A guide to our investment changes

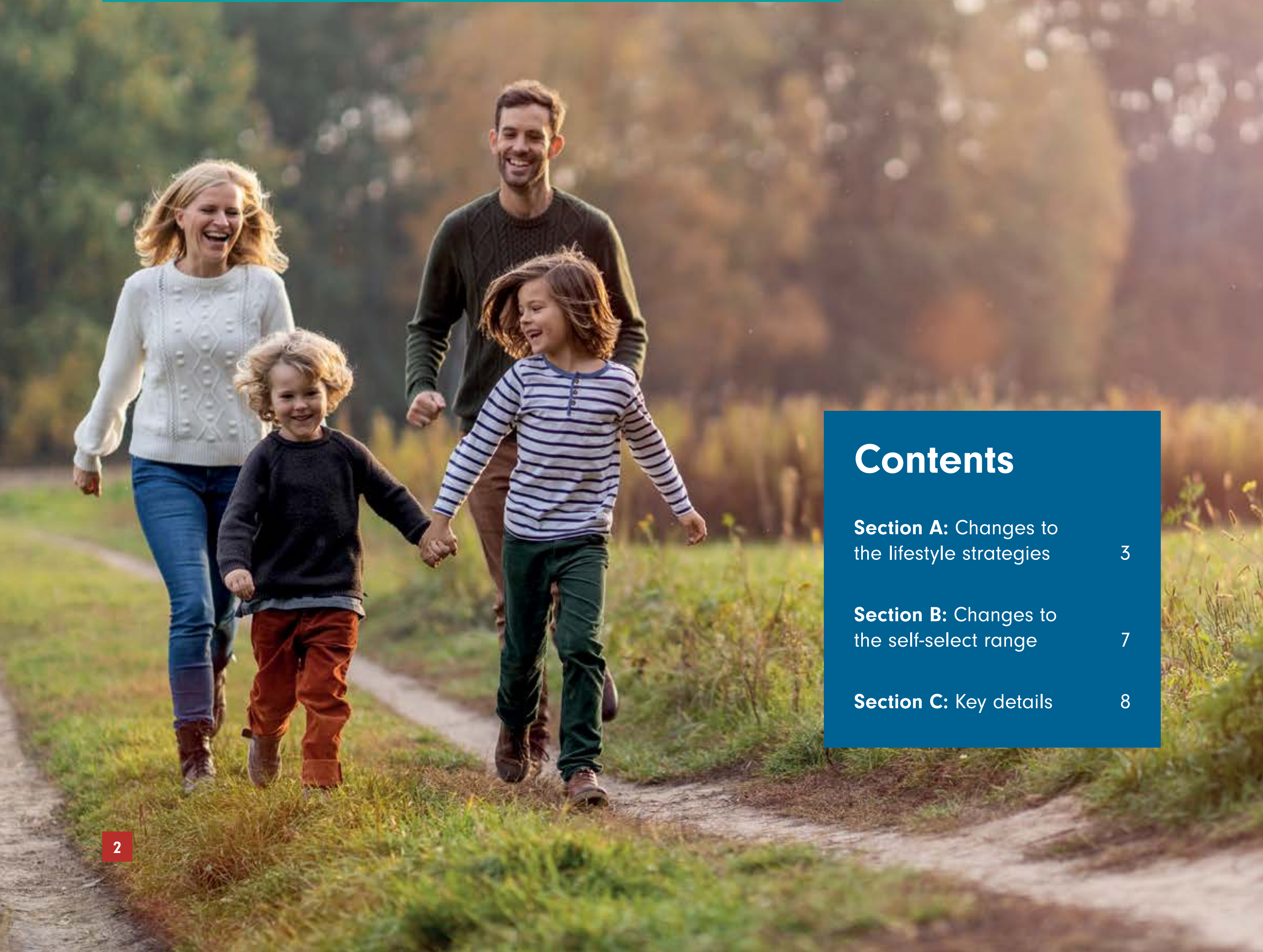
Fidelity INTERNATIONAL

BNP PARIBAS

We're making some improvements to the BPSS section of the Paribas London Pension Scheme that will enhance how the three lifestyle strategies work, as well as streamlining the self-select range. This short guide explains what we're doing, looks at the implications for your pension, highlights your options and answers some of the most common questions.

