

GRF Services Defined Benefits Pension Scheme

Statement of Investment Principles

November 2021

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Appendix 1: The Trustees Investment Strategy

Appendix 2: Fund Details

Glossary

Baillie Gifford	Baillie Gifford & Co Limited
BNY Mellon	Newton Investment Management Limited
BMO	BMO Global Asset Management
LGIM	Legal & General Investment Management Limited
Schroders	Schroder Investment Management Limited
Partners	Partners Group (Guernsey) Limited
AVCs	Additional Voluntary Contributions
ESG	Environmental, Social and Governance (including, but not limited to, climate change)
LDI	Liability Driven Investment
Mobius	Mobius Life Limited
Scheme	GRF Services Defined Benefits Pension Scheme
Trustees	The Trustees of the Scheme
UNPRI	United Nations Principles for Responsible Investment

1. Introduction

This statement is made in accordance with the requirements of legislation¹ and, in determining a suitable investment strategy for the Scheme, the Trustees have considered The Pension Regulator's Investment Guidance for defined benefit pension schemes.

The main body of this statement sets out the principles and policies that govern investments made by the Trustees of the Scheme. Details of the specific investment arrangements in place are set out in the Appendices.

Upon request, a copy of this statement will be made available to members, the Scheme Actuary and any investment managers used by the Trustees.

¹ In particular, the Pensions Act 1995, the Occupational Pensions (Investment) Regulations 2005 and the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

2. Investment Governance Structure

Investment Advice

As required by legislation, in the preparation and maintenance of this statement and when considering the suitability of any investments, the Trustees will obtain and consider written advice from its investment adviser.

The Trustees are advised on investment matters by First Actuarial LLP. First Actuarial LLP is regulated by the Institute and Faculty of Actuaries and is qualified to provide the required advice through knowledge and practical experience of financial matters relating to pension schemes.

Legal Advice

Whenever deemed necessary, the Trustees will seek advice from its legal adviser on investment matters.

Employer Consultation

Under legislation, the ultimate responsibility for determining the investment strategy rests with the Trustees. However, the Trustees must consult with the sponsoring employer and consultation must comprise a sharing of views, not simply notification of intent.

Investment Managers

Day-to-day management of the Scheme's assets is delegated to one or more investment managers.

To ensure safekeeping of the assets, ownership and day to day control of the assets is undertaken by custodian organisations which are independent of the sponsoring employer and the investment managers. Where pooled investment vehicles are used, the custodians will typically be appointed by the investment manager.

Members' Views and Other Non-Financial Matters

In the relevant regulations "non-financial matters" refers to the views of the members. This includes, but is not limited to, ethical views, views on ESG factors and views on the present and future quality of life for the members.

The Trustees recognise that it is likely that members and beneficiaries will hold a broad range of views. However, the Trustees do not take non-financial matters into account in the selection, retention and realisation of investments. The Trustees will review its policy on whether or not to take account of non-financial matters as appropriate.

The Trustees believe that its duty to members and beneficiaries will be best served by ensuring that all benefits can be paid as they fall due and the Trustees' Investment Objectives are designed to ensure this duty is achieved.

Conflicts of Interest

The Trustees are satisfied that the investment strategy described in this Statement meets its responsibility to invest the assets in the best interests of the members and beneficiaries and, in the case of a potential conflict of interest, in the sole interest of the members and beneficiaries.

3. Investment Beliefs

The investment beliefs stated below have been developed by the Trustees and are reflected in the Scheme's investment strategy.

Appropriate Time Horizon

In determining investment objectives and a suitable investment strategy for the Scheme, the Trustees take into account an appropriate time horizon. The Trustees believe that an appropriate time horizon will be the period over which benefits are expected to be paid from the Scheme.

Risk versus Reward

Targeting higher levels of investment return requires increased levels of investment risk which increases the volatility of the funding position.

Asset Allocation

Long-term performance of the Scheme's assets is attributable primarily to the strategic asset allocation rather than the choice of investment managers.

