

**LSR Pension Scheme**

**Statement of Investment Principles**

**January 2023**

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## 1. Definitions

AVCs	Additional Voluntary Contributions
ESG	Environmental, Social and Governance
Investment Adviser	<p>The Trustee is advised on investment matters by First Actuarial LLP.</p> <p>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.</p>
Legislation	<p>This statement has been drafted to comply with relevant legislation.</p> <p>In particular, consideration has been given to:</p> <ul style="list-style-type: none"><li>• the Pensions Act 1995;</li><li>• the Occupational Pensions (Investment) Regulations 2005;</li><li>• the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018; and</li><li>• the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.</li></ul>
Scheme	LSR Pension Scheme
Trustee	The Trustee of the Scheme

## **2. Introduction**

This statement is made in accordance with the requirements of legislation. The main body of the document sets out the principles and policies that govern investments made by the Trustee whilst details of the specific investment arrangements in place are provided in the Appendices.

Throughout the statement, wording in blue represents actions that will be taken by the Trustee in the implementation and monitoring of the Scheme's investment arrangements.

### **Investment advice**

The Trustee received and considered written investment advice from the Investment Adviser to help with the preparation of this statement.

The Trustee will obtain and consider written advice from the Investment Adviser when reviewing the Scheme's investment strategy or when considering the suitability of potential investments. The Trustee expects that such advice will be consistent with any guidance issued by The Pensions Regulator.

### **Legal advice**

The Trustee will seek legal advice relating to investment matters whenever deemed necessary.

### **Consultation with the sponsoring employer**

In preparing this statement, the Trustee consulted with the sponsoring employer.

The Trustee will consult with the sponsoring employer before making any changes to the Scheme's investment strategy.

### **Conflicts of interest**

The Trustee is satisfied that the Scheme's investment strategy 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.

#### **Basic investment principles**

The Trustee believes that the following three basic investment principles should be taken into account in the construction of the Scheme's investment strategy:

- i) Targeting higher levels of investment return requires increased levels of investment risk which increases the volatility of the funding position.
- ii) Long-term performance of the Scheme's assets is attributable primarily to the strategic asset allocation rather than the choice of investment managers.
- iii) Asset diversification helps to reduce risk.

#### **Financially material considerations and the appropriate time horizon**

The Trustee believes that the potential impact of any financially material considerations that may affect the Scheme's investments should be assessed over the period during which benefits are expected to be paid from the Scheme. In the terminology used by legislation, the Trustee considers this period of time to be "the appropriate time horizon of the investments".

#### **ESG**

The Trustee believes that the impact of ESG risks and opportunities can be financially material and the Trustee recognises that ESG matters, particularly climate change, should be assessed over the appropriate time horizon.

#### **Use of active management**

The Trustee believes that active management has the potential to add value either through offering the prospect of enhanced returns or through the control of volatility.

The Trustee also believes that active management may help to mitigate the financial impact of ESG risks.

### **3. Investment Beliefs (continued)**

#### **Stewardship**

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

#### **Members' views (non-financial matters)**

Legislation defines non-financial matters as meaning the views of the members and beneficiaries including (but not limited to) ESG matters and the present and future quality of life of the members and beneficiaries of the Scheme.

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.

In reaching this conclusion, the Trustee considered whether to take members' views into account when determining a suitable investment strategy and in the selection, retention and realisation of investments. However, the Trustee has determined that it would not be practical to do so. In particular, the Trustee concluded that it is likely that members and beneficiaries would hold a broad range of views which would be difficult to accommodate.

At least every three years, the Trustee will:

- review the suitability of its investment beliefs; and
- review its policy on whether to take account of members' views within the Scheme's investment strategy and in the selection, retention and realisation of investments.

## 4. Investment Objectives and Investment Strategy

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;
- to protect the funding position – limiting the scope for adverse investment experience reducing security for members; and

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).

The Trustee has taken advice from the Investment Advisor 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.

Details of the current investment strategy are provided in Appendix 1.

The Trustee will review its investment objectives and the Scheme's strategic asset allocation at least every three years.

