

TAYTO GROUP LIMITED PENSION SCHEME

STATEMENT OF INVESTMENT PRINCIPLES

1. INTRODUCTION

This Statement of Investment Principles (“this Statement”) has been prepared by the Trustees of the Tayto Group Limited Pension Scheme (“the Scheme”) in accordance with:

- the Pensions (Northern Ireland) Order 1995,
- the Occupational Pension Funds (Investment) Regulations (Northern Ireland) 2005, as amended by the Occupational Pension Schemes (Charges and Governance) Regulations (Northern Ireland) 2015; and
- subsequent legislation

This document outlines the principles governing the investment policy of the Scheme and the activities undertaken by the Trustees to ensure the effective implementation of these principles.

In preparing this Statement, the Trustees have obtained and considered written advice from a suitably qualified individual and consulted with the Sponsoring Employer.

The Scheme is a registered pension scheme which provides benefits on a Defined Contribution basis.

2. INVESTMENT OBJECTIVES

Members of the Scheme can choose between two investment options: Lifestyle (which is also the option used for members who make no choice) and Self-select.

The Trustees believe that the items discussed in this Statement are in relation to financially material considerations. The Trustee believes the appropriate time horizon for which to assess these considerations within should be viewed at a member level. This will be dependent on the member’s age and when they expect to retire.

Lifestyle

The objective of the Lifestyle option is to maximise the potential for growth and secure as large as possible an income for retiring members, whilst managing the different risks that apply at the different stages of members’ working lifetimes. This is achieved by the orderly transition of a member’s savings to less risky asset classes as the member ages towards retirement, as detailed in Appendix B. Members are able to choose between four different options for the growth phase of the lifestyle. All lifestyle options then de-risk into assets aiming to more closely match the movement of annuity prices. If members make no decision they will be invested into a lifestyle option which allocates to a diversified growth fund in the growth phase.

Self-select

Within the Self-select investment option, a range of funds selected by the Trustees are offered. The objective is to provide members with access to a broad spread of investment opportunities to enable them to follow a suitable investment strategy based on their own risk profiles at different times in their life. By choosing this option, members are able to invest their savings in the proportions that they wish, in any combination of the available funds. The Trustees aim to ensure that members have sufficient information to allow an appropriate choice to be made. However, in order to avoid confusing Scheme members and moderate the administrative burden to the Scheme, the number of investment options available to members will be limited.

3. INVESTMENT DECISIONS

The Trustees are responsible for ensuring that they take investment decisions having regard to the need for diversification of investments and to the suitability to the Scheme of both the investment asset classes and the underlying investments. Trustees must also take suitable written advice before setting an investment strategy and on an ongoing basis to ensure the continuing suitability of their investments.

The Trustees will obtain advice from their investment adviser, who can provide expert advice enabling the Trustees to choose investment vehicles that can fulfil the Scheme's investment objectives. In the Trustees opinion, this is consistent with the requirements of Section 36 of the Pensions (Northern Ireland) Order 1995. The Trustees also refer to this Statement before making any investment decisions.

The Trustees decide whether to offer members a choice of investments and if so what range of funds to offer, and what funds to invest in for members who do not specify a choice. The Trustees have decided that members can choose between two investment options: Lifestyle (which is also the option used for members who make no choice) and self-select. If members do not make a choice the Trustees have designed a default investment option in which these members will be invested. More details on this option are provided in Section 4 of this Statement.

The Trustees are confident that their decision making in respect of the Scheme is effective and review their process regularly.

4. DEFAULT INVESTMENT OPTION

The Trustees recognise that many members may not wish or feel able to make investment decisions. As such, the Trustees have made available a default investment arrangement. The default investment arrangement has two phases: the accumulation phase and the consolidation phase. When a member is younger, their account is invested in funds that aim for long-term growth (accumulation phase) in excess of inflation. As the member approaches retirement, their account is switched automatically into funds that aim to target the purchase of a fixed level annuity and the withdrawal of tax-free cash (the consolidation phase).

