The GAM (UK) Limited Pension and Life Assurance Scheme

Statement of Investment Principles

September 2020

Introduction

This document constitutes the Statement of Investment Principles ("the SIP") required under Section 35 of the Pensions Act 1995 (as amended) for the GAM (UK) Limited Pension and Life Assurance Scheme ("the Scheme"). It describes the investment policy being pursued by the Trustees of the Scheme ("the Trustees"). This SIP also reflects the requirements of Occupational Pension Schemes (Investment) Regulations 2005 ("the Regulations").

The Scheme Actuary is Andrew Long of Willis Towers Watson and the Investment Adviser is Willis Towers Watson (collectively termed "the Advisers").

The Trustees confirms that, before preparing this SIP, they have consulted with GAM (UK) Limited ("the Company") and the Scheme Actuary, and have obtained and considered written investment advice from Willis Towers Watson for both the DB Section and MP Section of the Scheme.

The Trustees are responsible for the investment of the Scheme's Defined Benefit ("DB") and Money Purchase ("MP") assets and arrange administration of the Scheme. Where they are required to make an investment decision, the Trustees take advice from the relevant Advisers (and/or a suitably qualified investment professional) to ensure that they are familiar with the issues concerned.

The Trustees set the investment strategy for the DB assets of the Scheme. The Trustees are responsible for appointing managers of the MP assets and for ensuring that an appropriate default strategy and range of funds and alternative strategies are available to the members.

In accordance with the Financial Services & Markets Act 2000, the Trustees set a general investment policy, but have delegated the day-to-day investment of the Scheme's assets to professional Investment Managers. The Investment Managers are authorised under the Financial Services & Markets Act 2000 and provide the expertise necessary to manage the investments of the Scheme competently.

The Trustees will review this SIP at least annually and upon any change in investment strategy. There will be no obligation to change the SIP or any Investment Manager or Adviser as part of such a review.

1. Scheme Governance

The Trustees consider the governance structure that they employ is appropriate for the Scheme, as it allows the Trustees to make important decisions in relation to the investment policy, while delegating the day-to-day aspects to the Investment Managers or the Advisers as appropriate. The responsibilities of each of the parties involved in the Scheme's governance are detailed in Appendix A.

The Trustees recognise that decisions should be taken only by persons or organisations with the skills, information and resources necessary to take them effectively. They also recognise that where they take investment decisions, they must have sufficient expertise and appropriate training to be able to evaluate critically any advice they take.

The Trustees believe that, given the scale of the Scheme and the number of Trustees, a separate investment subcommittee would not be appropriate. Therefore all investment decisions are discussed by the whole Trustee body with assistance from the Scheme's Investment Advisers and/or Investment Managers before decisions are taken.

2. Defined Benefit Section

2.1 Investment Objectives

The Trustees' primary objective is to ensure the security of the members' benefits in accordance with the Rules of the Scheme.

Qualitatively their aim is to invest the Scheme's assets in order to maintain solvency and minimise the risk of having insufficient assets to pay benefits.

In the short-term this is intended to be achieved through investment in a combination of assets that approximately match the term and the nature of the liabilities and assets which offer prospects of long term growth in excess of the liabilities. It is not possible to match the liabilities exactly over the long term and so longer-term protection of solvency depends on the continued support of the Company, both in terms of its future contributions and its underwriting of the benefits of the Scheme.

The projected long-term cost of the Scheme depends in part on the economic and demographic assumptions, together with the valuation method used to fund the Scheme's benefits.

One of the key economic assumptions is the long-term real rate of return expected to be earned on the Scheme's assets. The investment strategy adopted by the Trustees affects the long-term return achieved, which in turn affects the ultimate long-term cost of the benefits. An investment strategy with a relatively low expected real return would therefore lead to higher anticipated Company contributions.

