

APPENDIX 1

CURRENT INVESTMENT STRATEGY

Fund Manager – Main Scheme Assets

The Trustees have appointed Allianz Global Investors (Allianz), Aviva Investors Global Services (Aviva), BlackRock Investment Management (BlackRock), Legal & General Investment Management (LGIM) and Partners Group (Partners) to manage the assets of the Scheme. Further details of the specific arrangements in place with the above managers are contained in this Appendix.

The mandates the Trustees have given to the investment managers reflect the principles and policies as set out in the main body of this Statement.

The Trustees' assets are invested in the following underlying pooled funds:

Pooled Investment Vehicle	Allocation
<i>Liability matching assets</i>	
BlackRock LMF Leveraged 2032 Index Linked Gilt Fund	2%
BlackRock LMF Leveraged 2040 Gilt Fund	2%
BlackRock LMF Leveraged 2040 Index Linked Gilt Fund	7%
BlackRock LMF Leveraged 2050 Index Linked Gilt Fund	5%
BlackRock LMF Leveraged 2052 Gilt Fund	4%
BlackRock LMF Leveraged 2062 Index Linked Gilt Fund	3%
BlackRock Cash	0%
<i>Total liability matching assets</i>	23%
<i>Growth assets</i>	
Allianz Global Multi-Asset Credit Fund	10%
Aviva Lime Property Fund	10%
BlackRock Aquila Life (50:50) Global Equity Index Fund	33%
BlackRock Dynamic Diversified Growth Fund	14%
BlackRock Institutional Equity Funds – Emerging Markets	5%
Partners Fund (Guernsey)	5%
<i>Total growth assets</i>	77%

The allocation shown above is not automatically rebalanced but is monitored and rebalanced at the discretion of the Trustees.

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CURRENT 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.

Expected Returns

The liability matching assets have been selected by the Trustees having regard for the nature of the Scheme’s liability profile. These funds are therefore expected to change in value broadly in line with the Scheme’s liabilities as market conditions change.

The Trustees’ expectation is that the growth assets will provide returns in line with each individual pooled fund’s return objectives.

The objectives for all funds are set out in the tables below:

BlackRock LMF Leveraged Gilt and Index Linked Gilt Funds	
Objective	To be held until maturity and aim to provide a single payment on the specified maturity date of the underlying reference gilt. Due to the leveraged nature of the Funds, every £1 invested in the Funds provides more than £1 worth of exposure to the underlying reference gilt.

Allianz Global Multi-Sector Credit Fund	
Objective	To generate positive returns through the interest rate and economic cycles.

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Aviva Lime Property Fund	
Objective	To deliver returns 1.5% over a 50:50 benchmark of medium and long-dated gilts (net of fees and expenses).

BlackRock Aquila Life (50:50) Global Equity Index Fund	
Objective	The fund employs an index-tracking strategy aiming to achieve a return consistent with the markets in which it invests.

BlackRock Dynamic Diversified Growth Fund	
Objective	To outperform cash (3 month LIBOR) by 3% per annum (net of fees) over rolling 3 year periods.

BlackRock Institutional Equity Funds – Emerging Markets	
Objective	To maximise the long-term total return by investing in emerging economies (directly or indirectly)

Partners Fund (Guernsey)	
Objective	The Fund aims to deliver 8-12% pa over a full economic cycle.

Additional Voluntary Contributions

The Trustees have appointed Equitable Life Assurance Society to manage the Additional Voluntary Contribution.

