



# GEBP Investment Committee Newsletter

## February 2010

**In this, the third newsletter prepared by the Global Employee Benefit Plan (GEBP) Investment Committee, we draw your attention to some recent changes to the GEBP fund range. In addition, we will provide you with additional information about certain funds available in the GEBP, emphasise the importance of investment diversification, and highlight recent developments and upcoming enhancements to the GEBP.**

This newsletter aims to provide the following:

- A brief update outlining the recent changes to the GEBP and GEBP (US) fund ranges
- Clarification on the workings behind the Goldman Sachs Signum 80% Protection Fund (the Signum Fund)
- A reminder about member responsibilities and the benefits of a diversified investment portfolio
- Currency – changes in the underlying currency of GEBP investment funds since 2006
- Information about the forthcoming introduction of a facility to enable members of the GEBP to set your own personal target retirement age
- Spotlight: GEBP (Swiss) member accounts – time to revisit asset allocation?
- Forthcoming developments and improvements coming to the GEBP



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## Changes to the GEBP fund range

### What changes are being made to the GEBP fund ranges?

In the November GEBP member newsletter the Investment Committee indicated they were embarking on an investment fund review to identify any particular gaps or needs across the Rest of World and US section fund ranges to ensure a sufficiently diverse range of funds and asset classes were available to all members. As a result of this review, and in response to some unexpected withdrawal of fund options by HSBC Investment Solutions (HSIS), the following changes have been made to the GEBP Rest of World and GEBP (US) fund ranges.

### GEBP Rest of World Section

#### *BlackRock (formerly BGI) Pacific Index Fund has replaced the HSBC Investment Solutions Asian Equity fund*

Members were notified in early January that HSIS withdrew the HSBC Investment Solutions Asian Equity Fund. For a brief period of time, GEBP assets invested in the HSBC Investment Solutions Asian Equity Fund were held in the Insight Liquidity USD Fund. Over the next few days members were mapped across into an alternative fund in the same asset class, namely the BlackRock Pacific Index Fund.

There are some key differences between these two funds, which is worth highlighting here and these are as follows:

- 1) The HSBC Investment Solutions Asian Equity Fund is 'actively' managed, whereby the fund manager makes its equity buy and sell decisions in line with its internal investment research and policy. The BlackRock Pacific Index Fund is 'passively' managed, whereby the fund manager makes its equity buy and sell decisions to replicate an index, which in this case is the MSCI Pacific Rim (ex-Japan) Index.
- 2) One of the benefits of the change in investment style from 'active' to 'passive'

is that charges for investing passively are lower. The charges for the HSBC Investment Solutions Asian Equity Fund are 1.2% (inclusive of the administrator/record keeper fees), whilst the charges for the BlackRock Pacific Index Fund are only 0.4% (inclusive of the administrator/record keeper fees). This represents a significant saving in terms of charges.

For those who were in the HSBC Investment Solutions Asian Equity Fund, you will see in your Zurich International Online (ZIO) retirement account the trading activity associated with this change. There will be:

- 1) A switch out of HSBC Investment Solutions Asian Equity Fund into Insight Liquidity USD Fund;
- 2) A switch out of Insight Liquidity USD Fund into BlackRock Pacific Index Fund

As always, members of the GEBP are free to switch out of the BlackRock Pacific Index Fund into different self-direct funds or one of the Lifestyles funds. There are no charges associated with such fund switching.



**BlackRock (formerly BGI) North America Index Fund has replaced the HSBC Investment Solutions US Large Cap Fund**

In early February, it was confirmed to members that HSIS was also unilaterally withdrawing the HSBC Investment Solutions US Large Cap Equity Fund (also known to members by the underlying investment manager's name, as the Transamerica US Large Cap Fund). Members of the GEBP who were invested in the HSBC Investment Solutions US Large Cap Equity Fund were mapped directly across into an alternative fund in the same asset class, namely the BlackRock (formerly BGI) North America Index Fund.

The GEBP Investment Committee sought advice from the Investment Consultants, Towers Watson, on a suitable fund to replace the HSBC Investment Solutions US Large Cap Equity Fund and this has led to the selection of the BlackRock North America Index Fund. The Trustees of the GEBP have agreed to these fund changes. There are some differences between the two funds, which is worth highlighting here and these are as follows:

1) The HSBC Investment Solutions US Large Cap Equity Fund is 'actively' managed, whereby the fund manager makes its equity buy and sell decisions in line with its internal investment research and policy. The BlackRock North America Index Fund is 'passively' managed, whereby the fund manager makes its equity buy and sell decisions to replicate an index, which in this case is the MSCI North America Index.



2) A consequence of the change in investment style from 'active' to 'passive' is that charges for investing passively are lower, as there is no requirement to do anything other than replicate an index and so research costs and transaction costs are typically reduced. The charges for the HSBC Investment Solutions US Large Cap Equity Fund are 1.05% (inclusive of the administrator/record keeper fees), whilst the charges for the BlackRock North America Index Fund are only 0.4% (inclusive of the administrator/record keeper fees). This represents a significant saving in terms of charges.



For those who have invested in the HSBC Investment Solutions US Large Cap Equity Fund, you will see in your Zurich International Online (ZIO) account the trading activity associated with this change. There will be a switch out of HSBC Investment Solutions US Large Cap Equity Fund into BlackRock North America Index Fund

As always, members of the GEBP are free to switch out of the BlackRock North America Index Fund into alternative self-direct funds or one of the Lifestyles, if preferred. There are no charges associated with such fund switching.