It is important to note that while the changes are taking place, you will not be able to make any alterations to your pension account or carry out any transactions, including new contributions, switches and withdrawals. The changes will start on 8 June 2023 and finish on 22 June 2023.

The Trustee of the Paribas London Pension Scheme – BPSS Section and the BNP Paribas Pension Committee have taken investment advice from Aon about this change. We believe it will improve the potential for long-term growth in your retirement savings and support your long-term financial planning goals.



Contents

SECTION A

Changes to the lifestyle strategies

We are making a change to the three 'lifestyle strategies' offered by your workplace pension. This includes the plan's default option, which means it is where your money will be invested if you haven't made an active investment choice.

How the strategies work

Before we explain what's happening, it is important to understand how lifestyle strategies work. Instead of keeping your money in the same fund, or funds, throughout your working life, the lifestyle strategies gradually move your investments as you get closer to your chosen retirement date, based on guidance from the Committee, the Trustee and their advisers.

For most of the time, the three strategies all invest in the same way. When you are far from retirement, a lifestyle strategy aims for higher growth by investing in assets such as equities. At this stage, people tend to have a higher tolerance to falls in value, as there is more time to recover.

As you move closer towards your chosen retirement age, your money is gradually moved into a fund that holds a wider range of investments. In the last few years until you retire, the strategy moves into investments that are more in line with your chosen retirement goal. These goals are income drawdown, buying an annuity and taking out all your savings as cash at once (or in a few large withdrawals). You can find out more about these options at **https://pensions.fidelity.co.uk/bnp-paribas/investment-changes**

What's changing

For all three strategies, we are increasing the percentage amount of the pension allocated to the Global Sustainable Growth Fund (and reducing the allocation to the Diversified Growth Fund). This starts at 30 years before retirement and continues all the way until you are one year from retirement.

We believe there are three benefits in doing this:

