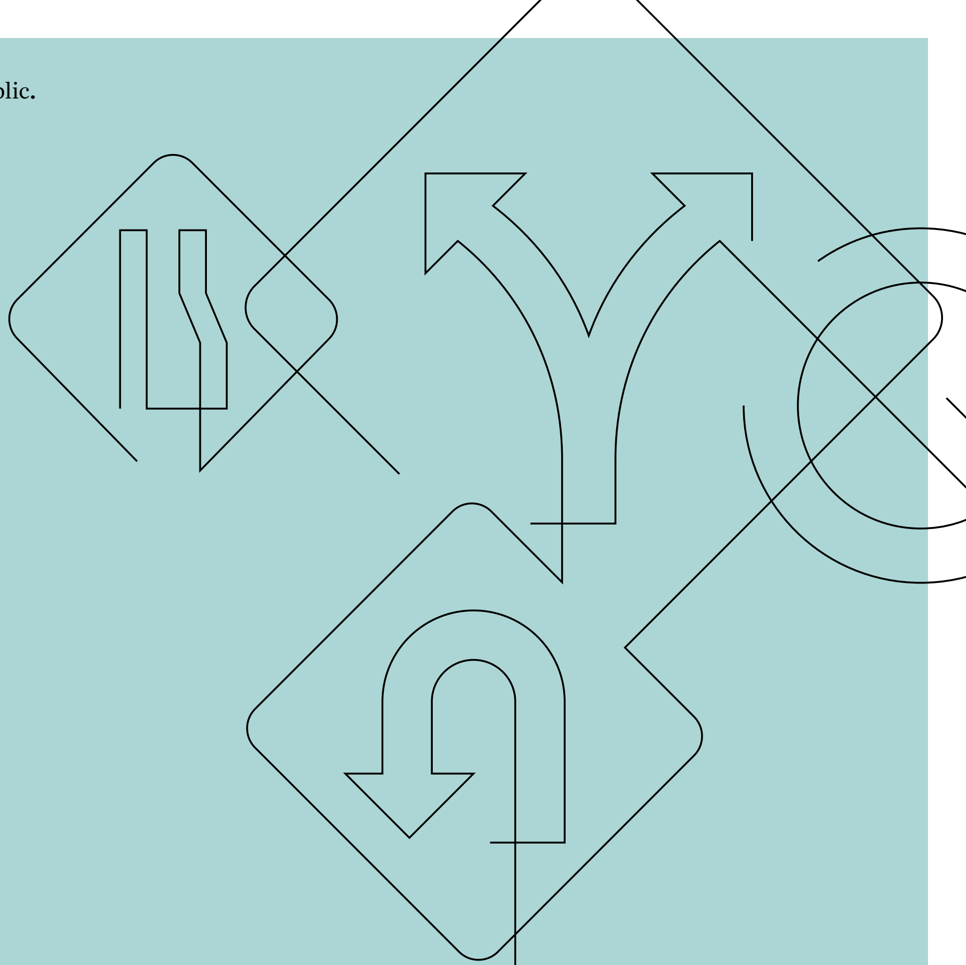


DIVERSIFIED STRATEGIES FOR DC

STATE STREET GLOBAL ADVISORS®

State Street Global Advisors manages a range of diversified, multi-asset class strategies designed to help defined contribution schemes to reduce equity concentration and improve the risk and return balance in their portfolio.

These strategies can serve as a complete default fund solution, or part of one, helping defined contribution schemes offer their members a more robust and sustainable retirement savings option.

Why Diversify?

The equity market corrections experienced during the bursting of the technology sector bubble in 2001 and the global financial crisis of 2008, as well as the more recent market volatility, provide a reminder of the need to diversify asset exposure to help manage risk.

Many schemes are now looking for ways to help their members target more stable performance and counter periods of poor or volatile returns that may occur from exposure to a limited number of asset classes.

71% of DC schemes now offer a diversified growth option to members.[1] Our own research in collaboration with Pensions Insight on retirement income, shows that 31% of DC schemes use a diversified growth fund in their default strategy.[2]

Diversification can be achieved using a variety of approaches. To date, many schemes having been restricted to a limited range of expensive actively managed strategies. However, with the defined contribution charge cap for automatic enrolment schemes having been set at 0.75% in April 2015, schemes now need strategies that deliver the risk and return management capabilities of diversification at low cost.

[1] Source: Towers Watson's FTSE 350 DC Pension Scheme Survey, 2014. Analysis of top 100 firm's DC investment offerings.
Note: Diversification does not ensure a profit or guarantee against loss.

