



The Royal Mail Defined Contribution Plan

CHAIR'S STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

ROYAL MAIL DEFINED CONTRIBUTION PLAN

Royal Mail Defined Contribution Plan Chair's Statement

Welcome to the 2020 Chair's Statement. This statement explains how my fellow Trustees and I met the governance standards that apply to occupational pension schemes that provide money purchase benefits, such as the Royal Mail Defined Contribution Plan, for the year ended 31 March 2020. It is produced pursuant to Regulation 23 of the Occupational Pension Schemes (Administration) Regulations 1996.

Default arrangements

Members who don't make a choice regarding the investment of their contributions are invested in the Default strategy arrangement. The objectives of the Default strategy arrangement are to cater for the majority of members and be a class leading investment strategy with excellent risk adjusted returns given the constraints of the charge cap.

In October 2018, the Trustees implemented their decision to move towards a three-stage lifecycle investment strategy (early stage growth, to stable growth, to bonds). In 2019 further changes were made. The emerging market equities within the Blended Equity Fund are managed actively and it was decided to combine the existing 'growth' style with a 'value' style of management with the aim of providing more consistent outperformance. We chose Robeco given the advice from our advisors and its strong 'ESG' credentials (environmental, social and governance). The Trustees also considered the pre-retirement phase against the objectives set for this part of the strategy and the experience of recent retiree activity. We know that members continue to take their benefits largely as cash but whilst the Diversified Bonds Fund had performed above cash, it had struggled to keep up with inflation. Therefore, M&G Limited were added to help increase the risk and reward profile of the Fund.

The move to a three-stage lifecycle rather than two was the result of detailed quantitative and qualitative analysis and a new strategy was implemented in October 2018. Members now invest in a higher-risk strategy when they are younger (equities), then moving to a more stable growth strategy (diversified growth) and moving to a lower-risk bond strategy as they approach their selected retirement age.

The previous 'Growth Fund' ceased as part of this review. The Trustees undertook considerable further work to formulate those sub-components of the Default strategy and select investment funds appropriate for the appointed mandates. We look forward to developments in the DWP's consultation for DC schemes on the HM Treasury's Patient Capital review which we hope will pave the way to invest in assets with less liquidity but improving diversification and returns.

A copy of the Trustee's Statement of Investment Principles ("SIP") and Investment Policy Implementation Document ("IPID") are attached. The SIP is reviewed at least every three years or as soon as any significant developments in investment policy or member demographics take place and was last updated in September 2019.

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Processing Financial Transactions

Trustees have a specific duty to secure that core financial transactions (including the investment of contributions, transfer of member assets into and out of the Plan, transfers between different investments within the Plan and payments to and in respect of members) are processed promptly and accurately.

These transactions are undertaken on the Trustees' behalf by the Plan administrator, Scottish Widows Ltd. We have reviewed the processes and controls implemented by them and have concluded that they are suitably designed to achieve these objectives. We have also agreed service levels including timeliness and accuracy and reporting of performance against those service levels, which are set out in the Trustees' services agreement with Scottish Widows. These include a range of member requests. The Trustees pay attention to tasks which are time critical, but also monitor non-time critical and manual administration type requests.

Time critical member processes include transfers in, investment switch requests, retirement claims and transfer out claims. All service levels are in line with industry requirements and in many cases, much faster. Our administrator provides the Trustees with quarterly governance reports which break down: the service delivery activity; movements in membership such as transfers out; opt outs; payment increases and decreases; and analysis of the membership with changes over time to help spot changes in the profile of the Plan.

The administrator has started implementing an improved end-to-end process to ensure that an entire member request is completed in a reasonable timeframe, not just that each step is completed within a regulatory timeframe. As a Board, we are always keen to look beyond the sterile service statistics and understand what will help improve the member experience.

We receive reporting on all complaints made and whether or not they were upheld by the administrator. The complaints are considered in detail to understand if there is a recurring theme or if part of the operations and processes of the administrator are not in line with the general expectations of the membership. To date, most complaints have not been upheld and we are comfortable that there are no underlying issues with the member experience. If a complaint is upheld, members are routinely compensated as appropriate.

No significant issues have been reported in the year under review. In light of the above, the Trustees and I consider that the requirements for processing core financial transactions specified in the Administration Regulations (The Occupational Pension Schemes (Scheme Administration) Regulations 1996) have been met.

Calculation of Charges and Transaction Costs Requirements

The law requires the Trustees to disclose the charges and transactions costs borne by DC scheme members and to assess the extent to which those charges and costs represent good value for money for members. In preparing this statement, the Trustees have considered statutory guidance, including the guidance published by the Department for Work & Pensions

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entitled "*Reporting of costs, charges and other information: guidance for trustees and managers of relevant occupational schemes*".

