

THE DENHOLM MONEY PURCHASE
SCHEME
STATEMENT OF INVESTMENT PRINCIPLES
11TH EDITION

September 2020

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INTRODUCTION

This Statement of Investment Principles (“the Statement”) has been prepared by the Trustees of The Denholm Money Purchase Scheme (“the Scheme”) in accordance with Section 35 of the Pensions Act 1995, as amended, and its attendant Regulations.

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

In preparing the Statement, the Trustees have:

- Obtained and considered written advice from a suitably qualified individual, employed by their Investment Adviser, Mercer Limited (“Mercer”), whom they believe to have a degree of knowledge and experience that is appropriate for the management of their investments; and
- Consulted with J. & J. Denholm Ltd (“the Principal Employer”), although they affirm that no aspect of their strategy is restricted by any requirement to obtain the consent of the Principal Employer.

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

The Trustees will review the Statement formally at least every three years to ensure its ongoing suitability. Furthermore, the Trustees will review the Statement without delay after any significant change in investment policy. Any changes made to the Statement will be based on written advice from a suitably qualified individual and will follow consultation with the Principal Employer.

The Scheme is exempt approved and provides money purchase related benefits.

This is the eleventh edition of this Statement and replaces all previous editions and addendums.

1 INVESTMENT RESPONSIBILITIES

1.1 TRUSTEES' DUTIES AND RESPONSIBILITIES

Trustees are required, when making investment options available, to consider the need for diversification and the suitability of both individual investment categories and the underlying investments. Trustees must also take proper written advice before making decisions on investing and periodically on retaining an investment. Trustees must exercise their decision-making powers in accordance with their Statement of Investment Principles.

The Trustees of the Scheme take investment decisions as a complete body, rather than delegating to a sub-committee. This more straightforward approach recognises the input that each of the Trustees can and will make to the process. The full Trustee body spends a significant amount of time on investment issues and takes regular advice from its investment advisers with regard to its decisions and the continuing suitability of its investment options. In addition, the Trustees have access to information from both their investment advisers and investment managers to assist them in their decision-making duties.

The main areas of responsibility that the Trustees undertake include the setting and review of the investment options, including a default investment option, the selection and review of their investment manager and the monitoring and consideration of investment performance.

In setting the investment options, the Trustees have decided on a default investment option for those members who join under Automatic Enrolment. Members who join other than through Automatic Enrolment can choose between a selection of lifestyle options.

The investment manager decides what underlying investments the individual funds within the lifestyle options and the With-Profits Funds should hold as they have the appropriate expertise, for example in individual stock selection.

1.2 INVESTMENT ADVISER'S

The Trustees have appointed Mercer as their investment advisers. Mercer provide advice as and when the Trustees require it, as well as highlighting any investment related issues of which the Trustees should be aware. The Trustees' investment advisers are authorised and regulated by the Financial Conduct Authority ("FCA").

Mercer are remunerated on a time-cost basis. The Trustees are notified of the relevant hourly rates and estimates are provided of the likely cost of any work to be undertaken when requested. The time-cost environment has been selected as it gives benefit to both sides of paying only for the work that is done.

1.3 ARRANGEMENTS WITH THE INVESTMENT MANAGER

The Trustees are long-term investors and do not look to change the investment arrangements on a frequent basis.

Investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected.

The Trustees have indirectly delegated the management of the Scheme's assets to Aberdeen Standard Life Investments Limited ("Aberdeen Standard"). Aberdeen Standard is regulated by the FCA in the conduct of their investment business.

The basis of the contract between the Trustees and Aberdeen Standard is in the form of an insurance policy issued by Standard Life Assurance Company. Standard Life Assurance Company is also regulated by the FCA and authorised by the Prudential Regulation Authority ("PRA").

Only pooled investment vehicles will be utilised, hence, the Trustees accept that they cannot specify the risk profile and return targets of the manager, but pooled funds are chosen with appropriate characteristics to align with the overall investment strategies.