2.2 Asset Allocation Strategy

The Trustees hedge 40% of liabilities (on a gilts flat basis) via an LDI portfolio, representing c.35% of Scheme assets, and invest c.65% of Scheme assets in a portfolio of growth assets. The long-term asset allocation (effective Q4 2017 and amended alongside an update to the IMA with GAM London during Q1 2019) is shown below, and the ranges within which the individual allocations can vary at any time. GAM London has discretion to allocate to assets outside the neutral asset allocation (including but not limited to multi-asset funds, emerging market debt, hedge funds, alternative risk premia, private equity and venture capital) in the "Other" category, which is capped at 20% of the growth portfolio

Asset Class	Neutral Position	Allocation Range
Equities	35%	30% - 40%
Liability Driven Investment (LDI) and cash (managed by BlackRock)	35%	30% - 40%
Corporate bonds	10%	5% - 15%
Long lease property	10%	0% - 15%
Listed Infrastructure	5%	0%- 10%
Private Credit	5%	0% - 10%
Cash	0%	0% - 10%
Other	0%	0% - 10%

The Trustees, in conjunction with the Advisers and Investment Managers, will continue to formally monitor the Scheme's investment performance and actual asset allocation on a quarterly basis.

One of the Trustees' objectives continues to be to hedge against inflation and interest rate risks. This is being addressed through the allocation to LDI assets as part of the long-term investment strategy.

Rates of Return

The characteristics of return-seeking and liability matching assets are included in Appendix D.

Diversification

The choice of asset classes is designed to ensure that the Scheme's investments are adequately diversified and liquid. This is to avoid excessive reliance on any particular asset, issuer or group of undertakings so as to avoid accumulations of risk in the portfolio as a whole.

Diversification is both within and across major asset classes. The Trustees monitor the strategy on a regular basis and no less often than every 12 months to ensure that an appropriate level of diversification is maintained.

Suitability

The Trustees, having taken investment and actuarial advice from Willis Towers Watson as required under the Regulations, believe that the asset allocation strategy is suitable for the Scheme, given its liability profile and other considerations (such as legal and regulatory requirements, and the requirements specified in the Trust Deed and Rules).

Derivatives

Investments in derivatives (including the use of LDI) are only made in so far as they contribute to the reduction of investment risk or facilitate efficient portfolio management and are managed such as to avoid excessive risk exposure to a single counterparty or other derivative operations.

2.3 Implementation and Investment Managers

The Trustees have delegated the day to day management of the Scheme's assets to GAM London Limited (in respect of the growth assets) and BlackRock (in respect of the new LDI mandate), who are both regulated by the Financial Conduct Authority ("FCA") in the conduct of investment business.

Mandates and Performance Objectives

The Trustees believe that the new long term investment strategy will maximise the likelihood of the Scheme achieving the primary objectives set out in the section "Defined Benefit Section – Investment Objectives". GAM London Limited's Portfolio Management team has full discretion to manage the growth portfolio within the ranges shown in the section "Defined Benefit Section – Asset Allocation Strategy" and Blackrock in respect of the LDI mandate. Value added will be judged by reference to how the overall investment return achieved compares with the aim of the investment strategy as well as an overall benchmark index. This benchmark will reflect the weighted total of the benchmark indices for the underlying funds.

Investment Management Agreements (IMAs)

The Investment Managers have IMAs in place defining the objectives and constraints of their respective mandates. They have also been provided with a copy of this SIP and are required to exercise their powers with a view to giving effect to the principles contained herein and in accordance with the Regulations.

3. Money Purchase Section

3.1 Investment Objectives

In respect of the MP Section of the Scheme, the Trustees' objectives are:

- To offer suitable funds for the MP members so that they have sufficient investment choice to satisfy their differing risk appetites and risk profiles;

- To offer an appropriate default option for those members who do not feel able to make decisions on how their pension account should be invested. The default option is designed with specific reference to membership demographics, benefit options and risk tolerance. The Core Lifecycle option uses a range of suitable funds for MP members whilst being able to mitigate the risks set out in the section "Money Purchase Section – Investment Strategy"; and

- To monitor the fund choices to ensure they are consistent with the strategic objectives of this SIP and that performance is consistent with that expected.

3.2 Investment Strategy

Having considered advice from the Advisers, and also having due regard for the strategic objectives and the Scheme membership demographics, the Trustees have made available a number of investment options ("Lifecycle" and "Self-Select"). The Trustees will ensure that each MP member's funds are invested in accordance with the investments selected by the member or in line with the Default Option where a member has not actively chosen their investment option(s) on joining the Scheme.

In the event that the Trustees close a fund, the Trustees will seek new investment decisions from affected members. In the absence of such member decisions, the Trustees will seek advice regarding an appropriate approach which may include switching funds to an alternative fund.

