

Cushon Master Trust

Statement of Investment Principles

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June 2023

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1. Introduction

This document constitutes the Statement of Investment Principles (the "SIP") required under Section 35 of the Pensions Act 1995 for the Cushon Master Trust (the "Scheme"). It describes the investment strategy being pursued by the Trustees of the Scheme (the "Trustees") and is in compliance with our understanding of the requirements of the Occupational Pension Schemes (Investment) Regulations 2005, Occupational Pension Schemes (Charges and Governance) 2015, the Pension Protection Fund (Pensionable Service) Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, and the Pensions Regulator's Code of Practice in relation to governance of DC pension schemes issued in July 2016 in force at the time of preparing this document.

The Trustees confirm that, before preparing this SIP, they have consulted with Cushon MT Limited (the "Company") and taken appropriate advice from their advisers. The Investment Adviser is Isio Group Limited, and the Legal Adviser is ARC Pensions Law LLP.

The Trustees believe their advisers to be qualified by their ability and practical experience of financial and legal matters respectively and they have appropriate knowledge, and experience of the management of the investment arrangements that the Scheme requires. The Trustees also confirm that they will consult with the Company and take advice from the relevant advisers as part of any review of this SIP.

The Trustees are responsible for the investment of the Scheme's assets and arranging the administration of the Scheme. Where they are required to make an investment decision, the Trustees always receive advice from the relevant advisers first and they believe that this ensures that they are appropriately familiar with the issues concerned.

In accordance with the Financial Services & Markets Act 2000, the Trustees set general investment policy, but have delegated the day-to-day investment of the Scheme's assets to professional fund managers (the "Investment Managers") using pooled funds held via an investment platform, in accordance with Section 34(2) of the Pensions Act 1995. The Managers are authorised under the Financial Services & Markets Act 2000, provide the expertise necessary to manage the investments of the Scheme competently and will comply with the requirements of Section 36 of the Pensions Act 1995.

Declaration

The Trustees acknowledge that it is their responsibility, with guidance from their advisers, to ensure the assets of the Scheme are invested in accordance with these Principles.

Signed: 

Date: 9 June 2023

Chair of Trustees

For and on behalf of the Trustees of the Cushon Master Trust.

2. Governance

The Trustees are responsible for the governance and investment of the Scheme's assets. They consider that the governance structure set out in this SIP is appropriate for the Scheme as it allows the Trustees to make the important decisions on investment strategy, while delegating the day-to-day aspects to the Investment Managers or the advisers as appropriate. The responsibilities of each of the parties involved in the Scheme's governance are detailed below.

Trustees

The main investment related responsibilities of the Trustees include:

- a) Ensuring the Scheme meets all regulatory requirements.
- b) Reviewing, at least triennially (or following significant changes to the investment strategy), or, in respect of default arrangements, the membership profile, the content of this SIP and modifying it if deemed appropriate.
- c) Reviewing the investment strategy for the Scheme in terms of providing a default strategy and a wider range of self-select funds from which members may choose to invest (see Appendix).
- d) Assessing the quality of the performance and process of the Investment Managers by means of regular reviews of the investment results and other information, through meetings and written reports.
- e) Monitoring compliance of the investment strategy with the SIP on an ongoing basis.
- f) Appointing and dismissing Investment Managers.
- g) Assessing the performance of their advisers.
- h) Consulting with the Company when reviewing investment strategy issues.
- i) Communicating to members as appropriate.
- j) Making this SIP publicly available.

Investment Adviser

The Investment Adviser will be responsible for, amongst other things:

- a) Participating with the Trustees in reviews of this SIP.
- b) Assisting the Trustees with reviewing the default strategies and wider self-select fund range.
- c) Advising the Trustees of any changes in respect of the Investment Managers that could affect the interests of the Scheme.
- d) Advising the Trustees of any changes in the investment environment that could either present opportunities or risks to the Scheme.
- e) Undertaking reviews of the Scheme's investment strategy including reviews of the Scheme's structure, current Investment Managers, and selection of new Investment Managers as appropriate.

