RNIB Retirement Benefit Scheme – Statement of Investment Principles ~DC Section

1. Introduction

This document sets out the policy of the Trustees of the RNIB Retirement Benefits Scheme ("the Trustees") on various matters governing decisions about the investments of the RNIB Retirement Benefits Scheme ("the Scheme"), a Scheme with Defined Benefit ("DB") and Defined Contribution ("DC") sections. This document covers the DC section of the Scheme's Statement of Investment Principles ("SIP"). The DB section of the SIP is covered in a separate document and taken together with this document forms the SIP for the Scheme as a whole. The document replaces the previous SIP dated 1 October 2020.

The SIP is designed to meet the requirements of Section 35 (as amended) of the Pensions Act 1995 ("the Act"), the Occupational Pension Schemes (Investment) Regulations 2005 (as amended) and the Pension Regulator's guidance for defined benefit pension schemes (March 2017) and the Occupational Pension Schemes (Charges and Governance) Regulations 2015.

The DC Section of the SIP has been prepared after obtaining and considering written professional advice from LCP, the Scheme's DC Section investment adviser, whom the Trustees believe to be suitably qualified and experienced to provide such advice. The advice considers the suitability of investments including the need for diversification given the circumstances of the Scheme and the principles contained in this SIP. The Trustees have consulted with the relevant employer in producing this SIP.

The Trustees will review the SIP from time to time and, with the help of their advisers, will amend it as appropriate. These reviews will take place as soon as practicable after any significant change in investment policy or in the demographic profile of the relevant members in respect of the DC Section and at least once every three years.

- **Appendix 1** sets out details of the Scheme's investment governance structure, including the key responsibilities of the Trustees, investment advisers and investment managers. It also contains a description of the basis of remuneration of the investment adviser and the investment managers.

- **Appendix 2** sets out the Trustees' policy towards risk appetite, capacity, measurement, and management.
- **Appendix 3** sets out the Scheme's investment manager arrangements.

2. Investment objectives

The Trustees' primary objective for the DC Section is to provide members with access to:

- an appropriate range of investment options, reflecting the membership profile of the DC Section and the variety of ways that members can draw their benefits in retirement; and
- a default arrangement that the Trustees believe to be reasonable for those members that do not wish to make their own investment decisions. The objective of the default arrangement is to generate returns above inflation whilst members are some distance from retirement, but then to switch automatically and gradually to lower risk investments as members near retirement. The asset allocation of the default strategy should be reflective of the form in which the Trustees expect most members to take their assets.

3. Investment strategy

The Trustees, with the help of their advisers and in consultation with the employer, reviewed the investment strategy for the DC Section on 14 December 2022, considering the objectives described in Section 2 above.

For the DC Section, the Trustees have made available a range of investment funds for members. Each member is responsible for specifying one or more funds for the investment of their account, having regard to their attitude to the risks involved. If a member does not choose an investment option, their account will be invested into the default arrangement, which is managed as a "lifestyle" strategy (i.e., it automatically combines investments in proportions that vary according to the time to target retirement age).

The default arrangement was designed to be in the best interests of the majority of the members based on the demographics of the Scheme's membership. The default arrangement targets cash withdrawal at retirement, since the Trustees believe that most members will wish to take their benefits in this form. Therefore, in the initial growth phase the default arrangement is invested to target a return above inflation, and then in the 15 years before retirement, it switches gradually into less risky assets, with the asset allocation at retirement being designed to be appropriate for members taking cash withdrawal.

As well as the lifestyle strategy noted above, the Trustees make an alternative lifestyle arrangement available to members, the ex-tobacco Lifestyle Strategy. This strategy excludes any tobacco companies and targets a cash withdrawal at retirement. Therefore, in the growth phase the lifestyle strategy is invested to target a return above inflation, and then in the 10 years before retirement, it switches gradually into cash, with the asset allocation at retirement being designed to be appropriate for members taking cash withdrawal.

The Trustees will monitor the relevant members' investment behaviour to check whether assumptions made about how members will access their benefits are borne out in practice.

