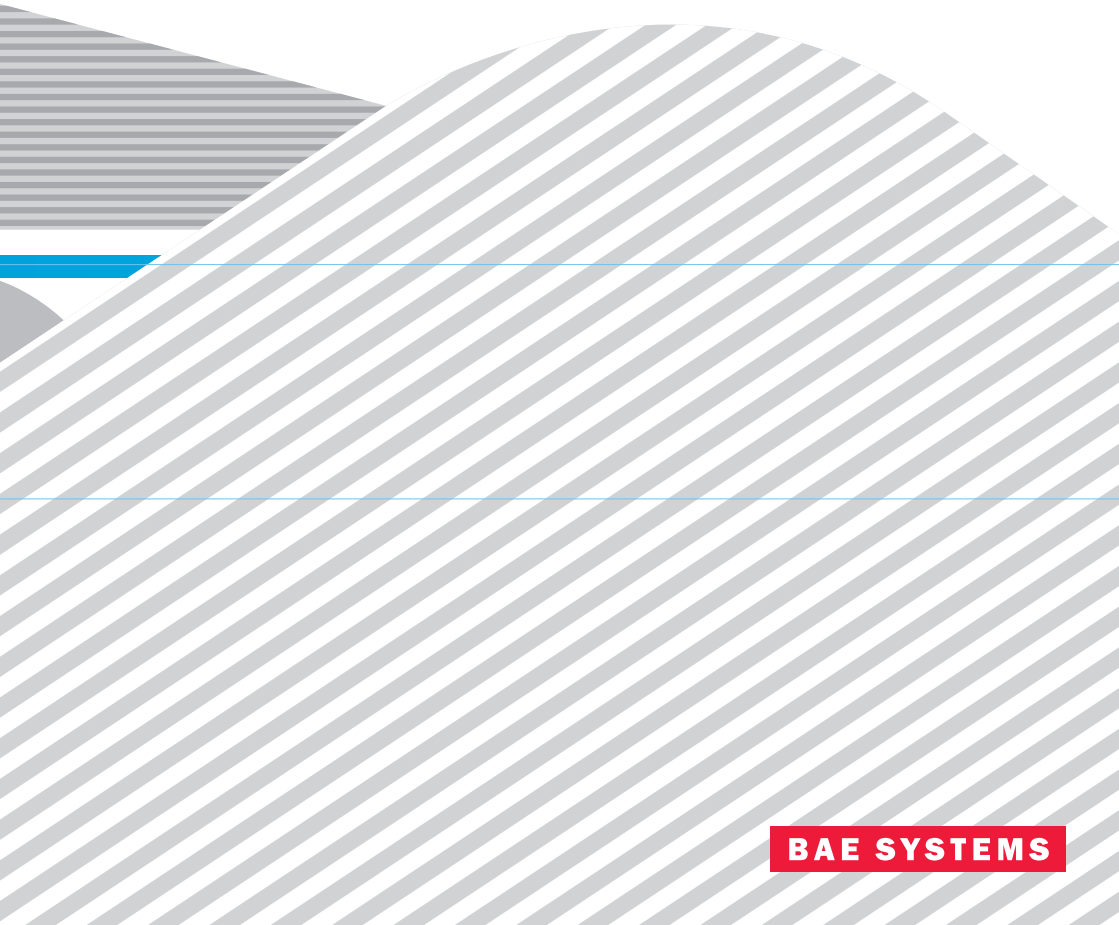
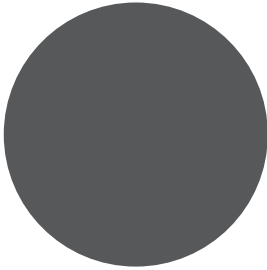


BAE SYSTEMS PENSIONS  
BECAUSE PLANNING IS  
PART OF THE JOURNEY

# RETIREMENT ACCOUNT GUIDE LEVEL 100+

APRIL 2012



**BAE SYSTEMS**

Where your Scheme benefits come from	4
Your choices affect your retirement account	5
I know what I can afford to pay, but is it enough?	6
What should you be aiming to achieve through your Retirement Account?	8
Investing your Retirement Account	10
How far away from retirement are you?	12
Choosing your investments	14
Lifestyle Profiles	16
Individual funds	19
Charges for investing your Retirement Account	19
Make your investment choice	20
Fund Descriptions sheet	at back

**Your Level 100+ benefits at retirement are made up of two parts – your Core Pension and your Retirement Account.**

The Core Pension is a defined benefit which is linked to your final salary and you can read more about this in the Scheme booklet 'Level 100+ A guide to your benefits'. There is also a brief summary of the Level 100+ benefits on page 4.

This booklet focuses on the defined contribution linked benefit (your Retirement Account). The decisions you make about how much you pay and about where the Retirement Account is invested are important and will affect the value of your benefits at retirement.



