

EGL Pension Fund

Statement of Investment Principles

September 2020

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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 EGL Pension Fund ('the Fund'). It describes the investment policy being pursued by the Trustees of the Fund and is in compliance with the Government's voluntary code of conduct for Institutional Investment in the UK ('the Myners Principles'). This SIP also reflects the requirements of Occupational Pension Schemes (Investment) Regulations 2005.

The Scheme Actuary is Mofozul Ali of XPS Pensions Group, the Investment Adviser is River and Mercantile Solutions (a division of River and Mercantile Investments Limited) and the Legal Adviser is Baker & McKenzie (collectively termed 'the Advisers').

The Trustees confirm that, before preparing this SIP, they have consulted with CEVA Freight (UK) Limited ('the Sponsoring Employer') and the Scheme Actuary and have obtained and considered written advice from the Investment Adviser. The Trustees believe the Advisers to be qualified by their ability and practical experience of financial matters and to have appropriate knowledge of the investment arrangements that the Fund requires.

The Trustees are responsible for the investment of the Fund's assets and 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 ('FSMA'), the Trustees set general investment policy, but have delegated the day-to-day investment of the Fund's assets to be undertaken through the fiduciary management service of River and Mercantile Investments Limited ('R&M Solutions'), hereafter referred to as the 'Investment Manager'.

The Investment Manager is authorised under the FSMA and provides the expertise necessary to manage the investments of the Fund

Declaration

The Trustees confirm that this Statement of Investment Principles reflects the investment strategy they have implemented for the Fund. The Trustees acknowledge that it is their responsibility, with guidance from the Advisers, to ensure the assets of the Fund are invested in accordance with these Principles.

Signed: David Lara

Date: 30 September 2020

For and on behalf of the Trustees of the EGL Pension Fund.

2 Fund Governance

The Trustees are responsible for the governance and investment of the Fund's assets. The Trustees consider that the governance structure set out in this SIP is appropriate for the Fund as it allows the Trustees to make the important decisions on investment policy, while delegating the day-to-day aspects to the Investment Manager or the Advisers as appropriate. The responsibilities of each of the parties involved in the Fund's governance are detailed in Appendix A.

The Trustees believe that they should be collectively involved in the investment decision-making and have therefore decided not to appoint an Investment Sub-Committee to deal with investment matters.

3 Investment Objectives

The overall objective of the Fund is to meet the benefit payments promised as they fall due. The Trustees have set the following qualitative objectives:

1. The acquisition of suitable assets, having due regard to the risks set out in Section 8 of this statement, which will generate income and capital growth to pay, together with contributions from members and the Sponsoring Employer, the benefits which the Fund provides as they fall due.
2. To limit the risk of the assets being assessed as failing to meet the liabilities over the long term having regard to any statutory funding requirement.
3. To achieve a return on investments which is expected to at least meet the Scheme Actuary's assumptions over the long term.

In quantitative terms, the Trustees invest in a blend of growth assets that broadly targets 3% above cash and a liability hedge which aims to mitigate the change in the liabilities. The Trustees decide the blend of these funds to target the appropriate return for the Fund, this is shown in the Quarterly Monitoring Report.

The objectives of the Fund are not framed relative to the performance of any other pension funds.

4 Investment Strategy

4.1 General Policies

The Trustees' approach to investment strategy is to allocate the assets into two pools – 'Off-risk' (defined as the 'Matching Fund') and 'On-risk' (defined as the 'Investment Fund') assets. The investment objective is then translated into the strategy and assets are allocated to these two components, together defined as the 'Portfolio':

- 'Off-risk' assets, where the focus is risk management, protection and insurance relative to the liability target. Invested in, but not limited to, fixed interest gilts, index-linked gilts and corporate bonds. Defined as the Matching Fund, this seeks to generate returns in line with the LBP (net of fees).
- 'On-risk' assets, where the focus is on return generation and taking risk in a controlled manner – such assets could include equities, high yield bonds, property, commodities and hedge funds, etc. Defined as the Investment Fund, this seeks to generate returns of at least LBP + 3% per annum (net of fees).

Each component has a specific liability-related objective that links back to the overall Fund objective. The Trustees' investment objective influences the split of assets between these two components.

