Cambridge University Press Contributory Pension Fund

Statement of Investment Principles

April 2024

Contents

1. Introduction

1.1. This is the Statement of Investment Principles prepared by the Trustee of the Cambridge University Press Contributory Pension Fund (the Fund). This statement sets down the principles which govern the decisions about investments that enable the Fund to meet the requirements of:

- the Pensions Act 1995, as amended by the Pensions Act 2004; and
- the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010.
- the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018.
- the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

1.2. In preparing this statement the Trustee has consulted the employer Cambridge University Press, which acts on behalf of the statutory employer (the Chancellor, Masters and Scholars of the University of Cambridge), and obtained advice from Barnett Waddingham LLP, the Trustee's investment consultants. Barnett Waddingham LLP is authorised and regulated by the Financial Conduct Authority.

1.3. This statement has been prepared with regard to the 2001 Myners review of institutional investment (including subsequent updates), and Scheme Funding legislation.

1.4. The Trustee will review this statement at least every three years or if there is a significant change in any of the areas covered by the statement.

1.5. The investment powers of the Trustee are set out in Rules 80 and 81 of the Fund's Trust Deed & Rules, dated 21 April 2011. This statement is consistent with those powers.

2. Choosing investments

2.1. The Trustee's policy is to set the overall investment target and then monitor the performance of their managers against that target. In doing so, the Trustee consider the advice of their professional advisers, who they consider to be suitably qualified and experienced for this role.

2.2. The day-to-day management of the Fund's assets is delegated to one or more investment managers. The Fund's investment managers are detailed in the Appendix to this Statement. The investment managers are authorised and regulated by the Financial Conduct Authority, the Central Bank of Ireland or the U.S. Securities and Exchange Commission and are responsible for stock selection and the exercise of voting rights.

2.3. The Trustee reviews the appropriateness of the Fund's investment strategy on an ongoing basis. This review includes consideration of the continued competence of the investment managers with respect to performance within any guidelines set. The Trustee will also consult the employer before amending the investment strategy.

3. Investment objectives

3.1. The Trustee has discussed key investment objectives in light of an analysis of the Fund's liability profile as well as the constraints the Trustee faces in achieving these objectives. As a result, the Trustee's main investment objectives are:

- to ensure that the Fund can meet the members' entitlements under the Trust Deed and Rules as they fall due;
- to achieve a long-term positive real return;
- to manage the expected volatility of the returns achieved in order to control the level of volatility in the Fund's required contribution levels;
- to invest in assets of appropriate liquidity which will generate income and capital growth to meet, together with new contributions from members and the participating employer, the cost of current and future benefits which the Fund provides;
- to reduce the risk of the assets failing to meet the liabilities over the long term;
- to minimise the long-term costs of the Fund by maximising the return on the assets whilst having regard to the above objectives and the financial strength of the Sponsor.

3.2. The Trustee is aware of the relationship that exists between the particular investment portfolio that is held and the level of funding of the Fund's liabilities. The Trustee has obtained exposure to investments that they expect will meet the Fund's objectives.

4. Kinds of investments to be held

4.1. The Fund is permitted to invest in a wide range of assets including equities, bonds, cash, property and alternatives.

4.2. The Trustee monitors from time-to-time the employer-related investment content of their portfolio as a whole, which they normally would expect to be 0%, and will take steps to alter this should they discover this to be more than 5% of the portfolio. Typically, this check is carried out annually by the Fund's auditors.

5. The balance between different kinds of investments

5.1. The Fund invests in assets that are expected to achieve the Fund's objectives. The allocation between different asset classes is contained within the Appendix to this Statement. At any specific date the actual asset allocation may deviate from the target allocation described in the Appendix on account the movement in market values, because a fund is in the course of investment / redemption or because a transition is in progress. The Trustee reviews such deviations and makes adjustments as it considers necessary.

5.2. The Trustee considers the merits of both active and passive management for the various elements of the portfolio and may select different approaches for different asset classes. The current arrangements are set out in the Appendix to this Statement.

5.3. The Fund will hold some cash routinely and therefore deviate from its strategic or tactical asset allocation in order to accommodate any short-term cashflow requirements or any other unexpected items.

5.4. The Trustee is aware that the appropriate balance between different kinds of investments will vary over time and therefore the Fund's asset allocation will be expected to change as the Fund's liability profile matures.