Diversification

Asset diversification helps to reduce risk.

Use of Pooled Funds

Taking into account the size of the Scheme's assets, it is expected that pooled funds will typically be a more practical way of implementing the Scheme's investment strategy than establishing segregated mandates with investment managers.

Use of Active Management

Active management has the potential to add value either through offering the prospect of enhanced returns or through the control of volatility. In addition, it is recognised that active management may help to mitigate the financial impact of ESG risks.

For each asset class, the Trustees will consider whether the higher fees associated with active management are justified.

ESG and Other Financially Material Considerations

The Trustees believe that financially material considerations, including ESG factors and the risks related to such factors, can contribute to the identification of both investment opportunities and financially material risks. Consequently, financially material considerations can have a material impact on investment risk and return outcomes.

The Trustees also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

Assessment of how ESG risks are mitigated will be one of the factors considered by the Trustees when selecting and monitoring investment managers.

Stewardship

The Trustees believe that good stewardship can help create, and preserve, value for companies and markets as a whole.

4. Investment Objectives and Strategy

Investment Objectives

The Trustees' primary investment objectives are:

- to ensure that the assets are sufficient and available to pay members' benefits as and when they fall due;
- to generate an appropriate level of investment returns – to improve the funding position and thereby improve security for members; and
- to protect the funding position – limiting the scope for adverse investment experience reducing security for members.

The Trustees' investment approach is designed to strike a balance between the above primary objectives but also considers:

- the nature and timing of benefit payments;
- expected levels of investment return on different asset classes;
- expected levels of investment return variability and, specifically, the expected level of short-term volatility of the funding position;
- the sponsoring employer's ability to withstand additional contribution requirements that may arise from volatility in the funding position; and
- the full range of available investments (within the bounds of practicality).

Investment strategy

The Trustees have taken advice from its investment adviser to construct a portfolio of investments consistent with these objectives. In doing so, consideration is given to all matters which are believed to be financially material over the appropriate time horizon.

The Trustees do not take account of non-financial matters when determining the Scheme's investment strategy.

5. Use of Investment Managers

Investment Manager Selection

The Trustees delegate the day to day management of the assets, including selection, retention and realisation, to professional investment managers.

When considering the suitability of an investment manager, the Trustees (in conjunction with its investment adviser), will take account of all matters which are deemed to be financially material. In particular, the Trustees will:

- ensure that the investment manager has the appropriate knowledge and experience;
- ensure that the investment manager's mandate is appropriate; and
- consider the investment manager's approach to ESG matters.

When selecting investment managers, the Trustees may also take into account non-financially material considerations such as the investment manager's administrative capabilities and the liquidity of the investments.

Where pooled investment vehicles are used, it is recognised that the mandate cannot be tailored to the Trustees' particular requirements. However, the Trustees ensure that any pooled investment vehicles used are appropriate to the circumstances of the Scheme.

The Trustees will normally select investment managers who are signatories to the UNPRI and who publish the results of their annual UNPRI assessment. This principle may be waived if a fund offered by a non-signatory manager is deemed to have investment characteristics which are particularly important for meeting the Trustees' investment objectives.

Manager Implementation

Assets are invested predominantly on regulated markets, as so defined in legislation. Any investments that do not trade on regulated markets are kept to a prudent level.

Use of Derivatives

The investment managers are permitted to use derivative instruments to reduce risk or for efficient portfolio management. Risk reduction would include mitigating the impact of a potential fall in markets or the implementation of currency hedging whilst efficient portfolio management would include using derivatives as a cost-effective way of gaining access to a market or as a method for generating capital and/or income with an acceptable level of risk.

Leverage

The instruments used by the investment managers of the Liability Matching Assets may result in the Liability Matching Assets being leveraged. Since these assets are closely aligned to the liabilities, the allocation to Liability Matching Assets (and any associated leverage) reduces the volatility of the Scheme's funding position and therefore reduces risk.

