



SCOTTISH WIDOWS PREMIER LIFESTYLING OPTIONS

BUILDING ON OUR WELL-ESTABLISHED ORIGINAL LIFESTYLING RANGE,
THE SCOTTISH WIDOWS PREMIER LIFESTYLING OPTIONS COST MORE
THAN THE ORIGINAL RANGE, BUT AIM TO OFFER THE POTENTIAL FOR
BETTER RETURNS FOR SIMILAR LEVELS OF RISK.



SECTION ONE - OVERVIEW

PAGE 3

THE BASICS

PAGE 5

SCOTTISH WIDOWS PREMIER LIFESTYLING OPTIONS

SECTION TWO - LIFESTYLING

PAGE 8

WHAT ARE THE MAIN FEATURES OF THE PREMIER PIA
AND PREMIER GIS LIFESTYLING OPTIONS?

PAGE 10

HOW THE SCOTTISH WIDOWS PPIA AND PGIS
LIFESTYLING OPTIONS WORK

PAGE 13

HOW ARE THE PREMIER LIFESTYLING OPTIONS INVESTED?

PAGE 14

THE PREMIER APPROACH TO ASSET ALLOCATION

SECTION THREE - INVESTMENT DETAILS

PAGE 16

THE UNDERLYING ASSETS AND STRATEGIES

PAGE 19

HOW DOES THIS ALL FIT INTO THE PREMIER
LIFESTYLING GLIDEPATHS?

SECTION FOUR - CHARGES

PAGE 22

CHARGES FOR SCOTTISH WIDOWS
PREMIER LIFESTYLING OPTIONS

SECTION FIVE - APPENDIX

PAGE 24

FUNDS INFORMATION, AIMS AND RISKS

SECTION ONE

OVERVIEW

THE BASICS

IF YOU'RE FAIRLY NEW TO PENSION INVESTMENT, OR YOU JUST WANT TO GET A QUICK GRASP OF THE MAIN REASONS WHY A PREMIER LIFESTYLING OPTION COULD BE THE RIGHT CHOICE FOR YOU, HERE ARE SOME KEY POINTS TO HELP YOU. PLEASE READ THE REST OF THIS GUIDE FOR THE DETAILS.

INVESTING IN A PENSION

A quick summary of what's involved and what you need to do

Saving for your retirement will probably be one of the most important things you'll do with your money over the course of your working life.

Investing in a pension usually means paying in regular contributions throughout your working life, which will be invested in one or more investment funds. The managers of these investment funds buy and sell different types of 'assets', such as shares in companies (also known as equities), property and bonds.

The idea is that if the fund's selected assets rise in value, the fund as a whole also rises in value – and the value of your own pension pot would also rise. But the reverse is also true: if the fund falls in value then your pension pot would also fall in value. When you reach retirement, your pension pot can be used to provide you with any combination of a guaranteed fixed income for life (annuity), one or more cash lump sums and a regular variable income that's not guaranteed (known as 'drawdown'). If you're in a pension scheme organised through your work (a 'workplace pension') usually your employer will also contribute, adding to the total amount being invested on your behalf.

When paying into a pension, you'll need to pick the investment fund (or funds) to invest your pension in, taking into account how much risk you're prepared to take. Generally, the greater the potential reward from an investment, the greater the risk that its value could fall. So choosing to invest your pension plan in a fund with potentially higher returns, for example one that only invests in riskier assets like shares, could reward you with a high return, but could also lose a large part, or even all, of your investment.

On the other hand, choosing a fund which invests only in lower risk assets like bonds is likely to give low returns, so it's probable that you'll want to invest in at least some riskier assets to try to increase the overall value of your pension pot. Most people therefore choose to spread their investment across a mix of different assets, which is also known as 'diversifying'.

But, while everyone wants to get a good overall return from their investments, not everyone wants to be actively involved with picking the mix of their investments and keeping a close eye on what's happening in the markets. And there's a good chance that your attitude to risk may change over time, especially as you get closer to retirement.

If this sounds like you, one of our Premier Lifestyling options may be what you're looking for. Please see the next page to learn more.

Pensions are a long-term investment. The retirement benefits you receive from your pension plan will depend on a number of factors including the value of your plan when you decide to take your benefits which isn't guaranteed, and can go down as well as up. The value of your plan could fall below the amount(s) paid in.

THE SCOTTISH WIDOWS PREMIER LIFESTYLING OPTIONS

A quick summary of what they are, how they work and why you might invest in them

‘Lifestyling’ is designed to take care of complicated investment decisions for you, so you don’t have to. The complex selecting and monitoring of investments happens ‘behind the scenes’, with experts regularly reviewing your investments.

Our Premier Lifestyling options are the Premier Pension Investment Approaches (PPIA), primarily for employees in group pensions, and the Premier Governed Investment Strategies (PGIS) for individual pension customers.

PPIA and PGIS work in the same way, combining the expertise of carefully chosen fund managers and Scottish Widows’ own investment specialists to invest across a broad range of assets and funds. You can choose to invest in an Adventurous, Balanced or Cautious way, depending on how much risk you’re comfortable with.

The core aim of ‘Lifestyling’ is to give your pension investment the chance to do what you’ll want it to do as you move through different stages of your working life. Whether you’ve chosen an Adventurous, Balanced or Cautious approach, in all cases we focus on trying to grow your pension pot in the earlier years, and then take less and less risk the closer you get to retirement. Although this has the effect of reducing the potential for growth, it aims to help protect what you’ve built up during the run-up to your selected retirement date.

Our PPIA and PGIS Lifestyling options are based on our original Pension Investment Approaches and Governed Investment Strategies, and they take similar levels of risk. The differences between our original and Premier versions are all about cost, the number and types of investments we use, and the level of potential return that we believe could be generated.

The Premier Lifestyling options can access a much broader range of assets than our original versions and invest using more sophisticated techniques which are designed to improve performance. This gives them more scope to potentially generate better returns. But this is only possible because PPIA and PGIS have higher annual charges than our original Lifestyling options. This means we believe that our Premier Lifestyling options have the potential to deliver better returns than our original Lifestyling options, although it’s important to note that this is not guaranteed. And, because of the higher charges, any losses could have a greater impact than losses in our original options.

The key components are:

- A wider range of asset classes – with a higher proportion invested in asset classes which we believe could generate higher returns.
- Elements of active management (when a manager chooses the stocks to invest in) and specialist fund strategies – we feel these have the potential to perform better than traditional passive investments (which simply track an index like the FTSE 100).
- Asset allocation flexibility – to allow our experts to change what the funds invest in.
- A more diverse blend of investments – which have generally tended to rise or fall in value under different economic conditions.

