The Crown Estate Pension Scheme

Statement of Investment Principles

September 2024

Contents

1. Introduction

1.1. What is the purpose of this Statement of Investment Principles (“SIP”)?

This SIP sets out the policy of the Trustees on matters governing decisions about the investments of The Crown Estate Pension Scheme (the “Scheme”).

The Scheme is made up of four separate sections, two of which are classed as being Defined Benefit (“DB”) in nature and another two of which are classed as being Defined Contribution (“DC”) in nature.

The specific DB sections are:

- Opal; and
- Quartz Core.

The specific DC sections are:

- Quartz Top-Up;
- Topaz, and
- Sapphire

The Scheme is registered with Her Majesty’s Revenue & Customs (“HMRC”) for the purpose of the Finance Act 2004. The Opal section is closed to new entrants, but remains open to the future accrual of benefits. The Quartz and Topaz sections are open to new entrants and the future accrual of benefits.

1.2. What is the legal and statutory background to the SIP?

The SIP is designed to meet the requirements of Section 35 of the Pensions Act 1995 (the “Act”) and all subsequent legislation, Regulations and guidance from the Pensions Regulator applying to UK pension schemes.

1.3. Who has had input to the SIP?

This SIP has been formulated after obtaining and considering written professional advice from Quantum Advisory (“Quantum”), the Trustees’ investment adviser, and consulting The Crown Estate (the “Sponsoring Employer”) as required by the Act and subsequently by the Regulations. Quantum has the knowledge and experience required under the Regulations to provide professional advice on the management of the Scheme’s investments.

2. DB section – investment objectives and strategy

2.1. Investment policy

The Scheme's assets are held in trust by the Trustees. The investment powers of the Trustees are set out in the Scheme's Trust Deed.

The Trustees are aware of the need to invest assets in the best and sole interest of the members and that the powers of investment must be exercised in a manner which supports the security, quality, liquidity and profitability of the Scheme as a whole.

The Trustees recognise that the assets of the Scheme must consist predominantly of investments admitted to trading on regulated markets and investment in assets which are not admitted to trading on such markets must, in any event, be kept to a prudent level.

2.2. Investment objective

The Trustees, with the help of their advisers and in consultation with the Sponsoring Employer, set the current investment strategy following a consideration of their objectives and other related matters during 2023.

The Trustee's primary concern is to act in the best financial interests of the Scheme's beneficiaries. This requires that a rate of investment return is achieved, which supports the long-term funding plan (which has been discussed with the Sponsoring Employer), that is consistent with a prudent and appropriate level of risk.

2.3. What risks were considered and how are they managed?

The Trustees' primary concern is to act in the financial interests of the Scheme's members. As such, the primary risk is the inability of the Scheme to meet member benefit payments as they fall due.

In order to achieve their objectives, the Trustees recognise the need to invest in both "liability matching" and "return seeking" assets (see 2.5). The Trustees identified the following investment risks:

- the risk that investment returns in general will not achieve expectations;
- the risk that an investment manager will not meet its targets;
- the risk that the value of liabilities may increase due to changes in actual and expected inflation and interest rates;
- the risk of mismatch between the value and timing of the Scheme's income and outgoings;
- the risk of a shortfall in the liquid assets held by the Scheme relative to its immediate liabilities;

- the risk that the performance of any single investment within the Scheme assets may disproportionately affect the ability of the Scheme to meet its overall investment objectives; and
- the risk of misappropriation, unauthorised use or mis-delivery of Scheme assets.

The Trustees recognise these different types of risk and seek to minimise them as far as possible by the use of regular monitoring of investment performance; by a deliberate policy of diversification; by taking into account the timing of future payments; and by regularly reviewing the appropriateness of the prevailing strategy against the Scheme's objectives.

2.4. Financially material considerations, non-financial matters and stewardship policies

2.4.1. Financially material considerations

The Trustees acknowledge the potential impact upon the Scheme's investments (both in terms of risk and return) arising from financially material matters. The Trustees define these as including, but not limited to, ESG factors (including climate change).

