

**INSTRUMENTATION LABORATORY
(UK) LIMITED RETIREMENT BENEFITS
SCHEME
STATEMENT OF INVESTMENT
PRINCIPLES**

JUNE 2024

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1 INTRODUCTION

This Statement of Investment Principles (“the Statement”) has been prepared by the Trustees of the Instrumentation Laboratory (UK) Limited Retirement Benefits Scheme (“the Scheme”) in accordance with Section 35 of the Pensions Act 1995, as amended, and its attendant Regulations.

The Statement outlines the principles governing the investment policy of the Scheme and the activities undertaken by the Trustees to ensure the effective implementation of these principles.

In preparing the Statement, the Trustees have:

- obtained and considered written advice from a suitably qualified individual, employed by their investment adviser, Mercer Limited, whom they believe to have a degree of knowledge and experience that is appropriate for the management of their investments; and
- Consulted with the Sponsoring Employer, although they affirm that no aspect of their strategy is restricted by any requirement to obtain the consent of the Sponsoring Employer.

The advice and the consultation process considered the suitability of the Trustees’ investment policy for the Scheme.

The Trustees will review the Statement formally at least every three years to coincide with the triennial Actuarial Valuation or other actuarial advice relating to the statutory funding requirements. Furthermore, the Trustees will review the Statement without delay after any significant change in investment policy. Any changes made to the Statement will be based on written advice from a suitably qualified individual and will follow consultation with the Sponsoring Employer.

2 INVESTMENT OBJECTIVES

The Trustees' primary investment objective for the Scheme is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due.

In doing so, the Trustees also aim to maximise returns at an acceptable level of risk taking into consideration the circumstances of the Scheme.

The Trustees have also received confirmation from the Scheme Actuary during the process of revising the investment strategy that their investment objectives and the resultant investment strategy are consistent with the actuarial valuation methodology and assumptions used in the Statutory Funding Objective.

3 INVESTMENT RESPONSIBILITIES

3.1 TRUSTEES' DUTIES AND RESPONSIBILITIES

The Trustees are responsible for setting the investment objectives and determining the strategy to achieve the objectives. They carry out their duties and fulfil their responsibilities as a single body.

The duties and responsibilities of the Trustees include, but are not limited to, the following tasks and activities:

- The regular approval of the content of the Statement
- The appointment and review of the investment managers and investment adviser
- The assessment and review of the performance of each investment manager
- The setting and review of the investment parameters within which the investment managers can operate
- The assessment of the risks assumed by the Scheme at total scheme level and manager by manager
- The approval and review of the asset allocation benchmark for the Scheme
- The compliance of the investment arrangements with the principles set out in the Statement

3.2 INVESTMENT ADVISER'S DUTIES AND RESPONSIBILITIES

The Trustees have appointed Mercer as the investment adviser to the Scheme. Mercer provides advice as and when the Trustees require it, as well as raising any investment-related issues, of which it believes the Trustees should be aware. Matters on which Mercer expects to provide advice to the Trustees include the following:

- Setting of investment objectives
- Determining investment strategy and asset allocation
- Determining an appropriate investment structure
- Monitoring the Investment Managers to ensure their continuing appropriateness to the mandates given
- Monitoring the Platform provider to ensure its continuing appropriateness for the Scheme
- Production of performance monitoring reports
- Advising on cashflow management (investment and withdrawal) policies (see Appendix 2)

The Trustees may seek advice from Mercer with regard to both strategic and tactical investment decisions (see Section 4 - Investment Strategy); however, they recognise that they retain responsibility for all such decisions, including those that concern investments and disinvestments relating to cashflows (see Appendix 2). Mercer may be proactive in advising the Trustees regarding tactical investment decisions; however, there is no responsibility placed on Mercer to be proactive in all circumstances.

The Trustees monitor the performance of the Scheme's investment managers against their benchmarks. Mercer will provide performance monitoring reports to aide the Trustees in this process.

Mercer is remunerated on a fixed fee basis for specific services, as specified within the Implemented Investment Consultancy Services Agreement ("ICA"). Any additional services provided by Mercer will be remunerated primarily on a time-cost basis.

Mercer does not receive commission or any other payments in respect of the Scheme that might affect the impartiality of their advice.

The Trustees are satisfied that this is the most appropriate adviser remuneration structure for the Scheme.