The funds that are available from Aberdeen Standard are detailed in Appendix A. The Trustees consider these pooled funds and the With-Profits Funds to be appropriate investment options for existing members of the Scheme. The Trustees have decided to remove the With-Profits Funds from the list of available options for new contributions. The Trustees, in deciding to make available these funds, sought advice from their professional advisers as to their suitability. The Trustees will review this decision from time to time with their advisers.

Aberdeen Standard are responsible for all decisions concerning the selection and de-selection of the individual securities within the portfolios they manage. Aberdeen Standard are also responsible for all decisions concerning the allocation to individual asset classes and changes in the allocations to individual asset classes.

Aberdeen Standard is remunerated through an Annual Management Charge, and expresses this charge as a percentage of assets under management. This charge is included within the unit price of the respective pooled funds, details of which are contained in Appendix A.

The underlying manager, which the members' assets are invested, does not have performance-based fees, which could encourage the manager to make short-term investment decisions to hit their profit targets.

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

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

Members have the facility to switch between the lifestyle profiles at any time.

Aberdeen Standard's unitised pooled funds are priced on a 'single swinging price' basis, giving no explicit entry or exit costs. In addition, the various unitised With-Profits Funds may include implicit charges and Aberdeen Standard have the ability to apply a Market Value Adjustment on transfer out of these Funds.

The Trustees have good reason to believe that their manager is prudent and professional in their approach to investment.

2 INVESTMENT OBJECTIVES

2.1 SETTING INVESTMENT STRATEGY

The Trustees aim to provide suitable investment options that are aligned to the needs of their members. They also aim for these options to enable members to achieve good outcomes at retirement as well as ensuring that members receive value for money.

The Trustees are mindful of their responsibility to provide members with an appropriate range of investment funds and a suitable default strategy.

The Trustees have determined their investment policy in such a way as to address the risks set out in Section 6 of this Statement.

The Trustees will review the investment approach from time to time, and make changes as and when it is considered to be appropriate.

3 INVESTMENT STRATEGY

3.1 DEFAULT INVESTMENT STRATEGY

The Trustees have agreed with the Principal Employer, J. & J. Denholm Ltd, that the Scheme may be used for Automatic Enrolment under the Pensions Act 2008. Section 17 (2) of the Pensions Act 2008 states that members need not express an investment choice. Consequently, the Trustees have selected a default investment option for members who join under Automatic Enrolment.

In selecting a default investment option, the Trustees sought to achieve a balance between risk and return. Trustees choose to select a fund that provided good diversification by region, industry and stock selection while seeking to maximise return during the accumulation phase of a member's career. In the years leading up to retirement they sought to reduce volatility to preserve the returns already earned.

In considering investment options and after taking investment advice, the Trustees decided that the existing Denholm Equity Profile was the best way to achieve these objectives, while ensuring that investment costs would not rise and thereby reduce returns. This option is now called the Denholm Equity II Universal Lifestyle Profile.

It is intended to review this decision at least every three years to consider whether it remains appropriate.

3.2 FUND CHOICES

Individual investments within each of the available funds are selected by the investment manager subject to the requirement that they comply with the objectives of that fund. Details for each fund are given in Appendix A.

Individual members of the Scheme, not joining through Automatic Enrolment, are given the choice as to whether to invest in the 'Denholm Equity II Universal Lifestyle Profile', the 'Standard Life Balanced Managed II Universal Lifestyle Profile', the 'Denholm Tracker II Universal Lifestyle Profile', the 'Standard Life Cautious Managed II Universal Lifestyle Profile' and the 'Denholm Absolute Return Universal Profile'.

Members joining through Automatic Enrolment are placed in the Denholm Equity II Universal Lifestyle Profile, which is the default investment option. Members can continue to combine one of the profiles with investment in a With-Profits Fund if they are an existing investor in a With-Profits Fund prior to that date.