The BlackRock North America Index Fund aims to achieve investment returns in line with US and Canadian equity markets, and is growth orientated. The fund invests in around 700 companies, with country holdings of approximately 91% US, and 9% Canada. As a passively managed product, this fund aims to track the return of the MSCI North America Index, and is denominated in US Dollars (\$USD).



## **GEBP (US) Section**

### *Alliance Bernstein Retirement Strategy 2025 Fund will replace the Alliance Bernstein Retirement Strategy 2010 Fund*

The Alliance Bernstein Retirement Strategy 2010 Fund, which currently has no GEBP holdings, will be withdrawn and replaced by the Alliance Bernstein Retirement Strategy 2025 Fund to accommodate member needs. This new Alliance Bernstein Retirement Strategy 2025 Fund will become a new option and is not to impact the default, which remains the Alliance Bernstein Retirement Strategy 2015 Fund.

The Alliance Bernstein Retirement Strategy 2025 Fund works in a similar way to the 2010, 2015 and 2020 Funds, with the exception of the target retirement date. With the 2025 Fund, both leading up to, and beyond 2025, the Fund will automatically start moving from “return” seeking assets to “safer” assets with the intention of reducing the possibility of capital loss.

The investment objective of the 2025 Fund is to seek the highest total return over time consistent with its asset mix. Total return includes capital growth and income. The 2025 Fund’s asset mix

will become more conservative, both prior to and after the target year. This reflects the objective of pursuing the maximum amount of capital growth, consistent with a reasonable amount of risk, during the investor’s pre-retirement and early retirement years. After the retirement date of 2025, the Fund’s asset mix seeks to minimise the likelihood that an investor experiences a significant loss of capital at a more advanced age. The asset mix will continue to change with an increasing exposure to investments in fixed-income securities and short-term bonds until fifteen years after a Funds target retirement date. Thereafter, the target asset allocation for that Fund will generally be fixed. The static allocation of a Fund’s asset mix will be 27.5% short-duration bonds, 37.5% fixed income securities, 10% real estate, and 25% equities.

This fund will be available to members of the GEBP (US) by the end of Q1 2010. As always, members of the GEBP (US) will be free to switch into this fund, at no charge, once it is live on the RBC online system. The Alliance Bernstein Retirement Strategy 2025 Fund comes with a total fee of 1.24% (inclusive of RBC hosting fees).



***iShares MSCI EMU Index Fund will be an additional fund option to the GEBP (US) fund range***

The iShares MSCI EMU Index Fund aims to achieve investment returns in line with the equity markets of European Monetary Union countries (excluding the UK). The fund holds around 270 companies, with the largest country holdings being France, Germany, Spain, Italy and the Netherlands. This is an Exchange Traded Fund (ETF), a passively managed product, which aims to track the return of the MSCI EMU Index. Although the fund is denominated in US Dollars (\$USD), it invests in Euro (€) priced EMU companies, and uses no currency hedging. This fund will be available to members of the GEBP (US) by the end of Q1 2010. As always, members of the GEBP (US) will be free to switch into this fund, at no charge, once it is live on the RBC online system.

The iShares MSCI EMU Index Fund comes with a total fee of 1.06% (inclusive of RBC hosting fees).

***Vanguard Emerging Markets Stock Index will be an additional fund option to the GEBP (US) fund range***

The Vanguard Emerging Markets Stock Index Fund aims to achieve investment returns in line with equity markets from a basket of Emerging Market countries. The fund invests in around 800 companies, with the largest country holdings being China, Brazil, Korea, Taiwan, India, South Africa and Russia. This product aims to provide investment growth, but due to the volatile nature of Emerging Markets investments, it is significantly more risky than investment in developed equity markets. Members selecting this fund should be aware of these risks, and be willing to accept potentially significant fluctuations in their investment value. This is a passively managed product, which aims to track the returns of the MSCI Emerging Markets Index, and is denominated in US Dollars (\$USD).

This fund will be available to members of the GEBP (US) by the end of Q1 2010. As always, members of the GEBP (US) will be free to switch into this fund, at no charge, once it is live on the RBC system.

The Vanguard Emerging Markets Stock Index Fund comes with a total charge of 0.89% (inclusive of RBC hosting fees).

***What about fund changes to the GEBP (Swiss) Section?***

The Investment Committee continues to work with investment advisors, Towers Watson, to extend the current investment fund range available to Swiss members. It is important to appreciate that this must be achieved, whilst at the same time ensuring the funds remain compliant with the Swiss regulatory authorities' strict limits on the percentage of equity assets within any particular fund. GEBP (Swiss) members can expect to see increased options in their fund range during 2010. Please look out for more details in upcoming communications.



## Goldman Sachs Signum 80% Protection Fund (the Signum Fund)

The Investment Committee felt that it was important for GEBP members to obtain a good understanding of one of the more complex investment funds available to certain members (GEBP Rest of World and GEBP Swiss). This section of the newsletter aims at supporting this member education; and if it is popular and successful it will be repeated for some of the other GEBP fund options in future newsletters.

You will be aware that the Goldman Sachs Signum 80% Protection Fund was added to the GEBP fund range in the autumn of 2008. The benefit of this fund, which at the time, was developed exclusively for Tetra Pak members, was explained when it was introduced but it was felt the message should be restated to highlight the benefits to members of the GEBP.

The Signum Fund was designed to provide members of the Tetra Pak GEBP with exposure to the equity market while protecting member investments and ensuring that the investments' fund value will be at least 80% of initial contributions. Below we will aim to explain in greater detail how this fund works.



