Marks & Spencer Pension Scheme | September 2020

Statement of Investment Principles

Introduction

The Trustee of the Marks & Spencer Pension Scheme ("the Scheme") has prepared this Statement of Investment Principles ("SIP"), in accordance with the requirements of Section 35 of the Pensions Act 1995 (as amended by the Pensions Act 2004 and regulations made under it). The Scheme is a Registered Pension Scheme for the purposes of the Finance Act 2004.

This written statement outlines the principles and policies governing determinations about investments made by or on behalf of the Trustee in the management of the Scheme's assets. This document has been drafted in the light of the Myners' Principles for institutional investment decision-making as amended.

The Trustee will review this SIP at least annually and without delay after any significant change in investment policy. Before finalising this SIP, the Trustee took written advice from the Scheme's Investment Adviser and consulted Marks & Spencer plc (the 'Company') as Principal Employer. However, the ultimate power and responsibility for deciding investment policy lies solely with the Trustee.

This document covers the governance of the Scheme, the investment objectives and policy, the funding requirements and risk control. An Appendix to the document includes the asset allocation policy together with the individual investment management arrangements. A copy of the Appendix is available to members upon request.

A glossary which explains some of the terms used in the SIP can be found on the Scheme's website:

https://www.mandspensionscheme.com/glossary

Scheme Structure

The Scheme is comprised of a defined benefit ("DB") arrangement, under which members receive a pension based on the number of years of service and pensionable salary, and an Additional Voluntary Contribution (AVC) arrangement, which is now closed to new contributions. The AVC arrangement is a money purchase platform offering a range of investment alternatives, which gave members of the DB Scheme the opportunity to increase their retirement income.

Governance

The Trustee has ultimate responsibility for decision-making on investment matters. However, to enable an appropriate level of attention to investment issues, the Trustee has delegated the majority of investment matters, with decision-making powers where appropriate, to an Investment Committee ("IC") of the Trustee. All decisions of the IC are recorded in Committee minutes and made available to the full Trustee Board.

In addition, with Trustee approval, the IC has established a sub-committee, the Investment Management Committee ("IMC") to implement the Scheme's investment allocation to those assets that fall outside of the Scheme's dedicated liability hedging portfolio, (for example equity, credit, private equity, infrastructure and opportunistic investments.)

In broad terms, the IC is responsible for:

- Overall asset allocation, risk hedging and cashflow.
- Investment policy and SIP.
- Maintaining and monitoring portfolio parameters and the annual plan for the Scheme's growth assets, monitoring investment managers.
- Dealing with any other specific investment related issues that arise.

- Reviewing the performance of the Investment Adviser, Custodian, Consultants and other advisors.
- Appointing and removing members of the IMC and monitoring the work of that sub-committee.
- Appointing advisors and consultants for specific projects.

In broad terms the IMC is responsible for:

- Establishing and maintaining an Annual Plan for the Scheme's growth assets to meet the objectives set and for approval by the IC.
- Monitoring the performance of the investment managers portfolios against their objectives and the quality of their investment teams and processes.
- Proactively considering any new investment opportunities which become available for investment within the Scheme's growth assets.
- Investigating other specific investment-related issues and projects as directed by the IC.
- Appointing investment advisers, lawyers and consultants for specific projects.
- Overseeing the management of transitions and cash draw down arrangements to be arranged by the Trustee Executive Team in conjunction with external investment managers and funds.

The IC has delegated responsibility in respect of appointing, monitoring and removing investment managers to the IMC and Trustee Executive Team with advice from the appointed Investment Adviser. The IC may not further delegate its powers, unless further approved by the Trustee.

Investment Objective and Strategy

The Scheme's primary objective is to have sufficient funds to meet the Scheme's liabilities as and when they fall due. It aims to do this by:

- investing in a range of suitable assets of appropriate liquidity which will generate, in the most efficient and effective manner possible, income and capital growth to ensure that, with any required contributions from the Company, there are sufficient assets to meet the cost of the benefits which the Scheme provides in its DB arrangement.
- hedging interest and inflation risks to the Scheme's funding by investing in appropriate gilts and interest and inflation swaps.
- minimising exposure to excessive short-term volatility of investment returns.
- minimising the long-term costs to the Company by maximising the return on the assets, whilst having regard to the risk objectives described above.
- hedging longevity risk, by entering into buy-in contracts with insurers and longevity swap contracts to protect against the financial loss associated with any mortality improvements on a specific set of pensioners.

