XPS Investment

Statement of Investment Principles

St Austell Brewery Company Limited Retirement Benefits Plan (DB and DC Sections)

January 2023

Contents

01 Introduction 1
02 Strategic investment policy and objectives 2
03 Responsible investment 5
04 Risk measurement and management 6
05 Realisation of assets and investment restrictions 8
06 Investment Manager Arrangements and fee structure 9
07 Additional Voluntary Contribution arrangements 11
08 Compliance Statement 12
Appendix I DB Section Investment Strategy & Structure 13
Appendix II DC Section Investment Strategy & Structure 14
Appendix III DB Section Fund benchmarks, objectives & fees 16
Appendix IV DC Section Fund benchmarks, objectives and fees18

01 **Introduction**

Purpose

This document constitutes the Statement of Investment Principles ('the SIP') required under Section 35 of the Pensions Act 1995 for the St Austell Brewery Company Limited Retirement Benefits Plan ('the Plan'). It describes the investment policy being pursued by the Trustees of the Plan and is in accordance with the Government's voluntary code of conduct for Institutional Investment in the UK ('the Myners Principles'). This SIP also reflects the requirements of Occupational Pension Schemes (Investment) Regulations 2005.

Plan details

The exclusive purpose of the Plan is to provide retirement and death benefits to eligible participants and beneficiaries. It qualifies as a registered pension Plan, registered under Chapter 2 of Part 4 of the Finance Act 2004. The Plan has two sections – the Defined Benefit ('DB') Section and the Defined Contribution ('DC') Section. This Statement covers both sections.

Advice and consultation

Before preparing this Statement, the Trustees have sought advice from the Plan's Investment Consultant, XPS Investment Limited. The Trustees have also consulted the Principal Employer. The Trustees will consult the Principal Employer on any future changes in investment policy as set out in this Statement.

Investment powers

The Plan's Trust Deed and Rules set out the investment powers of the Trustees, in Rules 82-86. This Statement is consistent with those powers. Neither this Statement nor the Trust Deed and Rules restricts the Trustees' investment powers by requiring the consent of the Principal Employer.

In accordance with the Financial Services and Markets Act 2000, the Trustees set general investment policy but delegate responsibility for the selection of the specific securities and any financial instruments in which the Plan invests to the Investment Managers.

Review of the Statement

The Trustees will review this Statement and their investment policy at least every three years in conjunction with each triennial valuation or immediately following any significant changes in investment policy.

The Trustees will also review this Statement in response to any material changes to any aspect of the Plan, its liabilities, finances or attitude to risk of either the Trustees or Principal Employer or changes in the demographic profile of relevant members which they judge to have a bearing on the stated investment policy.

The Trustees will receive confirmation of the continued appropriateness of this Statement annually, or more frequently, if appropriate.

Definitions

Capitalised terms in this document mean the following:

Act - The Pensions Act 1995 (as amended by subsequent legislation);

AVCs - Additional Voluntary Contributions;

Investment Manager – An organisation appointed by the Trustees to manage investments on behalf of the Plan;

Plan – The St Austell Brewery Company Limited Retirement Benefits Plan;

Principal Employer – St Austell Brewery Company Limited;

Recovery Plan - The agreement between the Trustees and the Principal Employer to address the funding deficit;

Statement - This document, including any appendices, which is the Trustees' Statement of Investment Principles;

Technical Provisions - The amount required, on an actuarial calculation, to make provision for the DB Section's liabilities;

Trust Deed and Rules - the Plan's governing Trust Deed and Rules dated 26 November 2010, as subsequently amended;

Trustees – the collective entity responsible for the investment of the Plan's assets and managing the administration of the Plan;

Value at Risk - a technique which uses historical correlations of asset class returns and volatilities to estimate the likely worst-case scenario loss for a given portfolio of assets.

02 Strategic investment policy and objectives

Choosing investments

The Trustees rely on professional Investment Managers for the day-to-day management of the Plan's assets. However, the Trustees retain control over some investments. In particular, the Trustees make decisions about pooled investment vehicles in which the Plan invests and any AVC investment vehicles.

For the DC Section, decisions about the particular pooled investment vehicles offered to members are made by the Trustees.

The Trustees' policy is to regularly review the investments over which they retain control and to obtain written advice about them when necessary. When deciding whether or not to make any new investments the Trustees will obtain written advice and consider whether future decisions about those investments should be delegated to the Investment Managers. The written advice will consider suitability of the investments, the need for diversification and the principles within this Statement. The adviser will have the knowledge and experience required under Section 36(6) of the Act.

Long-term objectives: DB Section

The primary investment objective of the Trustees is to ensure the Plan is able to meet the benefit payments promised as they fall due from a combination of investment returns and planned contributions.