### **What is the Signum Fund's objective?**

The Signum Fund holds assets whose values are based on European equities (Dow Jones EUROSTOXX 50), but also looks to protect at least 80% of a member's investment. In rising equity markets the Signum Fund will automatically increase its exposure to riskier assets, and in falling equity markets the Signum Fund will increase its exposure to less risky assets (for example, cash).

This means that whilst equity markets are rising, investments will increase in value and should you, as a GEBP member, wish to exit the Signum Fund (for example, by switching to alternatives), you would sell your investment

at the current Signum Fund Net Asset Value (NAV), or 'fair value'. Alternatively, if equity markets drop significantly you are protected such that you never lose more than 80% of the highest fund NAV reached, observed on a monthly basis.

As at November 2009, the fund offered a fixed and guaranteed minimum protection level of 89% of initial investment (with initial investment being in November 2009). Using this as an example, €1000 invested in the fund at this point, will give a minimum protection of €890. This €890 protection level will either remain constant or increase over time.

### How does the Signum Fund's 'protection' work?

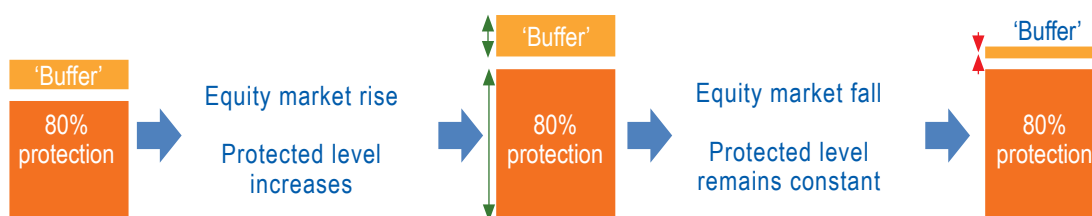
The Signum Fund is not an actively managed fund and its only asset is a total return swap entered into with Goldman Sachs Financial Products Limited. The fund aims to capture upside from European equities whilst providing a guarantee that the fund value will be at least 80% of the maximum historic net asset value (NAV) of the fund observable on a monthly basis. To achieve this, the fund will be exposed to a combination of an Exchange Traded Fund (ETF) tracking the performance of the Dow Jones EUROSTOXX 50 equity index and cash, where the allocation will be determined by a pre-determined strategy or algorithm. The indicative initial exposure of the fund to the Exchange Traded Fund at launch was around 60%, although it may vary over time as dictated by the pre-determined strategy or algorithm. The value of a member's investment is guaranteed not to fall below a protective floor equal to 80% of the maximum historic NAV of the fund measured at each monthly point. The exposure to the equity index will be reduced in case of negative performance. In case of severe underperformance, the exposure to the equity index could be permanently reduced to zero.

To put this more simply, the Signum Fund works therefore by keeping a 'buffer' of monies over and above the 80% minimum protected level within the fund - this does not mean that 80% of the assets will be held in cash, but rather a

proportion of the fund will be used to deliver returns that meet the 80% protection level. This 'buffer' is used to invest in riskier assets (whose values are based on European equities) to seek a higher investment return than the remainder of the assets, which are invested in a less risky asset (cash). This 'buffer' continuously changes, increasing or decreasing with the performance of equity markets, and any change in the level of protection should the fund reach a new maximum value. Given how the strategy operates in certain market cycles it is unlikely that the Signum fund will outperform the underlying EUROSTOXX 50 index. The intention of this fund is not to outperform or track the benchmark but protect 80% of the highest NAV attained over a period of time.

A pre-determined strategy or 'algorithm' will automatically decide how much of the Signum Fund's value to invest in equities and how much to invest in cash; this is continuously being adjusted. In rising equity markets the proportion invested in equities will increase to attempt to benefit from equity gains, and in falling equity markets this proportion will decrease to attempt to limit losses. This helps to protect member investments.

The illustration below shows the effect rising and falling equity markets have on the value of investment and the level of protection given to members.





The Signum Fund starts with a protection level equal to 80% of the highest historical monthly value (NAV) of the fund. If equity markets rise, and the NAV of the fund increases to a new high, the level of protection will also increase, to 80% of the new highest NAV, likewise, the 'buffer' for investment in riskier assets also increases. If equity markets then fall, the protection level remains constant, equal to 80% of the highest historic NAV of the fund, whilst the size of the 'buffer' will decrease. This means that if a protection level of above 80% is offered (as was the case in November), the fund's NAV is currently less than its historic highest value. In this way, the protected level of investment can only ever increase in value as the fund's monthly NAV reaches new highest values.

#### **What are the risks?**

As the Signum Fund is exposed to investments in European equities, the normal risks associated with equity investments are relevant. Given how the strategy operates in certain market cycles it is unlikely that the Signum fund will outperform the underlying EUROSTOXX 50 index. The intention of this fund is not to outperform or track the benchmark but protect 80% of the highest NAV attained over a period of time.

The Signum Fund offers an 80% minimum protection level, and so an investor could, in the case of the fund's 'buffer' reaching 0, lose up to 20% of their investment.





# The benefits of diversification of investments

## Why is diversification important?

One of the most important aspects of successful investment is diversification. This can be simply expressed as 'don't put all your eggs in one basket'.

Diversifying investments across a number of different assets is important because it can help to reduce the risks of investing. By risk we mean both that of losing money and that of experiencing volatile returns (extremes in the levels of return over time, in other words a 'bumpy ride').

