

Private & Confidential

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**Please read this document as it provides
important information regarding your Additional
Voluntary Contributions**

Dear Member

News on Additional Voluntary Contributions (AVCs)

Last summer we wrote to inform you that the Land Rover Pension Scheme Trustees were reviewing the Scheme's AVC arrangements. We can confirm that we will now be making the changes in early 2016. The objectives of the review are to ensure that; the Scheme's AVC funds continue to offer you appropriate investment options for your long term financial needs; the funds are in line with good practice and the Pensions Regulator's requirements and a common range of investment options is available to members of the Jaguar Pension Plan, Jaguar Executive Pension Plan and Land Rover Pension Scheme.

This communication details the outcome of the review and how it will affect you.

Please note, if you currently:

- **expect to retire between 18 February 2016 and 6 April 2016**
- or
- **wish to cease being a member of the AVC arrangement and/or wish to transfer your AVC benefits out of the Scheme**

please inform the Scheme's administrators (JLT) prior to 23 November 2015. They can be contacted on 0845 300 2967 or by email at landrover@jltgroup.com

1. Coming soon - Changes to AVCs

Following the review of AVC arrangements, the Trustees have decided to introduce new funds offered by Legal & General. The complete range of new funds available from Legal and General is shown later in this letter.

The impact of this change upon your AVC investments will depend upon your current AVC choices as shown in the table below:

Prudential	Some funds will be transferred to an equivalent fund available via Legal & General (L&G). The Prudential With-profits fund will remain open to existing investors only
Equitable Life	No change to With-Profits fund
L&G	No change to current investments – new funds also available

The Trustees encourage you to review the new funds, to ensure that you have the right investments for your circumstances.

2. How will this affect you?

As you have AVCs invested in **Prudential Discretionary / Prudential Corporate Bond / Prudential Cash which are/is** closing, they will automatically be switched over to the new fund range, in line with the mapping table on page 9. The only exceptions to automatic switchover will be for members who transfer AVCs out of the Scheme prior to 18 February 2016 or who expect to retire between 18 February 2016 and 6 April 2016. You will be unable to opt out of this transfer under any other circumstance.

In order to ensure all transfers are made correctly, whilst minimising risk, a "blackout period" will be established, commencing on 18 February 2016, during which you not be able to access or move your funds affected by the switchover. You can make a switch between affected funds before the blackout commences and your investments will then move to the new L&G funds, as shown on page 9. After this date you will not be able to make any changes until the transfer is completed in early April 2016 when the blackout will be lifted.

Your contributions made during the blackout period will be held in the Scheme's bank account, to allow the transfer to be undertaken. Any contributions made during the blackout period will be invested once the transfer is completed.

3. The new fund range

The Trustees are introducing additional funds with Legal & General to complement the existing funds that are being retained. The complete range on offer is shown below:

Fund code	Fund name	Total fund charge (pa)	Use	Risk rating**
Equity				
3519	L&G M&G Global Leaders Fund 3	1.29%	Self-select	5 Lower
NRJ3	L&G (PMC) Global Equity Market Weights 30:70 Index Fund 75% GBP Currency Hedged Fund 3	0.39%	Lifestyle/Self-select	4 Upper
NBC3	L&G (PMC) UK Equity Index Fund 3	0.35%	Self-select	4 Upper
3229	L&G Artemis Income Fund 3	1.06%	Self-select	4 Mid
	Prudential HSBC Amanah Fund	0.80%	Self-select	5 Lower
Emerging markets				
3517	L&G JP Morgan Emerging Markets Fund 3*	1.30%	Self-select	5 Upper
NQM3	L&G (PMC) World Emerging Markets Equity Index Fund 3*	0.70%	Self-select	5 Upper
Ethical				
NEB3	L&G (PMC) Ethical Global Equity Index Fund 3	0.55%	Self-select	5 Lower
Diversified				
NWW3	L&G (PMC) Diversified Fund 3*	0.43%	Self-select	4 Mid
3622	L&G Schroder Dynamic Multi Asset Fund 3*	1.41%	Self-select	4 Mid
Property				
EAE3	L&G Property Fund 3	0.94%	Self-select	4 Lower
Bonds				
NEK3	L&G AAA-AA-A Corporate Bond Over 15 Year Index Fund 3	0.37%	Self-select	3 Mid
NBR3	L&G Over 15 Year Gilts Index Fund 3	0.33%	Lifestyle/Self-select	3 Upper
NEC3	L&G Over 5 Year Index-Linked Gilts Index Fund 3	0.33%	Self-select	3 Mid
Cash				
EAB3	L&G Cash Fund 3	0.35%	Lifestyle/Self-select	2
	Prudential Deposit Fund	0.00%	Self-select	2

*New Funds

**Source: L&G

Legal & General has risk rated its funds, according to its opinion of the risk of each fund. The highest risk rating is Upper 5 and the lowest is 1. More information about the ratings is available in the "Risk ratings" section on pages 7 and 8. The Glossary on page 10 provides a description of the major asset classes.

