My Future Focus

Retirement
Investments
Insurance
Health

For adviser, trustee and employer use only

What this guide covers

We recognise that members want peace of mind during their journey to retirement. It's for this reason that instead of trying to predict what is going to happen from one day to the next in the financial markets, we prefer to stay focused on achieving two key objectives– to give members the opportunity to benefit from gains in the world's financial markets, while trying to minimise the impact of any unpleasant shocks. My Future Focus has been structured in such a way to try and achieve this.

Here's what the following pages cover:

My Future Focus

Our My Future Focus default investment solution recognises that the balance between return and risk will change as the member progresses through their journey to retirement.

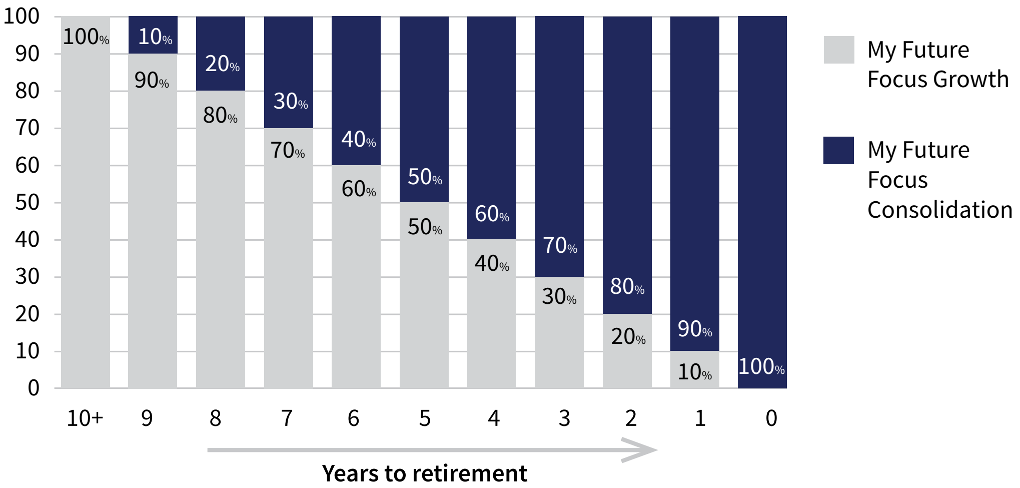
Scheme members with more years to retirement have a greater capacity for risk; with a longer investment horizon they have a greater ability to recover from market falls which enables us to aim for strong returns by investing primarily in growth assets. As individuals approach retirement they generally have less appetite for risk; their pension savings are larger, and they have less time to recover from sharp market falls, so we tilt investments towards defensive assets. Ultimately, we are trying to maximise returns while taking an appropriate level of risk at each point in the journey, we achieve this through using multi-asset funds which target explicit levels of volatility.

The My Future Focus default 'universal' strategy combines two multi-asset funds with environmental, social and governance (ESG) considerations integrated into the construction of the strategy. The member's journey starts in My Future Focus Growth and from 10 years to retirement slowly migrates to My Future Consolidation. The length of the glidepath (10 years) was selected following extensive modelling using the component fund's asset allocation and multiple different scenarios of investment returns and economic circumstances. It is designed to achieve an appropriate balance between growth in the value of members' savings and limit the risk of generating too broad a range of potential outcomes in the value of members' savings.

My Future Focus Growth

My Future Focus "universal strategy"

