Mercer | BAE SYSTEMS

investment guide

Mercer Master Trust
BAE Systems Retirement
Savings Plan



your workplace pension plan

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Using this guide

This guide sets out your options for investing your savings in your workplace pension plan ('the Plan'), which is part of the Mercer Master Trust. You can access more information about your investment options on the Mercer Master Trust administrator's website via Mercer Money (see page 26).

Whether you're new to pension investment and wondering where to start, or you're an experienced investor looking for in depth information, this guide should contain the details you need, including:

Key things to consider before deciding how to invest your Plan savings and details of the tools available to help you.

An overview of your Plan investment options.

Details about how your Plan savings will be invested if you don't want to choose your own investments.

If you're not sure which is the best investment option for you, you may wish to seek authorised financial advice. Please note, an authorised financial adviser is likely to charge for their services. If you're consulting an adviser, please show them this guide so that they can see the investment choices on offer.



What you need to think about

The investment choices you make now will directly affect how much money will be in your Plan savings when you choose to take your benefits.

Before deciding how to invest your Plan savings, you need to think about:

- What do you need the savings to do when you stop working?
- How long are you going to invest the savings?
- What level of investment risk are you comfortable with?

What are your savings goals?

It's important to understand how much you're going to need to live on when you stop work. You can access a tool to help you estimate this via Mercer Money (see page 26).

You need to think about all the sources of income you'll have to fund life after work, including State pensions, your savings, and any other pensions you've built.

How long are you going to be investing?

The longer you have until you need to start drawing on your Plan savings, the easier it is to take a long-term view when investing. You can use the Retirement calculator on Mercer Money (see page 26) to see how much you might receive from your Plan savings at any permitted pension age. This can help you estimate when you'll be able to afford to stop work and therefore how long you need to invest.

What level of investment risk are you comfortable with?

Different investments carry different levels of risk and potential for growth. That's why it's important to know how you feel about investment risk before you choose where to put your money.

It's important to strike the right balance. If you choose more risky investments, they could provide better returns over the longer-term, BUT, over the shorter-term the value of your Plan savings could go down, leaving you with less than was paid in. If you take a very cautious approach to investing, there's a risk that the value of your Plan savings won't keep up with inflation.

You have to accept some level of risk when you make an investment, but how much depends on what you want to achieve and how quickly you hope your money will grow. You can access a Risk Profiler tool via Mercer Money (see page 26) to help you identify how much investment risk to take, based on your own savings goals.

Choose the investment option that's right for you

When it comes to investing, some people prefer to have the work done for them. Others like to take control and set their own strategy. You can choose from a range of funds selected by the Mercer Master Trust Trustees, advised by investment specialists from Mercer. Your choice is between:

The Mercer SmartPath strategies



The way these strategies are invested changes over time to reflect the age at which you're due to start taking your Plan savings. As this draws closer, your investments are moved into assets that typically avoid large changes in the value of your pension savings and which reflect the way you wish to take your savings.

Or

Self-select investment funds



If you'd like to take a more hands-on approach, you can:

- Select a Multi Asset fund,which invests in a mix of different types of investments; or
- Create your own investment portfolio from a selection of Additional funds that cover a variety of asset classes, such as equities (including shares of property and infrastructure companies), bonds and cash.

If you don't select an investment option, your Plan savings will be invested in the Mercer SmartPath (see page 6).

Keep an eye on your investments

Your attitude to risk and personal circumstances may change over time. So, it's a good idea to keep an eye on how your Plan savings are performing and decide if you need to make any changes to the way they are invested.

Any investment decision you take will be a personal one, reflecting your own savings goals, how long you plan to invest for, and your attitude to risk. If after reading this guide and the individual fund factsheets, which you can access via Mercer Money (see page 26), you're in any doubt about which investments to choose, you should talk to an authorised financial adviser.

The value of all the investment choices can go down as well as up, and past performance is no guide to future returns. You may not get back the amount you originally invested.

Overseeing and monitoring the investment funds

The Mercer Master Trust Trustees oversee and monitor all the investment funds to ensure they are meeting the objectives set for them. If the Trustees decide to replace a fund with an alternative one, you'll be notified and given the option to update your choice of funds.

The Trustees welcome your views on the investment fund choices, so please feel free to contact the Secretary to the Mercer Master Trust Trustees (see page 26) if you've any feedback to share.

The Mercer SmartPath investment strategies

The Mercer SmartPath investment strategies give you the option to have your Plan savings managed for you, so you don't have to make your own investment decisions. All you need to tell us is when you intend to start taking your Plan savings and, as you get closer to this date, how you intend to take them.

The Mercer SmartPath investment strategies are designed to give you the opportunity to achieve the long-term investment growth needed to build your Plan savings and then gradually reduce your exposure to risk before you start to take these savings.

Your choice of Mercer SmartPath investment strategies

There are four Mercer SmartPath investment strategies to choose from. These are:

- **The Mercer SmartPath – Target Drawdown strategy** – This is designed for members who intend to leave some or all of their Plan savings invested and draw on these as required to provide an income;
- **The Mercer SmartPath – Target Annuity strategy** – This is designed for members who intend to use some or all of their Plan savings to buy an annuity;
- **The Mercer SmartPath – Target Cash strategy** – This is designed for members who intend to take all of their Plan savings as cash;
- **The Mercer SmartPath Shariah – Target Drawdown strategy** – This is designed for members who wish to have their Plan savings managed in a way that is compliant with Shariah law and who intend to leave some or all of their Plan savings invested and draw on these as required to provide an income.

The Mercer SmartPath strategies, other than the Mercer SmartPath Shariah – Target Drawdown strategy (see page 10), are implemented using 'Target Date Funds'. Each Target Date Fund invests according to the length of time to go before you're due to take your Plan savings. Target Date Funds are designed to mature shortly before or after the date you intend to start taking your savings.

Each Target Date Fund has three years in its name. For example, the Mercer Target Drawdown – Retiring 2035-37 Fund is designed for members who are retiring between 1 January 2035 and 31 December 2037 and intend to leave some or all of their Plan savings invested and draw on these as required to provide an income.

The Target Date Fund for you will be the one containing the year in which you want to start to take your Plan savings. If you don't let us know when you intend to start taking your Plan savings, they'll be invested in the Target Date Fund containing in its name the year you'll reach the Normal Retirement Date set by your employer.

The default investment strategy

The default investment option for the Plan is the Mercer SmartPath – Target Drawdown strategy. This is where your retirement savings will be invested if you don't make an alternative choice.