Diversification works because not all assets react to the same conditions in the same way. For example, if the weather in a year is better than expected we would expect an ice cream manufacturer to sell more ice cream but an umbrella seller to sell less umbrellas - and of course the opposite would be true in a year with poor weather. In more technical terms, the likely returns from these two companies are said to be uncorrelated. This very simple analysis can be used to create portfolios that begin to manage risk, as investing in both the ice cream manufacturer and the umbrella seller together should cancel out some of the fluctuations from each business.

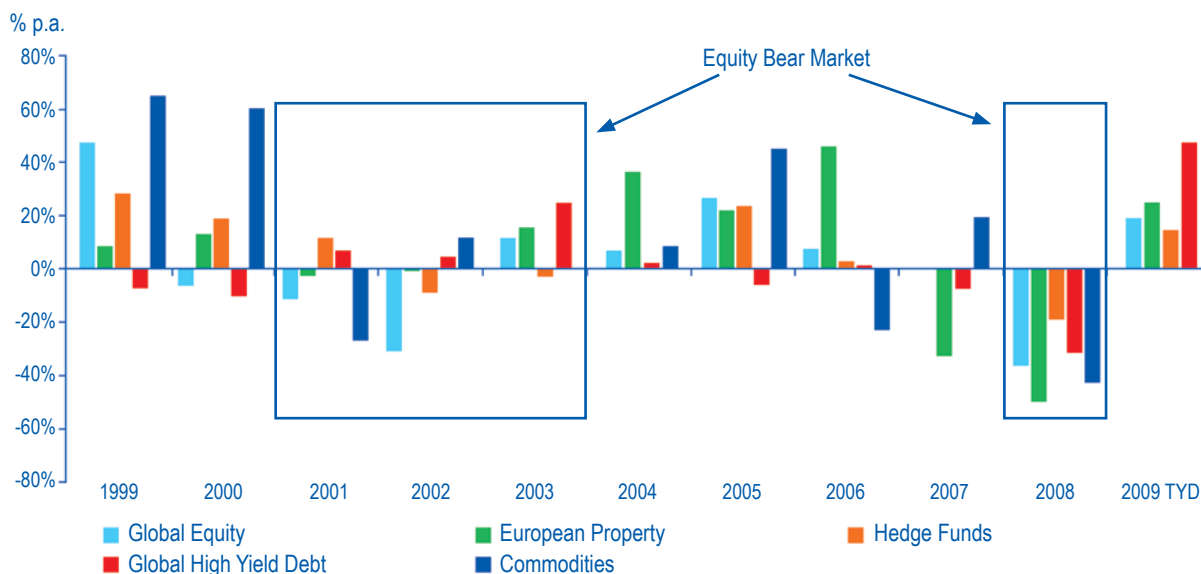
This idea of investing savings in more than one company is well established which is why most members of defined contribution schemes invest in pooled funds which have investments in many different companies, for example a European equity pooled fund.

## How does this impact your pension?

Most defined contribution schemes use exactly the same concept to reduce the risks associated with investing in a single stock market (for example the European stock market). This is most commonly done by investing pension savings into funds that mix overseas stock markets with the European stock market.

Historically the returns from a stock market have been primarily dependant upon the underlying economy of the country they represent. Consequently they have offered diversification benefits to each other, similar to those we saw from our ice cream and umbrella seller example. As the world has entered a greater period of financial harmonisation brought about by globalisation the diversifying benefits of investing in overseas stock markets have been substantially reduced. In fact we now find ourselves at a time where the major stock markets of the world react in a similar manner to events.

Annual return of asset classes over past 10 years



Source: Datastream/Lehman Live/Bloomberg as at 30 September 2009. Illustrative only.

### What can members do about this?

The previous analysis shows that investing in different equity markets is becoming a bit like investing in a number of different ice cream sellers. When the sun is shining they all sell a lot of ice cream and when it is raining they all sell less ice cream. One solution to this changing behaviour of world stock markets is to recognise that they are increasingly likely to move in the same direction and then simply accept the consequences. These consequences are that the good long-term growth that investing in equities can generate comes with a bumpy ride; that there may be relatively long periods where equity markets deliver negative returns or fail to keep up with inflation.

A sensible alternative is to find other types of investments that can generate similar long term positive returns as equities but that also react differently to equities to the same events. A good example of such an asset class is

commodities (for example, metals). If interest rates in the Eurozone rise, then after paying household bills, such as mortgages, people will have less money to spend on items such as jewellery. Consequently we would expect that the price of jewellery retailers to fall. However the price of gold on the world's markets would be unaffected its price is much more affected by supply and demand and its usage in manufacturing processes around the world. Consequently investing in a portfolio of equities and commodities, such as gold, can lead to a more diversified portfolio of assets than investing in equities alone.

In addition there are a number of other diversifying asset classes that can be combined with equities to create investment funds. These can deliver similar levels of return to equities but act to smooth the pattern of the return, in the same way as combining the shares of an umbrella seller with an ice cream seller.



