



GEBP Investment Committee Newsletter

December 2011

In this, the sixth newsletter prepared by the Global Employee Benefit Plan (GEBP) Investment Committee, we will aim to provide information on the following recent and relevant issues:

- A recap on the recent investment fund changes, particularly the exiting from a number of Alliance Bernstein investment fund options and relevant dates for you to keep in mind
- Introduction of a new Commodities Fund
- Sovereign debt crisis – impact to GEBP members of a Greek default
- A look at volatility – a case study worked example
- Goldman Sachs 2 – impact of the most recent cash locking
- What is a fund factsheet and where can I access the latest versions?
- New Zurich tools to be launched in Q1 2012
- Reduced administration charges from Zurich



A recap on the recent investment fund changes

Members of the GEBP have already received communications on the recent Investment Committee decisions to make changes to the GEBP fund line up. We would like to take this opportunity to remind you of the action required from members who have made a self-direct investment election involving the Alliance Bernstein European Value Fund (ROW), the

Alliance Bernstein Global Equity Blend Fund (ROW), or the Alliance Bernstein International Equity Blend Fund (US). If you have made a self-direct investment election involving any of these funds, you are strongly encouraged to review your investment choices at this time as the following fund changes are happening.

US Section - Old Fund and Style	New Fund and Style
Alliance Bernstein International Equity Blend Fund (Active)	Lord Abbett International Core Equity Fund (Active) – the equivalent fund
	Vanguard Developed Markets Index Fund (Passive)
Rest of World Section – Old Fund, Style and Currency	New Fund, Style and Currency
Alliance Bernstein European Value Fund (Active) – Euro €	BlackRock Europe ex-UK Equity Index Fund, (Passive) – Euro € – the equivalent fund
Rest of World Section – Old Fund, Style and Currency	New Funds, Style and Currency
Alliance Bernstein Global Equity Blend Fund (Active) – (US dollar)	MFS Global Equity Fund (Active) – (US dollar) – the equivalent fund
	BlackRock World Equity Index (Passive) – (US dollar)

The Old and the New fund will co-exist for a short period to allow GEBP members to review their investment mix and make any appropriate changes.

With effect from the 1st February 2012, the outgoing Old Fund, will be removed from the GEBP investment range and any assets remaining in the Old Fund will be transferred into the equivalent New Fund the following day.

Introduction of a new Commodities Fund

The Investment Committee is pleased to advise that with effect from 1 December 2011, a new investment fund will be offered to Rest of World Members, namely the Credit Suisse Nova Commodity Plus USD Fund. The aim of the Fund is to achieve the highest possible capital appreciation by investing in commodity-linked derivative instruments. A diversified portfolio of USD-denominated short-term fixed income and money market instruments is used as collateral. Its low correlation with traditional asset classes makes the Fund an ideal portfolio diversification instrument. Furthermore, it offers good protection from inflation risks in the event of a rise in commodity prices. Rest of World Members will be able to see and access this as an investment option by logging onto ZIO from 1 December 2011.

For US Members, it is also the intention to introduce a Commodities Fund to this section, namely the Credit Suisse Commodity Return Strategy Fund. Currently, this is in the process of being added to the RBC cees investment platform and a brief notification will be sent out to US Members once this becomes available over the next few weeks.

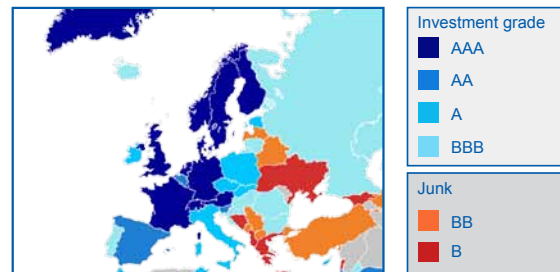
For Swiss Members, the Investment Committee would also like to provide access to investment into a Commodities Fund, but there is a Swiss regulatory restriction surrounding alternative investments. The Investment Committee is considering its options. More details will be provided in due course.

