Halal Workplace Pension investment guide

May 2025

If you'd like a copy of this or any item of our literature in larger print, braille or audio format, please contact us at smrt.pe/member-contact.

Important information about your investment fund options

We've created this investment guide to help you understand your investment fund options when you save with The Halal Workplace Pension, provided by Smart Pension.

When you first join The Halal Workplace Pension, your money is automatically invested in the Wahed default investment strategy. You can also choose different Wahed fund options as described in this investment guide.

However, as part of this arrangement, you also have the opportunity to invest your money in the other Smart Pension fund options that are available. You can find out more information by reading the **Smart Pension Investment Guide**.

If you would like to make changes to your investment options, **you must sign in to your Smart Pension account**, select **'Investments'** and then **'Change your investments'**.

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Investment guide

The Halal Workplace Pension is provided by Smart Pension and your money is invested in Wahed funds.

We've created this guide to help you understand your investment options when you save with us. As well as telling you what investments are available for your pension savings, we've put some information together to help you understand the basics of investing, and what you should think about before choosing investments.

In this guide we cover:

- What the different kinds of investment are and how they differ
- The investment strategy and why it might be suitable for you
- The funds available to you

If you would like a recommendation for your personal circumstances, you should see a regulated financial adviser.

If you have any questions, please contact us on 0333 666 2626 or through our form **smrt.pe/member-contact**. We are open from 9am to 5pm on Mondays to Fridays.

What is investing and why do we do it?

Investing is one way to grow the money you've saved. An investment can give you a return on your money. When you invest, you don't know the return you're going to get in advance – and it will change over time.

When you invest, you're usually putting money into an asset – for example, shares in a company, property or a government bond. The more this asset rises in value, the more your money will grow.

Why we invest your pension savings

Most pension schemes invest your savings. This is because investments have a higher potential for growth than a cash Individual Savings Account (ISA) or a deposit account. And as you save for retirement throughout your working life, there's more time for your money to grow.

The longer your money is invested, the more opportunity it will have to benefit from compound returns. Compound returns simply means that you earn returns on your initial investment, plus any returns that have built up over time. You could think of it as 'growth on the growth you have previously earned'. So as the value of your investment rises, there is even more money to earn returns on.

What you should know about investments

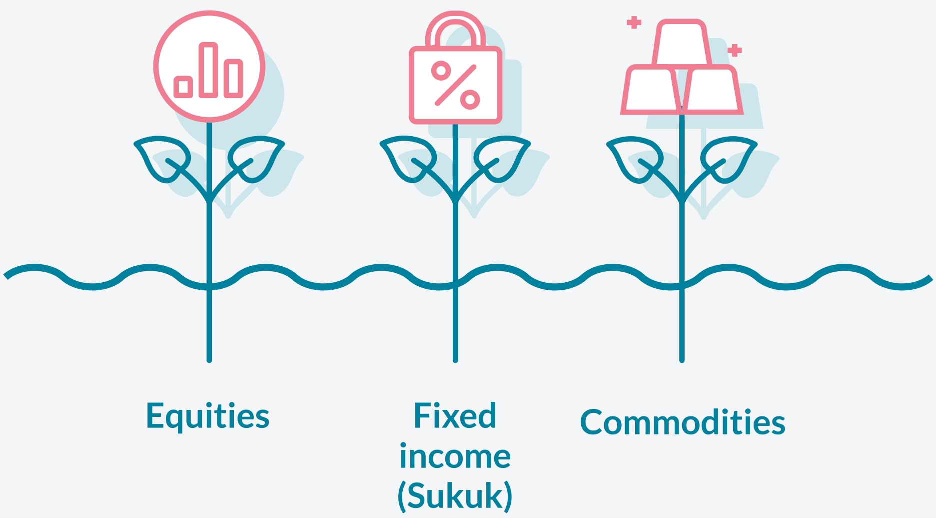
Your pension savings are invested to help them grow. This section briefly tells you some of the key facts about investments. If you are familiar with investing, you can skip this section and move straight to the details of the investment strategies or funds you can choose.

