STATEMENT OF INVESTMENT PRINCIPLES

for the

LLOYD'S SUPERANNUATION FUND

17 December 2021

1. Introduction

1.1. What is the purpose of this Statement of Investment Principles?

This Statement of Investment Principles ("SIP") sets out the policy of the Trustee of the Lloyd's Superannuation Fund ("the Trustee") on various matters governing decisions about the investments of the Lloyd's Superannuation Fund ("the Fund"). This SIP replaces the previous SIP dated September 2020.

1.2. Who has had input to the SIP?

This SIP has been formulated after obtaining and considering written professional advice from Lane Clark & Peacock LLP, the Fund's investment adviser, who the Trustee believes to be suitably qualified and experienced to provide such advice. The advice takes into account the suitability of investments and the need for diversification, given the circumstances of the Fund and the principles contained in this SIP.

MS Amlin Corporate Services Limited (the "Sponsor") was consulted on the SIP. The current investment managers of the Fund were given the opportunity to comment on a draft of the SIP and their comments have been incorporated into this final version. The managers are required to carry out their investment responsibilities in a manner consistent with this SIP.

1.3. What is the legal and statutory background to the SIP?

The SIP is designed to meet the requirements of Section 35 (as amended) of the Pensions Act 1995 ("the Act"), the Occupational Pension Schemes (Investment) Regulations 2005 (as amended) and the Pension Regulator's guidance for defined benefit pension schemes (March 2017).

The Fund's assets are held in trust by the Trustee. The investment powers of the Trustee are set out in Clause 7 of the Fund's Trust Deed and Rules dated 18 July 2008, as amended.

2. Investment objectives and strategy

2.1. What are the Trustee's investment objectives?

The Trustee's investment objectives are that:

- the Fund should be able to meet benefit payments as they fall due; and
- the Fund should achieve sufficient returns on assets within a reasonable timeframe to justify investing entirely in a low risk portfolio of assets, without impacting on the

Recovery Plan agreed with the Sponsor. The Trustee will monitor progress towards achieving this objective by 31 March 2032. The low risk portfolio would prudently be expected to achieve returns of 0.5% pa above gilt returns.

Once the low risk portfolio has been achieved, the Trustee expects that the Fund would be able to meet all benefits as they fall due without relying on any further contributions from the Sponsor. This would reduce the risk that, for whatever reason in the future, the Sponsor is less able to support the Fund.

The Trustee is aware that there are various ways to estimate the amount of assets needed to cover future liabilities; and has given due weight to those considered most relevant to the Fund. In particular, the Trustee has taken into account the funding requirements detailed in the Occupational Pension Schemes (Scheme Funding) Regulations 2005.

2.2. What risks does the Trustee consider and how are these measured and managed?

When deciding how to invest the Fund's assets, the Trustee considers a wide range of risks, including, but not limited to, those set out in Appendix A. Some of these risks are more quantifiable than others, but the Trustee has tried to allow for the relative importance and magnitude of each risk. Before investing in any manner, the Trustee obtains and considers proper written advice from its investment adviser on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments.

2.3. Summary of the Fund's investment strategy

2.3.1. How was the investment strategy determined?

The Trustee, with the help of its advisers and in consultation with the Sponsor, most recently undertook a formal review of investment strategy in December 2018. The Trustee reviews the investment strategy periodically, taking into account the objectives described in Section 2.1. above.

2.3.2. What is the investment strategy?

The Trustee, following consultation with the Sponsor, has set an investment strategy for the Fund which it expects to produce sufficient investment returns to achieve the objectives set out in Section 2.1 above. The Trustee has taken into account the agreed level of contributions from the Sponsor when setting the investment strategy.

Currently, the Fund's overall investment mix includes (but is not limited to) allocations to a global equity portfolio, a diversified growth portfolio, a property portfolio, a private credit portfolio, a multi-asset credit portfolio, a contractual income portfolio, an asset-backed securities portfolio and a liability driven investment portfolio.

Within a reasonable timeframe, the Trustee's investment strategy is to gradually switch assets from the current investment mix to a portfolio that is mainly invested in low risk bond like assets, in order to produce prudently an overall expected return of 0.5% pa above gilt returns.

