for the value of your account to fall from time to time. Generally the more investment risk you are able to take, the more potential there is for your account to grow.

Your personal circumstances and your attitude to risk

Below are some circumstances that might indicate whether you have a high, medium or low ability to take investment risk with your ING pension account.

You may have a lower ability to take investment risk if some or all of these points apply

- You're close to retirement. You may want to consider protecting the value of your account and invest some of your ING pension account in funds that take less investment risk.
- Your ING pension account will be your main source of income.
- You expect your earnings to increase slowly over your career.
- You expect to contribute a small amount steadily towards saving for your retirement and would find it difficult to top up your savings if they fall in value.
- You have little or no flexibility to delay using your ING pension account or would not be willing to work longer. You may need to consider this if your account were to fall in value near to retirement.
- You're cautious by nature and are willing to trade the potential for high investment gains in return for more expected stability.

You may have a medium ability to take investment risk if some or all of these points apply

- You're closer to retirement. You may want to consider protecting some of the value of your account and invest some of your ING pension account in funds that take less investment risk.
- Your ING pension account will make up a reasonable part of your retirement income.
- You expect your earnings to fluctuate. For example, rising quickly when you are younger before levelling out, or fluctuating because of the nature of your job, or because of a career break.
- You expect to personally contribute more towards savings for your retirement regularly if you have more disposable income.
- You have some flexibility to delay using your ING pension account or would be willing to work a little longer. You may need to consider this if your account falls in value near to retirement.
- You're willing to take some risks with your money but prefer to spread the risk. You accept this could mean losing out on the potential for higher investment gains, but you are willing to trade this in return for some more expected stability.

You may have a higher ability to take investment risk if some or all of these points apply

- You're a long way off from retirement. Generally, the further you are from retirement, the more risk you are likely to be able to take. This is because you should have sufficient time to offset any loss if your account falls in the short term by reconsidering your level of contributions and/or your investments, or you have time for markets to recover.
- You have significant retirement income from other sources and expect your ING pension account to make up only a small proportion of your retirement savings.
- You are a high earner or expect your earnings to rise quickly. You expect to make significant personal contributions towards saving for your retirement. Or you could afford to top up your savings if they fall in value.
- You have flexibility to delay using your ING pension account or would be willing to work for a little longer. You may need to consider this if your account falls in value near to retirement.
- You are a risk taker by nature and are comfortable investing in funds that take the most investment risk. You are prepared for your account to go up and down in value, sometimes quite sharply. You accept this could mean losing out, but it could also mean achieving higher potential growth.

Types of risk

Each type of investment has the potential to deliver certain levels of return but also has certain risks. These risks vary, depending on the asset class your chosen investment is made up of and how close to using the money in your pension account you are. What you consider to be a suitable investment when you are young, may become less suitable as you get older.

Some examples of risk include:

Market or capital risk. This is the risk that the value of your investments will fall. It's what most of us think of when we think of 'risk'. This risk is most important to members approaching retirement. The Trustee has made available lower risk investment options for the purpose of managing the risk and some of the available options automatically move into lower risk options as you get closer to retirement.

Volatility risk. Over the short term, all investments will rise and fall with market movements, and over the long term returns from investments may not match their expected returns. The Trustee regularly monitors the performance of each investment option against its agreed benchmark to mitigate against the risk of returns being below expectations.

Inflation risk. If your investment returns are lower than inflation, then the purchasing power of your pension account goes down. The Trustee makes available some investment options that are expected to provide a long term real rate of return.

Benefit matching risk. The risk that investment allocations in the years just prior to retirement do not match individual members' retirement objectives, exposing members to inefficient or uncertain outcomes. The Trustees have made available a range of investment options that allow members sufficient flexibility to meet their varying objectives.

Currency risk. Investment options are available to gain exposure to overseas currencies by investing in assets that are denominated in a foreign currency or via currency management. In some cases, currency hedging is employed to manage the impact of exchange rate fluctuations.

