



WELCOME TO THE **AIRBUS GROUP UK PENSION SCHEME**

Investment guide

The Airbus Group UK Retirement Plan is an important part of your reward package. This guide aims to help you choose the funds in which to invest your personal Retirement Fund.

AIRBUS

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Introduction

This guide aims to help you choose the funds in which to invest your personal Retirement Fund.

The Airbus Group UK Retirement Plan (the Retirement Plan) is a defined contribution pension scheme. This means that when you retire, you can use the money that has built up in your Retirement Fund to provide income in your retirement. The value of your Retirement Fund will depend on the amount you and your employer pay in, when you access your savings and the investment returns of the funds you choose. This guide will also be helpful for Schedule 1 members or Schedule 2 and 3 members who have savings in the form of Additional Voluntary Contributions (AVCs).

The Trustee of the Plan has set up an automatic investment option for members of the Airbus Group Retirement Plan; called the Airbus Drawdown Lifestyle. This invests in a way that suits the typical saving habits of most long term investors. If you are a member of Schedule 1 or Schedule 2 and 3 and have AVCs, your automatic fund is the Airbus Cash Lifestyle. If you don't make a personal choice on how to invest your savings, this is where your contributions will be invested.

If you don't think the automatic fund will suit your needs, you can select where to invest your savings based on how you want your investments managed, and how you want to use your savings when you retire.

The Trustee has appointed Legal & General to manage the investments and provide a range of administration services.

If after reading this guide, you are unsure where to invest your savings, you may wish to seek advice from an Independent Financial Adviser (IFA). There is normally a charge for this service. To find an IFA in your area you can contact IFA Promotion Limited on **0800 085 3250** or visit their website **www.unbiased.co.uk**.

Log into Manage Your Account to change funds, see your current fund value, view your annual statements, and much more.



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About investing

For some people, selecting where to invest their retirement savings will be the first time that they have had to make an investment choice.

One of the key things to remember is that some types of investment will grow your money faster than others over time but there is also the chance that the value of an investment can fall – we call this risk.

Investment funds that tend to give the highest growth usually carry more risk of losing value. At the start of your working life, you may feel more comfortable taking more risk as there is a possibility of getting a better return over a long period of time. As you approach retirement, funds that offer lower returns but more security may become more attractive.

Your personal attitude to risk will help you to decide which investment options are right for you. Legal & General has designed a tool to help you think about your attitudes to risk. You can find it at www.legalandgeneral.com/atrtool.

**Remember,
some types of
investment will grow
your money faster
than others.**

Types of asset

The available funds you can choose to invest in are split over the following categories:



Equities

These are shares in companies which are traded on stock markets in the UK and overseas. Companies may pay dividends to shareholders and the value of the shares can increase (or fall) over time. Over the long term, shares tend to give higher returns than most other assets, but you may see the value rise or fall in the short term.



Bonds

A bond is a loan to a company or government, for which they pay interest and should return the value of the bond at the end of an agreed term. Bonds issued by the UK government are known as gilts. Bonds are commonly viewed as less risky than equities and are less likely to have significant changes in value in the short term.



Property

A property fund will invest in offices, shopping centres and other commercial property. Returns are generated through rental income and changes in the value of each property. Property is expected to outperform bonds over the long term, but will be subject to more short term fluctuations in value.



Cash

A cash fund will ultimately work in much the same way as a normal savings account, although investments will be held in short term loans to banks. Cash investments can offer a higher level of security, but a fairly low level of growth. Most cash investments don't protect against inflation, so there's no guarantee that your money will grow at the same rate as this.



Diversified growth

A diversified growth fund will invest in a range of different asset classes, including equities and bonds among others. The proportion invested in each asset class will change over time. Returns are expected to be higher than bonds but lower than equities, although the fund is less prone to significant short term changes in value than equities.



Lifestyle

Lifestyle funds are designed for members who prefer to be 'hands off' with their investments and will automatically invest your savings in appropriate funds. When you are further away from retirement you'll generally be invested in funds to target high growth. Your savings will then automatically switch to lower risk investments as you approach retirement.