Mercer is authorised and regulated by the Financial Conduct Authority ("FCA").

3.3 ARRANGEMENTS WITH INVESTMENT MANAGERS

The Trustees are long term investors and do not look to change the investment arrangements on a frequent basis.

The Trustees, after considering appropriate investment advice, have invested the majority of the Scheme's assets through a Trustee Investment Policy ("TIP") from Mobius whose appointment foregoes the need for a Custodian. The exception to this is the allocation to the Mercer Private Investment Partners VI SICAV-SIF Funds and to the Mercer Absolute Return Fixed Income.

The Mobius TIP facilitates investment into a range of underlying funds managed by third party investment managers and the value of the Mobius TIP is directly linked to the change in value in the underlying funds. All of the underlying investment managers used by the Trustees through the Mobius platform are chosen based on advice from the Investment Adviser. This is based on the Investment Adviser's view of their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected. If a manager is significantly downgraded by Mercer's Manager Research Team ("MMRT"), Mercer will inform the Trustees so that a decision may be taken to replace if necessary.

The Trustees will only invest in pooled investment vehicles through the Mobius platform and via Mercer. The Trustees therefore accept that they cannot specify the risk profile and return targets of the managers, but the pooled funds are chosen with appropriate characteristics to align with the overall investment strategy.

The underlying investment managers the funds are invested in are responsible for all decisions concerning the selection and de-selection of the individual securities within the portfolios they manage.

In the case of multi-asset mandates, the underlying investment managers are responsible for all decisions concerning the allocation to individual asset classes and changes in the allocations to individual asset classes.

Both Mobius and the underlying investment managers are remunerated by ad valorem charges based on the value of the assets that they manage on behalf of the Scheme. Where possible, discounts have been negotiated by Mercer and Mobius with the underlying managers on their standard charges and the Scheme benefits directly from these discounts.

None of the underlying managers in which the Scheme's assets are invested have performance based fees which could encourage the manager to make short term investment decisions to hit their profit targets. The exception to this is the investment in the Mercer Private Investment Partners VI SICAV-SIF in the form of Carried Interest. The Carried Interest for the proposed Sub-Funds is calculated as 5% of outperformance over a specified Internal Rate of Return ("IRR") hurdle rate, with 50% catch up. The relevant hurdle rates are as follows:

Sub-Fund	Hurdle Rate
Private Infrastructure Equity	7%
Private Debt	7%

In practice this means:

- If the final IRR of the Sub-Fund is less than the hurdle rate, Mercer does not receive any Carried Interest.
- If the final IRR of the Sub-Fund is above the hurdle rate, Carried Interest will be charged so as to reduce the net return to investors above the IRR by 50%, up until the point where the Carried Interest equals 5% of the IRR. At that point, Carried Interest has fully "caught up".
- Above this point, the Carried Interest will simply reduce the net return to investors by IRR*5%

It is important to note that Carried Interest and the hurdle rate are calculated by reference to the net IRR to investors (i.e. after all other fees and costs).

As the Fund is closed ended and has a long investment timeframe, the performance related fee does not incentivise the manager to make short term focused decisions in pursuit of higher fees. The outperformance is measured against the IRR, so takes account of the full investment period.

The Trustees therefore consider that the method of remunerating fund managers is consistent with incentivising them to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity. By encouraging a medium to long-term view, it will in turn encourage the investment managers to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.

The Trustees accept that they cannot influence the charging structure of the pooled funds in which the Scheme is invested, but are satisfied that the ad-valorem charges for the different underlying funds are clear and are consistent with each fund's stated characteristics. The Trustees are therefore satisfied that this is the most appropriate basis for remunerating the underlying investment managers and is consistent with the Trustees policies as set out in this Statement.

3.4 SCHEME ACTUARY'S DUTIES AND RESPONSIBILITIES

The Scheme Actuary's responsibilities include the following:

- Liaising with the Investment Adviser regarding the suitability of the Scheme's investment strategy given the financial characteristics of the Scheme
- Assessing the funding position of the Scheme and advising on the appropriate response to any shortfall
- Performing the triennial (or more frequent, as required) valuations and advising on the appropriate contribution levels

3.5 ADMINISTRATOR'S DUTIES AND RESPONSIBILITIES

The Administrator's responsibilities include the following:

- Ensuring there is sufficient cash available to meet benefit payments as and when they fall due
- Paying benefits and making transfer payments
- Investing contributions not required to meet benefit payments with Mobius according to the Trustees' instructions

A summary of the responsibilities of all relevant parties, so far as they relate to the Scheme's investments, can be found in Appendix 4.

