Horwath Clark Whitehill Staff Pension Plan

Statement of Investment Principles

Barnett Waddingham LLP

September 2020

Contents

1 Introduction

1.1 This is the Statement of Investment Principles prepared by the Trustees of the Horwath Clark Whitehill Staff Pension Plan ("the Plan"). This statement sets down the principles governing decisions about investments for the Plan to meet the requirements of:

- the Pensions Act 1995, as amended by the Pensions Act 2004; and
- the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010.
- the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018.
- the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

1.2 In preparing this statement, the Trustees have consulted Crowe U.K. LLP, the Principal Employer, and obtained advice from Barnett Waddingham LLP, the Trustees' investment consultants. Barnett Waddingham is authorised and regulated by the Financial Conduct Authority.

1.3 This statement has been prepared with regard to the 2001 Myners' review of institutional investment (including subsequent updates), and Scheme Funding legislation.

1.4 The Trustees will review this statement at least every three years or if there is a significant change in the policy on any of the areas covered by the statement.

1.5 The investment powers of the Trustees are set out in Clause 27 of the Definitive Trust Deed & Rules, dated 17 September 2004. This statement is consistent with those powers.

2 Choosing Investments

2.1 The Trustees consider their Investment Objectives, shown in Section 3, when choosing appropriate investments for the Plan.

2.2 The Trustees' policy is to set the overall investment target and then monitor the performance of their managers against that target. In doing so, the Trustees consider the advice of their professional advisers, who they consider to be suitably qualified and experienced for this role.

2.3 The day-to-day management of the Plan's assets is delegated to one or more fund managers. The Plan's fund managers are detailed in the Appendices to this Statement. The fund managers are authorised and regulated by the Financial Conduct Authority and are responsible for stock selection and the exercise of voting rights.

2.4 The Trustees review the appropriateness of the Plan's investment strategy on an ongoing basis. This review includes consideration of the continued competence of the fund managers with respect to performance within any guidelines set. The Trustees will also consult the Principal Employer before amending the investment strategy.

3 Investment Objectives

3.1 The Trustees' main investment objectives for the Plan are:

- to ensure that they can meet the members' entitlements under the Trust Deed and Rules as they fall due;
- to manage the expected volatility of the returns achieved in order to control the level of volatility in the Plan's required contribution levels;
- to invest in assets of appropriate liquidity which will generate income and capital growth to meet, together with contributions from the participating employer, the cost of benefits which the Plan provides;
- to reduce the risk of the assets failing to meet the liabilities over the long term;
- to minimise the long-term costs of the Plan by maximising the return on the assets whilst having regard to the above objectives.

3.2 The Trustees are aware of the relationship that exists between the particular investment portfolio that is held and the level of funding of the Plan's liabilities at any time. The Trustees have obtained exposure to investments that they expect will meet the Plan's objectives.

4 Kinds of investments to be held

4.1 The Plan can invest in a wide range of asset classes including:

- Equities;
- Bonds;
- Cash;
- Property;
- Alternatives;
- Annuity policies.

4.2 Any investment in derivative instruments is only made to contribute to a reduction in the overall level of risks in the portfolio or for the purposes of efficient portfolio management.

4.3 The Trustees' policy is not to hold any direct employer-related investments as defined in the Pensions Act 1995, the Pensions Act 2004 and the Occupational Pension Schemes (Investment) Regulations 2005.

5 The balance between different kinds of investments

5.1 The Plan invests in assets that are expected to achieve the Plan's objectives. The allocation between different asset classes is contained within Appendix 1 to this Statement.

5.2 The Trustees consider the merits of both active and passive management for the various elements of the portfolio and may select different approaches for different asset classes. The current arrangements are set out in Appendix 1 to this Statement.

5.3 From time to time, the Plan may hold cash and therefore deviate from its strategic or tactical asset allocation in order to accommodate any short-term cashflows requirements or any other unexpected items.

5.4 The Trustees are aware that the appropriate balance between different kinds of investments will vary over time and therefore the Plan's asset allocation will be expected to change as the Plan's liability profile matures and to reflect changes in underlying economic conditions.

