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NUI, Maynooth Voluntary Contribution Scheme

Investment Guide

Date: August 2017

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Introduction

The purpose of this guide is to provide information in relation to the investment options currently available under the NUI, Maynooth Voluntary Contribution Scheme (“the AVC Plan”). There are certain risks that are specific to retirement savings. How you view risk is important when choosing how your AVCs should be invested.

Risk and reward

There is traditionally a link between risk (i.e. risk of a large/sudden change in the value of your investments) and reward in investment markets, i.e. higher risk investments (e.g. equities) tend to have good growth potential while low risk investments (e.g. cash) tend to have limited growth potential. However, there is no exact science to finding the right balance.

Managing risk

Dividing your AVCs between different investments (Bonds, Equities, Property, and Cash) will tend to control risk over time. A typical “Managed Fund” will combine a majority equity holding (typically in the range of 60% to 80%) with property, bonds and cash.

Timing

If you are making regular contributions, you are entering the markets on a continuous basis across the ups and downs of different market cycles.

Switching between funds can increase the risk of getting the timing wrong, unless you are sure of managing your investment choice(s). Therefore it is important to carefully consider your situation before implementing a switch, and if possible seek independent financial advice.

There is the obvious risk of retiring immediately following a period of poor investment performance such as may be caused by market instability or a stock market crash. Your strategy should take account of this risk by ensuring you are not fully exposed to more risky/volatile investments when you are approaching retirement.

Inflation

Investing your AVCs in a vehicle with similar characteristics to a Post Office savings account – such as the Cash Fund – may appeal in that the value is secure and not subject to the volatility of an Equity Fund. However, many people fail to appreciate the impact of inflation.

Studies show that, over time, cash deposits generally grow at a rate which just about keeps pace with price inflation (and probably falls short of the rate at which your earnings are likely to increase) i.e. savings could lose value relative to earnings growth, which means that benefits at retirement may not be as high as expected.

Annuity Risk

A less well-known risk is the cost of purchasing an annuity (or pension) at the point of retirement.

When long-term interest rates are low, annuities are relatively expensive, but become cheaper in a high interest rate environment.

Studies have shown, over time, that certain bond funds (e.g. the Fixed Interest Fund) change in a similar way to annuity prices and are viewed as an appropriate investment match for changes in annuity prices.

Switching Funds

You can elect to switch from one investment fund to another. You can switch your future contributions or your accrued funds, or both as you choose.

Please note enacting a fund switch on more than 6 occasions in a calendar year will incur a charge but you should keep in mind that investment for retirement is generally a long term proposition. There is a form in the Appendices which you can use to indicate your choice of funds called the **Investment Option Selection Form**. You should allow at least three days for a switch to be effective after you have submitted this form.

It is important to remind you that investing for retirement is usually a long term undertaking. Using the switching option to try to time market movements can be difficult and could result in reduced returns or losses. However, it is your choice whether or when to switch.

Disclaimer

You should take independent advice if you are unsure of any decisions regarding your investments as neither the Trustees, their advisors nor Maynooth University can give advice and so, will not be responsible for any investment choices you may make. The Trustees are not liable for poor investment returns which arise as a result of following the members' investment direction.

Fund Choices

You may choose any one or any combination of the available funds described below. You should read each so you understand the basis of how the fund works, what it intends to achieve and the risks involved. Irish Life can change the operation of its funds from time to time, and full up to date information (and fund performance) is available in the fund fact sheets on the Irish Life website (**www.irishlifecorporatebusiness.ie/investment-documents**).

ILIM Cash Fund

The Cash Fund invests 100% in cash and short-term deposits and aims to give investors a stable and predictable return. The fund is designed for members who are close to retirement. Its objective is to protect the value of a member's Retirement Account against market movements. It is particularly useful for that element of the fund that will be taken as tax-free lump sum.

Risk/Suitability

The Cash Fund would be considered a low risk. The Cash Fund is therefore suitable for people who are coming close to retirement who plan to use their Retirement Account to secure a pension or for those who prefer to reduce their risk in stock market investment.

