Balfour Beatty Pension Fund

Statement of Investment Principles

July 2020

Introduction

This document is the Statement of Investment Principles ('SIP') made by the Trustee of the Balfour Beatty Pension Fund (the 'Fund') in accordance with the requirements of Section 35 of the Pensions Act 1995 (as amended by the Pensions Act 2004) and regulations made under it (the Occupational Pension Schemes (Investment) Regulations 2005).

The Trustee will review this SIP at least every three years and without delay after any significant change in investment policy.

Before finalising this SIP, the Trustee has:

- obtained and considered written advice from the Fund's Investment Consultant (Willis Towers Watson); and

- consulted Balfour Beatty plc (the 'Employer') who has been nominated for this purpose by all of the Fund employers.

The ultimate power and responsibility for deciding investment policy, however, lies solely with the Trustee.

Governance

The development and implementation of appropriate investment strategies for the Fund's assets is a key responsibility of the Trustee of the Fund.

The board of the Trustee (the "Trust Board") has established an Investment Committee (the "IC") in accordance with the Trustee's articles of association. The IC will, within certain parameters, make the Trustee's decisions. The role of the IC is set out in a Terms of Reference agreed by the Trust Board.

As the IC is a committee of the Trustee established in accordance with its articles of association, the decisions of the IC stand as the decisions of the Trustee. The Trust Board remains ultimately responsible for the investment of the Fund's assets.

The Trustee has appointed the Investment Consultant to provide Investment Advisory and Fiduciary Management services. The Fiduciary Management services involve the Investment Consultant being delegated authority to implement aspects of the Fund's investment strategy within guidelines set out in a Fiduciary Management Agreement (the "FMA). The Investment Consultant considers the FMA, the guidelines and the Trustee's policies set out within this statement when carrying out its role and responsibilities, which ensures appropriate incentivisation and alignment of decision-making with the Trustee's overall objectives, strategy and policies.

The Trustee has also established an Investment Operations Committee (the "IOC") to support the IC in overseeing the activities that have been delegated to the Investment Consultant. The role of the IOC is set out in a separate Terms of Reference, which has been developed and will be maintained by the IC.

Defined Benefit Section of the Fund

Trustee mission and objectives

The Trustee’s ultimate mission is to ensure that there are sufficient assets available to pay members’ and dependants’ benefits as and when they fall due. Over the longer term, the Trustee seeks to achieve this mission by accumulating sufficient assets that its reliance on the employers in fulfilling the Trustee’s obligations is substantially reduced. At this point, the Trustee would be able to adopt a low risk investment strategy in which a large proportion of investment and longevity risks are removed.

The Trustee has established a Journey Plan towards achieving its mission which encapsulates its high level investment objectives as follows:

- to be fully funded on a gilts +0.5% basis with an additional margin (of 6.5%) to cover retained investment and longevity risks

- to achieve this position by 31 March 2027

- to target a return of gilts +2.0% pa with effect from 30 June 2020, with an expectation that the risk and return will gradually reduce over the period of the Journey Plan

The Trustee’s assessment of the strength of the employers' covenant was considered in agreeing these objectives.

Investment strategy

The Trustee acting through the IC (or the Investment Consultant where and to the extent that appropriate authority has been delegated) will determine an appropriate investment strategy for the Fund consistent with achieving the investment objectives.

The kinds of investments to be held and the balance between different types of investments will be determined from time to time by the Trustee acting through the IC (or the Investment Consultant where and to the extent that appropriate authority has been delegated) with regard to maximising the chance of achieving the Fund’s investment objective. This will take into account expectations of returns, risk and correlations between the asset classes in which the Fund invests.

The Trustee acting through the IC (or the Investment Consultant where and to the extent that appropriate authority has been delegated) will determine what proportion of risks, including interest rate, inflation and longevity risk should be hedged. This will be specified in the form of a target hedge ratio of each risk.

The Trustee acting through the IC will monitor the liability profile of the Fund and will review, at least every three years but more frequently if deemed necessary, in conjunction with the Investment Consultant and the Scheme Actuary, the appropriateness of the Fund's investment strategy.

Further details of the Fund’s investment strategy from time to time are set out in the Trustee’s Investment Strategy Summary document.

The Fund will hold assets in cash and other money market instruments from time to time as may be deemed appropriate. The Trustee's policy is that there will be sufficient investments in liquid or readily realisable assets to meet cashflow requirements in foreseeable circumstances so that the realisation of assets will not disrupt the Fund's overall investments, where practicable. The Balfour Beatty Pensions Team will be responsible for the management of the Fund’s benefit and other payment obligations.