The Plan's Statutory Funding Objective (measured on an ongoing basis) is updated regularly in accordance with regulations. The SIP has been drawn up to take into account the investment returns assumed in the Statutory Funding Objective and outlined in the Statement of Funding Principles.

The Trustees aim to hold a portfolio of assets that will achieve returns in excess of investment returns indicated

in the Statement of Funding Principles, without exposing the Plan to excessive risk.

The Trustees have agreed with the Company to maintain a policy of investing in equity funds, target return type funds, absolute return bond funds, bond funds as well as property investment.

The Trustees will seek to achieve a level of investment return which is consistent with that assumed in the Recovery Plan from the most recent Actuarial Valuation.

Long-term objectives: DC Section

The Trustees' long-term objectives are to provide members with investment options that will enable them to optimise the real return on investments in order to build a fund which will be used at retirement to invest in an income drawdown product, purchase an annuity and/or be taken as a cash lump sum. The Trustees have therefore selected the investment options:

- >Intended to be in the interests of members;
- >In a manner designed to provide an appropriate level of security, quality, liquidity and profitability;

The Trustees recognise that the available investment options directly impact the Plan members and their expectation for their retirement provision.

The Trustees have therefore set three investment objectives for the Plan:

> Fiduciary	To ensure members are given an appropriate range of investment vehicles and guidance on the suitability of these vehicles;
> Funding	To give members investment opportunities that enable them to maximise the returns achieved at acceptable levels of risk;
> Stability	To provide members with some investment options which offer some protection against volatility in the capital value of their fund.

Expected returns

By undertaking the investment policy described in this Statement, the Trustees expect future investment returns for the DB Section will at least meet the rate of return underlying the Recovery Plan.

For the DC Section, the Trustees anticipate that the investment options and the associated future absolute investment returns will allow members to maintain or increase the real value of their fund whilst at the same time providing them with the opportunity to invest in assets which are closely aligned to the way in which they expect to convert their fund at retirement.

The Trustees expect the long-term return on investment options that invest predominantly in equities to exceed price inflation. The long term returns on bond and cash options are expected to be lower than returns on predominantly equity options. Cash funds provide protection against changes in short-term capital values and may be appropriate for members wishing to take part or all of their DC benefits in the form of a cash lump sum.

Investment Policy – DB Section

Following advice from the Investment Consultant, the Trustees have set the investment policy and objectives with regard to the Plan's liabilities and funding level.

The Trustees intend to achieve these objectives through investing in a diversified portfolio of return-seeking assets (e.g. equities, property and multi asset funds) and liability matching assets (e.g. corporate bonds and gilts,). The Trustees recognise that the return on return-seeking assets, whilst expected to be greater over the long-term than that on liability matching assets, is likely to be more volatile. A mixture across asset classes should nevertheless provide the level of returns required by the Plan to meet its liabilities at an acceptable level of risk (of underperforming the liabilities) for the Trustees, and an acceptable level of cost to the Principal Employer.

The investment policy the Trustees have adopted is detailed in Appendix I. The specific Investment Manager mandates against which performance of the assets will be assessed are specified in Appendix III.

Investment Policy – DC Section

In order to meet the above objectives, the Trustees have made available a range of investment funds with different risk-reward characteristics. Further details are provided in Appendix II.

The individual funds available and their characteristics are given in Appendix IV.

Range of assets

The Trustees consider that the combination of the investment policy detailed in Appendix I and the specific manager mandates detailed in Appendix II will ensure that the assets of the Plan include suitable investments that are appropriately diversified and provide a reasonable expectation of meeting the objectives. In setting out the mandates for the Investment Managers, the Trustees will ensure that the Plan holds a suitably diversified range of securities in each category, avoiding an undue concentration of assets.

For the DC Section, the amounts allocated to any individual asset class will be influenced by the choices made by the members and may vary through the Investment Managers' tactical asset allocation preferences at any time, within the restrictions imposed under individual fund investment parameters.

The Trustees will ensure that the investment options made available to members hold a suitably diversified range of securities, avoiding an undue concentration of assets. In addition, the Trustees will ensure the range of assets is otherwise suitable to meet the investment objectives, as set out in Appendix IIII.

Based on the structure set out in Appendix II, the Trustees consider the arrangements with the Investment Managers to be aligned with the Plan's overall strategic objectives. Details of each specific mandate are set out in agreements and pooled fund documentation with each Investment Manager. The amounts allocated to any individual category or security will be influenced by the overall benchmark and objectives, varied through the Investment Managers' tactical asset allocation preferences at any time, within any scope given to them through asset allocation parameters set by the Trustees or governing the pooled funds in which the Plan is invested.

The Trustees will ensure that the Plan's assets are invested in regulated markets to maximise their security.

