

Franklin Templeton UK Retirement Benefits Plan

Statement of Investment Principles

1. INTRODUCTION

The Trustee of the Franklin Templeton UK Retirement Benefits Plan (the "Plan") has drawn up this Statement of Investment Principles ("the Statement") to comply with the requirements of:

- o The Pensions Act 1995 as amended by the Pensions Act 2004;
- o The Occupational Pension Scheme (Investment) Regulations 2005, as amended by the Occupational Pension Schemes (Charges and Governance) Regulations 2015; and
- o Subsequent legislation.

As required, the Trustee has consulted a suitably qualified person in obtaining written advice from Mercer Limited ("Mercer"). In preparing this Statement, the Trustee has also consulted the Plan's participating employers.

The Trustee's investment responsibilities are governed by the Plan's Trust Deed; a copy of the relevant clause, of which this Statement takes full regard, is available on request from the Trustee.

Overall investment policy falls into two parts. The strategic management of the assets is the responsibility of the Trustee acting on advice from its investment consultant, Mercer, and is driven by the Trustee's investment objectives as set out in Section 2 and 3 below.

The remaining elements of policy are part of the day to day management of the assets which is delegated to professional investment management and described in Section 4.

2. OVERALL POLICY, INVESTMENT OBJECTIVES AND RISK

The Trustee recognises that members' investment needs change during the course of their working lives and, in consultation with its advisers, Mercer, have set an investment strategy to meet this requirement.

2.1 Investment Objectives

The Plan's guiding investment principles are as set out below. These inform the design of default investment arrangements and selection of freestyle funds:

- To offer a range of suitable investments for members; having regard to both the typical investment requirements that exist among members of occupational schemes. These differing requirements are based often on risk appetite and on the members' ages which determines their investment time horizons.
- To enable members to tailor their investment choices to suit their personal circumstances, attitudes and approach to long term investment and to change their investment choices as their circumstances, attitudes and investment time horizons change.
- To ensure that the number of funds available to members is not so extensive as to complicate their decision making, impose unwarranted management costs or make it impractical for the Trustee to monitor the effectiveness of each one. The Trustee therefore accepts that it is not possible to reflect all of the needs expressed by each member in the investment choices that they make available.

- To adopt a low risk bias with assets that are not allocated to individual members, with the aim of broadly matching the movements in bulk-annuity premiums in anticipation of benefits being secured.

2.2 Risk Measurement and Management

The Trustee considers risk from a number of perspectives in relation to both freestyle funds and default investment arrangements. These are:

Risk	Description	How is the risk monitored and managed?
Inflation risk	The risk that returns over the members' working lives do not keep pace with inflation.	The Trustee makes available a range of funds, across various asset classes, with the majority expected to keep pace with inflation. Members are able to set their own investment allocations, in line with their risk tolerances. Within active funds, management of many of these market risks is delegated to the investment managers.
Currency risk	The risk that fluctuations in foreign exchange rates will cause the value of overseas investments to fluctuate.	
Credit risk	The risk that the issuer of a financial asset, such as a bond, fails to make the contractual payments due.	
Equity, property and other price risk	The risk that market movements leads to a substantial reduction in the value of a member's savings.	
	The risk that the Plan's assets cannot be realised at short notice in line with member demand.	The Plan is invested in daily dealt and daily priced pooled funds.
	The risk that the appointed investment managers underperform the benchmark return, fail to carry out operational tasks, do not ensure safe-keeping of assets or breach agreed guidelines.	The Trustee regularly reviews the appropriateness of the level of the security of assets and monitors the performance of the investment managers.
	The risk that ESG concerns, including climate change, have a financially material impact on the return of the Plan's assets.	The management of ESG related risks is delegated to the investment managers. See Section 5 of this Statement for the Trustee's responsible investment and corporate governance statement.

The above items listed in Sections 2.1 and 2.2 of this Statement are in relation to what the Trustee considers 'financially material considerations'. The Trustee believes the appropriate time horizon over which to assess these considerations should be dependent on the member's age and when they expect to retire. The Default Option's lifestyle strategy recognises the diverse investment time horizons that exist within the Plan and, in turn, the differing requirements for return and tolerances of risk that they give rise to. Typically, younger members are expected to have a higher tolerance of risk than older members and the lifestyle strategy therefore invests more in higher risk return seeking assets for younger members than older members. Additionally, the wider fund range provides growth funds aimed at providing long term returns in excess of price and average earnings inflation and defensive funds aimed primarily at members who are approaching retirement. This mix reflects the differing investment time horizons, in other words the periods of time over which different members will be invested and, in turn, their differing requirements for return and tolerances of risk.