[2] Source: Pensions Insight & SSGA, Retirement Income: Exploring the Future of DC, March 2016.

Investment Expertise

Deep Multi-Asset Expertise

We've used insights gained from over 30 years' experience managing multi asset portfolios to create diversified strategies for the specific needs of defined contribution schemes.

Off-the-Shelf and Custom Solutions

We can help you identify the types of investment strategies that may work best for your members, including off-the-shelf and custom multi-asset solutions.

We offer strategies that provide access to different blends of asset classes, return targets and approaches to asset allocation, with a range of fee levels.

- Range of return targets and asset allocation styles
- Cost-effective structures
- Whole or part of a default fund solution

Risks

Diversified strategies aim to increase diversification and improve risk-adjusted returns. As with all investments, these funds have certain risks.

Active Risk

Asset allocation of the funds varies over time to mitigate the downside risk and smooth returns, therefore the funds do not track a traditional benchmark. Active risk is the difference between the fund return and the benchmark return and will be more than you would experience in a passive fund.

Currency Risk

Exposure to non-sterling based assets introduces currency risk to the strategy. As this risk is largely unrewarded, the strategy includes hedging of most non-sterling exposures back into sterling through currency forwards.

SSGA Diversified Funds

Fund	Asset Mix	Asset Allocation	Investment Target	Investment Strategy
Dynamic Diversified	Equities Bonds Alternatives	Dynamic	Cash +4%	The fund follows an absolute return approach, using tactical asset allocation across a wide range of asset classes, instruments and regions.
Diversified Beta	Equities Bonds Alternatives	Optimised Strategic	To perform in line with a portfolio of 60% equities and 40% bonds	The fund aims to capture a broad array of uncorrelated asset class exposures in order to achieve diversification and reduce the volatility of returns.
Diversified Alternatives	Alternatives	Optimised Strategic	Cash +2.5%	The fund invests across a wide range of alternative asset classes, markets and securities in order to diversify away from equities, and reduce the overall volatility of total portfolio returns.

DYNAMIC DIVERSIFIED FUND

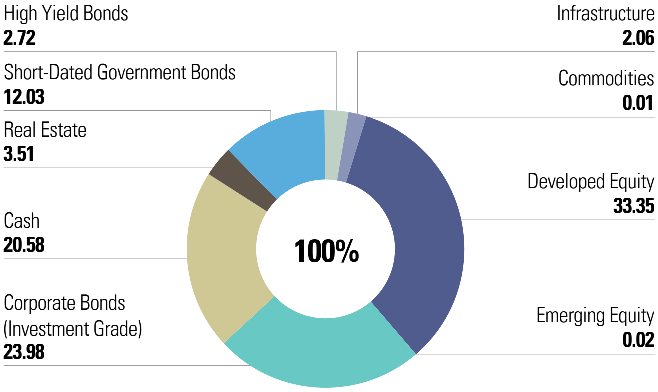
Approach

The dynamic allocation to a comprehensive range of assets aims to deliver growth and downside protection, with an absolute return target of cash +4%. In short, it targets the right assets at the right time.

The strategy uses a proprietary forward looking market risk indicator to inform the investment manager's asset allocation decisions.

Asset Allocation

The diversified portfolio includes traditional assets such as equities, bonds and credit, as well as property, commodities, infrastructure, high yield debt and cash.

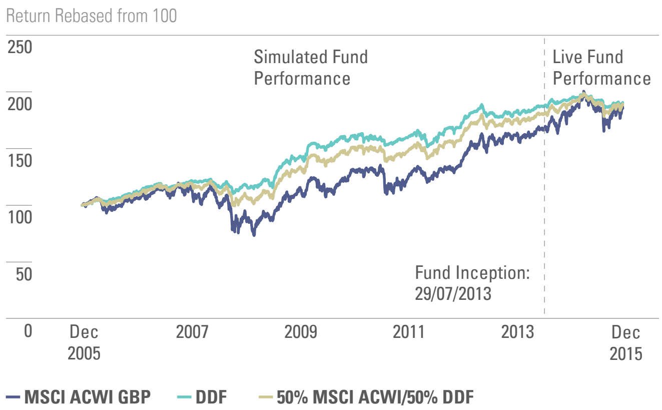


Source: SSGA as at 31 December 2015. Allocations are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.

