National Pension Trust Annual statement of governance

By the Trustee Chair covering the period
6 April 2023 to 5 April 2024

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01 Introduction

On 20 November 2023, the National Pension Trust (the ‘Trust’) was acquired by SEI Investments (Europe) Limited (‘SIEL’) and SEI Trustees Limited (the ‘Trustee’) was appointed as the new Trustee of the Trust. The Trustee is trustee for two other Master Trusts, the SEI Master Trust and the Atlas Master Trust and, since 20 November 2023, the Trust. This governance statement applies solely to the Trust.

I am Allan Course, Chair of the Board of Trustee Directors for the Trust and I am pleased to present this annual governance statement.

Your employer has chosen the Trust as your pension scheme, and we believe the following features of the Trust allow you to effectively save for retirement. Our job, as Trustee Directors, is to make sure that it delivers these things for you:

- Well-designed investment options that meet your needs and help to deliver good investment performance for you over the long term.
- Clear and engaging communications that help you to make the best decisions on your current and future pension savings.
- Smooth and accurate administration, including the investment of the regular contributions you make to the Trust.
- Confidence that the Trust is meeting all its legal requirements and that someone is actively looking after your interests.
- Delivering all these things to you at a cost that’s competitive against other options available in the pension marketplace.

This statement (which includes the full Statement of Investment Principles (‘SIP’)) is published online at http://www.natpen.co.uk/help-and-forms/trust-chairs-statement. Your yearly benefit statement also includes details of where you can find the Chair’s Statement, SIP, Implementation Statement and TCFD Report online.

We hope this statement helps you understand how your pension is being looked after. If you would like to give any feedback on its contents, please contact the Trustee at trust@xpsgroup.com or, if you have any questions on how it affects you, please contact the Trust administrators by telephoning 0118 918 5118.

Finally, the Trustee would like to thank all service providers who have supported the Trust throughout the year.

This summary and the statement are signed on behalf of the Trustee by:

Allan

Allan Course

Independent Trustee Chair for the National Pension Trust

Date: 17 September 2024

(The original signed version is available for inspection on request, please contact trust@xpsgroup.com for this copy).

The remainder of this statement describes in more detail the Trustee’s governance and management of the Trust during the last year.

This annual statement has been prepared by the Trustee in accordance with Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the ‘Administration Regulations’) (as amended).

The Trust is an authorised Master Trust in accordance with Section 5 of the Pension Schemes Act 2017.

02 The Default Investment Arrangements

02.01 The default investment strategies in the Trust

The Trust provides retirement benefits for employees and former employees of a number of employers. The Trust is required to have investment strategies available for members who do not actively make a choice about how their savings in the Trust are invested, including those automatically enrolled in the Trust by their employers. These are referred to as default investment strategies in this statement and are the Trust's 'default arrangement(s)' for the purposes of the Administration Regulations.

Although some members actively choose to invest in the default investment strategies as they match their requirements in terms of risk and returns most members do not make an active investment choice and are therefore placed in the default investment strategies.

The Trust provides a standard default investment strategy called the **Life Stage Strategy - income target** - that is available to all members who do not actively make a choice about how their savings in the Trust are invested. Members can also choose to be invested in this strategy.

In addition to the Life Stage Strategy - income target default arrangement, the Trust also has three other default arrangements - Life Stage Strategy - annuity target, Life Stage Strategy - cash target and the Temporary Holding Strategy (the 'THS'). Further details of these strategies are explained below.

The Life Stage Strategy - income target

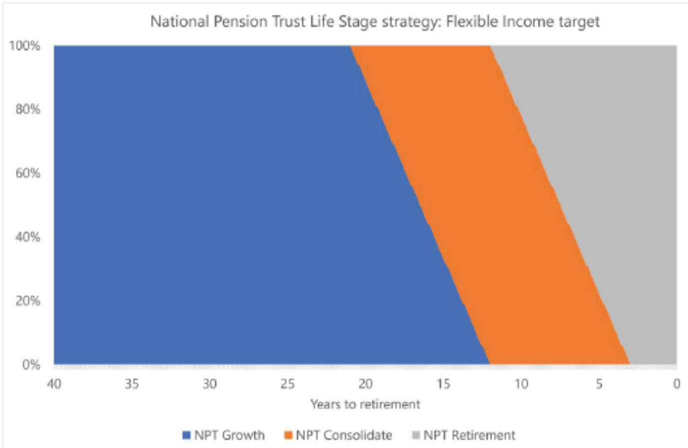
This strategy is designed for members who wish to take their savings as flexible income at retirement - whether that is as a regular income or just as and when they need it.

Up until 21 years prior to a members Target Retirement Age (TRA), members' savings are invested 100% in equities (NPT Growth Fund).

From 21 years prior to TRA until 12 years before TRA, members' savings are gradually switched into funds that obtain their returns mainly from credit investments (NPT Consolidate Fund).

From 12 years prior to TRA until 3 years before TRA, members' savings are gradually switched so three years from TRA, funds will be invested 40% in equities and 60% in a range of credit investments (NPT Retirement Fund).

The chart below shows how the investment changes as a member approaches their TRA.



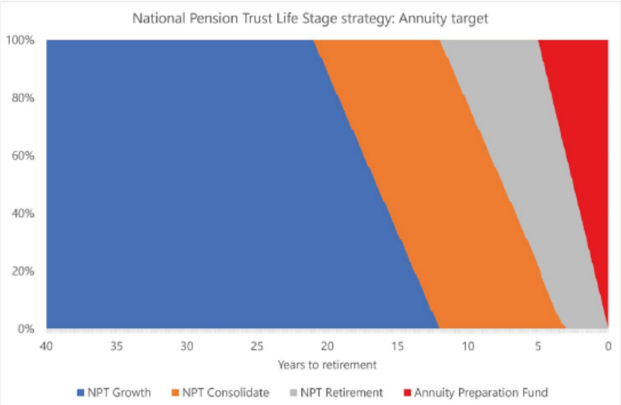
The Default Investment Arrangements continued

The Life Stage Strategy - Annuity target

This strategy is designed for those members who wish to buy an annuity at their TRA.

The strategy follows a similar path as the income target above, but when a member reaches their TRA the funds are wholly invested in the Annuity Preparation Fund.

The chart below shows how the investment changes as a member approaches their TRA.

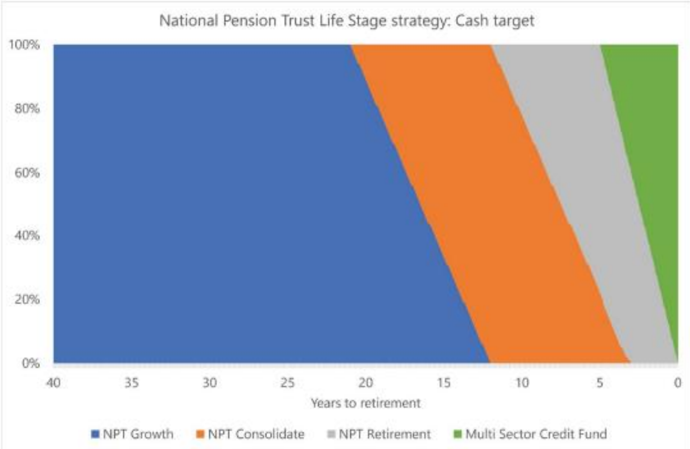


The Life Stage Strategy - Cash target

This strategy is designed for those members who wish to take the whole of their savings as a cash sum at their TRA.

The strategy follows a similar path as the income target above, but when a member reaches their TRA the funds are wholly invested in the Multi-Sector Credit Fund.

The chart below shows how the investment changes as a member approaches their TRA.



The THS

Occasionally, investment funds can become suspended, meaning that on a temporary basis they can no longer accept money in or out. Following the temporary suspension of the Property Fund in March 2020 the former trustees created a new fund named the Temporary Holding Strategy to accept member contributions intended for the suspended funds. When they begin to operate normally again the money can be moved back into the intended fund. Because member contributions into this fund were directed there without specific instructions from each member, the THS must be declared as a default arrangement. The investment strategy for this default arrangement will vary depending on the nature of the self-select fund concerned.

The strategy for this default arrangement is as follows:

100% Cash Fund

The Default Investment Arrangements continued

In accordance with the Occupational Pension Schemes (Administration, Investment, Charges and Governance) and Pensions Dashboard (Amendment) Regulations 2023, the tables below show the asset allocations of investments for the default investment arrangements as at 31 March 2024.

The changes in asset allocations at different ages is reflective of the design of the default investment arrangement that includes glidepaths as a member approaches their Target Retirement Age, also known as lifestyle strategies.

	Percentage allocation: Age 25 (%)	Percentage allocation: Age 45 (%)	Percentage allocation: Age 55 (%)	Percentage allocation: Day before SPA (%)
Life Strategy - Income target				
Cash	**0.0**	**0.1**	**1.0**	**1.9**
Bonds	**0.0**	**2.1**	**27.8**	**58.0**
Corporate bonds	0.0	1.7	23.7	53.5
Govt bonds	0.0	0.4	4.1	4.5
Other bonds	0.0	0.0	0.0	0.0
Listed equities	**100**	**97.8**	**71.2**	**40.1**
Private equity	**0.0**	**0.0**	**0.0**	**0.0**
Venture capital	0.0	0.0	0.0	0.0
Growth equity	0.0	0.0	0.0	0.0
Buyout funds	0.0	0.0	0.0	0.0
Property	**0.0**	**0.0**	**0.0**	**0.0**
Infrastructure	**0.0**	**0.0**	**0.0**	**0.0**
Private debt	**0.0**	**0.0**	**0.0**	**0.0**
Other	**0.0**	**0.0**	**0.0**	**0.0**

The Default Investment Arrangements continued

	Percentage allocation: Age 25 (%)	Percentage allocation: Age 45 (%)	Percentage allocation: Age 55 (%)	Percentage allocation: Day before SPA (%)
Life Strategy - Annuity target				
Cash	**0.0**	**0.1**	**1.0**	**2.4**
Bonds	**0.0**	**2.1**	**27.8**	**97.6**
Corporate bonds	0.0	1.7	23.7	53.6
Govt bonds	0.0	0.4	4.1	44.0
Other bonds	0.0	0.0	0.0	0.0
Listed equities	**100**	**97.8**	**71.2**	**0.0**
Private equity	**0.0**	**0.0**	**0.0**	**0.0**
Venture capital	0.0	0.0	0.0	0.0
Growth equity	0.0	0.0	0.0	0.0
Buyout funds	0.0	0.0	0.0	0.0
Property	**0.0**	**0.0**	**0.0**	**0.0**
Infrastructure	**0.0**	**0.0**	**0.0**	**0.0**
Private debt	**0.0**	**0.0**	**0.0**	**0.0**
Other	**0.0**	**0.0**	**0.0**	**0.0**

	Percentage allocation: Age 25 (%)	Percentage allocation: Age 45 (%)	Percentage allocation: Age 55 (%)	Percentage allocation: Day before SPA (%)
Life Strategy - Cash target				
Cash	**0.0**	**0.1**	**1.0**	**3.4**
Bonds	**0.0**	**2.1**	**27.8**	**96.6**
Corporate bonds	0.0	1.7	23.7	76.5
Govt bonds	0.0	0.4	4.1	20.0
Other bonds	0.0	0.0	0.0	0.0
Listed equities	**100**	**97.8**	**71.2**	**0.0**
Private equity	**0.0**	**0.0**	**0.0**	**0.0**
Venture capital	0.0	0.0	0.0	0.0
Growth equity	0.0	0.0	0.0	0.0
Buyout funds	0.0	0.0	0.0	0.0
Property	**0.0**	**0.0**	**0.0**	**0.0**
Infrastructure	**0.0**	**0.0**	**0.0**	**0.0**
Private debt	**0.0**	**0.0**	**0.0**	**0.0**
Other	**0.0**	**0.0**	**0.0**	**0.0**

The Default Investment Arrangements continued

	Percentage allocation: Age 25 (%)	Percentage allocation: Age 45 (%)	Percentage allocation: Age 55 (%)	Percentage allocation: Day before SPA (%)
Temporary Holding Strategy*				
Cash	**100**	**100**	**100**	**100**
Bonds	0.0	0.0	0.0	0.0
Corporate bonds	0.0	0.0	0.0	0.0
Govt bonds	0.0	0.0	0.0	0.0
Other bonds	0.0	0.0	0.0	0.0
Listed equities	0.0	0.0	0.0	0.0
Private equity	0.0	0.0	0.0	0.0
Venture capital	0.0	0.0	0.0	0.0
Growth equity	0.0	0.0	0.0	0.0
Buyout funds	0.0	0.0	0.0	0.0
Property	0.0	0.0	0.0	0.0
Infrastructure	0.0	0.0	0.0	0.0
Private debt	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0

*although we have shown this strategy it is not available to members and there have been no members in this strategy during the reporting period. Therefore, the THS does not constitute a “Default arrangement” for the purpose of the Administration Regulations. As such, this table has only been included for completeness.

Specified Performance-based fees

There has been no performance-based fees incurred in relation to any default arrangement or self-select fund during the reporting period.

The Default Investment Arrangements continued

02.02 Review of the default investment strategies in the Trust

The Trustee is responsible for the Trust's investment governance, which includes setting and monitoring the investment strategy for the Trust's default investment strategies.

The Trustee is required by law to review the strategy and performance of the default arrangement(s) at least every three years and without delay following any significant change in investment policy or the demographic profile of members to ensure that the investment options remain fit for purpose and that the default arrangement(s) continue to be suitable for the majority of our members.

Details of the aims and objectives and the Trustee's policies regarding the default investment arrangements can be found in documents called the:

- 'Statement of Investment Principles' ("SIP") - Life Stage Strategy – income target dated 24 December 2021,
- 'Statement of Investment Principles' ("SIP") - Life Stage Strategy - annuity target dated 24 December 2021,
- 'Statement of Investment Principles' ("SIP") - Life Stage Strategy – cash target dated 24 December 2021,
- 'Statement of Investment Principles ("SIP") – Temporary Holding Strategy dated 29 September 2020.

The Trust's SIPs covering the default investment arrangements are attached to this annual statement regarding governance as Appendix E and F.

Life Stage Strategies

The Life Stage Strategy - income target, the Life Stage Strategy – annuity target and the Life Stage Strategy – cash target were not formally reviewed during the period covered by this statement.

The last review was completed on 8 December 2021 by the former trustees for the Trust and the new strategies were implemented on 22 March 2022.

The next formal review is due to take place in Q4 2024. There were no circumstances that arose during the Trust year, which required the review to be brought forward.

THS

The long-term objective of the THS, as stated in the SIP, is to provide relevant members with a low-risk investment strategy that can be used as a vehicle into which their contributions can be invested (unless a relevant member makes an investment choice in relation to their specific contributions) when a fund becomes unavailable or has a dealing suspension. The aim was to provide a low volatility strategy that did not lose monetary value.

The last review was completed on 15 March 2023 by the former trustees of the Trust and their overall conclusion was that the THS achieved the aims and objectives as set out in the SIP and that no changes were required.

The next formal review is due to take place in Q1 2026.

Since the end of September 2020, there have been no members invested in the THS, which is why the SIP has not been subsequently revised.

The Default Investment Arrangements continued

02.03 Default Investment Strategy fund performance

Life Stage Strategy – income target, Life Stage Strategy – annuity target and Life Stage Strategy – cash target.

The Trustee reviewed the performance of the default strategies against their aims, objectives, and policies (as set out in the default arrangement SIPs) on a quarterly basis.

Over the reporting period, the default strategy performed well. The State Street World TPI Climate Transition Index Equity Sub-Fund delivered the strongest absolute performance in the default following a rally of equity markets. The corporate bond and multi-sector credit funds also contributed positively to the return.

During the reporting year, the three funds that make up the Income Target Default Arrangement returned 22.17% (Growth Fund), 19.62% (Consolidate Fund), and 13.62% (Retirement Fund).

No changes were made to the default strategies during the Trust year.

THS

As mentioned above, the strategy for this default arrangement is 100% in the Cash Fund. As the Cash Fund is available to members as a self-select fund, the Trustee carries out a review of the performance of the fund at each quarterly meeting.

A formal review of this default strategy was carried out on 15 March 2023 by the former trustees of the Trust and their overall conclusion was that it had performed in line with the aims and objectives as set out in the SIP and that no changes were required.

This strategy is not available for selection by members and therefore has had no members in this strategy since the end of September 2020 but it remains a default arrangement within the Trust.

The performance of the default arrangements are reviewed at each quarterly trustee meeting, and the overall conclusion was that they have performed in line with the aims and objectives set by the Trustee.

The net investment returns for the default arrangements can be found in Appendix B. This does not include the THS because this strategy does not satisfy the definition of a ‘default arrangement’ under the Administration Regulations given that there are no members invested in the strategy.

02.04 Review of fund performance (excluding default investment strategies)

The Trustee, on the advice of its investment advisor, has made available a range of 23 individual funds for Trust members to choose from. The range of funds available include those that make up the default arrangements and can be self-selected by members.

At each quarterly Trustee meeting, the Trustee reviews the performance of all investment funds against their respective benchmarks and targets using the fund managers' investment reports. In addition to the investment performance, the Trustee also looks at other factors such as Environmental, Social, and Governance (ESG) factors and at the internal rate of return achieved by members.

The Trustee's investment advisor monitors the performance of the Trust's investment managers as well as using the wider XPS research teams to determine the suitability of each manager and advises the Trustee of any significant developments relating to the funds managed on behalf of Trust members.

The passive equity self-select funds (i.e. those that track a benchmark index) performed broadly in line with their benchmark as expected.

In contrast, the passive bond funds had mixed performance relative to their benchmarks, most notably the Corporate Bond Fund and Annuity Preparation Fund where a change in benchmark and underlying fund has led to a reported deviation in Q2 2023. However, both the old fund and new fund performed in line with their respective benchmark over the quarter.

Within the active self-select funds, the UK Equity High Alpha, Sustainable Active Global Equity, Private Markets and Multi-Asset underperformed over the 12-month period. However, the Cash and Property funds outperformed their respective benchmarks.

Over the reporting year global equities performed strongly. US holdings, particularly technology stocks and namely the 'magnificent seven' drove returns in the second half of the year. UK equities struggled in the beginning months of the reporting period, especially compared to rallying technology securities. In the second half of the reporting year, UK and European equities made up some lost ground – in the UK financials, industrials and the energy sector outperformed. The UK Equity fund performance was significantly lower than the

Overseas and Global Equity funds over the year as a whole.

The UK Equity High Alpha and Sustainable Active Global Equity Fund underperformed their respective benchmarks over the year. The underlying funds within the UK Equity High Alpha fund underperformed mainly due to poor stock selection, particularly within industrials. The sustainable tilt within the underlying funds meant that a strong period for traditional energy e.g. oil and gas detracted from relative returns.

Over the reporting period, the Sustainable Active Global Equity Fund's underlying holdings were changed from the Columbia Threadneedle Global Select Fund to a combination of the Janus Henderson Global Sustainable Energy Fund, Stewart Investors Worldwide Sustainable Fund and Liontrust Sustainable Future Global Growth Fund. The largest detractors from performance occurred in Q3 2023. These included an underweight allocation to energy, poor stock selection within IT, healthcare, industrials and energy.

In Q1 2024 stock selection and the relative underweight position to financials detracted from relative performance for the Janus Henderson Fund.

Property performance was un-inspiring over the reporting period, dampened by fears of recession, sticky inflation and falling capital values across the more traditional sectors.

The Multi Asset Fund underperformed its benchmark over the reporting year although the underperformance was largely concentrated in the first half of the reporting year. While the old strategy was in place, both the Columbia Threadneedle Dynamic Diversified Fund and the LGIM Diversified Fund significantly underperformed. Although the underlying funds benefitted from equity markets performing well, this was offset by rising global government bond yields, which led them to underperform their respective cash or inflation plus targets. In the following quarter, underperformance continued with the new underlying funds, the LGIM Future World Multi Asset Fund and the Schroders Life Sustainable Future Multi Asset Fund, each falling short of target. Both funds underperformed as equity and bond markets declined (amid the high interest rate environment) but was more pronounced within the Schroders fund, which targets a cash plus benchmark.

The Trustee has considered the investment objectives for each fund, how they may fit the risk profile for each member and believes that they are offering a suitable range for members who wish to create their own investment portfolio to meet their own investment objectives and risk profile.

02.05 Statement of Investment Principles

The principles governing how decisions about investments must be made are detailed in the Trust's SIP.

The SIP sets out the Trustee's investments aims, objectives and policies for the Trust's standard default investment strategy and non-standard default investment strategy and is prepared in accordance with regulation 2A of the occupational Pension Schemes (Investment) Regulations 2005. In particular, it covers:

- the Trustee's policies on risk, return and other financially material considerations (including Environmental Social and Governance factors); and
- how the Trust's standard and non-standard default investment strategies are intended to ensure that assets are invested in the interests of members and beneficiaries.

A copy of the current default SIPs are attached to this statement as Appendix E & F.

The Default Investment Arrangements continued

02.06 Investment Performance for all funds

	Type	3 years to 31 March 2024 (% pa)	Benchmark (% pa)		5 years to 31 March 2024 (% pa)	Benchmark (% pa)
Adventurous Growth	Passive	7.79	7.83		10.08	10.11
Annuity Preparation	Passive	(4.69)	(4.35)		(1.72)	(1.48)
Balanced Growth	Passive	6.01	5.87		8.21	8.10
Cash	Active	2.40	2.45		1.59	1.58
Cautious Growth	Passive	3.15	3.01		5.73	5.62
Corporate Bond	Passive	(3.43)	(2.95)		(0.81)	(0.48)
Emerging Markets	Passive	(1.03)	(0.73)		3.50	3.79
Ethical	Passive	12.78	13.18		13.92	14.33
Fixed Interest Gilt	Passive	(7.64)	(7.55)		(3.91)	(3.81)
Global Equity	Passive	11.25	11.37		12.78	12.89
Index-Linked Gilt	Passive	(10.07)	(10.13)		(5.51)	(5.52)
Multi Asset	Active	2.30	8.72		3.78	7.26
Overseas Equity	Passive	11.68	11.81		13.37	13.49
Private Markets	Active	8.80	10.28		9.44	10.85
Property	Active	1.86	1.63		1.45	1.47
Shariah	Passive	14.71	15.03		17.19	17.66
UK Equity	Passive	7.84	7.85		5.48	5.51
UK Equity High Alpha	Active	(2.74)	1.08		3.23	4.59
Sustainable Active Global Equity	Active	5.72	10.73		10.55	12.53

	Type	1 year to 31 March 2024 (% pa)	Benchmark (%pa)		3 years to 31 March 2024 (% pa)	Benchmark (% pa)
NPT Growth*	Passive	22.17	22.48		N/A	N/A
NPT Consolidate*	Passive	19.62	19.83		N/A	N/A
NPT Retirement*	Passive	13.62	13.78		N/A	N/A
Multi Sector Credit*	Passive	9.72	9.66		N/A	N/A

* these funds were launched in March 2022

03 Net Investment Returns

The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 introduced requirements for trustees to calculate and state the return on investments from their default and self-select funds in which Trust members are invested during the scheme year, net of all member borne charges (e.g. investment transaction costs and charges).

Net return disclosure is intended to help members understand how their investments are performing.

The Trustee has set out in Appendix B the net returns for the different investment strategies in the Trust. The returns have been prepared in accordance with the DWP's statutory guidance on 'Reporting of Net Investment Returns: guidance for trustees of relevant occupational defined contribution pension schemes'. The net investment returns members receive will depend on which employer's section they are a member of. This is because fees charged vary between sections due to their individual requirements and the operational complexity of each. The employer references in Appendix B have been anonymised. However, members can see the net investment return that applies to them online in the member's secure area.

04 Charges and transaction costs

04.01 Level of member-borne charges and transaction costs

The Trustee is required to set out the on-going charges borne by members in this statement, which are administration costs, annual fund management charges plus any additional fund expenses, such as custody costs, but excluding transaction costs; this is also known as the total expense ratio (‘TER’).

The Trustee is also required to separately disclose transaction cost figures that are borne by members. In the context of this statement, the transaction costs shown are those incurred when the Trust’s fund managers buy and sell assets within investment funds.

The Trust has one standard default arrangement for all employers/members called the Life Stage Strategy - income target. The standard default arrangement has been set up as a lifestyle approach, which means that members’ assets are automatically moved between different investment funds as they approach their Target Retirement Age (TRA). This means that the level of charges and transactions costs may vary depending on how close members are to their TRA and in which funds they are invested.

For the period covered by this statement the level of TER remained the same irrespective of the period to retirement.

SEI (Nexus) Limited (formerly known as (XPS Pensions (Nexus) Limited) (Trust Funder) agrees with each employer the annual management charges (AMC) paid by members towards the costs of running their section of the Trust, based on the number of members, value of assets transferring into the Trust, future contributions, and related commercial information.

Some participating employers may elect to pay all or part of the AMC directly to SEI (Nexus) Limited on behalf of their employees, reducing the AMC payable by their members.

The Trustee has disclosed the total expense ratio, which is the total of the AMC for each participating employer and the fund management charge for each fund, based on various AMC rates agreed between SEI (Nexus) Limited and participating employers.

The Trustee has also included the count of the number of participating employers within each fund and TER combination.

For example, the first row of the table shows that there is one employer who members pay a total charge (TER) of 0.11% each year for investing in the Life Stage Strategy - Income target, while the second row indicates that there is one employer who members pay a total charge of 0.17% each year for investing in the same fund. The difference is accounted for by different AMC rates applicable in the cases concerned.

Total transaction costs for each fund are disclosed.

All charges and transactions costs are for the year ended 31 March 2024.

Members can view the actual charges and transaction costs payable for their section of the Trust online via the member’s secure area.

For the period covered by this statement, annualised charges and transaction costs are set out below in respect of the standard default arrangement. The member borne charges for all the Trust’s default arrangements met the statutory charge cap requirements. Legislation does not set a charge cap in relation to self-selected investment funds, which are not ‘default arrangements’ for the purposes of the Administration Regulations.

The level of charges and transaction costs applicable during the Trust year to the Trust’s default investment strategies and to all funds that are not default investment strategies are shown in Appendix A. The specific TER charge applied to all members are displayed in the Trust Benefit Summary document, which is available online in the member’s secure area.