Different types of investment

An investment is anything you buy with the intention of making a profit on it. The different types of things you can buy (called "asset classes") are described later in this section.

An investment's value will go up and down over the short term, with the expectation that it will increase, particularly over longer time periods. In general, asset classes with the potential to go up the most can also fall the most. So there is a trade-off between how much an investment could grow and how far it could fall. Higher opportunity for growth comes with a higher risk of loss.

Here is a brief summary of the main asset classes that we use. We describe what each asset class means.



Equities

Equities are part ownership of companies, sometimes called stocks and shares. The value of a share depends on the company's performance. Equity investments can focus on types of company or on companies which operate in certain countries.

Equities tend to have high potential for growth but they can also have high volatility in the short-term.

Fixed income (Sukuk)

The essence of Sukuk is to provide ethical compliant instruments for investments which do not involve interest and excess uncertainty. It is a primacy of equity financing.

The Sukuk holder has an ownership on the underlying asset which is entitled to revenues generated from the Sukuk asset, unlike the bondholder who is eligible to receive interest payments by the bond issuer.

The Sukuk limits the value of debt to that of the underlying asset. It must be asset-backed or asset-based and interest-free.

Commodities

Commodities as an asset class have had historically low correlation with stocks and bonds. Gold is included to represent this asset class.

Gold provides the potential for long-term capital appreciation and acts as an inflation hedge.

The Royal Mint Physical Gold Exchange Traded Commodity aims to exclusively use responsibly-sourced bars that meet the requirements of the LBMA Responsible Sourcing Program.

Risk

Risk is the chance that something can go wrong. Here are the key risks that you face when you invest for your retirement.

Risk	Description
Investment	Your investments might not grow as much as you need, or might shrink. This means you might not have as much at retirement as you want.
Inflation	Your investments might not keep pace with rising prices (inflation), which means that your money won't buy as much when you retire as it would now.
Volatility	Your investments might go up and down sharply over shorter time periods. This variability in returns tends to be greater for investments with greater potential for growth, for example, equities.
Currency	Where investments are held overseas, your investments can also be affected by a change in the price of one currency against another. This is also known as exchange rate risk and can cause gains or losses, depending on the way the currency prices move. "Hedged" or "hedging" is a tool which aims to reduce the impact from changes in exchange rates on the performance of your investments. Funds will show if they are hedged or not.
Interest rate	Your investments can be affected by changes in interest rates. These tend to affect fixed income investments more than others.
Credit	Relates to fixed income investments where the entity offering the Sukuks may be unable or unwilling to pay the income or repay the loan. Gilts, for example, tend to have low credit risk as they are backed by the UK Government.

Emerging market	Different countries have different investment risks. Countries in emerging markets may have increased risks due to their political climate and economic sufficiency (labour and material resources), as well as higher volatility in inflation, interest rates, credit and currency fluctuations.
Conversion	Your investments can be misaligned with how you intend to take your money at retirement. You may therefore have a lower income than if your investments were aligned in the period before retirement. For example, if you want to buy an annuity, the cost of an annuity is linked to the price of fixed interest investments. See page 12 for details on annuities. Please be aware that annuities are not Shariah compliant.

We have designed our investment strategies to allow for and reduce these risks where possible.

Dealing with risk (diversification)

One way of dealing with these risks is to invest in a mixture of the asset classes, to spread the risk. This means that even if some of your investments go down in value, others may go up, which reduces your potential for losses.

By choosing a careful mixture of different asset classes you can get a blend that keeps most of the growth potential, but lessens the unpredictability.

Top tips for saving for your retirement

- Start as soon as possible. The sooner you start, the more time your money has to grow.
- Save as much as possible. The more you save, the more you'll have when you retire.
- Save regularly. This smoothes out the price you pay for investments because you can buy more when prices fall. You've already got this covered by saving with Smart Pension.
- Choose the right investments for you. Make sure that they give you the growth and risk you want.

Do you want to choose your investments?

Yes

Do something. You must keep an eye on your investments and make sure they continue to be right for you.