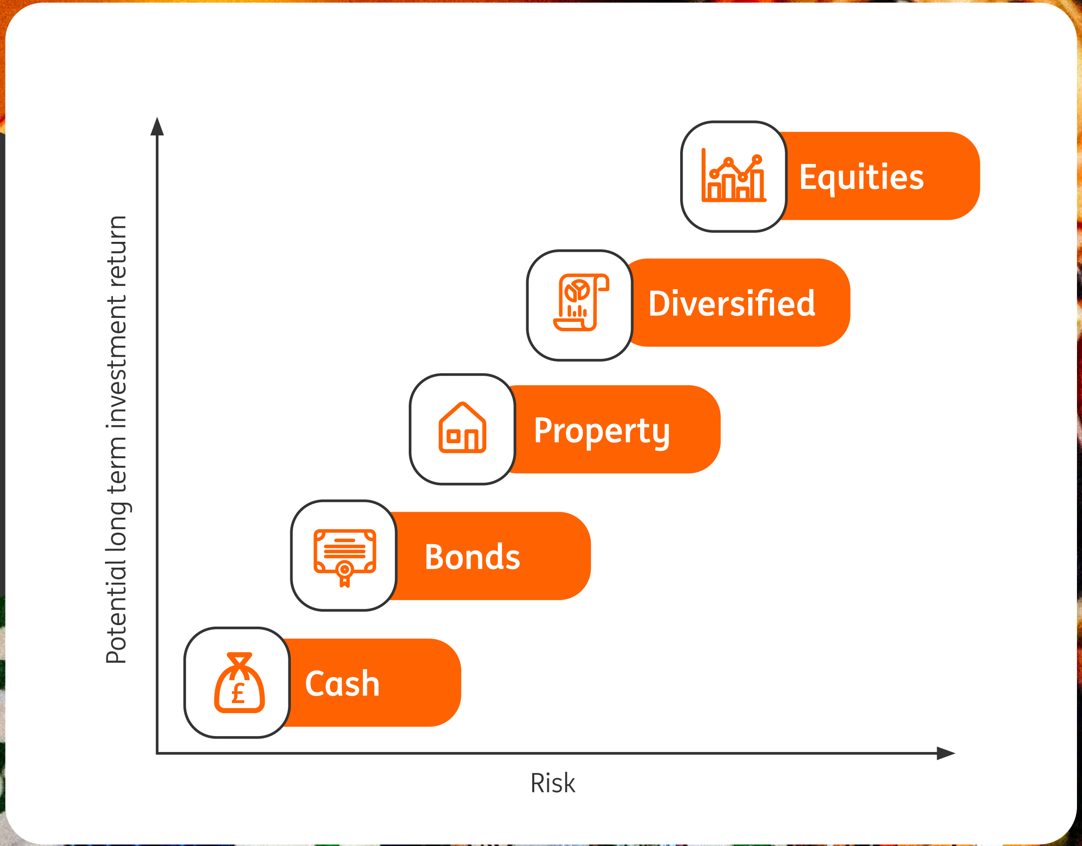
Opportunity risk. The risk that a member takes insufficient investment risk when appropriate (such as when they are younger) resulting in a smaller pension account. The Trustees have made available equity funds and lifecycle strategies to help manage this risk.

Risk / return

Different assets have different risk profiles

Between asset classes there are different levels of risk and potential return. So, for example, an equity fund has a very different risk and return profile to a cash fund. Even within the asset classes themselves, the funds will vary, depending on whether they are passively or actively managed, and the specific underlying investments.

So, for example, an overseas equities fund might be more risky but offer higher potential returns than a UK equities fund.



Broad characteristics of the main investment asset classes

The table outlines what each of these asset classes are, and how good each is expected to be at delivering long term growth or short term security and stability on a scale of 1 to 5, with 1 being the lowest expectation of meeting that outcome and 5 being the highest.

