



NILGOSC

AVCs with Prudential

**ANNUAL REVIEW OF ADDITIONAL
VOLUNTARY CONTRIBUTIONS (AVCs)**

1 April 2021 - 31 March 2022



WELCOME TO THE ANNUAL REVIEW OF ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVCs) WITH PRUDENTIAL

In consultation with its investment advisor, Aon Investments Limited (previously known as Aon Solutions UK Limited) (Aon), NILGOSC has completed its annual review of the Scheme's AVC arrangement with the Prudential Assurance Company Ltd (Prudential). The outcome of the review is summarised in this report and details the following information:

- Prudential's financial strength
- Views on the investment options with Prudential
- Recent developments and other useful information
- A performance report for all funds offered by Prudential (Annexes A and B)

Overall, there are no material concerns with the existing AVC arrangements and Prudential continues to be regarded as an appropriate provider. The performance of each fund is measured by comparing returns to a relevant stock market index or average for the relevant sector where no index is available. This index is referred to as 'the benchmark' throughout this report. If you are unsure of the funds in which you are invested, then please refer to your last Prudential Statement or you could also log onto the Prudential portal. The website can be accessed at:

www.pru.co.uk/existing-customers/products/personal-pension.



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Prudential's Financial Strength

Financial strength ratings describe the financial security characteristics of a company and its ability to meet its financial commitments. AKG Financial Analytics Limited (AKG) (previously named AKG Consultants and Actuaries Ltd), a specialist in the provision of ratings information and market assistance to the financial services industry currently applies an 'A' rating for Prudential's overall financial strength. Defined as 'Superior' in terms of assessment of capital base, parental strength and typical fund performance achievements, an 'A' rating is the highest available.



Prudential AVC members are protected by the Financial Services Compensation Scheme (FSCS) for 100% of the value of their investment should Prudential default. In the case that a pension provider collapses, a claim would need to be made with the FSCS. In eight out of ten pension claims, the FSCS makes decisions within ten months (as at 3 October 2022), but this process can take longer if it is a complicated case.

Views on the Investment Options

At 31 March 2022, the Prudential AVC arrangement had 13 funds available to new members, in addition to one lifestyle option. This includes the Prudential Dynamic Growth I Fund (PDG I) which was added to the range of funds available to new members in June 2021, when the UK Property Fund was fully closed. Members' investments in the UK Property Fund were automatically transferred to the PDG I Fund by Prudential on 1 June 2021. There are also a number of legacy funds that are closed to new members, but if you are already invested, you may still be able to make additional payments if you wish.

The fund range consists of equity, multi-asset, bond, cash, with-profits, religious and ethical funds and includes both actively and passively managed funds. NILGOSC's investment advisor, Aon, believes that the existing fund range should satisfy the needs of most members.

Performance and Fees

Aon has summarised the performance data and fees of all the available funds within NILGOSC's AVC Scheme in Annex A. For each fund there is an Annual Management Charge (AMC) applied by Prudential. This charge is calculated as a percentage of the value of units and varies according to the fund(s) selected. For example, if you paid £1,000 into a fund with an AMC of 0.75%, the annual charge would be £7.50.

Longer-term performance of funds within the current range is provided in Annex B. More information, as well as Aon's view of each investment option available at 31 March 2022 within NILGOSC's AVC Scheme, is set out on the next page:

Growth Funds

BlackRock Aquila UK Equity Index Fund

BlackRock Aquila Emerging Markets Equity Fund

BlackRock Aquila World (ex-UK) Equity Index Fund

- These funds are managed by BlackRock, who Aon regards as having a very strong culture of risk management combined with high quality systems and performance. BlackRock's investment team is experienced and dedicated to passive management, and overall, Aon continues to have a high regard for their index-tracking capabilities.
- These funds offer members access to all equity regions on a passively managed basis.
- The BlackRock Aquila Emerging Markets Equity Fund suffered a loss over the year to 31 March 2022, as emerging markets were the worst performing equity market. The rise in interest rates by major central banks resulted in emerging market returns lagging other markets. State regulatory clampdowns across many of China's corporate sectors, and China's zero-tolerance Covid-19 policy causing several Chinese cities to enter strict lockdowns, dampened economic growth. Russian equities collapsed in price and MSCI and FTSE Russell removed "uninvestable" Russian equities from their widely tracked emerging markets indices although the weight of Russia is not that large in the equity universe.
- The BlackRock Aquila World (ex-UK) Equity Index benefitted from its allocation to US equities, which have posted strong local and sterling returns, helped by their high exposure to large technology companies.
- Although UK equities have lagged global markets over the longer term, UK equities were the second-best performing equity market in sterling terms over the year to 31 March 2022 and the BlackRock Aquila UK Equity Index delivered a positive return of 11.2%, albeit behind benchmark.