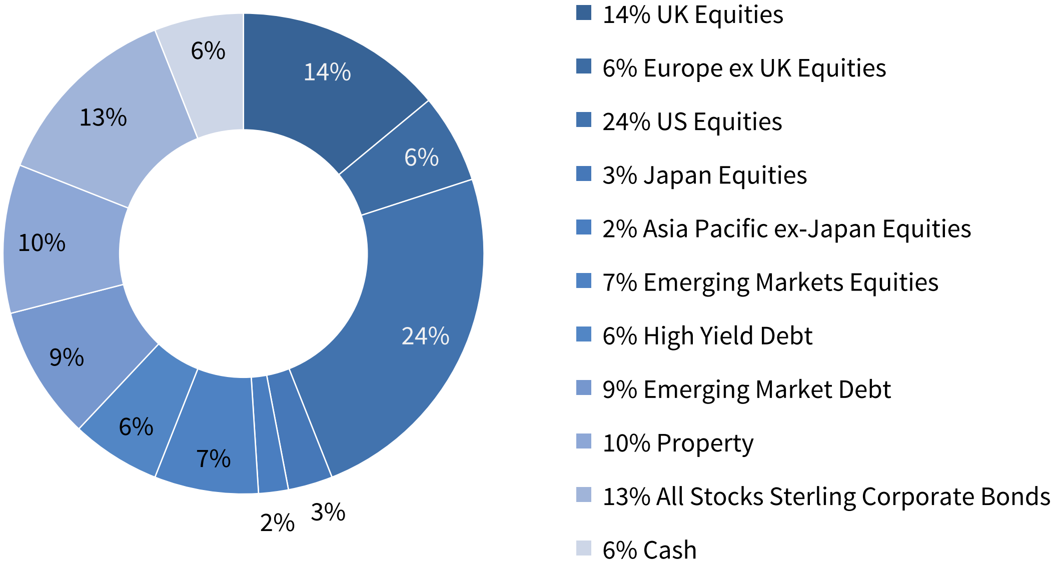
This option is designed for members who have not yet decided how they want to use their pension savings and would prefer to keep their options open.



My Future Focus Growth

My Future Focus Growth is the first stage of the My Future Focus solution. It is the engine room of a member's pension savings focusing on driving long-term growth through investing in a broad spectrum of asset classes. The volatility of the fund is expected to be 12% (over rolling 5-year periods) which is achieved through targeting 75% of long-term equity market volatility.

My Future Focus Growth



The growth fund combines a broad mix of growth assets with defensive assets. The mix of growth assets goes well beyond traditional growth funds. First, the fund uses a genuinely global equity mix, reducing the UK home bias. Second, the growth asset mix incorporates less traditional assets with allocations to:

- emerging market government bonds
- high yield corporate bonds
- physical property.

Using a broad spectrum of growth assets increases diversification and reduces the fund's dependency on equity markets to drive returns. The broad mix of growth assets can also help dampen volatility in times of market stress and provide a smoother journey for members.

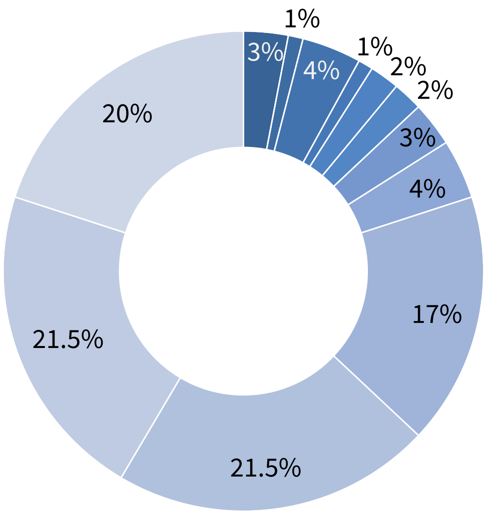
While the principal objective for this fund is to deliver long term growth for scheme members, it is also important to build a fund that offers some protection from sharp falls. For this reason, we combine an appropriate amount of defensive assets which typically protect when growth assets are challenged. Holding an allocation to cash and investment grade corporate bonds provides the fund with some level of protection without compromising too much on long term returns. We expect the overall blend of assets in the growth fund to deliver roughly 75% of long-term equity market volatility, which we believe is an optimal level of risk for the average scheme member at this stage of the journey.

My Future Focus Consolidation

A member's pension savings are kept in the growth stage until 10 years before their retirement. At this point, their savings start to gradually move into the My Future Focus Consolidation Fund until they are solely invested in this fund at their selected retirement date.

The My Future Focus Consolidation Fund uses a broad range of asset classes to deliver moderate returns while keeping the journey smooth. The volatility of the fund is expected to be 4% (over rolling 5-year periods), which is achieved through targeting 25% of long-term equity market volatility.

My Future Focus Consolidation



- 3% UK Equities
- 1% Europe ex UK Equities
- 4% US Equities
- 1% Japan Equities
- 2% Emerging Markets Equities
- 2% High Yield Debt
- 3% Emerging Market Debt
- 4% Property
- 17% All Stocks Sterling Corporate Bonds
- 21.50% Short-dated Sterling Corporate Bonds
- 21.50% Short-dated Conventional Gilts
- 20% Cash

The Consolidation fund tilts investments more towards defensive assets while still maintaining an appropriate level of growth assets with the aim of delivering some investment growth.