Strategic investment policy and objectives continued

Investment Managers are incentivised to perform in line with expectations for their specific mandate as their continued involvement as Investment Managers as part of the Plan's investment strategy – and hence the fees they receive – are dependent upon them doing so. They are therefore subject to performance monitoring and reviews based on a number of factors linked to the Trustees' expectations, including the selection / deselection criteria set out in Section 6

The Trustees encourage Investment Managers to make decisions in the long-term interests of the Plan. The Trustees expect engagement with management of the underlying issuers of debt or equity and the exercising of voting rights. This expectation is based on the belief that such engagement can be expected to help Investment Managers to mitigate risk and improve long term returns. As covered in more detail in Section 3, the Trustees also require the Investment Managers to take ESG factors and climate change risks into consideration within their decision-making as the Trustees believe these factors could have a material financial impact in the long-term. The Trustees therefore make decisions about the retention of Investment Managers, accordingly.

03 Responsible investment

The Trustees have considered their approach to environmental, social and corporate governance ("ESG") factors for the long-term time horizon of the Plan and believe there can be financially material risks relating to them. The Trustees have delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Plan's Investment Managers. The Trustees require the Plan's Investment Managers to take ESG and climate change risks into consideration within their decision-making, in relation to the selection, retention or realisation of investments, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

The Trustees will seek advice from the Investment Consultant on the extent to which their views on ESG and climate change risks may be taken into account in any future Investment Manager selection exercises.

Furthermore, the Trustees, with the assistance of the Investment Consultant, will monitor the processes and operational behaviour of the Investment Managers from time to time, to ensure they remain appropriate and in line with the Trustees' requirements as set out in this Statement.

As the Plan invests in pooled funds, the Trustees acknowledge that they cannot directly influence the policies and practices of the companies in which the pooled funds invest. They have therefore delegated responsibility for the exercise of rights (including voting rights) attached to the Plan's investments to the Investment Managers. The Trustees encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters such as strategy, capital structure, conflicts of interest policies, risks, social and environmental impact and corporate governance as part of their decision-making processes. The Trustees require the Investment Managers to report on significant votes made on behalf of the Trustees.

The Investment Managers utilised by the Plan have opted to sign the Principles for Responsible Investment, a set of six voluntary and aspirational principles supported by the United Nations, which offer an assortment of possible actions for incorporating ESG issues into investment practice. The principles were developed by investors, for investors, and aim to assist signatories in developing a more sustainable global financial system

The Investment Managers utilised by the Plan have also produced individual statements on their compliance with the UK Stewardship Code, as published by the Financial Reporting Council. This code aims to enhance the quality of engagement between investors and companies to help improve long-term risk-adjusted returns to shareholders, and includes details on matters such as voting rights.

When considering the selection, retention or realisation of investments, the Trustees have a fiduciary responsibility to act in the best interests of the beneficiaries of the Plan, although they have neither sought, nor taken into account, the beneficiaries' views on matters including (but not limited to) ethical issues and social and environmental impact. The Trustees will review this policy if any beneficiary views are raised in future.

04 Risk measurement and management

The Trustees recognise a number of risks involved in the investment of the assets of the Plan. The Trustees measure and manage these risks as follows:

Solvency risk and mismatching risk - The risk that the assets do not respond to market changes in the same way as the liabilities of the DB Section, resulting in volatility in the funding position, is addressed through the strategic asset allocation and through ongoing triennial actuarial valuations. In setting the investment strategy, the Trustees will consider (for example) the Value at Risk.

Market risk – For the DC Section, the risk of exposure to volatile markets, which may be less acceptable to some members, particularly near retirement, is addressed through the availability of non equity-orientated funds.

Strategy risk - The risk that the Investment Managers' asset allocation deviates from the Trustees' investment policy is addressed through regular review of the asset allocation. In reviewing the investment strategy on a periodic basis, the Trustees will consider the current economic factors affecting the asset classes in which they have invested and the short to medium term outlook for performance by reference to e.g. current and historic yields, GDP growth forecasts and other relevant factors. The Trustees will also consider how far the actual asset allocation has drifted from the strategic asset allocation and take action to rebalance if necessary.

Liquidity risk - The risk that assets cannot be sold quickly enough to enable benefits to be paid or that the Trustees cannot exit a particular investment is addressed through the process by which the administrator estimates the benefit outgo and ensures that sufficient cash balances are available, and through the Trustees' policy on realisation of assets (see below).

Inappropriate investments - The risk that an Investment Manager invests in assets or instruments that are not considered to be appropriate by the Trustees is addressed through the Trustees' policy on the range of assets in which the Plan can invest (see section 2).

Counterparty risk - The risk that a third party fails to deliver cash or other assets owed to the Plan is addressed through the Investment Managers' guidelines with respect to cash and counterparty management.

Political risk - The risk of an adverse influence on investment values from political intervention is reduced by diversification of the assets across many countries.

Custodian risk - The risk that the custodian fails to provide the services expected is addressed through the agreement with the third-party custodian and ongoing monitoring of the custodial arrangements. In pooled arrangements this is invariably delegated to the Investment Managers.