Investment Risks

MP members face three key investment risks:

- **Inflation risk** – that the purchasing power of the member's fund is not maintained. This is managed by ensuring members have access to asset classes which have the potential to keep track or outpace inflation, such as equities.

- **Annuity conversion risk** – for members who wish to purchase an annuity at retirement, there is a risk that the value of pension benefits that can be bought by a member's fund is not maintained. This is managed by ensuring members have access to asset classes which match the rises and falls of annuity prices, such as fixed interest.

- **Capital risk** – this is the risk that investments may drop in value. This is managed by ensuring the investment options are appropriately diversified and members are able to construct a balanced and diverse portfolio using a number of different asset classes.

The importance of each risk above varies with time. Inflation risk is important throughout the whole period to retirement whereas pension purchase risk and capital risk become more significant as retirement approaches.

Of the major asset classes, equities have traditionally been used to provide the most effective means of managing inflation risk, but in a volatile way. Fixed interest and index-linked securities are most effective for managing pension purchase risk. Cash is effective at managing short-term capital risk.

The varying nature of the risks faced by a MP member through time means that no single investment product would adequately meet the needs of the investor throughout the investing period. Therefore, suitable funds will need to be sought for effective management of the risks faced by MP members.

3.3 Implementation

The Trustees have arranged for a variety of active and passive investment managed funds to be made available to members to invest in. Within the fund range offered to members there are four managers ("Investment Managers") these are listed in Appendix B.

Fund Options

There are two investment options available in the Scheme: Lifecycle and Self-Select.

Lifecycle Options

The Trustees, having taken advice from the Advisers, have developed two "Lifecycle" approaches with the aim of giving members flexibility depending on their retirement needs. There are two separate strategies available, the "Core Lifecycle" and the "Cash Lifecycle".

The aim of each Lifecycle option is for members to achieve a reasonable level of long-term growth on the investments over the majority of their working life and provide protection against capital risk as members near retirement age. The chosen Lifecycle strategy automatically switches assets between equities and diversified growth funds to diversified growth funds and bonds for the "Core Lifecycle" and to bonds and cash-like funds for the "Cash Lifecycle" as members approach their selected target retirement age. Details of the current Lifecycle options are provided in Appendix C.

Self-Select option

The Self-Select option includes Ready-made Active Portfolios that are made up of multi-asset managed funds chosen by the Trustees which include a diverse range of assets. The Self-Select option also allows members to choose from a full range of funds including a core fund range (made up of a variety of active and passive funds investing in various asset classes) and an extended fund range (predominantly made up of active equity funds). The funds available to MP members are detailed in Appendix B.

Default Option

The Trustees, having taken advice from the Advisers, have decided to offer the Core Lifecycle as the Scheme's default option because the Trustees believe that this offers a suitable balance between the exposure to investment risk (via a sufficient level of diversification) and expected growth over the longer term. In addition, the Trustees have designed the default option to be most suitable for those members who wish to keep their assets invested throughout retirement rather than purchasing an annuity or transferring their assets into cash. The availability of a default option to MP members does not constitute advice for any individual MP member.

Although the Core Lifecycle is the default option, members can also actively choose to invest their contributions into the Core Lifecycle.

Diversification

The choice of investment options for MP members is designed to ensure that MP members are able to choose investments that are adequately diversified and suitable for their risk profile. The Trustees monitor the range of options regularly and at least every 12 months to ensure that the investment options are sufficiently diverse and consistent with the risk profile of MP members.

Active and Passive Management

The Trustees offer a range of active and passive funds for MP members to choose, enabling members to select investment funds according to their risk profile.

Suitability

The Trustees, having taken advice from the Advisers, believe that the default option, investment managers and range of funds offered are suitable for the Scheme and MP members. The Trustees review the suitability of the default option and the range of funds on a triennial basis, or sooner if required.

Investment of Contributions

MP members can choose to have their contributions invested:

- 100% in the Lifecycle options (Appendix C); or
- In any one or more of the individual fund options offered to MP members.

In the absence of a choice being made by a MP member, the member's contributions are invested into the default lifecycle option (the Core Lifecycle) as determined by the Trustees.