Investment managers

The Trustee has delegated investment manager selection, de-selection and the ongoing management of relationships with asset managers to the Investment Consultant within Investment Guidelines set by the Trustee. The Trustee considers the Investment Consultant’s performance in carrying out these responsibilities as part of its ongoing oversight of the Investment Consultant. The Trustee expects the Investment Consultant to ensure that, the portfolio, in aggregate, is consistent with the policies set out in this statement, in particular those required under regulation 2(3)(b) of the Occupational Pension Schemes (Investment) Regulations (2005). Where relevant to the mandate, the Trustee expects the Investment Consultant to:

- ensure that the investment objectives and guidelines of any pooled vehicle are consistent with the Trustee’s policies;

- use its discretion, where appropriate, to set explicit guidelines within the Investment Management Agreement for segregated investments to ensure consistency with the Trustee’s policies.

In accordance with the Financial Services and Markets Act 2000, the Trustee (through the IC) will set general investment policy, but will delegate the responsibility for the selection of specific investments to appointed investment managers. The investment managers shall provide the skill and expertise necessary to manage the investments of the Fund competently.

The Trustee and Investment Consultant are not involved in the investment managers’ day-to-day method of operation and do not directly seek to influence attainment of their performance targets. The Investment Consultant will maintain processes to ensure that performance and risk are assessed on a regular basis against measurable objectives for each investment manager, consistent with the achievement of the Fund's long term objectives.

The Trustee expects the Investment Consultant to appoint investment managers with an expectation of a long-term partnership, which encourages active ownership of the Fund’s assets. When assessing a manager’s performance, the Trustee expects the Investment Consultant to focus on longer-term outcomes, commensurate with the Trustee’s position as a long term investor. Consistent with this view, the Trustee does not expect that the Investment Consultant would terminate a manager’s appointment based purely on short term performance but recognises that a manager may be terminated within a short timeframe due to other factors such as a significant change in business structure or the investment team. The Trustee adopts the same long term focus as part of its ongoing oversight of the Investment Consultant.

For most of the Fund’s investments, the Trustee expects the Investment Consultant to appoint managers that have a medium to long time horizon, consistent with the Fund. In particular areas such as equity and credit, the Trustee expects the Investment Consultant to work with managers who will use their engagement activity to drive improved performance over medium to long term periods within the wider context of long-term sustainable investment. The Trustee notes that the Investment Consultant may invest in certain strategies where such engagement is not deemed appropriate or possible, due to the nature of the strategy and/or the investment time horizon underlying decision making. The Trustee expects that the appropriateness of the Fund’s allocation to such mandates is determined in the context of the Fund’s overall objectives.

The Trustee expects the Investment Consultant to consider the fee structures of asset managers and the alignment of interests created by these fee structures as part of its investment decision making process, both at the appointment of an asset manager and on an ongoing basis. Asset managers are generally paid an ad valorem fee, in line with normal market practice, for a given scope of services which includes consideration of long-term factors and engagement. The Trustee expects the

Investment Consultant to review and report on the costs incurred in managing the Fund's assets regularly, which includes the costs associated with portfolio turnover. In assessing the appropriateness of the portfolio turnover costs at an individual manager level, the Trustee expects the Investment Consultant to have regard to the actual portfolio turnover and how this compares with the expected turnover range for that mandate.

Financially material considerations

The Trustee recognises that factors including, but not limited to, environmental, social and governance (ESG) factors, including climate change, can have a material financial impact on the Fund given its long time horizon, and that taking account of such 'financially material considerations' as part of investment decision-making is expected to have a positive financial benefit to the Fund over the longer term.

Responsibility for taking into account financially material considerations is primarily delegated to the Investment Consultant and the investment managers. Where appropriate, they have produced, or will be requested to produce, statements setting out their policy in this regard.

The Trustee's expectation is that the Investment Consultant will allow for such considerations directly in determining the type of assets to hold and the balance between these assets as part of the Fiduciary Management services it provides. It will also assess how investment managers take financially material considerations into account in the selection, retention and realisation of investments, and this assessment will form part of the criteria for appointing, retaining or terminating the investment managers.

The Trustee delegates the exercise of voting rights to the investment managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long-term shareholder value. Where appropriate, the managers have produced, or will be requested to produce, written guidelines of their process and practice in this regard. The managers are encouraged to vote in line with their guidelines in respect of all resolutions at annual and extraordinary general meetings of companies.