Within the five Lifestyle Profiles above, it is possible for members to have investments in either the Standard Life Money Market Pension Fund or the Standard Life Deposit and Treasury Pension Fund. Only those members who already have investments in the Standard Life Money Market Pension Fund are allowed to make further investments in this fund.

It is also possible within the five Lifestyle Profiles for members to have investments in either the Standard Life At Retirement (Multi Asset Universal) Pension Fund or the Standard Life Annuity Targeting Pension Fund, depending on which option was taken by relevant members towards the end of 2017.

The Denholm Equity II Universal Lifestyle Profile invests in the Standard Life Stock Exchange Pension Fund with the choice of individual funds for the member as they approach retirement being determined by an age related scale which switches investments into the Standard Life At Retirement (Multi Asset Universal) Pension Fund and Standard Life Deposit and Treasury Pension Fund to achieve an appropriate asset mix to minimise the investment risks faced by that member. Members with investments in the Standard Life Money Market Pension Fund at 25 May 2009 may continue to have investments in this fund

or to add to these investments. Members with investments in the Standard Life Annuity Targeting Pension Fund at 31 December 2017 may continue to have investments in this fund or to add to these investments.

The Standard Life Balanced Managed II Universal Lifestyle Profile invests in the Standard Life Managed Pension Fund with the choice of individual funds for the member as they approach retirement being determined by an age related scale which switches investments into the Standard Life Multi Asset Managed (20-60% Shares) Pension Fund, Standard Life At Retirement (Multi Asset Universal) Pension Fund and Standard Life Deposit and Treasury Pension Fund to achieve an appropriate asset mix to minimise the investment risks faced by that member. Members with investments in the Standard Life Money Market Pension Fund at 25 May 2009 may continue to have investments in these funds or to add to these investments. Members with investments in the Standard Life Annuity Targeting Pension Fund at 31 December 2017 may continue to have investments in this fund or to add to these investments.

The Denholm Tracker II Universal Lifestyle Profile invests in the Standard Life FTSE Tracker Pension Fund with the choice of individual funds for the member as they approach retirement being determined by an age related scale which switches investments into the Standard Life At Retirement (Multi Asset Universal) Pension Fund and Standard Life Deposit and Treasury Pension Fund to achieve an appropriate asset mix to minimise the investment risks faced by that member. Members with investments in the Standard Life Money Market Pension Fund at 25 May 2009 may continue to have investments in these funds or to add to these investments. Members with investments in the Standard Life Annuity Targeting Pension Fund at 31 December 2017 may continue to have investments in this fund or to add to these investments.

The Standard Life Cautious Managed II Universal Lifestyle Profile invests in the Standard Life Multi Asset Managed (20-60% Shares) Pension Fund with the choice of individual funds for the member as they approach retirement being determined by an age related scale which switches investments into the Standard Life At Retirement (Multi Asset Universal) Pension Fund and Standard Life Deposit and Treasury Pension Fund to achieve an appropriate asset mix to minimise the investment risks faced by that member. Members with investments in the Standard Life Money Market Pension Fund at 25 May 2009 may continue to have investments in these funds or to add to these investments. Members with investments in the Standard Life Annuity Targeting Pension Fund at 31 December 2017 may continue to have investments in this fund or to add to these investments.

The Denholm Absolute Return Universal Profile invests in the Standard Life Global Absolute Return Strategies Fund with the choice of individual funds for the member as they approach retirement being determined by an age related scale which switches investments into the Standard Life At Retirement (Multi Asset Universal) Pension Fund and Standard Life Deposit and Treasury Pension Fund to achieve an appropriate asset mix to minimise the investment risks faced by that member. Members with investments in the Standard Life Annuity Targeting Pension Fund at 31 December 2017 may continue to have investments in this fund or to add to these investments.

These five options are generically referred to as a lifestyle approach, or Pension Fund Investment Strategy, using Standard Life terminology.

The Trustees have placed no additional constraints on their manager.