When deciding on the most appropriate default arrangement for the Scheme, the Trustees' investment advisers provided advice on the nominal expected return of the asset classes underlying the default arrangement. These are shown in the table below. The table consists of two columns and four rows. The first row contains headings.

Asset class	Expected return (%) pa
Global equities	6.0
Diversified growth	4.1
Money market cash	0.5

The expected returns above are those that were used by the Trustee's investment advisers when advising on the design of the current default arrangement for the Scheme (as part of the review on 13 August 2021) and are the adviser's best estimate expected returns as at 30 June 2021.

4. Considerations in setting the investment arrangements

When deciding how to invest the Scheme's assets, the Trustees consider several risks, including, but not limited to, those set out in Appendix 2. Some of these risks are more quantifiable than others, but the Trustees have tried to allow for the relative importance and magnitude of each risk.

The Trustees considered a wide range of asset classes for investment, taking account of the expected returns and key individual risks associated with those asset classes as well as how these risks can be mitigated where appropriate.

The Trustees considered the needs of two different types of members present in the Scheme from 1 April 2019. Those who were active or deferred members before 1 April 2019 (and who therefore have existing Defined Benefit pensions assets) and those who joined the Scheme after 1 April 2019 who will only have DC benefits.

In determining the investment arrangements for the DC Section, the Trustees considered:

- the best interests of all members and beneficiaries;
- the profile of the membership and what this is likely to mean for the choices members might make upon reaching retirement;
- the risks, rewards, and suitability of a number of possible asset classes and lifestyle strategies and whether the return expected for taking any given investment risk is considered sufficient given the risk being taken;
- the need for appropriate diversification within the default strategy to ensure that both the overall level of investment risk and the balance of individual asset risks are appropriate;
- the need for appropriate diversification within the other investment options offered to members;
- any other considerations which the Trustees consider financially material over the periods until members' retirement, or any other timeframe which the Trustees believe to be appropriate; and
- the Trustees' investment beliefs about how investment markets work, and which factors are most likely to impact investment outcomes.

The Trustees' key investment beliefs, which influenced the setting of the investment arrangements, are as follows:

- asset allocation is the primary driver of long-term returns;
- risk-taking is necessary to achieve return, but not all risks are rewarded;
- equity, credit and illiquidity are the primary rewarded risks;
- risks that do not have an expected reward should generally be avoided, hedged or diversified;
- investment markets are not always efficient and there may be opportunities for good active managers to add value;

- environmental, social and governance (ESG) factors are likely to be one area of market inefficiency and so managers may be able to improve risk-adjusted returns by taking account of ESG factors;
- investment managers who can consistently spot and profitably exploit market opportunities are difficult to find and therefore passive management, where available, is usually better value;
- long-term environmental, social, and economic sustainability is a factor that trustees should consider when making investment decisions; and
- costs have a significant impact on long-term performance and therefore obtaining value for money from the investments is important.

The Trustees' key investment beliefs and understanding of the Scheme's membership are reflected in the design of the default and other lifestyle options, and in the range of other funds made available to members.

5. Implementation of the investment arrangements

Before investing in any manner, the Trustees obtain and consider proper written advice from their investment adviser on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments. The Trustees review this advice in the context of their wider investment beliefs and their objectives with regards to the Scheme and membership before deciding whether to implement an investment.

Details of the investment managers are set out in Appendix 3.

In respect of the DC Section, the Trustees have entered into a contract with a platform provider, who makes available the range of investment options to members. There is no direct relationship between the Scheme and the underlying investment managers of the DC investment funds.

The Trustees have signed agreements with the investment managers, and a platform provider setting out in detail the terms on which the portfolios are to be managed. The investment managers' primary role is the day-to-day investment management of the Scheme's investments.

The Trustees and investment managers to whom discretion has been delegated exercise their powers to give effect to the principles in this Statement of Investment Principles, so far as is reasonably practicable.

