Pilots’ National Pension Fund (the “Fund”)

Statement of Investment Principles (the “Statement”)

Scope of Statement

This Statement has been prepared in accordance with section 35 of the Pensions Act 1995 (as amended by the Pensions Act 2004), and the Occupational Pension Schemes (Investment) Regulations 2005. It describes the investment principles pursued by the Directors of the PNPF Trust Company Limited (“the Trustee”) in its capacity as Trustee of the Fund.

The effective date of this Statement is July 2021. The Trustee will review this Statement and the Fund’s investment strategy no later than three years after the effective date of this Statement and without delay after any significant change in investment policy.

Consultations made

The Trustee has consulted the Participating Bodies and the Association of Participating Bodies (“the Association”) on the content of this Statement and will consult the Association on future changes in investment policy as set out in this Statement. However, the ultimate power and responsibility for deciding investment policy lies solely with the Trustee.

Before preparing this Statement, the Trustee has obtained and considered written advice on the investment strategy appropriate for the Fund. This advice was provided by Towers Watson Limited, who are authorised and regulated by the Financial Conduct Authority.

The day-to-day management of the Fund's assets has been delegated to fund managers which are authorised and regulated by the Financial Conduct Authority. A copy of this Statement has been provided to the fund managers appointed and is available to the members of the Fund.

Objective

The Trustee’s objective for setting the investment strategy of the Fund has been determined with regard to the Fund’s Statutory Funding Objective as set out in the Statement of Funding Principles. Funding Objective: to ensure that the Fund is fully funded on a 'Technical Provisions' basis. The Technical Provisions are the amount that is expected to be needed to pay the Fund benefits that relate to service accrued at the valuation date, if the assumptions are borne out in practice.

The Trustee has also had regard to an appropriate long-term objective under which the Fund would have enough assets to be “self-sufficient” from the Participating Bodies. Therefore, the Trustee will assess and monitor funding progress for investment purposes against a secondary target of achieving full funding on a Gilts +0.5% pa basis.

Choosing investments

The Trustee has appointed Towers Watson Limited as its Fiduciary Manager to manage Fund assets on a discretionary basis and also to provide investment advisory services to the Trustee. The Fiduciary Manager’s discretion is subject to Guidelines set by the Trustee within the Fiduciary Management Agreement (the “FMA”) and as summarised in the Appendix to this Statement. The

Fiduciary Manager is required to act in accordance with the FMA, including the Guidelines and any investment restrictions set out therein, and in doing so is expected to give effect so far as reasonably practicable to the principles contained in this Statement. This ensures appropriate incentivisation and alignment of decision-making with the Trustee's overall objectives, strategy and policies.

The types of investments held by the Fiduciary Manager and the balance between them will be determined from time-to-time at the discretion of the Fiduciary Manager, with the objective of maximising the probability of achieving the Fund's investment objective set by the Trustee. The Fiduciary Manager's Guidelines are deemed appropriate given the liability profile of the Fund, its cashflow requirements, the funding level of the Fund and the Trustee's objective.

When considering the Fiduciary Manager's Guidelines, the Trustee gives due consideration to the stability of the assets as well as the need to generate an appropriate return with a view to ensuring the assets are invested in the best interests of the members and beneficiaries. The Trustee must exercise its powers of investment, and any fund manager to whom any discretion has been delegated (such as the Fiduciary Manager), must exercise the discretion in a manner calculated to ensure the security, quality, liquidity and profitability of the portfolio as a whole. In order to avoid an undue concentration of risk, a spread of assets is held, with the Fiduciary Manager's Guidelines including asset allocation constraints. The diversification is both within and across the major asset classes.

Assets held to cover the Fund's liabilities are invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the Fund and the benchmark against which the Fiduciary Manager invests the assets (the Liability Proxy) is set in line with the Fund's expected payments.

The assets of the Fund are invested predominantly on regulated markets (with investments not on regulated markets being kept to a prudent level) and properly diversified to avoid excessive reliance on any particular asset, issuer or group of undertakings so as to avoid accumulations of risk in the portfolio as a whole.