Benefits

- Broad diversification across asset classes and global markets to reduce volatility
- Combines the best of active and passive to provide a more favourable risk return profile while keeping costs low
- Dynamic optimisation of the risk/return blend mitigates the need for schemes to manage their own asset mix
- Active asset allocation and an optimised investment mix provides ongoing investment oversight that can help schemes better manage their governance responsibilities

Performance



Implementation Options for DC Schemes

- As a standalone strategy during the growth phase of an investment glide path
- Mixed 50:50 with another diversified growth fund
- Blended with an equity fund to balance risk

Performance Summary

	Dynamic Diversified Fund	50% MSCI ACWI/50% DDF	MSCI All Country World Index
Return % pa	6.64	6.53	6.33
Standard Deviation (%)	6.40	8.15	16.33
Reward to Risk Ratio	1.04	0.80	0.39
Maximum Drawdown (%)	-10.56	-18.29	-38.80

Source: SSGA. Period 31/12/2005 to 31/12/2015. Performance returns are simulated up until the fund launched on the 29/07/2013. The data after 29/07/2013 are live fund returns. 10 years of data is shown to demonstrate performance over a full business cycle. Past performance is not a guarantee of future results. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in sterling. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income. The simulated performance shown is not necessarily indicative of future performance, which could differ substantially. Please see appendix for additional information. The performance figures contained herein are provided on a gross of fees basis and do not reflect the deduction of advisory or other fees.

DIVERSIFIED BETA FUND

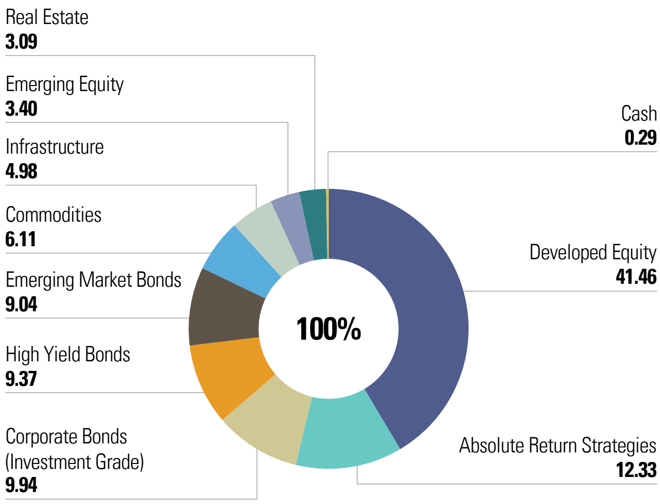
Approach

The Diversified Beta portfolio is diversified across asset classes, global markets and securities. The underlying assets are passively managed, to help achieve a lower cost structure.

Strategic allocation for the fund is established each quarter, based on long-term expected return forecasts. This process considers the estimated correlation between asset classes, as well as their respective risk and return characteristics, to maximise the diversification benefits of the overall portfolio.

Asset Allocation

The diversified portfolio includes traditional assets such as equities and bonds, as well property, commodities, absolute return and other alternatives.

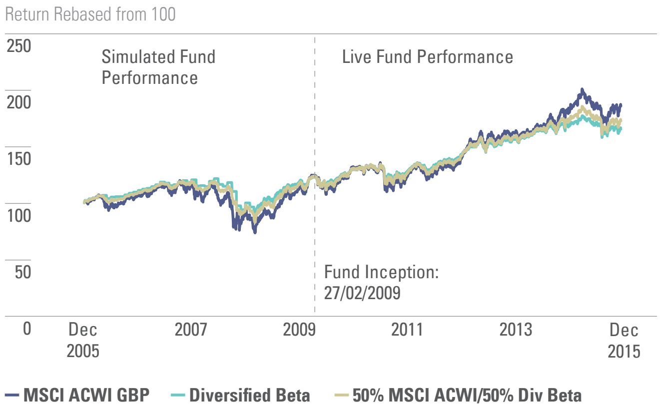


Source: SSGA as at 31 December 2015. Allocations are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.