Type of investment or asset class	Long term growth	Capital security and stability
Equities are shares in UK and overseas companies. They are expected to generate higher rates of return in the longer term than bonds or cash, but carry a higher investment risk. Returns can fluctuate more. Equities are generally considered a good way to invest your money over long periods of time, since you have time to weather the ups and downs of stock markets.		
Diversified Growth funds invest in different asset classes. These can include equities, bonds, property, commodities, hedge funds, derivatives and cash. Diversified Growth funds are a way of diversifying your investments within a single fund. They carry less investment risk and are generally less volatile than equities. This also means that they may deliver a lower potential return than equities.		
Property funds invest in commercial properties such as retail outlets, office blocks and industrial buildings. Property funds may also invest in other assets such as student accommodation, agricultural or other property funds. Property funds aim to provide returns from rental income and any increase in property values. They are normally expected to give lower returns than equities, but higher returns than bonds.		
Corporate bonds are loans to companies and Government bonds are loans to a government. UK Government bonds are called Gilts. You typically receive a fixed return on your investment, or 'interest' on the loan, except for index-linked Gilts which pay a return that is linked to inflation. Bonds and Gilts typically give lower returns over a longer period than equities, but returns generally fluctuate less.		
Cash refers to deposits and short term loans. Cash is considered better at protecting the capital value of your account in the short term than other types of investments, such as equities. However, cash typically provides lower rates of return in the long term and there is still a risk that cash investments can go down in value from time to time.		

Your options

There are three main options available to you.

1 Do it for me – the Default strategy

Investment decisions are taken for you. The way your pension account is invested will automatically move into funds with a lower expected risk once you get within 10 years of retirement.

2 Help me do it – the Flexicycle funds

Most investment decisions are taken for you. You can decide which retirement option is likely to be the most appropriate for you and what level of risk you are prepared to take. After that, the way in which your pension account is invested will automatically move into funds with a lower expected risk once you get within 10 years of retirement.

3 Let me do it – the Self-Select options

You choose and are responsible for managing how your pension account is invested from the range of Self-Select options. We recommend that you review your choice at least once a year to ensure it remains suitable and in line with your attitude to risk as you get closer to retirement.

