BACB PENSION SCHEME
STATEMENT OF INVESTMENT PRINCIPLES

APRIL 2024

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1 INTRODUCTION

This Statement of Investment Principles (“the Statement”) has been prepared by Trustees of the British Arab Commercial Bank Pension Scheme (“the Scheme”) in accordance with Section 35 of the Pensions Act 1995, as amended, and its attendant Regulations.

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

In preparing the Statement, the Trustees have:

- obtained and considered written advice from a suitably qualified individual, employed by their investment Adviser, Mercer, whom they believe to have a degree of knowledge and experience that is appropriate for the management of their investments; and
- consulted with the Sponsoring Employer, although they affirm that no aspect of their strategy is restricted by any requirement to obtain the consent of the Sponsoring Employer.

The advice and the consultation process considered the suitability of the Trustees’ investment policy for the Scheme.

The Trustees will review the Statement formally at least every three years to coincide with the triennial Actuarial Valuation or other actuarial advice relating to the statutory funding requirements. Furthermore, the Trustees will review the Statement without delay after any significant change in investment policy. Any changes made to the Statement will be based on written advice from a suitably qualified individual and will follow consultation with the Sponsoring Employer.

2 INVESTMENT OBJECTIVES

The Trustees' primary investment objective for the Scheme is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due.

The Trustees wish to ensure that they can meet their obligations to the beneficiaries both in the short and long term.

The Trustees recognise that the investment performance of the Scheme's assets will not usually have a direct impact on the members' benefits. The investments can have an indirect impact on the members' benefits if they alter the sponsoring employer's ability and/or willingness to continue to support the Scheme.

With that in mind, the Trustees have set specific investment objectives regarding the manner in which the primary objective of meeting their obligations to the members is to be achieved:

- To pay the Scheme benefits as they fall due and avoid any reduction in benefits if possible
- To achieve and maintain a funding level of 100% on the on-going funding basis
- To minimise risk in achieving and maintaining a 100% funding level on the on-going funding basis subject to acceptable affordability
- To pay due regard to the interests of the sponsoring employer in relation to the funding of the Scheme.

The Trustees have also received confirmation from the Scheme Actuary during the process of revising the investment strategy that their investment objectives and the resultant investment strategy are consistent with the actuarial valuation methodology and assumptions used in the Statutory Funding Objective.

3 INVESTMENT RESPONSIBILITIES

3.1 TRUSTEES' DUTIES AND RESPONSIBILITIES

The Trustees are responsible for setting the investment objectives and determining the strategy to achieve the objectives. They carry out their duties and fulfil their responsibilities as a single body.

The duties and responsibilities of the Trustees include, but are not limited to, the following tasks and activities:

- The regular approval of the content of the Statement.
- The appointment and review of the investment managers and investment adviser.
- The assessment and review of the performance of each investment manager.
- The setting and review of the investment parameters within which the investment managers can operate.
- The assessment of the risks assumed by the Scheme at a total scheme level as well as on a manager by manager basis.
- The approval and review of the asset allocation benchmark for the Scheme.
- The compliance of the investment arrangements with the principles set out in the Statement.

3.2 INVESTMENT ADVISER'S DUTIES AND RESPONSIBILITIES

The Trustees have appointed Mercer as the Investment Adviser to the Scheme. Mercer provides advice as and when the Trustees require it, as well as raising any investment-related issues, of which it believes the Trustees should be aware. Matters on which the Mercer expects to provide advice to the Trustees include the following:

- Setting of investment objectives.
- Determining investment strategy and asset allocation.
- Determining an appropriate investment structure.
- Advising on appropriate funds.
- Setting cashflow management policies (see Appendix 2).

The Trustees may seek advice from Mercer with regard to both strategic and tactical investment decisions (see Section 4 - Investment Strategy); however, they recognise that they retain responsibility for all such decisions, including those that concern investments and disinvestments relating to cash flows (see Appendix 2). Mercer may be proactive in advising the Trustees regarding tactical investment decisions; however, there is no responsibility placed on Mercer to be proactive in all circumstances.

