



# Statement of Investment Principles

**For the Trustees of  
the CF Fertilisers UK Limited Pension Scheme**  
September 2020

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# 01 Introduction

## Purpose

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This document constitutes the Statement of Investment Principles ('the SIP') required under Section 35 of the Pensions Act 1995 for the CF Fertilisers UK Limited Scheme ('the Scheme'). It describes the investment policy being pursued by the Trustees of the Scheme and is in accordance 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.

## Scheme details

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The exclusive purpose of the Scheme is to provide retirement and death benefits to eligible participants and beneficiaries. It qualifies as a registered pension Scheme, registered under Chapter 2 of Part 4 of the Finance Act 2004.

## Advice and consultation

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Before preparing this Statement, the Trustees have sought advice from the Scheme's Investment Consultant, XPS Investment Limited. The Trustees have also consulted the Principal Employer. The Trustees will consult the Principal Employer on any future changes in investment policy as set out in this Statement.

## Investment powers

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The Scheme's Trust Deed and Rules set out the investment powers of the Trustees. This Statement is consistent with those powers. Neither this Statement nor the Trust Deed and Rules restricts the Trustees' investment powers by requiring the consent of the Principal Employer.

In accordance with the Financial Services and Markets Act 2000, the Trustees set general investment policy but delegate responsibility for the selection of the specific securities and any financial instruments in which the Scheme invests to the Investment Managers.

## Review of the Statement

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The Trustees will review this Statement at least every three years or immediately following any significant changes in investment policy, or changes in the demographic profile of relevant members.

The Trustees will receive confirmation from the Investment Consultant of the continued appropriateness of this Statement annually, or more frequently if appropriate.

## Definitions

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Capitalised terms in this document mean the following:

*Act* - The Pensions Act 1995 (as amended by subsequent legislation);

*AVCs* - Additional Voluntary Contributions;

*Investment Manager* - An organisation appointed by the Trustees to manage investments on behalf of the Scheme;

*Principal Employer* - CF Fertilisers UK Limited;

*Regulations* - The Occupational Pension Schemes (Investment) Regulations 2005 (as amended by the Occupational Pension Schemes (Charges and Governance) Regulations 2015);

*Scheme* - CF Fertilisers UK Limited Pension Scheme;

*Statement* - This document, including any appendices, which is the Trustees' Statement of Investment Principles;

*Trust Deed and Rules* - The Scheme's Trust Deed and Rules dated 20 December 2007, as subsequently amended;

*Trustees* - The collective entity responsible for the investment of the Scheme's assets and managing the administration of the Scheme.

# 02 Strategic investment policy and objective

## Choosing investments

The Trustees rely on professional Investment Managers for the day-to-day management of the Scheme's assets.

In view of the requirements in respect of the efficient administration of individual entitlements for each member, all the investments are made on a pooled basis. Decisions about the particular pooled investment vehicle offered to members are made by the Trustees.

The Trustees' policy is to regularly review the investments over which they retain control and to obtain written advice about them when necessary.

When deciding whether or not to make any new investments, the Trustees will obtain written advice and consider whether future decisions about those investments should be delegated to the Investment Managers. The written advice will consider suitability of the investments, the need for diversification and the principles within this Statement. The adviser will have the knowledge and experience required under Section 36(6) of the Act.

## Long-term objectives

The Trustees' long-term objectives are to provide members with investment options that will enable them to optimise the real return on investments in order to build a fund which will be used at retirement to invest in an income drawdown product, purchase an annuity and/or be taken as a cash lump sum. The Trustees have therefore selected the investment options:

- > In order to cover a range of member interests;
- > In a manner designed to provide an appropriate level of security, quality, liquidity and profitability;

The Trustees recognise that the available investment options directly impact the Scheme members and their expectation for their retirement provision.

