

Accent Group Pension Scheme

Statement of Investment Principles

July 2024

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1 Introduction

This Statement sets out the principles governing decisions relating to the investment of the assets of the Accent Group Pension Scheme (the 'Scheme') and has been prepared by the Directors of Accent Group Pension Trustees Limited in its capacity as Trustee of the Scheme.

The Scheme is a defined benefit arrangement set up under trust and registered with HM Revenue and Customs (HMRC). The Scheme is subject to the Statutory Funding Objective (SFO) introduced by the Pensions Act 2004, i.e., that it should have sufficient and appropriate assets to cover its Technical Provisions, as calculated in accordance with the Trustee's Statement of Funding Principles.

This Statement has been prepared in line with the following legislation and regulations:

- Section 35 of the Pensions Act 1995;
- Section 244 of the Pensions Act 2004 and the Occupational Pension Scheme (Investment) Regulations 2005;
- The Pension Protection Fund (Pensionable Service) and Occupational Pension Scheme (Investment and Disclosure) (Amendment and Modification) Regulations 2018; and
- The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

A copy of this Statement will be made available to Scheme members on request to the Trustee, and it is also available online.

2 Investment Decision Making

The investment of the Scheme's assets is the responsibility of the Trustee. The Trustee's investment powers are set out in Clause 5 of the Scheme's Deed of Amendment and Consolidation, as amended, dated 2 April 2019. The powers granted to the Trustee under this Clause are wide and this Statement is consistent with those powers.

The Trustee has obtained and considered professional advice on the content of this Statement from Broadstone Corporate Benefits Limited ('Broadstone'), its appointed investment adviser. Broadstone is authorised and regulated by the Financial Conduct Authority. Broadstone has confirmed to the Trustee that it has the appropriate knowledge and experience to give the advice required under legislation.

Broadstone is remunerated a fee for its advice and its appointment is reviewed from time to time by the Trustee. Broadstone does not receive commission or any other payments from third parties in respect of the Scheme that might affect the impartiality of its advice.

The Trustee has also consulted the Principal Employer, Accent Group Limited, when setting its investment objectives and strategy, and in the preparation of this Statement. The Trustee affirms, however, that no aspect of its strategy is restricted by any requirement to obtain the consent of the Principal Employer.

Responsibility for maintaining the Statement and determining the Scheme's investment strategy rests solely with the Trustee. The Trustee will obtain such advice as it considers appropriate and necessary whenever it intends to review or revise this Statement.

3 Trustee's Duties and Responsibilities

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

The Trustee has established an Investment Sub-Committee (ISC), which includes representatives from both the Trustee and Employer.

The duties and responsibilities of the Trustee, in conjunction with the ISC include, but are not limited to:

- The regular approval of the content of the Statement;
- The appointment and review of the investment adviser;
- The selection, and ongoing assessment and review of the performance of each investment manager;
- The choice of appropriate funds with each of the investment managers;
- The assessment of the risks assumed by the Scheme at an aggregate level and by manager;
- The approval and review of the Target Asset Allocation for the Scheme; and
- The compliance of the investment arrangements with the principles set out in the Statement.

4 Investment Objectives

In determining its investment objectives and strategy, the Trustee has considered the strength of the Principal Employer's willingness and ability to support the Scheme. The Trustee has determined that it is reasonable to take a long-term view in determining its investment objectives and strategy.

The Trustee has also agreed that the funding position, measured on a SFO or Technical Provisions funding basis is the assessment of scheme funding that is of most importance to the Trustee, the Principal Employer and members, as it determines the Scheme's funding requirements and members' long-term benefit security.

The Trustee's primary investment objective for the Scheme is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due. In doing so, the Trustee also aims to maximise returns at an acceptable level of risk, taking into consideration the circumstances of the Scheme.

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

The Trustee will also have regard to the Principal Employer's views on the potential costs and risks associated with any investment objectives set and their implementation through the practical strategy.

5 Setting the Investment Strategy

Details of the investment strategy are set out in the Appendix to this Statement.