Legal Adviser

The Legal Adviser will be responsible for, amongst other things:

- a) Acting on Trustee instructions to ensure legal compliance including those in respect of investment matters.

The Trustees and their advisers also have additional responsibilities with respect to responsible investing, and complying with the Trustees' reporting requirements for the Task Force on Climate-related Financial Disclosures ("TCFD"). These are outlined in the Trustees' Responsible Investment and Stewardship policy.

3. Investment Beliefs

The Trustees have formulated a set of investment beliefs, which will be considered when developing the investment strategy to ensure that all decisions are consistent with these beliefs and are made in the interests of members. They will also form part of the investment governance reporting framework, which is used to monitor effective implementation and management of the investment funds on behalf of members. The Trustees' investment beliefs are as follows:

- Our investment objective is to maximise risk and inflation adjusted returns for our members regardless of when they take their benefits.
- We will consider a broad range of opportunities when sourcing investments, including assets on regulated and unregulated markets, and assets that are publicly and privately held, as well as different investment management styles. There may be times when certain types of investments offer better value, and we will seek to maximise these opportunities for the benefit of our members.
- There are some risks which can be rewarded, such as illiquidity, active management, and diversification. Some of these risks may be linked to responsible investment factors (such as climate change). We will seek exposure to these investment opportunities, provided they meet our investment objective and the cost of accessing the investment presents value for money for our members.
- We believe that responsible, sustainable, and social impact investment opportunities can contribute to meeting our investment objective.
- Our investment beliefs apply to all asset classes and support the principles underlying the UNPRI initiative. We will select and work with partners and other industry parties who share our beliefs.
- Climate change poses a material financial risk to our members. To this end, the Trustees offer default options which have lower greenhouse gas emissions than a typical UK Pension Scheme. We have also agreed to the following climate targets for our default strategies:
 1. For the carbon footprint (scope 1 & 2) to be at least 80% lower than the 2022 baseline by 30 Sep 2030.
 2. Achievement of net zero well in advance of 2050.

The 2022 baseline is defined as the weighted average carbon footprint (scope 1 & 2) of broad market indices weighted by the Cushon Sustainable investment strategy's growth phase asset allocation. These are: 90% Solactive GBS Global Markets Large and Mid-Cap, 2.5% Bloomberg Global Aggregate, 4.3% Bloomberg Global Aggregate Corporates and 3.2% 50 / 50 ICE BoA Global High Yield / Global Investment Grade.

- We will survey member views and preferences via the Cushon App and take these into consideration when developing the Policy and our investment beliefs over time, to the extent that to do so does not conflict with our legal obligations and fiduciary duties as pension scheme trustees. The Trustees may take member views into account when choosing self-select options. Member investment choice will be provided through the self-select investment options for those members who wish to express different beliefs in how their pension pot is invested.

4. Investment Options

Implementation of investments

The Trustees have appointed Mobius Life as the platform provider for the pooled funds that make up the Scheme's investment options for members. These funds are then managed by underlying investment managers which are detailed in the Appendix.

Member administration services are provided to the Trustees by HS Pensions Limited. An administration platform is provided to the Trustees by Cushon Group Limited. Member contributions will be invested in line with their selected choice of funds. Where a member has not made an active selection, their contributions will be invested in the chosen default strategy.

Range of investment options

In designing the investment options, the Trustees have considered members' changing risk and return requirements over time and member outcomes. The Trustees will ensure that each member's investments are invested in accordance with the fund options selected by the member, or in the absence of an investment choice, the Trustees' chosen default strategy.

When implementing any changes to the investment strategy, the Trustees, in conjunction with their advisers, will look to mitigate the potential risks and costs to members as a result of any investment transitions to the best of their ability.

Default strategy

The Trustees offer a preferred default strategy, the Cushon Sustainable Investment Strategy, and an alternative default strategy, the Cushon Core Investment Strategy, for Employers wanting a default strategy with lower investment management costs that has no allocation to Private Markets.

