

IMS (UK) Pension Plan

Statement of Investment Principles

6 June 2019

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Section 1: Introduction

Pensions Acts

- 1.1 Under the Pensions Act 1995 (as amended by the Pensions Act 2004), the Trustee is required to prepare a statement of the principles governing investment decisions. This document contains that statement and describes the investment principles pursued by the Trustee of the IMS (UK) Pension Plan ("the Plan").
- 1.2 The Trustee has consulted with the Principal Employer IQVIA Solutions HQ Limited ("the Employer") on the principles set out in this statement and will consult the Employer on any changes to it. However, the ultimate power and responsibility for deciding investment policy lies solely with the Trustee.
- 1.3 Before adopting this statement, the Trustee has obtained and considered written advice from the Plan's investment consultants (currently Towers Watson Limited) and consulted with the Scheme Actuary. The written advice considered the issues set out in the Occupational Pension Schemes (Investment) Regulations 2005 and the principles contained in this Statement. The Trustee will review this document regularly, at least every three years, and without delay following a significant change in investment policy.

Financial Services and Markets Act 2000

- 1.4 In accordance with the Financial Services and Markets Act 2000, the Trustee will set general investment policy, but will delegate the responsibility for selection of specific investments to an appointed investment manager or managers. The investment manager or managers shall provide the skill and expertise necessary to manage the investments of the Plan competently.

Plan details

- 1.5 The Plan operates for the exclusive purpose of providing retirement benefits and death benefits to eligible participants and beneficiaries ("Members").
- 1.6 Administration of the Plan is managed by the Trustee, which is responsible for the investment of the Plan's assets.
- 1.7 Tax-exempt approval has been granted by HMRC (previously the Inland Revenue) under Chapter 1 of Part XIV of the Income and Corporate Taxes Act 1988.
- 1.8 In preparing this document the Trustee has had regard to the requirements of the Pensions Act concerning diversification of investments and suitability of investments. The Trustee will refer to this document where necessary to ensure that it exercises its powers of investment so as to give effect to the principles set out in it as far as is reasonable.

- 1.9 When choosing investments, the Trustee and the investment managers (to the extent delegated) are required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 and the principles contained in this statement.
- 1.10 The Plan's investment managers have been provided with a copy of this Statement.

Section 2: Division of responsibilities

The Trustee has ultimate responsibility for decision-making on investment matters. In order to ensure that investment decisions are taken only by persons or organisations with the skills, information and resources necessary to take them effectively, the Trustee delegates some of these responsibilities.

Trustee

2.1 The Trustee's responsibilities include:

- Reviewing, when it considers it necessary, the content of this Statement of Investment Principles and modifying it if deemed appropriate, in consultation with the Scheme Actuary and investment consultant.
- Reviewing the investment policy following the results of each actuarial review and/or asset liability modelling exercise, in consultation with the Scheme Actuary and investment consultant.
- Assessing the quality of the performance and processes of the investment managers by means of regular reviews of the investment results and other information, in conjunction with the Scheme Actuary and investment consultant, and selecting/deselecting managers as appropriate.
- Allocating assets and cash flow between the investment mandates.
- Monitoring the Plan's cashflow requirements and managing the cash balances.
- Consulting with the Employer when considering any amendment to this Statement.
- Reviewing the effectiveness in practice of the policies in place.
- Monitoring compliance of the investment arrangements with this Statement on an ongoing basis.

Investment Managers

2.2 The investment managers will be responsible, in connection with their portfolios, for:

- At their discretion, but within guidelines given by the Trustee, implementing changes in the asset mix and selecting securities within each asset class.
- Providing the Trustee with quarterly statements of the assets together with a quarterly report on actions and future intentions, and any changes to the processes applied to their portfolio.
- Informing the Trustee of any changes in the internal objectives and guidelines of any pooled funds used by the Plan as and when they occur.