4 INVESTMENT STRATEGY

4.1 SETTING INVESTMENT STRATEGY

The Trustees have determined their investment strategy after considering the Scheme's liability profile and requirements of the Statutory Funding Objective, their own appetite for risk, the views of the Sponsoring Employer on investment strategy, the Sponsoring Employer's appetite for risk, and the strength of the Sponsoring Employer's covenant. The Trustees have also received written advice from their Investment Adviser.

The basis of the Trustees' strategy is to achieve an appropriate rate of return by investing the Scheme's assets in a diversified portfolio designed to meet liability cashflows as they fall due, whilst also improving the hedging characteristics of the strategy. Additionally, the assets are to be invested in a way that will be consistent with the Trustees' objective to deliver sufficient growth to reduce the Scheme's deficit and keep the fund open to future accrual. The "growth" portfolio comprises assets such as diversified growth funds and equities whilst the "stabilising" portfolio comprises assets such as corporate bonds, multi-asset credit, liability driven investments, fixed interest gilts and index-linked gilts. The initial asset allocation is set out in Appendix 1.

The Trustees have established a benchmark allocation to each asset class which is set out in Appendix 1.

The Trustees recognise the benefits of diversification across growth asset classes, as well as within them, in reducing the risk that results from investing in any one particular market. Where they consider it advisable to do so, the Trustees have appointed investment managers to select and manage the allocations across growth asset classes, in particular where it would not be practical (or appropriate) for the Trustees to commit the resources necessary to make these decisions themselves.

In respect of the investment of contributions and any disinvestments to meet member benefit payments, the Trustees have decided on a structured approach to rebalance the assets in accordance with their overall strategy. This approach is set out in Appendix 2.

4.2 INVESTMENT DECISIONS

The Trustees distinguish between three types of investment decision: strategic, tactical and stock-level.

Strategic Investment Decisions

These decisions are long-term in nature and are driven by an understanding of the objectives, needs and liabilities of the Scheme.

The Trustees take all such decisions themselves. They do so after receiving written advice from their investment adviser and consulting with the Sponsoring Employer. Examples of such decisions and of tasks relating to the implementation of these decisions include the following:

- Setting investment objectives
- Determining the split between the growth and the stabilising portfolios
- Determining the allocation to asset classes within the growth and stabilising portfolios
- Determining the Scheme benchmark
- Reviewing the investment objectives and strategic asset allocation

Tactical Investment Decisions

These decisions are short-term and based on expectations of near-term market movements. Such decisions may involve deviating temporarily from the strategic asset allocation and may require the timing of entry into, or exit from, an investment market or asset class.

These decisions are the responsibility of the Trustees. However, where such decisions are made within a pooled fund, they are the responsibility of the investment manager of the fund.

Stock Selection Decisions

All such decisions are the responsibility of the investment managers of the pooled funds in which the Scheme is invested.

4.3 TYPES OF INVESTMENTS TO BE HELD

The Trustees are permitted to invest across a wide range of asset classes, including, but not limited to, the following:

- UK and Overseas Equities
- UK and Overseas Government Bonds, Fixed and Inflation-linked
- UK and Overseas Corporate Bonds
- Convertible Bonds
- Multi Asset Credit
- Property
- Commodities
- Hedge Funds
- Private Equity
- Private Debt
- Private Infrastructure Equity
- High Yield Bonds
- Emerging Market Debt
- Diversified Growth
- Liability Driven Investment Products
- Cash

All the funds in which the Scheme invests are pooled and unitised. The use of derivatives is permitted by the guidelines that apply to the pooled funds. Details relating to the pooled funds can be found in Appendix 3.

4.4 FINANCIALLY MATERIAL CONSIDERATIONS

The Trustees understand that they must consider all factors that have the ability to impact the financial performance of the Scheme's investments over the appropriate time horizon. This includes, but is not limited to, environmental, social and governance ("ESG") factors.

The Trustees recognise that ESG factors, such as climate change, can influence the investment performance of the Scheme's portfolio and it is therefore in members' and the Scheme's best interests that these factors are taken into account within the investment process.