The Trustee has implemented an investment strategy as outlined in 2.3 in order to manage the risks detailed above.

The Trustee delegates day to day investment decisions to the investment managers of the Plan.

2.3 Investment Strategy for Members' Pension Accounts

The Trustee offers a lifestyle strategy with default switching in the years approaching retirement from equity based funds to less volatile assets in the approach to retirement age. This strategy is designed to provide the opportunity to maximise long-term returns throughout a member's working life, with more downside protection as retirement age approaches and members prepare for withdrawing benefits. The default strategy is made available for those members who do not wish to exercise personal choice, or for those who seek an 'automated' default lifestyle strategy, which anticipates members withdrawing benefits flexibly during retirement. Details of the switching programme are set out in Appendix A.

Members may also elect to invest in an alternative lifestyle strategy targeting either the purchase of an annuity or cash. Both of these lifestyle options follow a similar path to the default lifestyle strategy detailed above with default switching in the years approaching retirement from equity based funds to less volatile assets such as index-linked gilt and cash funds in the approach to retirement age. Details of the switching programme for these alternative lifestyle strategies are also set out in Appendix A.

Members also have the opportunity to use the freestyle strategy, where they may choose from the full range of funds, selecting those that best suit their individual requirements and attitude to risk. All of the Plan's assets were transitioned to Legal & General's Investment Only Platform (IOP) in January 2020 to allow for a more efficient and cost effective implementation approach. The IOP allows the Trustee access to Legal & General Funds with the ability to add additional funds as necessary. The platform also allowed the Trustee to retain the Baillie Gifford Managed Fund and the addition of the Franklin Templeton Global Total Return Bond Fund.

Under the freestyle strategy, members are allowed to invest in any combination of the funds listed below:

Type of Investment Fund	Active Fund	Passive Fund	Fund Name
Cash Fund	x		Legal & General Cash Fund (Charges Included)
Multi Asset Fund		x	Legal & General Retirement Income Multi-Asset Fund
Pre-Retirement Fund		x	Legal & General Pre-Retirement Fund

Property Fund	x		Legal & General Managed Property Fund
Balanced Managed Fund	x		Baillie Gifford Managed Fund
Multi Asset Fund		x	Legal & General Diversified Fund (Charges Included)
Blended Growth Fund	x		Legal & General Blended Growth Fund
Global Equity Passive Fund		x	Legal & General Global Equity Market Weights (30:70) Index Fund GBP 75% Currency Hedged (Charges Included)
Active Bond Fund	x		Franklin Templeton Global Total Return Bond Fund

The benchmarks for these funds are set out in Appendix B. The Trustee monitors each Fund's performance against benchmark on a regular basis and no less frequently than half-yearly.

A member can switch between funds, change the investment allocation and change how future contributions are invested at any time. Members determine the balance between the different kinds of investments they hold. This balance will determine the expected return on member's assets and should be related to the member's own risk appetite and tolerances.

Members can invest in either a Lifestyle strategy or the Freestyle strategy but not both. Members can switch between these strategies.

Finally, the Trustee will formally review the effectiveness of its investment principles at least every three years.

2.4 Investment Strategy for Unallocated Assets

Part of the Plan's assets are not allocated to individual members. Instead, these are used to finance the Plan's defined benefit underpin obligations.

In order to hedge against changing bulk-annuity prices, the non-member funds (both existing and future contributions) are invested in such a way as to seek to broadly match the movements in bulk-annuity premiums in anticipation of benefits being secured.

These unallocated assets are therefore invested in the Legal & General Pre-Retirement Fund.

3. DEFAULT INVESTMENT OPTION

A proportion of members will invest via the default option, either because they consider themselves unable to make an investment choice or believe it is most appropriate for them.

3.1 Trustee's Objectives

The Trustee's objectives in relation to the default option, and the ways in which the Trustee seeks to achieve these, are detailed below:

- To generate returns in excess of inflation during the "growth" phase of the strategy whilst managing downside risk. The default strategy's growth phase structure invests in the Blended Growth Fund which is made up of 50% in the Legal & General Global Equity Index Fund (split 30/70 between UK and overseas equities, 75% currency hedged) and

50% in the Legal & General Diversified Fund. These investments are expected to provide long term growth with some protection against inflation erosion.