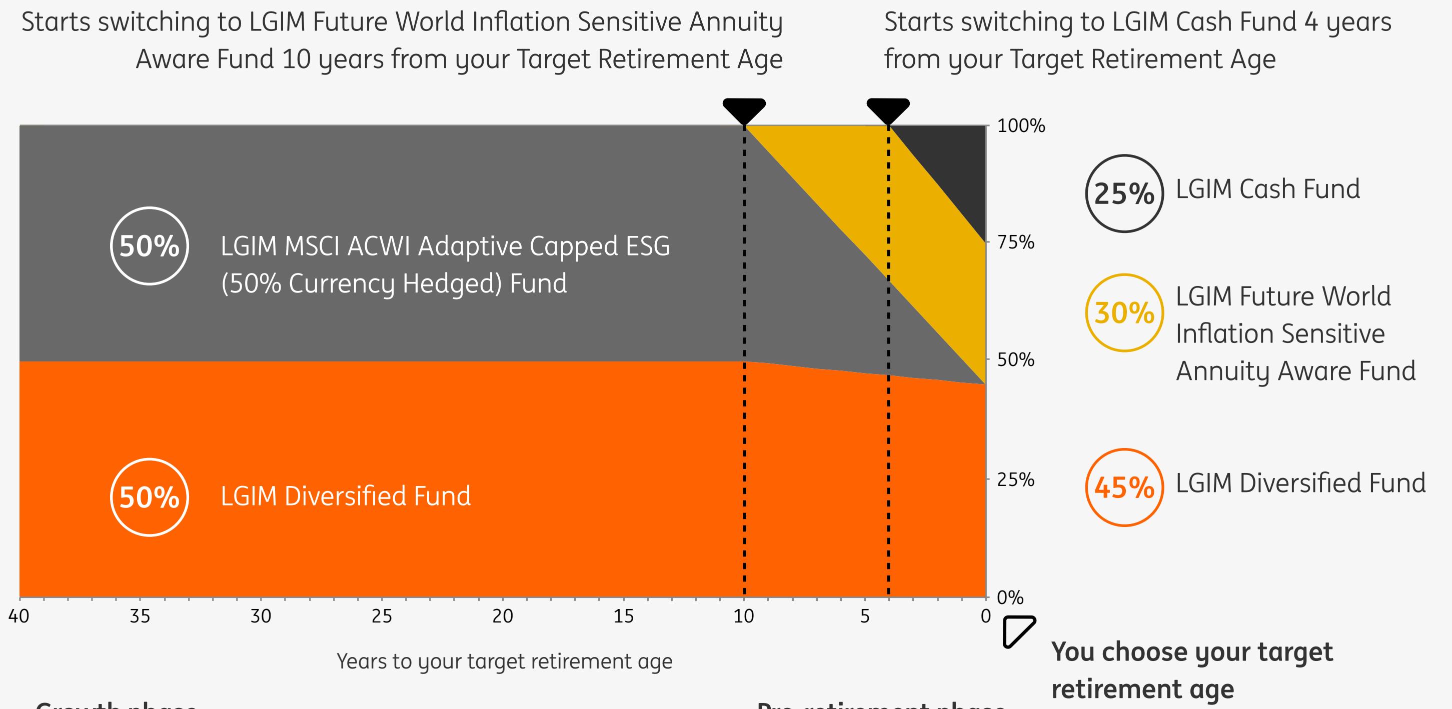
Do it for me – the Default strategy

The Default strategy (also referred to as the default lifecycle) is an investment strategy that has been designed for individual members who do not wish to make an investment decision.

If you make no decision, your pension account will be invested in the default lifecycle option – known as the Medium Risk Drawdown Lifecyle. The default lifecycle assumes that you will use drawdown as the means of accessing your pension account in retirement and that you will take the maximum 25% tax-free lump sum from your pension account. If you do not wish for your account to target drawdown you should consider the choices available through the Flexicycle funds, or perhaps even the Self-Select options if you have a clear goal in mind and wish to take control over your investments.

The default option aims to provide an appropriate investment strategy up to retirement for an average member of the DC Section. The objective of the default and the Flexicycle funds is to generate capital growth over the long term with increasing levels of income and capital protection as members approach retirement.

The chart below shows how the investment allocation will work based on your chosen target retirement age, which will be age 65 unless you inform the Trustees otherwise.



Growth phase
more than 10 years from your target retirement age

Pre-retirement phase
10 years from your target retirement age

Do it for me – the Default strategy

The journey in numbers

The table below illustrates how the default strategy changes how your money is invested over time for an example member in the default lifecycle, at different ages in the run up to retirement:

Fund	Ages 25 - 55	Age 60	Age 65
LGIM MSCI ACWI Adaptive Capped ESG (50% Currency Hedged) Fund	50%	25%	0%
LGIM Diversified Fund	50%	50%	45%
LGIM Future World Inflation Sensitive Annuity Aware Fund	0%	25%	30%
LGIM Cash Fund	0%	0%	25%

How the default strategy works

If you are more than 10 years away from your target retirement age, half of your pension account will be invested in the Legal & General Investment Management (LGIM) MSCI ACWI Adaptive Capped ESG Fund (the Adaptive Capped Fund) and the other half will be invested in the LGIM Diversified Fund (the Diversified Fund).

The Adaptive Capped Fund invests in global equities in a manner that reduces the concentration risk associated with investing in the world's largest listed companies. Additionally it has environmental, social and governance (ESG) considerations embedded within the fund and includes currency hedging as a balanced mechanism to mitigate against fluctuations in currency exchange rates for overseas investments. The fund also includes exclusions to manufacturers of controversial weapons and companies that derive a certain amount of revenue from the use of thermal coal.