Both default strategies have been selected in the best interest of the majority of members and beneficiaries, and the Trustees undertake periodic reviews on the suitability of the strategies. Further details on the Cushon Sustainable Investment Strategy and Cushon Core Investment Strategy are contained within the Appendix.

Members who do not make a specific investment choice will be automatically invested in the chosen default strategy. This phases a member's assets through different funds as retirement approaches. The Cushon Sustainable Investment Strategy and Cushon Core Investment Strategy have the same de-risking profile, set out in the chart below. The Trustees define de-risking as when members move to an asset allocation with a lower expected risk (measured by volatility) based on their long-term assumptions, although the Trustees recognise that this may not always be the case in some given market environments.



5. Trustees' Policies

The balance between different kinds of investments

The balance between different kinds of investments is shown in the Appendix. The choice of investment options for members is designed to ensure that members can choose investments that are adequately diversified and suitable for their profile.

The Trustees monitor the investment options regularly to ensure that they are comfortable with the choice of funds offered to members. The Trustees are satisfied that, taken in aggregate, the funds offered are appropriate for different categories and ages of members.

Realisation of investments

Funds used within the two default strategies are unit linked pooled funds. This means that the money invested by members is pooled together with other people and invested in a collective investment. All of the funds are daily dealing, other than the private markets allocation within the Cushon Sustainable Investment Strategy which is quarterly dealing. The Trustees have an agreed process to managing the liquidity to allow for the quarterly dealing of the private markets allocation.

If an investment manager no longer meets the relevant Trustees' selection criteria, the Trustees could choose to realise (sell) the investment fund.

Security of assets

The Scheme's assets are held on the Mobius Life platform via an insurance policy called a Trustee Investment Plan. Mobius Life are a regulated Life Insurance Company and the Prudential Regulatory Authority ("PRA") and Financial Conduct Authority ("FCA") govern the types of investment funds permitted on the platform.

As a regulated insurance company, Mobius Life is subject to substantial regulatory capital (solvency) requirements, which are subject to regular reporting to the PRA. Policyholders can make a claim for compensation from the Financial Services Compensation Scheme ("FSCS") in the event of Mobius Life defaulting, and Professional Indemnity Insurance is in place to cover operational risks and fraud.

Further details can be found in Mobius Life's Security of Assets policy.

Financial and non-financial material investment considerations

The Trustees consider financial factors including, but not limited to, environmental, social and governance ("ESG") issues in respect of the investment options provided. All references to ESG relate to financial factors only and include climate change.

The Trustees do not at present take into account non-financially material factors (such as members' ethical considerations or other views) when making investment decisions as part of the default arrangements.

The Trustees will survey member views and preferences via the Cushon App and take these into consideration when developing their investment beliefs over time, to the extent that to do so does not conflict with their legal obligations and fiduciary duties as pension scheme trustees. The Trustees may take member views into account when choosing self-select options. Member investment choice (such as a Shariah compliant option) will be provided through the self-select investment options for those members who wish to express different beliefs in how their pension pot is invested.

Responsible investment

The Trustees define Responsible Investment ("RI") in line with the UN-backed Principles for Responsible Investing ("UNPRI"), which states that RI is an approach to investing that aims to incorporate Environmental, Social and Governance ("ESG") factors into investment decisions, to better manage risk and generate sustainable, long-term investment returns. The Trustees believe that this approach to investment is in the best interests of our members in accordance with their legal duties. The Trustees have a separate Responsible Investment and Stewardship Policy which is subject to regular review with support from their investment adviser and the Company.

Responsible Investment is a core element of the Scheme's default investment strategies, which is set with support from their investment adviser and the Company. In making any portfolio construction decisions, the Trustees will have regard to the Responsible Investment and Stewardship Policy and their investment beliefs.

Within the self-select range, the Trustees ensure that RI is integrated as a core element of as many funds as possible, subject to availability of funds within different asset classes. The self-select range will be regularly reviewed considering market and product developments in the ESG fund sector and taking into consideration member preferences expressed through the member surveys within the Cushon App.