The Trustees have agreed, following advice from their Investment Adviser, to allocate 80% of the assets to the Investment Fund and 20% of assets to the Matching Fund to achieve the overall target of LBP + 2.4% per annum (net of fees).

The Investment Manager shall not be deemed to have breached the restrictions set out in the Investment Management Agreement if the price or value of any part of the portfolio changes solely as a result of market movements but in such circumstances the Investment Manager shall take reasonable steps to bring the portfolio back within the restrictions set out in the Investment Management Agreement, unless otherwise agreed with the Trustees.

4.2 Asset Allocation

The Trustees recognise the importance of asset allocation to the overall investment returns achieved. However, given the approach to managing the investments set out in the previous Section, the Trustees also recognise that the asset allocation will change as a result of a range of factors, which include changes in market conditions changing the allocation to different asset types within the Investment Fund.

However, in recognition of the risks that asset allocation can imply, there are asset allocation control ranges in place. These are set out in the Investment Management Agreement.

4.3 Rates of Return

The Trustees expect to achieve a rate of return on the Investment Fund of at least 3% per annum, net of investment management fees, in excess of the return on the LBP.

4.4 Diversification, Mandate Definition and Constraints

The Trustees are clear about the importance of diversification and as such the appointment of the Investment Manager includes a requirement to ensure assets are diversified. The choice of asset classes as set out in Investment Management Agreement is designed to ensure that the Fund's investments are diversified. The Trustees monitor the strategy adopted by the Investment Manager to ensure that the arrangement remains diversified.

4.5 Suitability

The Trustees have established a mandate with the specific aim of defining the asset management objective to be directly consistent with the liability driven objectives. As such, they consider the mandate to be suitable.

The Trustees have taken advice from the Advisers to ensure that the assets held by the Fund and the proposed strategy is suitable given its liability profile, the Trustees' objectives, legislative requirements, regulatory guidance and specifications in the trust deed and rules governing the Fund (the Trust Deed).

5 Strategy Implementation

The Trustees employ the Investment Manager to manage the assets of the Fund. The Investment Manager is appointed to invest the Fund's assets through:

- Determining the asset allocation of both the Investment Fund and the Matching Fund.
- Selecting underlying managers to manage elements of each Fund.
- Defining the allocations to each manager and the most appropriate form of access.
- Making changes where appropriate.

The performance expectation of this process is delivery of the investment objectives set for each Fund, as this is consistent with the overall investment objectives set out earlier in the SIP.

5.1 Mandates and Performance Targets

The Trustees have received advice on the appropriateness of the Investment Manager's targets, benchmarks and risk tolerances from the Advisers and believe them to be suitable to meet the Fund's investment objectives. The Investment Manager has been mandated by the Trustees to manage the investments in a particular way, and details of these mandates are in the Investment Management Agreement.

5.2 Diversification

The assets will be invested in a diverse portfolio of investments in order to reduce investment risk. The range of, and any limitation to the proportion of, the Fund's assets held in any asset class will be agreed between the Investment Manager and the Trustees. These ranges and sets of limitations will be specified in the formal Investment Manager Agreement and may be revised from time to time where considered appropriate as circumstances change. The Trustees also have regard to the investment powers of the Trustees as defined in the Trust Deed.

5.3 Derivatives

The Trustees may enter into contracts with counterparties, including investment banks, in order to execute in derivative transactions. The Trustees have taken advice on the suitability of the contracts and have delegated responsibility to the Investment Manager to implement these instruments on their/its behalf. Derivative instruments are typically used for risk management purposes in the portfolio.

5.4 Suitability

The Trustees have taken advice from the Advisers to ensure that the Investment Manager is suitable for the Fund given its objectives.

The Trustees are also aware in particular that the Investment Manager is regulated by the Financial Services Authority in pursuit of the functions provided, and that this is a means of establishing suitability under the Pensions Act 1995. The Trustees will continue to monitor the ongoing suitability of their providers through regular meetings and reports.

6 Monitoring

6.1 Investment Manager

The Trustees, or Advisers on behalf of the Trustees, will monitor the performance of the Investment Manager against the agreed performance objectives.

The Trustees, or the Advisers on behalf of the Trustees, will regularly review the activities of the Investment Manager to satisfy themselves that the Investment Manager continues to carry out its work competently and has the appropriate knowledge and experience to manage the assets of the Fund.