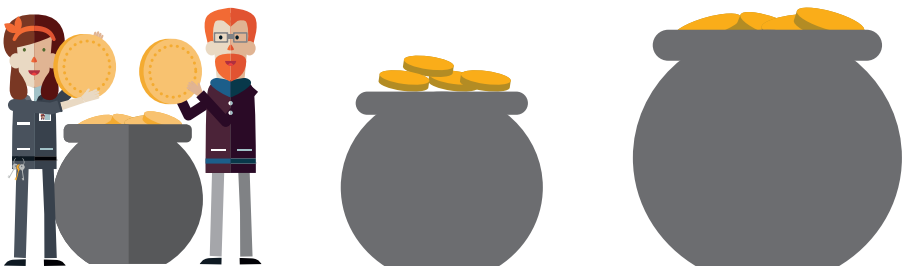
Growth Funds

Prudential Dynamic Growth I Fund

- These funds aim to deliver long-term growth by investing in a diversified range of assets both in the UK and globally. At any time, the Dynamic Growth I Fund will invest a maximum of 30% of its assets in equities, and the Dynamic Growth III Fund will invest 20-55% of its assets in equities. The remaining assets are invested in bonds, property and money market securities. The allocation is based on rolling ten-year forecasts.

Prudential Dynamic Growth III Fund

- Both are 'funds of funds,' made up of a range of predominantly BlackRock passively managed and M&G actively managed funds, reducing exposure to manager risk. Investments are managed across asset classes and across world markets with a focus on long-term investment potential, as forecast on a rolling ten-year basis.
- Although the Dynamic Growth I Fund's allocation to fixed income resulted in a loss of -2.2% over the year to 31 March 2022, and performance of the Dynamic Growth III Fund of 0.7% is -1.3% behind benchmark due to market volatility, Aon considers these funds to be relatively well-diversified and returns have been reasonable over recent periods. As such Aon has no concerns over quality.



Growth Funds

Prudential Discretionary Fund

- This fund provides a multi-asset approach to investment, holding a mix of UK and overseas company shares, bonds, property and cash, but with a small element of listed alternative assets, primarily through other M&G funds or direct holdings. It is actively managed against an internal benchmark asset allocation set by the M&G Treasury & Investment Office. It is a “fund of funds” where both active stock selection, within the underlying sector funds, and asset allocation decisions are used to add value. Derivative instruments (for example futures or options which are generally an arrangement between different parties to buy or sell a standard quantity of a specified asset on a future date at a price agreed today) may be used for efficient portfolio management.
- This fund provides reasonable growth opportunities due to investing around 60% in equities and 7% in property, despite the UK equity bias (25% at 31 July 2022).
- This fund aims to outperform its benchmark by 1.15% – 1.40% p.a. before charges, on a rolling 3-year basis. Unfortunately, it has failed to achieve this objective over the periods reported in Annexes A and B, though performance before charges has been in line with the benchmark and returns have been reasonable and consistent, despite periods of significant market volatility.
- Aon’s review raised no concerns over the quality of the Discretionary Fund over the year. As reported last year there are a range of different funds available, some at a lower cost, and members should regularly review whether their AVC investment selection remains relevant to their needs.

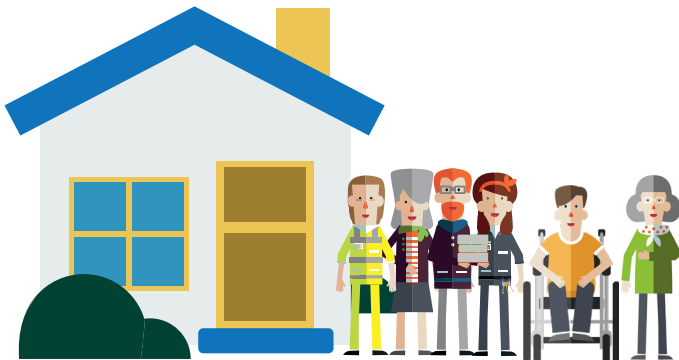
Growth Funds

HSBC Islamic Global Equity Index Fund

- A diversified global equity fund which conforms to Islamic investment principles as set by HSBC's Shariah Committee, thus providing an option for any members restricted by their religious faith. This fund will not invest in derivatives.
- Returns for the year were positive but behind benchmark, mainly due to ongoing market volatility.
- The fund continues to be the most prominent in the market, and Aon remains confident in HSBC's investment management capabilities in this area.

LGIM Ethical Global Equity Index Fund

- A passively managed global equity fund tracked against the FTSE4Good Global Equity Index and managed by Legal & General Investment Management (LGIM).
- Provides access to a fund investing in companies demonstrating good environmental, social and governance policies from around the world.
- This fund is mainly invested in global equities and whilst returns for the year were positive, they were slightly behind benchmark due to ongoing market volatility.
- Aon considers the LGIM fund to be the best responsible investment fund available through the Prudential fund range.



