CIGNA 2000 UK PENSION PLAN

STATEMENT OF INVESTMENT PRINCIPLES

1. INTRODUCTION

The Trustee of the CIGNA 2000 UK Pension Plan (the "Plan") has drawn up this Statement of Investment Principles ("the Statement") to comply with the requirements of:

- The Pensions Act 1995 as amended by the Pensions Act 2004;
- The Occupational Pension Scheme (Investment) Regulations 2005, as amended by the Occupational Pension Schemes (Charges and Governance) Regulations 2015; and
- Subsequent legislation.

As required under the Pension Act 1995 the Trustee has consulted a suitably qualified person in obtaining written advice from Mercer; their Investment Consultant. Where matters described in this Statement may affect the Plan's funding policy, input has also been obtained from the Scheme Actuary. The Trustee will obtain similar advice whenever this Statement is reviewed.

The Trustee's investment powers are set out within the Plan's governing documentation and relevant legislation. If necessary, the Trustee will take legal advice regarding the interpretation of these. The Trustee notes that, according to the law, it has ultimate power and responsibility for the Plan's investment arrangements.

The Trustee seeks to maintain a good working relationship with the sponsoring Company, CIGNA European Services (UK) Limited and will discuss any proposed changes to this Statement with the Company. However, fiduciary obligations to Plan members will take precedence over the Company's wishes, should these ever conflict.

The Plan consists of both a Defined Benefit and a Defined Contribution section. The investment objectives, risk considerations and strategy for both sections are set out separately in Section 3, and the policies on day to day management are set out in Section 4.

2. Plan Governance

The Trustee regularly sets aside time as appropriate at meetings to focus on investment matters, as well as taking advice as appropriate from the Scheme Actuary and other professional advisers.

The Trustee is accountable for the investment of the Plan's assets. The Trustee delegates some aspects of the Plan's investment arrangements to third party service providers, in order to manage the Plan's affairs effectively.

The Trustee has appointed Legal & General Investment Management ("the Fund Manager") as Fund Manager of the Plan's assets ('the Fund'). The Trustee believes that

Legal & General has the skill and judgement to successfully manage assets and they remain confident that the appointment of Legal & General as Fund Manager is in the best interest of their beneficiaries.

The Fund Manager will manage the Plan's assets for the Trustee within specified investment guidelines and restrictions and in accordance with this Statement of Investment Principles. The Fund Manager has full discretion to buy, sell, retain, exchange or otherwise deal in investments.

The Trustee retains direct responsibility for setting investment objectives, establishing risk and return targets and setting the Plan's asset allocation benchmark and investment manager structure. The Trustee makes these decisions after considering recommendations from the Scheme Actuary and Investment Consultant on the interaction of the Plan's assets and liabilities and the implication this may have for the investment strategy.

The Trustee regularly monitors the investment returns from the Plan's Fund Manager.

The Plan's current investment arrangements are described in more detail in the Appendix.

3. INVESTMENT OBJECTIVES, RISK AND INVESTMENT STRATEGY

Investment Objectives

To guide them in the strategic management of the assets and control of the various risks to which the Plan is exposed, the Trustee has considered their objectives and adopted the following:

A Defined Benefit Section

The Trustee's primary investment objective is to invest the Plan's assets in such a manner that members' benefit entitlements can be paid as and when they fall due.

In doing so, the Trustee will take into consideration the level and variability of the contributions from the sponsoring Company.

The investment policy therefore needs to reflect a balance between the following:

(1) A requirement to maintain a reasonable level of investment risk to reduce long term costs;

(2) Controlling the volatility of the fund level and contributions required from the Company;

(3) An acceptance that with a continued exposure to equity markets, the Plan will continue to bear significant investment risk.

B Defined Contribution Section

(1) To maximise the value of members' retirement benefits.

(2) To protect the purchasing power of members' funds as they approach retirement.

(3) To provide members with a range of investment options to enable them to tailor investment strategy to their own needs if they so wish.

(4) To establish a default investment strategy which is appropriate for members not wishing to make their own decisions.

<u>Risk</u>

A <u>Defined Benefit Section</u>

In assessing the amount of risk to take relative to the liabilities, the Trustee received advice from the Investment Consultant and Scheme Actuary, and held discussions with the Company. In particular, the following possible consequences were considered:

- The assets might not achieve the excess return relative to the liabilities anticipated over the longer term. This would result in deterioration in the Plan's financial position and consequently higher contributions from the Company than are currently expected.