Direct investment in derivatives is only made in so far as they contribute to the reduction of investment risks or facilitate efficient portfolio management and are managed so as to avoid excessive risk exposure to a single counterparty or other derivative operations. When making investments in pooled funds the Fiduciary Manager undertakes a detailed review of the investment manager from both an investment and operational due diligence perspective (which includes considering operational and risk management aspects).

The Trustee does not borrow, or permit the Fiduciary Manager (or any other fund manager to whom any discretion has been delegated) to borrow money except to the extent this relates to short-term overdrafts, such as may arise with an investment in a security or pooled investment fund that is being sold to raise cash to facilitate investment in other securities or pooled investment funds.

The balance between different kinds of investments

The Trustee recognises that the key source of financial risk (in relation to meeting their objective) arises from asset allocation.

The Trustee therefore retains responsibility for determining appropriate Guidelines for the Fiduciary Manager in respect of the asset allocation, and takes expert advice as required from its professional advisors.

The Trustee reviews its investment strategy following each formal actuarial valuation of the Fund (or more frequently should the circumstances of the Fund change in a material way). The Trustee takes written advice from its professional advisors regarding an appropriate investment strategy for the Fund.

The Trustee has recently reviewed the Fund's investment strategy, in conjunction with and following the 31 December 2019 Actuarial Valuation. As part of the Actuarial Valuation the Trustee agreed to adopt an approach to setting the Technical Provisions which more explicitly incorporates UK government bond yields to calculate the value of the liabilities. This approach more closely aligns with the approach taken for investment purposes.

The conclusion of this strategy review was to adopt the return of the current portfolio (Gilts +2.2% pa) which was slightly higher than the target of the initial portfolio implemented by the Fiduciary Manger at outset (Gilts +2.0% pa) but in practice represented a lower capital allocation to growth assets due to changes in forward-looking asset return assumptions. This maintained consistency with the approach taken for the Actuarial Valuation, with the assets expected to deliver a return of at least 0.3% pa in excess of the prudent discount rate used for the Technical Provisions. As at 31 December 2019, this strategy was expected to achieve full funding on the Gilts +0.5% pa secondary investment target by 2032 together with the contributions agreed under the Recovery Plan. The Fiduciary Manager's objectives are directly related to the investment strategy.

When selecting the Fiduciary Manager and in consideration of an appropriate investment solution the Trustee considered a broad range of available asset classes, including consideration of so called "alternative" asset classes, for example, hedge funds and diversified growth funds. The resultant portfolio managed by the Fiduciary Manager seeks to make extensive use of the full investment opportunity set to maximise the chances of the Fund achieving its objectives, as well as protecting the Fund from changes in liability values as a result of changes in interest rates and inflation.

Investment risk measurement and management

The key investment risks are recognised as arising from asset allocation. These are assessed triennially in conjunction with the actuarial valuation of the Fund, following which the Trustee takes advice on the continued appropriateness of the existing investment strategy and are managed (as appropriate) by the Fiduciary Manager on an ongoing basis. In addition, the Trustee is mindful of specific risks posed by holding assets. The Trustee and Fiduciary Manager have developed policies to mitigate risks including, but not limited to, the following:

Credit risk 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 Fund is subject to credit risk because the Fund has cash balances. This is mitigated by holding cash within financial institutions which are at least investment grade credit rated.

The Fund also invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles. This is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements.

The Fund is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles. Indirect credit risk is mitigated by employing skilled investment managers the Fiduciary Manager believes are qualified to manage exposures to different types of counterparty, whether bond holdings or derivative investments.

Currency risk is the risk that the fair value of future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates. The Fund is indirectly exposed to currency risk because some of the Fund's investments are held in overseas markets via pooled investment vehicles. This is mitigated by the Fiduciary Manager considering the level of currency exposure within the portfolio and managing this in the context of the Fund's overall risk exposure. The majority of the overseas currency exposure within the portfolio is removed through hedging within the pooled funds held.