- Investing cash in a suitable low risk manner consistent with the Trustee's guidelines.
- Providing custody services for the pooled funds in which the Plan invests.

Investment consultant

2.3 The investment consultant will be responsible for:

- Participating with the Trustee in regular reviews of this Statement of Investment Principles.
- Advising the Trustee as requested:
 - through consultation with the Scheme Actuary on how any changes in benefits, membership and funding position may affect the manner in which the assets should be invested
 - on how any changes at the investment manager(s) could affect the interests of the Plan
 - on how any changes in the investment environment could either present opportunities or problems for the Plan.
- Undertaking project work as required including:
 - Reviews of asset allocation policy
 - Research reviews of investment managers
 - Reviewing structure of Money Purchase arrangements.
- Advising on the selection of new managers and/or custodians.
- Producing the annual performance report.

Funding and Investment Sub-Committee

2.4 The Trustee has appointed a Funding and Investment Sub-Committee as a subset of their number (plus non-trustee company employees where appropriate), whose responsibilities include:

- Monitoring the investment managers.
- Monitoring the investment strategy versus the risk taken.
- Providing recommendations to the Trustee on changes to investment strategy.

Scheme Actuary

2.5 The Scheme Actuary's responsibilities include:

- Performing the triennial (or more frequently, as required) valuations of the Plan and advising on the appropriate contribution levels for the future.
- Liaising with the investment consultant as requested by the Trustee on the suitability of the Final Salary section's investment strategy given the financial characteristics and liabilities of the Plan.
- Assessing the Plan's technical provisions under the scheme specific funding requirement, and advising on the appropriate response to a shortfall

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Section 3: Objectives and long-term policy

Objectives

3.1 Final Salary section:

- To invest in a range of suitable assets of appropriate liquidity which will generate, in the most effective manner possible, income and capital growth to ensure that, with deficit contributions from the Employer, there are sufficient assets to meet benefit payments from the Final Salary section as and when they fall due.
- To limit the risk of the assets failing to meet the liabilities over the long term, and of underfunding in relation to ongoing actuarial valuations and any statutory funding requirements. However, the Trustee accepts that these funding objectives are unlikely to provide sufficient assets to secure in full members' benefits by annuity purchase should the Plan be wound up.
- To control the long-term costs of the Plan by maximising the return on the assets whilst having regard to the objectives described above.
- To avoid excessive short-term volatility of investment returns.

3.2 Money Purchase section

- The acquisition of secure assets of appropriate liquidity which will generate income and capital growth which, together with new contributions from members and the Employer will provide a fund at retirement to meet the member's retirement objective.
- To recognise and limit (in as far as is reasonably consistent with the provision of member choice as set out under the Plan's rules) the risk of a member's account failing to satisfy the member's reasonable expectations over the long term.
- To maximise the long-term benefits from the Plan by allowing members to maximise the returns on their assets whilst having regard to the objectives shown under the previous paragraph.

3.3 The Trustee aims to meet the following long-term investment objectives:

- Ensuring that the strategic asset allocation and funding policies for the Final Salary section take into account the liability profile and the relevant statutory funding requirements.
- Identifying appropriate investment manager(s) for the Plan's assets.
- Monitoring, through regular meetings, the investment managers to ensure that they comply with the guidelines and that there is a reasonable expectation that they can meet the performance objectives going forward.

- Seeking advice, as appropriate, from the Plan's professional advisers.
 - Offering a suitable range of investment options in the Money Purchase section.
- 3.4 A Funding and Investment Sub-Committee has been established, to assist the Trustee in the management and monitoring of the Plan's investment arrangements. However, the Trustee remains ultimately responsible for all investment decisions.