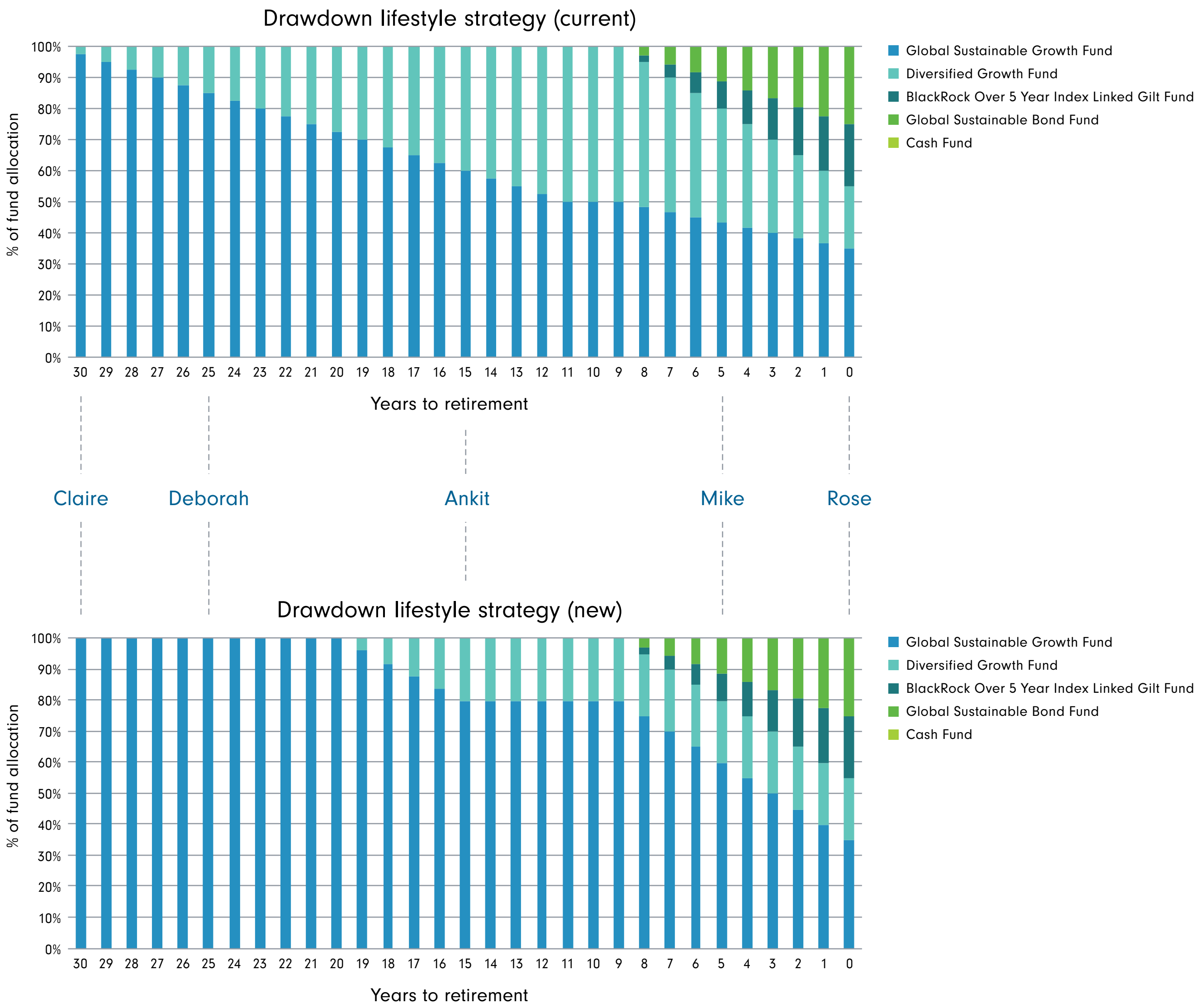
1. The **growth potential is increased**, which is particularly important at times like now, when your savings are having to work harder to keep up with inflation.
2. **Costs are reduced**, as the Global Sustainable Growth Fund has a lower overall charge than the Diversified Growth Fund.
3. We will be **investing more sustainably**, as the Global Sustainable Growth Fund includes this essential topic in its decision-making.

It is important to note that increasing the growth potential also increases the possibility of your pension fund value fluctuating and going down in value (particularly over the short term). As a result, this change may not be suitable for all pension savers, though we believe it is appropriate for most.

Lifestyle strategy: Income drawdown

This is how we are changing our income drawdown strategy. For everyone between 30 years and one year from retirement, we are adapting the allocations between the funds we use in the strategy. This means more growth potential, but also more chance of your pension fund fluctuating in value. (Income drawdown is a long-term option for members who choose to leave their pension invested in retirement and then withdraw money from it.)

It's important to note that for members more than 30 years from retirement, and for those who have reached retirement age, there is no change.



Source: Aon, March 2023

Exploring the changes

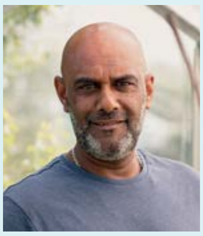
These hypothetical case studies look at what the changes mean for members of the pension plan at different ages. They all assume that the members are using the income drawdown lifestyle strategy and have a retirement age of 65.

Claire, 30
(35 years from retirement)

Nothing is changing for Claire, as she hasn't reached the point where the strategies would start to move between funds. This means she will remain invested 100% in the Global Sustainable Growth Fund. However, it's still worth knowing about the changes, so she can be sure she is happy they meet her needs when the time comes.

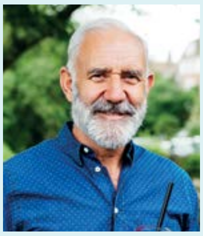
Deborah, 40
(25 years from retirement)

While Deborah is still a long way from retirement, the changes do affect her holdings, as she is moving from an 85% holding in the Global Sustainable Growth Fund to a 100% holding in this fund. This means more growth potential but also more chance of her investments fluctuating in value.