4. Monitoring

Investment Managers

The Scheme uses different managers and mandates to implement its investment policies. The Trustees ensure that, in aggregate, its portfolio is consistent with the policies set out in this Statement, in particular those required under regulation 2(3)(b) of the Occupational Pension Schemes (Investment) Regulations (2005). The Trustees will also ensure that the investment objectives and guidelines of any particular pooled vehicle are consistent with their policies, where relevant to the mandate in question. Where segregated mandates are used, the Trustees will use their discretion, where appropriate, to set explicit guidelines within the Investment Management Agreement to ensure consistency with the Trustees' policies, where relevant to the mandate.

To maintain alignment, managers are provided with the most recent version of the Scheme's Statement of Investment Principles on an annual basis and are required to confirm that the management of the assets is consistent with those policies relevant to the mandate in question.

The Trustees will monitor the performance of the Investment Managers against the respective benchmark index. Should the Trustees' monitoring process reveal that a manager's portfolio is not aligned with the Trustees' policies, the Trustees will engage with the manager further to encourage alignment.

The Trustees will meet regularly with the Investment Managers to satisfy themselves that the Investment Managers continue to carry out their work competently, have the appropriate knowledge and experience to manage the assets of the Scheme and maintain alignment with the Trustees' policies. If the Trustees in conjunction with their Advisers are not satisfied with an Investment Manager they will require that the Investment Manager takes such steps to satisfy them in this respect, or they will remove the Investment Manager and appoint another.

As part of this review, the Trustees will consider whether or not the Investment Manager:

- Is carrying out its function competently.
- Has regard to the need for diversification of investments consistent with the specific fund.
- Has regard to the suitability of each investment and each category of investment, consistent with the Scheme's investment objectives and investment strategy.
- Has been exercising its powers of investment with a view to giving effect to the principles contained in this Statement, so far as is reasonably practical.

For most of the Scheme's investments, the Trustees expect the investment managers to invest with a medium to long time horizon, and to use their engagement activity to drive improved financial and non-financial performance over these periods.

The Trustees appoint their investment managers with an expectation of a long-term partnership, which encourages active ownership of the Scheme's assets. When assessing a manager's performance, the focus is on longer-term outcomes, and the Trustees would not expect to terminate a manager's appointment based purely on short term performance. However, a manager's appointment could be terminated within a shorter timeframe due to other factors such as a significant change in business structure or the investment team.

Advisers

The Trustees will monitor the advice given by the Advisers on a regular basis.

5. Fees and Costs

Investment Managers

The Trustees will ensure that the investment management fees paid to the Investment Managers are consistent with levels typically available in the industry and the nature of services provided.

For passive mandates, or mandates where the Investment Manager is seeking to add incremental value in excess of the performance benchmark, the Investment Manager is remunerated as a set percentage of the assets under management. This is in keeping with market practice.

The Trustees, with the help of their Advisers, monitor the level of transaction costs (including commissions) across the Scheme incurred by each Investment Manager. There is no broad targeted portfolio turnover (how frequently assets within a fund are bought and sold by Investment Managers) which the Trustees adhere to. The Trustees, with the help of their Advisers, will monitor that the level of portfolio turnover remains appropriate in the context of the Investment Managers' strategy and the Scheme's investment strategy.

The current fee bases paid to the Investment Managers in the MP Section are set out in Appendix B.

Advisers

Fees paid to the Advisers are based either on actual time spent and hourly rates for relevant individuals, or on fixed fees agreed in advance for specifically defined projects.

Administrators

General administration charges are met by the Scheme.

Trustees

Remuneration is paid for the services of independent Trustee, at an agreed rate between the Company and the independent Trustee.

6. Risks

Defined Benefit Section

The Trustees recognise a number of risks involved in the investment of the assets of the DB Section of the Scheme:

Solvency risk and mismatching risk

- are measured through a qualitative and quantitative assessment of the expected development of the assets relative to the liabilities under current and alternative investment policies.
- are managed through assessing the progress of the actual change in the value of the assets relative to liabilities under current and alternative investment policies.

Manager risk

- is measured by the expected deviation of the prospective risk and return, as set out in the manager’s objectives, relative to the investment policy.
- is managed by the ongoing monitoring of the investment managers.

Liquidity risk

- is measured by the level of cashflow required by the Scheme over a specified period.
- is managed by the Scheme’s administrators and Advisers assessing the level of cash held in order to limit the impact of the cash flow requirements on the investment policy.

