

# My Future



For use with advisers, employers and trustees. Not for use with customers.

 **AVIVA**

# What is My Future?

- ✓ Aviva's integrated global multi-asset solution that takes members through their journey to retirement.
- ✓ Supported by Aviva's 'tried and tested' governance processes.
- ✓ A solution designed with members, their retirement journey and their financial future in mind.
- ✓ My Future gives our customers choice in terms of how they can take their pension savings.
- ✓ ESG factors are integrated across My Future. See page 15 for more information.

**We strongly believe that every single worker in the UK should be able to access the best retirement they possibly can, and that's why we've designed My Future, to help people do just that.**

## **The My Future solution includes the following features:**

- The My Future solution comprises a "universal" strategy made up of Long Term Growth, Growth and Consolidation Funds, designed for those members who have yet to decide how they will use their pension savings.
- The "universal" strategy sits alongside alternative options targeting drawdown, annuity purchase and cash withdrawal, which enables members to select the option that is best aligned with how they intend to use their pension savings in retirement. To support these options, the My Future solution comprises Drawdown, Annuity and Cash Lump Sum Funds.
- The Long Term Growth, Growth, Consolidation, Drawdown and Cash Lump Sum Funds are risk aware. Volatility is managed to ensure members' savings are exposed to the most appropriate level of risk depending on how far or how close they might be to retirement, and how they intend to use their pension savings.
- The multi-asset approach is overseen by global solutions provider BlackRock, with a focus on capturing the benefits of diversification.
- My Future is underpinned by Aviva's in-house governance process to ensure the solution, and the funds within the solution, remain suitable for members.
- My Future takes environmental, social and governance (ESG) factors into consideration.

**Please remember that the value of investments can go down as well as up and scheme members could get back less than paid in. There's no guarantee that any investment programme will benefit members' pension savings when they come to retire and we cannot guarantee it will be suitable for the member's individual needs or appetite for risk.**

**There is a glossary of terms at the end of this brochure.**



# My Future

## helping members through their retirement journey

### My Future – the “universal” strategy

We like to think of My Future as a journey, the aim of which is to equip members with the tools they need to help them access the best retirement that we believe everyone in the UK deserves.

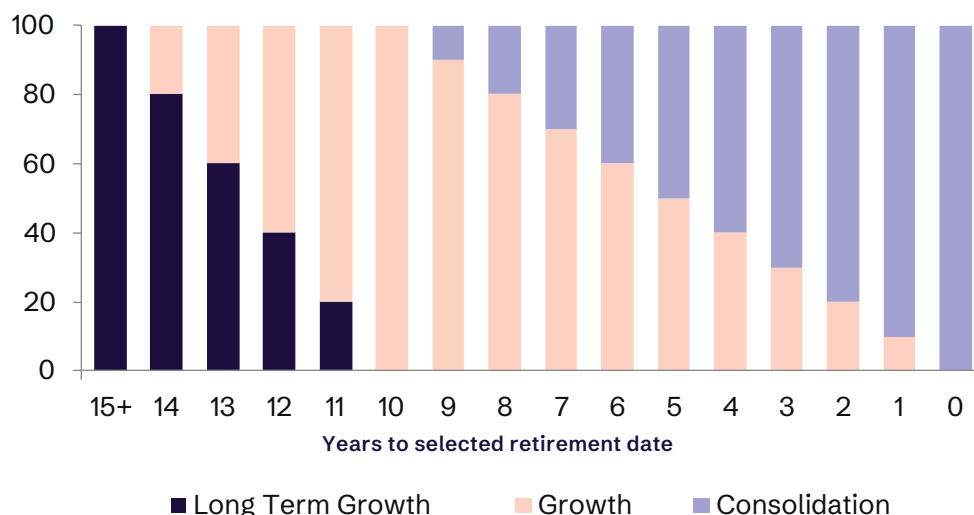
**Admittedly, the path that investors must take to achieve this goal is not necessarily a smooth one given the many factors at play, such as economic growth and geopolitical tensions, and the ever-changing investment landscape. That’s why we believe managing risk should play an important role in the My Future journey.**

My Future aims to give members the opportunity to benefit from positive performance in the financial markets, while limiting the potential for losses due to setbacks in the markets, or declining purchasing power because of inflation. We try to achieve this by providing members with a diversified exposure to asset classes and to provide choice in terms of how members can take their pension savings.

The My Future “universal” strategy has been designed to enable customers to keep their options open and so take the time they might need to decide how to take their pension savings at retirement.

The glidepath below shows how when members are 15 years away from their planned retirement date, the programme will gradually move members’ investments from My Future Long Term Growth to My Future Growth and then to My Future Consolidation in preparation for retirement. These movements take place on a quarterly basis. While growth is the focus in the first stages of the pension, the focus of the strategy gradually changes from capital growth to capital preservation in the last 15 years of the retirement journey, as previously mentioned. We provide more information about how the My Future Long Term Growth, the My Future Growth and the My Future Consolidation Funds work on the following pages.

