

Cushon Master Trust
(formerly the Salvus Master Trust)
Statement of Investment Principles
January 2021

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1. Introduction

This document constitutes the Statement of Investment Principles (the “SIP”) required under Section 35 of the Pensions Act 1995 for the Cushon Master Trust (formerly the Salvus Master Trust) (“Cushon”, the “Scheme”). It describes the investment policy being pursued for Cushon by the Trustees of the Cushon Master Trust (the “Trustees”) and is in compliance with our understanding of the requirements of the Occupational Pension Schemes (Investment) Regulations 2005, Occupational Pension Schemes (Charges and Governance) 2015 and the Pension Protection Fund (Pensionable Service) Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, and the Pensions Regulator’s Code of Practice in relation to governance of DC pension schemes issued in July 2016 in force at the time of preparing this document.

The Trustees confirm that, before preparing this SIP, they have consulted with Cushon MT Limited (the “Scheme Funder”), the Scheme Strategist and taken appropriate advice from their advisors. The Investment Advisor is Isio Group Limited and the Legal Advisor is ARC Pensions Law LLP.

The Trustees believe their advisors to be qualified by their ability and practical experience of financial and legal matters respectively and to have appropriate knowledge, and experience of the management of the investment arrangements that Cushon requires. The Trustees also confirm that they will consult with the Scheme Funder and the Scheme Strategist and take advice from the relevant advisors as part of any review of this SIP.

The Trustees are responsible for the investment of Cushon’s assets and arranging the administration of Cushon. Where they are required to make an investment decision, the Trustees always receive advice from the relevant advisors first and they believe that this ensures that they are appropriately familiar with the issues concerned.

In accordance with the Financial Services & Markets Act 2000, the Trustees set general investment policy, but have delegated the day-to-day investment of Cushon’s assets to professional fund managers (the “Investment Managers”) in accordance with Section 34(2) of the Pensions Act 1995. The Managers are authorised under the Financial Services & Markets Act 2000, provide the expertise necessary to manage the investments of Cushon competently and will comply with the requirements of Section 36 of the Pensions Act 1995.

1.1. Declaration

The Trustees acknowledge that it is their responsibility, with guidance from their advisors, to ensure the assets of Cushon are invested in accordance with these Principles.

Signed: Roger Mattingly

Date: 11 January 2021

For and on behalf of the Trustees of the Cushon Master Trust.

2. Governance

The Trustees are responsible for the governance and investment of Cushon's assets. They consider that the governance structure set out in this SIP is appropriate for Cushon as it allows the Trustees to make the important decisions on investment policy, while delegating the day-to-day aspects to the Investment Managers or the advisors as appropriate. The responsibilities of each of the parties involved in Cushon's governance are detailed in Appendix A.

3. Investment Objectives

The Trustees recognise that members have differing investment needs and that these may change during the course of members' working lives. They also recognise that members have different attitudes to risk. The Trustees regard their duty as the provision of a pension scheme which aims to provide members with good outcomes and suitable benefits at retirement.

The Trustees undertake this duty by creating a robust default arrangement offering to cater for the proportion of the workforce not actively managing their pension investments. This default should be focused on members' needs and outcomes.

The Trustees also make available a range of investment options (managed by high quality investment managers) sufficient to enable members who so choose, to tailor their investment strategy to their own needs.

The default strategies available to Cushion members are set out in section 4. The Trustees' objectives in respect of the default strategies are:

- a) To provide members with a robust default arrangement designed to focus on members' needs by aiming to achieve growth and maintain the purchasing power of members' savings and protect the value of accumulated assets as members approach retirement.
- b) To avoid over-complexity in investment in order to keep administration costs, member understanding and member charges to a reasonable level.

In setting objectives, the Trustees do seek to take into account their beliefs as regards financially material considerations over the participation period for Scheme members and this includes Environmental, Social and Governance (ESG) factors including Climate Change.

The Trustees, having regard to the Scheme membership, its identified particular beliefs and feedback to date, have not identified any non-financial (ethical) factors which they believe should be incorporated into their investment objectives to meet the needs of the membership as a whole. The Trustees however do make some provision for ethical interests within its self-select options.

The Trustees intend to further explore member beliefs in the future.

4. Default Investment Strategies

Since inception to April 2016, the Trustees have made available to members two default strategies: the Cautious Lifestyle profile and the Balanced Lifestyle profile. For members formerly in the Spinnaker Master Trust, which was merged into the Scheme in February 2017, different default options were used, as set out in Appendices B and C.

Prior to April 2016, employers within Cushon who are advised by Independent Financial Advisers were able to choose the Balanced Lifestyle profile as the default strategy in respect of their employees within Cushon. The Balanced Lifestyle reflects a higher expected risk/return profile overall than the Cautious Lifestyle. Full detail in respect of the Cautious and Balanced Lifestyle profiles is set out in Appendices B and C.

Since April 2016, only the Cautious Lifestyle profile is available as the default strategy for new employers/members. For members joining the non-contributory section as a bulk transfer, a decision is made as to the appropriate default on a case-by-case basis.

In 2020, the Trustees made available the Cushon Flexible Retirement strategy as the default for the Cushon section of the Master Trust. Full detail in respect of the Cushon Flexible Retirement strategy is set out in Appendix B and C.

4.1 Aims and Objectives of the Default Strategies

The Trustees' aims and objectives in relation to the default strategies are to support members' investment needs where members do not choose any option. Broader aims and objectives in relation to the default strategies are set out in Section 3, titled "Investment Objectives".

4.2 Trustees' Policies in Relation to all Funds, including the Default Strategies

a) The kinds of investment to be held

The default strategies invest in differing proportions of UK and overseas equity, fixed interest and index-linked bonds and cash, depending on members' term to retirement. The funds held within the default strategies are shown in Appendix B.

b) The balance between different kinds of investments

The balance between different investments within the default strategies is shown in Appendices B and C. The Trustees are satisfied that, taken in aggregate, the funds offered are appropriate for different categories and ages of members.

c) Risks (including the ways in which risks are to be measured and managed)

Risks applicable to Cushon as a whole are shown in Section 8, titled "Risks". All of the risks shown, including how they are measured and managed, are relevant to the default strategies.

d) Expected return on investments

Objectives for each fund used within the default strategies are shown in Appendix B.