Our Premier options offer two Lifestyling ranges, which we believe both offer good value at their different prices. Our relatively simple but inexpensive original versions are well-established and have a track record of over ten years. And we also offer you the chance to pay more to access our PPIA and PGIS, giving you the opportunity to invest in a wider range of assets to potentially improve performance for similar levels of risk.

Please now read on for the fuller picture.

Please remember that past performance is no guide to the future and with investments like these there are no guarantees. There is a risk that the value of your plan could go down as well as up, depending on investment performance (and currency exchange rates where a fund invests overseas), and may fall below the amount paid in.

SCOTTISH WIDOWS PREMIER LIFESTYLING OPTIONS

We want to do all we can to help you enjoy a comfortable and well-funded retirement. This is why we offer customers the Scottish Widows Premier Lifestyling options to help you prepare for the retirement you want.

1. Scottish Widows original lifestyling options

Scottish Widows pension customers have been able to invest in 'Lifestyling options' since 2006.

- For pensions arranged by employers, we've offered the Pension Investment Approaches (PIA) Lifestyling options.
- Individual pension customers have had access to our Governed Investment Strategies (GIS), which work in the same way.
- In both cases the aim is to grow your investment, especially in the earlier years, and then take less and less risk as you get closer to retirement. This is intended to help protect your pension pot from investment shocks (like sharp falls in the world's stockmarkets).
- Both our PIA and GIS allow you to choose from:
 - three risk categories: Cautious, Balanced, Adventurous
 - and three retirement outcomes: Targeting Annuity, Targeting Encashment, Targeting Flexible Access.

Our Premier PIA and Premier GIS Lifestyling options (PPIA and PGIS) work in the same way as our original versions, aiming to manage risk and reward for you as you move through your working life and on towards retirement.

2. Why launch PPIA and PGIS?

Put simply, we identified how to build on what we offer for customers who are prepared and able to pay a little more. By adding elements of active management and a wider range of assets and strategies, we believe PPIA and PGIS offer you the potential for increased returns for similar levels of risk. We launched PPIA and PGIS for the following key reasons:

- To offer more choice – especially following the pension freedoms introduced in April 2015.
- To help meet our customer expectations – we expect that our customers are going to become increasingly interested in whether they will have enough to retire on, and also how they can maximise the growth potential of their pension fund.
- To make use of new investment developments – since the launch of our original PIA Lifestyling options in 2006, new types of investment and new ways to invest have become available, and at increasingly competitive prices.

We launched PPIA and PGIS because we believe that, for higher charges, we can target extra returns for Lifestyling customers.

3. How do PPIA and PGIS work?

We carried out extensive analysis before launching PPIA and PGIS to help us select the mix of investments, management techniques and specialist fund managers we were looking for.

- The overall goal was to design and deliver Lifestyling options which offer better potential returns than our original PIA and GIS versions, for broadly similar levels of risk.
- To do this we added a lot more investment components to the Premier range. These give the Premier range more ways to invest and more areas to invest in, which could mean more opportunities for growth.
- This means that we can invest a higher proportion of the funds in areas which we believe could generate higher returns – and less in those we expect to generate lower returns – while targeting broadly the same levels of risk.

4. What else do I need to know about PPIA and PGIS?

- As with any investment of this type, we cannot guarantee that PPIA and PGIS will perform as our analysis suggests. However, our research indicates that the mix of investments we've chosen has the potential to deliver the returns we are aiming for.
- Bringing together this new blend of investments and management techniques is only possible because we charge you more for our PPIA and PGIS each year than our original PIA and GIS versions. Despite these higher charges, we believe that PPIA and PGIS have the potential to generate better 'net returns' (ie after charges have been deducted) than the equivalent PIA or GIS option. If the PPIA and PGIS don't perform better than our original PIA and GIS versions, the higher charges mean you would get lower net returns.
- Please note that the existing Scottish Widows PIA and GIS options are still available, and we continue to offer them as a robust and cost-effective approach to investing for your pension.

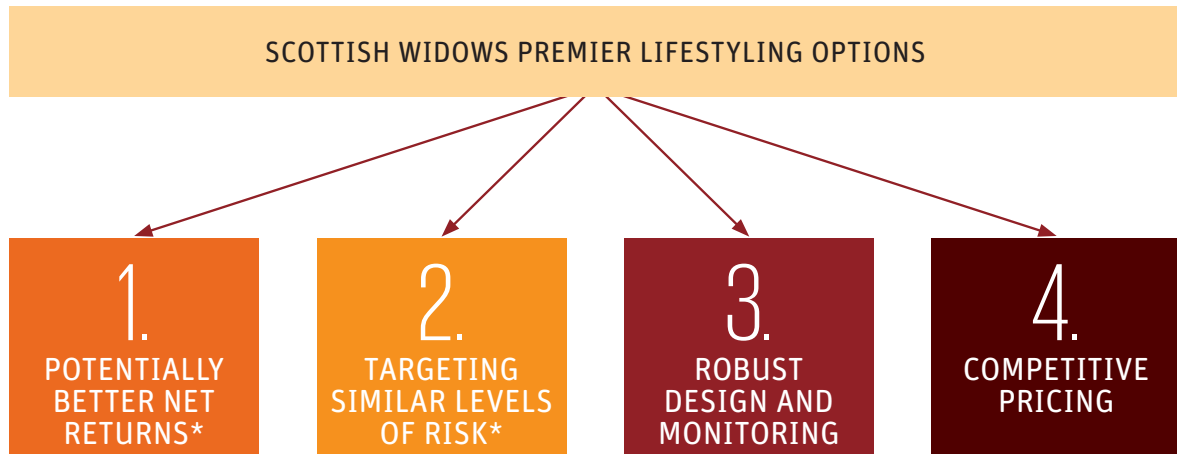
We believe PPIA and PGIS have the potential to deliver better annual returns than our original PIA and GIS options, for broadly similar levels of risk. Our research indicates that their combination of charges, overall levels of risk and potential for improved returns could make them an appealing investment option for many of our pension customers.

Section Two will now give you more detail and a full description of our PPIA and PGIS Lifestyling options.

SECTION TWO

LIFESTYLING

WHAT ARE THE MAIN FEATURES OF THE PREMIER PIA AND PREMIER GIS LIFESTYLING OPTIONS?



*In comparison with the equivalent original Pension Investment Approaches and Governed Investment Strategies.

