

## **C-MAC Pension Plan ("the Plan")**

### **Statement of Investment Principles (the "Statement")**

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#### **1. Scope of Statement**

This Statement has been prepared in accordance with Section 35 of the Pensions Acts 1995 & 2004, the Occupational Pension Schemes (Investment) Regulations 2005 and to reflect the Government's Voluntary Code of Conduct for Institutional Investment in the UK. The Trustee of the Plan ("the Trustee") also complies with the requirements to maintain and take advice on the Statement and with the disclosure requirements.

The effective date of this Statement is 25 October 2023. The Trustee will review this Statement and the Plan's investment strategy no later than three years after the effective date of this Statement and without delay after any significant change in investment policy.

#### **2. Consultations Made**

The Trustee has consulted with the Company, Flextronics Scotland Limited ("the Company"), prior to writing this Statement and will take the Company's comments into account when they believe it is appropriate to do so.

The Trustee is responsible for the investment strategy of the Plan. They have obtained written advice on the investment strategy appropriate for the Plan and on the preparation of this Statement. This advice was provided by Aon Investments Limited (formerly Aon Solutions UK Ltd), who are authorised and regulated by the Financial Conduct Authority.

The day to day management of the Plan's assets has been delegated to investment managers who are authorised and regulated by the Financial Conduct Authority. A copy of this Statement is available to the investment managers appointed and to the members of the Plan.

The Trustee's policy is to obtain advice concerning the continued appropriateness of the investment strategy, investment manager and the range of funds available every three years, or sooner in the event of any significant changes in their investment objectives.

The investment strategy was formally reviewed on 3 December 2020. This review considered the suitability of the default arrangement and other fund options with reference to the membership demographics and how members access their benefits, as well as industry data and wider trends. No changes were made as a result of this review, the Trustee decided that retaining the existing default arrangement would best meet the needs of the membership. The next investment strategy review is due by 3 Dec 2023.

#### **3. Objectives and Policy for Securing Objectives**

The Trustee's main objectives for setting the investment strategy of the Plan are set out below:

##### ***Member Accounts***

- "asset choice objective" - to ensure members have an appropriate choice of assets for investment;
- "growth objective" - to enable members to benefit from investment in assets which are expected to produce a return in excess of inflation until they reach retirement;
- "security objective" - to provide members with an investment choice that seeks to reduce the

volatility in investment returns;

- A default strategy is in place aimed at providing a smoothed real investment return for members not wishing to be involved in the decision on how their funds are invested in future; and
- For those who do wish to take a more active role in the investment of their funds, the Trustee makes available a selection of appropriate funds. Following the Investment Strategy Review in 2015, two alternative lifestyle strategies were made available to members, as well as six additional self-select funds.

***Guaranteed Minimum Pension Underpin***

- "funding objective" – where required by contracting-out legislation, to ensure that the Plan has sufficient assets available to pay the Guaranteed Minimum Pensions ("GMP") as and when they arise. The value of the GMP underpin will be calculated using assumptions in line with the expected returns on bonds after members' retirement. Where an actuarial valuation reveals a deficit, a recovery plan will be put in place which will take into account the financial covenant of the Company;
- "security objective" – to ensure that the solvency position of the Plan (as assessed on a bond basis) is expected to improve. The Trustee will also take into account the strength of the Company's ability to continue making contributions when determining their required expected improvement in the solvency position of the Plan; and
- "stability objective" - to have due regard to the Company's ability in meeting its contribution payments given their size and incidence, and to have due regard to the volatility of measures of funding and security.

The investment strategy chosen by the Trustee aims to maximise the likelihood of achieving these objectives.

The Trustee recognises that these objectives may conflict and that in resolving this conflict, it is necessary to accept some risk.

The Trustee also recognises the nature of the underpin, together with the choice of investments available to members, means the risk profile of the funds allocated to the Trustee to meet any shortfall in funding needs to be kept under regular review.

#### **4. Choosing Investments**

***Range of funds*** - The Trustee makes available a range of pooled funds through the Plan's platform provider, Prudential. The units are readily realisable and the assets within the chosen funds are traded on major regulated markets.