Charge

- Investment Management charge - 0.75% per annum

ILIM Pension Protection Fund

The Pension Protection Fund is an actively managed fund which invests in fixed-interest assets. This fund invests predominantly in long-dated Euro-denominated government securities. These securities are effectively loans to the governments with repayment dates of ten years or more. The returns on these assets come from a combination of interest paid and any capital appreciation on the value of the securities. This fund should broadly follow the long term changes in annuity prices due to interest rates changes i.e. if long-term interest rates fall, the value of this fund will increase to roughly compensate for the rise in annuity prices. Long term interest rates are just one of the main factors that determine the cost of an annuity. However, there will be times when the fund will not track annuity prices closely and no guarantee can be given in relation to such movements.

Risk/Suitability

The Pension Protection Fund would be considered a medium risk which can have some level of volatility. The potential return from the fund will also be medium. It is suitable for investors who will accept some level of risk or people who are coming close to retirement who plan to use their Retirement Account to secure a pension.

Charge

- Investment Management charge - 0.65% per annum

ILIM Capital Protection Fund

This Capital Protection Fund is an actively managed fund, which invests in a bonds, cash deposits and equities.

Where investors switch their assets out of the Capital Protection Fund, Irish Life may apply a 'Market Value Adjustment' which reduces the amount available. This reduction does not apply to transfers to other arrangements which occur within nine months of leaving employment or on retirement or death. Currently [1] the Market Value Adjustment is 0%.

Effective 7 August 2017 this fund is closed to new Single Premium Investment, new Regular Premium, Transfer Values and fund switches.

Risk/suitability

The Capital Protection Fund would be considered a low risk investment. The fund aims to give investors the benefits of equity participation while at the same time ensuring the value of the fund will not fall.

While there will be a low level of volatility in fund return, there is also only a lower potential for gains. It is suitable for investors who are close to retirement or have a low appetite for risk.

Charge

- Investment Management charge – 1.00% per annum

ILIM Multi Asset Portfolio (MAPS) 3 Fund

This MAPS 3 fund is a mix of assets such as bonds, shares, property, cash and externally managed specialist funds. The fund is both actively and passively managed. The fund seeks to achieve positive returns while managing the fund within its target risk level. The asset mix will be reviewed regularly to maintain an appropriate level of exposure to such asset classes.

Risk/suitability

The MAPS3 Fund would be considered a low to medium risk investment vehicle which aims to have a mix of lower risk assets such as cash and bonds and higher risk assets such as shares and property.

It is suitable for conservative investors.

Charge

- Investment Management charge - 0.80%

ILIM Consensus Fund

The Consensus Fund invests in a range of domestic and international equity, bond, property and cash markets. The asset distribution will reflect the average asset allocation of the Irish fund management industry. Equities and bonds are passively managed and seek to track their relevant market index. The fund seeks to consistently achieve a return in line with the average pension managed fund in Ireland.

[1] As at April 2017

Risk/suitability

The Consensus Fund would be considered a high risk investment vehicle producing high returns when market conditions are buoyant, but low returns when markets are falling. This fund is normally thought to be suitable for members who are at least 10 years from retirement and who want long-term managed fund growth without manager and stock selection risk.

Charge

- Investment Management charge - 0.65%

ILIM Property Fund

The Property Fund invests in Office, Retail and Industrial property in Ireland. The Fund aims to achieve a high fund return over the long term, though returns may vary over the short term. This fund may be closed from time to time depending on whether quality properties are available. In some situations, a restriction applies on pension schemes and members in occupational pension schemes investing more than 50% in property funds.

There is now a six month notice period required to switch from the Property Fund.

Risk/Suitability

The Property Fund would be considered a high risk investment vehicle producing high returns when market conditions are buoyant, but low returns when markets are falling. Returns can be very volatile. The fund is suitable for members who have a long time to go before retirement and want a higher growth potential than deposit accounts can offer over the long-term but with a lower risk profile than equities.