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Types of risk

When you are deciding where to invest your savings, you should think about the following risks:

Capital risk

Most often associated with equities, this is the risk that your savings fall in value. This is something most people try to avoid when they are close to retirement, as a fall in the value of your savings will affect the income you receive. This risk can be reduced by moving your savings out of assets with higher capital risk, such as equities, as you approach the age at which you decide to retire and into other assets, such as bonds.

Annuity rate risk

In retirement you can choose to buy a pension (annuity) that pays you an income for life. If the price of annuities goes up just before you retire, your pension will be lower. That is why bonds are often a popular choice for people who are close to retirement as the prices of bonds and annuities are more closely linked.

Inflation risk

If you invest in funds that are expected to have low returns over the long term, such as cash, there is a risk that your savings may not keep up with inflation. Cash is mainly used as a short term investment by those very close to retirement, especially if they want to take part of their savings as a cash sum.

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Making your investment choices

Now you understand a little more about the types of assets and risks, you need to know what your investment options are in the Scheme and decide which of these is most suitable for you to invest your savings.

There are three key questions to consider when selecting where to invest:

1

Is the automatic fund right for me?

If you do not make a choice, your savings will automatically be invested in the automatic fund. If you don't think the automatic fund will suit your needs, you can select where to invest based on how you want your investments managed, and how you want to use your savings when you retire.

If you are a member of the Airbus Group Retirement Plan you will automatically be invested in the Airbus Drawdown Lifestyle fund. This fund is suitable for members who expect to take 25% of their savings as cash and use the remainder as an income drawdown product. You can find out more about this fund on page 6.

If you are a member of Schedule 1, or are a member of Schedule 2 or 3 but pay AVCs, you'll automatically be invested in the Airbus Cash Lifestyle fund. This fund is suitable for members who expect to take all their savings as a cash sum. You can find out more about these funds on page 7.

If you are unsure which schedule you are in, please contact us at ukpensions@airbus.com.

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How do I want my investments to be managed?

There are two options, depending on how active you would like to be when managing your investments.

Lifestyle

The Trustee understands that making investment decisions is not easy. To help you, it has put together an investment approach called 'Lifestyle', which manages the switching of your investments for you. Its aim is to try to make sure you are invested in the right type of fund at the right time depending on when you are due to retire and what you intend to do with your savings when you do. It means that you do not need to make detailed investment decisions. You can find out more about the Lifestyle options from page 6.

Self-select

Alternatively, you can choose to invest your savings in a range of investment funds which are designed to meet the needs of most members. This is called the 'Self-select' option. This gives you more control over where you are invested, but these funds do not automatically adjust your exposure to risk as you approach retirement so it will be your responsibility to decide if and when you may wish to switch your investments. You can find out more about the Self-select options from page 8.

3

How do I want to take my benefits at retirement?

The way you invest should be linked with how you intend to use your savings when you retire. Following changes the government implemented in 2015, you have more flexibility and options for how you use your savings. This question is particularly important if you are within 15 years of retiring as this is when the Lifestyle options start to switch where you are invested based on how you are expecting to use your savings. Members of the Airbus Group Retirement Plan (Schedule 4) can find out more about the options they have at retirement in their Scheme booklet. However, we'd encourage all members who are approaching retirement to access the government's Pension Wise guidance service at www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise and consider taking independent advice to help you with your decision.

The Lifestyle options target the different benefit options, which we have explained in more detail from page 6. If you choose to invest in Self-select, you will be responsible for ensuring your savings are invested appropriately at retirement.



Your Lifestyle options

If you have decided you would like your investments managed for you, you have three options available to you. Each Lifestyle option targets a different retirement option.

How do the Lifestyle options work?

Lifestyle options are split into two key phases, the Growth Phase and the Switching Phase.



The Growth Phase: This is the same in each of the Lifestyle options with the aim of achieving good long-term growth for your savings. During the Growth Phase, the Lifestyle option invests mainly in equities.



The Switching Phase: The Switching Phase starts 15 years before your Target Retirement Age. Where your savings are invested during the Switching Phase depends on which Lifestyle option you are invested in.