- The relative value of the assets and liabilities will be more volatile over the short term than if investment risk had not been taken. This will increase the likelihood of there being a shortfall of assets relative to the liabilities in the event of discontinuance of the Plan. This consequence is particularly serious if it coincides with the Company being unable to make good the shortfall.

- This volatility in the relative value of assets and liabilities may also increase the short-term volatility of the Company contribution rate set at successive actuarial valuations, depending on the approach to funding adopted.

The Trustee's willingness to take investment risk is dependent on the continuing financial strength of the Company and its willingness to contribute appropriately to the Plan. The financial strength of the Company and its perceived commitment to the Plan is monitored and the Trustee will reduce investment risk relative to the liabilities should either of these deteriorate by a material amount.

The degree of investment risk also depends on the financial health of the Plan and the Plan's liability profile. The Trustee monitors these with a view to altering the investment objectives, risk tolerance and/or return target should there be a significant change in either.

Having regard to the above factors, and after taking advice from the Investment Consultant and Scheme Actuary, the Trustee has decided to invest a portion of the assets in equities with the aim of producing a return in excess of the return on matching assets.

Investment risk is measured by reference to the likely annual variation in return between the matching portfolio of investments (the liability benchmark portfolio) and the investment arrangements adopted.

In determining the investment policy, the Trustee has considered a number of investment risks to which the Plan is exposed, in particular, the Plan's sensitivity to:

- Interest rates
- Inflation
- Equity markets
- Currency risk

B Defined Contribution Section

There are various risks to which any defined contribution scheme is exposed. The Trustee considers the following risks:

Risk	How it is managed	How it is measured
Inflation Risk The real value (i.e. post inflation) value of members' accounts decreases.	The Trustee provides members with a range of funds, across various asset classes, with the majority expected to keep pace with inflation. Members are able to set their own investment allocations, in line with their risk tolerances.	Considering the real returns (i.e. return above inflation) of the funds, with positive values indicating returns that have kept pace with inflation.
Pension Conversion Risk Members' investments do not match how they would like to use their pots in retirement.	The Trustee makes available a global equity, index-linked gilt and cash fund. The Trustee also believes that a default investment option targeting annuity purchase is suitable for the Plan's membership.	The suitability of available funds and the default investment option are reviewed at least triennially.
Market Risk The value of securities, including equities and interest bearing assets, can go down as well as up.	The Trustee provides members with a range of funds, across various asset classes. Members are able to set their own investment strategy in line with their risk tolerances.	Monitoring the performance of investment funds on a quarterly basis.
Counterparty Risk A counterparty, either an underlying holding or pooled arrangement, cannot meet its obligation.	Delegated to investment managers.	Monitoring the security of assets on a regular basis.
Currency Risk The value of an investment in the member's base currency may change as a result of fluctuating foreign exchange rates.	Delegated to investment managers. The Trustee provides a global equity fund which is fully hedged therefore removing the currency risk in relation to that fund.	Currency risk is mitigated through the use of a fully hedged global equity fund.
Liquidity Risk Assets may not be readily realisable when required.	The Trustee provides daily dealt and daily priced pooled funds.	The pricing and dealing terms of the funds underlying the unit-linked insurance contract
Environmental, Social and Governance Risk ESG factors can have a significant effect on the performance of the investments held by the Plan	Delegated to investment managers. The Trustee's policy on ESG risks is set out in Section 4.3 of this Statement.	Section 4.3 of this Statement also covers how the Trustee monitors the extent to which managers integrate ESG factors and active ownership

e.g. extreme weather events, poor governance.		into their core processes.

The risks identified in the table above are considered by the Trustee to be 'financially material considerations'. The Trustee believes the appropriate time horizon over which to assess these considerations should be dependent on the member's age and when they expect to retire. The Default Option's lifestyle strategy recognises the diverse investment time horizons that exist within the Plan and, in turn, the differing requirements for return and tolerances of risk that they give rise to. Typically, younger members are expected to have a higher tolerance of risk than older members and the lifestyle strategy therefore invests more in higher risk return seeking assets for younger members than older members. Additionally, the fund range provides an equity fund aimed at providing long term returns in excess of price and average earnings inflation and an index-linked gilt fund aimed primarily at members who are approaching retirement. This mix reflects the differing investment time horizons, in other words the periods of time over which different members will be invested and, in turn, their differing requirements for return and tolerances of risk.