Policy

- 3.5 The Trustee's policy is to seek to achieve the objectives through investing in a suitable mixture of return-seeking (e.g. equities, diversifying assets, credit) and matching (e.g. fixed and index-linked bonds, insurance policy) assets. It recognises that the returns on return-seeking assets, while expected to be greater over the long term than those on matching assets, are likely to be more volatile. A mixture across asset classes should nevertheless provide the level of returns required by the Plan to meet its liabilities at an acceptable level of risk for the Trustee and an acceptable level of cost to the Employer.
- 3.6 The Trustee has appointed investment managers who are authorised under the Financial Services and Markets Act 2000 to undertake investment business to manage the Plan's assets.

Final Salary section

- 3.7 This section outlines the historical strategic decisions made by the Trustee and is superseded by the position set out in 3.8. Following an asset liability modelling exercise conducted in March 2008, the Trustee adopted a new scheme specific benchmark to better reflect the Plan's liabilities. In July 2013, following a period of favourable equity performance, the Trustee implemented a change in its strategic asset allocation, from 60% return-seeking / 40% matching to a lower risk 50% return-seeking / 50% matching strategy. In November 2013 the Trustee considered a further de-risking move in its strategic asset allocation to 30% return-seeking / 70% matching, as part of a review of its long-term 'journey plan'. In December 2013 the Trustee agreed not to implement any such move at that time, following a major cash injection into the Plan by the Employer. As part of the 2015 actuarial valuation, the Trustee decided to assume that the Plan's return-seeking allocation would be held at 50% until such time as the non-pensioner liability proportion fell to 50% (assumed to be by around 2020).
- 3.8 In Q3 2016, the Trustee undertook a buy-in exercise of all pensioners (including dependants) who retired before April 2015 with JRP Limited. The aim of this was to reduce the Plan's longevity, interest rate and inflation risks associated with that portion of the membership. In Q4 2016, the Trustee restructured the return-seeking allocation, which involved divesting the entire property and part of the equity allocation with the proceeds being invested in the Towers Watson Partners Fund, a Diversified Growth Fund. As part of this transition, the Plan changed its allocation to the LGIM global equity funds to bring the regional exposures in line with market capitalisation. An allocation to index-linked gilts was also established to help manage interest rate, inflation and liquidity risks. The Trustee has agreed a benchmark for the non-insured assets (set out in detail in Appendix A) and undertakes to review this benchmark on a regular

basis, as the liability profile of the section matures, the funding position evolves and investment market conditions change.

- 3.9 The expected asset return and volatility assumptions, derived from the Willis Towers Watson Investment Model ('Lower for Longer' calibration), as at 31 March 2018 are set out below. The asset allocation strategy adopted by the Trustee was based on analysis undertaken using these assumptions:

	10-year median returns in excess of UK Consumer Price Inflation % pa	Volatility of returns (next year standard deviation) % pa
UK equities	2.1	17.6
Overseas equities	3.4	19.1
Overseas equities - hedged	2.7	17.2
Diversified Growth Fund	2.8	9.8
All stock corporate bonds	0.1	7.5
Long index-linked gilts	-1.5	8.4

- 3.10 The Plan's long-term strategic benchmark (for the non-insured assets) is set out in Appendix A.
- 3.11 The choice of asset allocation policy, together with the investment manager guidelines are designed to ensure that the Plan's investments are adequately diversified.
- 3.12 Where appropriate, for example within the equity portfolio managed by LGIM, the Trustee has set a benchmark for the investment manager that specifies the target allocation to different assets and ranges within which the allocation should be maintained. In these instances, the distribution of assets is monitored on an ongoing basis by the investment manager and any asset class outside of its control range is rebalanced back to its target by the manager. The Trustee has also set ranges around the strategic benchmark within which the asset allocation would normally be expected to lie. The Trustee will monitor the actual allocation relative to these ranges on a regular basis. If any of the ranges are breached, the Trustee will determine an appropriate course of action to rectify the position.
- 3.13 The Trustee has taken advice from the Scheme Actuary and investment consultant, Towers Watson Limited, regarding the suitability of the policy with respect to the objectives of the Plan given its liability profile. It has also consulted with the Employer.