The charges and transaction costs have been supplied by Legal & General Investment Management (LGIM) who are the Trust’s platform provider. There is no missing transaction cost data.

When preparing this section of the statement the Trustee has taken account of the relevant statutory guidance using Trust specific information.

05 Value for members

05.01 Value Assessment

The Trustee is required to assess the extent to which member-borne charges and transaction costs represent good value for members. It is difficult to give a precise legal definition of 'good value', but the Trustee considers that it broadly means *'that the combination of costs and the quality of what is provided in return for those costs is appropriate for the Trust membership as a whole, when compared to other options available in the market'*.

The assessment was undertaken taking account of The Pensions Regulator's ('TPR'('s)) Code of Practice No. 13.

The Trustee reviews all member-borne charges (including transaction costs where available) annually, with the aim of ensuring that members are obtaining value for money given the circumstances of the Trust. The date of the last review was on the 4 September 2023 and covered the reporting period to which this statement relates.
The Trustee notes that value for money does not necessarily mean the lowest fee, and the overall quality of the service received has also been considered in this assessment. The costs met by Trust members are the charges and transaction costs shown in Appendix A. Consequently, when assessing value for members, it is the absolute level of charges and transaction costs, which include the cost of operational and administrative elements of the Trust, customer services and member communications that the Trustee looked at.

Accordingly, the Trustee's value for members' assessment relating to the Trust year was carried out by:

> Defining six categories where value for members can be derived in relation to the Trust, each of which contain several components – these categories are set out below, along with the Trustee's assessment of value for members in the Trust against each one.

> Considering value for money by assessing the benefits of all the six categories against the costs borne by members.

> Carrying out their own assessment of value for members in relation to each of these categories.

The Trustee considers all areas are vital and did not apply any specific weighting between the six categories in their overall assessment of value for money. The categories looked at for assessing value for members in the Trust are set out along with the conclusions the Trustee reached:

i. **Trust Funder** – Assessment: Good Value – The Trust Funder continues to have strong financial strength and durability to continue to invest and grow in the UK DC market.
ii. **Administration** – Assessment: Good Value – XPS Administration has been ranked No1 two times in the last three years. XPS Administration continue to have effective and efficiently managed core financial transactions with SLAs in place and Type II AAF 01/20 independent assurance report. Member complaints were less than 0.08% of the number of completed transactions
iii. **Governance Framework -** Assessment: Good Value – All Trustee Directors are professional and independent from SEI (Nexus) Limited and have a broad knowledge base with many years of experience in the pension's industry covering investments, legal, risk & governance, communications and pensions management for DC & Master Trust schemes. The high levels of governance of the Trust have also been validated via the AAF 05/20 accreditation. In addition, the Trust became an authorised Master Trust under the Pensions Schemes Act 2017 in August 2019.
iv. **Investments** – Assessment: Good Value – The Trustee offers three default arrangements with a focus on ESG, climate change transition and sustainability and a range of nineteen individual funds in a broad range of assets classes in addition to specialist funds such as Ethical, Private Markets and Sharia. These funds are called self-select funds.
v. **Communications & Member Engagement** – Assessment: Good Value – Communications are compliant with statutory requirements and accurate.
Communications are produced by a specialist team and there are plans for a full review of existing communications over the next 12 months.

vi. **Trustee Knowledge & Understanding** – Assessment: Good Value – All Trustee Directors are independent professional trustees.

For further details regarding Trustee Knowledge & Understanding, please see Section 8.

05.02 Overall assessment of value for members

For the reasons set out above, the Trustee's conclusion is that on an overall basis the Trust provides good value for members.

06 Illustrative example of cumulative effect of costs and charges on members' funds

Over a period of time, the charges and transaction costs that are taken out of a member's pension savings can reduce the amount available to the member at retirement.

To help you understand the impact of charges on your pension savings the Trustee has set out in Appendix C a number of illustrations to show the projected value of pension savings in today's money before and after costs and charges.

The tables show figures for the Life Stage - income target, Life Stage - annuity target and Life Stage - cash target default arrangements and a selection of self-select investment options at three typical level of charges (lowest, median & highest) together with a note of the assumptions used in calculating these illustrations. Illustrations specific to each participating employer and the charges their members pay are available online in the member's secure area.

We have not produced any illustrations for the THS as it is not available to members and there have been no members in this strategy since the end September 2020. Therefore, this strategy does not satisfy the definition of a 'default arrangement' under the Administration Regulations and is not one of the relevant self-select investment options.

The illustrations have been prepared in accordance with the DWP's statutory guidance on 'Reporting costs, charges and other information: guidance for trustees and managers of occupational pension schemes' on the projection of an example member's pension savings.

07 Requirements for processing core financial transactions

The Trustee is required to make sure that core financial transactions in the Trust are processed promptly and accurately.

Core financial transactions include (but are not limited to):

> investment of contributions

> transfer of members' assets to and from the Trust

> switching between investments within the Trust

> payments out of the Trust to members/beneficiaries

The Trustee has received assurance from the Trust's administrators, XPS Administration, and have taken steps to verify that adequate internal controls exist to ensure that core financial transactions relating to the Trust were processed promptly and accurately during the Trust year.

To ensure that the administration and processing of core financial transactions is dealt with promptly and accurately the Trustee receives a monthly update on the overall service level achieved and monitors the administrator's performance at each Trustee quarterly meeting over the last Trust year as follows:

The Trustee has an agreement with XPS Administration to ensure that at least 95% of each process is completed within the agreed service level agreement ('SLA').

This includes the payment of retirement benefits within 3 working days of receiving all completed documentation, transfers in/out processed within 3 working days and fund switches and re-directions also within 3 working days of receipt. Regular contributions received from participating employers are processed within 3 working days of receiving correct data;

The processing of core financial transactions and how XPS Administration has performed against the SLA during the Trust year are set out in the table below.

Transaction Type	SLA Target	Actual SLA achieved during the Trust Year
Investment of Contributions	3 days	99%
Transfers into the Trust*	3 days	99%
Transfers out of the Trust*	3 days	100%
Switching between investment funds	3 days	98%
Payments out of the Trust to members/beneficiaries* (retirements)	3 days	99%
Total SLA	**3 days**	**99%**

*these figures include non-financial critical parts of the process which impacts the overall SLA.

The overall SLA achieved by XPS Administration in respect of all processes during the Trust year was 99.4%.

Requirements for processing core financial transactions continued

There are no unresolved issues in relation to core financial transactions. The Trustee will continue to closely monitor the administrator's performance as described in more detail below.

- Reviewing the quarterly administration reports which detail performance against agreed service levels and discussing these with them.
- Receiving enhanced reporting on any errors/corrections and agreeing remedial action where these occur.
- Having regular discussions with XPS Administration about procedures and processes for swift investment of all contributions, switches between investment funds, payment of funds and all other financial transactions – these discussions take place at each quarterly Trustee meeting.
- Reviewing the external independent audit assurance Type II report on internal controls AAF 01/20 obtained by XPS Administration on an annual basis. This report provides comfort to the Trustee that the controls in place are appropriate and are carried out effectively. The majority of these controls are carried out in a fully automated way (known as "Straight Through Processing" or STP) which increases effectiveness and efficiency by speeding up transactions and avoiding manual intervention.
- Seeking quarterly confirmation from XPS Administration that there have been no significant changes to its own internal quality control processes since the last formal external audit.
- Confirmation and review of the process for unit reconciliations and contribution checking, reconciliation and investment, transfer in and out and retirement payments.
- Receiving confirmation that the processes in place to ensure core financial transactions are processed promptly and accurately include the following:
  - a dedicated client support management team who monitor when contributions are received to ensure they are received at the right time and that any late contributions are pursued.
  - daily monitoring of the bank account to ensure all payments in and out are accounted for; and
  - 100% peer review checking (including minimum authorisation levels) of all investments and banking transactions.
- Reviewing a quarterly report of contribution payments received late in order to determine whether TPR needs to be notified of these delays.
- Reviewing all complaints (upheld or not) received from the membership to see if any concerns are being raised about the timeliness and accuracy of processing core financial transactions. Where there are, the Trustee asks XPS Administration to adapt the relevant processes to address member concerns (where appropriate).
- Carrying out an annual review of member data held by XPS Administration on their system on the Trustee's behalf. This review checked that data was present, that it has been updated in accordance with member requests and that it looked reasonable. Where data is missing, a plan has been put in place to update the missing data (where possible). The latest report carried out in March 2024 shows a score of 97% for common data and 99% for scheme specific data.

Ultimately, based on the monitoring processes described above and the output from those processes, the Trustee believes that, overall, core financial transactions were processed promptly and accurately over the period covered by this statement:

- XPS Administration were operating appropriate procedures, checks and controls and operating within acceptable SLAs.

There have been no material administration errors in relation to processing core financial transactions; and all core financial transactions have been processed promptly and accurately during the Trust year.

08 Trustee's Knowledge and Understanding

08.01 Requirement for knowledge and understanding

The Trustee is required to maintain appropriate levels of knowledge and understanding to run the Trust effectively. Each Trustee Director must:

> Have a working knowledge of and be conversant with the trust deed and rules of the Trust, the Trust's SIPs and any other documents relating to the Trustee's current policies,

> Have, to the degree that it is appropriate for the purposes of enabling the individual properly to exercise his or her functions as trustee, knowledge and understanding of the law relating to pensions and trusts and the principles relating to funding and the investment the assets of occupational pension schemes.

> Ensure their combined knowledge and understanding, together with available advice, enables them to properly exercise their functions.

08.02 Background and experience of current Trustee Directors

The Trust was acquired by SIEL on 20 November 2023. Following the acquisition, the existing trustees were removed and replaced by the Trustee.

All reference to Trustee Directors also includes the former trustees unless stated otherwise.

The Trustee Directors have considerable relevant experience and expertise. Each of the Trustee Directors have worked within UK pensions in various capacities for a considerable length of time and have a broad set of skills and wide general pension's knowledge. In addition, each of the Trustee Directors has a specialist pensions background with skills and knowledge which complement each other and provide a diversity of experience on the Trustee board. For example:

> Michael Brown (former trustee) has a risk & compliance background;

> Jo Powell (former trustee) has an administration background;

> Gerald Wellesley (former trustee) has an investment background;

> Aimée Denham (former trustee) has a governance background.

> Allan Course (current Trustee Director) has an administration and actuarial background;

> Ian Davies (current Trustee Director) has a pension law background;

> Simon Riviere (current Trustee Director) has a governance background;

> Natalie Winterfrost (current Trustee Director) has an investment and actuarial background; and

> Penny Green (Trustee Director in the reporting period but retired on 30 June 2024) has an administration and investment background.

Further details of the background and experience of each of the Trustee Directors is in Appendix D.

The Trustee Directors are chosen to ensure that there is, collectively between them and with the input from SIEL and external advisers, the right balance of skills, knowledge and competencies to govern the Trust effectively as well as an ability to challenge both SIEL and each other. In August 2019, the Trustee Directors were adjudged as meeting the fit and proper test as set out by TPR as part of the Master Trust authorisation process. This involved a detailed analysis of the Trustee's skills, knowledge and understanding and experience. The Trustee Directors are assessed on an annual basis to ensure they continue to meet the fit and proper requirements.

08.03 Trustee training and development

The Trustee Directors recognise the importance of training and development as part of their ability to continue to exercise their functions effectively. The Trustee ensures it has effective oversight of its Directors' training and development needs by undertaking a Trustee Board effectiveness review each year.

To ensure continued effectiveness the Trustee takes the following steps to ensure Trustee Directors carry out training and development activities that are appropriate to their functions in relation to the Trust and ensure they continue to satisfy the legal requirements for trustee knowledge and understanding.

Trustee's Knowledge and Understanding continued

> All Trustee Directors undertake Continual Professional Development either as part of their professional background or on a voluntary basis. All Trustee Directors have completed TPR's trustee toolkit and are accredited professional trustees. All training is maintained in a log of both required and voluntary training.

> Annually, the Trustee Directors undertake a detailed self-assessment of specific knowledge and experience to assess their knowledge and understanding. This is the Trustee's primary system for identifying knowledge gaps. The results of this assessment ensure specific areas of development for individual Trustee Directors are identified and informs the training for the year ahead (where applicable).

> Annually, the Trustee Directors complete a skills matrix. Each Trustee is asked to rate their skills based on a large number of criteria. The results allow the Trustee to identify the skills and experience that are essential for the board to effectively manage the Trust over the next year and establish whether there are any gaps that need to be addressed. It also identifies which are critical, which will help mitigate risks, which are essential for all trustees to meet and how others may be achieved by the collective board.

> Annually, the Trustee carries out a self-evaluation review. This takes the form of a number of questions aimed at assessing the way in which the Trustee Directors operate as a board collectively and where there may be areas for development. The results are collated and reviewed by the Trustee with development activities identified and actioned (where applicable). In addition to this, as previously described, the Trustee Directors have to demonstrate their fitness and propriety as Trustee Directors of a Master Trust as part of the process for authorisation.

> All the Trustee Directors are familiar and conversant with and have access to copies of the current Trust governing documentation, including the Trust Deed & Rules (together with any amendments), the SIP and key policies and procedures. In particular, the Trustee refers to the Trust Deed and Rules when exercising its discretion on individual member cases, the Trustee reviews policies that are currently in place and the SIP was amended following the change to the investment strategy. As part of the ongoing Master Trust Supervisory regime the Trustee reviews its policies in accordance with the Governance Plan/Schedule of activities for the reporting period. In reviewing its policies and key documents, the Trustee is able to demonstrate a detailed working knowledge of all policies and key documents relating to the Trust.

The Trustee Directors demonstrated their knowledge and understanding of the law relating to pensions and trusts and the principles relating to the investment of assets during the Trust year by participating in ongoing training on legal and investment issues (to supplement their existing experience), completing the process to review and amend the SIP (including reporting significant events to TPR where applicable) and through the ongoing Master Trust supervisory regime. The Trustee's legal and investment advisors attend Trustee board meetings at least quarterly.

During the Trust year, the overall assessment of the skills of the Trustee was rated as strong. However, trustee knowledge and understanding requires continuous development. During the reporting period, training and development relevant to the Trust's Governance Plan and schedule of activities completed included:

> Oversight of TPR's supervision regime following the granting of Master Trust authorisation (XPS Pensions, SIEL and Legal Advisor – ongoing during the reporting period)

> Updates on new or amended legislation and regulations affecting the Trust (Legal Advisor – ongoing during the reporting period)

> Understanding of the ongoing requirements for schemes to report on and manage climate risks in line with The Taskforce on Climate-related Financial Disclosures (TCFD) (Investment Advisors and Legal Advisor – ongoing during the reporting period)

> Update of the current themes when it comes to ESG & Climate Change (Investment Advisor – ongoing during the reporting period)

> Understanding of the default investment options for clients that joined from the Trust during the reporting period (Investment Advisor – January 2024)

Trustee’s Knowledge and Understanding continued

In addition to the above, the Trustee received external training/development on an individual basis to support their own set of skills and knowledge. Such areas covered were as follows:

> Attending seminars covering legal issues hosted by external legal advisers.

> Attending seminars covering investment matters hosted by external investment advisers.

> Attending an external conference covering investment strategies for pension funds.

Additional training and development needs relating to the areas set out below were identified during the Trust year and the Trustee will address these going forward by arranging appropriate additional training and seeking support from advisers (as necessary):

> Ongoing training in respect of TCFD requirements.

> Ongoing developments in respect of the default arrangement(s) and self-select funds (including illiquid/alternative assets).

Induction for new Trustee Directors

The formal power to appoint new Trustee Directors rests with the Trustee. The Trustee’s policy on the selection of Trustee Directors requires a new Trustee Director to carry out a thorough and appropriate induction programme to ensure that they acquire a working knowledge of key Trust documents. As a minimum, a new Trustee Director will be expected to:

> Ensure completion of TPR’s trustee toolkit within 6 months of appointment (professional trustees, or trustees appointed for their specialist expertise, are required to have completed the trustee toolkit and have relevant knowledge and understanding immediately on appointment). All current Trustee Directors have met this requirement.

> Complete a skills assessment, which helps to identify gaps, which can be addressed either through training or through using internal/external advisers.

> Ensure completion of certain modules within the TCFD learning hub as set out in the Governance Plan.

> Familiarise themselves with the Trust documentation, including the Trust’s Trust Deed & Rules and the SIP provided as part of the induction programme by the Trust Secretary or other Trustee Directors.

There were a couple of changes to the independent/non-affiliated members of the Trustee board as shown above in section 08.02 and below in section 10 within the reporting period.

The Trustee is satisfied that the trustee training and development activities, knowledge and skills assessment processes together with the support provided by their advisers described above have ensured that, during the Trust year, the Trustee has met the requirements of sections 247 and 248 of the 2004 Act (requirement for knowledge and understanding).

Particularly, as demonstrated above, the combined knowledge and understanding of the Trustee Directors and their advisers enables the Trustee to properly exercise its function in line with the current annual business planner (as measured by an annual evaluation undertaken by each Trustee Director).

09 Arrangements to encourage representations from members

The Trustee has considered how to encourage representations and feedback given the number of employers and the size and demographics of the membership of different employers. Information as to size, nature and demographic of the Trust membership is primarily gathered via the SEI Client Team's engagement with employers.

The following arrangements have been made to encourage members of the Trust, or their representatives, to make their views on matters relating to the Trust known to the Trustee, taking into account the information known about the Trust membership as described above.

> A range of communication channels are used to keep members updated to ensure that communications and mechanisms for feedback are appropriate and accessible to the size, nature and varied demographics of the membership. For example, these include face-to-face (i.e. on-site member presentations), post, email, SMS, and through the Trust's website.

> Members are made aware of their ability to provide feedback via a dedicated email address, trust@xpsgroup.com. They are encouraged to use this email address in all member communications e.g. annual statements, Trust booklets and on the Trust website and in the Trust's annual report. This is monitored by XPS Administration Limited, and representations forwarded to the Trustee (where appropriate) for further consideration at the next subsequent Trustee meeting. This process has been in place throughout the Trust year.

> Provision of a survey on completion of specific call with a member to allow them to provide feedback to XPS Administration who in turn share the responses with the Trustee quarterly.

> Active members can submit their views via their employer who will raise it with their client relationship manager.

> Such deliverables to improve member communication and engagement delivered during the Trust year were as follows:

- recording a series of webinars for clients to share via their intranet/pension pages to provide information on the pension scheme to employees; and
- changes to newsletter format to reflect member feedback.

In 2025, the Trustee will look to roll out the Trust App to members, allowing them to access their pension details and a range of other information to assist them with their financial planning through nudge notifications.

10 The Independence of the Trustee Board

As set out in section 1, the Trust was acquired by SIEL from XPS Pensions Consulting Ltd (XPSPCL) on 20 November 2023 and the trustees at that time were replaced by the Trustee.

Between the period 6 April 2023 and 20 November 2023, there were five trustees: Hudson Trustees Ltd – represented by Ian Davies, Portsoken Consultancy Ltd – represented by Michael Brown, Joanne Powell, Vidett Trust Corporation Ltd – represented by Gerald Wellesley and Vidett Trustee Services Limited – represented by Aimée Denham.

At 20 November 2023 there were five Trustee Directors making up the Trustee Board: Allan Course, Hudson Trustees Ltd – represented by Ian Davies, BESTrustees Limited – represented by Penny Green (retired on 30 June 2024), Law Debenture Pension Trust Corporation P.L.C. – represented by Natalie Winterfrost and Vidett Trust Corporation Ltd – represented by Simon Riviere.

As required by legislation, during the period 6 April 2023 to 20 November 2023, the majority of the trustees, including the Chair were non-affiliated. Since the 20 November 2023, all Trustee Directors are non-affiliated.

For these purposes, "non-affiliated' means "independent of any undertaking which provides advisory, administration, investment or other services in respect of the relevant multi-employer scheme". There is also a requirement that any non-affiliated trustees appointed after 5 April 2015 must have been appointed following an open and transparent process and that their terms of office must not exceed a specified length.

For the purposes of determining whether an individual is non-affiliated, the following matters must be taken into account:

- Whether they are a director, manager, partner or employee of a Service Provider (or an undertaking which is connected to a Service Provider) in the period of 5 years ending with the date of the person's appointment as a Trustee;
- Whether they receive any payment or other benefit from a Service Provider; and
- Whether or not the person's obligations to a Service Provider conflict with their obligations as a trustee (and whether their obligations as a trustee will take priority in the case of a conflict).

The law sets out the time limits relating to the appointment of non-affiliated trustees. Trustees can be treated as "non-affiliated" for a single period of five years (or up to ten years in total). If there is a gap of more than five years between appointments, the previous appointment is ignored when working out the total. Slightly different rules apply to professional trustee bodies (who are not restricted to any particular term, but their individual representative cannot retain that role for more than 10 years in total, regardless of any gap between appointments).

The Independence of the Trustee Board Continued

The position in respect of each Trustee (between 6 April 2023 and 20 November 2023) is set out below.

Name and status (Affiliated or non-affiliated)	Date of appointment (start date for "non-affiliate" purposes in brackets, where different)	Date of expiry of first 5-year term of office for non-affiliated purposes	How each non-affiliated Trustee met the legal requirements
Ian Davies Hudson Trustees Ltd (Chair) Non-affiliated	26 July 2011 (6 April 2015)	5 April 2020 (Ian Davies 5 April 2025 maximum period as nominated representative)	Ian was re-appointed (as a representative of Hudson Trustees Ltd) with effect from 1 May 2020 following an open and transparent tender exercise involving a number of independent trustees and trustee companies to identify suitable candidates. He is independent of any company, which provides, or has provided in the last five years, other services to the Trust.
Michael Brown Portsoken Consultancy Ltd Non-affiliated	1 July 2015	30 June 2020 (Michael Brown 30 June 2025 maximum period as nominated representative)	Michael was re-appointed with effect from 1 July 2020 following an open and transparent tender exercise involving a number of independent trustees and trustee companies to identify suitable candidates. He is independent of any company, which provides, or has provided in the last five years, other services to the Trust.
Aimée Denham Vidett Trustee Services Limited Non-affiliated	1 April 2023	31 March 2028	Aimée was appointed effective from 1 April 2023 following an open and transparent tender exercise, in accordance with Regulation 28(1) of the Administration Regulations. The tender exercise involved engaging a number of independent trustees and trustee companies to identify suitable candidates. This was followed by a series of interviews conducted by the Principal Employer's advisors, Scheme Strategists and the Chair of the Board of those candidates identified. She is independent of any company which provides, or has provided in the last five years, other services to the Trust
Gerald Wellesley Vidett Trust Corporation Ltd Affiliated	5 December 2018	N/A (Gerald is an affiliated Trustee)	N/A (Gerald was an affiliated trustee having been connected to a Company that has provided other services to the Trust within the last five years).
Joanne Powell Affiliated	29 January 2018	N/A (Joanne is an affiliated Trustee)	N/A (Joanne was an affiliated trustee as she is employed by XPSPCL.

The Independence of the Trustee Board Continued

The position in respect of each Trustee Director (between 20 November 2023 and 5 April 2024) is set out below.

Name and status (Affiliated or non-affiliated)	Date of appointment (start date for "non-affiliate" purposes in brackets, where different)	Date of expiry of first 5-year term of office for non-affiliated purposes	How each non-affiliated Trustee met the legal requirements
Allan Course (Independent Chair) Non-affiliated	5 April 2016	5 April 2021 (Allan Course 5 April 2026 maximum period as nominated representative)	Allan was re-appointed with effect from 5 April 2021 following an open and transparent tender exercise involving a number of independent trustees and trustee companies to identify suitable candidates. He is independent of any company, which provides, or has provided in the last five years, other services to the Trust.
Ian Davies Hudson Trustees Ltd Non-affiliated	30 November 2023	31 December 2024	Ian was the former Chair of the Trust's trustee board prior to the Trust's acquisition by SIEL. The Trustee felt it was important to ensure continuity of knowledge and experience of the Trust, as this would also provide continuity and consistency for the Trust membership. As a result of the importance of continuity within the Trustee's selection criteria, it was agreed that a whole of market approach would not have been appropriate. The Trustee invited existing Trust non-affiliated trustees with detailed knowledge of the Trust to apply for the position. Only Hudson Trustees Ltd, represented by Ian put themselves forward. The Trustee considered the application and agreed that Hudson Trustees Ltd and its representative should be selected to join the Trustee as a Trustee Director due to Ian's experience being complimentary to the existing balance of experience and skills on the Trustee Board. Ian is independent of any company, which provides, or has provided in the last five years, other services to the Trust.
Penny Green BESTrustees Ltd Non-affiliated	22 November 2021	22 November 2026	Penny was a Trustee Director in the reporting period but retired on 30 June 2024. Penny was appointed following an open and transparent tender exercise involving a number of independent trustees and trustee companies to identify suitable candidates. Penny is independent of any company, which provides, or has provided in the last five years, other services to the Trust.
Natalie Winterfrost Law Debenture Non-affiliated	1 November 2022	1 November 2027	Natalie was appointed following an open and transparent tender exercise involving a number of independent trustees and trustee companies to identify suitable candidates. Natalie is independent of any company which provides, or has provided in the last five years, other services to the Trust
Simon Riviere Vidett Trust Corporation Ltd Non-affiliated	14 June 2016	14 June 2021	Simon was re-appointed with effect from 14 June 2021 following an open and transparent tender exercise involving a number of independent trustees and trustee companies to identify suitable candidates. Simon is independent of any company, which provides, or has provided in the last five years, other services to the Trust.

Contacting the Trustee

As described in the section in member views, employers can provide feedback from their employees through their client relationship managers and members can go directly through the email address trust@xpsgroup.com

Appendix A
Costs and charges including Transaction Cost

Charges within the Trust can be met by a deduction from members' savings and, in some instances, from a fee paid by the members' employer. The costs and charges applying to members' retirement savings are made up of two elements, which are shown in the table below.

Administration Charges - these are the charges made for running the Trust and investing your money. The stated charges include administration costs made by SEI (Nexus) Limited and investment costs by the fund manager of the funds your pension is invested in. This charge may sometimes be referred to as the Total Expense Ratio (TER).

Transaction Costs - these are the costs associated with buying and selling the securities within the fund. There are two types of transaction costs: explicit costs and implicit costs. Some types of investment have higher transaction costs than others but are an essential part of the investment manager's operation of the fund.

<u>Explicit Cost:</u> This is a cost charged to and paid directly by the fund to purchase and sell financial instruments. It includes broker commission, transaction taxes and exchange fees.