The Trustees have limited influence over managers' investment practices because all the Scheme's assets are held in pooled funds, but they encourage their managers to improve their practices where appropriate.

The Trustees' view is that the fees paid to the investment managers, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high-quality service that meets the stated objectives, guidelines and restrictions of the fund. However, in practice 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 the Trustees' responsibility to ensure that the managers' investment approaches are consistent with their 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 Trustees expect 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. They assess this when selecting and monitoring managers.

The Trustees evaluate investment manager performance by considering performance over both shorter and longer-term periods as available. Generally, the Trustees would be unlikely to terminate a mandate on short-term performance grounds alone.

The Trustees' policy is to evaluate each of their investment managers by reference to the manager's individual performance as well the role it plays in helping the Scheme meet its objectives, taking account of risk, the need for diversification and liquidity. Each manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

The Trustees recognise that portfolio turnover and associated transaction costs are a necessary part of investment management and that the impact of portfolio turnover costs is reflected in performance figures provided by the investment managers. The Trustees expect their investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Scheme's investment mandates.

6. Realisation of investments

The investment managers have discretion over the timing of realisation of investments of the Scheme within the portfolios that they manage, and in considerations relating to the liquidity of investments.

For the DC Section, the Trustees' policy is to invest in funds that offer daily dealing to enable members to readily realise and change their investments.

7. Financially material considerations and non-financial matters

The Trustees have considered how environmental, social, governance ("ESG") and ethical factors should be considered in the selection, retention and realisation of investments, given the time horizon of the Scheme (which as a Scheme used for auto-enrolment covers the potential working life of a younger member joining now) and its members.

All of the DC Section investments are via pooled funds. The Trustees have limited influence over managers' investment practices where assets are held in pooled funds.

The Trustees expect their investment managers to take account of financially material considerations (including climate change and other ESG considerations) to the appropriate extent. However, the Trustees review how their managers are taking account of these issues in practice from time to time and encourage their managers to improve their practices where appropriate.

In the selection and retention of managers the Trustees believe ESG, climate change, and stewardship considerations to be important factors to consider. The Trustees seek to appoint managers that have appropriate skills and processes to address financially material considerations including ESG factors and manage these risks sufficiently.

The Trustees do consider non-financial matters (ie matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments as they relate to tobacco investment. The Trustees have considered the practicalities of moving towards a policy of excluding tobacco investment within the DC Section. This is due to a belief that some members may wish to be able to exclude tobacco investment given the link between smoking and blindness. To that end, as noted in section 3 above, the Trustees have made an ex-tobacco lifestyle strategy available for members as a self-select option.

In general, it is not the Trustees' policy to survey the membership in order to elicit their views on financial and non-financial concerns. The Trustees typical practice is to take a view on which concerns they can reasonably assume members will share, given the nature of the Employer attached to the Scheme. To this end, the Trustees recognise that some members may wish for ethical matters to be considered in their investments and have made available the LGIM Ex-Tobacco Lifestyle Strategy, LGIM World Developed (ex-tobacco) Equity Index Fund, LGIM Low Carbon Transition Global Equity Index Fund and LGIM Ethical Global Equity Index Fund as self-select options.

The Trustees recognise that some members may wish to invest in a way which is consistent with the principles of Islamic investment and therefore have made available the HSBC Islamic Global Equity Index Fund as a self-select investment option.

8. Voting and engagement

The Trustees recognise their responsibilities as owners of capital, and believe that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments.

Before deciding which manager to appoint, the Trustees carry out a review of the manager's voting/stewardship activities and outcomes to determine how well they align with the Trustees' stewardship themes and priorities (see below). The Trustees also express their preferences regarding ESG and stewardship approaches with prospective managers, to check alignment.

At the time the manager is selected, the Trustees ask whether they accept and are prepared to consider expressions of wish or collective voting policies.

The Trustees have delegated to their investment managers the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG considerations.