The Scheme has a framework in place for reaching full funding on a "Long-Term Funding Target" basis of gilts+0.5%. As at the date of this document, the Trustee believes that the Scheme's investment strategy is sufficient to support this target, within an appropriate degree of risk.

Implementation and Types of Investment

The investment strategy utilises:

- a range of instruments that provide a better match to changes in liability values,
- a diversified range of growth assets, including (but not limited to) equities, credit and property, and;
- active management of portfolios where this is deemed efficient and effective.

The balance within and between these investments will be determined from time to time with regard to maximising the chance of achieving the Scheme’s investment objective.

Assets may be held in cash and other money market instruments from time to time as may be deemed appropriate.

The Trustee will monitor the liability profile of the Scheme and will regularly review, in conjunction with the Investment Adviser and the Scheme Actuary, the appropriateness of its investment strategy.

The expected return of the investment strategy will be monitored regularly and with regard to its appropriateness to the Scheme’s investment objective.

There will be sufficient investments in liquid or readily realisable assets to meet cashflow requirements in foreseeable circumstances so that the realisation of assets should not disrupt the Scheme's overall Investment Strategy. The Trustee, together with the Scheme's administrators, will hold sufficient cash to meet benefit and other payment obligations.

Risk Measure & Management

The Board recognises a number of risks involved in the investment of the assets of the DB arrangement, and monitors these risks on a regular basis:

Deficit Risk	Measured through a qualitative and quantitative assessment of the expected development of the liabilities relative to current and alternative investment policies; managed through assessing the progress of the actual growth of the liabilities relative to the selected investment. A formal asset/liability monitoring report is reviewed by the Trustee on a quarterly basis, which provides an updated position of the Scheme's funding position.
Manager risk	Measured by the expected volatility of the appointed investment managers' returns, as set out in the manager(s)' objectives, relative to the investment policy; managed by monitoring the actual deviation of returns relative to the objective and factors supporting the manager's investment process
Liquidity risk	Measured by the level of cash flow required by the Scheme over a specified period; managed by the Trustee Executive Team through regular communication with the Scheme administrator and the investment managers to ensure that sufficient cash balances are available at the appropriate time and by ensuring that investment is made in suitably liquid and readily realisable assets.
Currency risk	Addressed through the investment manager guidelines and through the implementation of a currency hedging programme, which reduces the impact of exchange rate movements on the Scheme's asset value.
Political risk	Measured by the level of concentration of investment in any one market leading to the risk of an adverse influence on investment values arising from political intervention and action; managed by regular reviews of the actual investments relative to the investment strategy and through regular assessment of the levels of diversification within the existing investment strategy.
Sponsor risk	Measured by the assessed ability and willingness of the Company to support the continuation of the Scheme and to make good any current or future deficits; Managed through an agreed Contribution Schedule and Recovery Plan as appropriate, a Long Term Funding Target agreed with the Company and regular reviews of the Company's performance and business outlook undertaken by the Trustee's appointed Covenant Adviser.
Custodian risk	Measured by assessing the credit-worthiness of the custodian bank(s) appointed by the Trustee in respect of segregated investment portfolios and the arrangements associated with the appointed Investment Managers in respect of pooled fund arrangements. Also by assessing the ability of the organisation(s) to settle trades on time and provide secure safekeeping of the assets under custody; managed by monitoring the custodian(s)' activities and discussing the performance of the custodian(s) with the investment managers when appropriate. Restrictions are applied to whom within the Trustee and the Trustee Executive Team can authorise transfers of cash and the account(s) to which transfers can be made.