Money Purchase section

- 3.14 The Trustee considers that the objectives of the Money Purchase section are likely to be met by offering a range of investment options in which members can choose to invest their funds,

subject to certain restrictions. This includes two Lifecycle strategies where the asset allocation for a member's assets are mechanically adjusted over time to reflect their time to retirement. The Plan offers two Lifecycle strategies, an annuity focused and a drawdown focused strategy. The difference between these strategies is their approach to managing investment risk as members approach retirement. Details of the Plan's full investment options available to members are included in Appendix B.

- 3.15 The Trustee is required by legislation to provide a default investment strategy where members fail to make an investment decision. The Plan's default investment strategy is the "Lifecycle: Drawdown focused" full details of which are included in Appendix B. The default was designed to meet the needs of the membership, as determined by the Trustee's review of the membership profile and assessment of the likely risk tolerance profile and retirement objectives. The default's objective is to provide capital growth for members in the early years of their career and then de-risk into a more diversified portfolio as members approach retirement, in expectation that members will opt for an income drawdown focussed retirement proposition and therefore want to retain some investment risk at retirement.
- 3.16 In addition, under new legislation some self-select funds are considered to be default funds due to a previous mapping exercise. The principles when mapping is to replicate the choices originally made by the members as closely as possible in order to continue to meet their needs.
- 3.17 The Trustee will regularly review the suitability of all of the investment arrangements offered by the Plan.

Scheme specific funding

- 3.18 The Pensions Act 2004 requires that the Trustee will maintain a Statement of Funding Principles, stating the methods and assumptions used in calculating the amount required to make provision for the Plan's Final Salary liabilities, and the manner and period in which any shortfall will be remedied. The Trustee will consult the Scheme Actuary and the Employer when deciding upon the appropriate response to any shortfall.
- 3.19 The Trustee considers that the investment policy described in this document is consistent with the funding plan and objectives agreed at the last valuation of the Plan.
- 3.20 The Trustee will review this investment policy in the light of the results of actuarial valuations (and funding updates undertaken) and certificates and schedules of contributions produced in order to comply with the Pensions Act 2004.

Financially material considerations

- 3.21 The Trustee recognises that factors including, but not limited to, environmental, social and governance (ESG) factors, including climate change, can have a material financial impact on the Plan given its long time horizon, and that taking account of such 'financially material considerations' as part of investment decision-making is expected to have a positive financial benefit to the Plan over the longer term.

- 3.22 For active investment management, the Trustee's view is that such financially material considerations should be included amongst the criteria taken into account when considering the purchase, retention or sale of investments.
- 3.23 The Trustee does not consider it appropriate for a passive investment manager to take account of financially material considerations in the selection, retention and realisation of investments. However, a more activist stance such as engagement with company management, exercising proxy voting rights or collaboration with other investors may at times be appropriate, at the investment manager's discretion.
- 3.24 The Trustee's policy is that day-to-day decisions relating to the investment of Plan assets, including the exercising of voting rights attaching to investments, is left to the discretion of the investment managers. The Trustee has reviewed and accepted the ESG policies implemented by the Plan's investment managers. The Trustee recognises the UK Stewardship Code as best practice and encourages their investment managers to exercise their voting rights and other rights as a shareholder in a manner that is consistent with the Code.
- 3.25 When considering the appointment of new managers, and reviewing existing managers, the Trustee, together with their investment consultant, look to take account of the approach taken by managers with respect to financially material considerations including voting policies and engagement where relevant.

Non-financial matters

- 3.26 The Trustee recognises that members and beneficiaries may have ethical views or views on matters such as the social and environmental impact of the Plan's investments. In conjunction with there being practical challenges of capturing and maintaining a consensus view on multiple issues across a varied membership population, it is the Trustee's view that financial factors should take precedence in seeking to maximise the security of member benefits. As such, it is the Trustee's policy not to take into account the non-financial factors when taking investment decisions related to the Defined Benefit or Defined Contribution sections of the Plan.