The Trustees have therefore set five investment objectives for the Scheme:

- > Fiduciary – To ensure members are given an appropriate range of investment vehicles and guidance on the suitability of these vehicles;
- > Funding – To give members investment opportunities that enable them to maximise the returns achieved at acceptable levels of risk;

- > Stability – To provide members with certain investment options which offer some protection against volatility in the capital value of their fund;
- > Value – To ensure that the funds represent appropriate value for money. This may include consideration of factors such as performance, volatility of returns, cost effectiveness and non-financial matters;
- > Compliance – To adhere to the provisions contained within this Statement and the Pension Regulator's DC code and DC regulatory guidance

## Expected returns

By undertaking the investment policy described in this Statement, the Trustees anticipate that the investment options and the associated future absolute investment returns will allow members to maintain or increase the real value of their fund whilst at the same time providing them with the opportunity to invest in assets which are closely aligned to the way in which they expect to convert their fund at retirement.

The Trustees expect the long-term return on investment options that invest predominantly in equities to exceed price inflation. The long term returns on bond and cash options are expected to be lower than returns on predominantly equity options. Cash funds provide protection against changes in short-term capital values and may be appropriate for members wishing to take part or all of their DC benefits in the form of a cash lump sum.

## Investment Policy

In order to meet the above objectives, the Trustees have made available a range of strategies with different risk-reward characteristics. This includes a default strategy which has been set to be in the best interests of members. Further details are provided in Appendix I.

The individual funds available and their characteristics are given in Appendix II.

## 03 Responsible investment

### Range of assets

The Trustees will provide members with investment vehicles encompassing both real and monetary assets.

The amounts allocated to any individual asset class will be influenced by the choices made by the members and may vary through the Investment Managers' tactical asset allocation preferences at any time, within the restrictions imposed under individual fund investment parameters.

The Trustees will ensure that the investment options made available to members hold a suitably diversified range of securities, avoiding an undue concentration of assets. In addition, the Trustees will ensure the range of assets is otherwise suitable to meet the investment objectives.

Based on the structure set out in Appendix I, the Trustees consider the arrangements with the Investment Managers to be aligned with the Scheme's overall strategic objectives. Details of each specific mandate are set out in agreements and pooled fund documentation with each Investment Manager. The amounts allocated to any individual category or security will be influenced by the overall benchmark and objectives, varied through the Investment Managers' tactical asset allocation preferences at any time. Such variation will be within any scope given to them through asset allocation parameters set by the Trustees or governing the pooled funds in which the Scheme is invested.

The Trustees will ensure that the Scheme's assets are predominantly invested in regulated markets to maximise their security.

Investment Managers are incentivised to perform in line with expectations for their specific mandate as their continued involvement as Investment Managers as part of the Scheme's investment strategy – and hence the fees they receive – are dependent upon them doing so. They are therefore subject to performance monitoring and reviews based on a number of factors linked to the Trustees' expectations, including the selection / deselection criteria set out in Section 6.

The Trustees expect Investment Managers to make decisions in the long-term interests of the Scheme. The Trustees expect engagement with management of the underlying issuers of debt or equity and the exercising of voting rights, on the basis that such engagement can be

expected to help Investment Managers to mitigate risk and improve long term returns. As covered in more detail in Section 3, the Trustees also require the Investment

Managers to take ESG factors and climate change risks into consideration within their decision-making as the Trustees believe these factors could have a material financial impact in the long-term. The Trustees therefore make decisions about the retention of Investment Managers, accordingly.

The Trustees have considered their approach to environmental, social and corporate governance ("ESG") factors for the long term time horizon of the Scheme and believe there can be financially material risks relating to them. The Trustees have delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Scheme's Investment Managers. The Trustees require the Scheme's Investment Managers to take ESG and climate change risks into consideration within their decision-making, in relation to the selection, retention or realisation of investments, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

The Trustees will seek advice from the Investment Consultant on the extent to which their views on ESG and climate change risks may be taken into account in any future Investment Manager selection exercises. Furthermore, the Trustees, with the assistance of the Investment Consultant, will monitor the processes and operational behaviour of the Investment Managers from time to time, to ensure they remain appropriate and in line with the Trustees' requirements as set out in this Statement.

As the Scheme invests in pooled funds, the Trustees acknowledge that they cannot directly influence the policies and practices of the companies in which the pooled funds invest. They have therefore delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the Investment Managers.