Interest rate risk is the risk that the fair value of future cash flows of a financial asset will fluctuate because of changes in market interest rates. The Fund is subject to interest rate risk because some of the Fund's investments are held in bonds and interest rate swaps through pooled investment vehicles and cash. These investments are held as part of a liability matching strategy in order to mitigate risk to the funding level.

Other price risk is the risk that the fair value of future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Other price risk arises principally in relation to the Fund's return seeking portfolio which includes equities, private equity, credit, real estate and hedge funds held in pooled vehicles. The Fiduciary Manager manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

The Trustee also maintains policies relating to risks not directly linked to the underlying assets as follows:

Covenant risk. Risks associated with changes in the employer covenants are monitored by the Trustee.

Manager specific risk and engagement. The Trustee has delegated investment manager selection, de-selection and the ongoing management of relationships with investment managers to the Fiduciary Manager within Guidelines set by the Trustee in the FMA. Investments will be made by the Fiduciary Manager on behalf of and in the name of the Trustee, either directly in pooled vehicles managed by investment managers or by the appointment of third-party investment managers to provide discretionary investment management services to the Trustee. The Trustee regularly considers and monitors the Fiduciary Manager's performance in carrying out these responsibilities as part of its ongoing oversight of the Fiduciary Manager. The Trustee expects the Fiduciary Manager to ensure that the Fund's investment portfolio, in aggregate, is consistent with the policies set out in this Statement, in particular those required under regulation 2(3)(b) of the Occupational Pension Schemes (Investment) Regulations (2005). The Trustee expects the Fiduciary Manager to:

- check that the investment objectives and guidelines of any pooled vehicle are consistent with the Trustee's policies contained in this Statement;

- set appropriate guidelines within the Investment Management Agreement for any segregated investments with a view to ensuring consistency with the Trustee's policies contained in this Statement.

In accordance with the Financial Services and Markets Act 2000, the selection of specific investments will be delegated to the Fiduciary Manager who may sub-delegate this responsibility to third party investment managers. The Fiduciary Manager and such investment managers will provide the skill and expertise necessary to manage the investments of the Fund competently.

The Trustee expects the Fiduciary Manager to appoint investment managers with an expectation of a long-term partnership with the Trustee, which encourages active ownership of the Fund's assets. When assessing an investment manager's performance, the Trustee expects the Fiduciary Manager to focus on longer-term outcomes, commensurate with the Trustee's position as a long-term investor. Consistent with this view, the Trustee does not expect that the Fiduciary Manager would terminate an investment manager's appointment based purely on short term performance but recognises that an investment manager may be terminated within a short timeframe due to other factors such as a significant change in their business structure or investment team. The Trustee adopts the same long-term focus as part of its ongoing oversight of the Fiduciary Manager.

For most of the Fund's investments, the Trustee expects the Fiduciary Manager to appoint third party managers with a medium to long time horizon, consistent with that of the Fund. In particular areas such as equity and credit, the Trustee expects the Fiduciary Manager to work with investment managers who will use their engagement activity to drive improved performance over medium to long term periods within the wider context of long-term sustainable investment. The Trustee notes that the Fiduciary Manager may invest in certain strategies where such engagement is not deemed appropriate or possible, due to the nature of the strategy and/or the investment time horizon underlying decision making. The Trustee expects that the appropriateness of the Fund's allocation to such mandates is determined in the context of the Fund's overall objectives.

The Trustee has delegated responsibility for the selection, retention and realisation of investments to the Fiduciary Manager and in turn to the Fund's investment managers. However, the Trustee and Fiduciary Manager recognise that an investment's long-term financial success is influenced by a range of financially material factors including environmental, social and governance (ESG) issues.

Consequently the Trustee (through the selection of the Fiduciary Manager with its associated approach to ESG, as set out below) seeks to be an active long-term investor. The Trustee's focus is explicitly on financially material factors.

The Fiduciary Manager has a dedicated Sustainable Investment resource and a network of subject matter experts. The consideration of ESG issues is fully embedded in the investment manager selection and portfolio management process, with oversight undertaken on an ongoing basis. The Trustee expects the Fiduciary Manager to assess the alignment of each investment manager's approach to sustainable investment (including engagement) with its own before making an investment on the Fund's behalf. The Trustee expects the Fiduciary Manager to engage with the Fund's appointed investment managers where the Fiduciary Manager considers this appropriate regarding their approach to stewardship with respect to relevant matters including capital structure of investee companies, actual and potential conflicts, other stakeholders and ESG impact of underlying holdings.