### What assets can be used to diversify?

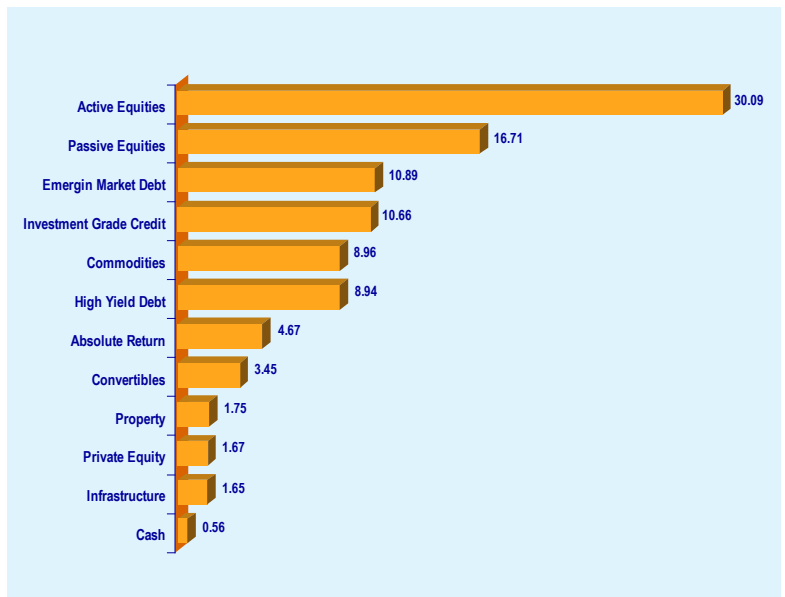
When we refer to asset classes that diversify the risks associated with the equity market we mean:

Commodities	Energy, metal and agriculture
Emerging Market Debt	Bonds issued by the governments of developing countries (eg Asia, Latin America)
Emerging Market Equity	Company shares listed on the stock markets of developing countries
Global High Yield Bonds	Bonds issued by companies and other organisations that have a lower credit rating
Hedge Funds	Funds which can use aggressive strategies in order to achieve an absolute positive return in any given market cycle
Property	Property such as offices, industrial and retail
Private Equity	Shares in companies that are not listed on a recognised exchange

**What choices does the Tetra Pak Global Employee Benefit Plan offer to aid diversification?**

Pension fund diversification comes in a number of forms, firstly in terms of the underlying components within a single investment fund, e.g. wide range of stocks and shares in an equity fund, wide range of asset types in a diversified fund.

Secondly, diversification means offering choice through a sufficient range of investment fund options. Within the GEBP Rest of World and US sections, the fund range offers a number of different regional and global equity funds provided to manage geographical diversification. Exposure to other asset classes is also made available to members.



For example, the GEBP Rest of World section offers a Diversified Growth Fund (DGF – through Schroders), which itself invests in a variety of different asset classes shown in the table above.

The Investment Committee is looking at the options for the GEBP (Swiss) section with intentions to ensure a wider range of investment funds to aid diversification becoming available for members to consider. This is perhaps more difficult to achieve given the restrictions placed by Swiss Law and the authorities around asset allocation, capital preservation and risk.





## Currency – changes in the underlying currency of GEBP investment funds since 2006

A feature of the evolution of the Tetra Pak GEBP since 2006, when it was first introduced has been the change in the fund denominations. By this, we mean that back in 2006, there were seven funds that were USD denominated and three funds that were EUR denominated (plus one SEK and one CHF). Therefore, a clear majority of the funds were USD denominated which reflected the choices available at that time. As the market has developed there has been a gradual shift to greater EUR

denominated funds and so today in 2010 for the Rest of World, there are five funds that are USD denominated and five funds that are EUR denominated (plus one SEK and one CHF), providing greater choice for those European members based in Europe and intending to retire in Europe. In addition, the US section offers access to seven USD denominated funds, with two more coming and the Swiss section three EUR denominated funds (drawn from the Rest of World range), with more options coming soon.



## GEBP Personalised Target Retirement Age

In the November 2009 member newsletter, the Investment Committee indicated that one of the improvements they were hoping to make included the possibility of enabling GEBP members to set personalised target retirement age, as opposed to the GEBP's initial 65 fixed normal retirement age.



### **How is the functionality changing?**

If you participate in one of the Lifestyle Portfolios (Conservative, Balanced and Aggressive) in the GEBP Rest of World Section, or the GEBP (Swiss) Lifestyle Portfolio, as you approach 65 your pension monies will automatically switch out of equity based investments into lower risk investments, starting at age 55 regardless of your personal retirement goals (age 60 for those in the Aggressive Lifestyle). With the new enhancement, due later in the year, to introduce a personalised retirement age to the GEBP, you will be able to set your own GEBP retirement age, giving you control over when the switching from equity to lower risk funds commences (between ages 60 and 70).

### **Why is it important to set my personalised target retirement age?**

Setting your own personalised target retirement age enables you to more efficiently ensure investments are directed in order to suit your retirement needs.

Let's look at some practical examples of how your retirement age would affect you if you were invested in, say the Balanced Lifestyle Portfolio which is the default option for the GEBP Rest of World Section.

**Balanced Lifestyle Portfolio, Default Retirement Age**

If you are participating in the Balanced Lifestyle Portfolio, which is the default for members in the GEBP Rest of World Section, the switching from higher risk to lower risk assets would commence from ten years prior to your GEBP retirement age. This allows you to maximise exposure to medium risk investments the further away from retirement you are, in order to benefit from the potential for longer-term growth, and move to lower risk investments as you approach retirement.

