

Abbott Laboratories Pension Fund (1966)



How contributions are
invested



Retirement
Investments
Insurance
Health

This guide explains how contributions will be invested. Please read it alongside your supporting documents.

This guide was produced in February 2020.

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Where are contributions invested?

A default investment solution has been created for your employer's pension scheme, into which contributions will be invested. This means you don't have to make your own investment decision. Put simply, the investments that make up your pension journey will be decided on your behalf.

This solution has been chosen by the scheme trustees after taking advice from their advisers. However, there are no guarantees that this solution is the most suitable for your own personal circumstances. If you would like to make your own investment choice, please see the 'Choosing your own investments' guide, or visit Membersite at www.aviva.co.uk/membersite.

The lifestyle investment programme is designed to reduce your exposure to investment risk as you approach retirement. However there is no guarantee that any investment programme will benefit your retirement savings when you come to retire.

The lifestyle investment programme gradually moves a percentage of your retirement savings and any future contributions from higher risk (or more volatile) funds into lower risk (or less volatile) funds during the run-up to your retirement.

Where contributions are invested will depend on how far away you are from retirement.

If you have more than five years until you retire, contributions will be invested in the Pre-lifestyle investment programme fund. Please see the fund lists starting on page 12 to select this fund.

When you are five years away from retirement, or if you joined the scheme with only five years until you retire, contributions will be invested in the 5 Year Lifestyle.



The following chart shows how the programme invests your money as you approach your retirement date. The movements are made on a monthly basis. The amount of money invested in each of these funds, shown below, will vary slightly depending on the conditions in the financial market at that time. All movements of funds are managed by the programme at no extra cost.

As your investments are moved to different funds within the programme, your annual management charge (AMC) may change.

As movements happen automatically on set dates, they may not occur at times that would give you the best returns on your investment.

Details about the fund in the investment solution are shown in 'More about the fund' starting on page 6.

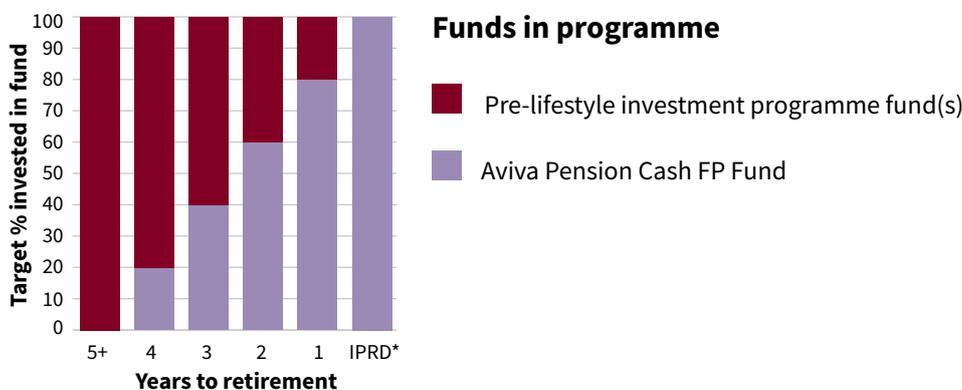
If you are more than five years away from your retirement date, you will be notified before the programme starts so you can make a different investment choice if you wish.

This investment programme may be subject to changes to the funds included in the programme or to the timings of the fund movements and their frequency, in accordance with the terms of your account.

Please be aware there is no guarantee that this programme will benefit your retirement savings.

The value of an investment is not guaranteed and can go down as well as up. You could get back less than the amount paid in.

5 Year Lifestyle investment programme



* Investment programme retirement date. The IPRD is the date at which your investment programme ends and can be changed at any time. Your IPRD can be different from your selected retirement date and falls on your chosen birthday. If you continue to make contributions after your IPRD (for example, if you choose to take your pension benefits as income drawdown), these will be invested in the proportions shown at the IPRD in the chart above.

