Prudential Platinum Pension

Statement of Investment Principles

September 2020

Contents

01 **Introduction**

Purpose

This document constitutes the Statement of Investment Principles ('the SIP') required under Section 35 of the Pensions Act 1995 for the Prudential Platinum Pension ('the Scheme'). It describes the investment policy being pursued by the Trustee of the Scheme and is in accordance with the Government's voluntary code of conduct for Institutional Investment in the UK ("the Myners Principles"). This SIP also reflects the requirements of Occupational Pension Schemes (Investment) Regulations 2005.

Scheme details

The exclusive purpose of the Scheme is to provide retirement and death benefits to eligible participants and beneficiaries. It qualifies as a registered pension scheme, registered under Chapter 2 of Part 4 of the Finance Act 2004.

Advice and consultation

Before preparing this Statement, the Trustee has sought advice from the Scheme's investment consultant, XPS Investment Limited. The Trustee has also consulted the Sponsor (as delegated by the Participating Employers). The Trustee will consult the Sponsor (as delegated by the Participating Employers) on any future changes in investment policy as set out in this Statement.

Investment powers

The Trust Deed and Rules set out the investment powers of the Trustee. This Statement is consistent with those powers.

In accordance with the Financial Services and Markets Act 2000, the Trustee sets general investment policy but delegates responsibility for the selection of the specific securities and any financial instruments in which the Scheme invests to the Investment Managers.

Additionally, the Trustee has entered into an insurance policy with the Investment provider, PACL. PACL provides access to funds managed by external managers and delegates the day-to-day investment management responsibilities for the Scheme's assets to those managers. The Trustee may invest in policies issued by Prudential Pensions Limited (PPL) or PACL. However, the Trustee may, at the request of a Participating Employer, also make an investment not provided by PPL / PACL where the purpose is to pursue a liability driven investment (LDI) strategy and where such an investment is provided under a contract of insurance, subject to a maximum amount agreed between the Sponsor and the Trustee.

Review of the Statement

The Trustee will review this Statement and its investment policy at least every three years or immediately following any significant changes in investment policy. The Trustee will also review this Statement in response to any material changes to any aspect of the Scheme, its liabilities, finances and attitude to risk of either the Trustee, or the Sponsor (as delegated by the Participating Employers) which it judges to have a bearing on the stated investment policy. The Trustee will receive confirmation of the continued appropriateness of this Statement annually, or more frequently if appropriate.

Definitions

Act - The Pensions Act 1995 (as amended by section 244 of the Pensions Act 2004)
AVCs - Additional Voluntary Contributions
Investment Manager - A person or organisation appointed by the Investment Provider to manage investments on behalf of the Scheme
Investment Provider – A single provider offering access to a wide variety of underlying pooled investment funds which may be managed by different Investment Managers. The current Investment Provider is Prudential Assurance Company Limited (PACL)
Participating Employer – An employer participating in the Scheme
Participating Section - A Participating Employer's pension fund
Recovery Plan - The agreement between the Trustee and a Participating Employer to address the funding deficit associated with their Participating Section
Regulations - The Occupational Pension Schemes (Investment) Regulations 2005
Scheme – Prudential Platinum Pension
Sponsor – The Prudential Assurance Company Limited (PACL)
Statement - This document, including any appendices, which is the Trustee's Statement of Investment Principles
Technical Provisions - The amount required, on an actuarial calculation, to make provision for liabilities
Trustee – Bridge Trustees Limited, the corporate entity responsible for the investment of the Scheme's assets and managing the administration of the Scheme
Value at Risk - a technique which uses historical correlations of asset class returns and volatilities to estimate the likely worst case scenario loss for a given portfolio of assets over a specified time period at a given level of probability

02 Division of responsibilities

The Trustee is accountable for all aspects of the Scheme's investments. However, as permitted within the Trust Deed and Rules, the Trustee has delegated some of the decision making powers and other responsibilities as set out below.

Trustee

The Trustee has retained the following responsibilities and powers for itself:

> The content and the review of this Statement.
> Reviewing the investment policy.
> Appointing the Investment Provider and assessing its suitability in this role.
> Working with the Investment Provider to ensure a suitable range of funds is made available to the Scheme.
> Selecting the funds/investment managers from the options available via the insurance policy and (where appropriate) the Custodian(s).
> Assessing the performance and investment process of the Investment Managers.
> Consulting with the Sponsor (as delegated by the Participating Employers) when reviewing investment policy issues.
> Monitoring compliance of the investment arrangements with this Statement as appropriate.