3.3 CORPORATE GOVERNANCE AND VOTING POLICY

The Trustees have concluded that the decision on how to exercise voting rights should be left with the investment manager who will exercise these rights in accordance with their respective published corporate governance policies. These policies, which are provided to the Trustees from time to time, take into account the financial interests of shareholders, and should be for the members' benefit.

Where the Trustees are specifically invited to vote on a matter relating to a policy or contract held with the Scheme's investment manager, the Trustees will exercise their right in accordance with what they believe to be in the best interests of the majority of the Scheme's membership.

3.4 TYPES OF INVESTMENTS TO BE HELD

The Trustees are permitted to invest across a wide range of asset classes. All of the funds in which the Scheme invests are pooled and unitised. Details of each fund can be found in Appendix A.

3.5 ADDITIONAL VOLUNTARY CONTRIBUTIONS

The Scheme provides a facility for members to pay additional voluntary contributions to enhance their benefits at retirement. Members are offered the opportunity to invest additional contributions in the same way as the main Scheme investments.

4 RESPONSIBLE INVESTING

4.1 FINANCIAL CONSIDERATIONS

The Trustees understand that they must consider all factors that have the ability to impact the financial performance of the Scheme's investments over the appropriate investment and funding time horizon. This includes, but is not limited to, Environmental, Social and Governance (ESG) factors. The Trustees recognise that financially material ESG issues, such as climate change, could potentially impact the financial interests of the Scheme's beneficiaries. Accordingly, the Trustees will consider how ESG matters are integrated within investment processes when appointing new investment managers and monitoring the existing investment manager.

The Trustees believe that good stewardship can preserve value for companies and markets as a whole. The Trustees review the investment consultant's ESG ratings of the investment manager annually.

Having considered their fiduciary duty, the Trustees have delegated the evaluation of ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments to the appointed investment manager, in accordance with their own corporate governance policies.

The Trustees monitor how ESG, climate change and stewardship is integrated within investment processes, taking advice from the investment consultant's assessment of how the fund managers incorporate ESG into their investment processes. Monitoring is undertaken on a regular basis and forms part of the investment manager's annual presentation to the Trustees.

The Trustees have not set any investment restrictions on the appointed investment manager in relation to particular products or activities, but may consider this in future.

As of September 2020, the Scheme's assets are managed by Aberdeen Standard Life Investments Limited ('Aberdeen Standard'). Aberdeen Standard believe that ESG factors are financially material and can have a meaningful impact on companies' performance. Aberdeen Standard believes that a company's ability to generate returns in a sustainable way for investors is dependent on its ability to manage its relationship with the environment, its relationship with society and stakeholders, and on the way it is governed.

Aberdeen Standard believe that a full understanding of ESG factors can allow for better investment decision, which ultimately leads to better outcomes for clients. Aberdeen Standard also consider ESG risks before making any investments, they do so by seeking to understand if the company is adequately managing associated risks and making sure the market has priced in these risks accordingly.

Further information can be found on Aberdeen Standard's website:

<https://www.aberdeenstandard.com/en/what-we-do/esg-investment>

4.2 NON-FINANCIAL CONSIDERATIONS

The Trustees do not explicitly take into account non-financial matters in the selection, retention and realisation of investments.

4.3 VOTING POLICY AND STEWARDSHIP

The Trustees have delegated all voting rights to their investment manager (Aberdeen Standard), who will exercise this right in accordance with their policy on corporate governance. The Trustees expect the investment manager to exercise these rights in accordance with their respective published corporate governance policies. These policies, which are provided to the Trustees from time to time, take into account the financial interests of shareholders and should be for the Scheme's benefit. Voting records will be made available to the Trustees periodically and in any instance that the Trustees are unhappy with voting records they will raise concerns if required.

4.4 MEMBER VIEWS

Member views have not explicitly been taken into account in the selection, retention and realisation of investments, although feedback received from members is welcomed and considered by the Trustees. Nevertheless, the Trustees believe that they have a good understanding of membership demographics, behaviours and preferences and strive to provide a fund range that meets both financial and non-financially relevant member needs.