Investment programme considerations

Potential benefits

- The investment programme offers an alternative to changing your investment funds independently as you head towards retirement.
- During the period leading up to your retirement, your pension fund is moved from investments with a greater exposure to the stock market into more cautious investments. This aims to reduce your exposure to risk from stock market fluctuations.
- Your investment programme can be amended if you choose to take your benefits earlier or later than planned.
- You can choose to leave the investment programme at any time.

Things to consider

- There is no guarantee that the investment programme will prove beneficial to your pension fund.
- The value of your investments, even in lower risk funds, can fall as well as rise and the value of your pension fund is not guaranteed.
- As movements between investments happen automatically on set dates, they may not occur at times that would give you the best returns.
- Taking your retirement benefits earlier or later than planned may have an impact on your investment programme, and may mean that it is no longer suitable for your individual circumstances
- If you're invested in a Lifestyle investment programme and you choose to move your investment programme retirement date (IPRD) forward, the programme will not immediately switch your investments to reflect this new date. As a result your investments may no longer be suitable and potential returns could be affected. In this situation, it may be more appropriate for you to leave the Lifestyle investment programme.

More about the fund

Each fund is divided into units of equal value and contributions are used to buy units in the funds you choose. The price of the unit depends on the value of the investment fund. We work out the value of your personal fund based on the total number of units you have in each fund. If the unit price goes up and down, so will the value of your personal fund.

The fund you're invested in

The following table shows the fund which makes up the investment solution. It shows the fund's aim, risk rating, risk warnings, the total AMC and additional expenses.

Please see information about risk ratings and risk warnings starting on page 9.

| Risk rating | Fund name | Fund aim | Total AMC | Additional expenses |
|-----------------------------------|-----------------------|--|-----------|---------------------|
| 1 Lowest volatility | Aviva Pension Cash FP | The fund aims to provide short-term liquidity by investing in money market instruments, bonds and cash. It may invest in short-term bonds issued or backed by the UK Government or supranational agencies as well as commercial paper, cash and near cash assets such as deposits and certificates of deposit. Risk warnings A, E, G | 0.38% | 0.00% |

Please note the details of each fund may change over time. For up-to-date details, you can view fund factsheets at: www.avivafunds.co.uk.

Investment governance

Fund governance plays an important role at Aviva, and this is why there is a dedicated fund governance team in place. It is the responsibility of the analysts in this team to develop and maintain a robust investment range for Aviva's customers.

The analysts in this team regularly monitor and review the funds that we offer our customers through our pension scheme plans to ensure they remain suitable.

This can involve adding new funds that are worthy of inclusion and also removing funds that no longer meet our strict criteria.

As a result, the fund range may change from time to time, and the funds that are available now may not be available in the future. If you are invested in a fund that is closed, we will write to you and offer you an alternative fund.

Charges

We deduct the following charges from your account:

Annual management charge

An AMC is taken from each fund during the course of your account.

The total AMC is made up of two parts:

- A scheme AMC which is taken out of the value of your pension account over its lifetime to cover administration costs and investment charges and may change over time.
- For certain funds, a fund AMC applies. These charges are taken by fund managers for managing the fund. The charge varies according to the funds you invest in.

The total AMC is shown in the fund tables on pages 6 and 12 to 14.

For more information on charges, please see your supporting documents.

Additional expenses

There are additional expenses associated with some funds, and these are reflected in the unit price. The additional expenses reflect the cost of managing the assets and include fees to auditors, trustees and valuers. The additional expenses may change as the expenses incurred by the fund change and the size of the fund changes. We regularly review the expenses and update our literature and annual statements accordingly.

Changes to funds

Please note that there may be circumstances when the fund managers decide to increase the fund AMC. If this happens, you can switch to another fund.

We may choose to close the fund concerned, but please be assured that whatever action we take, we will write to inform you and explain the choices you have at the time. Please see your supporting documents for more information.

Types of investment

You can choose which funds you invest your money in. The fund manager uses this money to buy the assets that make up the fund's investments. Generally, each fund offered by Aviva invests in one of four main asset classes which are described below.