With specific regard to ESG factors, the Trustees consider how these are integrated into the investment processes when: (i) appointing new investment managers; and (ii) reviewing existing investment managers. The Trustees have provided the appointed investment managers with full discretion concerning the evaluation of ESG factors. Representatives of the incumbent investment managers attend Trustees' meetings, at a frequency determined by the Trustees, to present on various matters including their ESG policies. The Trustees also periodically consider publicly available ESG related publications pertaining to the incumbent investment managers.

The Trustees acknowledge that a significant proportion of the Scheme's investments are implemented on a passive basis. This might restrict the ability of the investment manager(s) to take active decisions on whether to hold securities based on their consideration of ESG factors. The Trustees do however expect the incumbent investment managers, where relevant, to utilise their position to engage with investee companies on these matters.

The Trustees also consider ESG factors when determining future investment strategy decisions. To date, the Trustees have not established any restrictions on the appointed investment managers, but may consider this in future.

2.4.2. Stewardship

The Trustees acknowledge the constraints that they face in terms of influencing change due to the size and nature of the Scheme's investments. They do, however, acknowledge the need to be responsible stewards and exercise the rights associated with their investments in a responsible manner.

The Trustees consider how stewardship factors are integrated into the investment processes when: (i) appointing new investment managers; and (ii) monitoring existing investment managers. The Trustees have provided the appointed investment managers with full discretion concerning the stewardship of their investments. Representatives of the incumbent investment managers attend Trustees' meetings, at a frequency determined by the Trustees, in order to present on various matters including their stewardship policies.

2.4.3. Non-financial matters

The Trustees do not consider non-financial factors and do not employ a formal policy in relation to this when selecting, retaining and realising investments. However, where members have been forthcoming with their views, the Trustees may consider these when setting investment strategy.

2.5. What is the investment strategy?

The investment strategy uses two key types of assets:

- "Matching assets": these exhibit characteristics similar to those of the Scheme's liabilities. Typically, matching assets are low risk fixed income investments and the return from them is similar to the return on UK government bonds (referred to as the 'minimum risk' return).

  The Trustees recognise that there are benefits to be derived from the use of Liability Driven Investment ("LDI") solutions, such as the use of gearing. However, such solutions come with enhanced governance criteria, such as the management of collateral and counterparty risk.

- "Return seeking assets": these target a rate of return in excess of the minimum risk return. Typically, these are equities or a diversified pool of other non-matching assets.

Following the investment review in 2023, a strategic asset allocation was agreed. The strategy aims to deliver an appropriate mix of investments, both across and within the two broad asset classes, which support the Scheme's investment objectives. Details of this are set out in Appendix 1.

The Trustees have agreed the appropriateness of the asset allocation benchmarks, performance benchmarks and the various controls adopted by the incumbent managers in managing each fund in which Scheme assets are invested.

The Trustees monitor the performance of the Scheme's DB investments on a quarterly basis. Written advice is received as required from their investment advisers.

2.6. Fund managers, style and target returns

The funds in which the DB Section invests are pooled funds, which the Trustees believe are appropriate given the size and nature of the DB Section. Details of the fund managers, styles, benchmarks and target returns used can be found in Appendix 1.

The relationship with each investment manager is open ended and is reviewed on a periodic basis.

2.7. Re-balancing

Where practicable, cash flows into and out of the DB section of the Scheme will be used to rebalance allocations across the main asset classes. This procedure excludes the Scheme's LDI solution. Details of this are set out in Appendix 1.

3. DC section – investment objectives and strategy

3.1 Investment objective

The primary objective of the Scheme's DC Section is to provide, on a DC basis, benefits for members on their retirement or benefits for their dependants on death before retirement. The Trustees look to achieve this by providing members with investment choices that reflect their:

- Attitude to investment risk;
- Level of dependency on the benefits to be drawn;
- Understanding of investment matters; and
- Range of ages, cognisant of:
  - members closer to retirement have less scope to absorb risk and protect against short term fluctuation in asset values; and
  - members further from retirement have greater scope to absorb risk and short-term volatility in asset values, but also have to seek to protect against the erosion of the capital value of their assets by inflation.

