Contents

Introduction
The law requires the Trustee to produce a formal “Statement of Investment Principles” for the Scheme’s default option and its other investment options. These Statements set out what the Trustee aims to achieve with the investment options and their investment policies which guide how members’ money is invested.

This document is a compendium of the Statements of Investment Principles for the DC Section of the QinetiQ Pension Scheme (the “Scheme.”). These Statements must cover a number of technical points in order to comply with legislation as well as meet the expectations of the Pensions Regulator and needs of the Scheme’s Auditors, which we have as far as possible shown separately in “for the record” boxes.

Statements of Investment Principles
The Statement of Investment Principles contained in this document includes the following:

1. Statement of the aims and objectives for the default arrangement*;
2. Statement of the aims and objectives for investment options outside the default arrangement*; and
3. Statement of investment beliefs, risks and policies**.

The Statement of Investment Principles for the Scheme ** comprises items 1, 2 and 3.

The Statement of Investment Principles for the Scheme’s default arrangement *** comprises items 1 and 3.

Appendices
A. Investment implementation for the default arrangement; and
B. Investment implementation for the investment options outside the default arrangement.

For the record
* In accordance with Regulation 2A(1)(a) and 2A(1)(c) of the Occupational Pension Schemes (Investment) Regulations 2005
** In accordance with Regulation 2A(1)(b) of the Occupational Pension Schemes (Investment) Regulations 2005
*** As required by the Occupational Pension Schemes (Charges and Governance) Regulations 2015

The Trustee has taken proper written advice and consulted the Employer in the preparation of these Statements of investment Principles.

The Statement of Investment Principles will be reviewed at least every three years or more frequently as required by the Regulations.

For and on behalf of the Trustee of the Scheme

<table>
<thead>
<tr>
<th>Name</th>
<th>Signed</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Huw Evans</td>
<td></td>
<td>25 September 2019</td>
</tr>
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</table>

September 2019
Statement of the aims and objectives for the default arrangement

Reasons for the Default arrangement

The Trustee has decided that the Scheme should have a default investment arrangement because:

- While the Scheme is closed to new entrants, it is a qualifying scheme for auto-enrolment purposes for the existing membership and so must have a default option;
- It should be made easy for members of the Scheme to build their retirement benefits without the need to make any investment decisions; and
- A majority of the Scheme’s members are expected to have broadly similar investment needs.

Choosing the Default arrangement

The Trustee believes that understanding the Scheme’s membership is essential to designing and maintaining a default arrangement which meets the needs of the majority of members.

The Trustee has taken into account a number of aspects of the Scheme’s membership including:

- The age and salary profile;
- The likely sizes of pension accounts at retirement;
- Previous sources of retirement income from the Employer; and
- Members’ likely benefit choices at and into retirement.

Objectives for the Default arrangement

The main objective of the Default arrangement is to provide good member outcomes at retirement.

The Trustee believes that it is in the best interests of the majority of members to offer a default arrangement which:

- Manages the main investment risks members face during their membership of the Scheme;
- Gives good member outcomes at retirement by maximising investment returns relative to inflation while taking an appropriate level of risk for the majority of members who do not make investment choices; and
- Reflects members’ likely benefit choices at retirement.

The default arrangement

The default arrangement is:

A lifestyle strategy which is designed for members who are expected to use Flexible Access Income Drawdown during their retirement.

The default lifestyle strategy gradually moves investments between different funds to manage the levels of expected investment risks and returns at each stage of membership of the Scheme.

Full details of the current default arrangement are provided in the document “Investment implementation for the default arrangement”.

September 2019
2 Statement of the aims and objectives for investment options outside the default arrangement

Reasons for the investment options
In addition to the default arrangement, the Scheme offers members a choice of investment options because:

- While the default arrangement is intended to meet the needs of a majority of the Scheme’s members, it may not meet the needs of a wider cross-section of members;
- Attitudes to investment risks and the need for investment returns will vary from member to member and will also vary for each member over time and, in particular, as they approach retirement;
- Members have differing investment needs and these needs change during their working lives; and
- Some members will want to be more closely involved in choosing where their contributions are invested.

Choosing the investment options
Membership analysis
The Trustee believes that understanding the Scheme’s membership is important to maintaining an appropriate range of investment options and have taken into account a number of aspects including:

- The members’ age and salary profile;
- The likely sizes of members’ pension accounts at retirement;
- Previous sources of retirement income from the Employer;
- Members’ likely range of benefit choices at retirement;
- The levels of investment risk and return members may be willing to take;
- The degree to which members are likely to take an interest in where their contributions are invested; and
- The number of members who are likely to want a specialist range of funds that take into account non-financial factors e.g. ethical views, religious views etc.