The Trustee has taken steps to ensure that the investment strategy is:

- appropriately diversified, across a range of asset classes and investment managers. Further details are set out in Appendix B;
- dynamic, so that the Trustee has flexibility to adjust the asset mix in the light of actual market conditions and opportunities. The Trustee regularly monitors progress relative to the objectives of the Fund; and
- taking a level of risk that is commensurate with the objectives set out in Section 2.1 above, having regard to the agreed level of Sponsor contributions and the covenant of the Sponsor.

Where it is deemed necessary to sell assets to meet capital calls in respect of the private credit portfolio these will be taken from the diversified growth portfolio and/or from the cash available in the collateral pool of the liability matching portfolio, depending on market conditions at the time of the capital call.

In addition, the Trustee monitors the market value of the global equity portfolio. If the market value of that portfolio exceeds certain pre-determined trigger points, the Trustee will look to switch pre-determined amounts into the Trustee's bank account, so as to lock in a proportion of the investment gains.

The Trustee will monitor the Fund's asset allocation from time to time to ensure it remains appropriate.

The Trustee's policy is to use contributions to meet benefit outflows.

2.3.3. What did the Trustee consider in setting the investment strategy?

The strategy review included modelling the Fund's assets and liabilities over a wide range of possible scenarios for future economic conditions. In setting the strategy, the Trustee considered:

- the Fund's investment objectives, including the target return required to meet the Trustee's investment objectives;
- the Fund's cashflow requirements in order to meet benefit payments in the near to medium term;
- the best interests of all members and beneficiaries;
- a wide range of asset classes;
- the risks, rewards and suitability of a number of possible asset allocation options, and whether the return expected for taking any given investment risk is considered sufficient given the risk being taken;
- the suitability of each asset class within each strategy, both across asset classes and within asset classes;
- the need for appropriate diversification between different asset classes;
- the views of the Sponsor; and
- the Trustee's investment beliefs about how investment markets work, and which factors are most likely to impact investment outcomes.

The Trustee’s key investment beliefs, which influenced the setting of the investment arrangements, are as follows:

- asset allocation is the primary driver of long-term returns;
- risk-taking is necessary to achieve return, but not all risks are rewarded;
- equity, credit and illiquidity are the primary rewarded risks;
- risks that do not have an expected reward should generally be avoided, hedged or diversified;
- investment markets are not always efficient and there may be opportunities for good active managers to add value;
- environmental, social and governance (ESG) factors are likely to be one area of market inefficiency and so managers may be able to improve risk-adjusted returns by taking account of ESG factors;
- long-term environmental, social and economic sustainability is one factor that trustees should consider when making investment decisions; and
- costs have a significant impact on long-term performance and therefore obtaining value for money from the investments is important.

2.3.4. What assumptions were made about the returns on different asset classes?

As at 30 June 2020, the key financial assumptions underlying our model, which have been set in conjunction with the Trustee’s investment advisor LCP, were as follows:

- average long-term RPI inflation: 3.1% pa
- average long-term gilt return: 0.6% pa
- average long-term return on equities: 5.6% pa
- average long-term return on diversified growth portfolios: 3.6% pa
- average long-term return on private credit portfolios: 4.6% pa
- average long-term return on property portfolios: 4.4% pa
- average long-term return on multi-asset credit portfolios: 3.0% pa
- average long-term return on the contractual income portfolio: 2.6% pa
- average long-term return on the asset backed securities portfolio: 1.8% pa
- average long-term return on the liability driven investment portfolio: 2.1% pa

Thus, the model assumes that there is a 50/50 chance that, over the long term, equity-type investment will outperform gilts by at least 5.0% pa.

3. Appointment of investment managers and custodians

3.1. How many investment managers and custodians are there?

The Trustee has invested the Fund's assets across a diversified range of asset classes and investment managers, having obtained and considered proper written advice from its investment advisor on whether the investment is satisfactory. The investment manager arrangements of the Fund are set out in Appendix B.

The Trustee has appointed Northern Trust as custodian for the segregated portfolios. Details of the investment arrangements and their investment benchmarks and guidelines for the Fund assets are detailed in Appendix B.