The Diversified Fund invests in a broad array of asset classes including equities, corporate and government bonds as well as a range of alternative investments (such as sovereign debt, high yield bonds, infrastructure and real estate). This provides your pension account with a broad base of investments to help mitigate the risks caused by being reliant on the success of one type of asset.

In the 10 years leading up to your target retirement age, your pension account will gradually switch into a combination of the LGIM Future World Inflation Sensitive Annuity Aware Fund (the Annuity Aware Fund) and the Diversified Fund. In addition, four years before your target retirement age your pension account will begin to switch into the LGIM Cash Fund (the Cash Fund) creating a 25% allocation at your target retirement age. The investment in the Cash Fund reflects that we expect you will take the maximum 25% tax-free lump sum from your pension account at retirement.

Help me do it – the Flexicycle funds

The Flexicycle funds are options where you get to choose the 'building blocks'.
You have control over the following 'building blocks':

Lifecycle options

1

Growth phase – more than 10 years from your target retirement age

Decide on how much risk you would like to take during the growth phase.

Lower risk	Default	Higher risk
100% Diversified	50%:50% Global Equity: Diversified	100% Global Equity

2

Pre-retirement phase – 10 years from your target retirement age

Decide on what 'at-retirement' portfolio will best meet your investment objectives as you approach retirement.

Lump sum	Default	Income
Take the whole pot as cash	Drawdown the pension pot over time	Purchase an annuity

3

Retirement

Any age between 55 and 75 (65 if you don't actively choose)

The building blocks in the pre-retirement phase have been designed to align with the ways you are able to access and use your pension account at retirement.

Drawdown

This is a flexible option, which allows you to withdraw income you want from your pension account when you want and leave what you don't need invested. It is generally used by individuals who have already taken a tax-free lump sum and expect their pension account to then provide a taxable income over the long term.

However, your pension account could run out if you withdraw too much too soon, your investments don't perform as expected or you live longer than expected. Your income is therefore not guaranteed.

Annuity purchase

The purchase of an annuity means exchanging the value of your pension account with an insurance company, who will then pay you a guaranteed income for the rest of your life. It is generally used by individuals who have already taken a tax-free lump sum and who value the certainty of a guaranteed income.

However, you can't change your option if your circumstances change and can't cash in your annuity once it has started to be paid.

Cash lump sum

This is a flexible option, which also allows you to withdraw money from your pension account when you need it. Usually 25% of each withdrawal is tax free, and the rest is taxable and is generally considered by individuals who expect to access their pension account over the short term and do not expect to rely on it as a significant source of their income in retirement.

The tables below illustrates the different options that members can therefore choose with nine overall outcomes.

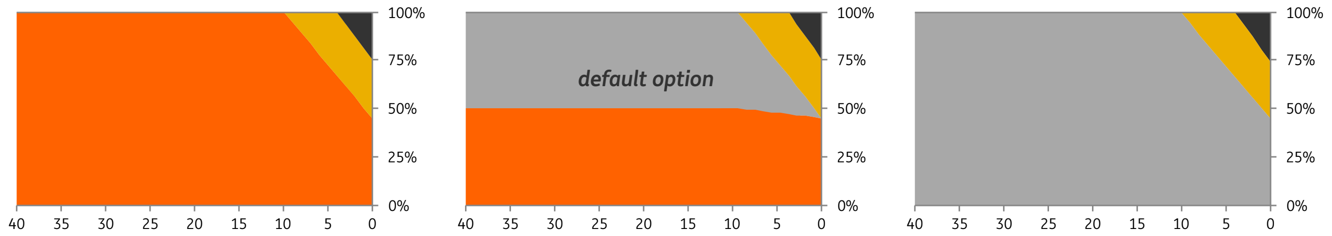
The vertical axis shows the percentage your pension account is invested in each fund. The horizontal axis shows the number of years to go before your target retirement age.