The default strategies' equity funds are expected to produce long term returns above price inflation. The objectives of including the cash and bond funds are to provide for the payment of the tax-free lump sum on retirement and to reduce volatility relative to the cost of purchasing an annuity, rather than to achieve a specified 'real' or 'nominal' return. The Trustees are in the process of reviewing these objectives (including the continued suitability of annuity targeting), with any changes likely to be implemented early in 2021 at which point this SIP will be revised.

e) Realisation of investments

Funds used within the default strategies are unitised, pooled funds which are dealt daily. This means that the money you invest is pooled together with other people and invested in a collective investment. This pooled fund is split into units that can be bought and sold on a daily basis.

If an investment manager no longer meets the relevant Trustee selection criteria the Trustees could choose to realise (sell) the investment fund.

f) Financial and non-financial material investment considerations

The Trustees consider financial factors including, but not limited to, environmental, social and governance (“ESG”) issues in respect of the default option as indicated in Sections 8 titled “Risks” and 9, titled “Responsible Investing” and as within the overall Investment Objectives (see Section 3).

g) Corporate Governance and Stewardship

The Trustees’ policy is shown in the Section 9, titled “Responsible Investing”.

4.3 Best interests of Members and Beneficiaries

In designing the default strategies, the Trustees have considered members’ changing risk and return requirements over time and member outcomes. The Trustees’ default strategies are selected in the best interest of the majority of members and beneficiaries, and the Trustees undertake periodic reviews on the suitability of the strategies.

As at the date of this SIP, the Trustees are carrying out a review of the suitability default strategies and self-select fund options with their Investment Advisor. Any resultant changes are likely to be implemented in early 2021, at which time an updated SIP will come into effect.

Investment Strategy

Having due regard for the objectives and the members of Cushon, a number of investment options have been made available. Members can choose to invest their contributions in one or more of these investment options, or may rely on the default strategies, as detailed in Appendix B.

The Trustees will ensure that each member’s investments are invested in accordance with the fund options selected by the member, or in the absence of an investment choice, the applicable default strategy.

4.4 Investment Options

The investment options include the default strategies (Cautious Lifestyle and Balanced Lifestyle, the default funds used within the legacy Spinnaker Master Trust, the mapped funds, M&G property fund alternative, the default fund for the Cushon section and the default for the Ascot Lloyd members) and self-directed “self-select” options.

The Cautious, Balanced and Cushon Flexible Retirement Lifestyle profiles involve switching members across different underlying funds as they approach retirement. The switching is designed to adjust the risk and return profile over time, thereby taking account of members’ changing risk profiles as they approach retirement.

In addition to the options outlined above, there is a legacy investment profile, for ex-HS Admin Scheme members, which transitioned on a mapped basis to equivalent funds on the Cushon platform. This being the Aegon Balanced Passive Fund, which over the 5 year period prior to the member’s selected retirement age transitions to the Aegon Over 15 year Gilt Index and Cash Fund at the selected retirement age. These funds have been identified as a Scheme default. All reference to the Scheme default throughout this statement incorporates these funds.

The Trustees have delegated the day-to-day investment of Cushon’s assets to professional investment managers.

Details of the investment options are set out in Appendix B.

4.5 Performance Objectives

The objectives of the funds available within the investment options are set out in Appendix B.

4.6 Diversification

The choice of investment options for members is designed to ensure that members are able to choose investments that are adequately diversified and suitable for their profile. The Trustees monitor the investment options regularly to ensure that they are comfortable with the choice of funds offered to members.

4.7 Suitability

The suitability and range of investment options, including the default strategies, will be reviewed regularly. As at the date of this SIP, the Trustees are carrying out a review of the suitability default strategies and self-select fund options with their Investment Advisor. Any resultant changes are likely to be implemented early in 2021, at which time an updated SIP will come into effect.

Members are responsible for choosing which of the self-select funds are most appropriate based on their own individual circumstances, or otherwise relying on the applicable default strategy for the investment of their own and their employer's contributions.

5. Strategy Implementation

5.1 Investment Managers

The Trustees have appointed Aegon Asset Management (“Aegon”) and Mobius Life to provide the pooled funds that make up Cushon’s investment options for members pre-retirement and the Retirement Bridge (a member option for those transitioning into retirement with a drawdown or deferred annuity expectation). The Trustees have selected a range of investment options for Cushon members. Full details are set out in Appendix B.

5.2 Administrator

Member administration services are provided to the Trustees by HS Administrative Services Ltd.

5.3 Fund Options

The range of funds offered to members has been chosen to give members a diversified range of investments from which they can select according to their individual circumstances both pre and post retirement. The funds available to members are detailed in Appendix B.

5.4 Investment of Contributions

A member’s contributions will be invested in line with their selected choice of funds. Where a member has not made an active selection, their contributions will be invested in the applicable default strategy (detailed in Appendix B).

5.5 Transitions

The Trustees, in conjunction with their advisors, will look to mitigate the potential risks and costs to members as a result of any investment transitions to the best of their ability.

6. Monitoring

6.1 Managers

The Trustees, or their advisors on behalf of the Trustees, will monitor the performance of the Investment Managers against their own benchmarks.

The Trustees, or their advisors on behalf of the Trustees, will regularly review the activities of the Investment Managers to satisfy themselves that each Investment Manager continues to carry out its work competently and has the appropriate knowledge and experience to manage Cushon's assets.

