

Daler-Rowney Retirement & Death Benefits Scheme

Statement of Investment Principles

September 2020

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Appendix 1: The Trustee's Investment Strategy

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Glossary

AVCs	Additional Voluntary Contributions
BlackRock	BlackRock Investment Management (UK) Limited
ESG	Environmental, Social and Governance (including, but not limited to, climate change)
LDI	Liability Driven Investment
LGIM	Legal & General Investment Management Limited
Mobius	Mobius Life Limited
Partners	Partners Group (Guernsey) Limited
Scheme	Daler-Rowney Retirement & Death Benefits Scheme
Schroder	Schroder Investment Management Limited
Trustee	The Trustee of the Scheme
UNPRI	United Nations Principles for Responsible Investment

1. Introduction

This statement is made in accordance with the requirements of legislation¹ and, in determining a suitable investment strategy for the Scheme, the Trustee has considered The Pension Regulator's Investment Guidance for defined benefit pension schemes.

The main body of this statement sets out the principles and policies that govern investments made by the Trustee of the Scheme. Details of the specific investment arrangements in place are set out in the Appendices.

Upon request, a copy of this statement will be made available to members, the Scheme Actuary and any investment managers used by the Trustee.

¹ In particular, the Pensions Act 1995, the Occupational Pensions (Investment) Regulations 2005 and the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

2. Investment Governance Structure

Investment Advice

As required by legislation, in the preparation and maintenance of this statement and when considering the suitability of any investments, the Trustee will obtain and consider written advice from its investment adviser.

The Trustee is advised on investment matters by First Actuarial LLP. First Actuarial LLP is regulated by the Institute and Faculty of Actuaries and is qualified to provide the required advice through knowledge and practical experience of financial matters relating to pension schemes.

The investment adviser provides agreed services on a fixed fee basis, with additional projects provided on a time cost basis.

Legal Advice

Whenever deemed necessary, the Trustee will seek advice from its legal adviser on investment matters.

Employer Consultation

Under legislation, the ultimate responsibility for determining the investment strategy rests with the Trustee. However, the Trustee must consult with the sponsoring employer and consultation must comprise a sharing of views, not simply notification of intent.

Investment Managers

Day-to-day management of the Scheme's assets is delegated to one or more investment managers.

To ensure safekeeping of the assets, ownership and day to day control of the assets is undertaken by custodian organisations which are independent of the sponsoring employer and the investment managers. Where pooled investment vehicles are used, the custodians will typically be appointed by the investment manager.

Members' Views and Other Non-Financial Matters

In the relevant regulations "non-financial matters" refers to the views of the members. This includes, but is not limited to, ethical views, views on ESG factors and views on the present and future quality of life for the members.

The Trustee recognises that it is likely that members and beneficiaries will hold a broad range of views. However, the Trustee does not take non-financial matters into account in the selection, retention and realisation of investments. The Trustee will keep members informed of ESG factors periodically and will review its policy on whether or not to take account of non-financial matters as appropriate.

The Trustee believes that its duty to members and beneficiaries will be best served by ensuring that all benefits can be paid as they fall due and the Trustee's Investment Objectives are designed to ensure this duty is achieved.

Conflicts of Interest

The Trustee is satisfied that the investment strategy described in this Statement meets its responsibility to invest the assets in the best interests of the members and beneficiaries and, in the case of a potential conflict of interest, in the sole interest of the members and beneficiaries.

3. Investment Beliefs

The investment beliefs stated below have been developed by the Trustee and are reflected in the Scheme's investment strategy.

Appropriate Time Horizon

In determining investment objectives and a suitable investment strategy for the Scheme, the Trustee takes into account an appropriate time horizon. The Trustee believes that an appropriate time horizon will be the period over which benefits are expected to be paid from the Scheme.

Risk versus Reward

Targeting higher levels of investment return requires increased levels of investment risk which increases the volatility of the funding position.

Asset Allocation

Long-term performance of the Scheme's assets is attributable primarily to the strategic asset allocation rather than the choice of investment managers.

Diversification

Asset diversification helps to reduce risk.

Use of Pooled Funds

Taking into account the size of the Scheme's assets, it is expected that pooled funds will typically be a more practical way of implementing the Scheme's investment strategy than establishing segregated mandates with investment managers.

