

# **Riverside Group Pension Scheme**

## **Statement of Investment Principles**

**September 2020**

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Appendix 1: The Trustee's Investment Strategy

### Glossary

Aberdeen	Aberdeen Standard Investments
AVCs	Additional Voluntary Contributions
Aviva	Aviva Investors Limited
ESG	Environmental, Social and Governance (including, but not limited to, climate change)
JP Morgan	JPMorgan Chase & Co
LDI	Liability Driven Investment
LGIM	Legal & General Investment Management Limited
M&G	M&G Investment Management Limited
Partners	Partners Group (Guernsey) Limited
Scheme	Riverside Group Pension Scheme
Schroder	Schroder Investment Management Limited
Trustee	The Trustee of the Scheme
UNPRI	United Nations Principles for Responsible Investment

## 1. Introduction

This statement is made in accordance with the requirements of legislation<sup>1</sup> and, in determining a suitable investment strategy for the Scheme, the Trustee has considered The Pension Regulator's Investment Guidance for defined benefit pension schemes.

The main body of this statement sets out the principles and policies that govern investments made by the Trustee of the Scheme. Details of the specific investment arrangements in place are set out in the Appendices.

Upon request, a copy of this statement will be made available to members, the Scheme Actuary and any investment managers used by the Trustee.

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<sup>1</sup> In particular, the Pensions Act 1995, the Occupational Pensions (Investment) Regulations 2005, the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

## **2. Investment Governance Structure**

### **Investment Sub-Committee**

Investment matters will normally be considered by the Trustee Board in full although the Board may delegate to a sub-group to complete specific items.

### **Investment Advice**

As required by legislation, in the preparation and maintenance of this statement and when considering the suitability of any investments, the Trustee will obtain and consider written advice from its investment adviser.

The Trustee is advised on investment matters by First Actuarial LLP. First Actuarial LLP is regulated by the Institute and Faculty of Actuaries and is qualified to provide the required advice through knowledge and practical experience of financial matters relating to pension schemes.

### **Legal Advice**

Whenever deemed necessary, the Trustee will seek advice from its legal adviser on investment matters.

### **Employer Consultation**

Under legislation, the ultimate responsibility for determining the investment strategy rests with the Trustee. However, the Trustee must consult with the sponsoring employer and consultation must comprise a sharing of views, not simply notification of intent.

### **Investment Managers**

Day-to-day management of the Scheme's assets is delegated to one or more investment managers.

To ensure safekeeping of the assets, ownership and day to day control of the assets is undertaken by custodian organisations which are independent of the sponsoring employer and the investment managers. Where pooled investment vehicles are used, the custodians will typically be appointed by the investment manager.

### **Members' Views and Other Non-Financial Matters**

In the relevant regulations "non-financial matters" refers to the views of the members. This includes, but is not limited to, ethical views, views on ESG factors and views on the present and future quality of life for the members.

The Trustee recognises that it is likely that members and beneficiaries will hold a broad range of views. However, the Trustee does not explicitly take account of the views of members in the selection, retention and realisation of investments. The Trustee will review its policy on this approach as appropriate.

The Trustee believes that its duty to members and beneficiaries will be best served by ensuring that all benefits can be paid as they fall due and the Trustee's Investment Objectives are designed to ensure this duty is achieved.

## **2. Investment Governance Structure (continued)**

### **Conflicts of Interest**

The Trustee is satisfied that the investment strategy described in this Statement meets its responsibility to invest the assets in the best interests of the members and beneficiaries and, in the case of a potential conflict of interest, in the sole interest of the members and beneficiaries.

### **3. Investment Beliefs**

The investment beliefs stated below have been developed by the Trustee and are reflected in the Scheme's investment strategy.

#### **i) Asset Allocation**

Long-term performance of the Scheme's assets is attributable primarily to the strategic asset allocation rather than the choice of investment managers.

#### **ii) Diversification**

Asset diversification helps to reduce risk.

#### **iii) Risk versus Reward**

Targeting higher levels of investment return requires increased levels of investment risk which increases the volatility of the funding position.

#### **iv) Appropriate Time Horizon**

In determining investment objectives and a suitable investment strategy for the Scheme, the Trustee takes into account an appropriate time horizon. The Trustee believes that an appropriate time horizon will be the period over which benefits are expected to be paid from the Scheme.