Ankit, 50
(15 years from retirement)

Ankit is getting closer to retirement, but there's still some way to go. His holding in the Global Sustainable Growth Fund is increasing from 60% to 80%, while his investment in the Diversified Growth Fund is reducing from 40% to 20%.



Mike, 60
(5 years from retirement)

Mike is using the income drawdown lifestyle strategy and his allocation to the Global Sustainable Growth Fund is rising from 43% to 60%, while his investment in the Diversified Growth Fund is falling from 37% to 20%. This means there is more growth potential, but also more chance of his savings fluctuating and potentially going down in value (particularly over the short term). As Mike only has a few years until his retirement date, he does need to take a close look at these changes to make sure they meet his needs.

Rose, 66

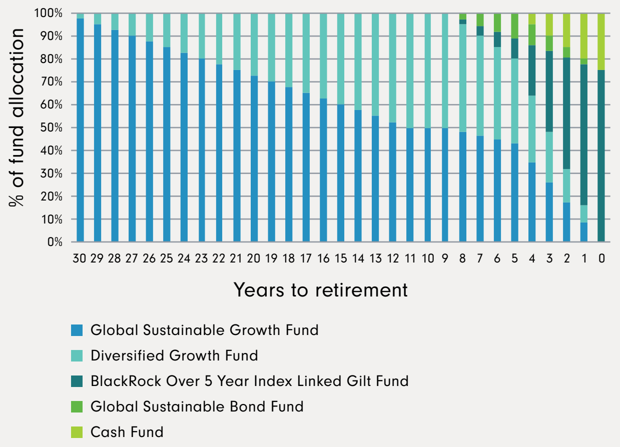
Rose has gone past her retirement age but has not accessed her pension. These changes do not affect where her money is invested. She will remain invested in the last stage until she decides to take her pension.

Our other two lifestyle strategies

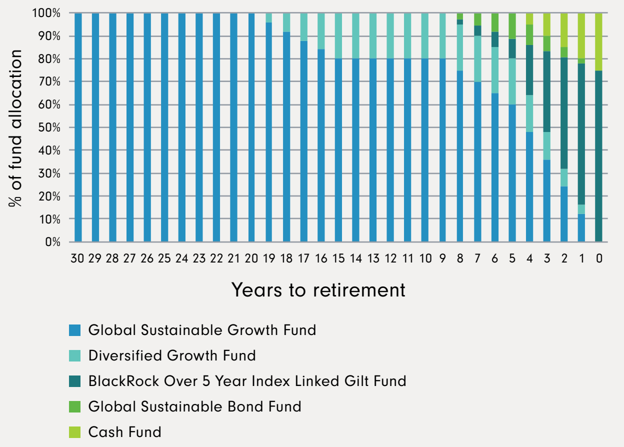
All three of our lifestyle strategies follow the same investment approach until you are five years from retirement. At this point, they change where they are investing to suit your specific retirement goal.

These graphs show how we are changing the annuity and cash lifestyle strategies. (An annuity is a retirement option that pays a guaranteed income for life.)

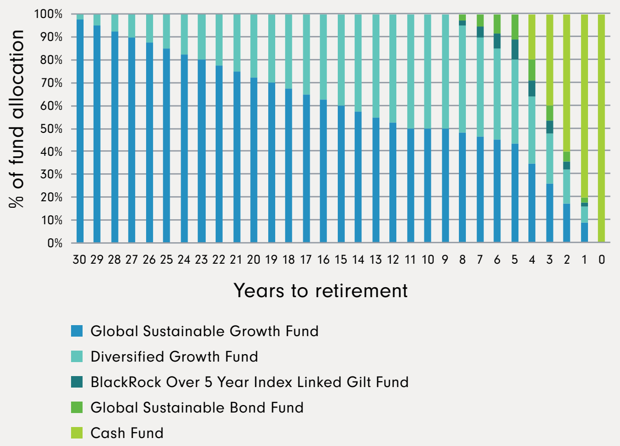
Annuity lifestyle strategy (current)