The Trustees do not monitor or engage directly with issuers or other holders of debt or equity since the DC Section's assets are invested in the units of various pooled funds, and not directly in debt or equity or other investment assets. The Trustees expect the pooled fund investment managers to exercise ownership rights and undertake monitoring and engagement in line with the managers' general policies on stewardship, as provided to the Trustees from time to time, considering the long-term financial interests of the beneficiaries.

The Trustees seek to appoint managers that have strong stewardship policies and processes, reflecting where relevant the recommendations of the UK Stewardship Code issued by the Financial Reporting Council, and from time to time the Trustees review how these are implemented in practice.

The Trustees monitor managers' activities in relation to ESG factors, voting and engagement on a regular basis. The Trustees seek to understand how they are implementing their stewardship policies in practice to check that their stewardship is effective and aligned with expectations.

The Trustee has selected some priority ESG themes to provide a focus for its monitoring of investment managers' voting and engagement activities:

- Climate change;
- Transparency;
- Human rights; and
- Business Ethics.

The Trustees review the themes regularly and update them if appropriate. The Trustees communicate these stewardship priorities to their managers each year and also confirm their more general expectations in relation to ESG factors, voting and engagement.

The Trustees consider stewardship to be a significant factor when selecting and retaining managers and give it strong consideration when doing so. The Trustees would be likely to a reject a manager who was otherwise a strong candidate for a mandate if they observed that it had poor stewardship practices.

Signed for and on behalf of the Trustees of the RNIB RBS

Chair of Trustees: __Andrew Evans______________________________

Date signed: _____19 September 2023

Appendix 1

Investment governance, responsibilities, decision-making and fees

The Trustees have decided on the following division of responsibilities and decision-making for the Scheme. This division is based upon the Trustees' understanding of the various legal requirements placed upon them, and their view that the division of responsibility allows for efficient operation and governance of the Scheme overall. The Trustees' investment powers are set out within the Scheme's governing documentation.

1. Trustees

In broad terms, the Trustees are responsible in respect of investment matters for:

- setting the default strategy, any alternative strategies, and deciding on the range of self-select funds formulating a policy in relation to financially material considerations, such as those relating to ESG considerations (including but not limited to climate change);
- formulating a policy on taking account of non-financial matters in the selection, retention, and realisation of investments;
- setting a policy on the exercise of rights (including voting rights) and undertaking engagement activities in respect of the investments;
- putting effective governance arrangements in place and documenting these arrangements in a suitable form;
- appointing, monitoring, reviewing and dismissing investment managers, investment advisers and other service providers;
- monitoring the exercise of the investment powers that they have delegated to the investment managers and monitoring compliance with Section 36 of the Act;
- communicating with members as appropriate on investment matters, such as the Trustees' assessment of its effectiveness as a decision-making body, the policies regarding responsible ownership and how such responsibilities have been discharged;
- reviewing the investment policy as part of any review of the investment strategy;

- reviewing the content of this SIP from time to time and modifying it if deemed appropriate; and
- consulting with the employer(s) when reviewing the SIP.

The Trustees have delegated consideration of certain investment matters to an investment sub-committee ("ISC"), although any decisions remain the responsibility of the Trustees. The terms of reference for the ISC detail clearly its responsibilities.

2. Platform provider

The investment platform provider will be responsible for:

- providing access to a range of funds managed by various investment managers;
- providing administration services to members of the Scheme; and
- providing the Trustees with regular information concerning the management and performance of the assets.

3. Investment managers

In broad terms, the investment managers will be responsible for:

- managing the portfolios of assets according to their stated objectives, and within the guidelines and restrictions set out in their respective investment manager agreements and/or other relevant governing documentation;
- taking account of financially material considerations (including climate change and other ESG considerations) as appropriate when managing the portfolios of assets;
- exercising rights (including voting rights) attaching to investments and undertaking engagement activities in respect of investments;
- providing the Trustees / investment platform provider with regular information concerning the management and performance of their respective portfolios; and
- having regard to the provisions of Section 36 of the Act insofar as it is necessary to do so.

The custodians of the pooled funds (whether there is a direct relationship between the custodian and the Trustees or not) are responsible for safe keeping of the assets and facilitating all transactions within the pooled funds.