Charge

- Investment Management charge – 0.75% per annum

ILIM World Equity Partially Hedged Fund

The World Equity Fund (Partially Hedged) is invested in world equities (an equity is also known as a share or a stock). The fund invests in a range of equities in various regions and in various industries. The fund is aimed at the euro investor and hedges some of the currency risk that investors are exposed to when invested in world equities.

Risk/suitability

The World Equity Fund (Partially Hedged) is a very high risk fund which can have a very high level of volatility. Therefore it may not be suitable for investors who have less than 13 years to retirement.

While there will be a high level of volatility in fund return, there is also higher potential for gains. The fund is most suitable for long term investment.

Charge

- Investment Management charge – 0.70% per annum

EMPOWER Personal Lifestyle Strategy (PLS) (Default) Option

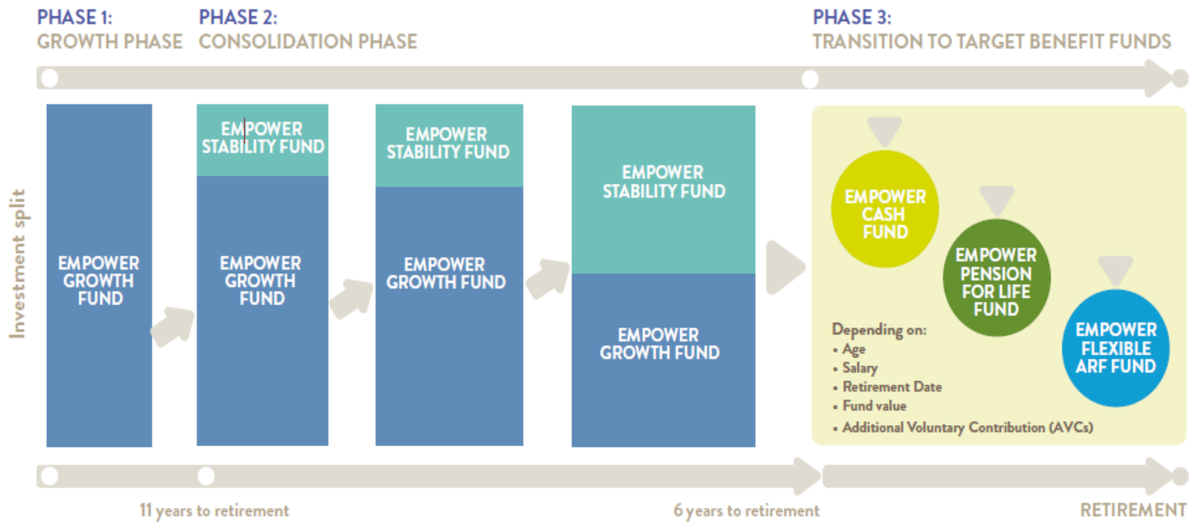
If you do not wish to play an active role in choosing your investments, the Trustees have offered a Default Personal Lifestyle Strategy. The lifestyle approach automatically changes where your Retirement Account is invested as you approach retirement.

Under this option, your Retirement Account will be invested in the Irish Life Empower Growth Fund (a mix of assets such as bonds, shares, property and cash) until age 54 i.e.11 years before your Normal Retirement Date, 65. From age 54, your fund will gradually move to the Empower Stability Fund (mainly bonds, with some cash, equities and alternative assets) so that with 6 years to retirement (i.e. age 59) your fund will be invested 50% in the Empower Growth Fund and 50% in the Empower Stability Fund.

After attaining age 59, your investments will be automatically switched on a monthly basis into the Target Benefit Funds (Empower Cash Fund, Empower Pension for Life Fund, and Empower Flexible ARF Fund). This choice ensures that you hold assets with long term growth potential for the majority of your career but that you switch to assets which are more secure (less volatile), as you approach retirement.

At retirement, depending on the size of your fund, you may have to buy an annuity (i.e. a pension for life) or you may have the option to invest in an Approved Retirement Fund (ARF). The price of annuities is closely linked to the bond market. As a result, for those likely to purchase an annuity at retirement the lifestyle approach increases the proportion of your Retirement Account invested in bonds as you approach retirement (i.e. to provide a match to the volatility of annuity prices). You may wish to take a cash lump sum at retirement. Consequently, the lifestyle strategy also increases the proportion of your Retirement Account invested in cash (i.e. to provide a match for this payment).