6. Risks

6.1. The Trustee has considered the following risks for the Fund with regard to its investment policy and the Fund's liabilities, and considered ways of managing/monitoring these risks:

Risk versus the liabilities	The Trustee will monitor and review the investment strategy with respect to the liabilities in conjunction with each actuarial valuation. The investment strategy will be set with consideration to the appropriate level of risk required for the funding strategy as set out in the Fund's Statement of Funding Principles.
Covenant risk	The creditworthiness of the employer and the size of the pension liability relative to the employer's earnings and assets are monitored on a regular basis. The appropriate level of investment risk is considered with reference to the strength of the employer covenant.
Solvency and mismatching	This risk is addressed through the asset allocation strategy and ongoing triennial actuarial valuations. The Trustee is aware that the asset allocation required to minimise the volatility of the solvency position may be different from that which would minimise the volatility on the Fund's funding basis.
Asset allocation risk	The asset allocation is detailed in the Appendix to this Statement and is monitored on a regular basis by the Trustee.
Investment manager risk	The Trustee monitors the performance of each of the Fund's investment managers on a regular basis in addition to having meetings with each manager from time to time as necessary. The Trustee has a written agreement with each investment manager, which contains a number of restrictions on how each investment manager may operate.
Governance risk	Each asset manager is expected to undertake good stewardship and positive engagement in relation to the assets held. The Trustee monitors these and will report on the managers' practices in their annual Implementation Statement.
ESG/Climate risk	The Trustee has considered long-term financial risks to the Fund and ESG factors as well as climate risk are potentially financially material and will continue to develop its policy to consider these, alongside other factors, when selecting or reviewing the Fund's investments in order to avoid unexpected losses.
Concentration risk	Each investment manager is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities.
Liquidity risk	The Fund invests in assets such that there is a sufficient allocation to liquid investments that can be converted into cash at short notice given the Fund's cashflow requirements. The Fund's administrators assess the level of cash held in order to limit the impact of the cashflow requirements on the investment policy.
Currency risk	The Fund's liabilities are denominated in sterling. The Fund may gain exposure to overseas currencies by investing in assets that are denominated in a foreign currency or via currency management. Some currency hedging is employed to manage the impact of exchange rate fluctuations.
Loss of investment	The risk of loss of investment by each investment manager and custodian is assessed by the Trustee. This includes losses beyond those caused by market movements (e.g. default risk, operational errors or fraud).

7. Expected return on investments

7.1. The Trustee has regard to the relative investment return and risk that each asset class is expected to provide. The Trustee is advised by their professional advisors on these matters, who they deem to be appropriately qualified experts. However, the day-to-day selection of investments is delegated to the investment managers.

7.2. The Trustee recognises the need to distinguish between nominal and real returns and to make appropriate allowance for inflation when making decisions and comparisons.

7.3. In considering the expected return from investments, the Trustee recognises that different asset classes have different long-term expected returns and expected volatilities relative to the liabilities.

7.4. Having established the investment strategy, the Trustee monitors the performance of each investment manager against an agreed benchmark as frequently as appropriate according to market conditions and the Fund's funding position. The Trustee meets the Fund's investment managers as frequently as is appropriate, in order to review performance.

8. Realisation of investments

8.1. The Trustee has delegated the responsibility for buying and selling investments to the investment managers. The Trustee has considered the risk of liquidity as referred to above.

8.2. Ultimately, the investments will all have to be sold when the Fund's life comes to an end. In this situation, the Trustee is aware of the fact that the realisable value of some investments, were there to be a forced sale, might be lower than the market value shown in the Fund accounts.

9. Financially material considerations, non-financially material considerations, the exercise of voting rights and engagement activities

9.1. The Trustee has set policies in relation to these matters. These policies are set out in Appendix 2.

10. Arrangements with asset managers

10.1. The Trustee has set a policy on arrangements with its asset managers. This is set out in Appendix 3.

11. Agreement

11.1. This statement was agreed by the Trustee, and replaces any previous statements. Copies of this statement and any subsequent amendments will be made available to the employer, the investment managers, the actuary and the Fund auditor upon request.

Signed:__________________________ **Date:**__________________________

On behalf of the Cambridge University Press Contributory Pension Fund

Appendix 1 Note on investment policy of the Fund as at April 2024 in relation to the current Statement of Investment Principles

1. The balance between different kinds of investment

The Fund has a strategic asset allocation as set out in the table below, which has been agreed after considering the Fund's liability profile, funding position, expected return of the various asset classes and the need for diversification.