As part of this review, the Trustees will consider whether or not each Investment Manager:

- Is carrying out its function competently. The Trustees will evaluate the Investment Manager based on, amongst other things:
 - The Investment Manager's performance versus its benchmark.
 - The level of risk within the portfolios given any specified risk tolerances.
 - The competitiveness of Investment Manager fees is reviewed on an annual basis.
- Has regard to the suitability of each investment and each category of investment.
- Has been exercising their powers of investment with a view to giving effect to the principles contained in this SIP, so far as is reasonably practical.
- If the Trustees are not satisfied with an Investment Manager they will ask the Investment Manager to take steps to rectify the situation. If the Investment Manager still does not meet the Trustees' requirements, the Trustees will remove the Investment Manager and appoint another.
- The Scheme invests in pooled funds, the duration of which is flexible, and the Trustees will from time-to-time consider the appropriateness of the fund range and whether they should continue to be held.
- The Trustees do not directly monitor turnover costs. However, the Investment Managers are incentivised to minimise costs as they are measured on a net of cost basis. The Investment Managers are required to provide transaction cost information on an annual basis, on the slippage cost methodology, for disclosure to members.
- In addition, the Trustees will now further evaluate and monitor the Investment Managers selected for their exercising of responsible investing activities, which will include voting and engagement, in respect of the Scheme's investment and in accordance with their stated or agreed policies and as may be further agreed with the Trustees.

6.2 Advisors

The Trustees will monitor the advice given by their advisors on a regular basis and assess them annually against the investment objectives that have been set in accordance with Part 2 of the Investment Consultancy and Fiduciary Management Market Investigation Order 2019.

6.3 Statement of Investment Principles

The Trustees will review this SIP at least triennially, or as soon as is practical following any changes to the investment strategy, and modify it with consultation from the relevant advisors, the Scheme Funder and the Scheme Strategist, if deemed appropriate. There will be no obligation to change this SIP, any Investment Manager, Platform Manager or advisor as part of such a review.

6.4 Trustees' Recordkeeping

The Trustees maintain a record of all investment related decisions they have taken, together with the rationale in each case.

7. Fees

7.1 Member Charges

There are three sources of charges applicable to members:

- a) Investment management charges
- b) Aegon platform charge
- c) Mobius platform charge
- d) Cushon charge (includes administration)

Fees are charged as a proportion of the size of assets invested. The charges have been negotiated and will continue to be reviewed regularly. Member charges are set out in each employer's Investment Choices document.

7.2 Advisors

Fees paid to the advisors are based either on actual time spent and hourly rates for relevant individuals or on fixed fees agreed in advance for specifically defined projects.

7.3 Value for Members

The Trustees review, as far as possible based on the data available, all sources of fees levied on members' accounts (including management charges, additional expenses and platform charges as appropriate) to ensure value for members is present. The Trustees consider, among other items, the absolute level of charges, the competitiveness of applicable charges relative to the marketplace and the levels of service provided by each of the advisors and Managers.

The Trustees also review, as far as is reasonable and practical, transaction costs paid by members to assess the extent to which these represent good value for money.

The Trustees' conclusions in respect of value for members are documented in Cushon's annual report and accounts.

8.Risks

The Trustees recognise a number of key risks to themselves and to the members of Cushon:

- a) Value for Members Risk – the risk that Cushon fails to offer value for members. This is addressed through regular ‘value for members’ reviews.
- b) Inflation Risk – the risk that the purchasing power of their investment account is not maintained. To try to manage this risk, the Trustees have offered a range of funds reflecting asset classes expected to provide long term returns in excess of price inflation.
- c) Pension Purchase Risk – the risk that the value of pension benefits that can be purchased by a given defined contribution amount is not maintained. This risk cannot easily be mitigated as it depends on market conditions for annuity rates at retirement. However, the default strategies (aside from the default funds used within the legacy Spinnaker Master Trust) gradually de-risk as members approach retirement, including an increased allocation to bonds up to fifteen years (Cautious Lifestyle) and 10 years (Balanced Lifestyle and Cushon Flexible Retirement) from retirement which should provide an extent of annuity price matching. Bond funds are also available within the self-select fund range for those members who would like to hedge annuity price movements more explicitly.

For the default funds used within the legacy Spinnaker Master Trust, members joining with greater than two years to expected retirement date were defaulted into an option with a 50% allocation to gilts and corporate bonds and 50% to equities. This allocation would be expected to provide an element of matching versus annuity prices. Members within two years of retirement were placed in cash assets to meet their short term expectations.

- d) Capital Risk – the risk that the value of any element used to provide a cash sum at retirement is not maintained. To try to mitigate this risk, the default strategies (aside from the default funds used within the legacy Spinnaker Master Trust and Cushon Flexible Retirement) de-risk into cash starting five years from retirement. The self-select fund range includes a cash fund option for members prioritising capital preservation.

For the default funds used within the legacy Spinnaker Master Trust, members joining with less than two years to expected retirement date were defaulted into the Cash Fund, with a view to preserving capital.

- e) Passive Manager Risk – the risk that the passive investments do not track the index effectively. The Trustees have mitigated this risk by taking advice from their Investment Advisor in relation to passive investments. The Trustees monitor how effectively Cushon’s passive investments track their benchmarks as part of ongoing investment governance.
- f) Active Manager Risk – the risk that the active investments underlying Cushon’s investment options underperform due to the underlying investment manager underperformance. The Trustees have mitigated this risk by taking advice from its Investment Advisor in relation to active asset management. The Investment Advisor considers a wide range of funds; diversified across asset class, sub asset class and investment manager to reduce the active manager risk.
- g) Communication Risk – the risk that communication to members is misleading or unclear and leads to inappropriate decisions being made. This is addressed through the Trustees receiving advice from their advisors and regular monitoring and updates, where appropriate, of member communications.
- h) Inappropriate Member Decision – the risk that members make inappropriate decisions regarding their investments. This is addressed where possible through communication to members and the recommendation that members seek independent financial advice. The Trustees have also offered default strategies (aside from the default funds used within the legacy Spinnaker Master Trust) with a “lifestyling element” designed to phase members into lower risk investments as they approach retirement.