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

- Is carrying out its function competently.
- Has regard to the need for diversification of investments.
- Has regard to the suitability of each investment and each category of investment.
- Has been exercising its 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 the 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.

6.2 Advisers

The Trustees will monitor the advice given by the Advisers on a regular basis.

6.3 SIP

The Trustees will review this SIP at least every three years, or following any changes to the investment strategy, and modify it with consultation from the Advisers and the Sponsoring Employer if deemed appropriate. There will be no obligation to change this SIP, the Investment Manager or Advisers as part of such a review

6.4 Trustees

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

7 Fees

7.1 Investment Manager

The Trustees will ensure that the fees paid to the Investment Manager are consistent with levels typically available in the industry and the nature of services provided.

The current fee basis for the Investment Manager is set out in the Investment Manager Agreement.

The Trustees recognise that fees paid must be consistent with the value received to the Fund. As such, the incentive fee payable to R&M Solutions as the Investment Manager rewards the generation of value net of other investment management fees. The Trustees therefore expect R&M Solutions to weigh the potential benefits of using an external investment management firm against the fees involved and will reward the Investment Manager for success achieved overall. The Trustees also recognise that the Variable Element of the Management Fee is only payable to the Investment Manager when the Fund's performance exceeds the performance objective. This means that the Variable Element of the Management Fee is only expected to be paid when the funding level of the Fund is increasing. Consequently, the Trustees consider after advice of its Advisers that the approach properly aligns the interests of the Fund and the Investment Manager.

7.2 Advisers

Fees paid to the Advisers are based on actual time spent and hourly rates for relevant individuals, unless the Trustees and the Advisers agree alternative arrangements in advance.

7.3 Trustees

No Trustees are paid for their role.

8 Financially material investment considerations

These considerations which include the below "Risks" can affect the long-term financial performance of investments and can (but do not have to) include environmental, social and governance factors (otherwise known as "ESG") where relevant. The Trustees delegate consideration of financially material factors to the Investment Manager who considers these when constructing the portfolio, including looking at Underlying Managers. All references to ESG relate to financial factors only. All references to ESG also include climate change.

ESG factors and stewardship are considered, in the context of long term performance, by the Investment Manager as part of the manager selection criteria. This review occurs before they are approved for investment in the portfolio. Once an Underlying Manager is appointed, the Investment Manager monitors the ESG implementation and ongoing compliance with other factors, such as stewardship, as a part of overall engagement

9 Risks

The Trustees recognise a number of risks involved in the investment of the assets of the Fund. These risks, and how they are measured and managed, include:

- i. **Funding and asset/liability mismatch risk** – the risk that the funding level is adversely affected due to a mismatch between the assets and liabilities. This risk is managed in the following ways:
 - A liability benchmark portfolio or 'LBP' is used as a proxy for the liabilities (as described in Section 3) in order to measure the approximate changes in the liabilities (due to changes to the relevant gilt yields only). The Trustees monitor this change relative to the change in asset values on a quarterly basis. The LBP is reviewed following each actuarial review.
 - The Trustees also recognise the risk of a negative impact on the funding level due to changes in the actuarial assumptions used to calculate the liabilities and variation in experience. This is managed through aiming for a higher overall investment return than implied by the liabilities.
 - When setting and reviewing investment strategy, the Trustees examine how the investment strategy impacts on downside risk as set out in Section 3. Downside risk of the investment strategy is also measured by reference to the LBP and can therefore be assessed as part of the quarterly review process.
 - This risk is also monitored through regular actuarial and investment reviews.
- ii. **Underperformance risk** – the risk of underperforming the benchmarks and objectives set by the Trustees. This risk is minimised using the following techniques:
 - Appropriate diversification across asset classes, within sectors and between individual stocks to minimise the effect of a particular stock or sector performing badly.
 - The use of instruments and strategies designed to control the extent of downside exposure.
 - The use of passive management for asset classes where the downside risk of active management is considered too high.
 - Regular monitoring of the active managers' performance, processes and capabilities with respect to their mandate, and by use of more than one manager to avoid over exposure to one organisation.
- iii. **Country risk** – the risk of an adverse influence on investment values from political intervention is reduced by diversification of the assets across many countries.
- iv. **Concentration risk** – the risk of an adverse influence on investment values from the concentration of holdings is reduced by the diversification of the assets.
- v. **Mismanagement risk** – the risk of unsuitable investment activity by the Investment Manager. This is addressed in the agreements with the Investment Manager which contain a series of restrictions. The activity of the Investment Manager and its processes are monitored regularly by the Investment Advisers on behalf of the Trustees.