4.5 REALISATION OF INVESTMENTS

The Trustees' policy is to ensure that the assets invested are sufficiently realisable to enable the Trustees to meet their obligations to provide benefits as they fall due. The Trustees are satisfied that the arrangements in place conform to this objective.

The pooled funds of Aberdeen Standard deal on a daily basis and can be sold at any time. However, the Unitised With-Profits Fund will require a surrender value to be calculated and there may be a short delay in realising assets.

5 RISK

The Trustees are aware, and seek to take account, of a number of risks in relation to the Scheme's investments, including those set out below. Under the Pensions Act 2004, the Trustees are required to state their policy regarding the ways in which risks are to be measured and managed.

The Trustees recognise that in a defined contribution arrangement, members assume the investment risks themselves. The Trustees further recognise that members are exposed to different types of risk at different stages of their working lifetimes. Broadly speaking, five main types of investment risk can be identified, as noted below:

	Risk Type	Description	How is the risk monitored and managed?
Market Risk	Inflation Risk	The risk that a member's investments will not grow quickly enough to sufficiently outpace inflation (the cost of living).	The Trustees make available a range of funds across various asset classes, with the majority expected to keep pace with inflation.
	Currency Risk	The risk that occurs when the price of one currency moves relative to another (reference) currency. In the context of a UK pension scheme, the scheme may be invested in overseas stocks or assets, which are either directly or indirectly linked to a currency other than Sterling. There is a risk that the price of that overseas currency will move in such a way that devalues that currency relative to Sterling, thus negatively impacting the overall investment return.	Members are able to set their own investment allocations, in line with their risk tolerances. The default strategy and white-labelled fund are designed with the intention of diversifying these risks to reach a level of risk deemed appropriate given the objectives. This is set with the advice from the investment adviser.
	Credit Risk	The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.	
	Other Price Risk	The risk that principally arises in relation to the return seeking portfolio, which invests in equities, equities in pooled funds, equity futures, hedge funds, private equity and property.	
	Environmental and social and governance (ESG) risks	The risk that ESG concerns, including climate change, have a financially material impact on the return of the Scheme's assets. These risk factors can have a significant effect on the long-term performance of the assets the Scheme holds.	Where applicable these factors will be considered in the investment process but is considered the responsibility of the investment manager. Please see Section 5 for the Trustees' responsible investment statement.

Risk Type	Description	How is the risk monitored and managed?
Pension Conversion Risk	The risk where assets are invested to target a specific retirement objective which differs from how members are expected to use their pots at retirement.	<p>The Trustees make available three lifestyle strategies, in line with the pension freedoms.</p> <p>The Trustees increase the proportion of assets that more closely match how they expect members to use their pots at retirement.</p> <p>The default is a lifestyle strategy which automatically switches member assets into investments whose value is expected to be less volatile on an absolute basis.</p>
Manager Risk	This is assessed as the expected deviation of the prospective risk and return, as set out in the managers' objectives, relative to the investment policy.	It is measured by monitoring the actual deviation of returns relative to the objective and factors supporting the managers' investment process through the investment updates provided by Mercer, and by appointing Mercer to monitor and advise the Trustees where concerns exist over their continued ability to deliver the investment mandate.
Liquidity risk	The risk that the Scheme's assets cannot be realised at short notice in line with member or Trustees' demand	<p>As far as is practicable and necessary, the Trustees invest in liquid assets that can be quickly realised as required.</p> <p>It is managed by investing only in readily realisable pooled funds that can be bought and sold on a daily basis</p>

6 MONITORING OF INVESTMENT ADVISER, PLATFORM & MANAGERS

6.1 INVESTMENT ADVISER

The Trustees continually assess and review the performance of their Investment Adviser in a qualitative way. In doing so, the Trustees have set their Investment Adviser formal objectives as outlined in the document entitled “Strategic Objectives for Investment Consultancy Services” signed by the Trustees in November 2019.