3.2. What formal agreements are there with investment managers and custodian?

The Trustee has signed investment management documentation or has entered into an insurance policy with the investment managers setting out in detail the terms on which the portfolios are managed, including the need for suitable and appropriately diversified investment.

3.3. What do the investment managers do?

The investment managers' primary role is the day-to-day investment management of the Fund's investments. The managers are authorised under the Financial Services and Markets Act 2000 to carry out such activities.

3.4. What does the custodian do?

The custodian's primary role is the safekeeping of the assets. The custodian is authorised under the Financial Services and Markets Act 2000 to carry out such activities.

4. Other matters

4.1. What is the Trustee's policy on the realisation of investments?

The investment managers have discretion over the timing of realisation of investments of the Fund and in considerations relating to the liquidity of investments. When appropriate, the Trustee, on the administrators' recommendation, decides on the amount of cash required for benefit payments and other outgoings and informs the investment managers of any liquidity requirements.

4.2. Consideration of financially material and non-financial matters

The Trustee has considered how ESG and ethical factors should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Fund and its members.

The Trustee expects its investment managers to take account of financially material considerations (including climate change and other ESG considerations), in a way that is consistent with acting in the best financial interests of the beneficiaries. The Trustee seeks to appoint managers that have appropriate skills and processes to do this, and from time to time reviews how its managers are taking account of these issues in practice.

The Trustee receives regular updates from its investment advisor regarding the managers' approaches to managing climate change and other ESG considerations. The Trustee has limited influence over managers' investment practices where assets are held in pooled funds, but it engages directly with its managers to encourage improving their practices where appropriate.

The Trustee does not take into account any non-financial matters (ie matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments.

4.3. What is the Trustee's policy on stewardship

The Trustee recognises its responsibilities as owners of capital, and believes that good stewardship practices, including monitoring and engaging with companies in which the Fund is invested, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments. The Trustee has delegated to its investment managers the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, risks and ESG considerations.

The Trustee does not monitor or engage directly with issuers or other holders of debt or equity. It expects the investment managers to exercise ownership rights and undertake monitoring and engagement in line with the managers' general policies on stewardship, as provided to the Trustee from time to time, taking into account the long-term financial interests of the beneficiaries.

The Trustee seeks to appoint managers that have strong stewardship policies and processes, reflecting where relevant the recommendations of the UK Stewardship Code 2020 issued by the Financial Reporting Council, and from time to time the Trustee reviews how these are implemented in practice.

However, where the Trustee holds assets in pooled funds, the Trustee has limited influence over managers' stewardship practices, but it encourages its managers to improve their practices where appropriate.

4.4. What is the Trustee's policy on stock lending?

Where the Fund's assets are held on a segregated basis, the Trustee does not permit the custodian to undertake stock lending on the Trustee's behalf. This is because the Trustee does not believe that the potential benefits of stock lending outweigh the associated risks. The Trustee also has concerns that stock lending may increase market volatility.

However, where the Trustee holds assets in pooled funds, the Trustee cannot usually directly influence the managers' policies on stock lending. This is due to the nature of these investments.

4.5. What are the responsibilities of the various parties in connection with the Fund's investments?

Appendix C contains brief details of the respective responsibilities of the Trustee, the investment adviser, the investment managers, the custodian and the actuary. Appendix C also contains a description of the basis of remuneration of the investment adviser, the investment managers, the custodian and the actuary.

4.6. Does the Trustee make any investment selection decisions of its own?

Before making any investment selection decision (e.g. investing in a new mandate) of its own, it is the Trustee's policy to obtain written advice. The written advice considers the suitability of the investment, the need for diversification and the principles contained in this SIP. It is also the Trustee's policy to review its own investment selection decisions on a regular basis, based on written advice.

4.7. Implementing investment arrangements

Details of the investment managers are set out in Appendix B.

The Trustee encourages its managers to improve their practices where appropriate, however it acknowledges where assets are held in pooled funds it has limited influence.

The Trustee's view is that the fees paid to the investment managers, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high-quality service that meets the stated objectives, guidelines and restrictions of the portfolio. In practice, where the Fund's assets are held in pooled funds, managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover.