The Trustee delegates responsibility for engagement in respect of investments held by the Fund to the investment managers (which could include a specialist engagement manager if deemed appropriate). The Trustee's expectation is that engagement will take place, either directly or as part of a collective multi-investor initiative as appropriate, with the aim of protecting or enhancing the value of the Fund's investments. The Investment Consultant has appointed Hermes EOS to support its efforts in public policy engagement and to carry out company-level engagement alongside the appointed investment managers.

The Trustee expects the Investment Consultant to engage with underlying managers where appropriate regarding their approach to stewardship with respect to relevant matters including capital structure of investee companies, actual and potential conflicts, other stakeholders and ESG impact of underlying holdings. In addition, the Trustee expects the Investment Consultant to review the managers' approach to sustainable investment (including engagement) on a regular basis and engage with the manager to encourage further alignment as appropriate.

The Investment Consultant encourages and expects the Fund's investment managers to sign up to local or other applicable Stewardship Codes, in-keeping with good practice, subject to the extent of materiality for certain asset classes. The Investment Consultant itself is a signatory to the Principles for Responsible Investment (PRI) and the UK Stewardship Code and is actively involved in external collaborations and initiatives.

Monitoring how the investment managers' fulfil their responsibilities with regards voting and engagement forms part of the Investment Consultant's role.

Non-financial matters

The Trustee recognises that members and beneficiaries may have ethical views or views on matters such as the social and environmental impact of the Fund's investments. In conjunction with there being practical challenges of capturing and maintaining a consensus view on multiple issues across a large and varied membership population, it is the Trustee's view that financial factors should take precedence in seeking to maximise the security of member benefits. As such, it is the Trustee's policy not to take into account the views of members or beneficiaries when taking investment decisions related to the Defined Benefit section of the Fund.

Risk management

The Trustee recognises that there are a number of risks involved in investing the assets of the Fund. Assessing and monitoring these risks is undertaken by the IC or the Investment Consultant as appropriate (except sponsor risk which is undertaken by the Trustee). The key risks, and the approach used to manage these risks, is set out below.

Risk	Definition	How is the risk managed?
Total investment risk	The risk that the Fund's assets underperform the liabilities causing a deficit to emerge/increase. The risk can be measured using metrics such as Value at Risk (VaR) and Funding Level at Risk (FLaR).	By assessing the risk using asset liability modelling techniques and maintaining the VaR and FLaR within the portfolio at a level that is considered acceptable. By understanding the investment risks to which the assets are exposed, mitigating risks which are expected to be poorly rewarded through hedging and holding a diversified exposure to those risks which are expected to be well rewarded.
Sponsor risk	The risk that the sponsor is unable to fulfil its responsibilities to the Fund, at a time where there are insufficient assets to fully secure the Fund's liabilities.	By regularly monitoring the sponsor covenant and setting a Journey Plan targeting a level of funding at which sponsor risk is materially reduced. A proportion of the agreed contributions are also supported by assets within a Scottish Limited Partnership structure.
Interest rate and inflation risk	The risk that changes in interest rates or inflation expectations causes an increase in the deficit due to the assets and liabilities having different exposures to these variables.	By quantifying the exposure to these variables within the liabilities, agreeing how much of this exposure should be hedged and by structuring a portfolio of assets to provide this hedge.
Longevity risk	The risk that members live longer than expected causing an increase in the Fund's liabilities.	By allowing for changes in future mortality within the actuarial valuation basis. The risk may also be mitigated using insurance products or longevity hedging instruments if deemed appropriate.
Currency risk	The risk that changes in the exchange rate between Sterling and a foreign currency will negatively impact the value of the Fund's assets.	By setting a limit on the aggregate exposure to non-Sterling currencies within the Fund's assets and, where necessary, using currency hedging to reduce the exposure to this risk.
Liquidity risk	The risk that the Fund is unable to meet shorter term cashflows as a result of being unable to redeem assets within a suitable timeframe.	By projecting the likely shorter term cashflow requirements, by holding a cash allocation to cover these payments and by controlling the proportion of the Fund that is invested in assets with different degrees of liquidity.
Manager risk	The risk that poor performance from a manager, relative to a market index or other benchmark, results in a negative impact on the Fund.	By understanding the investment approach used by the manager and the likely risk and return profile of the manager's portfolio and by diversifying the Fund's assets across multiple managers.
Counterparty risk	The risk that a counterparty to which the Fund has exposure defaults resulting in a loss to the Fund.	By setting limits on the minimum credit quality of Fund counterparties, by ensuring exposure is diversified across a range of counterparties and, where possible, by requiring counterparties to post collateral to cover the Fund's exposure in the event of default.
Inappropriate investments	The risk that the Fund invests in an asset which is unsuitable for its circumstances from a legal or investment perspective.	By ensuring that all Fund investments are considered satisfactory in the context of Section 36 of the Pensions Act and that appropriate legal advice is received before an investment is made.