Member behaviour
The Trustee has also considered the results of academic research and market surveys into how members choose where to invest their pension account which in summary shows:

- Too little choice is viewed negatively by members;
- Too much choice can prove confusing and deter members from taking action; and
- Some members will not regularly review their choices.

Costs of investment options
The investment and administration costs are borne by members and so a balance needs to be struck between choice and costs.

Objectives for the investment options
The Scheme offers members the following choices of investment options as an alternative to the default arrangement:

Alternative lifestyle option
The alternative lifestyle option has similar objectives to the default arrangement but is designed for members who are expected to take cash at retirement.
Self-select funds
The main objectives of the self-select fund range are to:

- Provide a choice of individual funds for members who want to be more closely involved in choosing where their pension accounts is invested;
- Complement the objectives of the Default arrangement and the alternative lifestyle option;
- Provide a broader choice of levels of investment risk and return;
- Provide a broader choice of investment approaches including ethical based funds; and
- Help members more closely tailor how their pension accounts is invested to their personal needs and attitude to risk.

Nevertheless, the self-select fund range cannot be expected to cover all the investment needs of all members.

Full details of the current investment options are provided in the documents “Investment implementation for investment options outside the default arrangement” and “Investment implementation for the default arrangement”. 
3 Statement of investment beliefs, risks and policies

Introduction
This Statement sets out the general investment beliefs and policies which guide the Trustee’s decision making.

For the record
This Statement of investment beliefs, risks and policies should be read in conjunction with the Statements of the aims and objectives for both the default arrangement and the investment options outside the default arrangement. Collectively, these respectively form the Statements of Investment Principles for the Scheme and the default arrangement.

Investment Risks
Principal risks
The Trustee believes that the three main investment risks most members will face are:

1) Inflation risk – investment returns over members’ working lives may not keep pace with inflation and, as a result, do not produce adequate retirement benefits.

Further from retirement, this risk should be countered by investing in funds which are expected to produce returns well in excess of inflation over the longer term. Approaching retirement, the impact of this risk needs to be balanced against the other main risks members face.

2) Benefit conversion risk – investment conditions just prior to retirement may increase the cost of turning members’ fund values into retirement benefits.

For members taking cash at retirement, funds investing in cash deposits and other short-term interest bearing investments provide a high degree of (but not complete) capital security. Funds investing in a mix of different assets are expected to be broadly suitable for members planning income drawdown during retirement. For members buying an annuity at retirement, the value of funds investing in longer-dated bonds may be expected to broadly follow changes in annuity rates caused by long-term interest rates.

3) Volatility/Market risk – falls in fund values prior to retirement lead to a reduction in retirement benefits.

Funds investing in bonds or a mix of defensive assets and hedging techniques may be expected to be subject to lower levels of short-term fluctuations in values - although there may be occasions when this does not hold true.

Other investment risks
The Trustee believes that other potential investment risks members may face include:

Active management risk – a fund manager’s selection of holdings may not lead to investment returns in line with the fund’s objectives and investment markets generally.

Currency risk – changes in exchange rates will impact the values of investments outside the UK when they are being bought or sold.

Interest rate risk – the value of funds which invest in bonds will be affected by changes in interest rates.

Default risk – for bond funds (where money is lent in return for the payment of interest), the company or government borrowing money fails to pay the interest due or repay the loan.

ESG risk – the extent to which ESG issues are not reflected in asset prices and/or not considered in investment decision making leading to underperformance relative to expectations.
Climate risk - The extent to which climate change causes a material deterioration in asset values as a consequence of factors including, but not limited to: policy change, physical impacts and the expected transition to a low-carbon economy.

Liquidity risk – funds which invest in assets which cannot be easily bought or sold (such as property) may at times not be able to accept new investments or disinvestments of existing holdings.

Counterparty risk – the financial institutions holding a fund’s assets may get into financial difficulties leading to a reduction in a fund’s value.

Managing investment risks
The lifestyle options manage the three main investment risks as members grow older by automatically switching from funds which are expected to give long-term growth relative to inflation into funds whose values should fluctuate less in the short-term relative to the benefits members are expected to take at retirement. The self-select fund range provides members with a choice of funds with differing risk and return characteristics.