6.2 PLATFORM PROVIDER

The Trustees receive monitoring reports from Aberdeen Standard on a regular basis. As a result, Trustees continually assess and review the suitability Aberdeen Standard in a qualitative way.

6.3 INVESTMENT MANAGER

The Trustees receive standard monthly valuation statements as well as quarterly reports, which presents performance information over 3 months, 1 year and 3 years. Monitoring reports review the performance of the Scheme’s individual funds against their benchmarks, and provide details of the developments within the investment manager firms and portfolio management teams.

The Trustees have the role of replacing the underlying manager where appropriate. They take a long-term view when assessing whether to replace the underlying investment manager, and such decision would not be made solely on short-term performance concerns. Instead, changes would be driven by a significant reduction in Mercer’s confidence that the investment manager will be able to perform in line with their fund’s mandate over the long-term.

6.4 PORTFOLIO TURNOVER COSTS

The Trustees do not currently monitor portfolio turnover costs for the funds in which the Scheme is invested, although notes that the performance monitoring which it receives is net of all charges, including such costs. Portfolio turnover costs means the costs incurred as a result of the buying, selling, lending or borrowing of investments.

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

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

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

7 CODE OF BEST PRACTICE

The Pensions Regulator has published a new code on standards for DC schemes and this came into effect in November 2013 as part of a wider initiative to get DC right. This was updated further on 28 July 2016 and this revised version is shorter and simpler than its predecessor and has been updated to include the DC flexibilities and governance legislation introduced from April 2015.

The Code of Practice 13 on the governance and administration of occupational DC trust based schemes places bigger than ever emphasis on good quality investment arrangements and stricter requirements for reviewing these on the Trustees. Particular attention has to be paid to the design of default strategies and on-going monitoring of their continuing suitability for scheme membership. The Code can be found here:

<https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-13-governance-and-administration-of-occupational-trust-based-schemes-providing-money-purchase>

When formulating their investment policy, the Trustees have acted in line with the Code of Practice 13.

8 COMPLIANCE

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

A copy of the Scheme's current Statement plus Appendices is also supplied to the Principle Employer, the Scheme's investment manager, auditors and administrators.

This Statement of Investment Principles, taken as a whole with the Appendices was approved by the Trustees on

29th September 2020.....

Signed on behalf of the Trustees by:

Name: John Stephen Denholm.....

Position: Chairman.....

Date: 29th September 2020.....

Signature: John Denholm.....

Signed on behalf of the Trustees by:

Name: Simon Luke Preston.....

Position: Trustee.....

Date: 29 September 2020.....

Signature: Simon Preston.....

APPENDIX A: CURRENTLY AVAILABLE FUNDS

Standard Life Stock Exchange Pension Fund

Fund Characteristics	The Standard Life Stock Exchange Pension Fund is a managed equity fund with a bias towards UK equities. It invests the balance in the major global equity markets and may also have some exposure to emerging markets.
Fund Benchmark	ABI Flexible Investment (Pen)
Investment Objective	To be above 50th percentile over periods of up to one year and 25th percentile or above over three years.
Trustee Benchmark	Peer group weighted index based composite benchmark to be calculated and provided on a quarterly basis by Standard Life.

Standard Life Managed Pension Fund

Fund Characteristics	The Standard Life Managed Pension Fund is a multi-asset fund that has a bias towards UK equities. These assets can be from both the UK and overseas. It is actively managed to take advantage of the opportunities identified by Standard Life's investment teams. A substantial part of the portfolio will normally be invested in UK equities, with the remainder held in overseas equities, fixed interest stocks and property.
Fund Benchmark	ABI Mixed Investment 40%-85% Shares
Investment Objective	To be above 50th percentile over periods of up to one year and 25th percentile or above over three years.
Trustee Benchmark	Peer group weighted index based composite benchmark to be calculated and provided on a quarterly basis by Standard Life.

