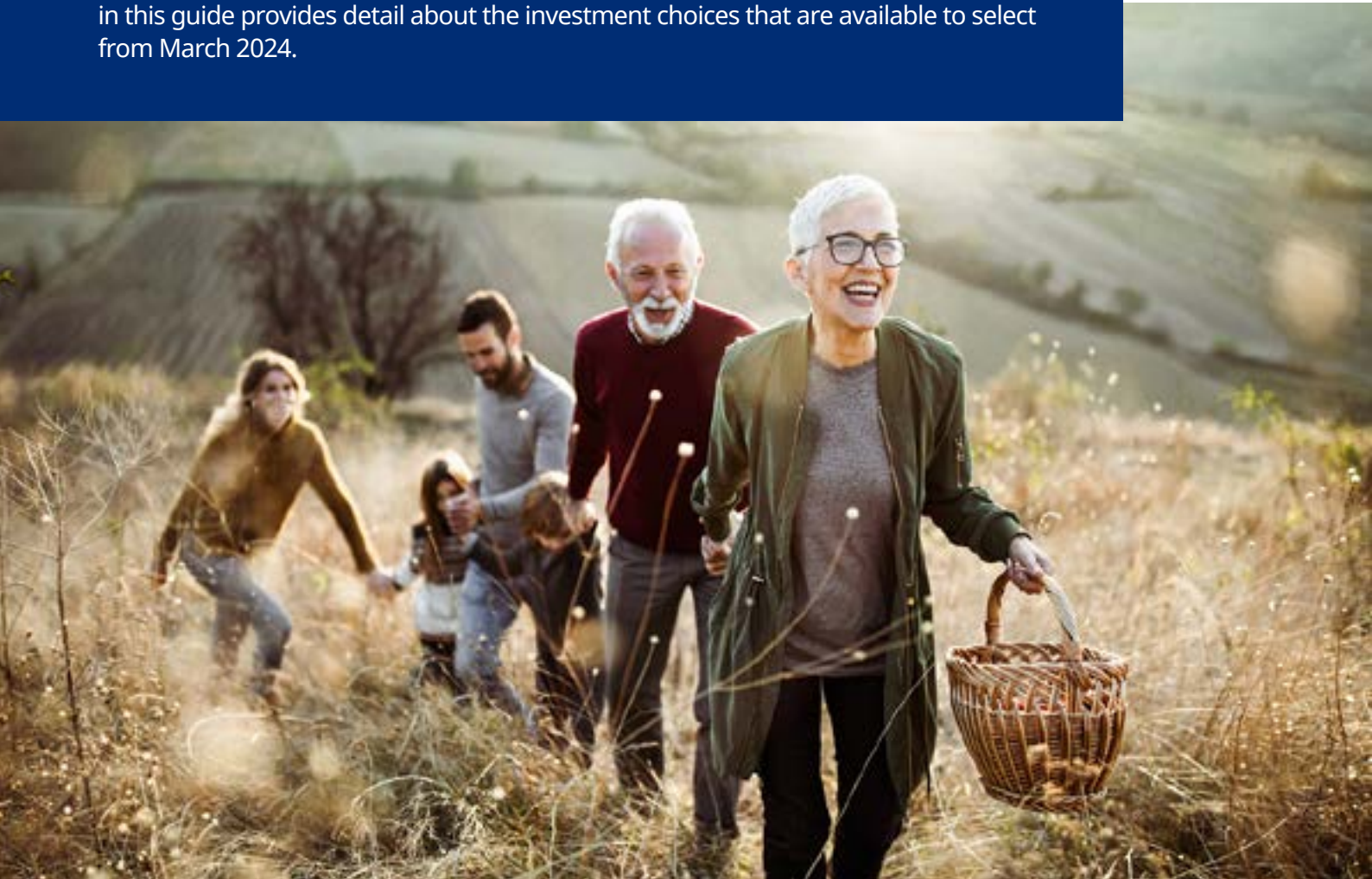


Investment Guide

Funds Available from March 2024

As a member of a Marsh & McLennan Companies (UK) defined contribution (DC) pension arrangement, your benefits at retirement will depend on how much has accumulated in your Individual Account as well as the type of benefits you choose at retirement. The size of your Individual Account will depend on the level of contributions paid and the growth on your investments.

You can choose how your Individual Account is invested based on your personal circumstances and the degree of risk you wish to take. The information contained in this guide provides detail about the investment choices that are available to select from March 2024.