4.1 Aims and objectives

The aims of the default option, and the ways in which the Trustees seek to achieve these aims are detailed below:

- To generate returns in excess of inflation during the growth phase of the strategy whilst managing downside risk.

The default option's growth phase invests 100% of members' account in a Diversified Growth Fund. This fund is expected to provide long-term growth with some protection against inflation erosion and an element of diversification to reduce volatility and downside risk.

- To provide a strategy that reduces investment risk (relative to annuity purchase and tax-free cash benefits) for members as they approach retirement.

As a member's account grows, investment risk will have greater impact on member outcomes. Therefore, the Trustees believe that a strategy that seeks to reduce investment risk as the member approaches retirement is appropriate. Moreover, as members approach retirement, the Trustees believe the primary aim should be to provide protection against a mismatch between asset values and the expected costs of retirement benefits.

In view of the above, the Trustees consider the level of risk within the default option in the context of the variability of returns relative to fixed level annuity rates/prices and cash rates.

The default Lifestyle Option therefore aims to reduce volatility near retirement via automated switches over a nine-year period to a member's selected retirement date. Investments are gradually switched from growth-oriented assets into a combination of a specialist pre-retirement fund (to broadly match short-term changes in the price of fixed level annuities) and a cash fund for capital preservation purposes.

- To provide exposure at retirement to assets that are broadly appropriate for an individual planning to use their savings in the Scheme to buy a fixed level annuity and to take a 25% tax-free cash lump sum at retirement.

At the member's selected retirement date, 75% of the member's assets will be invested in a specialist pre-retirement fund and 25% in a cash fund.

4.2 Policies in relation to the default option

The Trustees' policies in relation to the default option are:

- The default option manages investment risks through a diversified strategic asset allocation consisting of diversified growth funds, bonds and cash. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members.
- In designing the default option, the Trustees have explicitly considered the trade-off between expected risk and return. This is the main consideration when determining the balance between different kinds of investments.

- The Trustees have also taken into account the needs of members with regards to security, quality, liquidity and profitability of a member's portfolio as a whole. The Trustees have designed the default option taking account of the assets in the default.
- Assets in the default option are invested in daily traded pooled funds, which hold liquid assets. The pooled funds are commingled investment vehicles, which are managed by AEGON. The selection, retention and realisation of assets within the pooled funds are delegated to AEGON in line with the mandates of the funds.
- Likewise, AEGON have full discretion (within the constraints of their mandates) on the extent to which social, environmental or ethical considerations are taken into account in the selection, retention and realisation of investments.

4.3 Suitability of the default

Based on their understanding of the Scheme's membership, the Trustees believe that the above objectives and policies reflect members' best interests. The rationale underpinning this belief is as follows:

- The Trustees believe that most members save into a pension scheme to achieve a stable income in retirement. The targeting of an annuity purchase at retirement during the consolidation phase is aligned with that objective. This does not mean that members have to take their benefits in this format at retirement - it merely determines the investment strategy that will be in place pre-retirement.
- The default option is aimed largely at members who do not wish to make investment decisions. Again, the Trustees believe that an annuity purchase providing a secure income at retirement is likely to be the preferred course for many such members, as opposed to say income drawdown, which requires more intensive investment governance during retirement.
- Members seeking an adequate income in retirement will likely need to achieve real investment returns for most of their period as pension savers. The use of a Diversified Growth Fund with significant weightings in global equities during the accumulation phase addresses that requirement.

The Trustees intend to monitor members' decisions and other inputs from time to time to ensure that the default option remains suited to their needs. A strategic review will take place at least triennially, or after significant changes to the Scheme's demographic, if sooner.

5. INVESTMENT ADVISER

The Trustees have appointed an independent investment adviser to the Scheme. The investment adviser will provide advice as and when the Trustees require it, as well as highlighting any investment related issues of which the Trustees should be aware.