Manager risk - The risk that an Investment Manager fails to meet their stated objective is addressed through the performance objectives set out in Appendix II and through the monitoring of the Investment Managers as set out in section 6. In monitoring the performance of the Investment Managers, the Trustees measure the returns relative to the benchmark, objective and the volatility of returns. In addition, the Trustees will regularly review each Investment Manager's approach to risk within each fund in order to highlight any unintended risk being taken. For example:

- for equities, the Trustees will consider the spread of assets across various geographic and industry sectors, the concentration of investments in individual stocks and the active positions taken by the Investment Managers;
- for real estate secondary assets and property, the Trustees will consider the spread of assets across various geographic sectors, vintage years and property types. The Trustees will also review how each fund operates within its own defined risk controls and limits;
- for multi asset credit funds, the Trustees will consider the type and quality of the underlying assets and the volatility of each fund both in absolute terms and in comparison to the volatility of traditional credit markets;
- for multi-asset funds such as diversified growth funds (DGFs) and private markets, the Trustees will consider the weightings within each fund to different asset classes;

Fraud/Dishonesty - The risk that the Plan assets are reduced by illegal actions is addressed through restrictions applied as to who can authorise transfer of cash and the account to which transfers can be made.

Currency risk – The risk of losses through depreciation of non-sterling currencies is measured by reference to the exposure of the Plan to pooled funds with unhedged currency risk and is managed by investing predominantly in sterling assets and only taking currency risk where it increases the level of diversification.

05 Realisation of assets and investment restrictions

Realisation of investments

In recognition of the fact that funds may need to be realised for a number of unanticipated reasons at any time, and the desirability of retaining as high a degree of flexibility as possible to cater for unexpected changes in circumstances, the Trustees will monitor closely the extent to which any assets not readily realisable are held by the Investment Managers and will limit such assets to a level where they are not expected to prejudice the proper operation of the Plan.

The Trustees have considered how easily investments can be realised for the types of assets in which the Plan is currently invested. As such, the Trustees believe that the Plan currently holds an acceptable level of readily realisable assets. The Trustees will also take into account how easily investments can be realised for any new investment classes it considers investing in, to ensure that this position is maintained in the future.

The Trustees will hold cash to the extent that they consider necessary to meet impending anticipated liability outflows. A bank account is used to facilitate the holding of cash awaiting investment or payment.

Investment restrictions

The Trustees have established the following investment restrictions:

> The Trustees or the Investment Managers may not hold in excess of 5% of the Plan's assets in investments related to the Principal Employer;

> Whilst the Trustees recognise that borrowing on a temporary basis is permitted, this option will only be utilised where it is deemed absolutely necessary or where the Trustees have received advice from the Investment Consultant that the Plan's overall exposure to risk can be reduced through temporary borrowing, e.g. during an asset transfer;

> Investment in derivative instruments may be made only insofar as they contribute to the reduction in risk or facilitate efficient portfolio management.

The Investment Managers impose internal restrictions that are consistent with their house style. In some instances, the Trustees may impose additional restrictions and any such restrictions are specified in Appendix II.

06 Investment Manager Arrangements and fee structure

Delegation to Investment Manager(s)

In accordance with the Act, the Trustees have appointed one or more Investment Managers and delegated to them the responsibility for investing the Plan's assets in a manner consistent with this Statement.

The Investment Managers are authorised and regulated to provide investment management services to the Plan. Within the UK, the authorisation and regulation of the Investment Managers falls under the Financial Conduct Authority (FCA). Specific products in which the Plan invests may also be regulated by the Prudential Regulatory Authority (PRA). For non-UK Investment Managers, authorisation and regulation is undertaken by the home state regulator.

Where Investment Managers are delegated discretion under section 34 of the Pensions Act 1995, the Investment Managers will exercise their investment powers with a view to giving effect to the principles contained in this Statement so far as reasonably practicable. In particular, the Investment Managers must have regard to the suitability and diversification of the investments made on behalf of the Plan.

The Investment Managers will ensure that suitable internal operating procedures are in place to control individuals making investments for the Plan.

Performance objectives

The individual benchmarks and objectives against which each investment mandate is assessed are given in Appendix II.

Review process

Appointments of Investment Managers are expected to be long-term, but the Trustees will review the appointment of the Investment Managers in accordance with their responsibilities. Such reviews will include analysis of each Investment Manager's performance and processes and an assessment of the diversification of the assets held by the Investment Manager. The review will include consideration of the continued appropriateness of the mandate given to the Investment Manager within the framework of the Trustees' investment policies.