Stewardship

Details of Mobius Life's Engagement and Stewardship Policy can be found here:

<https://www.mobiuslife.co.uk/uploads/2022/04/cc63d2907592a5ab8d9b55e11b2e324f/mobius-life-stewardship-and-engagement-policy-2020-annual-report.pdf>

The Trustees have acknowledged responsibility for the voting and engagement policies that are implemented by the Scheme's investment managers on their behalf. It is the Trustees' intention that the investment managers appointed to run the Scheme's assets will share similar principles to them from a Responsible Investment perspective, and therefore any voting and engagement with underlying companies will be in line with the Trustees' investment beliefs. With regards to voting activity, the Trustees have shared their investment beliefs, via a Voting Preference Letter, with Mobius Life and Macquarie (manager of the global equity mandate where the Scheme is the sole investor) and will keep this under regular review. However the Trustees note that investment managers will be carrying out voting and engagement across a number of clients, and may be managing this in line with the interests of all their clients. The Trustees will keep this under review.

The Trustees have set the following stewardship priorities for the Scheme and have communicated these with their investment managers and made clear what they consider to be the most significant votes:

1. Climate alignment – decarbonising and minimising emissions
2. Climate adaptation
3. Biodiversity risk and management
4. Labour rights incl. modern slavery
5. Diversity and inclusion (on boards in particular)

The Trustees will review each manager's track record of voting and engagement (including whether they have acted on the Scheme's stewardship priorities) as part of our investment governance framework and will publish this information in our annual Implementation Statement. On an annual basis, the Trustees will also review each manager's stewardship capabilities and alignment with the Trustees' investment beliefs. If any areas of improvement are identified, the Trustees, typically via their investment advisers, will engage with managers on proposed improvement actions.

6. Monitoring

Managers

The Trustees, or their advisers on behalf of the Trustees, will monitor the performance of the Investment Managers against their own benchmarks, and regularly review that each Investment Manager continues to carry out its work competently and has the appropriate knowledge and experience to manage the Scheme's assets.

As part of this review, the Trustees will consider whether or not each Investment Manager:

- Is carrying out its function competently. The Trustees will evaluate the Investment Manager based on, amongst other things:
 - The Investment Manager's performance versus its benchmark.
 - The level of risk within the portfolios given any specified risk tolerances.
 - The competitiveness of Investment Manager fees is reviewed on an annual basis.
- Has regard to the suitability of each investment and each category of investment.
- Has been exercising their powers of investment with a view to giving effect to the principles contained in this SIP, so far as is reasonably practical.
- If the Trustees are not satisfied with an Investment Manager they will ask the Investment Manager to take steps to rectify the situation. If the Investment Manager still does not meet the Trustees' requirements, the Trustees will remove the Investment Manager and appoint another.
- The Scheme invests in pooled funds, the duration of which is flexible, and the Trustees will from time-to-time consider the appropriateness of the fund range and whether they should continue to be held.
- The Trustees do not directly monitor turnover costs. However, the Investment Managers are incentivised to minimise costs as they are measured on a net of cost basis. The Investment Managers are required to provide transaction cost information on an annual basis, on the slippage cost methodology, for disclosure to members.
- The Trustees will evaluate and monitor the Investment Managers selected for their exercising of responsible investing activities, which will include voting and engagement, in respect of the Scheme's investment and in accordance with their stated or agreed policies and as may be further agreed with the Trustees.

Advisers

The Trustees will monitor the advice given by their advisers on a regular basis and assess them annually against the investment objectives that have been set in accordance with Part 2 of the Investment Consultancy and Fiduciary Management Market Investigation Order 2019.

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The Trustees will review this SIP at least triennially, or as soon as is practical following any changes to the investment strategy, and modify it with consultation from the relevant advisers, the Company, if deemed appropriate. There will be no obligation to change this SIP, any Investment Manager, Platform Manager, or adviser as part of such a review.

Trustees' Recordkeeping

The Trustees maintain a record of all investment related decisions they have taken, together with the rationale in each case.

7. Fees

Member Charges

There are three sources of charges applicable to members:

- Investment management charges
- Mobius platform charge
- Scheme platform charge (includes administration)

Fees are charged as a proportion of the size of assets invested. The charges have been negotiated and will continue to be reviewed regularly. Member charges are set out in each employer's Investment Choices document.