Environmental Social and Governance ("ESG") risk	Measured by the level of concentration in assets leading to the risk of an adverse impact of investment values arising from manifestation of ESG risks; managed by regular reviews of assets, regular discussions with the investment managers about ESG risks and reporting from an appointed ESG overlay and reporting manager in respect of stewardship of equity holdings.
Fraud/Dishonesty	Addressed through a crime insurance policy, and internal and external audit.
Inappropriate investments	Addressed through constraints on the use of derivatives, gearing, specific asset limits and other restrictions.
Derivatives Risk	Counterparty risk: this risk is mitigated through collateral management, diversifying exposure across counterparties, and the use of robust ISDA, CSA, GMRA or other relevant derivatives documentation. Basis risk: the returns from assets used to meet the payable leg of a derivative contract may not match exactly. This risk is addressed through the investment objectives adopted by the Trustee for such assets and monitoring of the performance of the appointed investment managers. Assumption risk: pension liabilities can only be estimated and there is a risk of divergence between the performance of the derivatives and the actual value of the liabilities (for example, due to changes in assumptions or demographics). This risk is mitigated by updating the liability hedging cashflows and benchmark at appropriate regular intervals. Legal and operational risks: the successful operation of derivatives depends on robust legal documentation governing the derivative contracts and the correct completion of operational support tasks including collateral management. The Trustee takes appropriate legal advice when putting in derivative documentation, reviewing existing arrangements and appointing and monitoring providers capable of carrying out the required operational tasks. The Trustee is also aware of the risks relating to the initial terms of entry (purchasing the swap contracts at a competitive price) and the valuation of the swaps on an ongoing basis and, with the support of their appointed Investment Adviser, the IC monitors these positions on a regular basis.
Buy-in insurer risk	This is the risk that the buy-in insurers fail to pay the benefits secured under the buy-in contract, particularly as the Scheme has opted for uncollateralised agreements. Addressed by having selected a regulated insurer, reliance on the insurance regulatory regime and with appropriate termination rights which have been agreed with the insurers and written into the contracts.

A risk matrix setting out the risks and associated actions to mitigate the risks is produced annually and reviewed by internal audit.

Investment in the Company

Self-investment in the Company's Equity and Debt is limited to that to those held within pooled funds, for example to achieve index tracking, within alternative asset class pooled funds or within AVC funds. The Board monitors these holdings on a quarterly basis to ensure that the statutory 5% overall limit to self-investment is not breached. The holdings of the AVC's are also included in this calculation.

Investment managers

In accordance with the Financial Services and Markets Act 2000, the Trustee sets the overall investment strategy and implementation policy but delegates the responsibility for selection of specific investments to appointed investment manager(s). The investment manager(s) shall provide the skill and expertise necessary to manage the investments of the Scheme competently.

The Trustee is not involved in the investment managers' day-to-day method of operation and does not directly seek to influence attainment of their performance targets. The Trustee will maintain processes to ensure that performance is assessed on a regular basis against a measurable objective for each manager, consistent with the achievement of the Scheme's long-term objectives, and an acceptable level of risk. As part of this process, the Trustee has delegated the detailed monitoring of the Scheme's investment managers to its IC with advice from the Investment Adviser.

The Trustee appoints its investment managers with an expectation of a long-term partnership, which encourages active ownership of the Scheme's assets. When assessing a manager's performance, the focus is on longer-term outcomes, and the Trustee would not expect to terminate a manager's appointment based purely on short term performance. However, a manager's appointment could be terminated within a shorter timeframe due to other factors such as a significant change in business structure or the investment team.

The Trustee ensures that, in aggregate, its portfolio 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 will also review the investment objectives and guidelines of any particular pooled vehicle for consistency with its policies, where relevant to the mandate in question. Where segregated mandates are used, the Trustee will use its discretion, where appropriate, to set explicit guidelines within the Investment Management Agreement to ensure consistency with the Trustee's policies, where relevant to the mandate.

To maintain alignment, managers are provided with the most recent version of the Scheme's Statement of Investment Principles on an annual basis and are required to confirm that the management of the assets is consistent with those policies relevant to the mandate in question.