3.2 Financially material considerations, non-financial matters and stewardship policies

3.2.1 Financially material considerations

The Trustees acknowledge the potential impact upon the Scheme's investments and members arising from financially material matters. The Trustees define these as including, but not limited to ESG matters (including but not limited to climate change).

With specific regard to ESG factors, the Trustees consider how these are integrated into the investment processes when: (i) appointing new investment managers; and (ii) monitoring existing investment managers. The Trustees have provided the appointed investment managers with full discretion concerning the evaluation of ESG factors. Representatives of the incumbent investment managers attend Trustees' meetings, at a frequency determined by the Trustees, to present on various matters including their ESG policies. The Trustees also periodically consider publicly available ESG related publications pertaining to the incumbent investment managers.

The Trustees acknowledge that a significant proportion of the Scheme's investments are implemented on a passive basis. This restricts the ability of the investment manager(s) to take active decisions on whether to hold securities based on the investment managers consideration of ESG factors. The Trustees do however expect the incumbent managers, where relevant, to utilise their position to engage with investee companies on these matters.

The Trustees also consider ESG factors when determining future investment strategy decisions. To date, the Trustees have not established any restrictions on the appointed investment managers, but may consider this in future.

3.2.2 Stewardship policy

The Trustees acknowledge the constraints that they face in terms of influencing change due to the size and nature of the Scheme's investments. They do, however, acknowledge the need to be responsible stewards and exercise the rights associated with their investments in a responsible manner.

The Trustees consider how stewardship factors are integrated into the investment processes when: (i) appointing new investment managers; and (ii) monitoring existing investment managers. The Trustees have provided the appointed investment managers with full discretion concerning the stewardship of their investments. Representatives of the incumbent investment managers may attend Trustees' meetings, at a frequency determined by the Trustees, to present on various matters including their stewardship policies.

3.2.3 Non-financial matters

The Trustees do not consider non-financial factors and do not employ a formal policy in relation to this when selecting, retaining and realising investments. However, where members have been forthcoming with their views, the Trustees may consider these when setting investment strategy.

3.3 Risks

The major component of risk is strategic risk which arises from the asset allocation of each individual member's portfolio. In selecting the funds made available to members, the Trustees have provided a range which can be tailored to members' individual requirements at different ages and terms to retirement.

For the lifestyling matrix approach, the Trustees are comfortable that the benchmark asset allocations of members' funds are appropriate to their age and the targeted method of retirement income.

3.4 Investment strategy

The Scheme has two lifestyle profiles: Balanced Drawdown Lifestyle and the Adventurous Drawdown Lifestyle. The Balanced Drawdown Lifestyle is the Scheme's default investment strategy. Two members are able to continue to invest their member account in the Cautious Lifestyle profile, the Scheme's previous default investment strategy.

The Trustees have also selected a range of funds from which members may self-select. This range is intentionally diverse but not considered by the Trustees to be unduly so. Further details can be found in Appendix 4.

The Scheme's DC funds are accessed through an implementation solution. Details of the investment managers and funds used can be found in Appendices 2, 3 and 4.

Members are not able to invest their member account in a lifestyle profile and a self-select fund(s) within a single period of pensionable service. It is possible that a member with two separate periods of pensionable service will hold monies in a self-select fund(s) and a lifestyle profile.

The Scheme's default investment option targets flexi-access drawdown in and at retirement. The Trustees, believe that this retirement outcome is most likely to meet the majority of member needs having undertaken the following:

- Analysis of the Scheme's DC membership
- Member survey of the Scheme's DC membership
- Consideration of product developments and market trends since the introduction of pension flexibilities on 6 April 2015.

The Trustees have agreed the appropriateness of the asset allocation benchmarks, performance benchmarks and the various controls adopted by the incumbent manager in managing each fund in which members can invest. For each fund, the benchmark and the guideline controls reflect the Trustees' view on the appropriate balance between maximising the long-term return on investments and minimising short-term volatility and risk for that fund's strategic aim.