Portfolio	Allocation (%)
Return-seeking *Aims to generate returns above gilts*	50
Matching *Aims to provide partial hedging against movements in the liabilities (specifically aiming to hedge 75% of both interest rate and inflation risks), collateral to support LDI allocation, and the majority of cashflows to meet benefits*	50
Total	**100**

Rebalancing

The Trustee recognises that the asset allocation of investments in different asset classes will vary over time as a result of market movements. The Trustee seeks to maintain a balance between maintaining the asset allocation in line with its benchmark and limiting the costs of rebalances. The Trustee monitors the asset allocation on a quarterly basis and rebalancing events are determined following discussions with the Fund's investment advisors after taking into consideration current market levels, recent performance, liquidity and transaction levels. As such, actual allocations may diverge at times from the strategic benchmark shown above. At present, consideration of the longer-term strategy discussions will also be factored into any rebalancing discussions.

The CBRE UK Osiris Property Fund was terminated on 19th March 2020 and as such is undergoing an orderly wind up. The Property allocation will be gradually diminished over time as the Fund's holdings are distributed. The Trustee will make decisions on how to utilise the cashflows received from the fund on a case by case basis taking account of benefit payment requirements and the allocations of the non-property funds.

2. Choosing investments

The Trustee have appointed the following investment managers to carry out the day-to-day investment of the Fund:

Return-seeking portfolio

- Legal and General Investment Management (LGIM) - Passive equities
- Hermes Investment Management (Hermes) – Multi Asset Credit
- Apollo Asset Management International (Apollo) – Multi Asset Credit

Matching portfolio

- Insight Investment (Insight) - Maturing Buy-and-Maintain Funds, Leveraged Gilt and Leveraged Index-Linked Gilt Funds, Liquidity Plus Fund and ABS funds

The Trustee also has an AVC contract with Prudential Assurance Company Limited for the receipt of members' Additional Voluntary Contributions (AVCs).

The investment managers and AVC providers are authorised and regulated by the Financial Conduct Authority, the Central Bank of Ireland or the U.S. Securities and Exchange Commission.

The investment benchmarks and objectives for each investment manager and AVC provider are given below:

Investment manager	Fund	Benchmark	Objective*
Apollo	Total Return Fund	SONIA	To outperform the benchmark by 6-8% pa before fees (equivalent to 5.2 – 7.2% pa after fees)
Hermes	Multi Strategy Credit Fund	n/a	To generate a high level of income by primarily investing in a diversified portfolio of credit securities including investment grade bonds, high yield bonds, credit default swaps and money market securities (including commercial bank loans) while exhibiting lower volatility relative to the global high yield market.
Insight	Maturing Buy-and-Maintain Bond 2021-2025 Fund	n/a	The Funds seek to generate a return for investors by investing primarily in a portfolio of debt securities. Each Fund aims to deliver annual returns for investors principally from the maturity of investments within the maturity period specified in the name of each Fund.
	Maturing Buy-and-Maintain Bond 2026-2030 Fund		

	Leveraged Gilt and Leveraged Index-Linked Gilt Funds	n/a	To provide returns in line with the change in value of liabilities at the appropriate duration when interest rates or inflation expectations change.
	Liquidity Plus Fund	SONIA	To provide investors with income with stability of capital by investing in money market instruments and short-term fixed income and variable rate bonds
	Global ABS Fund	SONIA	To produce a return for shareholders, generated from income and capital appreciation
	Liquid ABS Fund	SONIA	To generate a return for investors mainly through investment in a portfolio of liquid asset backed securities (ABS) and corporate floating rate notes (FRNs)
LGIM	Future World Global Equity Index Fund	Solactive L&G ESG Global Markets Index (less withholding tax where applicable)	To track the benchmark to within +/- 0.6% p.a. for two years out of three.
	Future World Global Equity Index Fund – GBP hedged	Solactive L&G ESG Global Markets Index (less withholding tax where applicable) – GBP hedged	

*The LGIM funds aim to track the respective index before fees and as such may be expected to underperform net of fees.

The performance of the investment managers will be monitored as frequently as the Trustee considers appropriate in light of the prevailing circumstances. The monitoring takes into account both short-term and long-term performance.

The AVC arrangement is reviewed from time to time.