Growth Funds

Prudential With-Profits Fund

- A diversified and actively managed portfolio of UK and overseas shares, bonds, property and cash, with a significant portion (c. 63%) of the fund invested in growth assets (i.e. equities and property) which are expected to produce attractive long-term returns.
- The gross return on the underlying fund for the year 2021 was 12% which is an increase from 1.7% delivered in the previous year, reflecting the improved underlying investment returns.
- A With-Profits fund seeks to smooth out the volatility of investment markets by declaring annual bonuses. The regular bonus rate added from 15 March 2022 was 1.25% which was an increase from 1.0% in 2021 (subject to a guaranteed minimum of 4.75% on contributions paid in scheme years ending before 15 March 1997 and 2.5% on contributions paid in scheme years ending between 15 March 1997 and 31 December 2003.)
- In addition to annual bonuses, profits are distributed by a final (or terminal) bonus, which makes up the difference between guaranteed benefits and the overall smoothed value of the AVC plan. Final bonus rates continue to be paid upon death or at retirement, however, the final bonus may vary and is not guaranteed. Further information on bonuses is available at www.mandg.com/pru/adviser/en-gb/funds/with-profits/bonus-declaration.
- AKG rated the financial strength and future performance prospects of the Prudential With-Profits Fund as 'Excellent,' as at December 2021 and Aon views it as a strong with-profits fund and has no major concerns.
- Older policies contain valuable guarantees, so newer members without these guarantees should consider whether their investment remains appropriate for their needs.

Protection Funds

Prudential Index-Linked Passive Fund

- This fund invests in index-linked gilts with over five years to maturity which a member could use in the approach to retirement to lower the risk of their portfolio, but these assets can be volatile and therefore may not be lower risk than some of the growth funds.
- However, this fund can provide some inflation protection and help protect the purchasing power for a member intending to purchase an inflation linked annuity.
- Index-linked gilts significantly outperformed nominal gilts due to increased inflation break-evens (an indication of inflation expectations) driven by expectations of more persistent inflation.
- Aon has no concerns over the quality of this fund, which has tracked its benchmark closely before charges over periods reported in Annexes A and B.

BlackRock Aquila Over 15 Years UK Gilt Index Fund

- This fund invests in long dated conventional gilts which could be used in the approach to retirement by a member intending to purchase a level annuity to help protect the purchasing power.
- It may also be possible for members to use this fund to lower the risk of their portfolio, but the underlying assets can be volatile and therefore some of the growth funds are lower risk.
- Returns on this fund have been in line with markets, but if you have chosen to invest in this fund on the basis of your appetite for investment risk you may be concerned about the volatility exhibited in recent years and the losses incurred over the last two years. Unless you are targeting annuity purchase, the asset diversification provided by the Dynamic Growth I Fund may be better suited to your investment objectives.
- Prudential previously communicated that it intended to close this fund but reversed its decision in October 2022, confirming that it currently has no plans to close this fund.

Protection Funds

BlackRock Aquila All Stocks Corporate Bond Index Fund

- Invests in investment grade corporate bonds which members could use in the approach to retirement to lower the risk of their portfolio.
- Returns on this fund have been in line with markets, but if you have chosen to invest in this fund on the basis of your appetite for investment risk you may be concerned about the volatility exhibited in recent years and the losses incurred over the last year. Unless you are targeting annuity purchase, the asset diversification provided by the Dynamic Growth I Fund may be better suited to your investment objectives.
- Prudential previously communicated that it intended to close this fund but reversed this in October 2022, confirming that it currently has no plans to close this fund.

Prudential Cash Fund

- This fund is low risk and caters for members intending to use all or part of their investment for cash.
- It primarily invests in reverse repurchase agreements which provide collateral. Short-term cash loans are made in exchange for hold over some collateral, which is effectively bought and then sold back at a higher price to the borrower.
- It does not guarantee that the unit price will not fall and although the fund can be used to reduce the risk of a members' portfolio and manage volatility, long-term investment will potentially act as a drag on performance due to the low return prospects.
- It aims to perform in line with its benchmark (the Sterling Overnight Index Average 1 Week) before charges on a rolling three-year basis. It has achieved this objective over all periods reported in Annexes A and B and as such, Aon has no concerns over the quality of this fund. It has not however outperformed the benchmark after charges. As with all cash funds, returns have not kept pace with inflation and therefore this is unlikely to be a suitable long-term holding unless members have minimal appetite for investment risk or are close to retirement.

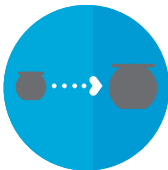
The in-house Prudential funds are managed by M&G which is part of M&G plc. Aon does not regard M&G to be best in breed for these asset classes, however, based upon M&G's wider investment capabilities regards it to be a suitable manager of the assets members hold in the fund. Aon does not formally rate M&G as a passive fund manager, as it believes there are managers with greater scale and more expertise in this area, however, all the Prudential passively managed funds tracked their benchmark within an acceptable tolerance over the periods reported in Annexes A and B. As such Aon has no concerns over performance.

Specific information on each of the funds available can be accessed on the Prudential website at www.pru.co.uk/rz/localgov/northern-ireland/get_started.

Lifestyle Option – Global Equity Encashment Target Lifestyle

'Lifestyling' aims to provide long-term growth with automatic transitioning of members' investment into specific funds in the approach to retirement, in order to 'lock-in' accumulated investment growth. Doing so, may help protect against changes in the cost of turning an AVC fund into income and a lump sum benefit.

The lifestyle option available to NILGOSC AVC members is the 'Global Equity Encashment Target Lifestyle.' It consists of two phases:



Growth Phase: During which, the intention is to grow the size of a member's AVC pot by investing in funds which aim to grow at a faster rate than inflation.