# WHERE YOUR SCHEME BENEFITS COME FROM



## CORE PENSION

=

A FINAL SALARY PENSION OF 1%

×

FINAL BASIC SALARY

×

PENSIONABLE SERVICE

×

LONGEVITY ADJUSTMENT FACTOR

FUNDED BY:

YOUR 4% BASIC CONTRIBUTIONS

+

COMPANY CONTRIBUTION

## RETIREMENT ACCOUNT

IS USED TO BUY AN ADDITIONAL PENSION (OR TAX-FREE CASH) AND IS A FUND INVESTED WITH STANDARD LIFE

FUNDED BY:

COMPANY CONTRIBUTION OF 2% OF YOUR BASIC SALARY

+

YOUR VOLUNTARY CONTRIBUTIONS (AT ANY RATE YOU CHOOSE)

+

INVESTMENT RETURNS

This booklet is intended as a helpful guide to the choices available to you through Level 100+. It is subject to changes including those which may be required by Standard Life and by new legislation. The Trustees are not responsible for your investment choices and you are advised to consider taking independent financial advice before making decisions about your pension arrangements – see page 20.

You may of course have other sources of retirement income that you are expecting to receive, such as from other pension schemes or other savings or investment income. You should bear these in mind when you read this booklet.

# YOUR CHOICES AFFECT YOUR RETIREMENT ACCOUNT

**Your Core Pension is a set amount linked to your salary, but you can change the amount in your Retirement Account depending on the choices that you make.**

This means that you have four main tasks:

- Consider whether you need to make Voluntary Contributions in order to meet your required income target;
- Ensure your Voluntary Contributions are geared towards your retirement income expectations;
- Ensure your investment choices are appropriate; and
- Monitor both your Voluntary Contributions and investment choices regularly until you retire.

“YOUR CHOICES  
COULD MEAN  
THE DIFFERENCE  
BETWEEN HAVING  
A COMFORTABLE  
RETIREMENT,  
OR NOT – IT’S AS  
SIMPLE AS THAT!”

# MAKE THE RIGHT DECISIONS

**Very simply, you should decide what you can afford to pay and how much risk you can take when investing your Retirement Account.**



# I KNOW WHAT I CAN AFFORD TO PAY, BUT IS IT ENOUGH?

**The rate at which you should save for your retirement depends on the level of pension you want to receive and the age that you start saving towards a pension.**

The following table gives an indication of the sort of level you could consider saving to achieve the income you want at retirement. For example, if you want to replace 40% of your projected income at retirement via your Retirement Account as pension during your retirement and you start saving at age 30, then the indication is that you should be saving 12% of your salary towards your pension.

Remember, you are already contributing 4% to your Core Pension so the contributions below would be on top of your 4% contribution. Remember also that the Company is contributing 2% to your Retirement Account, which in effect reduces the rates shown below by 2%. You should take account of the likely level of Core and State Pensions when deciding on a target retirement income level.

Any contributions you choose to make are deducted from your pay before tax is calculated, therefore you automatically receive income tax relief at your highest rate. Some restrictions apply if you are a high earner.

**At age 65, to replace:**

	30% OF YOUR INCOME	40% OF YOUR INCOME	50% OF YOUR INCOME
At age 25, start saving:	8%	10%	13%
At age 30, start saving:	9%	12%	15%
At age 35, start saving:	11%	15%	19%
At age 40, start saving:	12%	16%	20%
At age 50, start saving:	25%	34%	42%

“THERE ARE NO RIGHT DECISIONS, JUST APPROPRIATE ONES – THOSE THAT SUIT YOU”

## Example

A male member currently earns £25,000 and is aged 25. The Company pays 2% of his salary into his Retirement Account. Assuming his salary increases in line with inflation to retirement (age 65), the member and Company continue to pay the same percentage rate of contributions until retirement (age 65) and the Retirement Account is initially invested in the Standard Life BlackRock Aquila HP (50:50) Global Equity Fund (the fund underlying the default investment choice – the Cash Lifestyle Profile), the member would have to pay 8% of salary to achieve an income in retirement of 40% of projected salary.

The member pays income tax at 20% and he will receive full tax relief on his Voluntary Contributions. Tax relief is given at source, as contributions are deducted from salary each month before the application of PAYE. The contributions to his Retirement Account are as follows:

NET MONTHLY COST TO THE MEMBER:	£133
+	
TAX RELIEF:	£33
+	
COMPANY CONTRIBUTION OF 2%:	£42
=	
TOTAL MONTHLY CONTRIBUTION TO THE MEMBER'S RETIREMENT ACCOUNT:	£208

## Notes

The percentages shown in the table are illustrative and are not guaranteed. They were prepared by Standard Life in April 2011 and are based on:

- A male with an assumed retirement age of 65;
- An investment return of 7% a year;
- Future inflation at 2.5% a year;
- Salary escalation at 4% per annum; and
- A 1% annual management charge.