As noted earlier, the Scheme's assets are invested in pooled funds. The Trustees accept the fact that they have very limited ability to influence the ESG policies and practices of the companies in which their managers invest. In addition, the Trustees have invested in the infrastructure sleeve of the Mercer Private Markets Fund, both of which are mandated to have significant sustainable investments. Furthermore, the Trustees receive Mercer's ESG rating for each fund and monitor them on a quarterly basis.

The Trustees have reviewed the ESG policies of their managers and concluded that they are appropriate. The Trustees will, with the assistance of the investment adviser, regularly review those policies and the impact of said policies to ensure they are appropriate and will take action where necessary.

4.5 NON-FINANCIAL CONSIDERATIONS

The Trustees only consider factors that are expected to have a financial impact on the Scheme's investments. Non-financial considerations, such as ethical views, are not implemented in the current investment strategy.

4.6 CORPORATE GOVERNANCE AND VOTING POLICY

The Scheme is invested solely in pooled investment funds through the Mobius TIP and the Trustees therefore have no direct voting rights.

The Trustees' policy is therefore to invest with investment managers where Responsible Investment is embedded appropriately in their approach to investment; including monitoring and engaging with investee companies, and exercising voting rights appropriately. The investment managers' published corporate governance policies, which are provided to the Trustees from time to time, take into account the financial interests of shareholders and should be for the Scheme's benefit.

Where the Trustees are specifically invited to vote on a matter relating to corporate policy, the Trustees will exercise their right in accordance with what they believe to be the best interests of the majority of the Scheme's membership.

The MMRT receive regular reporting from the underlying investment managers / funds which includes information on the voting activity undertaken on behalf of the pooled fund. This information is reviewed on a periodic basis to ensure that the actions taken by the investment manager are consistent with its stated policies and that these are in the best long-term interests of the pooled fund. If required, the MMRT will raise any concerns directly with the investment manager.

4.7 STEWARDSHIP

The Trustees have identified that the following themes are the most important stewardship priorities for the Scheme:

- **Environmental** – ongoing compliance with all applicable laws and government regulations concerning environmental matters.
- **Environmental** – commitment to assess and where possible, reduce greenhouse gas (“GHG”) emissions.
- **Social** – committed to upholding human rights as recognised by the principles of the United Nations Global Compact.
- **Governance** – Diversity, Equity and Inclusion (“DEI”) – inclusive and diverse work environments.

The Trustees, in conjunction with their advisers, will monitor the performance, strategy, risks, ESG policies and corporate governance of the investment managers. In particular, the Trustees will monitor:

- The performance of the investment manager / fund relative to its stated performance objective(s). Whilst performance over all time periods will be considered, the focus will be on the medium to long-term performance of the investment manager / fund. Where performance has failed to meet expectations and/or the MMRT's views on the future expectations of performance has changed, the underlying investment manager / fund would be replaced with a suitable alternative;

- Performance of the overall strategy relative to the investment objective. Where performance has underperformed the objective, the Trustees must understand the reasons for the underperformance and, where appropriate, make any necessary changes to the strategy;
- It is recognised that the level of investment risk will change from one period to the next due to factors out with their control, e.g. general market movements. The level of risk will be monitored on a regular basis to ensure that the Scheme is not undertaking an excessive level of risk and that these risks are balanced appropriately;
- The ESG and Stewardship policies of the underlying investment manager will be reviewed on a regular basis. As the Scheme invests in pooled funds, the Trustees recognise that its ability to influence the stewardship policies of the underlying investment manager is limited. As such, any changes to the Trustees' view on these matters, or a change in the stewardship policies of the investment manager, could potentially result in the investment manager being replaced.

5 RISK

The Trustees are aware and seek to take account of a number of risks in relation to the Scheme's investments.

Under the Pensions Act 2004, the Trustees are required to state their policy regarding the ways in which risks are to be measured and managed. These are set out below.

Solvency Risk and Mismatching Risk

- These are measured through a qualitative and quantitative assessment of the expected development of the assets relative to the liabilities.
- These are managed by setting a scheme-specific strategic asset allocation with an appropriate level of risk.

