AMG UK GROUP 2006 PENSION PLAN
STATEMENT OF INVESTMENT PRINCIPLES

September 2023

TABLE OF CONTENTS

1 INTRODUCTION

This Statement of Investment Principles (the Statement) has been prepared by the AMG UK Group Pension Trustee Limited, as Trustee of the AMG UK Group 2006 Pension Plan (the "Plan") 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 Plan and the activities undertaken by the Trustee to ensure the effective implementation of these principles. It replaces the Statement dated September 2020

In preparing the Statement, the Trustee has:

- Obtained and considered written advice from a suitably qualified individual, employed by their investment consultants, Aon, whom it believes to have a degree of knowledge and experience that is appropriate for the management of their investments; and
- Consulted with the Sponsoring Employer, although it affirms 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 Trustee's investment policy for the Plan.

The Trustee 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 Trustee 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 RESPONSIBILITIES

2.1 TRUSTEE’S DUTIES AND RESPONSIBILITIES

The Trustee is responsible for setting the investment objectives and determining the strategy to achieve the objectives.

The Trustee carries out its duties and fulfils its responsibilities as a single body. It has considered establishing an investment sub-committee but has decided not to do so, as each of the trustee directors wishes to contribute directly to the formulation of the Plan’s investment policy and to the monitoring of the investment managers. Moreover, the trustee body is not so large as to be unwieldy in its operations.

Sub-committees may be formed from time to time to examine specific issues.

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

- The regular approval of the content of this Statement
- The appointment and review of the investment adviser
- The appointment and review of the investment platform provider
- The choice of appropriate funds to implement the agreed investment strategy
- The assessment and review of the performance of each investment manager
- The assessment of the risks assumed by the Plan at a total Plan level as well as on a manager by manager basis
- The approval and review of the asset allocation benchmark for the Plan
- The compliance of the investment arrangements with the principles set out in the Statement

2.2 INVESTMENT ADVISER’S DUTIES AND RESPONSBILITIES

The Trustee has appointed Aon as the investment adviser to the Plan. Aon provides advice as and when the Trustee requires it, as well as raising any investment-related issues, of which it believes the Trustee should be aware. Matters on which Aon expects to provide advice, or assistance, to the Trustee include the following:

- Setting of investment objectives
- Determining investment strategy and asset allocation
- Determining an appropriate investment structure
- Determining funds that are suitable to meet the Trustee`s objectives
- Monitoring the underlying investment managers to ensure their continuing appropriateness to the mandates given
- Setting cashflow management (investment and withdrawal) and rebalancing policies (see Appendix 4)

The Trustee may seek advice from Aon with regard to both strategic and tactical investment decisions (see Section 4 - Investment Strategy); however, the Trustee recognises that it retains responsibility for all such decisions, including those that concern investments and disinvestments relating to cash flows (see Appendix 4). Whilst Aon may be proactive in advising the Trustee regarding tactical investment decisions, the Trustee does not expect Aon to provide proactive advice in all circumstances.

Aon monitors the performance of the Plan’s investment managers against their benchmarks.

Aon will also advise the Trustee of any significant developments of which it is aware relating to the investment managers, or funds managed by the investment managers in which the Plan is invested, such that in its view there exists a significant concern that any of these funds will not be able to meet their long-term objectives.

Aon is paid a fixed fee for regular work carried out for the Plan and on a time cost basis for any other work they undertake for the Plan although separate fixed fees may be negotiated by the Trustee for certain projects. This structure has been chosen to ensure that cost-effective, independent advice is received.

The Trustee is satisfied that this is the most appropriate adviser remuneration structure for the Plan.

Aon is authorised and regulated by the Financial Conduct Authority (“FCA”).

2.3 ARRANGEMENT WITH INVESTMENT MANAGERS

The Trustee is a long-term investor and does not look to change the investment arrangements on a frequent basis

The Trustee, after considering appropriate investment advice, has invested the matching assets of the Plan through a Trustee Investment Policy (TIP) from Mobius Life Limited (“Mobius”), whose appointment foregoes the need for a Custodian. The Trustee first invested through the Mobius TIP in December 2015.

Mobius is authorised by the PRA and regulated by the FCA and the PRA.

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 Plan are authorised and regulated by the FCA.

Further details of the funds invested in are given in Appendix 2, including the duration of the holdings.

The underlying investment managers used by the Trustee through the Mobius platform are chosen based on advice from the investment advisor. This is based on the investment advisor’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.