The Premier Pension Investment Approaches (PPIA) and Premier Governed Investment Strategies (PGIS) are a key evolution of our workplace and individual pension investment propositions. By adding these to our existing Lifestyling options, we're acknowledging changing customer needs and anticipating what we believe they will want in the future.

Our PPIA and PGIS are specifically designed to help meet these needs, aiming to offer better potential returns for broadly similar levels of risk as our original options in each risk category, for higher charges.

INVESTMENT RISK AND REWARD

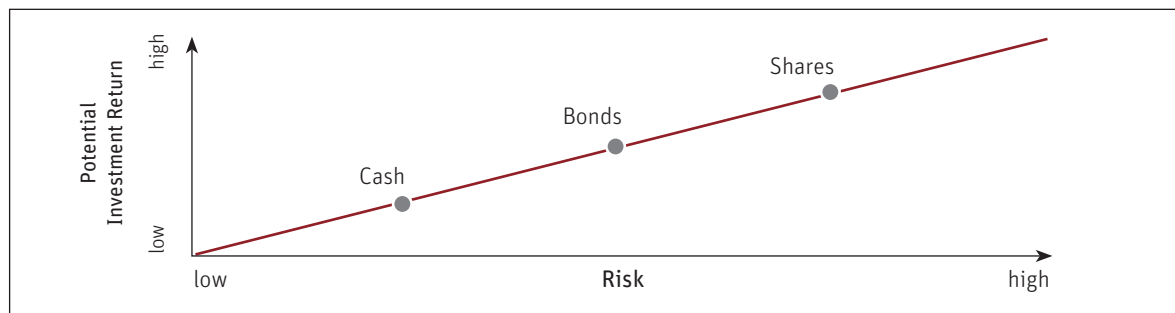
Generally, the greater the potential reward from an investment, the greater the risk that its value could fall.

So, choosing to invest your pension plan in assets with potentially higher returns, for example buying shares (also known as equities) through the stockmarket, could reward you with a high return, but could also lose a large part, or even all, of your investment.

Choosing to invest your pension plan in assets which have a very low risk, will tend to give very low returns.

The diagram below gives an indication of the general risk and reward for different types of investments. Within each investment type, the level of risk can vary depending on the specific investment you choose to invest in.

Please remember that with investments like these, there are no guarantees, and there is a risk that the value of your plan could go down as well as up, depending on investment performance (and currency exchange rates where a fund invests overseas) and may fall below the amount paid in.



PREMIER LIFESTYLING STRUCTURE

The key developments for the Premier Lifestyling options in terms of the investment mix are that, in addition to investing in traditional equities and bonds, they also include specialised investment strategies, more types of assets and an element of active management. Other than this, our PPIA and PGIS options have the same structure as our original PIA and GIS Lifestyling options:

- Three risk categories (Cautious, Balanced, Adventurous) and three retirement outcomes (Targeting Annuity, Targeting Encashment, Targeting Flexible Access).
- A glidepath design that gradually 'de-risks' from 15 years to your selected retirement date.
- A blend of underlying funds to achieve the selected asset mixes at different stages of Lifestyling.

To enable us to do this, we launched Premier versions of all our Scottish Widows Pension Portfolio Funds, including those we use for Lifestyling (Pension Portfolios 1 to 5).

This guide will explain how our PPIA and PGIS Lifestyling packages are invested, and why we believe their blend of carefully selected assets and robust design could appeal to many of our pension customers.

HOW THE SCOTTISH WIDOWS PPIA AND PGIS LIFESTYLING OPTIONS WORK

Our PPIA and PGIS Lifestyling options are designed to help you achieve what you need from your pension plan.

Aiming for investment growth is vital, but we believe we also have a commitment to customers to:

- Make it easier for you to make an investment choice with confidence.
- Aim to ensure that the investment choice you make on day one remains equally relevant to the day you retire.
- Regularly test and re-test our understanding of investment risk and reward in light of market changes.
- Offer expert investment management at a competitive level of annual charge.
- Help you to prepare for the type of retirement income you'll want.

To help you make a suitable investment choice for your plan, we offer three risk categories, each with a different combination of risk and reward:

ADVENTUROUS

BALANCED

CAUTIOUS

Whichever one you choose, you can be sure that we'll manage the investment of your plan with the aim that it always has a combination of investment risk and reward that both:

- matches your chosen risk category, and
- manages your investment to your selected retirement date.

Our lifestyling risk categories all work in a similar way: the difference between them is how much investment risk they take in trying to help your pension fund grow. We offer a 'smoothed' approach to lifestyle switching, which ensures a reassuringly predictable transition between funds.

In the earlier years, more money is invested in 'growth assets' like equities to increase the potential for growth. We then begin to gradually reduce the exposure to risk once you are 15 years from your selected retirement date. Although this reduces the growth potential of your plan, it also aims to help protect its value as you near your selected retirement date.

Each of the three Lifestyling risk categories are composed of multi-asset Premier Pension Portfolio Funds until five years from a customer's selected retirement date, and specialised funds for the final five-year pre-retirement phase.

In the final five years leading up to the selected retirement date, our PPIA or PGIS customers will gradually move into one of three carefully selected packages of lower-risk investments. These are different for each of the three 'retirement outcomes' we offer, which have been tailored to suit whichever retirement option you have identified:

- Targeting Annuity – if you are planning to buy an annuity to provide a guaranteed income for life.
- Targeting Encashment – if you are planning to encash your fund.
- Targeting Flexible Access – if you are planning to remain invested in order to access your pension fund on a more flexible basis.

PIA/PPIA, GIS/PGIS all offer the same risk and retirement outcome options. Our full Lifestyling structure is summarised as follows:

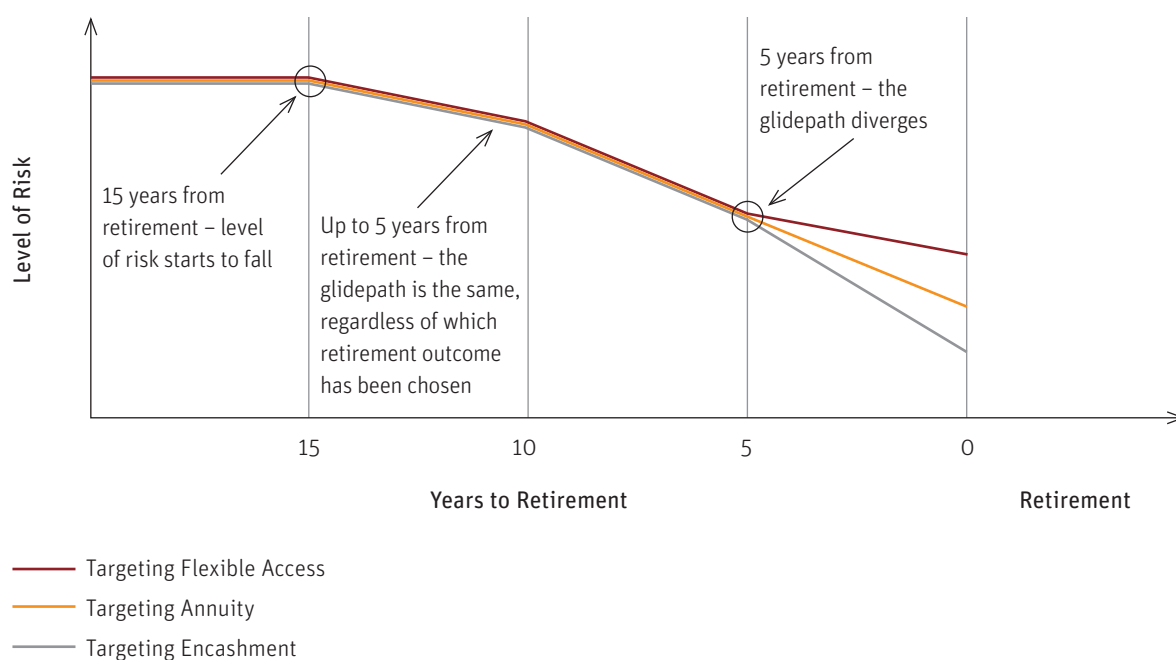
RETIREMENT OUTCOME		
TARGETING ANNUITY	TARGETING FLEXIBLE ACCESS	TARGETING ENCASHMENT
ADVENTUROUS	ADVENTUROUS	ADVENTUROUS
BALANCED	BALANCED	BALANCED
CAUTIOUS	CAUTIOUS	CAUTIOUS

You therefore have three selections to make when you make your investment choice:

- The level of risk you are comfortable with – Adventurous, Balanced or Cautious.
- The type of retirement outcome you are likely to want when you retire – Targeting Annuity, Targeting Encashment or Targeting Flexible Access.
- The choice between our original, passive PIA and GIS options, or our Premier versions (PPIA and PGIS).

The graphic overleaf is designed to demonstrate how a typical 'investment glidepath' works, and applies to all our Lifestyling options. Please note that this graphic indicates how the level of risk changes at different stages, not the likely performance of the investment.

HOW AN 'INVESTMENT GLIDEPATH' WORKS



We realise that some customers may not be sure how they will want to provide for their retirement, especially those who are still some years from taking benefits from their pension pot. So we have made it easy for you to change towards a different retirement outcome, a different risk category or between an original, passively managed and a Premier Lifestyling option if your plans and objectives change.

Since 2006, we have maintained and developed our PIA and GIS options and this well-established approach was replicated for PPIA and PGIS.

HOW ARE THE PREMIER LIFESTYLING OPTIONS INVESTED?

Our PPIA and PGIS invest in underlying funds to access a selected asset mix. These different asset mixes reflect different levels of risk and how far customers are from their selected retirement date. We use funds that invest in more than one type of asset (multi-asset funds) for most of the Lifestyling glidepath, and specialised funds for the five years leading up to retirement.

We use our Premier Pension Portfolio Funds as the main underlying funds. These were primarily created for this purpose, and invest in assets and investment strategies other than traditional equities and bonds.

We added significantly more investment components to the Premier range. These include some options that have only become available to pension customers relatively recently. The Premier range also invests in Absolute Return (which we will explain later) and Property, and uses asset allocation to potentially help improve performance. This means we give Premier customers access to:

- **A wider range of asset classes**, with a higher proportion invested in asset classes which we believe could generate higher returns – and less in those we expect to generate lower returns, such as fixed income and cash.

- **Active management and specialist fund strategies** that we feel have the potential to perform better than traditional passive investments.
- Our **asset allocation** experts can change what the funds invest in. They can move around between more areas, sectors and markets to try to generate returns (or aim to help protect what's already been built up).
- **A more diverse blend** of investments, which tend to rise or fall in value under different economic conditions. This means that when one asset is losing value, another may be rising (although this cannot be guaranteed).

We will now look at how PPIA and PGIS are constructed. We'll cover the strategies and assets that have been used as building blocks of the Premier Pension Portfolio Funds (the underlying funds), and how these funds fit into the Lifestyling glidepaths.

THE PREMIER APPROACH TO ASSET ALLOCATION

The Premier range's approach to asset allocation is a key strength. Being invested in the right place at the right time can significantly influence a fund's overall performance.

Compared with our passively-managed Pension Portfolio Funds, the Premier Pension Portfolio Funds offer more diversification, an element of active management and specialised investment strategies that are not always affordable to individual investors.

A more diverse blend of assets enables the Premier Pension Portfolio Funds to potentially generate returns in a wider variety of market conditions, by reducing the impact of large falls in any one asset class on customers' investments. A larger number of asset classes allows greater flexibility to make asset allocation decisions.

Some funds that invest in a range of other funds tend to change fund managers frequently. In contrast, the Premier Pension Portfolio Funds will aim to take a more long-term approach, because switching between funds can be expensive.

By aiming to hold positions longer, we are able to negotiate competitive deals with fund providers.

We use asset-allocation in three ways for the Premier Pension Portfolio Funds:

- designing the long-term (or strategic) blend of assets
- adjusting this blend to reflect medium-term market changes
- and taking advantage of short-term opportunities.

Section three on the next page will cover the underlying investments and strategies used in our PPIA and PGIS Lifestyling options.

SECTION THREE

INVESTMENT DETAILS

THE UNDERLYING ASSETS AND STRATEGIES

We use a wide selection of investment components within the Premier Pension Portfolio Funds. The assets and investment strategies we currently use are:

- Equities (also known as 'shares')
- Absolute Return Strategies (Actively Managed)
- Bonds (Actively Managed)
- Property
- Commodities
- Tactical Asset Allocation
- Money Market (Short Dated Maturities)

These components may change and others may be included.

The information above is correct as at 30th September 2019. Please note funds and managers may change.

We will now cover each of these in a bit more detail.

EQUITIES

Passively Managed Equities

Passively managed funds aim to track the returns of a selected market index, such as the FTSE All-Share.

