

INTOUCH

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A photograph of a grey helicopter on a ship's deck. The helicopter's main rotor blades are blurred, indicating it is in motion. A person wearing a yellow safety vest and a yellow helmet is visible in the foreground on the left, looking towards the helicopter. The deck is wet, and there are green and red lights reflecting on the surface. The background shows the ship's structure and a hazy sky.

Pension modeller launched

The Trustee is pleased to confirm that the online pension modeller for active members of the Scheme has now been launched. The modeller enables active members (those who are still contributing to the Scheme) to run online pension illustrations using a variety of retirement dates to help plan for retirement.

The modeller can be accessed through **MyPension.com/LHPS**. You will have received a MyPension.com letter from XPS Administration (which would have had the PSAL branding) during the first quarter of 2018, which contained your login details. If you need a reminder of these, please contact XPS Administration using the details on page 12.

Manage your Pension online - [MyPension.com/LHPS](https://www.mypension.com/LHPS)

The Trustee has been working hard with XPS Administration to develop the online tools available to members through [MyPension.com/LHPS](https://www.mypension.com/LHPS). In addition to the pension modeller, there are a range of things you can currently do through the online service including:

- View your personal details and provide us with any updates to your contact information (e.g. address, email address, phone number)
- View your salary and service history
- View your recent active benefit statements
- View any AVC fund holdings you have with Old Mutual Wealth, access fund factsheets and change how your AVCs are invested
- Pensioners are able to access copies of their monthly payslips, and P60 statements.

You can also now update your Expression of Wish form via [MyPension.com/LHPS](https://www.mypension.com/LHPS), to assist the Trustee with who you would like any benefits to be paid to in the event of your death. It is important your wishes are reviewed regularly and updated as appropriate to ensure the Trustee has up-to-date information when making a decision.

Pension increases and revaluation rates

Pension Increases: Pension increases will be awarded to all pensioners on 1 April 2019. Different levels of increase will apply depending on whether pensioners have previously opted for a Pension Increase Exchange (PIE). Letters will be sent to pensioners in March 2019, setting out the increase that will apply to your pension.

Revaluation: If you are currently participating in the Scheme, your Career Salary benefits will increase by 2.4% on 6 April 2019. The effect on your pension will be shown in your 2019 benefit statement.



We would like to hear your views!

XPS Administration has been providing pension administration services to members since February 2018. When you receive support from XPS Administration with a pension event (for example when you retire from the Scheme) you will be provided with a feedback form. The Trustee and XPS Administration are continually reviewing and looking to improve the service provided to members.

Please take the opportunity to complete your feedback form as this will help us to understand what we are doing well and where we can make improvements!

New Scheme website

The Trustee is working with its communications consultant to relaunch the Scheme website (**www.lhpensions.co.uk**) early in 2019. The current website platform is being withdrawn by the provider and therefore an upgrade is needed. As part of this change, the Trustee has taken the opportunity to adopt a fresh new look which we hope members will like! The website address will remain as **www.lhpensions.co.uk**.

NEW AVC INVESTMENT FLEXIBILITY

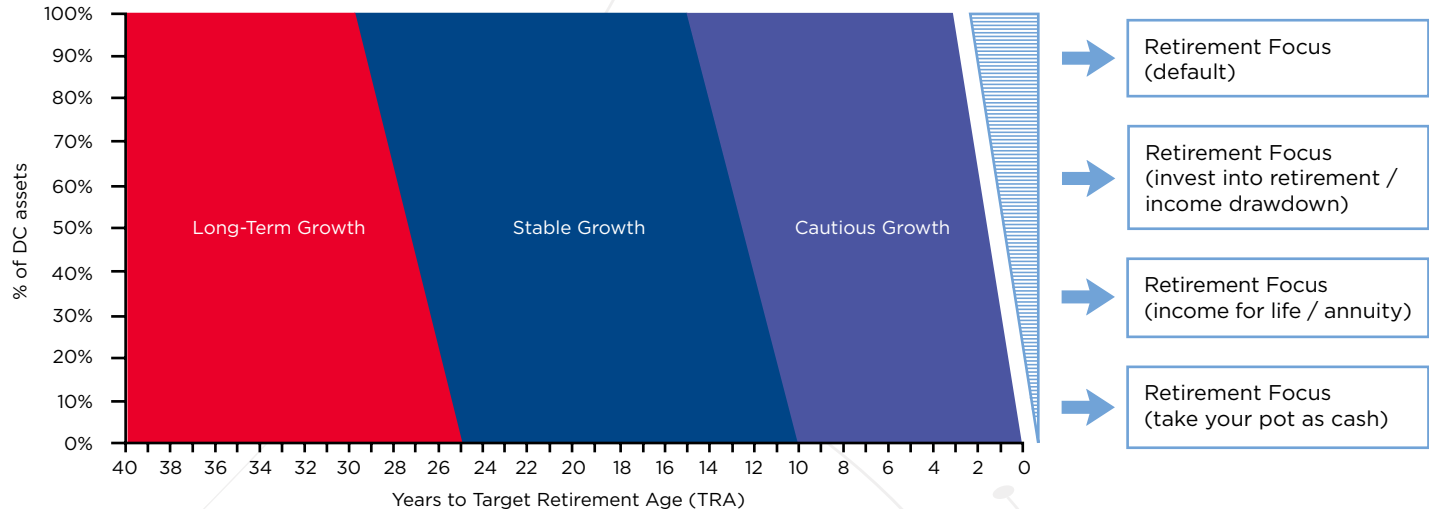


Our members are looking to access their Additional Voluntary Contributions (AVCs) more flexibly and in response to this, the Trustee wants to give members approaching retirement more options within the default lifestyle strategy.