You can change the way your Plan savings are invested at any time. If you don't intend to leave some or all of your Plan savings invested and draw on these as required to provide an income, you should consider whether one of the other SmartPath investment strategies better reflects your plans.

You can also change the date at which you intend to start taking your Plan savings (your Selected Retirement Date) at any time.

As long as your Plan savings are fully invested in the default investment option, and your Selected Retirement Date is within the range of years in the name of the Target Date Fund your Plan savings are invested in, the way they are invested may automatically change to reflect your adjusted Selected Retirement Date.

This means that if you choose any other investment option, the Target Date Fund you're invested in won't automatically change to reflect your adjusted retirement date. If you wish to switch to a Target Date Fund that reflects your adjusted retirement date, you can do this via Mercer Money or by contacting the Mercer Master Trust Administrator (see page 26).

How the default investment option invests your Plan savings

Until you're about 16 years away from retirement

You've time on your side to ride out short-term investment market fluctuations. To take advantage of this, your Target Date Fund invests in higher risk assets with the aim of achieving long term growth. These assets are mainly equities or shares (including those of property and infrastructure companies).

While you're between about 16 and 8 years from retirement

The Target Date Funds are managed to gradually reduce the investment risk to which your Plan savings are exposed.

At around 16 years before retirement, your Target Date Fund will gradually start to move your Plan savings into a more diverse range of assets, some of which typically avoid large changes in the value of your savings, such as bonds and cash. This is in order to provide greater protection against large rises and falls in the value of your Plan savings.

This gradual shift in the investment mix of the Target Date Fund will stop in the middle of the three-year date range in the fund name. For example, in the Mercer Target Drawdown – Retiring 2035-37 Fund the target investment mix will cease to change on 30 June 2036.

We will get in touch as you draw closer to taking your Plan savings

We will write to let you know about your options for taking your Plan savings and invite you to review your investments. This will be between seven and nine years before the date you're due to start taking your Plan savings.

You'll be asked to think about:

- The way you intend to take your Plan savings; and
- When you'll start to take them.

Between seven and nine years before the date you're due to start taking your Plan savings, you'll also be offered a choice of Target Date Funds that are designed to reflect the different ways you can take your Plan savings. The Target Date Funds you can choose from at this point are:

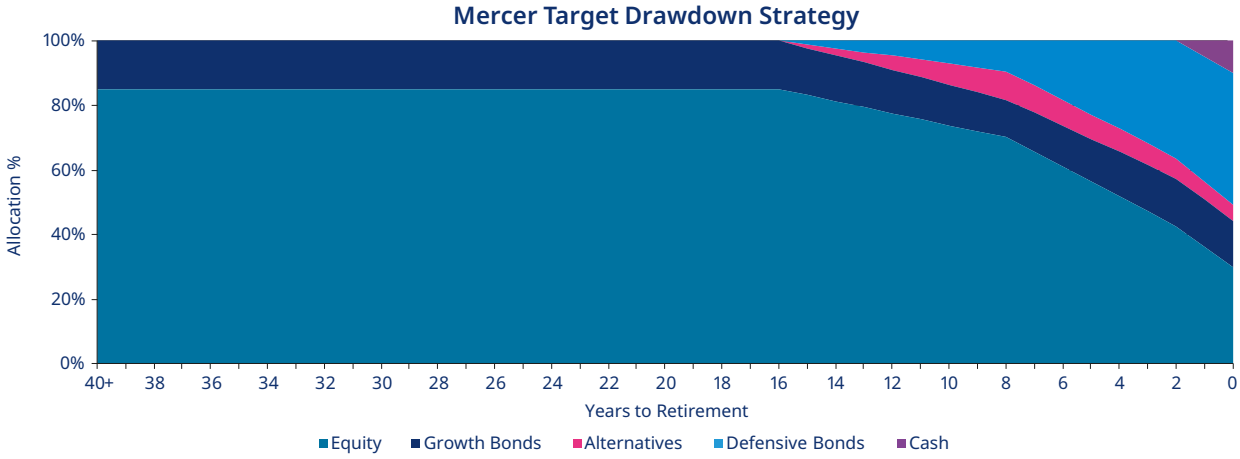
- **Mercer Target Drawdown**, for members who plan to leave some or all of their Plan savings invested and draw on these as required to provide an income (known as 'flexible income drawdown').
- **Mercer Target Annuity**, for members who plan to use some or all of their Plan savings to buy an annuity (a guaranteed income for life).
- **Mercer Target Cash**, for members who plan to take all of their Plan savings as cash.

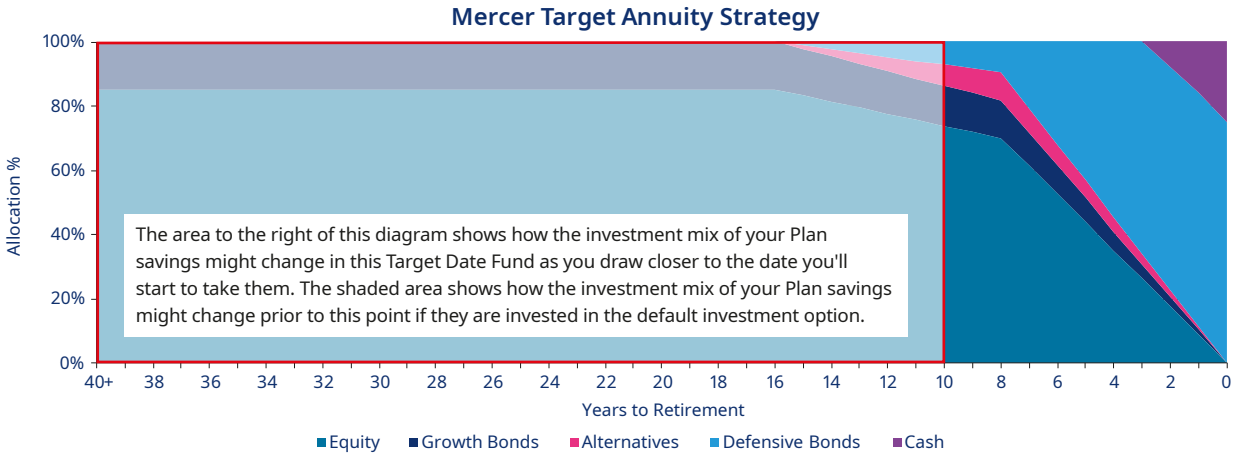
The diagrams overleaf show how the investment mix of your Plan savings might change in each of the Target Date Funds as you draw closer to the date you'll start to take them.