- To provide a strategy that reduces investment risk for members as they approach retirement. As a member's pot grows, investment risk will have a greater impact on member outcomes. Therefore, the Trustee believes that a default strategy that seeks to reduce investment risk as the member approaches retirement is appropriate. This is achieved via automated lifestyle switches.
- To offer to members a mix of assets at retirement that are broadly appropriate for an individual planning to withdraw their benefits flexibly. At the selected retirement date, 75% of the member's assets will be invested in the Legal & General Pre-Retirement Fund and 25% in the Legal & General Cash Fund.

Based on its understanding of the Plan's membership, the Trustee believes an investment strategy that targets members withdrawing benefits flexibly is likely to meet a typical member's requirements for income in retirement. This does not mean that members have to take their benefits in this format at retirement — it merely determines the default investment strategy that will be in place pre-retirement. Members who intend to take their retirement benefits through other formats have the option of choosing their own investment strategy.

Taking into account the demographics of the Plan's membership and the Trustee's views of how the membership will behave at retirement, the Trustee believes that the current default strategy is appropriate and will continue to review this over time, at least triennially, or after significant changes to the Plan's demographic, if sooner.

3.2 Trustee's Policies

The Trustee's policies in relation to the default option are detailed below:

- The default lifestyle strategy manages investment and other risks through a strategic asset allocation consisting of equities, bonds, cash and other asset classes. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members.
- In designing the default lifestyle strategy, the Trustee has explicitly considered the trade-off between risk and expected returns.
- If members wish to, they can opt to choose their own investment strategy.
- Assets in the default strategy are invested in a manner which aims to ensure the security, quality, liquidity and profitability of a member's portfolio as a whole. Investment managers have discretion in the timing of realisation of investments and in considerations relating to the liquidity of those investments.
- The investment managers have responsibility for buying and selling the underlying assets. All of the pooled funds used are daily dealt.
- Assets are invested in regulated markets only.
- The investment managers also have discretion to incorporate social, environmental and ethical considerations in exercising their delegated responsibilities. Further information is contained in 5.

- In general, the Trustee has not taken non-financial considerations such as members' ethical views into account when setting its investment strategy or in selecting investment managers. The Trustee has not set any investment restrictions on the appointed investment managers in relation to particular products or activities, but may consider this in the future. However, the Trustee will reflect on any such views that are communicated to it by members.

3.3 Risk Measurement and Management of the Default Option

The policies stated in Section 3.2 in relation to risk measurement and management are equally applicable to the Default Option and other default investment arrangements (see below). So too are the disclosures on the Default Option's lifestyle strategy and its aim to reflect the changing investment time horizons of members.

3.4 Other funds regarded as default investment arrangements

In the past the Trustee has removed certain funds from the Plan's freestyle range,. The Trustee's process in these circumstances is to invite members affected by the change to choose an alternative from the Plan's range of funds and, as a fallback position, to switch or 'map' the savings of members who do not make a choice to an alternative fund that is selected by the Trustee. Whilst such funds are not part of the above Default Strategy, the Trustee governs such funds individually as technically constituting default investment arrangements and in line with appropriate governance requirements, including an annual cap on charges (excluding transaction costs) of 0.75% of assets and the duty to review each fund at least every three years.

The table below lists the default investment arrangements that have arisen as a result of fund mapping exercises in previous years.

Fund(s)/Strategy	Reason for identification as a 'default arrangement'	Date categorised as a default arrangement
Legal & General Global Equity Market Weights (30:70) Index Fund GBP 75% Currency Hedged (Charges Included)	In order to accommodate the closure of the MGI High Growth Fund, members who did not select an alternative fund had their savings transferred to this fund.	October 2018
	In order to accommodate the closure of the LGIM Global Equity (50 UK:50 Overseas) Fund, members who did not select an alternative fund had their savings transferred to this fund	January 2020
Legal & General Diversified Fund (Charges Included)	In order to accommodate the closure of the MGI Growth Fund, members who did not select an alternative fund had their savings transferred to this fund	October 2018
	In order to accommodate the closure of the MGI Moderate Growth Fund, members who did not select an alternative fund had their savings transferred to this fund	October 2018