The Trustees measure the performance of their investment adviser on an on-going basis in a qualitative way.

The Scheme's investment adviser is regulated by the Financial Conduct Authority ("FCA") in the conduct of their investment business.

6. INVESTMENT MANAGER

The Trustees have delegated the management of the Scheme's assets to the investment manager detailed in Appendix A. The investment manager has discretion over the day to day management of the Scheme's assets, including short term asset allocation and stock selection, within the confines of this Statement.

The Scheme's investment manager is regulated by the FCA in the conduct of their investment business.

7. REMUNERATION OF ADVISERS AND FUND MANAGER

The Scheme's investment, legal and professional advisers have been appointed by the Trustees and are remunerated on a fee basis. Neither the Scheme nor its advisers receive any commission for the recommendations or advice given to the Trustees. It is believed that this is the most appropriate method to maintain objective and independent advice.

The investment manager is remunerated through an annual management charge expressed as a percentage of assets under management. The investment manager's annual management charges are detailed in Appendix A. The fee structure was considered by the Trustees as part of the manager and fund selection process and will be reviewed from time to time.

Current practice is that members pay the annual management charge on their own investments. This occurs automatically via the pricing of the fund units.

All other costs for administering the Scheme, including the provision of advice, are met by the Sponsoring Employer.

8. INVESTMENTS

8.1 Types of investments to be held

The Trustees have chosen pooled funds as vehicles for the investment of the Scheme members' monies for the following reasons:

- Simplification of administration;
- Transparency to members of the value of their savings;
- To provide greater diversification and choice compared to segregated funds which may suffer from minimum size constraints.

The range of funds used is listed in Appendix A. The fund range offered includes diversified growth funds, global equities, balanced (multi-asset) funds, money market instruments, pre-retirement funds, property and index-linked gilts. The funds are a mix of both actively and passively managed, depending on asset class.

The Trustees believe that appropriate benchmarks for performance measurement have been identified for each of the Scheme's funds. The benchmarks chosen are set out in Appendix A.

The Trustees also regularly review the range of funds offered and their continued suitability on a not less than annual basis.

From time to time, the Trustees may review the principal underlying assets of the Scheme's chosen funds.

The retention of the fund manager and the inclusion of any particular fund in the range offered to members through the lifestyle programme are reviewed following:

- i) Any significant event at the investment house.
- ii) Any takeover activity involving the investment house.
- iii) A fund breaches its mandate.
- iv) Significant underachievement of the long term investment objective or exceeding the risk profile.

8.2 Expected return on investments

The Trustees consider the range of funds offered to be appropriate for the Scheme having regard to the profile of its membership and the Scheme's overall investment objectives. When self-selecting, members are able to make their own investment decisions. The balance between different kinds of investments will determine the expected return on their assets and should be related to the member's own risk appetite and tolerance.

- Equities and diversified growth options are expected to produce returns in excess of both salary and price inflation over the long term and property is expected to produce returns in excess of price inflation over the long term. These types of funds are therefore deemed to be more appropriate vehicles to enhance the real value of the assets of the younger members of the Scheme, over the long term, which is a fundamental objective of the Trustees' investment policy.
- Bonds are expected to provide protection against the short term fluctuations of the stock market and the conversion of the members accumulated savings into an annuity upon retirement, which is another objective of the Trustees' investment policy.
- Balanced funds have the discretion to gain exposure to equities (both UK and overseas), bonds and cash as they see fit. Over the long term, balanced funds would be expected to produce returns between those expected from equities and bonds.
- Cash is expected to provide lower returns than equities with a correspondingly low risk profile, and is expected to be a suitable 'match' for tax-free cash lump sum benefits for retiring members. It is therefore deemed to be more suitable for members approaching retirement.

All of these funds are pooled and unitised, and further details of the full range can be found in Appendix A.

