



## HP Investment Scheme

### Changes to the Scheme's Default Fund

---

Please note that the Scheme's default fund has been updated as a result of new legislation from April 2015 as follows:

#### **New legislation**

- New legislation requires the total charges of the Scheme's default fund to be less than 0.75% per annum from April 2015.

#### **Current default fund**

- The total charge for the Scheme's default fund (growth phase) is currently 0.76% per annum, and is comprised of the following funds and target asset allocation:
  - Schroders Intermediated Diversified Growth Fund – 50%
  - Standard Life Global Absolute Return Strategies Fund – 50%

#### **New default fund**

- As a result of the new legislation, the Trustees have amended the Scheme's default fund as follows:
  - From January 2015 – The Scheme's default fund will include an allocation to the HP Global (40:60) Equity Fund. This transition will take place over a 12 month period from January 2015 to December 2015.
  - From April 2015 - The Scheme's default fund will include a 10% allocation to the Standard Life Enhanced Diversification Growth Fund. This is being sourced from the current allocation to the Standard Life Global Absolute Return Strategy.
- The Scheme's new default fund will comprise of the following funds and target asset allocation, including:
  - Schroders Intermediated Diversified Growth Fund – 40%
  - Standard Life Global Absolute Return Strategies Fund – 30%
  - HP Global (40:60) Equity Fund – 20%
  - Standard Life Enhanced Diversification Growth Fund – 10%



## HP Investment Scheme

### Changes to the Scheme's Default Fund

---

- The charge for the Scheme's new default fund will reduce to approximately 0.62% per annum by December 2015.

#### Changes to the default lifestyle strategy

In addition to changing the Scheme default growth fund, the Trustees have also amended the default lifestyle strategy as follows:

#### Current default lifestyle strategy

- Current default lifestyle strategy – The Scheme's current default lifestyle strategy gradually moves your funds over a 5 year period to reach 25% HP Cash Fund and 75% HP Pre-Retirement Fund by your selected retirement age.

#### New default lifestyle strategy

- From April 2015 – The Scheme's new default lifestyle strategy will gradually move your funds over a 5 year period to reach 50% HP Cash Fund and 50% HP Pre-Retirement Fund by your selected retirement age.
- Please note that members who have not made an investment choice (i.e. default members) and have not started lifestyle investing will be switched to the new default lifestyle strategy from April 2015.
- Members who have commenced the default lifestyle strategy (i.e. if you are within 5 years of your selected retirement age) will not be automatically switched to the new lifestyle strategy but can self-select the new lifestyle strategy option from April 2015.

#### New investment options from April 2015

The Trustees have recently completed their triennial investment strategy review as part of the good governance of the Scheme and in light of the new retirement flexibilities available from April 2015. As a result, the Trustees will be introducing some new investment options within the Scheme. The Trustees will provide you with more information once the new options are available in the Scheme, expected in April 2015.