In order to avoid an undue concentration of risk, a spread of funds is made available to members. The diversification provided by this range of funds is both within and across the major asset classes. As the need arises, or when the Trustee considers it appropriate, additional funds will be added or existing funds deleted from the range available to members.

***Investment managers*** - Day-to-day selection of stocks is delegated to investment managers, appointed by the Trustee. With regards to the review and selection of their investment managers, the Trustee takes expert advice from their professional advisers, Aon Investments Ltd, who monitor the business risk/financial strength of the underlying investment managers and notify the Trustee of any changes in manager ratings.

The Trustee believes this will enable members to invest in a manner which reflects their attitude to risk and proximity to retirement. Where assets are held by the Trustee to provide additional funding for the GMP underpin, the Trustee exercise their powers of investment in a manner calculated to ensure the security, quality, liquidity and profitability of the portfolio as a whole, after taking into account the decisions taken by members in relation to the investment of their underlying accounts.

**Derivatives** - The Trustee makes no direct investment in derivatives. However, the managed funds used by the Trustee may invest in derivatives, but only in so far as they contribute to the reduction of investment risks or facilitate efficient portfolio management within the fund and are managed such as to avoid excessive risk exposure to a single counterparty or other derivative operations.

**Stocklending** - The managed funds used by the Trustee may use stocklending, but only in so far as it contributes to an increase in return with no increase of investment risk.

**Best Interests** - The Trustee believes the assets of the Plan are invested in the best interests of the members and beneficiaries.

**Member Accounts** - The 2015 Investment Strategy Review commenced with an analysis of the membership to understand members' needs to enable the Trustee to select a strategy to meet those needs. As a result, the investment options now offered to members are deemed appropriate, given the nature of the membership.

A default strategy (based on members targeting a tax free lump sum of 25% cash and using the 75% remainder to purchase an annuity) is available for Member Accounts where the member does not wish to take an active role in investing their underlying funds, or where the member fails to provide the Trustee with an explicit alternative. In addition, a range of funds is made available for members who wish to take a more active decision-making role in the investment of their Member Account. The funds available in both instances are set out in the Appendix to this Statement.

**GMP Underpin** - The types of investment held are deemed appropriate given the liability profile and funding level of the Plan, the members' investment choices and the Trustee's objectives.

Assets held to cover the Plan's technical provisions (the liabilities of the Plan) are invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the Plan. The unallocated units which are used to assist in funding the expected total cost of the GMP underpin are currently invested in the Prudential Long Term Gilt Passive Fund.

## **5. Arrangements with asset managers**

The Trustee monitors the Plan's investments to consider the extent to which the investment strategy and decisions of the asset managers are aligned with the Trustee's policies, including those on non-financial matters. This includes monitoring the extent to which asset managers:

- make decisions based on assessments about medium- to long-term financial and non-financial performance of an issuer of debt or equity; and
- engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

The Trustee is supported in this monitoring activity by their investment consultant.

The Trustee receives regular reports and verbal updates from the investment consultant on various items including the investment strategy, performance, and longer-term positioning of the Plan. The Trustee focuses on longer-term performance when considering the ongoing suitability of the

investment strategy in relation to the Plan objectives and assesses the asset managers over 3-year periods.

The Trustee also receives an update on the engagement activities carried out by their asset managers in the form of an implementation statement.

The Trustee shares the policies, as set out in this Statement, with the Plan's asset managers, and request that the asset managers review and confirm whether their approach is in alignment with the Trustee's policies.

The Trustee believes that having appropriate governing documentation, setting clear expectations to the asset managers by other means (where necessary), and regular monitoring of asset managers' performance and investment strategy, is in most cases sufficient to incentivise the asset managers to make decisions that align with the Trustee's policies and are based on assessments of medium- and long-term financial and non-financial performance.

Where asset managers are considered to make decisions that are not in line with the Trustee's policies, expectations, or the other considerations set out above, the Trustee will typically first engage with the asset manager but could ultimately replace the asset manager where this is deemed necessary.

There is typically no set duration for arrangements with asset managers, although the continued appointment for all asset managers will be reviewed periodically, and at least every three years.