Use of Active Management

Active management has the potential to add value either through offering the prospect of enhanced returns or through the control of volatility. In addition, it is recognised that active management may help to mitigate the financial impact of ESG risks.

For each asset class, the Trustee will consider whether the higher fees associated with active management are justified.

ESG and Other Financially Material Considerations

The Trustee believes that financially material considerations, including ESG factors and the risks related to such factors, can contribute to the identification of both investment opportunities and financially material risks. Consequently, financially material considerations can have a material impact on investment risk and return outcomes.

The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

Assessment of how ESG risks are mitigated will be one of the factors considered by the Trustee when selecting and monitoring investment managers.

Stewardship

The Trustee believes that good stewardship can help create, and preserve, value for companies and markets as a whole.

4. Investment Objectives and Strategy

Defined Benefit Assets – Investment Objectives

The Trustee's primary investment objectives are:

- to ensure that the assets are sufficient and available to pay members' benefits as and when they fall due;
- to generate an appropriate level of investment returns – to improve the funding position and thereby improve security for members; and
- to protect the funding position – limiting the scope for adverse investment experience reducing security for members.

The Trustee's investment approach is designed to strike a balance between the above primary objectives but also considers:

- the nature and timing of benefit payments;
- expected levels of investment return on different asset classes;
- expected levels of investment return variability and, specifically, the expected level of short-term volatility of the funding position;
- the sponsoring employer's ability to withstand additional contribution requirements that may arise from volatility in the funding position; and
- the full range of available investments (within the bounds of practicality).

Defined Benefit Assets – Investment Strategy

The Trustee has taken advice from its investment adviser to construct a portfolio of investments consistent with these objectives. In doing so, consideration is given to all matters which are believed to be financially material over the appropriate time horizon.

The Trustee does not take account of non-financial matters when determining the Scheme's investment strategy.

AVCs

The Trustee holds AVC assets which are invested separately from the Scheme's other investments. The AVCs are used to secure benefits on a money purchase basis for members who previously paid AVCs. The Trustee will periodically review the ongoing suitability of the AVC arrangements and remind members with AVCs to review the suitability of their arrangements from time to time.

Details of the current AVC arrangements are provided in Appendix 1.

5. Use of Investment Managers

Investment Manager Selection

The Trustee delegates the day to day management of the assets, including selection, retention and realisation, to professional investment managers.

When considering the suitability of an investment manager, the Trustee (in conjunction with its investment adviser), will take account of all matters which are deemed to be financially material. In particular, the Trustee will:

- ensure that the investment manager has the appropriate knowledge and experience;
- ensure that the investment manager's mandate is appropriate; and
- consider the investment manager's approach to ESG matters.

When selecting investment managers, the Trustee may also take into account non-financially material considerations such as the investment manager's administrative capabilities and the liquidity of the investments.

Where pooled investment vehicles are used, it is recognised that the mandate cannot be tailored to the Trustee's particular requirements. However, the Trustee ensures that any pooled investment vehicles used are appropriate to the circumstances of the Scheme.

The Trustee will normally select investment managers who are signatories to the UNPRI and who publish the results of their annual UNPRI assessment. This principle may be waived if a fund offered by a non-signatory manager is deemed to have investment characteristics which are particularly important for meeting the Trustee's investment objectives.

Manager Implementation

Assets are invested predominantly on regulated markets, as so defined in legislation. Any investments that do not trade on regulated markets are kept to a prudent level.

Use of Derivatives

The investment managers are permitted to use derivative instruments to reduce risk or for efficient portfolio management. Risk reduction would include mitigating the impact of a potential fall in markets or the implementation of currency hedging whilst efficient portfolio management would include using derivatives as a cost-effective way of gaining access to a market or as a method for generating capital and/or income with an acceptable level of risk.

Leverage

The instruments used by the investment managers of the Liability Matching Assets may result in the Liability Matching Assets being leveraged. Since these assets are closely aligned to the liabilities, the allocation to Liability Matching Assets (and any associated leverage) reduces the volatility of the Scheme's funding position and therefore reduces risk.

6. Stewardship

The Trustee's policy in relation to the exercise of rights attaching to investments, and undertaking engagement activities in respect of investments, is that they wish to encourage best practice in terms of stewardship.