8.3 Attitude to risk

Defined contribution schemes place the investment risk with the individual scheme member. The Trustees have put in place a broad choice of asset types and funds to invest in, each with differing risk profiles, in order to meet the likely range of the individual member's attitude to risk.

The Lifestyle investment programme aims to reflect the changing need of members throughout their working career. The lifestyle investment option provides members with the opportunity for asset growth for those some way from retirement in exchange for a greater volatility in asset values, and potentially greater protection against volatility for those nearer to retirement, in exchange for potentially lower asset growth.

The transition between asset types is felt to strike an appropriate balance between risk and return. Details of the structure and the automatic process for movement between asset classes are detailed in the Scheme's Member Booklet.

The Lifestyle Matrix utilised by the Scheme can be found in Appendix B.

Members who do not make an investment choice are defaulted to the Lifestyle investment option because the Trustees believe it offers an appropriate balance between risk and reward during the membership of the Scheme.

Through the self-select option the Trustees offer a broad range of funds whose investment characteristics and risk profiles allow members to make their own decisions depending on their personal circumstances. Full details of the characteristics and risk profiles are published to members.

The Trustees have considered risk from a number of perspectives. In particular:

1. The risk that the investment return over members' working lives will not keep pace with inflation and does not, therefore, secure an adequate retirement benefit; in order to mitigate this risk, members are able to invest in funds that have exposure to assets which are expected to provide long term growth above inflation. The growth phase of the default investment strategy is expected to provide returns in excess of inflation.
2. Mismatch Risk - the risk that investment market movements in the period prior to retirement lead to a substantial reduction in the anticipated level of retirement benefit; The Trustees have made a "Lifestyle" approach available to members, which aims to reduce the mismatch between the members' investments and the cost of buying an annuity and retirement lump sum, by progressively switching from growth assets, such as equities, to cash and bonds as the member approaches retirement. The default investment strategy is such a lifestyle approach and the retirement destination is reviewed on a triennial basis.
3. Manager Risk - the risk that the investment vehicles in which members' assets are invested underperform their benchmarks; in order to mitigate this risk, the Trustees monitor the performance of investment managers on a regular basis.
4. Concentration Risk - the risk that the investment returns are affected by the concentration of investments in a single asset class / country / region; the range of funds enables diversification: by asset class (equity, bonds, and cash), by region within

some of the asset classes (global, UK, overseas) and within asset classes, through the use of diversified growth funds. The default investment strategy is considered to be sufficiently diversified in order to reduce this risk to an appropriate level for the typical member.

5. Liquidity Risk - The risk that the assets invested in by the Scheme do not provide the required level of liquidity. The funds available are daily-dealt and daily-priced pooled funds and therefore are expected to be sufficiently liquid to meet requirements.
6. Environmental, Social and Corporate Governance Risk - the risk that environmental (including climate change), social or corporate governance factors have a financially material impact on the return of the Scheme's assets. The management of these risks is the responsibility of the investment managers. See Section 8.6 for the Trustees' statement on responsible investment and corporate governance.

8.4 Realisation of investments

The Trustees' policy is to endeavour to ensure that the assets invested are sufficiently realisable to enable the Trustees to meet their obligations to provide benefits as they fall due. The Trustees are satisfied that the arrangements in place conform to this objective, but recognise that certain options, such as property, are less liquid.

8.5 Additional Voluntary Contributions

The range of investment options offered for additional voluntary contributions does not differ from the range offered for the investment of normal Scheme contributions.

The Trustees believe the range of funds offered to be appropriate for the investment of additional voluntary contributions. The Trustees sought advice from their professional advisers as to the suitability of these funds used for these contributions.

8.6 Socially Responsible Investment and Corporate Governance

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

The Trustees have given appointed investment managers full discretion in evaluating ESG factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. Manager's engagement policies are expected to include all relevant matters including performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance.