6. Stewardship

The Trustees' policy in relation to the exercise of rights attaching to investments, and undertaking engagement activities in respect of investments, is that they wish to encourage best practice in terms of stewardship.

However, the Trustees invest in pooled investment vehicles and therefore accepts that ongoing engagement with the underlying companies (including the exercise of voting rights) will be determined by the investment managers' own policies on such matters. For that reason, the Trustees recognise that its ability to directly influence the action of companies is limited.

Nevertheless, the Trustees expect that each investment manager will discharge its responsibilities in respect of investee companies in accordance with that investment manager's own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

The Trustees also expect that each investment manager will take ESG factors into account when exercising the rights attaching to investments and in taking decisions relating to the selection, retention and realisation of investments.

When considering the suitability of an investment manager, the Trustees (in conjunction with its investment adviser) will take account of any particular characteristics of that manager's engagement policy that are deemed to be financially material.

The Trustees recognise that the members might wish the Trustees to engage with the underlying companies in which the Scheme invests with the objective of improving corporate behaviour to benefit the environment and society. However, the Trustees' priority is to select investment managers which are best suited to help meet the Trustees' investment objectives. In making this assessment, the Trustees will receive advice from its investment adviser. The Trustees recognise that the investment managers' own policies are likely to be focussed on maximising financial returns and minimising financial risks rather than targeting an environmental or societal benefit.

7. Investment Manager Arrangements

As the Scheme's assets are held in pooled funds, the Trustees have limited influence over the investment managers' investment decisions. In practice, investment managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover.

It is therefore the Trustees' responsibility to ensure that the approaches adopted by investment managers are consistent with the Trustees' policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies.

The Trustees expect investment managers, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/equity issuers, and to engage with issuers to improve their performance. The Trustees assess this when selecting and monitoring managers.

The Trustees' policy on selecting, monitoring, evaluating and (where necessary) terminating these arrangements is set out in further detail below.

Compatibility of Pooled Funds with the Trustees' Investment Strategy

When selecting a pooled fund, the Trustees consider various factors, including:

- the assets that will be held within that fund and whether the asset allocation of the fund is expected to change over time;
- the risks associated with the fund along with the return that is expected;
- the fund's objective (as stated by the fund's investment manager) and whether the objective is consistent with the performance that the Trustees expect from that fund;
- the fund's fee structure to ensure that this is reasonable and that it does not provide an incentive for the investment manager to manage the fund in a way that differs from the expectations of the Trustees;
- how frequently underlying investments within the fund are expected to be traded by the investment manager;
- how financially material considerations (including ESG factors) over the appropriate time horizon are taken into account by the investment manager;
- the investment manager's policy in relation to the exercise of the rights (including voting rights) attaching to the investments held within the pooled fund; and
- the investment manager's policy in relation to undertaking engagement activities in respect of the investments held within the pooled fund*.

**This includes engaging with an issuer of debt or equity regarding matters including (but not limited to) performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, and ESG matters. It also includes engaging on these matters with other investment managers, other holders of debt or equity and persons or groups of persons who have an interest in the issuer of debt or equity.*

7. Investment Manager Arrangements (continued)

After analysing the above characteristics for a fund, the Trustees identify how that fund would fit within their overall investment strategy for the Scheme and how the fund is expected to help the Trustees meet its investment objectives.

Duration of Investment Manager Arrangements

The Trustees normally expects that pooled funds will be held for several years.

However, as part of the periodic strategic asset allocation reviews (which take place at least every three years), the Trustees will review whether the ongoing use of each fund remains consistent with its investment strategy.

The Trustees regularly monitors the financial and non-financial performance of the pooled funds held and details of this monitoring process is set out below. If the Trustee becomes concerned about the ongoing suitability of a pooled fund, they may reduce exposure to it or disinvest entirely. Such action is expected to be infrequent.

