USDAW Staff Superannuation Fund

Statement of Investment Principles

September 2020

Contents

Glossary

AVCs	Additional Voluntary Contributions
Aviva	Aviva Investors Jersey Unit Trusts Management Limited
BMO	BMO Global Asset Management
ESG	Environmental, Social and Governance (including, but not limited to, climate change)
IFSL	Investment Fund Services Limited
LDI	Liability Driven Investment
LGIM	Legal & General Investment Management Limited
Mobius	Mobius Life Limited
M&G	M&G Investment Management Limited
Partners	Partners Group Private Markets Credit Strategies 2 S.A.
Scheme	The USDAW Staff Superannuation Fund
Schroders	Schroders Investment Management Limited
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 legislation[1] 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.

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[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 their 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 their 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 their policy on whether or not to take account of non-financial matters as appropriate.

The Trustees believe that their 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 their 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

Defined Benefit Assets – 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 achieve a return of around 2.5% per annum above the return on UK Government bonds[2] (which are considered to move in a similar fashion to the calculated value of the Scheme's liabilities).
- 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).

Defined Benefit Assets – Investment strategy

The Trustees have taken advice from their 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.

AVCs

AVCs are held separately from the Scheme's other investments and the AVCs are used to secure benefits on a money purchase basis for members at retirement. From time to time the Trustees will review the ongoing suitability of the AVC arrangements.

Details of the current AVC arrangements are provided in Appendix 1.

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[2] The following indices are used to represent the return of UK Government bonds: 75% FTSE-A Index Linked (Over 5 Year) Index and 25% FTSE-A Over 15 Year Gilt Index

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 their 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 accept 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 their 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 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 their 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 their 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 their investment objectives.

Duration of Investment Manager Arrangements

The Trustees normally expect 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 their investment strategy.

The Trustees regularly monitor the financial and non-financial performance of the pooled funds held and details of this monitoring process is set out below. If the Trustees become 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.

Portfolio Turnover

The Trustees acknowledge that portfolio turnover costs (the costs incurred as a result of the buying, selling, lending or borrowing of investments) can impact on the performance of their investments.

The Trustees do not monitor these costs directly and instead rely on their investment adviser to proactively raise any occasion where these costs are expected to have a materially detrimental impact on a manager's ability to achieve its investment objective.

Overall performance, net of portfolio turnover costs, is assessed as part of the regular investment monitoring process. There are no pre agreed benchmarks in place to monitor portfolio turnover costs against, but when underperformance is identified, deviations from the expected level of turnover may be investigated with the investment manager concerned if it is felt they may have been a significant contributor to the underperformance. Assessments reflect the market conditions and peer group practices.

The Trustees acknowledge that, for some asset classes such as LDI, a higher turnover of contracts (such as repurchase agreements) can be beneficial to the fund from both a risk and cost perspective.

Direct Investments

Direct investments, as distinguished by the Pensions Act 1995, are products purchased without delegation to an investment manager through a written contract. When selecting and reviewing any direct investments, the Trustees will obtain appropriate written advice from their investment adviser.

8. Risk Mitigation

A non-exhaustive list of risks and financially material considerations that the Trustees have considered and sought to manage is shown below.

The Trustees adopt an integrated risk management approach. The three key risks associated within this framework and how they are managed are stated below:

Risks	Definition	Policy
Investment	The risk that the Fund's position deteriorates due to the assets underperforming.	Selecting an investment objective that is achievable and is consistent with the Fund's funding basis and the sponsoring company's covenant strength. Investing in a diversified portfolio of assets.
Funding	The extent to which there are insufficient Fund assets available to cover ongoing and future liability cash flows.	Funding risk is considered as part of the investment strategy review and the actuarial valuation. The Trustees will agree an appropriate basis in conjunction with the investment strategy to ensure an appropriate journey plan is agreed to manage funding risk over time.
Covenant	The risk that the sponsoring company becomes unable to continue providing the required financial support to the Fund.	When developing the Fund's investment and funding objectives, the Trustees take account of the strength of the covenant ensuring the level of risk the Fund is exposed to is at an appropriate level for the covenant to support.

When determining suitable investment objectives and when designing the Scheme's investment strategy, the Trustees (in conjunction with their 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* section of the Scheme's accounts.

The Fund is exposed to a number of underlying risks relating to the Fund's investment strategy, these are summarised below:

Risk	Definition	Policy
Interest rates and inflation	The risk of mismatch between the value of the Fund assets and present value of liabilities from changes in interest rates and inflation expectations.	To hedge c.90% of these risks on a technical provisions basis.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values), and to provide collateral to the LDI manager. Details of the liquidity characteristics of the funds held are provided in Appendix 2.