The Trustee believes that the investment strategy outlined below is appropriate for meeting the risks outlined above. The Trustee also monitors the Plan's investments on a quarterly basis.

Management of Risks (Defined Benefit)

In addition to targeting an appropriate overall level of investment risk, the Trustee seeks to spread risks across a range of different sources. The Trustee aims to take on those risks for which we expect to be rewarded for over time, in the form of excess returns. The Trustee believes that diversification helps to manage the risks by limiting the impact of any single risk.

Among the asset classes that the Trustee has considered for the Plan's investments are:

1) *UK Government bonds* – although UK Government bonds are the lowest risk asset relative to the Plan's liabilities, they are not risk free. Interest rate risk exists if the cash flow profile of the UK Government bonds held differs from that of the projected liabilities. Inflation risk exists if the assets and projected liabilities have different linkages to inflation. The Trustee implemented a Liability Driven Investment ("LDI") mandate in July 2020 in order to better align the profile of the Plan's bond assets with that of the Plan's liabilities. The mandate aims to hedge 60% of the Plan's interest rate and inflation risks by investing in a range of leveraged and unleveraged gilt funds.

2) *Other bonds* – in addition to interest rate risk and inflation risk, investing in certain bonds may introduce credit risk and currency risk. Credit risk reflects the possibility that the payments due under the bond might not be made by the borrower. Currency risk will arise through investment in non-Sterling bonds, given the Plan's liabilities are denominated in Sterling, because changes in exchange rates will impact the relative value of the assets and liabilities.

3) *Equities* – equities, whether public or private, represent an ownership stake in a company. The value of this stake is determined by the buyer and seller of the stake and there is no certain value to this investment (unlike the payments contracted under a bond, subject to credit and currency risk). A periodic payment, in the form of a dividend, might be made to an equity holder although

the timing and amount of this is uncertain. The uncertainty of the return from equities relative to the liabilities is captured in the form of the equity mismatch risk. The equity mismatch risk may be broken down into the credit risk of the underlying company, and the volatility risk associated with the stability of the price of the equity as well as currency risk for equities denominated in currencies other than Sterling among other risks. The currency risk has been removed from the Defined Benefit overseas equities by investing the overseas equity holdings in currency-hedged funds.

Across all of the Plan's investments, the Trustee is aware of the potential for regulatory and political risks. Regulatory risk arises from investing in a market environment where the regulatory regime may change. This may be compounded by political risk in those environments subject to unstable regimes. This risk is managed by ensuring that the asset portfolios are diversified across a number of different countries and regions.

Liquidity risk refers to the ease with which assets are marketable and realisable. The Trustee recognises that there is liquidity risk in holding assets that are not readily marketable and realisable. The Trustee therefore manages this risk by ensuring that it invests only in pooled funds which deal either weekly or daily and are therefore generally realisable at short notice.

Concentration risk arises when a high proportion of the Plan's assets are invested in securities, whether debt or equity, of the same or related issuers. The overall investment arrangements are intended to provide an appropriate spread of assets by type and spread of individual securities within each asset class, to reduce this risk.

In addition, to the risks outlined above there are a number of risk concentrations regarding the investment in the leveraged gilt and index linked gilt funds within the LDI mandate, such as:

- Roll risk
- Counterparty risk
- Funding rate risk
- Default risk
- Basis risk

The Trustee will monitor these risks on a regular basis and will consider new risks that may emerge from time to time. In particular, the Trustee will review;

- The Plan's interest rate and inflation hedge ratios;
- The change in hedging assets and liabilities
- The collateral sufficiency within the Plan.

Investment Strategy

A Defined Benefit Section

The Trustee has established a strategic benchmark allocation for the Plan. This is a high level asset distribution for the Plan's investments. The following table provides a summary of this, however we note that in April 2020 the rebalancing ranges were suspended as an interim step pending a move to a revised investment strategy.