The Trustee has appointed Aon Investments Limited (“AIL”) as an investment manager for the Plan’s growth assets.

The Trustee only invests in pooled investment vehicles. The Trustee therefore accepts that it cannot specify the risk profile and return targets of the underlying investment managers, but pooled funds are chosen with appropriate characteristics to align with the overall investment strategy.

The underlying investment managers 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.

Mobius, AIL 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 Plan. Where possible, discounts have been negotiated with the underlying managers on their standard charges.

None of the underlying investment managers in which the Plan’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 Trustee therefore considers 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 Trustee accepts that it cannot influence the charging structure of the pooled funds in which the Plan is invested, but is satisfied that the ad-valorem charges for the different underlying funds are clear and are consistent with each fund’s stated characteristics. The Trustee is therefore satisfied that this the most appropriate basis for remunerating the underlying investment managers and is consistent with the Trustee's policies as set out in this SIP.

2.4 SUMMARY OF RESPONSIBILITIES

A summary of the responsibilities of all relevant parties, including the Scheme Actuary and the plan administrators, so far as they relate to the Plan's investments, is set out at Appendix 5.

3 INVESTMENT OBJECTIVES

3.1 DEFINED BENEFIT SECTION

The Trustee’s primary investment objective 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 Trustee also aims to maximise returns at an acceptable level of risk taking into consideration the circumstances of the Plan.

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

3.2 ADDITIONAL DEFAULT FUNDS

Making changes without member consent to the AVCs results in the relevant funds also being determined to be ‘default’ arrangements requiring additional disclosures.

The Trustee’s key policies in relation to such Additional Default arrangements are set out in Appendix 3, whilst Section 5 sets out how the Additional Default arrangements address the key risks that the Trustee has identified.

4 INVESTMENT STRATEGY

4.1 SETTING INVESTMENT STRATEGY

The Trustee has determined its investment strategy after considering the investment objectives, the Plan's liability profile and requirements of the Statutory Funding Objective, its 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 Trustee has also received written advice from its Investment Adviser.

Taking all these factors into consideration, the Trustee has determined that the benchmark asset allocation as set out in Appendix 1 is suitable for the Plan.

In respect of the investment of contributions and any disinvestments to meet member benefit payments, the Trustee has decided on a structured approach to re-balance the assets in accordance with the overall strategy. This approach is set out in Appendix 3.

4.2 INVESTMENT DECISIONS

The Trustee distinguishes 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 Plan.

The Trustee takes all such decisions. It does so after receiving written advice from the 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 matching portfolios
- Determining the allocation to asset classes within the growth and matching portfolios
- Determining the Plan 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 Trustee. 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 Plan is invested.

4.3 TYPES OF INVESTMENTS TO BE HELD

The Trustee is permitted to invest across a wide range of asset classes. All the funds in which the Plan invests are pooled and unitised. The use of derivatives is as permitted by the guidelines that apply to the pooled funds.

Details relating to the pooled funds can be found in Appendix 2.

The Trustee recognises 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. The Trustee has therefore decided to invest in an actively managed multi-asset fund managed by AIL. AIL aim to deliver long-term returns (net of fees) in excess of SONIA. They seek to do this by investing in a wide range of assets and investment contracts to implement their market views.

The Trustee has also invested in a pooled Low Risk Bond Fund managed by AIL to provide exposure to a diversified range of bond assets and strategies.

The Trustee notes that the actuarial value of the Plan's future benefits payments to members is sensitive to changes in long term interest rates and long term inflation expectations. The Trustee has decided to invest in Liability Driven Investment ("LDI") funds which aim to respond in a similar way to changes in these factors and reduce the volatility of the Plan's funding position. This is referred to as hedging.

4.4 FINANCIALLY MATERIAL CONSIDERATIONS

The Trustee considers many risks which it anticipates could impact the financial performance of the Plan's investments its lifetime. Such risks are set out in the next section of this statement.

The Trustee recognises that environmental, social and corporate governance ("ESG") factors, including climate change, could influence the investment risk and return outcomes of the Plan's portfolio and it is therefore in members' and the Plan's best interests that these factors are taken into account within the investment process.

The Trustee further recognises that investing with a manager which approaches investments in a responsible way and takes account of ESG related risks may lead to better risk adjusted performance results as omitting these risks in investment analysis could skew the results and underestimate the level of overall risk being taken. Therefore, other factors being equal, the Trustee would seek to invest in funds which incorporate ESG principles.