Additional Voluntary Contributions ("AVCs")

- 3.27 The Plan provides a facility for active Money Purchase section members to pay AVCs to enhance their benefit at retirement. Members are offered a range of options which are outlined in Appendix B. In addition, members have previously had the option to invest in With Profits funds and gilts/fixed interest funds with Equitable Life (closed in 2000) and Clerical Medical (closed to new contributors in 2008).
- 3.28 The Trustee will regularly review the suitability of these arrangements.

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Section 4: Investment manager arrangements

Investment manager structure

- 4.1 Currently the Final Salary section of the Plan employs Legal & General Assurance (Pensions Management) Limited (“L&G”) and Towers Watson Investment Management (“TWIM”) as the investment managers to manage a portfolio as follows:

L&G

- UK equities via an index tracking pooled fund.
- Overseas equities with a 50% currency hedge to sterling via index tracking pooled funds.
- UK index-linked bonds via an index tracking pooled fund.

TWIM

- Diversified Growth Fund via an active pooled fund.

- 4.2 The Trustee also holds a buy-in policy with JRP Limited in respect of all pensioners (including dependants) who retired prior to April 2015.
- 4.3 Where the Trustee uses pooled funds, it is its policy to obtain advice on whether the pooled funds in which the Plan invests are satisfactory as required by the Pensions Act, when reviewing the managers. The Trustee expects to receive this advice on an annual basis.
- 4.4 Currently the Money Purchase section of the Plan employs L&G as the primary investment manager, with L&G, Clerical Medical and Equitable Life used for AVCs.
- 4.5 Details of the current manager structure and performance objectives are included in Appendices A and B.

Realisation of investments

- 4.6 The Plan's administrators estimate the amount of benefit outgo on a regular basis so that, together with the investment managers, they can arrange to have sufficient cash and other liquid assets available to meet the outgoings as they fall due.
- 4.7 To the extent that benefit outgo periodically exceeds the investment and contribution income, any additional cash required over and above that already held by the Trustee can be obtained

at short notice by the sale of liquid investments such as equities or bonds. The Trustee has agreed a policy which sets out from which funds disinvestments should be made. Hence, benefit outgo does not at present act as a constraint on the overall strategic asset allocation policy, although this will be kept under review.

- 4.8 In relation to the Money Purchase Section, the members' accounts are held in funds that can be readily realised to provide benefits on retirement, or earlier transfer to another pension arrangement.

Section 5: Risk management

5.1 The Trustee recognises a number of risks involved in the investment of the assets of the Plan:

- Solvency risk and mismatching risk
 - are measured through a qualitative and quantitative assessment of the expected development of the assets relative to the liabilities under current and alternative investment policies
 - are managed through assessing the progress of the actual growth of the assets relative to liabilities under current and alternative investment policies.
 - are managed through the choice of the benchmark and the asset ranges set out in Appendix B
- Manager risk
 - is measured by the expected deviation of the prospective risk and return, as set out in the manager's objectives, relative to the investment policy
 - is managed through the appointment of a passive manager for the Plan's equity and bond assets and an active manager for the Plan's Diversified Growth Fund and by the ongoing monitoring of the performance of the investment managers' actual deviation of returns relative to their objectives as well as a number of qualitative factors supporting the managers' investment processes.
- Liquidity risk
 - is measured by the level of cashflow required by the Plan over a specified period
 - is managed by the Plan's administrators who monitor the level of cash held in order to limit the impact of the cash flow requirements on the investment policy, as set out in paragraphs 4.5 and 4.6.
- Counterparty risk
 - The Trustee recognises that it may be exposed to counterparty risk via the brokers and custodians used by the Plan's investment manager and has reviewed and accepted the policies implemented by the Plan's investment manager.
- Currency risk
 - is measured by the level of overseas investment and the translation effect of currencies leading to the risk of an adverse influence on investment values.
 - is managed by reducing the translation risk of investing overseas by hedging approximately 50% of the overseas equities and approximately 65% of the diversified growth currency translation risk for those overseas currencies that can

be hedged efficiently. Following analysis by the Investment consultant, the Trustee believes this will reduce the currency risk significantly at a suitable level of cost to the Plan.