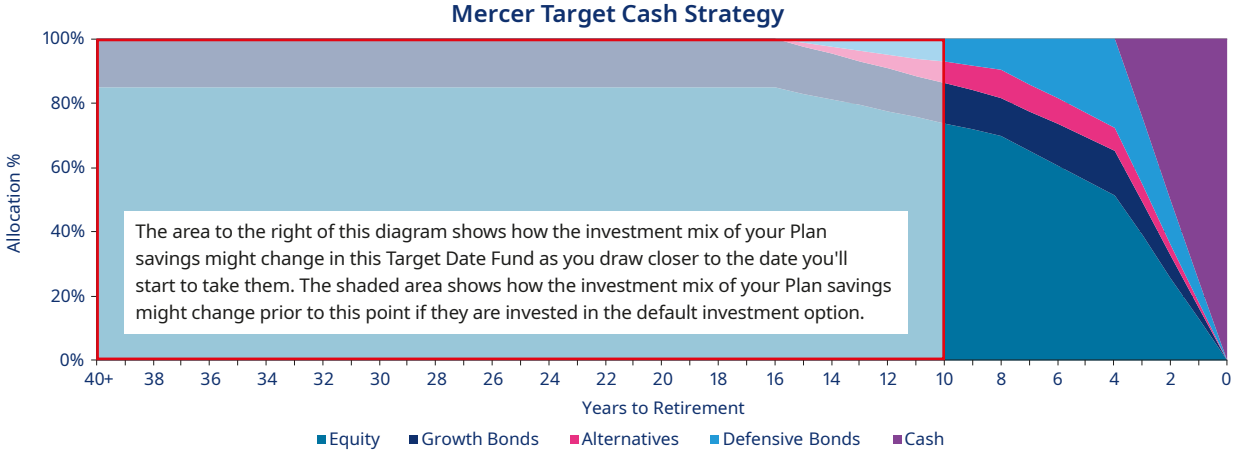
Further details on the Target Date Funds available within Mercer SmartPath, as well as the other investment funds available to you, can be found in this guide.



If you're invested in the Mercer Target Drawdown Strategy, you'll be offered the choice to switch strategies as you approach the date you intend to start taking your Plan savings. These other strategy options are designed to reflect the different ways in which you can take your Plan savings. The charts below show how the investment mix of the three strategy options (Target Drawdown, Target Annuity, Target Cash) changes through time.







Please note that these diagrams are intended to be illustrative. It's important to understand that the actual asset allocation may vary and is subject to change. The charts should not be considered an exact representation of the current or future asset allocation of the strategies.

When your Target Date Fund matures

The Target Date Fund your Plan savings are invested in will mature at the end of the final year in its name. For example, the Mercer Target Drawdown – Retiring 2035-37 Fund will mature at the end of 2037. If you haven't taken your Plan savings by then, your investments in the Target Date Fund will be switched into a Retirement Fund that reflects the way you intend to use them. This will take place at the start of the following calendar year. Using the same example, this will happen early in 2038.

We will contact you before this switch takes place.

The Retirement Funds for each of the different Target Date Fund options are:

- **Mercer Target Drawdown**, the Mercer Retirement: Drawdown Fund
- **Mercer Target Annuity**, the Mercer Retirement: Annuity Fund
- **Mercer Target Cash**, the Mercer Retirement: Cash Fund

There will be no further automatic changes to the way your Plan savings are invested and they'll remain in the Retirement Fund until you start to take them.

Once your Plan savings are invested in a Retirement Fund, the way they are invested will only change if you request this via Mercer Money or by contacting the Mercer Master Trust Administrator (see page 26). No automatic change will take place if you change the date at which you intend to start taking your Plan savings.

For details about the individual retirement funds, please see pages 16 to 18.

Please bear in mind

The Target Date Funds are designed to reduce your exposure to investment risk as you approach the date you're due to start taking your Plan savings. If you don't take your money as planned, your Plan savings may not be invested in a way that reflects your needs. Therefore, you should review your retirement plans regularly to ensure that your Plan savings are invested in the right way for you.

You can choose to have your Plan savings invested in more than one Target Date Fund.

Selecting a Target Date Fund that does not reflect the retirement date we hold for you, will mean you're no longer invested in the default investment option. Therefore, the Target Date Fund you're invested in won't automatically change to reflect any future changes you may make to your retirement date. If you adjust your retirement date and wish to switch to a Target Date Fund that reflects this, you can do this via Mercer Money or by contacting the Mercer Master Trust Administrator (see page 26).

The Mercer SmartPath Shariah – Target Drawdown strategy

The Mercer SmartPath Shariah – Target Drawdown strategy gives you the option to have your Plan savings managed for you in a way that is compliant with Shariah law.

It's designed to give you the opportunity to achieve the long-term investment growth needed to build your Plan savings and then gradually reduce your exposure to risk before you start to draw on them. It's designed to be suitable for members who intend to leave some or all of their Plan savings invested and draw on these as required to provide an income (known as 'flexible income drawdown').

The Mercer SmartPath Shariah – Target Drawdown strategy draws on the expertise of Islamic scholars and other experts to make sure it only invests in businesses that operate, in their view, within the principles of the Islamic faith.

Investments that don't meet the requirements of Shariah principles are screened out of it. This means that alcohol, tobacco, pork, pornography, gambling, weapons, conventional banks and insurance companies, amongst other types of investment, are excluded from the Mercer SmartPath Shariah – Target Drawdown strategy.

How the Mercer SmartPath Shariah – Target Drawdown strategy invests your Plan savings

The Mercer SmartPath Shariah – Target Drawdown strategy is managed to gradually reduce the investment risk to which your Plan savings are exposed.

When you're younger

While you're more than 16 years away from the date you're due to take your Plan savings, you've time on your side to ride out short-term investment market fluctuations. To take advantage of this, your Plan savings will be invested in the Mercer Shariah Long Term Growth fund. This invests in higher risk assets with the aim of achieving high levels of long term capital growth. These assets are mainly equities or shares (including those of property and infrastructure companies) that are compliant with Islamic Shariah principles.

When you're between about 16 and 8 years from retirement

At around 16 years before retirement, the strategy will move your Plan savings into the Mercer Shariah Growth fund. This invests in a more diverse range of assets with the aim of achieving long term capital growth. These assets are mainly equities (including those of property and infrastructure companies) and sukuk bonds, which typically avoid large changes in the value of your savings.