Investment styles

You will have two options for investing your Individual Account:

I Making your own selection (“Self Select”)

You can select your own funds from the range of options on offer in whatever proportion and for however long you choose; or

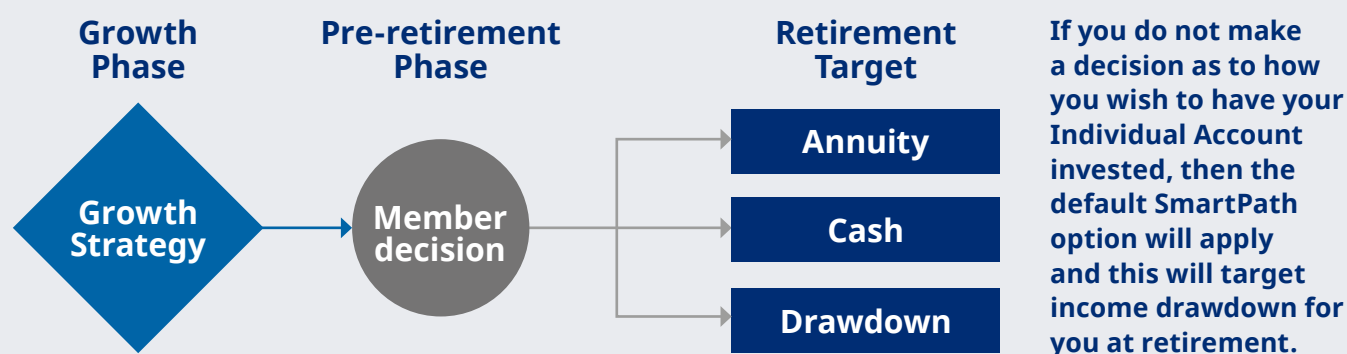
I Following one of the pre-set strategies (“SmartPath”)

There are three “Mercer SmartPath™” strategies which will initially invest in higher risk, higher potential growth investments while you are more than eight years from retirement.

During the final eight years prior to retirement, the Mercer SmartPath™ strategies will automatically and gradually switch your investments into lower risk funds designed to help you target the type of benefit you want to take on retirement.

SmartPath members

There are three Mercer SmartPath™ strategies available which target annuity purchase, cash or income drawdown and further information on these is given later in this guide.



Introduction

If you do not wish to be actively involved in making investment decisions, you may wish to consider selecting one of the Mercer SmartPath™ options. There are three SmartPath strategies available and they aim to target benefits in three forms; annuity purchase, cash or income drawdown.

Why are there three SmartPath strategies?

As a member in the MMC UK Pension Fund with money purchase (or Defined Contribution – ‘DC’ – benefits), you can choose to take benefits in one or more of the three forms outlined above. The Trustee has made the three SmartPath strategies available to help meet each of the different options you have at retirement.

Although not all of these options are available from the MMC UK Pension Fund and you may need to transfer your benefits out to take advantage of them, you can:

OPTION 1

“Mercer SmartPath Target Drawdown” invests in “growth funds” in the early years and then gradually and automatically switches your Individual Account into lower risk, less volatile investments which are designed to be suitable for taking up to 25% as a cash lump sum with the rest of the account remaining invested through retirement.

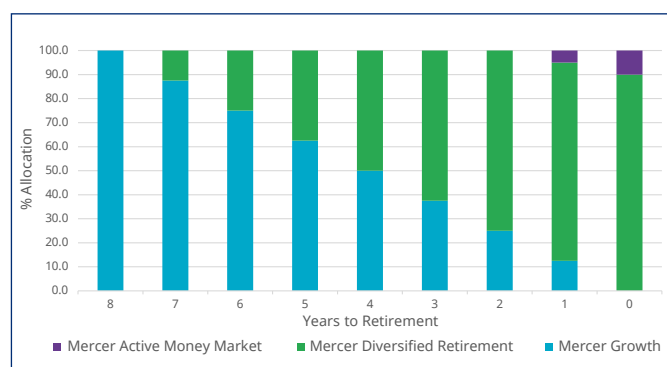
Draw an income from your pension savings – you may wish to have more control over how you draw income in retirement, leaving your account invested and withdrawing amounts from your account over time, as you wish.

You can choose to take up to 25% of your account as tax-free cash (currently) at the start, in which case each future “drawdown” would be taxed at your marginal income tax rate. This is known as ‘income drawdown’ or ‘flexi-access drawdown’. **This option is not available within the MMC UK Pension Fund**, but you could opt to transfer your Individual Account out to an individual policy of your own choosing and to then manage your retirement income independently.