Airbus Group UK Retirement Plan

If you decide to invest in a Lifestyle option or stay in your automatic fund, it is important that you regularly review your Target Retirement Age as it is used to determine when your Switching Phase will begin. If your Target Retirement Age does not reflect when you aim to retire you could lose out on potential investment returns or be exposed to unnecessary investment risk.

Airbus Drawdown Lifestyle

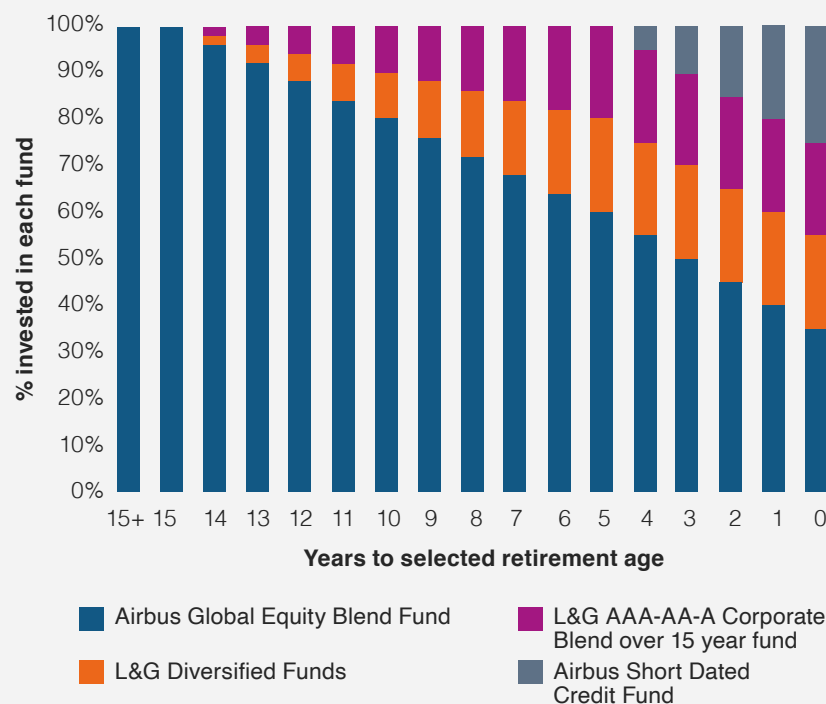
This fund is suitable for members who expect to transfer their savings to another provider to access an income drawdown product, take a series of cash lump sums, or use a combination of retirement benefits.

This is the automatic fund for members of the Airbus Group Retirement Plan.

When you are many years away from retirement, the fund will fully invest in Global Equities. Then, when you are 15 years from your Target Retirement Age, your savings will gradually be moved to the more cautious Diversified and Bond funds to reduce the impact of possible investment market falls.

During the final Switching Phase from five years to your Target Retirement Age, your savings will also be invested in the BlackRock Short Duration Credit fund in the final years as you approach retirement to further reduce risk.

This approach is believed to deliver more growth over the life of your savings and a smoother pathway for removing investment risk towards retirement.



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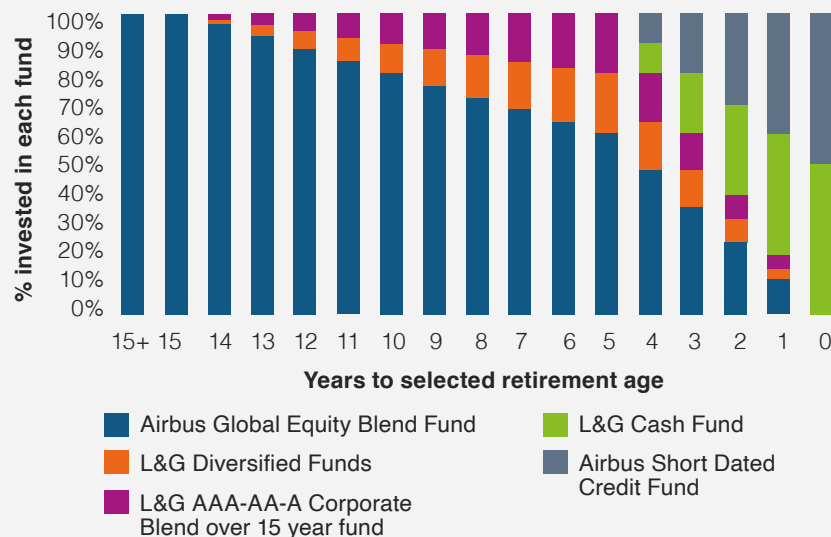
Airbus Cash Lifestyle

This fund is suitable for members to take all their savings as a cash sum at retirement.