4. Investment adviser

In broad terms, the investment adviser will be responsible, in respect of investment matters, as requested by the Trustees, for:

- the DC Section, advising on a suitable fund range and default strategy for the Scheme, and how material changes to legislation or within the Scheme's benefits and membership may impact this;
- advising on the selection, and review, of the investment managers, incorporating its assessment of the nature and effectiveness of the managers' approaches to financially material considerations (including climate change and other ESG considerations); and
- participating with the Trustees in reviews of this SIP.

5. Fee structures

The Trustees recognise that the provision of investment management services to members of the Scheme result in a range of costs and charges to be met, directly or indirectly, by deduction from members' assets.

The Trustees also recognise that the provision of advisory services to the Scheme result in a range of costs and charges to be met directly by the employer.

The Trustees have agreed Terms of Business with the Scheme's investment advisers, under which work undertaken is charged for by an agreed fixed fee or on a "time-cost" basis.

The investment managers and platform provider receive fees calculated by reference to the market value of assets under management (and number of members of the Scheme in the case of the platform provider). The fee rates are believed to be consistent with the managers' general terms for institutional clients and are considered by the Trustees to be reasonable when compared with those of other similar providers.

The fee structure used in each case has been selected with regard to existing custom and practice, and the Trustees' view as to the most appropriate arrangements for the Scheme. However, the Trustees will consider revising any given structure if and when it is considered appropriate to do so.

6. Performance assessment

The Trustees are satisfied, considering the external expertise available, that there are sufficient resources to support their investment responsibilities. The Trustees believe that they have sufficient expertise and appropriate training to carry out their role effectively.

It is the Trustees' policy to assess the performance of the Scheme's investments, investment providers and professional advisers from time to time. The Trustees will also periodically assess the effectiveness of their decision-making and investment governance processes and will decide how this may then be reported to members.

7. Working with the Scheme's employer

When reviewing matters regarding the Scheme's investment arrangements, such as the SIP, the Trustees seek to give due consideration to the employer's perspective. While the requirement to consult does not mean that the Trustees need to reach agreement with the employer, the Trustees believe that better outcomes will generally be achieved if the Trustees and employer work together collaboratively.

Appendix 2

Policy towards risk

1. Approach to managing and monitoring investment risks

The Trustees consider that there are several different types of investment risk that are important to manage and monitor. It is the Trustees' general policy, with the assistance of their investment advisers, to predominantly use volatility (as measured by standard deviation of returns) as a measure of risk associated with investments.

Where risks are identified by the Trustees' advisers, the Scheme's platform provider or investment managers, these are escalated to the Trustees as appropriate.

The risks considered by the Trustees include, but are not limited to:

1.1. Risk of inadequate returns

In the DC Section, as members' benefits are dependent on the investment returns achieved, it is important that investment options are available which can be expected to produce adequate real returns over the longer term. Accordingly, equity and equity-based funds, which are expected to provide positive returns above inflation over the long term, have been made available to members and feature in the growth phase of the default strategy. To reduce the chance of a sharp deterioration in members' benefits close to retirement, the Trustees have made the default option a "lifestyle" strategy, which automatically and gradually de-risks the strategy as members approach their target retirement date.

1.2. Risk from lack of diversification

This is the risk that failure of a particular investment, or the general poor performance of a given investment type, could materially adversely affect the Scheme's assets. The Trustees believe that the Scheme's DC default strategy is adequately diversified between different asset classes and within each asset class and the DC options provide a suitably diversified range for members to choose from. This was a key consideration when determining the Scheme's investment arrangements and is monitored by the Trustees on a regular basis.

1.3. Investment manager risk

This is the risk that an investment manager fails to meet its investment objectives. Prior to appointing an investment manager, the Trustees receive written advice from a suitably qualified individual and will typically undertake an investment manager selection exercise. The Trustees monitor the investment managers on a regular basis to ensure they remain appropriate for their selected mandates.