The Trustees monitor the performance of the Scheme's DC investments on a quarterly basis. They also review the continued appropriateness of the targeted retirement outcome at appropriate frequencies. Written advice is received as required from their investment advisers.

3.5 Fund managers, style and target returns

The funds in which DC members invest are pooled funds, which the Trustees believe are appropriate given the size and nature of the DC Section. The managers of the pooled funds are given full discretion (within the bounds of the investment policy relating to the fund) over the choice of individual assets and are expected to maintain a diversified portfolio within each fund. The Trustees are satisfied that the assets held in each fund are suitable in relation to the needs of members.

The relationship with each investment manager is open ended and is reviewed on a periodic basis.

3.6 Currency hedging

The Trustees do not have a policy of hedging all foreign currency back to Sterling. For the avoidance of doubt, several of the funds utilised are exposed to currency risk.

3.7 Rebalancing

The Scheme's administrators rebalance the underlying fund allocations of the two lifestyle profiles on a quarterly basis.

Rebalancing of member accounts is not undertaken for self-select members. However, the investment of contributions is made in accordance with their investment instruction.

3.8 Policy on illiquid investments

Due to the regulatory constraints for allocating to illiquid investments and the challenge these place on investment administration, together with the associated increases in fund management charges that would arise, the Scheme does not directly utilise such investments as part of the default investment strategy. Furthermore, no illiquid investment funds are currently available within the self-select fund range. The Trustees periodically review developments in the investment fund market with a view to widening the exposure to include more illiquid investments if and when appropriate.

The multi-asset investment funds that the Scheme uses in the Lifecycle strategies may invest in illiquid assets if the investment managers decide that to be appropriate. The illiquidity risk created by this is managed by the investment managers as part of their wider approach to overseeing the investment risk of the investment funds.

4. Additional Voluntary Contributions (AVCs)

4.1. What is the strategy for new AVCs?

Active members of the Opal and Quartz sections are able to supplement their DB pension accrual by paying AVCs.

The Trustees periodically review the suitability and performance of these investments to ensure they remain appropriate to the members’ needs.

The AVC assets are currently invested with LGIM, Schroder and BlackRock.

5. Implementation solution

5.1 Implementation solutions in general

An implementation solution is a facility that enables pension schemes to buy, sell and hold their investments all in one place. This can allow greater flexibility and efficiency when switching investments as the scheme strategy changes or fund managers have to be replaced. The administrative burden in undertaking the transitions and the associated costs are thus reduced, allowing for a more efficient implementation of the strategy at a potentially lower cost.

The centralisation of funds should also allow consolidated reporting to be obtained more easily and more regularly. All of these features should allow pension schemes greater administrative efficiency, enhanced ease of strategy implementation and potential fee reductions.

5.2 Accessing the implementation solution

Each pension scheme enters into a unit linked life policy through a Trustee Investment Policy ("TIP"). The policy's value is linked to the underlying investments, which the implementation solution provider, in this case Mobius Life Limited ("Mobius Life"), has been directed to purchase. Mobius Life is responsible for investing into the underlying funds and takes responsibility for the relationship with the underlying fund managers. This includes transactions, reporting and governance. This differs from a traditional relationship that pension schemes would have had with fund managers where they would have invested directly with these managers and maintained a number of these individual relationships.

It is worth noting that:

- The DB sections of the Scheme do not utilise Mobius Life; and
- The DC sections utilise Mobius Life.

6. Appointment of investment managers

6.1. How many investment managers are there?

Details of the appointed investment managers, together with fund objectives and characteristics are outlined in Appendices 1 to 4. The DC sections of the Scheme currently hold assets with their investment managers through Mobius Life.

6.2. What formal agreements are there with the investment managers?

The Trustees select investment managers and funds which are appropriate to implement the investment strategy.

The Trustees have signed the appropriate policy documents, agreements and application forms with the investment managers (for the DB sections of the Scheme) and Mobius Life (for the DC sections of the Scheme), setting out in detail the terms on which the portfolio is managed, including the need for suitable and appropriately diversified investments.