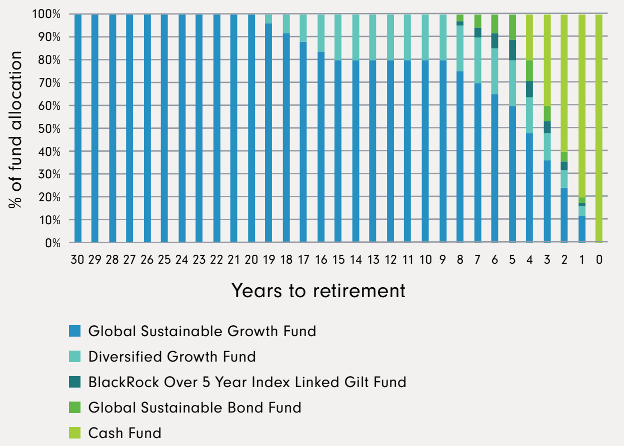
Annuity lifestyle strategy (new)



Cash lifestyle strategy (current)



Cash lifestyle strategy (new)



Source: Aon, March 2023

SECTION B

Changes to the self-select range

The self-select range allows members to choose their own investments, rather than using a lifestyle strategy. We regularly review this range to ensure it is offering a good selection of funds and that each fund provides value for money. In our most recent review, we decided to remove two funds from the range.

Active Global Equity Fund

This fund is being removed. Following advice, it was decided that the fund is no longer appropriate for our self-select range. Any money invested in this fund, and any regular savings going into it, will be redirected to the Global Sustainable Growth Fund, as it offers high growth potential but has a sustainability focus and lower charges.

Diversified Fund

This fund is being removed and money invested in it will be moved to the Diversified Growth Fund. This will involve switching between the two funds, but the Diversified Growth Fund has an identical portfolio to the Diversified Fund, so your underlying investments won't change and there is no cost to you in making this switch. We'll also redirect any regular savings into this new fund as well.

Exploring our self-select range

Our self-select range also features a number of other funds that you could choose to invest in instead.

You can find out more about all of them on **PlanViewer**.

Important information

It's a good idea to regularly review your pension savings to make sure they are appropriate for your retirement needs. If you'd like to review your choices or make any changes, you can do this by visiting **planviewer.co.uk**

Key details

In this section, we've answered some of the main questions you might have about how these changes are happening and what you can do in response.

When are you making the changes?

We will start making these changes to your workplace pension on 8 June 2023 and they should finish on 22 June 2023.

During this time, you will not be able to change the investments in your pension, though you will still be able to check how much you have saved and track your contributions.

I'm not sure where I'm currently investing. How do I find out?

To see where your pension savings are being invested, just log in to PlanViewer through Spectrum or at **planviewer.co.uk**. Alternatively, you can call Fidelity's Workplace Investing Service Centre on **0800 3 68 68 68** (between 8am and 6pm, Monday to Friday).

I haven't registered for PlanViewer yet. How do I do that?

Just go to 'Login to my account' at fidelitypensions.co.uk and click on 'Register as a new user'. You'll need your seven-character Fidelity reference number, plus your National Insurance number or your original staff number for your pension with Fidelity.

How do I change my investments?

You can see all your investment options on PlanViewer, including details of where they invest and what objectives they have. It is particularly important to make sure you are comfortable with any risks involved in the investments you are interested in and what they cost, as this does vary. (The cost is shown by the total expense ratio – TER.)

Changing where you invest is as easy as picking the funds or strategies you are interested in and then allocating a percentage of your savings and contributions to each them. Just remember that all the percentage allocations put together must add up to 100%.

What happens if I don't change my investments?

On 8 June, Fidelity will start to apply the changes to the lifestyle strategies outlined in Section A and close the two self-select funds highlighted in Section B. If you hold any of these investments and don't move your money before this time, the changes will be automatically applied to your pension.

Is it an option for me to take cash or drawdown whilst still a member of the plan at retirement?

Within this pension scheme, no. In this pension scheme the only option you have is to use your pension fund to secure benefits under another arrangement – whether you want to buy an annuity, take cash lump sums (both tax free and taxable), or to access your pension fund by drawdown.

The reason for this is that under the Rules which govern the pension scheme, the Trustee is not able to provide a pension from the Scheme.