Monitoring Pooled Funds

The Trustees regularly assess the performance of each fund held and this monitoring includes an assessment of whether the investment manager continues to operate the fund in a manner that is consistent with the factors used by the Trustees to select the fund (as listed above).

When assessing the performance of a fund, the Trustees do not usually place too much emphasis on short-term performance although they will seek to ensure that reasons for short-term performance (whether favourable or unfavourable) are understood.

The Trustees expect the investment managers of pooled funds to invest for the medium to long term and they expect investment managers to engage with issuers of debt or equity with a view to improving performance over this time frame.

If it is identified that a fund is not being operated in a manner consistent with the factors used by the Trustees to select the fund, or that the investment manager is not engaging with issuers of debt or equity, the Trustees may look to replace that fund. However, in the first instance, the Trustees would normally expect its investment adviser to raise the Trustees' concerns with the investment manager. Thereafter, the Trustees, in conjunction with its investment adviser, would monitor the performance of the fund to assess whether the situation improves.

7. Investment Manager Arrangements (continued)

Portfolio Turnover

The Trustees are aware of the requirement to monitor portfolio turnover costs (the costs incurred as a result of the buying, selling, lending or borrowing of investments).

When selecting a pooled fund, the Trustees will consider how the investment manager defines and measures:

- the targeted portfolio turnover (the frequency within which the assets of the fund are expected to be bought or sold); and
- turnover range (the minimum and maximum frequency within which the assets of the fund are expected to be bought or sold).

At least annually, the Trustees, in conjunction with its investment adviser, will consider the transaction costs incurred on each pooled fund. As part of this analysis, the Trustees will consider whether the incurred turnover costs have been in line with expectations.

The Trustees will take the above information on portfolio turnover into account when assessing the ongoing suitability of each pooled fund.

8. Risk Mitigation

When determining suitable investment objectives and when designing the Scheme's investment strategy, the Trustees (in conjunction with its investment adviser), will take into account all risks that are assessed to be financially material. The principal investment risks are listed in the Trustees' *Investment Risk Policy*. That Policy also provides an explanation of how the investment risks are managed.

Risk Capacity and Risk Appetite

In determining a suitable investment strategy, the Trustees consider how the volatility of the funding position is likely to be affected by changes to the asset allocation. An important consideration for the Trustees is whether a potential investment strategy is consistent with the ability of the sponsoring employer to address any future increase in deficit that may arise due to market movements.

Self-Investment Risk

Legislation imposes a restriction that no more than 5% of a pension scheme's assets may be related to the sponsoring employer. The Trustees do not hold any direct employer-related assets and any indirect exposure is expected to be less than 5% of total assets.

ESG Risks

The Trustees (in conjunction with its investment adviser) have considered the likely impact of the financially material ESG risks associated with all of the Scheme's investments and has assessed the mitigation of such risks implemented by each of the investment managers. In making this assessment, the Trustees recognise that, where pooled investment vehicles are held, the extent to which ESG factors will be used in the selection of suitable underlying investments will be determined by the investment managers' own policies on such matters.

Liquidity Risk

The majority of the Scheme's investments will be liquid and will be realisable for cash at relatively short notice without incurring high costs. However, the Trustees recognise that the liabilities are long-term in nature and that a modest allocation to less-liquid investments may be appropriate.

Details of the liquidity characteristics of the funds held are provided in Appendix 2.

9. Monitoring

The Trustees regularly review the Scheme's investments for all matters considered to be financially material over the future period for which benefits are expected to be paid from the Scheme. This includes reviewing that the assets continue to be managed in accordance with each manager's mandate and that the choice of managers remains appropriate.

Furthermore, the Trustees regularly monitors the position of the investment managers with regards to ESG matters.

The investment adviser regularly meets with the managers of pooled funds on its approved list.

10. Future Amendments

This statement will be reviewed at least every three years and without delay after any significant change in circumstances or investment strategy.

The Trustees have consulted with the sponsoring employer as part of the work preparing this statement.