It is the Trustee's responsibility to ensure that the managers' investment approaches are consistent with its policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies. The Trustee expects its investment managers, where appropriate, to make decisions based on assessments of the longer term financial performance of debt/equity issuers, and to engage with issuers to improve their performance. It assesses this when selecting and monitoring managers.

The Trustee evaluates investment manager performance by considering performance over both shorter and longer-term periods as available. Except in closed-ended funds where the duration of the investment is determined by the fund's terms, the duration of a manager's appointment will depend on strategic considerations and the outlook for future performance. Generally, the Trustee would be unlikely to terminate a mandate on short-term performance grounds alone.

The Trustee's policy is to evaluate each of its investment managers by reference to the manager's individual performance as well the role it plays in helping the Fund meet its overall long-term objectives, taking account of risk, the need for diversification and liquidity. Each manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

The Trustee recognises that portfolio turnover and associated transaction costs are a necessary part of investment management and that the impact of portfolio turnover costs is reflected in performance figures provided by the investment managers. The Trustee expects its investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Fund's investment mandates.

5. Review

The Trustee will, from time to time, review the appropriateness of this SIP with the help of its advisers, and will amend the SIP as appropriate. These reviews will take place as soon as practicable after any significant change in investment policy, and at least once every three years.

Julian Schofield	3 February 2022
For and on behalf of The Trustee of the Lloyd's Superannuation Fund	Date

Eric S Stobart	2 February 2022
For and on behalf of MS Amlin Corporate Services Limited	Date

Appendix A

The Trustee's policy towards risk, risk measurement and risk management

The Trustee considers that there are a number of different types of investment risk that are important to monitor and manage for the Fund. These include, but are not limited to:

A.1. Strategic risk

Strategic risk is the risk that the performance of the Fund's assets and liabilities diverges in certain financial and economic conditions in the short term. This risk has been taken into account in the Trustee's investment strategy review and will be monitored by the Trustee on a regular basis.

The Trustee will review the Fund's investment strategy at least every three years in light of the various risks faced by the Fund.

A.2. Inadequate long-term returns

A key objective of the Trustee is that, over the long-term, the Fund should have adequate resources to meet its liabilities as they fall due. The Trustee therefore invests the assets of the Fund to produce an adequate long-term return in excess of the liabilities.

A.3. Investment manager risk

Investment manager risk is the risk that the investment managers fails to meet their investment objectives. Prior to appointing the investment managers, the Trustee received written advice from a suitably qualified individual and undertook investment manager selection exercises. The Trustee monitors the investment managers on a regular basis to ensure they remain appropriate for their selected mandates.

The Trustee recognises that the Fund has a significant proportion of its assets held with Insight Investment Management. The Trustee considers manager concentration risk prior to the appointment of a new manager and, in this instance, the Trustee is comfortable that there is sufficient diversification between the different portfolios held with Insight and sufficient protections in place (eg through the segregation of the different portfolios) to mitigate this risk.

A.4. Risk from lack of diversification

Risk from lack of diversification is the risk that failure of a particular investment, or the general poor performance of a given investment type, could materially adversely affect the Trustee's ability to meet its investment objectives.

The Trustee believes that the need for the Fund's assets to be adequately diversified between different asset classes and within each asset class has been met by the strategy outlined and by the guidelines agreed with the investment managers.

A.5. Equity risk

Equity represents (part) ownership of a company. Equity risk is the risk that the value of this holding falls in value.

The Trustee believes that equity risk is a rewarded investment risk, over the long term. The Trustee considers exposure to equity risk in the context of the Fund's overall investment strategy and believes that the level of exposure to this risk is appropriate

A.6. Liquidity/marketability risk

Liquidity/marketability risk is the risk that the Fund is unable to realise assets to meet benefit cash flows as they fall due or that the Fund will become a forced seller of assets in order to meet benefit payments. The Trustee is aware of the Fund's cash flow requirements and believes that this risk is managed appropriately within its investment strategy.

The contractual income portfolio has been designed to help cover the Fund's net cash outflows over the period until around 2030. This reduces the risk that the Trustee is a "forced seller" of growth assets over that period.