In setting the investment strategy for the Plan, the Trustee has prioritised funds which provide leveraged protection against movements in the Plan's liability value. The Trustee has also prioritised funds which provide actively managed diversification across a wide range of investment markets and consider the financially significant benefits of these factors to be paramount.

The Trustee receives ESG scores provided by the Investment Consultant in relation to the funds in which the Plan is invested and will monitor how these develop over time.

The Trustee believes that the importance of ESG considerations will increase over time and has therefore built an ongoing review of this into the annual business plan to make sure that the policy evolves in line with emerging trends and developments.

The Trustee is therefore satisfied that ESG factors are appropriately reflected in the overall investment approach.

4.5 NON FINANCIAL MATTERS

The Trustee has determined that the financial interests of the Plan's members are the priority when choosing investments.

As such the Trustee has decided not to consider non-financial considerations, such as ethical views, or to take members' preferences into account when setting the investment strategy.

4.6 STEWARDSHIP

The Trustee recognises the importance of its role as a steward of capital and the need to ensure the highest standards of governance and promoting corporate responsibility in the underlying companies in which its investments reside. The Trustee recognises that ultimately this protects the financial interests of the Scheme and its beneficiaries.

The Trustee delegates all stewardship activities, including voting and engagement, to its appointed investment managers. The Trustee accepts responsibility for how the investment managers steward assets on its behalf, including the casting of votes in line with each manager’s individual voting policies.

The Trustee expects the Plan’s investment managers to use their influence as major institutional investors to carry out the rights and duties as a shareholder, including exercising voting rights along with – where relevant and appropriate – engaging with underlying investee companies on ESG considerations and other relevant matters (such as the companies’ performance, strategy, risks, capital structure, and management of conflicts of interest).

The Trustee reviews its managers’ voting and engagement policies and activities on an annual basis. The Trustee reviews these factors to check they are aligned with expectations and can reasonably be considered to be in the Trustee’s, and therefore the members’, best interests. The Trustee expects that its investment managers will provide details of their stewardship activities on at least an annual basis and will monitor this with input from its investment consultant. The Trustee will engage with its investment managers where necessary for more information. Prospective managers are required to provide this information in advance of their appointment.

If the Trustee’s monitoring reveals that an investment manager’s voting or engagement policies, or its stewardship actions are not aligned with the Trustee’s expectations, the Trustee will engage with the manager, via different mediums such as emails and meetings, to seek a more sustainable position, but it may look to replace the manager.

From time to time, the Trustee will consider the methods by which, and the circumstances under which, it would monitor and engage with an issuer of debt or equity, an asset manager or another holder of debt or equity, and other stakeholders. The Trustee may engage on matters concerning an issuer of debt or equity, including their performance, strategy, risks, social and environmental impact and corporate governance, the capital structure, and management of actual or potential conflicts of interest.

5 RISK

Under the Pensions Act 2004, the Trustee is required to state its 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.
- They are managed by setting a Plan-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 through the diversification of the Plan's assets across a range of funds with different investment styles, by monitoring and advice from the Investment Adviser where there have been significant changes to the managers' capabilities, 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 cash flows required by the Plan over a specified period.
- It is managed by holding an appropriate amount of readily realisable investments. The Plan'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.

Corporate Governance Risk

- This is assessed by reviewing the Plan's investment managers' policies regarding corporate governance.
- It is managed by delegating the exercise of voting rights to the managers, who exercise this right in accordance with their published corporate governance policies. Summaries of these policies are provided to the Trustee from time to time and take into account the financial interests of the shareholders, which should ultimately be to the Plan's advantage.

Legislative Risk

- This is the risk that legislative changes will require action from the Trustee so as to comply with any such changes in legislation.
- The Trustee acknowledges 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 is associated with the inability of a borrower to repay, in full or part the monies which it owes to a creditor.
- The Plan invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.
- The Plan'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.

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, interest rate risk and other price risk, which are described as follows:

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 Plan 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.
- Within the Plan's growth assets, the management of the currency risk related to overseas investments is delegated to the underlying investment managers, but by investing in a diversified investment portfolio, the impact of currency risk is mitigated.

Interest Rate Risk

- This is the risk that an investment's value will change due to a change in the level of interest rates. This affects debt instruments more directly than growth instruments.
- The Trustee recognises that the Plan's liabilities are exposed to a significant level of interest rate risk movement and for this reason it is desirable for the Plan's assets to be exposed to a similar level of interest rate risk and the Trustee has invested in LDI Funds to manage this risk.
- The Trustee acknowledges that the interest rate risk related to individual debt instruments is managed by the investment managers through a combination of strategies, such as diversification, duration and yield curve management.