6 Risks

6.1 The Trustees have considered the following risks for the Plan with regard to its investment policy and the Plan's liabilities:

Risk versus the liabilities	The Trustees will monitor and review the investment strategy with respect to the liabilities following each actuarial valuation. The investment strategy will be set with consideration of the appropriate level of risk required for the funding strategy as set out in the Plan's Statement of Funding Principles.
Asset allocation risk	The asset allocation is detailed in Appendix 1 to this Statement and is monitored on a regular basis by the Trustees.
Fund manager risk	The Trustees monitor each of the Plan's fund managers' performance on a regular basis in addition to having meetings with each manager from time to time as necessary, usually on an annual basis. The Trustees have a written agreement with each fund manager, which contains a number of restrictions on how each fund manager may operate.
Concentration risk	Each fund manager is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities.
Loss of investment risk	The risk of loss of investment by each fund manager and custodian is assessed by the Trustees.
Liquidity risk	The Plan invests in assets such that there is a sufficient allocation to liquid investments that can be converted into cash at short notice given the Plan's cash flow requirements. The Plan's administrators assess the level of cash held in order to limit the impact of the cash flow requirements on the investment policy.
Covenant risk	The creditworthiness of the employers and the size of the pension liability relative to the employer's earnings are monitored on a regular basis. The appropriate level of investment risk is considered with reference to the strength of the employer covenant.
Solvency and mismatching risk	Risk is addressed through the asset allocation strategy and ongoing triennial actuarial valuations. The Trustees are aware that the asset allocation required to minimise the volatility of the solvency position may be different from that which would minimise the volatility on the Plan's funding basis.
Currency risk	The Plan's liabilities are denominated in sterling. The Plan may gain exposure to overseas currencies by investing in assets that are denominated in a foreign currency or via currency management. Where appropriate, the Plan may seek to reduce currency risk by implementing currency-hedging instruments or investing into currency-hedged assets.

Governance risk	Each asset manager is expected to undertake good stewardship and positive engagement in relation to the assets held. The Trustees monitor these and will report on the managers' practices in their annual Implementation Statement.
ESG/Climate risk	The Trustees have considered long-term financial risks to the Plan and ESG factors as well as climate risk are potentially financially material and will continue to develop its policy to consider these, alongside other factors, when selecting or reviewing the Plan's investments in order to avoid unexpected losses.

7 Expected return on investments

7.1 The Trustees have regard to the relative investment return and risk that each asset class is expected to provide. The Trustees are advised by their professional advisors on these matters, who they deem to be appropriately qualified experts. However, the day-to-day selection of investments is delegated to the fund managers.

7.2 The Trustees recognise the need to distinguish between nominal and real returns and to make appropriate allowance for inflation when making decisions and comparisons.

7.3 In considering the expected return from investments, the Trustees recognise that different asset classes have different long-term expected returns and expected volatilities relative to the liabilities.

7.4 Having established the investment strategy, the Trustees monitor the performance of each fund manager against an agreed benchmark as frequently as appropriate according to market conditions and the Plan's funding position. In order to review performance, the Trustees meet the Plan's fund managers as frequently as is appropriate.

8 Realisation of investments

8.1 The Trustees have delegated the responsibility for buying and selling investments to the fund managers. The Trustees have considered the risk of liquidity as referred to above.

8.2 Ultimately, the investments will all have to be sold when the Plan's life comes to an end. In this situation, the Trustees are aware of the fact that the realisable value of some investments, were there to be a forced sale, might be lower than the market value shown in the Plan accounts.

9 Environmental, Social and Governance considerations and investment stewardship

Policy on financially material considerations

9.1 The Trustees invest in pooled investment vehicles. The Trustees are comfortable that the funds currently invested in by the Plan are managed in accordance with their views on financially material factors, as set out below. This position is monitored periodically.

9.2 The Trustees believe that Environmental, Social and Governance factors, including but not limited to climate change, (referred to together as "ESG issues"), be financially material for the Plan over the length of time until the Plan's life comes to an end. This is likely to be not less than 10 years from the date of this Statement. The Trustees' views were agreed subsequent to a training session by their investment advisor and one of their investment managers. The Trustees appreciate that the method of incorporating ESG in the investment strategy and process will differ between asset classes and needs to be considered alongside other implementation factors. The process for incorporating ESG issues should be consistent with, and proportionate to, the rest of the investment process.

9.3 The Trustees are also cognisant of the different investment timeframes that members/investments will have. Further to this, the Trustees believe that ESG issues, and particularly climate change issues may be more important for members who are further from retirement, as the financial materiality of such issues will have a greater impact over a longer timeframe.