Fund(s)/Strategy	Reason for identification as a 'default arrangement'	Date categorised as a default arrangement
Legal & General Blended Growth Fund	In order to accommodate the transition of the Plan onto LGIM's Investment Only Platform, members outwith the 8 year lifestyle period who did not select an alternative had their savings transferred to this fund.	January 2020
	In order to accommodate the closure of the Franklin Templeton Growth Fund, members who did not select an alternative investment had their savings transferred to this fund.	January 2020
Legal & General Pre-Retirement Fund	In order to accommodate the closure of the Franklin Templeton Growth Fund, members who did not select an alternative investment had their savings transferred to this fund.	January 2020
Annuity Matching Lifestyle Strategy	In order to accommodate the closure of the previous default lifestyle strategy, members who were within five years of their selected retirement age on 1st December 2019 had their savings transferred to this fund.	January 2020

The objectives and benchmark returns of these funds are set out in Appendix B which forms part of this document.

The Trustee believes that each of these defaults are in members' interests because they have similar risk, return and liquidity characteristics to those funds that members originally selected. Additionally, the Trustee reviews at least triennially whether the funds remain appropriate for members having regard to criteria such as performance, charges, risk/volatility, liquidity and the likelihood of the fund attaining its objectives in future.

The Trustee also reviews the appropriateness of the Legal & General IOP at least triennially in order to ensure that remains suitable and provides access to an appropriate range of funds and lifestyle options for the members.

4. DAY TO DAY MANAGEMENT OF THE ASSETS

4.1 Main Assets

The Trustee invests the main assets of the Plan in pooled funds managed by Legal & General Investment Management ("L&G"), Baillie Gifford & Co ("Baillie Gifford") and Franklin Templeton Global Investors ("Franklin Templeton") with all Funds being accessed via the Legal & General IOP. These funds are used as outlined in 2.3 above. Details on benchmarks, performance targets and fees for each of the funds are provided in Appendix B. The managers are regulated by the Financial Conduct Authority ("FCA").

As the assets of the Plan are invested in pooled fund vehicles the investment restrictions applying to the individual funds are determined by the funds' governing deeds.

4.2 Realisation of Investments

In general, the Plan's investment managers have responsibility for generating cash to meet any benefit outgoings, as advised by the Trustee. All funds, including those in the default strategy, are daily-dealt pooled investment arrangements. These pooled investment arrangements are themselves regulated and underlying investments are mainly invested in regulated markets. Where

pooled investment arrangements do not invest assets in regulated markets these are not expected to account for a material proportion of assets. Therefore, assets should be realisable at short notice, based on member and Trustee demand.

4.3 Monitoring the Investment Managers

The Trustee meets the investment managers from time to time to discuss performance, activity and wider issues at the managers. The Trustee also retains Mercer as investment consultants to provide help in monitoring the investment managers. Mercer are also retained to advise on the broader investment arrangements of the Plan, including investment strategy, and investment manager structure issues.

5. Responsible Investment and Corporate Governance

5.1 ESG, Stewardship, and climate change

The Trustee believes that environmental, social and corporate governance (“ESG”) factors may have a material impact on investment risk and return outcomes. The Trustee also recognises that long-term sustainability issues, including climate change, present risks and opportunities that increasingly require explicit consideration. The Trustee has taken in to account the expected time horizon of the Plan when considering how to integrate these issues in to the investment decision making process.

Having considered its fiduciary duty, the Trustee has delegated the evaluation of ESG factors, including climate change considerations. Where applicable the Trustee expects the Plan’s investment managers to exercise all voting rights attaching to shares or securities and take account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code. The managers are authorised to exercise discretion to vote as they think, but in doing so reflect the best interests of the Plan.

The Trustee considers how ESG, climate change and stewardship are integrated within investment processes when appointing new managers and monitoring the existing managers. These issues are monitored by the Trustee based on an assessment from the investment consultant as to how the fund managers incorporate ESG into their decision making process. Monitoring is undertaken on a regular basis to assess the effectiveness of applied approaches.

The Trustee has not set any investment restrictions on the appointed investment managers in relation to particular products or activities, but may consider this in future.

Equity managers who are FCA registered are expected to report on their adherence to the UK Stewardship Code on an annual basis.

Member views are not taken into account in the selection, retention and realisation of investments, nor has the Trustee set any investment restrictions on the appointed investment managers in relation to particular products or activities. However, this position is kept under review and may be re-considered.

5.2 Engagement with the Investment Managers

The policy in relation to the Trustee's arrangements with their investment managers is set out below. These policies apply to both default investment arrangements and freestyle funds

- A Incentivising the investment managers to align its investment strategy and decisions with the Trustee policies:

In line with section 4 of the SIP, the investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected for.