A.7. Collateral adequacy risk

The Fund is invested in leveraged Liability Driven Investment ("LDI") arrangements to provide protection ("hedging") against adverse changes in interest rates and inflation expectations. The LDI manager may from time to time call for additional cash to be paid to the LDI portfolio in order to support a given level of leverage. Collateral adequacy risk is the risk that the Trustee when requested to do so will not be able to post additional cash to the LDI fund within the required timeframe. A potential consequence of this risk is that the Fund's interest rate and inflation hedging could be reduced and that the Fund's funding level could suffer subsequently as a result. In order to manage this risk, the Trustee ensures that the Fund has a sufficient allocation to cash and other highly liquid assets which can be readily realised, so that cash can be posted to the LDI manager at short notice.

A.8. Counterparty risk

This is the risk that one party to a contract (such as a derivative instrument) causes a financial loss to the other party by failing to discharge a contractual obligation. This risk applies in particular for those contracts that are traded directly between parties, rather than traded on a central exchange.

In particular, Insight makes use within its LDI portfolio of derivative and gilt repos contracts and this fund is used by the Trustee to efficiently match a portion of the Fund's liabilities. Counterparty risk is managed within the portfolio through careful initial selection and ongoing monitoring of trading counterparties, counterparty diversification and a robust process of daily collateralisation of each contract, to ensure that counterparty risk is limited, as far as possible, to one day's market movements.

A.9. Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Fund is subject to direct credit risk because it invests in bonds through its segregated holdings in the LDI portfolio with Insight, the contractual income portfolio with Insight (which is held in a pooled fund in which the Trustee is the only investor) and through the segregated diversified growth portfolio with Ruffer.

The Fund is also subject to indirect credit risk through the bonds held in within the pooled funds for the private credit portfolio, the multi-asset credit portfolio and the asset-backed securities portfolio.

The Trustee manages its exposure to credit risk by only investing in portfolios that have a diversified exposure to different credit issuers.

A.10. Currency risk

Whilst the majority of the currency exposure of the Fund's assets is to Sterling, the Fund is subject to currency risk because some of the Fund's investments are held in overseas markets. The Trustee considers the overseas currency exposure in the context of the overall investment strategy, and believes that the currency exposure that exists diversifies the strategy and is appropriate.

A.11. Interest rate and inflation risk

The Fund is subject to direct interest rate and inflation risk mainly because it invests in bonds through its segregated holdings in the LDI portfolio with Insight. However, the interest rate and inflation exposure of the Fund's assets hedges the corresponding risks associated with the Fund's liabilities.

The Trustee aims to hedge around 100% of the Fund's exposure to interest rate risk and inflation risk on the self-sufficiency (ie gilts +0.5% pa) basis.

The net effect of the Trustee's approach to interest and inflation risk will be to reduce the volatility of the funding level, and so the Trustee believes that it is appropriate to manage exposures to these risks in this manner and to review them on a regular basis.

A.12. Environmental, social and governance (ESG) risks

Environmental, social and corporate governance (ESG) factors are sources of risk to the Fund's investments, some of which could be financially material, over both the short and longer term. These potentially include risks relating to factors such as climate change, pandemics, unsustainable business practices, and unsound corporate governance. The Trustee expects its investment managers to manage these risks appropriately on its behalf.

A.13. Other risks

The Trustee recognises that there are other, non-investment, risks faced by the Fund, and takes these into consideration as far as practical in setting the Fund's investment arrangements. Examples include:

- longevity risk (the risk that members live, on average, longer than expected);
- sponsor covenant risk (the risk that, for whatever reason, the Sponsor is unable to support the Fund as anticipated); and
- external events such as natural disasters or pandemic risks (for example, the economic impact caused by the outbreak of Covid-19).

The Trustee also has in place processes to consider and monitor these non-investment risks on a regular basis.

Together, the investment and non-investment risks give rise generally to funding risk. This is the risk that the Fund's funding position falls below what is considered an appropriate level. By understanding, monitoring and considering each of the risks that contribute to funding risk, the Trustee believes that it has addressed and is positioned to manage this general risk.