Within the Default strategy, the maximum fee occurs around three years before retirement and peaks at 0.62% pa. The accumulation fund, the RMDCP Blended Equity Fund, which most members are invested in, has a fee of 0.44% pa. This is below the charge cap of 0.75% pa. We accept that this is not the cheapest strategy available but have analysed the potential to add value and improve member outcomes and believe the strategy, which includes the bundled administration charge, offers members good value.

To help demonstrate this, a table of illustrative examples of the cumulative effect on a member's savings of costs and charges incurred over time is provided in Annex A to this statement. It provides examples of members at different ages showing what their savings could have been before those charges and costs are deducted. The first table highlights the Default lifecycle strategy and shows how the charges change, as the investment strategy changes, as members approach retirement. Given the use of Absolute Return Bond strategies before retirement age, the charges increase as they are managed actively, not passively. However, these bond strategies offer greater protection for members who take cash at retirement but still provide some potential for growth and help keep pace with inflation. The second table shows the effect of charges on potential growth for the more common self-select funds.

Members are also offered a range of funds which may be chosen as an alternative to the Default arrangement. The details of all the current fund charges are available within the table in Annex B of this document and are split by bundled administration charge; investment annual management charge; and investment fund additional expenses, showing a total member borne charge per fund. Members can see the fund charges on factsheets via the Plan Infosite provided by the administrator.

A fee study from our investment advisors, LCP, was used to help ascertain how the costs for the Plan's funds compare with other pension schemes engaged with LCP, which is shown as the second chart within Annex B. The chart shows the results of the fee study showing average management charges and ranges for several of LCP's clients, relative to what the Plan members pay. We note that most of the funds are in line with the median if not below it, helping to demonstrate value for the Plan's members.

The outliers are LGIM Diversified Multi Factor Fund, which is part of the Blended Equity Fund, and the Dodge & Cox Global Stock Fund, which is the Active Global Equity Fund. The Trustees understand that the high fee for the LGIM Diversified Multi Factor Fund is due to the administration charges and believe that when blended to construct the overall Blended Equity Fund, the charges are competitive for what the Fund is aiming to achieve. After review, we have decided to replace Dodge & Cox for the Active Global Equity Fund and are in the process of replacing them. In the table where there is a zero management charge for members, the management charge is subsidised by the Bundled administration provider.

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In terms of value, we realised that it is hard to determine in isolation and goes beyond ongoing charges. We engaged with Dean Wetton Advisory to compare the Plan and its performance to other schemes. We then isolated schemes which had similar objectives to us and saw how our performance compared. In the Early growth phase, we determined that the risk taken in emerging market equities had not been rewarded over the period in question (5 years to 31 March 2020 and so included the fall in markets due to Covid). Also, a higher UK equity weighting had lagged relative to the US market and a strengthening dollar. The performance of the Plan's pre-retirement strategy was behind most schemes. But we know that this is because of the reduced risk reward investment profile due to most members taking cash at retirement, which has proven to be defensive for these members. We will be looking at member activity around retirement later this year to consider if this low risk portfolio remains appropriate. The other findings from the Dean Wetton Advisory report will also feed into a strategic investment review which is due to commence in October 2020.

There is a separate table in Annex C to this statement which shows the transaction costs for each of the Plan's funds, which is split by implicit and explicit costs, and includes any anti-dilution levies. This is where a fund manager has made a price adjustment to protect existing investors in the fund. This analysis gives us a clear idea of the costs of buying and selling in each of the funds and helps provide information for decision making. This can be used when changing or implementing any of the Plan's investment strategies to determine if the manager has added value for the transaction costs incurred. The Trustees find the transaction costs (by asset class) of the Plan's funds to be reasonable.

The industry body, the Pension and Lifetime Savings Association ("PLSA") have launched the cost transparency initiative with a view to helping trustees better understand the costs incurred by their fund managers in running investment funds. With a view to supporting this, we have engaged with ClearGlass to analyse our fund managers' transaction costs. They are an independent group and provide a standardised framework to help asset owners collect costs and charges data from their fund managers for analysis.

Following various member research initiatives over several years, we have a good understanding of the membership demographics of the Plan and as such have a view as to what good member outcomes should look like for the Plan's members in aggregate. Having assessed the fees disclosed above we are satisfied that the charges for the Plan's funds represent good value for money in the context of the outcomes targeted.

In addition to the assessment of investment value and in line with the Administration Regulations, the Trustees carried out an assessment of the Plan operations and whether, and to what extent, it offers value for money for members. An external independent consultant was brought in to carry out this assessment for the Trustees. The assessment took place in July 2019 and was concluded in September 2019.