Sovereign debt crisis

Sovereign (or Government) debt in Europe and the US has seen a number of recent downgrades by the ratings agencies, such as Standard & Poor's, Moody's and Fitch. This reflects the ongoing credit crisis and concerns regarding the solvency of developed countries. The US was recently downgraded by Standard & Poor's and lost its treasured AAA credit status (the highest rating available). On Dec. 5, 2011, Standard & Poor's placed the ratings on 15 of the 17 European Economic and Monetary Union member states on watch.

Similarly, concerns around fiscal sustainability and of heightened risk aversion has put pressure on all but the most credit-worthy sovereigns in Europe. Even amongst the high-quality AAA-rated nations, market pricing of sovereign bonds differs significantly. We have recently seen downgrades in Europe (such as Italy and Spain) which indicates that governments are under increased scrutiny and politicians have pressure to regain confidence from the markets, reduce the levels of debt and obtain public support for the implementation of the austerity measures. In particular, Italy seems to be the main candidate for

contagion and one of the key beneficiaries of the European Financial and Stability Facility (EFSF). When there are ratings downgrades, the yields on the debt or bonds increase and the risk of a default rises; that is, the likelihood of the bond issuers being unable to deliver interest and return the original capital investment increases. The risk of default remains small for most countries in Europe, but there are some exceptions, for example, Greece, where private banks holding Greek debt have already agreed to take a 50% write-off of their returns.



Source: Standard & Poor's, February 2011

The GEBP bond holdings are very diverse and have global exposure which limits the potential impact that the default of the European governments may have on the performance and value of the funds.

A look at Volatility

One area that will have an impact on each GEBP member's final investment fund value from the GEBP is market volatility. This can best be understood through a worked and real example.

Let's look at one of the GEBP investment fund options, the BlackRock World Index Fund and consider twelve €1,000 contributions invested at various periods, as follows:

- 1) Contribution 1 April 2010
- 2) Contribution 1 May 2010
- 3) Contribution 1 June 2010
- 4) and so on...until
- 12) Contribution 1 March 2011

	Contribution	Price	Units	Value at Retirement or Distribution
010410	€1,000	15.483	64.6	€1,125
010510	€1,000	15.387	65.0	€1,132
010610	€1,000	13.660	73.2	€1,275
010710	€1,000	14.026	71.3	€1,242
010810	€1,000	14.645	68.3	€1,189
010910	€1,000	14.039	71.2	€1,241
011010	€1,000	15.466	64.7	€1,126
011110	€1,000	15.869	63.0	€1,098
011210	€1,000	15.853	63.1	€1,099
010111	€1,000	16.772	59.6	€1,038
010211	€1,000	17.312	57.8	€1,006
010311	€1,000	17.417	57.4	€1,000
	€12,000	17.417	779.1	€13,570 (calculated as 779.1 units x 17.417)
	€12,000	13.66	779.1	€10,643 (calculated as 779.1 units x 13.66)



Volatility in unit price and number of units



The price of units and the number of units purchased is set out in the table above and you will see that the price has changed over the one year period and there has been a fair amount of volatility. At the 12 month end period the €12,000 total invested contributions would be worth €13,570 as at 1 March 2011.

Taking this a step further, the lowest price was €13.66 at 1 June and if this had been the end price over the 12 month period, the equivalent value would have been only €10,643 (the lowest point). This aims to show the difference between exiting at potentially the top and potentially the bottom of a market.

Attempting to time markets is very difficult to achieve and invariably most that try are unsuccessful. Investors that try to time the market usually do not perform better than investors that stay invested in a selected sector. With continuous contributions better performance is more likely.

A more common approach to a retirement savings plan is to invest in an equity based strategy in the early years of a career and move to safer bonds and cash based investing as retirement or distribution date gets closer. This reduces risk and protects capital when it is close to its highest value and reduces volatility.



For many members of the GEBP, the Lifestyle strategies offer a great means to invest in growth markets at younger ages, then automatically and systematically diverting contributions and accrued assets into defensive assets as retirement approaches. Members may wish to refresh their knowledge of how the GEBP Lifestyle work by reviewing the revised booklets/handbooks.