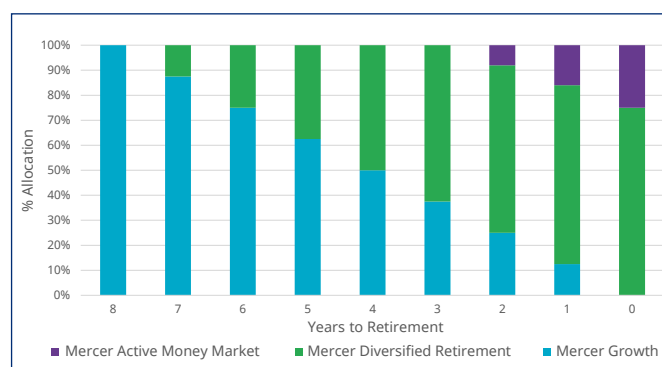
Alternatively, you can choose not to take a tax-free cash sum at the start, but to have 25% of each subsequent “drawdown” tax-free (currently) with the balance of each payment being taxed at your marginal rate of income tax. This is known as an ‘Uncrystallised Funds Pension Lump Sum’ or ‘UFPLS’ and up to three UFPLS payments are allowed in the MMC UK Pension Fund. If you wished to take more than three payments, then you would need to transfer your Individual Account out to an individual policy of your own choosing and to then manage your retirement income independently.

The chart below shows how **Mercer SmartPath Target Drawdown** works:

Retirements after the end of 2025



Retirements before the end of 2025



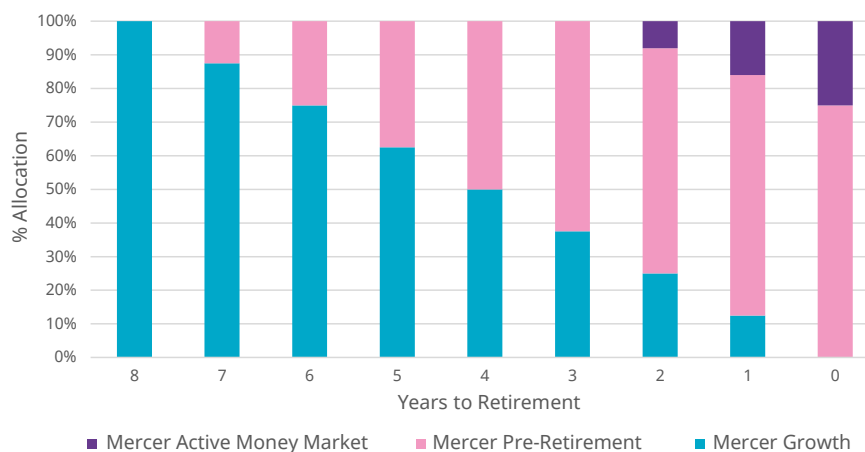
For the purposes of determining which of the above charts will apply to your account, the Target Retirement Age you have confirmed to the MMC UK Pensions Administrator will apply (by default this is age 65 unless you have informed the administrator otherwise).

OPTION 2

"Mercer SmartPath Target Annuity" invests in "growth funds" in the early years and then gradually and automatically switches your Individual Account into lower risk, less volatile investments which aim to target withdrawal of a 25% cash lump sum and the purchase of a fixed annuity.

Purchase an annuity – you can use your Individual Account to purchase a guaranteed income for life (an annuity) from an insurance company. You may take up to 25% of your Individual Account as a lump sum which is currently tax free, with the balance of your Individual Account being used to buy the annuity.

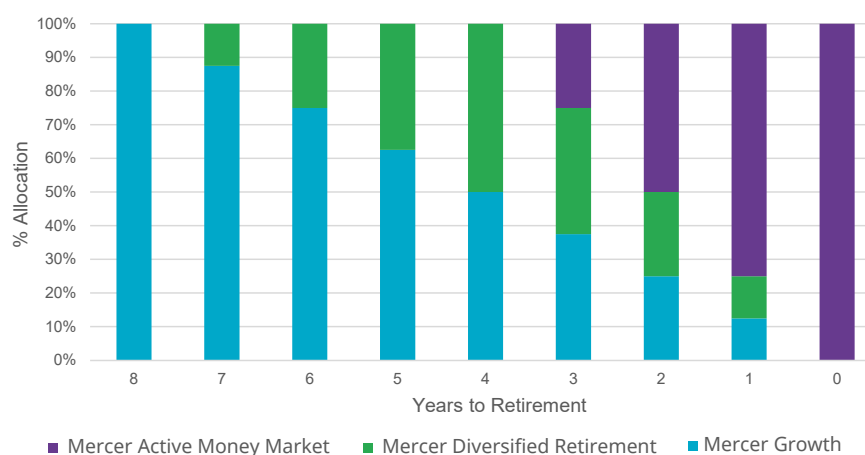
The chart below shows how **Mercer SmartPath Target Annuity** works:

**OPTION 3**

"Mercer SmartPath Target Cash" invests in "growth funds" in the early years and then gradually and automatically switches your Individual Account into cash as you approach retirement

Take cash – Account would be payable (currently) tax-free, with the balance added to your other income and taxed at your marginal rate of income tax.

The chart below shows how **Mercer SmartPath Target Cash** works:





Your choice

If you wish to invest in a pre-set strategy, you need to choose between the three available strategies, depending on the way you feel you are likely to take your retirement benefits. All three SmartPath strategies invest in the same funds until you are eight years from retirement, and you will receive further information around that time to assist you in understanding your options.

The SmartPath strategies will not necessarily be the most appropriate option for you as they have not been designed to your own specific circumstances. Please consider your choice carefully and take advice if you are unsure.

What if I do not make a decision?

If you do not make a decision, your Individual Account will be invested in the **Mercer SmartPath Target Drawdown option**, assuming a target retirement age of 65 (see page 3).

Can I change my investments?

Yes, you can change your choice of SmartPath (or Self Select) strategy at any point. You can invest across different SmartPath options (as long as the splits add up to 100%), however, you cannot mix Self Select funds and SmartPath strategies.

The default target retirement age is 65. You are able to choose a different target age if you wish, by contacting MMC UK Pensions (see page 12).

Security of Assets

The Fund's investments are held via a long term insurance policy with Scottish Widows Assurance Limited ('Scottish Widows'). Scottish Widows is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. This type of investment arrangement is common amongst defined contribution pension schemes in the UK.

In the event of Scottish Widows becoming insolvent, the Trustee is eligible for protection under the Financial Services Compensation Scheme ('FSCS'). This means the Trustee could make a claim (on behalf of members) for up to 100% of the value of the Fund's assets that are invested through the Scottish Widows insurance policy.

Additionally, the assets underlying the Trustee's insurance policy with Scottish Widows are ultimately held by custodians that are appointed by the respective investment managers. A custodian is a financial institution which is independent from the investment manager and holds the Plan's assets for safekeeping. This should provide an additional element of protection as the investment managers' custodians operate a system of internal controls to ensure the security of assets in the investment funds is not compromised.

The Trustee has previously assessed the level of security of the Fund's assets. Following this assessment, the Trustee was satisfied with the level of protection available to members' assets, and believes that risks to the security of assets are being minimised where possible.

However, the security of assets within the Fund cannot be guaranteed. In particular, fraud by or the insolvency of counterparties of Scottish Widows or of any custodian is not covered by FSCS. In addition, a claim under the FSCS has two material limitations – the FSCS is funded by an industry levy and not guaranteed by the state and so may not have sufficient funds to provide compensation; and in certain circumstances the court has the power to reduce the value of a policy and the FSCS would, in those circumstances, only cover such reduced value.

The Trustee will continue to keep this position under review.

Further details of the funds underlying the SmartPath strategies are below (charges shown are as at December 2023).

Mercer Growth

Asset Class	Management Style	Current Asset Manager	Proportion of Assets	Indicative Total Expense Ratio
Equities, Bonds, Property, Alternative Investments	Active	Mercer	100%	0.201%

Mercer Diversified Retirement

Asset Class	Management Style	Current Asset Manager	Proportion of Assets	Indicative Total Expense Ratio
Equities, Bonds, Property, Alternative Investments	Active	Mercer	100%	0.280%