The Trustee manages the other investment risks as part of the process for selecting and ongoing monitoring of the funds used by the Scheme. The funds used give a good spread of investments which will help manage risks associated with market conditions. The Trustee believes that the Scheme’s investment options are appropriate for managing the risks typically faced by members.

Expected returns on investments
The Trustee believes that it is important to balance investment risks with the likely long-term returns from different types of assets used in funds (taking the funds’ charges into account):

<table>
<thead>
<tr>
<th>Asset class</th>
<th>Expected long-term investment returns relative to inflation</th>
<th>Expected shorter- term volatility in fund values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities (i.e. company shares)</td>
<td>Strong return relative to inflation</td>
<td>Most volatile in the short-term</td>
</tr>
<tr>
<td>Property (e.g. offices, shops and warehouses)</td>
<td>Positive, but lower than equities</td>
<td>Lower than equities</td>
</tr>
<tr>
<td>Corporate Bonds (i.e. loan stocks issued by companies)</td>
<td>Positive, but lower than equities and property</td>
<td>Lower than equities or property</td>
</tr>
<tr>
<td>Fixed Interest Government Bonds (e.g. UK Gilts)</td>
<td>Positive, but lower than equities, property or corporate bonds</td>
<td>Lower than equities, property or corporate bonds</td>
</tr>
<tr>
<td>Index-Linked Government Bonds (e.g. UK Index-Linked Gilts)</td>
<td>In line with inflation</td>
<td>Lower than equities, property or corporate bonds</td>
</tr>
<tr>
<td>Cash (and other short-term interest bearing investments)</td>
<td>Return may not keep pace with inflation</td>
<td>Minimal with high degree (but not complete) of capital security</td>
</tr>
</tbody>
</table>

Long-dated Bonds (e.g. UK Gilts and Corporate Bonds with a duration of 15 years or more) – should give fund values which move broadly in line with the financial factors influencing annuity rates.

Multi-asset funds - invest in a varying mix of asset classes which should deliver positive returns relative to inflation over the longer-term, with shorter-term volatility lower than equities.

Derivatives (e.g. currency hedging) - typically to reduce shorter-term investment risks or to facilitate changing where funds are invested, should help achieve a fund’s expected levels of risk and return.
Factor-based (i.e. funds investing in assets with certain characteristics and return drivers) – the strategy of these funds is intended to give a better return over the long-term than the broader market for the type of assets involved (e.g. equities).

Investment beliefs
The Trustee’s investment decisions are made in the context of their investment beliefs that:

- Managing the main investment risks is the most important driver of good long-term member outcomes;
- Investment markets may not always behave in line with long-term expectations during the shorter-term;
- Taking investment risk is usually rewarded in the long term;
- Investment risks can be reduced by spreading investments both within and across asset classes;
- Actively managed funds, where the manager chooses where to invest, may not always deliver the expected investment returns in the shorter-term;
- Passively managed funds, whose returns are intended to track a market index, may produce investment returns more efficiently than actively managed funds in some markets; and
- As the Scheme invests for the long-term, environmental, social and governance factors will have a bearing on the funds’ expected levels of risk and return.

Types of funds used
The Scheme uses funds provided through an investment platform. This investment platform in turn invests its funds in funds provided by a selection of fund managers where investments are pooled with other investors. This enables the Scheme to invest in a range of funds giving a good spread of investments in a cost-effective manner. It does mean that the Trustee has delegated day to day investment decisions to the fund managers.

Realisation of investments
The Trustee expects that the investment platform provider and the fund managers will normally be able to sell the funds within a reasonable timescale. There may, however, be occasions where the investment platform or fund managers need to impose restrictions on the timing of sales and purchases of funds (most notably for funds investing in property) in some market conditions to protect the interests of all investors in that fund.

Stewardship
The Trustee recognises that stewardship encompasses the exercise of voting rights, engagement by and with investment platform and fund managers and the monitoring of compliance with agreed policies.

Members’ financial interests
The Trustee expects that the investment platform provider and fund managers will have the members’ financial interests as their first priority when choosing investments.

ESG
The Trustee believes that environmental, social and governance (“ESG”) considerations have a bearing on the funds’ risks and returns.