Currency risk

- is measured by the level of overseas investment and the translation effect of currencies leading to the risk of an adverse influence on investment values.
- is managed by monitoring the exposure to overseas currencies and through currency hedging (if deemed appropriate).

Custodial risk

- is measured by assessing the credit-worthiness of the custodian and the ability of the organisation to settle trades on time and provide secure safekeeping of the assets under custody.
- is addressed through investment in pooled vehicles, with the investment managers responsible for selection of suitable custodians. In addition, restrictions are applied as to who can authorise transfers of cash and the accounts to which transfers can be made.

Political risk

- is measured by the level of concentration of any one market leading to the risk of an adverse influence on investment values arising from political intervention.

- is managed by regular reviews of the actual investments relative to policy and through regular assessment of the levels of diversification within the existing policy.

Sponsor risk

- is measured by the level of ability and willingness of the sponsor to support the continuation of the Scheme and to make good any current or future deficit.

- is managed by assessing the interaction between the Scheme and the sponsor's business, as measured by the number of factors, including the creditworthiness of the sponsor and the size of the pension liability relative to the financial strength of the sponsor.

Money Purchase Section

The Trustees recognise that MP members face risks. Some of these have been outlined in the section "Money Purchase Section – Investment Strategy". Further risks to MP members include:

- Communication risk – that communication to MP members leads to wrong decisions being made. This is addressed through the Trustees receiving advice from the Advisers and regular monitoring and updates, where appropriate, of MP member communications.

- Inappropriate MP member decisions – addressed through communication to MP members and the recommendation that MP members seek independent financial advice.

General

These measures do not render the investment policy free of risk. Rather, the measures endeavour to balance the need for risk control and the need for assets which are likely to achieve the required performance target.

The Trustees continue to monitor these risks.

7. Other issues

Statutory Funding Requirement

The Trustees will obtain and consider proper advice on the question of whether the investments are satisfactory having regard to both the investment objectives and the requirement to meet the statutory funding requirements. The funding position is reviewed periodically by the Scheme Actuary.

The Trustees will consider with the Advisers whether the results of these actuarial valuations and funding updates suggest that any change to investment strategy is necessary to ensure continued compliance with the statutory funding requirement. However, the expectation is that no changes will be made to how the discount rate within the funding valuation will be set and no additional cash contributions will be required beyond that agreed as part of the Recovery Plan when the investment strategy changes are implemented.

Corporate Governance

The Trustees' policy on the exercise of rights attaching to investments, including voting rights, is that these rights should be exercised by the Investment Managers on the Trustees' behalf having regard to the best financial interests of the members. The Trustees have been made aware of each Investment Manager's corporate governance policy and have delegated the exercise of such rights to the Investment Managers.

Socially responsible investing, stewardship and sustainability

The Trustees recognise that sustainable investment factors, such as (but not limited to) environmental (including climate change related risks), social and governance (ESG) matters are financially material over the long-term. The Trustees take account of financially material risks and opportunities in consultation with their advisers and discussion with their existing and prospective investment managers. All risks and opportunities are considered for materiality and impact within a broad risk management framework, which takes account of members' investment time horizons and objectives.

The Trustees' policy is that day-to-day decisions relating to the investment of Scheme assets is left to the discretion of their investment managers. This includes consideration of all financially materially factors and other relevant matters, including capital structure of investee companies, actual and potential conflicts, other stakeholders and ESG impact of underlying holdings. The Trustees explore these factors with their investment managers to understand how they exercise these duties in practice.

When considering the appointment of new managers, and reviewing existing managers, the Trustees, together with the investment consultant, look to take account of the approach taken by managers with respect to sustainable investing including voting policies and engagement where relevant.

The Trustees expect the Scheme's investment managers to have effective stewardship, both through voting and engagement. The Trustees delegate the responsibility for the stewardship activities (including voting rights and engagement activities) attaching to the investments to the Scheme's investment managers. The Trustees recognise the UK Stewardship Code as best practice and encourage their investment managers to comply with the UK Stewardship Code or explain where they do not adhere to this policy.

Realisation of Assets

The majority of the assets are held in asset classes that are sufficiently liquid to be realised easily if the Trustees so require.

