CHEVRON UK PENSION PLAN

INVESTMENT CHOICES FOR: ADDITIONAL VOLUNTARY CONTRIBUTIONS AND THE DC ELEMENT OF THE NEW SECTION

Chevron UK Pension Plan (the plan) investment choices leaflet

Contents

Who should read this leaflet?	3
What information does this leaflet provide?	3
Why do you need to make an investment decision?	4
The two main investment options	5
Your investment choice	6
Help is at hand – member services	7
Appendix 1 – identifying your current investment strategy	8
Appendix 2 – Lifestyle strategies	10
Appendix 3 – investment risk and how Fidelity rates funds	12
Appendix 4 – additional voluntary contributions	15

This guide should be read in conjunction with the plan member's booklet relevant to the section of the Chevron UK Pension Plan providing your benefits. In the event of any conflict between this guide and the trust deed and rules of the plan, the trust deed and rules will prevail.

Other Formats

If you find it difficult to read this document, please contact Fidelity. An alternative format including large print, braille or audio can be provided.

To request a copy in an alternative format, please contact Fidelity.

Call the Pensions Service Centre on **0800 3 68 68 68**. This service is open on business days from 8am to 6pm. Outside these hours, you can leave a message on the confidential answering service and Fidelity will contact you on the next business day.

Email pensions.service@fil.com

Fidelity International is an independent asset management company, founded in 1969, which looks after the investments and pensions of clients worldwide. We were set up with the simple objective of achieving outstanding investment returns for our clients across the globe. Today, over 50 years on, with considerable knowledge and expertise of both the UK and international financial markets, we are one of the world's most successful long-term investment managers - an international investment specialist.

Who should read this leaflet?

Members of the Chevron UK Pension Plan who either wish to pay additional voluntary contributions or who have a DC element arising as a result of their membership of the New Section of the plan.

Both of these types of members will accumulate a defined contribution element to their benefits from the plan. The level of their defined contribution element will depend to a large extent on the value of their pension account at the time that they take their benefits.

When making additional contributions please note that as is the case with all pension products you cannot start taking benefits until age 55.

Jargon buster

Your **pension account** is an individual account set up in your name within the plan.

What information does this leaflet provide?

This leaflet aims to provide information to inform members to help them to make an investment choice.

The plan is managed by a Trustee, Chevron UK Pension Trustee Limited. Please refer to the plan member's booklet for any information relating to the plan including its operation, the contributions and benefits payable and for the definitions of terms used.

The Trustee, aided by professional advisers, regularly reviews the investment options available to members of the plan. If the Trustee believes it is in the members' best interests the Trustee may change the funds available and may transfer members' accounts into the new funds. You will be notified of any changes.

Why do you need to make an investment decision?

When you choose to take your benefits your pension account is used to buy additional benefits.

The amount of additional benefits you receive from your account depends on the amount paid into your pension account, when you retire, the investment returns achieved by your account, the benefits you choose to secure with your account and how much it costs to secure those benefits when you retire.

Generally the higher the value of your pension account the greater the benefits you can buy. So it is in your interests to make sure it is invested in a way you are happy with and that offers you the best chance of increasing the value of your account.

On 6 April 2015, the Government introduced more options for how members may use their DC benefits. Since 6 April 2015, the Trustee may allow members to take all their DC benefits from the plan as an 'uncrystallised funds pension lump sum' on retirement. See your plan literature for more details of the options that are available to you.

Jargon buster

Equities are shares in companies. Their prices reflect how well investors feel that companies are doing and are expected to do.

Jargon buster

Bonds are loans to companies or governments. (Loans to the UK government are called gilts.) Their prices depend on current and future interest rates and the financial strength of the companies or governments to which the loans have been made.

Jargon buster

Cash means investment in a range of short-term financial products offered by banks and financial institutions. As these products produce varying returns cash funds do not offer or set a particular rate of interest.