A pension purchased that:

- Is payable monthly in advance;
- Escalates with inflation; and
- Provides a 50% pension for his spouse, who is assumed to be three years younger than him.

For simplicity all the results have been rounded to whole numbers.

# WHAT SHOULD YOU BE AIMING TO ACHIEVE THROUGH YOUR RETIREMENT ACCOUNT?

**Investing has one aim – to increase the value of the money you and the Company put in. Investors aim to achieve ‘investment returns’ above the interest rate they could get by putting their money into a savings account.**

For a pension, the idea of investing is to increase the value of the money put in so that when you retire, the pension you receive is sufficient to live on.

The aim of your Retirement Account is to boost the value of your Core Pension – either by providing a cash lump sum or by allowing you to buy extra pension.

There are a number of investment funds available for you to invest your Retirement Account in. Information about the 13 funds available can be found on the Investment Fund Descriptions sheet at the back. These funds can be split into the types of investment shown on the next page and indicative volatility ratings are shown. See page 11 for information on volatility ratings.

“YOUR RETIREMENT ACCOUNT ACHIEVES INVESTMENT RETURNS ON THE CONTRIBUTIONS PAID IN AND IS INVESTED IN THE WAY YOU CHOOSE”



## CASH

1

Money saved in deposits and other money market instruments.

The real value of your investment is eroded each year if interest earned does not beat the increase in the cost of living. There may also be other circumstances where the value may fall due to money market conditions.

Generally more suitable for short term investment, e.g. people approaching retirement who intend to take part or all of their Retirement Account as a cash lump sum.

## PROPERTY

3

Money invested in land and buildings.

Generally more suitable for long term investment and for people who are not close to retirement.

Selling property can be a lengthy process and, on occasion, releasing your property fund investment at your requested disinvestment date may not be possible.

## BONDS

2

3

Loans to the Government or to a private company, which generally pay a rate of interest until the loan is repaid.

Relatively low risk but sensitive to changes in interest rates, amongst other things.

Generally more appropriate for short term investment, e.g. people who are approaching retirement or for more cautious investors.

## MULTI-ASSET

3

5

These are actively managed funds which invest in a wide range of asset classes, including all those shown above and other more specialist asset classes, e.g. commodities, currency and derivatives. Typically, a significant proportion will be in equities.

## EQUITIES

5

6

Shares in private companies. Volatile and high risk with potential for high returns and high losses.

Generally more suitable for long term investment and for people who are not close to retirement.

# INVESTING YOUR RETIREMENT ACCOUNT

**We realise that, even when you know a little about the types of investments and the risks involved, selecting where to place your money is not easy. To help, the Trustees offer a range of investment choices and monitor their performance against their market equivalents.**

As your circumstances change, the options that are appropriate for you will change, so we cannot simply provide a 'one size fits all' approach.

There are two options available; you can:

- Invest in individual funds which means making your own choice about where the money is invested and when; or
- Invest in one of two Lifestyle Profiles which means your money is invested and automatically 'switched' as you approach retirement.

## WHAT ARE THE INDIVIDUAL FUNDS?

The Trustees and their advisers have selected a range of individual funds which are suitable for different circumstances and personal preferences. For example, they have selected funds which have varying levels of risk so that a more cautious member or a more adventurous member can choose appropriately.

The varying risk means that the funds are suitable for different circumstances, in particular how far away from retirement a member is. For example, a high risk fund is not likely to be as appropriate for a member who is close to retirement.

## WHAT ARE THE LIFESTYLE PROFILES?

The Lifestyle Profiles automatically switch your Retirement Account to lower risk investments as you near retirement.

The Lifestyle Profiles invest in various assets including equities, bonds and cash during the whole investment period (i.e. the time from now until your retirement), starting with equities and moving to more secure investments including bonds and cash as you approach retirement, with the aim of protecting the value of the money built up over the years.

This approach is appropriate for some members who are unsure about where to invest, but you should monitor your investment in a Lifestyle Profile like any other investment and ensure your Target Retirement Age remains appropriate.

## HOW CAN I TELL HOW MUCH RISK IS INVOLVED?

When you invest your Retirement Account, the value is used to buy units in the fund(s) you have chosen. The price of these units varies daily and the investment manager has a rating to indicate how much the price might vary relative to other funds. The higher the volatility rating, the less stable the fund's unit price is likely to be.

Standard Life allocates ratings by considering how the fund's unit price has varied from month to month in the past relative to other funds available, how investments in similar asset classes vary from month to month and the investment policy of the fund. The ratings are not guaranteed and are kept under review by Standard Life, so they may change in the future.

You can use the ratings to see how volatile a fund may be and to decide how much capital risk you are prepared to take when choosing your investments. Throughout this booklet we have used the scale (right) to show the risk rating associated with each investment type or fund.