<u>Implicit Cost:</u> Implicit costs are not easily observable making them hard to quantify. They include transaction costs embedded in the bid-offer spread and the response of the market to a trade or the timing of a trade (market impact, opportunity cost, delay costs). The implicit cost can be either positive or negative and can vary greatly depending on the liquidity of the financial instrument.

What is included in the transaction costs figure?

- Brokerage commissions
- Transaction taxes and stamp duty
- Exchange fees
- Implicit costs
- Clearing charges
- Anti-dilution offset
- Indirect transaction costs (costs incurred by any funds held)

What is an Anti-dilution offset?

Funds typically have a pricing mechanism that offsets the impact of transactions caused by cash flow into or out of the fund to the existing investors, such as a fund spread. The amount of benefit to the on-going holders of the fund collected through such anti-dilution mechanisms is used to offset the transaction costs incurred.

Transaction costs aren't included in the administration charge. The impact of transaction costs on each member's accumulated fund will depend on their particular investment choices.

Why do you show a negative transaction cost figure?

The transaction cost figure includes an element of implicit cost ('slippage') which is the difference between the mid-market price at the time the trade is sent to market and the eventual execution price of the trade.

It is possible for the slippage cost to be negative; for example, when buying an asset the price at the time the trade is sent to the market might be higher than the actual price paid.

What charges have you shown?

The charges below are the charges that apply across the Trust as a whole. They incorporate both Administration Charges and Transaction Costs.

The standard default arrangement has been set up as a lifestyle approach, which means that members' assets are automatically moved between different investment funds as they approach their Target Retirement Age (TRA)

All costs and charges shown are percentages of a member's fund that taken each year to meet the cost of the charges borne by them as a member. Charges payable by employers are not shown but will be reflected in lower member charges.

The charges members pay will depend on which employer's section they are a member of. Due to the commercially sensitive nature of the charge levels, the employer references have been anonymised in the tables below. However, members can see the TER charge that applies to them in the Trust Benefit Summary document, which is available online in the member's secure area.

Costs and charges including Transaction Cost continued

Default Arrangement

Fund Name	Employers	TER %p.a.	Transaction Cost %p.a.
Life Stage Strategy - income target	1	0.11	See footnote below
Life Stage Strategy - income target	1	0.17	See footnote below
Life Stage Strategy - income target	1	0.18	See footnote below
Life Stage Strategy - income target	1	0.24	See footnote below
Life Stage Strategy - income target	1	0.26	See footnote below
Life Stage Strategy - income target	1	0.28	See footnote below
Life Stage Strategy - income target	1	0.31	See footnote below
Life Stage Strategy - income target	1	0.32	See footnote below
Life Stage Strategy - income target	1	0.34	See footnote below
Life Stage Strategy - income target	1	0.35	See footnote below
Life Stage Strategy - income target	1	0.37	See footnote below
Life Stage Strategy - income target	12	0.40	See footnote below
Life Stage Strategy - income target	2	0.45	See footnote below
Life Stage Strategy - income target	1	0.46	See footnote below
Life Stage Strategy - income target	**1**	**0.47**	**See footnote below**
Life Stage Strategy - income target	14	0.50	See footnote below
Life Stage Strategy - income target	2	0.51	See footnote below
Life Stage Strategy - income target	1	0.52	See footnote below
Life Stage Strategy - income target	1	0.55	See footnote below
Life Stage Strategy - income target	15	0.56	See footnote below
Life Stage Strategy - income target	4	0.60	See footnote below
Life Stage Strategy - income target	3	0.61	See footnote below
Life Stage Strategy - income target	7	0.65	See footnote below
Life Stage Strategy - income target	1	0.66	See footnote below
Life Stage Strategy - income target	6	0.70	See footnote below
Life Stage Strategy - income target	5	0.75	See footnote below

Costs and charges including Transaction Cost continued

Footnote:

The Life Stage Strategy - income target, annuity target and cash target have been set up as a lifestyle approach, which means that members' assets are automatically moved between different investment funds as they approach their Target Retirement Age (TRA). This means that the level of charges and transaction costs may vary depending on how close members are to their TRA and in which funds they are invested.

For the period covered by this statement the level of TER remained the same irrespective of the period to a members' TRA. We have highlighted above the median level of TER to help members understand where they may fit in the illustration.

We have highlighted in bold below details of the different funds used in the various lifestyle approaches.

Self-Select

Fund Name	Employers	TER %p.a.	Transaction Cost %p.a.
Adventurous Growth	1	0.11	0.0827
Adventurous Growth	1	0.17	0.0827
Adventurous Growth	1	0.18	0.0827
Adventurous Growth	1	0.24	0.0827
Adventurous Growth	1	0.26	0.0827
Adventurous Growth	1	0.28	0.0827
Adventurous Growth	1	0.31	0.0827
Adventurous Growth	1	0.32	0.0827
Adventurous Growth	1	0.34	0.0827
Adventurous Growth	1	0.35	0.0827
Adventurous Growth	1	0.37	0.0827
Adventurous Growth	12	0.40	0.0827
Adventurous Growth	2	0.45	0.0827
Adventurous Growth	1	0.46	0.0827
Adventurous Growth	1	0.47	0.0827
Adventurous Growth	14	0.50	0.0827
Adventurous Growth	2	0.51	0.0827
Adventurous Growth	1	0.52	0.0827
Adventurous Growth	1	0.55	0.0827
Adventurous Growth	15	0.56	0.0827
Adventurous Growth	4	0.60	0.0827
Adventurous Growth	3	0.61	0.0827
Adventurous Growth	7	0.65	0.0827
Adventurous Growth	1	0.66	0.0827
Adventurous Growth	6	0.70	0.0827

Costs and charges including Transaction Cost continued

Fund Name	Employers	TER %p.a.	Transaction Cost %p.a.
Adventurous Growth	5	0.75	0.0827
Annuity Preparation	1	0.11	0.0188
Annuity Preparation	1	0.17	0.0188
Annuity Preparation	1	0.18	0.0188
Annuity Preparation	1	0.24	0.0188
Annuity Preparation	1	0.26	0.0188
Annuity Preparation	1	0.28	0.0188
Annuity Preparation	1	0.31	0.0188
Annuity Preparation	1	0.32	0.0188
Annuity Preparation	1	0.34	0.0188
Annuity Preparation	1	0.35	0.0188
Annuity Preparation	1	0.37	0.0188
Annuity Preparation	12	0.40	0.0188
Annuity Preparation	2	0.45	0.0188
Annuity Preparation	1	0.46	0.0188
Annuity Preparation	1	0.47	0.0188
Annuity Preparation	14	0.50	0.0188
Annuity Preparation	2	0.51	0.0188
Annuity Preparation	1	0.52	0.0188
Annuity Preparation	1	0.55	0.0188
Annuity Preparation	15	0.56	0.0188
Annuity Preparation	4	0.60	0.0188
Annuity Preparation	3	0.61	0.0188
Annuity Preparation	7	0.65	0.0188
Annuity Preparation	1	0.66	0.0188
Annuity Preparation	6	0.70	0.0188
Annuity Preparation	5	0.75	0.0188
Balanced Growth	1	0.11	0.0788
Balanced Growth	1	0.17	0.0788
Balanced Growth	1	0.18	0.0788
Balanced Growth	1	0.24	0.0788
Balanced Growth	1	0.26	0.0788

Costs and charges including Transaction Cost continued

Fund Name	Employers	TER %p.a.	Transaction Cost %p.a.
Balanced Growth	1	0.28	0.0788
Balanced Growth	1	0.31	0.0788
Balanced Growth	1	0.32	0.0788
Balanced Growth	1	0.34	0.0788
Balanced Growth	1	0.35	0.0788
Balanced Growth	1	0.37	0.0788
Balanced Growth	12	0.40	0.0788
Balanced Growth	2	0.45	0.0788
Balanced Growth	1	0.46	0.0788
Balanced Growth	1	0.47	0.0788
Balanced Growth	14	0.50	0.0788
Balanced Growth	2	0.51	0.0788
Balanced Growth	1	0.52	0.0788
Balanced Growth	1	0.55	0.0788
Balanced Growth	15	0.56	0.0788
Balanced Growth	4	0.60	0.0788
Balanced Growth	3	0.61	0.0788
Balanced Growth	7	0.65	0.0788
Balanced Growth	1	0.66	0.0788
Balanced Growth	6	0.70	0.0788
Balanced Growth	5	0.75	0.0788
Cash	1	0.11	-0.0389
Cash	1	0.17	-0.0389
Cash	1	0.18	-0.0389
Cash	1	0.24	-0.0389
Cash	1	0.26	-0.0389
Cash	1	0.28	-0.0389
Cash	1	0.31	-0.0389
Cash	1	0.32	-0.0389
Cash	1	0.34	-0.0389
Cash	1	0.35	-0.0389

Costs and charges including Transaction Cost continued

Fund Name	Employers	TER %p.a.	Transaction Cost %p.a.
Cash	1	0.37	-0.0389
Cash	12	0.40	-0.0389
Cash	2	0.45	-0.0389
Cash	1	0.46	-0.0389
Cash	1	0.47	-0.0389
Cash	14	0.50	-0.0389
Cash	2	0.51	-0.0389
Cash	1	0.52	-0.0389
Cash	1	0.55	-0.0389
Cash	15	0.56	-0.0389
Cash	4	0.60	-0.0389
Cash	3	0.61	-0.0389
Cash	7	0.65	-0.0389
Cash	1	0.66	-0.0389
Cash	6	0.70	-0.0389
Cash	5	0.75	-0.0389
Cautious Growth	1	0.11	0.0845
Cautious Growth	1	0.17	0.0845
Cautious Growth	1	0.18	0.0845
Cautious Growth	1	0.24	0.0845
Cautious Growth	1	0.26	0.0845
Cautious Growth	1	0.28	0.0845
Cautious Growth	1	0.31	0.0845
Cautious Growth	1	0.32	0.0845
Cautious Growth	1	0.34	0.0845
Cautious Growth	1	0.35	0.0845
Cautious Growth	1	0.37	0.0845
Cautious Growth	12	0.40	0.0845
Cautious Growth	2	0.45	0.0845
Cautious Growth	1	0.46	0.0845
Cautious Growth	1	0.47	0.0845
Cautious Growth	14	0.50	0.0845

Costs and charges including Transaction Cost
continued

Fund Name	Employers	TER %p.a.	Transaction Cost %p.a.
Cautious Growth	2	0.51	0.0845
Cautious Growth	1	0.52	0.0845
Cautious Growth	1	0.55	0.0845
Cautious Growth	15	0.56	0.0845
Cautious Growth	4	0.60	0.0845
Cautious Growth	3	0.61	0.0845
Cautious Growth	7	0.65	0.0845
Cautious Growth	1	0.66	0.0845
Cautious Growth	6	0.70	0.0845
Cautious Growth	5	0.75	0.0845
Corporate Bond	1	0.11	-0.0279
Corporate Bond	1	0.17	-0.0279
Corporate Bond	1	0.18	-0.0279
Corporate Bond	1	0.24	-0.0279
Corporate Bond	1	0.26	-0.0279
Corporate Bond	1	0.28	-0.0279
Corporate Bond	1	0.31	-0.0279
Corporate Bond	1	0.32	-0.0279
Corporate Bond	1	0.34	-0.0279
Corporate Bond	1	0.35	-0.0279
Corporate Bond	1	0.37	-0.0279
Corporate Bond	12	0.40	-0.0279
Corporate Bond	2	0.45	-0.0279
Corporate Bond	1	0.46	-0.0279
Corporate Bond	1	0.47	-0.0279
Corporate Bond	14	0.50	-0.0279
Corporate Bond	2	0.51	-0.0279
Corporate Bond	1	0.52	-0.0279
Corporate Bond	1	0.55	-0.0279
Corporate Bond	15	0.56	-0.0279
Corporate Bond	4	0.60	-0.0279
Corporate Bond	3	0.61	-0.0279

Costs and charges including Transaction Cost
continued

Fund Name	Employers	TER %p.a.	Transaction Cost %p.a.
Corporate Bond	7	0.65	-0.0279
Corporate Bond	1	0.66	-0.0279
Corporate Bond	6	0.70	-0.0279
Corporate Bond	5	0.75	-0.0279
Emerging Markets	1	0.2975	0.0449
Emerging Markets	1	0.3575	0.0449
Emerging Markets	1	0.3675	0.0449
Emerging Markets	1	0.4275	0.0449
Emerging Markets	1	0.4475	0.0449
Emerging Markets	1	0.4675	0.0449
Emerging Markets	1	0.4975	0.0449
Emerging Markets	1	0.5075	0.0449
Emerging Markets	1	0.5275	0.0449
Emerging Markets	1	0.5375	0.0449
Emerging Markets	1	0.5575	0.0449
Emerging Markets	12	0.5875	0.0449
Emerging Markets	2	0.6375	0.0449
Emerging Markets	1	0.6475	0.0449
Emerging Markets	1	0.6575	0.0449
Emerging Markets	14	0.6875	0.0449
Emerging Markets	2	0.6975	0.0449
Emerging Markets	1	0.7075	0.0449
Emerging Markets	1	0.7375	0.0449
Emerging Markets	15	0.7475	0.0449
Emerging Markets	4	0.7875	0.0449
Emerging Markets	3	0.7975	0.0449
Emerging Markets	7	0.8375	0.0449
Emerging Markets	1	0.8475	0.0449
Emerging Markets	6	0.8875	0.0449
Emerging Markets	5	0.9375	0.0449
Ethical	1	0.30	0.0021
Ethical	1	0.36	0.0021
Ethical	1	0.37	0.0021

Costs and charges including Transaction Cost continued

Fund Name	Employer	TER %p.a.	Transaction Costs %p.a.
Ethical	1	0.43	0.0021
Ethical	1	0.45	0.0021
Ethical	1	0.47	0.0021
Ethical	1	0.50	0.0021
Ethical	1	0.51	0.0021
Ethical	1	0.53	0.0021
Ethical	1	0.54	0.0021
Ethical	1	0.56	0.0021
Ethical	12	0.59	0.0021
Ethical	2	0.64	0.0021
Ethical	1	0.65	0.0021
Ethical	1	0.66	0.0021
Ethical	14	0.69	0.0021
Ethical	2	0.70	0.0021
Ethical	1	0.71	0.0021
Ethical	1	0.74	0.0021
Ethical	15	0.75	0.0021
Ethical	4	0.79	0.0021
Ethical	3	0.80	0.0021
Ethical	7	0.84	0.0021
Ethical	1	0.85	0.0021
Ethical	6	0.89	0.0021
Ethical	5	0.94	0.0021
Fixed Interest Gilts	1	0.11	0.1481
Fixed Interest Gilts	1	0.17	0.1481
Fixed Interest Gilts	1	0.18	0.1481
Fixed Interest Gilts	1	0.24	0.1481
Fixed Interest Gilts	1	0.26	0.1481
Fixed Interest Gilts	1	0.28	0.1481
Fixed Interest Gilts	1	0.31	0.1481
Fixed Interest Gilts	1	0.32	0.1481
Fixed Interest Gilts	1	0.34	0.1481
Fixed Interest Gilts	1	0.35	0.1481

Costs and charges including Transaction Cost continued

Fund Name	Employer	TER %p.a.	Transaction Cost %p.a.
Fixed Interest Gilts	1	0.37	0.1481
Fixed Interest Gilts	12	0.40	0.1481
Fixed Interest Gilts	2	0.45	0.1481
Fixed Interest Gilts	1	0.46	0.1481
Fixed Interest Gilts	1	0.47	0.1481
Fixed Interest Gilts	14	0.50	0.1481
Fixed Interest Gilts	2	0.51	0.1481
Fixed Interest Gilts	1	0.52	0.1481
Fixed Interest Gilts	1	0.55	0.1481
Fixed Interest Gilts	15	0.56	0.1481
Fixed Interest Gilts	4	0.60	0.1481
Fixed Interest Gilts	3	0.61	0.1481
Fixed Interest Gilts	7	0.65	0.1481
Fixed Interest Gilts	1	0.66	0.1481
Fixed Interest Gilts	6	0.70	0.1481
Fixed Interest Gilts	5	0.75	0.1481
Global Equity	1	0.15	0.0628
Global Equity	1	0.21	0.0628
Global Equity	1	0.22	0.0628
Global Equity	1	0.28	0.0628
Global Equity	1	0.30	0.0628
Global Equity	1	0.32	0.0628
Global Equity	1	0.35	0.0628
Global Equity	1	0.36	0.0628
Global Equity	1	0.38	0.0628
Global Equity	1	0.39	0.0628
Global Equity	1	0.41	0.0628
Global Equity	12	0.44	0.0628
Global Equity	2	0.49	0.0628
Global Equity	1	0.50	0.0628
Global Equity	1	0.51	0.0628
Global Equity	14	0.54	0.0628
Global Equity	2	0.55	0.0628

Costs and charges including Transaction Cost continued

Fund Name	Employer	TER %p.a.	Transaction Costs %p.a.
Global Equity	1	0.56	0.0628
Global Equity	1	0.59	0.0628
Global Equity	15	0.60	0.0628
Global Equity	4	0.64	0.0628
Global Equity	3	0.65	0.0628
Global Equity	7	0.69	0.0628
Global Equity	1	0.70	0.0628
Global Equity	6	0.74	0.0628
Global Equity	5	0.79	0.0628
Index Linked Gilts	1	0.11	0.1811
Index Linked Gilts	1	0.17	0.1811
Index Linked Gilts	1	0.18	0.1811
Index Linked Gilts	1	0.24	0.1811
Index Linked Gilts	1	0.26	0.1811
Index Linked Gilts	1	0.28	0.1811
Index Linked Gilts	1	0.31	0.1811
Index Linked Gilts	1	0.32	0.1811
Index Linked Gilts	1	0.34	0.1811
Index Linked Gilts	1	0.35	0.1811
Index Linked Gilts	1	0.37	0.1811
Index Linked Gilts	12	0.40	0.1811
Index Linked Gilts	2	0.45	0.1811
Index Linked Gilts	1	0.46	0.1811
Index Linked Gilts	1	0.47	0.1811
Index Linked Gilts	14	0.50	0.1811
Index Linked Gilts	2	0.51	0.1811
Index Linked Gilts	1	0.52	0.1811
Index Linked Gilts	1	0.55	0.1811
Index Linked Gilts	15	0.56	0.1811
Index Linked Gilts	4	0.60	0.1811
Index Linked Gilts	3	0.61	0.1811
Index Linked Gilts	7	0.65	0.1811
Index Linked Gilts	1	0.66	0.1811

Costs and charges including Transaction Cost continued

Fund Name	Employer	TER %p.a.	Transaction Cost %p.a.
Index Linked Gilts	6	0.70	0.1811
Index Linked Gilts	5	0.75	0.1811
Multi-Asset	1	0.35	0.1695
Multi-Asset	1	0.41	0.1695
Multi-Asset	1	0.42	0.1695
Multi-Asset	1	0.48	0.1695
Multi-Asset	1	0.50	0.1695
Multi-Asset	1	0.52	0.1695
Multi-Asset	1	0.55	0.1695
Multi-Asset	1	0.56	0.1695
Multi-Asset	1	0.58	0.1695
Multi-Asset	1	0.59	0.1695
Multi-Asset	1	0.61	0.1695
Multi-Asset	12	0.64	0.1695
Multi-Asset	2	0.69	0.1695
Multi-Asset	1	0.70	0.1695
Multi-Asset	1	0.71	0.1695
Multi-Asset	14	0.74	0.1695
Multi-Asset	2	0.75	0.1695
Multi-Asset	1	0.76	0.1695
Multi-Asset	1	0.79	0.1695
Multi-Asset	15	0.80	0.1695
Multi-Asset	4	0.84	0.1695
Multi-Asset	3	0.85	0.1695
Multi-Asset	7	0.89	0.1695
Multi-Asset	1	0.90	0.1695
Multi-Asset	6	0.94	0.1695
Multi-Asset	5	0.99	0.1695
NPT Growth	1	0.11	0.0004
NPT Growth	1	0.17	0.0004
NPT Growth	1	0.18	0.0004
NPT Growth	1	0.24	0.0004
NPT Growth	1	0.26	0.0004

Costs and charges including Transaction Cost continued

Fund Name	Employer	TER %p.a.	Transaction Cost %p.a.
NPT Growth	1	0.28	0.0004
NPT Growth	1	0.31	0.0004
NPT Growth	1	0.32	0.0004
NPT Growth	1	0.34	0.0004
NPT Growth	1	0.35	0.0004
NPT Growth	1	0.37	0.0004
NPT Growth	12	0.40	0.0004
NPT Growth	2	0.45	0.0004
NPT Growth	1	0.46	0.0004
NPT Growth	1	0.47	0.0004
NPT Growth	14	0.50	0.0004
NPT Growth	2	0.51	0.0004
NPT Growth	1	0.52	0.0004
NPT Growth	1	0.55	0.0004
NPT Growth	15	0.56	0.0004
NPT Growth	4	0.60	0.0004
NPT Growth	3	0.61	0.0004
NPT Growth	7	0.65	0.0004
NPT Growth	1	0.66	0.0004
NPT Growth	6	0.70	0.0004
NPT Growth	5	0.75	0.0004
NPT Consolidate	1	0.11	-0.0323
NPT Consolidate	1	0.17	-0.0323
NPT Consolidate	1	0.18	-0.0323
NPT Consolidate	1	0.24	-0.0323
NPT Consolidate	1	0.26	-0.0323
NPT Consolidate	1	0.28	-0.0323
NPT Consolidate	1	0.31	-0.0323
NPT Consolidate	1	0.32	-0.0323
NPT Consolidate	1	0.34	-0.0323
NPT Consolidate	1	0.35	-0.0323
NPT Consolidate	1	0.37	-0.0323
NPT Consolidate	12	0.40	-0.0323

Costs and charges including Transaction Cost continued

Fund Name	Employer	TER %p.a.	Transaction Cost %p.a.
NPT Consolidate	2	0.45	-0.0323
NPT Consolidate	1	0.46	-0.0323
NPT Consolidate	1	0.47	-0.0323
NPT Consolidate	14	0.50	-0.0323
NPT Consolidate	2	0.51	-0.0323
NPT Consolidate	1	0.52	-0.0323
NPT Consolidate	1	0.55	-0.0323
NPT Consolidate	15	0.56	-0.0323
NPT Consolidate	4	0.60	-0.0323
NPT Consolidate	3	0.61	-0.0323
NPT Consolidate	7	0.65	-0.0323
NPT Consolidate	1	0.66	-0.0323
NPT Consolidate	6	0.70	-0.0323
NPT Consolidate	5	0.75	-0.0323
NPT Retirement	1	0.11	-0.0304
NPT Retirement	1	0.17	-0.0304
NPT Retirement	1	0.18	-0.0304
NPT Retirement	1	0.24	-0.0304
NPT Retirement	1	0.26	-0.0304
NPT Retirement	1	0.28	-0.0304
NPT Retirement	1	0.31	-0.0304
NPT Retirement	1	0.32	-0.0304
NPT Retirement	1	0.34	-0.0304
NPT Retirement	1	0.35	-0.0304
NPT Retirement	1	0.37	-0.0304
NPT Retirement	12	0.40	-0.0304
NPT Retirement	2	0.45	-0.0304
NPT Retirement	1	0.46	-0.0304
NPT Retirement	1	0.47	-0.0304
NPT Retirement	14	0.50	-0.0304
NPT Retirement	2	0.51	-0.0304
NPT Retirement	1	0.52	-0.0304
NPT Retirement	1	0.55	-0.0304

Costs and charges including Transaction Cost continued

Fund Name	Employer	TER %p.a.	Transaction Cost %p.a.
NPT Retirement	15	0.56	-0.0304
NPT Retirement	4	0.60	-0.0304
NPT Retirement	3	0.61	-0.0304
NPT Retirement	7	0.65	-0.0304
NPT Retirement	1	0.66	-0.0304
NPT Retirement	6	0.70	-0.0304
NPT Retirement	5	0.75	-0.0304
NPT Multi Sector Credit	1	0.11	-0.1632
NPT Multi Sector Credit	1	0.17	-0.1632
NPT Multi Sector Credit	1	0.18	-0.1632
NPT Multi Sector Credit	1	0.24	-0.1632
NPT Multi Sector Credit	1	0.26	-0.1632
NPT Multi Sector Credit	1	0.28	-0.1632
NPT Multi Sector Credit	1	0.31	-0.1632
NPT Multi Sector Credit	1	0.32	-0.1632
NPT Multi Sector Credit	1	0.34	-0.1632
NPT Multi Sector Credit	1	0.35	-0.1632
NPT Multi Sector Credit	1	0.37	-0.1632
NPT Multi Sector Credit	12	0.40	-0.1632
NPT Multi Sector Credit	2	0.45	-0.1632
NPT Multi Sector Credit	1	0.46	-0.1632
NPT Multi Sector Credit	1	0.47	-0.1632
NPT Multi Sector Credit	14	0.50	-0.1632
NPT Multi Sector Credit	2	0.51	-0.1632
NPT Multi Sector Credit	1	0.52	-0.1632
NPT Multi Sector Credit	1	0.55	-0.1632
NPT Multi Sector Credit	15	0.56	-0.1632
NPT Multi Sector Credit	4	0.60	-0.1632
NPT Multi Sector Credit	3	0.61	-0.1632
NPT Multi Sector Credit	7	0.65	-0.1632
NPT Multi Sector Credit	1	0.66	-0.1632
NPT Multi Sector Credit	6	0.70	-0.1632
NPT Multi Sector Credit	5	0.75	-0.1632