Mercer Pre-Retirement

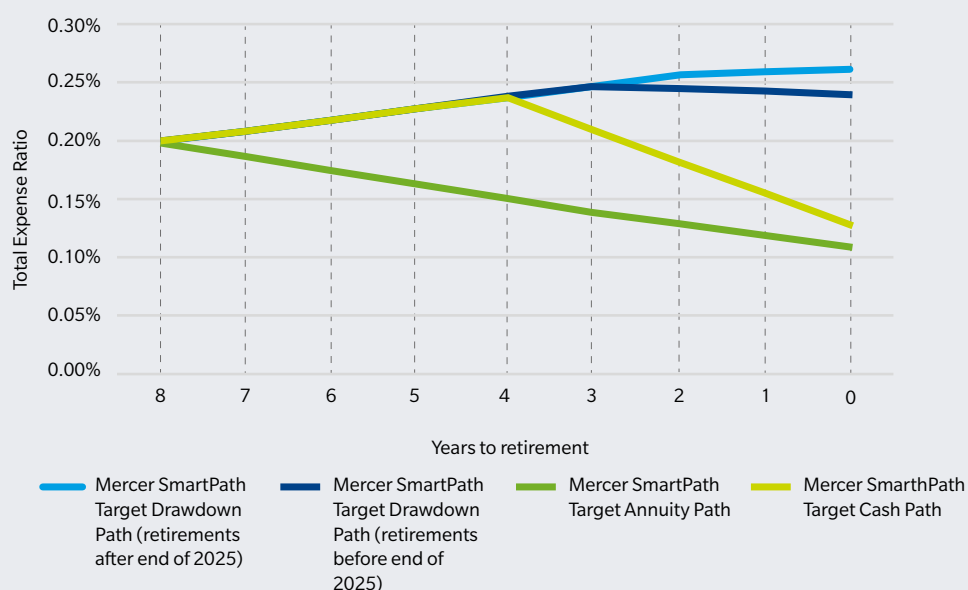
Asset Class	Management Style	Current Asset Manager	Proportion of Assets	Indicative Total Expense Ratio
Bonds	Active	Mercer	100%	0.105%

Mercer Active Money Market

Asset Class	Management Style	Current Asset Manager	Proportion of Assets	Indicative Total Expense Ratio
Cash	Active	Mercer	100%	0.130%

Charges

The change in the mix of investments within the Mercer SmartPath strategies is reflected in the charges, which are shown in the chart to the right. The change in the charges in the eight years before your target retirement age is due to the different funds that your investments are switched into.