When you're around 8 years from retirement

Around 8 years before retirement, the strategy will begin to move your Plan savings into the Mercer Shariah Diversified Retirement fund. This fund is designed for members who intend to leave some or all of their Plan savings invested and draw on these as required to provide an income. It invests in equities, sukuk bonds, commodities and other asset classes from around the world that are compliant with Islamic Shariah principles.

Once your Plan savings are fully invested in the Mercer Shariah Diversified Retirement fund, there will be no further automatic changes to the way they are invested and they'll remain in this fund until you start to take them.

This diagram shows how the investment mix of your Plan savings might change through time in the Mercer SmartPath Shariah – Target Drawdown strategy as you draw closer to the date you'll start to take them.



Please note that this diagram is intended to be illustrative. It's important to understand that the actual asset allocation may vary and is subject to change. The charts should not be considered an exact representation of the current or future asset allocation of the strategy.

Please bear in mind

The Mercer SmartPath Shariah – Target Drawdown strategy is an 'Investment Programme' which invests your pension savings over a defined period of time. The end of this period, known as the 'Investment Programme End Date', is set to match the date you intend to start taking your Plan savings (your Selected Retirement Date).

You can subsequently change your Selected Retirement Date at any time. If you do this, your Investment Programme End Date will automatically be adjusted to reflect your new Selected Retirement Date, unless you ask the Mercer Master Trust Administrator (see page 26) to leave it unchanged.

Things to consider about investing in the Mercer SmartPath investment strategies

Potential benefits

- The Mercer SmartPath investment strategies offer an automated method of changing the way your Plan savings are invested to reflect the way you intend to use them in retirement.
- During the period leading up to the maturity of the funds within the Mercer SmartPath investment strategies, your Plan savings are moved from investments with a greater exposure to investment risk into generally more cautious investments. This aims to reduce some of your exposure to risk from investment market fluctuations.
- The way your Plan savings are invested can be adjusted if you decide to change the date you intend to start taking them (your Selected Retirement Date). If you wish to do this, you can do it through Mercer Money.

Things to consider

- The value of Plan savings invested in the Mercer SmartPath investment strategies isn't guaranteed and can go down as well as up. You could get back less than the amount paid in.
- Movements between investments normally happen automatically on set dates, regardless of market performance and economic conditions at that time. As a result, these movements may not occur at times that would give you the best return on your Plan savings.
- Taking your Plan savings earlier or later than planned may mean that the way in which these savings are invested is no longer suitable for your personal circumstances. For example, if you start to take your Plan savings earlier than originally intended, they could become overly exposed to investment risk. Equally, if you intend to take your Plan savings later than this, you might miss out on opportunities for investment growth.
- There's no guarantee that investing in a Mercer SmartPath investment strategy will give you an improved income when you retire compared with other investment options. Underlying investments may also change from time-to-time.
- If you're already invested in lower risk investments, it may be possible that investing in a Mercer SmartPath investment strategy will expose your Plan savings to higher risk than at present.
- If your Plan savings are invested in the Mercer SmartPath – Target Annuity investment strategy please be aware that it cannot completely mirror changing annuity prices. This is because not all factors that affect annuity prices are reflected in investment returns and also because this investment strategy assumes you'll buy a fixed annuity and so doesn't exactly match all annuity types.

Setting your own investment strategy

If you'd like to take a more hands-on approach to investing, you can select a Multi Asset fund or a mix from our range of Additional funds.

Multi Asset funds

You can choose from six funds which invest in a mix of assets, designed to target specific levels of risk and return. These assets include shares (stakes in companies, also called 'equities') and bonds (borrowing by companies and governments).

From higher to lower (risk and return) these Multi Asset funds are:

Mercer High Growth/Higher Risk Fund	Mercer Growth Blend M1BA Fund	Mercer Diversified Growth Fund
This aims to achieve very high levels of long-term capital growth, but with higher levels of risk. It invests mostly in shares.	This aims to achieve high levels of long-term capital growth. It invests in a diverse range of assets, with around two thirds invested in shares.	This aims to achieve moderate to high levels of long-term capital growth. It invests in a diverse range of assets, with approximately half to two thirds invested in shares.
Mercer Moderate Growth/Moderate Risk Fund	**Mercer Diversified Retirement SV Fund**	**Mercer Defensive/Lower Risk Fund**
This aims to provide moderate long-term capital growth. It invests in a diverse range of assets, with around half invested in shares.	This aims to achieve low-to-moderate levels of long-term capital growth. It invests in a diverse range of assets, with around one third invested in shares.	This aims to provide modest but stable capital growth over the long term. It invests in a diverse spread of investments, with a high allocation to bonds and money market instruments.

Details of the Multi Asset funds are shown on pages 20 to 21.

Additional funds

Additional funds are available to enable you to build your own investment portfolio. These include:

- Single asset class funds, that offer a wide choice of investment types and a mix of active and passive investment management; and
- Specialist funds that focus on assets or markets, such as property or cash, that offer different characteristics to traditional asset classes, such as equities, bonds and those that make up the Multi Asset funds. They may also represent specialist strategies within these traditional asset classes that target specific themes or criteria, such as sustainable investing or Shariah-compliant investments.

Details of the Additional funds currently available are shown on pages 22 to 25.

You can invest in as many of these funds as you like at any one time and you're free to switch funds whenever you wish. You can do this via Mercer Money (see page 26).

Charges for switching funds

You're free to switch investment funds whenever you wish.

Switching from investing in one fund or investment strategy to another may incur costs. These costs are not deducted directly from your Plan savings, but are included in the prices of investments when they are bought or sold.

How investment funds work

What is an investment fund?

An investment fund pools your savings with money from other investors. Operating within guidelines, the fund manager decides which types of asset will be bought and sold by the investment fund.

- **Actively managed funds**

Actively managed funds buy and sell assets with the aim of maximising gains and minimising losses on your behalf. This means that fund managers react to market situations and take advantage of insights and opportunities as they arise.

The expertise needed to invest in this way means that the charges for running these funds are usually higher than for passively managed funds.

- **Passively managed funds**

Passively managed funds usually aim to mirror the performance of a particular market index. The funds are 'weighted' in the same way as the indices on which they are based. This investment strategy should ensure that, while investment performance is unlikely to better that of the chosen stock market indices, it should equally not be worse.

The charges for running these funds are usually lower than actively managed funds as the fund managers are not required to actively choose which assets, and how much of them, to buy for the fund.

No matter how an investment fund is managed, there's no guarantee that the fund manager will achieve their objectives.