Please note that the total fund charges in the table include the Scheme specific annual management charges of the fund including administration costs. The charges shown in the table may be different to the standard charges, shown on the L&G website. More information on selecting funds is available in the "Your fund range" section on page 7.

4. Lifestyle Strategy

In addition to the individual funds, set out above, a “Lifestyle” strategy is also available.

A “Lifestyle” strategy automatically invests your AVCs in funds, based on your Target Retirement Age (TRA). It recognises that your investment needs change throughout your working life, by gradually switching into funds that are less likely to move sharply up and down in value as you approach retirement.

The default TRA for you is age 65 but you can change this using the AVC Request Form which can be found at www.jaguarlandoverpensions.com/additional-voluntary-contributions-avcs/.

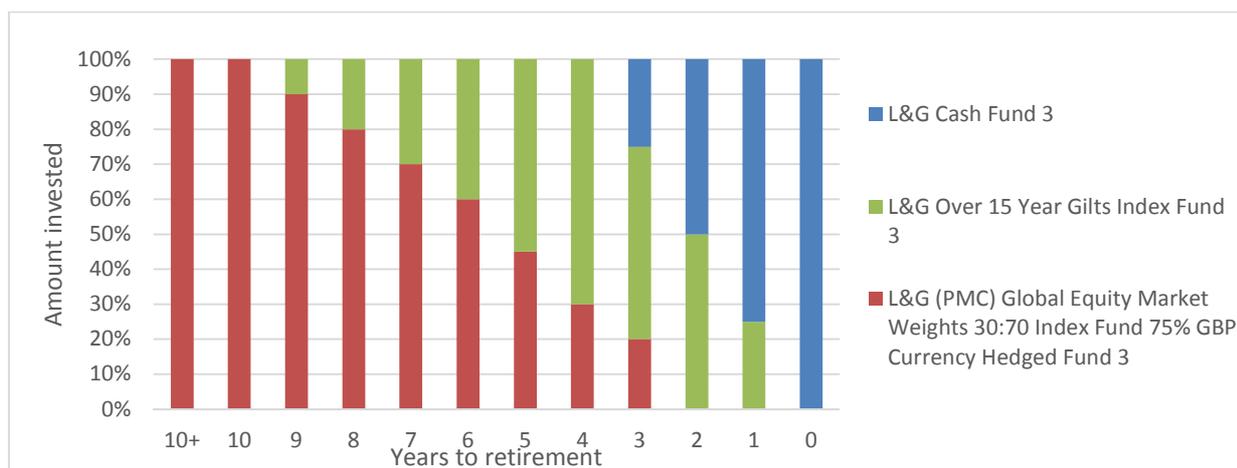
To meet this aim, a 10 year “Lifestyle” will be available. While you are more than 10 years from your TRA your AVCs will be invested in the “L&G (PMC) Global Equity Market Weights 30:70 Index Fund 75% GBP Currency Hedged Fund 3”, with the aim of achieving long term growth.

Over the last 10 years to your TRA, your investments are gradually switched into the “L&G Over 15 Year Gilts Index Fund 3” and, as you get closer to your TRA, the “L&G Cash Fund 3”. At your TRA, your AVCs are fully invested in the “L&G Cash Fund 3”.

If you wish to select the “Lifestyle” strategy, please tick the appropriate box on the AVC Request Form which can be found at www.jaguarlandoverpensions.com/additional-voluntary-contributions-avcs/.

Please note that, if you choose to invest in the “Lifestyle” strategy, you will not be able to invest in any other L&G funds at the same time.

Illustration of the “Lifestyle” strategy



5. What do I need to do?

You don't need to do anything, unless you plan to retire between 18 February 2016 and 6 April 2016, or if you wish to transfer your AVCs out of the Scheme before the changes. If you plan to retire between 18 February 2016 and 6 April 2016 or wish to transfer your AVCs out of the Scheme, please notify JLT prior to 23 November 2015.

Any transfers must be completed prior to 18 February 2016. Any AVCs still in the Scheme at this stage will remain in the Scheme until early April 2016 when the blackout will be lifted.

Please note, if you do wish to transfer your AVCs out of the Scheme you will not be able to recommence contributions at a later date.

As you have AVCs in the affected funds, they will be automatically switched to a similar fund with Legal & General (see “Your fund mapping” on page 9).