No

Do nothing. We'll choose a investment strategy for you (our default strategy).

See: www.moneyhelper.org.uk/en/pensions-and-retirement for more information

Investment funds

We don't invest directly in companies or bonds. We buy shares in investment funds that pool people's money and invest it in a particular asset class. These shares are called units. When you save your money with Smart Pension, we buy units in the investment fund with it. We record how many units you have bought in your pension account. When the assets in the investment fund go up or down in value, the price of each unit changes, too, and with it the value of your pension account.

Sustainable investing

We aim to invest in a sustainable way, which takes into account ESG considerations. ESG is an industry term that stands for Environmental, Social and Governance. When investing, we think about the financial risks associated with Environmental impacts such as climate change, Social impacts which are issues affecting the fair treatment of people and Governance, which considers the way companies are run.

Shariah Compliance

We invest in line with Islamic principles and law, known as Shariah. Shariah compliant investing simply refers to investments which are deemed permissible in Islamic law.

For an investment to be considered Shariah compliant, they typically must meet two screening criteria:

- From a business sector perspective, industries which are deemed to be harmful to society are prohibited for investment. This includes industries such as alcohol, tobacco, gambling, arms and adult entertainment.
- Shariah compliance also considers financial screens and prohibits investments into companies which are highly geared and carrying significant amounts of interest-based debt and income.

These investments are underpinned by a robust Shariah governance framework which is headed by a Shariah Supervisory Board. This board comprises Islamic finance scholars who review, opine and approve on all matters relating to Shariah compliance.

For more information, visit **wahed.com/uk/shariah**.

Our investment strategy

An investment strategy sets out what mixture of investments you will hold and how that mixture will change over time.

Your money will be invested into the default investment strategy, which is a blend of three carefully selected funds managed by Wahed, chosen based on your retirement age. We will automatically move your investments as you get closer to retirement into asset classes that are more aligned with how you might choose to use your pension savings when you reach your retirement age. The investments are Shariah compliant.

Lifestyling allows higher risk investments to be used during the growth phase of your pension, when you're accumulating funds and have more time (generally 10+ years) before you're due to retire, when it's appropriate for more risk to be taken. As you get closer to retirement, de-risking starts to take place and a more balance and cautious strategy is followed. This happens automatically on an annual basis until you're within a few years of your retirement age, when your pension is held in funds that are cautious and less volatile.