The Trustees keep the appointment of all investment managers and AVC providers under review and will seek to replace any managers, or funds, which no longer remain appropriate to implement the Scheme's investment strategy.

6.3. What are the investment managers' responsibilities?

The investment managers are responsible for the day-to-day management of the Scheme's investments and are responsible for appointing custodians, if required.

The investment managers are authorised under the Financial Services and Markets Act 2000 to carry out such activities.

Any performance requirements for the investment managers are detailed in Appendix 1.

6.4. Custodians and administrators

The Scheme's investments are through pooled investment vehicles. There is no need for the Trustees to formally appoint a custodian as the investments comprise of units held in listed investment vehicles rather than the underlying stocks and shares. However, the investment managers have themselves appointed custodians for the safe custody of assets.

As the DC sections of the Scheme invest via Mobius Life, custody of the assets held with investment managers is under the Mobius Life name.

7. Other matters

7.1. What is the Trustees' policy on the realisation of investments?

With regards to the DB sections of the Scheme, the investment managers have discretion over the timing of realisation of investments within the pooled vehicles held by the Scheme and in considerations relating to the liquidity of investments.

Under the circumstances where the Scheme experiences negative cash flow, the Trustees and their advisers will decide on the amount of cash required for benefit payments and other outgoings and will inform the investment managers of any liquidity requirements.

In the absence of any strong conviction concerning the future movement of markets, assets will be disinvested to rebalance the Scheme's assets taking into account the asset allocation outlined in Appendix 1; and the costs and risks associated with any rebalancing.

With regards to the DC sections of the Scheme, the assets are either invested in line with the default strategy or in accordance with member requests.

7.2. How are various parties who are involved in the investment of the Scheme's assets remunerated?

Quantum Advisory is remunerated on a fixed fee or time-cost fee basis, with budgets agreed in advance for ad hoc project work whenever possible.

The DB and DC Sections of the Scheme invest in pooled funds. The Trustees note that the investment strategy and decisions of the fund managers cannot be tailored to the Trustees' policies and the managers are not remunerated directly on this basis. However, the Trustees, with the help of Quantum, set the investment strategy for the Scheme and select appropriate managers and funds to implement the strategy.

The Trustees do not directly incentivise the investment managers to engage with the issuers of debt or equity to improve their performance. The Trustees do, however, expect the investment managers to participate in such activities as appropriate and necessary to meet the investment objectives of the respective fund. The funds utilised typically include an objective that is expected to result in a positive return over the medium-to-longer term and, as such, the investment managers engagement with the issuers of debt or equity is expected to be undertaken so as to target medium-to-long term value creation.

The Trustees consider the fees and charges associated with each investment before investing.

The investment managers and Mobius Life are remunerated on an ad valorem fee basis, which is calculated as a fixed percentage of the total value of the Scheme's funds they hold under management. In addition, the private market assets, which are actively managed, are subject to a performance related fee. This structure has been chosen to align the fund managers' and Mobius Life's interests with those of the Scheme.

In addition, the fund managers pay commissions to third parties on many trades they undertake in the management of the assets. The Trustees obtain an annual statement from the investment managers setting out all the costs of the investments of the Scheme.

7.3. Direct Investments

The Pensions Act 1995 distinguishes between investments where the management is delegated to a fund manager with a written contract and those where a product is purchased directly.

The Trustees' policy is to review their direct investments (if any) and to obtain written advice about them at regular intervals. When deciding whether to make any new direct investments or terminate any direct investments, the Trustees will obtain written advice from the Scheme's investment adviser. If the Trustees believe that an investment is no longer suitable for the Scheme, it will withdraw the assets from the arrangement deemed to be unsuitable and select a suitable alternative.

The written advice from the Scheme's investment adviser will consider the suitability of the investments, the need for diversification and the principles contained in this SIP. The adviser will have the knowledge and experience required under Section 36(6) of the Pensions Act to provide this advice.

7.4. Do the Trustees take any investment decisions of their own?

The Trustees are responsible for the investment of the Scheme's assets. The Trustees take some decisions and delegate others.