The Trustee's policies in setting the investment strategy are set out below:

Policy	
Selection of Investments	<p>The Trustee may select investments from a wide range of asset classes from time to time, including, but not restricted to UK equities, overseas equities, government bonds, corporate bonds, commercial property, and alternative asset classes, such as hedge funds, private equity, and infrastructure.</p> <p>The investments selected will generally be traded on regulated markets and, where this is not the case, any such investments will be kept to a prudent level.</p> <p>The Trustee may also:</p> <ul style="list-style-type: none"> Invest in products that use derivatives where this is for the purpose of risk management or to improve the efficiency of the management of the Scheme's investments. Hold insurance policies such as deferred or immediate annuities which provide income to the Scheme, matching part or all of the future liabilities due from it. Hold a working cash balance for the purpose of meeting benefit payments due to members and the expenses of running the Scheme.
Target Asset Allocation	<p>The Trustee will set a Target Asset Allocation from time to time, determined with the intention of meeting its investment objectives.</p> <p>The Target Asset Allocation will be set taking account of the characteristics of different asset classes available and will be reviewed in light of any changes to the Trustee's view of the Principal Employer's covenant, the nature of the Scheme's liabilities or relevant regulations governing pension scheme investment.</p> <p>The Trustee has agreed the range of funds to be used in the investment strategy, taking into account the maturity of the Scheme's liabilities, and to ensure the range is sufficiently robust to allow relatively easy adjustment between the funds as the Trustee's risk appetite changes and the Scheme matures.</p>
Delegation to Investment Managers	<p>The Trustee will delegate the day-to-day management of the Scheme's assets to professional investment managers and will not be involved in the buying or selling of investments.</p>
Maintaining the Target Asset Allocation and Target Hedging Ratios	<p>The Trustee has responsibility for maintaining the overall balance of the asset allocation relative to the Target Asset Allocation and the hedging levels relative to the Target Hedging Ratios. The Trustee monitors the asset allocation and hedging levels on a regular basis with the assistance of its adviser, Broadstone, and will consider switching assets between funds should the allocation move significantly away from the respective targets. The Trustee has no automatic rebalancing process in place.</p>
Employer Related Investments	<p>The Trustee's policy is to not hold any employer-related investments as defined in the Pensions Act 1995, the Pensions Act 2004 and the Occupational Pension Scheme (Investment) Regulations 2005.</p>

The Trustee has decided to invest in pooled funds because:

- the Scheme is not large enough to justify direct investment in equities or bonds on a cost-effective basis;
- pooled funds allow the Scheme to invest in a wider range of assets which serves to reduce risk; and
- pooled funds provide a more liquid form of investment than certain types of direct investment.

6 Realisation and Rebalancing of Assets

The assets are held in a combination of pooled funds. The realisability of the assets differs depending on the fund, with dealing frequency ranging from daily to semi-annually (in the case of the infrastructure fund, which is also subject to a soft lock-up period until October 2024, wherein early redemption would incur a 4% penalty).

Income distributions are received from some of the Investment Managers into the Trustee bank account. The Trustee also makes disinvestments from the Investment Managers as required, with the assistance of its adviser, Broadstone, to meet the Scheme's cashflow requirements. Due to the illiquid nature of the infrastructure fund, this fund will not normally be used for cashflow management purposes or included in target asset allocation rebalancing exercises.

New money will be invested (or disinvestments required for cash flow purposes) to bring the asset allocation back to the Target Asset Allocation, as far as possible.

Liability Driven Investment (LDI) Cashflow and Rebalancing Processes

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

The Trustee notes that the LDI manager may require additional assets from time to time in order to support the operation of the LDI funds ('capital calls'), or may release funds back for investment elsewhere where they are not required to provide the representative level of hedging exposure the funds desire ('distributions').

The Trustee has established an automatic process for the management of capital calls and distributions internally within the LDI manager. If the LDI funds call for additional capital, required assets will first be taken from the cash fund until it is exhausted, and then from the low duration credit fund until it is exhausted. If both funds are exhausted, the Trustee will then arrange for a manual movement of assets to the LDI manager from the secured finance fund.

If the LDI funds distribute excess capital, it will automatically be invested in the cash fund in the first instance. The Trustee, with the assistance of its adviser, will then consider whether those monies should be re-invested elsewhere.

7 Expected Returns

The Trustee's objective is for the Scheme's assets to produce a return in excess of the growth in the value of its Technical Provisions. The Trustee expects the assets to produce a return in excess of the long-term growth in the value of the Technical Provisions.