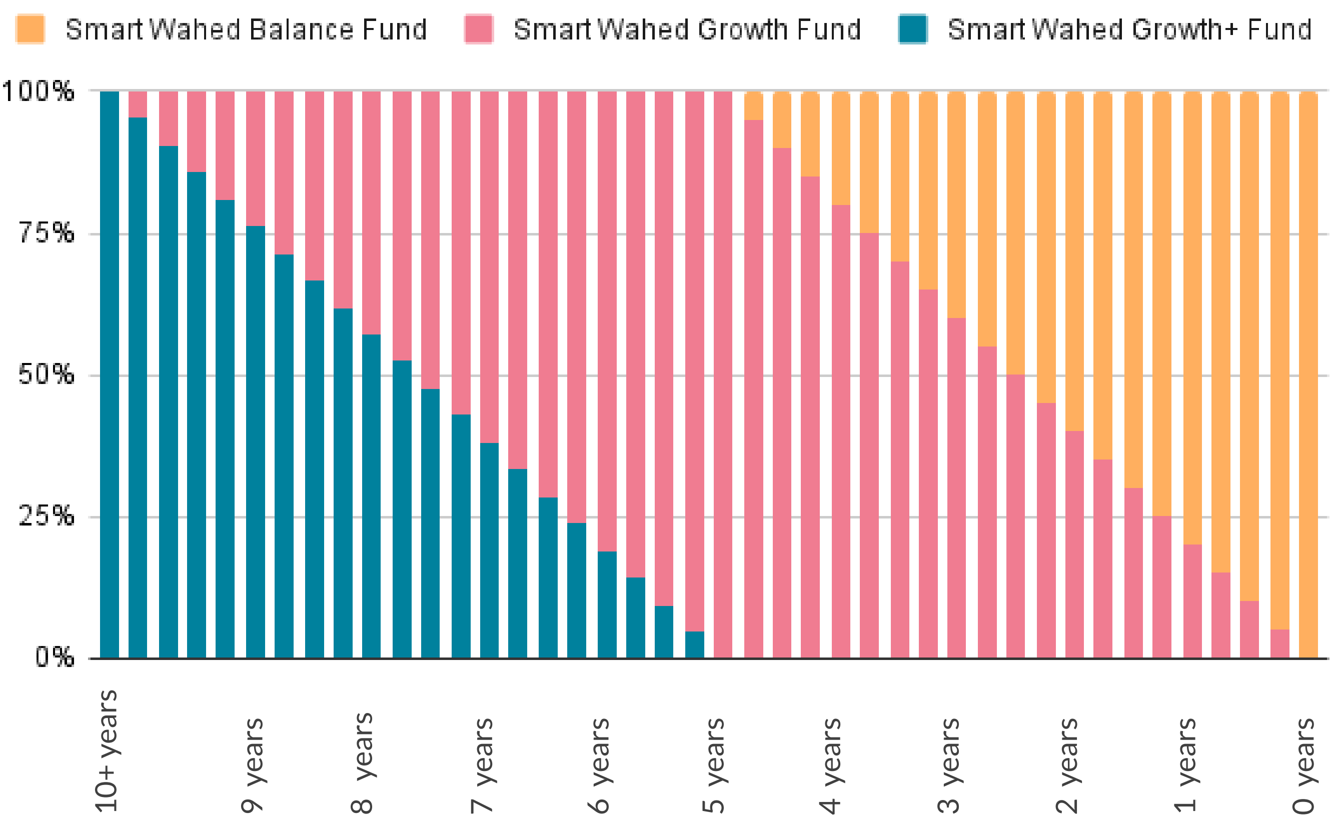
The investment strategy has two phases – the growth phase and the pre-retirement phase.

Growth phase

Smart Wahed Growth+ Fund	This fund seeks a balanced investment approach with medium-to-high risk to enhance potential returns by having a bias towards stocks over fixed income assets and gold. It is structured towards achieving longterm steady growth.

Pre-retirement phase

We move your savings into investments that are more aligned with how you might choose to use your pension savings when you reach retirement age. The table below details the options you may wish to consider at retirement.



The table below details the options you may wish to consider at retirement.

Flexible income (drawdown)	You take income directly out of your account. This gives you flexibility to vary your income to suit your needs. You must keep managing your investments after you retire. There is a risk that you could run out of money sooner than you planned if you take too much money out of your account and/or your investments do not grow as much as you hoped.
Guaranteed income (annuity)	You use your account to buy an annuity for life from an insurance company, which gives you a guaranteed income each year. You can choose whether this income increases every year and if someone else gets paid after you die. You need to shop around to get the right option for you. This gives you the security of knowing that your income is guaranteed however long you live. Once you have bought an annuity, you cannot change your mind, so you don't have the flexibility to change your income if your circumstances change. Please note that annuities are not Shariah compliant.
Cash	You take your account as cash. You could pay a higher amount of tax if you take a large cash sum.

More information on how you can take your pension savings is available here:
www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension

About investment strategies

There are advantages and disadvantages of using an investment strategy. You should take these into account when deciding how to invest.

Advantages

- You don't have to choose which funds to invest in – the funds are chosen for you, and your money is managed by experts.
- Your money is invested in a range of different funds for diversification.
- Your money is moved into lower risk investments for you as you approach your selected retirement age.
- Your savings are moved gradually. We won't move them all in one go because, if the markets are performing badly at the time, this will affect their value.

Disadvantages

- You aren't choosing where you invest. One of our other investment funds might be more suitable for your goals or risk preferences.
- You also can't choose when your investments will change – movement is automatic and doesn't take market conditions into account. Even though not all your savings are moving at once, you could still miss out on specific opportunities in the market.
- The investment strategy may not align with your retirement date, and so the investments you hold at the final point may not be suitable for your circumstances. If you decide to change your retirement age, you should tell us by updating it in your pension account.