Benefits

- Broad diversification across asset classes and global markets to reduce volatility
- The fund is optimised to minimise downside risk
- Exposure to alternative asset classes
- Diversified fund of passively implemented strategies offering a significantly lower cost structure than active portfolios

Performance



Implementation Options for DC Schemes

- For clients seeking an optimal mix of growth assets
- As a standalone strategy during the growth phase of a lifestyle strategy
- Blended with an equity fund to balance equity risk

Performance Summary

	Diversified Beta Fund	50% MSCI ACWI/50% Div Beta	MSCI All Country World Index
Return % pa	5.15	5.58	6.33
Standard Deviation (%)	9.23	9.93	16.33
Reward to Risk Ratio	0.56	0.56	0.39
Maximum Drawdown (%)	-27.78	-30.71	-38.80

Source: SSGA. Period 31/12/2015–31/12/2015. Performance returns are simulated up until the fund launched on the 27/02/2009. The data after 27/02/2009 are live fund returns. 10 years of data is shown to demonstrate performance over a full business cycle. Past performance is not a guarantee of future results. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in sterling. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income. The simulated performance shown is not necessarily indicative of future performance, which could differ substantially. Please see appendix for additional information. The performance figures contained herein are provided on a gross of fees basis and do not reflect the deduction of advisory or other fees.

DIVERSIFIED ALTERNATIVES FUND

Approach

The strategy provides exposure to a range of alternative asset classes that are uncorrelated to equities, in order to reduce the volatility of total portfolio returns and achieve a superior balance of risk and return.

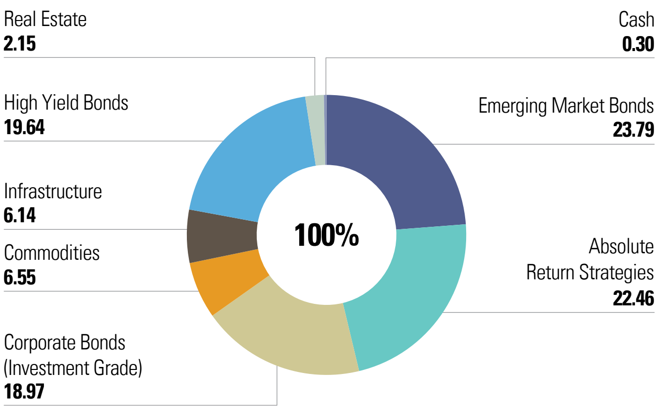
The asset allocation aims to minimise the volatility of the total portfolio with a minimal impact on return. Asset classes are included on the basis of their forecast return, diversification benefit (i.e. low correlation and their potential to reduce volatility) and liquidity. To improve diversification, strategic weights are limited to a maximum of 40% for any asset class within the strategy.

Benefits

- Diversified exposure to non-equity growth assets
- Low correlation to equities for maximum diversification benefits
- The fund is optimised to minimise downside risk
- Diversified fund of passively implemented strategies offering a significantly lower cost structure than active alternative portfolios
- Reduced governance burden compared with active alternative portfolios

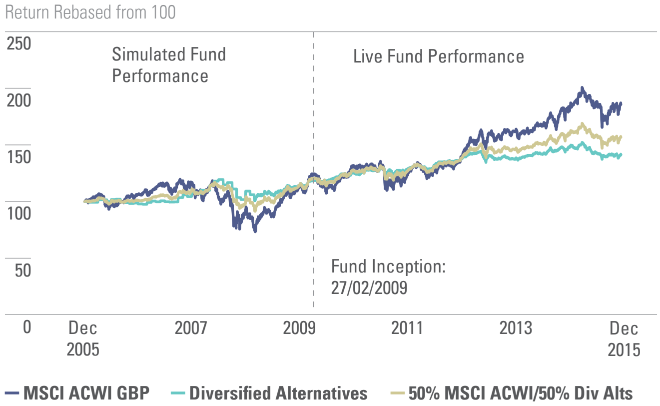
Asset Allocation

The diversified portfolio includes commodities, property, high yield and emerging market debt and infrastructure.



Source: SSGA as at 31 December 2015. Allocations are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.

Performance



Implementation Options for DC Schemes

- For clients seeking to obtain exposure to alternatives to meet objectives of their wider investment strategy
- Blended with an equity fund to balance risk in the growth phase
- Blended with equities and bonds to balance risk in the de-risking phase

Performance Summary

	Diversified Alternatives	60% MSCI ACWI/40% Div Alts	MSCI All Country World Index
Return % pa	3.52	5.24	6.33
Standard Deviation (%)	6.63	8.16	16.33
Reward to Risk Ratio	0.53	0.64	0.39
Maximum Drawdown (%)	-15.72	-21.85	-38.80

Source: SSGA. Period 31/12/2005–31/12/2015. Performance returns are simulated up until the fund launched on the 27/02/2009. The data after 27/02/2009 are live fund returns. 10 years of data is shown to demonstrate performance over a full business cycle. Past performance is not a guarantee of future results. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in sterling. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income. The simulated performance shown is not necessarily indicative of future performance, which could differ substantially. Please see appendix for additional information. The performance figures contained herein are provided on a gross of fees basis and do not reflect the deduction of advisory or other fees.