UK Stewardship Code

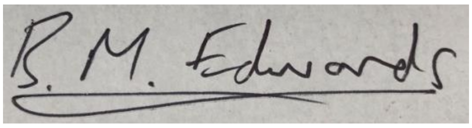
The Trustees recognise the UK Stewardship Code as best practice and encourage their Investment Managers to comply with the UK Stewardship Code or explain where they do not adhere to this policy.

Additional Voluntary Contributions (AVCs)

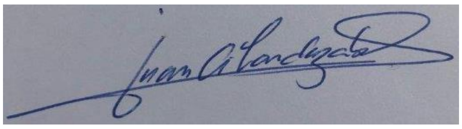
The Trustees have appointed Utmost Life (previously Equitable Life), Fulcrum, GAM, and Legal & General Investment Management as providers of AVC services.

Utmost Life (previously Equitable Life) is closed to new contributions.

Signed on behalf of the Trustees:



Trustee



Trustee

8. Appendix A – Responsibilities

Trustees

The Trustees of the Scheme are responsible for, amongst other things:

a) Reviewing at least every 12 months the content of this Statement and modifying it if deemed appropriate, in consultation with the Advisers and after consultation with the Company;

b) Reviewing the suitability of the investment policy following the results of each actuarial or investment review, in consultation with the Advisers;

c) Assessing the quality of the performance and process of the Investment Managers by means of regular reviews of the investment results and other information, by way of meetings and written reports, in consultation with the Advisers;

d) Appointing and dismissing Investment Managers in consultation with the Advisers;

e) Agreeing and amending the terms of the Investment Management Agreements with the Investment Managers and terms of appointment of other third parties;

f) Assessing the on-going effectiveness of the Advisers;

g) Monitoring compliance of the investment arrangements with this Statement on an on-going basis;

h) Consulting with the Company when reviewing investment policy issues;

i) Formulating a policy in relation to financially material considerations, such as those relating to ESG considerations;

j) Setting a policy on the exercise of rights (including voting rights) and undertaking engagement activities in respect of the investments.

Investment Managers

The Investment Managers will be responsible for, amongst other things:

a. At their discretion, but within the guidelines given by the Trustees, implementing changes in the asset mix and selecting and undertaking transactions in specific investments within each asset class;

b. Providing the Trustees with sufficient information each quarter to facilitate the review of its activities, including:

  - a report of the strategy followed during the quarter;
  - the rationale behind past and future strategy;
  - a full valuation of the assets;
  - a transaction report;
  - performance against the benchmark indices;

- corporate actions taken by the Investment Manager.

c. Informing the Trustees immediately of:
   - any breach of this Statement that has come to their attention;
   - any serious breach of internal operating procedures;
   - any change in the senior personnel involved in the management of the Scheme's investments;
   - any breach of investment restrictions agreed between the Trustees and the Investment Managers from time-to-time.

Investment Advisers

The Investment Advisers will be responsible for, amongst other things:

a. Assisting the Trustees in reviews of this Statement;

b. Advising the Trustees how any changes within the Scheme's benefits, membership and funding position may affect the manner in which the assets should be invested;

c. Advising the Trustees of any changes in the Scheme's Investment Managers that could affect the interests of the Scheme;

d. Advising the Trustees of any changes in the investment environment that could either present opportunities or problems for the Scheme;

e. Undertaking reviews of the Scheme's investment arrangements including reviews of the asset allocation policy and current Investment Managers and selection of new Investment Managers as appropriate;

f. Advising the Trustees of the continued appropriateness of the MP Section's investment options, with reference to the Scheme's membership and strategic risk / return objectives.

Willis Towers Watson is appointed for the role of Investment Adviser for the MP Section. For the DB Section, this role is split at the Trustees' discretion between Willis Towers Watson and GAM London Limited.

Scheme Actuary

The Scheme Actuary will be responsible for, amongst other things:

a. Liaising with the Investment Advisers on the suitability of the Scheme's investment strategy;

b. Performing the triennial (or more frequently as required) valuations and advising on the appropriate contribution levels to the DB Section;

c. Commenting on the appropriateness of the investment strategy for the DB Section relative to the liabilities of the Scheme at the triennial valuations;

d. Advising the Trustees of any changes to Scheme benefits, significant changes in membership, contribution levels and funding levels;

e. Advising the Trustees of any significant change in regulatory environment.