8. Risk Mitigation (continued)

Risk	Definition	Policy
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.
Credit	Default on payments due as part of a financial security contract.	To diversify this risk by investing in a range of credit markets across different geographies and sectors. To appoint investment managers who actively manage this risk by seeking to invest only in debt securities where the yield available sufficiently compensates the Fund for the risk of default.
ESG	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Fund's investments.	To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria: 1. Responsible Investment ('RI') Policy / Framework; 2. Implemented via Investment Process ; 3. A track record of using engagement and any voting rights to manage ESG factors; and 4. ESG specific reporting. The Trustees monitor the managers on an ongoing basis.
Currency	The potential for adverse currency movements to have an impact on the Fund's investments.	Hedge an appropriate level of currency risk taking into account the wider context of the Fund's total risks.
Non-financial	Any factor that is not expected to have a financial impact on the Fund's investments.	Non-financial matters are not taken into account in the selection, retention or realisation of investments.
Self-Investment	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.

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 monitor the position of the investment managers with regards to ESG matters.

Below is a summary of how the Trustees monitor the Scheme's investment managers:

Areas for engagement	Method for monitoring and engagement	Circumstances for additional monitoring and engagement
Performance, Strategy and Risk	The Trustees' investment advisers will provide quarterly performance updates including comparison of performance with benchmarks and relevant peer-group data	• Significant changes to the investment strategy • The risk associated with an investment increasing to a level above and beyond the Trustees' expectations • Investment manager underperformance versus objective
ESG & Governance	The Trustees' investment managers and investment advisers will provide annual updates	• An investment manager has not acted in accordance with their policies and frameworks • An investment manager's policies are not in line with the Trustees' policies in this area

The Trustees expect the investment managers 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.

When assessing the performance of an investment manager, 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 investment adviser regularly meets with the managers of pooled funds on its approved list.

If it is identified that an investment manager is not managing assets in a manner consistent with the factors used by the Trustees to select that investment, or that the investment manager is not engaging with issuers of debt or equity, the Trustees will work with the investment manager to improve their alignment with the above policies. Where sufficient improvement is not observed, the Trustees will review the relevant investment manager's appointment and may consider terminating the arrangement.

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:…………………………………………………… Date: ………………………

For and on behalf of the Trustees of the USDAW Staff Superannuation Fund.

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 agreed split of the Scheme's assets between the above categories is approximately 75% Growth and 25% 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 Aviva, BMO, IFSL, LGIM, M&G, Partners and Schroders to implement the Scheme's investment strategy. Investments in the BMO, LGIM, M&G and Schroders funds will be made via the Mobius investment platform whilst the funds managed by Aviva, IFSL and Partners are held directly with the respective managers.

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

Appendix 1: The Trustees' Investment Strategy (continued)

Design of the Growth Asset Portfolio

The structure of the Scheme's Growth 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 strategic allocation for the Scheme's Growth Assets is as follows:

Pooled Fund	Strategic Allocation of the Growth Assets
LGIM World Equity Index Fund	12%
LGIM World Emerging Markets Equity Index Fund	5%
IFSL UK & European Equity Fund	11%
Partners Group Private Markets Credit	20%
LGIM Diversified Fund	10%
Schroders Diversified Growth Fund	13%
Aviva Lime Property Fund	12%
M&G Total Return Credit Investment Fund	10%
LGIM Absolute Return Bond Fund	7%
Total Growth Assets	***100%***

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. The BMO funds used are:

- BMO Short-Profile Nominal Dynamic LDI Fund
- BMO Short-Profile Real Dynamic LDI Fund

The Liability Matching Portfolio has been designed to hedge approximately 90% of the liability sensitivity (on a technical provisions basis) to changes in long term interest rates and inflation.

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 Mobius with authority to use the LGIM Absolute Return Bond Fund and the M&G Total Return Credit Investment Fund in equal proportions 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 LGIM Absolute Return Bond Fund and the M&G Total Return Credit Investment Fund in equal proportions.

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.

Additional Voluntary Contributions

The Scheme's AVC arrangements are pooled vehicles which are held as direct investments with Co-Operative Insurance Society Limited.

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 August 2020.

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 Trustees' *Investment Risk Policy* document.
- **T**: Trade Date

LGIM World Equity Index Fund		
Objective	The LGIM World Equity Index Fund employs an index-tracking strategy aiming to replicate the performance of the FTSE World Index (less withholding tax if applicable) to within +/-0.5% p.a. for two years out of three.	
Legal Structure	Unit-linked insurance policy	
Trading Frequency	Daily	
Notice Period	T-2	
Settlement Period	T+2	
Fee	AMC:	0.12% per annum
	Additional Expenses (approx.):	0.00% per annum

Appendix 2: Fund Details (continued)

LGIM World Emerging Markets Equity Index Fund		
Objective	The LGIM World Emerging Markets Equity Index Fund employs an index-tracking strategy aiming to replicate the performance of the FTSE Emerging Index (less withholding tax if applicable) to within +/- 1.5% per annum for two years out of three.	
Legal Structure	Unit-linked insurance policy	
Trading Frequency	Daily	
Notice Period	T-2	
Settlement Period	T+2	
Fee	AMC:	0.385% per annum
	Additional Expenses (approx.):	0.00% per annum