Monitoring

The Trustee acting through the IC will monitor the progress of the Fund's assets versus the objectives, and monitor the Investment Consultant. In performing this monitoring role the IC will be supported by the IOC. Further detail on the monitoring responsibilities are set out within the relevant Terms of Reference documents.

Defined Contribution Section of the Fund

Investment objectives and strategy

With regards to the Fund's DC investments, one of the Trustee's primary objectives is to make available appropriate investment options through which members can invest.

In determining which investment options to make available, the Trustee has considered the investment risk associated with defined contribution pension investment. This risk can be defined as the uncertainty in the ultimate amount of savings available on retirement, which will be taken out as cash or through income drawdown or used to purchase an annuity that will provide retirement benefits. There are a number of factors which contribute to this uncertainty. Some of these factors (such as the amount of contributions paid and the length of time these contributions are invested) cannot be managed by the investment options made available to members.

The DC accounts are held in funds which can be sold to provide benefits on retirement, or earlier on transfer to another pension arrangement. The investments are in pooled funds, ensuring members' investments can achieve sufficient diversification and that investments may be readily realisable.

The Trustee recognises that members have differing investment needs and that these may change during the course of members' working lives. The Trustee also recognises that members have different attitudes to risk. The Trustee believes that members should make their own investment decisions based on their individual circumstances. The Trustee's policy is for the investment funds offered to cover a sufficiently broad range of asset classes to allow individual members to invest in a manner which is consistent with their own risk preferences and other circumstances.

The Trustee also recognises that some members may not feel confident enough to take many investment decisions. The Trustee therefore offers two overall approaches for members to invest their DC account:

1. Self-select – this approach has been made available for those members who would like to manage the investment of their DC account.

2. Lifestyle – this approach has been made available for those members who wish to have a less active role in managing their investments. Under this approach, members' investments are automatically switched from higher risk funds into lower risk funds as they move towards their planned retirement age.

The Trustee offers four lifestyle options which aim to achieve capital growth in the early stages by investing in equities before gradually and automatically introducing greater diversification and moving towards a retirement portfolio which matches each lifestyle option's target retirement objective, as the member approaches their planned retirement age.

Annuity Target Lifestyle
Younger members' accounts are invested in equities before switching into the Diversified Fund from 20 years prior to retirement. From ten years before planned retirement date, assets begin switching into bonds and cash assets towards a final at-retirement asset allocation of 25% Cash Fund and 75% Inflation-linked Annuity Protection Fund.

Blended Target Lifestyle
Younger members' accounts are invested in the All World Equity Index Fund before switching into the Diversified Fund from 25 years prior to retirement. From seven years before planned retirement date, some assets begin switching into cash assets towards a final at-retirement asset allocation of 55% Diversified Fund and 45% Cash Fund.

Cash Target Lifestyle
Younger members' accounts are invested in the All World Equity Index Fund before switching into the Diversified Fund from 25 years prior to retirement. From seven years before planned retirement date, some assets begin switching into cash assets towards a final at-retirement asset allocation of 20% Diversified Fund and 80% Cash Fund.

Drawdown Target Lifestyle
Younger members' accounts are invested in the All World Equity Index Fund before switching into the Diversified Fund from 25 years prior to retirement. From seven years before planned retirement date, some assets begin switching into cash assets towards a final at-retirement asset allocation of 75% Diversified Fund and 25% Cash Fund.

The Trustee believes that the aim, design and operation of the lifestyle approach ensure that the assets are invested in the best interests of those members who wish to have a less active role in managing their investments by automatically changing the mix of investments as they approach their planned retirement date in a way which helps manage the risks mentioned below.

The Trustee’s intention is that all members, including those investing through the lifestyle approach, should understand the investment choices they make so that their chosen investment options are appropriate to their own circumstances.

A list of the investment funds that are currently provided alongside the lifestyle strategy, along with the objective of each fund, is listed in Appendix 1 – DC Fund Range. The suitability of the investment options provided is regularly reviewed by the Trustee and from time to time will be changed as appropriate.