- Political risk
 - is measured by the level of concentration of any one market leading to the risk of an adverse influence on investment values arising from political intervention
 - is managed by regular reviews of the actual investments relative to policy and through regular assessment of the levels of diversification within the existing policy.
- Sponsor risk
 - is measured by the level of ability and willingness of the sponsor to support the continuation of the Plan and to make good any current or future deficit
 - is managed by assessing the interaction between the Plan and the sponsor's business, as measured by a number of factors, including the creditworthiness of the sponsor and the size of the pension liability relative to the financial strength of the sponsor.
- Inappropriate investments
 - are measured by the asset allocation and mix of assets
 - are managed through the investment guidelines applying to the pooled funds in which the Plan invests.

5.2 These measures do not render the investment policy free of risk. Rather, the measures endeavour to balance the need for risk control and the need for assets which are likely to achieve the required performance target.

5.3 The Trustee recognises a number of additional risks involved in the investment of assets of the Money Purchase section, including:

- Inflation risk – the risk that the contributions fail to provide an adequate amount of benefit. This could be by failing to achieve an adequate amount of return in excess of price inflation commensurate with the term of investment. The Trustee has made available equity funds for the purpose of managing this risk.
- Decumulation mis-match risk – The risk that investment allocations in the years just prior to retirement do not match members' retirement objectives, exposing members to inefficient or uncertain outcomes. The Trustee has made available a range of investment options that allow members sufficient flexibility to meet their varying objectives,
- Capital risk – the risk that the value of a member's invested capital may fall. This risk is most important to members approaching retirement (and who are targeting a

particular value of benefits, for example a specific cash lump sum). The Trustee has made available lower risk investment options (e.g. cash and bond funds) for the purpose of managing this risk.

- Opportunity cost – this is where a member takes insufficient investment risk when appropriate (such as when they are younger) resulting in a smaller pot of money with which a pension can be purchased. The Trustee has made available equity funds, and a lifecycle strategy, to help manage this risk.

5.4 The Trustee continues to monitor the above risks.

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Section 6: Investment manager selection

Selection criteria

6.1 The Trustee has identified the criteria by which investment managers should be selected (or deselected). These include:

- Past performance
- Quality of the investment process
- Role suitability
 - level of fees
 - reputation of the manager
 - familiarity with the mandate
 - internal objectives and restrictions of any pooled funds
- Service
 - reporting
 - administration
- Team proposed
 - the individual fund managers working for the Plan.

De-selection criteria

6.2 A manager may be replaced if:

- It fails to meet their long-term performance objectives.
- The Trustee believes that the manager is not capable of achieving the performance objectives in the future.
- The manager is the subject of a reorganisation, sale or merger which could give rise to the concern in the point above.
- The Trustee considers that changes in the investment policy or asset allocation of the Plan require change in manager or adjustment of a particular mandate.

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Appendix A: Current strategic benchmark – Final Salary section

The benchmarks and performance objectives for the managers are detailed as follows:

Non-insured assets			
	Target %	Benchmark index	Control ranges
UK equities	2.4	FTSE All Share Index	0.0 – 4.0
Overseas equities	10.8	FTSE AW – World (ex UK) Index	8.00 – 14.00
Overseas equities - hedged	10.8	FTSE AW – World (ex UK) GBP Hedged Index	8.00 – 14.00
Diversified Growth	61.0	CPI + 5%	58.0 – 64.0
Index-linked gilts	15.0	FTSE A Over 15 years Gilts Index	10.0 – 20.0
Performance objective: to track the return of the market index for each of the underlying asset classes (except for Diversified Growth Fund – whose aim is to provide equity like returns with half of the volatility)			