As communicated in our autumn 2018 newsletter, we have made changes to the default Retirement Focus fund to ensure it is a better fit for those approaching retirement. However, this default Retirement Focus fund may not be right for you if you already know how you want to use your AVCs, and we have introduced some additional options.

NEW AVC INVESTMENT FLEXIBILITY CONTINUED

Accordingly, the Trustee has set up three additional versions of our Retirement Focus fund to support the following individual options:



Default – this allows a diversified investment for members who are not sure how they wish to use their AVCs at retirement.

Investment into retirement (income drawdown) – this option is aimed at members who intend to keep AVCs invested into retirement by transferring into an income drawdown solution.

Income for life (annuity) – this option is aimed at members who intend to take an annuity at retirement and receive a fixed income.

Pension pot as cash – this option is aimed at members who intend to take their AVCs as cash at retirement. Depending on the size of your AVC savings at retirement, some of the cash may be tax-free (for example within the Scheme’s £50k allowance) and some may be taxed.

What do I need to do?

You can get further information on these Retirement Focus fund options in the AVC Guide, which can be found in the publications section on the Scheme website (www.lhpensions.co.uk). If you have AVCs, please read this guide to ensure you fully understand the options available to you as you approach retirement.

If you are in the default lifestyle strategy, your savings will move into the Retirement Focus fund three years before your Target Retirement Age. If you are within three years of your Target Retirement Age, you will have received a further communication to outline your options.

Please note, these new options do not affect your core defined benefit pension.

New platform provider for DC funds

The Trustee is reviewing the Scheme's defined contribution platform provider and Mobius Life will be replacing Old Mutual Wealth to hold the Scheme's AVC assets. Members' fund holdings will be transferred into equivalent funds on the Mobius Life platform during 2019. There is no cost to members for this transfer and further information will be provided once the transfer date has been finalised.

FINANCIAL HIGHLIGHTS

In the year to 5 April 2018, the Scheme's assets reduced to £1,469 million, due to the challenging investment market through the first quarter of 2018 together with a fall in the value of the liability hedge (which will have been offset by a fall in Scheme liabilities). The table below shows a summary of the financial transactions of the Scheme during the year:

Value of Scheme assets at 5 April 2017	£1,495m
+ income	£65m
- benefits and expenses	(£46m)
- change in market value of investments	(£45m)
Value of Scheme assets at 5 April 2018	£1,469m

This information has been taken from the Trustee's Annual Report and Accounts 2018, which have been independently audited by RSM UK Audit LLP. If you would like to see a copy of the full Report and Accounts, it is available from the publications section of the Scheme website: www.lhpensions.co.uk



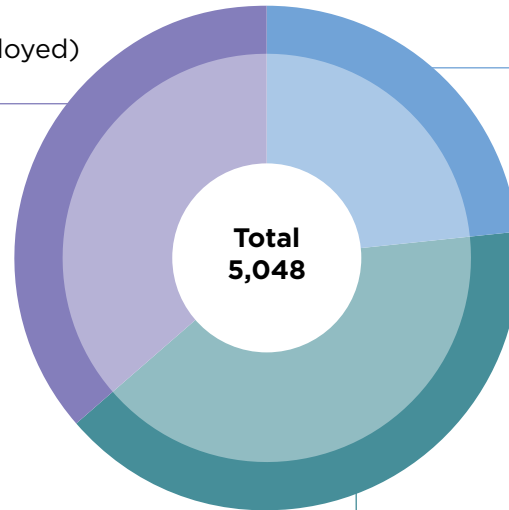


MEMBERSHIP

As at 5 April 2018, the membership of the Scheme was as follows:

1,847
Active (employed)
members

1,176
Deferred
members



2,025
Pensioners

OUR INVESTMENTS

Investment strategy

The Trustee is responsible for investing the Scheme's assets in order to pay pensions to members now and in the future. Taking advice from specialist advisers, the Trustee sets out its investment strategy in a document called the Statement of Investment Principles.

Following the 2017 actuarial valuation, the Trustee reviewed the investment strategy and increased the level of the Scheme's liability hedging strategy to match the movements in the Scheme's liabilities more closely, including hedging a proportion of the liabilities for future pension provision to help support the future service contribution rate. There was also a move towards de-risking the portfolio by reducing the level of risk within the Scheme's return-seeking investment portfolio.