A typical stockmarket index is made up of component parts according to the total value of each company's shares. This means that companies are included according to the total value of their shares. So a company that has recently enjoyed strong share price performance will usually make up a fairly large proportion of a standard index, and this will be reflected in a passive tracker fund.

Fundamental Index

Most traditional passive funds are concentrated in the largest – and potentially most expensive – companies. This can leave investors exposed to falls in the prices of shares which may have reached their maximum value. Fundamental equity indexing aims to improve on tracking indices constructed by the value of their shares by ranking company's shares according to real world factors – their sales, cash flow or dividends, for example. This means a fundamental index will give prominence to companies that appear undervalued with good operating performance rather than good share price performance.

Low Volatility

Low volatility equity investing aims to deliver strong returns from the equity markets with a significant reduction in the associated risks, by tracking an index of stocks with historically low levels of volatility and fundamental strengths.

Low Risk Active Equities

A low risk active equity fund is designed to outperform a more traditional index-tracking fund by a small amount on a consistent basis. We believe this amount of outperformance should be relatively consistent.

Index Futures

Futures contracts are an agreement to buy or sell an asset at a specified price at a particular point in the future. In the case of an equity index futures contract, the underlying asset is a stock market index, such as the FTSE 100. Futures are an important tool within Premier, which we may use for both efficient portfolio management purposes and to gain exposure to certain asset classes. For a number of the Premier Pension Portfolios, we use futures to gain exposure to UK equities.

ABSOLUTE RETURN STRATEGIES (ACTIVELY MANAGED)

Unlike many traditional investment funds, Absolute Return fund managers have the freedom (within the terms of the fund) to invest simply in those assets that they think will perform the best. Absolute Return funds aim to deliver a positive return in most market conditions over defined periods.

CORPORATE BONDS (ACTIVELY MANAGED)

Corporate bonds are issued by companies to raise cash. The purchaser of a corporate bond is effectively lending the company money in exchange for a regular interest payment (called a coupon) and the return of the original sum at the end of the term (if held to maturity).

Investing in global corporate bonds is considered to be less risky than equities as they generally exhibit less volatility.

There are two main types of corporate bond: investment grade and high-yield. Investment-grade bonds are considered to have a relatively low risk of default (failure to repay the loan or pay coupons when due). High-yield bonds have a greater risk of default than investment grade bonds and because of this, lenders (i.e. the bondholders) demand a higher rate of return on their loan, hence the name 'high-yield'.

PROPERTY

Direct property funds invest in physical property such as shops, offices and warehouses. They aim to make a profit from rent and any increase in the property's market value. Indirect property funds invest in the shares of property companies quoted on a stock exchange. They aim to make a profit from an increase in the value of the shares of these companies.

The performance of Property funds might have little similarity to other types of investment, such as equities and bonds, and this is a key part of their attraction as an investment. They offer attractive long-term growth potential, and they help to increase diversification within a multi-asset portfolio.

COMMODITIES

Commodities cover a wide range of physical goods, from oil and gas, to industrial and precious metals, to agricultural produce such as grain and livestock. The supply of commodities is controlled by the producers – i.e. the oil companies, miners and farmers – although for some commodities external factors can also affect the supply, for example adverse weather. Meanwhile, demand is determined by the consumers of the commodity – i.e. companies and households. Commodities can offer diversification from other asset classes and provide some protection against inflation.

TACTICAL ASSET ALLOCATION

Tactical asset allocation (TAA) allows us to add potential value by adjusting the asset allocation within a portfolio in order to take advantage of shorter term market opportunities. We do not undertake TAA directly within Premier's portfolios but instead invest in Scottish Widows GTAA 1, which is a TAA fund managed on our behalf by Schroder Investment Management Limited. This fund invests in a broad range of assets and financial vehicles, including equities, bonds, currencies and commodities.

MONEY MARKET (SHORT DATED MATURITIES)

Short Dated Maturities are cash and fixed income assets which typically have less than five years to maturity.

SCOTTISH WIDOWS PENSION PROTECTOR FUND

We use the Scottish Widows Pension Protector Fund as a specialised pre-retirement fund during the last five years of our PPIA and PGIS Targeting Annuity retirement outcomes. In combination with Premier Pension Portfolio 5, it's designed to prepare our 'Targeting Annuity' customers' pension pots for annuity purchase at retirement. The Scottish Widows Pension Protector Fund invests mainly in UK bonds with a long term until maturity, typically ten years.

PREMIER PENSION PORTFOLIO FUNDS 1 TO 5

The table overleaf illustrates how the assets and strategies outlined here have been used as building blocks to form the Premier Pension Portfolio Funds used within PPIA and PGIS.

Here is the asset split for each Premier Pension Portfolio Fund, showing the percentages in each asset type as at 30th September 2019.

ASSET SPLIT BY PREMIER PENSION PORTFOLIO FUND (%)

Asset type and funds selected	← Increasing Risk →				
	Premier Pension Portfolio Fund 1 %	Premier Pension Portfolio Fund 2 %	Premier Pension Portfolio Fund 3 %	Premier Pension Portfolio Fund 4 %	Premier Pension Portfolio Fund 5 %
GLOBAL DEVELOPED EQUITY - Scottish Widows European Growth Fund - Scottish Widows Fundamental Index Global Equity Fund - Scottish Widows Fundamental Low Volatility Index Global Equity Fund - Scottish Widows Japan Growth Fund	56.7	47.7	41	14.7	0
EMERGING MARKET EQUITY - Scottish Widows Emerging Markets Fund - Scottish Widows Fundamental Low Volatility Index Emerging Markets Equity Fund - Scottish Widows Fundamental Index Emerging Markets Equity Fund	20.3	16.3	13.6	4.8	0
UK EQUITY - FTSE 250 Futures - FTSE 100 Index Futures*	15	15	15	12	0
HIGH-YIELD BONDS Scottish Widows High Income Bond Fund	0	1	1.3	2	0
PROPERTY - Scottish Widows Pooled Property ACS Fund 1 - BlackRock Global Property Securities Equity Tracker Fund	0	7	8.8	10.3	0
GLOBAL INVESTMENT-GRADE CORPORATE BONDS Scottish Widows Corporate Bond 1 Fund	0	2	7.8	37.8	0
ABSOLUTE RETURN STRATEGY - Insight Global Absolute Return - Nordea 1 – GBP Diversified Return Fund	8	10	11.5	16.5	0
COMMODITY SW Alternatives Pension Fund	0	1	1.3	2	0
SHORT DATED MATURITIES - Insight LIBOR Plus Fund - Investment Cash Fund Actual Return	0	0	0	0	100
TOTAL	100	100	100	100	100

Source: Scottish Widows. Figures correct as at 30th September 2019. Figures may not add up to exactly 100% due to rounding.