The Trustee does not regularly monitor asset managers against non-financial criteria of the investments made on their behalf (although this is more an example of a risk mitigation motivated decision).

## **6. Cost monitoring**

The Trustee is aware of the importance of monitoring their asset managers' total costs and the impact these costs can have on the overall value of the Plan's assets. The Trustee recognises that, in addition to annual management charges, there are other costs incurred by asset managers that can increase the overall cost incurred by their investments.

The Trustee receives annual cost transparency reports from their investment consultant, who obtains the necessary information from the Platform provider, Prudential. These reports present information in line with prevailing regulatory requirements for asset managers. They clearly set out on an itemised basis:

- The total amount of investment costs incurred by the Plan;
- The fees paid to the Platform provider;
- The fees paid to the asset managers appointed by the Trustee;
- The amount of portfolio turnover costs (transaction costs) incurred by the asset managers appointed by the Trustee;
- The Trustee defines portfolio turnover costs as the costs incurred in buying and selling underlying securities held within the funds of the asset managers;
- Any charges incurred through the use of pooled funds (custody, administration, and audit fees); and

- The impact of costs on the investment return achieved by the Plan.

The Trustee acknowledges that portfolio turnover costs are a necessary cost to generate investment returns and that the level of these costs varies across asset classes and managers. The investment consultant monitors the level of portfolio turnover (defined broadly as the amount of purchases plus sales) of all the asset managers appointed on behalf of the Trustee.

### ***Evaluation of performance and remuneration***

The Trustee assesses the (net of all costs) performance of their asset managers on a rolling three-year basis against the Plan's specific benchmark and investment objectives. The remuneration paid to the asset managers and fees incurred by third parties appointed by the asset managers are provided annually by the asset managers to the Trustee. This cost information is set out alongside the performance of the asset managers to provide context. The Trustee monitors these costs and performance trends over time.

## **7. The Balance Between Different Kinds of Investments**

The Trustee recognises the following key sources of financial risk (in relation to meeting their objectives):

- Inflation risk – the risk that the investment return achieved on a Member's Account does not keep pace with inflation;
- Capital risk – the risk of a fall in the value of a Member's Account;
- Manager risk – the risk that the investment managers fail to achieve the returns expected of them; and
- Pension Conversion risk – the risk that, in the lead up to retirement, the cost of securing pension moves out of line with the assets a Member's Account is invested in.

The Trustee recognises that some of these risks conflict. In managing these risks, the Trustee understands that it is necessary to accept some risk. Given the defined contribution nature of the Plan, the Trustee also accepts that the relative importance of these risks will vary with the length of time a member has until retirement.

The Trustee therefore retains responsibility for setting asset allocation in relation to the default lifestyle strategy, and takes expert advice as required from their professional advisers, Aon Investments Ltd.

## **8. Investment Risk Measurement and Management**

### ***Defined Contribution Section***

The Trustee recognises that members take the investment risk. The Trustee takes account of this in the selection and monitoring of the investment managers and the choice of funds offered to members. Before making an investment decision members are expected to have read the available information on the fund range and any other information the Trustee makes available such as the Annual Trustee Report and Accounts.

The Trustee monitors the risks arising through the selection or appointment of fund managers on an ad-hoc basis, via investment monitoring reports prepared by their investment manager. The Trustee will meet with their managers when performance concerns arise or when advised by Aon Investments Ltd on any matters of material significance that may affect the ability of the fund manager to achieve its objectives.

Expected deviation from the benchmark is monitored and the Trustee acknowledges that investment returns achieved outwith the expected deviation (positive or negative) may be an indication that the investment manager is taking a higher level of risk than indicated.

### ***Guaranteed Minimum Pension Underpin***

The risks in relation to the GMP underpin are similar to the above and are monitored in the same way.

In addition, the Trustee monitors the impact of any decisions that members make to change their investment strategy to ensure that they can take any action they consider appropriate in relation to the funding of the GMP underpin.