Goldman Sachs Signum Fund – impact of cash locking



A very recent development that has impacted the Goldman Sachs Signum Fund (the Signum Fund) is that the volatility in the financial markets has resulted in this fund becoming 'Cash locked', which means that instead of having exposure to equities, the Fund is entirely invested in cash and will remain so throughout the remainder of its life.

Members of the GEBP will recall that the Signum Fund was designed to have an 80% protection level, a level below which your GEBP value could not fall. In times of volatility, if the markets fell significantly, a point could be reached where the Signum Fund would 'Cash lock' to deliver the 80% protection level. Once 'Cash locked' the Signum Fund is unable to unlock itself and effectively it becomes a Cash fund going forward. This chain of events recently occurred and the Signum Fund is now 'Cash locked'.

The purpose of the Signum fund was to provide exposure to equity returns whilst offering protection against equity market falls. If you invested a lump sum of 100 Euros at the launch of Signum (2009), your initial investment would now be worth around 96 Euros; if this investment had been into European equities without the protection offered within Signum, that initial investment would now be worth around 78 Euros.

The Investment Committee is currently deciding how to proceed with regard to the future for this type of protection investment fund. A communication to GEBP members will follow in due course.



What is a fund factsheet?

Members of the GEBP have access to a wide range of support not only to help you understand the GEBP, but also to assist you to make informed investment decisions. In earlier Newsletters, the Investment Committee have directed you to the websites in order to gain access to your pension account on-line and we are pleased that an increasing number of members are choosing to use either Zurich on-line (Rest of World and Swiss) or RBC cees (US) to obtain more information.

Following the recent Investment Survey results, it became clear that some members of the GEBP were unaware that each of the investment funds offered through the GEBP had its own updated

'Fund Factsheet'. This is a very useful source of information that usually contains:

- Target benchmarks for the fund
- Past performance against those benchmarks
- Top ten holdings
- Volatility measures
- Information on the fund and its charges, the management team, the investment style and so on

The following extract might give you a better feel for what the 'Fund Factsheet' offers in terms of information.

BlackRock World Index, October 2011

Zurich fund Information (as at 30/9/2011):

Launch date	24/09/2009
Current bid	USD 14.990
Fund size (m)	USD 26.92 (as at 31/08/2011)
Financial Express sector	Equity - International
Fund currency	USD
ZIL charge	0.00%
Annual management charge*	0.10%
Crown rating **	N/A

Additional fund information (as at 30/09/2011):

Benchmark	MSCI THE WORLD INDEX
ISIN Code	IE0002367203
SEDOL	0236720

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*Please note, this charge is deducted daily before calculating the unit price. This does not include any product charges. For further information on product charges, please refer to the relevant product brochure and policy terms and conditions.

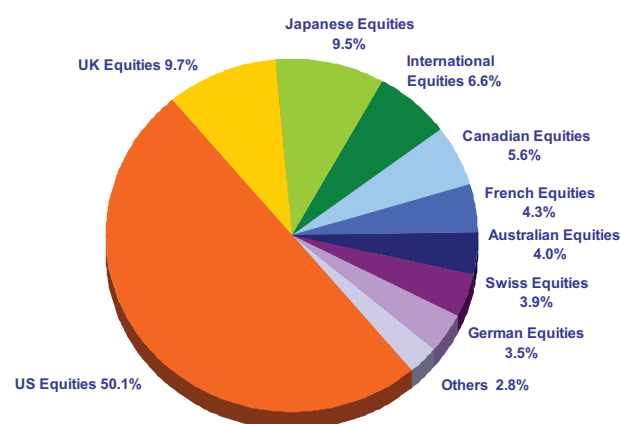
**Financial Express Crown Ratings is a quantitative based ratings system founded on historical performance, volatility and consistency, and funds are ranked within their peer groups. Peer groups are deemed to be the sectors as defined by Financial Express. The lowest-rated funds in a sector carry a single crown, and the highest are awarded five crowns. Funds without a three-year track record are not rated.



Fund objective:

To achieve a return in line with the international equity markets.