9.4 All managers are signatories to the UN Principles of Responsibly Investment and the Financial Reporting Council's UK Stewardship Code (which aims to enhance the quality of engagement between investors and companies). The Trustees will consider ESG, voting and engagement issues when appointing and reviewing managers and reviewing the investment strategy to ensure that they are appropriately taken into account given the asset class involved.

9.5 A summary of the Trustees' views for each asset class in which the Plan invests is outlined below.

Passive equities The Trustees accept that the fund manager must invest in line with the specified index and, therefore, may not be able to select, retain or realise investments based on ESG related risks and opportunities. However, the Trustees believe that positive engagement on ESG factors can lead to improved risk-adjusted returns alongside better environmental, social or governance outcomes more generally. The Trustees therefore require that the fund manager takes into account ESG considerations when engaging with companies and by exercising voting rights. However, the process for incorporating ESG issues should be consistent with, and proportionate to, the rest of the investment process.

Multi Asset Fund The Trustees believe that ESG issues will be financially material to the risk-adjusted returns achieved by the Plan's multi-asset fund manager. The Trustees are satisfied that the manager has suitable processes to consider ESG factors and take them into account (where relevant) in the selection, retention and realisation of the underlying investments within the fund. The investment process for any multi-asset fund manager used by the Plan should take ESG issues into account. The Trustees also support engagement activities and (where relevant) the exercise of rights attaching the investments by the Plan's multi-asset fund managers. However, the incorporation of ESG issues, the exercise of rights and engagement activities should be consistent with, and proportionate to, the rest of the investment process.

Credit The Trustees believe that ESG issues will be financially material to the risk-adjusted returns achieved by the Plan's active corporate bond manager. The Trustees recognise that fixed income assets do not include voting rights, however, they support engagement with companies by the fund manager. The Trustees are satisfied that the manager has suitable processes to consider ESG factors and take them into account (where relevant) in the selection, retention and realisation of the underlying investments within the fund. However, the incorporation of ESG issues and engagement activities should be consistent with, and proportionate to, the rest of the investment process.

LDI and passive gilts The Trustees believe there is less scope for the consideration of ESG issues to improve risk-adjusted returns in these asset classes because of the nature of gilts and the instruments used in the case of the LDI funds. It is worth noting that when transacting in LDI funds, the Trustees require due diligence is undertaken to assess the credit worthiness of the counterparty both at the start of and throughout any investment, whilst at the same time looking to achieve best execution. The Trustees believe this is more relevant for longer term trades compared to shorter term trades and should incorporate ESG factors where these assist with the credit worthiness assessment.

Policy on assessment and monitoring

9.6 The Trustees delegate the consideration of all financially material factors in relation to determining the underlying holdings within the pooled funds, including ESG factors, to the Plan's investment managers as part of their day-to-day management.

9.7 For all pooled funds, the Trustees take into account how ESG factors are integrated into the Plan's managers' fund management processes when appointing, monitoring, engaging with and replacing funds and managers as follows.

Appointing funds and managers When selecting new investments, the Trustees will consider requesting information on ESG integration credentials as part of the proposals. However, an investment manager's excellence in this area will not necessarily take precedence over other factors, including (but not limited to) historical performance or fees.

Monitoring and engagement with managers Each of the Plan's investment managers has its own ESG policy, ESG integration process and ESG resources as part of its wider management process and capability. The Trustees will continue to monitor and assess these on an ongoing basis. From time to time, the Trustees may ask the Plan's investment managers to attend meetings and provide updates on the funds, which the Trustees may request to include an update on ESG considerations.

If, as part of this monitoring process or based on any ad-hoc updates provided by the investment consultant, any issues specifically related to the ESG factors are identified, the Trustees may request further information from the Plan's managers and engage with them in relation to these matters either directly or through their investment consultant.

Replacing funds and managers If any significant ESG integration related issues are identified for a fund or a manager, the Trustees may choose to replace them. However, as per the appointment of funds and mangers, the investment manager's shortcomings in this area will not necessarily be seen as sufficient reason for replacement and will not necessarily take precedence over consideration of other factors.

9.8 The Trustees will also take ESG factors into account as part of determining the strategic asset allocation and consider these factors as part of ongoing review of the Plan's investments.

Policy on the exercise of voting rights and engagement activities

9.9 The Trustees believe that good stewardship and positive engagement can lead to improved governance and better risk-adjusted investor returns.

