

Dear,

## Changes to the Prudential AVC Fund Range – Funds in which you invest are closing

Prudential has recently reviewed its range of funds and decided to close several funds, to simplify its fund range and help members engage more easily with their fund options. Some further funds are closing which have not achieved a sustainable scale. You are receiving this letter because you are currently invested in one or more of these funds, or you are invested in the Global Equity Encashment Target Lifestyle Option, which utilises the BlackRock Aquila Market Advantage fund that is closing.

The funds that are closing are listed in the table below together with suggested alternative funds selected by NILGOSC:

Current Fund	AMC % p.a.	Alternative Fund	AMC % p.a.
<b>Core Funds</b>			
BlackRock Aquila (50:50) Global Equity Index	0.65	BlackRock Aquila World ex-UK Index	0.65
BlackRock Aquila Market Advantage	0.85	Dynamic Growth III	0.62
BlackRock Aquila Over 15 Years UK Gilt Index	0.65	Long-Term Gilt Passive	0.55
BlackRock Aquila All Stocks Corporate Bond Index	0.65	All Stocks Corporate Bond	0.65
<b>Legacy Funds</b>			
BlackRock Aquila (60:40) Global Equity Index	0.65	BlackRock Aquila World ex-UK Index	0.65
Aberdeen Life Multi-Asset	0.75	Prudential Discretionary	0.65

The following funds are closing and assets transferring on 20 February 2020:

- BlackRock Aquila Market Advantage
- Aberdeen Life Multi-Asset

The following funds are closing and assets transferring on 26 March 2020:

- BlackRock Aquila (50:50) Global Equity Index
- BlackRock Aquila (60:40) Global Equity Index

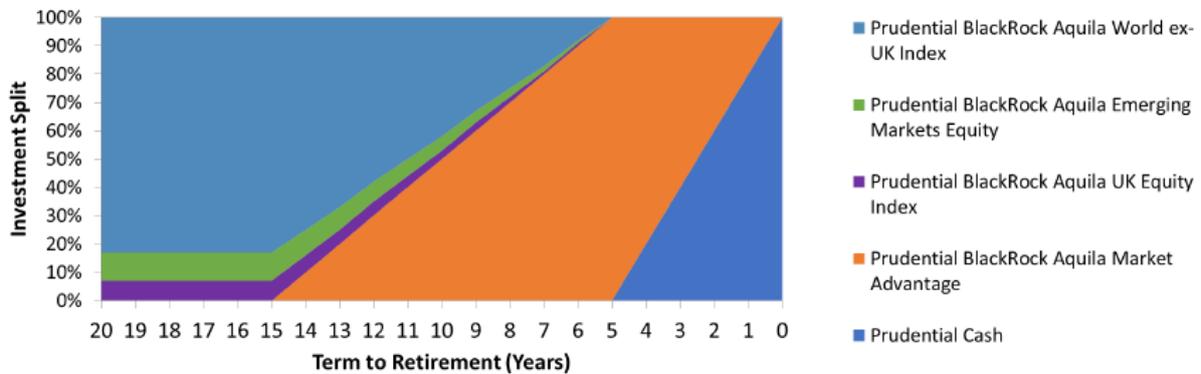
The following funds are closing and assets transferring during 2020, but Prudential has not yet confirmed a closure date:

- BlackRock Aquila Over 15 Years UK Gilt Index
- BlackRock Aquila All Stocks Corporate Bond Index

NILGOSC's Investment Advisor, Aon, has thoroughly reviewed the available funds and has advised NILGOSC in relation to alternative fund choices. NILGOSC has selected the alternative funds as the most suitable replacements available within the remaining fund range, but we recommend that you thoroughly review these choices to ensure that they are the right funds for your personal circumstances. Some key points to note in relation to each of the alternative funds are set out below, but please also refer to the "Guide to Fund Options" document and the Fund Factsheets available at <http://www.fundslibrary.co.uk/FundsLibrary.BrandedTools/PruConsumer/FundCentral/WorkplacePension> and enclosed for a comprehensive summary of each fund.

### Global Equity Encashment Target Lifestyle option:

One of the fund closures will affect the Global Equity Encashment Target Lifestyle Option. This Lifestyle currently invests in the BlackRock Aquila Market Advantage fund in the approach to retirement as illustrated in orange in the chart below:



The reason for utilising this fund as part of the Lifestyle option was to help manage volatility during the approach to retirement. When the BlackRock Aquila Market Advantage closes on 20 February 2020, the Global Equity Encashment Target Lifestyle Option will replace it with the Dynamic Growth III Fund, which is also suitable for managing volatility in the approach to retirement.