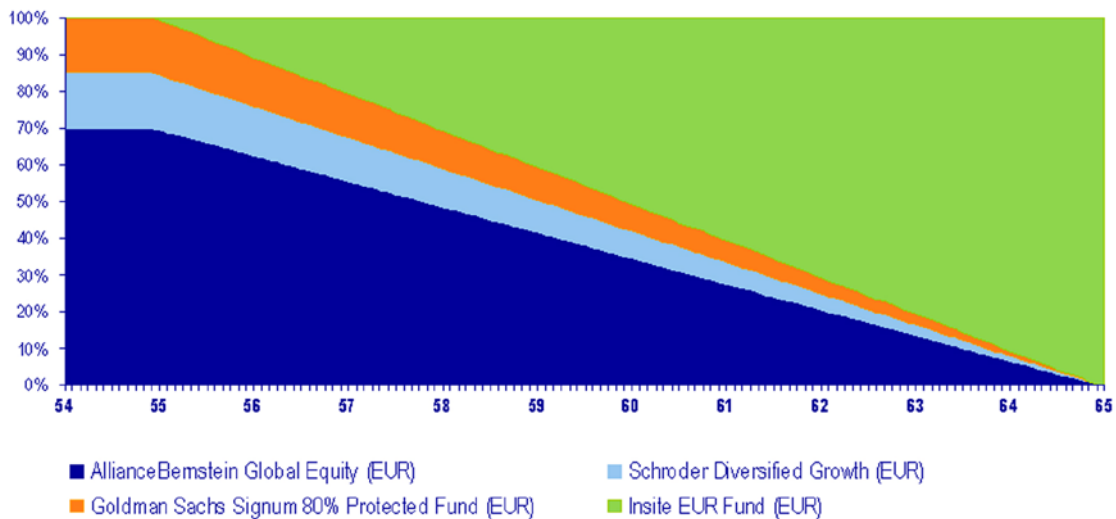
If your GEBP retirement age is the default age of 65, switching into lower risk investments would commence at age 55, so that by the time you reach the GEBP retirement age of 65, 100% of your pension holdings would

be in the lower risk cash or liquidity fund (the Insight Euro Liquidity Fund). Each year of the switching process you will see a reduction in exposure to risk and long term growth potential while improving long term security.

The graph below illustrates the current Balanced Lifestyle Portfolio and the switching process over the ten years from 55 to 65.



**Balanced Lifestyle Portfolio, default retirement age, 65**



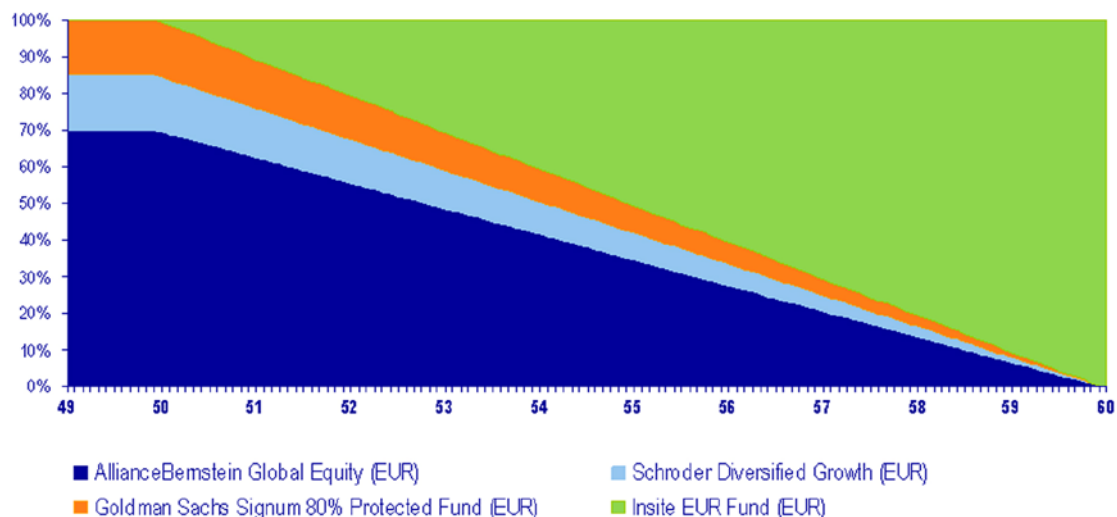
**Balanced Lifestyle Portfolio, Personalised Target Retirement Age**

Let's assume that the opportunity to personalise a target retirement is introduced and you select a retirement age of 60.

If you participate in the Balanced Lifestyle Portfolio, and your GEBP Personalised target retirement age becomes 60, switching into the lower risk assets would commence at age 50, so five years earlier than today. At your personalised GEBP retirement age of 60, 100% of your money would be in the lower risk liquidity fund (the Insight Euro Liquidity Fund). Clearly savings will be lower as retirement is five years earlier and potential growth reduces, as switching to lower risk investments would commence from age 50, rather than 55 which is the present default.



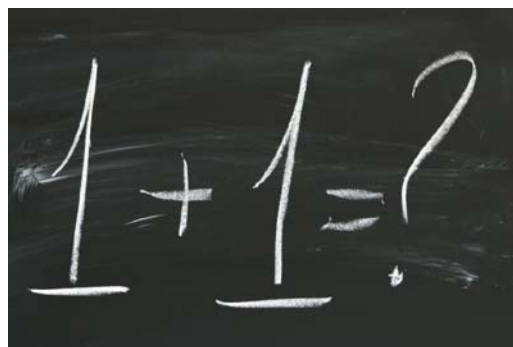
### Balanced Lifestyle Portfolio, default retirement age, 60



Your personalised retirement goals are important to consider when you are saving for retirement. Members are encouraged to set their personalised target retirement age, once available, to ensure they have their preferred exposure to growth potential and asset security in the GEBP. Given the implications of investment switching, it is important that this target age should be realistic and must fall somewhere between 60 and 70.