Advisers

Fees paid to the advisers are based either on actual time spent and hourly rates for relevant individuals or on fixed fees agreed in advance for specifically defined projects.

Value for Members

The Trustees review, as far as possible based on the data available, all sources of fees levied on members' accounts (including management charges, additional expenses and platform charges as appropriate) to ensure value for members is present. The Trustees consider, among other items, the absolute level of charges, the competitiveness of applicable charges relative to the marketplace and the levels of service provided by each of the advisers and Managers.

The Trustees also review, as far as is reasonable and practical, transaction costs paid by members to assess the extent to which these represent good value for money.

The Trustees' conclusions in respect of value for members are documented in the Scheme's annual report and accounts.

8.Risks

The Trustees recognise a number of key risks to themselves and to the members of the Scheme:

- a) Value for Members Risk – the risk that the Scheme fails to offer value for members. This is addressed through regular ‘value for members’ reviews.
- b) Inflation Risk – the risk that the purchasing power of members’ investment accounts is not maintained. To try to manage this risk, the Trustees have offered a range of funds reflecting asset classes expected to provide long term returns more than price inflation.
- c) Pension Purchase Risk – the risk that the value of pension benefits that can be purchased by a given defined contribution amount is not maintained. This risk cannot easily be mitigated as it depends on market conditions for annuity rates at retirement, and the default strategies target a flexible-access outcome to reflect that not all members will look to purchase an annuity at retirement. However, the default strategies gradually de-risk as members approach retirement, including an increased allocation to bonds which should provide an extent of annuity price matching. Bond funds are also available within the self-select fund range for those members who would like to hedge annuity price movements more explicitly.
- d) Capital Risk – the risk that the value of any element used to provide a cash sum at retirement is not maintained, and to try to mitigate this risk the default strategies de-risk as members approach retirement. The self-select fund range includes a cash fund option for members prioritising capital preservation.
- e) Passive Manager Risk – the risk that the passive investments do not track the index effectively. The Trustees have mitigated this risk by taking advice from their Investment Adviser in relation to passive investments. The Trustees monitor how effectively the Scheme’s passive investments track their benchmarks as part of ongoing investment governance.
- f) Active Manager Risk – the risk that the active investments underlying the Scheme’s investment options underperform due to the underlying investment manager underperformance. The Trustees have mitigated this risk by taking advice from its Investment Adviser in relation to active asset management. The Investment Adviser considers a wide range of funds; diversified across asset class, sub asset class and investment manager to reduce the active manager risk.
- g) Communication Risk – the risk that communication to members is misleading or unclear and leads to inappropriate decisions being made. This is addressed through the Trustees receiving advice from their advisers and regular monitoring and updates, where appropriate, of member communications.
- h) Inappropriate Member Decision – the risk that members make inappropriate decisions regarding their investments. This is addressed where possible through communication to members and the recommendation that members seek independent financial advice. The Trustees also offer default strategies with a “lifestyling element” designed to phase members into lower risk investments as they approach retirement.
- i) Organisational Risk – the risk of inadequate internal processes leading to problems for the Scheme. This is addressed through a regular monitoring of the Investment Managers and advisers.
- j) Liquidity Risk – the risk that members are not able to realise the value of their funds when required. The majority of funds the Trustees offer are daily dealt, however some of the underlying investments in the daily dealt funds may be less liquid (for example private market investments). In this case whilst the funds offered are usually daily dealing, there is a risk that the underlying funds may suspend investment or redemption requests in periods of extreme market volatility, however the Trustees seek to mitigate the impact on members through regular assessment of the Scheme’s inflows and outflows to ensure sufficient liquidity.

- k) ESG Risk – the risk of adverse performance due to ESG related factors including climate change. This is addressed by carrying out regular reviews of the investment managers' approaches and effectiveness in managing ESG risks.
- l) Other Risks – The Trustees do identify other risks including but not limited to political, regulatory, and market risks which are considered in the Investment Strategy and its execution and on-going monitoring. Many of these risks are monitored through a Risk Register which is maintained, and actions tracked on a routine basis in the governance of the Scheme.