- vi. **Default risk** – the risk of income from assets not being paid when promised. This is addressed through restrictions for the Investment Manager e.g. a minimum credit rating of the bonds they are allowed to buy and also a high proportion of the bonds held are government bonds which have little default risk.
- vii. **ESG risk** – the risk of adverse performance due to ESG related factors including climate change. This is addressed by the Investment Manager’s ESG assessment at the point of investment with Underlying Managers. A summary of the overall ESG characteristics in the portfolio in the quarterly governance report.
- viii. **Organisational risk** – the risk of inadequate internal processes leading to problems for the Fund. This is addressed through regular monitoring of the Investment Manager and Advisers.
- ix. **Counterparty risk** – the risk of the counterparty to an agreement not carrying out his side of the deal. Where derivatives are used, the risk of counterparty default is reduced through the requirement in the relevant documentation that regular collateral or margin payments be made. It is also considered in the selection of counterparties and the incorporation of protection mechanisms in the documentation in the event of a downgrade in credit quality of an existing counterparty.
- x. **Cash flow risk** – addressed through the monitoring of the cash flow requirement of the Fund to control the timing of any investment/disinvestment of assets.
- xi. **Sponsor risk** – the risk of the Sponsoring Employer ceasing to exist which, for reasons of prudence, has been taken into account when setting the asset allocation strategy. The Trustees regularly review the covenant of the Sponsoring Employer.

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

10 Other Issues

10.1 Statutory Funding Requirement

The Trustees will obtain and consider proper advice on the question of whether the investments and investment strategy are satisfactory having regard to both the investment objectives and the requirement to meet any statutory funding requirements. The funding position is reviewed periodically by the Scheme Actuary, with a full actuarial valuation at least every three years.

The Trustees will consider with the Investment Adviser and the Scheme Actuary whether the results of these actuarial valuations suggest that any change to investment strategy is necessary to ensure continued compliance with the statutory funding requirement.

10.2 Corporate Governance and Stewardship

The Trustees and Investment Manager have agreed, and will maintain, formal agreements setting out the scope of the Investment Manager's activities, charging basis and other relevant matters. The Investment Manager has been provided with a copy of this SIP and is required to exercise its powers with a view to giving effect to the principles contained herein and in accordance with subsection (2) of Section 36 of the Pensions Act 1995.

The Trustees have appointed the Investment Manager to implement the Fund's investment strategy. The Investment Manager manages assets directly on behalf of the Trustees as well as having delegated authority to appoint, monitor and change the Underlying Managers.

The Investment Manager is appointed to carry out its role on an ongoing basis. The Trustees periodically review the overall value-for-money of using R&M Solutions, and information in relation to costs associated with investing is included in the quarterly monitoring report. The Trustees are satisfied that these arrangements incentivise the Investment Manager:

- to align its investment strategy and decisions with the Trustees' investment policies, such as their return target and the restrictions detailed in the Investment Management Agreement, and
- to assess and make decisions based on the medium- to long-term financial and non-financial performance of issuers of debt or equity, and to engage with such issuers to improve this medium- to long-term performance. The success of such engagement will contribute to the Fund's performance, which is measured relative to the Trustees' long-term performance objectives.

The Fund's investments are generally made via pooled investment funds, in which the Fund's investments are pooled with those of other investors. As such, direct control of the process of engaging with the companies that issue these securities, whether for corporate governance purposes (such as capital structure) or other financially material considerations, is delegated to the Underlying Managers.

The Trustees have delegated responsibility for monitoring and voting on decisions relating to their Underlying Manager holdings to the Investment Manager. The Investment Manager has in place a voting policy which sets out how it will aim to vote at a general meeting of a pooled fund. For any special resolutions or extraordinary general meetings, the proposed votes of the Investment Manager are subject to additional sign-off by the appropriate representative from the Investment Manager.