Over the long-term, the Trustee's expectations are to achieve the following rates of return from the asset classes it makes use of:

Asset Class	Expected Returns
Diversified growth funds	Comparable with the return from global equities over an economic cycle of five to seven years, with significantly reduced volatility.
Equity funds	In excess of UK price inflation, as measured by the Retail Prices Index (RPI), and in excess of the yield available on long-dated gilts.
Infrastructure funds	In excess of UK price inflation, as measured by the RPI, and in excess of the market yield available on longer dated low risk assets, such as gilts.
Multi-asset credit funds	To achieve a long-term return in excess of the yield available on a comparable portfolio of UK gilts, to compensate for the additional risk associated with investing in a diversified portfolio of largely growth-orientated fixed income assets.
Secured finance funds	In line with the market yields available on investment-grade asset backed securities and in excess of the return on short-term money market instruments.
Low duration credit funds	In line with the market yields available on the relevant underlying securities and in excess of the return on corresponding fixed interest gilts.
Cash funds	Broadly in line with rates of interest available on short-term money market instruments.
LDI funds	In line with the sensitivity of the Technical Provisions to changes in interest rates and inflation expectations, allowing for the level of hedging exposure provided by the investment in the funds from time to time.

8 Risks

The Trustee has considered various risks the Scheme faces, including; solvency and mismatching risk, liquidity risk, political risk, corporate governance risk, sponsor risk, legislative risk, market risk, interest rate risk, inflation risk, credit/default risk, concentration risk, manager risk, currency risk, and ESG risks, and considers that the Target Asset Allocation strikes a reasonable balance between risk mitigation and seeking an appropriate level of return, taking account of the strength of the Principal Employer's covenant.

The Target Asset Allocation has been determined with due regard to the characteristics of the Scheme's Technical Provisions.

The calculation of the Scheme's Technical Provisions uses assumptions for future investment returns and price inflation expectations that are based upon market values of financial securities such as fixed interest and index-linked government bonds. This means that the Technical Provisions are sensitive to changes in the price of these assets as market conditions vary and can have a volatile value.

The Trustee accepts that its investment strategy may result in volatility in the Scheme's funding position. Furthermore, the Trustee also accepts that there is a risk that the assets will not achieve the rates of investment return assumed in the calculation of the Scheme's Technical Provisions.

To reduce the risk of concentration within the portfolio, the Trustee will monitor the overall mix of asset classes and stocks in the investment strategy with its investment adviser, Broadstone.

The Trustee invests in a wide range of asset classes through the funds and strategies it uses and considers the Scheme's strategy to be well diversified.

The Trustee will monitor the investment, covenant and funding risks faced by the Scheme with the assistance of its investment advisers and the Scheme Actuary at least every three years. The Trustee will consider the appropriateness of implementing additional risk mitigation strategies as part of such reviews.

In addition, the Trustee will review wider operational risks as part of maintaining its risk register.

9 Security of Assets

The day-to-day activities that the Investment Managers carry out for the Trustee are subject to regular internal reviews and external audits by independent auditors to ensure that operating procedures and risk controls remain appropriate.

Safe-keeping of the Scheme's assets held with the Investment Managers is performed by custodians appointed by them.

The Trustee has considered the security of the Scheme's holdings with the Investment Managers, allowing for their statuses as reputable regulated firms, and consider the associated protection offered to be reasonable and appropriate.

10 Responsible Investment & Stewardship

The Trustee believes that in order to protect and enhance the value of the investments, during the period over which the benefits are paid, it must act as a responsible asset owner.

The Scheme is also comprised of a diverse membership, expected to hold a broad range of views on ethical, political, social, environmental, and quality of life issues. The Trustee therefore does not explicitly seek to reflect any specific views through the implementation of the investment strategy, both financial and non-financial.

The Trustee's policies in respect of responsible investment are set out below:

Policy	
Financially Material Considerations	<p>The Trustee considers many risks which it anticipates could have an impact on the financial performance of the Scheme's investments over the Scheme's expected lifetime.</p> <p>The Trustee recognises that ESG factors, including but not limited to climate change, can influence risk and return outcomes of the Scheme's portfolio and it is therefore in members' and the Scheme's best interests that these factors are taken into account within the investment process.</p> <p>The Trustee further recognises that investing with a manager which approaches investments in a responsible way and takes account of ESG-related risks may lead to better risk-adjusted performance as omitting these risks in investment analysis could skew the results and underestimate the level of overall risk being taken. Therefore, other factors being equal, the Trustee would seek to invest in funds which incorporate ESG principles.</p> <p>In setting its investment strategy, the Trustee has prioritised funds which provide leveraged protection against movements in the Scheme's liability value and also funds which provide actively managed diversification across a wide range of investment markets and consider the financially significant benefits of these factors to be paramount.</p> <p>The Trustee notes that ESG considerations are not paramount to the first level decision making process within the funds which provide either actively managed diversification or leveraged liability protection. However, in the actively managed Diversified Growth and Secured Finance Funds in which the Scheme invests, whilst the managers typically do not put ESG considerations at the heart of the asset allocation decision, they will embed ESG considerations into the management of the underlying asset classes where the managers deem it is appropriate to do so.</p> <p>In addition, the Scheme invests in a passively managed Emerging Market Equity fund, which tracks a reference index. Though this fund does not explicitly consider ESG within security selection, the Trustee has selected a manager with a strong stewardship team which actively engages with companies on all ESG aspects.</p> <p>The Trustee expects the importance of ESG considerations will increase over time and has therefore added this as a standing agenda item to its Investment Subcommittee meeting to ensure that its policy evolves in line with emerging trends and developments.</p> <p>The Trustee is therefore satisfied that ESG factors are appropriately reflected in the overall investment approach.</p>
Non-Financially Material Considerations	<p>Where ESG factors are non-financial (i.e., they do not pose a risk to the prospect of the financial success of the investment) the Trustee believes these should not drive investment decisions. The Trustee expects the Investment Managers, when exercising discretion in investment decision making, to consider non-financial factors only when all other financial factors have been considered and in such a circumstance the consideration of non-financial factors should not lead to a reduction in the efficiency of the investment.</p>

Policy

Engagement and Voting Rights

The Trustee’s voting and engagement policy is to use its investments to improve the Environmental, Social and Governance behaviours of the underlying investee companies. These ESG topics encompass a range of priorities, which may over time include climate change, biodiversity, the remuneration and composition of company boards, as well as poor working practices. The Trustee believes that having this policy and aiming to improve how companies behave in the medium and long term will protect and enhance the value of its investments and is in the members’ best interests. The Trustee will aim to monitor the actions taken by the Investment Managers on its behalf and if there are significant differences from the policy detailed above, it will escalate its concerns which could ultimately lead to disinvesting the Scheme’s assets from the manager(s).

Capital Structure of Underlying Companies

Responsibility for monitoring the capital structure of investee companies is delegated to the Investment Managers. The Trustee expects the extent to which the Investment Managers monitor capital structure to be appropriate to the nature of the mandate.

The Trustee’s views on how ESG issues are taken account of in each asset class used is set out below:

Asset Class	Active/Passive Managed	ESG Views
Diversified Growth, Infrastructure, Multi-Asset Credit, Secured Finance, Low Duration Credit, Cash	Active	The Trustee expects the investment managers to take financially material ESG factors into account, given the active management style of the funds and the ability of the managers to use their discretion to generate higher risk adjusted returns. The Trustee also expects its Investment Managers to engage with the underlying investee companies, where possible, although it appreciates that fixed income assets, including cash, within the portfolio do not typically attract voting rights.
Emerging Market Equities	Passive	The Trustee acknowledges that the Investment Manager must invest in line with the specified benchmark index and, therefore, may not be able to disinvest from a particular security if they have concerns relating to ESG. The Trustee does expect the Investment Manager to take account of ESG considerations by engaging with companies that form the index, and by exercising voting rights on these companies.
LDI	Active	The underlying assets of the LDI solution consist of government bond funds and derivative contracts, with no underlying investee companies as such. Therefore, the Trustee believes there is less scope for the consideration of ESG issues to improve risk-adjusted returns in this asset class because of the nature of the securities. That said, the Trustee does expect the manager to apply ESG factors in determining appropriate counterparties in derivative based instruments.

The Trustee will review the stewardship policies of any new investment managers appointed, as well as assessing the stewardship and engagement activity of the current Investment Managers on an ongoing basis.

15 Monitoring

The Trustee employs Broadstone to assist it in monitoring the performance of the Scheme's investment strategy and Investment Managers.

The Investment Managers provide the Trustee with regular reports setting out a valuation of the funds invested. The Trustee also receives more detailed quarterly reports from some of the Investment Managers, and will meet with the Investment Managers' representatives if it identifies any particular issues.

The Investment Managers are able to supply the Trustee with information to enable it to monitor financial and non-financial performance. The Trustee and Broadstone will monitor the Investment Managers' performance against their performance objectives.

The appropriateness of the Investment Managers' remuneration will be assessed relative to market costs for similar strategies, the skill and resources required to manage the strategies, and the success or otherwise a manager has had in meeting its objectives, both financial and non-financial.

The Trustee will consider on a regular basis whether or not the Investment Managers remain appropriate to continue to manage the Scheme's investments.