Please note: This communication gives a summary of the Scheme's AVC investments and your options. It is for general guidance only.

It does not constitute financial advice. Please seek financial advice if you are uncertain about your options (see “Need advice?” page 5).

6. How and when will the transfer to L&G take place?

The assets will be switched to the equivalent L&G funds automatically, as described above, between 18 February 2016 and early April 2016. The exact timing of the transfer will be chosen to keep costs low and to minimise “time out of the market”.

7. How much will this cost me?

When investments are bought and sold, there are usually transaction costs. Any transfer costs will depend on the fund(s) and any trading activity on that day. The transition will be managed in a way to minimise these costs.

In some cases the charges for the replacement L&G fund may be higher than the existing funds. The Trustees have reviewed the proposed changes carefully and sought to provide as close a match as possible to your existing funds. The decision to use the new funds took account of charges when assessing whether they were considered suitable.

Over the long-term, it is expected that costs will have a minimal impact on your AVCs’ value. The Trustees believe that any transfer costs will be offset by the benefits of improved levels of monitoring, lower fees overall and an improved fund range across the Jaguar Pension Plan, the Jaguar Executive Pension Plan and the Land Rover Pension Scheme.

8. Changing your investment options

You can change how your AVCs are invested before these changes take place. You just need to return the appropriate AVC Request Form to JLT who will arrange for the changes to your investment choices to be made. The forms can be found at www.jaguarlandroverpensions.com/additional-voluntary-contributions-avcs/. You will also be able to switch between L&G funds after the transfer has been made (and the blackout period has ended). Note that there are usually transaction costs associated with changing investment options, as set out beforehand.

9. Need advice?

If you have any questions about the Scheme or your benefits, please contact JLT by calling 0845 300 2967.

Information on the Legal & General funds can be found via a link on the Jaguar Land Rover (JLR) Pensions website (www.jaguarlandroverpensions.com/additional-voluntary-contributions-avcs/). Also on the JLR Pensions website you will find:-

- Factsheets for each of the L&G funds.
- Guidance on the need to seek financial advice (Advisers will normally charge for their advice).
- An explanation of the difference between “independent” and “restricted” financial advisers.
- A link to “unbiased” - a website to help you locate registered financial advisers in your area.

Please note that the Trustees, their advisors and the Company (JLR) are not allowed, by law, to give you financial advice.

10. Timetable for the changes

18 February 2016 – blackout period starts (during which you will not be able to make any changes to your funds)

Between 18 February 2016 and early April 2016 – transfer of assets takes place

Early April 2016* – blackout period ends

* Exceptional circumstances market conditions may cause this date to change. Any such change will be to ensure your interests are protected as far as is possible.

11. What next?

Please read this letter carefully	Make sure you understand the changes and how you will be affected.
Consider	These changes will affect how your AVCs are invested. As you are having funds switched, consider whether the move to the new fund is appropriate to you. You should also consider your retirement plans. The Scheme administrators will have contacted you if you reach age 65 within the blackout period.
Change	If you would like to change where your AVCs are invested you can make changes before 18 February 2016 or after the end of the blackout period in early April 2016.
Review	You should ensure your investments match your personal circumstances and investment aims. Review them regularly.

Please take financial advice if you are uncertain what action you may need to take.

Yours faithfully

Rob Lummis
Chair of Jaguar Land Rover Pension Trustees Limited

Your fund range

The self-select fund range

The Trustees will continue to offer a range of funds for you so that you have the freedom to choose how to invest if you choose not to invest in the Lifestyle strategy. Here we give you a little more detail on the self-select investment options, which should help you decide if self-select is appropriate for you.

Further information on all of the Legal & General funds, that are available to you, can be found on the Jaguar Land Rover section of the L&G website. A link to this site can be found at www.jaguarlandroverpensions.com/additional-voluntary-contributions-avcs/.

Benefits of self-select funds

This option enables you to choose the investments you believe are right for your circumstances and change those investments when it suits you.

Why it might not be right for you

It takes a little more effort than the Lifestyle strategy. You need to think more about how you want to invest your AVCs, and keep a regular check on how they are invested.

Please note that if you choose self-select funds, there will be no automatic switching of funds as you approach retirement. Switches between funds will only happen if you initiate them.

Risk ratings

Legal & General has provided the following information on the fund risk ratings allocated to each of its funds. The current risk rating for each Legal & General fund is shown in the tables on pages 3 and 9.