The Investment Manager undertakes regular reviews of all Underlying Managers. These reviews incorporate benchmarking of performance and fees, with some managers on performance-related fees as well as performance reviews (including understanding key drivers of performance), investment due diligence meetings and operational due diligence reviews. The Investment Manager reviews the governance structures of Underlying Managers, as well as assessing whether their fees, expenses (and any other charges) are in line with industry peers at inception and from time to time whilst invested.

Where it can be determined, the Investment Manager assesses whether Underlying Manager remuneration arrangements are aligned with the Trustees' objectives. The method and time horizon for evaluating and remunerating Underlying Managers is determined by criteria set by the Investment Manager, as detailed above.

The Trustees acknowledge the inherent potential for conflicts of interest which exist as part of ongoing Investment management business activities. As an FCA regulated firm, the Investment Manager is required to prevent or manage conflicts of interest. Where Underlying Managers are also regulated, they are likely to be subject to such requirements to manage conflicts of interest as are applicable in their jurisdiction of incorporation or operations. The Investment Manager directly monitors these as part of their regulatory filings (where available), the Investment Manager also monitors this as part of ongoing review. The Investment Manager's Conflict of Interest policy is available publicly here: https://riverandmercantile.com/Asp/uploadedFiles/file/Corporate_Governance/RMG_Conflicts_of_Interest_Policy.pdf

The Investment Manager oversees the turnover costs incurred by Underlying Managers as part of its ongoing monitoring process and evaluates such costs to determine if they are in line with peer groups and the Investment Manager's expectations. Where there are material deviations the Investment Manager engages with Underlying Managers to understand the rationale for such deviations and take appropriate action.

10.3 Additional Voluntary Contributions (AVCs)

The Fund provides a facility for members to pay AVCs to enhance their benefits at retirement. Members are offered a range of funds with Equitable Life Assurance Society and Legal & General Investment Management ("LGIM") in which to invest their AVC payments. The Trustees' objective is to provide a range of funds which will provide a suitable long term return for members, consistent with members' reasonable expectations. Details of funds available for investment can be found in 'Appendix B – AVC Investment Options'.

10.4 Non-financial matters

The Trustees do not at present take into account non-financial matters (such as members' ethical considerations, social and environmental impact matters or future quality of life considerations for members and beneficiaries) when making investment decisions as there is no likely common view on any ethical matters which members are likely to hold. At this time the Trustees have no plans to seek the views of the membership on ethical considerations.

10.5 Realisation of Assets

The majority of assets are held in pooled funds, most of which can be realised easily if the Trustees so require. The Investment Manager is permitted to hold up to 20% of on-risk assets into illiquid investments (as defined in the Investment Management Agreement), which the Trustees acknowledge can take additional time to realise. The Trustees have considered this risk against the possibility of needing to realise these assets and are comfortable it is a reasonable approach to take.

10.6 Custody

Through the fiduciary management service, the Fund's assets are held on behalf of the Trustees by a Custodian, currently CACEIS Bank. Although the Trustees have a direct contractual relationship with the Custodian, the appointment and monitoring of the Custodian is delegated to the Investment Manager through the Bespoke fiduciary management service.

Appendix A - Responsibilities

Trustees

The Trustees of the Fund are responsible for, amongst other things:

- i. Determining the investment objectives of the Fund and reviewing these from time to time.
- ii. Agreeing an investment strategy designed to meet the investment objectives of the Fund.
- iii. Reviewing regularly the content of this SIP and modifying it if deemed appropriate, in consultation with the Advisers and the Sponsoring Employer.
- iv. Reviewing the suitability of the investment policy following the results of each actuarial or investment review, in consultation with the Advisers.
- v. Assessing the quality of the performance and process of the Investment Manager by means of regular reviews of the investment results and other information, by way of meetings and written reports, in consultation with the Advisers.
- vi. Appointing and dismissing the Investment Manager and custodians in consultation with the Advisers.
- vii. Assessing the ongoing effectiveness of the Advisers.
- viii. Consulting with the Sponsoring Employer when reviewing investment policy issues.
- ix. Monitoring compliance of the investment arrangements within this SIP on an ongoing basis.
- x. Advising the Advisers of any changes to Fund benefits and significant changes in membership.