Standard Life Multi Asset Managed (20 - 60% Shares) Pension Fund

Fund Characteristics	The Standard Life Multi Asset Managed (20-60% Shares) Pension Fund is a multi-asset fund that has a bias towards equities and fixed interest securities. These assets can be from both the UK and overseas. It is intended to be less volatile than the Standard Life Managed Pension Fund, with a higher percentage of the fund invested in lower volatility assets. The fund will use property and bonds to protect investors from the impact of significant falls in equity markets. It is actively managed to take advantage of the opportunities identified by Standard Life's investment teams.
Fund Benchmark	ABI Mixed Investment (20%-60% Shares)
Investment Objective	To be above 50th percentile over periods of up to one year and in the top quartile over 3 to 5 years.
Trustee Benchmark	Peer group weighted index based composite benchmark to be calculated and provided on a quarterly basis by Standard Life.

Standard Life FTSE Tracker Pension Fund

Fund Characteristics	The Standard Life FTSE Tracker Pension Fund aims to closely track the performance of the FTSE All Share Index allowing for reinvestment of dividends (but before deduction of charges). The fund will invest in a broad spread of UK listed equities which are constituents of the FTSE All Share Index.
Fund Benchmark	ABI UK All Companies
Investment Objective	To match performance of FTSE All Share Index to within 15bp.
Trustee Benchmark	FTSE All Share Index to be calculated and provided on a quarterly basis by Standard Life.

Standard Life Global Absolute Return Strategies Fund

Fund Characteristics	The Standard Life Global Absolute Return Strategies Fund aims to provide positive investment returns in all market conditions over the medium to long term
Fund Benchmark	IA (Investment Association) Targeted Absolute Return
Investment Objective	A return of cash plus five per cent before charges over rolling three-year periods.
Trustee Benchmark	IA Targeted Absolute Return

Standard Life At Retirement (Multi Asset Universal) Pension Fund

Fund Characteristics	The Standard Life At Retirement (Multi Asset Universal) Pension Fund invests in a range of different investments including, but not limited to, bonds (such as loans to a government or a company), equities, commercial property (such as, but not limited to, offices, shopping centres and shares in property development companies) and cash. The goal of this fund is to help make sure that at your retirement date funds are in investments, which are appropriate if the holder has yet to decide how the retirement income will be taken.
Fund Benchmark	Blended benchmark
Investment Objective	To provide some growth in investments if held after normal retirement date
Trustee Benchmark	Peer group weighted index based composite benchmark to be calculated and provided on a quarterly basis by Standard Life.

Standard Life Annuity Targeting Pension Fund

Fund Characteristics	The Standard Life Annuity Targeting Pension Fund invests primarily in long UK dated government bonds. This fund has a completely different aim from the other investment-linked funds. It offers an investment, which will rise and fall broadly in line with long-term interest rates, one of the main factors affecting the cost of an annuity. It therefore offers plan holders approaching retirement the opportunity to switch into a fund, which aims to minimise any changes in the level of pension income at retirement resulting from changes in the cost of purchasing an annuity in the period before retirement.
Fund Benchmark	ABI Sterling Long Bond
Investment Objective	To attempt to match the changes in the cost of purchasing a pension.
Trustee Benchmark	FT-A Over 15 Year Gilts Index supplemented by a 'Standard Life annuity price benchmark' to be calculated and provided on a quarterly basis by Standard Life.

Standard Life Deposit and Treasury Pension Fund

Fund Characteristics	The Standard Life Deposit and Treasury Pension Fund aims to provide a return, before charges, equivalent to overnight deposits by investing in deposits and short term money market instruments.
Fund Benchmark	ABI Deposit & Treasury (Pen)
Investment Objective	To be above 50th percentile over periods of up to one year and 25th percentile or above over 3 years.
Trustee Benchmark	One Month LIBID to be calculated and provided on a quarterly basis by Standard Life.