#### **v) ESG and Other Financially Material Considerations**

The Trustee believes that financially material considerations, including ESG factors and the risks related to such factors, can contribute to the identification of both investment opportunities and financially material risks. Consequently, financially material considerations can have a material impact on investment risk and return outcomes.

The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

Assessment of how ESG risks are mitigated will be one of the factors considered by the Trustee when selecting and monitoring investment managers.

#### **vi) Stewardship**

The Trustee believes that good stewardship can help create, and preserve, value for companies and markets as a whole.

#### **vii) Use of Active Management**

Active management has the potential to add value either through offering the prospect of enhanced returns or through the control of volatility. In addition, it is recognised that active management may help to mitigate the financial impact of ESG risks.

For each asset class, the Trustee will consider whether the higher fees associated with active management are justified.

#### **viii) Use of Pooled Funds**

Taking into account the size of the Scheme's assets, it is expected that pooled funds will typically be a more practical way of implementing the Scheme's investment strategy than establishing segregated mandates with investment managers.

## **4. Investment Objectives and Strategy**

### **Defined Benefit Assets – Investment Objectives**

The Trustee's primary investment objectives are:

- to ensure that the assets are sufficient and available to pay members' benefits as and when they fall due;
- to generate an appropriate level of investment returns – to improve the funding position and thereby improve security for members; and
- to protect the funding position – limiting the scope for adverse investment experience reducing security for members.

The Trustee's investment approach is designed to strike a balance between the above primary objectives but also considers:

- the nature and timing of benefit payments;
- expected levels of investment return on different asset classes;
- expected levels of investment return variability and, specifically, the expected level of short-term volatility of the funding position;
- the sponsoring employer's ability to withstand additional contribution requirements that may arise from volatility in the funding position; and
- the full range of available investments (within the bounds of practicality).

### **Defined Benefit Assets – Investment Strategy**

The Trustee has taken advice from its investment adviser to construct a portfolio of investments consistent with these objectives. In doing so, consideration is given to all matters which are believed to be financially material over the appropriate time horizon.

The Trustee does not take account of non-financial matters when determining the Scheme's investment strategy.

### **AVCs**

Whilst the AVC facility is closed to further contributions, assets remain in respect of historic contributions. The AVCs are held separately from the Scheme's other investments and are used to enhance a member's benefits at retirement. From time to time the Trustee reviews the ongoing suitability of the AVC arrangements.

Members also have access to the Riverside Group Stakeholder Scheme. Whilst this does not form part of the Scheme it offers members the opportunity to make additional contributions to a wide range of funds on a money purchase basis.

Details of the current AVC arrangements are provided in Appendix 1.

## 5. Strategic Asset Allocation

In determining the strategic asset allocation, the Trustee views the investments as falling into two broad categories:

1. **Liability Matching Assets** – Assets that are expected to react to changes in market conditions in a similar way to the liabilities. The use of Liability Matching Assets is expected to protect the funding position of the Scheme.
2. **Growth Assets** – Assets that are expected to deliver long-term returns in excess of liability growth. The use of Growth Assets is expected to deliver a level of investment returns deemed appropriate by the Trustee given the risk involved.

### Liability Matching Assets

The Scheme's Liability Matching Assets are invested in an LDI Portfolio which has been designed to provide the following liability matching characteristics:

Proportion of liabilities matched:			
Fixed Cashflows	Index-Linked Cashflows		
Interest Rate Risk	Real Interest Rate Risk	Interest Rate Risk Only	Inflation Only
0%	90%	0%	0%

The liability hedge is based on liabilities valued on a 'gilts + 0%' basis.

In addition, the Trustee insures a proportion of the Scheme's pensioner liabilities. The insurance policies that are held will provide a stream of income in respect of named individuals for as long as those individuals remain alive. The income received offsets pension payments made from the Scheme.

### Growth Assets

The structure of the Scheme's Growth Assets has been designed to offer diversification across a range of underlying asset classes and to achieve this by combining investment managers with different asset management styles.

## **6. Use of Investment Managers**

### **Investment Manager Selection**

The Trustee delegates the day to day management of the assets, including selection, retention and realisation, to professional investment managers.