- i) Organisational Risk – the risk of inadequate internal processes leading to problems for Cushon. This is addressed through a regular monitoring of the Investment Managers and advisors.
- j) Liquidity Risk – the risk that members are not able to realise the value of their funds when required. The Trustees have addressed this risk by only offering funds which are considered liquid, however some of the underlying investments in those funds may be less liquid (for example property). In this case whilst the funds offered are usually daily dealing, there is a risk that these funds may suspend investment or redemption requests in periods of extreme market volatility.
- k) Concentration Risk – the risk that the Scheme’s share of a fund becomes too significant.
- l) ESG Risk – the risk of adverse performance due to ESG related factors including climate change. This is addressed by ESG assessment at the point of investment with the Investment Manager where applicable, and by requesting information on the ESG policies adopted by the Investment Manager to ensure they align with Trustee views.
- m) Other Risks – The Trustees do identify other risks including but not limited to political, regulatory, and market risks which are considered in the Investment Strategy and its execution and on-going monitoring. Many of these risks are monitored through a Risk Register which is maintained and actions tracked on a routine basis in the governance of the Scheme.

The importance of each risk varies with time. Inflation is important throughout the whole period to retirement whereas pension purchase risk and capital risk become more significant as retirement approaches, depending on how the member chooses to access their pension saving at retirement.

The Trustees have provided default strategies that aim to address the above risks through a member’s life. The Trustees may vary the underlying asset allocation and investment managers within these strategies from time to time in response to changing market conditions and manager developments.

The Trustees also provide members with a range of self-select investment options into which they may direct their contributions so as to allow each member to determine the appropriate mix of investments based on their own attitude to risk, terms to retirement and investment objective.

In addition to the risks noted above, the Trustees also recognise the options they have selected are subject to underperformance risk. This is addressed through providing options with appropriate diversification and through regular monitoring of the active managers’ performance, processes and capabilities with respect to their mandate.

The Trustees recognise that an efficient process for identifying, evaluating, managing and monitoring risks needs to be in place for Cushon. The Trustees will identify and assess the impact of any risk, what controls can be put in place to manage the risk and review both the individual risks and the effectiveness of the risk management process as a whole.

The Trustees will keep these risks and how they are managed under regular review.

9. Responsible Investing

9.1 Corporate Governance and Stewardship Policy

The Trustees recognise their obligations to foster good corporate governance through their investment policy and execution.

Cushon's investments are mostly made via an investment platform and in pooled investment funds, in which Cushon's investments are pooled with those of other investors. As such, Cushon may not have direct voting rights, or may not have direct and practical control of the process of exercising those rights associated with the investments. Therefore its stewardship expectations, including voting and engagement, are delegated to its Investment Managers. However, Cushon does now seek alignment of objectives with its Investment Managers in respect of responsible investment considerations and will monitor policy and stewardship activities going forward.

The Trustees also recognise the merits of working with others in the industry to agree, develop and report against accepted responsible investing standards and benchmarks and this is a focus for the future. The Trustees recognise the recommendations arising from the Task Force on Climate Related Financial Disclosures (TCFD) following the key milestone of the Paris Agreement. The Trustees are also aware of the EU's action plan on Sustainable Finance including the taxonomy to be applied to funds and the potential impact. The Trustees seek to incorporate related best practise and new benchmarks (eg carbon footprints) into their objectives, into the funds selected in their future strategies and into the regular monitoring and reporting of performance.

9.2 Financially Material Investment Considerations

These considerations which can have financially significant impact: the Risks identified in Section 8 including ESG and Climate Change, are taken into account in the selection of funds made available to the Scheme over the appropriate time horizon applicable to Scheme members. All references to ESG relate to financial factors only. All references to ESG also include climate change.

ESG factors and stewardship are considered in the context of long term performance, by the Trustees (in conjunction with its advisors) as part of the Investment Manager selection criteria. The review occurs before funds are approved for investment. For invested funds, the Trustees request the Investment Managers monitor ongoing compliance with ESG and other factors, like stewardship, as a part of overall engagement.

9.3 Non-Financially Material Investment Considerations

The Trustees do not at present take into account non-financially material factors (such as members' ethical considerations or future quality of life considerations for members and beneficiaries) when making investment decisions as part of the default arrangement, as no common view on ethical matters has yet been identified.

However, the Trustees do offer an ethical investment option and a Shariah compliant option to Cushon members. A recent member survey has highlighted some additional areas of increasing ethical concerns and the Trustees will seek the best way of meeting this interest in future offerings.

Appendix A - Responsibilities

Trustees

The main investment related responsibilities of the Trustees include:

- a) Reviewing, at least triennially (or following significant changes to the investment strategy), the content of this SIP and modifying it if deemed appropriate.
- b) Reviewing the investment policy for Cushon in terms of providing a range of funds from which members may choose to invest (see Appendix B).
- c) Assessing the quality of the performance and process of the Investment Managers by means of regular reviews of the investment results and other information, through meetings and written reports.
- d) Monitoring compliance of the investment arrangements with the SIP on an ongoing basis.
- e) Appointing and dismissing Investment Managers.
- f) Assessing the performance of their advisors.
- g) Consulting with the Scheme Funder and Scheme Strategist when reviewing investment policy issues.
- h) Making this SIP publicly available.

Investment Advisor

The Investment Advisor will be responsible for, amongst other things:

- a) Participating with the Trustees in reviews of this SIP.
- b) Advising the Trustees of any changes in respect of Cushon's Investment Managers that could affect the interests of Cushon.
- c) Advising the Trustees of any changes in the investment environment that could either present opportunities or threats to Cushon.
- d) Undertaking reviews of Cushon's investment arrangements including reviews of the Cushon's structure, current Investment Managers, and selection of new Investment Managers as appropriate.

Legal Advisor

The Legal Advisor will be responsible for, amongst other things:

- a) Acting on Trustee instructions to ensure legal compliance including those in respect of investment matters.

Appendix B – Investment Options

This Appendix provides detail on the investment choices for members alongside return objectives and risk management guidelines. The Trustees provide multiple default strategies (Cautious Lifestyle and Balanced Lifestyle) for members who do not make an active investment decision. For members formerly in the Spinnaker Master Trust, two different default options were used, as detailed below.

Since April 2016, only the Cautious Lifestyle is available as the default strategy for new employers/members. Prior to April 2016, employers within Cushon who are advised by Independent Financial Advisers were able to choose the Balanced Lifestyle as the default strategy in respect of their employees within Cushon. In 2020, the Trustees made available the Cushon Flexible Retirement strategy as the default for the Cushon section of the Master Trust, which is also detailed below.