#### What if I have a self-directed portfolio?

If you are not participating in a Lifestyle Portfolio in the Swiss or Rest of World Sections of the GEBP, your personalised target retirement age will not directly impact the switches to your retirement account. However, if you do select a Lifestyle Portfolio in the future, this target retirement age will be saved in the Zurich International Online (ZIO) system.



#### How will I be able to change my retirement age?

Once the functionality is introduced, you will be able to change your target retirement age by signing and returning a 'Change of Target Retirement Age Form' which can be found in the documents section of the ZIO website. Once you have signed and completed this form you can return this to Zurich by either:

- Scanning and emailing to – [corporate.pensions@zurich.com](mailto:corporate.pensions@zurich.com) & [chris.cain@zurich.com](mailto:chris.cain@zurich.com)
- Faxing to +44 (0)1624 691596
- Mailing to Corporate Pensions Department, Zurich International Life Limited, 43-51 Athol Street, Douglas, Isle of Man, IM99 1EF

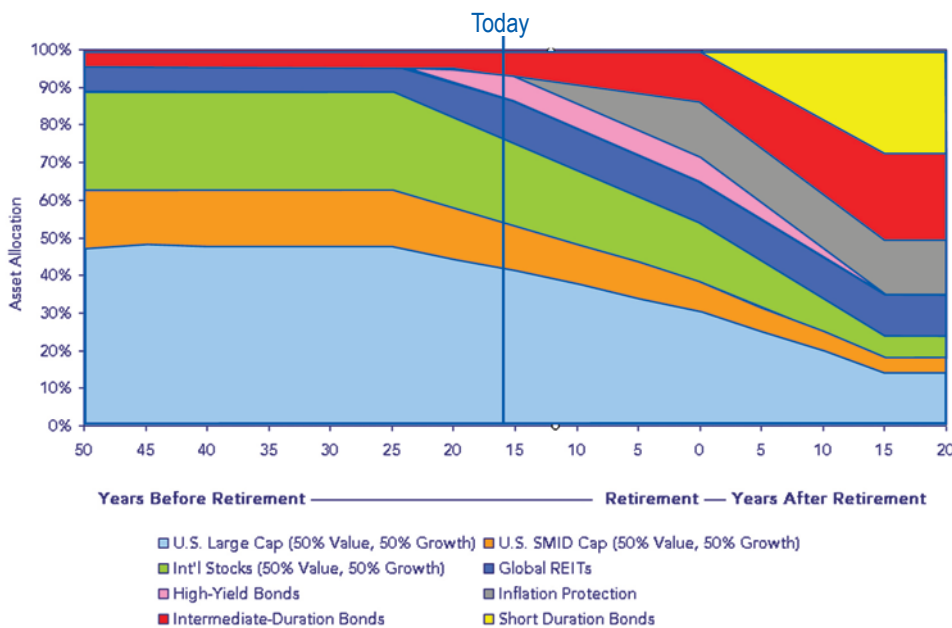
To access the GEBP member website, also known as ZIO, please go to [www.online.zurichinternationalsolutions.com](http://www.online.zurichinternationalsolutions.com) and sign in using your user identification number, and password or PIN. If you do not have the necessary login details, please contact Zurich at [chris.cain@zurich.com](mailto:chris.cain@zurich.com), or alternatively by phone Monday to Friday from 8am to 4pm GMT/BST at +44 1624 691199.

**I am a member of a GEBP (US) Retirement Strategy, will I be able to alter my personalised target retirement age?**

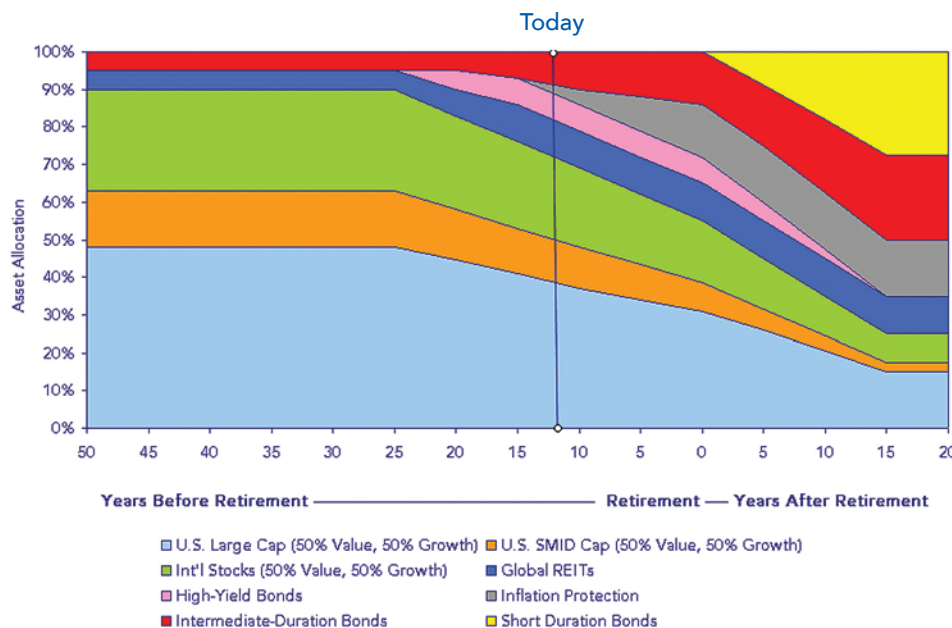
The GEBP (US) currently has three Alliance Bernstein Retirement Strategy Funds, which follow retirement strategies, each with their own pre-determined asset allocation mix which becomes more conservative over time. Unlike the Rest of World and Swiss Lifestyle Portfolios which begin switching based on a member's age, these funds all switch from high risk to lower

risk assets in the same proportions based on the members estimated retirement calendar year, 2015, 2020, or 2025.

