# Timewise Target Retirement Funds Annual Review — April 2021

## Robust Governance Helps to Achieve Good Member Outcomes

From the very first day a member starts contributing to their pension, through to the day they retire and beyond, the asset allocation of the Timewise Funds is managed to be responsive to market conditions, the regulatory environment and changing member behaviour. Our goal is to help support members throughout their retirement savings journey. We continually monitor and review the funds to ensure your members have a best-in-class investment solution.

The Timewise annual review forms part of this process and this document outlines the findings and conclusions of this year's assessment.

Design and oversight of the Timewise Funds are the responsibility of the **European Defined Contribution Investment Group**. This group is comprised of investment professionals with a diverse set of experiences and views, including members from both our Global DC Team and our Investment Solutions Group.

## What has Changed?

We have enhanced the diversifying asset classes that we use in the glidepath alongside the main equity and fixed income allocations. This involves a new 5% allocation to listed infrastructure via the SSGA Multi-Asset Global Infrastructure Index Fund to increase the return potential during the growth phase. The allocation to high yield bonds and emerging market debt will also be increased by 5% to provide additional diversification benefits. To facilitate this, the allocation to the Dynamic Diversified Fund will be reduced to 10% during the growth phase. The DDF will continue to play a key role in the derisking phase of the glidepath.

The integration of ESG into the Timewise funds has increased as a result of our decision in Q4 2020 to exclude controversial weapons companies and companies in violation of the UN Global Compact from our range of index funds. The investments within Timewise that benefit from this are the market cap equity and UK corporate bond exposures.

We also continue to incorporate ESG in Timewise via our stewardship and active engagement programme, and via our 10% allocation to the Multi-Factor Global ESG Index Equity Fund, which targets a 20% improvement in the MSCI ESG score relative to the MSCI World Index, a 50% reduction in carbon emissions and a 50% reduction in carbon intensity.

Finally, we have also changed the emerging market debt exposure in Timewise from an Exchange Traded Fund (ETF) to a newly available Luxembourg SICAV fund to capture tax benefits and reduce fund costs. The SICAV pays lower withholding taxes in Brazil due to its domicile in Luxembourg compared to the ETF.

## Multi-Asset Global Infrastructure Index Fund

The Multi-Asset Global Infrastructure Index Fund seeks to track the performance of the global infrastructure market represented by publicly traded infrastructure-related equity and bonds.

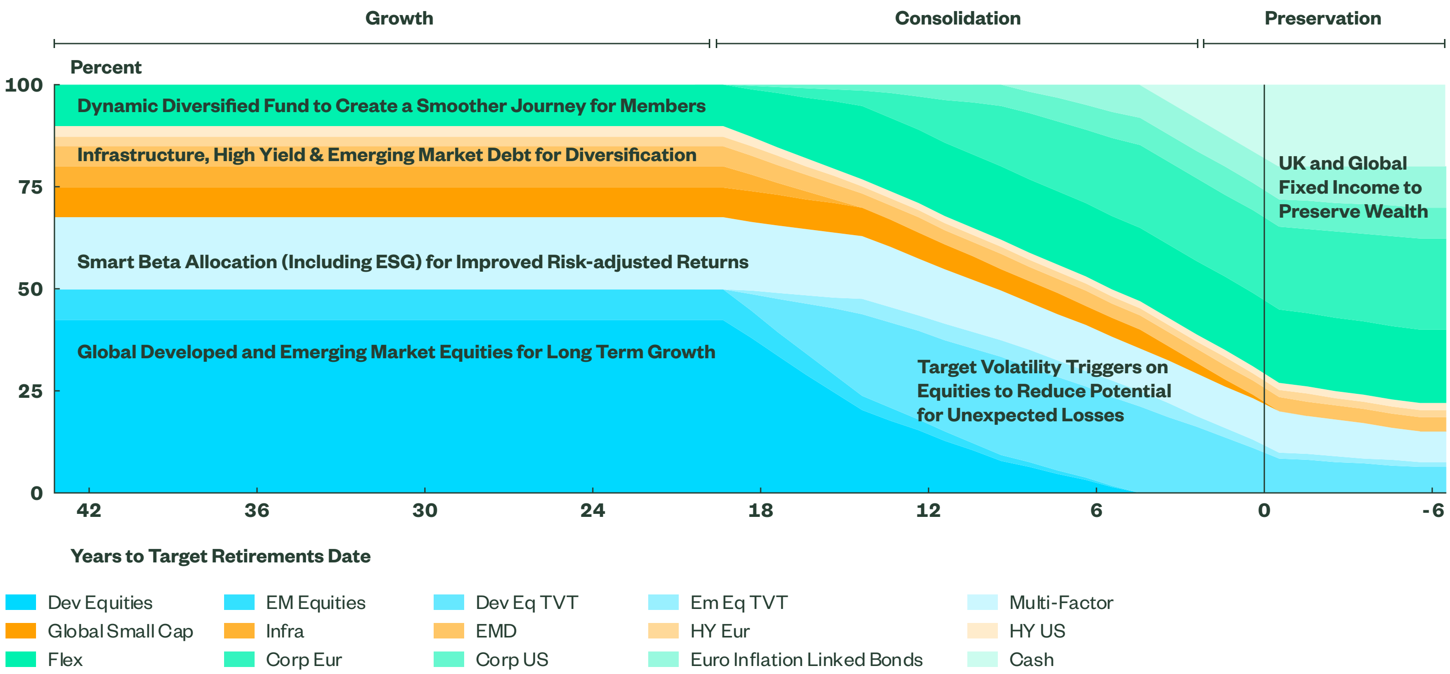
Why Combine Equity and Bonds in Infrastructure?