9. Appendix B – Summary of investment management fee arrangements in the Money Purchase Section

The funds available to the members of the MP Section of the Scheme are detailed below.

Fund Range	Fund Name	Asset Class	Manager	Style	Benchmark	Fees p.a.	Comment
Ready-made Active Portfolio funds	GAM Star Defensive	DGF	GAM	Active	Lipper Global Mixed Asset GBP Conservative	0.50%	Seeks a strong focus on capital protection while also offering limited participation in equity growth. Low attitude to risk
	GAM Star Balanced	DGF	GAM	Active	Lipper Global Mixed Asset GBP Balanced	0.50%	Seeks a balance of capital protection and participation in equity market growth. Medium attitude to risk
	Fulcrum Diversified Core Absolute Return (DCAR) Fund	DGF	Fulcrum	Active	RPI + (3 - 5%) over 5 year period	0.65%	Aims to achieve long-term absolute returns in all market conditions over rolling five year periods, with lower volatility than equity markets
	GAM Star Growth	DGF	GAM	Active	Lipper Global Mixed Asset GBP Flexible	0.50%	Seeks to participate primarily in global equity market growth, while maintaining an element of capital protection. High attitude to risk
Core	LGIM 30:70 Global Equity Index	30% UK equities / 70% Global equities	LGIM	Passive	30% FTSE All- Share/ 70% FTSE World Index	0.20%	Aims to capture global equity market returns. Provides capital growth at low cost. 75% of the global equities are currency hedged
Core	LGIM UK Equity Index	UK Equity	LGIM	Passive	FTSE All-Share Index	0.10%	Aims to capture UK equity market returns. Provides capital growth at low cost
Core	LGIM Over 15 Year Gilts Index	Gilts	LGIM	Passive	FTSE A Government Over 15 Year Gilts Index	0.10%	Aims to capture UK gilt market returns. Provides protection against changes in annuity prices plus accumulated returns
Core	LGIM Over 5 Year Index-Linked Gilts Index	Index-Linked Gilts	LGIM	Passive	FTSE A Over 5 Years Index-Linked Gilts Index	0.10%	Aims to capture UK index-linked gilt market returns. Provides protection against changes in index-linked annuity prices plus accumulated returns
Core	LGIM Cash	Cash	LGIM	Active	7 Day LIBID	0.125%	Provides capital protection with growth at short term interest rates
Core	LGIM High Yield Bond	Global Corporate Bonds	LGIM	Active	ML Global HY BB-B 2% Constrained ex Financial (fully hedged) Index	0.40%	Aims to exceed its benchmark by 1.0% p.a. (before fees) over a rolling three year period
Core	LGIM Hybrid Property	Property and real estate	LGIM	Active	AREF/IPD UK Quarterly All Balanced Property Funds Index/FTSE EPRA/NAREIT Global REITS	0.50%	Aims to to provide diversified exposure to the UK Property market and Global REITS market.

Core	GAM Global Diversified	Global Equity	GAM	Active	MSCI World Index in GBP	1.05%	Capital appreciation through a global portfolio, seeking areas with excessive negative sentiment and a catalyst for change. Stocks selected on basis of fundamental and technical analysis
Core	GAM UK Equity Income	UK Equity	GAM	Active	FTSE All-Share Index	0.75%	Core equity income fund aiming to deliver steady income and capital growth.
Extended	GAM Star Global Rates	Global Bond/Currency	GAM	Active	Cash Index: Compound 3-Month Libor	1.65%	Absolute return strategy through investment in government bond instruments and global currencies
Extended	GAM Star Asian Equity	Pacific Basin Equity – ex Japan	GAM	Active	MSCI AC Far East ex Japan Index in GBP	1.00%	Capital appreciation through investment primarily in quoted securities in the Pacific Basin excluding Japanese securities
Extended	GAM Star Japan Equity	Japan Equity	GAM	Active	Tokyo Stock Exchange 1st Section Index in GBP	1.00%	Capital appreciation through investment primarily in quoted securities in Japan
Extended	GAM Star China Equity	China Equity	GAM	Active	MSCI China Index in GBP	1.00%	Capital appreciation through investment in quoted equity and equity related securities in China and Hong Kong. The base currency of this fund is USD
Extended	GAM Star Continental European Equity	European Equity	GAM	Active	MSCI Europe ex UK Index in GBP	1.00%	Capital appreciation through investments in quoted equity and equity related securities in Europe excluding those in the UK
Extended	GAM North American Growth	American Equity	GAM	Active	S&P 500 in GBP	0.90%	Capital appreciation through investments in US and Canadian equities
Extended	GAM Emerging Markets Equity	Emerging Markets Equity	GAM	Active	MSCI Emerging Markets ND	0.75%	Aims to achieve long-term capital appreciation through investing in a diversified portfolio of emerging market equities
Extended	GAM Systematic Core Macro	Alternatives	GAM	Active	3 month LIBOR in GBP	0.50% + 10% Perf. Fee	Aims to achieve absolute returns through implementing and investing in trend-following and carry strategies while targeting 12% p.a. volatility. Captures 'alternative risk premia', which allows diversification of existing Investments.