Costs and charges including Transaction Cost continued

Fund Name	Employer	TER %p.a.	Transaction Cost %p.a.
Overseas Equity	1	0.11	0.0648
Overseas Equity	1	0.17	0.0648
Overseas Equity	1	0.18	0.0648
Overseas Equity	1	0.24	0.0648
Overseas Equity	1	0.26	0.0648
Overseas Equity	1	0.28	0.0648
Overseas Equity	1	0.31	0.0648
Overseas Equity	1	0.32	0.0648
Overseas Equity	1	0.34	0.0648
Overseas Equity	1	0.35	0.0648
Overseas Equity	1	0.37	0.0648
Overseas Equity	12	0.40	0.0648
Overseas Equity	2	0.45	0.0648
Overseas Equity	1	0.46	0.0648
Overseas Equity	1	0.47	0.0648
Overseas Equity	14	0.50	0.0648
Overseas Equity	2	0.51	0.0648
Overseas Equity	1	0.52	0.0648
Overseas Equity	1	0.55	0.0648
Overseas Equity	15	0.56	0.0648
Overseas Equity	4	0.60	0.0648
Overseas Equity	3	0.61	0.0648
Overseas Equity	7	0.65	0.0648
Overseas Equity	1	0.66	0.0648
Overseas Equity	6	0.70	0.0648
Overseas Equity	5	0.75	0.0648
Private Markets	1	1.2625	0.0238
Private Markets	1	1.3225	0.0238
Private Markets	1	1.3325	0.0238
Private Markets	1	1.3925	0.0238
Private Markets	1	1.4125	0.0238
Private Markets	1	1.4325	0.0238

Costs and charges including Transaction Cost continued

Fund Name	Employer	TER %p.a.	Transaction Cost %p.a.
Private Markets	1	1.4625	0.0238
Private Markets	1	1.4725	0.0238
Private Markets	1	1.4925	0.0238
Private Markets	1	1.5025	0.0238
Private Markets	1	1.5225	0.0238
Private Markets	12	1.5525	0.0238
Private Markets	2	1.6025	0.0238
Private Markets	1	1.6125	0.0238
Private Markets	1	1.6225	0.0238
Private Markets	14	1.6525	0.0238
Private Markets	2	1.6625	0.0238
Private Markets	1	1.6725	0.0238
Private Markets	1	1.7025	0.0238
Private Markets	15	1.7125	0.0238
Private Markets	4	1.7525	0.0238
Private Markets	3	1.7625	0.0238
Private Markets	7	1.8025	0.0238
Private Markets	1	1.8125	0.0238
Private Markets	6	1.8525	0.0238
Private Markets	5	1.9025	0.0238
Property	1	0.7785	-0.3449
Property	1	0.8385	-0.3449
Property	1	0.8485	-0.3449
Property	1	0.9085	-0.3449
Property	1	0.9285	-0.3449
Property	1	0.9485	-0.3449
Property	1	0.9785	-0.3449
Property	1	0.9885	-0.3449
Property	1	1.0085	-0.3449
Property	1	1.0185	-0.3449
Property	1	1.0385	-0.3449
Property	12	1.0685	-0.3449

Costs and charges including Transaction Cost continued

Fund Name	Employer	TER %p.a.	Transaction Cost %p.a.
Property	2	1.1185	-0.3449
Property	1	1.1285	-0.3449
Property	1	1.1385	-0.3449
Property	14	1.1685	-0.3449
Property	2	1.1785	-0.3449
Property	1	1.1885	-0.3449
Property	1	1.2185	-0.3449
Property	15	1.2285	-0.3449
Property	4	1.2685	-0.3449
Property	3	1.2785	-0.3449
Property	7	1.3185	-0.3449
Property	1	1.3285	-0.3449
Property	6	1.3685	-0.3449
Property	5	1.4185	-0.3449
Shariah	1	0.385	-0.0288
Shariah	1	0.445	-0.0288
Shariah	1	0.455	-0.0288
Shariah	1	0.515	-0.0288
Shariah	1	0.535	-0.0288
Shariah	1	0.555	-0.0288
Shariah	1	0.585	-0.0288
Shariah	1	0.595	-0.0288
Shariah	1	0.615	-0.0288
Shariah	1	0.625	-0.0288
Shariah	1	0.645	-0.0288
Shariah	12	0.675	-0.0288
Shariah	2	0.725	-0.0288
Shariah	1	0.735	-0.0288
Shariah	1	0.745	-0.0288
Shariah	14	0.775	-0.0288
Shariah	2	0.785	-0.0288
Shariah	1	0.795	-0.0288
Shariah	1	0.825	-0.0288
Shariah	15	0.835	-0.0288

Costs and charges including Transaction Cost continued

Fund Name	Employer	TER %p.a.	Transaction Cost %p.a.
Shariah	4	0.875	-0.0288
Shariah	3	0.885	-0.0288
Shariah	7	0.925	-0.0288
Shariah	1	0.935	-0.0288
Shariah	6	0.975	-0.0288
Shariah	5	1.025	-0.0288
UK Equity	1	0.11	0.0295
UK Equity	1	0.17	0.0295
UK Equity	1	0.18	0.0295
UK Equity	1	0.24	0.0295
UK Equity	1	0.26	0.0295
UK Equity	1	0.28	0.0295
UK Equity	1	0.31	0.0295
UK Equity	1	0.32	0.0295
UK Equity	1	0.32	0.0295
UK Equity	1	0.35	0.0295
UK Equity	1	0.37	0.0295
UK Equity	12	0.40	0.0295
UK Equity	2	0.45	0.0295
UK Equity	1	0.46	0.0295
UK Equity	1	0.47	0.0295
UK Equity	14	0.50	0.0295
UK Equity	2	0.51	0.0295
UK Equity	1	0.52	0.0295
UK Equity	1	0.55	0.0295
UK Equity	15	0.56	0.0295
UK Equity	4	0.60	0.0295
UK Equity	3	0.61	0.0295
UK Equity	7	0.65	0.0295
UK Equity	1	0.66	0.0295
UK Equity	6	0.70	0.0295
UK Equity	5	0.75	0.0295

Costs and charges including Transaction Cost continued

Fund Name	Employer	TER %p.a.	Transaction Cost %p.a.
UK Equity High Alpha	1	0.745	0.0875
UK Equity High Alpha	1	0.805	0.0875
UK Equity High Alpha	1	0.815	0.0875
UK Equity High Alpha	1	0.875	0.0875
UK Equity High Alpha	1	0.895	0.0875
UK Equity High Alpha	1	0.915	0.0875
UK Equity High Alpha	1	0.945	0.0875
UK Equity High Alpha	1	0.955	0.0875
UK Equity High Alpha	1	0.975	0.0875
UK Equity High Alpha	1	0.985	0.0875
UK Equity High Alpha	1	1.005	0.0875
UK Equity High Alpha	12	1.035	0.0875
UK Equity High Alpha	2	1.085	0.0875
UK Equity High Alpha	1	1.095	0.0875
UK Equity High Alpha	1	1.105	0.0875
UK Equity High Alpha	14	1.135	0.0875
UK Equity High Alpha	2	1.145	0.0875
UK Equity High Alpha	1	1.155	0.0875
UK Equity High Alpha	1	1.185	0.0875
UK Equity High Alpha	15	1.195	0.0875
UK Equity High Alpha	4	1.235	0.0875
UK Equity High Alpha	3	1.245	0.0875
UK Equity High Alpha	7	1.285	0.0875
UK Equity High Alpha	1	1.295	0.0875
UK Equity High Alpha	6	1.335	0.0875
UK Equity High Alpha	5	1.385	0.0875
Sustainable Active Global Equity	1	0.77	0.2245
Sustainable Active Global Equity	1	0.83	0.2245
Sustainable Active Global Equity	1	0.84	0.2245
Sustainable Active Global Equity	1	0.90	0.2245
Sustainable Active Global Equity	1	0.92	0.2245
Sustainable Active Global Equity	1	0.94	0.2245
Sustainable Active Global Equity	1	0.97	0.2245
Sustainable Active Global Equity	1	0.98	0.2245

Costs and charges including Transaction Cost continued

Fund Name	Employer	TER %p.a.	Transaction Cost %p.a.
Sustainable Active Global Equity	1	1.00	0.2245
Sustainable Active Global Equity	1	1.01	0.2245
Sustainable Active Global Equity	1	1.03	0.2245
Sustainable Active Global Equity	12	1.06	0.2245
Sustainable Active Global Equity	2	1.11	0.2245
Sustainable Active Global Equity	1	1.12	0.2245
Sustainable Active Global Equity	1	1.13	0.2245
Sustainable Active Global Equity	14	1.16	0.2245
Sustainable Active Global Equity	2	1.17	0.2245
Sustainable Active Global Equity	1	1.18	0.2245
Sustainable Active Global Equity	1	1.21	0.2245
Sustainable Active Global Equity	15	1.22	0.2245
Sustainable Active Global Equity	4	1.26	0.2245
Sustainable Active Global Equity	3	1.27	0.2245
Sustainable Active Global Equity	7	1.31	0.2245
Sustainable Active Global Equity	1	1.32	0.2245
Sustainable Active Global Equity	6	1.36	0.2245
Sustainable Active Global Equity	5	1.41	0.2245

Appendix B
Net Investment Returns

In preparing the following **Net Investment Returns for the Life Stage - income target default arrangement**, the Trustee has taken account of total investment costs and charges (including transaction costs) and any detail of how these are calculated and have used the following:

Returns have been calculated using the geometric average of the underlying funds monthly net returns, which are provided by the investment manager. The underlying fund returns used cover the period that the relevant underlying funds were a part of the default.

The returns provided at the different ages are the returns a member would have achieved if they were at the relevant age as at the start of the return period as follows:

Age 25 = 10-year returns are for someone who is 35 as at 31 March 2024 (30 years to retirement)

Age 25 = 5-year returns are for someone who is 30 as at 31 March 2024 (35 years to retirement)

Age 25 = 1-year returns are for someone who is 26 as at 31 March 2024 (39 years to retirement)

Age 45 = 10-year returns are for someone who is 55 as at 31 March 2024 (10 years to retirement)

Age 45 = 5-year returns are for someone who is 50 as at 31 March 2024 (15 years to retirement)

Age 45 = 1-year returns are for someone who is 46 as at 31 March 2024 (19 years to retirement)

Age 55 = 10-year returns are for someone who is 65 as at 31 March 2024 (0 years to retirement)

Age 55 = 5-year returns are for someone who is 60 as at 31 March 2024 (5 years to retirement)

Age 55 = 1-year returns are for someone who is 56 as at 31 March 2024 (9 years to retirement)

Returns have been calculated using the geometric average of annual net returns. The annual returns used are directly from the investment manager where available, from the period 2018-2019 period going forward. Before this date, the annual returns have been calculated from each funds daily unit pricing.

The Net Investment Returns members receive will depend on which employer's section they are a member of. This is because fees charged vary between sections due to their individual requirements and the operational complexity of each. The employer references have been anonymised in the tables below. However, members can see the Net Investment Return that apply to them online in the member's secure area.

Net Investment Returns (annualised returns %)

Age of member (years)	Employer	10 years (2014 - 2024)	5 years (2019 - 2024)	3 years (2021 - 2024)	1 Year (2023 - 2024)
25	Employer 1	11.03	12.70	11.13	22.17
	Employer 2	10.96	12.63	11.06	22.10
	Employer 3	10.95	12.62	11.05	22.08
	Employer 4	10.89	12.55	10.99	22.01
	Employer 5	10.86	12.53	10.96	21.99
	Employer 6	10.84	12.51	10.94	21.96
	Employer 7	10.81	12.47	10.91	21.93
	Employer 8	10.80	12.46	10.90	21.91
	Employer 9	10.77	12.44	10.87	21.89
	Employer 10	10.76	12.43	10.86	21.88
	Employer 11	10.74	12.41	10.84	21.85
	Employer Groups 12 to 23	10.71	12.37	10.81	21.82
	Employer Groups 24 to 25	10.65	12.32	10.75	21.75
	Employer 26	10.64	12.31	10.74	21.74
	Employer 27	10.63	12.29	10.73	21.73
	Employer Groups 28 to 41	10.60	12.26	10.70	21.69
	Employer Groups 42 to 43	10.59	12.25	10.69	21.68
	Employer 44	10.57	12.24	10.67	21.67
	Employer 45	10.54	12.20	10.64	21.63
	Employer Groups 46 to 60	10.53	12.19	10.63	21.62
	Employer Groups 61 to 64	10.49	12.15	10.59	21.57
	Employer Groups 65 to 67	10.47	12.14	10.57	21.56
	Employer Groups 68 to 74	10.43	12.09	10.53	21.51
	Employer 75	10.42	12.08	10.52	21.50
	Employer Groups 76 to 81	10.37	12.04	10.47	21.45
	Employer Groups 82 to 86	10.32	11.98	10.42	21.39

Net Investment Returns (annualised returns %) continued

Age of member (years)	Employer	10 years (2014 - 2024)	5 years (2019 - 2024)	3 years (2021 - 2024)	1 Year (2023 - 2024)
45	Employer 1	9.40	11.12	9.75	21.69
	Employer 2	9.33	11.05	9.68	21.62
	Employer 3	9.32	11.04	9.67	21.60
	Employer 4	9.26	10.98	9.61	21.53
	Employer 5	9.24	10.95	9.59	21.51
	Employer 6	9.21	10.93	9.56	21.48
	Employer 7	9.18	10.90	9.53	21.45
	Employer 8	9.17	10.89	9.52	21.43
	Employer 9	9.15	10.86	9.50	21.41
	Employer 10	9.14	10.85	9.49	21.40
	Employer 11	9.12	10.83	9.46	21.37
	Employer Groups 12 to 23	9.08	10.80	9.43	21.34
	Employer Groups 24 to 25	9.03	10.74	9.38	21.28
	Employer 26	9.02	10.73	9.37	21.26
	Employer 27	9.01	10.72	9.35	21.25
	Employer Groups 28 to 41	8.97	10.69	9.32	21.22
	Employer Groups 42 to 43	8.96	10.68	9.31	21.20
	Employer 44	8.95	10.66	9.30	21.19
	Employer 45	8.92	10.63	9.27	21.15
	Employer Groups 46 to 60	8.91	10.62	9.26	21.14
	Employer Groups 61 to 64	8.86	10.58	9.21	21.09
	Employer Groups 65 to 67	8.85	10.56	9.20	21.08
	Employer Groups 68 to 74	8.81	10.52	9.16	21.03
	Employer 75	8.80	10.51	9.15	21.02
	Employer Groups 76 to 81	8.75	10.46	9.10	20.97
	Employer Groups 82 to 86	8.70	10.41	9.05	20.91

Net Investment Returns (annualised returns %) continued

Age of member (years)	Employer	10 years (2014 - 2024)	5 years (2019 - 2024)	3 years (2021 - 2024)	1 Year (2023 - 2024)
55	Employer 1	8.35	8.35	6.95	17.89
	Employer 2	8.28	8.28	6.89	17.82
	Employer 3	8.27	8.27	6.88	17.81
	Employer 4	8.21	8.21	6.81	17.74
	Employer 5	8.19	8.19	6.79	17.71
	Employer 6	8.17	8.17	6.77	17.69
	Employer 7	8.13	8.13	6.74	17.65
	Employer 8	8.12	8.12	6.73	17.64
	Employer 9	8.10	8.10	6.70	17.62
	Employer 10	8.09	8.09	6.69	17.61
	Employer 11	8.07	8.07	6.67	17.58
	Employer Groups 12 to 23	8.04	8.04	6.64	17.55
	Employer Groups 24 to 25	7.98	7.98	6.59	17.49
	Employer 26	7.97	7.97	6.58	17.48
	Employer 27	7.96	7.96	6.56	17.47
	Employer Groups 28 to 41	7.93	7.93	6.53	17.43
	Employer Groups 42 to 43	7.92	7.92	6.52	17.42
	Employer 44	7.91	7.91	6.51	17.41
	Employer 45	7.87	7.87	6.48	17.37
	Employer Groups 46 to 60	7.86	7.86	6.47	17.36
	Employer Groups 61 to 64	7.82	7.82	6.43	17.31
	Employer Groups 65 to 67	7.81	7.81	6.42	17.30
	Employer Groups 68 to 74	7.76	7.76	6.37	17.25
	Employer 75	7.75	7.75	6.36	17.24
	Employer Groups 76 to 81	7.71	7.71	6.32	17.19
	Employer Groups 82 to 86	7.66	7.66	6.27	17.14

Net Investment Returns (annualised returns %) continued

In preparing the following **Net Investment Returns for the Life Stage - annuity target and Life Stage - cash target default arrangements***, the Trustee has taken account of total investment costs and charges (including transaction costs) and any detail of how these are calculated and have used the following:

Returns have been calculated using the geometric average of the underlying funds monthly net returns which are provided by the investment manager. The underlying fund returns used cover the period that the relevant underlying funds were a part of the default.

The returns shown apply to both the Life Stage - annuity target and Life Stage - cash target.

The returns provided at the different ages are the returns a member would have achieved if they were at the relevant age as at the start of the return period as follows:

Age 25 = 1-year returns are for someone who is 26 as at 31 March 2024 (39 years to retirement)

Age 45 = 1-year returns are for someone who is 46 as at 31 March 2024 (19 years to retirement)

Age 55 = 1-year returns are for someone who is 56 as at 31 March 2024 (9 years to retirement)

The Net Investment Returns members receive will depend on which employer's section they are a member of. This is because fees charged vary between sections due to their individual requirements and the operational complexity of each. The employer references have been anonymised in the tables below. However, members can see the Net Investment Return that apply to them online in the member's secure area.

* These funds were introduced in March 2022 so returns for a 1-year period only are shown.

Net Investment Returns (annualised returns %) continued

Age of member (years)	Employer	1 year (2023 - 2024)
25	Employer 1	22.17
	Employer 2	22.10
	Employer 3	22.08
	Employer 4	22.01
	Employer 5	21.99
	Employer 6	21.96
	Employer 7	21.93
	Employer 8	21.91
	Employer 9	21.89
	Employer 10	21.88
	Employer 11	21.85
	Employer Groups 12 to 23	21.82
	Employer Groups 24 to 25	21.75
	Employer 26	21.74
	Employer 27	21.73
	Employer Groups 28 to 41	21.69
	Employer Groups 42 to 43	21.68
	Employer 44	21.67
	Employer 45	21.63
	Employer Groups 46 to 60	21.62
	Employer Groups 61 to 64	21.57
	Employer Groups 65 to 67	21.56
	Employer Groups 68 to 74	21.51
	Employer 75	21.50
	Employer Groups 76 to 81	21.45
	Employer Groups 82 to 86	21.39

Age of member (years)	Employer	1 year (2023 - 2024)
45	Employer 1	21.69
	Employer 2	21.62
	Employer 3	21.60
	Employer 4	21.53
	Employer 5	21.51
	Employer 6	21.48
	Employer 7	21.45
	Employer 8	21.43
	Employer 9	21.41
	Employer 10	21.40
	Employer 11	21.37
	Employer Groups 12 to 23	21.34
	Employer Groups 24 to 25	21.28
	Employer 26	21.26
	Employer 27	21.25
	Employer Groups 28 to 41	21.22
	Employer Groups 42 to 43	21.20
	Employer 44	21.19
	Employer 45	21.15
	Employer Groups 46 to 60	21.14
	Employer Groups 61 to 64	21.09
	Employer Groups 65 to 67	21.08
	Employer Groups 68 to 74	21.03
	Employer 75	21.02
	Employer Groups 76 to 81	20.97
	Employer Groups 82 to 86	20.91

Net Investment Returns (annualised returns %) continued

Age of member (years)	Employer	1 year (2023 - 2024)
55	Employer 1	17.89
	Employer 2	17.82
	Employer 3	17.81
	Employer 4	17.74
	Employer 5	17.71
	Employer 6	17.69
	Employer 7	17.65
	Employer 8	17.64
	Employer 9	17.62
	Employer 10	17.61
	Employer 11	17.58
	Employer Groups 12 to 23	17.55
	Employer Groups 24 to 25	17.49
	Employer 26	17.48
	Employer 27	17.47
	Employer Groups 28 to 41	17.43
	Employer Groups 42 to 43	17.42
	Employer 44	17.41
	Employer 45	17.37
	Employer Groups 46 to 60	17.36
	Employer Groups 61 to 64	17.31
	Employer Groups 65 to 67	17.30
	Employer Groups 68 to 74	17.25
	Employer 75	17.24
	Employer Groups 76 to 81	17.19
	Employer Groups 82 to 86	17.14

Net Investment Returns (annualised returns %) continued

In preparing, the following **Net Investment Returns for those members who retired pre 31 March 2022** the Trustee has assumed the following:

> 100% of assets are invested in the Balanced Fund over the whole period (i.e. the member retired at State Pension Age (SPA)) and any cash held prior to retirement was taken as a tax-free cash lump sum.

> Returns do not take account of any dealing costs.

Returns have been calculated using the geometric average of the underlying funds monthly net returns, which are provided by the investment manager. The underlying fund returns used cover the period that the relevant underlying funds were a part of the default.

The Net Investment Returns members receive will depend on which employer's section they are a member of. This is because fees charged vary between sections due to their individual requirements and the operational complexity of each. The employer references have been anonymised in the tables below. However, members can see the Net Investment Return that apply to them online in the member's secure area.

Upper Drawdown Fee plus Investment Management Charge	1 Year % p.a.	3 years % p.a.	5 years % p.a.	10 Years % p.a.
	15.52	5.53	7.72	8.10

Middle Drawdown Fee plus Investment Management Charge	1 Year % p.a.	3 years % p.a.	5 years % p.a.	10 Years % p.a.
	15.75	5.74	7.94	8.32

Lower Drawdown Fee plus Investment Management Charge	1 Year % p.a.	3 years % p.a.	5 years % p.a.	10 Years % p.a.
	15.92	5.90	8.10	8.48

Net Investment Returns (annualised returns %) continued

In preparing, the following **Net Investment Returns for those members who retired after 31 March 2022** the Trustee has assumed the following:

> 100% of assets are invested in the Balanced Fund over the whole period (i.e. the member retired at State Pension Age (SPA)) and any cash held prior to retirement was taken as a tax-free cash lump sum.

> Returns do not take account of any dealing costs.

Returns have been calculated using the geometric average of the underlying funds monthly net returns, which are provided by the investment manager. The underlying fund returns used cover the period that the relevant underlying funds were a part of the default.

The Net Investment Returns members receive will depend on which employer's section they are a member of. This is because fees charged vary between sections due to their individual requirements and the operational complexity of each. The employer references have been anonymised in the tables below. However, members can see the Net Investment Return that apply to them online in the member's secure area.

Upper Drawdown Fee plus Investment Management Charge	1 Year % p.a.	3 years % p.a.	5 years % p.a.	10 Years % p.a.
	13.11	n/a	n/a	n/a

Middle Drawdown Fee plus Investment Management Charge	1 Year % p.a.	3 years % p.a.	5 years % p.a.	10 Years % p.a.
	13.34	n/a	n/a	n/a

Lower Drawdown Fee plus Investment Management Charge	1 Year % p.a.	3 years % p.a.	5 years % p.a.	10 Years % p.a.
	13.51	n/a	n/a	n/a

Net Investment Returns (annualised returns %) continued

In preparing the **Net Investment Returns for the self-select funds** the Trustee has used the following:

Returns have been calculated using the geometric average of annual net returns. The annual returns used are directly from the investment manager where available, from the period 2018-2019 period going forward. Before this date the annual returns have been calculated from each funds daily unit pricing.

It is not practicable to publish figures for each of the funds and individual employer Annual Management Charge (AMC) and we have instead provided the net investment return for all self-select funds at scheme level. As each employer can have a different AMC depending on their own circumstances, members can then, using this information, determine the net investment return for their individual circumstances. Your individual AMC can be found in the Trust Benefit Summary held in the secure area of the Master Trust website.

For example:

If your individual AMC is 0.30% per annum, then the net return for the Adventurous Growth fund would have been 18.95% (over 1 year), 7.49% (over 3 year), 9.78% (over 5 year) and 9.43% (over 10 year).

	Adventurous Growth	Annuity Preparation Fund	Balanced Growth	Cash	Cautious Growth	Corporate Bond Fund	Emerging Markets Fund*	Ethical Fund	Fixed Interest Gilt Fund	Global Equity Fund	Index Linked Gilt Fund	Multi Asset Fund	Overseas Equity Fund	Private Markets Fund*	Property Fund	Shariah Fund**	UK Equity Fund	UK Equity High Alpha Fund	Sustainable Active Global Equity Fund
1 Year	19.25	4.06	16.04	5.08	12.29	5.90	5.68	23.53	-0.18	22.37	-5.92	7.39	24.23	15.07	1.36	32.11	8.38	4.34	16.64
3 Year	7.79	-4.69	6.01	2.40	3.15	-3.43	-1.03	12.78	-7.64	11.25	-10.07	2.30	11.68	8.80	1.86	14.71	7.84	-2.74	5.72
5 Year	10.08	-1.72	8.21	1.59	5.73	-0.81	3.50	13.92	-3.91	12.78	-5.51	3.78	13.37	n/a	1.45	17.19	5.48	3.23	10.55
10 Year	9.73	3.13	8.59	1.01	7.34	3.54	n/a	12.93	2.52	10.95	1.93	2.78	13.16	n/a	4.40	n/a	5.70	3.58	12.34

* These funds were introduced in March 2019
** This fund was introduced in April 2015

	NPT Growth Fund*	NPT Consolidate Fund*	NPT Retirement Fund*	Multi Sector Credit Fund*
1 Year	22.17	19.62	13.62	9.72
3 Year	n/a	n/a	n/a	n/a
5 Year	n/a	n/a	n/a	n/a
10 Year	n/a	n/a	n/a	n/a

* These funds were introduced in March 2022

Appendix C
Example illustrations of cumulative effect of charges and transactions costs on member's fund

It's important to understand how charges and transaction costs can affect the amounts in pension pots. To help do this the Trustee has produced a range of illustrations which show the effect that charges and transactions costs can have members fund values over time (in today's money terms).

The illustrations have been prepared in accordance with the DWP's statutory guidance on 'Reporting costs, charges and other information: guidance for trustees and managers of occupational pension schemes' on the projection of an example member's pension savings.

The Trustee has determined that it is not practicable to publish illustrations for each of the funds for each participating employer within this document and have instead prepared illustrations for the following default funds and to reflect members aged 22 and 43. The total charges, or TER used in the illustrations, represent the lowest, median, and highest charges payable by members invested in the fund.

Default Life Stage – Income Target

Default Life Stage – Annuity Target

Default Life Stage – Cash Target

In addition, the Trustee has prepared illustrations for the following self-select funds and to reflect members aged 22, and 43. The self-select funds chosen have the highest and lowest charges payable by members.

Private Markets Fund (highest charge)

Overseas Equity Fund (lowest charge)

The illustrations for a member aged 22 has been chosen to represent a young saver who is first eligible for auto enrolment.

The illustrations for a member aged 43 has been chosen to represent the average age of a Trust member.