## **9. Custody**

Investment in pooled funds gives the Trustee a right to the cash value of the units rather than to the underlying assets. The managers of the pooled fund are responsible for the appointment and monitoring of the custodian of the pooled funds' assets.

The custodians are independent of the Company.

## **10. Realisation of Investments (Liquidity)**

The Trustee recognises that there is a risk in holding assets that cannot be easily realised should the need arise. All of the Plan assets held are realisable at short notice.

## **11. Illiquid Investments**

The Trustee may hold illiquid investments on behalf of DC members in the default investment strategy.

The illiquid investments are underlying holdings within wider pooled funds. Specifically, the Prudential Discretionary Fund and the Prudential Blackrock Aquila Consensus Index Fund may allocate to underlying illiquid holdings, for example, Property. These allocations are at the discretion of the investment managers, and the allocations may increase or decrease over time.

The Prudential Discretionary Fund is the sole Growth Fund of the default lifestyle in which members are invested until the de-risking starts at seven years away from retirement. The illiquid investment is a small proportion of this Fund's allocation. The Trustee believes that the Fund, and the illiquid investments within it, provide growth and diversification from the other key return drivers held by members at this stage of the lifestyle.

The Prudential Blackrock Aquila Consensus Index Fund is introduced in the de-risking phase of the default lifestyle. It is therefore held by members from 7 years until 2 years of their retirement. Again, the illiquid investment is a very small proportion of this Fund's allocation. The Trustee believes that the Fund, and the illiquid investments within it, provide diversification from the other key return drivers held by members at this stage of the lifestyle.

Whilst the Trustee recognise that illiquid investments may be associated with higher costs, and liquidity risks, they nevertheless believe that the benefits of diversification and access to an illiquidity premium should benefit members in the long term. The Trustee also believe that M&G and BlackRock are best placed to use their discretion as to the appropriateness of holding illiquid investments in the respective Funds at any particular time, and to use the liquid portions of the Funds to ensure members have sufficient access to liquidity.

## **12. Default Fund**

The defined contribution section of the Plan has a default arrangement. The objective of this arrangement is to provide a strategy that seeks to provide long-term real returns, i.e. returns in excess of inflation, whilst smoothing the peaks and troughs of day-to-day market movements. It provides exposure to growth assets in members' early years in order to achieve real growth over the long term. As retirement approaches they are transitioned into less risky assets more closely aligned with the form of benefits they are expected to take at retirement.

The current default lifestyle strategy targets expected benefits of a 25% tax free cash lump sum and the 75% used to purchase an annuity. Following the 2015 Investment Strategy Review, two other lifestyle options have been made available to members: one that targets benefits of 100% cash and the other targeting benefits based on 100% income drawdown.

## **13. Social, Environmental or Ethical Considerations**

In setting the Plan's default investment strategy, the Trustee's primary concern is to act in the best financial interests of the Plan and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. These include the risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from their investment adviser when setting the Plan's asset allocation, when selecting managers and when monitoring their performance.

## **14. Stewardship – Voting and Engagement**

The Trustee recognises the importance of their role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the scheme invests, as this ultimately creates long-term financial value for the Plan and its beneficiaries.

The Trustee delegates all stewardship activities, including voting and engagement, to its appointed investment managers. The Trustee accepts responsibility for how the investment managers steward assets on its behalf, including the casting of votes in line with each manager's individual voting policies.

The Trustee reviews the suitability of the Plan's appointed asset managers and take advice from their investment consultant with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed asset managers. If an incumbent asset manager is found to be falling short of the standards the Trustee has set out in their policy, the Trustee undertakes to engage with the asset manager and seek a more sustainable position but may look to replace the asset manager.

The Trustee reviews the stewardship activities of their asset managers on an annual basis, covering both engagement and voting actions. The Trustee will review the alignment of the Trustee's policies to those of the Plan's asset managers and ensure their asset managers, or other third parties, use their influence as major institutional investors to carry out the Trustee's rights and duties as a responsible shareholder and asset owner. This will include voting, along with – where relevant and appropriate – engaging with underlying investee companies and assets to promote good corporate governance, accountability, and positive change.