**My Future Lifetime/Lifestage**



# My Future Long Term Growth

## focus on capital growth

The My Future Long Term Growth Fund is the engine of the pension. It is made up of levers that global fund manager BlackRock – responsible for overseeing the asset allocation of the solution – pulls to drive performance and increase the value of members' pension savings.

The My Future Long Term Growth Fund aims to track the volatility of its composite benchmark to ensure members' savings are exposed to the most appropriate level of risk depending on where they are in their retirement journey.

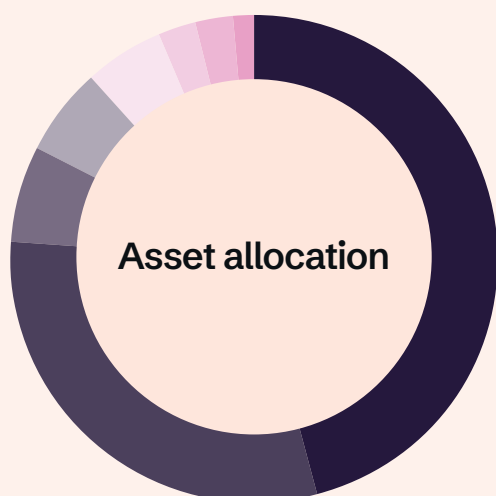
As the pie chart below shows, My Future Long Term Growth predominantly invests in overseas equities to enhance the focus of the fund on capital growth. The fund's exposure to overseas equities is achieved through investment in regional equity funds, namely UK, US, European, Japanese and Far East excluding Japan equities. We believe that this strengthens the asset allocation of the fund, enabling members to tap into the investment opportunities on offer around the world.

There is an allocation of approximately 10% to fixed income, including global bonds, to prevent the fund from being overly exposed to equities, and to provide the benefits of diversification.

We believe that this design gives members the best opportunity to grow their pension savings while not exposing them fully to the impact of a setback in markets.

### My Future Long Term Growth in summary:

- ✓ A fund of funds
- ✓ The fund targets the volatility of the underlying asset classes
- ✓ Members' contributions are wholly invested in this fund until 15 years before retirement
- ✓ Allocation includes approximately 90% in equities, primarily overseas equities
- ✓ The remainder is held in fixed income, including overseas corporate and government bonds.



45.9%	BlackRock World ESG Insights Equity Fund
30.4%	US equities
6.3%	UK equities
5.8%	Global government bonds
5.4%	European equities
2.5%	Japanese equities
2.4%	Global corporate bonds
1.3%	Far East ex Japan equities

Source: Aviva, as at end December 2024.  
Total might not add up to 100% exactly due to rounding.  
Holdings in the fund will change slightly from month to month.  
Please refer to the fund factsheet for the latest data.

# My Future Growth

## focus on capital growth and capital preservation

My Future Growth is the second stage of the My Future solution, taking over from the My Future Long Term Growth Fund. It's introduced from 15 years before retirement. The fund continues to provide potential for growth, but with a lower level of risk than the Long Term Growth Fund.

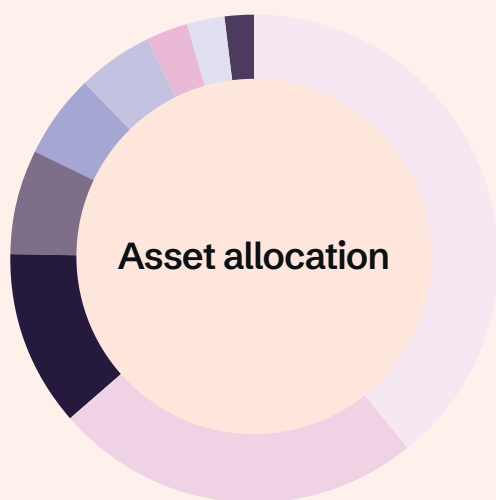
To do this, 80% of the fund is invested in regional equities with the remainder invested in overseas and UK corporate bonds and overseas government bonds.

Like the other funds in the journey, risk is key, namely ensuring members' savings are exposed to the right amount of risk depending on where they are in the savings journey. In this case, we dial down risk slightly while still wanting to ensure the focus remains on capital growth. The fund tracks the volatility of the asset classes it invests in.

We show the asset allocation of the fund below.

### My Future Growth in summary:

- ✓ A fund of funds
- ✓ Used from 15 years before retirement
- ✓ The fund targets the volatility of the underlying classes
- ✓ Approximately, 80% in equities, mainly overseas equities and the remainder in fixed income, including UK and overseas bonds.