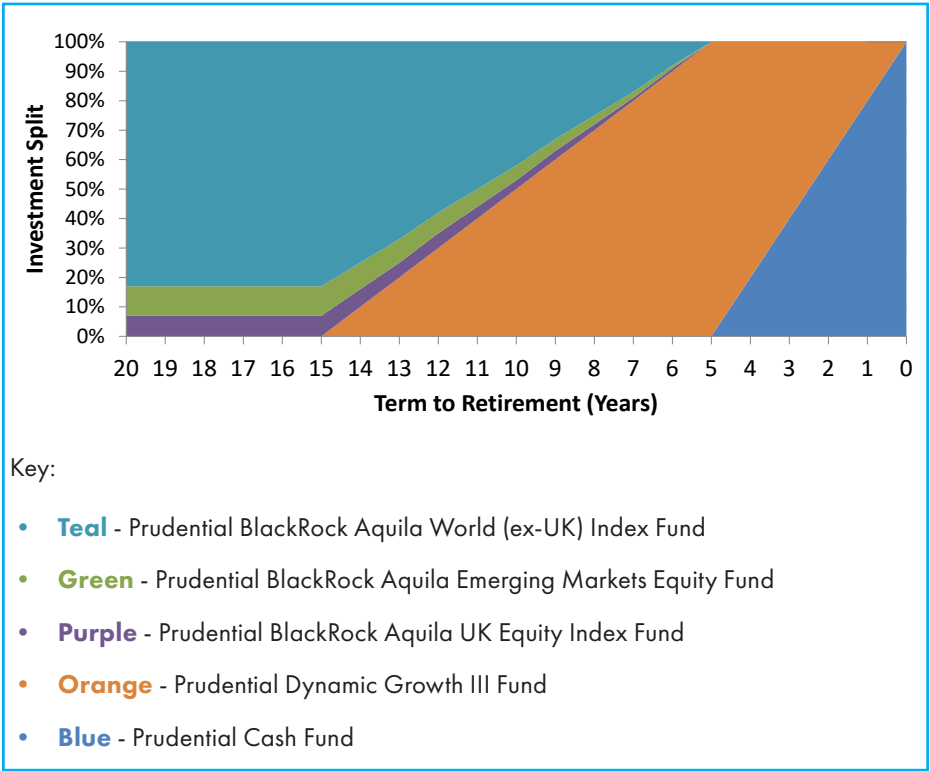


Defensive Phase: Investments are gradually switched into funds that could help reduce the risk of short-term falls in the value of pension savings for members approaching retirement. The switches happen automatically throughout the 15 years leading up to the member's selected retirement date.

The transition between the growth phase and defensive phase provides added diversification and therefore reduces investment risk as members approach retirement.

The Global Equity Encashment Target Lifestyle initially invests: 7.5% in the BlackRock Aquila UK Equity Index Fund; 10% in the BlackRock Aquila Emerging Markets Equity Fund; and 82.5% in the BlackRock Aquila World (ex-UK) Equity Index Fund. The profile automatically commences switching 15 years prior to a member's selected retirement date into the Prudential Dynamic Growth III Fund and finally five years out, starts to switch into the Prudential Cash Fund.

The lifestyle option is illustrated in the chart below:



The switches between funds occur automatically. Charges will depend on which funds the members' money is invested in and when the charge is calculated. The funds within the lifestyle option may be subject to change in the future.

Aon continues to consider the Global Equity Encashment Target Lifestyle appropriate for members seeking growth and targeting taking their AVCs as tax free cash at retirement.

Recent Developments and Other Information

Prudential fund rationalisation exercise

In 2019, Prudential conducted a review of its fund range and decided to streamline the number of options available, which had an impact on the funds that NILGOSC offered to its members. Five funds in the NILGOSC fund range were closed with assets and contributions redirected to alternative funds as part of the exercise (as well as the UK Property Fund being closed separately).

Last year we communicated that a further two funds in the NILGOSC fund range (BlackRock Aquila Over 15 Years UK Gilt Index Fund and BlackRock Aquila All Stocks Corporate Bond Index Fund) were expected to close as part of this exercise. Prudential has however now confirmed that it has no current plans to close any further funds, but that it does continually keep the fund range under review, including quarterly performance monitoring, so it cannot rule out any closures in the future.



Prudential developments and administration updates

There have been no major developments announced by Prudential over the last year, as it has focused on resolving issues that have arisen from the administration platform migration.

As reported last year, Prudential's IT systems were upgraded in November 2020 and this upgrade, along with the Covid-19 pandemic, led to issues with service levels during 2021. NILGOSC, like other LGPS funds across the UK, experienced significant delays in the processing of requests for disinvestment of AVC funds during 2021 and this resulted in Prudential's annual scheme revision information and Prudential's Annual Benefit Statements for AVCs being issued extremely late. Members did not receive their March 2021 Annual Benefit Statement until 30 April 2022 (compared to March 2020 statement on 4 June 2020 and March 2019 statement on 12 July 2019). NILGOSC engaged directly with Prudential to try to improve the situation for its members and understands that the matter has been reported to both The Pensions Regulator (TPR) and the Financial Conduct Authority (FCA). Following this engagement, Prudential focused on resolving the issues and implemented a recovery plan. There has been significant improvement in overall service levels, with service levels much closer to normal at October 2022. 2022 Annual Benefit Statements were received by members on 17 September 2022. NILGOSC continues to engage with Prudential in relation to these issues and Prudential confirmed that they expect service levels to fully return to normal by the end of December 2022.