1.4. Illiquidity / marketability risk

For the DC Section, this is the risk that core financial transactions, such as investing members' contributions, are not processed promptly due to lack of liquidity in the investments. The Trustees manage this risk by only using pooled funds with daily dealing within the default strategy and diversifying the strategy across different types of investment. With this aim in mind, the Trustees have given particular thought to avoiding the selection of any funds for the default arrangement which are likely (by the nature of their underlying investments) to have concerns around illiquidity.

Within the self-select fund range, the Trustees have chosen to offer a property fund. It is a listed property fund, meaning it invests in shares of property-related companies. Since the investments are generally readily tradable, there is not the same potential for pausing trading which is present in property funds investing in physical "bricks and mortar" buildings.

Within the self-select fund range, the Trustees have previously chosen to offer a property fund which does invest in physical "bricks and mortar" buildings. Whilst this property fund is appropriate for DC investment as it is daily dealing, due to the potential for pausing trading, as noted above, the Trustees chose to close the fund to new investors. However, members invested in the fund at the time of closure were allowed to remain invested in the fund and continue to make contributions into the fund.

1.5. Environmental, social and governance (ESG) risks

ESG factors are sources of risk to the Scheme's investments which could be financially material, over both the short and longer term. These potentially include risks relating to factors such as climate change, unsustainable business practices, and unsound corporate governance. The Trustees seek to appoint investment managers who will manage these risks appropriately on their behalf and from time to time review how these risks are being managed in practice.

1.6. Risk from excessive charges

Within the DC Section, if the investment management charges together with other charges levied on, for example, transfers or early retirement are excessive, then the value of a member's account will be reduced unnecessarily. The Trustees are comfortable that the charges applicable to the Scheme are in line with market practice and assess regularly whether these represent good value for members.

For active members, the employer pays a 'per member' contribution towards the cost of administration services which helps mitigate the risk of excessive charges for those members.

1.7. Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Scheme is subject to credit risk because it offers funds for members to invest in which invest in bonds via pooled funds. The Trustees manage their exposure to credit risk by only investing in pooled funds that have a diversified exposure to different credit issuers, and only invests in bonds that are classified as "investment grade".

1.8. Currency risk

Whilst most of the currency exposure of the Scheme's assets is to Sterling, the Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets. The Trustees consider the overseas currency exposure in the context of the overall investment strategy and believe that the currency exposure that exists diversifies the strategy and is appropriate. The Trustees have made available a global equity fund that hedges most of the overseas currency exposure to manage the currency risk.

1.9. Fraud risk

This is the risk that fraud on the part of any party to whom the Trustees have delegated authority, leads to negative outcomes for members. The Trustees manage this risk by only investing with well-established investment managers that are regulated, and by investing via an investment platform which performs its own due diligence before allowing funds to be accessed.

1.10. Other non-investment risks

The Trustees recognise that there are other, non-investment, risks faced by the Scheme, and takes these into consideration as far as practical in setting the Scheme’s investment arrangements.

Appendix 3

Investment manager arrangements

The Trustees make available a range of passively and actively managed self-select funds and two lifestyle strategies. The default arrangement is a lifestyle strategy. Details of the options are set out below. The relevant members are provided with clear information on the investment options and their characteristics that will allow the members to make an informed choice.

The fund options are provided to members via an investment only platform arrangement with Legal & General. The funds are priced daily. The funds are open ended and invest in assets which are listed publicly.

1. Passively managed self-select fund options

The Trustees makes available the following passively managed funds, all of which are managed by Legal & General Investment Management (LGIM) and HSBC Global Asset Management (HSBC), with the objective of tracking their benchmark return. Details are in the table below. The table consists of three columns and nine rows. The first row contains headings.