The Trustees receive quarterly performance monitoring reports from the Investment Consultant which consider performance over the quarter, one- and three-year periods. In addition, any significant changes relating to the criteria below that the Investment Consultant is aware of will be highlighted, which may lead to a change in the Investment Consultant's rating for a particular mandate. These ratings help to determine an Investment Manager's ongoing role in implementing the investment strategy. If there are concerns, the Trustees may carry out a more in-depth review of a particular Investment Manager. Investment Managers will also attend Trustees meetings as requested.

Fund manager remuneration is considered as part of the manager selection process. It is also monitored regularly with the help of the Investment Consultant to ensure it is in line with the Trustees' policies and with fee levels deemed by the Investment Consultant to be appropriate for the particular asset class and fund type.

Selection / Deselection Criteria

The criteria by which the Trustees will select (or deselect) the Investment Managers include:

> Parent - Ownership of the business;
> People - Leadership/team managing the strategy and client service;
> Product - Key features of the investment and the role it performs in a portfolio;
> Process - Philosophy and approach to selecting underlying investments including operational risk management and systems;
> Positioning - Current and historical asset allocation of the fund;
> Performance - Past performance and track record;
> Pricing - The underlying cost structure of the strategy;
> ESG – Consistency and extent to which ESG analysis is incorporated into the process of selecting underlying investments.

Investment Manager Arrangements and fee structure continued

An Investment Manager may be replaced, for example (but not exclusively), for one or more of the following:

> The Investment Manager fails to meet the performance objectives set out in Appendix II;
> The Trustees believe that the Investment Manager is not capable of achieving the performance objectives in the future;
> The Investment Manager fails to comply with this Statement.

Investment Managers' fee structure

The Investment Managers are remunerated by receiving a percentage of the Plan's assets under management and, in some cases, through the application of a flat fee. In addition, a performance related fee may be payable. Details of the fee arrangements are set out in Appendix II. It is felt that this method of remuneration provides appropriate incentives for the Investment Managers to target the agreed level of outperformance whilst adhering to the level of risk specified by the Trustees.

Portfolio turnover

The Trustees require the Investment Managers to report on actual portfolio turnover at least annually, including details of the costs associated with turnover, how turnover compares with the range that the Investment Manager expects and the reasons for any divergence.

Investment Consultant's fee structure

The Investment Consultant is remunerated for work completed on a fixed fee basis, or on a time-cost basis or via a project fee for additional items not included in the services agreement. It is felt that this method of remuneration is appropriate because it enables the Investment Consultant to provide the necessary advice and information to facilitate the Trustees in undertaking their responsibilities.

07 Additional Voluntary Contribution arrangements

Provision of AVCs

The Plan provided a facility for members to pay additional voluntary contributions (AVCs) to enhance their benefits at retirement. The Trustees' objective was to provide vehicles that enabled members to generate suitable long-term returns, consistent with their reasonable expectations.

Active members are able to contribute AVCs to the Defined Contribution Section of the Plan to be invested with Legal & General Investment Management Limited or Schroders Investment Management, and to the Defined Benefit Section to be invested with Prudential Plc, to enhance benefits at retirement.

The Trustees selected these vehicles as they were believed to meet the Trustees' objective of providing investment options that enabled AVC members to generate suitable long-term returns, consistent with their reasonable expectations.

Review process

The appointment of the AVC providers and the choice of AVC funds offered to members will be reviewed by the Trustees in accordance with their responsibilities, based on the result of the monitoring of performance and process. The Trustees will review the appointment of the AVC providers periodically in the light of their performance.

Where possible, performance of the AVC providers will be measured relative to the individual benchmarks and objectives for the funds offered and/or to other providers offering similar fund options as measured in industry AVC surveys.

08 Compliance Statement

Confirmation of advice

Before a Statement of Investment Principles, as required by the Pensions Act 1995, is prepared or revised by the trustee of a pension Plan, it must have consulted with the Principal Employer and obtained and considered the written advice of a person who is reasonably believed by it to be qualified by his ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of the investments of such Plans.

The Investment Consultant hereby confirms to the Trustees that they have the appropriate knowledge and experience to give the advice required by the Act.

Signed on behalf of the Trustees on 24 January 2023

Trustees' declaration

The Trustees confirm that this Statement of Investment Principles reflects the Investment Strategy they have decided to implement. The Trustees acknowledge that it is their responsibility, with guidance from the Advisers, to ensure the assets of the Plan are invested in accordance with these Principles.

Appendix I
DB Section Investment Strategy & Structure

Overall strategy

The Trustees have adopted a strategy where assets are invested in liability matching assets along with growth assets (equities, property, multi asset funds).