Manager Risk

- This is assessed as the expected deviation of the prospective risk and return, as set out in the managers' objectives, relative to the investment policy.
- It is measured by monitoring the actual deviation of returns relative to the objective and factors supporting the managers' investment process.
- It is managed by appointing Mercer to monitor and, where requested by the Trustees, advise on the replacement of the manager where concerns exist over its continued ability to deliver the investment mandate.
- It is also managed through the diversification of the Scheme's assets across a range of funds with different investment styles and by using the Mobius Platform, which enables quick and efficient replacement of managers if appropriate.

Liquidity Risk

- This is monitored according to the level of cashflows required by the Scheme over a specified period.
- It is managed by holding an appropriate amount of readily realisable investments. The Scheme's assets are invested in pooled funds which are readily realisable.

Political Risk

- This is measured by the level of concentration in any one market leading to the risk of adverse influence on investment values arising from political intervention.
- It is managed by regular reviews of the investments and through investing in funds which give a wide degree of diversification.

ESG

- This is the risk that Environmental, Social or Corporate Governance concerns, including climate change, have a financially material impact on the return of the Scheme's assets.
- The Trustees manage this risk by investing in well-respected investment managers where ESG principles are an established part of the investment decision making process, by regularly reviewing the investment adviser's ESG scoring of the Scheme's managers, and by considering ESG considerations regularly to make sure that their approach evolves in line with changing circumstances.

Sponsor Risk

- This is assessed as the level of ability and degree of willingness of the sponsor to support the continuation of the Scheme and to make good any current or future deficit.
- It is managed by assessing the interaction between the Scheme and the sponsor's business, as measured by a number of factors, including the creditworthiness of the sponsor and the size of the pension liability relative

to the sponsor. Regular updates on employer covenant are provided to the Trustees by senior staff of the sponsor.

Legislative Risk

- This is the risk that legislative changes will require action from the Trustees so as to comply with any such changes in legislation.
- The Trustees acknowledge that this risk is unavoidable but will seek to address any required changes so as to comply with changes in legislation.

Credit Risk

- This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- The Scheme invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.
- The Scheme's holdings in pooled investment vehicles are unrated. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements.
- Indirect credit risk arises in relation to underlying bond investments held in the pooled funds. This risk is mitigated by investing in funds with diversified portfolios and by investing a significant amount in funds containing solely Fixed Interest Gilts and Index Linked Gilts.
- The Trustees have invested the assets via the Mobius TIP. Mobius carries out due diligence checks before making a new pooled fund available, and on an ongoing basis monitors changes to the regulatory and operating environments of the underlying fund managers.

Market Risk

- This is the risk the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of the following three types of risk

Currency Risk

- This is the risk that occurs when the price of one currency moves relative to another (reference) currency. In the context of a UK pension scheme, the scheme may be invested in overseas stocks or assets, which are either directly or indirectly linked to a currency other than Sterling. There is a risk that the price of that overseas currency will move in such a way that devalues that currency relative to Sterling, thus negatively impacting the overall investment return.
- For foreign exchange ("FX") hedged funds, the Trustees acknowledge that currency risk related to overseas investments is hedged appropriately by the underlying investment managers.
- For FX funds where the currency risk is separately managed by the manager, the Trustees acknowledge that currency risk is delegated to the underlying investment managers where the manager is responsible for the decision of whether or not to hedge.

Interest rate risk

- This is the risk that an investment's value will change due to a change in the level or expected future level of interest rates. This affects debt instruments more directly than growth instruments.
- The Trustees acknowledge that the interest rate risk related to individual debt instruments, and particularly liability driven instruments ("LDI"), is managed by the underlying investment managers through a combination of strategies, such as diversification, duration and yield curve management, and hedging via swaps, particularly where LDI is involved.

Other Price risk

- The Trustees acknowledge that a scheme can manage its exposure to price risk by investing in a diverse portfolio across various markets.

6 MONITORING OF INVESTMENT ADVISER AND MANAGERS

6.1 INVESTMENT ADVISER

The Trustees continually assess and review the performance of their adviser in a qualitative way, and undertake a formal review annually. In doing so, the Trustees consider the objectives they set for the investment adviser, which they review on an ongoing basis and at least every three years.

6.2 INVESTMENT MANAGERS

The Trustees receive monitoring reports on the performance of the underlying investment managers from Mercer on a semi-annual basis, which present performance information over 3 months, 1 year and 3 years. The reports show the absolute performance, performance against the manager's stated target performance (over the relevant time period) on a net of fees basis. It also provides returns of market indices so that these can also be used to help inform the assessment of the underlying managers' performance.