Investment risk (Growth Phase)

Low	Medium	High

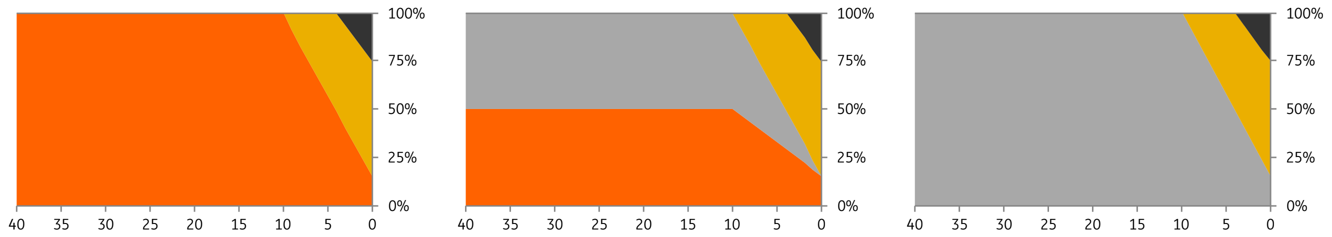
Three Drawdown Strategies

These strategies are all intended to leave a member in a mix of assets suited to drawdown once they reach retirement. But they vary in the amount of risk taken. For the drawdown strategies the asset mix of the growth phase is maintained until retirement and makes up 45% of the at retirement portfolio.



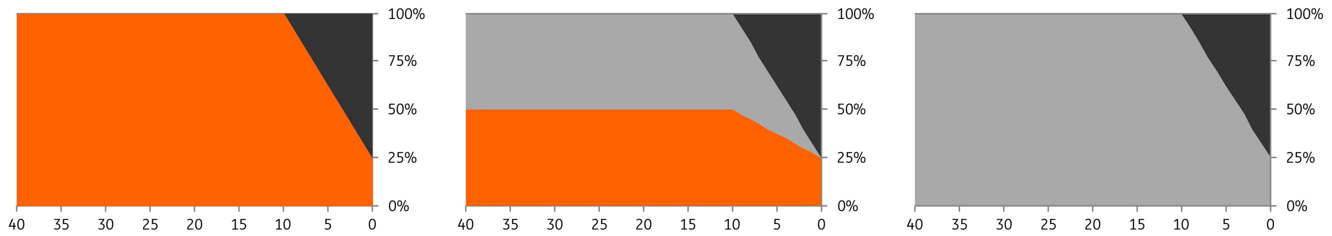
Three Annuity Purchase Strategies

These strategies are all intended to leave a member in a mix of assets suited to annuity purchase once they reach retirement. But they vary in the amount of risk taken. In order to aim to outperform annuity prices, the annuity purchase strategies allow for some exposure to growth assets at retirement by allocating 15% to the asset mix selected by members for the growth phase.



Three Cash Lump Sum Strategies

These strategies are all intended to leave a member in a mix of assets suited to taking a cash lump sum or cash lump sums once they reach retirement. But they vary in the amount of risk taken. In order to achieve returns similar to or above inflation, the lump sum strategies allow for some exposure to growth assets at retirement by allocating 25% to the asset mix selected by members for the growth phase.



The default lifecycle and Flexicycle options have investment fees associated with them. These will depend on which lifecycle you are invested in and how far away from your target retirement age you are.

- LGIM Diversified Fund
- LGIM MSCI ACWI Adaptive Capped ESG (50% Currency Hedged) Fund
- LGIM Future World Inflation Sensitive Annuity Aware Fund
- LGIM Cash Fund

Let me do it – the Self-Select options

There are seventeen Self-Select funds to choose from. The name of each fund describes the asset class in which it invests, or the principles on which it is based.