Advantages of investment funds

The key advantages investment funds offer compared to choosing individual investments yourself are:

- Fund management specialists pick the investments for you;
- You spread the risk you're taking because your savings are invested across a range of different stocks and shares;
- Buying investments through funds can cost less than buying individual investments;
- The investment fund manager does all the administration for you;
- As part of a group of investors, you've access to a wider range of investment opportunities.

Understanding a little more about what's in each fund can help you make choices that suit your investment aims, and your attitude to risk.

Funds investing in a mix of assets

Higher risk investments, such as company shares, offer the greatest potential for long term investment growth. However, their value can fluctuate, seeing frequent and sometimes sharp short term rises and falls in value.

Assets such as cash and bonds generally provide more certain returns but less potential for investment growth. A key risk of placing your Plan savings in these investments over the long-term is that they'll be worth less if inflation is higher than the return you receive.

The Multi Asset funds and some of the Additional funds allow you to invest in a mix of assets, spreading your investment risk. Mercer has created these funds and provides guidance on the types of investment they can hold and the proportion of their assets that can be allocated to each.

Funds like these have the flexibility to change the types of investments they hold to achieve their objectives. Details about these funds can be found on pages 16 to 18.

Investment fund charges

Investment funds charge for the services of their fund managers and administrators. The charges, which vary from fund-to-fund, will be deducted from your Plan savings.

Details of the current investment fund charges are given on pages 16 to 25. The investment charges deducted from your Plan savings will be shown in your Plan savings account transaction history on the Mercer Master Trust Administrator's website, which you can access via Mercer Money (see page 26).

These will include:

- **A Plan based charge**

  This covers the cost of running your Plan savings account. It's calculated daily as a percentage of the value of your Plan savings and deducted monthly by selling fund units.

- **A fund annual management charge**

  This is charged by investment managers. It also includes a charge paid to Mercer for providing investment governance and asset allocation advice for various funds, including the Target Date Funds. It's normally calculated as a percentage of the fund's value and deducted from the daily fund unit price.

- **Additional expenses**

  Some funds charge additional expenses, which are reflected in the daily fund unit price. These reflect the cost of managing the fund assets and can include fees to auditors, Trustees and advisers. They are reviewed regularly and can change as the size of the fund, and the expenses it incurs, change.

- **A Trustee charge**

  This is to pay for services provided by the Mercer Master Trust Trustees. It's calculated daily as a percentage of the value of your Plan savings and deducted monthly by selling fund units.

- **A total expense ratio**

  This is the total of the Plan based charge, the fund annual management charge, the Trustee charge and any additional expenses.



Investing sustainably

The Mercer Master Trust Trustees believe that taking a sustainable investment approach is in the best interests of members.

Investing sustainably means incorporating environmental, social and governance (ESG) factors into investment decisions.

The Trustees apply four key principles to all of the investment fund choices for Mercer Master Trust members.

1 Invest	Increase exposure to companies with stronger sustainability credentials and those that are working to create better futures.
2 Influence	Work closely with investment managers to influence companies with the aim of reducing material sustainability concerns and seek improved long-term outcomes.
3 Align	Proactively align the portfolio to a net zero carbon, nature positive and equitable future over time.
4 Screening	Limit exposure to certain activities or companies with lower sustainability credentials.

The Trustees' Statement of Investment Principles includes a policy that covers their sustainable investment approach, it can be viewed here:
https://www.mercer.com/assets/uk/en_gb/shared-assets/local/attachments/pdf-mmt-statement-of-investment-principles.pdf

Protection for your Plan savings

The Financial Services Compensation Scheme (FSCS) provides protection for the customers of authorised financial services firms. It can pay compensation to members if a firm, such as the Mercer Master Trust administrator, is unable, or likely to be unable, to pay claims against it. Your Plan savings in the Mercer Master Trust are covered by a long-term insurance contract which is protected by the FSCS.

For information on the level of cover for your Plan savings, please refer to fscs.org.uk/what-we-cover/pensions/ or contact the Mercer Master Trust administrator directly (see page 26).

In the unlikely situation that a fund manager or company responsible for a fund that your Plan savings are invested in becomes unable to meet its financial obligations, you'd not be covered by the FSCS. If this happened, the Mercer Master Trust administrator would make a claim against the fund manager or investment company in an attempt to recover the money. However, you could still lose some or all of the money invested in the fund.

Mercer Master Trust investment funds

This section provides details of the investment aims and charges for each of the current Mercer Master Trust investment funds. The charges shown were applicable in August 2026.

Target Date Funds (see page 6)

The Target Date Funds are part of Mercer SmartPath, the default investment option, which gives you the option to have your Plan savings managed for you.

Each Target Date Fund invests according to the length of time to go before you're due to take your Plan savings and each Target Date Fund is designed to mature shortly before or after the date you intend to access your savings. If you don't choose another investment option, your Plan savings will be invested in the one that contains the year in which you're due to start to take your Plan savings in its name.

Each fund is designed to mature shortly before or after a member's chosen retirement date. Each fund's investment mix, or 'asset allocation', will automatically change gradually until the middle of the three-year date range in the fund name. As the mid-point of the three-year date range approaches, the fund will aim to provide greater protection against large rises and falls in the value of the fund. Therefore, the fund's asset allocation will move from higher risk assets (such as shares) to broadly lower risk assets (such as bonds and money market securities) as you get closer to the mid-point of the three-year date in the fund name.

The Target Date Fund your Plan savings are invested in will mature at the end of the final year in its name. If you haven't taken your retirement savings by then, your Plan savings will be switched into a Retirement Fund that reflects the way you intend to use them. This is as detailed within the "When your Target Date Fund matures" section earlier in this guide.

There's a number of Target Date Funds that are part of the default investment option, the Mercer Target Drawdown, and a smaller number of Target Date Funds that are designed to reflect alternative ways you can take your Plan Savings. These are the Mercer Target Drawdown Target Date Funds. These alternative Target Date Funds will become available to you when you're between seven and nine years before the date you're due to start taking your Plan savings.

Target Drawdown Funds

The Target Drawdown Funds are part of the Mercer Target Drawdown strategy, which is designed for members who intend to leave some or all of their savings invested after their selected retirement date and draw on these as required to provide an income.