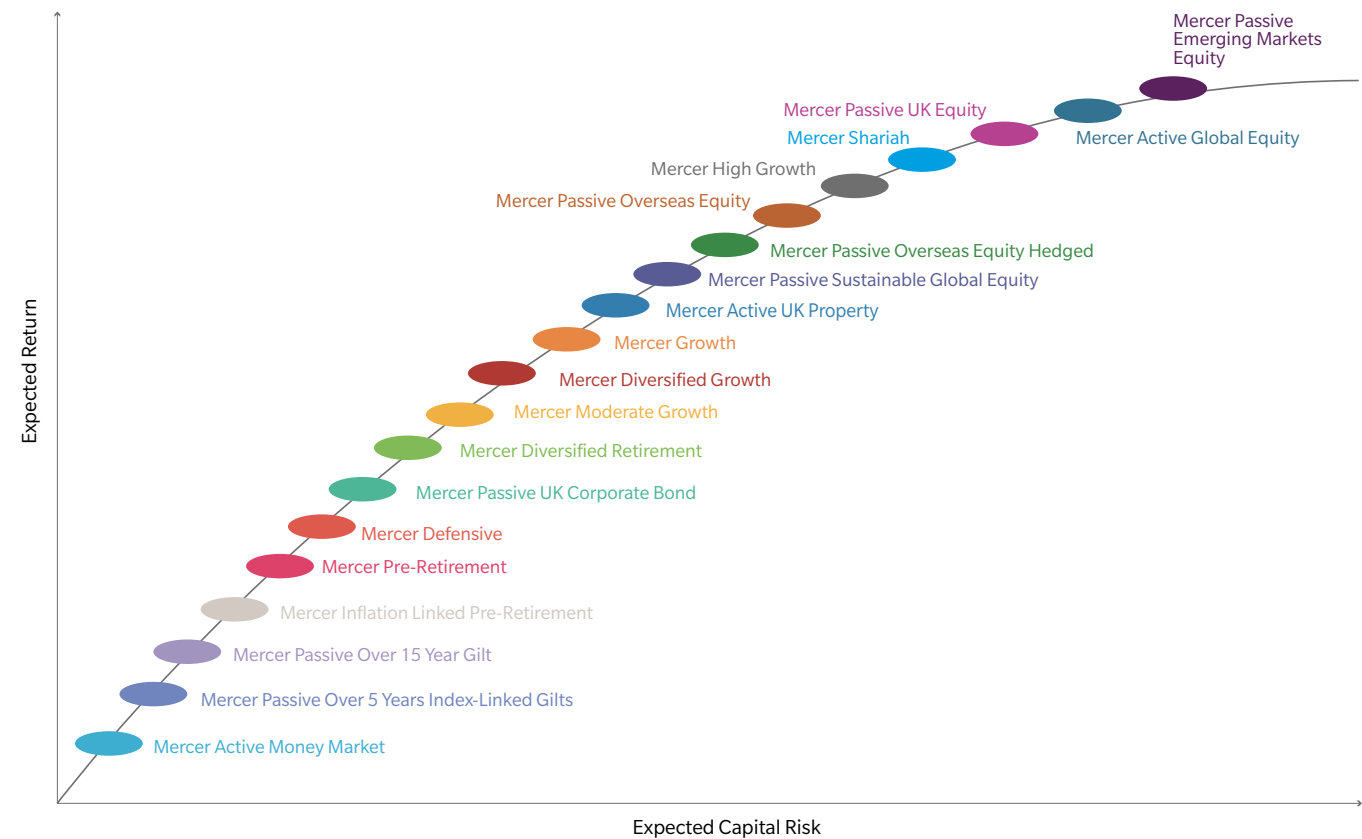
Self Select funds

If you prefer having the option to make your own investment choices, you can choose the Self Select option and will be able to select your own investment strategy from the range of funds detailed in the table below.

There are 20 fund options to choose from. The chart below provides an overview of the funds and highlights the level of capital risk / potential return associated with each.

Those funds that have a higher potential for return over the long term may also have more volatility in their performance.

All investments carry a level of risk, but there are different types of risk including capital risk, inflation risk and pension conversion risk (see the Glossary for definitions). You need to decide how much of each type of risk you are prepared to take.



Self Select funds

Fund Name	Description	Indicative Total Expense Ratio*	Capital Risk Profile
Mercer Active Money Market	The fund aims to achieve an investment that is in line with wholesale money market short-term interest rates. Specifically, the fund will aim to better the return of the Bank Of England Sterling Overnight Index Average before fees.	0.130%	Low
Mercer Passive Over 5 Years Index-Linked Gilts	This fund invests in UK government index-linked securities (index-linked gilts) that have a maturity period of 5 years or longer. The fund aims to achieve a return consistent with the FTSE UK Gilts Index-Linked Over 5 Years Index. The fund invest in assets that tends to produce more stable returns.	0.069%	Low
Mercer Passive Over 15 Year Gilt	This fund invests in UK government fixed income securities (gilts) that have a maturity period of 15 years or longer. The fund aims to achieve a return consistent with the FTSE UK Gilts Over 15 Years Index, which is widely regarded as the benchmark for UK pension fund investment in the longer dated end of the UK gilt market.	0.069%	Low
Mercer Inflation Linked Pre-Retirement	The fund aims to achieve a return consistent with the move in inflation linked annuity prices by investing in a passively-managed fund that invests in UK Index Linked Government and UK Corporate bonds.	0.105%	Low
Mercer Pre-Retirement	The fund aims to achieve a return consistent with the level annuity prices by investing in a passively-managed underlying fund that invest in UK Government and UK Corporate bonds.	0.105%	Low
Mercer Defensive	The Fund aims to achieve stable growth over the long-term. It invests in a diversified range of asset classes with a higher allocation to bonds and money market instruments. Over the long-term the fund is expected to deliver returns of approximately cash + 1% p.a. (net of fees).	0.230%	Low
Mercer Passive UK Corporate Bond	This fund invests in investment grade corporate bonds denominated in sterling. The fund aims to achieve a return consistent with the iBoxx £ Non-Gilts Index. This index covers the broad spectrum of investment grade corporate bonds in issue.	0.080%	Medium
Mercer Diversified Retirement	Aims to provide investors with a diversified portfolio of growth and defensive assets. Over the long-term the fund is expected to deliver returns of approximately cash + 2.5% p.a. (gross of fees).	0.280%	Medium
Mercer Moderate Growth	The fund seeks to achieve low to medium capital growth over the long-term with low to medium levels of risk by investing predominantly in a diversified mix of bonds, shares and other asset types. Over the long-term the fund is expected to deliver returns of approximately cash + 3% p.a. (net of fees).	0.217%	Medium
Mercer Diversified Growth	The objective of the strategy is to outperform cash by 3-4% p.a over rolling three year periods.	0.310%	Medium
Mercer Growth	The fund seeks to achieve medium to high capital growth over the long-term with medium to high risk by investing predominantly in a diversified mix of bonds, shares and other asset types. Over the long-term the fund is expected to deliver returns of approximately cash + 4% p.a. (net of fees).	0.201%	Medium
Mercer Active UK Property	The fund invests primarily in direct UK commercial property including industrial warehouses, shopping units and office space. It aims to generate total returns (from income and capital appreciation) above its benchmark over rolling 3 year periods.	0.685%	Medium
Mercer Passive Sustainable Global Equity	The fund aims to achieve long-term growth by investing in line with the Solactive Sustainable Global Developed Equity Index. The key investment constraint is to invest in securities that demonstrate strong environmental, social and governance practices.	0.120%	High / Specialist