## Responsible investment continued

The Trustees encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters such as strategy, capital structure, conflicts of interest policies, risks, social and environmental impact and corporate governance as part of their decision-making processes. The Trustees require the Investment Managers to report on significant votes made on behalf of the Trustees.

If the Trustees become aware of an Investment Manager engaging with the underlying issuers of debt or equity in ways that they deem inadequate or that the results of such engagement are mis-aligned with the Trustees' expectation, then the Trustees may consider terminating the relationship with that Investment Manager.

The Investment Managers utilised by the Scheme have opted to sign the Principles for Responsible Investment, a set of six voluntary and aspirational principles supported by the United Nations, which offer an assortment of possible actions for incorporating ESG issues into investment practice. The principles were developed by investors, for investors, and aim to assist signatories in developing a more sustainable global financial system.

The Investment Managers utilised by the Scheme have also produced individual statements on their compliance with the UK Stewardship Code, as published by the Financial Reporting Council. This code aims to enhance the quality of engagement between investors and companies to help improve long-term risk-adjusted returns to shareholders, and includes details on matters such as voting rights.

When considering the selection, retention or realisation of investments, the Trustees have a fiduciary responsibility to act in the best interests of the beneficiaries of the Scheme, although they have neither sought, nor taken into account, the beneficiaries' views on matters including (but not limited to) ethical issues and social and environmental impact.

The Trustees will review this policy if any beneficiary views are raised in future.

# 04 Risk measurement and management

The Trustees recognise a number of risks involved in the investment of the assets of the Scheme. The Trustees measure and manage these risks as follows:

**Strategic risk** - The risk of not maintaining the real purchasing power of assets is addressed through the availability of growth-orientated funds

**Market risk** - The risk of exposure to volatile markets, which may be less acceptable to some members, particularly near retirement, is addressed through the availability of non equity-orientated funds.

**Manager risk** - The risk that an Investment Manager fails to meet its stated objectives is addressed through the performance objectives set out in Appendix II and through the monitoring of the Investment Managers as set out in section 6. Passively managed funds are also offered where appropriate to enable members to reduce manager underperformance risk. In monitoring the performance of the Investment Managers, the Trustees measure the performance of the vehicles in which they are invested, looking at the volatility and level of returns against the respective benchmarks and objectives. In addition, the Trustees will regularly review the Manager's approach to risk in order to highlight any unintended risk being taken. For example:

- > for equities, the Trustees will review the risk through the weightings to individual regions, sectors and stocks;
- > for property, risk will be reviewed through the weightings to specific sectors, level of gearing, void rates and the tenancy exposure;
- > for multi asset funds, the Trustees will consider the weightings within each fund to different asset classes, and will also consider the volatility of each fund, both in absolute terms and in comparison to the volatility of traditional equity markets;
- > for bonds, the Trustees will review the risks of the underlying assets comprising the gilt portfolio;
- > for cash, The Trustees will review the risk through the type of cash instruments held and the term of those instruments.

**Inappropriate investments** – The risk that an Investment Manager invests in assets or instruments that are not considered to be appropriate by the Trustees is addressed through the Trustees' policy on the range of assets in which the Scheme can invest (see Section 2).

**Political risk** – The risk of an adverse influence on investment values from political intervention is reduced by diversification of the assets across many countries.

**Custodian risk** – The risk that the custodian fails to provide the services expected is addressed through the agreement with the third party custodian and ongoing monitoring of the custodial arrangements. In pooled arrangements this is invariably delegated to the Investment Managers and/or the Investment Platform Provider.

**Counterparty risk** – This is addressed through the Investment Managers' guidelines with respect to cash management.

**Fraud/Dishonesty** - The risk that the Scheme assets are reduced by illegal actions is addressed through restrictions applied as to who can authorise transfers of cash and the account to which transfers can be made.

**Administration risk** – The risk of administrative errors leading to inaccurate member records is addressed through controls built into the cash collection/allocation procedure and through monthly reconciliations of the administration records with those held by the investment manager.