Please note that although your money is invested in a fund, you do not own any of that fund's underlying assets. For example, you won't receive a dividend from shares in an equity fund or rental income from a property held by a property fund. These are reflected in the value of the fund itself.



Money market

The 'money market' is a mechanism for short-term borrowing and lending between organisations. Money market investments typically include what are described as 'near-cash instruments', such as certificates of deposit, floating rate notes and treasury bills. They are not to be confused with deposit accounts with banks or building societies.

Although less risky than other asset classes, there could be circumstances where these investments fall in value, for example, if an organisation defaults. Their value could also be eroded over time due to the effects of fund charges, product charges and inflation.



Fixed interest

Fixed interest assets include government and corporate bonds. These are loans issued by governments and companies in the financial markets as a way of ensuring they have sufficient money to function properly. Bonds issued by the UK government are also known as gilts.

Government and corporate bonds pay a regular income to the investor and then the full value of the bond upon maturity (the end of its lifetime).

If a government or a company becomes unable to pay the money it has borrowed, then it is said to have defaulted on its loan.

The UK government has a strong credit rating as it has never failed to pay back the money it has borrowed. UK government bonds or gilts are therefore regarded as relatively secure assets.

Corporate bonds are regarded as riskier assets than government bonds since they are issued by companies. Many companies issue bonds in the UK, but some companies have a better credit rating than others. This rating, or credit worthiness, is based on company research carried out by a credit rating agency such as Standard & Poor's. The upside is that corporate bonds pay investors a higher rate of interest than government bonds because of the higher risk associated in investing in these assets.



Property

Property investment usually means commercial property, such as offices and retail, leisure and industrial developments. It can also include residential property. As well as the potential increase in their value, property investments can also produce rental income. Property can be subject to heavy falls and sharp increases in value. It can also take more time to buy and sell property than investments in other asset classes.



Shares

Shares are also known as equities. Shareholders have a 'share' in a company's assets. Shares are bought and sold on stock markets and their value can go up and down depending on the fortunes of the company and stock markets in general. Companies may also pay a share of profits to shareholders, known as dividends. While there is more opportunity for potential gains with shares than some asset classes, there is also greater risk that they will fall in value.

Aviva risk ratings

Aviva assigns risk ratings to each fund. We calculate these 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(s). We review each fund's risk rating annually and these may change over time. The timing of your investment decisions is very important and you 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 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 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 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 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 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 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 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 to those used online; however, the ratings and approach to investment risk remain the same.

Fund risk warnings

There are risks associated with investing in funds, or types of funds.

On pages 6 and 12 to 14 we show which risk warning or warnings apply to each fund. These risk warnings are explained below.

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 | <p>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.</p> <hr/> <p>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.</p> <hr/> <p>Suspend trading: Fund managers often 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.</p> <hr/> <p>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.</p> <p>Some funds also use derivatives to increase potential returns, known as 'speculation'. For those funds we apply an additional risk warning (see Risk F).</p> |
| B | <p>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.</p> |
| C | <p>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.</p> |
| D | <p>Smaller Companies: Where a fund invests in the shares of smaller companies, its value is likely to move up and down by large amounts and more frequently than one that invests in larger company shares. The shares can also be more difficult to buy and sell, so smaller companies funds can carry more risk.</p> |
| E | <p>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.</p> |
| F | <p>Derivatives: Derivatives are financial contracts whose value is based on the prices of other assets.</p> <p>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.</p> |