3. Investments and disinvestments

Investments and disinvestments are usually made so as to move the actual asset allocation more in line with the target asset allocation, albeit the liquidity of the funds are taking into consideration. The Fund receives regular income payments from Apollo, LGIM and Hermes. When appropriate, the Trustee, on the Fund's administrator's recommendation, decides on the amount of cash required for benefit payments and other outgoings and informs the investment managers of any liquidity requirements. The Trustee considers that a sufficient proportion of the Hermes, Insight and LGIM funds are adequately marketable and should enable sufficient cash to be realised in all foreseeable circumstances.

Liability Driven Investment

The Trustee has instructed Insight to manage an LDI mandate on the behalf of the Fund.

In order to manage the amount of leverage within the funds, Insight will inform the Trustee of the amount of any required cash collateral call or payout.

In the event of a cash collateral call (requiring the Fund to top up the investment in the LDI funds), Insight will automatically disinvest from the Insight Liquidity Plus Fund. If this is insufficient, Insight will automatically disinvest from the Insight Global ABS Fund. If, in turn, this is insufficient, the Trustees will consider whether other assets should be sold to meet the collateral call. If the call is not met in full the level of hedging would be reduced.

In the event that cash collateral payouts are made from the LDI funds, Insight will automatically pay these amounts directly into the Insight Liquidity Plus Fund.

The Trustee also monitors the adequacy of the collateral allocation (at a minimum prior and post every de-leveraging and re-leveraging event). The Trustee will then consider on a case by case basis whether to rebalance the overall asset allocation.

Appendix 2 Note on financially material considerations, the exercise of rights and engagement activities, and non-financial matters

The Trustee believes that Environmental, Social and Governance ("ESG") factors are financially material – that is, they have the potential to impact the value of the members' investments from time-to-time. The Trustee takes these factors into account, alongside other factors, in their decisions in relation to the selection, retention and realisation of the Fund's investments. Given the Fund remains open to accrual and the objective to fund future member benefits from the Fund's assets as they fall due, the Trustee has a long-term time horizon, which is not likely to be less than 20 years from the date of this Statement of Investment Principles, over which it takes into account the financial materiality of ESG factors (including, but not limited to, climate change). The Trustee appreciates that the method of incorporating ESG in the investment strategy and process will differ between asset classes.

The Trustee has elected to invest the Fund's assets through pooled funds. The choice of underlying funds is made by the Trustee after taking advice from their investment consultant and having reviewed the managers of the underlying funds approach to incorporating ESG factors in their decisions in relation to the selection, retention and realisation of investments and taking into account UNPRI scores where appropriate.

The Trustee is comfortable that the funds currently invested in by the Fund are managed in accordance with their views on financially material factors, as set out in this policy. This position is monitored annually. As part of the monitoring process the Trustee is provided with quarterly updates on governance and engagement activities of the managers and input from the investment advisors on ESG matters. The Trustee has the opportunity to meet the managers and question them on policies, such as how ESG considerations are taken into account in decisions to realise investments. The views set out below will be taken into account when appointing and reviewing managers.

A summary of the Trustee's views for each asset class in which the Fund invests is outlined below.

Passive Equities

The Trustee accepts that fund managers must invest in line with the specified index and, however, the Trustee invest the passive equities via a fund where ESG considerations are reflected and some exclusions and adjustments are made on ESG grounds provided that it does not have a meaningful impact on the tracking error of the fund. The Trustee believes that positive engagement on ESG issues can lead to improved risk-adjusted returns. Therefore, the Trustee looks to the passive equity manager to positively engage with companies where there is scope to improve the way ESG issues are taken into account when running the company. However, engagement activities (including the exercise of rights) should be consistent with, and proportionate to, the rest of the investment process.

Multi-asset funds

The Trustee believes that ESG issues will be financially material to the risk-adjusted returns achieved by the Fund's multi-asset fund managers. The investment process for any multi-asset fund manager should take ESG into account when selecting holdings. The Trustee also supports engagement activities and, where relevant, the exercise of rights attaching the investments by the Fund's multi-asset fund manager. However, the process for incorporating ESG issues should be consistent with, and proportionate to, the rest of the investment process.

Credit

The Trustee believes that ESG issues will be financially material to the risk-adjusted returns achieved by the Fund's credit holdings. The investment process for the manager should take ESG into account when selecting holdings.