**ESG risk** – The risk that environmental, social and governance factors can have a material effect on the ability of meeting long-term investment objectives is addressed, to the extent that it is possible, by delegating to the Investment Managers. Further detail is provided in this Statement.

**Sequencing risk** - The risk that numerous material transactions at disadvantageous times, when markets are depressed for example, can have a detrimental impact on the capital value of a member's holding. This is addressed by gradual lifestyle changes throughout a member journey and offering member flexibilities post-retirement.

The Trustees manage these risks through making available a broad range of assets and constructing a suitable default strategy that is intended to ensure investment in the best interests of members and beneficiaries. This default strategy reflects the Scheme's membership characteristics and also the Trustees' investment beliefs. Full details of the investment strategy is shown in the Appendix.

# 05 Realisation of assets and investment restrictions

## Realisation of investments

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In recognition of the fact that funds may need to be realised for a number of unanticipated reasons at any time, and the desirability of retaining as high a degree of flexibility as possible to cater for unexpected changes in circumstances, the Trustees will monitor closely the extent to which any assets not readily realisable are held by the Investment Managers, and will limit such assets to a level where they are not expected to prejudice the proper operation of the Scheme.

The Trustees have considered how easily investments can be realised for the types of assets in which they are currently invested. As such, the Trustees believe that the Scheme currently holds an acceptable level of readily realisable assets. The Trustees will also take into account how easily investments can be realised for any new investment options they consider making available to members, to ensure this position is maintained in the future.

## Investment Restrictions

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The Trustees have established the following investment restrictions:

- > The Trustees or the Investment Managers may not hold in excess of 5% of the Scheme's assets in investments related to the Principal Employer;
- > Whilst the Trustees recognise that borrowing on a temporary basis is permitted, this option will only be utilised where it is deemed absolutely necessary or where the Trustees have received advice from the Investment Consultant that the Scheme's overall exposure to risk can be reduced through temporary borrowing, e.g. during an asset transfer;
- > Investment in derivative instruments may be made only insofar as they contribute to the reduction in risk or facilitate efficient portfolio management.

The Investment Managers impose internal restrictions that are consistent with their house style. In some instances, the Trustees may impose additional restrictions and any such restrictions are specified in Appendix II.



# 06 Investment Manager Arrangements and fee structure

## Delegation to Investment Manager(s)

In accordance with the Act, the Trustees have appointed one or more Investment Managers and delegated to them the responsibility for investing the Scheme's assets in a manner consistent with this Statement.

The Investment Managers are authorised and regulated to provide investment management services to the Scheme. Within the UK, the authorisation and regulation of the Investment Managers falls under the Financial Conduct Authority (FCA). Specific products in which the Scheme invests may also be regulated by the Prudential Regulatory Authority (PRA). For non-UK Investment Managers, authorisation and regulation is undertaken by the home state regulator.

The Investment Managers will ensure that suitable internal operating procedures are in place to control individuals making investments for the Scheme.

## Performance objectives

The individual benchmarks and objectives against which each pooled fund is assessed are given in Appendix II.

## Review process

Appointments of Investment Managers are expected to be long-term, but the Trustees will review the appointment of the Investment Managers in accordance with their responsibilities. Such reviews will include analysis of each Investment Manager's performance and processes and an assessment of the diversification of the assets held by the Investment Manager. The review will include consideration of the continued appropriateness of the mandate given to the Investment Manager within the framework of the Trustees' investment policies.

In addition, any significant changes relating to the criteria below that the Investment Consultant is aware of will be highlighted, which may lead to a change in the Investment Consultant's rating for a particular mandate. These ratings help to determine an Investment Manager's ongoing role in implementing the investment strategy. If there are concerns, the Trustees may carry out a more in-depth review of a particular Investment Manager. Investment Managers will also attend Trustees meetings as requested.

Fund manager remuneration is considered as part of the manager selection process. It is also monitored

regularly with the help of the Investment Consultant to ensure it is in line with the Trustees' policies and with fee levels deemed by the Investment Consultant to be appropriate for the particular asset class and fund type.