The Trustees have identified the following long-term structure as appropriate to meet the objectives of the Plan:

Asset Class	Long term Target Allocation (%)
Growth Assets	
Equities	**50**
BR UK Equity Fund	15
BR UK Select Equity Fund	10
LGIM Overseas Equity Consensus Index Fund	25
Multi Asset Funds	**27**
SPM Diversified Growth Fund	20
LGIM Dynamic Diversified Fund	7
Property	**5**
LGIM Managed Property Fund	5
Matching Assets	
Corporate Bonds	**10**
SPM All Maturities Corporate Bond Fund	10
Gilts	**5**
LGIM All Stocks Index-Linked Gilts Index Fund	5
Other	
St Austell Shares	3
Total	**100**

Matching assets

The Plan holds a small allocation within Index Linked Gilts. This will provide a small hedge against the Plan's interest rate and inflation sensitivities. The allocation to Corporate Bonds will also provide a small level of exposure to changes in interest rates.

Return-seeking assets

In order to achieve the required rate of investment return with a lower level of expected volatility, the Trustees have decided to invest in a diversified range of return seeking assets comprising both traditional (e.g. equities) and alternative (Property) asset classes.

Equities - Equities are managed on a passive global basis and an active UK basis.

Property – The Plan has a small allocation to property to provide further diversification.

Multi Asset Funds - The Trustees have decided to invest in this asset class in order to provide additional diversification and/or return. Multi asset funds are expected to provide a long term return similar to equities but with a lower degree of volatility.

Rebalancing and cashflow

The Trustees review the asset allocation on a periodic basis to ensure that the Plan assets are allocated in a manner that is consistent with the objectives as detailed in this Statement.

The Trustees monitor the actual asset allocation of the Plan. If the asset allocation moves more than +/-5% from the benchmark allocation noted above, the Trustees will decide whether to amend the asset allocation.

Appendix II
DC Section Investment Strategy & Structure

Overall strategy

The Trustees have decided to offer a range of appropriate funds to members to enable them to choose investments appropriate to their individual circumstances, whilst not offering too many funds which may deter some members from making a choice. In accordance with best practice guidance from the Pensions Regulator, particular attention has been placed on the default strategy to be used where members do not make their own investment choice.

The range of investment options is as follows:

Lifestyle strategy:

For members pre-retirement, the Trustees have also set up four Lifestyle Funds. Members can only contribute to one of the Lifestyle Funds listed below. If members choose to invest in a Lifestyle Fund, 100% of contributions must be invested into their chosen Lifestyle Fund.

The Balanced Lifestyle Fund is the default pre-retirement investment option for members.

Balanced Lifestyle Fund

Default Lifestyle fund

Before 10 years to retirement

Invested into the Multi-Asset (formerly Consensus) Fund

After 10 years to retirement

Invested into the Over 15 Year Gilts Index Fund and Cash Fund

Cautious Lifestyle Fund

Before 15 years to retirement

Invested into the Multi Asset (formerly Consensus) Fund.

After 15 years to retirement

Invested into the Over 15 Year Gilts Index Fund and Cash Fund

Adventurous Lifestyle Fund

Before 5 years to retirement

Invested into the Global Equity (70:30) Index Fund

After 5 years to retirement

Invested into the Over 15 Year Gilts Index Fund and Cash Fund

Cash Lifestyle Fund

Before 10 years to retirement

Invested into the Multi-Asset (Formerly Consensus) Fund

After 10 years to retirement

Invested into the Cash Fund

Default Strategy:

The aim of the default lifestyle strategy is to maximise the value of members' retirement savings while managing the risks including volatility over the member's investment timeline, with a particular focus on the period leading up to retirement age. The Trustees, with their Investment Consultant, assessed the suitability of the default investment arrangement considering the regulations governing how members can access their benefits at retirement. This assessment considered the Plan's membership profile and members' expected fund values at retirement.

The default strategy is operated in accordance with the policies described in the Statement and is intended to ensure investment in the best interests of members and beneficiaries as further described in the Statement.

Self-Select Options:

Multi-Asset Funds

Multi-Asset Fund

LGIM Multi-Asset (Formerly Consensus) Fund
SPM Sustainable Future Multi-Asset Fund
SPM Diversified Growth Fund

Equity Funds

Global Equity Fund

LGIM Global Equity (70:30) Index Fund
SPM Global Equity Fund

UK Equity Fund:

LGIM UK Equity Index Fund
SPM UK Equity Portfolio

Appendix II
DC Section Investment Strategy & Structure
continued

Bond Funds

Fixed Interest Gilt Fund	
	LGIM Over 15 Year Gilts Index Fund
Corporate Bond Fund	
	LGIM AAA-AA-A Corporate Bond All Stocks Index Fund SPM All Maturities Corporate Bond Fund

Other Funds

Property Fund	
	LGIM Managed Property Fund
Cash Fund	
	LGIM Cash Fund

Note: LGIM refers to Legal & General Investment Management Limited, SPM refers to Schroders Investment Management Limited