Asset Class	Benchmark Allocation (%)	Tolerance Range (%)
Global Equities (50/50) Index Fund (Hedged)	36.0	+/- 2.0
2047 Gilt	4.1	n/a
2055 Gilt	2.7	n/a
2071 Gilt	1.3	n/a
2030 Index Linked Gilt	6.1	n/a
2035 Index Linked Gilt	6.1	n/a
2040 Index Linked Gilt	5.4	n/a
2038 Leveraged Gilt	0.7	n/a
2060 Leveraged Gilt	2.0	n/a
2068 Leveraged Gilt	2.0	n/a
2042 leveraged Index Linked Gilt	2.7	n/a
2050 leveraged Index Linked Gilt	3.4	n/a
2055 leveraged Index Linked Gilt	4.5	n/a
2062 leveraged Index Linked Gilt	2.7	n/a
2068 leveraged Index Linked Gilt	1.3	n/a
Sterling Liquidity Fund	-	n/a
Corporate Bonds – All Stocks	19.0	+/- 2.0
Total	**100.0**	**-**

Further details on the specific funds utilised are included in the appendix.

B Defined Contribution Section

The Trustee offers a selection of active and passively managed funds provided by Legal & General. The range of funds is designed to provide members with the opportunity to maximise long-term returns throughout their working life, with protection against changes in the cost of purchasing an annuity (via a bond fund) and some capital protection (via a cash fund) as the member approaches retirement.

In addition, there is a default "Lifestyle" pattern designed for members who do not wish to take investment decisions themselves. This is designed to help members gain from the higher long-term returns that are generally expected to be obtained on equity investments and to take advantage of the greater expected stability of other asset classes as retirement approaches.

Default Investment Option

A proportion of members will actively choose the default option because they feel it is most appropriate for them. However, the vast majority of DC Plan members do not make an active investment decision and are invested in the default option.

The aims of the default option:

- The default lifestyle strategy manages investment and other risks through a diversified strategic asset allocation. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. Any investment in derivative instruments contributes to risk reduction, or efficient portfolio management.

- In designing the default lifestyle strategy, the Trustee has explicitly considered the trade-off between risk and expected returns.

- If members wish to, they can opt to choose their own investment strategy on joining but also at any other future date, using the range of funds offered.

- Assets in the default lifestyle strategy are invested in the best interests of members and beneficiaries, taking into account the profile of members.

- Assets in the default lifestyle strategy are invested in a manner which aims to ensure the security, quality, liquidity and profitability of a member's portfolio as a whole.

Policies in relation to the default option

In addition to the Trustee's investment objectives, the Trustee believes that:

- The proposed lifestyle strategy's growth phase structure, that invests in equities, will provide growth and some protection against inflation erosion.

- As a member's pot grows, investment risk will have a greater impact on member outcomes. Therefore, the Trustee believes that the default strategy that seeks to reduce investment risk as the member approaches retirement is appropriate.

- Based on their understanding of the Plan's membership, an investment strategy that targets a balanced risk/return profile in the "growth" phase and a balance between annuity purchase and cash (up to 25% of a members' pot can be taken tax-free) in the "pre-retirement" phase is likely to meet a typical member's requirements. This does not mean that members have to use this risk/return profile or have to take their benefits in this format at retirement – it merely determines the default investment strategy that will be in place pre-retirement. Members who intend to take their retirement benefits through other formats or have a different risk/return profile have the option of choosing their own investment strategy.

Taking into account the demographics of the Plan's membership and the Trustee's views of how the membership will behave at retirement, the Trustee believes that the current default strategy is appropriate and will continue to review this over time, at least triennially, or after significant changes to the Plan's demographic, if sooner.

Risk Measurement and Management of the Default Option

The policies stated in Section 3 in relation to risk measurement and management are equally applicable to the Default Option. So too are the disclosures on the Default Option's lifestyle strategy and its aim to reflect the changing investment time horizons of members.

4. DAY TO DAY MANAGEMENT OF THE ASSETS

4.1 Main Assets

A Defined Benefit Section

Day-to-day management of the assets is delegated to a professional investment manager who is regulated by the Financial Conduct Authority (the "FCA").

The investment manager has full discretion to buy and sell investments within the pooled funds they operate on behalf of the Plan, subject to agreed constraints. The Appendix gives details of the manager, and their mandate.

The Trustee accepts that it is not possible to specify investment restrictions where assets are managed via pooled funds. Nevertheless, notwithstanding how the assets are managed, appropriate legal and investment advice is taken regarding the suitability of the investment management agreements and relevant investment vehicles.

The Trustee assesses the continuing suitability of the Plan's investment manager. The Investment Consultant provides help in monitoring the investment manager, both in the form of written reports and attendance at meetings. The manager's performance is measured quarterly.