39.2%	BlackRock World ESG Insights Equity Fund
24.6%	US equities
11.5%	Global government bonds
7.0%	Up to five-year UK corporate bonds
5.5%	UK equities
5.0%	European equities
3.0%	Global corporate bonds
2.4%	Japanese equities
1.8%	Far East ex Japan equities

Source: Aviva, as at end December 2024.  
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# My Future Consolidation

## focus on capital preservation

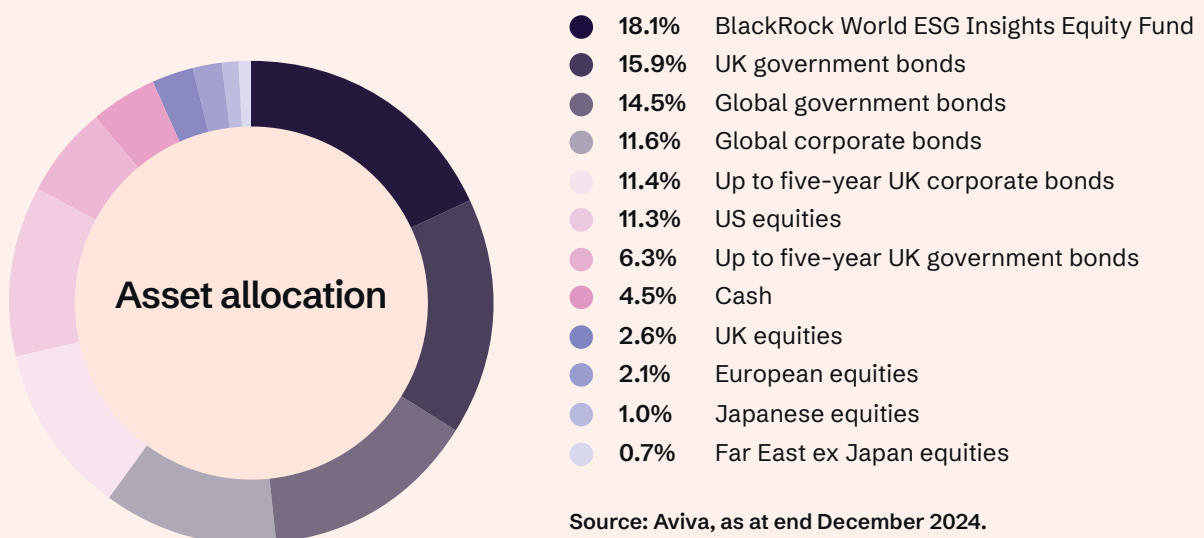
The My Future Consolidation Fund is used from 10 years before retirement in the “universal” strategy, and therefore in the later stages of the My Future solution when investors are getting closer to retirement. The key at this point trying is to preserve the value of the savings that customers have built up in the growth stage.

To reflect this, My Future Consolidation predominantly invests in bonds. This position is diversified across regions and maturity and bond type. It includes UK and overseas government and corporate bonds. This enables us to manage the risk which customers are exposed to add they get closer to retirement.

We recognise the need for customer to continue to see growth in the size of their pension. For this reason, there is an allocation to company shares. This is diversified across global stock markets.

### My Future Consolidation in summary:

- ✓ A fund of funds
- ✓ Used from 10 years before retirement
- ✓ Targets the volatility of the underlying asset classes
- ✓ Approximately 65% in fixed income and 35% in equities, primarily overseas equities.