Mercer monitors the performance of the Scheme's investment managers against their benchmarks.

Mercer makes charges based on time-cost and within agreed budgets where relevant.

In particular, Mercer does not receive commission or any other payments in respect of the Scheme that might affect the impartiality of their advice, and as noted below, any discounts negotiated by Mercer with the underlying managers and these discounts are passed on in full to the Scheme.

The Trustees are satisfied that this is a reasonable adviser remuneration structure for the Scheme.

Mercer is authorised and regulated by the Financial Conduct Authority ("FCA").

3.3 INVESTMENT MANAGERS' DUTIES AND RESPONSIBILITIES

The Trustees are long term investors and do not look to change the investment arrangements on a frequent basis. The Trustees will retain an investment manager unless there is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager

The assets of the Scheme are invested with the investment managers as detailed in Appendix 1 and 3, using the Mobius Life platform (see Section 3.5).

The underlying managers and funds invested in by the Scheme are determined by the Trustees using a written instruction to the respective investment managers. Investment managers are selected having regard to their ability to provide one or more of the identified fund types and their potential to meet the investment objectives of the Scheme.

The Trustees look to its investment consultant for their forward looking assessment of a manager's ability to outperform over a full market cycle. This view will be based on the Mercer Manager Research Team's assessment of the manager's idea generation, portfolio construction, implementation and business management, in relation to the particular investment fund that the Scheme invests in. The Mercer's manager research ratings assist with due diligence and questioning managers during presentations to the Trustees and are used in decisions around selection, retention and removal of manager appointments.

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

The details of each manager's mandate are set out in Appendix 3. In particular, the investment managers are responsible for all decisions concerning the selection and de-selection of the individual securities within the portfolios they manage.

In the case of multi-asset mandates, the investment managers are responsible for all decisions concerning the allocation to individual asset classes and changes in the allocations to individual asset classes.

All of the investment managers engaged by the Trustees will be authorised and regulated by the Prudential Regulation Authority ("PRA"), the FCA or both.

The investment managers are remunerated by ad valorem charges based on the value of the assets that they manage on behalf of the Scheme. The Trustees believes that this is a reasonable basis for remunerating managers. None of the managers in which the Scheme's assets are invested have performance based fees which could encourage the manager to make short term investment decisions to hit their profit targets.

The Trustees therefore consider that the method of remunerating fund managers is consistent with incentivising them to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity. By encouraging a medium to long-term view, it will in turn encourage the investment managers to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.

The Trustees accept that it cannot influence the charging structure of the pooled funds in which the Scheme is invested, but is satisfied that the ad-valorem charges for the different underlying funds are clear and are consistent with each fund's stated characteristics. The Trustees are therefore satisfied that this the most appropriate basis for remunerating the underlying investment managers and is consistent with the Trustees' policies as set out in this SIP.

3.4 SUMMARY OF RESPONSIBILITIES

A summary of the responsibilities of all relevant parties, including the Scheme Actuary and the scheme administrators, in so far as they relate to the Scheme's investments, is set out at Appendix 4.

3.5 ARRANGEMENT WITH MOBIUS LIFE LIMITED

The Trustees, after considering appropriate investment advice, has invested the assets of the DB Section through a Trustee Investment Policy (TIP) from Mobius Life Limited (“Mobius”), whose appointment foregoes the need for a Custodian.

Mobius is authorised by the PRA and regulated by the FCA and the PRA.

The Mobius TIP facilitates investment into a range of underlying funds managed by third party investment managers and the value of the Mobius TIP is directly linked to the change in value in the underlying funds. All of the underlying investment managers used are authorised and regulated by the FCA.

4 INVESTMENT STRATEGY

4.1 SETTING INVESTMENT STRATEGY

The Trustees have determined their investment strategy after considering the Scheme's liability profile and their own appetite for risk, the Sponsoring Employer's appetite for risk, and the strength of the Sponsoring Employer's covenant. The Trustees have also received written advice from their Investment Adviser.