Much like the growth asset mix, we apply a similarly diversified approach to our blend of defensive assets. The fund combines a broad mix of Cash, UK Government and UK Corporate bonds to help members consolidate their pension savings as they approach retirement.

Growth assets maintain the same broad mix of asset classes used in the growth fund albeit the overall allocation to growth assets is lower.

Alternative or additional options

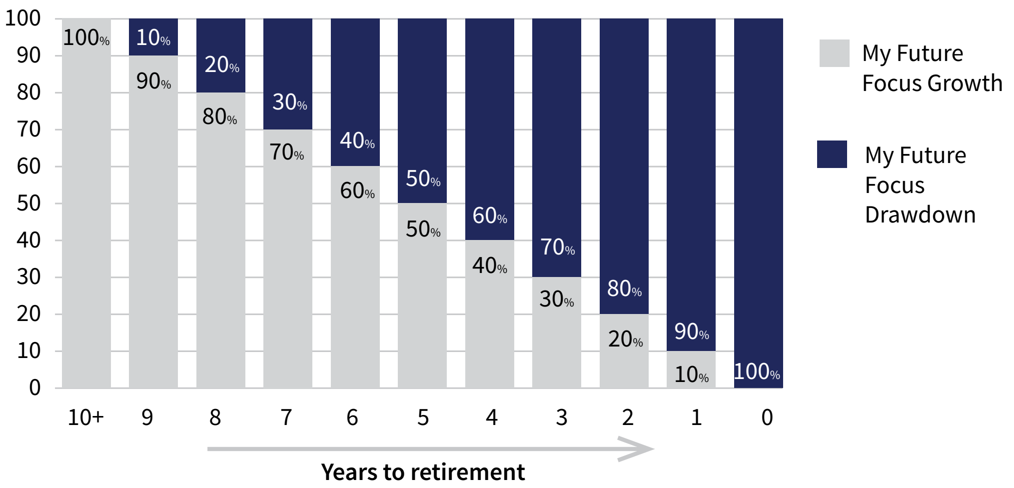
Alongside the default 'universal' strategy we offer three alternative options that are designed to target annuity purchase, cash withdrawal and drawdown. Members can choose to switch into any one of these options as they approach their selected retirement date. In this way, we hope to provide members who have a clear idea of how they will use their pension savings, with investment strategies aligned to their target destination.

- My Future Focus Target Annuity option
- My Future Focus Target Cash Lump Sum option
- My Future Focus Target Drawdown option

The glide paths for each of these strategies available are shown below and overleaf. The charts show the underlying funds which make up those strategies and how they are blended over time.

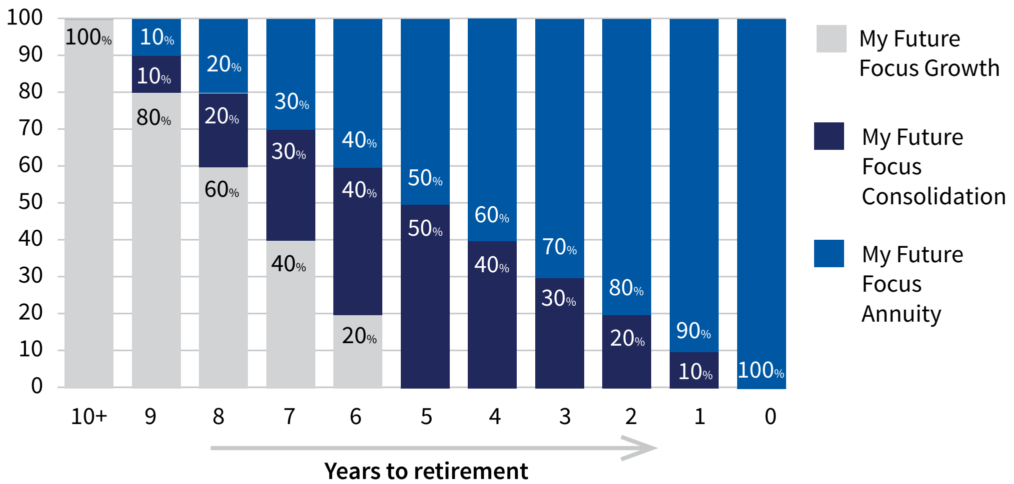
My Future Focus Target Drawdown option

This option is designed for members who intend to take an income by making withdrawals directly from their pension savings, while remaining invested, by using a drawdown arrangement.