The two main investment options

There are two main options for the investment of your pension account:

Option 1 – Self-select -	you can choose your own funds from the range of Fidelity funds made available by the Trustee of the plan. Appendix 1 provides some background information about investment that may help you to identify your own approach to investment and hence how you would feel comfortable for your pension account to be invested. Information about the full range of funds available for the investment of your pension account are available from PlanViewer, Fidelity's internet site for plan members who have a pension account. Links to PlanViewer are available from the plan's website: www.chevronukpension.co.uk Members who already have a pension account can directly access their account via www.fidelitypensions.co.uk. PlanViewer also offers some helpful online tools to help you identify your investment style and preferences: ■ Retirement Calculator to help you see how much you may need at retirement to get the retirement lifestyle you want. ■ Fidelity's Guide to Investing to help you understand how investments work, so you can make informed decisions.
and	
Option 2 – Lifestyle strategies -	your pension account will be allocated for you in one of three pre-programmed patterns of investment depending on the strategy that you choose and the amount of time that remains before you take your benefits. Information about the available Lifestyle strategies is given in appendix 2.

If you have no experience of investing, there is a great deal of support available to help you make your choice. Fidelity's Pensions Service Centre representatives are always willing to answer your questions. Their goal is to provide you with information to help you make a decision you'll feel comfortable with.

Although they can help you with information, they cannot give you advice on what investments would be right for someone in your particular situation. If you would like that sort of help, we recommend that you seek financial advice. Fidelity only gives information about products and services and does not provide investment advice based on individual circumstances. If you would like advice, please contact a Financial Adviser. The Trustee cannot provide you with financial advice.

Your investment choice

When a pension account is first opened for you in the DC element of the New Section, your pension account will be automatically invested in the default investment chosen by the Trustee. This is

DC element of the New Section	Chevron Equity Bond 50/50 Lifestyle Strategy

The Equity/Bond Split 50/50 Lifestyle is the default investment. This may not be appropriate for your circumstances, personal investment preferences or attitude to risk as this is the most cautious of the three lifestyle strategies available under the plan. You are urged to consider the investment alternatives available and to make a personal investment choice that you are happy with.

Please complete your AVC investment choice on the AVC application form.

You can change your investment choice whenever you want.

You can do this in one of two ways, either:

- by using Fidelity's secure online pension service – PlanViewer at www.fidelitypensions.co.uk

or

- by calling the Pensions Service Centre on **0800 3 68 68 68**.

There is no charge for changing the way your pension account is invested. For the latest fund information please refer to the fund factsheets by logging onto PlanViewer, or by contacting the Pensions Service Centre.

It is worth remembering that even if you leave the company you may still have money invested in your pension account. Your investment strategy may need to change over the years, just as it would if you were still making regular contributions to the plan.

Please remember that if you move money between funds or switch from one investment option to another, you may be out of the market for a short time. If the market moves in that time, it could affect the value of your investments.

Fidelity reserves the right to limit the number or frequency of times you switch. It may do this, for example, if short-term or excessive trading could harm fund performance by disrupting portfolio management strategies and increasing the expenses that the fund has to pay.

Fund charges

There are no initial charges for the funds. So if you contribute £100 to your pension account, £100 is invested into your chosen funds. These funds have annual management charges, which at time of publication range from 0.21% to 0.45% (the current annual management charges for the funds used in the lifestyle strategies are set out at page 11 of this booklet). Funds also incur expenses such as auditing and registry fees and the figures quoted in your literature are a guide based on historical estimates and may change. These are referred to as 'other charges'. The annual management charge and the other charges are deducted from each fund's assets and are reflected in the quoted daily price for the fund – they are not taken directly from your pension account. Performance figures for the funds therefore take account of all charges. All charges are reviewed regularly. You will be notified of changes to the charges applying to the funds.