The Trustee looks to their investment consultant for their forward-looking assessment of an investment manager's ability to outperform or track an appropriate benchmark over a full market cycle. This view will be based on the consultant's assessment of the investment manager's idea generation, portfolio construction, implementation and business management, in relation to the particular investment fund that the Plan invests in. The consultant's manager research ratings assist with due diligence and questioning managers during presentations to the Trustee and are used in decisions around selection, retention and realisation of manager appointments.

If the investment objective of a particular fund changes, the Trustee will review the fund appointment to ensure it remains appropriate and consistent with the Trustee's wider investment objectives.

The Plan's investment mandates are reviewed following periods of sustained underperformance from their respective targets. The Trustee will review the appropriateness of using active and passive managed funds (on an asset class basis) on an ad-hoc basis.

As the Trustee invests all of the Plan's assets in pooled investment vehicles they accept that they have no ability to specify the risk profile and return targets of the investment managers, but appropriate mandates can be selected to align with the overall investment strategy.

B Incentivising the investment managers to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer, and to engage with issuers in order to improve their performance in the medium to long-term:

The Trustee will consider the investment consultant's assessment of how the investment managers embed ESG into its investment process and how the manager's responsible investment philosophy aligns with the Trustee's responsible investment policy. This includes the investment managers' policy on voting and engagement.

The Trustee meets with the investment managers at Trustee meetings as required and may challenge decisions made including voting history (in respect of equities) and engagement activity.

The Trustee delegates all voting and engagement activities to the investment managers. When required the Trustee will question managers' voting decisions if they deem them out of line with the investment fund's objectives or the objectives / policies of the Plan.

The Investment managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage. If the Trustee is dissatisfied, then they will look to replace the manager.

C Aligning the evaluation of the investment manager's performance and the remuneration for investment management services with the Trustee's policies:

The Trustee receives investment manager performance reports on a 6 monthly basis, which presents performance information over 6 months, 1 year and 3 year periods. The Trustee reviews the absolute performance, relative performance against a suitable index used as the benchmark, and against the manager's stated tracking error (over the relevant time period where appropriate).

If the investment manager is not meeting their investment objectives for the mandate, the Trustee may review the mandate including the annual management charge levied by the manager. Investment manager fees are calculated as a percentage of assets under management.

D Monitoring portfolio turnover costs incurred by the investment managers:

The Trustee receives MiFID II reporting from their investment managers but do not analyse the information.

The Trustee considers investment transaction costs (along with all other member borne costs) as part of its annual value for members assessment. Reflecting statutory requirements, transaction costs for these purposes are assessed using the 'slippage cost' methodology. This calculates costs by comparing the price at which a particular investment transaction was executed with the price at which it was first authorized.

E The duration of the arrangement with the investment managers:

The Trustee is a long term investor and is not looking to change the investment arrangements on a frequent basis.

The funds invested in are open-ended funds and therefore there is no set duration for the manager appointments. The Trustee will retain an investment manager unless:

- There is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager;
- The manager appointment has been reviewed and the trustees have decided to terminate.

6. COMPLIANCE WITH THIS STATEMENT

The Trustee will monitor compliance with this Statement annually.

7. REVIEW OF THIS STATEMENT

The Trustee will review this Statement at least once every three years and without delay following any material changes to any aspects of the Plan, its liabilities, finances and the attitude to risk of the Trustee and the Plan's sponsoring employers which it judges to have a bearing on the Statement. Any such review will again be based on written, expert investment advice and will be in consultation with the Plan's sponsoring employers.

On behalf of the Trustee of the Franklin Templeton UK Retirement Benefit Plan

SIGNED

Director, MCAF PENSIONS LTD, TRUSTEE

DATE

30/09/2020

APPENDIX A — Default Strategy (Flexible Retirement)

The table below shows the predetermined switching that occurs under the default strategy.