Here is an overview of each of the Self-Select funds. More information about each of the funds including historical performance and detailed factsheets are available at **myingpension.com**. You'll need to log into your own individual pension account via the Hartlink Online Portal signposted.

Fund	Aim	Invests in	Charges	Management style	Benchmark
LGIM 30:70 Currency Hedged Global Equity Market Weights Index Fund	To provide diversified exposure to UK and overseas equity markets while reducing foreign currency exposure of 75% of the overseas assets. A 30/70 distribution between UK and overseas assets is maintained with the overseas allocation mirroring that of the FTSE All World (ex UK) Index	30% UK Equities and 70% Overseas Equities with a currency hedge	0.160%	Passive	Global Equity (30:70) 75% Hedged
LGIM MSCI ACWI Adaptive Capped ESG Index Fund*	To track the performance of the benchmark (less withholding tax where applicable) to within +/-0.75% p.a. for two years out of three	World Equities with a sustainability focus	0.149%	Passive	MSCI ACWI ex-Thermal Coal Cap Adapt Cap 2x ESG Universe
LGIM World (ex UK) Equity Index	To track the performance of the benchmark (less withholding tax where applicable) to within +/-0.5% p.a. for two years out of three	World Equities excluding the UK	0.176%	Passive	FTSE World (ex UK)
LGIM UK Equity Index	To track the performance of the benchmark (less withholding tax where applicable) to within +/-0.25% p.a. for two years out of three	UK Equities	0.080%	Passive	FTSE All-share
LGIM North America Equity Index	To track the performance of the benchmark (less withholding tax where applicable) to within +/-0.5% p.a. for two years out of three	North American Equities	0.160%	Passive	FTSE North America
LGIM Europe (ex UK) Equity Index	To track the performance of the benchmark (less withholding tax where applicable) to within +/-0.5% p.a. for two years out of three	European Equities excluding the UK	0.200%	Passive	FTSE Developed Europe (ex UK)

** The LGIM MSCI ACWI Adaptive Capped ESG Index Fund available as a Self-Select fund is not the currency hedged version used within the default strategy and Flexicycle fund range.*

Let me do it – the Self-Select options

Fund	Aim	Invests in	Charges	Management style	Benchmark
LGIM Asia Pacific (ex Japan) Developed Equity Index	To track the performance of the benchmark (less withholding tax where applicable) to within +/-0.75% p.a. for two years out of three	Asian Pacific Equities excluding Japan	0.220%	Passive	FTSE Developed Asia Pacific ex-Japan
LGIM Japan Equity Index	To track the performance of the benchmark (less withholding tax where applicable) to within +/-0.5% p.a. for two years out of three	Japanese Equities	0.180%	Passive	FTSE Japan
LGIM World Emerging Markets Equity Index	To track the performance of the benchmark (less withholding tax where applicable) to within +/-1.5% p.a. for two years out of three	Emerging Markets Equities	0.360%	Passive	FTSE Emerging
LGIM Diversified	To provide long term investment growth through exposure to a diversified range of asset classes	Multi Asset	0.190%	Passive	FTSE Developed World Index – 50% GBP Hedged
LGIM Hybrid Property 70:30 (Active and Passive)	To provide diversified exposure to the UK Property market and the Global REITS market	Property	0.500%	Active and Passive	Composite Benchmark
LGIM Future World Inflation Sensitive Annuity Aware	To improve inflation adjusted outcomes for investors likely to purchase fixed annuities, by providing diversified exposure to fixed interest and inflation-linked bonds	Fixed Interest	0.150%	Active	Composite Benchmark
LGIM AAA-AA-A Corporate Bond – All Stocks – Index	To track the performance of the benchmark (less withholding tax where applicable) to within +/-0.5% p.a. for two years out of three	Fixed Interest	0.120%	Passive	Markit iBoxx GBP Non-Gilts ex BBB
LGIM Composite Bond **	To deliver a return in line with the benchmark	Fixed Interest	0.128%	Active	Composite Benchmark
LGIM Over 15 Year Gilt Index	To track the performance of the benchmark (less withholding tax where applicable) to within +/-0.25% p.a. for two years out of three	UK Government Bonds	0.080%	Passive	FTSE Actuaries UK Conv Gilts Over 15 Years