Help is at hand – member services

Helping you manage your pension account

Fidelity's Pensions Service Centre provides a range of services to help you manage your pension account. You can do so in four ways:

- online with PlanViewer at **planviewer.co.uk**
- call the Pensions Service Centre on **0800 3 68 68 68**
- email enquiries to pensions.service@fil.com
- write to the Pensions Service Centre

Fidelity Pensions Service Centre
Beech Gate
Millfield Lane
Lower Kingswood
Tadworth
Surrey KT20 6RP

Online – PlanViewer services

PlanViewer – Fidelity's secure online pension service – lets you log in to your account whenever you want. It is available 24 hours a day, seven days a week. PlanViewer is an easy way to manage your pension account.

You can log in to PlanViewer to:

- view the current balance of your pension account
- see how your pension account is invested
- change how the existing balance of your pension account is invested or change how the future contributions are invested (or both)
- download information for all investment options
- check transactions on your pension account
- look at statements showing the transactions on your pension account over particular periods of time
- download plan documents and guides on retirement planning and investing, and
- use retirement planning tools in the 'My Toolkit' section.

PlanViewer security

To ensure that only you have access to your pension account, you are given a username and password. The first time you log in to PlanViewer, you will be asked to change your password to one of your own choice. You will also be prompted to set-up a number of security questions. Your password never expires, however if you subsequently forget it, a replacement temporary password can be sent directly to your e-mail account.

Emailing Fidelity

You can contact Fidelity at **pensions.service@fil.com** or email Fidelity using the 'contact us' link on PlanViewer. Where possible, Fidelity will reply by email but, for your protection, it can't accept instructions by email to make transactions on your pension account or to change your investment choice. For confidential and personal information, Fidelity will respond to you in writing.

Telephone helpline

Call the dedicated helpline on **0800 3 68 68 68** to speak to one of Fidelity's Pensions Service Centre representatives. The Pensions Service Centre is open, UK business days from 8am to 6pm. Outside these hours, you can leave a message on the confidential answering service and a pension representative will contact you on the next business day. Fidelity Pensions Service Centre representatives have a thorough understanding of the rules of the plan. They aim to give you all the information you need to manage your pension account effectively but they **cannot** give you financial advice. You should consult a Financial Adviser for this. The Trustee cannot give you financial advice.

Pensions Service Centre services

The Pensions Service Centre team are happy to talk through any aspect of your pension with you. You can also ask for specific services.

You can contact the team to:

- ask for an up-to-date value of your pension account or a statement
- request a transfer value quotation and personal predictions of your pension account's possible future value
- change which funds you invest in
- ask for information on your investment options, and
- ask general questions about the plan.

Pensions Service Centre security

You will be given a password on joining the plan so only you have access to your personal information. You will be asked to confirm three random characters of your password each time you call the Pensions Service Centre.

Appendix 1 – identifying your current investment strategy

Creating an investment portfolio involves choosing a selection of funds that match your attitude to the risks and rewards of investing.

Information about the full range of funds available for the investment of your pension account are available from PlanViewer, Fidelity's internet site for plan members who have a pension account.

Links to PlanViewer are available from the plan's website: www.chevronukpension.co.uk.

Members who already have a pension account can directly access their account via www.fidelitypensions.co.uk.

PlanViewer also offers some helpful online tools (as referred to on page 7 of this booklet).

Fidelity's Guide to Investing can help you understand how investments work, so you can make informed decisions.

There are two fund management styles you should be aware of before you make your investment choice: active and passive.

- **Passive management**: the investment manager tries to follow a particular investment market e.g. the UK stock market. Many BlackRock funds are passively managed.
- **Active management**: the investment manager's aim is to try to achieve better returns than the relevant investment market over a particular time period. Fidelity is an active fund manager.

The fund factsheet for each fund will say whether the fund is actively or passively managed.

As you may realise, being a successful investor usually means tolerating a certain amount of risk. This can sound alarming if you are new to investing, so it may help to think of risk as an essential element in everything you do – from crossing a road to catching a plane. You are constantly weighing up the risks that an activity involves against the benefits it might bring.

What this means for investments is that you can think of risk as an opportunity – it gives you a chance to increase the growth potential of your pension account.