Fund name	Total Expense Ratio
Mercer Target Drawdown - Retiring 2086-2088 M1BA	0.19%
Mercer Target Drawdown - Retiring 2083-2085 M1BA	0.19%
Mercer Target Drawdown - Retiring 2080-2082 M1BA	0.19%
Mercer Target Drawdown - Retiring 2077-2079 M1BA	0.19%
Mercer Target Drawdown - Retiring 2074-2076 M1BA	0.19%
Mercer Target Drawdown - Retiring 2071-2073 M1BA	0.19%
Mercer Target Drawdown - Retiring 2068-2070 M1BA	0.19%
Mercer Target Drawdown - Retiring 2065-2067 M1BA	0.19%
Mercer Target Drawdown - Retiring 2062-2064 M1BA	0.19%
Mercer Target Drawdown - Retiring 2059-2061 M1BA	0.19%
Mercer Target Drawdown - Retiring 2056-2058 M1BA	0.19%
Mercer Target Drawdown - Retiring 2053-2055 M1BA	0.19%
Mercer Target Drawdown - Retiring 2050-2052 M1BA	0.19%
Mercer Target Drawdown - Retiring 2047-2049 M1BA	0.19%
Mercer Target Drawdown - Retiring 2044-2046 M1BA	0.19%
Mercer Target Drawdown - Retiring 2041-2043 M1BA	0.19%
Mercer Target Drawdown - Retiring 2038-2040 M1BA	0.19%
Mercer Target Drawdown - Retiring 2035-2037 M1BA	0.19%
Mercer Target Drawdown - Retiring 2032-2034 M1BA	0.22%
Mercer Target Drawdown - Retiring 2029-2031 M1BA	0.24%
Mercer Target Drawdown - Retiring 2026-2028 M1BA	0.26%
Mercer Retirement: Drawdown M1	0.27%

The information shown above is as at August 2026.

Please note:

Target Date Fund charges will change over the lifetime of the funds and may increase as well as decrease in line with changes to the underlying investments.

The individual fund factsheets, which you can access via Mercer Money (see page 26), or directly by clicking on each fund name above, show the underlying funds and investment weightings for each of the funds. These are selected and reviewed by Mercer and may change.

If you wish to see the latest charges that apply to the Target Date Funds you can view these via Mercer Money.

Derivatives may be used in the funds for investment purposes as well as risk reduction.

Target Annuity Funds

The Target Annuity Funds are part of the Mercer Target Annuity strategy, which is designed for members who intend to use some or all of Plan savings assets to buy a fixed annuity at their selected retirement date.

Fund name	Total Expense Ratio
Mercer Target Annuity - Retiring 2035-2037 M1BA	0.19%
Mercer Target Annuity - Retiring 2032-2034 M1BA	0.20%
Mercer Target Annuity - Retiring 2029-2031 M1BA	0.18%
Mercer Target Annuity - Retiring 2026-2028 M1BA	0.15%
Mercer Retirement: Annuity M1	0.14%

The information shown above is as at August 2026.

Target Cash Funds

The Target Cash Funds are part of the Mercer Target Cash strategy which is designed for members who intend to take all of their Plan savings as cash at their selected retirement date.

Fund name	Total Expense Ratio
Mercer Target Cash - Retiring 2035-2037 M1BA	0.19%
Mercer Target Cash - Retiring 2032-2034 M1BA	0.22%
Mercer Target Cash - Retiring 2029-2031 M1BA	0.24%
Mercer Target Cash - Retiring 2026-2028 M1BA	0.16%
Mercer Retirement: Cash M1	0.11%

The information shown above is as at August 2026.

Please note:

Target Date Fund charges will change over the lifetime of the funds and may increase as well as decrease in line with changes to the underlying investments.

The individual fund factsheets, which you can access via Mercer Money **(see page 26)****, or directly by clicking on each fund name above, show the underlying funds and investment weightings for each of the funds. These are selected and reviewed by Mercer and may change.**

If you wish to see the latest charges that apply to the Target Date Funds you can view these via Mercer Money.

Derivatives may be used in the funds for investment purposes as well as risk reduction.

Funds within the Mercer SmartPath Shariah – Target Drawdown strategy

The funds listed in the table below are part of the Mercer SmartPath Shariah – Target Drawdown strategy. This strategy is intended to be suitable for members who intend to leave some or all of their Plan savings invested and draw on these as required to provide an income (known as 'flexible income drawdown').

Fund name	Total Expense Ratio
Mercer Shariah Long Term Growth	0.24%
Mercer Shariah Growth	0.41%
Mercer Shariah Diversified Retirement	0.44%

The information shown above is as at August 2026.

The individual fund factsheets, which you can access via Mercer Money (see page 26), or directly by clicking on each fund name above, show the underlying funds and investment weightings for each of the funds. These are selected and reviewed by Mercer and may change.

Multi Asset Funds (see page 12)

These funds invest in a mix of assets and are designed to take into account investment risk and potential for growth ranging from high to low.

Fund name	Fund aim	Total Expense Ratio
Mercer High Growth/ Higher Risk	This is a higher risk fund designed by Mercer Limited aiming to provide high levels of long-term capital growth. It invests in one or more underlying funds to produce a portfolio mostly invested in UK and overseas shares, with a small holding in government and corporate bonds and the rest spread across other asset types giving exposure to commodities, property and money market instruments. Derivatives may be used for investment purposes as well as risk reduction. The underlying fund(s) are selected and reviewed by the investment adviser, Mercer Limited, and may change.	0.25%
Mercer Diversified Growth	The fund aims to provide long-term capital growth by investing in one or more actively or passively managed diversified growth funds that invest in a diversified portfolio of equities, bonds, commodities indices and Real Estate Investment Trusts (REITs). Derivatives may be used for investment purposes as well as risk reduction. The funds are selected and reviewed by the investment adviser, Mercer Limited, and may change.	0.35%
Mercer Diversified Retirement SV	This fund is designed by Mercer Limited for investors planning to retire and then intending to enter drawdown and continue to invest their portfolio after retirement. It invests in one or more underlying funds to produce a portfolio with around a quarter invested in UK and overseas shares, a substantial holding in government and corporate bonds and the remainder spread across other asset types giving exposure to other asset classes such as commodities, property, infrastructure and money market instruments. These assets aim to provide moderate long-term capital growth.	0.29%
Mercer Growth Blend M1BA	Aims to achieve capital growth over the long term (5 years or more). It invests in a range of asset classes such as equities, corporate and government debt securities (of any credit quality including below investment grade), commodities (including precious metals), liquid alternatives and cash and cash equivalents. It may have exposure to issuers located anywhere in the world, including emerging markets. Derivatives may be used for investment purposes. The underlying fund(s) are selected and reviewed by the investment adviser, Mercer Limited, and may change.	0.21%