<i>Fund risk rating category</i>	<i>Additional rating within category</i>	<i>Definition of fund risk rating category</i>
1		<ul style="list-style-type: none"> <i>This category is risk free and so there are no funds in this category.</i>
2		<ul style="list-style-type: none"> <i>Funds in this category have risks that are similar to losing money when a financial institution fails.</i> <i>These funds are designed to operate like cash deposits by paying out the original investment plus the chance of potential returns, potentially at set maturity dates. They will not fall in value unless the charges taken by the fund manager are greater than the returns achieved, or one or more of the banks or financial institutions that hold your money fail to meet their obligations.</i>
3	Lower	<ul style="list-style-type: none"> <i>Funds in these categories hold investments that will go up and down in value.</i> <i>Funds may not hold all investment types and tend to focus on investments that do not typically change in value a lot from day-to-day. Funds may also invest in a range of investment types to try to limit the effect of one or more investment types performing poorly, but fund values could still fall significantly over time.</i> <i>Funds towards the middle and top of this category will hold investment types that have gone up or down more in value in the past than funds at the bottom. For example, this may be because those funds have invested in riskier investment types or they have focused on single investment types.</i>
	Middle	
	Upper	

4	Lower	<ul style="list-style-type: none"> • Funds in these categories hold investments that are expected to go up and down in value from day-to-day. • Funds are likely to invest in a range of investment types, including higher proportions of riskier investment types. • Funds towards the middle and top of this category will hold investment types that have gone up and down more in value over the past 10 years than funds at the bottom. For example, this may be because those funds are designed to invest in areas or investment types that are more likely to experience larger changes in value than other investment types.
	Middle	
	Upper	
5	Lower	<ul style="list-style-type: none"> • Funds in these categories may invest in either single investment types or a wide variety of investments that will go up and down in value a lot from day-to-day. Funds will tend to invest in less stable investment areas, for example certain overseas or emerging markets, where economic or political conditions create an extra degree of uncertainty.
	Upper	

Your fund mapping

Please see below for details of which funds will be mapped to Legal & General.

Existing Fund	Mapped to	New fund	Risk rating
Prudential Deposit	→	No change	
Prudential With-profits	→	No change	
Prudential HSBC Amanah	→	No change	
Equitable Life Managed Prudential Discretionary	→	L&G (PMC) Diversified Fund 3	4 Mid
Prudential Corporate Bond	→	L&G AAA-AA-A Corporate Bond Over 15 Year Index Fund 3	3 Mid
Prudential Cash	→	L&G Cash Fund 3	2

Glossary

Equity

Equities are shares in a company. The value of equities and any income from them (known as dividends) are linked to the performance of the company. Equities tend to generate higher returns than bonds or cash over the longer term i.e. their value can rise and fall dramatically in the short term. If you have a long time until retirement, equities are generally considered a good way to invest as you've got time to weather the ups and downs of the stock market.

Income

Income is a term sometimes used to describe equity funds (please see definition for Equity above). Income funds tend to generate steady income streams through the form of dividends.

Shariah

Shariah funds (Amanah) meet Islamic investment principles as interpreted and laid down by the Shariah Committee.

Emerging markets

Emerging market funds invest in shares of companies located in emerging market economies.

Ethical

Ethical funds invest in shares of companies but will avoid certain sectors or companies with poor corporate responsibility.

Diversified

Diversified Growth Funds (DGFs) invest in a mixture of different assets, including equities, bonds and other alternative assets (such as property, commodities and infrastructure). DGFs aim to provide a return slightly below that of equities but higher than bonds, and with less volatility than equities.

Property

Property funds are investments in commercial properties such as retail outlets, office blocks and industrial buildings. Property funds may also invest in other types of property such as student accommodation or agricultural. Property funds are normally expected to give lower returns than equities, but higher returns than bonds. The level of risk is likely to lie between those of equities and bonds.

Bonds/Gilts

Bonds are loans to a company or government. UK Government bonds are called Gilts. You typically receive a fixed return on your investment, or 'interest' on the loan, except for index-linked gilts which pay a return that varies with inflation. Bonds typically give lower returns over longer periods than equities, but their values are usually more stable. The cost of buying a pension is also closely linked to the returns from bonds and gilts, so investing in them in the run up to retirement can help protect the annuity purchasing power of your pension account.

Cash

Cash funds are usually deposit or savings-based, but also include other cash-like investments. They aim to give a return in line with market interest rates, but their values are unlikely to fall except perhaps as a result of severe stress in financial markets. Cash funds provide peace of mind if you are about to retire, but are unlikely to provide sufficient growth against inflation over a longer term.

Lifestyle Strategy

A "Lifestyle" strategy automatically invests your AVCs in funds, based on your Target Retirement Age (TRA). It recognises that your investment needs change throughout your working life, by gradually switching into funds that are less likely to move sharply up and down in value as you approach retirement. The default TRA for you is age 65.