Choose your own investments

You don't have to use the investment strategy – you can choose your own investments from our selection instead. Remember that if you choose your own investments you must keep an eye on them, changing them if you think it is necessary. You cannot choose an investment strategy and your own investment funds at the same time.

Below are the investments in our selection. The risk ratings give an indication of the potential level of risk and reward, based on the asset class of the investment. The risk ratings are based on the Trustee's assessment of investment risk, and reflect advice from their investment advisers. The levels of investment risk may change in the future. They are not based on any industry standard, so you can't use them to compare with investments outside Smart Pension. **They are only meant to be a guide and are for comparison against other Smart Pension funds only.**

Volatility means how much a fund goes up and down. Funds with a lower risk rating tend to be less volatile and have lower potential returns, while funds with a higher risk rating tend to be more volatile and have higher potential returns, although there is no guarantee that this will occur in practice.

A fund with a risk rating of 3 is likely to be more risky than a fund rated 2 and less risky than a fund rated 4, but this does not mean it will have half the risk of a fund with a rating of 6.

Our risk rating system

1 2 3 4 5 6 7

Lower risk
potentially lower reward

Higher risk
potentially higher reward

The further away you are from accessing your retirement benefits, the more risk you are usually able to take. This is because, if your investments fall in the short term, you still have a lot of time for their value to recover and grow before you retire.

How much risk you should take will depend on how you would feel if your investments were to fall in value at any point in time. Even within an asset class, there are different levels of risk and potential return that depend on what the fund is trying to achieve. In this section, we have provided a high-level rating of the risk associated with the investment funds available. The funds used in our investment strategies are also set out here, so you can see how the investment risk changes over time depending on the funds which are used. We are unable to provide advice so if you are unsure we suggest you speak to a regulated financial adviser.

Investment fund factsheets

You can find out more about the individual funds in the factsheets available in your online account.

Smart Wahed Balance Fund

The portfolio seeks a balanced investment approach with medium risk to enhance potential returns by investing in stocks, fixed income assets and gold. It is structured towards achieving long term steady growth.

Risk
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Smart Wahed Growth Fund

The portfolio seeks a balanced investment approach with medium-to-high risk to enhance potential returns by having a bias towards stocks over fixed income assets and gold. It is structured towards achieving long term steady growth.

Risk
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Smart Wahed Growth+ Fund

The portfolio seeks a growth focused investment approach with high risk to enhance potential returns by investing in stocks and gold. It is structured towards achieving strong long term growth.

Risk
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How much we charge you

The best way to find out about the charges you pay is to sign into your Smart Pension account. Once signed in go to **Investments**, then scroll to the bottom of the page and click **Charges for investments.**

For more information

If you're an employer coming directly to us, you can find out about the charges and transaction costs paid by members through our Chair's Statement. You can find this on our website through our **Scheme information** page and it's under the dropdown **Scheme documents**.

If you have any questions about your charges, you can contact us through our form at smrt.pe/member-contact, or if you have any problems signing in, please visit our help article at smrt.pe/how-to-sign-in.

Legal stuff

The aim of this guide is to give general information about investments, and choosing the right investments for you within the Smart Pension Master Trust. It does not give personal advice. If you need personal advice then you should speak to an independent financial adviser.

Remember that the value of investments is not guaranteed, may go down as well as up and may fall below the original investment amount. You should not see past performance as an indication of future performance.

The Smart Pension Master Trust is governed by a document known as the trust deed and rules. In the event of any differences between the trust deed and rules and this guide, the trust deed and rules will apply.

Where links are given to external websites in this guide, neither Smart Pension Limited nor the Trustee of the Smart Pension Master Trust are responsible for the content of those websites.

Smart Pension Limited does not provide investment, financial or any other type of professional advice, and none of the material or content of this brochure, our phone calls or other communications or our website should be taken as providing such advice. The Smart Pension Master Trust is authorised and regulated by The Pensions Regulator.

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