| Risk warning code | Risk warning description |
|-------------------|--|
| G | <p>Cash/Money Market Funds: These are different to cash deposit accounts and their value can fall. Also, in a low interest rate environment the product or fund charges may be greater than the return, so you could get back less than you have paid in.</p> |
| H | <p>Property funds: The fund invests substantially in property funds, property shares or direct property. You should bear in mind that</p> <ul style="list-style-type: none"> • Properties are not always readily saleable and this can lead to times in which clients are unable to 'cash in' or switch part or all of their holding and you may not be able to access your money during this time • Property valuations are made by independent valuers, but are ultimately subjective and a matter of judgement • Property transaction costs are high due to legal costs, valuations and stamp duty, which will affect the fund's returns. |
| I | <p>High Yield Bonds: The fund invests in high yield (non-investment grade) bonds. Non-investment grade bonds carry a higher risk that the issuer may not be able to pay interest or return capital. In addition, economic conditions and interest rate movements will have a greater effect on their price. There may be times when these bonds are not easy to buy and sell. In exceptional circumstances, we may need to delay the 'cashing in' or switching of units in the fund and you may not be able to access your money during this period.</p> |
| J | <p>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.</p> |

The funds you can choose from

The scheme trustees, having taken advice from their advisers, have selected a core range of funds which they believe should meet the needs of the majority of members. You can choose funds from this core range or funds from the additional range. Alternatively, you can choose a mix of funds from both ranges.

Please note that there may be circumstances when the fund managers decide to increase the annual fund manager charge. If this happens, you can switch to another fund.

We may choose to close the fund concerned, but please be assured that whatever action we take, we will write to inform you and explain the choices you have at the time. Please see your supporting documents for more information.

Please be aware that the value of an investment is not guaranteed and can go up and down. You could get back less than the amount paid in.

Core funds

| Risk rating | Fund name | Fund aim | Total AMC | Additional expenses |
|-------------|----------------------------------|---|-----------|---------------------|
| 5 | Medium to high volatility | <p>Aviva Pension BlackRock (50:50) Global Equity Index Tracker FP</p> <p>BlackRock state that the fund invests primarily in equities in both the UK and overseas markets. The fund has approximately 50% invested in the shares of UK companies. The remaining 50% is invested in overseas companies. The fund aims to provide returns consistent with the markets in which it invests and provides broad exposure to countries around the world.</p> <p>Risk warnings A, B</p> | 0.38% | 0.00% |
| 4 | Medium volatility | <p>Aviva Pension BNY Mellon Multi-Asset Balanced FP</p> <p>The objective of the fund is to achieve a balance between capital growth and income generation predominantly from a portfolio of UK and international securities. The manager adopts a mixed portfolio approach comprising equities, fixed income, property, commodities, cash, near cash and deposits. Exposure to these asset classes will be achieved through investment in transferable securities, approved money market instruments, warrants, derivative instruments, forward transactions and collective investment schemes. Investment in derivatives may be for investment purposes as well as for efficient portfolio management.</p> <p>Risk warnings A, B, C, E, F</p> | 0.58% | 0.11% |

| Risk rating | | Fund name | Fund aim | Total AMC | Additional expenses |
|-------------|--------------------------|--|--|-----------|---------------------|
| 4 | Medium volatility | Aviva Pension Pre-Retirement Fixed Interest FP | The fund aims to produce a total return over the long term. The fund invests in UK government and UK government backed index-linked securities, Sterling denominated overseas government backed index-linked securities, Sterling denominated fixed interest securities and non-Sterling bonds with any foreign currency exposure typically hedged back to Sterling. The fund can also invest in money market instruments and short-term bonds. Risk warnings A, E | 0.38% | 0.00% |
| | | Aviva Pension Cash FP | The fund aims to provide short-term liquidity by investing in money market instruments, bonds and cash. It may invest in short-term bonds issued or backed by the UK Government or supranational agencies as well as commercial paper, cash and near cash assets such as deposits and certificates of deposit. Risk warnings A, E, G | 0.38% | 0.00% |

Please note the details of each fund may change over time. For up-to-date details, you can view fund factsheets at: www.avivafunds.co.uk.