In addition, the Trustee expects the Fiduciary Manager to review the investment managers' approach to sustainable investment (including engagement) on a periodic basis and engage with the investment managers to encourage further alignment as appropriate. Where an investment manager's processes are deemed insufficient by the Fiduciary Manager and the investment manager does not take steps to improve their approach, the investment manager's position in the portfolio may be reviewed and/or a decision may be taken not to proceed with an investment.

The Fiduciary Manager considers a range of sustainable investment factors, such as, but not limited to, those arising from ESG considerations, including climate change, in the context of a broader risk management framework. The degree to which these factors are relevant to any given strategy is a function of time horizon, investment style, philosophy and particular exposures which the Fiduciary Manager takes into account in the assessment.

Custody

Investment in pooled funds gives the Trustee a right to the cash value of the units rather than to the underlying assets. The managers of the pooled funds are responsible for the appointment and monitoring of the custodian of the Fund's assets.

The Trustee has appointed State Street as its global custodian responsible for accounting, performance monitoring and to provide the structure through which the Fiduciary Manager operates. The Fiduciary Manager provides the Trustee with advice on the continued appointment of State Street.

The custodians are independent of the Participating Bodies.

Expected returns on assets

Following the asset-liability exercise in 2021, the Trustee's requirements are for the investments to provide a return (net of fees) over the long-term of 1.7% in excess of the Fiduciary Manager's Liability Proxy benchmark (which is based on a Gilts +0.5% pa discount rate). This is equivalent to a return objective of Gilts +2.2% pa.

The Trustee and Fiduciary Manager are not involved in the investment managers' day-to-day method of operation and do not directly seek to influence attainment of their performance targets. The Fiduciary Manager will maintain processes to ensure that performance and risk are assessed on a regular basis against measurable objectives for each investment manager, consistent with the achievement of the Fund's objectives.

Realisation of investments/liquidity

The Trustee recognises that there is a risk in holding assets that cannot be easily realised should the need arise. Therefore, the Fiduciary Manager will hold assets in cash and other money market instruments from time to time as may be deemed appropriate.

The Trustee's policy is that there will be sufficient investments in liquid or readily realisable assets to meet cash flow requirements in foreseeable circumstances so that the realisation of assets will not disrupt the Fund's overall investments, where possible.

The Trustee will monitor the liability profile of the Fund and will regularly review, in conjunction with the Fiduciary Manager and Scheme Actuary, the appropriateness of its investment strategy in this context.

Stewardship

The Trustee has delegated responsibility for the selection, retention and realisation of investments to the Fiduciary Manager. The Fiduciary Manager encourages and expects the Fund's investment managers to sign up to local or other applicable Stewardship Codes, in keeping with good practice, subject to the extent of materiality for certain asset classes. The Fiduciary Manager itself is a signatory to the Principles for Responsible Investment (PRI) and the UK Stewardship Code and is actively involved in external collaborations and initiatives.

The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers. The Fiduciary Manager has appointed Hermes EOS to undertake public policy engagement on its behalf as well as company-level engagement.

Members’ Views and Non-Financial Factors

In setting and implementing the Fund’s investment strategy the Trustee does not take into account the views of Fund members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as “non-financial factors”[1]).

Additional Voluntary Contributions (“AVCs”) Arrangements

The Fund provides a closed facility for members to pay AVCs to enhance their benefits at retirement, i.e. it only receives monies from members who were contributing, or had monies already invested, when the arrangement was closed (referred to as legacy members). The Trustee maintains a range of funds for these legacy members to invest their AVC payments on a money-purchase basis. The Trustee's objective is to provide a range of funds which will provide a suitable long-term return for those members, consistent with members’ reasonable expectations. The liabilities in respect of these AVCs are equal to the value of the investments bought by the contributions.