Other Price Risk

- This is the risk that principally arises in relation to the return seeking assets, for which the Plan invests to achieve a diversified exposure to different investment markets and manage this risk.

ESG Risk

- This is the risk that Environmental, Social or Corporate Governance concerns, including climate change, have a financially material impact on the return of the Plan's assets.
- The Trustee manages 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 ESG scoring of the

investment consultant’s scoring of the Plan’s managers and by reviewing ESG considerations on an annual basis.

6 MONITORING OF INVESTMENT ADVISER AND MANAGER

6.1 INVESTMENT ADVISER

The Trustee continually assesses and reviews the performance of the adviser in a qualitative way. In do so, the Trustee will consider the objectives it set for its investment adviser in the document entitled “AMG Aon Investment Consultant Objectives 2022” which was formally adopted by the Trustees in September 2022.

6.2 INVESTMENT MANAGERS

The Trustee receives quarterly monitoring reports on the performance of the underlying investment managers from Aon. The reports show the absolute performance and performance against the manager’s stated target performance (over the relevant time period) on a net of fees basis. They also provide 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 Plan’s assets in aggregate against the Plan’s strategic benchmark.

The monitoring information received helps the Trustee to make an informed assessment of the underlying managers’ performance.

In conjunction with advice and information from its investment adviser, the Trustee has the role of replacing the underlying investment managers where appropriate. It takes a long-term view when assessing whether to replace the underlying investment managers and such decisions would not be made based solely on short-term performance concerns. Instead, changes would be driven by a significant downgrade of the investment manager by Aon’s Manager Research Team. This in turn would be due to a significant reduction in Aon’s confidence that the investment manager will be able to perform in line with their fund’s mandate over the long term.

Changes will also be made to the underlying managers 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 Trustee accepts that transaction costs will be incurred to drive investment returns and that the level of these costs varies across asset classes and by manager style within an asset class. In both cases, a high level of transaction costs is acceptable as long as it is consistent with the asset class characteristics and manager’s style and historic trends. Where the Trustee’s monitoring identifies a lack of consistency or concern with the relative value being received the mandate/asset class will be reviewed.

Targeted portfolio turnover is defined as the expected frequency with which each underlying investment managers’ fund holdings change over a year. The Plan’s investment adviser monitors this on behalf of the Trustee as part of the manager monitoring they provide to the Trustee and flags to the Trustee where there are concerns.

ADDITIONAL VOLUNTARY CONTRIBUTIONS (“AVCS”)

The Plan provides a facility for members to pay for Additional Voluntary Contributions (“AVCs”) to enhance their benefits at retirement. Historic AVCs were paid to Santander and Friends Life and some funds remain with these managers.

Some historic AVCs were also paid to Equitable Life. On 1 January 2020, following High Court approval and a policyholder vote, the business of Equitable Life was transferred to Utmost Life and Pensions. AVCs that were previously held in the Equitable Life With Profits Fund were transferred initially to the Utmost Secure Cash Fund. Over the second half of 2020, the Utmost Secure Cash Fund holding is being closed down by Utmost and the Trustee decided that members’ investments should be transitioned to the Utmost Money Market Fund following investment advice from Mercer, unless members chose to make an investment choice of their own.

Because the Trustee has chosen to invest members’ former With Profits AVCs in the Utmost Secure Cash Fund and subsequently the Utmost Money Market Fund in the event that members do not make their own investment choice, these funds are classed as a ‘Default’ fund. The regulations therefore require that the Statement of Investment Principles details the Trustee’s approach to investing for these Additional Default Funds. This is set out in Appendix 3.

7 CODE OF BEST PRACTICE

The Trustee notes that in March 2017, the Pensions Regulator released ‘Investment Guidance for Defined Benefit Pension Schemes’.

The Trustee receives investment advice which ensures that the principles contained within this guidance are applied to the Plan as far as relevant to its circumstances.

The investment adviser attends each full Trustee meeting which enables developments to be monitored, both in relation to the Plan’s circumstances and in relation to evolving guidance, so that the investment approach can be revised if considered appropriate.

8 COMPLIANCE

The Plan's Statement of Investment Principles and annual report and accounts are available to members on request. The Statement of Investment Principles is also available on the Plan's website at: https://amgukgrouppensions.com.