In addition, the Trustee will make decisions relating to the Scheme's investments, including issues such as:

> The kinds of investments to be held.
> The balance between different kinds of investments.
> The level of risk to which the Scheme is exposed to.

Investment Consultant

The Investment Consultant's responsibilities include:

> Participating with the Trustee in regular reviews of this Statement, and in the review of investment related issues as described in this Statement.

> Undertaking project work as required including reviews of asset allocation policy and reviews or selection of Investment Managers.

> Advising the Trustee how any changes in the Participating Section's benefits, membership and funding position may affect the way in which that Section's assets should be invested.

Investment Managers / Investment Provider

Each Investment Manager's responsibilities will include:

> Investing in diversified portfolios of assets suitable for pension schemes in accordance with the mandate they have been given by the Investment Provider.
> At their discretion, but in accordance with any guidelines given by the Investment Provider, implementing changes in the asset mix and selecting individual securities and financial instruments within each asset class.
> Where relevant, providing regular portfolio valuations and records of transactions, along with a report at least annually, on actions and future intentions, and any changes to the processes, objectives and guidelines applied to their management of the Scheme's assets to enable the Investment Provider and the Trustee to review the Investment Manager's activities.
> Exercising the rights attached to the shareholdings of the Scheme so as to protect and enhance the long-term value of a stock holding.
> If appropriate, reporting in person at a Trustee meeting as requested.

The Investment Provider will make available a range of investment funds from which the Trustee is able to select a subset of funds, consistent with the policy as set out in this Statement. The Investment Provider will also provide the Trustee with the reporting that would otherwise be expected of the Investment Managers.

The Investment Provider will report in person at a Trustee meeting as requested.

Custodian

Each Custodian's responsibilities include some or all of the following:

> The safekeeping of all of the assets of the Scheme.

> Providing the Investment Managers with statements as required of the assets, cashflows and schedules of transactions.

> Undertaking all appropriate administration relating to the Scheme's assets.

> Processing all dividends and tax reclaims in a timely manner.

> Dealing with corporate actions.

For pooled assets, the Custodian is invariably appointed by the Investment Managers with the above functions undertaken on behalf of the pooled fund as a whole. Record keeping of the Scheme's entitlement within the pooled fund is the responsibility of the pooled fund administrator or registrar.

03 Strategic investment policy and objectives

Choosing investments

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

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

Long-term objectives

The Trustee's long-term objectives are:

> The acquisition of suitable assets of appropriate liquidity which will generate income and capital growth to meet, together with any contributions being paid by a Participating Employer, the cost of the benefits the associated Participating Section provides, as set out in that Participating Section's Trust Deed and Rules.

> To limit the risk of each Participating Section's assets failing to meet their liabilities over the long term, in particular in relation to the Technical Provisions under Section 222 of the Pensions Act 2004.

> To minimise the long-term costs for each Participating Section by optimising the return on the assets whilst having regard to the objectives shown above.

> To adhere to the provisions contained within this Statement.

Expected returns

By undertaking the investment policy described in this Statement, the Trustee expects that future investment returns will at least meet the rate of return underlying the Recovery Plan for each Participating Section.

Investment Policy

The Trustee intends to achieve these objectives through investing in a diversified portfolio of return seeking assets (e.g. equities and diversified growth funds) and liability matching assets (e.g. gilts). The Trustee recognises that the return on return seeking assets, whilst expected to be greater over the long-term than that on liability matching assets, is likely to be more volatile. A mixture across asset classes should nevertheless provide the level of returns required by the different Participating Sections to meet their respective liabilities at an acceptable level of risk (of underperforming the liabilities) for the Trustee, and an acceptable level of cost to the associated Participating Employer.

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

Range of assets

The Trustee considers that the combination of the investment policy detailed in Appendix I and the specific manager mandates detailed in Appendix II will ensure that the assets of the Scheme include suitable investments that are appropriately diversified and provide a reasonable expectation of meeting the objectives. The Trustee expects the Investment Provider to offer fund options such that it can ensure that the Scheme holds a suitably diversified range of securities in each category, avoiding an undue concentration of assets.

Based on the structure set out in Appendix I, the Trustee considers the arrangements with the Investment Managers to be aligned with the Scheme's overall strategic objectives. Details of each specific mandate are set out in agreements and pooled fund documentation with the Investment Provider and each Investment Manager.

The amounts allocated to any individual category or security will be influenced by the overall benchmark and objectives, varied through the Investment Managers' tactical asset allocation preferences at any time, within any scope given to them through asset allocation parameters set by the Investment Provider or governing the pooled funds in which the Scheme is invested.