- More accurate, diversified representation and coverage of multiple infrastructure funding methods from across the globe
- Closer to the characteristics and performance of the unlisted global infrastructure universe
- Captures the equity performance and upside over the long term, whilst reducing the volatility with the bonds

**Benchmark: Morningstar Global Multi-Asset Infrastructure Index.**

The Morningstar Global Multi-Asset Infrastructure Index tracks the performance of a broadly diversified portfolio of publicly traded global equity and global fixed income securities that fall within 18 infrastructure related industries.

Figure 1 **New Timewise Target Retirement Fund Glide Path**




Source: State Street Global Advisors, as of 07/04/2021.
The information contained above is for illustrative purposes only.
For any further information about these changes or to find out more about Timewise, please visit ssga.com/ukdc.

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For four decades, State Street Global Advisors has served the world's governments, institutions and financial advisors. With a rigorous, risk-aware approach built on research, analysis and market-tested experience, we build from a breadth of active and index strategies to create cost-effective solutions. As stewards, we help portfolio companies see that what is fair for people and sustainable for the planet can deliver long-term performance. And, as pioneers in index, ETF, and ESG investing, we are always inventing new ways to invest. As a result, we have become the world's third-largest asset manager with US $3.59 trillion* under our care.

* This figure is presented as of March 31, 2021 and includes approximately $60.33 billion of assets with respect to SPDR products for which State Street Global Advisors Funds Distributors, LLC (SSGA FD) acts solely as the marketing agent. SSGA FD and State Street Global Advisors are affiliated.

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**Important Risk Information**

Investing involves risk including the risk of loss of principal. Past performance is no guarantee of future results.

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Diversification does not ensure a profit or guarantee against loss.

Bonds generally present less short-term risk and volatility than stocks, but contain interest rate risk (as interest rates rise bond prices usually fall); issuer default risk; issuer credit risk; liquidity risk; and inflation risk. These effects are usually pronounced for longer-term securities. Any fixed income security sold or redeemed prior to maturity may be subject to a substantial gain or loss. Equity securities may fluctuate in value in response to the activities of individual companies and general market and economic conditions.

SSGA Target Date Fund are designed for investors expecting to retire around the year indicated in each fund's name. When choosing a Fund, investors should consider whether they anticipate retiring significantly earlier or later than age 65 even if such investors retire on or near a fund's approximate target date. There may be other considerations relevant to fund selection and investors should select the fund that best meets their individual circumstances and investment goals. The funds' asset allocation strategy becomes increasingly conservative as it approaches the target date and beyond. The investment risks of each Fund change over time as its asset allocation changes.

Assumptions and forecasts used by SSGA in developing the Portfolio's asset allocation glide path may not be in line with future capital market returns and participant savings activities, which could result in losses near, at or after the target date year or could result in the Portfolio not providing adequate income at and through retirement.

The returns on a portfolio of securities which exclude companies that do not meet the portfolio's specified ESG criteria may trail the returns on a portfolio of securities which include such companies. A portfolio's ESG criteria may result in the portfolio investing in industry sectors or securities which underperform the market as a whole.

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There are risks associated with investing in Real Assets and the Real Assets sector, including real estate, precious metals and natural resources. Investments can be significantly affected by events relating to these industries.

Investing in REITs involves certain distinct risks in addition to those risks associated with investing in the real estate industry in general. Equity REITs may be affected by changes in the value of the underlying property owned by the REITs, while mortgage REITs may be affected by the quality of credit extended. REITs are subject to heavy cash flow dependency, default by borrowers and self-liquidation. REITs, especially mortgage REITs, are also subject to interest rate risk (i.e., as interest rates rise, the value of the REIT may decline).

Investing in foreign domiciled securities may involve risk of capital loss from unfavourable fluctuation in currency values, withholding taxes, from differences in generally accepted accounting principles or from economic or political instability in other nations. Investments in emerging or developing markets may be more volatile and less liquid than investing in developed markets and may involve exposure to economic structures that are generally less diverse and mature and to political systems which have less stability than those of more developed countries.

Asset Allocation is a method of diversification which positions assets among major investment categories. Asset Allocation may be used in an effort to manage risk and enhance returns.
It does not, however, guarantee a profit or protect against loss. Diversification does not ensure a profit or guarantee against loss.