9.10 As an investor in pooled funds, the Trustees currently adopt a policy of delegating the exercising of the rights (including voting rights) attached to the Plan's investments to the investment managers.

9.11 The Trustees also delegate undertaking engagement activities, which include entering into discussions with the company management in an attempt to influence behaviour, to the investment managers.

9.12 The Trustees assessed the current stewardship approach of its investment managers based on information collated by the investment consultant and provided by the respective managers.

9.13 The Trustees will monitor and engage with the investment managers in relation to stewardship activities as follows.

The Trustees will, with support from the investment consultant, periodically request and review the stewardship policies, voting and engagement activities of the Plan's investment managers. In case of any specific issues or questions being identified through this monitoring process, the Trustees will engage with the Plan's investment managers for more information and discuss any remedial action taken.

The Trustees will also ask managers to attend meetings from time to time to present and discuss their stewardship activities, including details of any voting rights exercised.

9.14 When selecting investment managers, where appropriate and applicable, the Trustees will consider the investment managers' polices on stewardship and engagement, and how those policies have been implemented.

Policy for taking into account non-financial matters

9.15 The Trustees do not take account of non-financial matters (such as member ethical views) within the investment strategy.

9.16 The Trustees will review the policy on whether to take account of non-financial matters periodically.

Engagement activities – capital structure

9.17 The Trustees acknowledge the importance of ESG and climate risk within their investment making framework. When delegating investment decision making to their investment managers, they provide their investment managers with a benchmark they expect the investment managers to either follow or outperform. The investment manager has discretion over where in an investee company's capital structure it invests (subject to the restrictions of the mandate), whether directly or as an asset within a pooled fund.

9.18 The Trustees are of the belief that ESG and climate risk considerations extend over the entirety of a company's corporate structure and activities i.e. that they apply to equity, credit and property instruments or holdings. The Trustees also recognise that ESG and climate related issues are constantly evolving and along with them so too are the products available within the investment management industry to help manage these risks.

9.19 The Trustees consider it to be a part of their investments managers' roles to assess and monitor developments in the capital structure for each of the companies in which the manager invests on behalf of the Plan or as part of the pooled fund in which the Plan holds units. The Trustees also consider it to be part of their investment managers' roles to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the managers invest on behalf of the Plan. Where the Trustees use pooled funds, the Trustees expect the investment manager to employ the same degree of scrutiny.

9.20 Should an investment manager be failing in these respects, this should be captured in the Plan's regular performance monitoring.

9.21 Through their consultation with the Sponsoring Employer when setting this Statement of Investment Principles the Trustees have made the Sponsoring Employer aware of their attitude to ESG and climate related risks, how they intend to manage them and the importance that the pensions industry as a whole, and its regulators, place on them.

Conflicts of interest

9.22 The Plan's investment consultants, Barnett Waddingham, are independent and no arm of their business provides asset management services. This, and their FCA Regulated status, makes the Trustees confident that the investment manager recommendations they make are free from conflict of interest.

9.23 The Trustees expect all investment managers to have a conflict of interest policy in relation to their engagement and ongoing operations. In doing so the Trustees believe they have managed the potential for conflicts of interest in the appointment of the investment manager and conflicts of interest between the Trustees/investment manager and the investee companies.

9.24 In selecting and reviewing their investment managers, where appropriate, the Trustees will consider investment managers' policies on stewardship and engagement and how these policies have been implemented.

10 Policy on arrangements with asset managers

Incentivising alignment with the Trustees' investment polices

10.1 Prior to appointing an investment manager, the Trustees discuss the investment manager's approach to the management of ESG and climate related risks with the Plan's investment consultant, and how their policies are aligned with the Trustees' own investment beliefs.

10.2 When appointing an investment manager, in addition to considering the investment manager's investment philosophy, process and policies to establish how the manager intends to make the required investment returns, the Trustees also consider how ESG and climate risk are integrated into these. If the Trustees deem any aspect of these policies to be out of line with their own investment objectives for the part of the portfolio being considered, they will consider using another manager for the mandate.

10.3 The Trustees carry out a strategy review at least every three years where they assess the continuing relevance of the strategy in the context of the Plan's membership and their aims, beliefs and constraints. The Trustees monitor the investment managers' approach to ESG and climate related risks on an annual basis.

