

# Information about MRA Investments

## 1. MRA Lifestyle Strategy

### Description:

The MRA Lifestyle Strategy, has been designed to reflect the implications of the post April 2015 pension reforms and in particular on the type of benefits that are expected to be drawn from the MRA. The investment changes also reflect development in the range of investment funds that have become available since the initial strategy was put in place some years ago.

#### *Growth Phase*

Under the Lifestyle programme, the MRA Lifestyle Strategy, the pots of members who are some way from retirement are invested in the MRA Diversified Fund, which provides exposure to a diversified range of investments.

The MRA Diversified Fund is a scheme specific fund that invests mainly in Diversified Growth Funds (DGFs).

DGFs are actively managed investment funds that invest across a wide range of investment markets and aim to provide equity like returns in the long term, but with lower short-term volatility.

The MRA Diversified Fund currently contains three DGFs managed by leading investment managers:

- Columbia Threadneedle Multi Asset Fund
- Newton Multi Asset Diversified Return Fund
- Nordea Diversified Return Fund

The Trustee keeps these managers under review in conjunction with their investment adviser, Mercer, and will make changes to these managers if considered appropriate.

The Trustee has been using DGFs within the investment strategy of the RBP Section of the Plan since 2012. This brings the MRA Section into line with the RBP's approach.

#### *Protection Phase*

Under a lifestyle strategy, your accumulated account will be transitioned into funds that reflect the likely types of benefits that will be drawn at retirement. For the MRA Lifestyle Strategy, the transition will be made over a 5 year period.

Whilst it is difficult to predict in advance what options members take at retirement, the Trustee anticipates that few members will use a large portion of their pot to buy a guaranteed pension.

It is expected that many members will look to take advantage of the new flexibilities, either by taking their fund in full as a cash sum at retirement, by taking a transfer value out of the MRA to enable drawdown of their pot, or by taking advantage of the UFPLS (instalment) option within the MRA.

It is still expected however that many members will seek to benefit from the 25% tax free cash sum allowance at retirement, and therefore the MRA Lifestyle Strategy targets a 25% allocation to the LGIM Sterling Liquidity Fund at retirement.

The LGIM Sterling Liquidity Fund is a 'cash' type fund. It will invest in low risk money market securities with the aim of providing capital stability and preparing for the release of cash at retirement.

It is important that the pots of members who seek to benefit from either full or partial drawdown should remain invested, with the aim of providing continued growth and over-riding the negative implications of inflation.

The remaining 75% of a member's pot will therefore stay invested in the MRA Diversified Fund, as it aims to provide investment growth above inflation, whilst at the same time aiming to deliver lower short-term volatility than equities.

The table below describes the transition of the MRA account in the 5 year period up to retirement.

| Years to Retirement<br>Age | MRA Lifestyle Strategy      |                                     |
|----------------------------|-----------------------------|-------------------------------------|
|                            | MRA Diversified<br>Fund (%) | LGIM Sterling<br>Liquidity Fund (%) |
| 5                          | 100                         | 0                                   |
| 4                          | 95                          | 5                                   |
| 3                          | 90                          | 10                                  |
| 2                          | 85                          | 15                                  |
| 1                          | 80                          | 20                                  |
| 0                          | 75                          | 25                                  |

The switches will be undertaken on a quarterly basis to ensure a gradual transition and avoid placing reliance on financial conditions on a small number of switching dates.

The Trustee will continue to review the suitability of the MRA Lifestyle Strategy and will make changes if new trends or regulations emerge that mean the design is no longer appropriate.

#### *Investment Charges*

Under regulations that were also introduced in April 2015, the charges which members pay for the default arrangement of a DC scheme that is used for Auto-Enrolment purposes (such as the MRA) cannot exceed 0.75% a year. The MRA Lifestyle Strategy has been designed so that it complies with this requirement for all members who are invested in it.

All costs associated with running the pension Scheme on behalf of the Scheme members are borne by the Company. The investment management charge associated with the Scheme is the only cost met by the Scheme members.

#### *Target Retirement Date*

The transition will target your MRA Normal Retirement Age.

If you intend to retire earlier or later than this, you can target a different retirement age for the MRA Lifestyle Strategy. If you would like to investigate this, you should contact the Scheme's administrator.