Fund name	Fund aim	Total Expense Ratio
Mercer Moderate Growth/ Moderate Risk	This is a lower to moderate risk fund designed by Mercer Limited aiming to provide low to moderate long-term capital growth. It invests in one or more underlying funds to produce a portfolio with around half invested in UK and overseas shares, a substantial holding in government and corporate bonds and the rest spread across other asset types giving exposure to other asset classes such as commodities, property and money market instruments. Derivatives may be used for investment purposes as well as risk reduction. The underlying fund(s) are selected and reviewed by the investment adviser, Mercer Limited, and may change.	0.26%
Mercer Defensive/ Lower Risk	This is a lower risk fund designed by Mercer Limited which aims for stable capital growth over the long term. It invests in one or more underlying funds to produce a portfolio invested predominantly in money market instruments, government bonds and corporate bonds, alongside smaller holdings in UK shares, overseas shares and other asset types such as property. Other securities may be held from time to time. The underlying fund(s) are selected and reviewed by the investment adviser, Mercer Limited, and may change.	0.29%

The information shown above is as at August 2026.

The individual fund factsheets, which you can access via Mercer Money (see page 26), or directly by clicking on each fund name above, show the underlying funds and investment weightings for each of the funds. These are selected and reviewed by Mercer and may change.

Additional funds (see page 12)

These Additional funds offer a wide choice of investment types and a mix of active and passive investment management to enable you to build your own investment portfolio.

Fund name	Fund aim	Total Expense Ratio
Mercer Active Emerging Markets Equity	The fund aims to achieve long-term capital growth by investing in one or more actively-managed underlying fund(s) that invest in a diversified portfolio of emerging market equity and equity-related securities. Derivatives may be used for investment purposes as well as risk reduction. The funds are selected and reviewed by the investment adviser, Mercer Limited, and may change.	0.90%
Mercer Active Global Equity	The fund aims to achieve long term capital growth by investing in one or more actively-managed underlying fund(s) that invest in a diversified portfolio of global equity and equity-related securities. Derivatives may be used for investment purposes as well as risk reduction. The funds are selected and reviewed by the investment adviser, Mercer Limited, and may change.	0.74%
Mercer Active Global Small Cap Equity	The fund aims to achieve long-term growth of capital and income by investing in one or more actively-managed fund(s) that invest primarily in a diversified range of small capitalisation securities which are listed or traded in global developed markets. There may also be some exposure to emerging market equities, fixed income securities and Real Estate Investment Trust securities (REITs). Derivatives may be used for investment purposes as well as risk reduction. The funds are selected and reviewed by the investment adviser, Mercer Limited, and may change.	0.86%
Mercer Active UK Equity	The fund aims to achieve long-term capital growth by investing in one or more actively-managed underlying fund(s) that invest in a diversified portfolio of UK equity and equity-related securities. Derivatives may be used for investment purposes as well as risk reduction. The funds are selected and reviewed by the investment adviser, Mercer Limited, and may change.	0.73%
Mercer Active UK Property	The fund invests primarily in direct UK commercial property including industrial warehouses, shopping units and office space. It aims to generate total returns (from income and capital appreciation) that are above its benchmark, over rolling 3 year periods.	0.73%
Mercer Annuity Aware	The fund aims to achieve a return broadly consistent with a traditional level annuity product by investing in a underlying fund that invest in UK Government and Corporate bonds. The funds are selected and reviewed by the investment adviser, Mercer Limited, and may change.	0.15%

Fund name	Fund aim	Total Expense Ratio
Mercer Cash	The fund aims to maintain a cash-based level of income consistent with preservation of principal and liquidity by investing in one or more actively-managed underlying fund(s) that invest in a portfolio of high quality short-term Sterling denominated money market instruments. The funds are selected and reviewed by the investment adviser, Mercer Limited, and may change.	0.11%
Mercer Inflation Linked Annuity Aware	The fund aims to achieve a return broadly consistent with a traditional inflation linked annuity product by investing in a fund that invests in UK Index Linked Government and Corporate bonds. They are selected and reviewed by the investment adviser, Mercer Limited, and may change.	0.15%
Mercer Passive Emerging Markets Equity	The fund aims to achieve a return consistent with the MSCI Emerging Markets ex Selected Securities Index or other equivalent index. It invests in one or more passively-managed underlying fund(s) that invest in a diversified portfolio of emerging market equities. They are selected and reviewed by the investment adviser, Mercer Limited, and may change.	0.21%
Mercer Passive Global Equity	Aims to seek long term growth of capital and income. The fund will seek to achieve its objective by investing predominantly in global equity and equity related securities that as far as possible and practicable reflect the component global equity securities of the MSCI World ex Selected Securities Index. The fund may only use financial derivative instruments for the purposes of hedging and efficient portfolio management.	0.13%
Mercer Passive Global REITs	The investment objective of the fund is to seek income and long term growth of capital (any income received is re-invested for growth). The fund is passively managed and seeks to achieve its objective by investing predominantly in global listed real estate companies, Real Estate Investment Trusts (“REITS”) and equity related securities that as far as possible and practicable reflect the component equity securities of the FTSE EPRA Nareit Developed REITs Net Tax Index or a similar index.	0.15%
Mercer Passive Over 15 Year Gilt	The fund aims to achieve a return consistent with the FTSE UK Gilts Over 15 Years Index by investing in one or more passively-managed underlying fund(s) that invest in UK Government gilts with a maturity period of 15 years or longer. They are selected and reviewed by the investment adviser, Mercer Limited, and may change.	0.12%
Mercer Passive Over 5 Year Index-Linked Gilt	The fund aims to achieve a return consistent with the FTSE UK Gilts Index-Linked Over 5 Years Index by investing in one or more passively-managed underlying fund(s) that invest in UK Government index-linked gilts with a maturity period of 5 years or longer. They are selected and reviewed by the investment adviser, Mercer Limited, and may change.	0.12%