However, the Trustee invests in pooled investment vehicles and therefore accepts that ongoing engagement with the underlying companies (including the exercise of voting rights) will be determined by the investment managers' own policies on such matters. For that reason, the Trustee recognises that its ability to directly influence the action of companies is limited.

Nevertheless, the Trustee expects that each investment manager will discharge its responsibilities in respect of investee companies in accordance with that investment manager's own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

The Trustee also expects that each investment manager will take ESG factors into account when exercising the rights attaching to investments and in taking decisions relating to the selection, retention and realisation of investments.

When considering the suitability of an investment manager, the Trustee (in conjunction with its investment adviser) will take account of any particular characteristics of that manager's engagement policy that are deemed to be financially material.

The Trustee recognises that the members might wish the Trustee to engage with the underlying companies in which the Scheme invests with the objective of improving corporate behaviour to benefit the environment and society. However, the Trustee's priority is to select investment managers which are best suited to help meet the Trustee's investment objectives. In making this assessment, the Trustee will receive advice from its investment adviser. The Trustee recognises that the investment managers' own policies are likely to be focussed on maximising financial returns and minimising financial risks rather than targeting an environmental or societal benefit.

7. Investment Manager Arrangements

As the Scheme's assets are held in pooled funds, the Trustee has limited influence over the investment managers' investment decisions. In practice, investment managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover.

It is therefore the Trustee's responsibility to ensure that the approaches adopted by investment managers are consistent with the Trustee's policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies.

The Trustee expects investment managers, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/equity issuers, and to engage with issuers to improve their performance. The Trustee assesses this when selecting and monitoring managers.

The Trustee's policy on selecting, monitoring, evaluating and (where necessary) terminating these arrangements is set out in further detail below.

Compatibility of Pooled Funds with the Trustee's Investment Strategy

When selecting a pooled fund, the Trustee with the assistance of its investment adviser considers various factors, including:

- the assets that will be held within that fund and whether the asset allocation of the fund is expected to change over time;
- the risks associated with the fund along with the return that is expected;
- the fund's objective (as stated by the fund's investment manager) and whether the objective is consistent with the performance that the Trustee expects from that fund;
- the fund's fee structure to ensure that this is reasonable and that it does not provide an incentive for the investment manager to manage the fund in a way that differs from the expectations of the Trustee;
- how frequently underlying investments within the fund are expected to be traded by the investment manager;
- how financially material considerations (including ESG factors) over the appropriate time horizon are taken into account by the investment manager;
- the investment manager's policy in relation to the exercise of the rights (including voting rights) attaching to the investments held within the pooled fund; and
- the investment manager's policy in relation to undertaking engagement activities in respect of the investments held within the pooled fund*.

**This includes engaging with an issuer of debt or equity regarding matters including (but not limited to) performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, and ESG matters. It also includes engaging on these matters with other investment managers, other holders of debt or equity and persons or groups of persons who have an interest in the issuer of debt or equity.*

7. Investment Manager Arrangements (continued)

After analysing the above characteristics for a fund, the Trustee in conjunction with its investment adviser identifies how that fund would fit within its overall investment strategy for the Scheme and how the fund is expected to help the Trustee meet its investment objectives.

Duration of Investment Manager Arrangements

The Trustee normally expects that pooled funds will be held for several years.

However, as part of the periodic strategic asset allocation reviews (which take place at least every three years), the Trustee will review whether the ongoing use of each fund remains consistent with its investment strategy.

The Trustee regularly monitors the financial and non-financial performance of the pooled funds held and details of this monitoring process is set out below. If the Trustee becomes concerned about the ongoing suitability of a pooled fund, they may reduce exposure to it or disinvest entirely. Such action is expected to be infrequent.

Monitoring Pooled Funds

The Trustee with the assistance of its investment adviser regularly assesses the performance of each fund held and this monitoring includes an assessment of whether the investment manager continues to operate the fund in a manner that is consistent with the factors used by the Trustee to select the fund (as listed above).

When assessing the performance of a fund, the Trustee does not usually place too much emphasis on short-term performance although they will seek to ensure that reasons for short-term performance (whether favourable or unfavourable) are understood.