8 Year Matrix	Legal & General Blended Growth Fund	Legal & General Global Equity Market Weights (30:70) Index Fund GBP 75% Currency Hedged (Charges Included)	Legal & General Diversified Fund (Charges Included)	Legal & General Retirement Income Multi-Asset Fund	Legal & General Cash Fund (Charges Included)	Total
8+ years to NRD	100.00%	0.00%	0.00%	0.00%	0.00%	100%
8 years	0.00%	46.90%	50.00%	3.10%	0.00%	100%
7 Years 9 Months	0.00%	43.70%	50.00%	6.30%	0.00%	100%
7 Years 6 Months	0.00%	40.60%	50.00%	9.40%	0.00%	100%
7 Years 3 Months	0.00%	37.50%	50.00%	12.50%	0.00%	100%
7 years	0.00%	34.40%	50.00%	15.60%	0.00%	100%
6 Years 9 Months	0.00%	31.20%	50.00%	18.80%	0.00%	100%
6 Years 6 Months	0.00%	28.10%	50.00%	21.90%	0.00%	100%
6 Years 3 Months	0.00%	25.00%	50.00%	25.00%	0.00%	100%
5 years	0.00%	21.90%	50.00%	28.10%	0.00%	100%
5 Years 9 Months	0.00%	18.80%	50.00%	31.20%	0.00%	100%
5 Years 6 Months	0.00%	15.60%	50.00%	34.40%	0.00%	100%
5 Years 3 Months	0.00%	12.50%	50.00%	37.50%	0.00%	100%
5 years	0.00%	9.40%	50.00%	40.60%	0.00%	100%
4 Years 9 Months	0.00%	6.30%	50.00%	43.70%	0.00%	100%
4 Years 6 Months	0.00%	3.10%	50.00%	46.90%	0.00%	100%
4 Years 3 Months	0.00%	0.00%	50.00%	50.00%	0.00%	100%

4 Years	0.00%	0.00%	46.90%	53.10%	0.00%	100%
3 Years 9 Months	0.00%	0.00%	43.70%	56.30%	0.00%	100%
3 Years 6 Months	0.00%	0.00%	40.60%	59.40%	0.00%	100%
3 Years 3 Months	0.00%	0.00%	37.50%	62.50%	0.00%	100%
3 Years	0.00%	0.00%	34.40%	63.60%	2.00%	100%
2 Years 9 Months	0.00%	0.00%	31.30%	64.70%	4.00%	100%
2 Years 6 Months	0.00%	0.00%	28.10%	65.90%	6.00%	100%
2 Years 3 Months	0.00%	0.00%	25.00%	67.00%	8.00%	100%
2 Years	0.00%	0.00%	21.90%	68.10%	10.00%	100%
1 Year 9 Months	0.00%	0.00%	18.80%	69.20%	12.00%	100%
1 Year 6 Months	0.00%	0.00%	15.60%	70.40%	14.00%	100%
1 Year 3 Months	0.00%	0.00%	12.50%	71.50%	16.00%	100%
1 Year	0.00%	0.00%	9.40%	72.30%	18.30%	100%
9 Months	0.00%	0.00%	3.10%	74.10%	22.80%	100%
6 Months	0.00%	0.00%	0.00%	75.00%	25.00%	100%
3 Months	0.00%	0.00%	0.00%	75.00%	25.00%	100%
Post NRD	0.00%	0.00%	0.00%	75.00%	25.00%	100%

The table below shows the predetermined switching that occurs under the annuity matching lifestyle strategy.

8 Year Matrix	Legal & General Blended Growth Fund	Legal & General Global Equity Market Weights (30:70) Index Fund GBP 75% Currency Hedged (Charges Included)	Legal & General Diversified Fund (Charges Included)	Legal & General Pre-Retirement Fund	Legal & General Cash Fund (Charges Included)	Total
8+ years to NRD	100.00%	0.00%	0.00%	0.00%	0.00%	100%
8 years	0.00%	46.90%	50.00%	3.10%	0.00%	100%
7 Years 9 Months	0.00%	43.70%	50.00%	6.30%	0.00%	100%