10.4 In the event that an investment manager ceases to meet the Trustees' desired aims, including the management of ESG and climate related risks, using the approach expected of them, their appointment will be terminated. The investment managers have been informed of this by the Trustees.

10.5 Investment manager ESG policies are reviewed in the context of best industry practice and feedback will be provided to the investment manager.

Incentivising assessments based on medium to long term, financial and non-financial considerations

10.6 The Trustees are mindful that the impact of ESG and climate change has a long-term nature. However, the Trustees recognise that the potential for change in value as a result of ESG and climate risk may occur over a much shorter term than climate change itself. The Trustees consider this in their investment management arrangements.

10.7 When considering the management of objectives for an investment manager (including ESG and climate risk objectives), and then assessing their effectiveness and performance, the Trustees assess these over a rolling timeframe. The Trustees believe the use of rolling timeframes, typically 3 to 5 years, is consistent with ensuring the investment manager makes decisions based on an appropriate time horizon. Where a fund may have an absolute return or shorter term target, this is generally supplementary to a longer term performance target. In the case of assets that are actively managed, the Trustees expect this longer term performance target to be sufficient to ensure an appropriate alignment of interests.

10.8 The Trustees expect investment managers to be voting and engaging on behalf of the Plan's holdings and the Plan monitors this activity within the Implementation Statement in the Plan's Annual Report and Accounts. The Trustees do not expect ESG considerations to be disregarded by the investment managers in an effort to achieve any short term targets.

Method and time horizon for assessing performance

10.9 The Trustees monitor the performance of their investment managers over medium to long term periods that are consistent with the Trustees' investment aims, beliefs and constraints.

10.10 The Plan invests exclusively in pooled funds. The investment manager is remunerated by the Trustees based on the assets they manage on behalf of the Trustees. As the funds grow, due to successful investment by the investment manager, they receive more and as values fall they receive less.

10.11 The Trustees believe that this fee structure, including the balance between any fixed and performance related element, enables the investment manager to focus on long-term performance without worrying about short term dips in performance significantly affecting their revenue.

10.12 The Trustees ask the Plan's investment consultant to assess if the asset management fee is in line with the market when the manager is selected, and the appropriateness of the annual management charges are considered regularly as part of the review of the Statement of Investment Principles.

Portfolio turnover costs

10.13 The Trustees acknowledge that portfolio turnover costs can impact on the performance of their investments. Overall performance is assessed as part of the quarterly investment monitoring process.

10.14 During the investment manager appointment process, the Trustees may consider both past and anticipated portfolio turnover levels. 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.

Duration of arrangement with asset manager

10.15 For the open-ended pooled funds in which the Plan invests, there are no predetermined terms of agreement with the investment managers.

10.16 The suitability of the Plan's asset allocation and its ongoing alignment with the Trustees' investment beliefs is assessed every three years, or when changes deem it appropriate to do so more frequently. As part of this review the ongoing appropriateness of the investment managers, and the specific funds used, is assessed.

11 Monitoring

11.1 Investment Performance: The Trustees review the performance of each fund/investment option against the stated performance objective and, in doing this, the Trustees receive a performance monitoring report on a regular basis. This monitoring takes into account both short-term and long-term performance. The investment managers' overall suitability for each mandate will be monitored as frequently as the Trustees consider appropriate in light of both its performance and other prevailing circumstances. The Trustees meet the Plan's fund managers as frequently as is appropriate, in order to review performance amongst other factors.

11.2 The Trustees monitor the overall strategy, taking into account aspects such as the Plan's funding position.

12 Agreement

12.1 This statement was agreed by the Trustees and replaces any previous statements. Copies of this statement and any subsequent amendments will be made available to the employer, the fund managers, the actuary and the Plan auditor upon request.

Appendix 1 Note on investment policy of the Plan as at September 2020 in relation to the current Statement of Investment Principles

1 Strategic asset allocation

1.1 The Trustees have appointed the following investment managers to carry out the day-to-day investment of the Plan:

- Legal & General Investment Management Limited;
- BNY Mellon Fund Managers Limited.

All managers are authorised and regulated by the Financial Conduct Authority. The Trustees have appointed Barnett Waddingham LLP to advise on investment matters in addition to advice received from the fund managers on suitability of investments. The Trustees also hold a small amount of annuity policies with Legal & General Assurance Society Limited.

1.2 The Trustees recognise that the allocation of investments in different asset classes will vary over time because of market movements. The Trustees seek a balance between the benefits of maintaining the asset allocation in line with its benchmark and the costs of rebalancing.