From time to time the Trustee reviews the choice of investments available to legacy members to ensure that they remain appropriate to the members' needs.

The full list of available investments can be found in Appendix 4.

[1] The Pension Protection Fund (Pensionable Service) and Occupational Pensions Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018

Pilots’ National Pension Fund (the “Fund”)

Appendix to Statement of Investment Principles

This Appendix sets out the Trustee's current investment strategy and is supplementary to the Trustee's Statement of Investment Principles (the “Statement”).

The Trustee's investment strategy has been established in order to maximise the likelihood of achieving the primary objective set out in the Statement. The details are laid out below.

1. Fiduciary Manager Guidelines

The Fiduciary Manager’s portfolio is subject to Guidelines as agreed with the Trustee. The relevant extracts from these Guidelines are set out below.

Objective
The overall objective is to manage the Fund to its Journey Plan at an appropriate level of risk. Initially the Fund is set based on an Expected Return (net of investment management and fiduciary fee) of Liability Proxy Return + 1.7% per annum based on strategy analysis carried out as part of the Additional Advisory Services. (*Liability Proxy Return is based on the return a portfolio of UK government bonds with similar interest rate and inflation sensitivity to the Fund’s liabilities plus 0.5% pa).*

Risk constraint
Ex-ante tracking error of the Fund relative to the expected Liability Proxy Return will be reported quarterly and maintained below 7.5% pa, or below such other constraint as may be agreed from time to time between the Trustee and the Manager in writing. Ex-ante tracking error is defined as the expected annual standard deviation of relative returns calculated as the difference between the return on the Fund and the Liability Proxy Return.

Permitted financial instruments
The following list sets out the financial instruments that may be held within the Fund by the Fiduciary Manager or any Third Party Portfolio Manager. No other type of investment shall be permitted without the prior written consent of the Trustee.

- Fixed or floating rate securities, equities, direct real estate and cash and cash equivalents. Cash equivalents are defined as fixed income securities with outstanding expected maturities of less than 1 year.

- Over the counter (OTC) derivatives including interest rate swaps, inflation swaps, currency derivatives (including forwards, futures and swaps), swaptions, credit default swaps (index, single names and tranches), property swaps, spread lock swap, total return swaps, repurchase agreements, forwards, futures, equity options.

- Exchange traded derivatives including futures on fixed income, equities and commodities.

- Collective investment schemes (being any arrangement for assets to be held on a pooled basis on behalf of any number of investors, including regulated and unregulated schemes, ETF's and bespoke funds for liability hedging purposes), including any In-House Fund (in particular the Towers Watson Investment Management Partners Fund (“Partners”) and the Towers Watson Investment Management Core Diversified Fund (“CDF”)), and insurance policies.

Asset allocation constraints

The Fiduciary Manager will seek to manage the Fund within the asset allocation ranges set out in the table below.

Categories	Minimum % of total assets	Maximum % of total assets
Partners	15.0%	55.0%
CDF	0.0%	25.0%
Investment grade credit	0.0%	45.0%
Liability Driven Investments and cash	15.0%	70.0%
Other*	0.0%	25.0%

*’Other’ will apply to investments which may be added to the portfolio at the Manager’s discretion or legacy assets. The maximum total allocation to Partners and CDF will be 60%.

Liquidity

The Fiduciary Manager will maintain a minimum of 25% of the Fund’s portfolio in investments which are realisable within a month. This liquidity provision will apply to the Fund at the time an investment is made and apply to non-discretionary lock-ins and gates, but does not include discretionary lock-ins and gates.

Liability hedging

Interest rate and inflation hedging will be achieved using a range of instruments and/or collective investment schemes. When measuring the aggregate interest rate and inflation sensitivity of the Fund only Sterling interest rate exposure and Sterling inflation exposure shall be included and the Fiduciary Manager may use its discretion to determine the exposure provided by each portfolio (such as using the benchmark duration or excluding portfolios with non-substantial Sterling interest rate exposure). The liability hedge ratio (expressed as a percentage of assets) will be maintained between 80% and 120%.