Fund Name	Description	Indicative Total Expense Ratio*	Capital Risk Profile
Mercer Passive Overseas Equity Hedged	This fund invests in the shares of overseas companies (Europe, Japan, Far East, US and Canadian markets), according to market capitalisation weightings. The majority of overseas currency exposure is hedged. Within each of those markets, the fund aims to generate returns consistent with those of each country's primary share market. The fund aims to achieve a return in line with the FTSE All-World Developed ex-UK (95% GBP Hedged) Index.	0.100%	High
Mercer Passive Overseas Equity	This fund invests in the shares of overseas companies, (Europe, Japan, Far East, US and Canadian markets) according to market capitalisation weightings. Within each of those markets, the fund aims to generate returns consistent with those of each country's primary share market. This fund aims to achieve a return in line with the FTSE Developed ex UK Custom ESG Screened Index.	0.075%	High
Mercer High Growth	The fund seeks to achieve high levels of capital growth over the long-term, but with high levels of risk by investing predominantly in shares. Over the long-term the fund is expected to deliver returns of approximately cash + 4.5% p.a. (net of fees).	0.225%	High
Mercer Shariah	Aims to provide long-term capital growth by investing primarily in a broad range of company shares from around the world, which meet the Islamic investment principles of the underlying fund/s.	0.340%	High / Specialist
Mercer Passive UK Equity	This 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 Custom ESG Screened Index. This index is widely regarded as the benchmark for UK pension fund investment in shares of companies in the UK.	0.068%	High
Mercer Active Global Equity	The objective of the fund is to outperform the MSCI World Index by 1.5% per annum over rolling three year periods.	0.648%	High
Mercer Passive Emerging Markets Equity	The fund aims to achieve a return consistent with the MSCI Emerging Markets Index.	0.180%	High

As at March 2024. Charges shown are as at December 2023.

Each fund has a specific investment objective and performance target. The Trustee has selected one or more underlying fund manager(s) for each fund. Managers have been chosen for their abilities in a particular specialist area. The Trustee has the flexibility to change the underlying manager(s) at any time without significantly changing the objectives of the fund itself. The advantage of this is that you will be able to choose a fund that will always have the same investment objectives, irrespective of the underlying manager(s).

More information through Aptia OneView

Aptia OneView is a secure, web-based service available 24 hours a day, 7 days a week that can be accessed from any computer with an internet connection. Using Aptia OneView you will be able to:

- I **View** your current Individual Account values
- I **Check** your current investment choices
- I **Review** your last 12 months' contributions and transaction history
- I **Change** your investment strategy/funds for your existing investments and/or your future contributions (where appropriate)
- I **Obtain** an illustration of the possible benefits you might receive using the online annuity illustrator

You are encouraged to regularly review the progress of your Individual Account and useful information can be found on choosing your investments on the sites mentioned earlier and on www.pensions.uk.mmc.com.

Whilst the Trustee and the Administrator can provide you with information about the current investment options available, they cannot offer you advice that is specific to your circumstances. Your choice of investment options will be based on a number of personal factors, including your attitude to taking risk and the length of time until your retirement. If you need advice based on your personal circumstances, you should speak to a Professional Financial Adviser. You can find a regulated financial adviser in your area by visiting www.fca.org.uk/consumers/finding-adviser.

MMC UK Pension Fund Trustee Limited

Glossary of terms

Active management

An active manager aims to outperform a specific target (for example a market index, or other fund managers). Although the potential returns from active investments (if successful) can be higher than passive investments over the long term, there is also a risk that they will be worse. Charges for actively managed funds tend to be higher than for corresponding passively managed funds.