To help you decide how your views on risk might translate into specific fund choices, you may find it helpful to follow an investment strategy. There are three basic approaches you might want to consider:

Investment strategies

Growth style strategy: a growth style strategy might also be described as aggressive, adventurous, ambitious or high risk. This type of strategy aims to build up the value of your pension account. It is probably only suitable if you have many years left until your pension age.

Balanced style strategy: the aim of a balanced style strategy which could also be described as cautious, moderate or medium risk is to provide some growth potential but with a lower amount of risk. You might want to consider this type of strategy if you are mid way to your pension age or if you are uncomfortable with the level of risk associated with a growth style strategy.

Defensive style strategy: the purpose of a defensive style strategy is to act as a safeguard against short-term falls in the value of your pension account just before you take your pension benefits. This strategy could also be called guarded, controlled or low risk. You may like to consider this type of strategy when you are close to your pension age.

A closer look at investment strategies

a. A growth strategy (could also be called adventurous, ambitious, aggressive or high risk)

With a growth style strategy, you focus on investments that have a higher chance of producing significant returns over the long term, but you need to accept that investments like this also involve more risk.

Historically and when investing for the long term, the best returns have tended to come from stockmarket based investments (sometimes referred to as equities), so you will probably want to consider funds investing in UK or international shares. However, share prices fluctuate all the time, and if the stockmarkets go down, the value of your pension account will usually fall. This is part and parcel of this type of strategy – the idea is that you make sure your investments have time to recover from any setbacks and have the potential to go on to achieve further growth.

Could a growth approach be right for you?

Time is the key to this type of strategy, so it will probably only be suitable if you have many years left until your pension age. You must also be comfortable with the higher level of risk that you need to take for the possibility of achieving higher returns in the longer term.

b. A balanced style strategy (could also be called cautious, moderate or medium risk)

This type of strategy aims to achieve a balance between stockmarket based investments that offer growth potential, with a relatively high level of risk, and others that offer more security. The aim of this type of strategy is to provide a degree of preservation for the money that has built up in your pension account, while ensuring that there is still the potential for some investment growth in the years before you take your pension benefits. This approach is generally not as risky as a growth style strategy but you need to accept that there is still risk involved. You may also receive lower long term returns compared to a growth style strategy.

You might want to seek this balance by combining different types of funds such as bond and cash funds as well as equity funds. Historically bond funds have tended to offer lower but steadier returns than equity funds, and cash funds offer the most secure investment but have tended in the long term to offer lower returns than bonds or equities. Alternatively you could consider a balanced, multi asset, or diversified type of fund (if your scheme offers these options). These funds generally invest in equities, bonds and cash and could also include investments in commodities and property and possibly other investment types, too. With these funds you spread risk by investing in a range of investments. In other words you are not putting "all your eggs in one basket".

Could a balanced approach be right for you?

You may want to follow a balanced style strategy if you are approaching your pension age, or you are only prepared to take a certain amount of risk with your investments. It will aim to reduce your exposure to risk while still retaining some growth potential.

c. A defensive style strategy (could also be called safe/secure, guarded, controlled or low risk)

A defensive style strategy involves focusing on lower-risk funds so there is less chance of your pension account suffering short-term losses. The sorts of investment you may want to consider will include cash deposits and the more secure types of bonds. By steering away from equity funds, you protect your investments from the danger of a sudden drop in the stockmarket.

The drawback with this approach is that the potential returns from defensive style investments have historically tended not to be as high for long term investing as those from stockmarket based investments.

Could a defensive approach be right for you?

This type of strategy can be a good option to choose if you are relatively close to your pension age. If you move into more secure types of investment as you approach your pension age it may help to reduce the volatility of your account value just before you need to convert it into a pension (or otherwise access your DC pension benefits). People who are not prepared to take much investment risk with their pension may also think about this type of strategy, but it's important to bear in mind that this does expose you to the risk of inflation eating into the value of your savings. If you follow a defensive style strategy when you still have a long time before you take your pension benefits, you may find that your pension account does not grow as much as you want it to.