Appendix B

Investment manager arrangements for the Fund's assets

The existing manager arrangements for the Fund's assets are outlined below. Whilst some of the managers' performance targets are set before fees, the Trustee monitors the performance for all the Fund's managers after fees.

B.1. The Liability Driven Investment ("LDI") portfolio

The Trustee has selected Insight Investment Management (Global) Limited ("Insight") as the investment manager for the Fund's Liability Driven Investment ("LDI") portfolio. The portfolio is managed on a segregated basis.

With advice from the investment consultant, the selection of Insight was associated with a decision to adopt a LDI strategy. This approach involves projecting the liability cash flows of the Fund and setting a benchmark for investment by reference to movements in the present value of those projected cash flows in response to changes in inflation expectations and interest rates.

In considering this strategy with the investment consultant, the Trustee considered how derivative instruments including interest rate and inflation swaps can be used by Insight to contribute to a reduction of risk and/or to facilitate efficient portfolio management, including the generation of additional return relative to Fund liabilities with an acceptable level of risk when compared to investment in gilts.

Insight's objective is to outperform the prescribed benchmark return. The benchmark will be recalculated periodically to reflect changes in the Fund's liability profile.

B.2. The asset-backed securities portfolio

The Trustee has selected Insight Investment Management (Global) Limited ("Insight") as the investment manager for the Fund's asset-backed securities (ABS) portfolio. The assets managed by Insight are invested in its pooled Global ABS and Liquid ABS funds.

The targets of the Insight Global ABS fund and the Insight Liquid ABS fund are to deliver LIBOR + 2% pa and LIBOR + 0.5% pa respectively (before fees).

B.3. The contractual income portfolio

The Trustee has selected Insight Investment Management (Global) Limited ("Insight") as the investment manager for the Fund's contractual income portfolio. The portfolio is held in a pooled fund in which the Trustee is the only investor.

The contractual income portfolio invests in a diversified portfolio largely comprising of: secured finance asset classes (eg commercial real estate finance, residential real estate finance, and other forms of asset-backed lending); and non-investment-grade bonds and loans.

Insight aims to achieve an expected return of cash +3% pa before fees, whilst delivering cashflows to help cover the Fund's net cash outflows over the period until around 2030.

B.4. The global equity portfolio

The Trustee has selected Veritas Asset Management ("Veritas") as the investment manager for the Fund's global equity portfolio, which is managed on a segregated basis.

Veritas's performance target is 3% pa above the MSCI All Country World Index, after fees, over a rolling 5 year period.

B.5. The diversified growth portfolio

The Trustee has selected Ruffer LLP ("Ruffer") as the investment manager for the Fund's diversified growth portfolio. The Ruffer allocation is managed on a segregated basis.

Ruffer has two objectives: not to lose money in any rolling 12 month period; and to grow the portfolio at a higher rate (after fees) than could reasonably be expected from the alternative of depositing cash in a reputable UK bank.

The Ruffer portfolio will be switched gradually over an estimated two year time period in order to fund the investment in Arcmont's Direct Lending III Fund as capital calls fall due.

B.6. The private credit portfolio

In January 2019 the Trustee appointed Arcmont Asset Management ("Arcmont", formerly BlueBay Asset Management) as the investment manager for the Fund's private credit portfolio. The assets managed by Arcmont are invested in its pooled Direct Lending III Fund.

Arcmont aims to deliver returns of 8% - 9% pa after fees, in a risk-controlled way.

B.7. The property portfolio

In September 2016, the Trustee decided to gradually wind down the Fund's property portfolio with LaSalle Investment Management ("LaSalle"). No new investments were made after September 2016, and any proceeds realised through redemptions or secondary market sales will be invested in the Aviva Sterling Liquidity Fund until such time as it is returned to the Trustee.

B.8. The multi-asset credit portfolio

The Trustee has selected Janus Henderson Investors ("Janus Henderson") as the investment manager for the Fund's multi-asset credit portfolio. The assets managed by Janus Henderson are invested in its pooled Multi-Asset Credit Fund.

Janus Henderson's Multi-Asset Credit Fund aims to achieve equity-like returns over the longer term, by outperforming 3 month LIBOR by 5% pa (before fees).