B Defined Contribution Section

The Trustee provides the members with a "lifestyle" method of investment, which considers the age profile of each individual member. This approach entails a predominantly equity-oriented strategy for younger members, aiming for growth, and progressively transfers assets to Gilts and Cash as the retirement date draws near to reduce the variability of retirement benefits. The ultimate aim is to maximise the growth of the member's account when they are young, whilst locking in this growth as they near retirement.

To meet this aim the lifestyle fund invests in equities during the majority of the working lives of the individuals and will switch the investment before retirement age, into a mix of Equities, Index-Linked Gilts and Cash funds.

Although members have the choice to invest in a range of funds, the default funds are:

Legal & General Global Equity 50/50 Index Fund – GBP Currency Hedged
Legal & General Over 5 year Index-Linked Gilt Index Fund
Legal & General Cash Fund

Details of all the funds available are included in the appendix.

4.2 Fee Structure

A Defined Benefit Section

Details of the Plan's investment manager's fee scales are detailed in the appendix.

B Defined Contribution Section

Fees applicable depend on the fund choices made by individual members. The fees for each of the funds available are set out in the appendix.

4.3 ESG, Stewardship and Climate Change

The Trustee believes that environmental, social, and corporate governance (ESG) factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration. The Trustee has taken into account the expected time horizon of the Plan when considering how to integrate these issue into the investment decision making process.

The Trustee has given appointed investment managers full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

The Trustee considers how ESG, climate change and stewardship is integrated within investment processes in appointing new investment managers and monitoring existing investment managers. Monitoring is undertaken on a regular basis and is documented periodically.

Investment Restrictions

The Trustee has not set any investment restrictions on the appointed investment managers in relation to particular products or activities, but may consider this in future.

Member Views

The Trustee does not explicitly consult members when making investment decisions but would reflect upon any member views communicated to the Trustee. A copy of the Statement of Investment Principles is made available to members on request.

4.4 Engagement with the Investment Manager:

A Incentivising the asset manager to align its investment strategy and decisions with the Trustee policies:

In line with earlier sections of the SIP, investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected for.

The Trustee looks to its investment consultant for their forward looking assessment of a manager's ability to perform in line with their stated objectives. This view will be based on the consultant's assessment of the manager's idea generation, portfolio construction, implementation and business management, in relation to the particular investment fund that the Plan invests in. The consultant's manager research ratings assist with due diligence and questioning managers during presentations to the Trustee and are used in decisions around selection, retention and realisation of manager appointments.

If the investment objective of a particular fund changes, the Trustee will review the fund appointment to ensure it remains appropriate and consistent with the Trustee's wider investment objectives.

The Corporate Bond - All Stocks fund (DB Section) is actively managed and Legal & General are incentivised through performance targets (the appointment will be reviewed following periods of sustained underperformance). The Trustee will review the appropriateness of using actively managed funds (on an asset class basis) on an ad-hoc basis.

As the Trustee invests in pooled investment vehicles they accept that they have no ability to specify the risk profile and return targets of the manager, but appropriate mandates can be selected to align with the overall investment strategy.

B Incentivising the asset manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer, and to engage with issuers in order to improve their performance in the medium to long-term:

The Trustee will consider the investment consultant's assessment of how the investment manager embeds ESG into its investment process and how the manager's responsible investment philosophy aligns with the Trustee's responsible investment policy. This includes the investment managers' policy on voting and engagement. The Trustee will use this assessment in decisions around selection, retention and realisation of manager appointments.

The Trustee meets with the investment managers at trustee meetings on an ad-hoc basis and may challenge decisions made including voting history (in respect of equities) and engagement activity.

The Trustee reviews a stewardship monitoring report, which includes details of voting and engagement activities of the investment manager. When required, the Trustee will also challenge the manager's decisions that appear out of line with the investment fund's objectives or the objectives/policies of the Plan.

The Investment manager is aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage. If the Trustee is dissatisfied, then they will look to replace the manager.

C Aligning the evaluation of the asset manager's performance and the remuneration for asset management services with the Trustee policies:

The Trustee receives investment manager performance reports on a quarterly basis, which present performance information over 3 months, 1 year, 3 years and since inception. The trustee reviews the absolute performance, relative performance against a suitable index used as the benchmark, and against the manager's stated target performance (over the relevant time period) on a net of fees basis. The Trustee focus is on long term performance but will put the manager 'on watch' if there are short term performance concerns.

If the manager is not meeting performance objectives, or their investment objectives for the mandate have changed, the Trustee may ask the manager to review the Annual Management Charge.