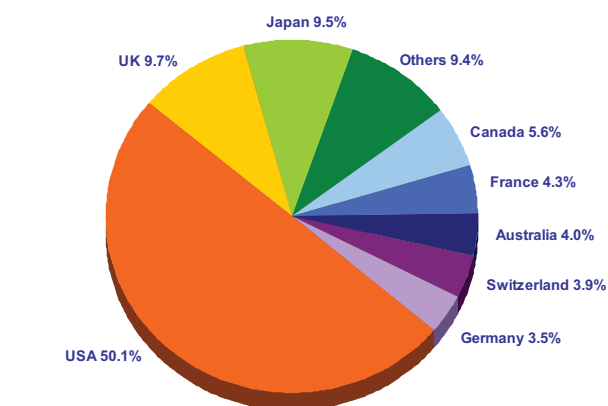
Assets (as at 30/9/2011):



Source: Financial Express



Regions (as at 30/9/2011):



Source: Financial Express

The Investment Committee would encourage GEBP members to review the 'Fund Factsheets' on a regular basis. Most of them are updated on a monthly basis, with some less frequent.

To access one or all of the GEBP 'Fund Factsheets', please identify the GEBP Section you belong to and if ROW or Swiss, then you need to do the following.

ROW and Swiss members can access Fund Factsheets as follows:

1. Log onto ZIO <https://online.zurichinternationalsolutions.com>, enter your user identification, password and PIN.
2. Select the Fund centre from the left hand menu and you will see a list of the Fund Factsheets.

US members can access Fund Factsheets as follows:

1. Log onto the member website on <http://www.rbcees.com>, enter your user identification, password.
2. Select the Bespoke Links on from the left hand side menu.
3. Select Fund Factsheets and you will see a list of the Factsheets.



Information about new tools

Over the last year and a half, the main administrator of the GEBP, Zurich International Life, has been developing new tools to help members with decision-making around their pension savings. This development has led to the forthcoming launch of three new tools, as follows:

- Retirement Planner tool – this pension projection tool is to be launched in Quarter 1 2012 and will allow GEBP members to obtain an indication of the future value of their GEBP pension savings. Members can project their current holdings and future contributions into a future lump sum amount or retirement income based on a range of assumptions around investment growth, inflation and so on.
- Attitude to Risk assessment tool – this tool is also due to be launched in Quarter 1 2012. The assessment tool takes the form of a quiz that aims to support GEBP members identify what kind of investor they are through a range from cautious, balanced to adventurous. The

tool will then guide the member to an available range of investment funds that might be most suitable for the identified investor type. It is important to note that the tool will not be providing investment advice, but tries to match investment funds to the risk appetite of member based on the risk profile of these funds. The risk appetite of an individual can change over the years due to changes for example in financial position, lifestyle or family situation. It is therefore advisable to perform the risk assessment on a regular basis.

- Individual Rate of Return calculator – this third tool is due in early 2012 and will aim to provide GEBP members with a means to identify the actual investment returns that they have achieved from their investments in the GEBP. It can do this for the overall policy holdings as well as for each individual investment fund over various periods.

Zurich International Life - reduced administration fees

The GEBP has been around for close to 5 years now and the value of the total assets accumulated has now reached over €100 million. This was seen by the Investment Committee (along with their advisers, Towers Watson) as being the trigger point for a renegotiation with the administrators, Zurich International Life (ZIL), over its charges applied to your GEBP pension accounts. Presently, for its administration and record-keeping services, ZIL, has a 'hosting'

charge of 0.30% or 30 basis points, applied to your pension account. Following our request to renegotiate these with ZIL, we are pleased to advise that ZIL has kindly agreed to reduce its 'hosting' charge down to 0.275% or 27.5 basis points from 1 December 2011. This will benefit all GEBP members who will see a modest reduction in charges applied to their GEBP pension accounts.



We hope you have found this newsletter to be helpful. 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 at Tetra Pak. Any other retirement account queries should be directed as usual to the record keeper, either Zurich International Life for Rest of World and Swiss sections (chris.cain@zurich.com) or RBC cees for the US section (ceescommunications@rbc.com or +44 (0) 1534 602 079).