This is the automatic fund for members of Schedule 1 or Schedule 2 and 3 members who have AVCs.

This Lifestyle follows the same investment strategy as the Airbus Drawdown Lifestyle until five years from your Target Retirement Age. In the last five years short dated bonds and Cash funds are introduced.

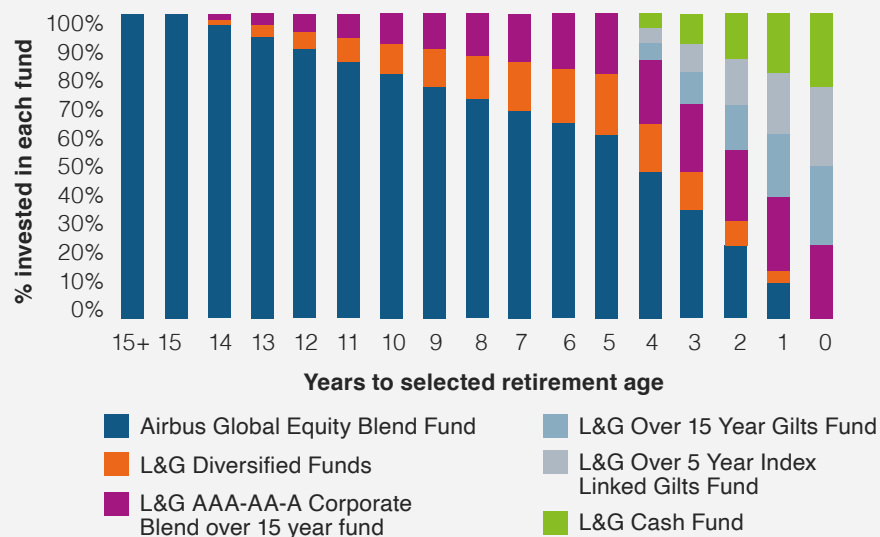
This approach is believed to deliver more growth over the life of the investment and a smoother pathway for removing investment risk towards retirement.



Airbus Annuity Lifestyle

This fund is suitable for members who plan to use their savings to purchase an annuity at retirement.

This Lifestyle follows the same investment strategy as the Airbus Drawdown Lifestyle until five years from your Target Retirement Age. In the last five years, Index Linked Gilts and Fixed Interest Gilts are introduced to reduce the investment risk of the fund whilst still maintaining a level of growth. We also introduce a small amount of cash at this stage, as we assume you will want to take the maximum 25% of tax-free cash.



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Your Self-select options

If you have decided you would like to take a more active role in managing your investments, you can choose to invest your savings in our Self-select funds.

These have been designed to meet the needs of most members, and are provided by Legal & General. You can choose to invest your savings in one or multiple funds.

Equity



Fund type	Description
Airbus Global Equity Fund	This fund will be a blend of equity investments which closely match the overall global market capital exposure, including a small allocation to emerging markets. The Trustees choose the market allocation on advice from their investment consultants, but will use passively managed Legal & General funds.
Global Equity Fixed Weights (50:50) Index Fund	This fund is split equally between UK equities and overseas equities. A typical mix of the 50% overseas element is divided 17.5% in Europe (excluding the UK), 17.5% in North America, 8.75% in Japan and 6.25% Asia Pacific (excluding Japan). The fund aims to track the sterling total returns of the UK and overseas equity markets as measured by the FTSE All-Share Index in the UK and the relevant sub-divisions of the FTSE World Index overseas.
UK Equity Index Fund	The fund invests in the shares of UK companies and aims to track the return of the FTSE UK All-Share Index.
World Emerging Markets Equity Index Fund	The fund invests in the shares of emerging market companies and aims to track the FTSE All-World Emerging Markets Index.
World (ex UK) Equity Index Fund	The fund invests in the shares of overseas companies and aims to track the FTSE World (excluding UK) Index.
Global Ethical Equity Index	The general aim of this fund will be to achieve long term capital growth through investment in an ethically screened and diversified list of international companies that are considered to be making a positive contribution to society.
Veritas Global Focus Fund	This fund invests in a focused portfolio of global companies with the aim of building up capital over the long term. The investment manager will pick which companies to invest in rather than track an index of global companies.
Pension HSBC Life Amanah Fund	The fund invests in the shares of companies around the world and is compliant with Islamic Shariah principles. The fund aims to track the performance of the Dow Jones Islamic Titans Index.