IFSL Trade Union Unit Trust (UK & European Equity)		
Objective	The aim of the Fund is to provide capital growth, that is, to increase the value of an investment, over a minimum of 5 years, together with some income, which is money paid out of an investment such as dividends from shares. The Fund’s target is to outperform its benchmark of 60% FTSE All-Share and 40% FTSE Europe (ex UK) by 1.0% p.a. net of fees	
Legal Structure	Unit Trust	
Trading Frequency	Daily	
Notice Period	T-4	
Settlement Period	T-4	
Fee	AMC (including additional expenses):	1.11% per annum

Appendix 2: Fund Details (continued)

Partners Group Private Markets Credit Fund		
Objective	The Fund invests in a diversified portfolio of secured loans – mainly senior credit from private equity owned companies following a leveraged buyout. The performance objective is to achieve a net internal rate of return of LIBOR + 4-6% p.a. The benchmark is 3 month LIBOR + 4% p.a.	
Legal Structure	Closed ended company	
Trading Frequency	None – Committed capital paid back within c.7 years	
Fee	AMC:	0.80% p.a. plus a performance related fee of 8% of profits, subject to a 4% preferred return
	Additional Expenses (approx.):	0.0% per annum

LGIM Diversified Fund		
Objective	To provide long-term investment growth through exposure to a diversified range of asset classes. The long-term rate of return is expected to be broadly similar to that of a developed market equity fund.	
Legal Structure	Unit-linked insurance policy	
Trading Frequency	Daily	
Notice Period	T-2	
Settlement Period	T+2	
Fee	AMC:	0.31% per annum
	Additional Expenses (approx.):	0.00% per annum

Appendix 2: Fund Details (continued)

Schroders Diversified Growth Fund		
Objective	The Schroder Life Diversified Growth Fund can invest in a broad array of asset classes and aims to generate a return of CPI +5% per annum over a five to seven-year period. It also expects to have a volatility less than two thirds of global equities.	
Legal Structure	Unit-linked insurance policy	
Trading Frequency	Daily	
Notice Period	T-4	
Settlement Period	T+4	
Fee	AMC:	0.69% per annum
	Additional Expenses (approx.):	0.04% per annum

Aviva Lime Property Fund		
Objective	The Aviva Lime Property Fund aims to achieve investment returns in excess of 1.5% (net of costs) per annum above gilts over the medium to long term by investing in lower risk property assets with secure long term income streams.	
Legal Structure	Unit Trust	
Trading Frequency	Monthly priced. Redemptions are annual as at 31 December. The manager has the ability to defer payment for up to 12 months.	
Notice Period	6 months	
Fee	AMC:	0.40% per annum
	Additional Expenses (approx.):	0.13% per annum

Appendix 2: Fund Details (continued)

M&G Total Return Credit Investment Fund		
Objective	The fund aims to provide investors with attractive returns from capital and income from a diversified pool of debt and debt-like assets, including but not limited to, debt instruments with a fixed, variable or floating rate coupon.	
Legal Structure	Investment Company with Variable Capital	
Trading Frequency	Daily	
Notice Period	T-2	
Settlement Period	T+2	
Fee	AMC:	0.49% per annum
	Additional Expenses (approx.):	0.00% per annum

LGIM Absolute Return Bond Fund		
Objective	The LGIM Absolute Return Bond Fund aims to produce a positive return derived from capital growth and income by investing in fixed and floating rate securities. The Performance Target of the Fund is to outperform the Benchmark by 1.50% p.a. over a rolling three-year basis (gross of fees).	
Legal Structure	Unit-linked insurance policy	
Trading Frequency	Daily	
Notice Period	T-2	
Settlement Period	T+2	
Fee	AMC:	0.29% per annum
	Additional Expenses (approx.):	0.00% per annum

Appendix 2: Fund Details (continued)

BMO Dynamic LDI Funds		
Objective	To provide liability hedging by offering interest rate and inflation protection which replicates the liability profile of a typical UK defined benefit pension scheme.	
Legal Structure	Investment Company with Variable Capital	
Trading Frequency	Daily	
Notice Period	T-2	
Settlement Period	T+2	
Fee	AMC:	0.30% per annum
	Additional Expenses (approx.):	c.0.05% per annum

BMO Sterling Liquidity Fund		
Objective	The BMO Sterling Liquidity Fund aims to provide a vehicle that will maintain high levels of liquidity and generate a return in line with money market rates.	
Legal Structure	Investment Company with Variable Capital	
Trading Frequency	Daily	
Notice Period	T-2	
Settlement Period	T	
Fee	AMC:	0.14% per annum
	Additional Expenses (approx.):	0.067% per annum