7 Years 6 Months	0.00%	40.60%	50.00%	9.40%	0.00%	100%
7 Years 3 Months	0.00%	37.50%	50.00%	12.50%	0.00%	100%
7 years	0.00%	34.40%	50.00%	15.60%	0.00%	100%
6 Years 9 Months	0.00%	31.20%	50.00%	18.80%	0.00%	100%
6 Years 6 Months	0.00%	28.10%	50.00%	21.90%	0.00%	100%
6 Years 3 Months	0.00%	25.00%	50.00%	25.00%	0.00%	100%
5 years	0.00%	21.90%	50.00%	28.10%	0.00%	100%
5 Years 9 Months	0.00%	18.80%	50.00%	31.20%	0.00%	100%
5 Years 6 Months	0.00%	15.60%	50.00%	34.40%	0.00%	100%
5 Years 3 Months	0.00%	12.50%	50.00%	37.50%	0.00%	100%
5 years	0.00%	9.40%	50.00%	40.60%	0.00%	100%
4 Years 9 Months	0.00%	6.30%	50.00%	43.70%	0.00%	100%
4 Years 6 Months	0.00%	3.10%	50.00%	46.90%	0.00%	100%
4 Years 3 Months	0.00%	0.00%	50.00%	50.00%	0.00%	100%
4 Years	0.00%	0.00%	46.90%	53.10%	0.00%	100%
3 Years 9 Months	0.00%	0.00%	43.80%	56.20%	0.00%	100%
3 Years 6 Months	0.00%	0.00%	40.60%	59.40%	0.00%	100%
3 Years 3 Months	0.00%	0.00%	37.50%	62.50%	0.00%	100%
3 Years	0.00%	0.00%	34.40%	63.60%	2.00%	100%
2 Years 9 Months	0.00%	0.00%	31.30%	64.70%	4.00%	100%
2 Years 6 Months	0.00%	0.00%	28.10%	65.90%	6.00%	100%
2 Years 3 Months	0.00%	0.00%	25.00%	67.00%	8.00%	100%
2 Years	0.00%	0.00%	21.90%	68.10%	10.00%	100%
1 Year 9 Months	0.00%	0.00%	18.80%	69.20%	12.00%	100%
1 Year 6 Months	0.00%	0.00%	15.60%	70.40%	14.00%	100%
1 Year 3 Months	0.00%	0.00%	12.50%	71.50%	16.00%	100%
1 Year	0.00%	0.00%	9.40%	72.30%	18.30%	100%
9 Months	0.00%	0.00%	6.30%	73.20%	20.50%	100%

6 Months	0.00%	0.00%	3.10%	74.10%	22.80%	100%
3 Months	0.00%	0.00%	0.00%	75.00%	25.00%	100%
Post NRD	0.00%	0.00%	0.00%	75.00%	25.00%	100%

The table below shows the predetermined switching that occurs under the cash lifestyle strategy.

8 Year Matrix	Legal & General Blended Growth Fund	Legal & General Global Equity Market Weights (30:70) Index Fund GBP 75% Currency Hedged (Charges Included)	Legal & General Diversified Fund (Charges Included)	Legal & General Pre-Retirement Fund	Legal & General Cash Fund (Charges Included)	Total
8+ years to NRD	100.00%	0.00%	0.00%	0.00%	0.00%	100%
8 years	0.00%	46.90%	50.00%	3.10%	0.00%	100%
7 Years 9 Months	0.00%	43.70%	50.00%	6.30%	0.00%	100%
7 Years 6 Months	0.00%	40.60%	50.00%	9.40%	0.00%	100%
7 Years 3 Months	0.00%	37.50%	50.00%	12.50%	0.00%	100%
7 years	0.00%	34.40%	50.00%	15.60%	0.00%	100%
6 Years 9 Months	0.00%	31.20%	50.00%	18.80%	0.00%	100%
6 Years 6 Months	0.00%	28.10%	50.00%	21.90%	0.00%	100%
6 Years 3 Months	0.00%	25.00%	50.00%	25.00%	0.00%	100%
5 years	0.00%	21.90%	50.00%	28.10%	0.00%	100%
5 Years 9 Months	0.00%	18.80%	50.00%	31.20%	0.00%	100%
5 Years 6 Months	0.00%	15.60%	50.00%	34.40%	0.00%	100%
5 Years 3 Months	0.00%	12.50%	50.00%	37.50%	0.00%	100%
5 years	0.00%	9.40%	50.00%	40.60%	0.00%	100%
4 Years 9 Months	0.00%	6.30%	50.00%	43.70%	0.00%	100%
4 Years 6 Months	0.00%	3.10%	50.00%	46.90%	0.00%	100%
4 Years 3 Months	0.00%	0.00%	50.00%	50.00%	0.00%	100%