## **5. Investment Manager Arrangements**

### **Use of pooled funds**

Day-to-day management of the Scheme's assets, including the selection, retention and realisation of investments, is delegated to one or more investment managers.

Taking into account the size of the Scheme's assets, the Trustee has concluded that pooled funds represent the most pragmatic way of implementing the Scheme's investment strategy rather than establishing segregated mandates with 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 a pooled fund is held, the custodian will typically be appointed by the investment manager.

The assets held by the Scheme 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.

The Trustee will primarily hold pooled funds and will ensure the Scheme's assets are predominantly invested on regulated markets.

### **Use of derivatives**

The Trustee may select pooled funds which 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**

Investments held to match the sensitivity of the Scheme's liabilities to changes in interest rates and inflation may be leveraged. The use of such assets reduces the volatility of the Scheme's funding position.

## **5. Investment Manager Arrangements (continued)**

### **Alignment with the Trustee's investment principles**

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.

### **Duration of Investment Manager Arrangements**

Although the Trustee regularly reviews the ongoing suitability of the pooled funds held, the expectation is that pooled funds will normally be held for several years.

### **AVCs**

AVCs are held separately from the Scheme's other investments and the AVCs are used to secure benefits on a money purchase basis for members at retirement. From time to time the Trustee reviews the ongoing suitability of the AVC arrangements.

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

[The Trustee will review the ongoing suitability of the AVC arrangements on a periodic basis.](#)

## 6. Selection of a Pooled Fund

In assessing the suitability of a pooled fund, the Trustee, in conjunction with the Investment Adviser, considers how the fund would fit within the Scheme's investment strategy and how the fund is expected to help the Trustee meet its investment objectives. As part of this consideration, all matters which are deemed to be financially material are taken into account including:

- whether the investment manager has appropriate knowledge and experience;
- the pooled fund's objective and whether that objective is consistent with the performance that the Trustee expects from that fund;
- the risks associated with the pooled fund;
- whether the pooled fund's return is expected to exceed inflation over the long-term;
- past performance – with the emphasis being on assessing long-term performance;
- the assets that will be held within the pooled fund, including whether the asset allocation is expected to change over time, and the extent of any exposure to overseas currencies;
- the pooled 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 pooled fund in a way that differs from the expectations of the Trustee;
- (where appropriate) whether the higher fees associated with active management are justified;
- how frequently underlying investments within the pooled fund are expected to be traded by the investment manager;
- portfolio turnover costs;
- the investment manager's approach to ESG matters;

## 6. Selection of a Pooled Fund (continued)

- 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 considerations. 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.*

At least every three years, the Trustee will review whether the ongoing use of each fund remains consistent with its investment strategy.

The Trustee will ensure any new pooled funds introduced into the investment strategy are appropriate to the circumstances of the Scheme.

## 7. Monitoring

The Trustee regularly reviews the Scheme's investments for all matters considered to be financially material (including ESG matters). This includes reviewing that each fund continues to operate in a manner that is consistent with the factors used by the Trustee to select the fund and that the choice of funds remains appropriate.

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

To assist with the monitoring of the investment managers, the Trustee receives regular information from the 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 matters and shareholder engagement.

The Investment Adviser regularly meets with the managers of pooled funds on its approved list.

In monitoring portfolio turnover costs for a pooled fund, the Trustee expects investment managers to provide cost data under the framework developed by the Cost Transparency Initiative.

### **Action when a pooled fund is causing concern**

Where concerns about a fund are identified, the Trustee may look to reduce exposure to that fund or disinvest from it entirely. However, such action is expected to be infrequent and, in the first instance, the Trustee would normally expect the Investment Adviser to raise the concerns with the investment manager. Thereafter, the Trustee, in conjunction with the Investment Adviser, would monitor the position to assess whether the situation improves.

[The Trustee will regularly assess the ongoing suitability of each pooled fund held for all matters deemed to be financially material \(including ESG matters and portfolio turnover costs\).](#)

## 8. 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 it wishes to encourage best practice in terms of stewardship.

However, because the Scheme's assets are invested in pooled funds, the Trustee 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. Consequently, the Trustee recognises that its ability to directly influence the action of companies is limited.