The Trustee expects the investment managers of pooled funds to invest for the medium to long term and they expect investment managers to engage with issuers of debt or equity with a view to improving performance over this time frame.

If it is identified that a fund is not being operated in a manner consistent with the factors used by the Trustee to select the fund, or that the investment manager is not engaging with issuers of debt or equity, the Trustee may look to replace that fund. However, in the first instance, the Trustee would normally expect its investment adviser to raise the Trustee's concerns with the investment manager. Thereafter, the Trustee, in conjunction with its investment adviser, would monitor the performance of the fund to assess whether the situation improves.

7. Investment Manager Arrangements (continued)

Portfolio Turnover

The Trustee is aware of the requirement to monitor portfolio turnover costs (the costs incurred as a result of the buying, selling, lending or borrowing of investments).

When selecting a pooled fund, the Trustee will consider how the investment manager defines and measures:

- the targeted portfolio turnover (the frequency within which the assets of the fund are expected to be bought or sold); and
- turnover range (the minimum and maximum frequency within which the assets of the fund are expected to be bought or sold).

At least annually, the Trustee, in conjunction with its investment adviser, will consider the transaction costs incurred on each pooled fund. As part of this analysis, the Trustee will consider whether the incurred turnover costs have been in line with expectations.

The Trustee will take the above information on portfolio turnover into account when assessing the ongoing suitability of each pooled fund.

8. Risk Mitigation

When determining suitable investment objectives and when designing the Scheme's investment strategy, the Trustee (in conjunction with its investment adviser), will take into account all risks that are assessed to be financially material. The principal investment risks are listed in the Trustee's *Investment Risk Policy*. That Policy also provides an explanation of how the investment risks are managed.

Risk Capacity and Risk Appetite

In determining a suitable investment strategy, the Trustee considers how the volatility of the funding position is likely to be affected by changes to the asset allocation. An important consideration for the Trustee is whether a potential investment strategy is consistent with the ability of the sponsoring employer to address any future increase in deficit that may arise due to market movements.

Self-Investment Risk

Legislation imposes a restriction that no more than 5% of a pension scheme's assets may be related to the sponsoring employer. The Trustee does not hold any direct employer-related assets and any indirect exposure is expected to be less than 5% of total assets.

ESG Risks

The Trustee (in conjunction with its investment adviser) has considered the likely impact of the financially material ESG risks associated with all of the Scheme's investments and has assessed the mitigation of such risks implemented by each of the investment managers. In making this assessment, the Trustee recognises that, where pooled investment vehicles are held, the extent to which ESG factors will be used in the selection of suitable underlying investments will be determined by the investment managers' own policies on such matters.

Liquidity Risk

The majority of the Scheme's investments will be liquid and will be realisable for cash at relatively short notice without incurring high costs. However, the Trustee recognises that the liabilities are long-term in nature and that a modest allocation to less-liquid investments may be appropriate.

Details of the liquidity characteristics of the funds held are provided in Appendix 2.

9. Monitoring

The Trustee regularly reviews the Scheme's investments for all matters considered to be financially material over the appropriate time horizon. This includes reviewing that the assets continue to be managed in accordance with each manager's mandate and that the choice of managers remains appropriate.

Furthermore, the Trustee regularly monitors the position of the investment managers with regards to ESG matters.

To assist with the monitoring of the investment managers, the Trustee receives regular information from its investment adviser providing details of investment manager performance and asset allocation decisions. This analysis includes comparisons with benchmarks and relevant peer-group data.

The analysis assesses whether performance has been in line with expectations given market conditions and whether the level of risk has been as expected.

The investment adviser also provides regular updates on the investment managers' actions regarding ESG factors and shareholder engagement.

The investment adviser regularly meets with the managers of pooled funds on its approved list.

10. Future Amendments

This statement will be reviewed at least every three years and without delay after any significant change in circumstances or investment strategy.

The Trustee has consulted with the sponsoring employer as part of the work preparing this statement.

The principles set out in this Statement have been agreed by the Trustee:

Signed: *Kevin Kenneally*
.....
For HR Trustees LTD

Date: *16th September 2020*
.....

For and on behalf of the Trustee of the Daler-Rowney Retirement & Death Benefit Scheme.