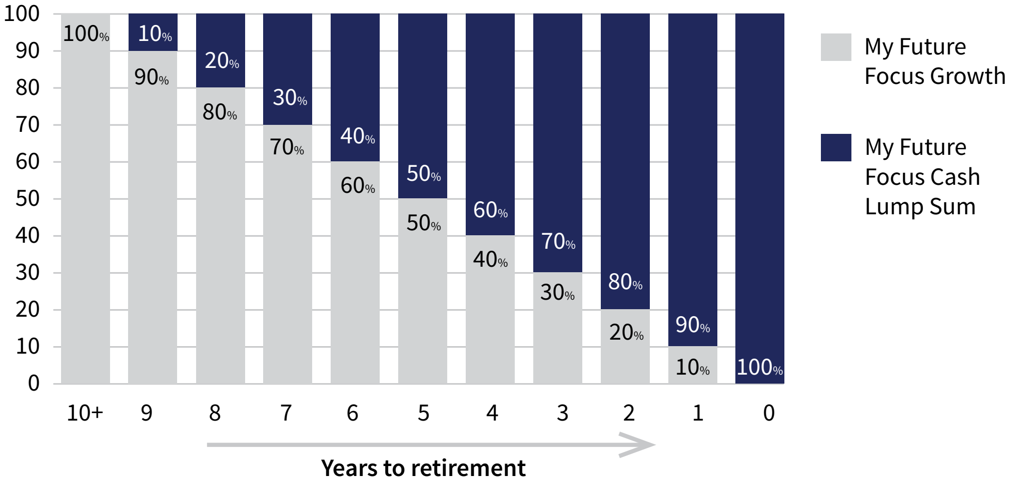
My Future Focus Target Annuity

This option is designed for members who intend to convert their pension savings into a regular income for life by buying an annuity. As a result, their savings will be adjusted over time to prepare for annuity purchase.



My Future Focus Target Cash Lump Sum

This option is designed for members who intend to take their pension savings as a cash lump sum (or sums).



Overview of the funds

My Future Focus consists of 5 funds. With the exception of the Annuity Fund, the funds will be managed to target volatility relative to global equity market volatility (measured against a reference index of MSCI AC World).

The My Future Annuity will use a specialist annuity targeting fund managed by L&G.

Aviva Investors uses a range of active and passive components within My Future Focus. For traditional assets like equities, where markets tend to be quite efficient and it's more challenging for an active manager to add value, an index tracking building block fund is used. However, in less traditional areas like Emerging Market bonds, High Yield bonds and Property, where markets are less efficient, an active approach is taken.

Active asset allocation is used to help improve returns and manage risk. The level of risk is measured as a percentage of the total volatility of global equities (defined as the MSCI World Index), based on monthly data over a rolling 5 year period.

Platform Fund Name	Fund purpose	Volatility target
My Future Focus Growth	This fund aims to grow the value of members' pension savings ahead of inflation over the long-term.	The fund targets volatility of 75% of Global Equities (as measured on a rolling 5-year basis).
My Future Focus Drawdown	This fund aims to provide the potential for investment growth, but with a lower level of risk than the Growth Fund. It seeks to provide an appropriate balance between limiting downside risk and providing a level of growth for a member who wants to move into a drawdown arrangement.	The fund targets volatility of 50% of Global Equities (as measured on a rolling 5-year basis).
My Future Focus Consolidation	This fund aims to reduce the level of risk to which members' savings are exposed, while continuing to provide the opportunity for growth.	The funds targets volatility of 25% of Global Equities (as measured on a rolling 5-year basis).
My Future Focus Cash Lump Sum	This fund aims to preserve the values of members' pension savings and lower the risk to their savings from the effects of inflation. It is designed for those members who intend to withdraw their pension savings as a cash lump sum (or sums).	The fund targets a volatility of 12.5% of Global Equities (as measured on a rolling 5-year basis).
My Future Focus Annuity	This fund is designed for members approaching retirement and considering buying a fixed (or level) annuity. It aims to track changes in the cost of buying an annuity.	No volatility target

Who is managing the funds?