When deciding which decisions to take, and which to delegate, the Trustees take into account whether they have the appropriate training and expertise in order to make an informed decision.

The Trustees have established the following decision making structure:

Trustees

- Set structures and processes for carrying out their role.
- Agree structure for implementing investment strategy.
- Select and monitor planned asset allocation.
- Select and monitor investment advisors and fund managers.
- Select and monitor direct investments.
- Prepare and maintain the SIP.

Investment adviser

- Advises on the Scheme's assets, including implementation.
- Advises on this SIP.
- Provides required training.

Investment managers/Implementation solution

- Operate within the written contracts and agreements.
- Select individual investments with regard to their suitability and diversification for the individual pooled vehicles.
- Ensure the suitability of the chosen benchmark for the respective investment vehicle.

7.5. Conflicts of interest

The Trustees consider any potential and actual conflicts of interest (subject to reasonable levels of immateriality) at the start of each Trustees' meeting and document these in the minutes.

7.6. Capital structure of investee companies

The responsibility for monitoring the capital structure of investee companies (including any relevant developments) is delegated to the investment managers. Investment managers are expected to partake in a sufficient level of monitoring and action that is appropriate to the nature of the mandate.

8. Review

8.1. How often are investments reviewed?

Strategy reviews for the DB and DC sections of the Scheme are undertaken periodically. Typically, a review of the DB sections will occur alongside triennial actuarial valuations; but more frequent reviews can occur in light of a material change of circumstances. Any change in investment strategy may necessitate a change in investment managers, regardless of the underlying performance of the funds.

Investment return experience and the performance of individual funds are reviewed with assistance from Quantum each quarter. Managers are reviewed against their agreed performance benchmarks and targets over both short-term and long-term time periods, to ensure they remain appropriate to implement the investment strategy for the Scheme.

8.2. How do the Trustees monitor portfolio turnover and costs?

The Trustees have delegated the selection of holdings to the appointed investment managers. The Trustees receive an annual report from the investment managers setting out portfolio turnover and the associated costs.

The Trustees have not set a specific portfolio turnover target for each investment manager and recognise that portfolio turnover and costs may vary with market conditions. Each manager has ultimate responsibility for the underlying holdings within their funds and they are expected to change these underlying holdings to the extent required to achieve their investment objectives.

The Trustees will compare the annual turnover and associated costs for each fund with previous years to ensure each investment manager’s process and philosophy remain consistent.

8.3 How often is this SIP reviewed?

The Trustees will review this SIP periodically for good governance and to ensure their policies remain appropriate and are being adhered to. The Trustees may also review the SIP following specific events, so as to ensure its ongoing appropriateness. Such events may include, but are not limited to:

- A material change in the Scheme’s circumstances;
- A material change in the Trustees’ objectives;
- A material change in the Sponsoring Employer’s circumstances; and
- Material developments within the wider market environment.

Reviews of the SIP will occur no less frequently than every three years, and without delay after any significant change in investment policy. However, it is the Trustees expectation that reviews will occur more frequently than this.

Any change to this SIP will only be made after having obtained and considered the written advice of someone who the Trustees reasonably believe to be qualified by their ability in, and practical experience of, financial matters, and to have the appropriate knowledge and experience of the management of pension scheme investments; and consulting with the Sponsoring Employer.

Signed by:
E111482D919F4EE...

Steve Balmont on behalf of BESTrustees Limited
Trustee

Signature | Name

For and on behalf of The Crown Estate Pension Scheme

28 September 2024 | 11:32 BST

Appendix 1 – Managers, asset allocation & fund details

Managers and asset allocation

The following table details the strategic asset allocation for the DB sections of the Scheme. Should the allocation to any asset class move outside the respective tolerance ranges, the Trustees will, with the help of their investment adviser, assess the appropriateness of undertaking the necessary switches to bring the relevant funds back toward the central benchmark (giving due consideration to any expected cash flows). The Scheme's LDI solution is not rebalanced as part of this procedure. The Trustees review the need to rebalance the LDI solution no less frequently than every three years, in line with the triennial Actuarial Valuation.

