

Introducing.... the Cushon Sustainable Investment Strategy

How we automatically invest your pension with Cushon

The Cushon Sustainable Investment Strategy is where your pension savings are automatically invested if you don't choose your own investments. It has been designed to meet the needs of most of our members but this doesn't mean that it is suitable for your particular savings goals. It's important that you review your investments to make sure they align with your future plans.

The way your pension is invested automatically changes as you get nearer to your Target Age (the age you think you'll first want to access money from your pension). You can set your Target Age using the **Cushon app**. If you don't select a Target Age, it will automatically be set at 65.

How the Cushon Sustainable Investment Strategy works

When you're younger, the Cushon Sustainable Investment Strategy aims to grow your savings (this is called the growth phase). Then, when you're 7 years away from your Target Age, the way your money is invested starts to change automatically. These changes are aimed at helping protect the value of your pension from the bigger ups and downs in investment markets (this is called the pre-retirement phase).

For instance, if you have chosen a Target Age of 67, your investments will start to move out of the growth phase and into the pre-retirement phase from age 60, 7 years before your 67th birthday.

Growth phase

Until you get to within 7 years of your Target Age, your pension pot is invested in a well-diversified mix of investments, including global equities, bonds, and private market investments. They are chosen to provide long-term growth potential.

When making investment decisions, we not only consider the potential financial performance of these investments – we also consider how the organisations issuing these investments positively impact on the environment, people and society. This is called responsible investing and it's an important element of the Cushon Sustainable Investment Strategy. Our investment managers have been selected because they offer strong support for these considerations. Your money will be invested across 3 investment funds:

Cushon Global Equity – 15%

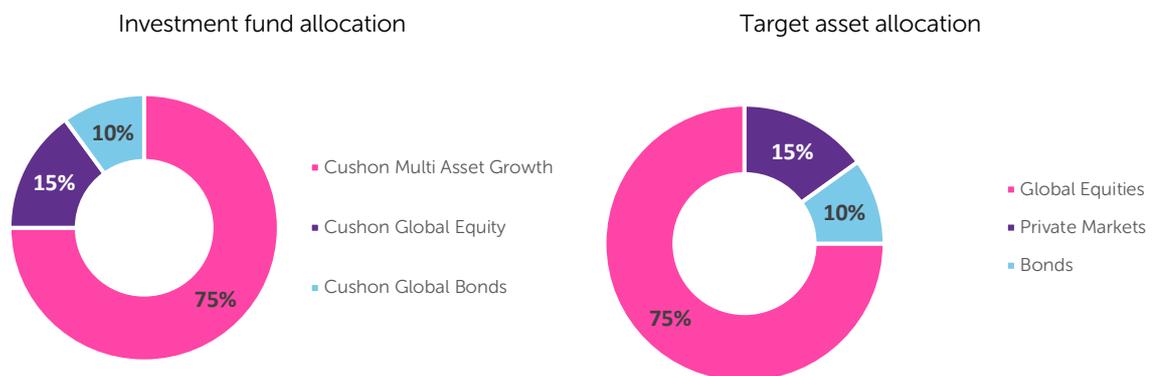
We look to invest in low carbon emitting companies to help the transition to a low carbon economy, both in developed and emerging markets. We align these to the United Nation’s Sustainable Development Goals.

Cushon Global Bonds – 10%

We use a number of leading managers who oversee global bond portfolios that carry a low carbon bond mandate and a social impact mandate.

Cushon Multi-Asset Growth – 75%

We invest in things like renewable energy, sustainable transport, clean technology, forestry, energy infrastructure, as well as a range of low carbon emitting companies.