The Trustees consider how ESG, climate change and stewardship is integrated within investment processes in appointing new investment managers and monitoring existing investment managers. This is done using ESG ratings on funds provided by the Scheme's

investment consultant. These ratings represent the extent to which managers integrate ESG factors and active ownership into their core processes.

The Trustees have not set any investment restrictions on the appointed investment managers in relation to particular products or activities.

Member views are not explicitly taken into account in the selection, retention and realisation of investments. As the Scheme's assets are entirely invested in pooled arrangements the Trustees understand that their ability to impose any such restrictions is limited.

The investment manager can supply a record of the voting that they have undertaken on behalf of the Scheme to the Trustees, when requested.

9. THE TRUSTEE BOARD

A proportion of the Trustees of the Scheme have been appointed by the Sponsoring Employer, and are remunerated for their services as part of their employment duties.

A proportion of the Trustees of the Scheme have been nominated and elected by the other members of the Scheme and are similarly remunerated for their services as part of their employment duties.

10. ARRANGEMENTS WITH ASSET MANAGERS

The Trustees appoint investment managers based on their capabilities and, therefore the perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected. The Trustees look to their investment advisor for a forward looking assessment of a manager's ability to outperform over a full market cycle. The advisor's manager research ratings assist with due diligence and questioning managers during presentations to the Trustees and are used in decisions around selection, retention and realisation of manager appointments.

As the Trustees invest in pooled investment vehicles they accept that they have limited ability to influence investment managers to align their decisions with the Trustees' policies set out in this Statement. However, appropriate funds can be selected to align with the Trustees' overall investment strategy. If the investment objective of a particular fund changes, the Trustees will review the use of that fund to ensure it remains appropriate and consistent with the Trustees' wider investment objectives.

The Trustees expect investment managers to incorporate the consideration of longer term factors, such as ESG factors, into their decision making process where appropriate. Voting and engagement activity should be used by investment managers to discuss the performance of an issuer of debt or equity. The Trustees also consider the investment adviser's assessment of how each investment manager embeds ESG into its investment process and how the manager's responsible investment philosophy aligns with the Trustees' responsible investment policy. The Trustees will use this assessment in decisions around selection, retention and realisation of manager appointments.

The Trustees' focus is on longer-term performance but shorter-term performance is monitored to ensure any concerns can be identified in a timely manner. The Trustees review both absolute and relative performance against a portfolio or underlying investment manager's benchmark on a quarterly basis, including assessments of both shorter and longer time

horizons. The Trustees also rely upon Mercer's manager research capabilities. The remuneration for investment managers used by the Scheme is based on assets under management. The levels of member borne fees, which include investment manager fees, are reviewed annually as part of the annual value for members assessment to ensure they continue to represent value for members. If performance is not satisfactory, the Trustees may request further action be taken, including a review of fees.

Portfolio turnover costs for each of the funds are reviewed on an annual basis as part of the annual value for members assessment. The ability to assess the appropriateness of these costs is currently limited by the availability of data and the lack of industry-wide benchmarks. The Trustees will monitor industry developments in how to assess these costs and incorporate this in future value for members assessments. Importantly, performance is reviewed net of portfolio turnover costs.

The Trustees are long term investors. All funds are open-ended and therefore there is no set duration for manager appointments. The Trustees are responsible for the selection, appointment, monitoring and removal of the investment managers. The available fund range and Default Investment Option are reviewed on at least a triennial basis. The Trustees will cease using a fund if it is no longer considered to be optimal nor have a place in the default strategy or general fund range.

11. COMPLIANCE

The Trustees review their Statement of Investment Principles and Scheme compliance with legal requirements, best practice, the restrictions set out in the current Trust Deed and Rules (and amendments) and the IGG Principles as they apply to Defined Contribution schemes on a regular basis, with their professional advisers.

The Scheme's Statement of Investment Principles and annual report and accounts are available to members on request.