The basis of the Trustees' strategy is to invest the Scheme's assets across "growth" funds comprising of assets such as diversified growth funds ("DGF") and multi asset credit funds ("MAC"), and "matching" funds comprising of assets such as absolute return bond funds ("ARBF"), corporate bonds, gilts, index-linked gilts and liability driven investment funds ("LDI"). The basis for the amount in growth and matching assets are set with regard to the overall required return objective of the Scheme's assets.

The Trustees have established a benchmark allocation to each asset class, which is set out in Appendix 1.

In respect of the investment of contributions and any disinvestments to meet member benefit payments, the Trustees have decided on a structured approach to rebalance the assets in accordance with their overall strategy. This approach is set out in Appendix 2.

4.2 INVESTMENT DECISIONS

The Trustees distinguish between three types of investment decision: strategic, tactical and security-level.

Strategic Investment Decisions

These decisions are long-term in nature and are driven by an understanding of the objectives, needs and liabilities of the Scheme.

The Trustees take all such decisions themselves. They do so after receiving written advice from their investment adviser and consulting with the Sponsoring Employer. Examples of such decisions and of tasks relating to the implementation of these decisions include the following:

- Setting investment objectives.
- Determining the split between the growth and the matching portfolios.
- Determining the allocation to asset classes within the growth and matching portfolios.
- Determining the Scheme benchmark.
- Reviewing the investment objectives and strategic asset allocation.

Tactical Investment Decisions

These decisions are short-term and based on expectations of near-term market movements. Such decisions may involve deviating temporarily from the strategic asset allocation and may require the timing of entry into, or exit from, an investment market or asset class.

These decisions are the responsibility of the Trustees. However, where such decisions are made within a pooled fund, they are the responsibility of the investment manager of the fund.

Stock Selection Decisions

All such decisions are the responsibility of the investment managers of the pooled funds in which the Scheme is invested.

4.3 TYPES OF INVESTMENTS TO BE HELD

The Scheme's assets are invested wholly via pooled vehicles.

The Trustees are permitted to invest across a wide range of asset classes, including the following:

- UK and overseas equities
- UK and overseas government bonds, fixed and inflation-linked
- UK and overseas corporate bonds
- Convertible bonds
- Property
- Commodities
- Hedge Funds
- Private equity
- High yield bonds
- Emerging market debt
- Diversified growth
- Liability driven investment products
- Cash

The use of derivatives is as permitted by the guidelines that apply to the pooled funds.

The Trustees recognise the benefits of diversification across growth asset classes, as well as within them, in reducing the risk that results from investing in any one particular market. Where they consider it advisable to do so, the Trustees have appointed investment managers to select and manage the allocations across growth asset classes, in particular where it would not be practical (or appropriate) for the Trustees to commit the resources necessary to make these decisions themselves.

4.4 FINANCIALLY MATERIAL CONSIDERATIONS

In setting the investment strategy, the Trustees have prioritised assets which provide protection against movements in the Scheme’s liability value and also assets which provide diversification across a wide range of investment markets and considers the financially significant benefits of these factors to be paramount.

However, the Trustees understand that they must aim to consider all financially relevant factors that have the ability to impact the financial performance of the Scheme’s investments over the appropriate time horizon. This includes, but is not limited to, environmental, social and governance (ESG) factors.

The Trustees recognise that ESG factors, such as climate change, can influence the investment performance of the Scheme’s portfolio and it is therefore in members’ and the Scheme’s best interests that these factors are taken into account within the investment process; and that ESG risks are identified and avoided or mitigated, as best as possible.

The Trustees believe that investing with a manager who approaches investments in a responsible way, and takes account of ESG-related risks, will lead to better risk adjusted performance results as omitting these risks in investment analysis could skew the results and underestimate the level of overall risk being taken. The Trustees are aware of its investment managers’ approaches to ESG factors with respect to their selection of investments and is satisfied that a responsible approach, which is consistent with the long-term financial interests of the Scheme and its members, is undertaken.