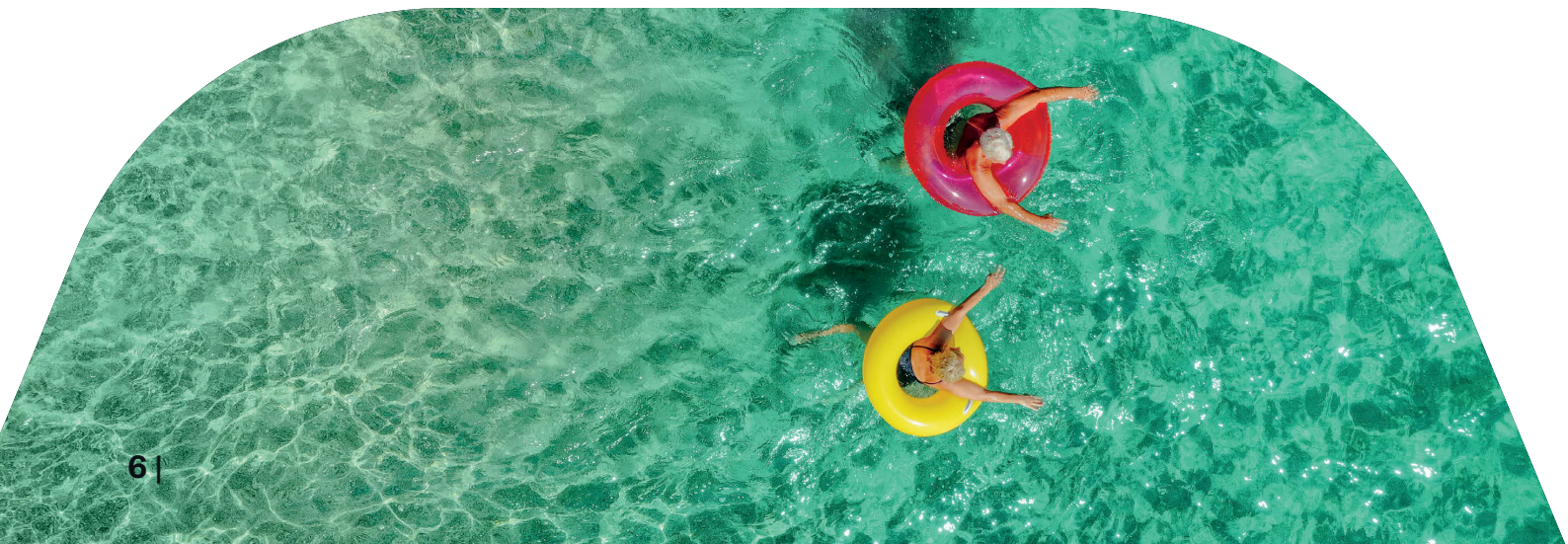


Source: Aviva, as at end December 2024.

Total might not add up to 100% exactly due to rounding.

Holdings in the fund will change slightly from month to month.

Please refer to the fund factsheet for the latest data.



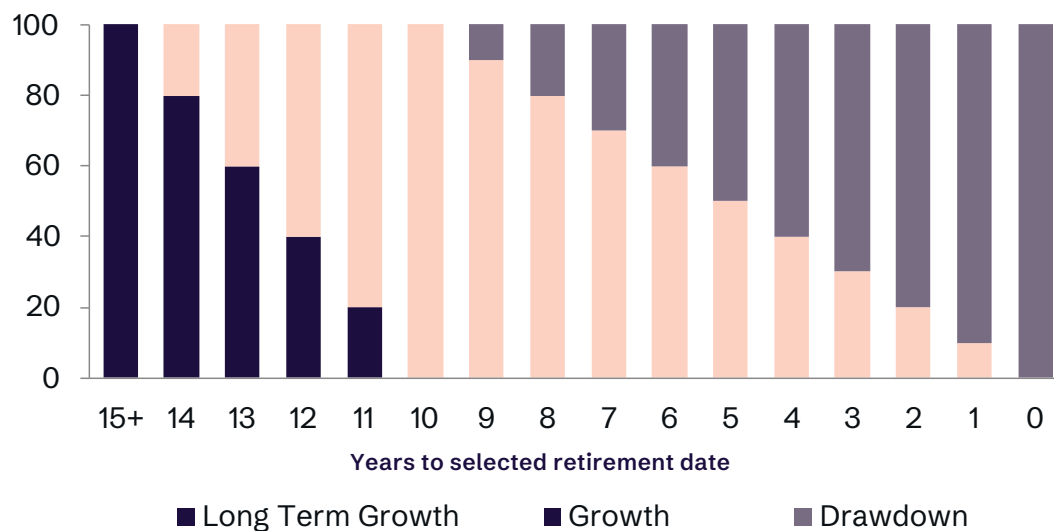
# How does My Future give members choice?

As well as the “universal” strategy, we have designed the My Future solution so that members can also choose to prepare their pension savings to take a regular income through drawdown, purchase an annuity, or take it all as a cash lump sum.

We explain how these three options work below.

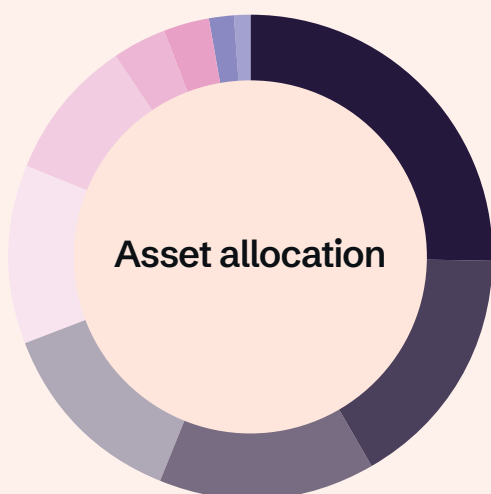
## Target Drawdown option

This option uses the My Future Long Term Growth Fund until 15 years before retirement. At this point, members’ pension savings are gradually moved into the My Future Growth Fund, and then from 10 years before retirement, into the My Future Drawdown Fund. The glidepath for this option is:



As the pie chart below shows, the My Future Drawdown Fund is split between equities and fixed income, with the continued aim of delivering capital growth. The fund's exposure to global equities is diversified across US, European, UK, Japanese and Asian ex UK equities.

The fund's allocation to fixed income includes global bonds to reduce the portfolio's exposure to UK assets, and to provide the benefits of diversification.