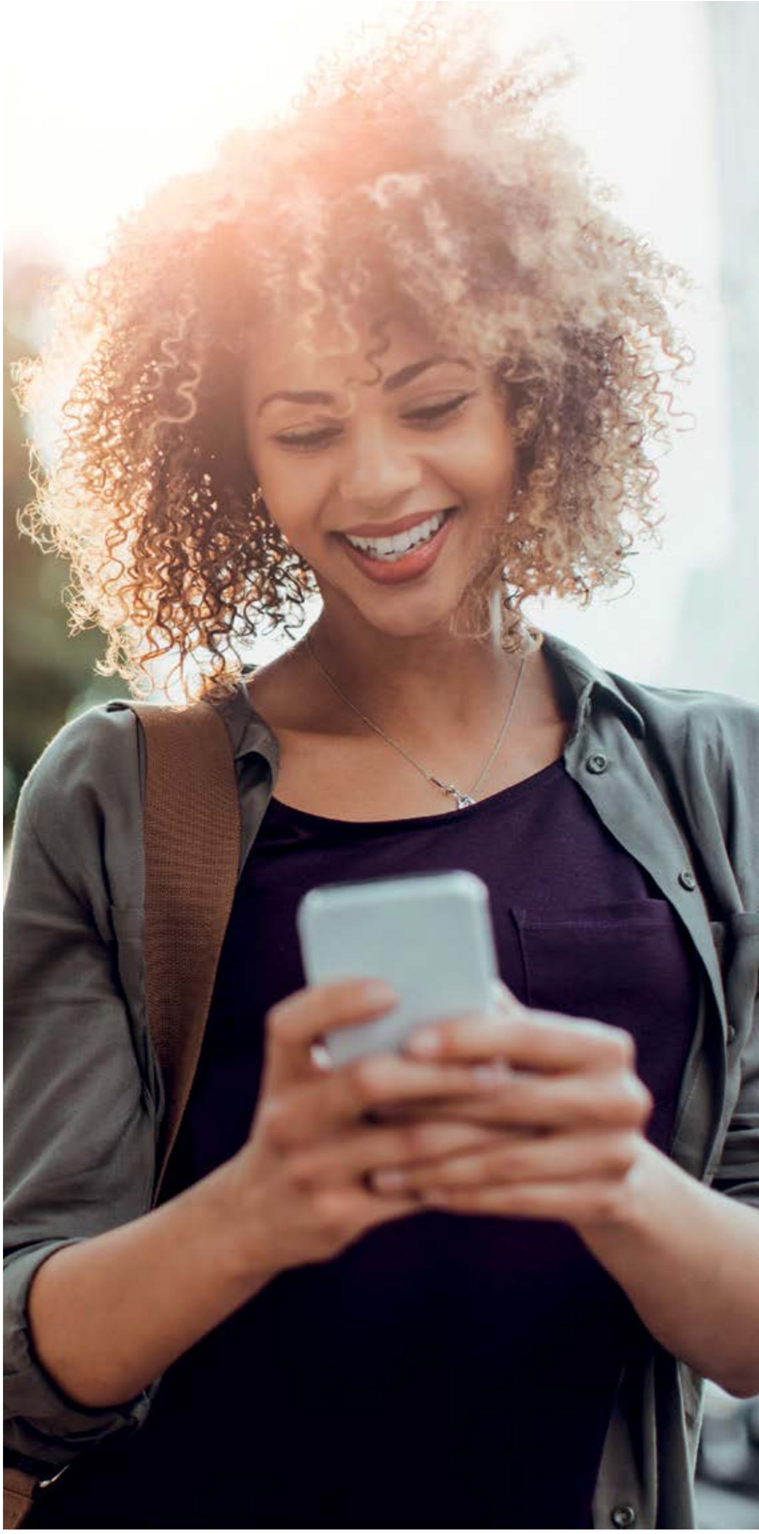
When it comes to determining the value of your pension fund for the purposes of transferring your benefits to another arrangement you have additional underpins relating to your benefits. You receive these underpins because during your membership of this pension scheme, you were contracted out of the Additional State Pension (the scheme also known as State Earnings – Related Pension Scheme (SERPS), then the State Second Pension (S2P)). This means that you are entitled to a minimum level of pension benefit from the pension scheme for any service built up between 6 April 1978 and 5 April 2016.