Should the Trustee's monitoring process reveal that a manager's portfolio is not aligned with the Trustee's policies, the Trustee, or its advisers, will engage with the manager further to encourage alignment. This monitoring process includes specific consideration of the sustainable investment/ESG characteristics of the portfolio (as outlined in the "Responsible Investment" section below) and managers' engagement activities (as outlined in the "Stewardship" section below). If, following engagement, it is the view of the Trustee that the degree of alignment remains unsatisfactory, the manager will be terminated and replaced.

For most of the Scheme's investments, the Trustee expects the investment managers to invest with a medium to long time horizon, and to use their engagement activity to drive improved performance over these periods. The Trustee may from time to time invest in certain strategies (e.g. hedge fund strategies) where such engagement is not deemed appropriate, due to the nature of the strategy and/or the investment time horizon underlying decision making. The appropriateness of the Scheme's allocation to such mandates is determined in the context of the Scheme's overall objectives.

Managers are 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. It is the Trustee's view that fees linked to investment performance increase complexity and in most cases do not materially improve alignment with long-term objectives. Such fee structures would therefore only be used in a limited number of cases.

The Trustee reviews the costs incurred in managing the Scheme's assets regularly, which includes the costs associated with portfolio turnover. In assessing the appropriateness of the portfolio turnover costs at an individual manager level, the Trustee will have regard to the actual portfolio turnover and how this compares with the expected turnover range for that mandate.

Responsible Investing

The Scheme's primary concern in setting its investment strategy, is to act in the best financial interests of its members and the investment strategy is formulated to support its objective of paying member benefits as and when they fall due.

As the Scheme is now closed to future accrual, the Trustee increasingly holds longer dated assets that better match the liability cashflows of the Scheme. These include credit and real assets and because they are less liquid, the Trustee is very focussed on the sustainability of these assets that the Trustee's appointed investment managers invest in and the companies and other entities in which they invest or lend to.

The Trustee believes that ESG factors, including Climate Change are financially material considerations that will have significant influence on the future success of companies and their ability to service debt and of security of cashflows and asset values. Integration of ESG factors is fundamental to the design and implementation of the investment strategy of the Scheme.

In appointing investment managers, the Trustee considers in detail their experience and capabilities and in managing ESG factors and sustainability in the securities or assets in which they invest, and this assessment forms a part of the regular on-going monitoring of the investment managers.

At present, the Trustee does not explicitly take account of non-financial matters in the Scheme's investment strategy but may consider reflecting specific non-financial considerations in future.

Stewardship

The Trustee believes that companies that effectively manage Environmental Social and Governance ("ESG") risks can protect and enhance value by, for example, avoiding risk to their reputation, reducing potential financial liability and by increasing their ability to recruit and retain high-quality staff.

Therefore, the Trustee wishes to promote the proactive management of ESG risks amongst the companies in which the Scheme invests and expects its appointed investment managers, where appropriate, to have integrated ESG factors as part of their investment analysis and decision-making process and also to exercise their voting rights. To aid the Trustee in monitoring of and engagement with ESG issues, the Trustee requests quarterly voting reports from equity managers, and where possible utilises detailed ESG monitoring of equity and bond mandates through the Scheme's custodian.

The Trustee's policy is to delegate responsibility for exercising of ownership rights (including voting rights) to the investment managers. The Trustees monitors the stewardship practices of its managers to understand how they exercise these duties on their behalf and to aid them in so doing, the Trustee seeks the advice of expertise from third parties.

The Trustee is a signatory to both the United Nations Principles of Responsible Investment and the FRC Stewardship Code and has produced a policy on voting and engagement which is shared with the Scheme's appointed equity investment managers. The Scheme's policy on voting and engagement and UK Stewardship Policy Statement are published on the Scheme's website and copies are available on request.

AVC

The Scheme's AVC arrangement is now closed to new monies. However, for monies previously invested, the AVC arrangement is a money purchase platform offering a range of investment alternatives, with the value of members' funds being determined by the value of accumulated contributions adjusted for investment returns, net of charges. In selecting appropriate investments, the Trustee is aware of the need to provide a range of investment options, which broadly satisfy the risk profiles of all members, given that members' benefits will be directly determined by the value of the underlying investments. The AVC fund options are regularly reviewed by the IC.