However, the Trustees note that ESG considerations are not paramount to the first level decision making process within the funds which provide either actively managed diversification or leveraged liability protection. However, in the actively managed Diversified Growth Funds in which the Scheme invests, whilst managers typically do not put ESG considerations at the heart of the asset allocation decision, they will embed ESG considerations into the management of the underlying asset classes where it is appropriate to do so.

As noted earlier, the Scheme’s assets are invested in pooled funds. The Trustees accept the fact that they have very limited ability to influence the ESG policies and practices of the companies in which their managers invest. The Trustees will therefore rely on the policies and judgement of their investment manager.

The Trustees are therefore satisfied that ESG factors are appropriately reflected in the overall investment approach..

4.5 NON-FINANCIAL CONSIDERATIONS

The Trustees’ objective is that the financial interests of the Scheme members are its first priority when choosing investments.

It has decided not to consider non-financial considerations, such as ethical views, or to take members’ preferences into account when setting the investment strategy.

4.6 CORPORATE GOVERNANCE AND VOTING POLICY

The Trustees’ policy is to delegate responsibility for engaging with, monitoring investee companies and exercising voting rights to the pooled fund investment managers and expects the investment managers to use their discretion to act in the long term financial interests of investors.

The Trustee notes that the investment managers’ corporate governance policies are available on request and on their respective websites.

The Trustees are supportive of the UK Stewardship Code published by the Financial Reporting Council and encourage the Scheme’s underlying managers who are regulated by the Financial Conduct Authority to comply with the UK Stewardship Code. Such managers are expected to report on their adherence to the Code on an annual basis. For managers that choose not to comply with any of the principles in the UK Stewardship Code, or not to follow the guidance at all, the Trustees will request a clear rationale from the managers on their alternative approach to stewardship.

4.7 STEWARDSHIP

Where the Trustees are specifically invited to vote on a matter relating to corporate policy, the Trustees will exercise its right in accordance with what it believes to be the best interests of the majority of the Scheme’s membership.

Mercer will monitor the performance, strategy, risks, ESG policies and corporate governance of the investment managers on behalf of the Trustees. If the Trustees have any concerns, they will raise them with Mercer, verbally or in writing.

5 RISK

Under the Pensions Act 2004, the Trustees are required to state their policy regarding the ways in which risks are to be measured and managed. These are set out below.

Solvency Risk and Mismatching Risk

- These are measured through a qualitative and quantitative assessment of the expected development of the assets relative to the liabilities.
- These are managed by setting a scheme-specific strategic asset allocation with an appropriate level of risk.

Manager Risk

- This is assessed as the expected deviation of the prospective risk and return, as set out in the managers' objectives, relative to the investment policy.
- It is measured by monitoring the actual deviation of returns relative to the objective and factors supporting the managers' investment process.

Liquidity Risk

- This is monitored according to the level of cashflows required by the Scheme over a specified period.
- It is managed by holding an appropriate amount of readily realisable investments. The Scheme's assets are invested in pooled funds which are readily realisable.

Political Risk

- This is measured by the level of concentration in any one market leading to the risk of adverse influence on investment values arising from political intervention.
- It is managed by regular reviews of the investments and through investing in funds which give a wide degree of diversification.

Environmental Risk

- This risk that improper, or inadequate, consideration of environmental factors could lead to adverse investment performance and / or reputational damage to the Scheme.
- The day to day management of environmental risk is the responsibility of the companies in which the Scheme's underlying managers have invested. Given the Trustee is invested in pooled funds the Trustee will rely on the investment manager to ensure that these companies have sufficient procedures and processes in place in order to mitigate this risk as far as is reasonably possible.

Social Risk

- This is the risk that social factors are not properly considered within the investment decision making process. Social risks can arise both within and external to a company, e.g. internal factors could include workplace health & safety whilst external factors may include a company's impact on the area surrounding their place of business.
- The day to day management of social risk is also the responsibility of the companies in which the Scheme's underlying managers invest. It is the responsibility of the investment manager to ensure that these companies have sufficient procedures and processes in place in order to mitigate these risks as far as is reasonably possible.