## Selection / deselection criteria

The criteria by which the Trustees will select (or deselect) the Investment Managers include:

- >Parent - Ownership of the business;
- >People - Leadership/team managing the strategy and client service;
- >Product - Key features of the investment and the role it performs in a portfolio;
- >Process - Philosophy and approach to selecting underlying investments including operational risk management and systems;
- >Positioning - Current and historical asset allocation of the fund;
- >Performance - Past performance and track record;
- >Pricing - The underlying cost structure of the strategy;
- >ESG – Consistency and extent to which ESG analysis is incorporated into the process of selecting underlying investments.

An Investment Manager may be replaced, for example (but not exclusively), for one or more of the following:

- > The Investment Manager fails to meet the performance objectives set out in Appendix II;
- > The Trustees believe that the Investment Manager is not capable of achieving the performance objectives in the future;
- > The Investment Manager fails to comply with this Statement.

## Investment Managers' fee structure

The Investment Managers are remunerated by receiving a percentage of the Scheme's assets under management. Details of the fee arrangements in place for each Investment Manager are set out in Appendix II.

# Investment Manager Arrangements and fee structure

continued

## Portfolio turnover

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The Trustees require the Investment Managers to report on actual portfolio turnover at least annually, including details of the costs associated with turnover, how turnover compares with the range that the Investment Manager expects and the reasons for any divergence.

## Investment Consultant's fee structure

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The Investment Consultant is remunerated for work completed on a fixed-fee basis or on a time-cost basis or via a project fee for items outside of the services agreement/fixed fee.

It is felt that these methods of remuneration are appropriate because it enables the Investment Consultant to provide the necessary advice and information to facilitate the Trustees undertaking their responsibilities.

# 07 Compliance Statement

## Confirmation of advice

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Before a Statement of Investment Principles, as required by the Pensions Act 1995, is prepared or revised by the trustee of a pension Scheme, it must have consulted with the Principal Employer and obtained and considered the written advice of a person who is reasonably believed by it to be qualified by his ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of the investments of such Schemes.

The Investment Consultant hereby confirms to the Trustees that they have the appropriate knowledge and experience to give the advice required by the Act.

## Signatures

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On behalf of XPS Investment Limited:

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David Gascoigne  
Partner

Date: 1 October 2020

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## Trustees' declaration

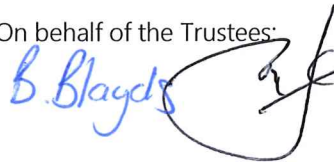
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The Trustees confirm that this Statement of Investment Principles reflects the Investment Strategy they have decided to implement. The Trustees acknowledge that it is their responsibility, with guidance from the Advisers, to ensure the assets of the Scheme are invested in accordance with these Principles.

This Statement has been drawn up with reference to current legislation and best practice. It will be reviewed annually or following any significant changes to the Principal Employer's ability, or willingness, to support the Scheme or significant changes to the Scheme's profile.

The Trustees annually review the implementation of the principles set out in this Statement.

On behalf of the Trustees:



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Date:

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# Appendix I

## Investment Strategy & Structure

### Overall strategy

The Trustees have decided to offer a range of appropriate funds to members to enable them to choose investments appropriate to their individual circumstances, whilst not offering too many funds which may deter some members from making a choice. In accordance with best practice guidance from the Pensions Regulator, particular attention has been placed on the default strategy to be used where members do not make their own investment choice.

Investments are provided by the investment managers, Legal & General Investment Management Limited ('LGIM') and Schroder Investment Management Limited ('SPM').

### Default strategy

The Balanced Lifestyle Strategy is the Default strategy for the Scheme and this will automatically switch members from a growth fund into lower risk funds as their target retirement age approaches. The retirement target of the strategy assumes that members will take 25% of their fund as cash at retirement, with the remainder expected to be used to purchase an annuity.

The aim of the default strategy is to maximise the value of members' retirement savings while managing the risks including volatility over the member's investment timeline, with a particular focus on the period leading up to retirement age. The Trustees, with their Investment Consultant, assessed the suitability of the default investment arrangement considering the regulations governing how members can access their benefits at retirement. This assessment considered the Scheme's membership profile and members' expected fund values at retirement.