**On the next page we have indicated what level of risk may be appropriate at different stages before retirement.**

Please remember that the Company, its employees, the Trustees and the Pensions Service Centre are not authorised to give you financial advice. Also, Standard Life's Services are provided to the Trustees who authorise Standard Life to provide Scheme information only and not advice to Level 100+ members.



# HOW FAR AWAY FROM RETIREMENT ARE YOU?

**There are a number of points you should consider before you choose how to invest your Retirement Account, such as your age, how much risk you are prepared to take and your personal finances. Use this section to think through these factors.**

Each year you will receive a benefit statement from the BAE Systems Pension Scheme, which shows you the estimated value of your Core Pension

at retirement and how much your Retirement Account could be worth if you used it to buy extra pension.

You should use your statements as an opportunity to consider if you need to increase your Voluntary Contributions (taking into account any other savings or pensions you have already got in place for your retirement) or review your investment choices.

AGE 16 – 54

IF YOU HAVE MORE THAN 10 YEARS BEFORE YOU RETIRE...

6

7

You should consider making regular Voluntary Contributions.

Higher risk funds may be an appropriate choice as they have the potential to achieve higher returns, but these should be seen as a long term investment so that any ups and downs in the markets can be smoothed out over your investment period.

### Next steps...

- Look at your current fund choice and the investment choices available.
- You may want to spread the amount of risk you are exposed to by investing in more than one type of investment (e.g. investing mostly in equities and a small percentage in bonds).
- Check your current rate of Voluntary Contributions and see if you can afford to increase these, remembering that in most cases you get full tax relief on your contributions.

AGE OVER 40

IF YOU HAVE LESS THAN 15 YEARS BEFORE YOU RETIRE...

5

6

7

If you are in one of the Lifestyle Profiles then you should check that your Target Retirement Age remains appropriate for your retirement plans. Your Retirement Account moves into lower risk investments starting 15 years from your Target Retirement Age.

### Next steps...

- Advise the Pensions Service Centre if you are in one of the Lifestyle Profiles and want to change your Target Retirement Age.

AGE 55 – 59

IF YOU HAVE 6 TO 10 YEARS BEFORE YOU RETIRE...

3

4

5

6

You should be reviewing your annual benefit statements to ensure that your pension and Retirement Account are estimated to meet your retirement income expectations. If not, you may need to increase your Voluntary Contributions or discuss other options with an independent financial adviser.

Higher risk funds may still be appropriate, but you may need to start considering your plans for retirement, especially if you are planning to retire early (the earliest you may retire is from age 55 unless you are retiring due to ill-health).

#### Next steps...

- Look at your current fund choice and the investment choices available.
- If you are feeling more cautious about your investment choices, you may want to start investing in more than one type of investment.
- Check your current rate of Voluntary Contributions and see if you can afford to increase these, remembering that in most cases you get full tax relief on your contributions.

AGE 60 – 62

IF YOU HAVE LESS THAN 5 YEARS BEFORE YOU RETIRE...

2

3

4

You should be looking to protect the value of your Retirement Account. Bonds are a usual first step and if you want to take a cash lump sum at retirement, you may wish to move to a cash fund during your last year before retirement.

If you are in one of the Lifestyle Profiles the switching of monies to bonds and cash is under way. Check your Target Retirement Age remains appropriate for your retirement plans.

#### Next steps...

- Ensure your investment choices are appropriate. If you have chosen your fund choices, you may want to opt back into the Lifestyle Profiles to take advantage of the automatic switching.
- If you have chosen an individual bond fund, check the performance to ensure you're getting the most out of your investment.
- Advise the Pensions Service Centre if you are in one of the Lifestyle Profiles and want to change your Target Retirement Age.

AGE 63 – 65

IF YOU HAVE 1 OR 2 YEARS TO RETIREMENT...

1

2

3

Your primary aim is likely to be to protect the value of your Retirement Account – perhaps by choosing more cautious funds.

You should start considering how you are going to use your Retirement Account; will you take it as tax-free cash or use it to purchase extra pension?

#### Next steps...

- Review your benefit statement: is your Core Pension sufficient or do you need to use your Retirement Account to buy extra pension?
- If you have invested in property, you should remember that it may be more difficult to sell, meaning it might be harder to get back your investment quickly (i.e. when you want to retire).
- Close to your retirement you need to make a choice as to whether you use your Retirement Account as tax-free cash, convert it to pension in the Scheme or buy extra pension with an outside insurance company.

# CHOOSING YOUR INVESTMENTS

**Now that you have considered some of the general factors around investing, you need to make some decisions. The following pages will give you the information you need.**

## WILL I BE ABLE TO CHANGE MY MIND?

Yes you can. Whether you choose a Lifestyle Profile or individual funds, your choices are not permanent and you can change how your Retirement Account is invested. For example, you could move into or out of a Lifestyle Profile, change your Target Retirement Age under the Lifestyle Profile or choose a new mix of individual funds.