Pre-retirement phase

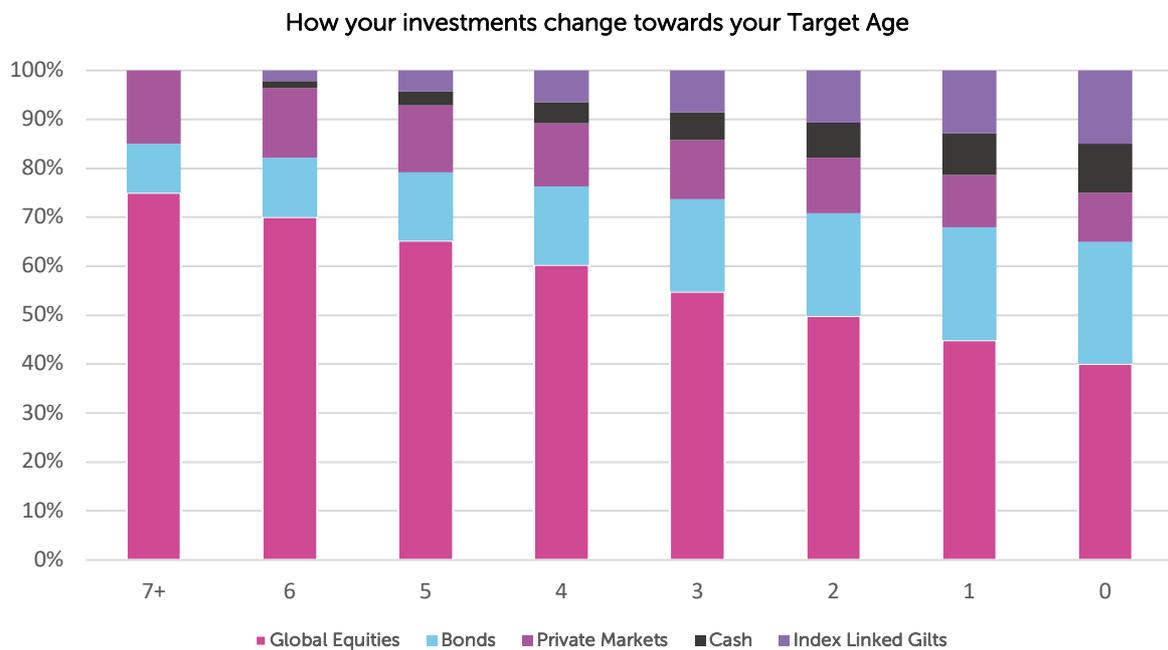
As you approach your Target Age, we will move your pension pot gradually into other investments that are considered to be more cautious. This means your pension will still have some opportunity to grow, but the focus will be to try to protect the value of your pension from the bigger ups and downs in investment markets. There are no guarantees, and the value of your pension pot can still go down as well as up at any point, but this should help avoid any larger ups and downs in investment markets.

This process happens automatically and gradually over a 7-year period until you reach your Target Age. Remember, you can change your Target Age using the **Cushon app** at any time.

When you reach your Target Age

When you reach your Target Age, you will still be invested in a well-diversified mix of global equities, bonds, gilts and cash. This is a more cautious mix of investments, but still aims to provide continued modest growth.

The chart below shows you how the way your pension pot is invested changes as you get closer to your Target Age. If you haven't selected your own Target Age, we'll assume this to be age 65. This means your investments will begin changing from age 58. If you select a different age, we will alter your investments accordingly. So, for example, if you choose a Target Retirement Age of 70, we will start changing how your pension is invested when you're 63.



Risk Warnings

When you invest, there are always associated risks that you need to be aware of.

Investment risk:

This is the risk that the value of your pension may go down as well as up. As with all investments, you may get back less than you paid in.

It's important to remember that your pension value can go down as well as up, even as you get closer to your Target Age.

We will automatically move some of your investments to ones that are considered more cautious as you get closer to your Target Age to help protect the value of your pension from the bigger ups and downs in investment markets. However, we cannot offer any guarantees.

Liquidity risk:

This is the risk that some investments cannot be sold as quickly as others.

To give your pension the opportunity to grow for the long term, we invest in a range of different types of assets. These include assets known as 'private market' investments, which means they are not listed on regulated markets, such as stock exchanges. For example, this may include investments in physical assets like housing, infrastructure, energy production and natural capital.

This means some of your pension investments will be less 'liquid' than others, meaning they cannot be bought and sold as quickly as traditional investments like stocks and shares. Whilst this makes them suitable for supporting the long-term growth of your pension, it also means there may be, on very limited occasions, a waiting period imposed on cashing in your pension e.g. transferring your pension or taking your pension in one lump sum at short notice.

Investment objective risk:

This is the risk that the Cushon Sustainable Investment Strategy might not meet its investment objectives which could mean your savings outcomes are not realised.

The Cushon Sustainable Investment Strategy has been designed to meet the needs of most of our members, but this doesn't mean that it is suitable for your particular savings goals or that it will meet its objectives. It's important that you review your investments to make sure they align with your future plans.

Financial guidance and advice:

Your choice of pension investments can have a big effect on your pot value at retirement. If you are in any doubt about which fund is right for you, you should speak to a financial adviser.