25.5%	BlackRock World ESG Insights Equity Fund
16.2%	US equities
14.5%	Overseas government bonds
13.0%	Up to five-year UK corporate bonds
12.0%	UK government bonds
9.3%	Global corporate bonds
3.6%	UK equities
3.2%	European equities
1.5%	Japanese equities
1.1%	Asia ex Japanese equities

Source: Aviva, as at end December 2024.  
Total might not add up to 100% exactly due to rounding.  
Holdings in the fund will change slightly from month to month.  
Please refer to the fund factsheet for the latest data.

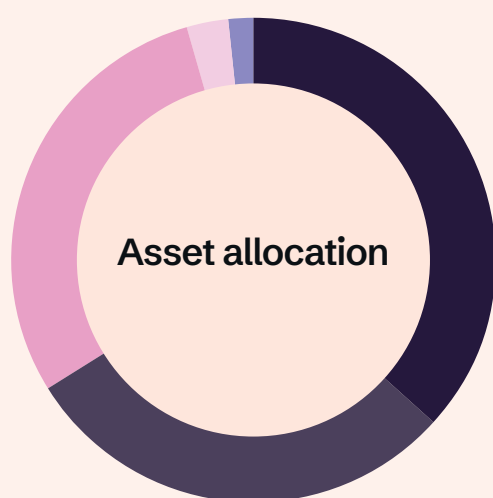


## Target Annuity option

This option is intended for members who intend to convert their pension savings into a regular guaranteed income for life by buying an annuity when they retire. It uses the My Future Long Term Growth, My Future Growth and My Future Consolidation Funds. In this option, with 10 years before retirement, members' savings start to move into the My Future Annuity Fund. The glidepath below shows how members' money is moved from the My Future Long Term Growth into the My Future Growth Fund and the My Future Consolidation Fund and finally into the My Future Annuity Fund in preparation for the purchase of an annuity.



The assets in the My Future Annuity Fund are invested in fixed income assets via the Legal & General (PMC) Future World Annuity Aware Fund. The breakdown of the Legal & General (PMC) Future World Annuity Aware Fund is shown below:



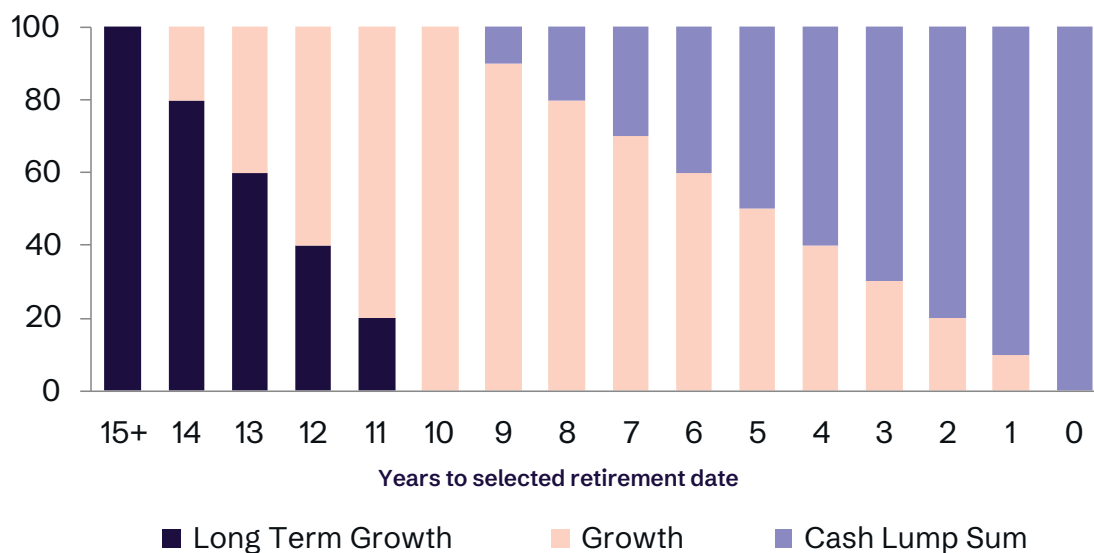
- 38.8% UK government bonds
- 28.5% UK corporate bonds
- 28.7% Overseas bonds
- 2.6% Other
- 1.4% Cash

Source: L&G, as at November 2024.

Please note that total might not add up to 100% exactly due to rounding. Holdings in the fund will change slightly from month to month. Please refer to the fund factsheet for the latest data.