Investment Manager

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

- i. At their discretion, but within any guidelines given by the Trustees, implementing changes in the asset mix and selecting and undertaking transactions in specific investments within each asset class to achieve the stated objective.
- ii. Providing the Trustees with sufficient information each quarter to facilitate the review of its activities, including:
 - A report of the strategy followed during the quarter.
 - The rationale behind past and future strategy.
 - A full valuation of the assets and a performance summary.
 - A transaction report and a cash reconciliation (if requested).
- iii. Informing the Trustees immediately of:
 - Any breach of this SIP that has come to its attention.
 - Any serious breach of internal operating procedures.

- Any material change in the knowledge and experience of those involved in managing the Fund's investments.
- Any breach of investment restrictions agreed between the Trustees and the Investment Manager from time to time.

Investment Adviser

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

- i. Participating with the Trustees in reviews of this SIP.
- ii. Advising the Trustees how any changes within the Fund's benefits, membership and funding position may affect the manner in which the assets should be invested.
- iii. Advising the Trustees of any changes in the Fund's Investment Manager that could affect the interests of the Fund.
- iv. Advising the Trustees of any changes in the investment environment that could either present opportunities or problems for the Fund.
- v. Undertaking reviews of the Fund's investment arrangements including reviews of the asset allocation policy and the current Investment Manager, and selection of new managers, as appropriate.

Scheme Actuary

The Scheme Actuary will be responsible for, amongst other things:

- i. Liaising with the Investment Adviser on the suitability of the Fund's investment strategy.
- ii. Performing the triennial (or more frequently as required) valuations and advising on the appropriate contribution levels.
- iii. Commenting on the appropriateness of the investment strategy relative to the liabilities of the Fund at the triennial valuations.
- iv. Advising the Trustees and Investment Adviser of any changes to contribution levels and funding level.

Custodian

The Custodian will be responsible for, amongst other things:

- i. Safe-keeping and administration of all the directly held assets.
- ii. Collecting income from assets and transferring it to the Trustees.
- iii. Processing all tax reclaims in a timely manner.
- iv. Reconciling records of assets held with those of the Investment Manager.

Legal Adviser

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

- i. Liaising with the Trustees to ensure legal compliance.

Appendix B – AVC Investment Options

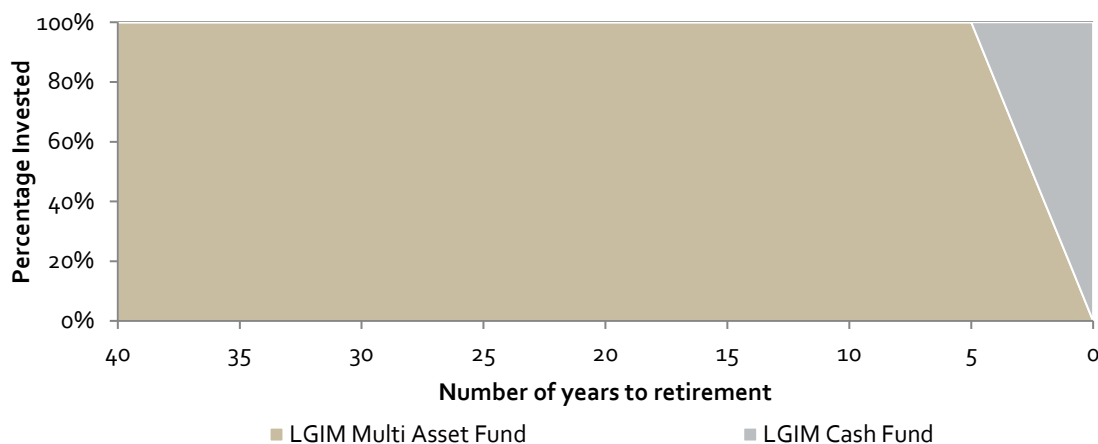
Members can choose from either a lifestyle option, in which the asset allocation automatically changes in a pre-determined manner based upon their term to retirement to reflect their changing risk and return requirements, or a range of funds aimed at a members attitude to risk and individual investment objectives.