Members can find out the actual annual management charge and fund management charge they are paying by referring to their scheme-specific Trust Benefit Summary within the secure area of the Master Trust website. Members can then, using this information, determine which of the following illustrations is most representative to their individual circumstances.

Employer-specific illustrations prepared using employer-specific total charges have been prepared and are available for members to view on the Master Trust website.

IMPORTANT: Please remember that these illustrations are just examples and may not reflect your individual circumstances. The amount you receive from your pension savings will depend on a number of factors including:

The actual amount paid into your savings

How the funds or investments that you hold actually perform

Actual costs and charges; and

When you choose to access your pension savings.

When looking at the illustrations it is important to remember some key things:

This section of the Statement has been prepared in accordance with the statutory guidance using Trust specific information.

The Trustee has also provided Illustrations for the lowest and highest charging self-select funds available to members in the Trust.

Example illustrations of cumulative effect of charges and transactions costs on member's fund
continued

In preparing the following illustrations, the Trustee has used the following assumptions:

> Member aged 22

> A starting fund value of £0.00 (reflects a new member joining the Trust)

> Target Retirement Age (TRA) of 67

> Starting salary of £35,724 (based on the national average weekly earnings as at April 2024, which increases at 2.5% p.a.)

> Contributions of 8% of salary throughout the period

> Lowest TER assumed for Life Stage strategies, Highest TER assumed for Private Markets Fund and Lowest TER assumed for Overseas Fund.

> Inflation is assumed to be 2.5% p.a.

> Return assumptions have been set based on TM1 guidance issued by the Institute and Faculty of Actuaries

Investment returns for the default life stage – income target assumed at 7% p.a. for the NPT Growth Fund, 5% p.a. for the NPT Consolidate Fund, 3% p.a. for the NPT Retirement Fund (funds are gradually switched between these funds depending on the number of years to your target retirement age). Investment returns for the default life stage – annuity target assumed at 7% p.a. for the NPT Growth Fund, 5% p.a. for the NPT Consolidate Fund, 3% p.a. for the NPT Retirement Fund and 3% p.a. for the Annuity Preparation Fund (funds are gradually switched between these funds depending on the number of years to your target retirement age). Investment returns for the default life stage – cash target assumed at 7% p.a. for the NPT Growth Fund, 5% p.a. for the NPT Consolidate Fund, 3% p.a. for the NPT Retirement Fund and 3% p.a. for the NPT Multi Sector Credit Fund (funds are gradually switched between these funds depending on the number of years to your target retirement age). Investment return for highest charging self-select fund is 5% p.a. Investment return for lowest charging self-select fund is 5% p.a.

Pot value at the end of year	Life Stage Income Target Before Charges	Life Stage Income Target After All Charges	Life Stage Annuity Target Before Charges	Life Stage Annuity Target After All Charges	Life Stage Cash Target Before Charges	Life Stage Cash Target After All Charges	Highest Charging Self-Select Fund (Private Markets Fund) Before Charges	Highest Charging Self-Select Fund (Private Markets Fund) After All Charges	Lowest Charging Self-Select Fund (Overseas Fund) Before Charges	Lowest Charging Self-Select Fund (Overseas Fund) After All Charges
5	£15,779	£15,736	£15,779	£15,736	£15,779	£15,736	£15,004	£14,324	£15,004	£14,955
10	£35,339	£35,143	£35,339	£35,143	£35,339	£35,143	£31,929	£29,072	£31,929	£31,718
15	£59,586	£59,077	£59,586	£59,077	£59,586	£59,077	£51,021	£44,257	£51,021	£50,508
20	£89,645	£88,593	£89,645	£88,593	£89,645	£88,593	£72,558	£59,892	£72,558	£71,570
25	£126,786	£124,876	£126,786	£124,876	£126,786	£124,876	£96,853	£75,990	£96,853	£95,178
30	£166,996	£163,956	£166,996	£163,956	£166,996	£163,956	£124,258	£92,565	£124,258	£121,640
35	£204,447	£200,158	£204,447	£200,158	£204,447	£200,158	£155,173	£109,631	£155,173	£151,301
40	£234,509	£228,986	£234,509	£228,986	£234,509	£228,986	£190,047	£127,203	£190,047	£184,548
45	£255,683	£249,046	£255,544	£246,212	£255,544	£249,348	£229,385	£145,295	£229,385	£221,815

Important note: The charges mean that the value of your pension savings could be less than has been paid in, particularly if contributions stop during the early years of your pension plan or in the case of poor investment returns.

Example illustrations of cumulative effect of charges and transactions costs on member's fund
continued

In preparing the following illustrations, the Trustee has used the following assumptions:

> Member aged 22

> A starting fund value of £0.00 (reflects a new member joining the Trust)

> Target Retirement Age (TRA) of 67

> Starting salary of £35,724 (based on the national average weekly earnings as at April 2024, which increases at 2.5% p.a.)

> Contributions of 8% of salary throughout the period

> Median TER assumed for Life Stage strategies, Highest TER assumed for Private Markets Fund and Lowest TER assumed for Overseas Fund.

> Inflation is assumed to be 2.5% p.a.

> Return assumptions have been set based on TM1 guidance issued by the Institute and Faculty of Actuaries

Investment returns for the default life stage – income target assumed at 7% p.a. for the NPT Growth Fund, 5% p.a. for the NPT Consolidate Fund, 3% p.a. for the NPT Retirement Fund (funds are gradually switched between these funds depending on the number of years to your target retirement age). Investment returns for the default life stage – annuity target assumed at 7% p.a. for the NPT Growth Fund, 5% p.a. for the NPT Consolidate Fund, 3% p.a. for the NPT Retirement Fund and 3% p.a. for the Annuity Preparation Fund (funds are gradually switched between these funds depending on the number of years to your target retirement age). Investment returns for the default life stage – cash target assumed at 7% p.a. for the NPT Growth Fund, 5% p.a. for the NPT Consolidate Fund, 3% p.a. for the NPT Retirement Fund and 3% p.a. for the NPT Multi Sector Credit Fund (funds are gradually switched between these funds depending on the number of years to your target retirement age). Investment return for highest charging self-select fund is 5% p.a. Investment return for lowest charging self-select fund is 5% p.a.

Pot value at the end of year	Life Stage Income Target Before Charges	Life Stage Income Target After All Charges	Life Stage Annuity Target Before Charges	Life Stage Annuity Target After All Charges	Life Stage Cash Target Before Charges	Life Stage Cash Target After All Charges	Highest Charging Self-Select Fund (Private Markets Fund) Before Charges	Highest Charging Self-Select Fund (Private Markets Fund) After All Charges	Lowest Charging Self-Select Fund (Overseas Fund) Before Charges	Lowest Charging Self-Select Fund (Overseas Fund) After All Charges
5	£15,779	£15,607	£15,779	£15,607	£15,779	£15,607	£15,004	£14,324	£15,004	£14,955
10	£35,339	£34,551	£35,339	£34,551	£35,339	£34,551	£31,929	£29,072	£31,929	£31,718
15	£59,586	£57,544	£59,586	£57,544	£59,586	£57,544	£51,021	£44,257	£51,021	£50,508
20	£89,645	£85,452	£89,645	£85,452	£89,645	£85,452	£72,558	£59,892	£72,558	£71,570
25	£126,786	£119,213	£126,786	£119,213	£126,786	£119,213	£96,853	£75,990	£96,853	£95,178
30	£166,996	£154,833	£166,996	£154,833	£166,996	£154,833	£124,258	£92,565	£124,258	£121,640
35	£204,447	£186,919	£204,447	£186,919	£204,447	£186,919	£155,173	£109,631	£155,173	£151,301
40	£234,509	£211,429	£234,509	£211,429	£234,509	£211,429	£190,047	£127,203	£190,047	£184,548
45	£255,683	£227,376	£255,544	£224,784	£255,544	£227,652	£229,385	£145,295	£229,385	£221,815

Important note: The charges mean that the value of your pension savings could be less than has been paid in, particularly if contributions stop during the early years of your pension plan or in the case of poor investment returns.

Example illustrations of cumulative effect of charges and transactions costs on member's fund
continued

In preparing the following illustrations, the Trustee has used the following assumptions:

> Member aged 22

> A starting fund value of £0.00 (reflects a new member joining the Trust)

> Target Retirement Age (TRA) of 67

> Starting salary of £35,724 (based on the national average weekly earnings as at April 2024, which increases at 2.5% p.a.)

> Contributions of 8% of salary throughout the period

> Highest TER assumed for Life Stage strategies, Highest TER assumed for Private Markets Fund and Lowest TER assumed for Overseas Fund.

> Inflation is assumed to be 2.5% p.a.

> Return assumptions have been set based on TM1 guidance issued by the Institute and Faculty of Actuaries

Investment returns for the default life stage – income target assumed at 7% p.a. for the NPT Growth Fund, 5% p.a. for the NPT Consolidate Fund, 3% p.a. for the NPT Retirement Fund (funds are gradually switched between these funds depending on the number of years to your target retirement age). Investment returns for the default life stage – annuity target assumed at 7% p.a. for the NPT Growth Fund, 5% p.a. for the NPT Consolidate Fund, 3% p.a. for the NPT Retirement Fund and 3% p.a. for the Annuity Preparation Fund (funds are gradually switched between these funds depending on the number of years to your target retirement age). Investment returns for the default life stage – cash target assumed at 7% p.a. for the NPT Growth Fund, 5% p.a. for the NPT Consolidate Fund, 3% p.a. for the NPT Retirement Fund and 3% p.a. for the NPT Multi Sector Credit Fund (funds are gradually switched between these funds depending on the number of years to your target retirement age). Investment return for highest charging self-select fund is 5% p.a. Investment return for lowest charging self-select fund is 5% p.a.

Pot value at the end of year	Life Stage Income Target Before Charges	Life Stage Income Target After All Charges	Life Stage Annuity Target Before Charges	Life Stage Annuity Target After All Charges	Life Stage Cash Target Before Charges	Life Stage Cash Target After All Charges	Highest Charging Self-Select Fund (Private Markets Fund) Before Charges	Highest Charging Self-Select Fund (Private Markets Fund) After All Charges	Lowest Charging Self-Select Fund (Overseas Fund) Before Charges	Lowest Charging Self-Select Fund (Overseas Fund) After All Charges
5	£15,779	£15,494	£15,779	£15,494	£15,779	£15,494	£15,004	£14,324	£15,004	£14,955
10	£35,339	£34,037	£35,339	£34,037	£35,339	£34,037	£31,929	£29,072	£31,929	£31,718
15	£59,586	£56,229	£59,586	£56,229	£59,586	£56,229	£51,021	£44,257	£51,021	£50,508
20	£89,645	£82,788	£89,645	£82,788	£89,645	£82,788	£72,558	£59,892	£72,558	£71,570
25	£126,786	£114,463	£126,786	£114,463	£126,786	£114,463	£96,853	£75,990	£96,853	£95,178
30	£166,996	£147,272	£166,996	£147,272	£166,996	£147,272	£124,258	£92,565	£124,258	£121,640
35	£204,447	£176,076	£204,447	£176,076	£204,447	£176,076	£155,173	£109,631	£155,173	£151,301
40	£234,509	£197,226	£234,509	£197,226	£234,509	£197,226	£190,047	£127,203	£190,047	£184,548
45	£255,683	£210,062	£255,544	£207,665	£255,544	£210,318	£229,385	£145,295	£229,385	£221,815

Important note: The charges mean that the value of your pension savings could be less than has been paid in, particularly if contributions stop during the early years of your pension plan or in the case of poor investment returns.

Example illustrations of cumulative effect of charges and transactions costs on member's fund
continued

Illustration 2

In preparing the following illustrations, the Trustee has used the following assumptions:

> Member aged 42 (reflects the average age of an active member in the Trust)

> A starting fund value of £35,995 (average pot value for an active member in the Trust)

> Target Retirement Age (TRA) of 67

> Starting salary of £35,724 (based on the national average weekly earnings as at April 2024, which increases at 2.5% p.a.)

> Contributions of 8% of salary throughout the period

> Lowest TER assumed for Life Stage strategies, Highest TER assumed for Private Markets Fund and Lowest TER assumed for Overseas Fund.

> Inflation is assumed to be 2.5% p.a.

> Return assumptions have been set based on TM1 guidance issued by the Institute and Faculty of Actuaries

Investment returns for the default life stage – income target assumed at 7% p.a. for the NPT Growth Fund, 5% p.a. for the NPT Consolidate Fund, 3% p.a. for the NPT Retirement Fund (funds are gradually switched between these funds depending on the number of years to your target retirement age). Investment returns for the default life stage – annuity target assumed at 7% p.a. for the NPT Growth Fund, 5% p.a. for the NPT Consolidate Fund, 3% p.a. for the NPT Retirement Fund and 3% p.a. for the Annuity Preparation Fund (funds are gradually switched between these funds depending on the number of years to your target retirement age). Investment returns for the default life stage – cash target assumed at 7% p.a. for the NPT Growth Fund, 5% p.a. for the NPT Consolidate Fund, 3% p.a. for the NPT Retirement Fund and 3% p.a. for the NPT Multi Sector Credit Fund (funds are gradually switched between these funds depending on the number of years to your target retirement age). Investment return for highest charging self-select fund is 5% p.a. Investment return for lowest charging self-select fund is 5% p.a.

Pot value at the end of year	Life Stage Income Target Before Charges	Life Stage Income Target After All Charges	Life Stage Annuity Target Before Charges	Life Stage Annuity Target After All Charges	Life Stage Cash Target Before Charges	Life Stage Cash Target After All Charges	Highest Charging Self-Select Fund (Private Markets Fund) Before Charges	Highest Charging Self-Select Fund (Private Markets Fund) After All Charges	Lowest Charging Self-Select Fund (Overseas Fund) Before Charges	Lowest Charging Self-Select Fund (Overseas Fund) After All Charges
5	£60,343	£60,071	£60,343	£60,071	£60,343	£60,071	£55,608	£51,385	£55,608	£55,302
10	£87,561	£86,852	£87,561	£86,852	£87,561	£86,852	£77,732	£67,231	£77,732	£76,943
15	£114,337	£113,072	£114,337	£113,072	£114,337	£113,072	£102,689	£83,547	£102,689	£101,200
20	£137,586	£135,699	£137,586	£135,699	£137,586	£135,699	£130,842	£100,346	£130,842	£128,391
25	£155,931	£153,412	£155,848	£151,688	£155,848	£153,598	£162,600	£117,642	£162,600	£158,868

Important note: The charges mean that the value of your pension savings could be less than has been paid in, particularly if contributions stop during the early years of your pension plan or in the case of poor investment returns.

Example illustrations of cumulative effect of charges and transactions costs on member's fund
continued

In preparing the following illustrations, the Trustee has used the following assumptions:

> Member aged 42 (reflects the average age of an active member in the Trust)

> A starting fund value of £35,995 (average pot value for an active member in the Trust)

> Target Retirement Age (TRA) of 67

> Starting salary of £35,724 (based on the national average weekly earnings as at April 2024, which increases at 2.5% p.a.)

> Contributions of 8% of salary throughout the period

> Median TER assumed for Life Stage strategies, Highest TER assumed for Private Markets Fund and Lowest TER assumed for Overseas Fund.

> Inflation is assumed to be 2.5% p.a.

> Return assumptions have been set based on TM1 guidance issued by the Institute and Faculty of Actuaries

Investment returns for the default life stage – income target assumed at 7% p.a. for the NPT Growth Fund, 5% p.a. for the NPT Consolidate Fund, 3% p.a. for the NPT Retirement Fund (funds are gradually switched between these funds depending on the number of years to your target retirement age). Investment returns for the default life stage – annuity target assumed at 7% p.a. for the NPT Growth Fund, 5% p.a. for the NPT Consolidate Fund, 3% p.a. for the NPT Retirement Fund and 3% p.a. for the Annuity Preparation Fund (funds are gradually switched between these funds depending on the number of years to your target retirement age). Investment returns for the default life stage – cash target assumed at 7% p.a. for the NPT Growth Fund, 5% p.a. for the NPT Consolidate Fund, 3% p.a. for the NPT Retirement Fund and 3% p.a. for the NPT Multi Sector Credit Fund (funds are gradually switched between these funds depending on the number of years to your target retirement age). Investment return for highest charging self-select fund is 5% p.a. Investment return for lowest charging self-select fund is 5% p.a.

Pot value at the end of year	Life Stage Income Target Before Charges	Life Stage Income Target After All Charges	Life Stage Annuity Target Before Charges	Life Stage Annuity Target After All Charges	Life Stage Cash Target Before Charges	Life Stage Cash Target After All Charges	Highest Charging Self-Select Fund (Private Markets Fund) Before Charges	Highest Charging Self-Select Fund (Private Markets Fund) After All Charges	Lowest Charging Self-Select Fund (Overseas Fund) Before Charges	Lowest Charging Self-Select Fund (Overseas Fund) After All Charges
5	£60,343	£59,241	£60,343	£59,241	£60,343	£59,241	£55,608	£51,385	£55,608	£55,302
10	£87,561	£84,616	£87,561	£84,616	£87,561	£84,616	£77,732	£67,231	£77,732	£76,943
15	£114,337	£108,886	£114,337	£108,886	£114,337	£108,886	£102,689	£83,547	£102,689	£101,200
20	£137,586	£129,199	£137,586	£129,199	£137,586	£129,199	£130,842	£100,346	£130,842	£128,391
25	£155,931	£144,459	£155,848	£142,834	£155,848	£144,634	£162,600	£117,642	£162,600	£158,868

Important note: The charges mean that the value of your pension savings could be less than has been paid in, particularly if contributions stop during the early years of your pension plan or in the case of poor investment returns.

Example illustrations of cumulative effect of charges and transactions costs on member's fund
continued

In preparing the following illustrations, the Trustee has used the following assumptions:

> Member aged 42 (reflects the average age of an active member in the Trust)

> A starting fund value of £35,995 (average pot value for an active member in the Trust)

> Target Retirement Age (TRA) of 67

> Starting salary of £35,724 based on the national average weekly earnings as at April 2024, which increases at 2.5% p.a.)

> Contributions of 8% of salary throughout the period

> Highest TER assumed for Life Stage strategies, Highest TER assumed for Private Markets Fund and Lowest TER assumed for Overseas Fund.

> Inflation is assumed to be 2.5% p.a.

> Return assumptions have been set based on TM1 guidance issued by the Institute and Faculty of Actuaries

Investment returns for the default life stage – income target assumed at 7% p.a. for the NPT Growth Fund, 5% p.a. for the NPT Consolidate Fund, 3% p.a. for the NPT Retirement Fund (funds are gradually switched between these funds depending on the number of years to your target retirement age). Investment returns for the default life stage – annuity target assumed at 7% p.a. for the NPT Growth Fund, 5% p.a. for the NPT Consolidate Fund, 3% p.a. for the NPT Retirement Fund and 3% p.a. for the Annuity Preparation Fund (funds are gradually switched between these funds depending on the number of years to your target retirement age). Investment returns for the default life stage – cash target assumed at 7% p.a. for the NPT Growth Fund, 5% p.a. for the NPT Consolidate Fund, 3% p.a. for the NPT Retirement Fund and 3% p.a. for the NPT Multi Sector Credit Fund (funds are gradually switched between these funds depending on the number of years to your target retirement age). Investment return for highest charging self-select fund is 5% p.a. Investment return for lowest charging self-select fund is 5% p.a.

Pot value at the end of year	Life Stage Income Target Before Charges	Life Stage Income Target After All Charges	Life Stage Annuity Target Before Charges	Life Stage Annuity Target After All Charges	Life Stage Cash Target Before Charges	Life Stage Cash Target After All Charges	Highest Charging Self-Select Fund (Private Markets Fund) Before Charges	Highest Charging Self-Select Fund (Private Markets Fund) After All Charges	Lowest Charging Self-Select Fund (Overseas Fund) Before Charges	Lowest Charging Self-Select Fund (Overseas Fund) After All Charges
5	£60,343	£58,517	£60,343	£58,517	£60,343	£58,517	£55,608	£51,385	£55,608	£55,302
10	£87,561	£82,691	£87,561	£82,691	£87,561	£82,691	£77,732	£67,231	£77,732	£76,943
15	£114,337	£105,330	£114,337	£105,330	£114,337	£105,330	£102,689	£83,547	£102,689	£101,200
20	£137,586	£123,748	£137,586	£123,748	£137,586	£123,748	£130,842	£100,346	£130,842	£128,391
25	£155,931	£137,046	£155,848	£135,503	£155,848	£137,213	£162,600	£117,642	£162,600	£158,868

Important note: The charges mean that the value of your pension savings could be less than has been paid in, particularly if contributions stop during the early years of your pension plan or in the case of poor investment returns.

Example illustrations of cumulative effect of charges and transactions costs on member's fund
continued

Illustration 3

Deferred members form a large proportion of the member base. These members typically have the same profiles as those found in illustration 1 above, however they are not making any contributions.

The Trustee has determined that it is not practicable to publish illustrations for each of the funds for each participating employer within this document and has instead prepared illustrations for the following default funds and to reflect members aged 32 and 43. The total charges, or TER used in the illustrations, represent the median charges payable by members invested in the fund.

- Default Life Stage – Income Target
- Default Life Stage – Annuity Target
- Default Life Stage – Cash Target

In addition, the Trustee has prepared illustrations for the following self-select funds and to reflect members aged 32, and 43. The self-select funds chosen have the highest and lowest charges payable by members.

- Private Markets Fund (highest charge)
- Overseas Equity Fund (lowest charge)

The illustrations for a member aged 32 has been chosen to represent the largest population at this age within the Trust.

The illustrations for a member aged 43 has been chosen to represent the average age of a Trust member.

Example illustrations of cumulative effect of charges and transactions costs on member's fund continued

In preparing the following illustrations, the Trustee has used the following assumptions:

> Member aged 32 (to reflect the largest population at this age within the Trust).

> A fund value of £20,186 (Average fund value of a deferred member with no further contributions to be made)

> Target Retirement Age (TRA) of 67

> Median TER assumed for Life Stage strategies, Highest TER assumed for Private Markets Fund and Lowest TER assumed for Overseas Fund.

> Inflation is assumed to be 2.5% p.a.

> Return assumptions have been set based on TM1 guidance issued by the Institute and Faculty of Actuaries

Investment returns for the default life stage – income target assumed at 7% p.a. for the NPT Growth Fund, 5% p.a. for the NPT Consolidate Fund, 3% p.a. for the NPT Retirement Fund (funds are gradually switched between these funds depending on the number of years to your target retirement age). Investment returns for the default life stage – annuity target assumed at 7% p.a. for the NPT Growth Fund, 5% p.a. for the NPT Consolidate Fund, 3% p.a. for the NPT Retirement Fund and 3% p.a. for the Annuity Preparation Fund (funds are gradually switched between these funds depending on the number of years to your target retirement age). Investment returns for the default life stage – cash target assumed at 7% p.a. for the NPT Growth Fund, 5% p.a. for the NPT Consolidate Fund, 3% p.a. for the NPT Retirement Fund and 3% p.a. for the NPT Multi Sector Credit Fund (funds are gradually switched between these funds depending on the number of years to your target retirement age). Investment return for highest charging self-select fund is 5% p.a. Investment return for lowest charging self-select fund is 5% p.a.

Pot value at the end of year	Life Stage Income Target Before Charges	Life Stage Income Target After All Charges	Life Stage Annuity Target Before Charges	Life Stage Annuity Target After All Charges	Life Stage Cash Target Before Charges	Life Stage Cash Target After All Charges	Highest Charging Self-Select Fund (Private Markets Fund) Before Charges	Highest Charging Self-Select Fund (Private Markets Fund) After All Charges	Lowest Charging Self-Select Fund (Overseas Fund) Before Charges	Lowest Charging Self-Select Fund (Overseas Fund) After All Charges
5	£25,024	£24,501	£25,024	£24,501	£25,024	£24,501	£22,771	£20,784	£22,771	£22,626
10	£31,021	£29,738	£31,021	£29,738	£31,021	£29,738	£25,686	£21,400	£25,686	£25,362
15	£38,418	£36,061	£38,418	£36,061	£38,418	£36,061	£28,976	£22,034	£28,976	£28,428
20	£45,930	£42,221	£45,930	£42,221	£45,930	£42,221	£32,686	£22,686	£32,686	£31,865
25	£52,102	£46,921	£52,102	£46,921	£52,102	£46,921	£36,871	£23,358	£36,871	£35,718
30	£56,041	£49,445	£56,041	£49,445	£56,041	£49,445	£41,592	£24,050	£41,592	£40,036
35	£57,678	£49,858	£57,645	£49,277	£57,645	£49,919	£46,918	£24,763	£46,918	£44,876

Important note: The charges mean that the value of your pension savings could be less than has been paid in, particularly if contributions stop during the early years of your pension plan or in the case of poor investment returns.

Example illustrations of cumulative effect of charges and transactions costs on member's fund
continued

In preparing the following illustrations, the Trustee has used the following assumptions:

> Member aged 43 (reflects the average age of a deferred member)
> A fund value of £20,186 (Average fund value of a deferred member with no further contributions to be made)
> Target Retirement Age (TRA) of 68
> Median TER assumed for Life Stage strategies, Highest TER assumed for Private Markets Fund and Lowest TER assumed for Overseas Fund.
> Inflation is assumed to be 2.5% p.a.
> Return assumptions have been set based on TM1 guidance issued by the Institute and Faculty of Actuaries

Investment returns for the default life stage – income target assumed at 7% p.a. for the NPT Growth Fund, 5% p.a. for the NPT Consolidate Fund, 3% p.a. for the NPT Retirement Fund (funds are gradually switched between these funds depending on the number of years to your target retirement age). Investment returns for the default life stage – annuity target assumed at 7% p.a. for the NPT Growth Fund, 5% p.a. for the NPT Consolidate Fund, 3% p.a. for the NPT Retirement Fund and 3% p.a. for the Annuity Preparation Fund (funds are gradually switched between these funds depending on the number of years to your target retirement age). Investment returns for the default life stage – cash target assumed at 7% p.a. for the NPT Growth Fund, 5% p.a. for the NPT Consolidate Fund, 3% p.a. for the NPT Retirement Fund and 3% p.a. for the NPT Multi Sector Credit Fund (funds are gradually switched between these funds depending on the number of years to your target retirement age). Investment return for highest charging self-select fund is 5% p.a. Investment return for lowest charging self-select fund is 5% p.a.