The Trustee recognises that 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 the Investment Adviser.

The Trustee recognises that investment managers' engagement policies are likely to be focussed on maximising financial returns and minimising financial risks rather than targeting an environmental or societal benefit.

Nevertheless, the Trustee expects that each investment manager should discharge its responsibilities in respect of investee companies in accordance with that investment manager's own corporate governance policies and current best practice, such as the UK Stewardship Code and the UN Principles for Responsible Investment.

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

The Trustee expects that the investment managers selected to manage the Scheme's assets should invest for the medium to long term and should engage with issuers of debt or equity with a view to improving performance over this time frame.

[The Trustee will review the stewardship policies of the investment managers on an annual basis.](#)

## **9. Risks**

The principal investment risks identified by the Trustee are listed below together with an explanation of how they are mitigated.

### **Indirect credit risk**

The risk that an investment held within a pooled fund will suffer a financial loss because of a third party failing to pay monies that it owes.

### **Currency risk**

The risk that the value of an investment will fall because of adverse movements in currency markets.

### **Real return risk**

The risk that the Scheme's assets do not deliver a long-term return in excess of inflation.

### **ESG risk**

The risk that ESG factors will adversely impact the value of the Scheme's investments.

### **Investment manager risk**

The risk that an investment manager does not deliver returns in line with expectations.

### **Mitigation of the above risks**

The risks listed above are mitigated by the Trustee monitoring the suitability of the pooled funds used by the Scheme. This monitoring is carried out in conjunction with the Investment Adviser.

## **9. Risks (continued)**

### **Solvency and employer covenant risk**

The risk that the Scheme's assets fall short of the amount required to pay all benefits and expenses as they fall due and that insufficient assets could be recoverable from the Employer to meet the shortfall.

#### Mitigation

The Trustee's funding approach is designed to be prudent and, in determining the funding and investment strategy, the Trustee considers the strength of the covenant of the sponsoring employer.

### **Self-Investment risk**

The risk that the Scheme's assets are linked to the sponsoring employer which could mean a reduction in the covenant of the sponsoring employer would simultaneously decrease the value of the Scheme's assets.

#### Mitigation

The Trustee will ensure exposure to employer-related assets does not exceed limits prescribed in legislation.

### **Direct credit risk**

The risk that disruption with an investment manager (such as fraud or insolvency) could adversely impact the value of the Scheme's investments.

#### Mitigation

Any pooled funds held are structured such that the Scheme's assets are ringfenced from the assets of the investment manager and other investors. Details of the legal structures of the funds held are provided in Appendix 2.

## 9. Risks (continued)

### Interest rate risk and inflation risk

The risk that movements in interest rates/expectations for future inflation will adversely impact the value of the Scheme's investments.

#### Mitigation

Any assets held which have significant interest rate/inflation exposure will be selected to offset the sensitivity of the Scheme's liabilities to interest rate/inflation movements. This approach mitigates interest rate risk and inflation risk.

### Liquidity Risk

The risk that assets cannot be realised for cash when required.

#### Mitigation

The Trustee will invest the majority of the Scheme's investments in funds which can be realised for cash at relatively short notice without incurring high costs. However, the Trustee recognises that the Scheme's 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.

#### The Trustee will:

- review the investment risks faced by the scheme at least every three years;
- ensure the Scheme does not hold any direct employer-related assets and that any indirect exposure is expected to be less than 5% of total assets; and
- ensure that the majority of the Scheme's investments can be realised for cash at relatively short notice without incurring high costs.

## 10. Future Amendments

The Trustee will review this statement at least every three years and without delay after any significant change in circumstances or investment strategy.

The Trustee will consult with the sponsoring employer before amending this statement.

The Trustee will obtain and consider written advice from the Investment Adviser before amending this statement.

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

Signed:.....

Date: 26 January 2023 .....

For and on behalf of the Trustee of the LSR Pension 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 Growth and Liability Matching Assets was 56% Growth and 44% Liability Matching. This split is not regularly rebalanced and will fluctuate over time as market conditions change.

