

Allen & Overy Pension Scheme (the “Scheme”) – DC Section

Market Summary

You will shortly be receiving your annual benefit statement, which will reflect the value of your retirement savings as of 1 January 2023 and projected value at your selected retirement age (“SRA”).

High levels of inflation, rising interest rates and Russia’s invasion of Ukraine resulted in 2022 being a challenging environment for financial markets. The value of UK government bonds was particularly volatile during September and October 2022 because of the measures announced by the former UK Chancellor. It is likely that all these events will have impacted the value of your retirement savings during 2022.

Since the start of 2023, improving economic data and falling levels of inflation have been beneficial to the equity strategies utilised within the lifecycle strategy that you have selected. While the rise in interest rates has been beneficial for the performance of the cash fund, it has continued to put downward pressure on the performance of the government and corporate bond funds.

As you have selected to invest in a lifecycle strategy, the exposure that you have to equities, bonds and cash will be dependent on the number of years you have left until your SRA.

We encourage you to check your DC account via the online portal to see your latest position, where your funds are currently invested as well as information on all of the Scheme’s investment options: www.hartlinkonline.co.uk/allenoverly/hopl.chi/wui/tilepgui.html

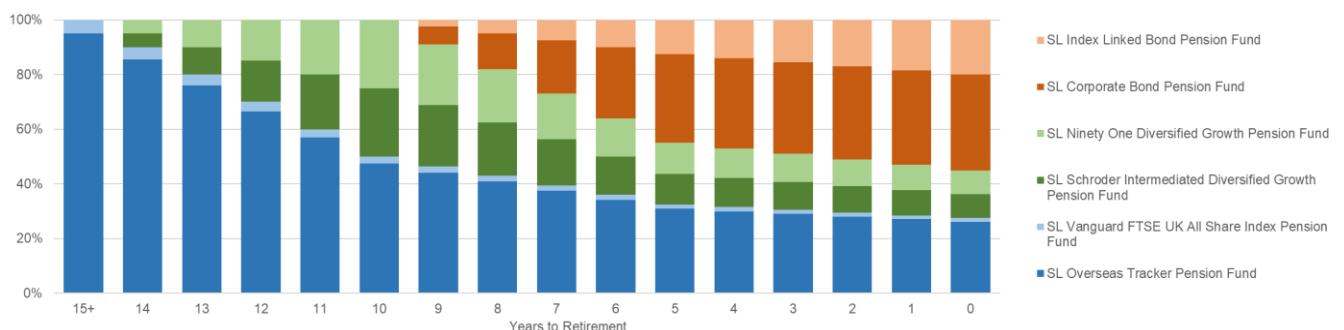
Introduction to the Scheme’s Lifecycle Strategies

Throughout your retirement savings journey, it is likely that both your investment objectives and risk tolerances are likely to change. This means that the way your pension savings are invested should also change with age.

A lifecycle strategy is designed to automatically change the way that your savings for retirement are invested to mitigate some of the risks your funds are exposed to during your savings journey.

You can select from one of three lifecycle strategies, each one targeting a different form of benefit upon reaching retirement:

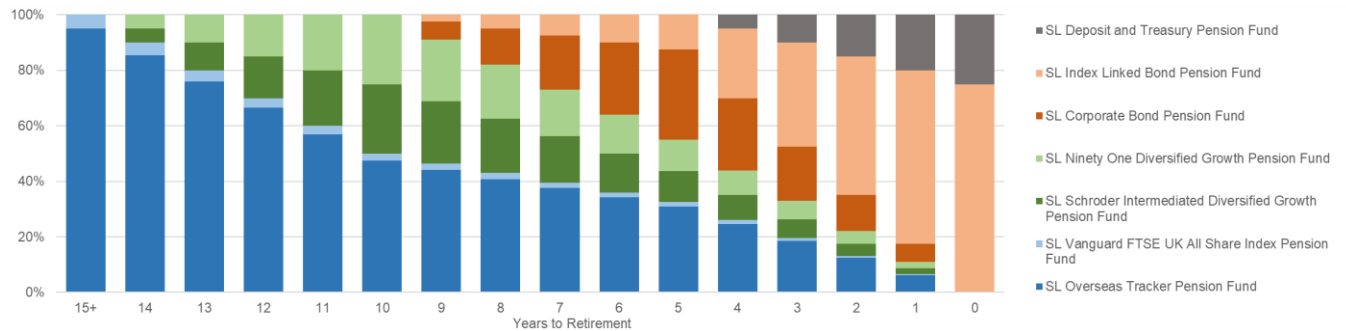
Multi-Asset Lifecycle Strategy



The Multi-Asset Lifecycle Strategy is designed for members who do not know how they are going to take their benefits, or those who wish to take flexible drawdown at retirement (note that this would involve transferring funds to an external arrangement at retirement).