Pot value at the end of year	Life Stage Income Target Before Charges	Life Stage Income Target After All Charges	Life Stage Annuity Target Before Charges	Life Stage Annuity Target After All Charges	Life Stage Cash Target Before Charges	Life Stage Cash Target After All Charges	Highest Charging Self-Select Fund (Private Markets Fund) Before Charges	Highest Charging Self-Select Fund (Private Markets Fund) After All Charges	Lowest Charging Self-Select Fund (Overseas Fund) Before Charges	Lowest Charging Self-Select Fund (Overseas Fund) After All Charges
5	£25,000	£24,478	£25,000	£24,478	£25,000	£24,478	£22,771	£20,784	£22,771	£22,626
10	£29,888	£28,659	£29,888	£28,659	£29,888	£28,659	£25,686	£21,400	£25,686	£25,362
15	£33,905	£31,849	£33,905	£31,849	£33,905	£31,849	£28,976	£22,034	£28,976	£28,428
20	£36,468	£33,562	£36,468	£33,562	£36,468	£33,562	£32,686	£22,686	£32,686	£31,865
25	£37,533	£33,843	£37,511	£33,448	£37,511	£33,884	£36,871	£23,358	£36,871	£35,718

Important note: The charges mean that the value of your pension savings could be less than has been paid in, particularly if contributions stop during the early years of your pension plan or in the case of poor investment returns.

Example illustrations of cumulative effect of charges and transactions costs on member's fund
continued

Illustration 4

Members, usually any time from age 55 (increasing to 57 in 2028), have the right to take a tax-free cash sum and/or regular income and/or one-off income payment from their retirement savings. This is known as flexi-access drawdown.

The Trustee has prepared the below illustration who enters the flexi-access drawdown proposition, to show what you might get from your savings in today's terms and explain how charges, transaction costs and investment performance could effect your retirement savings over time.

In preparing the following illustrations, the Trustee has used the following assumptions:

> Member aged 65

> A starting fund value of £93,607 (reflects average fund value in flexi-access drawdown)

> Retirement age of 65

> 4% of the fund is drawn as income p.a.

> Member is invested in the default life stage – income target fund for the full period post retirement

> Inflation is assumed to be 2.5% p.a.

> Total charges of 0.56% p.a. (typical of charges paid by the majority of members in the Trust)

Investment returns for the default life stage – income target assumed at 3% p.a. for the NPT Retirement Fund. Investment return for highest charging self-select fund is 5% p.a. Investment return for lowest charging self-select fund is 5% p.a.

Years Post Retirement	Drawdown Value Before Charges	Drawdown Value After All Charges	Highest Charging Self-Select Fund (Private Markets Fund) Before Charges	Highest Charging Self-Select Fund (Private Markets Fund) After All Charges	Lowest Charging Self-Select Fund (Overseas Fund) Before Charges	Lowest Charging Self-Select Fund (Overseas Fund) After All Charges
2	£85,556	£84,638	£89,060	£86,060	£89,060	£88,030
4	£78,478	£76,837	£84,903	£79,387	£84,903	£82,989
6	£71,987	£69,756	£80,940	£73,232	£80,940	£78,237
8	£66,032	£63,327	£77,162	£67,554	£77,162	£73,757
10	£60,570	£57,490	£73,560	£62,316	£73,560	£69,534

Appendix D - About the Trustee Directors

Allan Course

Trustee Chair

Allan was a director of the Trustee from 2007 to 2011 and then re-joined in 2016. Allan is our Chair. He also chairs the Trustee's Discretions and Appeals Sub Committee.

Graduating in Mathematics and Physics, Allan then qualified as an actuary to work in the financial sector and now has 40 years' direct pensions experience.

Allan is also a professional trustee representing Capital Cranfield. Before that he was a Partner at Watson Wyatt (now Willis Towers Watson), first responsible for their Defined Contribution Administration Business, then leading a team that provided specialist services to Boards of Pension Schemes, after which he decided to become a trustee himself.

Penny Green

Deputy Chair

Penny joined the Trustee in November 2021, having previously been a trustee director of the Atlas Master Trust Trustee from 2016. Penny retired from the Trustee Board on 30 June 2024. Penny represented BESTrustees. She was the Deputy Chair of the Trustee Board and sat on the Trustee's Risk and Operations and Investment Sub Committees.

Penny has spent over 30 years in the pensions industry. She is a long-standing Trustee Executive of BESTrustees Limited and has held a number of appointments for a number of defined benefit and defined contribution schemes.

She was also the first female President of the Pensions Management Institute and has been actively involved in the industry, focusing on improving the member experience.

Ian Davies

Trustee

Ian was Chair of the previous trustee board of the Trust prior to the acquisition of the Trust by SIEL, and joined the current Trustee following the acquisition of the Trust in November 2023. He chairs the Trustee's Risk and Operations Sub Committee. He represents Hudson Trustees Limited

Ian is a Consultant at Eversheds-Sutherland where he spent his 40-year career as a pension lawyer. He retired as a partner in 2020 and became an owner director of Hudson Trustees Limited.

Ian has over 35 years' pension experience in the pensions industry and is a former member of the Association of Pension Lawyers, the Association of Member Directed Pension Schemes, as well as being a former Chairman of his local NAPF. He is a Trustee to several DB and DC pension schemes.

Simon Riviere

Trustee

Simon joined the Trustee in 2016. He represents Vidett Trust Corporation Limited and sits on the Trustee's Risk and Operations and Discretions and Appeals Sub Committees.

Simon started his pensions career in the investment team of a corporate trustee. He worked for a number of trustee firms and organisations including Grant Thornton, the Pensions Ombudsman, JLT, and Osborne Clarke, before joining Vidett.

Simon has acted as trustee, secretary to the trustees and consultant for a wide variety of DB and DC schemes. He has also held senior roles with other professional trustee firms. He is a DC governance specialist at Vidett. Simon is a Fellow of the Pensions Management Institute (FPMI).

Natalie Winterfrost

Trustee

Natalie joined the Trustee in November 2022 representing the Law Debenture Pension Trust Corporation P.L.C. Natalie also chairs the Trustee's Investment Sub Committee.

Natalie is a qualified actuary and a Chartered Financial Analyst Charter holder. The majority of her career has been investment focused, having worked in investment consultancy and asset management for over 25 years. She has sought to promote professionalism, ethics and trust within the pensions industry, and is a previous Board Member and Chair of the CFA Society, where she launched and chaired a CFA UK Pensions Expert Panel.

Natalie is also an ex-council member of Society of Pension Professionals, and Immediate Past Chair of its Investment Committee. She has helped large pension schemes address many complex investment issues, including environmental, social, and governance (ESG) and Task Force on Climate-related Financial Disclosures (TCFD).

Appendix E
Statement of Investment Principles relating to the default arrangement – Life Stage Strategy – Income Target

01 Introduction

Purpose

The Trustees of the National Pension Trust ("the Trust") have drawn up this Statement of Investment Principles ("the Statement") to comply with the requirements of the Act and Regulations.

It is a revised Statement and reflects the investment policy implemented by the Trustees in respect of the Default Arrangement known as the Life Stage Strategy – Income Target.

The Statement is intended to affirm the investment principles that govern decisions about the Trust's investments.

Trust details

The exclusive purpose of the Trust 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

Before preparing this Statement, the Trustees have sought advice from the Trust'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

The Trust's Trust Deed and Rules sets out the investment powers of the Trustees. This Statement is consistent with those powers. Neither this Statement nor the Trust Deed and Rules restrict 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 Trust invests to the Investment Managers.

Review of the Statement

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

The Trustees will also review this Statement in response to any material changes to any aspect of the Trust, its liabilities, finances and attitude to risk of either the Trustees or Principal Employer which they judge to have a bearing on the stated investment policy.

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

Definitions

Capitalised terms in this document mean the following:

Act - The Pensions Act 1995 (as amended by section 244 of the Pensions Act 2004)

Default Arrangement(s) - The investment strategy(ies) as determined by the Trustees where monies will be invested for those members who do not make their own investment determination.

Investment Manager - A person or organisation appointed by the Trustees to manage investments on behalf of the Trust.

Investment Consultant - A person or organisation appointed to advise on investment issues for the Trust.

Investment Platform Provider - A single provider offering access to a wide variety of underlying pooled investment funds which may be managed by different Investment Managers

Principal Employer - XPS Pensions Consulting Limited

Regulations - The Occupational Pension Schemes (Investment) Regulations 2005

Relevant Member – Any member or beneficiary who is in a Default Arrangement

Trust - The National Pension Trust

Statement - This document, including any appendices, which is the Trustee's Statement of Investment Principles.

Trustees - The group of individuals who are responsible for the investment of the Trust's assets and managing the administration of the Trust

Administrator - The organisation appointed by the Trustees to maintain membership records

02 Division of responsibilities

The Trustees are accountable for all aspects of the Trust's investments. However, as permitted within the Trust Deed and Rules, the Trustees have delegated some of the decision-making powers and other responsibilities as set out below.

Trustees

The Trustees have retained the following responsibilities and powers for themselves:

- The content and the reviewing of this Statement.
- Setting and reviewing the investment policy.
- Appointing the Investment Platform Provider and assessing its ongoing suitability in this role.
- Assessing the performance and investment process of the Investment Managers.
- Consulting with the Principal Employer when reviewing investment policy issues.
- Monitoring compliance of the investment arrangements with this Statement on an ongoing basis.

In addition, the Trustees of the Trust will make decisions relating to the Trust's investments, including issues such as:

- The kinds of investments to be held.
- The balance between different kinds of investments.
- The types of risk these investments may expose members to; and the types of risk these may afford members protection against.
- The Investment Manager arrangements.
- The performance target of the Investment Managers.

Investment Consultant

The Investment Consultant's responsibilities include:

- Participating with the Trustees in regular reviews of this Statement, and in the review of investment related issues as described in this Statement.
- Undertaking project work as required including reviews of the range of assets covered by the investment options available to members and reviews or selection of Investment Managers and/or the Investment Platform Provider.

Investment Platform Provider

The Investment Platform Provider's responsibilities include:

- Providing a range of investment funds from which the Trustees are able to select a subset of funds, consistent with the policy as set out in this Statement.
- Enabling the Trustees to select from the range of Investment Managers through the creation of funds which themselves invest in or are reinsured into underlying vehicles or portfolios managed by the Investment Managers.
- Blending or white labelling funds as appropriate/requested by the Trustees.
- Appointing a Custodian. For pooled assets, the Custodian is invariably appointed by the Investment Managers on behalf of the pooled fund as a whole. However, a separate Custodian may be appointed to provide the above services on behalf of the Investment Platform Provider.
- Providing the Trustees with the reporting that would otherwise be expected from the Investment Managers.
- Regular portfolio valuations and performance information along with a report, at least annually, on actions and future intentions and any changes to the processes, objectives and guidelines applied to their management of the Trust's assets to enable the Trustees to review their Investment Managers' activities.
- Where appropriate, report to a Trustees' meeting at least annually or through documentation agreed between the two parties.

Investment Managers

Each Investment Manager's responsibilities will include:

- Investing in diversified portfolios of assets suitable for pension schemes in accordance with any guidelines given by the Trustees or the Investment Platform Provider.
- At their discretion, but in accordance with any guidelines given by the Trustees or the Investment Platform Provider, implementing changes in the asset mix and selecting individual securities and financial instruments within each asset class.
- Exercising, where appropriate, the rights attached to the underlying shareholdings so as to protect and enhance the long-term value.

Statement of Investment Principles relating to the default arrangement – Life Stage Strategy – Income Target continued

Custodian

Each Custodian's responsibilities include some or all of the following:

- The safekeeping of all of the assets of the Trust.
- Providing the Investment Managers and/or the Investment Platform Provider with statements as required of the assets, cashflows and schedules of transactions.
- Undertaking all appropriate administration relating to the Trust's assets.
- Processing all dividends and tax reclaims in a timely manner.
- Dealing with corporate actions.

Record keeping of the Trust's entitlement within the pooled fund is the responsibility of the pooled fund administrator or registrar.

Member records are held by the Trust's Administrator.

03 Strategic investment policy and objectives

Choosing investments

The Trustees rely on professional Investment Managers for the day-to-day management of the Trust'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 with the individual funds accessed through an investment platform.

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: Life Stage Strategy – Income Target

The Trustees' long-term objectives are to provide members in the Life Stage Strategy – Income Target a fund at retirement from which members can take up to 25% as a tax-free lump sum (based on UK tax rules applicable at the date of this Statement), leaving the rest to be invested in a strategy suitable for flexi access drawdown. While members are furthest from retirement, this default arrangement invests wholly in global equities. As the member approaches their target retirement age, the allocation to equities is gradually reduced and new investments made into multi sector credit and corporate bonds. For the final 3 years prior to retirement, the allocation remains static, and this allocation is then maintained throughout retirement. The Trustees have therefore selected the investment options that they believe:

- Are in the best interests of members
- Are designed in a manner calculated to best ensure their security, quality, liquidity and profitability.

The Trustees recognise that the Life Stage strategy – Income Target directly impacts the Trust's members and their expectation for their retirement provision.

The Trustees have identified four investment considerations:

Appropriateness - To ensure members are invested an appropriate investment vehicle and guidance on its suitability.

Returns - By investing in a mixture of assets to give members a vehicle that enable them to optimise the returns achieved at acceptable levels of risk.

Volatility - By investing in a mixture of assets to provide members with an investment vehicle that offers protection against volatility in the capital value of their fund.

ESG/ Climate change/ Sustainability – To ensure assets of the Life Stage Strategy – Income target are invested in accordance with Trustees' ESG and Climate Policy document.

Expected returns

By undertaking the investment policy described in this Statement, the Trustees anticipate that the Life Stage Strategy – Income Target and the associated future absolute investment returns will allow members contributing at 12% per annum to achieve a moderate level of income as defined by the Pensions and Lifetime Savings Association (PLSA).

The overall targeted level of return is CPI + 3% pre-retirement. The investment strategy at retirement is targeted at enabling a member to take a 4% income increasing in line with CPI for a period of 30 years without running out of funds.

Investment Policy

In order to meet the above objectives, the Trustees have agreed an appropriate range of assets and glide path for the de-risking from equities to a mix of equities, multi-sector credit and corporate bonds prior to retirement. This is outlined in Appendix I.

It is believed that over time the Life Stage Strategy – Income Target should produce a suitable return for members at an acceptable level of risk compared to investing in just a solitary fund.

Statement of Investment Principles relating to the default arrangement – Life Stage Strategy – Income Target continued

Range of assets

The Life Stage Strategy – Income Target provides members with investment vehicles that in aggregate aim to provide a real return.

The Trustees will ensure that the Life Stage Strategy – Income Target holds a suitable diversified range of securities, avoiding an undue concentration of assets. In addition, the Trustees will ensure the Life Stage Strategy – Income Target is otherwise suitable to meet the investment objectives as set out in this Statement.

Based on the structure set out in Appendix I, the Trustees consider the arrangements with the Investment Managers to be aligned with the overall strategic objectives for the Life Stage Strategy – Income Target. 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, within any scope given to them through asset allocation parameters set by the Trustees or governing the pooled funds in which the Life Stage Strategy – Income Target are invested.

Investment Managers are incentivised to perform in line with expectations for their specific mandate as their continued involvement as Investment Managers in respect of the Life Stage Strategy – Income Target – and hence the fees they receive – are dependent upon them doing so. They are 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 7.

The Trustees encourage Investment Managers to make decisions in the long-term interests of the Trust. The Trustees expect engagement by them with 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. 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 (see Section 4). The Trustees therefore make decisions about the retention of Investment Managers, accordingly.

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

04 Responsible investment

The Trustees have considered their approach to environmental, social and corporate governance ("ESG") factors for the long-term time horizon of the Life Stage Strategy – Income Target 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 underlying Investment Managers. The Trustees require the Trust'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 their Investment Consultant on the extent to which 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 Life Stage Strategy – Income Target is invested 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 these investments to the Investment Managers and encourages 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.

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 Trust, although they have neither sought nor taken into account the beneficiaries' views on risks including (but not limited to) ethical, social and environmental impact. The Trustees are open to understanding the views of members and, at the Trustees' discretion may amend this Statement accordingly.

Further details in relation to the Trustees' ESG and Climate Policy are specified in the ESG and Climate Policy document.

05 Risk measurement and management

The Trustees recognise a number of risks involved in the investment of the assets of the Life Stage Strategy – Income Target. The Trustees measure and manage the risks as follows:

Strategic risk - the risk of not maintaining the real purchasing power of assets is addressed through the use of a growth orientated fund.

Market risk - the risk of exposure to volatile markets, which may be less acceptable to some members, particularly near retirement, is largely addressed through the use of funds which invest in multi sector credit and corporate bonds for a proportion of assets based on the member period to retirement.

Manager risk - the risk of an Investment Manager failing to meet the stated objectives is addressed through the use of predominantly passively managed funds. In monitoring the performance of the Investment Managers the Trustees measure the performance of the vehicles in which they are invested, the returns relative to benchmark and objective and the volatility of returns. 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 multi sector credit and corporate bonds, the Trustees will review the risks of the underlying assets comprising the portfolio;

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 Life Stage Strategy – Income Target can invest (see section 3).

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 – this 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 Manager and/or the Investment Platform Provider.

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

Fraud/Dishonesty – this is addressed through restrictions applied as to who can authorise transfer 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. In accordance with XPS Administration's ISO 27001:2013 accredited Quality Management System, every event is recorded, and documentary evidence retained as part of an audit trail.

Statement of Investment Principles relating to the default arrangement – Life Stage Strategy – Income Target continued

06 Realisation of assets and investment restrictions

Realisation of investments

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 which are not readily realisable are held within the Life Stage Strategy – Income Target and will limit such assets to a level where they are not expected to prejudice the proper operation of the Trust.

The Trustees have considered how easily investments can be realised for the types of assets in which Life Stage Strategy – Income Target is currently invested. As such, the Trustees believe that the Life Stage Strategy – Income Target currently holds an acceptable level of readily realisable assets. The Trustees will also consider how easily investments can be realised for any new investment classes they consider including within the Life Stage Strategy – Income Target , to ensure that this position is maintained in the future.

Investment Restrictions

The Trustees have established the following investment restrictions:

- The Trustees may not hold in excess of 5% of the Trust'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 Life Stage Strategy – Income Target overall exposure to risk can be reduced through temporary borrowing, e.g. during an asset transfer.
- The Trustees will ensure that the assets of the Life Stage Strategy – Income Target are predominantly invested in regulated markets to maximise the security of the members' entitlements.
- 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 the mandate given to the underlying Investment Manager.

07 Investment Manager Arrangements and fee structure

Delegation to Investment Manager(s)

In accordance with the Act, the Trustees, in the selection of the Life Stage Strategy – Income Target investments, delegated to one or more Investment Managers the responsibility for investing the Life Stage Strategy – Income Target assets in a manner consistent with this Statement.

The Investment Managers are authorised and regulated to provide investment management services to the Trust. Within the UK, the authorisation and regulation of the Investment Managers falls under the Financial Conduct Authority (FCA). Specific products in which the Trust invests may also be regulated by the Prudential Regulatory Authority (PRA). *

Where Investment Managers are delegated discretion under section 34 of the Pensions Act 1995, the Investment Managers will exercise their investment powers with a view to giving effect to the principles contained in this Statement so far as reasonably practicable. In particular, the Investment Managers must have regard to the suitability and diversification of the investments made on behalf of the Trust.

The Investment Managers will ensure that suitable internal operating procedures are in place to control individuals making investments for the Life Stage Strategy – Income Target.

*For non-UK Investment Managers who previously provided services under the EU passporting regime (where regulation was undertaken by the home state regulator), the temporary permissions regime established by the UK Government post Brexit allows firms to continue operating in the UK for a limited period of time while applying for full authorisation in the UK.

Performance objectives

The individual benchmarks and objectives against which each pooled fund is assessed are available to members either in the fund factsheets or in the Investment Strategy and Implementation Document (ISID), available on request.

Review process

Appointments of Investment Managers are expected to be long term. The Trustees will review the appointment of the Platform Provider and the Investment Managers selected from those available on the Investment Platform in accordance with their responsibilities.

In respect of the Platform Provider, such reviews will include an analysis of the Platform Provider's processes, the range and ongoing suitability of the funds available on the Platform and the fee arrangements in place.

In respect of each Investment Manager, 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 policy in relation to the Life Stage Strategy – Income Target.

The Trustees receive quarterly performance monitoring reports from the Investment Consultant which consider performance over the quarter, and one- and three-year periods. 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 meetings of the Trustees as requested.

The Investment Consultant will carry out reviews of how well ESG factors are incorporated into each Investment Manager's processes when required and the Trustees will re-assess progress on ESG issues periodically.

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 and in line with providing value for members.

(De)selection 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;

Statement of Investment Principles relating to the default arrangement – Life Stage Strategy – Income Target continued

- 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 the Investment Strategy Implementation Document (ISID).
- 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.

The Trustees may also select/ deselect funds according to the availability on the chosen investment platform.

Portfolio Turnover

The Trustees requires the Platform Provider to report on actual portfolio turnover at least annually, including details of the costs associated with turnover, including those within the underlying funds, how turnover compares with the range that the Platform Provider expects and the reasons for any divergence.

Fee Structures

Investment Platform Provider

The Investment Platform Provider is remunerated by receiving a proportion of the Trust's assets under management. Details of the fees applicable for each fund are set out in the ISID.

Investment Managers

The Investment Managers are remunerated out of the fees charged by the Platform Provider. It is felt that this approach is appropriate as it enables the Trustees to gain access to a range of funds which would otherwise prove to be inaccessible on cost and minimum investment criteria.

Investment Consultant

The Investment Consultant is remunerated indirectly through a proportion of the administration fees charged at member level which cover the funders operational expenses. This enables the Investment Consultant to provide the necessary advice and information to facilitate the Trustees undertaking their responsibilities as described in Section 2.

08 Compliance Statement

Confirmation of advice

Before a Statement of Investment Principles, as required by the Pensions Act 1995, is prepared or revised by the Trustees of a pension scheme, they must have consulted with the Trust's Sponsor and obtained and considered the written advice of a person who is reasonably believed by them 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 Trusts.

The Investment Consultant hereby confirms to the Trustees that they have the appropriate knowledge and experience to give the advice required by the Act and has provided the necessary written advice to the Trustees. The Investment Consultant also confirms that they are regulated and authorised to provide such advice.

Trustees' declaration

The Trustees confirm that this Statement of Investment Principles reflects the Investment Strategy they have decided to implement for the Life Stage Strategy – Income Target. The Trustees acknowledge that it is their responsibility, with guidance from the Investment Consultant, to ensure the assets of the Life Stage Strategy – Income Target are invested in accordance with these Principles.

The Trustees having agreed changes to the Default Arrangement(s) and their aims and objectives at a meeting on 8 December, the implementation will take effect from March 2022.

Signatures

On behalf of XPS Investment Limited

Jonathan Lawlor

Jonathan Lawlor AIA

Senior Consultant - Investment

Date: 24 December 2021

On behalf of the Trustees

Ian Davies

Date: 23 December 2021

Statement of Investment Principles relating to the default arrangement – Life Stage Strategy – Income Target continued

Appendix I
Investment Structure and components of the Life Stage Strategy – Income Target

The Trustees have adopted a strategy focused on climate transition and sustainability. In particular, the strategy invests in a global equity fund that tracks the Transition Pathway Initiative (TPI) index and the multi-sector credit and corporate bond funds. These funds have been selected by reference to their sustainability credentials as well as their appropriateness for and capability of meeting the Trustees' long-term objectives for the Life Stage Strategy – Income Target.

This strategy is invested according to a member's period to State Pension age (SPA) as follows:

- For members more than 21 years before SPA, 100% of their funds are invested in the NPT Growth Fund.
- From 21 years to 12 years prior to SPA, their funds are gradually moved into the NPT Consolidate Fund .
- From 12 years until 3 years prior to SPA, the funds are gradually switched into the NPT Retirement Fund.

The asset allocation for the underlying funds are as follows:

NPT Growth Fund

100% Global Equities (tracking the FTSE TPI Climate Transition Index)

NPT Consolidate Fund

80% Global Equities (tracking the FTSE TPI Climate Transition Index)

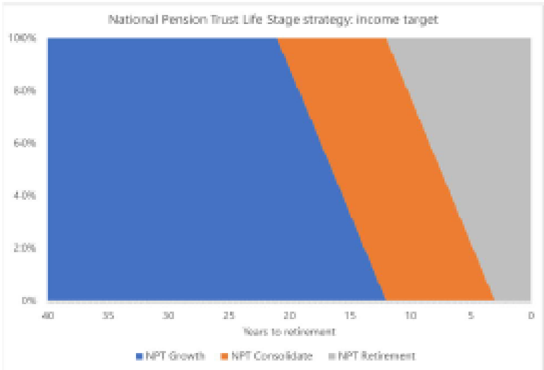
20% Multi Sector Credit (specifically targeting UN Sustainable Development Goals)

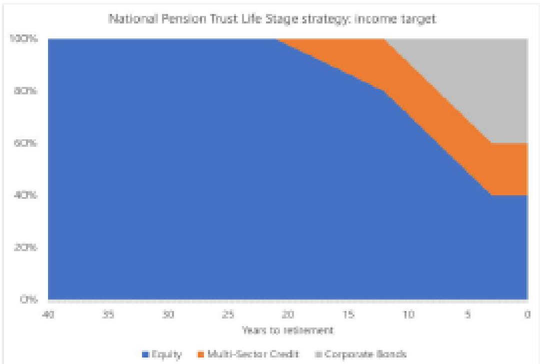
NPT Retirement Fund

40% Global Equities (tracking the FTSE TPI Climate Transition Index)

20% Multi Sector Credit (specifically targeting UN Sustainable Development Goals)

40% Sterling denominated Corporate Bonds (tracking a customised index applying broad ESG tilts and screenings)





Statement of Investment Principles relating to the default arrangement – Life Stage Strategy – Annuity Target

01 Introduction

Purpose

The Trustees of the National Pension Trust ("the Trust") have drawn up this Statement of Investment Principles ("the Statement") to comply with the requirements of the Act and Regulations.

It is a revised Statement and reflects the investment policy implemented by the Trustees in respect of the Default Arrangement known as the Life Stage Strategy – Annuity Target.

The Statement is intended to affirm the investment principles that govern decisions about the Trust's investments.