Appendix 2 – Lifestyle strategies

The Lifestyle strategies aim to make your investment decisions as easy as possible and have been designed for those who do not want to play an active role in managing their pension investments. The Lifestyle strategy (also known as the Lifestyle option) is a pre-determined investment strategy driven by your intended retirement date. If selected it is important that you advise us of any changes to this date.

With this option Fidelity will, depending on how long it is until the time that you plan to take your benefits, allocate your pension account to the funds shown in the table for each Lifestyle.

How Fidelity invests your pension account will change every three months once you are within 5 years of retiring. By the time you need to convert your account into a pension, it will be invested solely in cash, preserving its value.

This means that in the early years of your working life you can benefit from the growth potential of the stockmarket. As you get closer to retirement, however, you will be investing more in bonds and cash, so your pension account won't be at such a risk from a sudden drop in the stockmarket.

There are three Lifestyle strategies available under the plan. The funds used and an annual summary of the changes is shown in the following tables. Details of the charges for each of the funds used can be found later in this section.

Chevron Equity 100 Lifestyle Strategy – annual summary of the change every three months once you are within 5 years of retiring Equity/Bond Split.

Years left until you plan to take your benefits	Equity 100 Fund (%)	Fidelity BlackRock Cash Fund (%)
Over 5	100%	0.00%
Over 4	78.95%	21.05%
Over 3	57.89%	42.11%
Over 2	36.85%	63.15%
Over 1	15.79%	84.21%
Less than 0.25 years	0%	100%

Chevron Equity Bond 75/25 Lifestyle Strategy – annual summary of the change every three months once you are within 5 years of retiring.

Years left until you plan to take your benefits	Equity/Bond Split 75/25 Fund (%)	Fidelity BlackRock Cash Fund (%)
Over 5	100%	0.00%
Over 4	78.95%	21.05%
Over 3	57.89%	42.11%
Over 2	36.85%	63.15%
Over 1	15.79%	84.21%
Less than 0.25 years	0%	100%

Chevron Equity Bond 50/50 Lifestyle Strategy – annual summary of the change every three months once you are within 5 years of retiring.

Years left until you plan to take your benefits	Equity/Bond Split 50/50 Fund (%)	Fidelity BlackRock Cash Fund (%)
Over 5	100%	0.00%
Over 4	78.95%	21.05%
Over 3	57.89%	42.11%
Over 2	36.85%	63.15%
Over 1	15.79%	84.21%
Less than 0.25 years	0%	100%

There is more information about all of these funds in their fund factsheets, available from PlanViewer. Please note that Fidelity may not rebalance your account if changes in the values of the funds mean that the actual mix of funds is already very close to the intended target when a change is due.

All decisions regarding the design of the Lifestyle strategies are made by the Trustee, including the funds that are used, the relative proportions held in each fund and the ages at which changes will be made.

The Lifestyle strategies (also known as the Lifestyle options) are pre-determined investment strategies driven by your intended retirement date. If one is selected it is important that you advise us of any changes to this date. Initially Fidelity will assume that you plan to take your benefits at age 65. Please contact the Pensions Service Centre (see the section 'Help is at hand') to change the date that the Lifestyle should work towards.

Charges at the time of publication for the funds used in the lifestyle strategies are shown in the following table.

You can confirm the current charges for each fund by looking at the fund factsheet for the fund. The fund factsheets are available from PlanViewer or from the Pensions Service Centre. Information about PlanViewer and the Pensions Service Centre is given in the section 'Help is at hand'.

	Annual management charge	Other charges
Equity 100 Fund	0.27%	0.01%
Equity/Bond Split 75/25 Fund	0.253%	0.012%
Equity/Bond Split 50/50 Fund	0.235%	0.013%

Here are the main advantages and disadvantages to help you to decide whether or not a lifestyle strategy might be a suitable choice for you:

Advantages

- You do not need to actively manage your pension account.
- The switching process will be carried out automatically. There is nothing more for you to do unless you want to take a more active investment approach yourself (by investing in 'self-select' funds).
- The lifestyle strategy aims to preserve the value of your pension account if there is a significant drop in the stock market as you near retirement. It aims to match the lower investment risk profile that many investors move towards as they get older.
- There is no additional charge for investing in the strategy. Please note that annual management charges and other charges are levied on the funds used by the lifestyle strategy, as detailed separately in your plan literature.