The reporting also reviews the performance of the Scheme's assets in aggregate against the Scheme's strategic benchmark.

The Trustees retain the responsibility for replacing the underlying investment managers when appropriate. In doing so the Trustees will seek advice from Mercer. Mercer takes a long-term view when assessing the future prospects of the underlying investment managers, and such decisions would not be made based solely on short-term performance concerns. Instead, any changes will be driven by a significant downgrade of the investment manager by the MMRT. This in turn would be due to a significant reduction in the MMRT's confidence that the investment manager will be able to perform in line with their fund's mandate over the long term.

Changes will be made to the underlying managers however if there is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager.

6.3 PORTFOLIO TURNOVER COSTS

The Trustees do not currently monitor portfolio turnover costs for the funds in which the Scheme is invested, although notes that the performance monitoring which it receives is net of all charges, including such costs. Portfolio turnover costs means the costs incurred as a result of the buying, selling, lending or borrowing of investments.

The Trustees are also aware of the requirement to define and monitor targeted portfolio turnover and turnover range.

Given that the Scheme invests in a range of pooled funds, many of which invest across a wide range of asset classes, the Trustees do not have an overall portfolio turnover target for the Scheme.

As the industry evolves in reporting costs, the Trustees will continue to review the position and determine whether further monitoring is appropriate in relation to the pooled funds in which the Scheme is invested.

7 CODE OF BEST PRACTICE

The Trustees note that in March 2017, the Pensions Regulator released 'Investment Guidance for Defined Benefit Pension Schemes'.

The Trustees have received training in relation this guidance and are satisfied that the investment approach adopted by the Scheme is consistent with the guidance so far as it is appropriate to the Scheme's circumstances.

The Trustees meet with their Investment Adviser on a regular basis, monitoring developments both in relation to the Scheme's circumstances and in relation to evolving guidance, and will revise the Scheme's investment approach if considered appropriate.

8 COMPLIANCE

The Scheme's Statement of Investment Principles and annual report and accounts are available to members online and upon request respectively.

A copy of the Scheme's current Statement plus Appendices is also supplied to the Sponsoring Employer, the Scheme's investment managers, the Scheme's auditors and the Scheme Actuary.

This Statement, taken as a whole with the Appendices, supersedes all others and was approved by the Trustees on

Signed on behalf of the Trustees by

On

Full Name

Position

APPENDIX 1: ASSET ALLOCATION BENCHMARK

The Scheme's initial strategic asset allocation benchmark is set out below.

Asset Class	Strategic Allocation
Diversified Growth Funds	8.0%
Global Equities	7.0%
Nominal Dynamic LDI	5.0%
Real Dynamic LDI	11.8%
Nominal LDI Bucketed Funds	14.5%
Real LDI Bucketed Funds	8.9%
Multi-Asset Credit	8.0%
Buy & Maintain Credit Bucketed Funds	10.5%
Private Infrastructure Equity	9.8%
Private Debt	8.0%
Absolute Return Fixed Income	8.5%
Total Scheme	100.0%

APPENDIX 2: CASHFLOW AND REBALANCING POLICY

Where possible, cash outflows will be met from cash balances held by the Scheme and from income from the Scheme's investments in order to minimise transaction costs.

Rebalancing Policy

There will be no automatic rebalancing of the portfolio.

The actual allocation relative to the strategic allocation will be reviewed on an ongoing basis and realigned if deemed necessary.

Cashflow Policy

The trustees have formalised and agreed a Cashflow Policy Document which is reviewed from time to time and updated where appropriate.

LDI Recapitalisation

The Trustees note that the LDI managers may require additional assets from time to time in order to support the operation of the LDI funds or may release assets from time to time. The Trustees have put in place a policy regarding this recapitalisation / release procedure.

APPENDIX 3: INVESTMENT MANAGER INFORMATION

The Scheme's assets are held on an investment platform provided by Mobius Life Limited. The tables below show the details of the mandate(s) with each manager.