The Scheme uses standard funds offered by investment platform providers and fund managers. This gives access to a range of funds while keeping down costs to members, but means that the Trustee cannot adopt an approach to ESG specific to the Scheme. The Trustee nevertheless seeks to manage financially material considerations to protect long-term returns by:
Choosing fund managers who have clearly articulated policies for managing financially material considerations including climate change;

Considering the extent to which ESG issues including climate risk, where relevant, are integrated into the fund managers’ investment processes and benchmark indices as appropriate and are satisfied that the fund managers follow an approach which takes account of financially material factors;

For actively managed funds (where the fund manager decides where to invest), expect the fund managers to take financially material considerations, such as ESG factors, into account when selecting which companies and markets to invest in;

For passively managed funds, the Trustee recognises that the funds’ objectives are to deliver returns in line with its benchmark (which may or may not take into account ESG factors), which the Trustee believes will deliver appropriate risk adjusted returns. The Trustee will review the index benchmarks employed for the Scheme on a periodic basis;

For all funds, expect fund managers to engage with companies in which the fund invests to encourage business strategies which should improve or protect the value of those investments; and

Prefer fund managers who are signatories to the Financial Reporting Council’s Stewardship Code in the UK and the United Nations principles for responsible investment.

Fund managers are only expected to take environmental, ethical or social considerations into account when these do not conflict with a fund’s investment objectives.

**Voting Rights**

The Scheme invests via an investment platform provider, who in turn invest in funds which are pooled with other investors to keep costs down and ensure adequate diversification. As a result, the Trustee has adopted a policy of delegating voting decisions on stocks to the underlying fund managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value. The fund managers are expected to exercise the voting rights attached to individual investments in accordance with their own house policy.

Where relevant, the Trustee has reviewed the voting and engagement policies of the fund managers as well as the approach to governance of the investment platform provider and determined that these policies are appropriate.

The Trustee does not engage directly with companies but believe it is appropriate for the fund managers to engage with key stakeholders which may include corporate management, regulators and governance bodies, relating to their investments in order to improve corporate behaviours, improve performance and mitigate financial risks. The Trustee has delegated the review of this engagement activity undertaken by the fund managers to its investment advisers.

The Trustee expects the investment platform provider to adopt similar practices with regards to the inclusion and ongoing oversight of fund managers on their platform. The Trustee also expects the platform provider to be able to evidence their own governance practices on request.
For the record

The Trustee obtains and considers proper advice from suitably experienced and qualified persons when choosing investments and preparing the Statement of Investment Principles.

Funds are chosen by the Trustee to give an expected level of return with an appropriate level of investment risk which meets the objectives of each investment option.

The funds used at each stage of the default arrangement and the alternative lifestyle option is intended to deliver good member outcomes at retirement from an appropriate balance of investment growth relative to inflation and the then pertinent investment risks.

The investment platform uses a life insurance company based legal vehicle for its funds. The fund managers used by the platform use a variety of different legal vehicles for their funds. The funds may invest in quoted and unquoted securities traded in regulated UK and overseas markets:

- Equities (company shares);
- Fixed interest and index-linked bonds issued by governments and companies;
- Cash and other short-term interest bearing deposits;
- Commercial and residential property;
- Infrastructure and commodities through collective investment vehicles and Derivatives to facilitate changes in where funds are invested or to help control investment risks.

Funds provided through a life insurance company must comply with the Financial Conduct Authority (“FCA”) “Permitted Links” rules, which place limits on the degree of leverage a fund can use. Fund managers using other fund vehicles subject to the European “UCITS IV” and the FCA’s “Non-UCITS” regulations have to meet requirements on the security and concentrations of assets.

Subject to the funds’ benchmarks and guidelines, the fund managers are given full discretion over the choice of securities and, for multi-asset funds, choice of asset classes. Fund managers are expected to maintain well-diversified and suitably liquid portfolios of investments.

The Trustee considers that these types of investments are suitable for the Scheme. The Trustee is satisfied that the funds used by the Scheme provide adequate diversification both within and across different asset classes.
Appendix A
Investment implementation for the default arrangement

Platform provider
The Scheme’s DC Section uses the investment platform operated by Zurich Financial Services.

Default arrangement
The default arrangement is a lifestyle strategy which is designed for members who are expected to use Flexible Access Income Drawdown during their retirement.

Members are invested in funds expected to give higher returns relative to inflation up to 20 years before their selected retirement date.

Members are gradually switched into funds which are expected to give good returns relative to inflation while consolidating past investment gains between 20 and 10 years before their selected retirement date.

Finally, during the last 7 years up to their selected retirement date, members are automatically switched into funds which are expected to be broadly suitable for members planning to use income drawdown in retirement.