Fund name	Fund aim	Total Expense Ratio
Mercer Passive Overseas Equity	The fund aims to achieve a return consistent with the FTSE Developed ex UK Custom ESG Screened Index or other equivalent index. It invests in one or more passively-managed underlying fund(s) that invest in the shares of overseas companies. They are selected and reviewed by the investment adviser, Mercer Limited, and may change.	0.12%
Mercer Passive Overseas Equity Hedged	The fund aims to achieve a return consistent with the FTSE All World Developed ex UK (95% GBP Hedged) composite or other equivalent index. It invests in one or more passively-managed underlying fund(s) that invest in the shares of overseas companies. They are selected and reviewed by the investment adviser, Mercer Limited, and may change.	0.14%
Mercer Passive Reduced Volatility Global Equity	The fund invests in stocks and shares and aims to achieve a return that is consistent with that of its benchmark index, by investing in stocks that are in line with or similar to the constituents of the benchmark index. The benchmark index includes stocks that exhibit lower volatility than a broader global stock market index.	0.20%
Mercer Passive Sustainable Global Credit	The fund is a passively managed fund which aims to seek growth of capital by investing predominantly in bonds issued by corporations in developed markets that as far as possible and practicable reflect the component bond securities of the J.P. Morgan Global Credit Index (GCI) ESG Investment Grade Custom Maturity. The underlying fund seeks to promote environmental and social characteristics within the meaning of Article 8 of the European Union's Sustainable Finance Disclosure Regulation ("SFDR"). The fund may use derivatives for investment purposes. The underlying fund(s) are selected and reviewed by the investment adviser, Mercer Limited, and may change.	0.22%
Mercer Passive Sustainable Global Equity	The fund is a passively managed fund which aims to seek income and long term growth of capital by investing predominantly in global equity and equity related securities that as far as possible and practicable reflect the component equity securities of the Solactive Sustainable Global Developed Equity EU Paris-Aligned Index. The underlying fund seeks to promote environmental and social characteristics within the meaning of Article 8 of the European Union's Sustainable Finance Disclosure Regulation ("SFDR").	0.16%
Mercer Passive UK Corporate Bond	The fund aims to achieve a return consistent with the Markit iBoxx Sterling Non-Gilts Index or other equivalent index. It invests in one or more passively-managed underlying fund(s) that invest in Sterling denominated investment grade corporate bonds. They are selected and reviewed by the investment adviser, Mercer Limited, and may change.	0.12%

Fund name	Fund aim	Total Expense Ratio
Mercer Passive UK Equity	The fund aims to achieve a return that is consistent with the return of the FTSE All-Share Custom ESG Screened Index by investing in one or more passively-managed underlying fund(s) that invest in the shares of UK companies. They are selected and reviewed by the investment adviser, Mercer Limited, and may change.	0.12%
Mercer Shariah Diversified Retirement	The fund is for investors planning to retire and then intending to enter drawdown and continue to invest their portfolio after retirement. The fund invests in one or more passively or actively managed underlying fund(s) that invest in equities, sukuks, commodities and other asset classes from around the world and are compliant with Islamic Shariah principles. The funds are selected and reviewed by the investment adviser, Mercer Limited, and may change. The fund may also invest in Shariah-compliant derivatives for investment purposes and/or for efficient portfolio management. The annual management charge (AMC) includes a 0.03% charge paid to Mercer Limited for investment governance advice provided for this fund.	0.44%
Mercer Shariah Growth	The fund aims to offer investors the opportunity to provide long term capital growth. The fund invests in one or more underlying fund(s) that invest in equities, sukuks, commodities and other asset classes from around the world, which are compliant with Islamic Shariah principles. The funds are selected and reviewed by the investment adviser, Mercer Limited, and may change. The fund may also invest in Shariah-compliant derivatives for investment purposes and/or for efficient portfolio management. The annual management charge (AMC) includes a 0.03% charge paid to Mercer Limited for investment governance advice provided for this fund.	0.41%
Mercer Shariah Long Term Growth	The fund aims to offer investors the opportunity to provide high levels of long term capital growth. The fund invests in one or more passively or actively managed underlying fund(s) that invest in equities, sukuks, commodities, Real Estate Investment Trusts (REITs) and other asset classes from around the world and are compliant with Islamic Shariah principles. The funds are selected and reviewed by the investment adviser, Mercer Limited, and may change.	0.24%

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Finding out more

Mercer Money

Mercer Money is the gateway to a wide range of information about investing your Plan savings, including factsheets about all of the investment fund choices.

Mercer Money also allows you to access tools to help you work out:

- How much you'll need to live on when you stop work;
- How long you'll be investing; and
- Your attitude to investment risk.

You can access Mercer Money at mercermoney.com, or download it as a mobile app from the App Store or Google Play.

If you've any questions

You can contact the Mercer Master Trust administrator, Aviva, by using these details:

0800 015 5442 (8am – 5:30pm, Monday to Friday)

mmtbaesmember@aviva.com

Aviva, PO Box 2282, Salisbury, SP2 2HY.

You can access your personal account details on the Mercer Master Trust administrator's website via Mercer Money.

Financial advice

Neither the Trustees nor the Mercer Master Trust administrator can provide financial advice and nothing in this guide should be treated as financial advice.

If you require financial advice, you should seek this from an authorised financial adviser. Please note, an authorised financial adviser is likely to charge for their services.

For details of an FCA-authorised financial adviser in your area, you can visit the following links:

- The Financial Conduct Authority website: fca.org.uk/consumers/finding-adviser
- MoneyHelper website: Visit moneyhelper.org.uk and search for 'Choosing a Financial Adviser' or 'Find a retirement adviser'.

You should check the specialist advice areas of any adviser as well as the cost of their advice before appointing them. Please note that the Trustees are not advising the use of any specific adviser.

The Secretary to the Mercer Master Trust Trustees

You can write to the Secretary to the Mercer Master Trust Trustees c/o, Westgate House, 52 Westgate, Chichester, PO19 3HF or email MMTTrustees@mercer.com.

Beware of pension and investment scams

Pension and investment scams continue to be a threat in the UK. It's important to be vigilant and check the facts before you make any irreversible decision to transfer your retirement savings elsewhere.

Once you've transferred your pension pot, or handed over your tax-free lump sum, it may be too late. Victims have been known to lose their entire pension savings to scams. And, even if you don't lose your money, you could still face a large tax bill from HM Revenue & Customs.

For information about pension scams, visit thepensionsregulator.gov.uk/pension-scams

You can also check the FCA's Scamsmart website pages at fca.org.uk/scamsmart where you'll find information about known investment scheme scams and can check if a firm appears on their warning list.

If you're concerned that something is a scam, you can contact Report Fraud on **0300 123 2040** or reportfraud.police.uk

Important notice

This guide is for information only and isn't personal financial advice. If you require financial advice you should seek this from an authorised financial adviser. The information is based on our current understanding of legislation, taxation and HMRC practice which may change in the future. The value of investments can go down as well as up, so you could get back less than you invest. Past performance does not guarantee future results.

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How to contact us



0800 068 6800; or



contactus@aviva.com

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