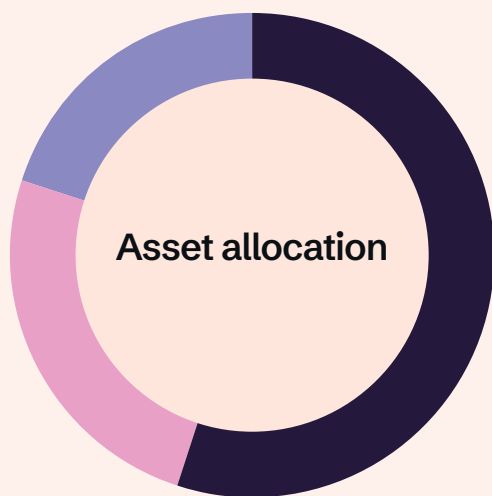
## Target Cash Lump Sum option

This option is intended for people who intend to take their pension savings as a cash lump sum. The glidepath below shows how members' money is moved from the My Future Long Term Growth Fund to the My Future Growth Fund. It is then moved into the My Future Cash Lump Sum Fund in preparation for taking the pension pot as a cash lump sum.





The assets in the My Future Cash Lump Sum Fund are invested in fixed income and money market assets. The breakdown of these is shown below:



- 55% Up to five-year UK corporate bonds
- 25% Up to five-year UK government bonds
- 20% Money market instruments

Source Aviva, as at end December 2024.  
Please note that total might not add up to 100% exactly due to rounding.  
Holdings in the fund will change slightly from month to month.  
Please refer to the fund factsheet for the latest data.

# How is My Future managed?

The asset allocation of the My Future Long Term Growth, My Future Growth, My Future Consolidation, My Future Drawdown and My Future Cash Lump Sum Funds is overseen by global fund management group BlackRock.

## Why BlackRock for My Future?

- Pioneer in investment management with decades of experience
- Team-based approach, offering breadth of knowledge with investment specialists across the world
- Proven track record in designing and managing multi-asset portfolios like My Future.

## BlackRock manages trillions of pounds in multi-asset funds

The asset allocation model for the My Future funds (with the exception of the My Future Annuity Fund) is overseen by BlackRock's Multi-Asset Strategies & Solutions Team (MASS), which manages US 1,2 trn, as at end December 2024, in assets across Europe, Middle East and Africa (EMEA).

## Strategic Asset Allocation (SAA)

Strategic Asset Allocation (SAA) is the bedrock of BlackRock's portfolio construction approach, used within the My Future funds. BlackRock has significant experience in building strategic asset allocations, continually looking to evolve and innovate their capital market assumptions and optimisation tools.

### What is the BlackRock Multi-Asset Strategies & Solutions team?

**There are more than 270 investment specialists in BlackRock's Multi-Asset Strategies & Solutions Team (MASS), which is a team dedicated to managing multi-asset portfolios. The team is truly global in nature with investment specialists all over the world.**

The investment team focuses on asset allocation and the construction of portfolios, drawing on the asset class, risk and operational resources of the wider BlackRock organisation, including:

- BlackRock Investment Institute: provides connectivity between BlackRock's 1,900 investment professionals and regularly publishes insights
- Risk & Quantitative Analysis: 200+ risk professionals who provide independent risk oversight
- BlackRock Aladdin Platform: Powered by 1000 developers and focused on continuous enhancements, Aladdin monitors 2000 risk factors daily.
- Core Portfolio Management: our Core Portfolio Managers implement custom multi-asset portfolios in an efficient and risk-controlled manner.

# How does BlackRock's asset allocation process work?

## A detailed set of capital market assumptions

BlackRock's Multi-Asset Strategies & Solutions Team (MASS) works with forecasts for equities and bonds, which are built on highly interlinked asset return and economic models. This single foundation takes account of possible changes at both the company and the economy level, with the aim of ensuring that return forecasts are consistent across asset classes, market views, and time horizons.

The aim of this approach is to move away from one single forecast for returns, thereby reducing the impact of uncertainty on performance, enabling the team to build more resilient portfolios. BlackRock generates forecasts for asset class returns over both the short and long term, allowing the investment specialists to map out a path of expected returns for equities and bonds.