The My Future Focus funds will be managed by Aviva Investors' multi-asset team. Multi-asset capability has been at the heart of Aviva's asset management business for more than 30 years, with the multi-asset team managing and advising on over £100bn of assets for a global network of clients.

The multi-asset team employs the following structured three step process:

Step 1: **Strong Framework**

- Aviva Investors and Aviva UK Life worked together to build the My Future Focus funds which offer investors robust portfolios with broad diversification.
- The starting point is a globally unconstrained approach using the widest opportunity set of asset classes across all sectors and geographies.
- The funds are then constructed to remove local bias which is often inherent in traditional multi-asset funds.
- Each portfolio is built by assessing the long-term risk and return characteristics of each asset class and blending them together in the way that seeks to achieve maximum returns for a given level of risk. The fund framework (or "strategic asset allocation") is formally reviewed each year.

Step 2: **Dynamic management**

- Aviva Investors uses a team-based approach underpinned by firm wide collaboration in idea generation and decision making, combining human judgement with the support of quantitative analysis.
- The starting point is the development of Aviva Investors' House View, generated quarterly and reflects the views of all investment teams across the business (over 400 investment professionals).
- The Asset Allocation Committee (AAC) then translates these views into fund positioning, tilting the portfolios towards favoured areas and away from those which are less attractive.
- The Multi-asset team meet formally on a weekly basis to discuss and challenge positioning, but on-going conversation and the monitoring of data analytics are part of the day-to-day dynamic process.

House View

Harnessing firmwide expertise in identifying macro themes

Asset Allocation Committee

Broad Multi-asset and Strategy Team

Portfolio Managers Team Meeting

Multi-asset Portfolio Managers

Step 3: **Smart construction**

- My Future Focus uses a blend of active and passive building blocks, favouring an active approach in areas which offer greater opportunity to add value:

Passive building blocks	Active building blocks
UK Equities	All Stocks Sterling Corporate Bonds
Europe ex UK Equities	All Stocks Conventional Gilts
US Equities	Index Linked Gilts
Japan Equities	Cash
Asia Pacific ex-Japan Equities	High Yield Debt
Emerging Markets Equities	Emerging Market Debt
Short-dated Sterling Corporate Bonds	Property
Short-dated Conventional Gilts	

- Aviva Investors' places significant focus on the construction of their portfolios and has invested in best in class systems and a dedicated implementation team.
- Each portfolio manager has a risk analysis toolkit enabling them to stress test portfolios (looking at both historical and hypothetical events), before making an allocation change. In this way they can identify the risk or bias a new position may bring to a portfolio before deciding if they should proceed with the decision.
- A dedicated team of implementation specialists ensure trades are placed in the most cost-effective manner freeing up the portfolio managers time to focus on making investment decisions.

ESG and My Future Focus

My Future Focus capitalises on the combination of multi-asset and responsible investment expertise at Aviva Investors. Aviva Investors has a strong heritage as a responsible investor and is a founding signatory of the UN Principles for Responsible Investment (2006).

Aviva Investors has a team of 19 Global Responsible Investment (GRI) professionals who help ensure ESG considerations are integrated in the construction of My Future Focus. Environmental, Social & Governance (ESG) considerations are integrated across both the active and passive component funds.

How we do this: ESG considerations are integrated throughout the construction and the ongoing management of My Future Focus.

Through its engagement and voting activities, Aviva Investors promotes good practice among the investments held within the Aviva Investor managed component funds of My Future Focus Fund, reducing investment risk on ESG issues.

Engagement: Aviva Investors' believes that companies have an ability to enhance their long-term performance by understanding and managing the ESG risks affecting their business enabling them to potentially mitigate risks and liabilities arising from these issues. Our approach to engagement, including how we escalate concerns, is set out in our Stewardship Statement. Engagement routinely takes the form of meetings or calls with the board or senior sustainability executives. We set out clear objectives and follow-up where it is appropriate. Engagement outcomes are registered in our database, reflected in our voting and feed into our proprietary ESG Heatmap.

Voting: We consider voting to be a crucial part of the investment process and have had a formal voting policy since 1994. We vote against resolutions where we consider that the specific proposals are not in the best interests of our clients; where we have wider concerns with individual directors, strategy, oversight and reporting; or to reflect disappointing outcomes from prior engagements. Throughout 2018 we voted at 4,713 shareholder meetings representing 96 per cent of meetings where we had a legal right to do so. In 2018, we voted against (or abstained to vote at) 1,4178 management proposals (27 per cent) and supported 729 shareholder resolutions (64 per cent).