For these options, the asset allocation automatically changes as members approach retirement, aiming to reflect members' changing risk and return requirements.

Alternatively, members can choose from a range of self-select investment options, which allows them to determine the appropriate mix of investments based on their own attitude to risk, term to retirement and investment objective.

Default Strategy 1: Cautious Lifestyle

This default strategy is applicable to employers within Cushon who are not advised by Independent Financial Advisers, or who entered Cushon after April 2016.

Where a member does not make a specific investment choice, they will be automatically invested in the Cautious Lifestyle profile. This phases a member's assets through different funds (set out in the table below) as retirement approaches.

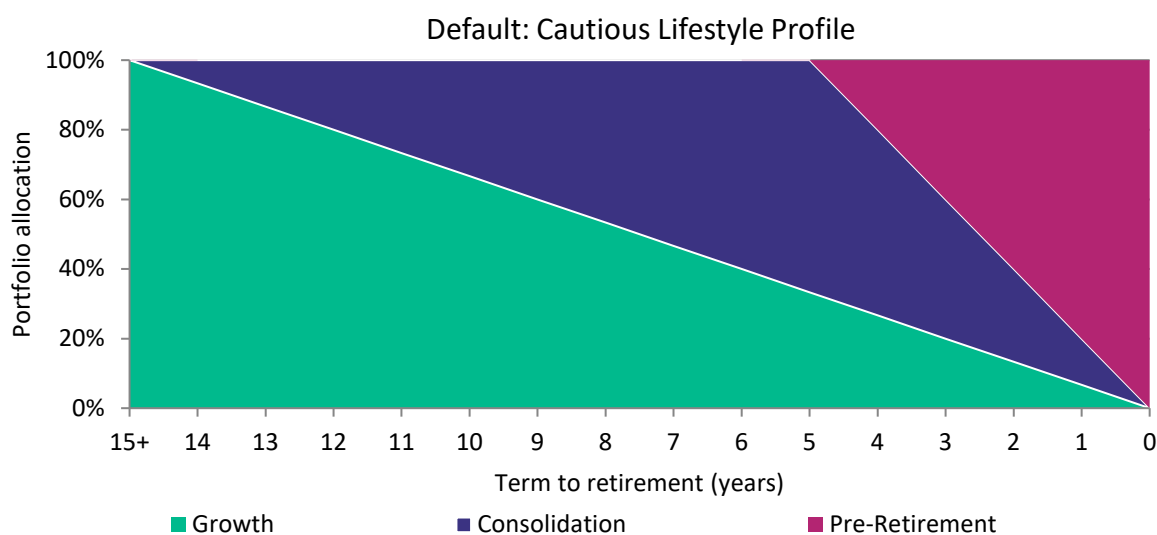
Objectives for the funds underlying the Cautious Lifestyle are set out in the table within the "Self-select fund options" sub-section below.

Fund name	Invests in	Asset class	Investment style
Scottish Equitable BlackRock Aquila UK Equity Index	UK All Companies	Equities	Passive
Scottish Equitable BlackRock Aquila World (Ex-UK) Equity Index	Global Equities	Equities	Passive
Scottish Equitable BlackRock Aquila Over 5 Years UK Index-Linked Gilt Index	UK Index-Linked Gilts	Equities	Passive
(BlackRock) UK Gilts All Stocks Tracker	UK Gilts	Bonds	Passive
Scottish Equitable BlackRock Aquila Corporate Bond Index All Stocks	Sterling Corporate Bond	Bonds	Passive
(Aegon) Cash	Deposit & Treasury	Cash	Active

The Cautious Lifestyle profile is split into three stages: Growth, Consolidation and Pre-Retirement. The funds within each stage are set out in the table below:

Fund Name	Cautious Lifestyle Stage		
	Growth	Consolidation	Pre-Retirement
Scottish Equitable BlackRock Aquila UK Equity Index	35%	30%	-
Scottish Equitable BlackRock Aquila World (Ex-UK) Equity Index	45%	-	-
Scottish Equitable BlackRock Aquila Over 5 Years UK Index-Linked Gilt Index	4%	-	-
(BlackRock) UK Gilts All Stocks Tracker	12%	30%	-
Scottish Equitable BlackRock Aquila Corporate Bond Index All Stocks	4%	40%	-
(Aegon) Cash	-	-	100%

The progression of these stages through the Cautious Lifestyle profile is shown in the diagram below. A more detailed breakdown of the phasing a member would experience across the underlying funds is shown in Appendix C.



Default strategy 2: Balanced Lifestyle

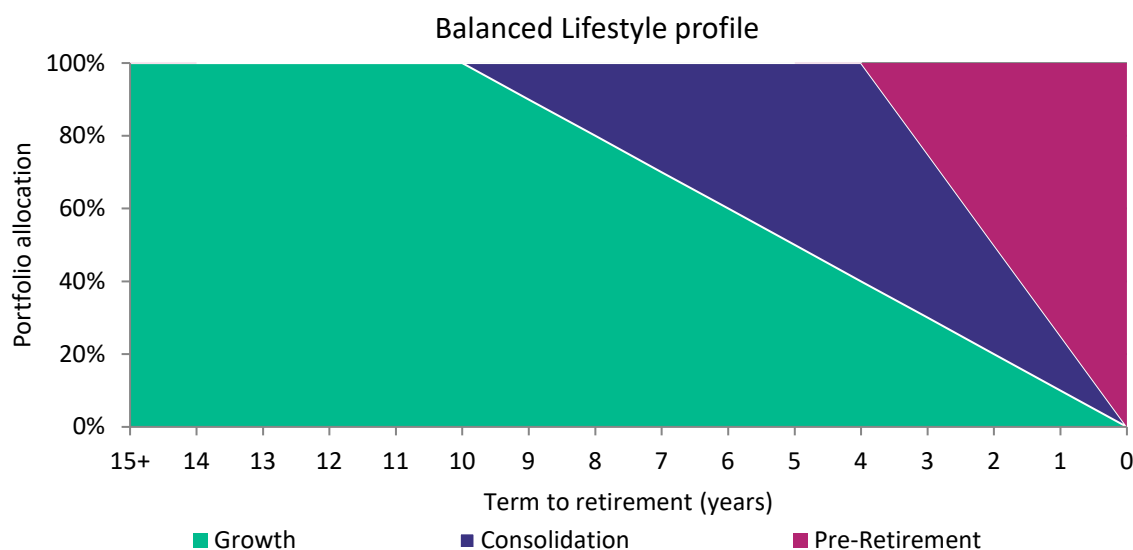
An alternative lifestyle profile made available is the Balanced Lifestyle profile. This profile is suitable for members who wish to be de-risked automatically as they approach retirement, but who have a higher risk appetite than is reflected by the Cautious Lifestyle profile.