B.9. Additional Voluntary Contributions ("AVCs")

The Trustee has selected Aegon as the Fund's money purchase AVC provider. In addition, there is also an in-house AVC arrangement, which is closed to new contributions.

Responsibilities, investment decision-making structure and fees

C.1. Responsibilities and investment decision-making structure

The Trustee has decided on the following division of responsibilities and decision-making for the Fund. This division is based upon the Trustee's understanding of the various legal requirements placed upon it, and its view that this division allows for efficient operation of the Fund overall, with access to an appropriate level of expert advice and service.

C.1.1. Trustee

In broad terms, the Trustee is responsible in respect of investment matters for:

- reviewing the investment policy following the results of each valuation, and / or after any review of investment strategy (eg any asset liability modelling exercise);
- if required, the policy for rebalancing between asset classes and asset managers;
- appointing (and, when necessary, dismissing) the investment managers, custodian, the actuary and investment consultants;
- formulating a policy in relation to financially material considerations, such as those relating to ESG considerations (including but not limited to climate change);
- setting a policy on exercising rights (including voting rights) and undertaking engagement activities in respect of the investments;
- monitoring the exercise of the investment powers that they have delegated to the investment managers and monitoring compliance with Section 36 of the Act;
- reviewing the content of this SIP from time to time and modifying it if deemed appropriate; and
- consulting with the Sponsor when reviewing the SIP.

C.1.2. Investment managers

In broad terms, the investment managers will be responsible for:

- managing their respective portfolios according to their stated objectives and within the guidelines and restrictions agreed with the Trustee;
- taking account of financially material considerations (including climate change and other ESG considerations) as appropriate when managing the portfolios of assets;
- providing the Trustee with regular information concerning the management and performance of their respective portfolios;
- exercising rights (including voting rights) attaching to investments and undertaking engagement activities in respect of investments; and having regard to the provisions of Section 36 of the Act insofar as it is necessary to do so.

C.1.3. Custodian

In broad terms, the custodian will be responsible for:

- the safekeeping and reconciliation of the Fund's directly held investments;

- settling transactions;
- administering income and tax payments; and
- providing performance verification services.

C.1.4. Investment consultant

In broad terms, the investment consultant will be responsible, in respect of investment matters, as requested by the Trustee, for:

- advising on the selection, and review, of the investment managers and custodians;
- participating with the Trustee in reviews of this SIP; and
- liaising with the actuary to advise on how material changes within the Fund's benefits, membership, and funding position may affect the manner in which the assets should be invested and the asset allocation policy.

C.1.5. Actuary

In broad terms, the actuary will be responsible, in respect of investment matters, as requested by the Trustee, for liaising with the investment consultant to advise on how material changes within the Fund's benefits, membership, and funding position may affect the manner in which the assets should be invested and the asset allocation policy.

C.2. Mandates given to advisers, investment managers and custodians

The Trustee has in place signed agreements with each of the Fund's advisers, investment managers and custodians. These provide details of the specific arrangements agreed by the Trustee with each party.

C.3. Fee structures

The Trustee recognises that the provision of investment management, dealing, custodial and advisory services to the Fund results in a range of charges to be met, directly or indirectly, by deduction from the Fund's assets.

The Trustee has agreed Terms of Business with the Fund's actuarial and investment advisers, under which charges are calculated based on a combination of fixed fees and a "time-cost" basis.

The investment managers receive fees calculated by reference to the market value of assets under management (or liabilities hedged for the LDI portfolio), and in some cases also calculated by reference to outperformance above a benchmark. The fee rates are believed to be consistent with the manager's general terms for institutional clients and are considered by the Trustee to be reasonable when compared with those of other similar providers.

The custodian fees are calculated based on a combination of the number of transactions executed and on the market value of assets held. The fee rates are believed to be consistent with the custodian's general terms for institutional clients and are considered by the Trustee to be reasonable when compared with those of other similar providers.

The fee structure used in each case has been selected with regard to existing custom and practice, and the Trustee's view as to the most appropriate arrangements for the Fund. However, the Trustee will consider revising any given structure if and when it is considered appropriate to do so.