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Appendix B: Member options – Money Purchase section

The Trustee currently offers the following range of funds through L&G:

Asset class	Name of fund
Passive Global equity	L&G Global Equity Mixed Weights (30:70) 75% Hedged Index
Passive Emerging Market equity	L&G World Emerging Markets Equity Index
Multi-asset	L&G Diversified Fund
Shariah Global equity	HSBC Islamic Global Equity Index
Passive Index-linked bonds	L&G Over 5 Year Index Linked Gilts Index
Cash	L&G Cash
Government and corporate bonds	L&G Pre-Retirement Fund

The objective of these options is to provide members with suitable funds from which they can construct their own portfolio. The funds' objectives and expected returns are as follows:

- L&G Global Equity Mixed Weights (30:70) 75% Hedged Index: to achieve a return that is consistent with 30% of the return of the FTSE All-Share Index and 70% of the return of the appropriate sub-divisions of the FTSE All World (ex UK) Index overseas index funds.
- L&G World Emerging Markets Equity Index: to achieve a return that is consistent with the return of the FTSE Emerging Index.
- L&G Diversified Fund: to provide long-term investment growth through exposure to a diversified range of asset classes. The long-term expected annualised rate of return for this Fund is broadly similar to that of a developed market equity fund.
- HSBC Islamic Global Equity Index: to create long term appreciation of capital through investment in securities which meets Islamic investment principles as interpreted and laid down by the Shariah Committee.
- L&G Over 5 Year Index Linked Gilts Index: to achieve a return that is consistent with the return of the FTSE Actuaries Index Linked (Over 5 Year) Index.
- L&G Cash: to achieve a return that is consistent with the return of cash deposits and short term investments.
- L&G Pre-Retirement Fund: aims to invest in assets that reflect the investments underlying a typical non-inflation linked pension annuity product. The fund invests in a mixture of UK government and corporate bond indices on a passive basis and LGIM regularly reviews the asset allocation of the fund to try to match changes in annuity pricing as closely as possible.

Lifecycle arrangements

The Plan offers two Lifecycle strategies – annuity focused and drawdown focused. The objective of both funds is to provide investment growth while the member is further from retirement and then start to switch member's investments into funds that match their selected retirement objective. Therefore, the difference between the two strategies is the approach to managing investment risk as members approach retirement. The strategies are also designed on the assumption that members want to take their pension savings in a particular way when they come to retire.

Both strategies invest 100% in the L&G Global Equity Market Weights (30:70) Index Fund when a member is more than 15 years from their target retirement date. The aim of this growth phase is to offer a chance of good returns in the years furthest away from retirement. This is achieved by investing in a mix of shares across the world. While the value of investments will rise and fall with the stock markets, over the long-term the value of member's savings is expected to grow

Derisking phases:

Drawdown focused lifecycle (default option)

Once a member reaches 15 years from their target retirement date, it starts to invest in the L&G Diversified Fund, which aims to reduce the likelihood of investments falling sharply in value by spreading investments across a wide mix of funds. However, keeping an element invested in a way that exposes members to the risks of the stock market right up until they retire reduces the risk of pot sizes deteriorating against inflation. This is particularly important for members who are not looking to buy an annuity at retirement.

10 years from a member's target retirement date this lifecycle strategy starts to invest in the L&G Over 5 year Index-Linked Gilts Fund and five years from retirement the L&G Cash Fund.

At retirement the member will be invested 70% in the L&G Diversified Fund, 20% in the L&G Over 5 year Index-Linked Gilts Fund and 10% in the L&G Cash Fund.

Lifecycle: Annuity focused

Once a member reaches 15 years from their target retirement date, this strategy starts to switch members into the L&G Pre-Retirement Fund, which is aimed at members who are planning to purchase an annuity. Five years from retirement it starts to switch into the L&G Cash Fund.

At retirement the member is invested 75% in the L&G Pre-Retirement Fund and 25% the L&G Cash Fund.