The Trustee will ensure that the Scheme's assets are predominantly invested in regulated markets to maximise their security.

Investment Managers are incentivised to perform in line with expectations for their specific mandate as their continued involvement as Investment Managers as part of the Scheme's investment strategy - and hence the fees they receive - are dependent upon them doing so. They are therefore subject to performance monitoring and reviews based on a number of factors linked to the Trustee's expectations, including the selection /and deselection criteria set out in Section 7.

The Trustee encourages the Investment Provider and the Investment Managers to make decisions in the long-term interests of the Scheme.

The Trustee expects engagement with management of the underlying issuers of debt or equity and the exercising of voting rights. This expectation is based on the belief that such engagement can be expected to help Investment Managers to mitigate risk and improve long term returns.

As covered in more detail in Section 4, the Trustee also requires the Investment Managers to take ESG factors and climate change risks into consideration within their decision-making as the Trustee believes these factors could have a material financial impact in the long-term. The Trustee therefore makes decisions about the retention of Investment Managers, accordingly.

04 Responsible investment

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

The Trustee will seek advice from the Investment Consultant on the extent to which its views on ESG and climate change risks may be taken into account in any future Investment Manager selection exercises. Furthermore, the Trustee, with the assistance of the Investment Consultant, will monitor the processes and operational behaviour of the Investment Managers from time to time, to ensure they remain appropriate and in line with the Trustee's requirements as set out in this Statement.

As the Scheme invests in pooled funds, the Trustee acknowledges that it cannot directly influence the policies and practices of the companies in which the pooled funds invest.

It has therefore delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the Investment Managers. The Trustee expects the Investment Managers to engage with investee companies and vote whenever it is practical to do so on financially material matters such as strategy, capital structure, conflicts of interest policies, risks, social and environmental impact and corporate governance as part of their decision-making processes.

The Trustee expects the Investment Provider and requires the Investment Managers to report on significant votes made on behalf of the Trustee.

If the Trustee becomes aware of an Investment Manager engaging with the underlying issuers of debt or equity in ways that it deems inadequate or that the results of such engagement are mis-aligned with the Trustee's expectation then the Trustee will encourage the Investment Provider to review the manager. Additionally, the Trustee may consider terminating the relationship with that Investment Manager.

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

05 Risk measurement and management

The Trustee recognises a number of risks involved in the investment of the assets of the Scheme. The Trustee measures and manages these risks as follows:

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

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

Liquidity risk - The risk that assets cannot be sold quickly enough to enable benefits to be paid or that the Trustee cannot exit a particular investment is addressed through the process by which each Participating Section's administrator estimates the benefit outgo and ensures that sufficient cash balances are available, and through the Trustee's policy on realisation of assets (see Section 6).

Inappropriate investments - The risk that an Investment Manager invests in assets or instruments that are not considered to be appropriate by the Trustee is addressed through the Trustee's policy on the range of assets in which the Scheme can invest (see section 3).

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

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

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

Manager risk - The risk that an Investment Manager fails to meet their stated objective is addressed through the performance objectives set out in Appendix II and through the monitoring of the Investment Managers as set out in section 7. In monitoring the performance of the Investment Managers, the Trustee measures the returns relative to the benchmark, objective and the volatility of returns. In addition, the Trustee will regularly review each Investment Manager's approach to risk within each fund in order to highlight any unintended risk being taken. For example:

> for equities, the Trustee will consider the spread of assets across various geographic and industry sectors, the concentration of investments in individual stocks and the active positions taken by the Investment Managers;

> for multi-asset funds such as DGFs, the Trustee will consider the weightings within each fund to different asset classes;

> for bonds, the Trustee will review risk through the type of instruments held and the risks associated with these investments.

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

Currency risk – Currency risk is that the value of assets will change due to movements in foreign exchange rates. The risk of losses through depreciation of non-sterling currencies is measured by reference to the exposure to pooled funds with unhedged currency risk and is managed by investing predominantly in sterling assets and only taking currency risk where it increases the level of diversification.

Investment Provider risk – The risk that the Investment Provider fails and is unable to support the Scheme as anticipated. This is addressed through regular reviews of the Investment Provider's solvency and ability to carry out their duties effectively and efficiently.

06 Realisation of assets and investment restrictions

Realisation of investments

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

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

The Trustee will hold cash to the extent that it considers necessary to meet impending anticipated liability outflows. A bank account is used by each Participating Section to facilitate the holding of cash awaiting investment or payment.