Corporate Governance Risk

- This is assessed by reviewing the Scheme's investment managers' policies regarding corporate governance.
- It is managed by delegating the exercise of voting rights to the managers, who exercise this right in accordance with their published corporate governance policies. Summaries of these policies are provided to the Trustees from time to time and take into account the financial interests of the shareholders, which should ultimately be to the Scheme's advantage.

Sponsor Risk

- This is assessed as the level of ability and degree of willingness of the sponsor to support the continuation of the Scheme and to make good any current or future deficit.
- It is managed by assessing the interaction between the Scheme and the sponsor's business, as measured by a number of factors, including the creditworthiness of the sponsor and the size of the pension liability relative to the sponsor. Regular updates on employer covenant are provided to the Trustees by senior staff of the sponsor.

Legislative Risk

- This is the risk that legislative changes will require action from the Trustees so as to comply with any such changes in legislation.
- The Trustees acknowledge that this risk is unavoidable but will seek to address any required changes so as to comply with changes in legislation.

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 Trustees acknowledge that the assessment of credit risk on individual debt instruments is delegated to the investment manager. The Trustees will however ensure that they are comfortable with the amount of risk that the Scheme's investment manager takes.

Market Risk

- This is the risk the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of the following three types of risk:

Currency Risk

- This is the risk that occurs when the price of one currency moves relative to another (reference) currency. In the context of a UK pension scheme, the scheme may be invested in overseas stocks or assets, which are either directly or indirectly linked to a currency other than Sterling. There is a risk that the price of that overseas currency will move in such a way that devalues that currency relative to Sterling, thus negatively impacting the overall investment return.
- For currency hedged funds, the Trustees acknowledge that currency risk related to overseas investments is hedged appropriately by the underlying investment managers.
- For funds where the currency risk is separately managed by the manager, the Trustees acknowledge that currency risk is delegated to the underlying investment managers where the manager is responsible for the decision of whether or not to hedge.

Interest Rate Risk

- This is the risk that an investment's value will change due to a change in the level of interest rates. This affects debt instruments more directly than growth instruments.
- The Trustees acknowledge that the interest rate risk related to individual debt instruments, and particularly liability driven investment (LDI) instruments, is managed by the underlying investment managers through a combination of strategies, such as diversification, duration and yield curve management, and hedging via swaps, particularly where LDI is involved.

Other Price Risk

- This is the risk that principally arises in relation to the return seeking portfolio, which invests in equities, equities in pooled funds, equity futures, hedge funds, private equity and property.
- The Trustees acknowledge that a scheme can manage its exposure to price risk by investing in a diverse portfolio across various markets.

6 MONITORING OF INVESTMENT ADVISER AND MANAGERS

6.1 INVESTMENT ADVISER

The Trustees continually assess and review the performance of their adviser in a qualitative way.

6.2 INVESTMENT MANAGERS

The Trustees receive quarterly monitoring reports on the performance of the underlying investment managers from Mercer on a quarterly basis, which presents performance information over 3 months, 1 year and 3 years. The reports show the absolute performance, performance against the manager's stated target performance (over the relevant time period) on a net of fees basis. It also provides returns of market indices so that these can also be used to help inform the assessment of the underlying managers' performance.

Some mandates are actively managed and the managers are incentivised through performance targets (an appointment will be reviewed following periods of sustained underperformance). The Trustees will review the appropriateness of using actively managed funds as part of the wider monitoring of the Scheme's managers.

The reporting reviews the performance of the Scheme's individual funds against their benchmarks and of the Scheme's assets in aggregate against the Scheme's strategic benchmark.

The Trustees' focus is primarily on long term performance but short term performance is also reviewed. The Trustees may review a manager's appointment if:

- There are sustained periods of underperformance;
- There is a change in the portfolio manager;
- There is a change in the underlying objectives of the investment manager;
- There is a significant change to Mercer's rating of the manager.