*The UK equity component represents the funds' exposure to UK equities. Most of the funds' UK equity exposure is gained predominantly through investments in FTSE 100 Index Futures. Please note that the table above excludes cash and Scottish Widows Global Tactical Asset Allocation (GTAA) 1 fund, which is a TAA fund managed on our behalf by Schroder Investment Management Limited. Tactical asset allocation (TAA) involves adjusting the long-term strategic asset allocation within a portfolio in order to capture shorter-term relative value opportunities in markets. We do not undertake TAA directly within Premier's funds, but instead most of the funds gain exposure to Schroder's TAA decisions by investing in GTAA 1. This investment is possible because we use futures to gain most of the exposure to UK equities. Using futures rather than buying UK equities directly frees up capital. This is then used for TAA purposes, with the aim of improving overall returns.

For full details of the Premier Pension Portfolio Funds, including fund aims and the risks associated with each fund, please see the section on 'Funds information, aims and risks' starting on page 24 of this guide.

HOW DOES THIS ALL FIT INTO THE PREMIER LIFESTYLING GLIDEPATHS?

Here's how Premier Pension Portfolio Funds are used within the risk categories for Premier Adventurous, Premier Balanced and Premier Cautious PPIA and PGIS:

Adventurous PPIA / PGIS	15 years+	at 10 years	at 5 years	at 0 years
Premier Adventurous – Targeting Annuity	Scottish Widows Premier Pension Portfolio 1 – 100%	Scottish Widows Premier Pension Portfolio 2 – 100%	Scottish Widows Premier Pension Portfolio 3 – 100%	Scottish Widows Pension Protector – 75% Scottish Widows Premier Pension Portfolio 5 – 25%
Premier Adventurous – Targeting Encashment	Scottish Widows Premier Pension Portfolio 1 – 100%	Scottish Widows Premier Pension Portfolio 2 – 100%	Scottish Widows Premier Pension Portfolio 3 – 100%	Scottish Widows Premier Pension Portfolio 5 – 100%
Premier Adventurous – Targeting Flexible Access	Scottish Widows Premier Pension Portfolio 1 – 100%	Scottish Widows Premier Pension Portfolio 2 – 100%	Scottish Widows Premier Pension Portfolio 3 – 100%	Scottish Widows Premier Pension Portfolio 4 – 75% Scottish Widows Premier Pension Portfolio 5 – 25%

Balanced PPIA / PGIS	15 years+	at 10 years	at 5 years	at 0 years
Premier Balanced – Targeting Annuity	Scottish Widows Premier Pension Portfolio 2 – 100%	Scottish Widows Premier Pension Portfolio 3 – 100%	Scottish Widows Premier Pension Portfolio 4 – 100%	Scottish Widows Pension Protector – 75% Scottish Widows Premier Pension Portfolio 5 – 25%
Premier Balanced – Targeting Encashment	Scottish Widows Premier Pension Portfolio 2 – 100%	Scottish Widows Premier Pension Portfolio 3 – 100%	Scottish Widows Premier Pension Portfolio 4 – 100%	Scottish Widows Premier Pension Portfolio 5 – 100%
Premier Balanced – Targeting Flexible Access	Scottish Widows Premier Pension Portfolio 2 – 100%	Scottish Widows Premier Pension Portfolio 3 – 100%	Scottish Widows Premier Pension Portfolio 4 – 100%	Scottish Widows Premier Pension Portfolio 4 – 75% Scottish Widows Premier Pension Portfolio 5 – 25%

Cautious PPIA / PGIS	15 years+	at 10 years	at 5 years	at 0 years
Premier Cautious – Targeting Annuity	Scottish Widows Premier Pension Portfolio 3 – 100%	Scottish Widows Premier Pension Portfolio 4 – 100%	Scottish Widows Premier Pension Portfolio 4 – 100%	Scottish Widows Pension Protector – 75% Scottish Widows Premier Pension Portfolio 5 – 25%
Premier Cautious – Targeting Encashment	Scottish Widows Premier Pension Portfolio 3 – 100%	Scottish Widows Premier Pension Portfolio 4 – 100%	Scottish Widows Premier Pension Portfolio 4 – 100%	Scottish Widows Premier Pension Portfolio 5 – 100%
Premier Cautious – Targeting Flexible Access	Scottish Widows Premier Pension Portfolio 3 – 100%	Scottish Widows Premier Pension Portfolio 4 – 100%	Scottish Widows Premier Pension Portfolio 4 – 100%	Scottish Widows Premier Pension Portfolio 4 – 75% Scottish Widows Premier Pension Portfolio 5 – 25%

For details of the fund aims and risks for all the funds covered above, please see pages 24–28 of this guide.

The Premier Pension Portfolios provide the asset and strategy splits for each of our PPIA and PGIS risk categories through the bulk of the lifestyling glidepath. Using the 'Targeting Flexible Access' retirement outcome as an example, here is how these asset splits change through the life of a customer's investment for each risk category:

Adventurous (Targeting Flexible Access retirement outcome)					
Target % split of investments used	Years to retirement	15 years+	10 years	5 years	0 years
	UK Equities	15	15	15	9
	Global Developed Equity	56.7	47.7	41	11.25
	Emerging Market Equity	20.3	16.3	13.6	3.75
	Property	0	7	8.8	7.5
	Global Investment-Grade Corporate Bonds	0	2	7.8	28.5
	Absolute Return	8	10	11.5	12.75
	Short Dated Maturities	0	0	0	25
	High-Yield Bonds	0	1	1.3	1.5
	Commodity	0	1	1.3	1.5

Balanced (Targeting Flexible Access retirement outcome)					
Target % split of investments used	Years to retirement	15 years+	10 years	5 years	0 years
	UK Equities	15	15	12	9
	Global Developed Equity	47.7	41	14.7	11.25
	Emerging Market Equity	16.3	13.6	4.8	3.75
	Property	7	8.8	10.3	7.5
	Global Investment-Grade Corporate Bonds	2	7.8	37.8	28.5
	Absolute Return	10	11.5	16.5	12.75
	Short Dated Maturities	0	0	0	25
	High-Yield Bonds	1	1.3	2	1.5
	Commodity	1	1.3	2	1.5

Cautious (Targeting Flexible Access retirement outcome)					
Target % split of investments used	Years to retirement	15 years+	10 years	5 years	0 years
	UK Equities	15	12	12	9
	Global Developed Equity	41	14.7	14.7	11.25
	Emerging Market Equity	13.6	4.8	4.8	3.75
	Property	8.8	10.3	10.3	7.5
	Global Investment-Grade Corporate Bonds	7.8	37.8	37.8	28.5
	Absolute Return	11.5	16.5	16.5	12.75
	Short Dated Maturities	0	0	0	25
	High-Yield Bonds	1.3	2	2	1.5
	Commodity	1.3	2	2	1.5

Source: Scottish Widows. Figures correct as at 30th September 2019. Figures may not add up to exactly 100% due to rounding.