You should regularly review your investment choices to make sure they are appropriate and the same applies to your Target Retirement Age if you are invested in a Lifestyle Profile. As mentioned on page 12, use your annual benefit statement as an opportunity to review your choices.

## WHAT HAPPENS IF I DON'T MAKE AN INVESTMENT CHOICE?

Your Retirement Account will automatically be invested in the Cash Lifestyle Profile, which is the Level 100+ default investment fund. You can make a choice or alter your investment decisions at any time.

“YOUR CHOICES ARE NOT PERMANENT”

# WHICH INVESTMENT STRATEGY IS RIGHT FOR YOU?

**To help you decide between investing in a Lifestyle Profile or selecting individual funds, read each of the statements below and decide which one best describes how you feel at the moment.**

## I DON'T KNOW! WHERE DO I START?

Look at the Lifestyle Profiles on page 17. You may feel you don't want to take an active role in choosing your investments at this stage, so a Lifestyle Profile may be appropriate.

The Lifestyle Profiles switch funds automatically as you approach retirement, which means the risk to your Retirement Account is automatically reduced as you get closer to retirement.

Once you have looked at the Lifestyle Profiles, have a look at the individual funds that are available to you and try to gauge your attitude to risk and your current circumstances.

If you are unable to come to a decision, please seek independent financial advice (details of how to find an adviser are on page 20).

## I WANT TO SELECT MY OWN FUNDS.

There are 13 funds available to you and you are able to switch your investments whenever you like.

See the Investment Fund Descriptions sheet at the back of this booklet for details of the individual funds.

You may wish to take account of the charges for each of the funds. The Trustees have negotiated reduced charges for each of the funds.

## I WANT TO INVEST IN A LIFESTYLE PROFILE.

You have two Lifestyle Profiles to choose from. To help you decide which one is the most appropriate for you, answer this question:

### **How would you like to use your Retirement Account when you retire?**

- A. I want to take it all as a cash lump sum
- B. I want to use it to buy extra pension

**If you answered 'A'**, then the Cash Lifestyle Profile would be appropriate.  
(See pages 16 to 18 for more information on this Lifestyle Profile.)

**If you answered 'B'**, then the Pension Lifestyle Profile would be appropriate.  
(See pages 16 to 18 for more information on this Lifestyle Profile.)

The Lifestyle Profiles are not suitable for everyone. This booklet has been designed to help you think through the investment process and we recommend that you review this before simply opting for a Lifestyle Profile. You may also wish to seek independent financial advice. You should review your decision regularly to ensure it is still appropriate.

# LIFESTYLE PROFILES

**The Lifestyle Profiles automatically switch your Retirement Account from a fund that aims for growth to a lower risk fund as you get closer to your Target Retirement Age.**

The purpose of this switching process aims to protect the value of your Retirement Account as you approach retirement from any market falls, which equities and other 'high risk' investments are more exposed to.

If you choose to invest in a Lifestyle Profile, you cannot invest in any of the individual funds at the same time.

## WHAT IS MY TARGET RETIREMENT AGE?

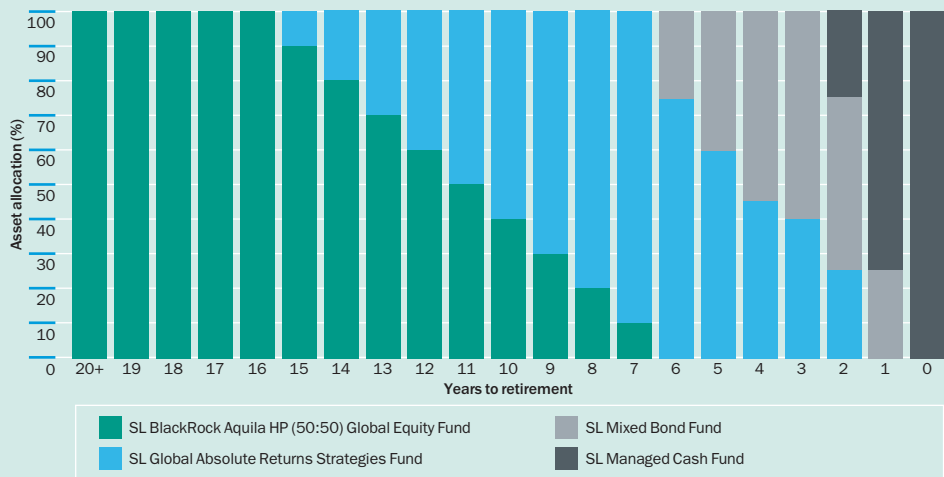
The switching process starts 15 years before your Target Retirement Age. For example, if you have chosen a Target Retirement Age of 63, your Retirement Account would start to switch into lower risk funds when you reached age 48. If you intend to retire early, you may choose an appropriate Target Retirement Age. If you don't, it will be assumed that your Target Retirement Age is the same as your Normal Retirement Age under the Scheme (age 65).