6.3 PORTFOLIO TURNOVER COSTS

Portfolio turnover costs means the costs incurred as a result of the buying, selling, lending or borrowing of investments.

The Trustees do not currently monitor portfolio turnover costs for the funds in which the Scheme is invested, although note that the performance monitoring which they receive is net of all charges, including such costs.

The Trustees are also aware of the requirement to define and monitor targeted portfolio turnover and turnover range.

Given that the Scheme invests in a range of pooled funds, many of which invest across a wide range of asset classes, the Trustees do not have an overall portfolio turnover target for the Scheme.

The Trustees are working with Mercer to determine the most appropriate way to obtain and monitor the information required in relation to the pooled funds in which the Scheme is invested and will include further information about this when next updating the SIP.

7 CODE OF BEST PRACTICE

The Trustees note that in March 2017, the Pensions Regulator released ‘Investment Guidance for Defined Benefit Pension Schemes’.

The Trustees have received training in relation to this guidance and are satisfied that the investment approach adopted by the Scheme is consistent with the guidance so far as it is appropriate to the Scheme’s circumstances.

The Trustees meet with its investment adviser on a regular basis, monitoring developments both in relation to the Scheme’s circumstances and in relation to evolving guidance, and will revise the Scheme’s investment approach if considered appropriate.

8 COMPLIANCE

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

A copy of the Scheme's current Statement plus Appendices is also supplied to the Sponsoring Employer, the Scheme's investment managers, the Scheme's auditors and the Scheme Actuary.

This Statement of Investment Principles, taken as a whole with the Appendices, supersedes all others and was approved by the Trustees of the BACB Pension Scheme on **30 April 2024**.

APPENDIX 1: ASSET ALLOCATION BENCHMARK

The Scheme's strategic asset allocation benchmark is set out below.

Asset Class	Strategic Allocation
Growth Assets	**19.0%**
Schroders Diversified Growth Fund	7.0%
Nordea Diversified Return Fund	7.0%
M&G Total Return Credit Fund	5.0%
Stabilising Assets	**81.0%**
Columbia Threadneedle Real Dynamic LDI Fund	62.0%
LGIM Gilts and Index-Linked Gilts	
LGIM Corporate Bonds	14.0%
Payden & Rygel Absolute Return Bond Fund	5.0%
Total	**100.0%**

The policy for rebalancing and investment / disinvestment of cashflows is set out in Appendix 2.

Appendix 3 provides information about the funds in which the assets are invested.

APPENDIX 2: CASHFLOW AND REBALANCING POLICY

Where possible, cash outflows will be met from cash balances held by the Scheme and from income from the Scheme's investments in order to minimise transaction costs.

There is no formal rebalancing procedure in place; however future contributions and disinvestments will be invested or disinvested in a pragmatic way in order to maintain the overall Scheme strategic asset allocation, as set out in Appendix 1.

LDI funds will not be used for cashflow purposes without a specific written instruction from the Trustees.

APPENDIX 3: INVESTMENT MANAGER INFORMATION

The Scheme invests with the following managers:

- Nordea Asset Management ("Nordea")
- Legal & General Investment Management ("LGIM")
- Schroder Life ("Schroders")
- M&G Investments ("M&G")
- Columbia Threadneedle Asset Management ("CT")
- Payden & Rygel ("Payden")

The tables below show the details of the mandate(s) with each manager.