The default strategy is operated in accordance with the policies described in the Statement and is intended to ensure investment in the best interests of members and beneficiaries as further described in the Statement.

The structure of the Default strategy and the underlying funds are shown below. The strategy automatically de-risks as a member approaches retirement.

#### Balanced Lifestyle Strategy (selected as the Default)

Time to retirement (years)	+10	9	8	7	6	5	4	3	2	1	<1
LGIM Multi-Asset (formerly Consensus) Fund	100%	90%	80%	70%	60%	50%	40%	30%	20%	10%	0%
LGIM Over 15 Year Gilts Index Fund	0%	7.5%	15%	22.5%	30%	37.5%	45%	52.5%	60%	67.5%	75%
LGIM Cash Fund	0%	2.5%	5%	7.5%	10%	12.5%	15%	17.5%	20%	22.5%	25%

The fees payable by members who are invested in the Default will vary between 0.10% pa and 0.25% pa depending on their proximity to retirement. This is below the default cap of 0.75% pa.

Post retirement, members who have remained invested within the Scheme, will have their funds invested into the SPM Dynamic Multi-Asset Fund as the post-retirement default option.

# Appendix I

## Investment Strategy & Structure

### Continued

#### Alternative Strategies

In addition to the Default strategy, the Trustees have made alternative pre-made strategies available to provide members with the additional flexibility if they wish to select an alternative retirement target.

##### Cautious Lifestyle Strategy

Time to retirement (years)	+15	14	13	12	11	10	9	8	7	6	5	4	3	2	1	<1
LGIM Multi-Asset (formerly Consensus) Fund	100%	93.3%	86.7%	80.0%	73.3%	66.7%	60.0%	53.3%	46.7%	40.0%	33.3%	26.7%	20.0%	13.3%	6.7%	0%
LGIM Over 15 Year Gilts Index Fund	0%	5.0%	10.0%	15.0%	20.0%	25.0%	30.0%	35.0%	40.0%	45.0%	50.0%	55.0%	60.0%	65.0%	70.0%	75%
LGIM Cash Fund	0%	1.7%	3.3%	5.0%	6.7%	8.3%	10.0%	11.7%	13.3%	15.0%	16.7%	18.3%	20.0%	21.7%	23.3%	25%

##### Adventurous Lifestyle Strategy

Time to retirement (years)	+5	4	3	2	1	<1
LGIM Global Equity (70:30) Fund	100%	80%	60%	40%	20%	0%
LGIM Over 15 Year Gilts Index Fund	0%	15%	30%	45%	60%	75%
LGIM Cash Fund	0%	5%	10%	15%	20%	25%

##### Cash Lifestyle Strategy

Time to retirement (years)	+10	9	8	7	6	5	4	3	2	1	<1
LGIM Multi-Asset (formerly Consensus) Fund	100%	90%	80%	70%	60%	50%	40%	30%	20%	10%	0%
LGIM Cash Fund	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%

Details of the underlying funds are shown in Appendix II.

# Appendix I

## Investment Strategy & Structure

### Continued

#### Self-Select Funds:

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The Trustees have made the following Funds available to members to self-select based on their individual preferences. Members can self-select multiple Funds with weightings suited to their preferences and construct their own portfolio aligned to their needs.

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#### Multi-Asset Funds:

LGIM Multi-Asset (formerly Consensus) Fund  
SPM Diversified Growth Fund  
SPM Dynamic Multi-Asset Fund

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#### Equity Funds:

SPM Global Equity Fund  
SPM UK Equity Fund  
LGIM Global Equity (70:30) Index Fund  
LGIM UK Equity Index Fund

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#### Bond Funds:

LGIM Over 15 Years Gilt Index Fund  
SPM All Maturities Corporate Bond Fund

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#### Property Funds:

LGIM Property Fund

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#### Cash Funds:

LGIM Cash Fund

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*Note: further details of these Funds are provided in Appendix II*

# Appendix II

## Fund objectives and fees

### Fund Breakdown

Underlying Funds used in the default, lifestyling options and the Self-Select Funds are shown overleaf.