NILGOSC continues to monitor service delivery to ensure it returns to normal levels.



2022 market volatility and your AVC investment

2022 has seen significant market volatility and economic uncertainty due to a range of factors and events including the ongoing Covid-19 pandemic, the Ukraine crisis and more recently, the UK mini-budget. This uncertainty and market volatility affects investment values, and it seems that markets may remain volatile for some time to come.

When investment markets are experiencing volatility, the value of your AVC investment may go up or down and each AVC investment fund will perform differently depending on the types of assets it invests in. If your AVC plan is invested in only one investment type it will be entirely exposed to the ups and downs of that particular type of investment.



If you are close to retirement, you should review the AVC funds you are invested in to ensure that you are protected from the possibility of big falls in value close to retirement.

If you are further from retirement and therefore a long-term investor, expectations are that long-term growth should offset the impact of short-term volatility. However, you should ensure that your investments are suitable for your needs and investment risk appetite.

We understand that seeing short-term drops or fluctuations in your AVC investment value may be worrying, however it is important not to panic, and to instead consider the current volatility in relation to your longer-term intentions for your AVC investments. It is important that you are comfortable with the asset types you are invested in. You should review your investment choices in light of recent market volatility and ensure that they remain suitable for your needs. If you are unsure whether your selected AVC investments suit your needs, you might like to seek advice from a qualified financial advisor. If you haven't got a financial advisor, you can find a list of advisors at www.moneyhelper.org.uk/en. **Please remember that NILGOSC cannot provide investment advice.**

Changes to AVC contribution limits

From 18 April 2022, the 50% limit on AVC's was removed due to an amendment to NILGOSC's Scheme Rules. Members can now contribute up to 100% of their pensionable pay each pay period, subject to any deductions made by their employer. If you would like to amend the contributions that you pay please contact Prudential on 0345 6000 343, or you can amend your contributions on the Prudential online portal.

Environmental, Social and Governance Considerations

Environmental, Social and Governance (ESG) factors can have a material impact on long-term investment outcomes. The fund managers' goal is to achieve the best possible risk-adjusted returns, whilst considering all factors that influence investment performance. Consequently, ESG considerations are incorporated into investment decisions wherever they have a meaningful impact on risk or return.

ESG is embedded in many of the managers' underlying investment processes and many participate in a range of groups and initiatives to demonstrate their commitment to ESG. Each of NILGOSC's AVC fund managers (Prudential, M&G, BlackRock, HSBC and LGIM) are signatories to the United Nations supported Principles for Responsible Investment (PRI), meaning they voluntarily agree to incorporate ESG issues into their investment analysis and processes.

The NILGOSC range of funds includes: the LGIM Ethical Global Equity fund, which tracks an index of companies prioritising strong ESG practices; and the HSBC Islamic Global Equity Fund, which makes investment decisions that meet Islamic investment principles set by HSBC's Shariah Committee. The principles include bans on interest, uncertainty and speculation, as well as a promotion of ethical investments. The fund provides an option for members who are restricted by their religious faith as well as those who would like to invest in this way.



Using Your AVC

You can use your NILGOSC AVC fund at retirement in one of three ways:

1

You can use some or all of your AVC plan to buy a top-up pension through the Local Government Pension Scheme Northern Ireland (LGPS (NI)). The amount of top up will depend on your age and whether you are retiring on ill-health grounds. The pension income you receive is taxable and the rate of tax payable will depend on your overall income. The NILGOSC Pensions Administration team can provide a personal quotation to members who are interested in this option in the approach to retirement.

2

You can take up to 100% of your AVC fund as tax-free cash, subject to HMRC limits, providing it is drawn at the same time as your main Scheme benefits. If you left the Scheme before 1 April 2015 you may draw your AVC fund at a later date than your main Scheme benefits however you are restricted to 25% of your AVC fund as tax-free cash.

3

You can buy an annuity from an insurance company, bank or building society of your choice at the same time as drawing your main Scheme benefits.



You can transfer your AVC fund to another pension scheme or arrangement, even if you are still an active member of the main Scheme. However, you must have stopped making AVC contributions and you cannot already have drawn some AVC benefits from that fund, for example through flexible retirement.



Different pension providers offer different options in relation to what you can do with your AVC, including the option to buy regular income (an annuity). By transferring out to one or more different pension arrangements you may be able to access options that are not available under the Scheme rules, such as:

- Taking several lump sums at different stages – usually the first 25% of each cash withdrawal from your pot will be tax-free with the rest subject to tax.
- Taking the entire pot as cash in one go – usually the first 25% will be tax-free with the rest subject to tax. However, subject to certain conditions and HMRC limits, if you take your AVC pot at the same time as your main Scheme benefits, it is possible to take all of your LGPS (NI) AVC plan as a single tax-free lump sum.
- Providing a flexible retirement income – this is known as flexi-access drawdown. You are normally allowed to take a tax-free lump sum of up to 25% and then set aside the rest to provide taxable lump sums as and when, or as regular taxable income.

