

## Heinz UK Pension Plan

Date: 27 April 2021

Prepared for: The Trustees

Prepared by:

# Has my pension recovered from Covid-19?

## Introduction

The global recovery from the Covid-19 pandemic, gradual relaxation of lockdown restrictions (or not), and ongoing concerns about the emergence of new variants continues to dominate headlines. In this Investment Update we give you a reminder of the long-term nature of your pension savings and an update on the recent performance of the Aon Managed Retirement Pathway funds.

## Market Commentary

Improving economic data in most countries, and global vaccination roll-outs, provided continued optimism over economic recovery in recent months. However, global Covid-19 cases continued to surge, with many countries forced to re-introduce lockdown measures as new virus variants raised concern.

Global equities (i.e. shares in companies, used in the Aon Managed Retirement Pathway Funds when you are far from retirement), have continued to perform well over Q4 2020 and Q1 2021. Fixed income markets (bonds), which are used in the Aon Managed Retirement Pathway Funds as you start to approach retirement, have fared less well in Q1 2021. The expectations of a strong economic recovery have provided support for equity markets but have also reduced the relative attractiveness of bonds as a 'safe haven'.

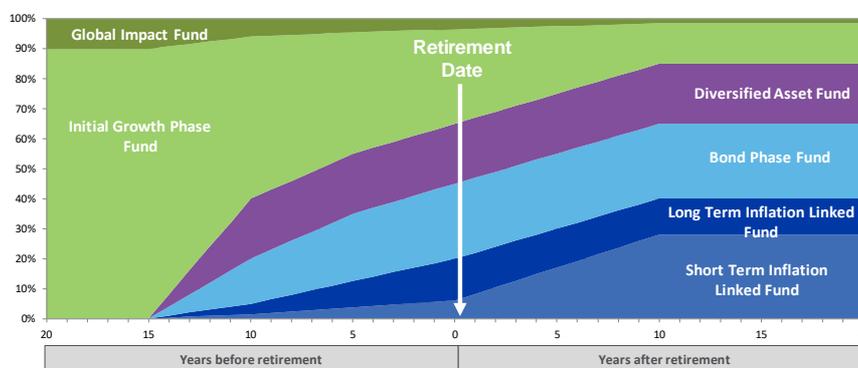
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## Default lifestyle strategy

The default lifestyle strategy, which the trustees make available to members who do not wish to make their own investment choices, has been designed to allow for the long-term nature of pension savings. The chart below shows how the underlying investments of the lifestyle strategy change depending on the length of time until you retire.

### Default lifestyle strategy – underlying investments



The **Initial Growth Phase Fund** invests your savings in equities and property when you still have a long time to retirement. These asset classes provide the greatest potential for growth in the long term.

The **Global Impact Fund** also invests your savings in equities and aims to provide healthy financial returns, while also making a meaningful positive impact on society and / or the environment.

Whilst the price of equities and property can go up and down significantly over shorter time periods, this should not be of concern if you intend to remain invested in the expectation of achieving longer term growth.

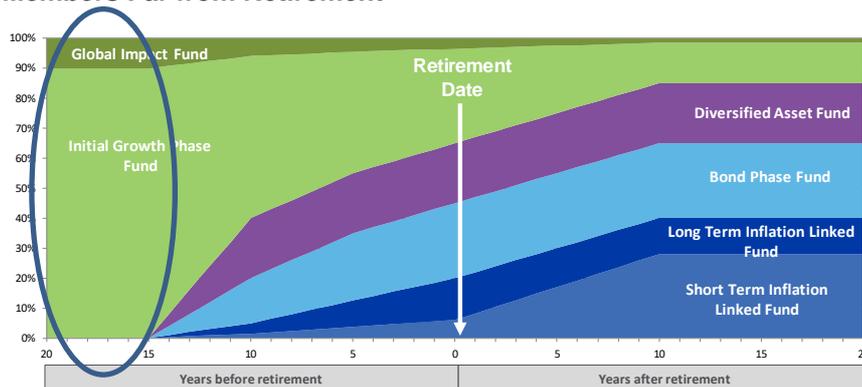
The **Diversified Asset Fund** spreads your investment across a wider range of assets. This spreads the risk of your savings whilst still targeting growth towards your retirement target.