When considering the suitability of an investment manager, the Trustee (in conjunction with its investment adviser), will take account of all matters which are deemed to be financially material. In particular, the Trustee will:

- ensure that the investment manager has the appropriate knowledge and experience;
- ensure that the investment manager's mandate is appropriate; and
- consider the investment manager's approach to ESG matters (in respect of Growth Assets).

When selecting investment managers, the Trustee may also take into account non-financially material considerations such as the investment manager's administrative capabilities and the liquidity of the investments.

Where pooled investment vehicles are used, it is recognised that the mandate cannot be tailored to the Trustee's particular requirements. However, the Trustee ensures that any pooled investment vehicles used are appropriate to the circumstances of the Scheme.

The Trustee will normally select investment managers who are signatories to the UNPRI and who publish the results of its annual UNPRI assessment. This principle may be waived if a fund offered by a non-signatory manager is deemed to have investment characteristics which are particularly important for meeting the Trustee's investment objectives.

### **Manager Implementation**

Assets are invested predominantly on regulated markets, as so defined in legislation. Any investments that do not trade on regulated markets are kept to a prudent level.

#### *Use of Derivatives*

The investment managers are permitted to use derivative instruments to reduce risk or for efficient portfolio management. Risk reduction would include mitigating the impact of a potential fall in markets or the implementation of currency hedging whilst efficient portfolio management would include using derivatives as a cost-effective way of gaining access to a market or as a method for generating capital and/or income with an acceptable level of risk.

#### *Leverage*

The instruments used by the investment managers of the Liability Matching Assets may result in the Liability Matching Assets being leveraged. Since these assets are closely aligned to the liabilities, the allocation to Liability Matching Assets (and any associated leverage) reduces the volatility of the Scheme's funding position and therefore reduces risk.

## 7. Stewardship

The Trustee's policy in relation to the exercise of rights attaching to investments, and undertaking engagement activities in respect of investments, is that it wishes to encourage best practice in terms of stewardship.

However, the Trustee invests in pooled investment vehicles and therefore accepts that ongoing engagement with the underlying companies (including the exercise of voting rights) will be determined by the investment managers' own policies on such matters. For that reason, the Trustee recognises that its ability to directly influence the action of companies is limited.

Nevertheless, the Trustee expects that each investment manager will discharge its responsibilities in respect of investee companies in accordance with that investment manager's own corporate governance policies and current best practice, including the UK Stewardship Code.

The Trustee also expects that each investment manager will take ESG factors into account when exercising the rights attaching to investments and in taking decisions relating to the selection, retention and realisation of investments.

When selecting a new fund, the Trustee will consider the investment manager's approach to stewardship and will take into account the ESG characteristics of the fund. These will be important factors in the fund selection process and, wherever possible, the Trustee will favour funds with strong credentials in these areas. A good example of the Trustee's approach was the replacement of passive equity funds with LGIM Future World Equity funds. The LGIM Future World Equity funds were selected by the Trustee because their stewardship and ESG characteristics were significantly stronger than those of the funds being replaced.

When considering the suitability of an investment manager, the Trustee (in conjunction with its investment adviser) will take account of any particular characteristics of that manager's engagement policy that are deemed to be financially material.

The Trustee recognises that the members might wish the Trustee to engage with the underlying companies in which the Scheme invests with the objective of improving corporate behaviour to benefit the environment and society.

When considering the use of a potential investment manager, the Trustee considers whether an investment manager's corporate stewardship approach is likely to be consistent with the views of the members. However, this only forms part of the selection process and the Trustee's priority is to select investment managers which are best suited to help meet the Trustee's investment objectives. In making this assessment, the Trustee will receive advice from its investment adviser.

## 8. Investment Manager Arrangements

As the Scheme's assets are held in pooled funds, the Trustee has limited influence over the investment managers' investment decisions. In practice, an investment manager cannot fully align its strategy and decisions to the (potentially conflicting) policies of all its pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover.

It is therefore the Trustee's responsibility to ensure that the approaches adopted by investment managers are consistent with the Trustee's policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies.

Where the Trustee has concerns about an investment manager, the Trustee will review the ongoing suitability of that appointment with its investment adviser. It is expected that the Trustee will notify the investment manager of the concerns to establish if the manager can revise its approach to achieve greater consistency with the Trustee's policies. In the event that such change is not possible, the Trustee will consider replacing the investment manager.