You cannot invest part of your Retirement Account in the Lifestyle Strategy. However, you can change between the self-select approach and the lifestyle approach by completing the investment option switch form at the back of this guide to investment options.



The table below shows how the asset allocation will change over the period to retirement. Changes will occur monthly.

Years to Normal Retirement Age	Growth Fund EMPOWER Growth	Growth Fund EMPOWER Stability Fund	Benefit Target Funds
Up to 11	100%	0%	0%
6	50%	50%	0%
5	40%	40%	20%
4	30%	30%	40%
3	20%	20%	60%
2	10%	10%	80%
1	0%	0%	100%
0	0%	0%	100%

If you do not make a decision on your investments, your Retirement Account will be invested according to the "default" mechanism.

Detailed fact sheets on each of the investment funds are attached or these are available at http://www.irishlifecorporatebusiness.ie/investment-centre.

Please note:

1. The above switches take place on a monthly basis.
2. It should be noted that you can choose the PLS at any stage, or can move out of it if you so wish, if your plans change.
3. PLS will apply to existing funds in your AVC fund and to future contributions.
4. If you wish to retire early, you may make separate arrangements by contacting the Administrator or completing the **Investment Option Selection Form**.

Appendices

Summary of Funds

Fund Type	Description	Asset mix	Risk/ Return Profile
ILIM Cash Fund	The Cash Fund invests 100% in cash and short-term deposits and aims to give investors a stable and predictable return.	**Cash**	Low Risk – while there will be a low level of volatility in fund returns, there is also only a low potential for gains. Suitable for investors who are close to retirement or have a low appetite for risk.
ILIM Pension Protection Fund	The Pension Protection Fund is an actively managed fund which invests predominately in long-dated Euro denominated government securities.	**Bonds**	Medium Risk – can have some level of volatility. The potential return from the fund will also be medium. It is suitable for investors who will accept some level of risk.
ILIM Capital Protection Fund	The Capital Protection Fund is an actively managed smoothed fund. It aims to give investors the benefits of some equity participation while at the same time assuring the value of the fund will not fall.	**Bonds | Cash | International Equities Hedge Fund**	Low Risk – while there will be a low level of volatility in fund returns, there is also only a low potential for gains. Suitable for investors who are close to retirement or have a low appetite for risk.
MAPS 3	The MAPS3 Fund is a mix of assets such as bonds, shares, property, cash and externally managed specialist funds.	**Equities | Property | Bonds | Cash |Alternatives**	Low to Medium Risk– will have some level of volatility in fund returns. The potential return from the fund will be low-medium. Suitable for investors who will accept some level of risk.
ILIM Consensus Fund	The Consensus Fund is a managed fund, the assets of which are invested on a consensus basis, replicating the average asset allocation of the Irish fund management industry. It is suited to those investors who want long-term managed fund growth without manager and stock selection risk.	**Equities | Property | Bonds | Cash**	Medium to High Risk – expected volatility is in the medium to high range. Therefore it may not be suitable for investors who have less than 7 years to retirement.
ILIM Property Fund	The Property Fund invests in commercial property in Ireland. The fund aims to achieve a high fund return over the long term, though returns may vary over the short term. The fund may be closed from time to time depending on whether quality properties are available.	**Irish Property (Office, Retail, Industrial)**	High Risk – can have a high level of volatility. May not be suitable for investors who have less than 10 years to retirement. The fund is most suitable for long-term investment.
ILIM World Equity Partially Hedged Fund	The World Equity Partially Hedged Fund is 60% invested in Indexed World Equity Fund and 40% invested in the Hedged Indexed World Equity Fund. The weighting of each stock represents its weighting within the relevant market index. It is most suitable for long term investment.	**Equities**	High Risk – can have a high level of volatility. May not be suitable for investors who have less than 13 years to retirement. The fund is most suitable for long-term investment.

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