Appendix III
DB Section Fund benchmarks, objectives & fees

Schroders Investment Management Limited

SPM Diversified Growth Fund

Benchmark	ICE BofA Sterling 3- Month Government Bill Index plus 4.5% (gross of fees) and compared against the MSCI AC World (Net Total Return) GBP Hedged index
Objective	The fund aims to provide capital growth and income in line with the ICE BofA Sterling 3-Month Government Bill Index plus 4.5% (gross of fees)per annum over a five to seven year period by investing in a diversified range of assets and markets worldwide.
Fees	AMC: 0.51% p.a. OCF: 0.57% p.a.
Execution cost	Initial Charge: Nil Exit Charge: Nil

SPM All Maturities Corporate Bond Fund

Benchmark	Bank of America Merrill Lynch Non-Gilts (Gross Total Return) index.
Objective	The fund aims to outperform the Bank of America Merrill Lynch Non-Gilts All Stocks Index by 0.75% p.a. (gross of fees) over a three year rolling period.
Fees	AMC: 0.25% p.a. OCF: 0.27% p.a.
Execution cost	Initial Charge: Nil Exit Charge: Nil

BlackRock Investment Management

BR UK Equity Fund

Benchmark	FTSE All-Share TR Index
Objective	Outperform the FTSE All Share Index over rolling three-year periods
Fees	AMC: On first GBP 10 million: 0.50%p.a. On next GBP 10 million: 0.35% p.a. Thereafter: 0.30% p.a. OCF: 0.52% p.a.
Execution cost	Bid/Offer Spread: 0.67%

BR UK Select Equity Fund

Benchmark	FTSE All-Share Index
Objective	Outperform the FTSE All Share Index by 2% p.a. over rolling three-year periods
Fees	AMC: 0.50% p.a. OCF: 0.52% p.a. Performance fee: 20% of net outperformance (hurdle rate: FTSE All Share Index +2%)> If underperforms BR will refund 20% of net underperformance.
Execution cost	Bid/Offer Spread: 0.66%

Legal & General Investment Management

LGIM Overseas Equity Consensus Index Fund

Benchmark	FTSE All-World (ex UK) Index
Objective	To track the FTSE All-World ex UK Index (incl. re-invested income, less withholding tax) to within +/- 0.50% p.a. for two years out of three
Fees	AMC: On first GBP 5 million: 0.22% p.a. On next GBP 10 million: 0.19% p.a. OCF: 0.22% p.a.
Execution cost	Bid/Offer Spread: c.0.15%

LGIM Dynamic Diversified Fund

Benchmark	Bank of England base rate +4.5%
Objective	The fund aims to outperform the Bank of England base rate +4.5% p.a. (gross of fees) over a three year rolling period.
Fees	AMC: 0.38% p.a. OCF: 0.42% p.a.
Execution cost	Bid/Offer Spread: 0.13%

LGIM All Stocks Index-Linked Gilts Index Fund

Benchmark	FTSE Actuaries UK Index-Linked Gilts All Stocks Index
Objective	To track the performance of the FTSE Actuaries UK Index-Linked Gilts All Stocks Index to within +/-0.25% p.a. for two years out of three.
Fee's	AMC: On first GBP 5 million: 0.10% p.a. On next GBP 5 million 0.075% p.a. OCF: 0.10% p.a.
Execution cost	Bid/Offer Spread: Nil

LGIM Managed Property Fund

Benchmark	AREF/IPD UK Quarterly All Balanced Property Funds Index
Objective	The fund aims to exceed the Association of Real Estate Funds/Investment Property Database UK Quarterly All Balanced Property Funds Index ("PFI") over three- and five-year periods.
Fee's	AMC: On first GBP 2.5million: 0.70% p.a. On next GBP 2.5million: 0.65% p.a. Thereafter: 0.60% p.a. OCF: 1.45% p.a.
Execution cost	Bid/Offer spread 5.96%

LGIM Cash Fund

Benchmark	SONIA
Objective	The fund aims to perform in line with 7 Day GBP LIBID, without incurring excessive risk.
Fee's	AMC: On first GBP 5 million: 0.125% p.a. On next GBP 5 million: 0.10% p.a. OCF: 0.13% p.a.
Execution cost	Bid/Offer Spread: Nil

Note: AMC: Annual Management Charge
OCF: Ongoing Charges Figure
ADL: Anti-Dilution Levy

Any execution costs and OCFs stated above are the latest available at the time of writing and are subject to change

Appendix IV
DC Section Fund benchmarks, objectives and fees

Legal and General Investment Management (LGIM)

LGIM Multi-Asset (Formerly Consensus) Fund

Benchmark	ABI UK Mixed Investment 40% - 85%
Objective	The investment objective of the fund is to provide long-term investment growth through exposure to a diversified range of asset classes, excluding physical property.
Fees	AMC: 0.25% p.a.
Execution cost	Bid/Offer spread: 0.49%