The Trustee expects investment managers, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/equity issuers, and to engage with issuers to improve its performance. The Trustee assesses this when selecting and monitoring managers.

The Trustee's policy on selecting, monitoring, evaluating and (where necessary) terminating these arrangements is set out in further detail below.

### **Compatibility of Pooled Funds with the Trustee's Investment Strategy**

When selecting a pooled fund, the Trustee considers various factors, including:

- the assets that will be held within that fund and whether the asset allocation of the fund is expected to change over time;
- the risks associated with the fund along with the return that is expected;
- the fund's objective (as stated by the fund's investment manager) and whether the objective is consistent with the performance that the Trustee expects from that fund;
- the fund's fee structure to ensure that this is reasonable and that it does not provide an incentive for the investment manager to manage the fund in a way that differs from the expectations of the Trustee;
- how frequently underlying investments within the fund are expected to be traded by the investment manager;
- how financially material considerations (including ESG factors) over the appropriate time horizon are taken into account by the investment manager;
- the investment manager's policy in relation to the exercise of the rights (including voting rights) attaching to the investments held within the pooled fund; and
- the investment manager's policy in relation to undertaking engagement activities in respect of the investments held within the pooled fund\*.

## 8. Investment Manager Arrangements (continued)

*\*This includes engaging with an issuer of debt or equity regarding matters including (but not limited to) performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, and ESG matters. It also includes engaging on these matters with other investment managers, other holders of debt or equity and persons or groups of persons who have an interest in the issuer of debt or equity.*

After analysing the above characteristics for a fund, the Trustee identifies how that fund would fit within its overall investment strategy for the Scheme and how the fund is expected to help the Trustee meet its investment objectives.

### **Duration of Investment Manager Arrangements**

The Trustee normally expects that pooled funds will be held for several years.

However, as part of the periodic strategic asset allocation reviews (which take place at least every three years), the Trustee will review whether the ongoing use of each fund remains consistent with its investment strategy.

The Trustee regularly monitors the financial and non-financial performance of the pooled funds held and details of this monitoring process is set out below. If the Trustee becomes concerned about the ongoing suitability of a pooled fund, they may reduce exposure to it or disinvest entirely. Such action is expected to be infrequent.

### **Portfolio Turnover**

The Trustee acknowledges that portfolio turnover costs (the costs incurred as a result of the buying, selling, lending or borrowing of investments) can impact on the performance of their investments.

The Trustee does not monitor these costs directly and instead rely on its investment adviser to proactively raise any occasion where these costs are expected to have a materially detrimental impact on a manager's ability to achieve its investment objective.

Overall performance, net of portfolio turnover costs, is assessed as part of the regular investment monitoring process. There are no pre agreed benchmarks in place to monitor portfolio turnover costs against, but 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.

## 9. Risk Mitigation

When determining suitable investment objectives and when designing the Scheme's investment strategy, the Trustee (in conjunction with its investment adviser), will take into account all risks that are assessed to be financially material. The principal investment risks are listed in the Trustee's *Investment Risk Policy*. That Policy also provides an explanation of how the investment risks are managed.

### **Risk Capacity and Risk Appetite**

In determining a suitable investment strategy, the Trustee considers how the volatility of the funding position is likely to be affected by changes to the asset allocation. An important consideration for the Trustee is whether a potential investment strategy is consistent with the ability of the sponsoring employer to address any future increase in deficit that may arise due to market movements.

#### **Interest Rate Risk**

This is the risk that changes in gilt yields will have a more material impact on the value of the Scheme's liabilities than the assets. To mitigate this risk, the Trustee structures the Liability Matching Assets to hedge the majority of the liability sensitivity to gilt yield changes.

#### **Inflation Risk**

This is the risk that changes in the market's expectation for future inflation may have a more material impact on the value of the Scheme's liabilities than the assets. To mitigate this risk, the Trustee structures the Liability Matching Assets to hedge the majority of the liability sensitivity to changes in future inflation expectations.