### Key Points to note in relation to the suggested alternative funds:

**BlackRock Aquila World ex-UK Index** – This is the closest available option to the BlackRock Aquila (50:50) Global Equity Index fund and BlackRock Aquila (60:40) Global Equity Index fund within the Prudential fund range. The Annual Management Charge (AMC) of this fund is 0.65%, which is the same as the funds it is replacing. It must however be noted that it does not have any exposure to the UK market. If you wish to retain UK market exposure you could choose to also invest in the BlackRock Aquila UK Equity Index Fund to access UK equities.

**Dynamic Growth III** – The Dynamic Growth III fund is a “lower to medium risk” passively managed fund like the BlackRock Aquila Market Advantage Fund. Although the equity content may be a little low compared to the BlackRock Aquila Market Advantage funds objective, the risk management it offers outweighs the impact on return potential, making it an acceptable alternative fund. The AMC of this fund is 0.62%, which is the lower than the 0.85% AMC of the fund it is replacing.

**Long-Term Gilt Passive** – This fund is considered to be the most appropriate alternative for the BlackRock Aquila Over 15 Years UK Gilt Index given it is the only long dated gilt fund available and like the BlackRock fund, it is also passively managed against the same benchmark, the FTSE Actuaries UK Conventional Gilts Over 15 Year Index. The fund is 0.1% cheaper than the current fund with a 0.55% AMC. This fund will be added to the NILGOSC core fund range.

**All Stocks Corporate Bond** - The All Stocks Corporate Bond Fund is considered to be the most appropriate alternative for the BlackRock Aquila All Stocks Corporate Bond Index given it is the only suitable corporate bond fund available. The Fund is actively managed, so aims to outperform its benchmark by 0.8% p.a. as opposed to tracking it like the BlackRock fund but it does use the same benchmark, the iBoxx Sterling Non-Gilts Index. The Annual Management Charge (AMC) of this fund is 0.65%, which is the

same as the fund it is replacing. This fund will be added to the NILGOSC core fund range.

**Prudential Discretionary** – The Prudential Discretionary Fund has been selected as the alternative fund to the Aberdeen Life Multi-Asset fund as it is an actively managed multi-asset fund with more than 50% in equities and is defined by Prudential as “medium risk”. It also has a similar management style. The Annual Management Charge (AMC) of this fund is 0.65%, which is 0.1% cheaper than the fund it is replacing.

We recommend that you carefully review your fund choices and ensure that the suggested alternative funds are suitable for your needs, and if they are not that you consider switching your investments to an alternative fund(s) that Prudential offers. If you wish to choose a different fund, please contact Prudential on 0345 6000 343 as soon as possible. Please note that it is possible to switch your investments ahead of the fund closure date should you wish to do so.

You can also request a switch to a different fund via your online AVC account that can be accessed via [www.pruetire.co.uk](http://www.pruetire.co.uk).

If you are happy for your investments to automatically switch to the suggested alternative funds you do not need to anything. The switches will happen automatically.

Prudential has a dedicated website that provides a wealth of information on AVC arrangements, which is accessible at: [www.pru.co.uk/localgov](http://www.pru.co.uk/localgov). The website is a single site for all Local Government Pension Schemes and is mobile optimised.

All members invested in AVCs are encouraged to read the ‘Key Features’ document on Prudential’s website, which provides important information, including the key risks and benefits of investing in the AVC Scheme. This should be read in conjunction with the ‘Guide to Fund Options’ document. Factsheets for all the funds available within the NILGOSC AVC Scheme can be found in the ‘View your Funds’ section of the website at: [http://www.pru.co.uk/rz/localgov/northern-ireland/get\\_started](http://www.pru.co.uk/rz/localgov/northern-ireland/get_started).

Further information on the AVC Scheme, including the investment performance of funds in the approved AVC range, can be found on the Members’ section of the NILGOSC website at: <http://www.nilgosc.org.uk/additional-voluntary-contribution>.

If you require any further information in relation to your AVC fund, the Pensions Administration Team at NILGOSC is happy to help with your questions, but please remember that NILGOSC staff cannot give you financial advice about your investments. The Pensions Administration Team can be contacted on 0345 3197 325 or by email at [info@nilgosc.org.uk](mailto:info@nilgosc.org.uk).

Yours sincerely,



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**Investment Services Manager**