

Aegon Mercer Target Annuity (ARC)

Fund information

Fund provider	Aegon/Scottish Equitable plc
Fund launch date	20 Mar 2015
Fund charge*	0.25%
Aegon fund size	£69.10m
ABI sector	ABI Mixed Investment 40-85% Shares
Fund type	Pension
ISIN	GB00BVRT717
SEDOL	BVRT71
Aegon mnemonic	ZF7
CitiCode	M5BH

*This is on top of any product or adviser charge you pay and includes a fixed management fee plus expenses that vary with the day to day costs of running the fund. The fund charges may differ for Retiready (RR) or Aegon One Retirement (AOR).

About fund performance

Investors should always consider performance in relation to the objective of the fund and over periods of at least five years. If a fund has risen in value, it doesn't mean it is meeting its objective – especially if the fund is aiming to outperform a particular benchmark or meet a risk target. The same applies if the fund has fallen in value.

Our risk rating



Above-average risk

Above average risk funds typically invest in one single investment type or geographical region, for example regional equities (shares) or global bonds. This means that investors are completely exposed to the performance of that single investment type or region. These funds could experience lengthy periods of negative returns depending on market conditions. However, these funds can also rise in value quite significantly and have historically provided good long-term growth. Because of their narrow investment focus, they're better suited to investors with at least five years to invest and to use in combination with other funds as part of a diversified portfolio.

Fund objective

This fund may be suitable if you intend to purchase a fixed annuity at retirement. The fund uses a two-stage investment process that takes you right through to retirement. It aims to achieve medium to high levels of capital growth in the early years (growth stage). Then, as you approach retirement (pre-retirement stage), it aims to give you more certainty about the amount of pension you can buy via a fixed annuity. Growth stage: During the early years of your investment, the fund aims to achieve medium to high levels of capital growth over the long term by investing wholly in the Aegon Mercer Growth fund. That fund in turn invests mainly in shares, with the remainder in bonds and other asset types. Investing mainly in shares means the fund may see significant movements both up and down in value, but also means it has good long-term growth potential. Pre-retirement stage: Eight years before you retire, we'll progressively switch your investment, reducing your exposure to equities and investing in UK fixed interest securities and cash, with the aim of giving you more certainty about the level of annuity you'll be able to buy. This fund is designed for Mercer customers.

Fund performance

The following graph and tables show the performance of the fund over various time periods compared to the fund's benchmark (if there is one). All performance information is as at 31 Mar 2019 unless otherwise stated.

In the graph, performance is shown since launch if the fund is less than five years old.



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	1yr	3yrs	5yrs	10yrs
Fund	8.4%	11.2%	-	-
Sector quartile	1	1	-	-

	Mar 18 to Mar 19	Mar 17 to Mar 18	Mar 16 to Mar 17	Mar 15 to Mar 16	Mar 14 to Mar 15
Fund	8.4%	1.1%	25.5%	-1.8%	-
Sector quartile	1	2	1	1	-

Source: FE. The performance information has been calculated in pounds on a bid-to-bid basis and is net of charges with gross income reinvested. Performance for periods over a year is annualised (% per year). Past performance is not a guide to future performance. The value of an investment can fall as well as rise and is not guaranteed. Investors could get back less than they originally invested.

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Underlying fund

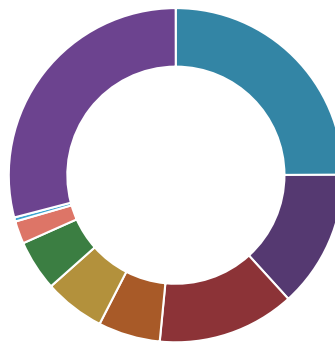
Fund mgmt group

Aegon/Scottish Equitable plc

Fund manager information

This fund is an Aegon Solution. This means it is a pre-built fund Aegon have created to offer whole investment strategies in a single fund with the aim of making investing easier. We reserve the right to add, remove and replace the underlying funds within this solution with the aim of making sure the fund continues to meet its aims and objectives. Sometimes we work with external fund managers and they select and manage the underlying funds on our behalf. The additional charges/expenses may change when underlying funds are replaced, added or removed from the portfolio or when weightings between the underlying funds are changed. Please note, there's no guarantee the fund will meet its objective.

Asset allocation as at 31 Mar 2019



North America Equity	25.0%
Global Bonds	13.3%
UK Equity	13.3%
Global Emerging Market Equities	6.0%
Asia Pacific including Japan Equity	5.9%
Property	4.9%
Europe ex UK Equity	2.2%
Cash	0.4%
Other	29.1%
Total	100.1%

Top holdings as at 31 Mar 2019

Holding	%
AEGON MERCER DIVERSIFIED GROWTH PN	49.0%
AEGON BLACKROCK AQUILA WORLD (EX-UK) HEDGED	23.3%
AEGON BLACKROCK UK EQUITY TRACKER PN	14.7%
AEGON BLACKROCK WORLD (EX UK) EQUITY TRACKER PN	13.0%
Total	100.0%

Source of fund breakdown and holdings: Fund mgmt group

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Risks specific to this fund

There is no guarantee the fund will meet its objective. The value of an investment can fall as well as rise and investors could get back less than they originally invested. All funds carry a level of risk and the information below outlines the key risks for this fund.

Currency risk - this fund invests overseas so its value will go up and down in line with changes in currency exchange rates. This could be good for the fund or bad, particularly if exchange rates are volatile.

Annuity target risk - this strategy is aimed at those who want greater certainty about the size of annuity (guaranteed income) they can buy at retirement. However, by moving into long gilts and cash, you may miss out on the higher returns you might have benefited from if you'd stayed in your growth fund.

Post retirement risk (Annuity target) - if you don't buy an annuity on your retirement date, you'll remain invested 75% in long-dated bonds (government bonds only or a mix of government and corporate bonds) and 25% in cash until you tell us what you want to do. This mix isn't designed for long-term investing and returns may not keep pace with inflation, meaning the real value of your fund may fall.

Third party risk - in the event that the underlying investments which the fund invests in suspend trading, Aegon may defer trading and/or payment to investors. The value ultimately payable will depend on the amount Aegon receives or expects to receive from the underlying investments.

Credit risk - this fund invests in bonds or other types of debt. Bonds are essentially loans to companies, governments or local authorities so there's a risk that these companies or government bodies may default on the loan. Bonds are rated in terms of quality, usually from AAA down to B and below. AAA is the highest quality and therefore the least likely to default and B or lower the most likely to default. Where we have it we show the credit quality of the loans held by this fund.

Derivative risk - this fund will use derivatives in a number of ways to achieve its objectives. Holdings may add up to over 100% because derivatives offer a way to gain exposure to the returns of a specified equity or bond market without having to directly own it. These negative figures are not shown within the top holdings section. Derivatives allow a manager to buy or sell an investment at a specified future date for a specified price. However, this means the fund could be exposed to additional risks if the market moves up when the manager expected it to go down or vice versa.

Interest rate risk - interest rate changes could affect the value of bond investments. Where long term interest rates rise, the value of bonds is likely to fall, and vice versa.

Lifestyle performance information - this factsheet contains information and performance for the 'Growth stage' of the lifestyle fund. The information and performance for your fund will be different if you're within the 'Retirement target / lifestyle stage', which normally starts seven years before your selected retirement date.