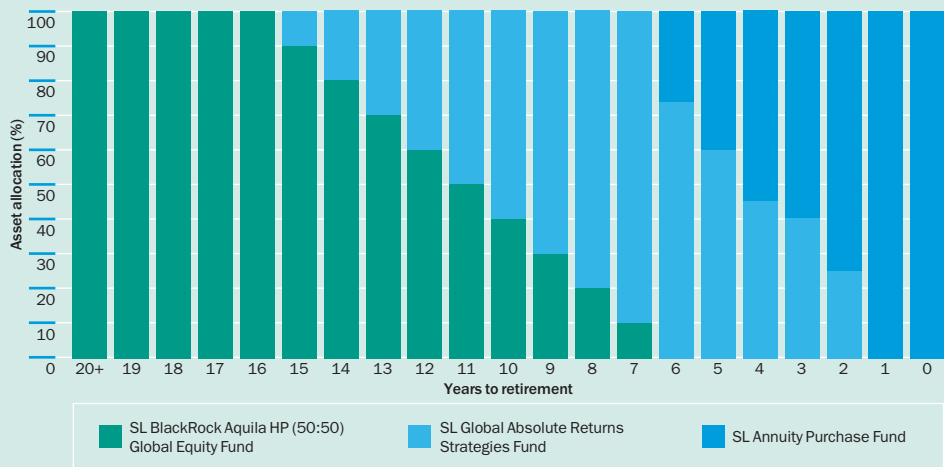
## THE CASH LIFESTYLE PROFILE

This Lifestyle Profile is suitable for members who expect to use their Retirement Account to provide a cash lump sum at retirement.



## THE PENSION LIFESTYLE PROFILE

This Lifestyle Profile is suitable for members who expect to use their Retirement Account to provide extra pension at retirement.



## WHY DO YOU OFFER TWO LIFESTYLE PROFILES?

Your Lifestyle Profile needs to work in a way that matches your retirement 'goals'. If you intend to use your Retirement Account to provide a cash lump sum at retirement, the switching process is different to the switching process if you wanted to buy extra pension at retirement. We therefore offer a Cash Lifestyle Profile and a Pension Lifestyle Profile.

## WHAT ARE THE RISKS INVOLVED IN INVESTING IN A LIFESTYLE PROFILE?

You will find more information about the funds used in the Lifestyle Profiles, on the Investment Fund Descriptions sheet at the back of this booklet, such as the type of investment, the charges involved and the volatility rating of each of the funds. These ratings indicate how volatile a fund is considered to be by Standard Life.

There is also a risk that the timings of the set switching process may not be appropriate to actual circumstances. For example, if there was a sudden market fall just before the switching process started, the funds moving into bonds and cash would be worth less than had previously been the case. If that occurred, the move to these less volatile investments would mean that the value of the Retirement Account would be less likely to recover what was lost in the market fall and the Retirement Account would be secured at that lower value. Delaying the switching process by choosing to move out of your Lifestyle Profile and remaining in an equity fund could mean that the investments have a chance to increase in value again before your retirement, although this cannot be guaranteed to occur.

If your circumstances change, the Lifestyle Profile you have selected may not continue to be appropriate for you. We would always recommend that you keep your investment choice under review and seek appropriate advice if you are unsure how to react to your circumstances.

## INDIVIDUAL FUNDS

**If you would like to take a more active role and select your own investment funds, you may choose any combination of the funds listed in the Investment Fund Descriptions sheet at the back of this booklet.**

Selecting individual funds means that you have flexibility and can vary the amount of risk your Retirement Account is exposed to at particular times, as the amount of risk you are prepared to take changes. You will be responsible for switching your Retirement Account to lower risk funds as you approach retirement to protect its value.

Please note you must choose either a Lifestyle Profile or individual funds; you cannot invest in a Lifestyle Profile and individual funds at the same time.

## CHARGES FOR INVESTING YOUR RETIREMENT ACCOUNT

**There are annual charges for each investment fund which Standard Life has agreed to reduce following negotiations with the Trustees.**

To help you see the impact of the charges, we have shown the charge in monetary terms in the Investment Fund Descriptions sheet at the back of this booklet.

Please note that the charges quoted are not guaranteed and are kept under review; they may be changed in the future.

# MAKE YOUR INVESTMENT CHOICE

## FUND INFORMATION

An Investment Fund Descriptions sheet can be found at the end of this booklet. If you need more information about any of the individual funds or the Lifestyle Profiles, you can find more information about all the funds via the Standard Life website at [www.standardlife.co.uk](http://www.standardlife.co.uk). You will find a Quick Link, bottom left, which takes you to Fund Prices and Factsheets. From there, click on Company pensions and select Trust based pension from the drop down menu.

## FORMS

Once you have made your decision, you need to complete a form.