## 2. Fund Range

| Fund   | Description   | Benchmark   | Charges<br>(% p.a.)<br><br>See Note 1                |
|--|---|---|--|
| <b>Growth</b>  |   |   |  |
| <b>MRA Diversified Fund</b>                                | <p>This fund aims to give a long-term return that is similar to the long-term return expected from equity markets. However, by investing in a diversified mix of different investments, it aims to achieve this target with less short-term fluctuation in value than an equity investment.</p> <p>The MRA Diversified Fund will invest mainly in Diversified Growth Funds (DGFs), and will contain two or more funds to ensure that there is always suitable diversification.</p> <p>The MRA Diversified Fund is aimed towards investors who have a medium to long term investment strategy.</p>   | Bank of England's Base Interest Rate plus 3% a year     | Less than 0.75%, but typically around 0.60% to 0.70% |
| <b>LGIM Global Equity Fixed Weights (50:50) Index Fund</b> | <p>The Fund aims to provide diversified exposure to the UK and overseas equity markets. The Fund will invest 50% in the UK and 50% overseas. The Fund's overseas asset distribution is fixed with 17.5% in North America, 17.5% in Europe (ex-UK), 8.75% in Japan and 6.25% in Asia Pacific (ex-Japan). The underlying Funds employ an index tracking strategy, aiming to replicate the performance of their individual benchmarks.</p> <p>Holding shares of companies from different sectors of the economy in the UK and Overseas helps spread risk, although this type of fund can still be subject to dramatic short-term fluctuations in value. As such, it is aimed towards investors who have a long-term investment strategy.</p> | Composite of 50/50 distribution between UK and overseas | 0.080%   |
| <b>LGIM UK Equity Index GBP</b>                            | <p>This fund invests in the shares of UK listed companies. It aims to track the performance of the FTSE All-Share Index.</p> <p>Holding shares of companies from different sectors of the economy helps spread risk, although this type of fund can still be subject to dramatic short-term fluctuations in value. As such, it is aimed towards investors who have a long-term investment strategy.</p>   | FTSE All-Share Index                                    | 0.059%   |
| <b>LGIM North America Equity Index</b>                     | <p>This fund invests in the shares of companies listed in North America; in particular companies listed on the Canada and United States exchanges. The Fund aims to track the performance of the FTSE World North America Index.</p> <p>Holding shares of companies based in different markets and from different sectors helps spread risk, although this type of fund can still be subject to dramatic short-term fluctuations in value. As such, it is aimed towards investors who have a long-term investment strategy.</p>   | FTSE World North America Index                          | 0.080%   |

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|--|---|---|--------|
| <b>LGIM Europe (ex-UK) Index</b>                           | <p>This fund invests in the shares of companies listed in Developed Europe except the UK. The Fund aims to track the performance of FTSE Developed Europe ex UK Index.</p> <p>Holding shares of companies based in different markets and from different sectors helps spread risk, although this type of fund can still be subject to dramatic short-term fluctuations in value. As such, it is aimed towards investors who have a long term investment strategy.</p>   | FTSE Developed Europe ex UK Index                     | 0.080% |
| <b>LGIM Japan Equity Index</b>                             | <p>This fund invests in the shares of companies listed in Japan. The objective of the Fund is to track the performance of the FTSE Japan Index.</p> <p>Holding shares of companies from different sectors helps spread risk, although this type of fund can still be subject to dramatic short-term fluctuations in value. As such, it is aimed towards investors who have a long-term investment strategy.</p>   | FTSE Japan Index GBP Hedged                           | 0.080% |
| <b>LGIM Asia Pacific (ex-Japan) Developed Equity Index</b> | <p>This fund invests in the shares of companies listed in developed Asia, Excluding Japan, namely: Hong Kong, Singapore, New Zealand, Australia and Korea. The Fund aims to track the performance of the FTSE Developed Asia Pacific ex Japan Index.</p> <p>Holding shares of companies based in different markets and from different sectors helps spread risk, although this type of fund can still be subject to dramatic short-term fluctuations in value. As such, it is aimed towards investors who have a long term investment strategy</p>  | FTSE Developed Asia Pacific ex Japan Index GBP Hedged | 0.105% |
| <b>LGIM UK Smaller Companies Equity Index Fund</b>         | <p>This fund invests in the shares of smaller companies within the UK. The objective of the Fund is to track the performance of the FTSE SmallCap Index.</p> <p>Holding shares of companies from different sectors of the economy helps spread risk, although this type of fund can still be subject to dramatic short-term fluctuations in value. As such, it is aimed towards investors who have a long-term investment strategy.</p>   | FTSE SmallCap Index                                   | 0.230% |
| <b>LGIM Ethical Global Equity Index Fund</b>               | <p>The Ethical Global Equity Index Fund is designed to take account of ethical, environmental and social principles. It mainly invests in shares of companies which form part of the FTSE4Good Global Equity Index.</p> <p>It is aimed at investors who have an interest in companies, which exhibit social, ethical and environmental responsibility.</p> <p>Holding shares of companies based in different markets and from different sectors helps spread risk, although this type of fund can still be subject to dramatic short-term fluctuations in value. . As such, it is aimed towards investors who have a long-term investment strategy.</p> | FTSE Good Global Equity Index                         | 0.330% |