The below illustration shows the switching process for the GEBP (US) Alliance Bernstein Retirement Strategy 2025 Fund. As you can see, the Strategy's asset mix will become more conservative, both prior to and after the target year, 2025.



In the case of the GEBP (US) Alliance Bernstein Retirement Strategy 2020 Fund, the strategy's asset mix will become more conservative both prior to and after the target year, 2020.



An illustration of the difference between these Alliance Bernstein Retirement Strategy Funds and the Rest of World and Swiss Lifestyle Portfolios is outlined in the below chart.

GEBP Lifestyle Portfolio	Member Elects Personalised Target Retirement Age	Target Retirement Age / Year	Switching Commences	Switching Completes
GEBP Balanced Lifestyle Portfolio (Default)	No election	Member age 65	Member age 55	65
GEBP Balanced Lifestyle Portfolio (Default)	Yes - 62	Member age 62	Member age 52	62
GEBP Conservative Lifestyle Portfolio	Yes - 70	Member age 70	Member age 60	70
GEBP Aggressive Lifestyle Portfolio	Yes - 60	Member age 60	Member age 50	60
GEBP (Swiss) Lifestyle Portfolio	No election	Member age 65	Member age 55	65
GEBP (US) Alliance Bernstein Retirement Strategy 2015 Fund	-	2015	-	-
GEBP (US) Alliance Bernstein Retirement Strategy 2020 Fund	-	2020	-	-
GEBP (US) Alliance Bernstein Retirement Strategy 2025 Fund	-	2025	-	-

In short, rather than being driven by the member's age, the GEBP (US) Alliance Bernstein Retirement Strategy Funds are driven by members choosing the fund closest to the calendar year of their intended retirement. As such, a form is not available to personalise a target retirement age for US members.





## Spotlight: GEBP (Swiss) member accounts

We would like to highlight to members of the GEBP (Swiss) in particular to check their current account allocation to ensure that they are appropriately diversified.

Members of the GEBP (Swiss) will recall the communication sent to members as part of the GEBP Provider transition in April 2009. One of the issues announced was the cash locking of the first version or tranche 1 of the Goldman Sachs 80% Protected Signum Fund (the Signum Fund). The cash locking was an exceptional event in response to the turbulence in the investment markets in late 2008 and early 2009.

However, to ensure that the 80% protection provided by the Signum Fund was maintained, any holdings in the GEBP (Swiss) Lifestyle prior to the cash locking were 'ringfenced', with Signum Fund assets held in the first tranche being diverted into a liquidity fund, namely the Insight Liquidity Fund to maintain the 80% protection level. This action was taken to ensure that participating members were protected from any further declines in the market.

Contributions which were received after the cash locking of tranche 1 were invested in the GEBP (Swiss) Lifestyle. This Lifestyle includes the second version or tranche 2 of the Signum Fund, so members contributions received after May 2009 will be actively invested in assets, such as equities to take advantage of rising markets.

At the time this change was announced in May 2009, members were encouraged to consider their asset allocation, and move the 'ringfenced' assets into the new Swiss Lifestyle, or into tranche 2 of the Goldman Sachs 80% Protected Signum Fund. The GEBP Investment Committee would like to once again remind members to consider their asset allocation, and review the amount of funds they have invested in the Insight Liquidity Fund. This fund contains a high proportion of the Swiss section assets and therefore members need to check their own

circumstances and feel comfortable with their current asset allocation.

As always, members can process a switch into another fund or into the Lifestyle strategy that includes tranche 2 of the Signum Fund at no charge via Zurich International Online (ZIO) at [www.online.zurichinternationalsolutions.com](http://www.online.zurichinternationalsolutions.com). If you do not have your ZIO user identification or password, please contact Zurich directly for further instruction at [chris.cain@zurich.com](mailto:chris.cain@zurich.com) or +44 1624 691199.



## Forthcoming developments and improvements coming to the GEBP

The GEBP Investment Committee and Tetra Laval Group remain committed to ensuring the GEBP continues to evolve and improve so that it remains appropriate for the long term retirement needs of its members. With this in mind, there are a number of initiatives on-going that the Investment Committee hope will ultimately make the GEBP better. These include:

- Conducting a short survey of the GEBP membership to seek your opinions and views on the investment fund range currently offered
- Enhancements to the Zurich Member website (ZIO) including dynamic fund performance information for members
- Regular Annual Investment statements sent to members – these will be generated by Zurich and RBC respectively and issued to members via email. You should ensure that your email address is current on the administration systems in order to ensure delivery.

We hope you have found this newsletter to be helpful. The Investment Committee intends to produce a regular half-yearly communication to GEBP members going forward in February and October each year. Any comments or queries you have on the GEBP design, the funds, or our approach to communications can be directed to the Investment Committee, via Jan Hoogeveen and Michael Tovar at Tetra Pak. Any other retirement account queries should be directed as usual to the recordkeeper, either Zurich International Life for Rest of World and Swiss sections ([chris.cain@zurich.com](mailto:chris.cain@zurich.com)) or RBC cees for the US section ([ceescommunications@rbc.com](mailto:ceescommunications@rbc.com) or +44 (0) 1534 602 079).