- If you are a new joiner you will have received a form with this booklet, as part of the joiner's pack, to indicate your choices about investing your Retirement Account and paying Voluntary Contributions.
- If you are an existing member, you can download a form from the pensions website to make a change to your investment choices or a Voluntary Contributions form to start, amend or stop any Voluntary Contributions.

Once you have joined the Scheme, you can download extra forms from the forms section of the pensions website whenever you wish to make a change to your investments or Voluntary Contributions.

## MONITOR YOUR RETIREMENT ACCOUNT

You can view your up to date fund value and see which funds your Retirement Account contributions are invested in by registering for online services – simply call Standard Life's dedicated support team on 0845 271 9501 between 9am and 5pm Monday to Friday (call charges may vary).

## INDEPENDENT FINANCIAL ADVICE

Neither the Trustees, the Pensions Service Centre nor Standard Life can give you advice about where to invest or how much you should contribute to Level 100+. Also Standard Life's services are provided to the Trustees who authorise Standard Life to provide Scheme information only – not advice – to Level 100+ members. This booklet is intended to help you consider the general factors around investing your Retirement Account. It does not take into account personal circumstances (e.g. your health or family situations) and should not be taken as personal advice. If you need to seek independent financial advice, contact IFA Promotion to find out how to contact your nearest Independent Financial Adviser and for details of how much advice will cost. Visit their website at [www.unbiased.co.uk](http://www.unbiased.co.uk).

# INVESTMENT GLOSSARY

**Active Management:** Active managers will try to select particular investments that they believe will increase in value the most, providing the greatest returns. However, the risk here is that active managers may pick the wrong investment, resulting in poor returns. Active management requires a high level of involvement from the investment manager and this usually results in higher charges than within an index tracker.

**Annuity:** You can use part or all of your Retirement Account to purchase an annuity at retirement. A retirement annuity is a regular sum of money that is paid to you for the rest of your life. The level of payments received is determined at retirement based on the size of your Retirement Account, annuity rates applicable to you, the type of annuity selected and your income tax rate.

**Capital Risk:** The risk that you, as an investor, may see the value of your holdings fall to a level below the original investment amount.

**Certificates of Deposit:** Certificates issued by a bank or building society, indicating that a specific sum has been deposited by an investor for a fixed period of time to earn a specified rate of interest.

**Commercial Paper:** 'IOUs' issued for the payment of the money within a short period of time. This money is used by companies to finance short term trade or to purchase materials. They are often issued for periods as short as 30 days and must all be repaid within a year.

**Derivatives:** A derivative is a financial instrument that is based on a particular type of asset and involves the option or promise to buy or sell that asset at a certain time and at a certain price.

**Floating Rate Notes (FRNs):** Short term loans traded in the money markets, generally issued by companies that pay back a variable rate of interest. The rate of interest depends on the level of interest rates in the market, e.g. the Bank of England base rate.

**FTSE All-Share Index:** The FTSE All-Share Index represents the majority of companies that are listed on the London Stock Exchange.

**FTSE UK Gilts Over 15 Year Index:** This index provides an indication of the returns that may be achieved by investing in UK Government bonds (also known as Gilts) that have an expiry date 15 years or more in the future.

**Income:** refers to the interest/dividends generated through holding various assets and which are reinvested in the fund to produce the fund's overall return.

**Index Tracker:** An index tracker aims to invest in the same companies in the same proportions as the market it follows therefore providing the same returns. Index tracker funds are also referred to as 'passive funds'.

**Long Bonds:** Bonds with an expiry date more than 10 years in the future.

**Maturity (Bond):** The expiry date of a loan or bond, where the initial investment or loan is repaid.

**Money Market:** Money markets are where money is lent or borrowed for short periods of time. Instruments used can be referred to simply as 'Cash' and include Floating Rate Notes, Commercial Paper and Treasury Bills.

**Treasury Bills:** These are money market instruments that provide short term loans to the UK Government. They do not pay interest. Instead, they are issued at a discounted price and at maturity, the full price is paid back.

BAE SYSTEMS PENSIONS SERVICE CENTRE  
PO Box 1193  
Crawley  
West Sussex  
RH10 0FY

PENSIONS INFORMATION

Web [www.baesystemspensions.com](http://www.baesystemspensions.com)

Email [farborough.pensions@xafinity.com](mailto:farborough.pensions@xafinity.com)

Phone 0845 180 1401

(or if calling from abroad +44 1293 591956)

Fax 01252 378660

# Investment Fund Descriptions – Level 100+ members

April 2012

Volatility Rating (see page 11)