Trust details

The exclusive purpose of the Trust 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

Before preparing this Statement, the Trustees have sought advice from the Trust'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

The Trust's Trust Deed and Rules sets out the investment powers of the Trustees. This Statement is consistent with those powers. Neither this Statement nor the Trust Deed and Rules restrict 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 Trust invests to the Investment Managers.

Review of the Statement

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

The Trustees will also review this Statement in response to any material changes to any aspect of the Trust, its liabilities, finances and attitude to risk of either the Trustees or Principal Employer which they judge to have a bearing on the stated investment policy.

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

Definitions

Capitalised terms in this document mean the following:

Act - The Pensions Act 1995 (as amended by section 244 of the Pensions Act 2004)

Default Arrangement(s) - The investment strategy(ies) as determined by the Trustees where monies will be invested for those members who do not make their own investment determination.

Investment Manager - A person or organisation appointed by the Trustees to manage investments on behalf of the Trust.

Investment Consultant - A person or organisation appointed to advise on investment issues for the Trust.

Investment Platform Provider - A single provider offering access to a wide variety of underlying pooled investment funds which may be managed by different Investment Managers

Principal Employer - XPS Pensions Consulting Limited

Regulations - The Occupational Pension Schemes (Investment) Regulations 2005

Relevant Member – Any member or beneficiary who is in a Default Arrangement

Trust - The National Pension Trust

Statement - This document, including any appendices, which is the Trustee's Statement of Investment Principles.

Trustees - The group of individuals who are responsible for the investment of the Trust's assets and managing the administration of the Trust

Administrator - The organisation appointed by the Trustees to maintain membership records

02 Division of responsibilities

The Trustees are accountable for all aspects of the Trust's investments. However, as permitted within the Trust Deed and Rules, the Trustees have delegated some of the decision-making powers and other responsibilities as set out below.

Trustees

The Trustees have retained the following responsibilities and powers for themselves:

- The content and the reviewing of this Statement.
- Setting and reviewing the investment policy.
- Appointing the Investment Platform Provider and assessing its ongoing suitability in this role.
- Assessing the performance and investment process of the Investment Managers.
- Consulting with the Principal Employer when reviewing investment policy issues.
- Monitoring compliance of the investment arrangements with this Statement on an ongoing basis.

In addition, the Trustees of the Trust will make decisions relating to the Trust's investments, including issues such as:

- The kinds of investments to be held.
- The balance between different kinds of investments.
- The types of risk these investments may expose members to; and the types of risk these may afford members protection against.
- The Investment Manager arrangements.
- The performance target of the Investment Managers.

Investment Consultant

The Investment Consultant's responsibilities include:

- Participating with the Trustees in regular reviews of this Statement, and in the review of investment related issues as described in this Statement.
- Undertaking project work as required including reviews of the range of assets covered by the investment options available to members and reviews or selection of Investment Managers and/or the Investment Platform Provider.

Investment Platform Provider

The Investment Platform Provider's responsibilities include:

- Providing a range of investment funds from which the Trustees are able to select a subset of funds, consistent with the policy as set out in this Statement.
- Enabling the Trustees to select from the range of Investment Managers through the creation of funds which themselves invest in or are reinsured into underlying vehicles or portfolios managed by the Investment Managers.
- Blending or white labelling funds as appropriate/requested by the Trustees.
- Appointing a Custodian. For pooled assets, the Custodian is invariably appointed by the Investment Managers on behalf of the pooled fund as a whole. However, a separate Custodian may be appointed to provide the above services on behalf of the Investment Platform Provider.
- Providing the Trustees with the reporting that would otherwise be expected from the Investment Managers.
- Regular portfolio valuations and performance information along with a report, at least annually, on actions and future intentions and any changes to the processes, objectives and guidelines applied to their management of the Trust's assets to enable the Trustees to review their Investment Managers' activities.
- Where appropriate, report to a Trustees' meeting at least annually or through documentation agreed between the two parties.

Investment Managers

Each Investment Manager's responsibilities will include:

- Investing in diversified portfolios of assets suitable for pension schemes in accordance with any guidelines given by the Trustees or the Investment Platform Provider.
- At their discretion, but in accordance with any guidelines given by the Trustees or the Investment Platform Provider, implementing changes in the asset mix and selecting individual securities and financial instruments within each asset class.
- Exercising, where appropriate, the rights attached to the underlying shareholdings so as to protect and enhance the long-term value.

Statement of Investment Principles relating to the default arrangement – Life Stage Strategy – Annuity Target continued

Custodian

Each Custodian's responsibilities include some or all of the following:

- The safekeeping of all of the assets of the Trust.
- Providing the Investment Managers and/or the Investment Platform Provider with statements as required of the assets, cashflows and schedules of transactions.
- Undertaking all appropriate administration relating to the Trust's assets.
- Processing all dividends and tax reclaims in a timely manner.
- Dealing with corporate actions.

Record keeping of the Trust's entitlement within the pooled fund is the responsibility of the pooled fund administrator or registrar.

Member records are held by the Trust's Administrator.

03 Strategic investment policy and objectives

Choosing investments

The Trustees rely on professional Investment Managers for the day-to-day management of the Trust'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 with the individual funds accessed through an investment platform.

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: Life Stage Strategy – Annuity Target

The Trustees' long-term objectives are to provide members in the Life Stage Strategy – Annuity Target a fund at retirement from which members can take up to 25% as a tax-free lump sum (based on UK tax rules applicable at the date of this Statement), leaving the rest to be invested in a strategy suitable for annuity purchase. While members are furthest from retirement, this default arrangement invests wholly in global equities. As the member approaches their target retirement age, the allocation to equities is gradually reduced and new investments made into multi sector credit and corporate bonds. For the final 5 years prior to retirement, monies are moved into a fund that should move in line with a representative annuity rate.

The Trustees have therefore selected the investment options that they believe:

- Are in the best interests of members
- Are designed in a manner calculated to best ensure their security, quality, liquidity and profitability.

The Trustees recognise that the Life Stage strategy – Annuity Target directly impacts the Trust's members and their expectation for their retirement provision.

The Trustees have identified four investment considerations:

Appropriateness - To ensure members are invested an appropriate investment vehicle and guidance on its suitability.

Returns - By investing in a mixture of assets to give members a vehicle that enable them to optimise the returns achieved at acceptable levels of risk.

Volatility - By investing in a mixture of assets to provide members with an investment vehicle that offers protection against volatility in the capital value of their fund.

ESG/ Climate change/ Sustainability – To ensure assets of the Life Stage Strategy – Annuity Target are invested in accordance with Trustees' ESG and Climate Policy document.

Expected returns

By undertaking the investment policy described in this Statement, the Trustees anticipate that the Life Stage Strategy – Annuity Target and the associated future absolute investment returns will allow members contributing at 12% per annum to achieve a moderate level of income as defined by the Pensions and Lifetime Savings Association (PLSA).

The objective of the strategy is to match the change in price of a representative annuity.

Investment Policy

In order to meet the above objectives, the Trustees have agreed an appropriate range of assets and glide path for the de-risking from equities to a mix of equities, multi-sector credit, corporate bonds, and fixed interest gilts prior to retirement. This is outlined in Appendix I.

It is believed that over time the Life Stage Strategy – Annuity Target should produce a suitable return for members at an acceptable level of risk compared to investing in just a solitary fund.

Statement of Investment Principles relating to the default arrangement – Life Stage Strategy – Annuity Target continued

Range of assets

The Life Stage Strategy – Annuity Target provides members with investment vehicles that in aggregate aim to provide a real return.

The Trustees will ensure that the Life Stage Strategy – Annuity Target holds a suitable diversified range of securities, avoiding an undue concentration of assets. In addition, the Trustees will ensure the Life Stage Strategy – Annuity Target is otherwise suitable to meet the investment objectives as set out in this Statement.

Based on the structure set out in Appendix I, the Trustees consider the arrangements with the Investment Managers to be aligned with the overall strategic objectives for the Life Stage Strategy – Annuity Target. 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, within any scope given to them through asset allocation parameters set by the Trustees or governing the pooled funds in which the Life Stage Strategy – Annuity Target are invested.

Investment Managers are incentivised to perform in line with expectations for their specific mandate as their continued involvement as Investment Managers in respect of the Life Stage Strategy – Annuity Target – and hence the fees they receive – are dependent upon them doing so. They are 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 7.

The Trustees encourage Investment Managers to make decisions in the long-term interests of the Trust. The Trustees expect engagement by them with 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. 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 (see Section 4). The Trustees therefore make decisions about the retention of Investment Managers, accordingly.

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

04 Responsible investment

The Trustees have considered their approach to environmental, social and corporate governance ("ESG") factors for the long-term time horizon of the Life Stage Strategy – Annuity Target 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 underlying Investment Managers. The Trustees require the Trust'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 their Investment Consultant on the extent to which 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 Life Stage Strategy – Annuity Target is invested 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 these investments to the Investment Managers and encourages 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.

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 Trust, although they have neither sought nor taken into account the beneficiaries' views on risks including (but not limited to) ethical, social and environmental impact. The Trustees are open to understanding the views of members and, at the Trustees' discretion may amend this Statement accordingly.

Further details in relation to the Trustees' ESG and Climate Policy are specified in the ESG and Climate Policy document.

05 Risk measurement and management

The Trustees recognise a number of risks involved in the investment of the assets of the Life Stage Strategy – Annuity Target. The Trustees measure and manage the risks as follows:

Strategic risk - the risk of not maintaining the real purchasing power of assets is addressed through the use of a growth orientated fund.

Market risk - the risk of exposure to volatile markets, which may be less acceptable to some members, particularly near retirement, is largely addressed through the use of funds which invest in multi sector credit and corporate bonds for a proportion of assets based on the member period to retirement.

Manager risk - the risk of an Investment Manager failing to meet the stated objectives is addressed through the use of predominantly passively managed funds. In monitoring the performance of the Investment Managers the Trustees measure the performance of the vehicles in which they are invested, the returns relative to benchmark and objective and the volatility of returns. 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 multi sector credit, corporate bonds and fixed interest gilts the Trustees will review the risks of the underlying assets comprising the portfolio;

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 Life Stage Strategy – Annuity Target can invest (see section 3).

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 – this 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 Manager and/or the Investment Platform Provider.

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

Fraud/Dishonesty – this is addressed through restrictions applied as to who can authorise transfer 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. In accordance with XPS Administration's ISO 27001:2013 accredited Quality Management System, every event is recorded, and documentary evidence retained as part of an audit trail.

06 Realisation of assets and investment restrictions

Realisation of investments

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 which are not readily realisable are held within the Life Stage Strategy – Annuity Target and will limit such assets to a level where they are not expected to prejudice the proper operation of the Trust.

The Trustees have considered how easily investments can be realised for the types of assets in which Life Stage Strategy – Annuity Target is currently invested. As such, the Trustees believe that the Life Stage Strategy – Annuity Target currently holds an acceptable level of readily realisable assets. The Trustees will also consider how easily investments can be realised for any new investment classes they consider including within the Life Stage Strategy – Annuity Target, to ensure that this position is maintained in the future.

Investment Restrictions

The Trustees have established the following investment restrictions:

- The Trustees may not hold in excess of 5% of the Trust'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 Life Stage Strategy – Annuity Target overall exposure to risk can be reduced through temporary borrowing, e.g. during an asset transfer.
- The Trustees will ensure that the assets of the Life Stage Strategy – Annuity Target are predominantly invested in regulated markets to maximise the security of the members' entitlements.
- 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 the mandate given to the underlying Investment Manager.

07 Investment Manager Arrangements and fee structure

Delegation to Investment Manager(s)

In accordance with the Act, the Trustees, in the selection of the Life Stage Strategy – Annuity Target investments, delegated to one or more Investment Managers the responsibility for investing the Life Stage Strategy – Annuity Target assets in a manner consistent with this Statement.

The Investment Managers are authorised and regulated to provide investment management services to the Trust. Within the UK, the authorisation and regulation of the Investment Managers falls under the Financial Conduct Authority (FCA). Specific products in which the Trust invests may also be regulated by the Prudential Regulatory Authority (PRA). *

Where Investment Managers are delegated discretion under section 34 of the Pensions Act 1995, the Investment Managers will exercise their investment powers with a view to giving effect to the principles contained in this Statement so far as reasonably practicable. In particular, the Investment Managers must have regard to the suitability and diversification of the investments made on behalf of the Trust.

The Investment Managers will ensure that suitable internal operating procedures are in place to control individuals making investments for the Life Stage Strategy – Annuity Target.

*For non-UK Investment Managers who previously provided services under the EU passporting regime (where regulation was undertaken by the home state regulator), the temporary permissions regime established by the UK Government post Brexit allows firms to continue operating in the UK for a limited period of time while applying for full authorisation in the UK.

Performance objectives

The individual benchmarks and objectives against which each pooled fund is assessed are available to members either in the fund factsheets or in the Investment Strategy and Implementation Document (ISID), available on request.

Review process

Appointments of Investment Managers are expected to be long term. The Trustees will review the appointment of the Platform Provider and the Investment Managers selected from those available on the Investment Platform in accordance with their responsibilities.

In respect of the Platform Provider, such reviews will include an analysis of the Platform Provider's processes, the range and ongoing suitability of the funds available on the Platform and the fee arrangements in place.

In respect of each Investment Manager, 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 policy in relation to the Life Stage Strategy – Annuity Target.

The Trustees receive quarterly performance monitoring reports from the Investment Consultant which consider performance over the quarter, and one- and three-year periods. 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 meetings of the Trustees as requested.

The Investment Consultant will carry out reviews of how well ESG factors are incorporated into each Investment Manager's processes when required and the Trustees will re-assess progress on ESG issues periodically.

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 and in line with providing value for members.

(De)selection 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;

Statement of Investment Principles relating to the default arrangement – Life Stage Strategy – Annuity Target continued

- 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 the Investment Strategy Implementation Document (ISID).
- 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.

The Trustees may also select/ deselect funds according to the availability on the chosen investment platform.

Portfolio Turnover

The Trustees requires the Platform Provider to report on actual portfolio turnover at least annually, including details of the costs associated with turnover, including those within the underlying funds, how turnover compares with the range that the Platform Provider expects and the reasons for any divergence.

Fee Structures

Investment Platform Provider

The Investment Platform Provider is remunerated by receiving a proportion of the Trust's assets under management. Details of the fees applicable for each fund are set out in the ISID.

Investment Managers

The Investment Managers are remunerated out of the fees charged by the Platform Provider. It is felt that this approach is appropriate as it enables the Trustees to gain access to a range of funds which would otherwise prove to be inaccessible on cost and minimum investment criteria.

Investment Consultant

The Investment Consultant is remunerated indirectly through a proportion of the administration fees charged at member level which cover the funders operational expenses. This enables the Investment Consultant to provide the necessary advice and information to facilitate the Trustees undertaking their responsibilities as described in Section 2.

08 Compliance Statement

Confirmation of advice

Before a Statement of Investment Principles, as required by the Pensions Act 1995, is prepared or revised by the Trustees of a pension scheme, they must have consulted with the Trust's Sponsor and obtained and considered the written advice of a person who is reasonably believed by them 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 Trusts.

The Investment Consultant hereby confirms to the Trustees that they have the appropriate knowledge and experience to give the advice required by the Act and has provided the necessary written advice to the Trustees. The Investment Consultant also confirms that they are regulated and authorised to provide such advice.

Trustees' declaration

The Trustees confirm that this Statement of Investment Principles reflects the Investment Strategy they have decided to implement for the Life Stage Strategy – Annuity Target. The Trustees acknowledge that it is their responsibility, with guidance from the Investment Consultant, to ensure the assets of the Life Stage Strategy – Annuity Target are invested in accordance with these Principles.

The Trustees having agreed changes to the Default Arrangement(s) and their aims and objectives at a meeting on 8 December, the implementation will take effect from March 2022.

Signatures

On behalf of XPS Investment Limited

Jonathan Lawlor

____

Jonathan Lawlor AIA

Senior Consultant - Investment

Date: 24/12/2021

On behalf of the Trustees

Ian Davies

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Date: 23/12/2021

Appendix I
Investment Structure and components of the Life Stage Strategy – Annuity Target

The Trustees have adopted a strategy focused on climate transition and sustainability. In particular, the strategy invests in a global equity fund that tracks the Transition Pathway Initiative (TPI) index and the multi-sector credit and corporate bond funds. These funds have been selected by reference to their sustainability credentials as well as their appropriateness for and capability of meeting the Trustees' long-term objectives for the Life Stage Strategy – Annuity Target.

This strategy is invested according to a member's period to State Pension age (SPA) as follows:

- For members more than 21 years before SPA, 100% of their funds are invested in the NPT Growth Fund.
- From 21 years to 12 years prior to SPA, their funds are gradually moved into the NPT Consolidate Fund.
- From 12 years until 3 years prior to SPA, the funds are gradually switched into the NPT Retirement Fund.
- From 5 years until retirement funds are moved into the Annuity Preparation Fund.

The asset allocation for the underlying funds are as follows:

NPT Growth Fund

100% Global Equities (tracking the FTSE TPI Climate Transition Index)

NPT Consolidate Fund

80% Global Equities (tracking the FTSE TPI Climate Transition Index)

20% Multi Sector Credit (specifically targeting UN Sustainable Development Goals)

NPT Retirement Fund

40% Global Equities (tracking the FTSE TPI Climate Transition Index)

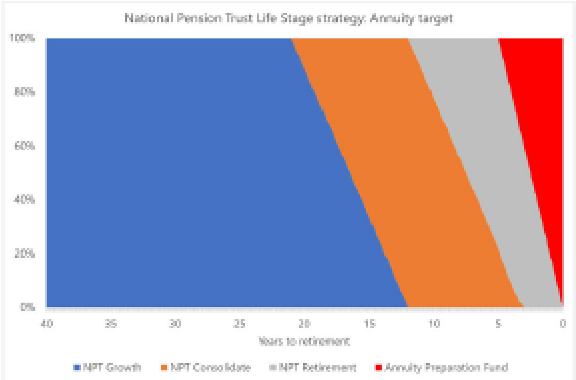
20% Multi Sector Credit (specifically targeting UN Sustainable Development Goals)

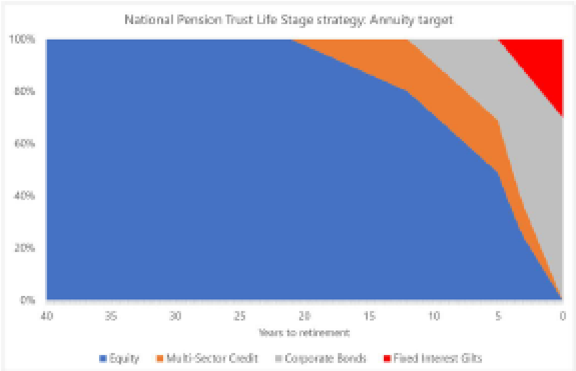
40% Sterling denominated Corporate Bonds (tracking a customised index applying broad ESG tilts and screenings)

Annuity Preparation Fund

70% Sterling denominated Corporate Bonds (tracking a customised index applying broad ESG tilts and screenings)

30% All Stocks Gilts Index Fund





Statement of Investment Principles relating to the default arrangement – Life Stage Strategy – Cash Target

01 Introduction

Purpose

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It is a revised Statement and reflects the investment policy implemented by the Trustees in respect of the Default Arrangement known as the Life Stage Strategy – Cash Target.

The Statement is intended to affirm the investment principles that govern decisions about the Trust's investments.

Trust details

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Advice and consultation

Before preparing this Statement, the Trustees have sought advice from the Trust'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.

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Relevant Member – Any member or beneficiary who is in a Default Arrangement
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In addition, the Trustees of the Trust will make decisions relating to the Trust's investments, including issues such as:

- The kinds of investments to be held.
- The balance between different kinds of investments.
- The types of risk these investments may expose members to; and the types of risk these may afford members protection against.
- The Investment Manager arrangements.
- The performance target of the Investment Managers.

Investment Consultant

The Investment Consultant's responsibilities include:

- Participating with the Trustees in regular reviews of this Statement, and in the review of investment related issues as described in this Statement.
- Undertaking project work as required including reviews of the range of assets covered by the investment options available to members and reviews or selection of Investment Managers and/or the Investment Platform Provider.

Investment Platform Provider

The Investment Platform Provider's responsibilities include:

- Providing a range of investment funds from which the Trustees are able to select a subset of funds, consistent with the policy as set out in this Statement.
- Enabling the Trustees to select from the range of Investment Managers through the creation of funds which themselves invest in or are reinsured into underlying vehicles or portfolios managed by the Investment Managers.
- Blending or white labelling funds as appropriate/requested by the Trustees.
- Appointing a Custodian. For pooled assets, the Custodian is invariably appointed by the Investment Managers on behalf of the pooled fund as a whole. However, a separate Custodian may be appointed to provide the above services on behalf of the Investment Platform Provider.
- Providing the Trustees with the reporting that would otherwise be expected from the Investment Managers.
- Regular portfolio valuations and performance information along with a report, at least annually, on actions and future intentions and any changes to the processes, objectives and guidelines applied to their management of the Trust's assets to enable the Trustees to review their Investment Managers' activities.
- Where appropriate, report to a Trustees' meeting at least annually or through documentation agreed between the two parties.

Investment Managers

Each Investment Manager's responsibilities will include:

- Investing in diversified portfolios of assets suitable for pension schemes in accordance with any guidelines given by the Trustees or the Investment Platform Provider.
- At their discretion, but in accordance with any guidelines given by the Trustees or the Investment Platform Provider, implementing changes in the asset mix and selecting individual securities and financial instruments within each asset class.

Statement of Investment Principles relating to the default arrangement – Life Stage Strategy – Cash Target
continued

- Exercising, where appropriate, the rights attached to the underlying shareholdings so as to protect and enhance the long-term value.

Custodian

Each Custodian's responsibilities include some or all of the following:

- The safekeeping of all of the assets of the Trust.
- Providing the Investment Managers and/or the Investment Platform Provider with statements as required of the assets, cashflows and schedules of transactions.
- Undertaking all appropriate administration relating to the Trust's assets.
- Processing all dividends and tax reclaims in a timely manner.
- Dealing with corporate actions.

Record keeping of the Trust's entitlement within the pooled fund is the responsibility of the pooled fund administrator or registrar.

Member records are held by the Trust's Administrator.

03 Strategic investment policy and objectives

Choosing investments

The Trustees rely on professional Investment Managers for the day-to-day management of the Trust'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 with the individual funds accessed through an investment platform.

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: Life Stage Strategy – Cash Target

The Trustees' long-term objectives are to provide members in the Life Stage Strategy – Cash Target a fund at retirement from which members can take up to 25% as a tax-free lump sum (based on UK tax rules applicable at the date of this Statement), leaving the rest to be taken as a cash amount (that could be taxed at the members marginal income tax rate). While members are furthest from retirement, this default arrangement invests wholly in global equities. As the member approaches their target retirement age, the allocation to equities is gradually reduced and new investments made into multi sector credit and corporate bonds. At retirement the member's fund should be wholly invested in multi sector credit investments. The Trustees have therefore selected the investment options that they believe:

- Are in the best interests of members
- Are designed in a manner calculated to best ensure their security, quality, liquidity and profitability.

The Trustees recognise that the Life Stage strategy – Cash Target directly impacts the Trust's members and their expectation for their retirement provision.

The Trustees have identified four investment considerations:

Appropriateness - To ensure members are invested an appropriate investment vehicle and guidance on its suitability.

Returns - By investing in a mixture of assets to give members a vehicle that enable them to optimise the returns achieved at acceptable levels of risk.

Volatility - By investing in a mixture of assets to provide members with an investment vehicle that offers protection against volatility in the capital value of their fund.

ESG/ Climate change/ Sustainability – To ensure assets of the Life Stage Strategy – Cash Target are invested in accordance with Trustees' ESG and Climate Policy document.

Expected returns

By undertaking the investment policy described in this Statement, the Trustees anticipate that the Life Stage Strategy – Cash Target and the associated future absolute investment returns will allow members contributing at 12% per annum to achieve a moderate level of income as defined by the Pensions and Lifetime Savings Association (PLSA).

Members in the Life Stage Strategy – Cash Target can select a benefit alignment of 100% cash.

Investment Policy

In order to meet the above objectives, the Trustees have agreed an appropriate range of assets and glide path for the de-risking from equities to a mix of equities, multi-sector credit and corporate bonds prior to retirement. This is outlined in Appendix I.

It is believed that over time the Life Stage Strategy – Cash Target should produce a suitable return for members at an acceptable level of risk compared to investing in just a solitary fund.

Statement of Investment Principles relating to the default arrangement – Life Stage Strategy – Cash Target continued

Range of assets

The Life Stage Strategy – Cash Target provides members with investment vehicles that in aggregate aim to provide a real return.

The Trustees will ensure that the Life Stage Strategy – Cash Target holds a suitable diversified range of securities, avoiding an undue concentration of assets. In addition, the Trustees will ensure the Life Stage Strategy – Cash Target is otherwise suitable to meet the investment objectives as set out in this Statement.

Based on the structure set out in Appendix I, the Trustees consider the arrangements with the Investment Managers to be aligned with the overall strategic objectives for the Life Stage Strategy – Cash Target. 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, within any scope given to them through asset allocation parameters set by the Trustees or governing the pooled funds in which the Life Stage Strategy – Cash Target are invested.

Investment Managers are incentivised to perform in line with expectations for their specific mandate as their continued involvement as Investment Managers in respect of the Life Stage Strategy – Cash Target – and hence the fees they receive – are dependent upon them doing so. They are 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 7.

The Trustees encourage Investment Managers to make decisions in the long-term interests of the Trust. The Trustees expect engagement by them with 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. 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 (see Section 4). The Trustees therefore make decisions about the retention of Investment Managers, accordingly.

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

04 Responsible investment

The Trustees have considered their approach to environmental, social and corporate governance ("ESG") factors for the long-term time horizon of the Life Stage Strategy – Cash Target 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 underlying Investment Managers. The Trustees require the Trust'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 their Investment Consultant on the extent to which 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 Life Stage Strategy – Cash Target is invested 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 these investments to the Investment Managers and encourages 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.

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 Trust, although they have neither sought nor taken into account the beneficiaries' views on risks including (but not limited to) ethical, social and environmental impact. The Trustees are open to understanding the views of members and, at the Trustees' discretion may amend this Statement accordingly.