ESG Integration: Analysts and portfolio managers across all asset classes integrate ESG research into the investment analysis and decision-making process.

Aviva Investors' internal proprietary ESG score is a critical component of ESG integration. The proprietary ESG score is collated on a 'Heatmap'. This dashboard aggregates the ratings of the different types of ESG risks of each constituent in the investment universe. We use data from MSCI ESG Research, as well as information about the quality of corporate governance and the voting history of the Global Responsible Investment team to form a final proprietary ESG score, the Aviva Investors' Heatmap Algorithm (AHA) score.

- For active funds ESG considerations are taken into account by the portfolio manager before taking investment decisions and for on-going risk management.
- For the passive regional equity funds, we tilt the indices to companies with higher ESG scores, based on Aviva Investors' proprietary ESG score, by excluding those ranked in the lowest 10%.

In addition, the passive regional equity funds will exclude companies involved in cluster munitions, landmines and those who have 'failed engagement'. Aviva Investors engages on a variety of ESG topics with companies which may be materially impactful on a company's valuation. 'Failed engagement' may occur where Aviva Investors has engaged with companies on certain ESG issues and fails to see the company adequately addressing those issues over a given timeframe. For example, we have divested our holdings in certain companies that have not been able to make a commitment to no new capital expenditure on coal mines or coal-fired power generation.

Governance of My Future Focus

Aviva closely monitors the My Future Focus solution to make sure that it continues to meet our criteria and member requirements, especially when external factors, such as the financial markets, the economy, regulation or legislation change. As a result, Aviva may, for example, alter the timings of the movements between funds, their frequency, or the funds and the make-up of the funds used in the solutions.

Monitoring is broken down as follows:

A dedicated and well-resourced in-house investment governance team

The governance of the funds within My Future Focus is a responsibility we take seriously. To fulfil our obligations, we have established a rigorous governance framework and process overseen by a dedicated governance team.

Clear accountability

Overall responsibility for My Future Focus falls with the Customer Investment Forum, a committee which is made up of senior people from across Aviva UK Life. The Customer Investment Forum meets quarterly and is chaired by the UK Life Chief Investments Officer. This role of this committee is to review the solution's investment strategy, performance, and benchmarks, approve any changes to the objectives of the strategy and component funds, and risk controls, ensuring it remains suitable as a default investment solution. The committee also reviews the underlying fund holdings used within the solution.

My Future Focus –

In summary

Diversification	A wide range of asset classes (traditional and alternative) spread across both active and passive strategies to provide a smoother journey.
Dynamic Management	Managed by Aviva Investors' Multi-asset team (of over 50 Investment professionals) to help cushion falls in time of volatility and drive additional returns in favourable conditions.
ESG integration	Aviva Investors integrate ESG considerations in their investment process from portfolio construction to ongoing decision making. Aviva Investors act as responsible and active stewards for members invested in this fund range.

Appendix:

Aviva Investors Multi-Asset Team will be responsible for the ongoing management of **My Future Focus**, with the exception of the My Future Focus Annuity Fund. The tables below show the strategic asset allocation of the Drawdown, Cash Lump Sum and Annuity funds.

Drawdown	
Asset Class	**Allocation**
UK Equities	7%
Europe ex UK Equities	3%
US Equities	11%
Japan Equities	1%
Asia Pacific ex-Japan Equities	1%
Emerging Markets Equities	4%
All Stocks Sterling Corporate Bonds	28%
Index Linked Gilts	6%
High Yield Debt	6%
Emerging Market Debt	8%
Property	10%
Cash	15%
Total	**100%**

Cash Lump Sum	
Asset Class	**Allocation**
Short-dated Sterling Corporate Bonds	44%
Short-dated Conventional Gilts	36%
Cash Fund	20%
Total	**100%**

Annuity	
Asset Class	**Allocation**
Sterling Corporate Bonds	70%
Gilts	30%
Total	**100%**

Appendix:

Fund objectives and volatility targets

With the exception of the My Future Annuity Fund, the My Future funds focus on long-term volatility targets to help manage risk and reduce the likelihood of members' savings experiencing large fluctuations in value. The volatility targets are set by Aviva and will remain unchanged.