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Asset Allocation Policy and Benchmark

The Board reviews the asset allocation policy of the Defined Benefit ("DB") on a regular basis. The target asset allocation benchmark of the Scheme as at 30 March 2020 is outlined in the table on the next page.

The Scheme does not have a formal fixed benchmark asset allocation policy and instead explicitly targets an expected investment return and level of investment risk that is expected to evolve over time in accordance with Scheme's funding level. Consequently, the Investment Committee has implemented a quarterly monitoring framework that reviews the Scheme's funding level, deficit, expected investment outperformance, investment risk, probability of attaining certain funding levels over defined periods, and other measures against defined metric ranges. The breach of a metric range in itself is not an automatic trigger for action or change, but will trigger consideration of the breach, and the reasons for it, by the Investment Committee.

The Scheme has an allocation to the property partnership interest, which is a limited interest in a partnership, established with the company, which makes regular payments to the Scheme until 2031. The allocation is split into two separate interests, the B interest and the C interest. The B interest relates to contribution agreements made up to and including 2009 while the C interest relates to the contribution agreement made in 2010 as part of the 31 March 2009 actuarial valuation deficit recovery plan.

The Scheme has entered into several buy-in insurance contracts with UK insurers. Under the terms of the contracts, the Scheme pays a one off premium payment to the insurer and in return the insurer agrees to pay the benefits of a pre-agreed set of pensioners until they die along with any death benefits, such as dependants' benefits. The Scheme continues to consider other longevity risk management solutions including longevity swaps.

The Benchmark as at 30 March 2020 is shown below.

Benchmark	*Indicative target weight (%)*
Equities	
Global equities (active and passive)	3.2
Emerging market equities (active)	0.8
Equity Sub-Total	**4.0**
Other Growth assets	
Global Property	2.6
Hedge Funds	0.6
Opportunistic Credit	0.8
Reinsurance and Other Growth	3.0
Private Equity & Infrastructure	2.2
Other Growth assets Sub-Total	**9.2**
Total Growth assets	**13.2**
Credit-based assets	
Credit-Like	9.1
Emerging Market Debt	1.3
Assets contributed by company[1]	6.5
Total Credit-based assets	**16.9**
Secure Income Alternatives	**9.0**
Total Matching assets	**34.1**
Total Buy-in assets	**25.7**
Other Assets & Liabilities	**1.1**
Scheme Total	**100.0**[2]

1. Includes Property Partnership "B" Interest, Property Partnership "C" Interest and Collateralised Cross Currency Swap
2. The Scheme's asset allocation also incorporates an unfunded liability hedging and currency hedging overlay

The Scheme's current manager roster as at 31 March 2020 is set out below. Measurable objectives have been developed for the Investment Managers consistent with the achievement of the Scheme's overall longer-term objectives. The benchmarks and performance objectives are shown in the table below. Each manager has a specific investment management agreement ('IMA') detailing investment restrictions consistent with the benchmark and performance objective.