Please note that the table above excludes cash and Scottish Widows Global Tactical Asset Allocation (GTAA) 1 fund, which is a TAA fund managed on our behalf by Schroder Investment Management Limited. Tactical asset allocation (TAA) involves adjusting the long-term strategic asset allocation within a portfolio in order to capture shorter-term relative value opportunities in markets. We do not undertake TAA directly within Premier's funds, but instead most of the funds gain exposure to Schroder's TAA decisions by investing in GTAA 1. This investment is possible because we use futures to gain most of the exposure to UK equities. Using futures rather than buying UK equities directly frees up capital. This is then used for TAA purposes, with the aim of improving overall returns.

Section four (Charges) will now explain the charges for PGIS and PPIA.

SECTION FOUR

CHARGES

CHARGES FOR SCOTTISH WIDOWS PREMIER LIFESTYLING OPTIONS

PREMIER GOVERNED INVESTMENT STRATEGIES CHARGES

The Total Annual Fund Charge (TAFC) is as follows:

Premier Governed Investment Strategies	0.4%
--	------

For comparison, the Total Annual Fund Charge for the original Governed Investment Strategies is generally 0.1% (see note 4). So each year customers pay an extra 0.3% TAFC for the Premier version's wider range of investment strategies.

PREMIER PENSION INVESTMENT APPROACHES CHARGES

There is no 'standard' Total Annual Fund charge for the Premier Pension Investment Approaches, because pension schemes generally arrange specific, bespoke charging structures for their members. However, it is always the case that a pension scheme's TAFC for Premier Pension Investment Approaches will be 0.3% higher than it is for the original Pension Investment Approaches.

Here's an example – Pension Scheme XYZ

Pension Investment Approach	0.35%
Premier Pension Investment Approach	0.65%

So again, the extra TAFC for accessing the Premier version's wider range of investment strategies and assets is 0.3% per year. Please see your own scheme's charges sheet and joining information for the specific charges that will apply for you.

NOTES ON CHARGES

- The Total Annual Fund Charge of a fund is the sum of:
 - the Scottish Widows Annual Management Charge,
 - if applicable, an External Fund Management Charge,
 - if applicable, a Multi-Manager Fund Management Charge, and
 - if applicable, an allowance for any Other Expenses.

The Management Charges of a), b) and c) above cover fund management, administration, marketing and the cost of sales, and also for c) the multi-manager selection service.

Other Expenses include, for example, trustees' fees, auditor's fees and regulators' fees. The allowance for Other Expenses can change on a regular basis.

If any of a) to d) above changes for a fund, the Total Annual Fund Charge for that fund will also change.

- For Unit-Linked Funds the Total Annual Fund Charge is reflected in the prices of each unit.
- Other product charges in addition to the Total Annual Fund Charges will apply. This guide should be read in conjunction with the relevant product literature, including our 'Pension Funds Investor's Guide' and any Key Features illustrations.
- Full terms and conditions are available on request from Scottish Widows. Charges, terms and limits may change.
- The Total Annual Fund Charges are those current at the time of going to print.

SECTION FIVE

APPENDIX

FUNDS INFORMATION, AIMS AND RISKS

The Scottish Widows unit-linked funds aim to provide long-term growth in the price of units. This is generated by a combination of capital growth as well as income that is added to the fund.

A proportion of each unit-linked fund may be held in cash to provide liquidity or while awaiting suitable investments. The Scottish Widows unit-linked funds can invest in other unit-linked funds or in collective investment schemes (for example open-ended investment companies (OEICs) or unit trusts) to achieve exposure to meet the stated fund aims.

Some funds may use derivatives (contracts which have a value linked to the price of another asset) to help reduce risk or reduce cost, or to help generate extra capital or income. This is normally referred to as Efficient Portfolio Management (EPM). It is not intended that this will cause the risk profile of these funds to change, but using derivatives might not achieve the described outcomes and may result in greater fluctuations in the values of these funds.

The funds may engage in 'securities lending'. This is where a fund lends out some of its assets with an agreement that the borrower will return them after a limited period. The borrower pays a fee which is added to the fund after the costs associated with the lending have been deducted. The fund receives other assets and possibly a cash payment as security during the lending period for the assets lent. There is a risk that the borrower may be unable to return the fund's assets and, if this happens, the other assets would be sold. If the sale proceeds and any other payments due to the fund were not enough to replace the assets lent, the fund would go down in value.

The individual aims of the Scottish Widows pension funds covered in this guide are shown on the following pages.

There are charges associated with investing in the funds. The charges can be different for different funds and can change. For details of the charges, please contact your financial adviser or Scottish Widows.

Full terms and conditions are available on request from Scottish Widows. Charges, terms and limits may change.

The value of an investment is not guaranteed and can go up and down depending on investment performance (and currency exchange rates where a fund invests overseas), and you may get back less than you invested.

There may be restrictions on the amount you can invest in certain funds. Please contact us for details of any restrictions that apply. We may change the selection of funds that we make available.

We reserve the right to delay a request to sell your units in certain circumstances. The period of delay will not be more than six months if the units to be cancelled include units which relate to a fund which invests directly or indirectly in property. It will not be more than one month in all other cases. This may happen in exceptional circumstances where, for example, there is an unusually high demand for units to be cashed in. For more details please see the relevant Policy Provisions for your investment with us.

Where any of the following general risks apply to a fund, they will be indicated beside the aims of the fund shown in the following table. Any specific risks associated with a fund will also be shown here.