The principles set out in this Statement have been agreed by the Trustees:

Signed: *John Williams*

Date: *19 November 2021*

For and on behalf of the Trustees of the GRF Services Defined Benefits Pension Scheme.

Appendix 1: The Trustees' Investment Strategy

Strategic Asset Allocation

In determining the strategic asset allocation, the Trustees view the investments as falling into two broad categories:

1. **Growth Assets** – Assets that are expected to deliver long-term returns in excess of liability growth. The use of Growth Assets is expected to deliver a level of investment returns deemed appropriate by the Trustees given the risk involved.
2. **Liability Matching Assets** – Assets that are expected to react to changes in market conditions in a similar way to the liabilities. The use of Liability Matching Assets is expected to protect the funding position of the Scheme.

In addition, the Trustees may hold cash. Cash will normally be held in the Trustees' bank account if it is to be used to make payments due in the short-term whereas cash that is to be held for more than a few weeks will normally be held in a cash fund.

At the time of preparing this statement, the split of the Scheme's assets between Growth and Liability Matching Assets was 70% Growth and 30% Liability Matching. This split is not regularly rebalanced and will vary over time as market conditions change.

The Trustees will review the strategic asset allocation periodically, and at least every three years, to ensure that the investment strategy remains consistent with the Trustees' funding objectives. As part of such a review, the Trustees will consider the risks associated with the investment strategy.

Investment Strategy Implementation

The Trustees have selected funds managed by Newton Investment Management Limited, Baillie Gifford & Co Limited, Schroder Investment Management Limited, LGIM, BMO Asset Management Luxembourg S.A. Investments and Partners Group (Guernsey) Limited to implement the Scheme's investment strategy. Investments in the Partners Group (Guernsey) Limited are held directly with that manager whilst investments in all other funds are made via the Mobius investment platform.

Further details of the investment strategy and the funds used are provided below.

Appendix 1: The Trustees' Investment Strategy (continued)

Design of the Asset Portfolio

The structure of the Scheme's Assets has been designed to offer diversification across a range of underlying asset classes and to achieve this by combining investment managers with different asset management styles.

The current strategic allocation of the Scheme's Assets is as follows:

Pooled Investment Vehicle	Trigger 3 strategic allocation, which is the latest implemented trigger strategy under the dynamic de-risking framework (see later)
Liability Matching Assets	
BMO Real Dynamic LDI Fund	8%
BMO Nominal Dynamic LDI Fund	6%
BMO Short-Profile Real Dynamic LDI Fund	6%
LGIM Over 15 Year Index-Linked Gilts Index Fund	10%
Total Liability Matching Assets	30%
Growth Assets	
LGIM UK Equity Index Fund	2%
LGIM World (ex UK) Equity Index Fund – GBP Currency Hedged	5%
BNY Mellon Global Dynamic Bond Fund	21%
Baillie Gifford Multi-Asset Growth Fund	26%
Schroder Life Intermediated Diversified Growth Fund	6%
Partners Group (Guernsey) Limited	10%
Total Growth Assets	70%

The allocation of the Growth Assets is not automatically rebalanced but will be monitored and rebalanced at the discretion of the Trustees.

Design of the Liability Matching Portfolio

The Scheme's Liability Matching Assets are invested in leveraged Liability Driven Investment (LDI) funds managed by BMO and an Index-Linked Gilt fund managed by LGIM. The funds used are:

- BMO Real Dynamic LDI Fund
- BMO Nominal Dynamic LDI Fund
- BMO Short-Profile Real Dynamic LDI Fund
- LGIM Over 15 Year Index-Linked Gilts Index Fund

The expected target level of matching under the above strategy, expressed as proportion of the sensitivity of liabilities to changes in long term interest rates and inflation expectations, is around 70%.