There may be tax implications associated with accessing your benefits in the ways described above. The income from a pension is taxable, and the rate of tax you pay depends on the amount of income that you receive from a pension and from other sources. The different options mentioned above have different features, different rates of payment, different charges and different tax implications.

Protect your AVC Investment from Fraudsters

Sadly, the last decade has seen an increase in pension companies being formed to defraud the public of their pension savings, by encouraging them to transfer their pension savings to unsuitable or bogus schemes. Unfortunately, the recent pandemic has led to an increase in these companies, with many using people's possible financial uncertainty to further manipulate them into transferring their savings.

What should you look out for?

According to the Pensions Scams Industry Group (PSIG) victims of pensions scams report receiving cold or unsolicited calls, offers of free pension reviews, offers of upfront cash and promises of high rates of returns on investments, as warning signs of a scam. You may even be introduced to these companies by a friend or family member who is also unknowingly being scammed.

You should be very wary of a scheme offering to help you release cash from your pension before you're 55. This is known as pension liberation and is almost certainly a scam which will result in you having to pay a tax bill of 55% plus other charges, and you could lose your entire pension pot.

And...

- Do not click links or open emails from senders you don't already know.
- Do not give out personal details like bank details, address, existing pension or investment details.
- Beware of adverts on social media channels and search engines like Google.



How do you protect yourself?

- **Reject Unexpected Offers** - chances are it is high risk or a scam. If you receive a cold call regarding your pension, the safest thing to do is hang up – the call is illegal and probably a scam. If you have been offered a free pension review, please be very cautious. Professional financial advice on pensions is not free. A free offer from a company you have not dealt with before is probably a scam.
- **Check who you are dealing with** - Is the individual or company offering you advice on transferring your pension qualified to do so? You can confirm this by checking the FCA Register <https://register.fca.org.uk/s/> and calling the Consumer Helpline on 0800 111 6768 to check the firm is permitted to give pension advice. There are many different areas of registration and its important the advice you receive is specifically on pension transfers.
- **Don't be rushed or pressured into making a decision** - This is another red flag of a possible scam. Take your time and make sure you are happy. This will be time well spent. If you make the wrong decision and transfer your pension to a scam scheme your monies are unlikely to be recovered. Better to make sure you are making the right decision at the outset.
- **Get impartial advice** - You have worked hard to build up your pension savings, so a little extra time spent to make sure any transfer is in your best interest is very worthwhile.

- The Pensions Advisory Service provides free independent guidance (www.thepensionadvisoryservice.org.uk) or call 0800 011 3797.
- Use an FCA registered advisor – they will be able to give you the best advice based on your own individual circumstances. Never take financial advice from the company that contacted you or an advisor they suggest, as they could be part of the scam.

Advice and Guidance

As with any choice of investment, no one can predict with certainty which fund will offer the best return. When you compare Prudential's funds, you need to decide which investment is most suitable for your needs. Often this will depend upon the level of risk you wish to take and how far you are from retirement.

Prudential has produced a 'Guide to Fund Options' document, specific to the NILGOSC AVC Scheme. This Guide will provide you with full details of the funds available, their objectives, Prudential's risk rating of these funds and charges, to help you select funds most suitable for your needs. This is available on the Prudential website at www.mandg.com/dam/pru/shared/documents/en/AVCk0512.pdf.

Any investment decision is a personal one, reflecting your financial circumstances, approach to investment and attitude to risk. **Please note that NILGOSC and its professional advisors are not authorised to give you financial advice.** If you are in any doubt about your investment decisions or how to use your AVCs, then we recommend that you seek guidance and/or independent financial advice to help you decide which option is most suitable for you.

MoneyHelper is a government service that offers free and impartial money advice, including pensions and retirement information, as well as help with finding an independent financial advisor. You can find out more at www.moneyhelper.org.uk/en/pensions-and-retirement or call for free on 0800 011 3797.

Pension Wise is a government service from MoneyHelper that offers free impartial pensions guidance about your AVC (which is a defined contribution pension) options. You can book an appointment via their website www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise, or by telephone on 0800 138 3944. From 1 June 2022, members wishing to transfer out an AVC will be required to either book a Pension Wise appointment and provide confirmation of receiving guidance from Pension Wise, or formally opt out of this guidance. It is not possible to proceed with the transfer until this step has been taken.



Please note, Pension Wise does not provide guidance about taking benefits from a defined benefit scheme such as the LGPS (NI).

The Financial Conduct Authority (FCA) is the regulatory body for independent financial advisors (IFAs). The FCA maintains a register of authorised IFAs. Details can be found on the FCA website at www.fca.org.uk or by telephoning the FCA on 0800 111 6768.

Unbiased is a website listing regulated and independent financial advisors, mortgage brokers, solicitors and accountants. The service checks that all experts listed on the site are regulated by the relevant official bodies, appropriately qualified and independent of product providers. You can find an IFA in your area by typing your postcode into the 'Browse Professionals' search tool on the website www.unbiased.co.uk.