#### **Longevity Risk**

This is the risk that unexpected improvements in longevity increase the value of the liabilities. To mitigate the risk, advice is sought from the Scheme Actuary on suitable longevity assumptions for funding purposes. The Trustee has decided to retain the majority of the longevity risk within the Scheme but will monitor any changes in longevity expectations through the actuarial valuation process and will consider the merits of investments that provide protection against this risk as appropriate. The insurance policies held to back a proportion of the pensioner liabilities provide mitigation of the longevity risk in respect of the members whose benefits have been insured.

#### **Self-Investment Risk**

Legislation imposes a restriction that no more than 5% of a pension scheme's assets may be related to the sponsoring employer. The Trustee does not hold any direct employer-related assets and any indirect exposure is expected to be less than 5% of total assets.

## **9. Risk Mitigation (continued)**

### **ESG Risks**

The Trustee (in conjunction with its investment adviser) has considered the likely impact of the financially material ESG risks associated with all of the Scheme's investments and has assessed the mitigation of such risks implemented by each of the investment managers. In making this assessment, the Trustee recognises that, where pooled investment vehicles are held, the extent to which ESG factors will be used in the selection of suitable underlying investments will be determined by the investment managers' own policies on such matters.

### **Liquidity Risk**

The majority of the Scheme's investments will be liquid and will be realisable for cash at relatively short notice without incurring high costs. However, the Trustee recognises that the liabilities are long-term in nature and that a modest allocation to less-liquid investments may be appropriate.

## 10. Monitoring

The Trustee regularly reviews the Scheme's investments for all matters considered to be financially material over the future period for which benefits are expected to be paid from the Scheme. This includes reviewing that the assets continue to be managed in accordance with each manager's mandate and that the choice of managers remains appropriate.

When assessing the performance of a fund, the Trustee does not usually place too much emphasis on short-term performance although they will seek to ensure that reasons for short-term performance (whether favourable or unfavourable) are understood.

Furthermore, the Trustee regularly monitors the position of the investment managers with regards to ESG matters.

The Trustee expects the investment managers of pooled funds to invest for the medium to long term and they expect investment managers to engage with issuers of debt or equity with a view to improving performance over this time frame.

To assist with the monitoring of the investment managers, the Trustee receives regular information from its investment adviser providing details of investment manager performance and asset allocation decisions. This analysis includes comparisons with benchmarks and relevant peer-group data.

The analysis assesses whether performance has been in line with expectations given market conditions and whether the level of risk has been as expected.

The investment adviser also provides regular updates on the investment managers' actions regarding ESG factors and shareholder engagement.

The investment adviser regularly meets with the managers of pooled funds on its approved list.

## **11. Future Amendments**

This statement will be reviewed at least every three years and without delay after any significant change in circumstances or investment strategy.

The Trustee has consulted with the sponsoring employer as part of the work preparing this statement.

The principles set out in this Statement have been agreed by the Trustee:

Signed by William Medicott

Date: 30 September 2020

For and on behalf of the Trustee of the Riverside Group Pension Scheme

## **Appendix 1: The Trustee's Investment Strategy**

As at 31 July 2020 (the most recent data available at the time of preparing this Appendix), the strategic allocation of the Scheme's assets was approximately:

- 33% Liability Matching Assets
- 67% Growth Assets

This split is not regularly rebalanced and will vary over time as market conditions change.

In addition, the Trustee may hold cash. Cash will normally be held in the Trustee bank account if it is to be used to make payments due in the short-term whereas cash that is to be held for more than a few weeks will normally be held in the LGIM Cash Fund.

The Trustee will review the strategic asset allocation periodically, and at least every three years, to ensure that the investment strategy remains consistent with the Trustee's funding objectives. As part of such a review, the Trustee will consider the risks associated with the investment strategy.

### **Investment Strategy Implementation - Liability Matching Assets**

Schroders have been appointed to manage the Liability Matching Assets and Schroders may invest in:

- Cash
- Pooled, synthetic gilt, LDI Funds

### **LDI Liquidity Management**

As gilt yields and expectations for future inflation fluctuate, the leverage of the Schroders LDI funds will vary. To ensure there is suitable liquidity within the LDI Portfolio, Schroders will invest in Schroders cash funds.