The chart below shows the lifestyle strategy for the default arrangement:

![Chart showing lifestyle strategy for default arrangement]

Fund allocation
The allocation to each fund in the default arrangement at yearly intervals up to a member’s selected retirement date is:

<table>
<thead>
<tr>
<th>Years to retirement</th>
<th>Fund A %</th>
<th>Fund B %</th>
<th>Fund C %</th>
<th>Fund D %</th>
<th>Fund E %</th>
<th>Fund F %</th>
<th>Fund G %</th>
<th>Fund H %</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 or more</td>
<td>60.00</td>
<td>10.00</td>
<td>30.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
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<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

September 2019
Rebalancing between these funds takes place on a monthly basis according to the day in the month of each members’ birthday. “Reverse switching” in the event of marked relative movements between funds causing an overshoot of the target asset allocation is undertaken.

**Funds and charges**

The funds used by the default arrangement and their charges (expressed as a percentage annual management charge (“AMC”) and Total Expense Ratio (“TER”)) as at 30 June 2019 are:

<table>
<thead>
<tr>
<th>Platform Fund</th>
<th>Underlying fund</th>
<th>TER %</th>
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</thead>
<tbody>
<tr>
<td>A</td>
<td>Aquila World ex UK Equity Index CS1</td>
<td>BlackRock Aquila World ex UK Equity Index</td>
</tr>
<tr>
<td>B</td>
<td>Aquila UK Equity Index CSW</td>
<td>BlackRock Aquila UK Equity Index</td>
</tr>
<tr>
<td>C</td>
<td>Blackrock ACS World Multifactor Equity Tracker CS1</td>
<td>BlackRock World Multifactor Equity Tracker</td>
</tr>
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<td>D</td>
<td>LGIM Diversified CS1</td>
<td>LGIM Diversified</td>
</tr>
<tr>
<td>E</td>
<td>LGIM Over 15 Year Gilts Index CS1</td>
<td>LGIM Over 15 Year Gilts Index</td>
</tr>
<tr>
<td>F</td>
<td>Aquila Corporate Bond All Stocks CS1</td>
<td>BlackRock Aquila Corporate Bond All Stocks Index</td>
</tr>
<tr>
<td>G</td>
<td>BlackRock Sterling Liquidity CSW</td>
<td>BlackRock Sterling Liquidity</td>
</tr>
</tbody>
</table>
**Investment costs**

**Fund charges**
The investment platform provider’s and fund managers’ charges for the investment options are borne jointly between the members and the Company.

While the Scheme is closed to new entrants, it is a “qualifying scheme” for auto-enrolment purposes in respect of the existing members, which means that the Default arrangement is subject to the charge cap introduced by the government from April 2015.

**Transaction costs**
Transaction costs arise when the fund managers buy and sell the assets held by each fund. Costs may also be incurred when units in the funds are bought and sold. These costs are taken into account when calculating the funds’ unit prices and members’ fund values.
Appendix B

Investment implementation for investment options outside the default arrangement

Platform provider
The Scheme’s DC Section uses the investment platform operated by Zurich Financial Services.

Lifestyle options
The Scheme offers members a cash lifestyle option as an alternative to the default arrangement.

Objective
While the default arrangement’s lifestyle strategy targets income drawdown at retirement, the alternative lifestyle option is designed for members who are expected to take cash at retirement.

Approach
Members are invested in funds expected to give higher returns relative to inflation up to 20 years before their selected retirement date.

Members are gradually switched into funds which are expected to give good returns relative to inflation while consolidating past investment gains between 20 and 10 years before their selected retirement date.

Finally, members are automatically switched into funds that align to their expected retirement choices during the last 3 years for the cash lifestyle up to their selected retirement date.

Cash lifestyle option
The chart below shows the lifestyle strategy:

![Cash Lifestyle Chart]

Fund allocation
The allocation to each fund in the cash lifestyle option at yearly intervals up to a member’s selected retirement date are:
**Cash lifestyle option**

<table>
<thead>
<tr>
<th>Years to retirement</th>
<th>Fund A %</th>
<th>Fund B %</th>
<th>Fund C %</th>
<th>Fund D %</th>
<th>Fund E %</th>
<th>Fund F %</th>
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<td>0</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>80.00</td>
<td>20.00</td>
</tr>
</tbody>
</table>

For the cash lifestyle option rebalancing between these funds takes place on a monthly basis according to the day in the month of each members’ birthday. “Reverse switching” in the event of marked relative movements between funds causing an overshoot of the target asset allocation is undertaken.