Defined Contribution Section: As part of the annual Value for Money ("VfM") assessment, the Trustee reviews the investment manager fees.

D Monitoring portfolio turnover costs incurred by the asset manager:

The Trustee receives MiFID II reporting from their investment manager.

The Trustee does not currently monitor portfolio turnover costs but are looking to do this as part of an annual governance review.

The Trustee will ask the investment manager to include portfolio turnover and turnover costs in their presentations and reports to the trustees.

The Trustee will engage with the manager if portfolio turnover is higher than expected. This is assessed by comparing portfolio turnover across the same asset class, on a year-for-year basis for the same manager fund, or relative to the manager's specified portfolio turnover range in the investment guidelines or prospectus.

Within the Defined Contribution Section, the Trustee considers portfolio turnover costs as part of the annual value for money assessment.

E The duration of the arrangement with the asset manager:

The Trustee is a long term investor and is not looking to change the investment arrangements on a frequent basis.

The funds invested in are open-ended funds and therefore there is no set duration for the manager appointments. The Trustee will retain an investment manager unless:

- There is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager;

- The manager appointment has been reviewed and the trustees have decided to terminate.

Within the Defined Contribution Section, all the funds are open-ended with no set end date for the arrangement. The Fund Range and Default Strategy are reviewed on at least a triennial basis. A manager's appointment may be terminated if it is no longer considered to be optimal nor have a place in the default strategy or general fund range.

4.5 Additional Assets

Assets in respect of members' AVCs are invested in a range of investment options. With the assistance of the Plan's consultants, the AVC arrangements are reviewed periodically to ensure that the investment profile of the funds available remains consistent with the objectives of the Trustee and the needs of the members.

4.6 Realisation of Investments

In general, the Plan's investment manager has discretion in the timing of realisations of investments and in considerations relating to the liquidity of those investments.

The Trustee decides (with the advice from their investment manager and/or investment consultants) on how any net cash flow should be realised or invested. Any realisation or investment of cashflows will be directed such that the equity: bond split is moved closer to the overall Plan benchmark.

4.7 Monitoring the Investment Managers

Mercer is retained as the Trustee's investment consultant to assist the Trustee in fulfilling its responsibility for monitoring the investment manager.

5. COMPLIANCE WITH THIS STATEMENT

The Trustee will monitor compliance with this Statement annually. The investment manager has been supplied with a copy of this Statement and the Trustee undertakes to advise the investment manager promptly and in writing of any material change to this Statement.

6. REVIEW OF THIS STATEMENT

The Trustee will review this Statement in response to any material changes to any aspects of the Plan, its liabilities, finances and the attitude to risk of the Trustee and the sponsoring Company which it judges to have a bearing on the stated Investment Policy.

This review will occur annually. Any such review will again be based on written, expert investment advice and will be in consultation with the sponsoring Company.

For and on behalf of the Trustee of CIGNA 2000 UK Pension Plan
September 2020

Appendix – Current Investment Arrangements:

A Defined Benefit Section

Legal & General has been appointed to manage the Defined Benefit section assets. The Plan invests in passive index tracking funds only, with the exception of the Active Corporate Bond All Stocks Fund.

Asset Class	Benchmark
Global Equities (50/50) Index Fund (Hedged)	Composite Benchmark
2047 Gilt	2047 Single Stock Gilt
2055 Gilt	2055 Single Stock Gilt
2071 Gilt	2071 Single Stock Gilt
2030 Index Linked Gilt	2030 Single Stock Index Linked Gilt
2035 Index Linked Gilt	2035 Single Stock Index Linked Gilt
2040 Index Linked Gilt	2040 Single Stock Index Linked Gilt
2038 Leveraged Gilt	2038 Leveraged Gilts Index
2060 Leveraged Gilt	2060 Leveraged Gilts Index
2068 Leveraged Gilt	2068 Leveraged Gilts Index
2042 leveraged Index Linked Gilt	2042 leveraged Index Linked Gilts Index
2050 leveraged Index Linked Gilt	2050 leveraged Index Linked Gilts Index
2055 leveraged Index Linked Gilt	2055 leveraged Index Linked Gilts Index
2062 leveraged Index Linked Gilt	2062 leveraged Index Linked Gilts Index
2068 leveraged Index Linked Gilt	2068 leveraged Index Linked Gilts Index
Sterling Liquidity Fund	7 day LIBID
Corporate Bonds – All Stocks	iBoxx £ Non Gilt All Stocks Index
Total	**Composite**

Legal & General do not currently rebalance the funds to a specific strategic benchmark. The value invested in each of the funds will therefore drift in line with market movements.