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

This Statement of Investment Principles, taken as a whole with the Appendices, supersedes all others and was approved by the Trustee in September 2023.

APPENDIX 1: PLAN ASSET ALLOCATION BENCHMARK

The Plan's asset allocation benchmark is set out below.

	Allocation (%)	Guideline Range (%)
Growth Assets	**65**	+/-10%
AIL Managed Growth Fund	20	
AIL Low Risk Bonds Fund	45	
Stabilising Assets	**35**	+/-10%
Liability Driven Investments and Cash	35	

Appendix 2 provides information about the selection of investment managers.

The policy for rebalancing and investment / disinvestment of cashflows is set out in Appendix 3.

APPENDIX 3: INVESTMENT MANAGER INFORMATION

The table below shows a summary of the funds used by the Plan along with their respective charges. For the LDI and Cash funds that are invested in through the Mobius Platform, the charges below include the fees of Mobius and the underlying investment managers:

Investment Funds	Benchmark	Total Expense Ratio (% pa)	Date First Invested
Aon Managed Growth Strategy	SONIA	0.50	August 2022
Aon Low Risk Bonds Strategy	SONIA	0.47	August 2022
CT LDI Regular Profile Leveraged Nominal Gilt Fund	To provide liability hedging by offering interest rate and inflation protection which replicates the liability profile of a typical UK defined benefit pension plan	0.25	August 2022
CT LDI Regular Profile Leveraged Real Gilt Fund	To provide liability hedging by offering interest rate protection which replicates the liability profile of a typical UK defined benefit pension plan	0.25	August 2022
LGIM Sterling Liquidity Fund	The aim of the LGIM Sterling Liquidity Fund is to provide capital stability, liquidity and diversification while providing a competitive level of return. The Sterling Liquidity Fund invests in high quality, short term money market and fixed income securities. It will seek to obtain and maintain a triple-A rating from at least one internationally recognised rating agency (for example, AAAm by Standard & Poor's).	0.11	January 2016

APPENDIX 3: ADDITIONAL DEFAULT FUNDS

The Trustee regularly reviews the default investment option and self-select fund range and, if deemed appropriate, make changes to the managers available as part of these options.

Making changes without member consent to the AVCs within the DB Section results in the relevant funds also being determined to be 'default' arrangements requiring additional disclosures. Following this principle, new default arrangements have been created which are as follows:

Investment Funds	Date of Change	Reason
Utmost Life Secure Cash Fund	January 2020	Fund used to receive the proceeds from the Equitable Life With Profits fund
Utmost Life Money Market Fund	July 2020	Fund to which the Utmost Secure Cash Fund holding was transitioned when Utmost phased it out.

The Aims of the Additional Default Arrangements:

- In setting up the Additional Default Arrangements, the Trustee has explicitly considered the trade-off between risk and expected returns.
- Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members.
- If members wish to, they can opt to move assets away from the Additional Default Arrangements and choose their own investment strategy at any time. All affected members have been notified and given this choice.
- Assets in the Additional Default Arrangements are invested in the best interests of members and beneficiaries, taking into account the objectives of the arrangements.
- Assets in the Additional Default Arrangements are invested in a manner which aims to ensure the security, quality, liquidity and profitability of a member's portfolio as a whole.
- Assets are invested in pooled funds which are daily dealing and readily realisable.

Section 5 of this SIP sets out how the Additional Default arrangements address the key risks that the Trustee has identified, and the Trustee's key policies in respect of these Additional Defaults are summarised in the table overleaf:

Investment Funds	Fund Objective and Investments Held	Trustee Objective and Expected Risk and Return
Utmost Life Secure Cash Fund	The main objectives of the Utmost Life Secure Cash Fund are capital preservation, liquidity and yield; in that order. The Trustee notes that the Secure Cash Fund's value is unlikely to keep pace with inflation. Utmost has guaranteed that the unit price (net of fees) will not decrease, after accounting for charges. The Secure Cash Fund will cease to exist on 31 December 2020. The Secure Cash Fund will predominately be invested in UK Treasury Bills, short term gilts and overnight bank deposits. On occasions other high quality money market investments such as commercial paper or repurchase agreements may be purchased. The investment manager is responsible for determining the balance between these different kinds of investments.	The Trustee has determined that with the potential for elevated levels of volatility in investment markets due to Covid 19 that members whose funds previously benefitted from investment guarantees in the Equitable With Profits Fund should be invested in low risk money market funds where capital preservation is the key objective rather than maximising investment return or providing protection against inflation. The Secure Cash Fund and the Money Market Fund have the lowest expected volatility of the funds available with Utmost. The Trustees will review this periodically.
Utmost Life Money Market Fund	The main objective of the Utmost Life Money Market Fund is to preserve capital whilst aiming to provide a return in line with prevailing short term money market rates. The Money Market Fund will predominantly be invested in short term deposits. The investment manager is responsible for determining the balance between the different kinds of investments.	