The importance of each risk varies with time. Inflation is important throughout the whole period to retirement whereas pension purchase risk and capital risk become more significant as retirement approaches, depending on how the member chooses to access their pension saving at retirement.

The Trustees have provided default strategies that aim to address the above risks through a member's life. The Trustees may vary the underlying asset allocation and investment managers within these strategies from time to time in response to changing market conditions and manager developments.

The Trustees also provide members with a range of self-select investment options into which they may direct their contributions so as to allow each member to determine the appropriate mix of investments based on their own attitude to risk, terms to retirement and investment objective.

The Trustees recognise that an efficient process for identifying, evaluating, managing and monitoring risks needs to be in place for the Scheme. The Trustees will identify and assess the impact of any risk, what controls can be put in place to manage the risk and review both the individual risks and the effectiveness of the risk management process as a whole.

The Trustees will keep these risks and how they are managed under regular review.

Appendix – Investment Options

The Cushon Sustainable Investment Strategy is the Trustees preferred default investment strategy that is offered in the Scheme. The Trustees and Company encourage Employers comfortable with the use of Private Markets within a default strategy to select this default strategy for members as they believe it will deliver the best risk-adjusted returns and therefore provide a better net of fees outcome for members.

The Trustees do offer an alternative default strategy, known as the Cushon Core Investment Strategy, for Employers wanting a lower cost strategy that does not incorporate Private Markets. Whilst it is not their preferred default strategy, the Trustees are comfortable that Cushon Core is an appropriate default to offer members.

Main Default Strategy: Cushon Sustainable Investment Strategy

For Employers that choose the Cushon Sustainable Investment Strategy, members who do not make a specific investment choice will be automatically invested in the Cushon Sustainable Investment Strategy. This phases a member's assets through different funds (set out in the chart below) as retirement approaches.



Main Default Strategy: Underlying Funds

Fund	Asset class	Target Allocation in Growth	Target Allocation in De-risking
Macquarie True Index	Equities	75%	40%
Schroders Capital Climate +	Private markets	15%	10%
Wellington Global Impact	Corporate Bonds	2.5%	6.25%
Lombard Odier Target Net Zero	Corporate Bonds	2.5%	6.25%
L&G Future World Corporate Bond Index	Corporate Bonds	1.8%	4.5%
Ninety One Global Target Return Credit	Multi Asset Credit	3.2%	8%
L&G Over 5 Year Index-Linked Gilts	Government Bonds	-	15%
L&G Cash	Cash	-	10%
Expected return		Gilts + 4.6% p.a.	Gilts + 3.4% p.a.
Expected volatility		17.7% p.a.	11.3% p.a.

Expected return and volatility numbers calculated at the time of setting the investment strategy and may vary over time depending on market conditions.

The allocations shown above represent the long-term targets to different funds. Actual allocations may differ, in particular where new funds, such as the Schroders Capital Climate + Fund, take time to reach their target allocation or they cannot be immediately bought and sold.

The growth fund aims to deliver a long-term return (net of fees) of CPI + 3.5% p.a. over rolling 5-year periods.

The de-risking element aims to deliver a long-term return (net of fees) of CPI + 1.5% p.a. over rolling 5-year periods.

For members on the Cushon platform, when a member accesses their pot, the member's allocation to the Schroders Capital Climate + Fund is switched to the BlackRock Market Advantage Fund. All other asset allocations remain the same and the change in asset allocation as a member ages will remain as per previous. This is subject to member confirmation after accessing their pot that they are comfortable with this continuing or if not the alternative fund(s) they wish to invest in instead.

For members on the HS Pensions platform, when a member accesses their pot, they are offered the Alliance Bernstein Retirement Bridge funds. When a member chooses Retirement Bridge the pension fund is invested in target-date funds managed by Alliance Bernstein. These invest the member's pot in a fund that corresponds to their date of birth or a stated target retirement date range of 2 years. The funds are made up of a collection of growth assets, such as equities, and income-producing assets, such as fixed income gilts, that are adjusted on a lifestyle basis as the member approaches age 75. The objective of the strategy is to produce a sustainable income at a level similar to that of a typical joint-life, level annuity, but one that is expected to grow over time.