The Trustee will engage with their asset managers as necessary for more information, to ensure that robust active ownership behaviours, reflective of their active ownership policies, are being actioned. This will take the form of annual reporting which will be made available to scheme members on request.

The transparency for voting should include voting actions and rationale with relevance to the Plan, in particular, where votes were cast against management; votes against management generally were significant, votes were abstained; voting differed from the voting policy of either the Trustee or the asset managers.

From time to time, the Trustee will consider the methods by which, and the circumstances under which, they would monitor and engage with an issuer of debt or equity, an asset manager or another holder of debt or equity, and other stakeholders. The Trustee may engage on matters concerning an issuer of debt or equity, including their performance, strategy, risks, social and environmental impact and corporate governance, the capital structure, and management of actual or potential conflicts of interest.

## **15. Members' Views and Non-Financial Factors**

In setting and implementing the Plan's investment strategy the Trustee does not explicitly take into account the views of Plan members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors"<sup>1</sup>).

The Trustee has made the LGIM Ethical UK Equity Index fund available to members who would like to invest in funds with these specific considerations. The underlying funds that make up the default fund and other self-select funds should not apply personal ethical or moral judgements as the sole basis for an investment decision.

## **16. Effective Decision Making**

The Trustee recognises that decisions should be taken only by persons or organisations with the skills, information and resources necessary to take them effectively. They also recognise that, where it takes investment decisions, it must have sufficient expertise and appropriate training to be able to evaluate critically any advice it takes. Where appropriate, and in relation to investment matters, the Trustee obtains advice from their appointed Investment Consultant, Aon Investments Ltd.

The Trustee believes that, given the scale of the Plan, a separate investment sub-committee would not be appropriate. Therefore, all investment decisions are discussed by the whole Trustee body with assistance from the Plan's investment advisers before decisions are taken.

## **17. Additional Voluntary Contributions ("AVC's") Arrangements**

Some members obtain further benefits by paying AVC's to the Plan. The liabilities in respect of these AVC's are equal to the value of the investments bought by the contributions. The same investment choices are made available to members in relation to their AVCs.

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<sup>1</sup> The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018



**18. Expected Returns**

The Trustee expects the long-term return on the investments that consist predominantly of equities to exceed price inflation. The long-term returns on the bond and cash investments are expected to be lower than the equity investments. However, bond funds are expected to broadly match changes in the price of annuities. Cash funds are expected to provide protection against changes in short-term capital values.

**Signatures of Trustee**

Rosemary Kennell.....

25 October 2023.....

## Appendix to Statement of Investment Principles

This Appendix sets out the Trustee's current investment strategy, and is supplemental to the Trustee's Statement of Investment Principles (the 'attached Statement').

### 1. Self-Select Investment Arrangements

The current self-select fund choices available to members are as noted below:

Fund	Benchmark	Performance target
Prudential Discretionary Fund	Internal composite benchmark, asset allocation set by the M&G Prudential Benchmark Treasury and Investment Office	To outperform the internal composite benchmark by 1.15%-1.40% a year (before charges) on a rolling three year basis.
Prudential Blackrock Aquila Consensus Index Fund	ABI Mixed Investment 40-85% Shares (pre-01/10/16: CAPS Balanced Consensus Survey Median)	To replicate the performance of the benchmark.
Prudential Cash Fund	London Interbank LIBID 7 Day Deposit Rate	To outperform the benchmark before charges on a rolling three year basis.
Prudential Long-Term Gilt Passive Fund	FTSE British Government Over 15 Year Gilt Index	To match the performance of the benchmark as closely as possible.
Prudential BlackRock Aquila World Ex-UK Equity Index	FTSE All-World Developed ex-UK Index	To achieve a return in line with the benchmark.
Prudential LGIM Ethical UK Equity Index Fund	FTSE4Good UK Equity Index	To track the sterling total returns of the benchmark (including re-invested income, less withholding tax) to within +/- 0.5% per annum for two years in three.
Prudential Threadneedle Property Fund	AREF / IPD UK Quarterly Property Fund Index weighted average	To generate total returns (from income and capital appreciation) that are above its benchmark, over rolling 3 year periods.
Prudential BlackRock Aquila All Stocks Corporate Bond Index	iBoxx Sterling Non-Gilts Index	To achieve a return consistent with the benchmark.