*** This fund invests in a combination of underlying bond funds. As such, a risk rating is not disclosed by LGIM for the fund overall. Please note this is a weekly dealing fund.*

Let me do it – the Self-Select options

Fund	Aim	Invests in	Charges	Management style	Benchmark
LGIM Over 5 Year Index Linked Gilt Index	To track the performance of the benchmark (less withholding tax where applicable) to within +/-0.25% p.a. for two years out of three	UK Government Bonds	0.080%	Passive	FTSE Actuaries UK Index-Linked Gilts Over 5 Years
LGIM Cash	To perform in line with SONIA without incurring excessive risk	Cash: short term deposits with a range of financial institutions and UK treasury bills	0.100%	Active	Sterling Overnight Index Average (SONIA)

The charges shown are ongoing charges including investment manager fees and fund expenses. The total charge you pay will be based on how much of your ING pension account you have invested in each fund and may vary if this changes. It may also vary as fund expenses vary.

More about investment management...

Active funds aim to outperform a target return (called a market benchmark) by investing in a selection of investments that the investment manager believes will perform better than the market.

The investment manager decides which assets to buy and sell and when. As returns depend partly on the active involvement and skill of the manager, typically these funds have higher investment charges. There is, of course, no guarantee that an active fund will perform better than the market.

Passive funds try to replicate a particular benchmark or index aiming to achieve the same return (for example matching the returns of the FTSE 100 stock market index). Passive funds usually have lower investment charges than active funds.

It's easy to review or change how your pension account is invested

You can review and/or change your investment options at **myingpension.com** by logging into your own individual pension account via the Hartlink Online Portal. The online portal includes fund factsheets for each of the investment options. The factsheets provide details of the investment objectives of each of the funds and historical performance information, which is updated every quarter.

Alternatively you can email or call Capita using the contact details on page 17.

Where can I get more information?

More information is available from Capita at the following email address:

ingukpf@capita.co.uk or by telephone on **0800 389 6709.**

What happens to my pension account within the ING UK Pension Fund if the Company fails?

In the unlikely event that something happens to the Company, your DC pension account within the ING UK Pension Fund will not be affected. Your account within the ING UK Pension Fund is ring-fenced so that neither the Company nor any potential creditors would be able to touch it. You would become a deferred member of the ING UK Pension Fund. Please see the member guide for more details of your options on becoming a deferred member.

How secure are my investments in the DC Section of the ING UK Pension Fund?

Your assets in the ING UK Pension Fund's DC Section are held on behalf of the Trustees in an insurance policy with Legal & General. In the unlikely event of Legal & General being declared in default, the Trustees should generally be entitled to make a claim under the Financial Services Compensation Scheme (FSCS) – the UK's statutory 'fund of last resort'.

Based on the current FSCS limits, the Trustees should be able to make a claim for 100% of the value of your account (with no upper limit) if Legal & General became insolvent.

More information on the FSCS can be found on their website **www.fscs.org.uk**

Remember

This guide is for information only and does not take into account your personal circumstances and does not constitute financial advice or investment advice. Please note that the Trustees, the Company and their service providers cannot provide you with financial advice. You should speak to an independent financial adviser if you would like assistance in reviewing your options. If you need more information or are unsure about any of the above you should seek independent financial advice. You can find an independent financial adviser at **moneyhelper.org.uk/en/getting-help-and-advice/financial-advisers/choosing-a-financial-adviser**

Please note the value of investments, and income from them, may fall as well as rise. Exchange rates may also affect the value of overseas investments. As a result, an investor may not get back the amount originally invested. Past performance is not necessarily a guide to future performance.