As a result of this, the Trustee is required to perform a test on your pension fund value at the point that you request a transfer out, to ensure that your pension fund built up before 6 April 2016 is at least equivalent to the value of the minimum pension underpin you are entitled to. If your pension fund does not cover the value of this minimum benefit, the Trustee is required to contribute an additional amount to your pension fund to cover this shortfall. When you get closer to retirement and request a transfer value, further information will be provided by Fidelity on this point.

What is risk?

Your pension savings are invested to help you build your retirement pot. All investments involve risk, which varies over different time periods. We know the word 'risk' can make some people nervous, particularly when it comes to their savings, but it's not as scary as it sounds. In fact, there are several types of risk that you need to know about when you are a member of a pension scheme:

- **Volatility risk:** All investments involve volatility risk to some extent, as it is a way of talking about how much an investment is likely to rise or fall in value over different time periods. More risk means more chance of growth, particularly over the long term, but there's also more chance of investments falling in value as well. Cash has the lowest level of investment risk, as you almost never see its value fall, while shares can potentially rise or fall by a much larger amount.
- **Inflation risk:** Inflation describes the way that goods and services tend to rise in price, so inflation risk looks at the effect this could have on the value of your savings. It can be a particular problem for cash savings, as the interest rate they receive is often lower than inflation. While it doesn't have a visible effect on their value, your savings can buy you less and less if their growth doesn't keep up with rising prices. Shares, on the other hand, have the potential to produce better returns than inflation over the long term.



- **Shortfall risk:** This is the risk that you don't manage to build up your pension savings as much as you need to and that in retirement your money doesn't last for as long as you want. We believe that targeting a higher level of growth potential in lifestyle strategies can help with this risk, though performance is never guaranteed. Please note that the lifestyle strategies hold a well-diversified mix of investments aligned to the time horizon of members' long-term retirement savings goals.

What are my options If I am not happy with this change to the lifestyle strategies?

If you do not like the change to your lifestyle strategy, you are welcome to choose from funds in our self-select range. If you are close to retirement, you could also consider one of our other lifestyle strategies.

Will I have to pay anything for these changes?

You do not have to pay any direct costs for these changes. However, there may be indirect transaction costs, which will be reflected in the unit price for each fund.

Is there anything else to think about?

As the lifestyle strategies are based on your selected retirement age (or your plan's normal (default) retirement age of 65 if you haven't chosen one), it's important to review this on PlanViewer to make sure you have the correct age for your retirement plans. To update your retirement age, just go to **planviewer.co.uk**, select 'My profile' in the top right, choose 'Personal Information' and then go towards the bottom of the page to edit 'Date Selected for Retirement'.

How do I find out more?

If you have any questions about these changes, please call Fidelity's Workplace Investing Service Centre on 0800 3 68 68 68 (between 8am and 6pm, Monday to Friday). Please do keep in mind, though, that Fidelity, the Trustee and BNP Paribas cannot give you personal advice about these changes or anything else to do with your pension. If you'd like this sort of help, you may wish to speak with an authorised financial adviser.

Points to remember

While the scheme's lifestyle strategy has been designed to suit the needs of many different members, you should review it regularly to ensure it continues to be right for your needs. Please note that if you are planning to withdraw all your savings at once, you should establish the level of tax you may pay.

You normally can make withdrawals and can take up to 25% of your pension as tax-free cash after the age of 55 (this is due to rise to 57 in 2028). The Government offers a free and impartial guidance service to help you understand your options at retirement. This is available via the web, telephone or face-to-face through the Pension Wise service which is now part of MoneyHelper; the easy way to get free help for all your pension and money choices. It is designed for people aged 50 and over, and you can find out more by going to **moneyhelper.org.uk** or call them on **0800 138 3944**.

The value of investments can fall as well as rise, so you may get back less than you invest. The focus on maintaining strong sustainability credentials may affect investment performance favourably or unfavourably over different time periods in comparison to similar products without such focus