Disadvantages

- The strategy is based on the expected greater stability provided by lower risk investments e.g. bond and cash funds. However, these funds can also suffer falls in value, and the effects of inflation could mean that cash funds produce negative returns in real terms.
- By moving out of equity funds you could potentially miss out on better growth, as equities have historically delivered higher returns than cash or bonds over the long-term.
- If you are planning to use income drawdown at retirement rather than buy an annuity, or taking your account as a taxed cash sum, investing in a lifestyle strategy may not be suitable for you as you could miss out on potential growth if stock markets rise.
- Investment decisions are taken away from you. If you want a more hands on approach to planning for your retirement, a lifestyle strategy is probably not for you. The strategy is automated and not based on, or reactive to, market conditions.

Appendix 3 – investment risk and how Fidelity rates funds

There are various ways to measure risk, but we have chosen to provide an indication of the risks involved in our fund range by considering two factors. The first factor is volatility based on past performance. Volatility is the movement, both up and down, in the fund returns over a fixed period. The second factor is an internal assessment of the underlying asset types within a fund.

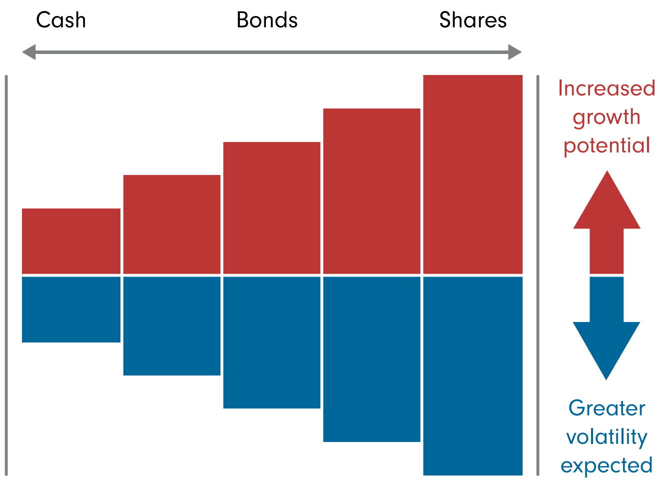
These ratings provide a guide to help you understand the potential risk involved when investing in our fund range.

Each increase in risk level represents an increase in the potential for your fund value to grow but also to fall. Each additional level also increases the likelihood of the value of your fund fluctuating dramatically.

These ratings may change in the future and we will not contact you when they do. For the most up-to-date ratings you should review the latest fund factsheet on PlanViewer or contact the Pensions Service Centre.

None of our risk ratings imply or offer any form of guarantee. Remember that each fund has been assigned a risk category based on our internal methodology and this only considers risk in the context of our overall fund range. It is important that you read the appropriate risk category description. You should also consider financial advice regarding the suitability of your investment choices.

Graphical illustration of our risk ratings



Risk Band	Description
L1 – Lower risk/return	Greater emphasis is placed on capital preservation rather than maximising returns. This means that these types of funds will generally aim to preserve the value of your investments but in return will usually offer a lower rate of growth. Please note that low risk does not mean that the fund's value will not fall.
L2 – Lower- medium risk/ return	Less emphasis is placed on capital preservation than in the lower risk/return category introducing a chance of higher potential returns. Compared to the lower risk/return category there is more of a risk of your fund value going down but in return for this there may be a better chance of your fund value experiencing a higher rate of growth.
M1– Medium risk/return	The potential for capital growth is generally better than the lower risk/return and lower-medium risk/return categories but the value of the fund may vary considerably either up or down.
M2 – Medium-higher risk/ return	The potential for capital growth is higher than the medium risk/return category, but risk is increased. Funds in this category can often experience large fluctuations in value, either up or down, especially in the shorter term.
H – Higher risk/return	The potential for capital growth could be high, but with a corresponding level of risk. Funds in this category can often experience extreme fluctuations in value, either up or down, especially in the shorter term.