Fund	Objective
My Future Focus Growth ***Risk rating: 4*** ***Risk warnings: A, B, C, E, F***	This fund aims to provide long term growth, through exposure to a range of asset classes that can include, but are not limited to, equities, fixed interest, cash, and property. It may also use derivatives for investment purposes. The fund targets volatility of 75% of Global Equities (as measured on a rolling 5-year basis).
My Future Focus Drawdown ***Risk rating: 3*** ***Risk warnings: A, B, C, E, F***	This fund aims to provide an appropriate balance between growth and risk reduction, through exposure to a range of asset classes that can include, but are not limited to, equities, fixed interest, cash, and property. It may also use derivatives for investment purposes. The fund targets volatility of 50% of Global Equities (as measured on a rolling 5-year basis).
My Future Focus Consolidation ***Risk rating: 2*** ***Risk warnings: A, B, C, E, F***	This fund aims to provide growth with a reduced level of risk, through exposure to a range of asset classes that can include, but are not limited to, equities, fixed interest, cash, and property. It may also use derivatives for investment purposes. The funds targets volatility of 25% of Global Equities (as measured on a rolling 5-year basis).
My Future Focus Cash Lump Sum ***Risk rating: 2*** ***Risk warnings: A, E, F***	This fund seeks to achieve a positive return by investing primarily in fixed interest and money market instruments. It may also use derivatives for investment purposes. The fund targets a volatility of 12.5% of Global Equities (as measured on a rolling 5-year basis).
My Future Focus Annuity ***Risk rating: 4*** ***Risk warnings: A, B, E, J***	This fund is designed for members approaching retirement and considering buying a fixed (or level) annuity. The fund will predominantly invest in UK Government and corporate bonds. Derivatives may be used by the underlying fund(s) for investment purposes.

Appendix:

Fund risk ratings and warnings

Helping you to understand risk

The Aviva Investment Governance team allocates risk ratings and warnings for all funds. Please note that not all of the risk warnings listed apply to each fund and there is no direct relationship between the number of risk warnings and the risk ratings shown below.

Risk Ratings

Aviva calculates its risk ratings using historical performance data, based upon the methods set by European Union rules. We also carry out further research using information from the fund's investment manager.

We review each fund's risk rating annually and these may change over time. The timing of investment decisions is very important and investors should consult a financial adviser. Past performance is not a guarantee of future performance.

Our risk ratings go from 1 to 7, with 1 being the lowest and 7 the highest. As a point of reference, a fund with a risk rating of 4 (medium volatility) would typically experience the volatility you would expect from a fund invested in a range of different investments (for example shares, property and bonds) without any bias to a particular investment type. Remember that all investment funds carry some element of risk, but this varies from fund to fund.

	Risk rating	Risk rating description
7	**Highest volatility**	The historical performance of funds with this risk rating has typically experienced the highest volatility of all the funds Aviva has rated. This means that these funds have the highest potential for substantial changes in value compared with other Aviva insured funds.
6	**High volatility**	The historical performance of funds with this risk rating has typically experienced high volatility compared with other funds Aviva has rated. This means that these funds have a high potential for substantial changes in value compared with other Aviva insured funds.
5	**Medium to high volatility**	The historical performance of funds with this risk rating has typically experienced medium to high volatility compared with other funds Aviva has rated. This means that these funds have a medium to high potential for substantial changes in value compared with other Aviva insured funds.
4	**Medium volatility**	The historical performance of funds with this risk rating has typically experienced medium volatility compared with other funds Aviva has rated. This means that these funds have a medium potential for substantial changes in value compared with other Aviva insured funds.
3	**Low to medium volatility**	The historical performance of funds with this risk rating has typically experienced low to medium volatility compared with other funds Aviva has rated. This means that these funds have a low to medium potential for substantial changes in value compared with other Aviva insured funds.
2	**Low volatility**	The historical performance of funds with this risk rating has typically experienced low volatility compared with other funds Aviva has rated. This means that these funds have a low potential for substantial changes in value compared with other Aviva insured funds.
1	**Lowest volatility**	The historical performance of funds with this risk rating has typically experienced the lowest volatility of all the funds Aviva has rated. This means that these funds have the lowest potential for substantial changes in value compared with other Aviva insured funds.

Please note: These investment risk ratings are based on our interpretation of investment risk and are only meant as a guide. These levels of investment risk are not guaranteed and may change in the future.
The colours in this table may be different from those used online, but the ratings and approach to investment risk remain the same.