1.3 The Trustees will monitor the asset allocation periodically. If in their view these have deviated too far from their benchmark, the Trustees will rebalance the assets towards the benchmark.

1.4 The Trustees' benchmark allocation for the assets held is shown in the following table:

Fund	Benchmark allocation*
UK Equities	**5.0%**
LGIM UK Equity Index Fund	5.0 %
Overseas Equities	**31.0%**
LGIM World (ex UK) Equity Index Fund	5.0%
LGIM World (ex UK) Equity Index (GBP Hedged) Fund	20.0%
LGIM World Emerging Markets Equities Fund	6%
Multi-Asset	**12.0%**
BNY Mellon Real Return Fund	12.0%
Credit	**20.0%**
LGIM Active Corporate Bond Over 10 Year Fund	20.0%
Liability Driven Investment ("LDI") Portfolio	**32.0%**
LGIM Matching Core Real Short Fund	10.0%
LGIM Matching Core Real Long Fund	11.0%
LGIM Sterling Liquidity Fund	11.0%
Total	**100%**

*This benchmark allocation is an interim position pending a review of the investment strategy as part of the 2019 Actuarial Valuation process.

1.5 The investment managers of the Plan invest in line with restrictions set out in the policy documents. Contributions received generally go towards paying benefits. However, if there is a surplus for investment, these will usually be invested in line with the Plan's benchmark asset allocation outlined above.

1.6 Disinvestments will usually be made to move the asset allocation back towards the benchmark.

1.7 The investment benchmarks and objectives for each fund are given below:

Fund manager	Benchmark	Objective
Legal & General Investment Management		
LGIM UK Equity Index Fund	FTSE All Share Index	Track benchmark within +/- 0.25% pa for 2 out of 3 years
LGIM World (ex UK) Equity Index Fund	FTSE All-World ex UK Index	Track benchmark within +/- 0.5% pa for 2 out of 3 years
LGIM World (ex UK) Equity Index Fund (GBP Hedged)	FTSE All-World ex UK Index- Currency Hedged	Track benchmark within +/- 0.5% pa for 2 out of 3 years
LGIM World Emerging Markets Equities	FTSE All-World All Emerging Index	Track benchmark within +/- 0.5% pa for 2 out of 3 years
LGIM Active Corporate Bond Over 10 Year	Markit iBoxx GBP Non-Gilts Over 10 Years Index	Outperform the benchmark by 0.75% pa over rolling 3 year periods (gross of fees)
LGIM Over 5 Year Index-Linked Gilts	FTSE A Index-Linked (Over 5 Year) Index	Track benchmark within +/- 0.5% pa for 2 out of 3 years
LGIM Matching Core Real Short Fund	Gilt and swap composite index	Provide leveraged exposure to changes in real interest rates
LGIM Matching Core Real Long Fund	Gilt and swap composite index	Provide leveraged exposure to changes in real interest rates
LGIM Sterling Liquidity Fund	7 Day LIBID	Provide capital stability, liquidity and diversification while providing a competitive level of return
BNY Mellon		
BNY Mellon Real Return Fund	One Month GBP LIBOR	Outperform benchmark by 4.0% pa over rolling 5 year periods (gross of fees)

2 Fee agreements

2.1 The fee arrangements with the investment managers are summarised below:

Fund	Annual Management Charge (% p.a.)
Legal & General Investment Management	
LGIM UK Equity Index Fund	0.100% per annum on first £10m, plus 0.075% per annum on next £10m
LGIM World (ex UK) Equity Index Fund	0.220% per annum on first £5m, plus 0.190% per annum on next £10m
LGIM World (ex UK) Equity Index Fund (GBP Hedged)	0.240% per annum on first £5m, plus 0.210% per annum on next £10m
LGIM World Emerging Markets Equities	0.450% per annum on first £5m, plus 0.350% per annum on next £10m
LGIM Active Corporate Bond Over 10 Year	0.200% per annum
LGIM Over 5 Year Index-Linked Gilts	0.100% per annum on first £5m, plus 0.075% per annum on next £5m
LGIM Matching Core Funds	0.240% per annum
LGIM Sterling Liquidity Fund	0.125% first £5m, 0.1% next £5m, 0.075% next £20m, 0.05% balance
BNY Mellon	
BNY Mellon Real Return Fund	0.750% per annum