Prior to April 2016, employers within Cushon who are advised by Independent Financial Advisers were able to choose the Balanced Lifestyle as the default strategy in respect of their employees within Cushon. The Balanced Lifestyle reflects a higher expected risk/return profile overall than the Cautious Lifestyle.

Similarly to the Cautious Lifestyle profile, the Balanced Lifestyle profile is split into Growth, Consolidation and Pre-Retirement stages. However, the underlying fund allocation within each stage differs to the Cautious Lifestyle. The funds within each stage for the Balanced Lifestyle are set out in the table below:

Fund Name	Balanced Lifestyle Stage		
	Growth	Consolidation	Pre-Retirement
Scottish Equitable BlackRock Aquila UK Equity Index	20%	50%	-
Scottish Equitable BlackRock Aquila World (Ex-UK) Equity Index	70%	20%	-
Scottish Equitable BlackRock Aquila Over 5 Years UK Index-Linked Gilt Index	-	-	-
(BlackRock) UK Gilts All Stocks Tracker	5%	10%	-
Scottish Equitable BlackRock Aquila Corporate Bond Index All Stocks	5%	20%	-
(Aegon) Cash	-	-	100%

The progression of these stages through the Balanced Lifestyle profile is shown in the diagram below. A more detailed breakdown of the phasing a member would experience across the underlying funds is shown in Appendix C.



Default Strategy (Former Spinnaker Master Trust members)

For members who joined the Spinnaker Master Trust with more than two years until expected retirement date, the default option was the Aegon BlackRock 50/50 Bond & Equity Fund. Its objective is to provide long-term capital growth by investing approximately 50% in UK and overseas equities and 50% split equally between gilts and sterling investment-grade corporate bonds that have maturity periods of 15 years or longer. Of the equities, 50% is in the UK and 50% is split equally between the USA, Europe (ex-UK) and the Far East.

For members who joined the Spinnaker Master Trust with less than two years until expected retirement date, the default option was the Aegon Cash Fund. The fund aims to outperform the LIBOR (London Inter-Bank Offer Rate) 3 Months, before charges.

Mapped Investment Funds

In addition to the above default strategies, there are also a small number of members who transitioned on a mapped basis to equivalent funds on the Cushon platform. The investments were the Aegon Balanced Passive Fund and then 5 years prior to their selected retirement date the monies start transitioning to the Aegon Over 15 year UK Gilt Index and the Aegon Cash Fund. These funds are available to other members on a self select basis but the specific 5 year lifestyling approach is available to this group of members only. The switching is designed to adjust the risk and return profile over time, thereby taking account of members' changing risk profiles as they approach retirement.

M&G Property Fund

The M&G Property Fund is available to members under the self select fund range. On 4 December 2019 M&G suspended dealing on this fund. The fund is still being actively managed but it means that instructions to buy or sell units in this fund will not be accepted. M&G will monitor this suspension on a monthly basis.

As a result of this suspension HS Admin, on behalf of the Trustees, have contacted all affected members to inform them of the position. In addition, those members who are making ongoing contributions were requested to provide an instruction on an alternative fund choice. A small number of these members have not responded, this has meant that the Trustees have redirected these ongoing contributions to cash until either the gated fund reopens or the affected members exercise their own choice for investing these contributions. This course of action by the Trustees has resulted in this cash holding becoming a default arrangement and subject to the same criteria as the other Scheme default arrangements.

Default Strategy (Cushon Section)

For all Cushon section members who joined the Scheme from October 2020, the default option is the Cushon Flexible Retirement strategy.

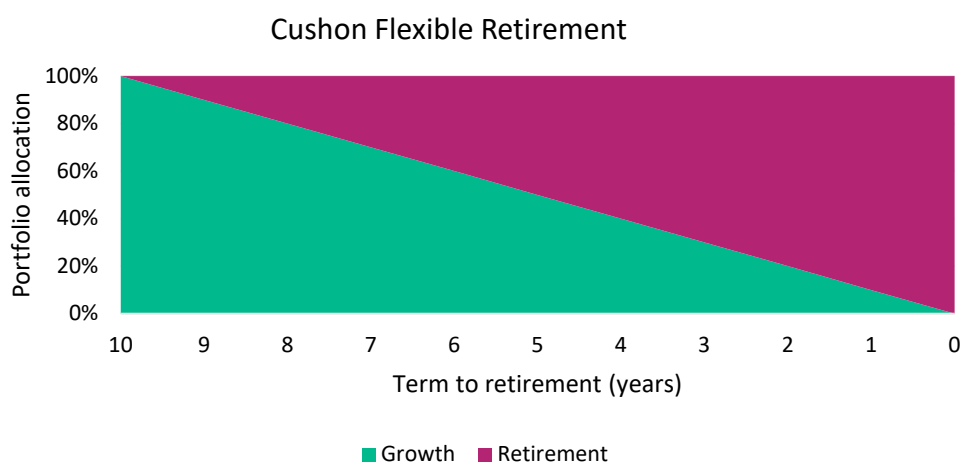
Fund name	Invests in	Asset class	Investment style
L&G Future World UK Equity Index Fund	UK equities with an ESG tilt	Equities	Passive
L&G Future World Developed (ex UK) Equity Index Fund	Overseas developed market equities with an ESG tilt	Equities	Passive
BlackRock Aquila Connect Emerging Markets Equity	Emerging market equities	Equities	Passive
Vanguard Global Small Cap Index Fund	Global small cap equities	Equities	Passive
L&G Global Real Estate Equity Fund	Global listed real estate companies	Listed alternatives	Passive
L&G FTSE Developed Core Infrastructure Index Fund	Global listed infrastructure companies	Listed alternatives	Passive