Standard Life Money Market Pension Fund**

Fund Characteristics	The Standard Life Money Market Pension Fund aims to provide a return, before charges, equivalent to overnight deposits. The fund invests in a portfolio of money-market instruments such as Certificates of Deposit, Floating Rate Notes and Asset-Backed Securities where repayment is typically expected within three years.
Fund Benchmark	ABI Money Market
Investment Objective	To be above 50th percentile over periods of up to one year and 25th percentile or above over 3 years.
Trustee Benchmark	One Month LIBID to be calculated and provided on a quarterly basis by Standard Life.

** This fund is only available to members who elected to continue using this fund in 2009.

APPENDIX B: FUNDS NO LONGER AVAILABLE TO NEW CONTRIBUTIONS

Pension Millennium With-Profits Fund

Fund Characteristics	<p>The Pension Millennium With-Profits Fund is invested in a wide spread of UK and overseas shares, property holdings and fixed interest stocks. Bonuses are payable reflecting investment returns and profits earned. Units purchased in the fund will be guaranteed not to fall in value unless a price reduction applies as set out in the documentation received from Standard Life. Investments in the fund will benefit from a bonus in the form of a daily increase in the unit price. The rate of bonus is normally reviewed in February each year. The current rate of bonus is 0.5% pa. A final bonus may be payable when units are sold. This is designed to reflect investment returns and profits not already taken into account in unit prices and is also the main method Standard Life use to smooth fluctuations in payouts. Final bonuses may be altered or withdrawn at any time, although Standard Life aim to avoid very large fluctuations from year to year.</p>
Fund Benchmark	<p>Standard Life Investments Ltd agree a strategic benchmark with Standard Life plc, which is consistent with their investment strategy. The benchmark will include an allocation to cash and fixed interest, which is of a size sufficient to maintain an appropriate degree of financial strength even in unfavourable market conditions. The remainder of the benchmark will be linked to UK and global stock and property market indices.</p>
Investment Objective	<p>The investment strategy of the With-Profits Fund aims to provide the best potential for growth over the long term, within the constraints necessary to maintain an appropriate level of financial strength. Over long periods, equities have produced higher returns than lower risk investments such as fixed interest (e.g. bonds) or cash deposits. Therefore, the strategy of Standard Life has been to invest a substantial proportion of the fund in equities.</p>

Millennium With-Profits Fund

Fund Characteristics	<p>If contributions to a With-Profits fund commenced before 25 February 2002, this money is invested in the Pension With-Profits Fund. This fund is invested in a wide spread of UK and overseas shares, property holdings and fixed interest stocks. Bonuses are payable reflecting investment returns and profits earned. Units purchased in the fund benefit from a daily increase in the unit price equivalent to 4% a year, unless a price reduction applies as set out in the documentation received from Standard Life. A bonus in the form of an additional daily increase in the unit price may also be payable. Bonuses are normally declared in February each year. The current rate is 0.0% a year giving a current total growth rate of 4.0% a year. A final bonus may be payable when units are sold. This is designed to reflect investment returns and profits not already taken into account in unit prices and is also the main method Standard Life use to smooth fluctuations in payouts. Final bonuses may be altered or withdrawn at any time, although Standard Life aim to avoid very large fluctuations from year to year. The Pension With-Profits Fund is closed to future investment.</p>
Fund Benchmark	<p>Standard Life Investments Ltd agree a strategic benchmark with Standard Life plc, which is consistent with their investment strategy. The benchmark will include an allocation to cash and fixed interest, which is of a size sufficient to maintain an appropriate degree of financial strength even in unfavourable market conditions. The remainder of the benchmark will be linked to UK and global stock and property market indices.</p>
Investment Objective	<p>The investment strategy of the With-Profits Fund aims to provide the best potential for growth over the long term, within the constraints necessary to maintain an appropriate level of financial strength. Over long periods, equities have produced higher returns than lower risk investments such as fixed interest (e.g. bonds) or cash deposits. Therefore, the strategy of Standard Life has been to invest a substantial proportion of the fund in equities.</p>