Legal & General's performance target for the passive funds is to track the benchmark within the relevant tolerances in two years out of three.

The investment objective for the active corporate bond fund is to outperform its benchmark by 0.75% per annum (gross of fees), measured over rolling three year periods.

Fees

There is a flat charge of £1,500 per annum (This increases to £2,250 should the Plan's assets fall below £10m).

Fund	Fee Scale
Global Equities (50/50) Index Fund (Hedged)	0.178% p.a. on the first £2.5 million; 0.168% p.a. on the next £7.5 million
Leveraged Index Linked Gilt and Leveraged Gilt Funds	0.24% p.a. on the first £25 million; 0.17% p.a. on the balance above £25 million
Unlevered Index Linked Gilt and Unlevered Gilt Funds	0.1% p.a. on the first £5 million; 0.075% p.a. on the next £5 million; 0.05% p.a. on the next £20 million; 0.03% p.a. on the balance above £30 million
Sterling Liquidity Fund	0.125% p.a. on the first £5 million; 0.10% p.a. on the next £5 million; 0.075% p.a. on the next £20 million; 0.05% p.a. on the balance above £30 million
Corporate Bonds – All Stocks	0.2% p.a.

B Defined Contribution Section

Legal & General has been appointed to manage the Defined Contribution section assets. The fund options available are all passive index tracking funds.

Lifestyle Strategy

Under the lifestyle strategy offered by the Trustee, members invest in a sterling hedged global equity (50/50) fund until ten years prior to normal retirement age. From this point onwards switching into index-linked Gilts and cash will commence on a predetermined basis as set out in the table below:

	Years to Normal Retirement Age										
	10	**9**	**8**	**7**	**6**	**5**	**4**	**3**	**2**	**1**	**0**
Global Equity (Currency Hedged)	100	92	84	76	67	58	48	36	22	8	0
Index-Linked Gilts	0	8	16	24	33	42	46	52	60	70	75
Cash	0	0	0	0	0	0	6	12	18	22	25
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

The switching that takes place actually occurs monthly and so the table above is for illustrative purposes only.

Members may opt out of the lifestyle strategy and invest their contributions in the following funds:-

Fund Details

Global Equity (50/50) Index Fund – GBP Currency Hedged:

Benchmark:	The benchmark for the Fund is comprised of the FTSE All Share Index and the Sterling hedged FTSE regional indices for developed equity markets (Overseas component is split 17.5% in North America, 17.5% in Europe (ex UK), 8.75% in Japan and 6.25% in Asia Pacific (ex Japan)).
Performance Target:	Track the benchmark within the agreed tolerance range for two out of three years.
Management Charge:	0.178% p.a.

Multi-Asset Fund:

Benchmark:	The fund aims to deliver long term performance which is close to that of the average UK discretionary pension fund, excluding property.
Performance Target:	Track the benchmark within the agreed tolerance range for two out of three years.
Management Charge:	0.15% p.a.

UK Equity Index Fund:

Benchmark:	FTSE All Share Index.
Performance Target:	Track the benchmark within +/- 0.25% p.a. for two out of three years.
Management Charge:	0.1% p.a.

Overseas Equity Consensus Index Fund:

Benchmark:	The fund aims to deliver long term performance which is close to that of the overseas equity return on the average UK pension fund.
Performance Target:	Track the benchmark within the agreed tolerance range for two out of three years.
Management Charge:	0.25% p.a.

Global Emerging Markets Equity Index Fund:

Benchmark:	S&P/IFC Investable Composite Global Emerging Markets Index.

Performance Target:	Track the benchmark within +/- 1.5% p.a. for two out of three years.
Management Charge:	0.6% p.a.

Over 5 Year Index-Linked Gilt Index Fund:

Benchmark:	FTSE A Index-Linked (Over 5 Year) Index.
Performance Target:	Track the benchmark within +/- 0.25% p.a. for two out of three years.
Management Charge:	0.1% p.a.

Cash Fund:

Benchmark:	Russell/Mellon CAPS Pooled Pension Fund Survey – cash section.
Performance Target:	The fund aims to match the median return on similar cash fund as measured by the Russell/Mellon CAPS Pooled Pension Fund Survey.
Management Charge:	0.125% p.a.