Financially material considerations

The Trustee takes account of all financially material risks and opportunities in consultation with its advisers in the context of setting and implementing its investment strategy. All risks and opportunities are considered for materiality and potential financial impact to member outcomes over the longer term.

The Trustee’s policy is that day-to-day decisions relating to the investment of the Fund’s DC assets is left to the discretion of its appointed investment managers. This includes consideration of all financially materially factors, including (but not limited to) those arising from Environmental, Social and Governance (ESG) related issues where relevant, including climate change. The Trustee explores these issues with its investment managers to understand how they exercise these duties in practice and receives reports on how these issues are addressed.

When considering the appointment of new investment managers, and reviewing existing investment managers, the Trustee, together with its Investment Consultant, looks to take account of the approach taken by investment managers with respect to sustainable investing including voting policies, stewardship and engagement where relevant.

The Trustee policy is to delegate responsibility for the exercising of ownership rights (including voting rights) attaching to investments to the investment managers. The Trustee recognises the UK Stewardship Code as best practice and encourages their investment managers to comply with the UK Stewardship Code or explain where they do not adhere to this policy and understand their differing approach.

Non-financial matters

In line with the policy on non-financial matters adopted for the Defined Benefit section of the Fund, the Trustee does not take into account the views of members or beneficiaries on non-financial matters when setting investment strategy for the Defined Contribution section of the Fund.

Arrangement with investment manager

The Fund uses Legal & General to implement its investment policies. The Trustee ensures that, in aggregate, the investment options are consistent with the policies set out in this SIP, in particular those required under regulation 2(3)(b) of the Occupational Pension Schemes (Investment) Regulations (2005). The Trustee will also ensure that the investment objectives and guidelines of any particular pooled vehicle are consistent with its policies, where relevant to the mandate in question. These considerations will also apply in the appointment process of any new investment managers and arrangements.

To maintain alignment, the investment manager is provided with the most recent version of this SIP on a periodic basis to ensure the manager is aware of the Trustee's expectations regarding how the Fund's assets are being managed.

Should the Trustee's monitoring process reveal that a fund is not aligned with the Trustee's policies, the Trustee will engage with the investment manager to ascertain the reasons for this and whether closer alignment can be achieved. This monitoring process includes, but is not limited to, specific consideration of the sustainable investment/ESG characteristics of the fund and the investment manager's engagement activities. If, following engagement, it is the view of the Trustee that the degree of alignment remains unsatisfactory, the Trustee may consider alternative options available in order to consider terminating and replacing the investment manager.

For most of the Fund's investment funds, the Trustee expects the investment manager to invest with a medium to long time horizon, and to use their engagement activity to drive improved performance over these periods. The Trustee may select certain investment funds where such engagement is not deemed appropriate, due to the nature of the strategy and/or the investment time horizon underlying decision making.

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

The investment manager receives ad valorem fees calculated by reference to the market value of assets under management, in line with normal market practice, for a given scope of services which includes consideration of long-term factors and engagement.

The Trustee will review the costs incurred in managing the Fund's assets periodically, which includes the costs associated with portfolio turnover, including regular engagement with the investment manager on this subject and through the receipt of cost and charges reporting. There is no broad targeted portfolio turnover (how frequently assets within a fund are bought and sold) which the Trustee adheres to. The Trustee, with the help of the Investment Consultant, will monitor that the level of portfolio turnover remains appropriate in the context of the investment manager's strategy and the Fund's investment strategy.

Risk Management

The Trustee recognises that there are a number of investment risks that are faced by members of the DC Section which include:

a. 'Inflation risk' – the risk that the investment return over members' working lives does not keep pace with inflation and does not therefore secure adequate benefits in retirement. The Trustee's objective is to provide an investment option that is expected to provide a long-term rate of return that exceeds inflation. Such an option would largely consist of "equity" / "growth" investments.

b. ‘Mis-match risk’ – the risk that investment allocations in the years just prior to retirement do not match members’ retirement objectives, exposing members to inefficient or uncertain outcomes. The Trustee is satisfied that the range of funds offered will enable members to safeguard against this risk. The lifestyle strategy also aims to reduce the mismatch between how members are invested in the years prior to retirement and the price of annuities.

c. ‘Manager risk’ – the risk that the chosen investment manager underperforms the benchmark against which the investment manager is assessed. The Trustee believes that by offering index tracking funds, this reduces the risk of underperformance. The Trustee will regularly monitor the performance of the chosen investment manager and take action if necessary.

d. ‘Capital risk’ – the risk of a fall in the value of the members’ funds. The Trustee's objective is to provide an investment option that offers a very low risk of capital loss. A cash fund is an example of such an option.

e. ‘Shortfall’ or ‘opportunity cost’ risk – the risk that members end up with insufficient funds at retirement with which to secure a reasonable income due to continued investment in low risk and low return funds. The Trustee offers growth focused investment options and the lifestyle strategy aims to expose members to an appropriate risk and return profile throughout its duration.