Appendix 1: The Trustee's Investment Strategy

Strategic Asset Allocation

In determining the strategic asset allocation, the Trustee views the investments as falling into two broad categories:

1. **Growth Assets** – Assets that are expected to deliver long-term returns in excess of liability growth. The use of Growth Assets is expected to deliver a level of investment returns deemed appropriate by the Trustee given the risk involved.
2. **Liability Matching Assets** – Assets that are expected to react to changes in market conditions in a similar way to the liabilities. The use of Liability Matching Assets is expected to protect the funding position of the Scheme.

In addition, the Trustee may hold cash. Cash will normally be held in the Trustee's bank account if it is to be used to make payments due in the short-term whereas cash that is to be held for more than a few weeks will normally be held in a cash fund.

At the time of preparing this statement, the split of the Scheme's assets between the above categories was approximately 73% Growth and 27% Liability Matching. This split is not regularly rebalanced and will vary over time as market conditions change.

The Trustee will review the strategic asset allocation periodically, and at least every three years, to ensure that the investment strategy remains consistent with the Trustee's funding objectives. As part of such a review, the Trustee will consider the risks associated with the investment strategy.

Investment Strategy Implementation

The Trustee has selected funds managed by BlackRock, LGIM, Partners and Schroder to implement the Scheme's investment strategy. Investments in the BlackRock and LGIM funds are made via the Mobius investment platform whilst the funds managed by Partners and Schroders are held directly with those managers.

Further details of the investment strategy and the funds used are provided below.

Design of the Liability Matching Portfolio

The Scheme's Liability Matching Assets are invested in leveraged LDI funds managed by Schroder.

The Liability Matching portfolio has been designed to fully match the sensitivity of the liabilities (as measured on the Statutory Funding Objective measure) to changes in long term interest rates and inflation expectations.

Appendix 1: The Trustee's Investment Strategy (continued)

Design of the Growth Asset Portfolio

The structure of the Scheme's Growth Assets has been designed to offer diversification across a range of underlying asset classes and to achieve this by combining investment managers with different asset management styles.

The strategic allocation for the Scheme's Growth Assets is as follows:

Pooled Fund	Strategic Allocation of the Growth Assets
LGIM Diversified Fund	30%
Schroder Life Diversified Growth Fund	42%
BlackRock Aquila Life (30:70) Currency Hedged Global Equity Fund	10%
BlackRock Aquila Life Overseas Fixed Benchmark Equity Fund	5%
Partners Fund (Guernsey)	13%
Total Growth Assets	100%

The allocation of the Growth Assets is not automatically rebalanced but will be monitored and rebalanced at the discretion of the Trustee.

LDI Leverage Management Policy

As gilt yields and expectations for future inflation fluctuate, the leverage of the Schroders LDI funds will vary. In order to keep the leverage of each LDI fund within an acceptable range, the Trustees have provided Schroder with authority to switch cash into, or out of, the LDI funds as necessary.

To support payments into, or out of, the LDI funds, Schroder may hold cash in the Schroder Sterling Liquidity Plus Fund and may disinvest, or invest, from the Schroder Life Diversified Growth Fund as required.

Appendix 1: The Trustee's Investment Strategy (continued)

Cashflow Management Policy

Any investments or disinvestments will be made at the discretion of the Trustee, but the Trustee will maintain a *Cashflow Management Policy* which will record how such payments should be structured. The *Cashflow Management Policy* will be designed to ensure the allocation of the Scheme's assets remains closely aligned with the strategy described in this statement.

To ensure the Scheme operates efficiently, the Trustee may share the *Cashflow Management Policy* with the individual(s) responsible for processing payments from the Scheme.

The *Cashflow Management Policy* will be reviewed from time-to-time by the Trustee and, as a minimum, at least every three years in line with a review of this statement. Given that the *Cashflow Management Policy* is designed to keep the Scheme's asset allocation aligned with the investment strategy and investment principles described in this statement, the sponsoring employer is satisfied that the *Cashflow Management Policy* can be amended by the Trustee without consulting the sponsoring employer.

Insured Pensioners

The Trustee insures a proportion of the Scheme's pensioner liabilities with Legal and General and ReAssure. These insurance policies will provide a stream of income in respect of named individuals for as long as those individuals remain alive. The income received offsets pension payments made from the Scheme.