A copy of the Scheme's current Statement of Investment Principles is distributed to the Sponsoring Employer, the Scheme's investment manager and the Scheme's Auditor.

12. COMPLIANCE WITH THIS STATEMENT

The Trustees of the Scheme, the investment manager, and the Scheme's consultants Mercer (all of whom have been appointed by the Trustees), each have duties to perform to ensure compliance with this Statement. These are:

The **Trustees** will review this Statement on the advice of the Scheme's consultants every year or more frequently if circumstances dictate. If the Statement is revised, the Trustees will provide the investment manager with the revised Statement.

The **investment manager** of the Scheme will prepare quarterly reports to the Trustees including:

- a valuation of all investments held for the Scheme;
- records of all transactions together with a cash reconciliation; and

- a review of recent actions undertaken on behalf of the Scheme.

Mercer, the Scheme's consultants, will provide appropriate advice to allow the Trustees to review and update this Statement regularly.

13. REVIEW OF THIS STATEMENT

The Trustees will review this Statement in response to any material changes to any aspects of the Scheme, its liabilities, finances and the attitude to risk of the Trustees and the Sponsoring Company which they judge to have a bearing on the stated Investment Policy.

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

Date of Amendments

August 2014

August 2016

September 2019

September 2020

Signed

Date

APPENDIX A – DAY TO DAY MANAGEMENT OF THE ASSETS

The Scheme invests in the chosen funds via a policy of insurance issued by BlackRock Investment Management UK Limited (“BlackRock”). Members are currently permitted to invest in the following range of pooled funds.

DC BALANCED GROWTH (LIFESTYLE INVESTMENT OPTION)

Fund characteristics	The fund invests mainly in equities and to a lesser extent government securities, cash and other fixed interest investments, in the UK and overseas.
Benchmark	The benchmark will evolve over time to reflect market, industry and internal views and developments as to an appropriate asset mix for a broadly invested fund.
Investment objective	The fund's objective is to produce returns in excess of its benchmark by 1.0-1.5% p.a. over rolling three year periods
Charges	0.65% p.a.
Dealing Frequency	Daily

DC DIVERSIFIED GROWTH FUND (LIFESTYLE/SELF-SELECT INVESTMENT OPTIONS)

Fund characteristics	The fund focuses on getting the asset mix “right” in order to achieve the target return and therefore the fund holds a variety of different asset classes at anyone time.
Benchmark	The fund targets a consistent investment return of 3.5% p.a. above the Bank of England base rate.
Investment objective	To meet the benchmark above
Charges	0.65% p.a.
Dealing Frequency	Daily

DC UK GROWTH (SELF-SELECT INVESTMENT OPTION)

Fund characteristics	The fund invests mainly in UK equities.
Benchmark	FTSE All Share Index
Investment objective	The fund's objective is to produce returns in excess of its benchmark by 1.5% to 2.0% p.a. over a rolling 3 year period.
Charges	0.60% p.a.
Dealing Frequency	Daily

DC 60/40 GLOBAL GROWTH (LIFESTYLE INVESTMENT OPTION)

Fund characteristics	The fund invests around 60% in UK equities and 40% in overseas equities. The overseas equities are split between geographical regions with a fixed weight benchmark.
Benchmark	60% FTSE All Share Index and 40% Fixed Overseas Weights (13% Continental Europe, 13% North America, 7% Japan, 6% Pacific Basin, 1% Emerging Markets).
Investment objective	The fund's objective is to produce returns in excess of its benchmark by 1.0 – 1.5% p.a. over rolling three year periods.
Charges	0.60% p.a.
Dealing Frequency	Daily

60/40 GLOBAL EQUITY INDEX TRACKER (LIFESTYLE INVESTMENT OPTION)