Securities lending, borrowing and overdrafts

The Fiduciary Manager is not permitted to lend securities held in the Fund except where lending takes place inside a collective investment scheme or repo and reverse repo arrangements. The Fiduciary Manager may not commit the Trustee to supplement the Fund by borrowing on the

Trustee's behalf. However, this limitation shall not prohibit short-term overdrafts, such as may arise when the Fiduciary Manager is selling an investment in a security or collective investment scheme to raise cash to facilitate investment in other securities or collective investment schemes.

2. Initial target portfolio under the Guidelines

The table below sets out the current portfolio (as at 31 December 2020) as considered in the investment strategy review undertaken in March 2021. The Fiduciary Manager will manage the portfolio on a discretionary basis, within the objectives and restrictions set out above.

Asset class	**Manager**	**Current %**
Partners	Towers Watson Investment Management	33.1%
CDF	Towers Watson Investment Management	5.0%
UK Corporate Bonds	Axa Investment Management	10.6%
Extreme Risk Protection (US Treasury Bonds)	Insight Investment	0.3%
Leveraged LDI / cash	Insight Investment	49.5%
Cash	State Street Global Advisors	1.5%

3. Fee structure for the Fiduciary Manager and managers

3.1 Fiduciary Manager

The Fiduciary Manager is paid a fee as a % of the Fund's investment assets. This fee covers all advice received and discretionary management of the Fund's assets portfolio.

The Fiduciary Manager was appointed following a full market review and competitive tender process undertaken by the Trustee and facilitated by PwC, which included a review of the commercial aspects and fee arrangements. The Trustee will periodically review the Fiduciary Manager's fee arrangements.

3.2 Fund managers

The Trustee expects the Fiduciary Manager to consider the fee structures of investment managers and the alignment of interests created by these fee structures as part of its investment decision making process, both at the initial appointment of an investment manager and on an ongoing basis. Investment managers are generally paid an ad valorem fee, in line with normal market practice, for a given scope of services which includes consideration of long-term factors and engagement. However, some of the investment managers within the portfolio charge ad valorem fees with a performance related element related to the achievement of their performance objectives. All the investment fees are deducted from the assets of the Fund.

The Fiduciary Manager will negotiate fees with investment managers on behalf of its entire delegated client base which enables the Trustee to gain access to materially lower investment management fees than it would otherwise be able to achieve if investing directly with the same investment managers. Any fee reductions negotiated by the Fiduciary Manager flow through directly to the benefit of the Fund.

The Trustee expects the Fiduciary Manager to review and report on the costs incurred in managing the Fund's assets periodically, which includes the costs associated with portfolio turnover. In assessing the appropriateness of the portfolio turnover costs at an individual investment manager level, the Trustee expects the Fiduciary Manager to have regard to the actual portfolio turnover and how this compares with the expected turnover range for that mandate.

The overall costs will vary with the asset allocation decisions made by the Fiduciary Manager and as the manager line-up is changed over time (as required).

4. Additional Voluntary Contributions ("AVC") Arrangements

A summary of the AVC arrangements is set out in the table below:

Investment Choices	Provider
With-profits and unit-linked	Aviva
With-profits and unit-linked	Utmost Life and Pensions

A list of funds from each provider which are currently invested in by members is shown below. There are more funds available than those listed below, but at the time of writing none were being used by members.

4.1 Aviva

Fund	Investment Mix	Objective
Alliance Trust UK Ethical	UK Equities	To provide long term capital growth and investment income by investing mainly in UK shares. All investments must meet our social and environmental criteria.
Deposit	Cash / money market	The Fund aims to protect capital by investing typically in deposit investments and similar assets with governments, first class banks and major companies.
European Equity	European Equities	To provide long term capital growth through investment mainly in continental European shares.
Fidelity Japan	Japanese Equities	The Fund's investment objective is to achieve long term capital growth from a portfolio primarily made up of shares of Japanese companies.
Gilt	UK Gilts	To provide a reasonably good return mainly through investment income with the prospect of some capital growth.
Global Bond	Global Bonds	To provide a reasonably good return from a mixture of investment income, capital growth and currency gains.
Global Equity	Global Equities	To provide a relatively high return from a mixture of investment income and capital growth from a portfolio normally comprising of shares spread across the world's financial markets.
International Index Tracking	Overseas Equities	To track the performance of the FTSE World (ex UK) Index by investing mainly in international equities.
Long Gilt	UK Gilts	The Fund aims to track the performance of the Financial Times Actuaries Government over 15 years Gilt Index before the deduction of management fees and allowances for taxes and other expenses.
Mixed Investment (0-35% Shares)	Equities, bonds, property, cash and other	To provide a reasonable return through capital growth and investment income, with a low to medium level of risk.
Mixed Investment	Equities, bonds,	To provide a good return through a combination of

