

LIFECYCLE INVESTMENT STRATEGIES

OBJECTIVES AND GUIDELINES

CURRENCIES

The Lifecycle Strategies are available in Euro, US Dollars and Sterling. The chosen strategy will be in the currency of the investor's plan.

OBJECTIVE

The Lifecycle Strategies seek to achieve positive real returns over the longer term by investing in a blend of assets based on an investor's time to retirement and their risk profile.

The glide path approach removes the requirement for investors to adjust their savings elections through time, as described on our website under the Funds area of the Employee Benefits section - see Lifecycle Strategy Service.

THE STRATEGIES ARE AVAILABLE IN THREE RISK PROFILES:



CAUTIOUS STRATEGY LOWER RISK / LOWER RETURN

Suitable for investors who are seeking steady growth but are willing to forego possible higher returns for steady performance and less volatility. This could suit people who are conservative investors by nature or people who are sensitive to market movements.



BALANCED STRATEGY MEDIUM RISK / MEDIUM RETURN

Suitable for investors seeking growth potential over a medium-term horizon. This could suit those who are prepared to take some risk to achieve potentially higher returns but who want to balance this by including lower risk investments to provide a stabilised return.



DYNAMIC STRATEGY HIGHER RISK / HIGHER RETURN

Suitable for investors seeking the potential of superior capital growth. This could suit those who are less concerned about short-term volatility and expect to achieve higher returns over the medium to long term, based on the greater concentration to equities within this strategy.

STRATEGY

The Lifecycle Strategies launched in 2009 with Strategic Asset Allocations based on long-term historic return data combined with our expectations of future returns.

Since launch, we recognise that a reducing number of people are buying annuities at retirement and are electing a drawdown model instead.

Ten years on from the production of the original asset allocation models, we have re-visited them to adapt to client behaviours along with our latest investment projections, incorporating our outlook for the next ten years, combined with the progress that we have made in risk modelling.

ASSET ALLOCATION MODEL

At the launch of the Lifecycle Strategies, we created investment funds bespoke to the offering. These consisted of four investment funds per currency as follows:

FUND	UNDERLYING ASSETS
Domestic Equity	Exchange Traded Funds
International Equity	Exchange Traded Funds
Country Bond	Direct Fixed Income & Investment Funds
Deposit Fund	Guaranteed Insurance Fund and Short Dated Bond Fund

For the enhanced Lifecycle Fund range, we have moved away from funds unique to the product and replaced them with a combination of existing investment funds and new funds available for use throughout our investment range.

FUND	UNDERLYING ASSETS
Domestic Equity	Exchange Traded Funds, Index Funds, Direct Equities and Investment Funds.
Controlled Volatility	Investment Fund.
International Equity	Direct Equities and Derivatives.
Real Asset Funds	Exchange Traded Funds, Index Funds, Direct Equities and Investment Funds, with a focus on real estate, infrastructure and commodities.
Country Bond	Direct Fixed Income securities with maturities typically ten years or less and Fixed Income Investment Funds.
Guaranteed Fund	Insurance Fund with guaranteed Capital and Income, backed by, high quality fixed income securities.
Short Dated Bond Fund	Direct fixed income securities with maturities under three years, that seek to outperform cash returns.

FEEES

As part of our enhancement to our Lifecycle Strategies, we have remained focused on improving value to investors. Through the following actions; managing fund tracking error, seeking ways to add alpha and decreased total expense ratios, we seek to reduce the impact of the product costs within the Lifecycle structure.

Within our Investment Fund range, the following fees apply:

ASSET CLASS	UTMOST MANAGEMENT FEE %
Equities	0.75
Controlled Volatility	0.75
Bond Funds	0.50
Short dated bond funds	0.35
Guaranteed Funds	0.35
Real Asset Funds	0.75

Referencing the Lifecycle asset allocation models, we project that the **highest TER, for a Dynamic investor at the start of their career, is likely to be 0.9% falling to below 0.4% for a Cautious investor at retirement age.**

Past Performance is not indicative of future performance. Investors and/or their investment advisers are responsible for their investment decisions and any choice of funds is entirely at their own risk. Please note that investment performance may go down as well as up.

A WORLD *of* DIFFERENCE

Registered Head Office address: Utmost Worldwide Limited, Utmost House, Hirzel Street, St Peter Port, Guernsey, Channel Islands GY1 4PA.

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T +44 (0) 1481 715 400
F +44 (0) 1481 715 390
E EBInvestCustomerService@utmostworldwide.com
W utmostinternational.com