Bonds



Fund type	Description
AAA-AA-A Corporate Bond Over 15 Year Index	The fund invests in investment grade corporate bonds and aims to track the iBoxx £ Non-Gilts (ex-BBB) Over 15 Year Index.
Over 15 Year Gilts Index Fund	The fund invests in UK Government fixed income securities (gilts) that have a maturity period of 15 years or longer. The fund aims to track the FTSE A Government (Over 15 year) Index.
Over 5 Year Index Linked Gilts Fund	The fund invests in UK Government index linked gilts that have a maturity period of five years or longer. The fund aims to track the FTSE A Index linked (Over 5 Year) Index.
Pre-retirement Fund	This fund aims to provide diversified exposure to assets that reflect the broad characteristics of investments underlying a typical traditional level annuity product.

Property



Fund type	Description
Sustainable Property Fund	The aim of the fund is to deliver income and capital growth through investment in a diversified portfolio of UK real estate and the Global Real Estate Index Trust market. The fund will target net zero operational carbon by 2030 for the direct property portfolio.

Cash



Fund type	Description
Pension Cash Fund	The fund aims to provide capital protection with growth at short term interest rates. The fund invests in the short term money markets such as bank deposits and Treasury Bills.

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Diversified growth funds



Fund type	Description
Diversified Fund	This is a diversified growth fund which aims to provide long term growth through exposure to a diversified range of asset classes. Investments will include equities, bonds, property and other alternative asset classes.

Lifestyle



Fund type	Description
Airbus Annuity Lifestyle	
Airbus Cash Lifestyle	Please see pages 6 and 7 for more information on these funds.
Airbus Drawdown Lifestyle	

Want to find out more about the Self-select funds? Log in to the Manage Your Account section of the Legal & General website to read the fund factsheets.

Charges

There are charges for investing in each fund. These cover both the administration of the Plan itself and managing of the investment funds by Legal & General.

The total charge will be deducted from the value of your savings on a daily basis, through the unit pricing mechanism. As you are part of a large scheme you benefit from lower investment charges than if you invested privately.

To find out the investment charges for your funds, visit the Manage Your Account section on the Legal & General website. Here you will find the latest fund factsheets which have the up to date fund charges. Please note that fund charges may change and this is at the discretion of Legal & General and not the Trustees.

In addition to the individual fund charges, you will also be charged an administration fee. This covers the expenses related to administering your account and is currently 0.14%.

How do I select where I'd like to invest?

You can update your investment choices at any time in the Manage Your Account section of the Legal and General website.

Remember, if you decide to invest in a Lifestyle option or stay in your automatic fund, it is important that you regularly review your Target Retirement Age as it is used to determine when your Switching Phase will begin.



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Annuity

A contract under which an insurance company pays you a regular income after you retire.

Benchmark

The specific measure against which a fund's performance is compared.

Corporate bond

Issued by companies as an alternative to shares. Like a government bond, a corporate bond will pay a regular amount of interest and should be redeemable on a set date.

Index linked gilts

A bond issued by the UK Government where the interest paid is linked to a specific benchmark.

Inflation

The rise in price of goods and services over a period of time.

Investment grade bond

A Corporate Bond which meets a certain credit quality as measured by credit rating agencies. Investment grade bonds are rated BBB or higher.

Retirement Fund

For members of the Airbus Group Retirement Plan, this is your individual pot of money that receives contributions from you and your employer along with the returns from your chosen investments.

Retirement Plan

The Airbus Group UK Retirement Plan.



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