## **2. Lifestyle Investment Arrangements**

The Trustee has a default lifestyle strategy and, following the 2015 Investment Strategy Review, have also made two other optional lifestyle strategies available to members.

The default strategy was created for members who do not have the time or expertise to select their own specialist funds.

Each of the lifestyle strategies has been designed to match the members' investments to their individual time from normal retirement date. The objective of this approach is to achieve a reasonable balance between risk and return.

There are three different lifestyles strategies available to members. Each of them has a different target:

- 1) 75% annuity purchase and 25% tax-free lump sum cash
- 2) 100% drawdown strategy – fully invested at the point of retirement
- 3) 100% cash

### **2.1. Default lifestyle strategy (75% annuity, 25% cash)**

The Trustee has installed a default lifestyle matrix for members who do not have the time or expertise to select their own specialist funds. The default lifestyle option has been designed to match the members' investments to their individual time from normal retirement date. The objective of this approach is to achieve a reasonable balance between risk and return.

This lifestyle strategy is based on the assumption that members take 25% as a tax-free lump sum and purchase an annuity with the remaining 75% of their fund.

When members are far from retirement, monies are invested in funds with the aim of achieving real growth over the longer term. Members at this stage will be invested in either the Prudential BlackRock Aquila Consensus Fund (those who previously had with profits) or the Prudential Discretionary Fund (referred to as the Growth Fund in the matrix).

In recognition of the need to avoid volatility as members approach retirement, investments are switched from the growth assets, i.e. the Prudential Discretionary Fund and Prudential Blackrock Aquila Consensus Fund, into the Prudential Long-Term Gilt Passive Fund and Cash Fund.

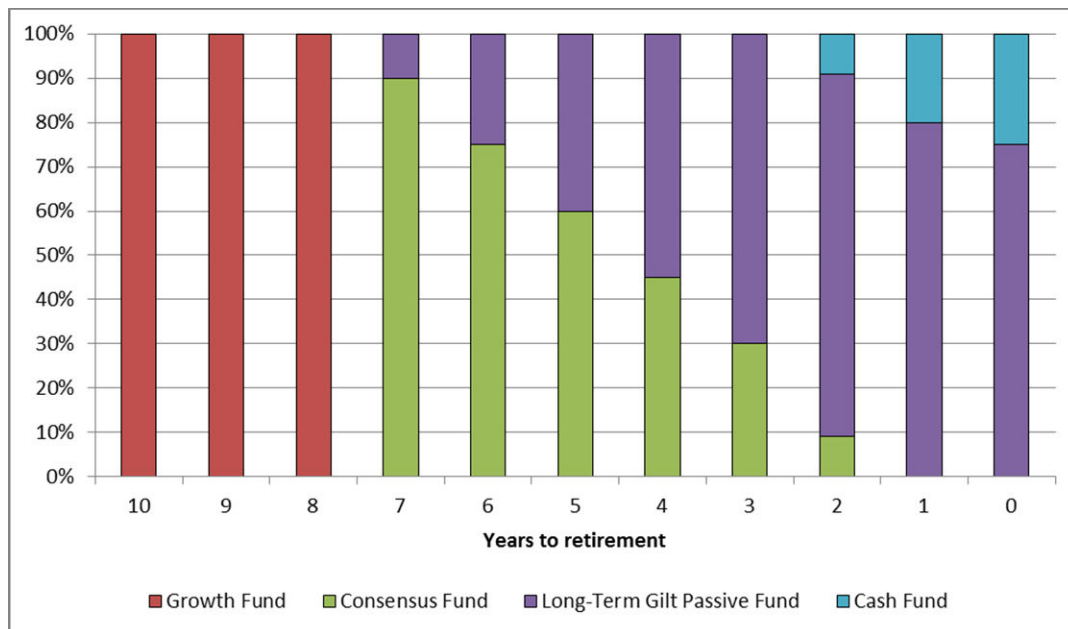
In the case of members in the Prudential Discretionary Fund, their funds are first switched to the Prudential BlackRock Aquila Consensus Fund and then the transition to less risky assets begins from there.