Additional funds

| Risk rating | | Fund name | Fund aim | Total AMC | Additional expenses |
|-------------|----------------------------------|--|---|-----------|---------------------|
| 5 | Medium to high volatility | Aviva Pension BlackRock UK Equity Index Tracker FP | BlackRock state that the 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. Risk warnings A, D | 0.38% | 0.00% |
| | | Aviva Pension BNY Mellon Global Equity FP | Newton, (a BNY Mellon company), state that the objective of the fund is to achieve capital growth from a portfolio of international securities. The fund may invest anywhere in the world, including in emerging markets, in companies of all sizes and within any industry. The fund will limit investment in other mutual funds to 10%. Risk warnings A, B, C | 0.73% | 0.12% |

| Risk rating | Fund name | Fund aim | Total AMC | Additional expenses |
|-------------|----------------------------------|---|-----------|---------------------|
| 5 | Medium to high volatility | Aviva Pension Index-Linked FP The fund aims to achieve long-term growth from a combination of income generation and capital growth. The fund invests mainly in UK Government and UK Government backed index-linked securities and Sterling denominated overseas government backed index-linked securities. The fund may also invest in other Sterling denominated fixed interest securities and non-Sterling bonds with any foreign currency exposure typically hedged back to Sterling. The fund can also invest in money market instruments and short-term bonds. Derivatives may be used for investment purposes or to gain a particular market exposure which would otherwise be difficult or costly to achieve, or to manage the Fund's cash flows in a cost-effective manner. Derivatives may also be used to reduce risk, such as foreign currency risk within the fund. Risk warnings A, B, E, F | 0.38% | 0.00% |
| 5 | Medium volatility | Aviva Pension Stewardship FP The objective of the fund is to generate capital growth from investing primarily in companies listed in the UK, using a set of ethical criteria. The fund may also invest in derivatives, cash, deposits, units in collective investment schemes and money market instruments. For more information about our Stewardship philosophy, please visit https://www.aviva.co.uk/retirement/fund-centre/stewardship/ . Risk warnings A, B, D | 0.38% | 0.02% |
| 4 | Medium volatility | Aviva Pension Stewardship Managed FP The fund aims to provide exposure to a diversified portfolio of ethically screened assets in order to generate capital growth and income. The ethical screening criteria of the fund will mean that its investments are more restricted than a non-ethical fund. The fund may invest in UK and international equities, bonds, warrants, money market instruments and short-term bonds. The fund may invest directly or indirectly. For more information about our Stewardship philosophy please visit https://www.aviva.co.uk/retirement/fund-centre/stewardship/ . Risk warnings A, B, C, D, E | 0.38% | 0.00% |

Please note the details of each fund may change over time. For up-to-date details, you can view fund factsheets at: www.avivafunds.co.uk.

More information and help



Further information

Membersite allows you to easily monitor and make changes to your pension account: www.aviva.co.uk/membersite.

If you feel you would like advice with your pension planning, please speak to a financial adviser. If you don't have an adviser, you can find one at: www.unbiased.co.uk. You may be charged for this advice.

GOV.UK provides impartial UK government information on pensions, visit www.pensionwise.gov.uk.

How to contact us

The scheme trustees will normally be your first point of contact. They will be able to help you with queries about your salary and contributions.

You can contact us with any queries about your pension account in the following ways:

 Call us on **0800 068 1431** at the following times: Monday to Friday between 8.30am and 6pm. We may record calls to improve our service. Calls may be charged and these charges will vary; please speak to your network provider.

 Fax us on **0345 600 0624**.

 Email us at **NGPcustomerservices@aviva.com**.

Email is not a secure form of communication and you should not email us with any personal information about you or personal details about your pension with us. For similar reasons, we will not reply by email if to do so would compromise your security.

 Write to us at
Aviva, PO Box 1550, Salisbury SP1 2TW.

Aviva provides millions of customers worldwide with insurance, savings and investment products. We're one of the UK's largest insurers and one of Europe's leading providers of life and general insurance.

In everything we do, we have one goal. To make everything simpler, better and more rewarding for our customers. We call it Good Thinking. This is our promise to customers. This could be by helping people save for their retirement. By giving safer drivers a way to save on their car insurance. Or simply by making people's policies easily accessible online.

This information is based on Aviva's understanding of current legislation, regulations, guidance and practice as at May 2018 and is not providing legal or financial advice.

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