Appendix:

Fund risk ratings and warnings

Fund risk warnings

There are risks associated with investing in funds, or types of funds. We recommend you read through these. On this page we show the risk warning or warnings that apply to the funds in the **My Future Focus** solution. Please note that not all of these warnings apply to each fund and there is no direct relationship between the number of fund risk warnings and the investment risk rating for each fund.

Risk warning code	Risk warning description
A	**Investment is not guaranteed:** The value of an investment is not guaranteed and can go down as well as up. You could get back less than you have paid in.
	Specialist funds: Some funds invest only in a specific or limited range of sectors and this will be set out in the fund's aim. These funds may carry more risk than funds that can invest across a broader range or a variety of sectors.
	Suspend trading: Fund managers have the ability, in certain circumstances, to suspend trading in their funds for as long as necessary. When this occurs we will need to delay the 'cashing in' or switching of units in the relevant fund. You may not be able to access your money during this period.
	Derivatives: Derivatives are financial contracts whose value is based on the prices of other assets. Most funds can invest in derivatives for the purpose of managing the fund more efficiently or reducing risk. Some funds also use derivatives to increase potential returns, known as 'speculation'. For those funds we apply an additional risk warning (see Risk F).
B	**Foreign exchange risk:** When funds invest in overseas assets the value will go up and down in line with movements in exchange rates as well as the changes in value of the fund's holdings.
C	**Emerging markets:** Where a fund invests in emerging markets, its value is likely to move up and down by large amounts and more frequently than one that invests in developed markets. These markets may not be as strictly regulated and securities may be harder to buy and sell than those in more developed markets. These markets may also be politically unstable which can result in the fund carrying more risk.
E	**Fixed interest:** Where a fund invests in fixed interest securities, such as company, government, index-linked or convertible bonds, changes in interest rates or inflation can contribute to the value of the investment going up or down. For example, if interest rates rise, the value is likely to fall.
F	**Derivatives:** Derivatives are financial contracts whose value is based on the prices of other assets. The fund invests in derivatives as part of its investment strategy, over and above their use for managing the fund more efficiently. Under certain circumstances, derivatives can result in large movements in the value of the fund and increase the risk profile, compared to a fund that only invests in, for example, equities. The fund may also be exposed to the risk that the company issuing the derivative may not honour their obligations, which could lead to losses.
J	**Reinsured funds:** Where a fund invests in an underlying fund operated by another insurance company through a reinsurance agreement, if the other insurance company were to become insolvent, you could lose some or all of the value of your investment in this fund.

Get in touch

If you have any questions about any of the information in this brochure, please feel free to contact us using one of the methods below.

Call:

For **NGP: 0345 300 0484**
Open Monday – Friday 8:30am to 6:00pm

For **My Money: 0345 604 9915**
Open Monday – Friday 8:00am to 5:30pm

For **Group Personal Pensions (GPP): 0800 145 5744**
Open Monday – Friday 8:00am to 5:30pm, Saturday 8:30 am to 5:00 pm, Sunday 10:00am to 4:00pm

Please note, we may record calls to improve our service. Calls may be charged and these charges may vary; please speak to your network provider.

Email:

For **NGP** please email:
corporatenewbusiness@aviva.com

For **My Money** please email:
mymoney@aviva.com

For **GPP** please email:
contactus@aviva.com

Write to:

For **NGP** please write to:
Aviva, PO Box 1550, Salisbury SP1 2TW

For **My Money** please write to:
Aviva, PO Box 2282, Salisbury SP2 2HY

For **GPP** please write to:
Aviva, Norwich BCC, PO Box 520, Norwich NR1 3WG

For more information on pension changes visit:

Advisers: **www.fundchanges.aviva.co.uk**

Employers and Trustees: **www.avivamicrosite.co.uk/fundchanges**.

Braille, large text, audio material

Braille, large text, audio material

You can order our literature in Braille, large font or audio.
Just call **08000 686 800** or email **helpdesk@aviva.co.uk** and tell us:

- the format you want
- your name and address
- the name or code of the document. The code is usually in the bottom left hand corner on the back of most documents.

The Customer Call Centre is open Monday to Friday, 8 am to 8 pm, and Saturday from 8.30am to 5pm.

aviva.co.uk

IN90131 09/2019