The Fund provides a facility for members to pay AVCs to enhance their benefits at retirement. Members are offered the range of funds offered to DC members, which the Trustee considers will provide a suitable long-term return for members, consistent with members' reasonable expectations and their preferences between risk and return.

The Fund’s Investment Consultant will provide written advice that the Fund’s investments are satisfactory for the purpose of satisfying Section 36 of the Pensions Act.

Signed:

Name: Stuart Benson

Date: 17 September 2020

Authorised for and on behalf of the Trustee of the Fund

Appendix 1 – Defined Contribution Fund Range

The below table details the DC fund range. The funds gain exposure to assets by investing in one or more underlying investment funds. These funds may use derivatives for the purpose of efficient portfolio management, reduction of risk or to meet their respective investment objective if this is permitted and appropriate. The underlying investment funds of the DC fund range may be actively or passively managed depending on the DC fund.

The Trustee has appointed Legal & General Investment Management (LGIM) to provide a range of funds which will deliver returns to members in the DC section of the Fund. The investment funds available and their charges, objectives and benchmarks are set out below:

Fund Name	Fund AMC	Fund Objective	Benchmark
UK Equity Index Fund	0.050%	The objective of the fund is to track the return of the FTSE All-Share Index to within +/- 0.25% p.a. for two years out of three.	FTSE All-Share Index
World (ex-UK) Equity Index Fund	0.135%	The objective of the fund is to track the performance of the FTSE World (ex UK) Index (less withholding tax if applicable) to within +/-0.5% p.a. for two years out of three.	FTSE World ex UK Index
World Emerging Markets Equity Index Fund	0.400%	The objective of the fund is to track the performance of the FTSE Emerging Index (less withholding tax if applicable) to within +/-1.5% p.a. for two years out of three.	FTSE All-World Emerging Markets Index
Future World Global Equity Index Fund	0.150%	The objective of the fund is to track the performance of the Solactive L&G ESG Global Markets Index (less withholding tax where applicable) to within +/- 0.60% p.a. for two years out of three	Solactive L&G ESG Global Markets Index
Diversified Fund	0.180%	The objective of the fund is to provide long-term investment growth through exposure to a diversified range of asset classes. The long-term expected rate of return of the fund is broadly similar to that of a developed market equity fund. The diversified nature of the fund means that it is expected to have less exposure than a pure equity fund to adverse equity market conditions. However, the fund may perform less strongly than a pure equity fund in benign or positive market conditions	FTSE Developed World Index (50% hedged to GBP),
Over 5 year Index-linked Gilts Index Fund	0.050%	The objective of the fund is to track the performance of the FTSE A Index-linked (Over 5 year) Index to within +/- 0.25% p.a. for two years out of three.	FTSE A Index-linked (Over 5 year) Index
Corporate Bond All Stocks Index Fund	0.150%	The objective of the fund is to track the performance of the Markit iBoxx £ Non-Gilt (ex-BBB) Index to within +/-0.5% p.a. for two years out of three.	Markit iBoxx £ Non-Gilt (ex-BBB) Index
Inflation-linked Annuity Protection Fund	0.100%	The objective of the fund is to provide diversified exposure to Sterling assets that reflect the broad characteristics of investments underlying the pricing of a typical inflation-linked annuity product.	50% Markit iBoxx Sterling Non-Gilts (ex BBB) Index and 50% FTSE A Index-Linked (Over 5 Year) Index
Cash Fund	0.110%	The objective of the fund is to allow members to build up a proportion of their Fund for a tax-free lump sum on retirement. It is designed to perform in line with 7 Day LIBID, without incurring excessive risk.	7 Day LIBID

Fund Name	Fund AMC	Fund Objective	Benchmark
All World Equity Index Fund [1]	0.150%	The objective of the fund is to track the performance of the FTSE All-World Index (less withholding tax where applicable) to within +/-0.5% per annum for two years out of three.	FTSE All-World Index

1. Constituent of Blended Target Lifestyle, Cash Target Lifestyle and Drawdown Target Lifestyle only