Fund specific risk factors

In addition to general risks highlighted in the 'Risks' section, each fund will have its own specific risks. In the 'Your fund choices section' we show the types of risk which are associated with each fund. A description of each of these risks can be found in the table below. You should refer back to this table when reviewing your fund choices.

Risk Factor	Type of Risk	Description of Risk
1	**Concentrated portfolio**	The fund may invest in a relatively smaller number of stocks. This stock concentration may carry more risk than funds spread across a larger number of companies
2	**Derivative exposure**	The fund invests in derivatives as part of its investment strategy, over and above their use for efficient portfolio management. Investors should be aware that the use of these instruments can, under certain circumstances, increase the volatility and risk profile of the fund beyond that expected of a fund that only invests in equities. The fund may also be exposed to the risk that the company issuing the derivative may not honour their obligations which in turn could lead to losses arising.
3	**Efficient portfolio management**	The fund may use other investment instruments apart from/or in place of the actual underlying securities. This is done in order to manage the fund in a more efficient fashion. Examples of these other instruments could be options, derivatives or warrants. The process of using these instruments in the fund is referred to as efficient portfolio management. These instruments can be used to effectively take a position (or reduce an existing position) in a share or index, allowing positions to be altered more quickly and cost effectively than dealing directly in the underlying investment, but are not generally used to try and magnify returns. However, investors should be aware that the use of these instruments can, under certain circumstances, increase volatility and risk beyond that expected of a fund that only invests in conventional equities.
4	**Emerging markets**	The fund invests in emerging markets. There is an increased chance of political and economic instability with less reliable custody, dealing and settlement arrangements. The market(s) can be less liquid. If a fund investing in markets is affected by currency exchange rates, the investment could either increase or decrease. These investments, therefore, carry more risk.
5	**Ethical restrictions**	The fund is unable to invest in certain sectors and companies due to the ethical criteria used to select investments for the fund.
6	**Exchange rate**	The fund invests in securities outside the UK. The value of investments and any income from them may therefore decrease or increase as a result of changes in exchange rates between currencies.
7	**Geared investments**	The fund focuses on geared investments. Funds which focus on geared investments such as warrants or options carry a higher degree of risk than other equity investments because of the risk of the underlying investments. It is possible that the fund may suffer sudden and large falls in value so that the short fall on cancellation, or the loss of the realisation on the investment could be very high and could even equal the amount invested, in which case you would get nothing back.
8	**High yield bonds**	The fund invests in high yield bonds. High yield bonds carry a greater risk of default than investment grade bonds, and economic conditions and interest rate movements will have a greater effect on their price. Income levels may not be achieved and the income provided may vary.