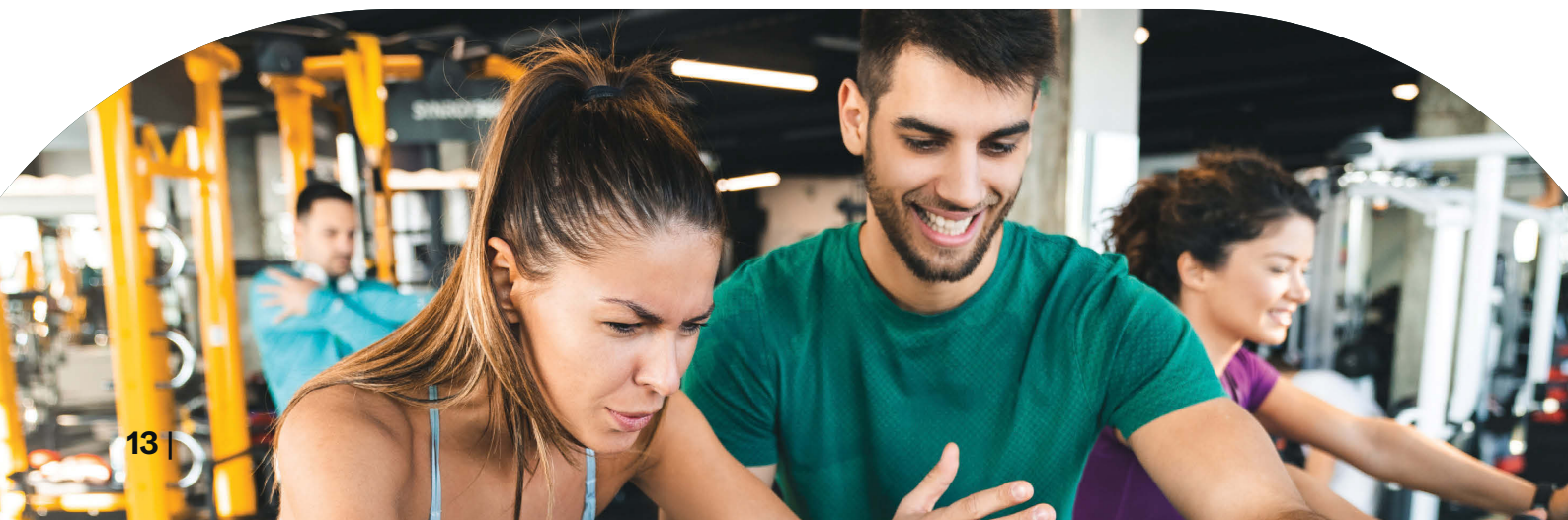
## Focus on avoiding dramatic shifts in asset allocation to provide stability and resilient portfolios

The second element is a sophisticated optimisation process, which aims to provide stability across portfolios by leveraging the asset class forecasts, as well as taking account of any risks that could arise and derail these forecasts. The objective here is to manage uncertainty and thus provide stability. This ties in with the aim of My Future, which is to give members exposure to the right amount of risk depending on where they are in their retirement journey. This is to try and help our customers meet their long-term financial goals and enjoy the type of retirement that we believe workers in the UK should have access to.

**This process aims to produce a portfolio that is 'robust' to small changes in the team's expectations for asset classes. The result is a more diversified and stable portfolio which is less likely to suffer dramatic shifts in the overall asset class mix.**

BlackRock's approach to portfolio construction is also guided by long-term and tactical market views, with the latter enabling the investment specialists at BlackRock to respond to market developments.

Human judgement and experience are also applied as part of the optimisation approach. The capital market assumptions that underpin the asset allocation of the My Future funds are reviewed and updated every quarter to take into account any changes in the market environment. The optimisation process is re-run on a quarterly basis to determine whether the asset allocation remains suitable.



# How is My Future governed?

For us, the governance of My Future is just as important as the management of the solution. We have a responsibility to ensure that My Future is operating as designed and as we told members it would. We also need to be confident that the solution is performing in the way we expect it to, and that it is taking the amount of risk that we deem suitable for members.

Similarly, we have a duty to ensure that BlackRock's investment process remains suitable for My Future.

In the same way that members want peace of mind that their hard-earned savings are being well looked after, we want to be comfortable that My Future is fulfilling its role as a default investment solution, whose objective is to help people secure the type of retirement they have in mind. To fulfil this objective the solution is monitored closely as part of Aviva's well-established in-house governance and monitoring processes.

This enables us to respond and adapt the solution when there are external developments, such as changes in regulation or legislation.

## Monitoring of the solution is broken down as follows:

### A dedicated in-house investment governance team

To ensure we successfully fulfil our obligations from a governance perspective, we tap into Aviva's well-established fund governance and fund selection process.

The analysts in Aviva's dedicated investment governance team are responsible for monitoring the performance and the management of My Future.

### Clear accountability

Overall responsibility for the My Future solution sits with the Customer Investment Forum, a committee which is made up of senior people from across Aviva which meets quarterly.

As part of its role, the committee reviews My Future's investment strategy, the composite benchmarks, volatility targets, performance, the objectives of the strategy and the component funds, and risk controls, ensuring it remains suitable as a default investment solution. The committee also reviews the underlying fund holdings used within My Future, drawing on the analysis from Aviva's in-house governance team to achieve this.



## ESG integration and My Future

We believe strongly that integrating ESG factors across our solutions, including My Future, will help to create value over the long term for customers.

To reflect Aviva's 2040 net-zero ambition and to enhance the integration of environmental, social and governance (ESG) factors in My Future, the BlackRock World ESG Insights Fund, a dedicated ESG fund, was added to My Future in April 2021. The fund makes up half of the equity component of the My Future Long Term Growth, Growth, Consolidation and Drawdown funds.

The BlackRock World ESG Insights Equity Fund invests in companies in the FTSE World (Developed) Index which aim to generate returns while delivering tangible environmental, social and governance (ESG) outcomes. The strategy assesses ESG data from multiple sources, aggregating them into 15 proprietary sustainable descriptors that encompass ESG issues and opportunities. We believe this allows for the construction of a fund better positioned to deliver long-term investment and sustainable outcomes, including reduction in carbon intensity and potential emissions for My Future compared to the FTSE World (Developed) Index.