Investment Restrictions

The Trustee has established the following investment restrictions:

- The Trustee or the investment managers may not hold in excess of 5% of each Participating Section's assets in investments related to that Section's Participating Employer.
- Whilst the Trustee recognises that borrowing on a temporary basis is permitted, this option will only be utilised where it is deemed absolutely necessary or where the Trustee has received advice from the Investment Consultant that the Scheme's overall exposure to risk can be reduced through temporary borrowing, e.g. during an asset transfer.
- The Trustee will ensure that the Scheme's assets are predominantly invested in regulated markets to maximise the security of the members' entitlements.
- Investment in derivative instruments may be made only insofar as they contribute to the reduction in risk or facilitate efficient portfolio management.

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

07 Investment Manager arrangements and fee structure

Delegation to Investment Manager(s)

The Trustee has entered into an insurance policy with the Investment provider, PACL, to manage the Scheme's assets. The insurance policy sets out details of the terms under which the Scheme's assets are managed. PACL provides access to funds managed by external managers and delegates the day-to-day investment management responsibilities for the Scheme's assets to those managers. For the purpose of the SIP, those managers are referred to as the "Investment Managers" of the Scheme.

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

Where Investment Managers are delegated discretion under section 34 of the Pensions Act 1995, the Investment Managers will exercise their investment powers in line with the mandate given to them. In particular, the Investment Managers must have regard to the suitability and diversification of the investments made on behalf of the Scheme.

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

Performance objectives

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

Review process

Appointments of Investment Managers are expected to be long-term, but the Investment Provider will review the appointment of the Investment Managers in accordance with its responsibilities.

Such reviews will include analysis of each Investment Manager's performance and processes and an assessment of the diversification of the assets held by the Investment Manager. The review will include consideration of the continued appropriateness of the mandate given to the Investment Manager within the framework of the Trustee's investment policy.

The appointment of the Investment Provider is also expected to be long-term, but the Trustee will review this in accordance with its responsibilities.

The Trustee receives performance reports regularly from the Investment Provider and updates from the Investment Consultant on request. In addition, any significant changes relating to the criteria below that the Investment Consultant is aware of will be highlighted, which may lead to a change in the Investment Consultant's rating for a particular mandate. These ratings help to determine an Investment Manager's ongoing role in implementing the investment strategy. If there are concerns, the Trustee may carry out a more in-depth review of a particular Investment Manager. The Investment Provider will attend Trustee meetings as requested to provide updates on the underlying investment managers.

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

Selection / Deselection Criteria

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

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

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

> The Investment Manager fails to meet the performance objectives set out in Appendix II.

> The Trustee believes that the Investment Manager is not capable of achieving the performance objectives in the future.

> The Investment Manager fails to comply with this Statement.

Investment Managers' fee structure

The Investment Managers are remunerated by receiving a percentage of the Scheme's assets under management. In addition, a performance related fee may be payable.

It is felt that this method of remuneration provides appropriate incentives for the Investment Managers to target the agreed level of outperformance whilst adhering to the level of risk specified by the Trustee.

Portfolio turnover

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

Investment Consultant's fee structure

The Investment Consultant is remunerated for work completed on a fixed fee basis, a time-cost basis or via a project fee. It is felt that this method of remuneration is appropriate because it enables the Investment Consultant to provide the necessary advice and information to facilitate the Trustee in undertaking its responsibilities as described in Section 2.

08 Additional Voluntary Contribution arrangements

Provision of AVCs

The Scheme provides a facility for members to pay additional voluntary contributions (AVCs) to enhance their benefits at retirement. The Trustee's objective is to provide vehicles that enable existing members to generate suitable long-term returns, consistent with their reasonable expectations.

The investment funds in which members are invested are provided by Prudential Assurance Company Limited.

The Trustee selected this vehicle as it was believed to meet the Trustee's objective of providing a vehicle that enabled these members to generate suitable long-term returns, consistent with their reasonable expectations.

Review process

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

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

09 **Compliance Statement**

Confirmation of advice

Before a Statement of Investment Principles, as required by the Pensions Act 1995, is prepared or revised by the Trustee of a pension scheme, it must have consulted with the Sponsor (as delegated by the Participating Employers) and obtained and considered the written advice of a person who is reasonably believed by it to be qualified by his ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of the investments of such schemes.

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

On behalf of XPS Investment Limited:

Craig Malenga

Partner – Investment

Date: 24 September 2020

Trustee's declaration

The Trustee confirms that this Statement of Investment Principles reflects the Investment Strategy it has decided to implement. The Trustee acknowledges that it is its responsibility, with guidance from the Advisers, to ensure the assets of the Scheme are invested in accordance with these Principles.