Fund characteristics	The fund invests around 60% in UK equities and 40% in overseas equities using a range of their regional equity index funds.
Benchmark	The benchmark of the fund is 60% FTSE All Share Index, 13% FTSE W Americas Index, 13% FTSE W Europe (ex UK) Index, 7% FTSE W Japan Index and 7% FTSE W Pacific (ex Japan) Index.
Investment objective	The fund's objective is to capture the returns of its benchmark.
Charges	0.30% p.a.
Dealing Frequency	Daily

DC OVERSEAS EQUITY FUND (SELF-SELECT INVESTMENT OPTION)

Fund characteristics	The fund invests in overseas equities, using a global sector based approach to identify preferred companies in each industry.
Benchmark	FTSE W World ex UK Index (£).
Investment objective	The fund's objective is to produce returns in excess of its benchmark by 2.0% p.a. over a rolling 3 year period.
Charges	0.60% p.a.
Dealing Frequency	Daily

DC PRE-RETIREMENT (LIFESTYLE INVESTMENT OPTION)

Fund characteristics	The fund invests in long-dated government bonds (around 50%) and long-dated UK corporate bonds (around 50%).
Benchmark	50% FTA Over 15 Year Gilt Index and 50% ML Sterling Non Gilts AAA-AA Over 15 Year Index.
Investment objective	The fund's objective is to produce a return of 0.75% p.a. in excess of its benchmark, which is designed to reflect long term changes in immediate annuity prices.
Charges	0.30% p.a.
Dealing Frequency	Daily

DC PROPERTY (SELF-SELECT INVESTMENT OPTION)

Fund characteristics	The fund has a diverse exposure to a range of commercial property assets through investing in a number of underlying pooled property funds.
Benchmark	IPD All Balanced Property Funds Index.
Investment objective	The fund's objective is to produce a return in excess of its benchmark.
Charges	1.00% p.a.
Dealing Frequency	Daily

DC CASH (LIFESTYLE INVESTMENT OPTION)

Fund characteristics	The fund invests in sterling denominated cash, deposits and money market instruments
Benchmark	7 Day LIBID Rate.
Investment objective	The fund's objective is to produce a return in excess of its benchmark over rolling three year periods.
Charges	0.25% p.a.
Dealing Frequency	Daily

Frequency	
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DC INDEX LINKED GILT (LIFESTYLE/SELF-SELECT INVESTMENT OPTIONS)

Fund characteristics	The fund invests mainly in index-linked UK government bonds
Benchmark	FTA Over 5 Year Index Linked Index
Investment objective	The fund's objective is to produce a return in line with its benchmark.
Charges	0.30% p.a.
Dealing Frequency	Daily

APPENDIX B - STRUCTURE OF THE LIFESTYLE PROGRAMME

Lifestyle options

Up until nine years before the member's 65th birthday, a member electing for Lifestyling will have their savings invested in an equity fund, diversified growth fund or a balanced fund (depending on individual member preference). Individual members may choose between the BlackRock's 60/40 Global Equity Index Tracker Fund, DC 60/40 Global Growth Fund, DC Diversified Growth Fund or DC Balanced Growth Fund. Members who do not make an investment choice are defaulted to the lifestyle investment option (DC Diversified Growth Fund). Savings are then steadily, at a pre-determined rate, switched into the DC Pre-Retirement Fund and the DC Cash Fund over the nine years before retirement so that at age 65 assets will be invested 75% in the DC Pre-Retirement Fund and 25% in the DC Cash Fund in the expectation that the member will purchase an annuity and take a 25% tax-free cash lump sum upon retirement. Switching between funds takes place on a quarterly basis.

The Switching Matrix for Lifestyle options is shown below:

Age	Member Choice*	DC Pre-Retirement Fund	DC Cash Fund
56	100	0	0
57	90	10	0
58	80	20	0
59	70	30	0
60	60	40	0
61	50	50	0
62	40	60	0
63	30	65	5
64	15	70	15
65	0	75	25

* Four choices as explained in Appendix A.