Cash flow is used to rebalance the Scheme's investment strategy back toward the central strategic benchmark (excluding LDI assets). Collateral calls (payments) made by LGIM, relating to the LDI solution, are taken from (paid into) the Scheme's collateral waterfall arrangement.

Performance is reviewed each quarter, with assistance from the Scheme's investment adviser as required.

Asset class	Manager	Fund	Asset allocation (%)	Tolerance range (+/-) (%)
Return seeking assets			**40.0**	**7.5**
Equities (Passive)	LGIM	Future World Global Equity	15.0	2.5
Multi – Asset (Active)	LGIM	Dynamic Diversified	15.0	2.5
Alternatives (Active)	Partners Group	Generations	10.0	2.5
Matching assets			**60.0**	**7.5**
Gilts / Index-linked gilts	LGIM	Single Stock Gilts / Index linked gilts	40.1	7.5
LDI & Collateral	LGIM	Matching Core Range Sterling Liquidity Sterling Liquidity Plus	19.9	--
Total			**100.0%**	--

Managers and fund details

The table below shows the benchmark and outperformance targets for each fund the DB sections of the Scheme are invested in.

Asset class	Manager	Fund	Benchmark	Objective / Outperformance target
Return seeking assets				
Equities (Passive)	LGIM	Future World Global Equity[1]	Solactive L&G ESG Global Markets Index	To track the benchmark (less withholding tax where applicable) to within +/-0.60% p.a. for two years out of three.
Multi asset (Active)	LGIM	Dynamic Diversified[2]	Bank of England Base Rate	4.5% p.a. above the benchmark over a full market cycle.
Alternatives (Active)	Partners Group	Generations[3]	N/A	The Fund targets a return of 7% to 11% pa net of fees over a full market cycle.
Matching assets				
Gilts / index-linked gilts	LGIM	Single Stock Gilts / Index-Linked Gilts[7]	Treasury Gilts / Index-linked gilts	The Funds track performance of the respective gilts / index-linked gilts.
LDI	LGIM	Matching Core Range[4]	N/A	Deliver nominal and / or real returns.
Short term money market	LGIM	Sterling Liquidity[5]	7-Day SONIA	0.1% p.a. above the benchmark.
Short duration bond and money market	LGIM	Sterling Liquidity Plus[6]	3-Month SONIA	0.2% p.a. above the benchmark.

[1]Initial Scheme investment occurred in January 2022. [2]Initial Scheme investment occurred in June 2019. [3]Initial Scheme investment occurred in March 2020. [4]Initial Scheme investment occurred in May 2019. [5] Initial Scheme investment occurred in August 2020. [6] Initial Scheme investment occurred in August 2020. [7]Initial Scheme investment in June 2023. The relationship with each investment manager is open ended and is reviewed on a periodic basis as detailed previously in this SIP.

Appendix 2 – Default strategy – DC sections

Balanced Drawdown Lifestyle Profile

Fund			Years to retirement								
	10+	**9**	**8**	**7**	**6**	**5**	**4**	**3**	**2**	**1**	**0**
LGIM Future World	100.0%	85.0%	71.0%	57.0%	43.0%	29.0%	15.0%	0.0%	0.0%	0.0%	0.0%
Schroder Sustainable Future Multi-Asset	0.0%	7.5%	14.5%	21.5%	28.5%	35.0%	42.5%	50.0%	50.0%	50.0%	50.0%
LGIM Retirement Income Multi-Asset	0.0%	7.5%	14.5%	21.5%	28.5%	35.0%	42.5%	50.0%	50.0%	50.0%	50.0%

Members with assets invested prior to Q2 2004 were, at the point the above Lifecyle was implemented, given the option of retaining a legacy 8-year Lifestyle Profile, in which the return-seeking component is invested in the BlackRock Aquila Life Balanced Fund instead of the LGIM Future World Fund.