- DV** This fund uses derivatives and forward transactions for specific investment purposes, as well as for hedging and other efficient portfolio management purposes. Their use may lead to higher volatility.
- EM** This fund invests in emerging markets so might invest in stockmarkets which are generally less well regulated than those in the UK. This may result in a greater risk that the value of the units might go down. The investments in these markets might also be bought and sold infrequently therefore resulting in large changes in their prices.
- EQ** This fund invests in company shares (often referred to as 'equities'). Investing in company shares generally has the potential for higher capital growth over the longer term than investing in say, corporate bonds and other fixed interest securities. However there might be considerable fluctuations in equity prices and there is a greater risk that the value of the investment will fall.
- FI** Some of the securities in which this fund invests might default or their credit rating might fall. The value of those investments will usually fall should an issuer default or receive a reduced credit rating. Fluctuations in interest rates are likely to affect the value of the securities held by the fund. If long-term interest rates rise, the value of the units is likely to fall and vice versa.
- FIG** This fund may invest more than 35% in government or public securities issued by a single issuer. There could be a risk, for example, that they can't repay the amount borrowed. If they don't repay, the value of the fund will fall.
- OS** Exchange rate changes might cause the value of any overseas investment to go up or down.
- PYS** Property is a less liquid asset than other assets such as fixed interest securities or equities and values could be affected if properties need to be sold in a short timescale. Property valuation is generally a matter of judgement by an independent valuer rather than fact and values can go up or down.

Fund	Fund Aim	Risks
Scottish Widows Premier Pension Portfolio 1 Pension Fund  Initial fund for Adventurous	The Fund aims to provide long-term growth by providing exposure almost exclusively to overseas and UK equities. A small proportion of the Fund will use absolute return strategies. The investment exposure will be gained predominantly through a range of actively managed and passively managed funds, and also derivatives. The passively managed funds may include market capital index tracking funds (where holdings are based on the relative size of each company in the index), and fundamental index tracking funds (where holdings are based on other financial measures, rather than size, of each company in the index). These funds may either invest in all the companies within an index or a sample of those companies. The asset mix of the Fund will be reviewed periodically by Scottish Widows, and may be amended if a review indicates that it would be in the investors' best interests to do so. This means in future the Fund could be invested in different funds and additional asset types.	   
Scottish Widows Premier Pension Portfolio 2 Pension Fund  Initial fund for Balanced  Second stage fund for Adventurous	The Fund aims to provide long-term growth by providing exposure predominately to overseas and UK equities. In addition, it also has some exposure to property and some small exposure to corporate bonds and other fixed interest securities. A small proportion of the Fund will use absolute return strategies. The investment exposure will be gained predominantly through a range of actively managed and passively managed funds, and also derivatives. The passively managed funds may include market capital index tracking funds (where holdings are based on the relative size of each company in the index), and fundamental index tracking funds (where holdings are based on other financial measures, rather than size, of each company in the index). These funds may either invest in all the companies within an index or a sample of those companies. The asset mix of the Fund will be reviewed periodically by Scottish Widows, and may be amended if a review indicates that it would be in the investors' best interests to do so. This means in future the Fund could be invested in different funds and additional asset types.	    

Fund	Fund Aim	Risks
Scottish Widows Premier Pension Portfolio 3 Pension Fund  Initial fund for Cautious  Second stage fund for Balanced  Third stage fund for Adventurous	The Fund aims to provide long-term growth by providing exposure primarily to overseas and UK equities. In addition, it also has some exposure to corporate bonds and other fixed interest securities and property. A proportion of the Fund will use absolute return strategies. The investment exposure will be gained predominantly through a range of actively managed and passively managed funds, and also derivatives. The passively managed funds may include market capital index tracking funds (where holdings are based on the relative size of each company in the index), and fundamental index tracking funds (where holdings are based on other financial measures, rather than size, of each company in the index). These funds may either invest in all the companies within an index or a sample of those companies. The asset mix of the Fund will be reviewed periodically by Scottish Widows, and may be amended if a review indicates that it would be in the investors' best interests to do so. This means in future the Fund could be invested in different funds and additional asset types.	     
Scottish Widows Premier Pension Portfolio 4 Pension Fund  Third stage fund for Balanced  Second stage fund for Cautious  Third stage fund for Cautious  Final stage fund (25%) for Targeting Flexible Access	The Fund aims to provide long-term growth by providing exposure to a balance of corporate bonds and other fixed interest securities together with exposure to overseas and UK equities and property. A proportion of the Fund will use absolute return strategies. The investment exposure will be gained predominantly through a range of actively managed and passively managed funds, and also derivatives. The passively managed funds may include market capital index tracking funds (where holdings are based on the relative size of each company in the index), and fundamental index tracking funds (where holdings are based on other financial measures, rather than size, of each company in the index). These funds may either invest in all the companies within an index or a sample of those companies. The asset mix of the Fund will be reviewed periodically by Scottish Widows, and may be amended if a review indicates that it would be in the investors' best interests to do so. This means in future the Fund could be invested in different funds and additional asset types.	    

Fund	Fund Aim	Risks
Scottish Widows Premier Pension Portfolio 5 Pension Fund - Final stage fund (100%) for Targeting Encashment - Final stage fund (25%) for Targeting Annuity - Final stage fund (25%) for Targeting Flexible Access	The Fund aims to provide high levels of capital security by providing exposure mainly to high quality short-term securities. These include fixed or floating rate debt instruments such as deposits, commercial paper, short term notes, asset backed securities, corporate bonds and cash. The investment exposure may be gained predominantly through a range of actively managed and passively managed funds. The asset mix of the Fund will be reviewed periodically by Scottish Widows, and may be amended if a review indicates that it would be in the investors' best interests to do so. This means in future the Fund could be invested in different funds and additional asset types.	Specific risk Some of the securities in which this Fund invests might default or their credit rating might fall. The value of those investments will usually fall should an issuer default or receive a reduced credit rating. Fluctuations in interest rates are likely to affect the value of the securities held by the Fund. If interest rates rise, the value of the units is likely to fall and vice versa. The Fund therefore carries a relatively modest risk to capital.
Scottish Widows Pension Protector Fund Final stage fund (75%) for Targeting Annuity	The Fund may be suitable for investors approaching retirement who intend to purchase a conventional pension annuity. The Fund invests mainly in long-dated UK fixed interest securities. The prices of these are one of the key factors affecting the cost of buying a pension and so any investment in the Fund should rise and fall broadly in line with changes in the cost of buying such a pension in retirement. The Fund does not provide any guarantee of the level of pension in retirement or the cost of buying that pension. It may not be effective for those who intend to buy an inflation linked pension and does not provide protection against changes in the cost of buying a pension that arise from changes in life expectancy.	FI FIG

Scottish Widows Limited. Registered in England and Wales No. 3196171. Registered office in the United Kingdom at 25 Gresham Street, London EC2V 7HN.
Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Financial Services Register number 181655.

55126 02/20