In addition, the Trustee holds a Non-LDI Portfolio with Schroders and the Non-LDI Portfolio is invested in three funds:

- Schroder Diversified Growth Fund
- M&G Episode Income Fund
- Aberdeen Diversified Income Fund

The Non-LDI Portfolio assets are held via a JP Morgan custodian arrangement which is operated by Schroders.

## Appendix 1: The Trustee's Investment Strategy (continued)

If Schroders considers that the liquidity within the LDI portfolio is lower than it deems desirable, Schroders will transfer assets from the Non-LDI Portfolio into the LDI Portfolio. Such assets will be disinvested in the following order:

- i) Schroders Diversified Growth Fund
- ii) M&G Episode Income Fund
- iii) Aberdeen Diversified Income Fund

If Schroders considers that the level of cash within the LDI portfolio becomes unnecessarily high, it will switch some of that cash to the Non-LDI Portfolio where it will be invested equally in the three funds.

### Investment Strategy Implementation - Growth Assets

Based on values as at 31 July 2020, the Scheme's Growth Assets were invested as follows:

Pooled Fund	Allocation
Equity Portfolio	51%
Diversified Growth Funds	24%
Partners Fund (Guernsey)	14%
JP Morgan Infrastructure Investments Fund	9%
Aviva Infrastructure Income Fund	2%
<b>Total Growth Assets</b>	<b>100%</b>

## Appendix 1: The Trustee's Investment Strategy (continued)

The Equity Portfolio is invested in LGIM's Future World passive equity funds and LGIM maintain the allocation of these assets as follows:

LGIM Future World Fund	Strategic Allocation of the Growth Assets	Control Ranges (%) +/-
Future World UK Equity Fund	34%	3.5%
Total Overseas Equities	66%	3.5%
Total	100%	

Split of Overseas Equities	Allocation (as % Equity Portfolio)
Future World North America Equity Index Fund - GBP Hedged	21.0%
Future World Europe ex UK Equity Index Fund – GBP Hedged	21.0%
Future World Japan Equity Index Fund – GBP Hedged	5.5%
Future World Asia Pacific ex Japan Equity Index Fund – GBP Hedged	8.0%
Future World Emerging Markets Equity Index Fund	10.5%
Total	66%

On a weekly basis, should the split between UK and overseas equities fall outside the control range stated above, LGIM will rebalance the equity portfolio. In so doing, LGIM will rebalance to the strategic allocation between UK and overseas equities in a way that moves the weightings of the regional equity funds closer to the equity benchmark.

The Diversified Growth Funds are those held via the JP Morgan custodian arrangement comprising the Non-LDI Portfolio with Schroders. The allocation between the three DGFs will vary as Schroders move cash between the LDI Portfolio and the Non-LDI Portfolio. Where possible, the Trustee will seek to keep the allocation between the three DGFs equal.

Aside from the LGIM rebalancing described above, the allocation of the Growth Assets is not automatically rebalanced but will be monitored and rebalanced at the discretion of the Trustee.

## Appendix 1: The Trustee's Investment Strategy (continued)

### Cashflow Management Policy

Any investments or disinvestments will be made at the discretion of the Trustee, but the Trustee will maintain a *Cashflow Management Policy* which will record how such payments should be structured. The *Cashflow Management Policy* will be designed to ensure the allocation of the Scheme's assets remains closely aligned with the strategy described in this statement.

To ensure the Scheme operates efficiently, the Trustee may share the *Cashflow Management Policy* with the individual(s) responsible for processing payments from the Scheme.

The *Cashflow Management Policy* will be reviewed from time-to-time by the Trustee and, as a minimum, at least every three years in line with a review of this statement. Given that the *Cashflow Management Policy* is designed to keep the Scheme's asset allocation aligned with the investment strategy and investment principles described in this statement, the sponsoring employer is satisfied that the *Cashflow Management Policy* can be amended by the Trustee without consulting the sponsoring employer.

### Additional Voluntary Contributions

Members are offered a choice of funds in which to invest their AVCs and the Trustee's objective is to provide vehicles that enable all members to generate suitable long-term returns, consistent with their reasonable expectations.

The Trustee considers that the range of AVC funds available will be sufficient to accommodate the risk profile of most Scheme members. The AVC funds available are:

- Equitable Life With-Profits Fund (closed since 2000)
- Equitable Life unit-linked funds
- Phoenix Life Deposit Administration Fund.