Fund	Benchmark	Tracking error
LGIM World Developed (ex Tobacco) Equity Index Fund	FTSE Developed World (ex Tobacco) Index	+/- 0.5% pa
LGIM Ethical Global Equity Index Fund	FTSE 4Good Developed Index	+/- 0.5% pa
LGIM Over 15 Years Fixed Interest Gilts Index Fund	FTSE-A UK Conventional Gilts Over 15 Years Index	+/- 0.25% pa
LGIM Over 5 Years Index-Linked Gilts Index Fund	FTSE-A Index-Linked (Over 5 Year) Index	+/- 0.25% pa
LGIM AAA-AA-A Corporate Bond All Stocks Index Fund	iBoxx £ Non-Gilt (ex-BBB) Index	+/- 0.5% pa

LGIM Global Equity (30:70) Index Fund (75% GBP hedged)	30% FTSE All-Share Index / 70% FTSE All World (ex-UK) Index – 75% GBP hedged	No formal tracking error target
HSBC Islamic Global Equity Index Fund	Dow Jones Islamic Titans 100 Index	No formal tracking error target
LGIM World Emerging Markets Index Fund	FTSE Emerging Index	+/- 1.5% pa
LGIM Low Carbon Transition Global Equity Index Fund	Solactive L&G Low Carbon Transition Global Index	+/- 0.60% pa
LGIM Global Real Estate Equity Index Fund	FTSE EPRA / NAREIT Developed Real Estate Index	No formal tracking error target

2. Actively managed self-select fund options

The Trustees make available the following actively managed pooled funds as self-select options, shown in the table below. The LGIM Managed Property Fund has been closed to new investors and is only available to members who were invested at the time of closure. Details are in the table below. The table consists of two columns and four rows. The first row contains headings.

Manager – Fund	Objective
LGIM Managed Property Fund	The fund aims to exceed the AREF/ IPD UK Quarterly All Balanced Property Fund Index (UK PFI) over three and five year periods.
LGIM Cash Fund	Perform in line with SONIA (Sterling Overnight Index Average), without incurring excessive risk

Manager – Fund	Objective
LGIM Multi-Asset Fund	Provide long-term investment growth through exposure to a diversified range of asset classes, excluding physical property.

3. The default arrangement

For members that do not make an active choice regarding their investments, the Trustees have set the default arrangement to be the Cash Targeting Strategy. The default follows a pre-agreed investment strategy and provides an automated investment switching facility which will move members' funds from higher risk/return investments into lower risk/return investments as their target retirement date approaches.

The exact percentage allocations in the strategy between the different LGIM funds are shown in the table below the chart. The table consists of four columns and seventeen rows. The first two rows contain headings.

Years to retirement	LGIM Low Carbon Transition Global Equity Index Fund	LGIM Multi-Asset Fund	LGIM Cash Fund
15+	100.0%		
14	90.0%	10.0%	
13	80.0%	20.0%	
12	70.0%	30.0%	
11	60.0%	40.0%	
10	50.0%	50.0%	
9	40.0%	60.0%	
8	30.0%	70.0%	
7	20.0%	80.0%	
6	10.0%	90.0%	
5		100.0%	
4		85.0%	15.0%
3		70.0%	30.0%
2		55.0%	45.0%
1		40.0%	60.0%
0		25.0%	75.0%

4. Ex-tobacco lifestyle strategy

For members that do make an active choice regarding their investments, the Trustees have made available an alternative lifestyle strategy which excludes investment in tobacco companies. The ex-tobacco lifestyle follows a pre-agreed investment strategy and provides an automated investment switching facility which will move members' funds from higher risk/return investments into lower risk/return investments as their target retirement date approaches.

The exact percentage allocations in the strategy between the different LGIM funds are shown in the table below the chart. The table consists of three columns and twelve rows. The first two rows contain headings.

Years to retirement	LGIM FTSE TPI Global (ex Fossil Fuels) Equity Index	LGIM Cash Fund
10+	100.0%	0.0%
9	90.0%	10.0%
8	80.0%	20.0%
7	70.0%	30.0%
6	60.0%	40.0%
5	50.0%	50.0%
4	40.0%	60.0%
3	30.0%	70.0%
2	20.0%	80.0%
1	10.0%	90.0%
0	0.0%	100.0%