	Fund Name	Fund Code	Investment Manager	Annual Charge (see page 19 of booklet)	Active Management or Index Tracker	Type of Investment (see page 9 of booklet)	Largest Investment Category	Other Significant Investment Categories	Fund Aim	Additional Information
1	Managed Cash	G4	Standard Life	0.41% or 41p for every £100 invested	Active	Cash	Fixed Deposit	- Cash in a bank or building society - Certificates of Deposit - Treasury Bill	Provide a return before charges equivalent to overnight deposits by investing in deposits and short term money market instruments.	Lowest volatility fund available but your fund value can still fluctuate and, as with all other funds, your investment is not guaranteed.
2	Mixed Bond	FP	Standard Life	0.41% or 41p for every £100 invested	Active	Bonds	UK Corporate Bonds	- UK Government Bonds - Overseas Corporate Bonds - Money Market Instruments	Provide long term growth mainly through reinvestment of income from UK Gilts and corporate bonds.	
3	Property	FM	Standard Life	0.41% or 41p for every £100 invested	Active	Property	Retail Property	- Office Property - Industrial Property - Money Market Instruments	Provide long term growth from a combination of income and increases in value of property by investing predominantly in prime quality UK properties.	Under certain circumstances property may be difficult to sell and members may need to give several months' notice of disinvestment.
3	Global Absolute Return Strategies (GARS)	YX	Standard Life	0.86% or 86p for every £100 invested	Active	Multi-asset	Cash, Money Market and Derivatives	- Global Equities - UK Equities - Bonds	Provide positive investment returns in all market conditions over the medium to long term by investing in a highly diversified portfolio.	The manager is permitted to use derivatives to gain exposure to more specialist asset classes.
3	Over 15 Year Gilt	ND	BlackRock Aquila HP	0.36% or 36p for every £100 invested	Index tracker	Bonds	UK Government Bonds with maturity over 15 years		Provide returns in line with the FTSE UK Gilts Over 15 Years Index.	
5	Managed	FA	Standard Life	0.41% or 41p for every £100 invested	Active	Multi-asset	UK Equities	- Overseas Equities - Bonds - Property - Money Market Instruments	Invest in a number of different asset classes to provide diversification and capital growth over the long term.	
5	Ethical	G7	Standard Life	0.41% or 41p for every £100 invested	Active	Multi-asset	UK Equities	- UK Bonds - Overseas Bonds - European Equities - Money Market Instruments	Provide capital growth by investing in a diversified portfolio of assets, in a way that meets strict ethical criteria.	The ethical criteria are agreed with Standard Life's Ethical Committee and may change.
5	UK Equity High Income	88	Standard Life	0.80% or 80p for every £100 invested	Active	Equities	UK Equities		Provide income and some capital growth over the longer term by investing in UK equities.	Income arises from dividends and is reinvested in the fund to increase the fund value.
5	Managed	KM	Newton	0.83% or 83p for every £100 invested	Active	Multi-asset	UK Equities	- North American Equities - Asia/Pacific Equities - Japanese Equities - Emerging Market Equities - Bonds - Money Market Instruments	Provide long term capital growth through investment in a wide range of asset classes from around the world.	

# Investment Fund Descriptions – Level 100+ members

April 2012

Volatility Rating (see page 11)

	Fund Name	Fund Code	Investment Manager	Annual Charge (see page 19 of booklet)	Active Management or Index Tracker	Type of Investment (see page 9 of booklet)	Largest Investment Category	Other Significant Investment Categories	Fund Aim	Additional Information
6	International	FO	Standard Life	0.41% or 41p for every £100 invested	Active	Equities	North American Equities	- European (excluding UK) Equities - UK Equities - Pacific Basin Equities	Invest in a number of different companies from around the world (including the UK) to provide capital growth in the long term.	
6	(50:50) Global Equity	JO	BlackRock Aquila HP	0.37% or 37p for every £100 invested	Index tracker	Equities	UK Equities	- European Equities - North American Equities - Asia/Pacific Equities - Japan Equities	Invest in equities in order to provide returns in line with the indices of the regions in which the fund invests.	Invests 50% in the UK market, with the remaining 50% split between the US, Europe (excluding the UK), and the Pacific Rim.
6	UK Equity	JP	BlackRock Aquila HP	0.36% or 36p for every £100 invested	Index tracker	Equities	UK Equities		Invest in equities in order to provide returns in line with the FTSE All-Share Index.	
6	Amanah	JB	HSBC Life	0.71% or 71p for every £100 invested	Active	Equities	North American Equities	- European (excluding UK) Equities - UK Equities	Provide capital growth over the long term through investment in companies from around the world in a manner compliant with the Islamic principles of Shariah.	

The following fund forms part of the Pension Lifestyle Profile and is not available as an individual fund option.

	Fund Name	Fund Code	Investment Manager	Annual Charge (see page 19 of booklet)	Active Management or Index Tracker	Type of Investment (see page 9 of booklet)	Largest Investment Category	Other Significant Investment Categories	Fund Aim	Additional Information
3	Annuity Purchase	F9	Standard Life	0.41% or 41p for every £100 invested	Active	Bonds	UK Government Bonds		Aims to reduce the effect of changes in long term interest rates on the value of the annuity that can be purchased.	Designed for members approaching retirement and considering purchasing an annuity which does not increase during retirement.