BlackRock Aquila Connect Corporate Bond All Stocks Index Fund	Corporate bonds	Bonds	Passive
L&G All Stocks Index-Linked Gilts Index Fund	UK index-linked government bonds	Bonds	Passive

The Cushon Flexible Retirement lifestyle strategy is split into two stages: Growth and Retirement. The funds within each stage are set out in the table below:

Fund Name	Cushon Flexible Retirement Stage	
	Growth	Retirement
L&G Future World UK Equity Index Fund	5%	2%
L&G Future World Developed (ex UK) Equity Index Fund	45%	20%
BlackRock Aquila Connect Emerging Markets Equity	10%	4%
Vanguard Global Small Cap Index Fund	10%	4%
L&G Global Real Estate Equity Fund	5%	5%
L&G FTSE Developed Core Infrastructure Index Fund	5%	5%
BlackRock Aquila Connect Corporate Bond All Stocks Index Fund	20%	40%
L&G All Stocks Index-Linked Gilts Index Fund	-	20%

The progression of these stages through the Cushon Flexible Retirement lifestyle strategy is shown in the diagram below. A more detailed breakdown of the phasing a member would experience across the underlying funds is shown in Appendix C.



Default Strategy (Ascot Lloyd Members)

For all Ascot Lloyd members who have joined the Scheme in October 2020 the default has been determined by the transferring Trustees (the Trustees of the Ascot Lloyd Pension Trust). The new contributions are being invested in line with their existing investment strategy, whereby, member's are provided with a default investment from a range of Retirement Age Funds (RAFs). The relevant RAF is based on the member's assumed normal retirement age (Age 65). The Cushon Trustees are currently undertaking a review of the investment strategy and are expecting to implement a new default strategy over in 2021.

Self-Select Fund Options

The self-select options allow members to choose from a selection of funds based on their own attitude to risk, term to retirement and investment objective. The funds that may be made available to members are set out below.

Fees are charged as a proportion of the size of assets invested. The charges have been negotiated and will continue to be reviewed regularly. Member charges are set out in each employer's Investment Choices document.

Fund	Target Objective	Investment Style
Scottish Equitable BlackRock Aquila UK Equity Index	The fund aims to achieve a return consistent with that of the FTSE All-Share Index	Passive
Scottish Equitable BlackRock Aquila World (Ex-UK) Equity Index	The fund aims to match the performance of the FTSE All-World Developed (ex-UK) Index	Passive
Scottish Equitable BlackRock Aquila Over 5 Years UK Index-Linked Gilt Index	The fund aims to achieve a return consistent with the FTSE UK Gilts Index-Linked Over 5 Years Index	Passive
(BlackRock) UK Gilts All Stocks Tracker	The fund aims to achieve a total return (a combination of income plus capital growth) for investors by tracking closely the performance of the FTSE Actuaries UK Gilts All Stocks Index	Passive
Scottish Equitable BlackRock Aquila Corporate Bond Index All Stocks	The fund aims to achieve a return consistent with the Markit iBoxx Sterling Non-Gilts Index	Passive
(AEGON) Cash	The fund aims to outperform the LIBOR (London Inter-Bank Offer Rate) 3 Months, before charges	Active
Scottish Equitable BlackRock Aquila Over 15 Years Corporate Bond Index	The fund aims to achieve a return consistent with the Markit iBoxx Sterling Non-Gilts Over 15 Years Index	Passive
Scottish Equitable BlackRock Aquila Over 15 Years UK Gilt Index	The fund aims to match the performance of the FTSE UK Gilts Over 15 Years Index	Passive
Scottish Equitable BlackRock Aquila Pacific Rim Equity Index	The fund aims to achieve a return consistent with the return of the FTSE All-World Developed Asia Pacific ex-Japan Index	Passive
Scottish Equitable BlackRock Aquila Japanese Equity Index	The fund aims to achieve a return that is consistent with that of the FTSE All-World Japan Index	Passive
Scottish Equitable BlackRock Aquila US Equity Index	The fund aims to match the performance of the FTSE All-World USA Index	Passive
Scottish Equitable BlackRock Aquila European Equity Index	The fund aims to achieve a return consistent with that of the FTSE All-World Developed Europe ex UK Index	Passive
(BlackRock) Emerging Markets Equity Tracker	The fund aims to closely track the performance of the FTSE All World-Emerging Index	Passive
(BlackRock) Balanced Passive	The fund aims to broadly match the performance of the Association of British Insurers (ABI) Mixed Investment 40%-85% Shares sector average	Passive
Scottish Equitable L&G Pre-Retirement	The fund aims to provide diversified exposure to assets that reflect the investments underlying a typical annuity product	Active
(Aegon) Distribution	The fund aims to outperform the ABI Mixed Investment 20-60% Shares sector median, net of fees	Active

Fund	Target Objective	Investment Style
Scottish Equitable HSBC Life Amanah	The fund aims to track the performance of the Dow Jones Islamic Titans 100 Index	Passive
Scottish Equitable M&G Property Portfolio	The fund aims to maximise long-term total return (the combination of income and capital growth) by investing in mainly UK commercial property. Its benchmark is the Investment Association Property peer group	Active
Aegon MI Savings (Low)	The fund invests in a diversified portfolio and aims for long-term growth. The manager believes it could provide returns greater than inflation over the longer term. It aims to suit someone with a low or below-average tolerance for risk who is prepared to see some, limited movement both up and down in their fund value in the hope of achieving greater long-term growth.	Active
Aegon MI Savings (Medium)	The fund invests in a diversified portfolio and aims for long-term growth. The manager believes it could provide returns greater than inflation over the longer term. It aims to suit someone with a medium or average tolerance for risk who is prepared to see some movements both up and down in their fund value in the hope of achieving greater long-term growth.	Active
Aegon MI Savings (High)	The fund invests in a diversified portfolio and aims for long-term growth. The manager believes it could provide returns greater than inflation over the longer term. It aims to suit someone with an above-average tolerance for risk who is prepared to see movements both up and down in their fund value in the hope of achieving greater long-term growth.	Active
(Aegon) Ethical	The fund aims to provide long-term capital growth by investment in equities (shares) and equity type securities of companies based in the UK, mainly conducting business in the UK or listed on the UK stock market, which meet the fund's predefined ethical criteria. The application of its ethical criteria means the fund may have a bias towards small and medium-sized companies. The fund's benchmark is the FTSE All Share index.	Active
Scottish Equitable M&G Recovery	The fund aims to achieve long-term capital growth by investing mainly in a diversified range of investments issued by companies which are out of favour, in difficulty or whose future prospects aren't fully recognised by the market. The fund manager takes a long-term view with a typical holding period of five years or more. Developing a constructive dialogue with company management is a fundamental part of the investment process. The fund's benchmark is the FTSE All Share index.	Active