Additional Voluntary Contributions

The Scheme's AVC arrangements are held with Utmost Life and Pensions and Coventry Building Society.

Appendix 2: Fund Details

This Appendix provides a summary of the funds selected by the Trustee to implement the Scheme's investment strategy. The details provided below are correct as at August 2020.

The following points should be noted:

- **AMC:** The Annual Management Charge applicable to each fund represents the fee payable to the fund manager and includes (where appropriate) the fee payable to Mobius for accessing the fund via the Mobius investment platform.
- **Additional expenses:** These are third party costs associated with the operation of a fund such as fees paid to the administrator, the custodian and the auditor and the costs associated with the use of third-party funds where these are used. The level of the additional expenses may vary over time.
- **Legal Structure:** An explanation of the different types of fund legal structures is provided in the Trustee's *Investment Risk Policy* document.
- **T:** The trade date at which units in a fund are sold or bought. Notice and settlement periods are expressed in days relative to the trade date.

BlackRock Aquila Life (30:70) Currency Hedged Global Equity Fund	
Objective	To achieve a return in line with the FTSE All-Share Index (30%) and overseas equities (70%), which comprises 60% FTSE All-World Developed ex-UK Index and 10% MSCI Emerging Markets Index
Legal Structure	Unit-linked insurance policy
Trading Frequency	Daily
Notice Period	T-3
Settlement Period	T+3
Fee	AMC: 0.165% per annum
	Additional Expenses (approx.): 0.01% per annum

Appendix 2: Fund Details (continued)

BlackRock Aquila Life Overseas Fixed Benchmark Equity Fund	
Objective	To achieve a return in line with the FTSE USA Index (33.3%), FTSE AW Developed Europe ex-UK Index (33.3%), FTSE Japan Index (16.7%) and FTSE AW Developed Asia Pacific ex-Japan Index (16.7%)
Legal Structure	Unit-linked insurance policy
Trading Frequency	Daily
Notice Period	T-3
Settlement Period	T+3
Fee	AMC: 0.135% per annum
	Additional Expenses (approx.): 0.01% per annum

Schroder Life Diversified Growth Fund	
Objective	The Schroder Life Diversified Growth Fund can invest in a broad array of asset classes and aims to generate a return of CPI +5% per annum over a five to seven-year period. It also expects to have a volatility less than two thirds of global equities.
Legal Structure	Unit-linked insurance policy
Trading Frequency	Daily
Notice Period	T-3
Settlement Period	T+4
Fee	AMC: 0.55% per annum
	Additional Expenses (approx.): 0.04% per annum

Appendix 2: Fund Details (continued)

LGIM Diversified Fund	
Objective	To provide long-term investment growth through exposure to a diversified range of asset classes. The long-term rate of return is expected to be broadly similar to that of a developed market equity fund.
Legal Structure	Unit-linked insurance policy
Trading Frequency	Daily
Notice Period	Daily T-2
Settlement Period	T+2
Fee	AMC: 0.32% per annum
	Additional Expenses (approx.): 0.01% per annum

Partners Fund (Guernsey)	
Objective	To achieve an absolute return of 8% to 15% per annum net of fees and to achieve capital growth over the medium to long-term by investing in various alternative asset classes and/or alternative investment strategies. The Fund provides for (a) well defined diversification of the Fund's investments in order to reduce risks associated with alternative investments, and (b) monthly liquidity for investors.
Legal Structure	Unit Trust
Trading Frequency	Monthly*
Notice Period	One month*
Settlement Period	T+21
Fee	AMC: 1.5% per annum of NAV (Net Asset Value) plus unfunded commitments
	Performance related fee: Performance fee of 12.5% over a high watermark

*The Partners Fund trades monthly and one month's notice of a disinvestment must be given. The Fund may be subject to a gating provision and the Trustee therefore recognises that it may take longer than one month to disinvest.

Appendix 2: Fund Details (continued)

Schroders LDI Funds	
Objective	To provide exposure to the return on gilts and index-linked gilts within set maturity bands by investing in a portfolio of sterling denominated gilts, cash and cash funds.
Legal Structure	Unit-linked insurance policy
Trading Frequency	Daily
Notice Period	T-3
Settlement Period	T+1
Fee	AMC: 0.10% p.a. based on the value of the hedged liabilities