The remaining equity position in My Future is invested in dedicated regional ESG equity funds, while the global bond component is invested in a global credit ESG fund. These funds are managed by BlackRock.

In addition, the cash element of My Future is invested in the BlackRock Liquid Environmentally Aware Fund. Also known as LEAF, this fund takes environmental factors into consideration while aiming to produce returns in line with money market rates.



# Glossary

## Actively managed funds

The fund manager chooses which investments to buy and sell, with the aim of achieving higher returns than the fund's benchmark.

## Asset allocation

This refers to the composition of a fund and its exposure to different asset classes, including company shares, fixed income and commodities. Investing in different asset classes can help to provide the benefits of diversification and reduce risk.

## Asset class

A collective term to describe different types of investment such as fixed interest investments and shares.

## Diversification

Diversification refers to investing in more than one type of investment. This approach is taken by investment specialists to prevent investors 'putting all of their eggs in one basket' so to speak, and to prevent investors from just relying on the performance of company shares, property or bonds during their journey to retirement. Investing in company shares and bonds can help to reduce the risk that investors might be exposed to as this can reduce their exposure to the fall in value of company shares. For example, investing in company shares and government bonds would help to reduce the impact of a fall in stock markets on members' investment savings.

## Equities (or 'shares')

Company shares are also known as equities. Shareholders have a 'share' in a company's assets. Shares are bought and sold on a stock market, such as the London Stock Exchange, and their value can go up and down, sometimes sharply, depending on the fortunes of the company and stock markets in general.

Companies may also pay a share of their profits to shareholders, known as dividends. While there is more opportunity for potential gains with shares than some asset classes, there is also greater risk that they could fall in value. UK company shares are the shares of companies listed on the UK stock market, while international company shares refer to the shares of companies listed on stock markets outside the UK, including the US, Europe and Japan, as well as less developed countries, including parts of Asia and Latin America.

## ESG integration

This refers to the integration of environmental, social and governance factors (ESG) into our investments. This means considering how a company's impact on the environment, along with how it treats its employees and customers. Governance refers to how a business is run. These are the factors which many fund managers consider alongside traditional financial metrics.

## Fixed interest (or 'bonds')

Loans issued by a government (those issued by the UK government are also known as 'gilts') or a company, known as corporate bonds. Investors receive a regular income in the form of interest payments and the full value of the bond upon maturity.

## Fund

Is where an investor's assets are pooled with those of other investors and then invested in shares, fixed interest or property on their behalf by a fund manager.

## Fund of funds

A fund of funds invests in several different funds, rather than directly in shares, bonds or other investment types. Fund of funds aim to provide investors with greater diversification, enhanced returns, lowered risk or a combination of all three. This type of fund may invest in actively managed funds, index funds or both. Funds of funds may be designed by Aviva for general use, or designed specifically by an adviser for a specific scheme.

## Glidepath

The glidepath is the final phase of an investment solution where members' money is moved from funds which focus on growth to lower risk funds which have a greater focus on preserving value.

## Index funds

The aim of an index fund is to track the performance of an index of a specific financial market. A UK government bond index fund will aim to replicate the performance of the FTSE Actuaries UK Conventional Gilts Index. This type of fund doesn't aim to outperform the index it tracks, only to follow it. These are often referred to as 'passive funds' as there is no active management of the fund beyond tracking the index.

## Money market instruments

The term 'money market instruments' is a mechanism for short-term borrowing and lending between organisations. Money market investments typically include what are described as 'near-cash instruments', including certificates of deposit, floating rate notes and treasury bills. They are not to be confused with bank or building society deposit accounts.

The returns that money market investments can provide will reflect the rate of interest set by the Bank of England and will typically be lower than returns from fixed interest investments, property and shares. While the value of money market instruments will normally fluctuate less than the value of fixed interest investments, property and shares, there is a risk that they won't keep pace with inflation. Also, if the annual management charge of a money market fund is higher than prevailing interest rates or the returns generated, the value of the fund will go down.

## Risk

Risk is how likely investors are to lose money if they invest in a particular asset. However, by investing in riskier assets, you could potentially earn a better return over the long term. For more information about risk ratings and definitions please visit [aviva.co.uk/retirement/fund-centre](https://aviva.co.uk/retirement/fund-centre)

## Underlying funds

This is a collective term used to refer to the funds included in a fund of funds such as My Future Growth.

## Volatility

Volatility is basically how often and how far an investment's value rises and falls over time. Investing in funds with high volatility often brings more opportunity for high returns, but also a greater potential for loss. And vice versa, lower risk investments don't usually change as much in value over time – therefore having low volatility – so the potential for both growth and loss is more limited.





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