Retirement Bridge

In addition to the above self-select fund options, Cushon has a Retirement Bridge offering. This pensions fund is invested in target-dated funds managed by AllianceBernstein (accessed via the Mobius Life investment platform). This allows members to invest their pot in a fund that corresponds to their date of birth. The fund is made up of a collection of growth assets, such as equities, and income-producing assets, such as fixed income gilts, that is adjusted on a lifestyle basis as the member approaches age 75.

Appendix C – Lifestyle Fund Allocation by Age

The tables below detail members' lifestyle progression across the underlying funds in the default strategies: Cautious Lifestyle and Balanced Lifestyle.

Default Strategy 1: Cautious Lifestyle

Years to Retirement	Scottish Equitable BlackRock Aquila UK Equity Index	Scottish Equitable BlackRock Aquila World (Ex-UK) Equity Index	Scottish Equitable BlackRock Aquila Over 5 Years UK Index-Linked Gilt Index	(BlackRock) UK Gilts All Stocks Tracker	Scottish Equitable BlackRock Aquila Corporate Bond Index All Stocks	(AEGON) Cash
15+	35.0%	45.0%	4.0%	12.0%	4.0%	0.0%
14	34.7%	42.0%	3.7%	13.2%	6.4%	0.0%
13	34.3%	39.0%	3.5%	14.4%	8.8%	0.0%
12	34.0%	36.0%	3.2%	15.6%	11.2%	0.0%
11	33.7%	33.0%	2.9%	16.8%	13.6%	0.0%
10	33.3%	30.0%	2.7%	18.0%	16.0%	0.0%
9	33.0%	27.0%	2.4%	19.2%	18.4%	0.0%
8	32.7%	24.0%	2.1%	20.4%	20.8%	0.0%
7	32.3%	21.0%	1.9%	21.6%	23.2%	0.0%
6	32.0%	18.0%	1.6%	22.8%	25.6%	0.0%
5	31.7%	15.0%	1.3%	24.0%	28.0%	0.0%
4	25.3%	12.0%	1.1%	19.2%	22.4%	20.0%
3	19.0%	9.0%	0.8%	14.4%	16.8%	40.0%
2	12.7%	6.0%	0.5%	9.6%	11.2%	60.0%
1	6.3%	3.0%	0.3%	4.8%	5.6%	80.0%
0	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%

Default strategy 2: Balanced Lifestyle

Years to Retirement	Scottish Equitable BlackRock Aquila UK Equity Index	Scottish Equitable BlackRock Aquila World (Ex-UK) Equity Index	Scottish Equitable BlackRock Aquila Over 5 Years UK Index-Linked Gilt Index	(BlackRock) UK Gilts All Stocks Tracker	Scottish Equitable BlackRock Aquila Corporate Bond Index All Stocks	(AEGON) Cash
10+	20.0%	70.0%	0.0%	5.0%	5.0%	0.0%
9	23.0%	65.0%	0.0%	5.5%	6.5%	0.0%
8	26.0%	60.0%	0.0%	6.0%	8.0%	0.0%
7	29.0%	55.0%	0.0%	6.5%	9.5%	0.0%
6	32.0%	50.0%	0.0%	7.0%	11.0%	0.0%
5	35.0%	45.0%	0.0%	7.5%	12.5%	0.0%
4	38.0%	40.0%	0.0%	8.0%	14.0%	0.0%
3	28.5%	30.0%	0.0%	6.0%	10.5%	25.0%
2	19.0%	20.0%	0.0%	4.0%	7.0%	50.0%
1	9.5%	10.0%	0.0%	2.0%	3.5%	75.0%
0	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%

Cushion Flexible Retirement Default

Years to Retirement	L&G Future World UK Equity Index	L&G Future World Developed (ex UK) Equity Index	BlackRock Aquila Connect Emerging Markets Equity Index	Vanguard Global Small Cap Index	L&G Global Real Estate Equity	L&G FTSE Developed Core Infrastructure Index	BlackRock Aquila Connect Corporate Bond All Stocks Index	L&G All Stocks Index-Linked Gilts Index
10+	5.0%	45.0%	10.0%	10.0%	5.0%	5.0%	20.0%	0.0%
9	4.7%	42.5%	9.4%	9.4%	5.0%	5.0%	22.0%	2.0%
8	4.4%	40.0%	8.8%	8.8%	5.0%	5.0%	24.0%	4.0%
7	4.1%	37.5%	8.2%	8.2%	5.0%	5.0%	26.0%	6.0%
6	3.8%	35.0%	7.6%	7.6%	5.0%	5.0%	28.0%	8.0%
5	3.5%	32.5%	7.0%	7.0%	5.0%	5.0%	30.0%	10.0%
4	3.2%	30.0%	6.4%	6.4%	5.0%	5.0%	32.0%	12.0%
3	2.9%	27.5%	5.8%	5.8%	5.0%	5.0%	34.0%	14.0%
2	2.6%	25.0%	5.2%	5.2%	5.0%	5.0%	36.0%	16.0%
1	2.3%	22.5%	4.6%	4.6%	5.0%	5.0%	38.0%	18.0%
0	2.0%	20.0%	4.0%	4.0%	5.0%	5.0%	40.0%	20.0%