Investment Manager	Asset Class and Mandate	Index	Objective
GW&K	Global Emerging Market equities (active)	MSCI Emerging Market Free Index	To outperform the benchmark by 3% pa over rolling 3 year periods net of fees.
Legal and General Investment Management	Passive global equity index tracking the FTSE RAFI 3000 Equity Index Passive ESG global equity index	FTSE RAFI 3000 Equity Index Solactive L&G ESG Global Markets Index	To track the benchmark return within a tracking error of 1.0% pa
CBRE Investors	Global Indirect Property.	N/A	To achieve an absolute real return of 5% pa in excess of UK RPI over 3 year rolling periods net of fees, costs and taxes.
Various	Private equity and Infrastructure	FTSE All-World Index	To outperform the benchmark by 3.5% pa over rolling 3 year periods
Cantab Capital Partners	Global macro hedge fund	N/A	The fund does not have a formal performance target but seeks capital appreciation
River Birch Capital	Credit Long Short Hedge Fund	N/A	This holding does not have a performance target and is returning capital.
Waterfall	Structured Credit	3 Month US $ Libor + 5%	Achieve attractive risk adjusted returns through a combination of income and capital appreciation utilising high yield ABS (cash yield of ~500 bps over the BofA Merrill Lynch U.S.) and Whole loans.
Credit Suisse	Reinsurance	3 month US Dollar LIBOR	To outperform the benchmark by 15% pa over rolling 3 year periods
Nephila	Reinsurance	3 month US Dollar LIBOR	To outperform the benchmark
DW Partners	CMBS Securities	3 month US Dollar Libor	The fund does not have a formal performance target but seeks capital appreciation
Securis	Life Settlements	3 month US Dollar Libor + 4.5%	The fund does not have a formal performance target but seeks capital appreciation
Hayfin	Direct Lending	N/A	The fund is targeting 8-10% gross returns
PIMCO	Opportunistic Credit	N/A	The fund does not have a formal performance target but seeks positive absolute returns
CarVal	Distressed Credit	N/A	3 month US Dollar LIBOR + 5%
MedicX	Healthcare Property	N/A	This holding does not have a performance target and is returning capital
BlackRock	Overseas currency hedge	N/A	To hedge 50% of the Scheme's exposure to US$, Euro and Japanese Yen for the Scheme's private equity, infrastructure and property holdings.

Investment Manager	Asset Class and Mandate	Index	Objective
			To hedge 100% of the Scheme's exposure to US$, Euro and Japanese Yen through for hedge fund, hard currency EM market debt, overseas credit and alternative holdings
BlackRock	Corporate bonds (passive screen)	40% iBoxx £ Overall Non-Gilt AAA Index 35% iBoxx £ Overall Non-Gilt AA Index 25% iBoxx £ Overall Non-Gilt A Index	To achieve the return of the benchmark over the long term
Henderson Global Investors	UK corporate bonds (active)	iBoxx £ Corporates Index	To outperform the benchmark by 1.25% pa over rolling 3 year periods.
Legal and General Investment Management	UK corporate bonds (passive)	iBoxx £ Non-Gilts (ex-BBB) Index	To track the benchmark return within a tracking error of 0.5% pa
Alcentra	CLO debt	N/A	The fund does not have a formal performance target but seeks positive absolute returns; the fund is in run off and returning capital
PIMCO	Global corporate bonds (active)	Bespoke index based on Barclays Capital Global Aggregate Index	To outperform the benchmark by 1.0% to 1.5% pa over rolling three-year periods
Franklin Templeton Investments	Global sovereign bonds (active)	JP Morgan Global Government Bond Index	To maximise total return consistent with prudent investment management
Ninety One	Emerging Market Debt (active)	50% JPM GBI-EM Global Diversified Index; 40% JPM EMBI Global Diversified Index 10% JPM CEMBI Broad Diversified Index.	To outperform the benchmark by 2.5% pa to 4% pa over rolling 3 year periods
Property Partnership – "B" Interest	Bond-like assets	N/A	N/A
Property Partnership – "C" Interest	Bond-like assets	N/A	N/A
Collateralised cross-currency swaps	Bond-like assets	N/A	N/A
BlackRock	Gilts	Specific gilts are held on a buy and hold basis	N/A
BlackRock	Swap overlay	N/A	To approximate the interest rate and retail price index (inflation) sensitivity of the liability cash flows provided to the manager.
Insight	Active LDI	N/A	To outperform a benchmark of liability cash flows provided to the manager
Equitix	Infrastructure	N/A	11-13% gross IRR (depending on vintage)