Alternative Default Strategy: Cushon Core Investment Strategy

For Employers that choose the Cushon Core Investment Strategy, members who do not make a specific investment choice will be automatically invested in the Cushon Core Investment Strategy. This phases a member's assets through different funds (set out in the chart below) as retirement approaches.



Alternative Default Strategy: Underlying Funds

Fund	Asset class	Target Allocation in Growth	Target Allocation in De-risking
Macquarie True Index	Equities	90%	50%
Wellington Global Impact	Corporate Bonds	2.5%	6.25%
Lombard Odier Target Net Zero	Corporate Bonds	2.5%	6.25%
L&G Future World Corporate Bond Index	Corporate Bonds	1.8%	4.5%
Ninety One Global Target Return Credit	Multi Asset Credit	3.2%	8%
L&G Over 5 Year Index-Linked Gilts	Government Bonds	-	15%

L&G Cash	Cash	-	10%
Expected return		Gilts + 4.3% p.a.	Gilts + 3.3% p.a.
Expected volatility		18.4% p.a.	11.7% p.a.

Expected return and volatility numbers calculated at the time of setting the investment strategy and may vary over time depending on market conditions.

The allocations shown above represent the long-term targets to different funds. Actual allocations may differ, in particular where new funds take time to reach their target allocation.

The growth fund aims to deliver a long term return (net of fees) of CPI + 3.5% p.a. over rolling 5-year periods.

The de-risking element aims to deliver a long term return (net of fees) of CPI + 1.5% p.a. over rolling 5-year periods.

Default Strategies: Underlying Funds

Fund	Target Objective	Investment Style
Macquarie True Index	Deliver exact net returns of the Cushon Solactive ESG equity index for no management fee and a zero tracking error. The fund delivers an immediate CO2e emission reduction of 60% and an ongoing reduction of 7% per annum. Companies are screened for their alignment with the UN SDG and excludes the lowest performers. Companies with an SDG impact rating of less than - 5.1 are excluded. The fund's Green Revenue is increased by 100% and its Carbon Risk Rating by 20% compared to the benchmark.	Passive
Schroders Capital Climate + <i>(Cushon Sustainable Investment Strategy only)</i>	Net return of 8% p.a. with impact targets of 12.5k tCO2e avoided, 11k tCO2e captured, 300k people with increased climate risk resilience and less than 17.5k tCO2e generated per £10m invested.	Active
BlackRock Market Advantage <i>(Post-Retirement only)</i>	The fund aims to provide a return over the long-term (5 consecutive years) that exceeds 3 Month SONIA + 3.5% per annum (gross of fees).	Active
Wellington Global Impact Corporate Bonds	The fund targets 50bps gross outperformance p.a. versus the Bloomberg Barclays Global Aggregate Index (hedged to USD). The fund seeks to improve access to, and the quality of, basic life essentials reduce inequality and mitigate the effects of climate change.	Active
Lombard Odier Target Net Zero	The fund targets 100bps gross outperformance p.a. versus the Bloomberg Barclays Global Aggregate Corporate Bond Index over a credit cycle. The fund targets a 50% reduction in CO2 emissions by 2030, and NetZero by 2050.	Active
L&G Future World GBP Corporate Bond Index	Track the performance of the Solactive L&G ESG GBP Investment Grade Corporate TR Index. The fund employs a passive index tracking strategy while reflecting significant environmental, social and corporate governance (ESG) issues. Companies that fail to meet LGIM's minimum standards in low carbon transition and corporate governance standards may be excluded from the fund.	Passive
Ninety One Global Total Return Credit	The fund targets SONIA + 4% per annum (gross of fees) over a full credit cycle (which may be measured over 5-year rolling periods). The fund uses an unconstrained, bottom-up investment approach, targeting the most efficient allocation of capital across the global credit universe. The fund employs a bottom-up sustainability framework to identify the best-in-class companies and align the portfolio with net zero while achieving an immediate emission reduction of more than 50% compared to its benchmark.	Active