The Trustee also supports engagement activities, although they appreciate that fixed income assets do not typically provide voting rights. The process for incorporating ESG issues should be consistent with, and proportionate to, the rest of the investment process.

Policy on the exercise of voting rights and engagement activities

The Trustee's policy on the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities in respect of the investments is that these rights should be exercised by the investment managers on the Trustee's behalf. The Trustee has taken into consideration the Financial Reporting Council's UK Stewardship Code, and is supportive of the Code. However, the Trustee cannot usually directly influence the managers' policies on the exercise of investment rights where the Trustee holds assets in pooled funds. This is due to the nature of these investments. The Trustee receives reporting on the voting and engagement policies of the fund managers and considers these as part of manager appointment and review processes.

The Trustee expects that the investment managers will use their influence as major institutional investors to exercise the Trustee's rights and duties as shareholders and will reflect the recommendations of the Code. This includes where appropriate engaging with underlying investee companies to promote good corporate governance, accountability and to understand how those companies take account of ESG issues in their businesses.

The Trustee does not undertake engagement activities itself, however, the Trustee will monitor and engage with the investment managers about relevant matters (including matters concerning an issuer of debt or equity, including their performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance), through the Fund's investment consultant.

Investment managers will be asked to provide details of their stewardship policy and engagement activities on at least an annual basis including information on the proportion of voting rights which have been exercised and key voting decisions. The Trustee will, with input from their investment consultant, monitor and review the information provided by the investment managers and will review data on this on an annual basis. Where possible and appropriate, the Trustee will engage with their investment managers for more information and ask them to confirm that their policies comply with the principles set out in the Financial Reporting Council's UK Stewardship Code.

The Trustee acknowledges the importance of ESG and climate risk within their investment framework. When delegating investment decision making to their investment managers they provide their investment managers with a benchmark they expect the investment managers to either follow or outperform. The investment manager has discretion over where in an investee company's capital structure it invests (subject to the restrictions of the mandate), whether directly or as an asset within a pooled fund.

The Trustee is of the belief that ESG and climate risk considerations extend over the entirety of a company's corporate structure and activities, i.e. that they apply to equity, credit and property instruments or holdings. The Trustee also recognises that ESG and climate related issues are constantly evolving and along with them so too are the products available within the investment management industry to help manage these risks.

The Trustee considers it to be a part of their investment managers' roles to assess and monitor developments in the capital structure for each of the companies in which the managers invest on behalf of the Fund or as part of the pooled fund in which the Fund holds units.

The Trustee also considers it to be part of their investment managers' roles to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the managers invest on behalf of the Fund.

Should an investment manager be failing in these respects, this should be captured in the Fund's regular quarterly performance monitoring and annual ESG monitoring. In the event of an investment manager not meeting expectations in respect of these matters, further engagement would take place with the investment manager and further action could include a review of the appointment.

Through their consultation with the employer when setting this Statement of Investment Principles, the Trustee has made the employer aware of their policy on ESG and climate related risks, how they intend to manage them and the importance that the pensions industry as a whole, and its regulators, place on them.

The Fund's investment consultant is independent and no arm of their business provides asset management services. This, and their FCA Regulated status, makes the Trustee confident that the investment manager recommendations they make are free from conflict of interest.

The Trustee expects all investment managers to have a conflict of interest policy in relation to their engagement and ongoing operations. In doing so the Trustee believes they have managed the potential for conflicts of interest in the appointment of the investment manager and conflicts of interest between the Trustee/investment manager and the investee companies.

In selecting and reviewing their investment managers, where appropriate, the Trustee will consider investment managers' policies on engagement and how these policies have been implemented.

Policy for taking into account non-financial matters

The Trustee does not consider any non-financial matters when constructing the investment strategy and/or when selecting or reviewing fund managers. That is that the Trustee does not take into account the views of Fund members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future qualify of life of the members and beneficiaries of the Fund (referred to as "non-financial matters" in the relevant Regulations) in the selection, retention and realisation of investments. The Trustee does not expect their managers to consider any non-financial factors in the selection, retention and realisation of underlying holdings in the pooled funds. The Trustee expects that exclusions made by the fund managers are made on the basis of financial risk and returns.

Appendix 3 Policy on arrangements with asset managers

Incentivising alignment with the Trustee's investment policies

Prior to appointing an investment manager, the Trustee discusses the investment manager's approach to the management of ESG and climate related risks with the Fund's investment consultant, and how their policies are aligned with the Trustee's own investment beliefs.