Trustee policies that are not explicitly mentioned in this Appendix are as outlined in the main SIP.

In line with regulatory requirements, the Trustee will continue to review their policies in respect of the Plan's additional default arrangements on a regular basis, and no less frequently than with each three yearly review of the SIP.

APPENDIX 5: CASHFLOW AND REBALANCING POLICY

Rebalancing and Cashflow Policy

Investments or disinvestments will be applied in line with the Plan's financial management policy.

The current policy is as follows:

- The Plan's administrators undertake a regular Plan cashflow forecast to determine whether disinvestments are required from the non-LDI assets. The Trustee takes advice from Aon on the source of funds to be redeemed when disinvestments are required.

The Trustee is satisfied that there should be no automatic rebalancing policy in place. Instead, the Trustee will use the reporting provided by Aon to determine if any funds have moved significantly away from target, and if so consider taking appropriate action.

The Trustee notes that the LDI funds will move significantly in value in response to changing liability values and that buying or selling LDI funds would change the level of liability hedging. The LDI funds have therefore been excluded from the rebalancing process.

The Trustee will review the cashflow and rebalancing policy on a regular basis to ensure that it remains appropriate taking into account changes factors including the Plan's cashflow requirements but will not update this SIP solely in relation to a change in cashflow or rebalancing policy.

LDI Recapitalisation

The Trustee notes that the LDI manager may require additional assets or may release assets from time to time in order to support the operation of the LDI funds. The Trustee has put in place a policy with Mobius regarding this recapitalisation/release procedure.

Where possible, Mobius will redeem the cash required to meet the recapitalisation event from the LGIM Sterling Liquidity Fund held on the Mobius platform.

APPENDIX 6: RESPONSIBILITIES OF PARTIES

TRUSTEE

The Trustee's 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 Plan Actuary
- Appointing the Investment Manager(s), platform provider and custodian (if required)
- Selecting appropriate investment managers and appropriate funds via the Mobius Platform.
- Assessing the quality of the performance and processes of the underlying investment managers, 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 Trustee in the review of this Statement of Investment Principles
- Production of performance monitoring reports
- Informing the Trustee of any significant changes in the internal performance objectives and guidelines of any pooled fund used by the Plan as and when the Investment Adviser is made aware of them
- Advising the Trustee, at its request, on the following matters:
  – Through consultation with the Scheme Actuary, how any changes within the Plan's benefits, membership, and funding position may affect the manner in which the assets should be invested
  – How any significant changes in the underlying investment managers' organisations, could affect the interests of the Plan
  – How any changes in the investment environment could present either opportunities or problems for the Plan
- Providing advice on funds and investment managers that are suitable to meet the Trustee objectives
- Monitoring the underlying investment managers to ensure their continuing appropriateness to the mandates given
- Advising the Trustee on an appropriate overall cashflow and rebalancing process
- Providing advice in relation to specific cashflows and rebalancing as appropriate
- 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

INVESTMENT MANAGERS

The responsibilities of the underlying investment managers include:

- Having regard to the need for diversification of investments, so far as appropriate for the particular mandate, and to the suitability of investments
- Managing their funds in accordance with their stated mandates

The underlying investment managers are not directly appointed by the Trustee and therefore do not have any direct responsibility to the Trustee.

PLATFORM PROVIDER

The platform provider's responsibilities include the following:

- Ensure contributions are invested/disinvested in accordance with instructions, and that switches are processed accordingly
- Ensure instructions are in accordance with the Authorised Signatory Lists
- Informing the Trustee of any changes in the internal performance objectives and guidelines of any pooled fund used by the Plan as and when they occur
- Providing the Trustee, on a quarterly basis (or as frequently as agreed), with a statement and valuation of the assets and appropriate management information and reporting.

SCHEME ACTUARY

The Scheme Actuary's responsibilities include the following:

- Liaising with the Investment Adviser regarding the suitability of the Plan's investment strategy given the financial characteristics of the Plan
- Assessing the funding position of the Plan 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 Trustee's instructions