Risk Factor	Type of Risk	Description of Risk
9	**Specialist**	The fund is specifically aimed at sophisticated investors and is particularly high risk, because it concentrates on a region that may be exposed to unusual political or economic risks. You should only invest if you are comfortable with the specific risks pertaining to the fund in question.
10	**Income eroding capital growth**	The fund focuses on income which may reduce the prospect of capital growth. Any income generated cannot generally be withdrawn from a pension account until retirement and will be reinvested in the fund.
11	**Liquidity**	The fund can suffer from partial or total illiquidity, which may lead to considerable price fluctuations and the inability to redeem your investment. This could affect you, for example, when you are close to retirement.
12	**Performance charges**	The fund makes charges that depend on the fund's performance.
13	**Property funds**	The fund invests directly in physical property. Due to the illiquid nature of the underlying assets, there may be delays in completing your instructions to sell. In exceptional circumstances, the manager of the fund has the authority to stop investors from selling some or all of their holdings in the fund. This could affect you, for example when you are close to retirement, as it may be difficult to sell the units you hold in such funds. Any decision to invest in physical property should be carefully considered in line with your planned retirement goals. The value of physical property is generally a matter of a valuer's opinion rather than fact. Property transaction costs are high (typically around 5% or higher due to legal costs, valuations and stamp duty) and as such you may receive a value that is lower than anticipated.
14	**Sector specific funds**	The fund invests in specific sectors. Funds which invest in specific sectors may carry more risk than those spread across a number of different sectors. They may assume higher risk, as markets/sectors can be more volatile. In particular, gold, technology funds and other focused funds can suffer as the underlying stocks can be more volatile and less liquid.
15	**Smaller companies**	The fund invests in smaller companies. Smaller companies' shares can be more volatile and less liquid than larger companies' shares, so smaller company funds can carry more risk.
16	**Solvency of depositary**	The value of the fund may be affected if any of the institutions with which cash is deposited becomes insolvent or experiences other financial difficulties.
17	**Solvency of issuers**	The fund invests in bonds and there is a risk that the issuer may default, resulting in a loss to the portfolio.
18	**Volatility**	Investments in the fund tend to be volatile and investors should expect an above-average price increase or decrease.

The value of your investments may go down as well as up and you may not get back the amount invested.

Appendix 4 – additional voluntary contributions

Additional voluntary contributions are contributions which you choose to pay over and above the ordinary rate of contribution or salary exchange that you are required to make to the plan.

There are several good reasons to consider paying additional voluntary contributions:

1. **Additional voluntary contributions are a tax-efficient way of saving**

   Additional voluntary contributions receive the same favourable tax treatment as your regular contributions to the plan, subject to the annual allowance.

2. **Flexible terms for payment**

   You can choose how much you want to pay. You can increase, decrease, stop or start your payments when it suits you.

Paying additional voluntary contributions is an effective way to increase your retirement benefits, but there are a number of things for you to bear in mind.

1. **Your view of long-term saving**

   Additional voluntary contributions can be very attractive because of the tax advantages. However, they provide benefits only for your retirement and you cannot access your additional voluntary contributions before you take your other plan benefits, unless you choose to transfer them out of the plan (see your plan literature for more information).

   There may be more appropriate, more flexible or more tax-efficient ways of saving available to you. If you are uncertain, you should speak to a financial adviser before deciding to pay additional voluntary contributions.

2. **How much can you pay?**

   There are no limits to the amount of contributions that you may pay, but there is an overall allowance on the level of contributions that enjoy the full tax advantages. This figure is known as the standard annual allowance and is set at £40,000. Within this allowance, tax relief on personal contributions is restricted to 100% of your earnings. For those earning over £200,000 per annum the annual allowance may be tapered down to £4,000 depending on income.

If the contributions to all registered pension schemes of which you are a member, including all personal and employer contributions, exceed the standard annual allowance, you may be liable to a tax charge on the excess based on the highest rate of income tax payable by you.

In addition, when you start to take your pension benefits these are subject to an overall limit to the value of your benefits arising from this and all other registered pension schemes. For example, the maximum overall fund you can accumulate and still enjoy tax advantages on for the tax year 2020/21 is £1,073,100 and should increase yearly in line with inflation. This is known as the lifetime allowance and covers all your tax-privileged pension arrangements. If your arrangements exceed this allowance the excess may be liable to a lifetime allowance tax charge.

If you feel you may be affected by this limit, you should seek financial advice.

Information about tax relief and potential additional tax charges is given in the member's booklet.

Please remember that you may only pay additional voluntary contributions if you are an active member of the plan.

When you take your benefits, there are usually a number of options open to you. Information about this is given in the member's booklets but you may be able to:

- take your entire additional voluntary contributions pension account as a tax-free lump sum

or

- take part of your additional voluntary contributions pension account as a tax-free lump sum and buy a smaller pension with the balance.

There are other ways of saving towards your retirement or of providing an income at retirement other than buying an annuity. We recommend that you speak to a financial adviser before making these decisions.

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