On behalf of the Trustee:

Print Name:
Ian Davies, Director Bridge Trustees Limited

Date: 24th September 2020

Appendix I
Investment Strategies & Structure

Investment Strategies

All of the Scheme's managers are accessed via an insurance policy with the Investment Provider, PACL. The Investment Managers are regulated under the Financial Services and Markets Act 2000.

The Scheme offers participating sections two options for the investment of their assets:

- A mixed approach (including equities, bonds and diversified growth funds)
- A bond only approach

The split between equities, bonds and DGFs is based on the average age of the members:

Duration to Retirement	% Equities	% DGF	% Bonds
30	60	20	20
25	55	20	25
20	50	20	30
15	45	20	35
10	40	15	45
5	20	10	70
0	0	0	100

The following strategies are considered to be appropriate for each asset class outlined above:

Bonds

Fund	Allocation
Index Linked Gilts (passive)	50.0%
Long Dated Corporate Bonds	50.0%
Total	**100.0%**

Equities

Fund	Allocation
UK equities (passive)	50.0%
North American equities (passive)	13.3%
European equities (passive)	13.3%
Japanese equities (passive)	8.9%
Pacific Basin, ex Japanese, equities (passive)	4.5%
Emerging Markets equities	10.0%
Total	**100.0%**

Multi Asset

Asset Class	Allocation
Dynamic Growth Fund	100.0%

Matching Assets

The Scheme offers bond funds so that Participating Sections can hedge against their interest rate and inflation sensitivities.

Many Participating Sections in the Scheme have chosen the bond only investment strategy and for them the bond portfolio above represents their entire asset holding.

Return Seeking Assets

In order to achieve the required rate of investment return, the Trustee has decided to offer a range of return seeking asset classes, comprising both traditional (e.g. equities) and alternative asset classes (diversified growth funds):

Equities –Equities are expected to generate growth.

Diversified growth funds –Diversified growth funds are expected to provide a long term return similar to equities but with a lower degree of volatility.

Rebalancing

The Trustee reviews the asset allocation on a periodic basis to ensure that the Section's assets are allocated in a manner that is consistent with the objectives as detailed in this Statement.

Appendix II
Fund benchmarks &objectives

Prudential

Prudential UK Equity Passive Fund

Benchmark FTSE All-Share Index

Objective To match the performance of the benchmark as closely as possible

Prudential North America Equity Passive Fund

Benchmark FTSE World North America Index

Objective To match the performance of the benchmark as closely as possible

Prudential Europe Equity Passive Fund

Benchmark FTSE World Europe ex UK Index

Objective To match the performance of the benchmark as closely as possible

Prudential Japan Equity Passive Fund

Benchmark FTSE Japan Index

Objective To match the performance of the benchmark as closely as possible

Prudential Pacific Basin (ex- Japan) Equity Passive Fund

Benchmark FTSE World Asia Pacific ex-Japan Index

Objective To match the performance of the benchmark as closely as possible

Prudential Index Linked Passive Fund

Benchmark FTSE Actuaries UK Index-Linked Gilts Over 5 Years Index

Objective To match the performance of the benchmark as closely as possible

Prudential Long Dated Corporate Bond Fund

Benchmark iBoxx Sterling Over 15 Years Non-Gilts Index

Objective To outperform the benchmark by 0.80% a year (before charges) on a rolling three year basis

Prudential Dynamic Growth IV Fund

Benchmark Internal composite benchmark based on the asset allocation set by the M&G Prudential Treasury & Investment Office

Objective The fund aims to deliver long term growth through investing in a diversified range of assets both in the UK and globally

BlackRock

Aquila Emerging Markets Equity Fund

Benchmark MSCI Emerging Markets Index

Objective To achieve a return consistent with the return of the benchmark

Note: AMC: Annual Management Charge

OCF: Ongoing Charges Figure

OCFs and execution costs are not fixed and subject to change

Contact us
xpsgroup.com

Registration
XPS Pensions Consulting Limited, Registered No. 2459442.

XPS Investment Limited, Registered No. 6242672.

XPS Pensions Limited, Registered No. 3842603.

XPS Administration Limited, Registered No. 9428346.

XPS Pensions (RL) Limited, Registered No. 5817049.

Trigon Professional Services Limited, Registered No. 12085392All registered at: Phoenix House, 1 Station Hill, Reading, RG1 1NB.

Authorisation
XPS Investment Limited is authorised and regulated by the Financial Conduct Authority for investment and general insurance business (FCA Register No. 528774).