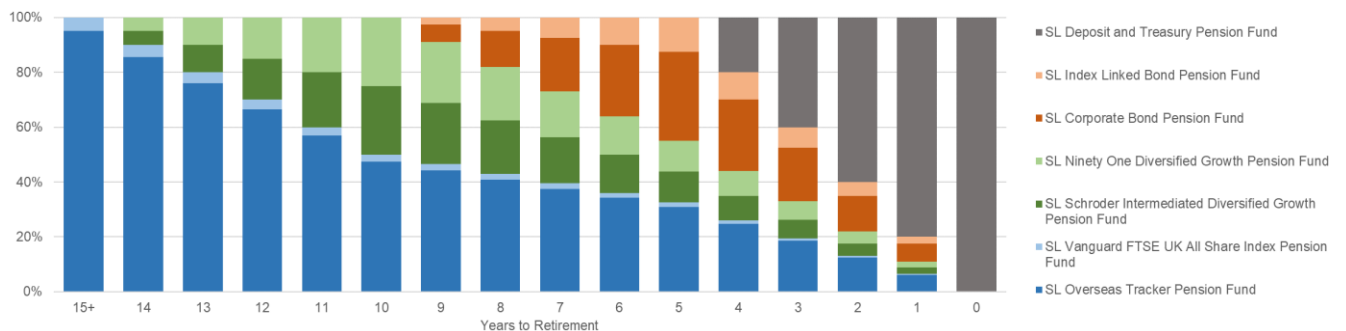
This strategy is the primary default arrangement since 10 November 2021. If you joined the DC Scheme after this date and did not provide investment instructions at the time of joining, your pension contributions would have been automatically made into this strategy.

Annuity Lifecycle Strategy



The Annuity Lifecycle Strategy is designed for members who wish to target an annuity purchase (and taking 25% tax free cash) at retirement.

Cash Lifecycle Strategy



The Cash Lifecycle Strategy is designed for members who wish to target a full cash out on retirement.

How are your savings currently invested

Based on your current selected retirement age (“SRA”), you are in the **Pre-Retirement Phase** (within 5 years from your SRA) of the strategy you are invested in.

The focus of this phase is to align how your retirement savings are invested to target the specific retirement outcome for the option in which you are invested.

If you are invested in the **Multi-Asset Lifecycle Strategy**, your retirement savings will be split across a combination of equity, multi-asset and bond funds, providing you with a diverse range of assets from which you can choose how to take your benefits.

If you are invested in the **Annuity Lifecycle Strategy**, your retirement savings will gradually transition to a 75:25 split between Index-Linked Government Bonds and cash upon reaching your SRA. While the value of government bonds has declined due to rising rates, annuity prices have also fallen, offsetting, at least in part, the impact on the purchasing power of your retirement savings.

If you have selected the **Cash Lifecycle Strategy**, your retirement savings will gradually transition solely to a cash fund, aligning with you accessing the entirety of your retirement savings as a cash lump sum.

Important to note that, regardless of the alignment of the pre-retirement phase of the Strategy in which you are invested, you are entitled to take benefits in any permissible form from any of the Lifecycle Strategies.

As highlighted by the charts on the previous page, **the underlying fund allocations for each of the three lifecycle strategies diverge from each other during the Pre-Retirement Phase.** If you choose to switch your savings from one lifecycle strategy to another during this phase, or make changes to your SRA, it will result in potentially significant changes to the way that your savings are invested.

We recommend you seek independent financial advice before making any changes to your investments or selected retirement age.

Where can I get more information about my pension savings?

You can view where your pension savings are currently invested and find further information on all investment options, including the lifecycle strategies, via the 'My Pension' area of the Scheme website here: www.myallenoverypension.com/booklet/AOHome.asp

You can contact the Scheme's administrators Capita on 01227 774654 or by email on AllenOvery@capita.co.uk.

Your expected retirement date is outlined in your email. When referring to 'retirement', we mean the date we expect you to take your benefits. This is normally age 65 but there are options to take your benefits earlier or later. This is explained further here: www.myallenoverypension.com/investment/AOInvestRetDate.asp

It is important to update this if you intend to retire at a different point in time. You can do this via the online portal: www.hartlinkonline.co.uk/allenovery/hopl.chi/wui/tilepqui.html

Do I need to take any action?

While there is currently no action for you to take, we strongly encourage you to check your DC account regularly to ensure that your chosen investment and selected retirement age remain appropriate for you.

Before making changes to your selected retirement age or investments, **we recommend you seek independent financial advice first.**

You can seek guidance on MoneyHelper and Pension Wise, and/or seek independent financial advice from a financial adviser who will help you to consider all options available to you. There is information on MoneyHelper to help you find an independent financial adviser.

The Trustee of the Scheme cannot provide you with financial advice.

If you have any questions, please contact us via Capita using the details set out above.

Yours sincerely

Jeremy Parr

Chair of the Trustee