L&G Over 5 Year Index-Linked Gilts	Track the performance of the FTSE Actuaries UK Index-Linked Gilts Over 5 Years Index to within +/-0.25% p.a. for two years out of three.	Passive
L&G Cash	Perform in line with SONIA (Sterling Overnight Index Average).	Active

Self-Select Fund Options

The self-select options allow members to choose from a selection of funds based on their own attitude to risk, term to retirement and investment objective. The funds that may be made available to members are set out below.

Fund	Underlying Fund	Target Objective	Investment Style
Cushon Sustainable Global Equity	L&G Future World Global Equity Index	Track the performance of the Solactive L&G ESG Global Markets Index.	Passive
Cushon Sustainable UK Equity	L&G Future World UK Equity Index	Track the performance of the Solactive L&G ESG UK Index.	Passive
Cushon Sustainable Europe (ex UK) Equity	L&G Future World Europe (ex UK) Equity Index	Track the performance of the Solactive L&G ESG Europe ex UK Index.	Passive
Cushon Sustainable Japanese Equity	L&G Future World Japan Equity Index	Track the performance of the Solactive L&G ESG Japan Index.	Passive
Cushon Sustainable North American Equity	L&G Future World North American Equity Index	Track the performance of the Solactive L&G ESG North America Index.	Passive
Cushon Sustainable Pacific ex Japan Equity	L&G Future World Asia Pacific (ex Japan) Equity Index	Track the performance of the Solactive L&G ESG Asia Pacific ex Japan Index.	Passive
Cushon Sustainable Emerging Market Equity	L&G Future World Emerging Markets Equity Index	Track the performance of the Solactive L&G ESG Emerging Markets Index.	Passive
Fund	Underlying Fund	Target Objective	Investment Style
Cushon Fixed Interest Gilts	L&G All Stocks Gilt Index	Track the performance of the FTSE Actuaries UK Conventional Gilts All Stocks Index.	Passive
Cushon Index-Linked Gilts	L&G All Stocks Index-Linked Gilts Index	Track the performance of the FTSE Actuaries UK Index-Linked Gilts All Stocks Index.	Passive
Cushon Sustainable UK Corporate Bonds	L&G Future World GBP Corporate Bond Index	Track the performance of the Solactive L&G ESG GBP Investment Grade Corporate TR Index	Passive
Cushon Cash	L&G Cash	Perform in line with SONIA (Sterling Overnight Index Average).	Active
Cushon Shariah	HSBC Islamic Global Equity Index	Track the performance of the Dow Jones Islamic Titans 100 Index.	Passive
Cushon Global Impact	Baillie Gifford Positive Change	Outperform the MSCI ACWI Index GBP (net of fees) by 2% p.a.	Active
Cushon Global Equity	Macquarie True index	Deliver exact net returns of the Cushon Solactive ESG equity index for no management fee and a zero tracking error.	Passive
Cushon Global Bonds	Wellington Impact Bond (25%), Lombard Odier	Wellington: The fund targets 50bps gross outperformance p.a. versus the Bloomberg	Active

	<p>Bond (25%), L&G (18%) & Ninety One (32%)</p>	<p>Barclays Global Aggregate Index (hedged to USD). The fund seeks to improve access to, and the quality of, basic life essentials reduce inequality and mitigate the effects of climate change.</p> <p>Lombard Odier: The fund targets 100bps gross outperformance p.a. versus the Bloomberg Barclays Global Aggregate Corporate Bond Index over a credit cycle. The fund targets a 50% reduction in CO2 emissions by 2030, and NetZero by 2050.</p> <p>L&G: Track the performance of the Solactive L&G ESG GBP Investment Grade Corporate TR Index.</p> <p>Ninety One: The fund targets SONIA + 4% gross of fees over a full credit cycle (which may be measured over 5-year rolling periods).</p>	
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