Investment Manager	Asset Class and Mandate	Index	Objective
BlackRock	UK Long Lease Property	N/A	20 year Gilts + 2% p.a.
BlackRock	UK Renewable Power Income	N/A	Provide a long-term, stable income proposition through investments in UK renewable power infrastructure projects.
Knight Frank	UK Long Lease Property	N/A	FTSE UK Gilts > 15 years
Alpha Real	UK ground rents	N/A	Index linked gilts + 2% p.a. net of fees
Greencoat Solar II	UK Renewable Power Income	N/A	Gross return of 7.0% p.a.
Greencoat Embankment	Bioenergy	N/A	
Henley	UK Social House	N/A	25 year inflation-linked gilts +3% p.a.
Macquarie Group	Infrastructure Debt	N/A	The fund seeks a yield uplift of 2%-3% over gilts.
Dalmore	Infrastructure	N/A	7-9% gross IRR (depending on vintage)
Waypoint	UK Real Estate - Government Leases	N/A	

AVC scheme administrator and investment funds

Within the money purchase AVC scheme, which is now closed to new monies, members were able to make contributions into the following range of investment funds:

Cash	The fund invests in a mix of secure, short-dated deposits and other money market instruments.
Corporate bonds	The fund invests in bonds issued by companies. It only invests in bonds rated as ‘investment grade’ by independent analysts.
Index linked gilts	The fund invests in bonds issued by the UK government where the return on the bonds is linked to inflation.
Mixed Bonds	The fund invests in a mixture of bonds – bonds are effectively IOUs issued by governments and companies undertaking to pay a fixed rate of ‘interest’ (or a rate linked to inflation) together with a repayment of the bond’s initial value sometime in the future.
Balanced growth	The fund invests predominantly (80%) in shares of UK and overseas companies and also a proportion (20%) in a mix of bonds.
Mixed growth 2012	The fund invests in a balance of shares (50%) and other less risky types of investment. It invests in shares of UK and overseas companies with the remainder invested in a mix of UK commercial property (10%) and bonds (40%).
Long-term growth	The fund invests predominantly (90%) in shares of UK and overseas companies with a smaller proportion of the fund (10%) invested in a broad spread of UK corporate bonds. Shares represent ownership of a small part of the company.
Global equity	The fund invests in shares of UK (30%) and overseas (70%) companies. The impact of currency fluctuation is minimised by the manager hedging (75%) of overseas currency – this helps minimise the volatility that can be experienced with overseas investments where stock market performance can be exacerbated by currency movements.
Emerging market equity	The fund invests in shares of emerging markets companies.

Property	The fund invests in a broad spread of UK property including retail, industrial and office property and also in shares of property companies.
Property 2012	To get the best return from a portfolio of first class freehold and leasehold interests in commercial and industrial property. This includes industrial warehouse buildings, shopping units and office blocks. It is also permitted to invest up to 15% in other external property funds in order to take advantage of investment opportunities in niche or specialist sections.
Socially responsible	The fund invests in a spread of shares UK companies with investments selected based on certain ethical or socially responsible criteria.
Shariah	The fund invests in a spread of shares in global companies with investments selected based on the requirements of Islamic Shariah law. This fund aims to create long term appreciation of capital through investment in a diversified portfolio of securities as defined by a relevant world index, which meets Islamic investment principles as interpreted and laid down by the Shariah Committee and provided to the Board of Directors.

For AVC scheme members, contributions to the lifestyle option were invested in two funds. The percentage of the account which is invested in each fund changes with the age of the employee so that monies are transferred into cash as the employee approaches retirement reflecting a member's typical preference to take their AVC assets as cash at retirement.

The 'Lifestyle' option invests in:

- Long-term growth fund: When the employee has 5 or more years to retirement
- Cash fund: When the employee has less than 5 years to retirement

Scheme and Trustee advisors/ providers

- Scheme Actuary – Colin Singer, Willis Towers Watson
- Auditor – KPMG LLP
- Legal Advisors – Linklaters LLP
- Scheme Administrator - Capita
- Global Custodian – Northern Trust
- DB Scheme Investment Advisor – Willis Towers Watson
- Covenant Monitoring Advisor – Ernst & Young LLP
- AVC Provider – Legal & General Assurance (Pensions Management) Limited
- AVC Scheme Advisor – Redington
- Communications Provider – Capita Creative Sparks
- Longevity Risk Management Advisor – Lane, Clark & Peacock LLP
- Tax Advisor – KPMG LLP