4 Years	0.00%	0.00%	46.80%	46.80%	6.40%	100%
3 Years 9 Months	0.00%	0.00%	43.70%	43.70%	12.60%	100%
3 Years 6 Months	0.00%	0.00%	40.60%	40.60%	18.80%	100%
3 Years 3 Months	0.00%	0.00%	37.50%	37.50%	25.00%	100%
3 Years	0.00%	0.00%	34.30%	34.30%	31.40%	100%
2 Years 9 Months	0.00%	0.00%	31.20%	31.20%	37.60%	100%
2 Years 6 Months	0.00%	0.00%	28.10%	28.10%	43.80%	100%
2 Years 3 Months	0.00%	0.00%	25.00%	25.00%	50.00%	100%
2 Years	0.00%	0.00%	21.80%	21.80%	56.40%	100%
1 Year 9 Months	0.00%	0.00%	18.70%	18.70%	62.60%	100%
1 Year 6 Months	0.00%	0.00%	15.60%	15.60%	68.80%	100%
1 Year 3 Months	0.00%	0.00%	12.50%	12.50%	75.00%	100%
1 Year	0.00%	0.00%	9.30%	9.30%	81.40%	100%
9 Months	0.00%	0.00%	6.20%	6.20%	87.60%	100%
6 Months	0.00%	0.00%	3.10%	3.10%	93.80%	100%
3 Months	0.00%	0.00%	0.00%	0.00%	100.00%	100%
Post NRD	0.00%	0.00%	0.00%	0.00%	100.00%	100%

APPENDIX B — FUND DETAILS

Legal & General:

Global Equity Market Weights (30:70) Index Fund (Charges Included):

Benchmark: The portfolio invests in a series of L&G funds, each investing in a particular asset class. The portfolio's composite benchmark for performance purposes is as follows:

- 30.0% FTSE All Share Index
- 24.5% FTSE W North America Index
- 24.5% FTSE W Europe (ex UK) Index
- 10.5% FTSE W Japan Index
- 10.5% FTSE W Asia Pacific (ex-Japan) Index

Performance Target: To track the benchmark return over rolling 3 year periods.

Management Charge: 0.20% p.a.

Diversified Fund (Charges Included):

Benchmark: The portfolio aims to provide long-term investment growth through investment in a diversified range of asset classes.

- 37.5% Equities
- 15.5% Developed Market Corporate Bonds
- 10.0% Developed Market Government Bonds
- 37.0% Alternatives

Performance Target: To track the benchmark return over rolling 3 year periods.

Management Charge: 0.30% p.a.

Pre-Retirement Fund:

Benchmark: The investment objective of the fund is to provide long-term investment growth up to retirement.

Performance Target: To track the benchmark return over rolling 3 year periods.

Management Charge: 0.15% p.a.

Retirement Income Multi Asset Fund:

Benchmark: The investment objective of the fund is to provide long-term investment growth up to and during retirement, and to facilitate the drawdown of retirement income. The portfolio's composite benchmark for performance purposes is as follows:

- 26.0% Equities
- 19.2% Developed Corporate Bonds
- 14.1% Developed Government Bonds
- 36.6% Alternatives
- 4.1% Cash

Performance Target: To track the benchmark return over rolling 3 year periods.

Management Charge: 0.35% p.a.

Blended Growth Fund:

Benchmark: The investment objective of the fund is to provide long-term investment growth up to retirement. This is a client tailored fund made up of 50% of the 30:70 Global Equity Fund and 50% of the Diversified growth fund.

Performance Target: To track the benchmark return over rolling 3 year periods.

Management Charge: 0.25% p.a.

Managed Property Fund:

Benchmark: Russell/Mellon CAPS Pooled Property Fund Survey

Performance Target: To outperform the Russell/Mellon CAPS pooled property fund survey median over rolling three and five year periods

Management Charge: 0.7% p.a.

Cash Fund (Charges Included):

Benchmark: Russell/Mellon CAPS Pooled Pension Fund Survey-Cash-Median

Performance Target: To match the median return of similar cash funds as measured by the Russell/Mellon CAPS pooled pension fund survey, without incurring excessive risk.

Management Charge: 0.125% p.a.

Baillie Gifford Managed Fund:

Benchmark: The portfolio's composite benchmark for performance purposes is the CAPS median Balanced pooled fund.

Performance Target: To outperform the CAPS median Balanced pooled fund over rolling 3 year periods.

Management Charge: 0.33% p.a.

Franklin Templeton Global Total Return Bond Fund:

Benchmark: MSCI AC World Index

Performance Target: Franklin Templeton Growth Fund aims to maximise total investment return, concentrating on long-term capital growth with the lower risks associated with an internationally diversified portfolio.

Management Charge: 0.70% p.a.

In addition there will be a management fee of £1500 p.a. payable quarterly in arrears, which will be reduced to £1000 p.a. if the total offer value of credited units exceeds £10 million at the start of the calendar year and which will be further reduced to nil if the total offer value of credited units exceeds £25 million at the start of the quarter.