When appointing an investment manager, in addition to considering the investment manager's investment philosophy, process and policies to establish how the manager intends to make the required investment returns, the Trustee also considers how ESG and climate risk are integrated into these. If the Trustee deems any aspect of these policies to be out of line with their own investment objectives for the part of the portfolio being considered, they will consider using another manager for the mandate.

The Trustee carries out a strategy review at least every three years where they assess the continuing relevance of the strategy in the context of the Fund's membership and their aims, beliefs and constraints. The Trustee monitors the investment managers' approach to ESG and climate related risks on an annual basis.

In the event that an investment manager ceases to meet the Trustee's desired aims, including the management of ESG and climate related risks, using the approach expected of them, their appointment may be terminated. The investment managers have been informed of this by the Trustee.

Investment manager ESG policies are reviewed in the context of best industry practice and feedback will be provided to the investment manager.

Incentivising decisions based on assessments about medium to long term, financial and non-financial considerations

The Trustee is mindful that the impact of ESG and climate change has a long-term nature. However, the Trustee recognises that the potential for change in value as a result of ESG and climate risk may occur over a much shorter term than climate change itself. The Trustee acknowledges this in their investment management arrangements.

When considering the management of objectives for an investment manager (including ESG and climate risk objectives), and then assessing their effectiveness and performance, the Trustee assesses these over a rolling timeframe. The Trustee believes the use of rolling timeframes, typically 3 to 5 years, is consistent with ensuring the investment manager makes decisions based on an appropriate time horizon. Where a fund may have an absolute return or shorter term target, this is generally supplementary to a longer term performance target. In the case of assets that are actively managed, the Trustee expects this longer term performance target to be sufficient to ensure an appropriate alignment of interests.

The Trustee expects investment managers to be voting and engaging on behalf of the Fund's holdings and the Trustee (assisted by the Trustee's investment consultants) monitors this activity and reports on these areas within the Implementation Statement in the Fund's Annual Report and Accounts. The Trustee does not expect ESG considerations to be disregarded by the investment managers in an effort to achieve any short term targets.

The Trustee does not expect their asset managers to consider or make decisions based on non-financial matters as set out in Appendix 2.

Method and time horizon for assessing performance

The Trustee monitors the performance of their investment managers over medium to long term periods that are consistent with the Trustee's investment aims, beliefs and constraints. Investment monitoring is provided to the Trustees on a quarterly basis at an individual fund and total Fund level and covering quarterly, annual and multiyear performance. Investment manager performance is monitored relative to their respective benchmarks and objectives as well as relative to peers, expectations for the mandate and the wider market. .

The Fund invests exclusively in pooled funds. The investment manager is remunerated by the Trustee based on the assets they manage on behalf of the Trustee. As the funds grow, due to successful investment by the investment manager, they receive more and as values fall they receive less.

The Trustee believes that this fee structure, including the balance between any fixed and performance related element, enables the investment manager to focus on long-term performance without worrying about short term dips in performance significantly affecting their revenue. The Trustee considers that the fee structure is consistent with their investment policies.

The Trustee asks the Fund's investment consultant to assess if the asset management fee is in line with the market when the manager is selected, and the appropriateness of the annual management charges are considered annually and as part of any review of the Statement of Investment Principles.

Portfolio turnover costs

The Trustee acknowledges that portfolio turnover costs can impact on the performance of their investments. Overall performance is assessed as part of the quarterly investment monitoring process.

During the investment manager appointment process, the Trustee may consider both past and anticipated portfolio turnover levels. When underperformance is identified, deviations from the expected level of turnover may be investigated with the investment manager concerned if it is felt they may have been a significant contributor to the underperformance. Assessments reflect the market conditions and peer group practices. The Trustee acknowledges that for some asset classes, such as LDI, a higher turnover of contracts such as repurchase agreements, can be beneficial to the fund from both a risk and cost perspective.

Duration of arrangement with asset manager

For the open-ended pooled funds in which the Fund invests, there are no predetermined terms of agreement with the investment managers.

The suitability of the Fund's asset allocation and its ongoing alignment with the Trustee's investment beliefs is assessed every three years, or when changes deem it appropriate to do so more frequently. As part of this review the ongoing appropriateness of the investment managers, and the specific funds used, is assessed.