GROWTH ASSETS

Manager / Fund	Benchmark	Objective	Dealing Frequency	SORP / IFRS Class
Growth – Multi Asset				
Nordea Diversified Growth Fund	Three month GBP SONIA	To achieve returns equivalent to cash +3.3% p.a. net of fees, over a 3 year investment horizon	Daily	Level 2
Schroders Diversified Growth Fund	ICE BofA 3 Month Sterling Government Bill Index)	To achieve returns above the benchmark +4.5% p.a. over an economic cycle (c. 5 years). Also limit volatility to less than two thirds that of global equities.	Daily	Level 2
M&G Total Return Credit Fund	One month GBP SONIA	To achieve returns equivalent to cash +3.7% p.a. net of fees, over a 3 year investment horizon	Daily	Level 2

STABILISING ASSETS

Manager / Fund	Benchmark	Objective	Dealing Frequency	SORP / IFRS Class
Active				
CT Real Dynamic LDI Fund	The liability profile of a typical UK DB pensions scheme consisting of gilt and swaps benchmarks	To provide hedging by offering interest rate and inflation protection which reflect the liability profile of a typical UK DB pension scheme	Daily	Level 2
LGIM Gilts and Index Linked Gilts	Fund-specific – each fund holds the specified gilt or index-linked gilt	To track the performance of the relevant gilt or index-linked gilt within +/-0.25% for two years out of three.	Daily	Level 2
LGIM Corporate Bonds	Markit iBoxx £ Non-Gilts (ex-BBB) Index	To track the performance of the index within +/-0.50% for two years out of three.	Daily	Level 2
Payden Absolute Return Bond Strategies Return Fund	ICE Bank of America Overnight SONIA	To outperform the benchmark by 3.0% p.a. over a medium term horizon	Daily	Level 2

For avoidance of doubt, this SIP will not be updated solely in response to a replacement of one of the underlying investment managers.

APPENDIX 4: RESPONSIBILITIES OF PARTIES

TRUSTEES

The Trustees' responsibilities include the following:

- Reviewing at least triennially, and more frequently if necessary, the content of this Statement in consultation with the Investment Adviser and modifying it if deemed appropriate.
- Reviewing the investment strategy following the results of each actuarial review, in consultation with the Investment Adviser and Scheme Actuary.
- Appointing the Investment Managers and custodian (if required).
- Assessing the quality of the performance and processes of the Investment Managers by means of regular reviews of investment returns and other relevant information, in consultation with the Investment Adviser.
- Consulting with the sponsoring employer regarding any proposed amendments to this Statement.
- Monitoring compliance of the investment arrangements with this Statement on a continuing basis.

INVESTMENT ADVISER

The Investment Adviser's responsibilities include the following:

- Participating with the Trustees in reviews of this Statement of Investment Principles.
- Production of independent performance monitoring reports.
- Advising the Trustees, at their request, on the following matters:
  - Through consultation with the Scheme Actuary, how any changes within the Scheme's benefits, membership, and funding position may affect the manner in which the assets should be invested.
  - How any changes in the investment managers' organisations could affect the interests of the Scheme.
  - How any changes in the investment environment could present either opportunities or problems for the Scheme.
- Undertaking project work, as requested, including:
  - Reviews of asset allocation policy.
  - Research into and reviews of Investment Managers.
- Advising on the selection of new managers and/or custodians.
- Advising on the investment and disinvestment of cashflows.

INVESTMENT MANAGERS

As noted in this statement, the Trustees have appointed investment managers upon the advice of Mercer.

The investment managers' responsibilities include the following:

- Informing the Trustees of any changes in the internal performance objectives and guidelines of any pooled fund used by the Scheme as and when they occur.
- Having regard to the need for diversification of investments, so far as appropriate for the particular mandate, and to the suitability of investments.

SCHEME ACTUARY

The Scheme Actuary's responsibilities include the following:

- Liaising with the Investment Adviser regarding the suitability of the Scheme's investment strategy given the financial characteristics of the Scheme.
- Assessing the funding position of the Scheme and advising on the appropriate response to any shortfall.
- Performing the triennial (or more frequent, as required) valuations and advising on the appropriate contribution levels.

ADMINISTRATOR

The Administrator's responsibilities include the following:

- Ensuring there is sufficient cash available to meet benefit payments as and when they fall due.
- Paying benefits and making transfer payments.
- Investing contributions not required to meet benefit payments with the Investment Managers according to the Trustees' instructions.