10. Appendix C – Lifecycle options

The Scheme offers two lifecycle strategies, a “Core Lifecycle” and a “Cash Lifecycle”. The Core Lifecycle is used as the default investment option. The main features of the lifecycle strategies are detailed in the below tables.

Core Lifecycle strategy

Time period	Asset allocation	Notes
Accumulation phase	50% LGIM 30:70 Global Equity Index Fund 50% Fulcrum Diversified Core Absolute Return (DCAR) Fund	These are the funds in which assets are invested in the period up to **10** years before Target Retirement Age
Consolidation phase	Investments move gradually according to a pre-set matrix from the Global Equity funds to: • LGIM 0-5 Year Gilt Index Fund • Fulcrum DCAR Fund	The Consolidation Phase start date is **10** years before Target Retirement Age
At Target Retirement Age	67% Fulcrum DCAR Fund 33% LGIM 0-5 Year Gilt Index Fund	This is the asset allocation at the end of the Consolidation Phase.

Cash Lifecycle strategy

Time period	Asset allocation	Notes
Accumulation phase	50% LGIM 30:70 Global Equity Index Fund 50% Fulcrum Diversified Core Absolute Return (DCAR) Fund	These are the funds in which assets are invested in the period up to **10** years before Target Retirement Age
Consolidation phase	Investments move gradually according to a pre-set matrix from the Global Equity funds to: • LGIM 0-5 Year Gilt Index Fund • LGIM Investment Grade Corporate Bond – All Stocks • LGIM Under 15 year Index-linked Gilts	The Consolidation Phase start date is **10** years before Target Retirement Age
At Target Retirement Age	33% in LGIM Under 15 year Index-linked Gilts 67% in LGIM Cash	This is the asset allocation at the end of the Consolidation Phase.

11. Appendix D – Asset types

The Scheme's investment portfolio is split between liability matching (low risk) assets, where the focus is on protecting the capital and gaining a modest return (such as cash, gilts and bonds) and return-seeking assets which may be exposed to greater risk, but where the potential return is higher.

Liability matching assets

i. The principal risk for the Scheme is that the assets fail broadly to mirror changes in the value of the liabilities. The aim of liability matching assets is to match the movement in liabilities due to interest rate and inflation changes;

ii. These type of investments should closely match the duration of cashflows;

iii. For the Scheme, there is a large proportion of liabilities with fixed pension increases in payment. Therefore hedging inflation risk is currently less important than hedging interest rate risk. However, the importance of inflation hedging will grow as the Scheme matures and a higher proportion of liabilities become linked to inflation;

iv. Types of liability matching assets include:

- Long dated conventional gilts
- Long dated index-linked gilts
- Interest rate swaps
- Inflation swaps
- Leveraged LDI pooled funds
- Gilt Repos

Return-seeking assets

i. The Trustees' aim is to diversify across different asset classes and into alternatives assets, while striking the appropriate balance between Alpha and Beta returns;

ii. 'Beta' returns refer to the returns derived from market exposure and are therefore relative to the index, whereas 'Alpha' returns refer to the value beyond this, i.e. outperformance of the market.

iii. Types of return seeking assets include:

- UK and overseas equities
- UK and overseas bonds
- Hedge funds
- Property
- Other alternatives
- Diversified growth funds
- Alternative credit
- Infrastructure
- Currency hedging.