The **Bond Phase Fund** and the **Inflation Linked Funds** are lower risk, lower return investments which are gradually phased in over the years coming up to your retirement. These investments help to stabilise your retirement fund, with some protection against inflation eroding the value of your savings. The continuing investments in the Initial Growth Phase Fund and the Diversified Asset Fund still give further potential for your investments to grow.

The most important aspects of the lifestyle strategy are its **focus on growth** when you have a long time to retirement, and **automatic reduction in investment risk** as you get closer to your retirement date.

How will this affect me?

### Members Far from Retirement



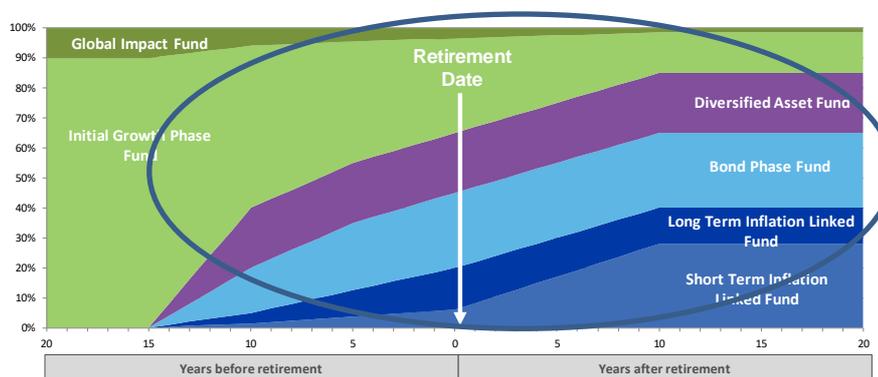
For members who are **more than 15 years from retirement** and invest in the default lifestyle strategy option (Aon Managed Retirement Pathway Fund):

Your savings will have fallen with equity markets in the first half of 2020, then benefited from the recovery over the remainder of the year and into 2021. The experience of 2020 illustrates that whilst equity markets can move significantly over short time periods, it is important to remember the long-term nature of these investments.

For example, members more than 15 years from retirement would have experienced the performance shown in the table below over 2020 and Q1 2021.

	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Total Period
Members more than 15 years from retirement	15.5%	0.8%	8.1%	4.1%	31.0%

### Members Closer to Retirement



For members who are **less than 15 years from retirement** and invest in the default investment option (Aon Managed Retirement Pathway Fund):

Assets will start and continue to be switched out of equities and invested across a range of assets which are intended to protect the funds you have already built up from sharp falls before retirement. These funds are normally bonds, gilts (government bonds) and cash. This means that your savings have been stabilised to some extent from the more significant moves in equity markets. For example, members around 7 years to retirement would have experienced the performance shown in the table below over 2020 and Q1 2021.

	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Total Period
Members around 7 years from retirement	11.9%	1.0%	5.9%	1.6%	21.6%

The Trustees are comfortable that the investment objectives of the Aon Managed Retirement Pathway Funds have been achieved in the recent market volatility. The de-risking of assets as members approach retirement has worked well, as the fall in global investment markets has had much less of an impact on older members.

### Where Can I Find Further Information About Investment?

The member website ([www.kraftheinzpension.co.uk/](http://www.kraftheinzpension.co.uk/)) has a lot of very useful information to help you make decisions about the investment of your retirement savings including:

- A summary of the investment options available to you in the investment guide
- Fund factsheets, which provide details of the asset types each fund invests in, performance and fund commentary
- Investment news and announcements that will affect you.
- Details on how you can make changes to your target retirement age or your investment options.

For more detailed information, please see 'A guide to your investment choices'. (You can find a copy of this guide on the Plan website at [www.hartlinkonline.co.uk/heinzpensions](http://www.hartlinkonline.co.uk/heinzpensions) or on the Flex Portal).

**Important note:** There is a heightened risk that scammers and unscrupulous financial advisers will try to take advantage of the current COVID-19 situation by targeting pension scheme members.

If you are in any doubt about what action, if any, to take, you should seek independent financial advice. The Trustees cannot provide financial advice or guidance to members and none of the information in this announcement constitutes financial advice or guidance. The Financial Conduct Authority website provides information in relation to finding a financial adviser at <https://www.fca.org.uk/consumers/finding-adviser>.

If you need further details about your investment options, or if you have any queries regarding your investments, you should contact The Heinz UK Pension Plan administrators using the contact details below:

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