Manager and fund	Objective	AMC (pa)	OCF (pa)
LGIM Multi-Asset (formerly Consensus) Fund	To deliver positive capital growth using a diversified portfolio of assets. Performance is assessed against the ABI UK Mixed Investment 40%-85% peer group.	0.25%	0.25%
SPM Diversified Growth Fund	To provide capital growth and income of inflation (as measured by the UK Consumer Price Index) plus 5% (after fees have been deducted) per annum over a 5 to 7 year period by investing in a diversified range of assets and markets worldwide.	0.65%	0.64%
SPM Dynamic Multi-Asset Fund	To provide capital growth and income of inflation (as measured by the UK Consumer Price Index) plus 4% to 6% (after fees have been deducted) per annum over a 5 to 7 year period by investing in a diversified range of assets and markets worldwide.	0.25%	0.30%
SPM Global Equity Fund	To provide capital growth which outperforms MSCI World +2-2.5% p.a. (gross) over rolling three year periods.	0.50%	0.54%
SPM UK Equity Fund	To provide capital growth which outperforms FTSE All-Share +2-3% p.a. (gross) over rolling three to five periods.	0.50%	0.54%
LGIM Global Equity (70:30) Index Fund	To capture the returns of the UK and overseas stock markets as represented by the FTSE All-Share Index for the UK and the FTSE All-World ex UK Index for overseas stock markets. The fund will be split approximately 70% to the FTSE All-Share Index and 30% to the FTSE All-World ex UK Index. In order to accurately track these indices the fund will invest in a representative sample of holdings.	0.16%	0.17%
LGIM UK Equity Index	Track the performance of the FTSE All-Share Index to within +/-0.25% p.a. for two years out of three.	0.10%	0.13%
LGIM Over 15 Years UK Gilt Index Fund	This Fund invests in UK government fixed-income securities (gilts) that have a maturity period of 15 years or longer. The Fund aims to achieve a return consistent with the FTSE UK Gilts Over 15 Years Index.	0.10%	0.10%
SPM All Maturities Corporate Bond Fund	To outperform the Bank of America ML Sterling Non-Gilts All Stocks +0.75% p.a. (gross) over rolling three year periods.	0.25%	0.27%
LGIM Property Fund	The fund aims to outperform the AREF/IPD UK Quarterly All Balanced Property Funds Index over three- and five-year periods. The fund invests in UK freehold and leasehold property recognising that superior stock selection is a key driver of outperformance. The fund does not permit gearing on directly held assets. The fund may invest in indirect vehicles and property derivatives. Please note that the fund's benchmark changed on the 1st April 2014.	0.70%	0.77%
LGIM Cash Fund	To achieve an investment that is in line with wholesale money market short-term interest rates. Specifically, the Fund will aim to better the return of Seven Day LIBID before fees without incurring excessive risk.	0.125%	0.138%

## Appendix II

### Fund objectives and fees

Continued

Notes:

AMC: Annual Management Charge

OCF: Ongoing Charges Figure

Administration fees are paid by the Principal Employer with exception of post-retirement.

For members remaining in the Scheme post-retirement, there will be an ongoing annual administration fee of 0.4% pa of the invested funds, as well as a one-off cost of £50 plus VAT in the first year post-retirement. This is in addition to the investment charges above.

Members can change their fund choice once a year without charge.

Trading costs are included in the Chair Statement and taken into consideration when strategic or fund changes are discussed by the Trustees.

Additional Voluntary Contributions may be paid into any of the funds available for regular contributions.





**Contact us**  
**xpsgroup.co**

XPS Pensions Consulting Limited, Registered No. 2459442.

XPS Investment Limited, Registered No. 6242672.

XPS Pensions Limited, Registered No. 3842603.

XPS Administration Limited, Registered No. 9428346.

XPS Pensions (RL) Limited, Registered No. 5817049.

Trigon Professional Services Limited, Registered No. 12085392.

All registered at: Phoenix House, 1 Station Hill, Reading, RG1 1NB.

XPS Investment Limited is authorised and regulated by the Financial Conduct Authority for investment and general insurance business (FCA Register No. 528774).

***An XPS Group Company***