Further Information

NILGOSC website

Further information on the AVC Scheme, including the investment performance of funds in the approved AVC fund range, can be found on the Members' section of the NILGOSC website at: www.nilgosc.org.uk/additional-voluntary-contribution.

Prudential website

Prudential has a dedicated website that provides a wealth of information on AVC arrangements, which is accessible at:

www.mandg.com/pru/workplace-pensions/employees.

All members invested in AVCs are encouraged to read the 'Key Features' document on this website, which provides important information, including the key risks and benefits of investing in the AVC Scheme. This should be read in conjunction with the 'Guide to Fund Options' document referred to on page 23.



Factsheets on all the funds available within the NILGOSC AVC Scheme can be found at: www.pru.co.uk/funds/prudential-corporate-pension-factsheets.

PruRetire

Prudential also provides its AVC members with a user-friendly portal that gives online access to details of their AVC funds. The portal enables you to:

- View the current value of your pension fund
- Illustrate the pension you could get when you retire
- Access information on fund prices and fund factsheets
- See transactions on your account
- Review or change your investment choices at any time
- Model different pension contributions and how different investment returns could impact your benefits
- Change personal details
- Amend contribution levels and investment choices

The portal can be accessed at www.mandg.com/pru/workplace-pensions/employees/public-sector-avc-schemes/local-gov. First time users need to register on the portal and will be provided with log-in details for future access.

Please note that members who are not registered for the online service, or those who register but opt out of online statements, will continue to receive a paper statement. Otherwise, an email notification will be sent to members when their Annual Statement is available.

Existing members can also contact the Prudential AVC member support team by phone on 0345 6000 343.

If you require any further information in relation to your AVC fund, the Pensions Administration team at NILGOSC is happy to help with your questions, but please remember that NILGOSC staff cannot give you financial advice about your investments. The Pensions Administration team can be contacted on 0345 3197 325 or by email at info@nilgosc.org.uk.

Annex A

Summary of Fund Performance and Charges to 31 March 2022

The table below lists all the Prudential funds currently used in the NILGOSC Scheme (including those no longer open to new members) and details the annual management charge (AMC), 1 year investment return to 31 March 2022 and the performance relative to each fund's benchmark for the same period. Aon's view of each fund is also provided. Please note that past performance of any particular fund is no guide to future performance.

Fund	AMC (%) ¹	1 Year Return to 31 March 2022 (%) ²	Net Performance Relative to Benchmark ³	Aon View
Funds Open To New Members At 31 March 2022				
Passively Managed Funds				
Prudential Index-Linked Passive Fund	0.55	4.7	-0.1	M&G is a suitable passive manager, although not best in breed.
LGIM Ethical Global Equity Index Fund	0.85	15.8	-1.4	Aon rates LGIM highly as a passive fund manager.
BlackRock Aquila All Stocks Corporate Bond Index Fund	0.63	-6.1	-0.9	Aon rates BlackRock highly as a passive fund manager.
BlackRock Aquila Emerging Markets Equity Fund	0.80	-8.3	-1.2	Aon rates BlackRock highly as a passive fund manager.

1 AMC – Annual Management Charge

2 Performance is shown net of fees.

3 The benchmark is the relevant index against which the performance of each fund is measured. Please refer to the Fund Guide and Fund Factsheets for further details of benchmarks for each fund.

Fund	AMC (%) ¹	1 Year Return to 31 March 2022 (%) ²	Net Performance Relative to Benchmark ³	Aon View
BlackRock Aquila Over 15 Years UK Gilt Index Fund	0.62	-7.0	0.2	Aon rates BlackRock highly as a passive fund manager.
BlackRock Aquila UK Equity Index Fund	0.62	11.2	-1.8	Aon rates BlackRock highly as a passive fund manager.
BlackRock Aquila World (ex-UK) Index Fund	0.63	13.5	-0.8	Aon rates BlackRock highly as a passive fund manager.
HSBC Islamic Global Equity Index Fund	0.80	13.5	-7.0	Aon maintain confidence in HSBC's investment management capabilities in this area.
Actively Managed Funds				
Prudential Cash Fund	0.55	-0.5	-0.5	M&G is a suitable manager of money market funds. Net returns have not kept pace with inflation.
Prudential Discretionary Fund	0.65	5.5	-0.6	M&G is a suitable multi-asset manager but this fund is not achieving its long-term objective.
Prudential Dynamic Growth I Fund	0.62	-2.2	-1.2	M&G is a suitable multi-asset manager.
Prudential Dynamic Growth III Fund	0.62	0.7	-1.3	M&G is a suitable multi-asset manager.
Prudential With-Profits Fund	N/A	1.25 ⁴	N/A	Aon has no concerns other than the lack of transparency, which applies to all With-profit funds. Members should understand the type of fund invested in and the risks associated.

