

## Avis UK Pension Plan - Active Section ('the Plan')

### The Russian invasion of Ukraine – an update from the Trustee

Russia's invasion of Ukraine has created the largest humanitarian crisis Europe has seen in decades and we all hope for an end to the unnecessary suffering. Whilst the most important consequence of the invasion is clearly the human cost, you may also be interested about how stock markets are reacting and the impact on any Defined Contribution retirement savings you have.

We hope the following comments will help you understand the key issues and how they may relate to your own particular circumstances.

#### 1. Investment markets

##### **Why are markets currently so volatile?**

Investment markets don't like uncertainty. The Russian invasion has undoubtedly created a significant amount of uncertainty and the nature of what we are currently seeing from news coverage is such that the situation could evolve quickly in a way that no-one can forecast.

That said, we can to an extent draw on how markets have reacted to past significant events (such as the Covid-19 pandemic). After a period of uncertainty, markets recovered. However, at the current time we don't know how long this uncertainty could last or the lasting impact of the Russian invasion on the global economy.

You should be prepared to see volatility in the financial markets for some time to come. However, it's important to remember that pensions are long-term investments and history is full of examples of short-term volatility in the value of growth assets, such as equities, but investment in these assets can deliver superior returns over the long-term.

##### **To what extent are there Russian investments within the Plan's funds?**

The Trustee has considered the position from both a financial and responsible investment perspective.

The majority of the Plan's funds track the performance of a particular market or index. At the start of the invasion, Russian equities formed a very small element (0.3% of the total portfolio) of the following equity tracking funds:

- L&G All World Equity Index Fund *and*
- L&G Future World Global Equity Index Fund

The allocations to Russian equities have since been removed from the market indices and the Funds themselves. Currently, there are no investments in Russian equities in these Funds.

Of the Plan's other funds, the L&G Diversified Fund currently comprises 0.8% of Russia/Ukraine assets. The Trustee intends to continue to monitor this position closely with its advisers.

## 2. Member Considerations

### How are my retirement savings affected?

The extent to which your retirement savings may have been affected will depend on the fund(s) in which you are invested. For example, longer-term 'growth' assets, like equities are likely to have suffered significant falls, whereas other types of investment options, such as bonds or cash are unlikely to have been impacted negatively. Certain bond funds may have even seen some positive short-term returns.

Seeing the value of your retirement savings fall can be very uncomfortable – particularly if you're close to retirement, but there are several factors to bear in mind:

- **Pensions are generally viewed as a medium to long-term investment** - equity markets have had significant falls in the past, for example following the Covid-19 pandemic, but recovered strongly thereafter. Most members are many years from retirement and so are investing for the long term. Although the recent increase in volatility may be unsettling, if you don't intend to draw your benefits in the next few years then you should invest for the long-term;

Please note however that past performance cannot be relied upon as an indicator of future performance.

- **Stay calm** – while it's sensible to be aware of how your retirement savings are invested, making short-term decisions could make things worse over the longer-term by locking in losses;
- **Lifestyle investment strategy** – most members are invested in one of the Plan's Lifestyle strategies which aim to reduce the volatility of your savings as you get closer to retirement. These strategies will automatically move some of your savings from higher risk to lower risk investments as you approach your retirement;
- **Ongoing contributions** – if you are a contributing Plan member, you and the Company will be paying monthly contributions to the Plan. Therefore, where funds have fallen in value, you will be continuing to invest in funds at lower prices. This means that your contributions buy proportionately more 'units' than before (sometimes referred to as 'pound cost averaging').

### What if I'm close to retirement?

How you're impacted is likely to be influenced by how you're aiming to draw your retirement savings – whether you're:

- Aiming to take a cash lump sum in the short-term;
- Looking to leave your savings invested and draw an income over time;
- Intending to buy an annuity to provide a guaranteed income;
- Taking your savings through a mix of the above.

The Plan's Lifestyle strategies provide some protection from volatility in the period before your selected retirement date by moving out of equity investments and into lower risk investments.

The recent market volatility is a strong reminder of the need to be aware of your retirement savings objective(s) and whether how you are invested continues to be appropriate for you.

### 3. Member Actions

#### What do I need to do?

- The Trustee will continue closely monitor the situation with their advisers and you do not need to take any action. This update is for information only. However, it is a good idea to regularly review your retirement savings and to understand the options that the Plan makes available to you.
- It's always important to make sure that your savings are invested in a way that reflects how you intend to take your benefits (particularly if you're intending to retire within the next 10 years).
- Also, think carefully about the right time to make any changes, taking financial advice if appropriate.

#### Where can I find out more information?

- You can login to [www.MyPension.com/Avis](http://www.MyPension.com/Avis) to view how your retirement savings are currently invested. In the Scheme Documents directory, you can access the 'Guide to Investment' which explains more about the investment funds available (note, this booklet is currently in the process of being updated to reflect recent investment changes). If you have lost your login details you can request them to be reissued via [avisuk@xpsgroup.com](mailto:avisuk@xpsgroup.com).
- Please note neither the Company, the Plan Trustee or its advisers can give you individual financial advice. If you wish to take financial advice, you should contact a suitably qualified adviser, and you can find one at [www.unbiased.co.uk](http://www.unbiased.co.uk). The Money and Pensions Service website is also a useful source of information: [www.moneyandpensionservice.org.uk/](http://www.moneyandpensionservice.org.uk/).

#### Look out for scams

- You should take as much care with your retirement savings as you would with your bank account or credit card. Like many scams, the promise of extra money during difficult times can sound very tempting. But these one-off investment opportunities, pension loans or up-front cash offers typically involve high tax charges and penalties, and you risk losing your retirement savings.

Here are three tips to help protect yourself:

1. Reject unexpected offers – genuine companies won't contact you out of the blue.
2. Do your research – if an offer seems too good to be true, it probably is!
3. Take your time – scammers often try to pressure you into acting quickly to catch you off guard.

If you suspect you are being targeted by a pensions scammer, please exercise extreme caution and visit [www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart) which contains valuable information.

**Delia Nicholson**

Chairman

On behalf of the Trustee of the Avis UK Pension Plan

March 2022