About SSGA

For more than three decades, State Street Global Advisors (SSGA) has been on a mission to help our clients and the millions who rely on them achieve financial security. With more than £1.5 trillion* in assets, we partner on a daily basis with many of the world's largest and most sophisticated investors, providing a disciplined, research-driven investment process and powerful global platform spanning asset classes across the indexing and active spectrums to help them reach their goals.

SSGA is the investment management arm of State Street Corporation.

*AUM reflects approx. £14.9 billion (as of 31/12/2015) with respect to which State Street Global Markets, LLC (SSGM) serves as marketing agent; SSGM and State Street Global Advisors are affiliated.

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This document should be read in conjunction with its Strategy Disclosure/Supplemental/Policy Document. All transactions should be based on the latest available Strategy Disclosure/Supplemental/Policy Document which contains more information regarding the charges, expenses and risks involved in your investment.

Government bonds and corporate bonds generally have more moderate short-term price fluctuations than stocks, but provide lower potential long-term returns.

Asset Allocation is a method of diversification which positions assets among major investment categories. Asset Allocation may be used in an effort to manage risk and enhance returns. It does not, however, guarantee a profit or protect against loss.

Bonds generally present less short-term risk and volatility than stocks, but contain interest rate risk (as interest rates rise bond prices usually fall); issuer default risk; issuer credit risk; liquidity risk; and inflation risk. These effects are usually pronounced for longer-term securities. Any fixed income security sold or redeemed prior to maturity may be subject to a substantial gain or loss.

Equity securities may fluctuate in value in response to the activities of individual companies and general market and economic conditions.

Investing in high yield fixed income securities, otherwise known as "junk bonds", is considered speculative and involves greater risk of loss of principal and interest than investing in investment grade fixed income securities. These Lower-quality debt securities involve greater risk of default or price changes due to potential changes in the credit quality of the issuer.

Investing in commodities entail significant risk and is not appropriate for all investors. Commodities investing entail significant risk as commodity prices can be extremely volatile due to wide range of factors. A few such factors include overall market movements, real or perceived inflationary trends, commodity index volatility, international, economic and political changes, change in interest and currency exchange rates.

There are risks associated with investing in Real Assets and the Real Assets sector, including real estate, precious metals and natural resources. Investments can be significantly affected by events relating to these industries.

Investing in REITs involves certain distinct risks in addition to those risks associated with investing in the real estate industry in general. Equity REITs may be affected by changes in the value of the underlying property owned by the REITs, while mortgage REITs may be affected by the quality of credit extended. REITs are subject to heavy cash flow dependency, default by borrowers and self-liquidation. REITs, especially mortgage REITs, are also subject to interest rate risk (i.e., as interest rates rise, the value of the REIT may decline).

Standard deviation is a historical measure of the volatility of returns. If a portfolio has a high standard deviation, its returns have been volatile; a low standard deviation indicates returns have been less volatile. Standard Deviation is normally shown over a time period of 36 months, but the illustrations noted above may reflect a shorter time frame. This may not depict a true historical measure, and shouldn't be relied upon as an accurate assessment of volatility.

Companies with large market capitalizations go in and out of favor based on market and economic conditions. Larger companies tend to be less volatile than companies with smaller market capitalizations. In exchange for this potentially lower risk, the value of the security may not rise as much as companies with smaller market capitalizations.

Investments in small/ mid-sized companies may involve greater risks than in those of larger, better known companies.

Investing in foreign domiciled securities may involve risk of capital loss from unfavorable fluctuation in currency values, withholding taxes, from differences in generally accepted accounting principles or from economic or political instability in other nations.

Investments in emerging or developing markets may be more volatile and less liquid than investing in developed markets and may involve exposure to economic structures that are generally less diverse and mature and to political systems which have less stability than those of more developed countries.

Diversification does not ensure a profit or guarantee against loss.

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The simulated performance data is reported on a gross of fees basis, but net of administrative costs. Additional fees, such as the advisory fee, would reduce the return. For example, if an annualized gross return of 10% was achieved over a 5-year period and a management fee of 1% per year was charged and deducted annually, then the resulting return would be reduced from 61% to 54%. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in GBP.

The simulated performance shown is not necessarily indicative of future performance, which could differ substantially.

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