LGIM Global Equity (70:30) Index Fund

Benchmark	Composite of 70/30 distribution between UK FTSE All-Share and overseas FTSE All-World ex UK
Objective	To capture the returns of the UK and Overseas Stock Markets as represented by the FTSE All-Share Index for the UK and the FTSE All-World ex UK Index for oversea Stock Markers. The Fund will be split approximately 70% to the FTSE All-Share Index and 30£ to the FTSE All-World ex UK Index. In order to accurately track these indices the Fund will invest in a representative sample of holdings.
Fees	AMC: 0.16% p.a.
Execution cost	Bid/Offer spread: 0.73%

LGIM UK Equity Index Fund

Benchmark	FTSE All-Share Index
Objective	Track the performance of the FTSE All-Share Index to within +/-0.25% p.a. for two years out of three.
Fees	AMC: 0.10% p.a.
Execution cost	Bid/Offer Spread: 0.99%

LGIM Over 15 Year Gilts Index Fund

Benchmark	FTSE Actuaries UK Conventional Gilts Over 15 Years Index
Objective	Track the performance of the FTSE A Government (Over 15 Year) Index to within +/- 0.25% p.a. for two in three years.
Fees	AMC: 0.10% p.a.
Execution cost	Bid/Offer spread: Nil

LGIM AAA-AA-A Corporate Bond All Stocks Index Fund

Benchmark	Markit iBoxx £ Non-Gilts (ex-BBB) Index
Objective	Track the performance of the iBoxx Non-Gilts (ex BBB) Index to within +/-0.50% p.a. for two in three years.
Fees	AMC: 0.15% p.a.
Execution cost	Bid/Offer spread: 0.82%

LGIM Managed Property Fund

Benchmark	Association of Real Estate Funds/Investment Property Database UK Quarterly All Balanced Property Funds Index ("PFI").
Objective	Outperform the Association of Real Estate Funds/Investment Property Database UK Quarterly All Balanced Property Funds Index ("PFI") over three- and five-year periods.
Fees	AMC: On first GBP 2.5 million: 0.70% p.a. On next GBP 2.5 million: 0.65% p.a.
Execution cost	Bid/Offer spread: 5.96%

Appendix IV
DC Section Fund benchmarks, objectives and fees
continued

LGIM Cash Fund

Benchmark	SONIA
Objective	To perform in line with 7 Day GBP LIBID, without incurring excessive risk.
Fees	AMC:
	On first GBP 5 million: 0.125% p.a.
	On next GBP 5 million: 0.10%
Execution cost	Bid/Offer spread: Nil

Schroders Investment Management Limited

SPM Diversified Growth Fund

Benchmark	ICE BofA Sterling 3- Month Government Bill Index plus 4.5% (gross of fees) and compared against the MSCI AC World (Net Total Return) GBP Hedged index
Objective	The fund aims to provide capital growth and income in line with the ICE BofA Sterling 3- Month Government Bill Index plus 4.5% (gross of fees)per annum over a five to seven year period by investing in a diversified range of assets and markets worldwide.
Fees	AMC: 0.55% p.a.
	OCF: 0.61% p.a.
Execution cost	ADL on entry: 0.09%
	ADL on exit: 0.09%

SPM Sustainable Future Multi-Asset Fund

Benchmark	ICE BofA Sterling 3- Month Government Bill Index plus 3.5% (gross of fees)
Objective	ICE BofA Sterling 3- Month Government Bill Index plus 3.5% (gross of fees) over a five to seven-year period net of fees.
Fees	AMC: 0.25% p.a.
	OCF: 0.32% p.a.
Execution cost	Initial Charge: Nil
	Exit Charge: Nil

SPM Global Equity Fund

Benchmark	MSCI World
Objective	MSCI world +2-2.5% p.a. (gross) over rolling three- year periods
Fees	AMC: 0.50% p.a.
	OCF: 0.53% p.a.
Execution cost	Initial Charge: Nil
	Exit Charge: Nil

SPM UK Equity Portfolio

Benchmark	FTSE All-Share
Objective	FTSE All-Share +2-3% p.a. (gross) over rolling three to five-year periods
Fees	AMC: 0.50% p.a.
	OCF: 0.51% p.a.
Execution cost	Entry Charge: Nil
	Exit Charge: Nil

SPM All Maturities Corporate Bond Fund

Benchmark	Bank of America Merrill Lynch Sterling Non-Gilts All Stocks
Objective	Bank of America Merrill Lynch Sterling Non-Gilts All Stocks +0.75% p.a. (gross over rolling three- year periods
Fees	AMC: 0.25% p.a.
	OCF: 0.27% p.a.
Execution cost	Entry Charge: Nil
	Exit Charge: Nil

Note: Single swinging price basis: dealing price on any given day will be the bid or offer price depending on net cashflow

AMC: Annual Management Charge

OCF: Ongoing Charges Figure

Any execution costs and OCFs stated above are the latest available at the time of writing and are subject to change

Contact us
xpsgroup.com