The Scheme's return-seeking assets (£1,111m) are invested in the Total Investment Governance Solution (TIGS) managed by River & Mercantile Solutions, which covers a wide range of investment types. The Trustee has delegated the day-to-day management of the assets to this investment manager.

The 'off-risk' portion of the Scheme's assets (£353m) are in a mix of hedging instruments and Government bonds which track changes in the liability profile of the Scheme when long-term interest rate and inflation expectations change. There is also £11m in AVC funds.

Allocation of assets as at 5 April 2018

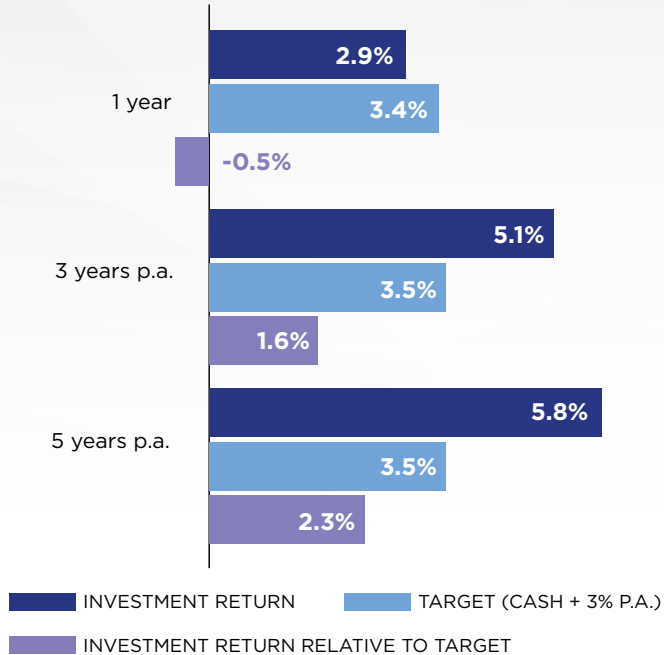
Asset class	Value	%
Equity	£435m	30%
Private Equity	£34m	2%
Alternatives	£299m	20%
Bonds	£190m	13%
Property	£35m	2%
Cash	£119m	8%
Currency hedge	-£1m	0%
Total on-risk	£1,111m	75%
Off-risk	£353m	24%
DC assets	£11m	1%
Current liabilities-current assets	-£6m	0%
Total	£1,469m	100%

Further information about the Scheme's investments is available in the 2018 Report and Accounts.

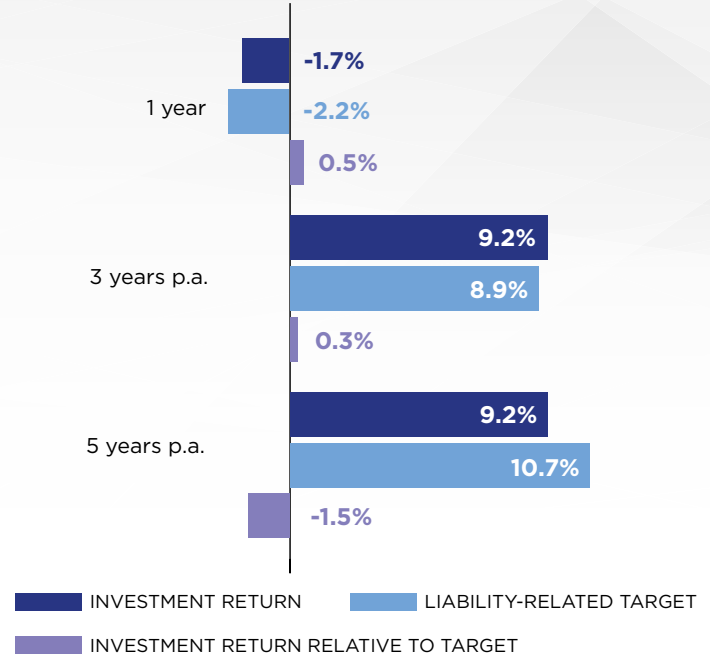
Investment performance

The year to 5 April 2018 saw challenging market conditions for the Scheme. The strong returns experienced during 2017 were impacted by the heavy falls across the board in equities, return-seeking bonds and property during February and March 2018. Returns are shown to 5 April 2018, net of any fees paid from assets.

Looking first at the performance of the Scheme's return-seeking portfolio alone, returns over the year were below the target benchmark, although they remain ahead over longer periods:



The returns for the total portfolio (including the off-risk assets) have a different profile, principally because of the significant movements in liability-related assets in recent years:



KEEP IN TOUCH

Please remember to let us know if any of your details change, such as your address. If you have any queries about your pension, please contact the administrator.

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Disclaimer

The content of this newsletter is given for the purpose of providing you with information about the Scheme only and has no legal effect. The Rules of the Scheme govern how the Trustee must act and if there is any inconsistency between the Rules and the information given in this newsletter, the Rules will prevail.