16 Review of Statement

The Trustee will review this Statement at least triennially, or sooner if there is a significant change in the Scheme's investment strategy, or a significant change in the regulations that govern pension scheme investment.



For and on behalf of Accent Group Pension Scheme

Date: 23 July 2024

11 Conflicts of Interest

The Trustee maintains a separate conflicts of interest policy and a conflicts register.

Subject to reasonable levels of materiality, these documents record any actual or potential conflicts of interest in relation to investee companies or the Investment Managers, whilst also setting out a process for their management.

12 Duration of Investment Arrangements

The Trustee is a long-term investor and has not set an explicit target to review the duration of its arrangements with its investment managers. However, the arrangements will be reviewed in conjunction with any review of the investment strategy.

13 Incentivisation of Investment Managers

The Investment Managers are primarily remunerated based on an agreed fixed annual percentage of the asset value for each underlying fund. However, JP Morgan does also apply a performance fee, subject to a hurdle rate, in addition to the standard management charge, and LGIM apply a flat annual administration charge (detailed in Appendix A).

The Trustee does not directly incentivise the Investment Managers to align the approach they adopt for a particular fund with the Trustee's policies and objectives. Instead, the Investment Managers are selected so that, in aggregate, the risk-adjusted returns produced are expected to meet the Trustee's objectives.

Neither does the Trustee directly incentivise the Investment Managers to make decisions about the medium to long-term performance of an issuer of debt or equity, or to engage with those issues to improve their performance. The Trustee expects such assessment of performance and engagement to be undertaken as appropriate and necessary to meet the investment objectives of the funds used by the Scheme.

14 Portfolio Turnover Costs

The Trustee expects the Investment Managers to change underlying holdings only to an extent required to meet their investment objectives. The reasonableness of such turnover will vary by fund and change according to market conditions.

The Trustee therefore does not set a specific portfolio turnover target for their strategy or the underlying funds.

The Investment Managers provide information on portfolio turnover and associated costs to the Trustee so that this can be monitored, as appropriate. The Trustee currently monitors portfolio turnover and associated costs on an annual basis.

Appendix A Investment Strategy Implementation Summary

A.1 Target Asset Allocation

The Target Asset Allocation for the Scheme's invested assets is as follows:

Asset Class	Fund	Target Asset Allocation
Growth Assets		
<i>Diversified Growth</i>	BNY Mellon Real Return Fund	10.0%
<i>Emerging Market Equities</i>	LGIM World Emerging Markets Equity Index Fund	5.0%
<i>Infrastructure</i>	JP Morgan Infrastructure Investments Plus Fund	13.4%
<i>Multi-Asset Credit</i>	Bluebay Total Return Diversified Credit Fund	9.0%
<i>Secured Finance</i>	Insight Global Asset Backed Securities Fund	15.0%
Total Growth Asset Allocation		52.4%
<i>Synthetic Equity Exposure</i>		18.0%
Total Growth Asset Exposure		70.4%
Protection Assets		
<i>LDI Solution</i>	Columbia Threadneedle Dynamic LDI Funds	47.6%
	Columbia Threadneedle Equity-Linked Dynamic LDI Funds	
	Columbia Threadneedle Net Zero Transition Low Duration Credit Fund	
	Columbia Threadneedle Sterling Liquidity Fund	
Total Protection Asset Allocation		47.6%
<i>Synthetic Equity Offset</i>		(18.0%)
Total Asset Allocation		100.0%

The LDI solution includes holdings in a low duration credit fund and cash fund, which are in place to provide a collateral pool to facilitate effective management of collateral calls and distributions made by the LDI manager. The cash fund is the first source of capital in the Scheme's 'collateral waterfall', followed by the low duration credit fund. Should capital be required when both of these funds are exhausted, assets would be drawn from the secured finance fund.

The balance of assets invested between the LDI funds, credit fund, and cash fund will vary over time. The target is indicative only and the underlying objective for these assets will be to maintain the Target Hedging Ratios, which aim to protect the Scheme against changes in long-term interest rates and inflation expectations and provide a sufficient collateral pool of assets to support this.

A.2 Investment Managers

The Trustee entered into contracts with the Investment Managers who undertake day-to-day investment management of the Scheme's assets as shown in the table below.

	Contract Date
Band of New York Mellon	August 2011
Legal & General Investment Management	September 1992
JP Morgan Asset Management	January 2020
Bluebay Asset Management	October 2021
Insight Investment Management	July 2024
Columbia Threadneedle Investments	June 2018

The Investment Managers are authorised and regulated by the Financial Conduct Authority (FCA) under the Financial Services and Markets Act 2000.