Appendix 1: The Trustees' Investment Strategy (continued)

LDI Leverage Management Policy

In an environment of rising yields, leverage increases, and if the leverage of a BMO LDI fund breaches the upper threshold, BMO will require a recapitalisation to lower the leverage of the relevant fund. This will ensure that leverage within the LDI funds remains within a permissible range. The Trustees decide where such payments should be taken from. The Trustees have provided BMO with authority to use the BNY Mellon Global Dynamic Bond Fund to recapitalise any LDI funds.

In an environment of falling yields, leverage falls, and if the leverage of a BMO LDI fund falls below a minimum threshold, BMO will make a cash payment from the relevant fund to raise the leverage. This will ensure that leverage within the LDI funds remains within a permissible range. The Trustees decide how such payments shall be invested. The Trustees have provided BMO with authority to invest any such cash proceeds in the BNY Mellon Global Dynamic Bond Fund.

Cashflow Management Policy

Any investments or disinvestments will be made at the discretion of the Trustees, but the Trustees will maintain a *Cashflow Management Policy* which will record how such payments should be structured. The *Cashflow Management Policy* will be designed to ensure the allocation of the Scheme's assets remains closely aligned with the strategy described in this statement.

To ensure the Scheme operates efficiently, the Trustees may share the *Cashflow Management Policy* with the individual(s) responsible for processing payments from the Scheme.

The *Cashflow Management Policy* will be reviewed from time-to-time by the Trustees and, as a minimum, at least every three years in line with a review of this statement. Given that the *Cashflow Management Policy* is designed to keep the Scheme's asset allocation aligned with the investment strategy and investment principles described in this statement, the sponsoring employer is satisfied that the *Cashflow Management Policy* can be amended by the Trustees without consulting the sponsoring employer.

Appendix 1: The Trustees' Investment Strategy (continued)

Long-Term Journey Plan and Short-Term Triggers

The Trustees have determined a long-term funding target which is to be 100% funded on the Self-Sufficiency basis. For this purpose, Self-Sufficiency is used to describe a valuation approach which is consistent with the Trustees' Statement of Funding Principles but with a discount rate determined as the yield on gilts + 0.5% per annum.

Under the Trustees' Long-Term Journey Plan, when full funding on the Self-Sufficiency basis has been achieved, the objective is to have implemented the following asset allocation:

- 40% - LDI and Gilts
- 30% - Diversified Credit Fund (DCF)
- 10% - Semi-Liquid Multi-Asset Fund
- 20% - Diversified Growth Fund (DGF)

The target allocation to Liability Matching Funds will be structured to fully match (as far as is possible) the sensitivity of the Self-Sufficiency liabilities to changes in both the expectations of future interest rates and expectations of future inflation.

The Trustees regularly monitor the Scheme's funding position on the Self-Sufficiency measure and has agreed that, if this funding level reaches pre-determined triggers, a proportion of Scheme's assets will be switched from Growth Assets to Liability Matching Assets or to lower-risk Growth Assets.

Further details on the Trustees' Long-Term Journey Plan and Short-Term Triggers are to be provided in a framework document in due course.

Appendix 2: Fund Details

This Appendix provides a summary of the funds used to implement the Scheme's investment strategy. The details provided below were correct as at July 2021.

The following points should be noted:

- **AMC:** The Annual Management Charge applicable to each fund represents the fee payable to the fund manager.
- **Additional expenses:** These are third party costs associated with the operation of a fund such as fees paid to the administrator, the custodian and the auditor and the costs associated with the use of third-party funds where these are used. The level of the additional expenses may vary over time.
- **Legal Structure:** An explanation of the different types of fund legal structures is provided in the Trustee's *Investment Risk Policy* document.
- **T:** Trade Date

BNY Mellon Global Dynamic Bond Fund	
Objective	BNY Mellon Global Dynamic Bond Fund aims to maximise the total return from income and capital growth from a global diversified portfolio of predominantly higher yielding corporate and government fixed interest securities. The Fund is managed to seek a minimum return of cash (1 month GBP Libor) +2% pa over 5 years before fees. In so doing they aim to achieve a positive return on a rolling 3 year basis.
Legal Structure	Investment Company with Variable Capital
Trading Frequency	Daily
Notice Period	T-1
Settlement Period	T+3
Fee	AMC: 0.475% p.a.
	Additional Expenses (approx.): 0.05% p.a.