Lifestyle Option

The lifestyle option phases member’s assets through the following funds as retirement approaches:

- LGIM Multi Asset Fund
- LGIM Cash Fund

The gradual transition between these funds is shown in the chart below



The underlying funds are shown in more detail in the below table:

Fund (Active / Passive)	Description	Objective	TER ¹
LGIM Multi Asset Fund (Active)	The fund aims to meet the criteria of the ABI Mixed Investment 40-85% Shares sector ² , with the remaining 60-15% of the fund held in a range of investments which may include bonds, cash and the shares of infrastructure and private equity	Provide long-term investment growth through exposure to a diversified range of asset classes	0.250%
LGIM Cash Fund (Active)	The fund aims to preserve the capital value of investments by investing in cash deposits and cash like assets	Perform in line with 7 Day LIBID	0.125%

¹ TER stands for Total Expense Ratio and it represents the overall annual charges paid by members.

² Funds in this sector are required to have a range of different investments. Certain limits apply:

- The fund must have between 40% and 85% exposure to equities (company shares);
- The fund must be at least 50% denominated in “established market currencies” (US Dollar, Sterling or Euro);
- 25% of the amount in established market currencies must be in, or hedged to Sterling.

A matrix showing the breakdown for different member ages is displayed below:

Term to Retirement	LGIM Multi Asset Fund	LGIM Cash Fund
40	100%	0%
39	100%	0%
38	100%	0%
37	100%	0%
36	100%	0%
35	100%	0%
34	100%	0%
33	100%	0%
32	100%	0%
31	100%	0%
30	100%	0%
29	100%	0%
28	100%	0%
27	100%	0%
26	100%	0%
25	100%	0%
24	100%	0%
23	100%	0%
22	100%	0%
21	100%	0%
20	100%	0%
19	100%	0%
18	100%	0%
17	100%	0%
16	100%	0%
15	100%	0%
14	100%	0%
13	100%	0%
12	100%	0%
11	100%	0%
10	100%	0%
9	100%	0%
8	100%	0%
7	100%	0%
6	100%	0%
5	100%	0%
4	80%	20%
3	60%	40%
2	40%	60%
1	20%	80%
0	0%	100%

Standalone Options

Members may invest in a range of standalone options, including the constituent funds underlying the lifestyle option. A full list of funds is provided below:

Fund (Active / Passive)	Description	Objective	TER ³
LGIM Multi Asset Fund (Active)	The fund aims to meet the criteria of the ABI Mixed Investment 40-85% Shares sector ⁴ , with the remaining 60-15% of the fund held in a range of investments which may include bonds, cash and the shares of infrastructure and private equity	Provide long-term investment growth through exposure to a diversified range of asset classes	0.250%
LGIM Cash Fund (Active)	The fund aims to preserve the capital value of investments by investing in cash deposits and cash like assets	Perform in line with 7 Day LIBID	0.125%
LGIM Global Equity Fixed Weights (60:40) Index (Passive)	The fund aims to provide a diversified exposure to UK and overseas equity markets. The Fund will invest 60% in the UK and 40% overseas. The fund's overseas asset distribution is fixed with 14% in North America, 14% in Europe (ex-UK), 7% in Japan and 5% in Asia Pacific (ex-Japan)	Perform in line with a composite benchmark ⁵ of its underlying holdings	0.160%
LGIM Over 5 Year Index Linked Gilts Index (Passive)	The fund aims to provide exposure to index-linked government bonds with duration of at least 5 years	Perform in line with the FTSE A Index-Linked (Over 5 Year) Index	0.100%
Equitable Life With-Profits (Active)	The fund invests an array of assets in order to generate returns to pay for one or more guarantee(s) over the medium to long term. The returns may not be directly correlated with the performance of the underlying assets due to the use of smoothing where returns are retained in good years to help pay bonuses in poor investment years	Generate capital growth over the medium to long term to pay for guarantees	N/A

³ TER stands for Total Expense Ratio and it represents the overall annual charges paid by members.

⁴ Funds in this sector are required to have a range of different investments. Certain limits apply:

- The fund must have between 40% and 85% exposure to equities (company shares);
- The fund must be at least 50% denominated in "established market currencies" (US Dollar, Sterling or Euro);
- 25% of the amount in established market currencies must be in, or hedged to Sterling.

⁵As at 30/09/2015, the composite benchmark consisted of: 60% FTSE All Share Index, 14% FTSE World North America Index, 13.9% FTSE Developed Europe ex UK Index, 7.2% FTSE Japan Index and 4.9% FTSE World Asia Pacific ex Japan Index