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| <p><b>LGIM Managed Property Fund</b></p>                             | <p>The Fund invests in UK commercial property (investing in offices, retail and industrial property). Properties are selected after in-depth research, which focuses on a property's quality, location and ease of letting.</p> <p>The Fund does not permit borrowing, but may invest to a limited degree in third party property funds and property derivatives.</p> <p>The Fund aims to outperform the AREF/IPD UK Quarterly All Balanced Property Funds Index over three and five year periods.</p> <p>This fund is likely to be more appropriate to members who are investing for the medium to long term and are willing to take an element of risk in exchange for the possibility of higher returns.</p> | <p>AREF/IPD UK Quarterly All Balanced Property Funds Index</p> | <p>0.720%</p> |
| <b>Bonds</b>   |   |  |               |
| <p><b>LGIM Over 5 Year Index-Linked Gilts Index Fund</b></p>         | <p>This fund invests in Index Linked Gilts. These are a form of bond that is issued and backed by the UK Government. The payments from Index Linked Gilts are linked to inflation and so provide protection if inflation increases at a faster rate than expected.</p> <p>The investment objective of the Fund is to track the performance of the FTSE A Index- Linked (Over 5 Year) Index.</p> <p>It is aimed at investors who have a short-term investment horizon and for whom protecting the purchasing power of their fund against the varying cost of buying an inflation linked annuity is more important than generating investment growth.</p>   | <p>FTSE A Index-Linked (Over 5 Year) Index</p>                 | <p>0.068%</p> |
| <p><b>LGIM Over 15 Year Gilts Index Fund</b></p>                     | <p>This fund invests in Gilts. These are a form of bond that is issued and backed by the UK Government.</p> <p>The investment objective of the Fund is to track the performance of the FTSE A Government (Over 15 Year) Index.</p> <p>It is aimed at investors who have a short-term investment horizon and for whom protecting the purchasing power of their fund against the varying cost of buying an annuity is more important than generating investment growth.</p>   | <p>FTSE A Government (Over 15 Year) Index</p>                  | <p>0.068%</p> |
| <p><b>LGIM AAA-AA-A Corporate Bond – Over 15 Year Index Fund</b></p> | <p>This fund invests in long dated investment grade bonds issued by companies that have a credit rating of A, AA or AAA, as measured by the leading rating agencies. The investment objective of the Fund is to track the performance of the Markit iBoxx £ Non-Gilts (ex-BBB) Over 15 Year Index.</p> <p>It is aimed at investors who have a short-term investment horizon and for whom protecting the purchasing power of</p>   | <p>Markit iBoxx £ Non-Gilts (ex-BBB) Over 15 Year Index</p>    | <p>0.090%</p> |

|                                     |  |             |        |
|-------------------------------------|--|-------------|--------|
|                                     | <p>their fund against the varying cost of buying an annuity is more important than generating investment growth. The long-term returns of the Corporate Bonds are expected to exceed the return from Gilts because the investor is taking an extra risk, but there may be extra volatility in this fund relative to the Gilts funds.</p>   |             |        |
| <b>Cash / Money Market</b>          |  |             |        |
| <b>LGIM Sterling Liquidity Fund</b> | <p>The Sterling Liquidity Fund invests in high quality, short-term money market and fixed income securities. It is rated by Standard &amp; Poors and Fitch and has the highest AAA money market fund rating (AAA from S&amp;P, AAAMmf from Fitch). The fund invests only in high quality institutions – all the underlying investments must have the highest credit rating at the time of purchase as assessed by Standard and Poors and has guidelines to limit concentration to any one investment.</p> <p>The aim of the LGIM Sterling Liquidity Fund is to provide capital stability, liquidity and diversification while providing a competitive level of return.</p> <p>It is important to be aware that cash type funds are not guaranteed, and it is possible for the value of a cash type fund to fall. However, this risk is reduced by cash fund managers by investing in a diversified range of high quality institutions.</p> <p>The LGIM Sterling Liquidity Fund is aimed at investors who have a short-term investment horizon and for whom protecting the value of funds built up is more important than generating investment growth.</p> | 7 Day LIBID | 0.090% |

Note 1: Charges effective 31 March 2021 and represent the Total Expense Ratio but exclude a fund's transaction costs. The charges may vary over time.