**Funds and charges**

The funds used by the cash lifestyle option and their charges (expressed as a percentage [annual management charge (“AMC”) and Total Expense Ratio (“TER”) as at 30 June 2019 are:

<table>
<thead>
<tr>
<th>Platform Fund</th>
<th>Underlying fund</th>
<th>TER %</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Aquila World ex UK Equity Index CS1</td>
<td>BlackRock Aquila World ex UK Equity Index</td>
</tr>
<tr>
<td>B</td>
<td>Aquila UK Equity Index CSW</td>
<td>BlackRock Aquila UK Equity Index</td>
</tr>
</tbody>
</table>
Self-select fund range
The Scheme offers members a choice of self-select funds options as an alternative to the default arrangement and cash lifestyle option.

Fund range
The choice of self-select funds and their charges (expressed as a percentage [annual management charge (“AMC”) and Total Expense Ratio (“TER”) as at 30 June 2019 are:

<table>
<thead>
<tr>
<th>Platform Fund</th>
<th>Underlying fund</th>
<th>TER %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aquila World ex UK Equity Index CS1</td>
<td>BlackRock Aquila World ex UK Equity Index</td>
<td>0.21</td>
</tr>
<tr>
<td>Aquila UK Equity Index CSW</td>
<td>BlackRock Aquila UK Equity Index</td>
<td>0.21</td>
</tr>
<tr>
<td>LGIM Diversified CS1</td>
<td>LGIM Diversified</td>
<td>0.50</td>
</tr>
<tr>
<td>LGIM Over 15 Year Gilts Index CS1</td>
<td>LGIM Over 15 Year Gilts Index</td>
<td>0.22</td>
</tr>
<tr>
<td>Kames Absolute Return Bond Global CS1</td>
<td>Kames Absolute Return Bond</td>
<td>0.63</td>
</tr>
<tr>
<td>BlackRock Sterling Liquidity CSW</td>
<td>BlackRock Sterling Liquidity</td>
<td>0.22</td>
</tr>
<tr>
<td>BlackRock ACS World Multifactor Equity Tracker CS1</td>
<td>BlackRock World Multifactor Equity Tracker</td>
<td>0.42</td>
</tr>
<tr>
<td>Aquila Corporate Bond All Stocks CS1</td>
<td>BlackRock Aquila Corporate Bond All Stocks Index</td>
<td>0.21</td>
</tr>
<tr>
<td>Aquila Index-Linked Over 5 Year Gilt Index CSW</td>
<td>BlackRock Aquila Index-Linked Over 5 Year Gilt Index</td>
<td>0.21</td>
</tr>
<tr>
<td>Aquila European Equity Index CS1</td>
<td>BlackRock Aquila European Equity Index</td>
<td>0.22</td>
</tr>
<tr>
<td>Aquila US Equity Index CS1</td>
<td>BlackRock Aquila US Equity Index</td>
<td>0.21</td>
</tr>
<tr>
<td>HSBC Islamic CS1</td>
<td>HSBC Islamic</td>
<td>0.55</td>
</tr>
<tr>
<td>LGIM Ethical Global Equity Index 1 CS1</td>
<td>LGIM Ethical Global Equity Index</td>
<td>0.37</td>
</tr>
<tr>
<td>LGIM 30/70 Global Equity Index Currency Hedged CS1</td>
<td>LGIM 30/70 Global Equity Index Currency Hedged</td>
<td>0.25</td>
</tr>
<tr>
<td>Property CSW</td>
<td>Property *</td>
<td>0.71</td>
</tr>
<tr>
<td>Schroders Global Emerging Markets CS1</td>
<td>Schroder Global Emerging Markets</td>
<td>1.14</td>
</tr>
<tr>
<td>UK Smaller Companies 1CSW</td>
<td>UK Smaller Companies *</td>
<td>0.65</td>
</tr>
</tbody>
</table>

* Managed for Zurich by Threadneedle.
Use of options
Members can contribute to the default arrangement or cash lifestyle option and self-select funds at the same time. Members can also have investments from previous contributions in the cash lifestyle option and self-select funds at the same time.

Investment costs
Fund charges
The investment platform provider’s and fund managers’ charges for the investment options are borne jointly between the members and the Company.

Transaction costs
Transaction costs arise when the fund managers buy and sell the assets held by each fund. Costs may also be incurred when units in the funds are bought and sold. These costs are taken into account when calculating the funds’ unit prices and members’ fund values and are borne by members.