(40-85% Shares)	property, cash and other	capital growth and investment income.
Pacific Equity	Asia Pacific Equities	To provide a return mainly from capital growth.
Property	UK Property	To provide a return from a mixture of rental income and capital growth.
UK Equity	UK Equities	To provide a return from a mixture of investment income and capital growth.
UK Index Tracking	UK Equities	To track the total return of the FTSE All Share Index.
US Equity	US Equities	To track the total return of the FTSE World North American Index.
With-Profits	Equity, property, bonds, cash	The With-Profit Fund offers the potential for returns that are higher than those received from a bank or building society average savings account.

4.2 Utmost Life and Pensions

Fund	Investment Mix	Objective
Investing by Age Strategy	Made up of Multi-Asset Moderate, Multi-Asset Cautious and Money Market Fund	To provide growth when members are younger, and then automatically reduce the exposure to riskier assets as members get older, eventually targeting a full holding in cash at age 85.
Multi-Asset Growth	UK and overseas equities, gilts, bonds, cash and property	To provide capital growth in the long term by investing in a combination of asset classes including equities, fixed income, property and cash with the potential for high levels of price fluctuations.
Multi-Asset Moderate	UK and overseas equities, gilts, fixed income stock and cash	To provide capital growth in the long term by investing in a combination of asset classes including equities, fixed income, property and cash with the potential for moderate to high levels of price fluctuations.
Multi-Asset Cautious	UK and overseas equities, gilts, fixed income stock and cash	To provide capital growth in the long term by investing in a combination of asset classes including equities, fixed income and cash with the potential for low to moderate levels of price fluctuations.
Managed	UK and overseas equities, gilts and fixed-interest stock and property	To maximise the overall return from investments covering the UK and overseas equities, gilt-edged and fixed interest stock and property.
UK Equity	UK Equities	To achieve long-term capital growth by investing mainly in UK companies.
UK FTSE All Share Tracker	UK Equities	To achieve long term capital growth and produce a return that, before charges and expenses, matches the return of the FTSE All Share Index
Property (Closed to new investment)	UK Property	To provide investors with a combination of income and growth of capital consistent with a diversified commercial property portfolio. The fund will generally invest in UK commercial property. It may also invest directly or indirectly in any UK property and continental European commercial property.

European Equity	Europe excluding UK Equities	To achieve capital growth in the long term by investing mainly in European companies excluding the UK.
US Equity	North America Equities	To achieve capital growth in the long term by investing mainly in North American companies.
Asia Pacific Equity	Asia Pacific excluding Japan Equities	To achieve long term capital growth by investing mainly in Far Eastern companies (excluding Japanese companies).
Global Equity	Global Equities	To achieve capital growth in the long-term by investing in a diversified global portfolio of companies.
Fund of Investment Trusts (Closed to new investment)	Global Equities	To achieve capital growth in the long term by investing mainly in investment trust companies.
UK Government Bond	UK Gilts	To achieve a positive return by investing primarily in a portfolio of UK Government Bonds.
Sterling Corporate Bond	UK Corporate Bonds	To achieve a return by investing primarily in a portfolio of Sterling denominated corporate bonds.
Money Market	Cash / money market	To preserve capital whilst aiming to provide a return in line with prevailing short term money market rates.
C M With-Profits (Closed to new investment)	Bonds, property, equities, money market, absolute return	Aims to generate capital growth over the medium to long term (at least 5 years) with some stability against market volatility over the short term.