Fund	AMC (%) ¹	1 Year Return to 31 March 2022 (%) ²	Net Performance Relative to Benchmark ³	Aon View
Funds Closed To New Members At 31 March 2022				
Passively Managed Funds				
Prudential Long Term Bond Fund	0.55	-7.8	-0.1	M&G is a suitable bond manager, although not best in breed. The fund is a mix of passive and active management and therefore will be more volatile relative to its benchmark.
Prudential Long Term Gilt Passive Fund	0.55	-7.8	-0.6	M&G is a suitable passive gilt manager, although not best in breed.
Prudential Long Term Growth Passive Fund	0.55	8.4	-0.3	M&G is a suitable passive fund manager, although not best in breed.
Prudential Overseas Equity Passive Fund	0.55	5.8	0.0	M&G is a suitable passive fund manager, although not best in breed.
Prudential UK Equity Passive Fund	0.55	11.8	-1.2	M&G is a suitable passive fund manager, although not best in breed.

1 AMC – Annual Management Charge

2 Performance is shown net of fees.

3 The benchmark is the relevant index against which the performance of each fund is measured. Please refer to the Fund Guide and Fund Factsheets for further details of benchmarks for each fund.

Fund	AMC (%) ¹	1 Year Return to 31 March 2022 (%) ²	Net Performance Relative to Benchmark ³	Aon View
Actively Managed Funds				
Prudential Deposit Fund	Interest rate declared net of charges	0.2	0.0	Aims to deliver a return in line with bank base rates which it continues to do. Invests in the With-Profits Fund therefore riskier than a standard deposit fund.
Prudential All Stocks Corporate Bond Fund	0.65	-5.3	-0.1	M&G is a suitable bond manager, although not best in breed.
Prudential Fixed Interest Fund	0.65	-4.7	0.4	M&G is a suitable manager of this asset class, although not best in breed.
Prudential Global Equity Fund	0.65	6.9	-2.5	M&G is a suitable manager of this asset class, although not best in breed and fund is not achieving its objective.
Prudential Index-Linked Fund	0.65	6.5	1.7	M&G is a suitable manager of this asset class, although not best in breed.
Prudential International Equity Fund	0.65	7.3	3.1	M&G is a suitable manager of this asset class, although not best in breed.
Prudential UK Equity Fund	0.65	6.5	-6.5	M&G is a suitable manager of this asset class, although not best in breed and the fund has not achieved its objective.

Annex B

Longer-Term Fund Performance to 31 March 2022

The table below shows the annualised performance, including benchmark and relative performance, of the Deposit Fund and unit linked funds open to new members at 31 March 2022. Please note that past performance of any particular fund is no guide to future performance.

Fund	1 Year (% P.A.)	3 Years (% P.A.)	5 Years (% P.A.)
BlackRock Aquila UK Equity Index Fund	11.2	4.3	4.3
Benchmark	13.0	5.3	4.7
Relative Performance	-1.8	-1.0	-0.4
BlackRock Aquila Emerging Markets Equity Fund	-8.3	4.5	4.1
Benchmark	-7.1	4.6	4.9
Relative Performance	-1.2	-0.1	-0.8
BlackRock Aquila World (ex-UK) Index Fund	13.5	14.9	11.7
Benchmark	14.3	14.8	11.4
Relative Performance	-0.8	0.1	0.3
Prudential Dynamic Growth I Fund	-2.2	3.3	3.1
Benchmark	-1.0	3.1	2.9
Relative Performance	-1.2	0.2	0.2
Prudential Dynamic Growth III Fund	0.7	4.8	4.1
Benchmark	2.0	4.8	4.0
Relative Performance	-1.3	0.0	0.1

Fund	1 Year (% P.A.)	3 Years (% P.A.)	5 Years (% P.A.)
Prudential Discretionary Fund	5.5	6.2	5.1
Benchmark	6.1	6.8	5.8
Relative Performance	-0.6	-0.6	-0.7
HSBC Islamic Global Equity Index Fund	13.5	20.0	15.6
Benchmark	20.5	21.3	17.0
Relative Performance	-7.0	-1.3	-1.4
LGIM Ethical Global Equity Index Fund	15.8	15.2	11.6
Benchmark	17.2	16.1	12.4
Relative Performance	-1.4	-0.9	-0.8
Prudential Index-Linked Passive Fund	4.7	2.8	2.6
Benchmark	4.8	3.3	3.2
Relative Performance	-0.1	-0.5	-0.6
BlackRock Aquila Over 15 Years UK Gilt Index Fund	-7.0	-0.7	0.6
Benchmark	-7.2	-0.7	0.9
Relative Performance	0.2	0.0	-0.3
BlackRock Aquila All Stocks Corporate Bond Index Fund	-6.1	0.6	1.1
Benchmark	-5.2	1.0	1.6
Relative Performance	-0.9	-0.4	-0.5
Prudential Cash Fund	-0.5	-0.3	-0.2
Benchmark	0.0	0.2	0.3
Relative Performance	-0.5	-0.5	-0.5

Note: Performance is provided Net of Fees

Contact Details



NILGOSC
Templeton House
411 Holywood Road
Belfast BT4 2LP



www.nilgosc.org.uk



0345 3197 325
Typetalk (for minicom users):
18001 0345 3197 325



info@nilgosc.org.uk

NILGOSC

NORTHERN IRELAND LOCAL GOVERNMENT OFFICERS'
SUPERANNUATION COMMITTEE