Appendix 3 – Additional lifestyle profiles – DC sections

Adventurous Drawdown Lifestyle Profile

Fund	**Years to retirement**						
	5+	**5**	**4**	**3**	**2**	**1**	**0**
LGIM Future World	100.0%	80.0%	60.0%	40.0%	20.0%	0.0%	0.0%
Schroder Sustainable Future Multi-Asset	0.0%	10.0%	20.0%	30.0%	40.0%	50.0%	50.0%
LGIM Retirement Income Multi-Asset	0.0%	10.0%	20.0%	30.0%	40.0%	50.0%	50.0%

Members with assets invested prior to Q2 2004 were, at the point the above Lifestyle was implemented, given the option of retaining the five year Lifestyle Profile in which the LGIM 50:50 Global Equity Fund **is used as the return-seeking component instead of the LGIM Future World**.

Cautious Lifestyle Profile

Two members were permitted to retain the old default investment strategy, which is detailed below.

Fund	Years to retirement											
	10+	**10**	**9**	**8**	**7**	**6**	**5**	**4**	**3**	**2**	**1**	**0**
BlackRock Aquila Life Balanced	80.0%	72.0%	64.0%	56.0%	48.0%	40.0%	32.0%	24.0%	16.0%	8.0%	0.0%	0.0%
LGIM Corporate Bond All Stocks Index	20.0%	18.0%	16%	14.0%	12.0%	10.0%	8.0%	6.0%	4.0%	2.0%	0.0%	0.0%
LGIM Future World Annuity Aware	0.0%	7.5%	15%	22.5%	30.0%	37.5%	45.0%	52.5%	60.0%	67.5%	75.0%	75.0%
LGIM Cash	0.0%	2.5%	5%	7.5%	10%	12.5%	15.0%	17.5%	20.0%	22.5%	25.0%	25.0%

Appendix 4 – Self-select strategy – DC sections

Fund Name	TER (% p.a.)	Objective
LGIM Global Fixed Weights (50:50) Index	0.128	To capture the sterling total returns of the composite benchmark.
LGIM World (ex UK) Equity Index	0.125	To track the sterling total returns of the FTSE AW World (ex UK) Index to within +/- 0.50% p.a. for two years in three.

LGIM UK Equity Index	0.079	To track the sterling total returns of the FTSE All Share Index to within +/- 0.25% p.a. for two in three years.
LGIM FTSE4Good UK Equity Index	0.250	To track the sterling total returns of the FTSE 4Good UK Equity Index to within +/- 0.50% p.a. for two years in three.
LGIM Managed Property	1.410	To generate a return from a portfolio of freehold and leasehold property.
BlackRock Aquila Life Balanced	0.090	To provide returns in excess of inflation and provide stability and diversification.
LGIM Future World Annuity Aware	0.110	To provide diversified exposure to sterling assets that reflect the broad characteristics of investments underlying the pricing of a typical non-inflation linked annuity product.
LGIM All Stocks Gilts Index	0.0875	To track the sterling total returns of the FTSE A Government (All Stocks) Index to within +/- 0.25% p.a. for two years in three.
LGIM AAA-AA-A Corporate Bond All Stocks Index	0.110	To track the sterling total returns of the iBoxx £ non-Gilts (ex-BBB) Index to within +/- 0.50% per annum for two years in three.
LGIM Cash	0.100	To provide capital protection with growth at short term interest rates (7 Day GBP SONIA).
Schroder Sustainable Future Multi-Asset	0.300	Targets a return of inflation +4% p.a. over a market cycle (typically five years) with a volatility of one half to two thirds of global equities (capped at 10% p.a.).
LGIM Retirement Income Multi Asset	0.420	To provide long-term investment growth up to and during retirement, and to facilitate the drawdown of retirement income.

LGIM Future World	0.250	To replicate the performance of the FTSE ALL-World ex CW Climate Balanced Factor Index. The anticipated annual tracking error, in normal market conditions, relative to the index is +/-0.60% in two years out of three.
HSBC Islamic Global Equity Index	0.350	To track the performance of the Dow Jones Islamic Market Titans 100 Index.

TERs are subject to change.