Appendix 2: Fund Details (continued)

Baillie Gifford Multi-Asset Growth Fund	
Objective	The Baillie Gifford Multi-Asset Growth Fund invests in a variety of asset classes with the aim of achieving long-term capital growth at a level of risk lower than investment in equities. The fund's objective is to outperform the UK base rate by at least 3.5% p.a. (net of fees) over rolling five year periods with an annualised volatility of less than 10%.
Legal Structure	Investment Company with Variable Capital
Trading Frequency	Daily
Notice Period	T-1
Settlement Period	T+3
Fee	AMC: 0.39% p.a.
	Additional Expenses (approx.): 0.08% p.a.

Schroder Life Intermediated Diversified Growth Fund	
Objective	The Schroder Life Diversified Growth Fund aims to invest in a broad range of asset classes to aim to generate a return of UK inflation (as measured by the UK Consumer Price Index) + 5% pa over an economic cycle, typically a five year period, with a volatility less than two thirds of global equities.
Legal Structure	Unit-linked insurance policy
Trading Frequency	Daily
Notice Period	T-1
Settlement Period	T+4
Fee	AMC: 0.70% p.a.
	Additional Expenses (approx.): 0.05% p.a.

Appendix 2: Fund Details (continued)

LGIM UK Equity Index Fund	
Objective	To replicate the performance of the FTSE All-Share Index after the deduction of charges and taxation.
Legal Structure	Unit-linked insurance policy
Trading Frequency	Daily
Notice Period	T-1
Settlement Period	T+2
Fee	AMC: 0.085% p.a.

LGIM World (ex UK) Equity Index Fund - GBP Hedged	
Objective	To replicate the performance of the FTSE World (ex UK) Index (less withholding tax if applicable) - GBP Hedged (with the exception of advanced emerging markets) to within +/-0.5% p.a. for two years out of three.
Legal Structure	Unit-linked insurance policy
Trading Frequency	Daily
Notice Period	T-1
Settlement Period	T+2
Fee	AMC: 0.185% p.a.

Appendix 2: Fund Details (continued)

LGIM Over 15 Year Index Linked Gilts Index Fund	
Objective	To track the performance of the FTSE Actuaries UK Index-Linked Gilts Over 15 Year Index to within +/- 0.25% per annum for two years out of three.
Legal Structure	Unit-linked insurance policy
Trading Frequency	
Notice Period	T-1
Settlement Period	T+2
Fee	AMC: 0.085% p.a.

BMO Nominal Dynamic LDI Fund	
Objective	To provide liability matching.
Legal Structure	Investment Company with Variable Capital
Trading Frequency	Daily
Notice Period	T-1 if the money is being paid to the Trustee bank account; T-3 if the money is being paid to a third party
Settlement Period	T+2
Fee	AMC: 0.325% p.a.
	Additional Expenses (approx.): 0.041% p.a.

Appendix 2: Fund Details (continued)

BMO Real Dynamic LDI Fund	
Objective	To provide liability matching.
Legal Structure	Investment Company with Variable Capital
Trading Frequency	Daily
Notice Period	T-1 if the money is being paid to the Trustee bank account; T-3 if the money is being paid to a third party
Settlement Period	T+2
Fee	AMC: 0.325% p.a.
	Additional Expenses (approx.): 0.039% p.a.

BMO Short-Profile Real Dynamic LDI Fund	
Objective	To provide liability matching.
Legal Structure	Investment Company with Variable Capital
Trading Frequency	Daily
Notice Period	T-1 if the money is being paid to the Trustee bank account; T-3 if the money is being paid to a third party
Settlement Period	T+2
Fee	AMC: 0.325% p.a.
	Additional Expenses (approx.): 0.04% p.a.