The de-risking of member assets from the growth funds to the Prudential Long-Term Gilt Passive Fund commences seven years from retirement. The transition to the Cash Fund commences two years from retirement.

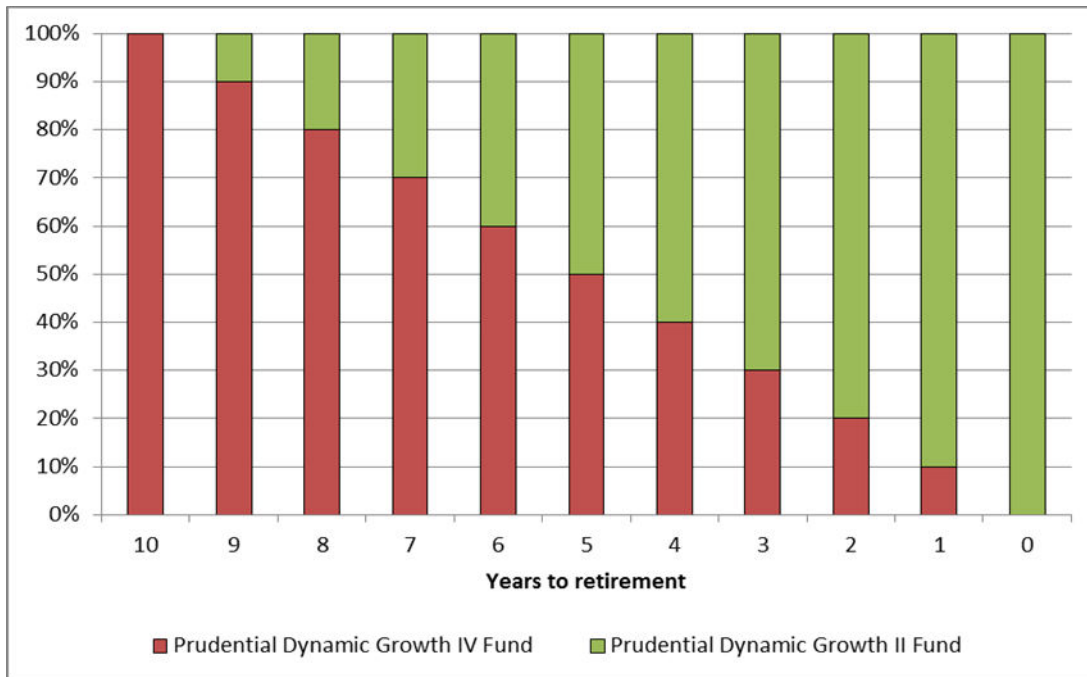
The default matrix is as follows.

Years to Retirement	C-MAC Pension Plan			
	Growth Fund (%)	Consensus Fund (%)	Long-Term Gilt Passive Fund (%)	Cash (%)
10	100	0	0	0
9	100	0	0	0
8	100	0	0	0
7	0	90	10	0
6	0	75	25	0
5	0	60	40	0
4	0	45	55	0
3	0	30	70	0
2	0	10	80	10
1	0	0	80	20
0	0	0	75	25

We show this for the de-risking period pictorially below:



## 2.2. Optional lifestyle strategy 1 (100% drawdown)

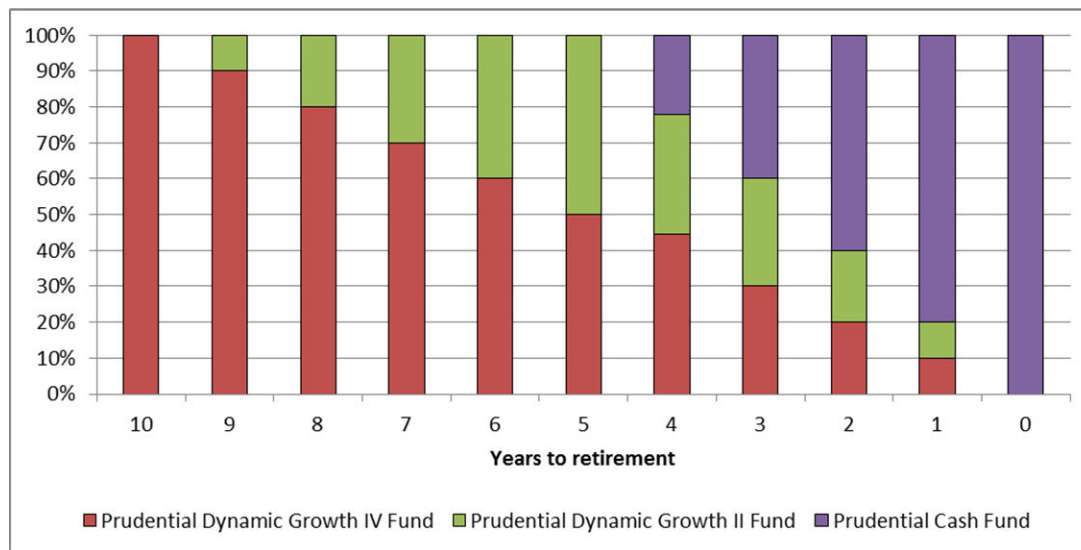


The drawdown option is targeted at those members who wish to remain fully invested at the point of retirement. Members de-risk, however, into a lower risk multi-asset fund as opposed to remaining fully invested in a high growth strategy.

This lifestyle is invested in the Prudential Dynamic Growth IV Fund and the Prudential Dynamic Growth II Fund. The Prudential Dynamic Growth IV Fund is invested 40-80% in equities and the Prudential Dynamic Growth II Fund is invested 10-40% in equities. Both the Prudential Dynamic Growth IV Fund and the Prudential Dynamic Growth II Fund are comprised of 12 underlying component funds as follows:

BlackRock (Aquila Connect Passive Equity Funds)	M&G Investments (Fixed Interest)
UK Equity	UK Fixed Interest
European Equity	International Bond
US Equity	Index Linked Passive
Japanese Equity	Long Dated Corporate Bond
Pacific Rim Equity	All Stocks Corporate Bond
	Global High Yield Bond
	Cash Fund

### 2.3. Optional lifestyle strategy 2 (100% cash)



This lifestyle option is targeted at members who aim to take 100% of their benefits as cash at retirement. This option starts de-risking at 10 years from the members selected retirement date, switching through the Prudential Dynamic Growth II Fund into the Prudential Cash Fund.

The Prudential Dynamic Growth II Fund is a low volatility multi-asset fund that may provide some protection against fluctuations in capital value as the member approaches retirement. As outlined above for drawdown, the Prudential Dynamic Growth II Fund is invested in 12 underlying component funds through BlackRock and M&G Investments.

## 3 Fee Arrangements

### 3.1. Self-Select funds

Prudential are remunerated as a set percentage of the assets under management. This is in keeping with market practice. The following describes the fee scale applied.

Fund	AMC
Prudential Discretionary Fund	0.50%
Prudential Blackrock Aquila Consensus Index Fund	0.48%
Prudential Cash Fund	0.47%
Prudential Long Term Gilt Passive	0.40%
Prudential BlackRock Aquila World Ex-UK Equity Index	0.48%
Prudential LGIM Ethical UK Equity Index Fund	0.50%
Prudential Threadneedle Property Fund	1.15%
Prudential BlackRock Aquila All Stocks Corporate Bond Index	0.48%

### 3.2. Lifestyle funds

Lifestyle strategy	AMC
1) 25% cash, 75% annuity	0.41% - 0.50%*
2) 100% drawdown	0.47%
3) 100% cash	0.47%

\*Depending on where members are in the lifecycle

### 3.3. Advisers

The Trustee's investment advisers are paid for advice received by combination of fixed and time cost fees. For significant areas of advice (for example one off special jobs, or large jobs not covered within the scope of the fixed fee agreement), the Trustee will endeavour to agree a project budget prior to any work being completed.

These arrangements recognise the bespoke nature of the advice given, and that no investment decisions have been delegated to the adviser.