Further details in relation to the Trustees' ESG and Climate Policy are specified in the ESG and Climate Policy document.

05 Risk measurement and management

The Trustees recognise a number of risks involved in the investment of the assets of the Life Stage Strategy – Cash Target. The Trustees measure and manage the risks as follows:

Strategic risk - the risk of not maintaining the real purchasing power of assets is addressed through the use of a growth orientated fund.

Market risk - the risk of exposure to volatile markets, which may be less acceptable to some members, particularly near retirement, is largely addressed through the use of funds which invest in multi sector credit and corporate bonds for a proportion of assets based on the member period to retirement.

Manager risk - the risk of an Investment Manager failing to meet the stated objectives is addressed through the use of predominantly passively managed funds. In monitoring the performance of the Investment Managers the Trustees measure the performance of the vehicles in which they are invested, the returns relative to benchmark and objective and the volatility of returns. 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 multi sector credit and corporate bonds, the Trustees will review the risks of the underlying assets comprising the portfolio;

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 Life Stage Strategy – Cash Target can invest (see section 3).

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 – this 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 Manager and/or the Investment Platform Provider.

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

Fraud/Dishonesty – this is addressed through restrictions applied as to who can authorise transfer 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. In accordance with XPS Administration's ISO 27001:2013 accredited Quality Management System, every event is recorded, and documentary evidence retained as part of an audit trail.

06 Realisation of assets and investment restrictions

Realisation of investments

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 which are not readily realisable are held within the Life Stage Strategy – Cash Target and will limit such assets to a level where they are not expected to prejudice the proper operation of the Trust.

The Trustees have considered how easily investments can be realised for the types of assets in which Life Stage Strategy – Cash Target is currently invested. As such, the Trustees believe that the Life Stage Strategy – Cash Target currently holds an acceptable level of readily realisable assets. The Trustees will also consider how easily investments can be realised for any new investment classes they consider including within the Life Stage Strategy – Cash Target, to ensure that this position is maintained in the future.

Investment Restrictions

The Trustees have established the following investment restrictions:

- The Trustees may not hold in excess of 5% of the Trust'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 Life Stage Strategy – Cash Target overall exposure to risk can be reduced through temporary borrowing, e.g. during an asset transfer.
- The Trustees will ensure that the assets of the Life Stage Strategy – Cash Target are predominantly invested in regulated markets to maximise the security of the members' entitlements.
- 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 the mandate given to the underlying Investment Manager.

07 Investment Manager Arrangements and fee structure

Delegation to Investment Manager(s)

In accordance with the Act, the Trustees, in the selection of the Life Stage Strategy – Cash Target investments, delegated to one or more Investment Managers the responsibility for investing the Life Stage Strategy – Cash Target assets in a manner consistent with this Statement.

The Investment Managers are authorised and regulated to provide investment management services to the Trust. Within the UK, the authorisation and regulation of the Investment Managers falls under the Financial Conduct Authority (FCA). Specific products in which the Trust invests may also be regulated by the Prudential Regulatory Authority (PRA). *

Where Investment Managers are delegated discretion under section 34 of the Pensions Act 1995, the Investment Managers will exercise their investment powers with a view to giving effect to the principles contained in this Statement so far as reasonably practicable. In particular, the Investment Managers must have regard to the suitability and diversification of the investments made on behalf of the Trust.

The Investment Managers will ensure that suitable internal operating procedures are in place to control individuals making investments for the Life Stage Strategy – Cash Target.

*For non-UK Investment Managers who previously provided services under the EU passporting regime (where regulation was undertaken by the home state regulator), the temporary permissions regime established by the UK Government post Brexit allows firms to continue operating in the UK for a limited period of time while applying for full authorisation in the UK.

Performance objectives

The individual benchmarks and objectives against which each pooled fund is assessed are available to members either in the fund factsheets or in the Investment Strategy and Implementation Document (ISID), available on request.

Review process

Appointments of Investment Managers are expected to be long term. The Trustees will review the appointment of the Platform Provider and the Investment Managers selected from those available on the Investment Platform in accordance with their responsibilities.

In respect of the Platform Provider, such reviews will include an analysis of the Platform Provider's processes, the range and ongoing suitability of the funds available on the Platform and the fee arrangements in place.

In respect of each Investment Manager, 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 policy in relation to the Life Stage Strategy – Cash Target.

The Trustees receive quarterly performance monitoring reports from the Investment Consultant which consider performance over the quarter, and one- and three-year periods. 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 meetings of the Trustees as requested.

The Investment Consultant will carry out reviews of how well ESG factors are incorporated into each Investment Manager's processes when required and the Trustees will re-assess progress on ESG issues periodically.

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 and in line with providing value for members.

(De)selection 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;

Statement of Investment Principles relating to the default arrangement – Life Stage Strategy – Cash Target continued

- 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 the Investment Strategy Implementation Document (ISID).
- 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.

The Trustees may also select/ deselect funds according to the availability on the chosen investment platform.

Portfolio Turnover

The Trustees requires the Platform Provider to report on actual portfolio turnover at least annually, including details of the costs associated with turnover, including those within the underlying funds, how turnover compares with the range that the Platform Provider expects and the reasons for any divergence.

Fee Structures

Investment Platform Provider

The Investment Platform Provider is remunerated by receiving a proportion of the Trust's assets under management. Details of the fees applicable for each fund are set out in the ISID.

Investment Managers

The Investment Managers are remunerated out of the fees charged by the Platform Provider. It is felt that this approach is appropriate as it enables the Trustees to gain access to a range of funds which would otherwise prove to be inaccessible on cost and minimum investment criteria.

Investment Consultant

The Investment Consultant is remunerated indirectly through a proportion of the administration fees charged at member level which cover the funders operational expenses. This enables the Investment Consultant to provide the necessary advice and information to facilitate the Trustees undertaking their responsibilities as described in Section 2.

08 Compliance Statement

Confirmation of advice

Before a Statement of Investment Principles, as required by the Pensions Act 1995, is prepared or revised by the Trustees of a pension scheme, they must have consulted with the Trust's Sponsor and obtained and considered the written advice of a person who is reasonably believed by them 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 Trusts.

The Investment Consultant hereby confirms to the Trustees that they have the appropriate knowledge and experience to give the advice required by the Act and has provided the necessary written advice to the Trustees. The Investment Consultant also confirms that they are regulated and authorised to provide such advice.

Trustees' declaration

The Trustees confirm that this Statement of Investment Principles reflects the Investment Strategy they have decided to implement for the Life Stage Strategy – Cash Target. The Trustees acknowledge that it is their responsibility, with guidance from the Investment Consultant, to ensure the assets of the Life Stage Strategy – Cash Target are invested in accordance with these Principles.

The Trustees having agreed changes to the Default Arrangement(s) and their aims and objectives at a meeting on 8 December, the implementation will take effect from March 2022.

Signatures

On behalf of XPS Investment Limited

Jonathan Lawlor

Jonathan Lawlor AIA

Senior Consultant - Investment

Date 24/12/2021

On behalf of the Trustees

Ian Davies

Date: 23/12/2021

Appendix I
Investment Structure and components of the Life Stage Strategy – Cash Target

The Trustees have adopted a strategy focused on climate transition and sustainability. In particular, the strategy invests in a global equity fund that tracks the Transition Pathway Initiative (TPI) index and the multi-sector credit and corporate bond funds. These funds have been selected by reference to their sustainability credentials as well as their appropriateness for and capability of meeting the Trustees' long-term objectives for the Life Stage Strategy – Cash Target.

This strategy is invested according to a member's period to State Pension age (SPA) as follows:

- For members more than 21 years before SPA, 100% of their funds are invested in the NPT Growth Fund.
- From 21 years to 12 years prior to SPA, their funds are gradually moved into the NPT Consolidate Fund .
- From 12 years until 3 years prior to SPA, the funds are gradually switched into the NPT Retirement Fund.
- From 5 years prior to SPA, the funds are gradually switched into the Multi Sector Credit Fund.

The allocation for the underlying funds are as follows:

NPT Growth Fund

100% Global Equities (tracking the FTSE TPI Climate Transition Index)

NPT Consolidate Fund

80% Global Equities (tracking the FTSE TPI Climate Transition Index)

20% Multi Sector Credit (specifically targeting UN Sustainable Development Goals)

NPT Retirement Fund

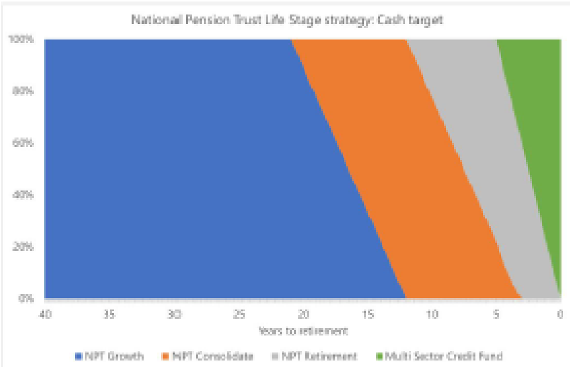
40% Global Equities (tracking the FTSE TPI Climate Transition Index)

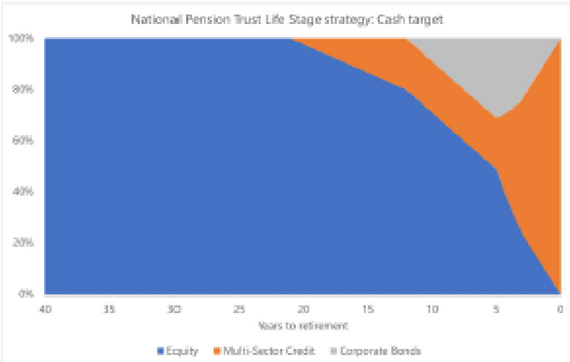
20% Multi Sector Credit (specifically targeting UN Sustainable Development Goals)

40% Sterling denominated Corporate Bonds (tracking a customised index applying broad ESG tilts and screenings)

Multi Sector Credit Fund

100% Multi Sector Credit (specifically targeting UN Sustainable Development Goals)





Appendix F

Statement of Investment Principles relating to the default arrangement – Temporary Holding Strategy

01 Introduction

Purpose

This Statement describes the investment policy of the Trustees of the Trust in relation to the Temporary Holdings Strategy Default Arrangement and is issued by the Trustees to comply with the Act and the Regulations. It supersedes the previous Statement and has been updated following changes to the Regulations. The wording of the Statement was agreed by the Trustees in September 2020.

Trust details

The exclusive purpose of the Trust 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

Before preparing this Statement, the Trustees have sought advice from the Trust'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

The Trust's Trust Deed and Rules sets out the investment powers of the Trustees. This Statement is consistent with those powers. Neither this Statement nor the Trust Deed and Rules restrict 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 Trust invests to the Investment Managers.

Review of the Statement

The Trustees will review this Statement and their investment policy at least every three years; or immediately following any significant changes in investment policy; or following any significant change in the demographic profile of Relevant Members.

The Trustees will also review this Statement in response to any material changes to any aspect of the Trust, its liabilities, finances and attitude to risk of either the Trustees or Principal Employer which they judge to have a bearing on the stated investment policy.

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

Definitions

Capitalised terms in this document mean the following:

Act - The Pensions Act 1995 (as amended by section 244 of the Pensions Act 2004)

Default Arrangement - The investment strategy as determined by the Trustees where monies will be invested for those members who do not make their own investment determination.

Investment Manager - A person or organisation appointed by the Trustees to manage investments on behalf of the Trust.

Investment Consultant - A person or organisation appointed to advise on investment issues for the Trust.

Investment Platform Provider - A single provider offering access to a wide variety of underlying pooled investment funds which may be managed by different Investment Managers

Principal Employer - XPS Pensions Consulting Limited

Regulations – The Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Charges and Governance) Regulations 2015.

Relevant Member – Any member or beneficiary who is in a Default Arrangement

Trust - The National Pension Trust

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

Trustees - The group of individuals who are responsible for the investment of the Trust's assets and managing the administration of the Trust

Administrator - The organisation appointed by the Trustees to maintain membership records

02 Division of responsibilities

The Trustees are accountable for all aspects of the Trust's investments. However, as permitted within the Trust Deed and Rules, the Trustees have delegated some of the decision making powers and other responsibilities as set out below.

Trustees

The Trustees have retained the following responsibilities and powers for themselves:

- The content and the reviewing of this Statement.
- Reviewing the investment policy.
- Appointing the Investment Platform Provider and assessing its ongoing suitability in this role.
- Selecting suitable investment vehicles for the Default Arrangement.
- Assessing the performance and investment process of the Investment Managers.
- Consulting with the Principal Employer when reviewing investment policy issues.
- Monitoring compliance of the investment arrangements with this Statement on an ongoing basis.

In addition, the Trustees of the Trust will make decisions relating to the Trust's investments, including issues such as:

- The kinds of investments to be held.
- The balance between different kinds of investments.
- The types of risk these investments may expose members to; and the types of risk these may afford members protection against.
- The Investment Manager arrangements.
- The performance target of the Investment Managers.

Investment Consultant

The Investment Consultant's responsibilities include:

- Participating with the Trustees in regular reviews of this Statement, and in the review of investment related issues as described in this Statement.
- Undertaking project work as required including reviews of the range of assets covered by the investment options available to members and reviews or selection of Investment Managers and/or the Investment Platform Provider.

Investment Platform Provider

The Investment Platform Provider's responsibilities include:

- Providing a range of investment funds from which the Trustees are able to select a subset of funds to make available to members, consistent with the policy as set out in this Statement.
- Enabling the Trustees to select from the range of Investment Managers through the creation of funds which themselves invest in or are reinsured into underlying vehicles or portfolios managed by the Investment Managers.
- Blending or white labelling funds as appropriate/requested by the Trustees.
- Appointing a Custodian. For pooled assets, the Custodian is invariably appointed by the Investment Managers on behalf of the pooled fund as a whole. However, a separate Custodian may be appointed to provide the above services on behalf of the Investment Platform Provider.
- Providing the Trustees with the reporting that would otherwise be expected from the Investment Managers:
  - Regular portfolio valuations and performance information along with a report, at least annually, on actions and future intentions and any changes to the processes, objectives and guidelines applied to their management of the Trust's assets to enable the Trustees to review their Investment Managers' activities.
  - Where appropriate, reporting in person at a Trustees' meeting at least annually or through documentation agreed between the two parties.

Statement of Investment Principles relating to the default arrangement – Temporary Holding Strategy
continued

Investment Managers

Each Investment Manager's responsibilities will include:

- Investing in diversified portfolios of assets suitable for pension schemes in accordance with any guidelines given by the Trustees or the Investment Platform Provider.
- At their discretion, but in accordance with any guidelines given by the Trustees or the Investment Platform Provider, implementing changes in the asset mix and selecting individual securities and financial instruments within each asset class.
- Exercising, where appropriate, the rights attached to the underlying shareholdings so as to protect and enhance the long-term value.

Custodian

Each Custodian's responsibilities include some or all of the following:

- The safekeeping of all of the assets of the Trust.
- Providing the Investment Managers and/or the Investment Platform Provider with statements as required of the assets, cashflows and schedules of transactions.
- Undertaking all appropriate administration relating to the Trust's assets.
- Processing all dividends and tax reclaims in a timely manner.
- Dealing with corporate actions.

Record keeping of the Trust's entitlement within the pooled fund is the responsibility of the pooled fund administrator or registrar.

Member records are held by the Trust's Administrator.

03 Strategic investment policy and objectives

Choosing investments

The Trustees rely on professional Investment Managers for the day-to-day management of the Trust'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 with the individual funds accessed through an investment platform. Decisions about the particular pooled investment vehicles used within the Default Arrangement 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 Investment Consultant will have the knowledge and experience required under Section 36(6) of the Act.

Long-term objectives

The Trustees' long-term objectives in respect of the Default Arrangement is to provide Relevant Members with a low risk investment strategy that, can be used as a vehicle in which their contributions can be invested (unless a Relevant Member makes an investment choice in relation to their specific contributions) when a self select fund becomes unavailable or has a dealing suspension. The Trustees have therefore selected the Default Arrangement:

- In the best interests of members
- In a manner calculated to ensure their security, quality, and liquidity.

The Trustees recognise that the Temporary Holdings Strategy directly impacts the Trust's members and their expectation for their retirement provision.

The Trustees have set two investment objectives:

Fiduciary - To ensure members are offered an appropriate investment vehicle and guidance on its suitability.

Stability - By investing in a way that affected contributions do not lose monetary value (gross of fees) over the short term.

Expected returns

By undertaking the investment policy described in this Statement, the Trustees anticipate that the Default Arrangement and the associated future absolute investment returns will allow members to maintain the monetary value of their contributions during the period in which their chosen strategy remains unavailable or until they make an investment choice in relation to their specific contributions.

The Trustees anticipate that the returns in the Temporary Holdings Strategy will provide a low level of return but with a high level of capital protection. It is anticipated that the suspension of the affected fund will not be indefinite and the Trustees are reviewing this strategy on a regular basis.

Investment Policy

The investment policy for the Temporary Holdings Strategy is to provide a suitable vehicle for member contributions to be invested in when a self select fund becomes unavailable or has a dealing suspension. The specific policy for this Default Arrangement will vary, depending on the specific self select fund concerned.

Range of assets

The Default Arrangement will invest in real and/or monetary assets depending on the self select vehicle it is substituting.

The Trustees will ensure that the Default Arrangement holds a suitable diversified range of securities, avoiding an undue concentration of assets. In addition, the Trustees will ensure the Default Arrangement is otherwise suitable to meet the investment objectives as set out in Appendix I.

Incentives to align Investment Managers' investment strategy and decisions with the trustees' policies

Based on the structure set out in Appendix I, the Trustees consider the arrangement with the Platform Provider and Investment Managers to be aligned with the Default Arrangement's overall strategic objective. Details of the specific mandate are set out in agreements and pooled fund documentation with the Investment Platform Provider and each underlying 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, within any scope given to them through asset allocation parameters set by the Trustees or

Statement of Investment Principles relating to the default arrangement – Temporary Holding Strategy continued

governing the pooled funds in which the Default Arrangement is invested.

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

The Platform Provider and Investment Managers are incentivised to perform in line with expectations for their specific mandate as their continued involvement as Platform Provider and Investment Managers as part of the Default Arrangement'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 7.

Incentives for the Investment Manager to make decisions based on assessments about medium to long-term financial and nonfinancial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term

The Trustees encourage the Platform Provider and Investment Managers to make decisions in the long-term interest of the Default Arrangement. 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 the Platform Provider and Investment Managers to mitigate risk and improve long term returns. As covered in more detail in Section 4, the Trustees also require the Platform Provider and 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 the Platform Provider and Investment Managers, accordingly

04 Responsible investment

The Trustees have considered their approach to environmental, social and corporate governance ("ESG") factors for the long term time horizon of the Default Arrangement 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 Investment Managers. The Trustees require the 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 their Investment Consultant on the extent to which 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.

Additional information on the Trustees' policy in relation to the exercise of rights (including voting rights) attaching to investments and undertaking engagement activities in respect of the investments (e.g. the approach to monitoring investment managers over how they take into account performance, strategy, capital structure, management of actual or potential conflicts of interest and ESG issues in relation to issuers of debt or equity)

As the Default Arrangement invests in a pooled fund, the Trustees acknowledge that they cannot directly influence the policies and practices of the companies in which the pooled fund invests. They have therefore delegated responsibility for the exercise of rights (including voting rights) attached to the Default Arrangement's investments to the Investment Managers and encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments. 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 and the investment mandate guidelines provided, then the Trustees may consider terminating the relationship with that Investment Manager.

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 Trust, although they have neither sought nor taken into account the beneficiaries' views on risks including (but not limited to) ethical, social and environmental issues. The Trustees will review this policy if any beneficiary views are raised in future

05 Risk measurement and management

The Trustees recognise a number of risks involved in the investment of the assets of the Default Arrangement. The Trustees measure and manage the 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 use of non-equity orientated funds.

Manager risk - the risk of an Investment Manager failing to meet the stated objectives is addressed through the use of passively managed funds where appropriate. In monitoring the performance of the Investment Managers, the Trustees measure the performance of the vehicles in which they are invested, the returns relative to benchmark and objective and the volatility of returns. In addition, the Trustees will regularly review each Investment 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 bonds, the Trustees will review the risks of the underlying assets comprising the portfolio;
- for cash, The Trustees will review the risk through the type of cash instruments held and the term of these 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 Default Arrangement can invest (see section 3).

Political risk –the risk of an adverse influence on investment values from political intervention is reduced by diversifying the assets across many countries, where appropriate for a specific asset class.

Custodian risk – this 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 Manager and/or the Investment Platform Provider.

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

Fraud/Dishonesty – this is addressed through restrictions applied as to who can authorise transfer 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. In accordance with XPS Administration's ISO 9001:2015 accredited Quality Management System, every event is recorded and documentary evidence retained as part of an audit trail.

06 Realisation of assets and investment restrictions

Realisation of investments

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 held within the Default Arrangement are not readily realisable and will limit such assets to a level where they are not expected to prejudice the proper operation of the Trust.

The Trustees have considered how easily investments can be realised for the types of assets in which the Default Arrangement is currently invested. As such, the Trustees believe that the Default Arrangement 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 classes they consider including within the Default Arrangement, to ensure that this position is maintained in the future.

The Trustees will hold cash to the extent that they consider necessary to meet impending anticipated liability outflows. A bank account is used to facilitate the holding of cash awaiting investment or payment.

Investment Restrictions

The Trustees have established the following investment restrictions:

- The Trustees may not hold in excess of 5% of the Trust'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 Default Arrangement's overall exposure to risk can be reduced through temporary borrowing, e.g. during an asset transfer.
- The Trustees will ensure that the Default Arrangement's assets are predominantly invested in regulated markets to maximise the security of the members' entitlements.
- 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.

07 Investment Manager Arrangements and fee structure

Delegation to Investment Manager(s)

In accordance with the Act, the Trustees, in the selection of Default Arrangement, delegated to one or more Investment Managers the responsibility for investing the assets of the Default Arrangement in a manner consistent with this Statement.

The Investment Managers are authorised and regulated to provide investment management services to the Trust. Within the UK, the authorisation and regulation of the Investment Managers falls under the Financial Conduct Authority (FCA). Specific products in which members invest 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 Default Arrangement..

Performance objectives

The individual benchmarks and objectives against which each fund held under the Default Arrangement is assessed are given in Appendix II.

Review process

The duration of the arrangement with the asset manager

Appointments of the Platform Provider and Investment Managers are expected to be long-term, but the Trustees will review the appointment of the Platform Provider and Investment Managers in accordance with their responsibilities.

In respect of the Platform Provider, such reviews will include an analysis of the Platform Provider's processes, the range and ongoing suitability of the funds available on the Platform and the fee arrangements in place.

The Trustees will review each Investment Manager by reference to their performance and process 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 policy in respect of the Default Arrangement.

How the method (and time horizon) of the evaluation of the asset manager's performance and the remuneration for asset management services are in line with the trustees' policies

The Trustees receive quarterly performance monitoring reports from the Investment Consultant which consider performance over the quarter, one and three year periods. 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 for the Default Arrangement. If there are concerns, the Trustees may carry out a more in-depth review of a particular Investment Manager. The Investment Platform Provider will also attend meetings with the Trustees.

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 investment

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.

Portfolio Turnover

How the trustees monitor portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range

The Trustees require the Platform Provider to report on actual portfolio turnover at least annually, including details of the costs associated with turnover, including those within the underlying funds, how turnover compares with the range that the Platform Provider expects and the reasons for any divergence.

Fee Structures

Investment Platform Provider

The Investment Platform Provider is remunerated by receiving a proportion of the Default Arrangement's assets under management. Details of the fees applicable for each fund are set out in the Appendix.

Investment Managers

The Investment Managers are remunerated out of the fees charged by the Platform Provider. It is felt that this approach is appropriate as it enables the Trustees to gain access to a range of funds which would otherwise prove to be inaccessible on cost and minimum investment criteria.

Investment Consultant

The Investment Consultant is remunerated by a combination of fixed fees and work completed on a project-fee or time-cost basis. It is felt that this method of remuneration is appropriate because it enables the Investment Consultant to provide the necessary advice and information to facilitate the Trustees undertaking their responsibilities as described in Section 2.

08 Compliance Statement
Compliance Statement

Confirmation of advice

Before a Statement of Investment Principles, as required by the Pensions Act 1995, is prepared or revised by the trustees of a pension scheme, they must have consulted with the principal employer and obtained and considered the written advice of a person who is reasonably believed by them 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 Trusts.

The Investment Consultant hereby confirms to the Trustees that they have the appropriate knowledge and experience to give the advice required by the Act and has provided the necessary written advice to the Trustees. The Investment Consultant also confirms that they are regulated and authorised to provide such advice.

Signatures

On behalf of XPS Investment Limited

Jonathan Lawlor AIA

Senior Consultant - Investment

Date: 29 September 2020

Trustees' declaration

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

Signature

On behalf of the Trustees

Ian Davies, Director Hudson Trustees Limited

Print Name:

Date: 29th September 2020

Appendix I
Investment structure and components

Temporary Holdings Strategy

This Default Arrangement has been established in order to invest monies in respect of self select members where one or more self select funds become unavailable or there is a suspension of unit transactions. The investment strategy for this Default Arrangement will vary depending on the nature of the self select fund concerned. The current strategy for this Default Arrangement is as follows:

- 100% Cash Fund

Cash Fund

The Fund invests in Sterling-denominated transferable money market instruments which include short term debt securities and notes (including for example, certificates of deposit, commercial paper, government bonds, supranational bonds, floating and variable rate notes).

The Fund seeks to limit its weighted average maturity to 60 days and weighted average final maturity to 90 days, providing strict controls on interest rate and market risk.

The benchmark that has been selected to compare the performance of the Fund is 7 Day Sterling LIBID.

The Fund is actively managed.

Appendix II
Investment Manager fund selections and fees

The Trustees have selected Legal & General Investment Management to be the Investment Platform Provider for the Trust.

The Trustees use the following Investment Manager fund selections from the funds available on the Platform.

Those funds with more than one underlying fund are rebalanced back to the benchmark using cashflows or on a daily or quarterly basis.

Cash Fund (Fee = 0.11 %)

100% LGIM Sterling Liquidity Fund

Fee is inclusive of Additional Fund Expenses

Fee updated as at September 2020.