Alternative investments

"Alternative assets" is the term used for any form of investment which offers broadly similar potential for growth to equities over the longer term, but which doesn't depend solely on the stockmarket going up to generate this return. Examples include property, some higher-risk bonds, commodities and currency. Like equities, these types of investments carry high "capital risk". However, as the returns on these investments are not directly driven by the stockmarket, their value will rise and fall in a different way and at different times to equity funds. Therefore, investing in alternative assets alongside equities would ensure that you spread your risks.

Bonds

Bonds are loans to a government, company or other organisation. The level of capital protection falls somewhere between cash and equities. Assuming the bond issuer does not default, the return on your investment over the lifetime of the bond is the interest you receive on the loan. This interest can either be "fixed" (for example 5%) or "index-linked" (which means that it varies in line with inflation). Bonds generally have a maturity date (when the loan is repaid) and bond funds usually hold a mix of bonds with different maturity dates. Bond prices usually fall when interest rates rise (and vice versa). Investing in bonds closer to retirement might help to protect the level of income you could secure with your Individual Account. This is because the cost of buying a pension depends partly on the price of bonds and gilts. Bonds and gilts are expected to provide lower returns, but they are generally less volatile i.e. they are not so prone to large short-term fluctuations in value.

Cash

Cash funds hold various income producing investments and whilst they offer good capital protection they do not offer 100% capital protection due to the various risks inherent in the underlying securities – as such, the value of your investment can still go down as well as up. In addition to this risk, all

cash funds are subject to the risk that returns may fail to outpace inflation, so the buying power of your investment may reduce. Cash funds can provide good security for your Individual Account if you are about to retire, but may not provide good enough long-term returns for younger members.

Diversified Growth Fund (DGF)

A diversified growth fund invests across a range of asset classes with the aim of providing a less volatile (but potentially lower return) than investing solely in equities.

Diversified Retirement Fund

The Diversified Retirement Fund aims to provide investors with a diversified portfolio of growth and defensive assets which is intended to represent a broadly sensible investment strategy for a typical member aiming to take their benefits in retirement as income drawdown.

Equities

Equities are shares in companies. In the past, they have grown in value more than bonds, gilts or cash over longer periods. However, they can go up and down in value, sometimes significantly. Equities are likely to carry the highest risk that they could fall in value, so you might want to choose a fund that invests mainly in equities if you are aiming for higher long-term returns, and are not too worried about losing value over shorter periods.

You may be more willing to invest mainly in equities if, for example, retirement is still some way off, or you have other secure investments, or your DC pension is only a small part of your retirement savings.

Gilts

Bonds issued by the UK Government.

Index fund

Another term for a passively managed fund.

Indicative Total Expense Ratio

The measure of the total cost of investing in a fund, which may include various fees and other expenses and may vary from time to time.

Individual Account

An investment account set up in your name as a member of the DC sections of the MMC UK Pension Fund.

Passive management

A passive manager aims to match the performance of a chosen market index (sometimes known as index tracking). It follows the market whether it goes up or down and so returns do not depend on the success of the fund managers' choices. Passive management takes away the possibility that your investments will do better than the market, but it also removes the risk that they will do worse. Charges for passively managed funds tend to be lower than for corresponding actively managed funds.

Risk

All investments carry a level of risk, but there are different types of risk which are detailed below. You need to decide how much of each type of risk you are prepared to take.

Capital Risk

The risk that your investments may fall in value and not recover. This could happen with equities, bonds, alternative assets and even cash funds.

Inflation Risk

The risk that your investments will not grow quickly enough to outpace the increase in the cost of living.

Pension Conversion Risk

When you retire, you may choose to use part of your Individual Account to buy an annuity. The cost of buying an annuity varies and moves broadly in line with bonds and gilts and depends on whether you buy an increasing or non-increasing annuity.

By switching your investments into a fund that invests in bonds and /or gilts when you are closer to retirement can help protect against this risk.

Default Risk

The risk that the bond issuer will default so you will not get back the capital you have invested when the bond is due for repayment.

Here to help

If you have any questions about the information contained in this guide, please contact the Administrator at:

Online: pensionuk.aptia-group.com

**MMC UK Pension Arrangements
Aptia UK Limited
Maclaren House
Talbot Road
Stretford
Manchester
M32 0FP**

This document is a summary description of investment options. MMC's pension arrangements are governed by the rules of the Fund from time to time. If there is any discrepancy between the description of benefits in this document and the rules of the MMC pension arrangements, the rules of the MMC pension arrangements will prevail.