A.3 Target Hedging Ratios

The Trustee targets a 100% hedging ratio for both interest rate and inflation risks associated with the Scheme's Technical Provisions. The composition of the holdings within the hedging assets may be rebalanced from time to time to meet the target level of hedging.

A.4 Fund Performance Benchmarks and Objectives

The emerging markets equity fund is an index-tracking fund, meaning that its objective is to track the total return on a specified market index within an agreed margin over a specified timescale. The benchmark and tracking criterion for this fund is given below:

Fund	Benchmark	Tracking Criterion
LGIM World Emerging Markets Equity Index Fund	FTSE Emerging Markets Index (net of withholding tax)	Track the performance of the benchmark to within $\pm 1.5\%$ p.a. for two years out of three.

The diversified growth, infrastructure, multi-asset credit, secured finance, low duration credit, and cash funds are actively managed, with an objective to outperform a specified market benchmark, as summarised below:

Fund	Benchmark	Tracking Criterion
BNY Mellon Real Return Fund	Sterling Overnight Index Average (SONIA)	To outperform the benchmark by 4% p.a. over five year periods (gross of fees), achieving positive returns on a rolling three year basis

JP Morgan Infrastructure Investments Plus Fund	The fund does not have a formal performance benchmark	To provide a total return of 8-12% p.a. (net of fees, in sterling terms), with an expected cash distribution of 5-7% p.a.
Bluebay Total Return Diversified Credit Fund	The fund does not have a formal performance benchmark, though returns are compared to SONIA	To outperform the benchmark by 4-6% p.a. over a credit cycle (gross of fees)
Insight Global Asset Backed Securities Fund	1 month SONIA	To outperform the benchmark over a credit cycle (gross of fees)
Columbia Threadneedle Net Zero Transition Low Duration Credit Fund	The fund does not have a formal performance benchmark	To provide a total return of 1-1.5% p.a. in excess of equivalent duration gilt yields over a full market cycle
Columbia Threadneedle Sterling Liquidity Fund	SONIA	To provide a cash-like return, comparable with the benchmark

The Columbia Threadneedle Dynamic LDI Funds and Equity-Linked Dynamic LDI Funds have objectives to provide a prescribed level of hedging against changes in the value of liabilities for a typical defined benefit pension scheme caused by interest rate and inflation risks. The practical method of implementing this level of hedging is delegated to the LDI Manager, with the expectation that the manager will choose the most cost-effective method. The Columbia Threadneedle Equity-Linked Dynamic LDI Funds have the additional objective of providing returns on a combination of global equity indices through the use of equity futures (with this allocation being noted in Appendix A.1 as 'Synthetic Equity Exposure').

A.5 Investment Management Charges

The annual management charges for each of the funds used, based on the assets under management at the date of this Statement, are given below:

Fund	Annual Management Charge
BNY Mellon Real Return Fund	0.75% p.a.
LGIM World Emerging Markets Equity Index Fund	0.45% p.a.
JP Morgan Infrastructure Investments Plus Fund	0.86% p.a.
Bluebay Total Return Diversified Credit Fund	0.50% p.a.*
Insight Global Asset Backed Securities Fund	0.35% p.a.
Columbia Threadneedle Dynamic LDI Funds	0.29% p.a.
Columbia Threadneedle Equity-Linked Dynamic LDI Funds	0.30% p.a.
Columbia Threadneedle Net Zero Transition Low Duration Credit Fund	0.15% p.a.
Columbia Threadneedle Sterling Liquidity Fund	0.10% p.a.

*Discounted from 0.70% p.a. until further notice.

LGIM also charge a flat fee of £1,500 per annum, which falls to £1,000 per annum should the asset value exceed £10 million.

JP Morgan also apply a performance fee, subject to a hard net hurdle rate, with a high-water mark and a net return cap, in addition to the standard management charge. The performance fee levied is 15% of annual returns based on an individual investor's experience, applying to returns only in excess of 7% and capped at 13.5% over the year. 'Returns' for this purpose are calculated net of the annual management charge and exclude the impact of exchange rate movements.

A.6 Additional Voluntary Contributions (AVCs)

Members are not currently permitted to make AVCs to the Scheme. Existing assets in respect of AVCs previously made by members are currently invested in individual member accounts in insurance policies operated by the AVC Providers, Utmost Life and Pensions Limited and ReAssure Limited.