### Investment Strategy Implementation

The Trustee has selected funds managed by Legal & General Investment Management (LGIM), Columbia Threadneedle Investments (CT), Schroder Investment Management Limited and M&G Investment Management Limited to implement the Scheme's investment strategy. All funds are held directly with the investment managers except for the M&G Total Return Credit Investment Fund which is held via the LGIM investment platform.

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

## 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 the expectation of growth in excess of the discount rate with acceptable volatility.

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

Pooled Fund	Strategic Allocation of the Growth Assets
<b>Equity Funds</b>	
LGIM UK Equity Index Fund	3%
Schroder Prime UK Equity Fund	15%
<b>Total Equity Allocation</b>	<b>18%</b>
<b>Diversified Growth Funds</b>	
LGIM Diversified Fund	9%
Schroders Diversified Growth Fund	9%
<b>Total Diversified Growth Allocation</b>	<b>18%</b>
<b>High Yield Bonds</b>	
LGIM High Yield Bond Fund	9%
<b>Total High Yield Bond Allocation</b>	<b>9%</b>
<b>Diversified Credit Funds</b>	
M&G Total Return Credit Fund	22%
CT Global Low Duration Credit Fund	33%
<b>Total Diversified Credit Allocation</b>	<b>55%</b>
<b>Total Growth Assets</b>	<b>100%</b>

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

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

### **Design of the Liability Matching Portfolio**

The Scheme's Liability Matching Assets are invested in the following funds:

- CT Short Profile Leveraged Nominal Gilt Fund
- CT Short Profile Leveraged Real Gilt Fund
- LGIM Maturing Buy & Maintain Credit 2030-2034 Fund
- LGIM Maturing Buy & Maintain Credit 2035-2039 Fund
- CT Sterling Liquidity Fund

The CT Leveraged Gilt Funds are leveraged Liability Driven Investment (LDI) funds and the LGIM Maturing Buy & Maintain Credit Funds are corporate bond funds. These funds are designed to match the sensitivity of a pension scheme's liabilities to changes in gilt yields and inflation expectations.

The CT Sterling Liquidity Fund is a cash fund which is used to support the leverage management process of the CT LDI funds. The Scheme also has access to the LGIM Cash Fund to assist with short-term cashflow management where required.

### **LDI Leverage Management Policy**

In an environment of rising yields, a recapitalisation payment may need to be paid into one or more of the CT LDI funds. This will ensure that leverage within the LDI funds remains within a permissible range. The Trustee has provided CT with authority to raise money for such a payment by surrendering units from the CT Global Low Duration Credit Fund.

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

If the leverage of a CT LDI fund falls below a minimum threshold, CT will make a cash payment from the relevant fund to raise the leverage. The Trustee has provided CT with authority to invest any such cash proceeds in the CT Global Low Duration Credit Fund.

### **Cashflow Management Policy**

Any investments or disinvestments will be made at the discretion of the Trustee who will typically receive advice from the Investment Adviser. However, the Trustee would normally expect that:

- investments will be allocated to the Growth Assets and used to move the allocation of the Growth Assets closer to the strategic allocation; and
- disinvestments will normally be taken from the Diversified Credit Funds and/or the Diversified Growth Funds.

### **Additional Voluntary Contributions**

The Scheme's AVC arrangements are held with Santander Corporate Banking, Utmost Life and Pension Limited and Aviva UK Life.

## Appendix 2: Fund Details

This Appendix provides a summary of the funds used to implement the Scheme's investment strategy. The details provided below were correct as at January 2023.

The following points should be noted:

- **AMC:** The Annual Management Charge applicable to each fund represents the fee payable to the fund manager.
- **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.
- **T:** Trade Date

LGIM UK Equity Index Fund	
Objective	To track the performance of the FTSE All-Share Index (less withholding tax if applicable) to within +/-0.25% p.a. for two years out of three.
Legal structure	Unit-linked insurance policy
Trading frequency	Weekly
Notice period	T-2
Settlement period	Up to T+3
Fee	AMC: Up to 0.10%
	Additional Expenses (approx.): Nil