Manager / Fund	Benchmark	Objective	Dealing Frequency	SORP/ IFRS Class
Nordea Diversified Return Fund	3 month GBP SONIA	The fund aims to ensure capital preservation over a three-year horizon and maximising returns within this constraint.	Daily	2
LGIM Diversified Fund	FTSE Developed World Index - 50% GBP Hedged	The investment objective of the fund is to provide long-term investment growth through exposure to a diversified range of asset classes	Daily	2
LGIM Future World Global Equity Fund	Solactive L&G ESG Global Markets Index A custom index calculated by Solactive based on ESG criteria selected by LGIM	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	Daily	2
CT Real Dynamic LDI Fund	The liability profile of a typical UK DB pension scheme	To provide liability hedging by offering interest rate and inflation protection which replicates the liability profile of a typical UK defined benefit pension scheme	Daily	2
CT Nominal Dynamic LDI Fund	The liability profile of a typical UK DB pension scheme	To provide liability hedging by offering interest rate protection which replicates the liability profile of a typical UK defined benefit pension scheme	Daily	2
Insight LDI Partially Funded Gilts	A typical pension fund's liability cash flows, as determined by the Manager, (specific duration targeting)	To outperform the change in the present value of the liability benchmark over the long term.	Daily	2
Insight LDI Partially Funded Index-Linked Gilts	A typical pension fund's liability cash flows, as determined by the Manager, (specific duration targeting)	To outperform the change in the present value of the liability benchmark over the long term.	Daily	2
Ninety One Global Total Return Credit Fund	Overnight SONIA + 4%	To outperform the benchmark +4% (gross of fees) over a full credit cycle	Daily	2
Insight Maturing Buy & Maintain Bond Fund	Fund-specific IBoxx GBP Corporate Bond Index	To generate a return for investors by investing primarily in a portfolio of debt securities	Daily	2
Mercer Private Investment Partners VI SICAV-SIF	n/a	To achieve cash + 3% - 5% p.a net of fees	Closed End Fund with Fund Term of 12 years from final closing date.	3
Mercer Absolute Return Fixed Income	FTSE GBP 1 Month Euro Deposit	To achieve a positive total return	Daily	2

APPENDIX 4: RESPONSIBILITIES OF PARTIES

TRUSTEES

The Trustees' responsibilities include the following:

- Reviewing at least triennially, and more frequently if necessary, the content of this Statement in consultation with the Investment Adviser and modifying it if deemed appropriate
- Reviewing the investment strategy following the results of each actuarial review, in consultation with the Investment Adviser and Scheme Actuary
- Appointing the Investment Manager(s) and custodian (if required)
- Appointing and reviewing the investment adviser.
- Assessing the quality of the performance and processes of the Investment Manager(s) by means of regular reviews of investment returns and other relevant information, in consultation with the Investment Adviser
- Consulting with the sponsoring employer regarding any proposed amendments to this Statement
- Monitoring compliance of the investment arrangements with this Statement on a continuing basis

INVESTMENT ADVISER

The Investment Adviser's responsibilities include the following:

- Participating with the Trustees in reviews of this Statement of Investment Principles
- Production of performance monitoring reports
- Advising the Trustees, at their request, on the following matters:
 - Through consultation with the Scheme Actuary, how any changes within the Scheme's benefits, membership, and funding position may affect the manner in which the assets should be invested
 - How any significant changes in the investment managers' organisation could affect the interests of the Scheme
 - How any changes in the investment environment could present either opportunities or problems for the Scheme
- Undertaking project work, as requested, including:
 - Reviews of asset allocation policy
 - Research into and reviews of investment managers
- Advising on the selection of new managers and/or custodians
- Advising on cashflow management (investment and withdrawal)

INVESTMENT MANAGERS

As noted in this Statement, the Trustees, after considering appropriate investment advice, have appointed investment managers to manage the assets of the Scheme. The assets are held on the Mobius Life Investment Platform with Mobius Life Limited.

SCHEME ACTUARY

The Scheme Actuary's responsibilities include the following:

- Liaising with the Investment Adviser regarding the suitability of the Scheme's investment strategy given the financial characteristics of the Scheme
- Assessing the funding position of the Scheme and advising on the appropriate response to any shortfall

- Performing the triennial (or more frequent, as required) valuations and advising on the appropriate contribution levels.

ADMINISTRATOR

The Administrator's responsibilities include the following:

- Ensuring there is sufficient cash available to meet benefit payments as and when they fall due
- Paying benefits and making transfer payments
- Investing contributions not required to meet benefit payments with the investment managers according to the Trustees' instructions.