## Appendix 2: Fund Details (continued)

Schroder Prime UK Equity Fund	
Objective	To provide capital growth in excess of the FTSE All Share (Gross Total Return) index (after fees have been deducted) over a 3 to 5 year period by investing in equities of UK companies.
Legal Structure	Unit Trust
Trading Frequency	Daily
Notice Period	T
Settlement Period	T+4
Fee	AMC: 0.32%
	Additional Expenses (approx.): Nil

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	Weekly
Notice Period	T-2
Settlement Period	Up to T+3
Fee	AMC: 0.30%
	Additional Expenses (approx.): Up to 0.05%

## Appendix 2: Fund Details (continued)

Schroder Life Diversified Growth Fund	
Objective	To provide capital growth and income of the ICE BofA Sterling 3-Month Government Bill Index plus 4.5% per annum (before the deduction of fees) over a five to seven year period by investing in a broad range of asset classes. The fund 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
Settlement Period	T+4
Fee	AMC: 0.55%
	Additional Expenses (approx.): 0.06%

LGIM High Yield Bond Fund	
Objective	To outperform the ICE BofA BB-B Global High Yield Non Financials 2% Constrained Total Return Index (GBP Hedged) by 1.0% p.a. (before fees) over a rolling three year period.
Legal Structure	Unit-linked insurance policy
Trading Frequency	Weekly
Notice Period	T-2
Settlement Period	Up to T+3
Fee	AMC: Up to 0.30%
	Additional Expenses (approx.): Nil

## Appendix 2: Fund Details (continued)

M&G Total Return Credit Investment Fund	
Objective	To outperform SONIA by 3.0% - 5.0% p.a. (gross of fees) over 5 years.
Legal Structure	Accessed via LGIM's investment platform and held within a unit-linked insurance policy. The underlying fund structure is an investment company with variable capital.
Trading Frequency	Daily
Notice Period	T-1
Settlement Period	T+2
Fee	AMC: 0.48%*
	Additional Expenses (approx.): Nil

*\*includes a fee of 0.03% for accessing the fund via the LGIM investment platform*

CT Global Low Duration Credit Fund	
Objective	Fund is to provide a total return commensurate with investment in low duration non-government bonds and other similar assets. The Fund does not maintain any explicit targets.
Legal Structure	Investment company with variable capital
Trading Frequency	Daily
Notice Period	T-1
Settlement Period	T+2
Fee	AMC: 0.15%
	Additional Expenses: 0.04%

## Appendix 2: Fund Details (continued)

LGIM Maturing Buy & Maintain Funds	
Objective	To capture the credit risk premium within a globally diversified portfolio of predominantly investment grade credit and to distribute income and principal payments as the fund matures.
Legal Structure	Unit-linked insurance policy
Trading Frequency	Weekly
Notice Period	T-2
Settlement Period	Up to T+3
Fee	AMC: 0.15%
	Additional Expenses (approx.): Nil

CT LDI Leveraged Gilt Funds	
Objective	To provide liability hedging by offering interest rate and inflation protection which replicates the liability profile of a typical UK defined benefit pension scheme.
Legal Structure	Investment company with variable capital
Trading Frequency	Daily
Notice Period	T-1
Settlement Period	T+2
Fee	AMC: Up to 0.15%
	Additional Expenses (approx.): 0.04%

## Appendix 2: Fund Details (continued)

CT Sterling Liquidity Fund	
Objective	To provide a vehicle that will maintain high levels of liquidity and generate a return in line with money market rates.
Legal Structure	Investment company with variable capital
Trading Frequency	Daily
Notice Period	T-2
Settlement Period	T
Fee	AMC: 0.10%
	Additional Expenses (approx.): 0.06%

LGIM Cash Fund	
Objective	To perform in line with SONIA (Sterling Overnight Index Average), without incurring excessive risk.
Legal Structure	Unit-linked insurance policy
Trading Frequency	Daily
Notice Period	T-1
Settlement Period	T+2
Fee	AMC: 0.125%
	Additional Expenses (approx.): Nil

At the time of preparing this document the Scheme also had a holding in the Schroder Indirect Real Estate Fund that had a value of 9 pence as at 31 December 2022. This fund is in the process of winding down and is not part of the Scheme's future strategy. On account of this, and the negligible amount held, the fund has not been included in this document.