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The Trustees decided to go beyond the statutory requirements and look in further detail at the following areas of assessment for value for members:

- Governance
- Design
- Administration
- Communication
- Costs

The full results of the assessment can be obtained from the Plan Secretary. The results were that the findings showed that the Plan offers value for money for members. The Trustees are committed to ensuring that members receive value for money from the Plan. We monitor key expenditure ratios per member, with a view to improving efficiencies as the Plan grows in both size of membership and assets and are pleased to see this bearing out over the years.

Trustees' Knowledge and Understanding

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for trustees to be conversant with their scheme's trust deed and rules and SIP, have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of Plan assets and other matters to enable them to exercise their functions as trustees properly. This requirement is underpinned by guidance in the Pension Regulator's Codes of Practice 07 and 13. In exercising their powers in practice, we are aided by our Trustee portal which holds key Plan documents and is available to the Trustees at all times. We use this resource to, for example, confirm the powers by which decisions can be made, and refer to delegated authorities, specific documents and definitions within the Trust Deed and Rules. We regularly refer to the Plan's Risk Register to identify and manage risks. All the Plan documents are available to the Trustees at the touch of a button within the portal.

Each Trustee ensures that they take personal responsibility for keeping up-to-date with relevant developments. The Secretary to the Trustees reviews self-assessments annually and arranges for training to be made available as appropriate at the quarterly Trustee meetings or separate training sessions. In addition, we receive support from professional advisors. Advisors present to the Trustees or provide training as dictated by the agenda, set according to the Business Matters and Key Developments arising over the Plan year as proposed by the Plan Secretary and agreed by the Chair.

In addition, we also receive an industry update at each quarterly meeting to keep abreast of developments and an independent consultant provides a mid-year health check to make sure we are aware of and can act on any regulatory changes as and when they arise. During the year, the Trustees received Plan specific training on matters such as ESG and climate change investment strategies; Balance of Powers; Master Trusts; retirement advice; Value for Members and industry updates. A full list of all the professional development items is attached in a table in Annex D.

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Alongside the Trustee training, a Trustee Effectiveness questionnaire helps assess how we put our knowledge and understanding into practice and highlights if the Board as a whole acts effectively, to help identify ways to make the running of the Plan more effective.

All the current Trustees have completed the Pension Regulator's Trustee Toolkit and new Trustees are required to complete this within six months of taking up office. Three new Trustees joined the Board this year and were provided with a familiarisation session run by the Plan's legal advisor. This is supplemented by sessions run by the Plan Secretary and other members of the Executive to help onboard new trustees and help make them as effective as possible from the start.

Taking account of actions taken individually and as a Trustee Board, and the professional advice available to them, we consider that we are properly enabled to exercise our functions as Trustees of the Plan.

Other Plan Matters

Coronavirus has affected us all. Given the challenges that Coronavirus brings and despite business operations being disrupted, all functions and service providers have been operating effectively whilst working remotely. At the outset of the Coronavirus lockdown the Trustees met (virtually) and received weekly reports from the Plan Secretary to assess and monitor the risks until we were happy that the Plan was able to continue without member detriment. Crucially, we have demonstrated that the Plan administration can be run 'remotely' and there has been no disruption to processing member benefits and payments. Plan members will not have seen any disruption in the service (other than non-critical tasks were de-prioritised) as the dedicated phone line remained open.

Coronavirus has caused disruption to economic activity which has been reflected in recent fluctuations in global stock markets and, in turn, in the valuation of Plan assets. The Plan's default investment strategy was designed taking a long-term view. For members taking benefits at their chosen retirement age, the default strategy de-risks to cash matched instruments to minimise the risk of market shocks. A communication was quickly added to the Trustees' website at the start of the breakout to reassure members that the Plan was still operating and to caution members to remember their investment time horizon before making any changes.

The Trustees and the Executive team have identified the risks that could be impacted by Coronavirus which include administration, investment, and operational risks. The Executive have increased the monitoring of the Plan's operations to identify and react to any issues if they arise. A process of weekly updates from the Plan Secretary with fortnightly investment performance reviews was implemented at the end of March and continued until early June. If further disruption arises this process will be resurrected. We were pleased that the existing risk management controls of the Plan were effective. Whilst Coronavirus wasn't explicitly foreseen, many of the risks and mitigating actions which took place as a result were already embedded in the Risk Register and the Plan's Business Continuity Plan.

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Coronavirus aside, we continue to prioritise communications with the objective of inspiring members to actively make appropriate choices about their retirement outcomes by highlighting the value of the Plan. An example is the cohort identified which could be receiving extra contributions from the sponsor. Long-term Nursery tier members were written to highlighting the missed money with a direct message of “grab yourself an extra £1,300 each year”.

Governance statement

As Trustees of the Plan, we have reviewed and assessed our systems, processes and controls across key governance functions, and we are satisfied that these are consistent with those set out in The Pensions Regulator’s:

- Code of Practice 13: Governance and administration of occupational defined contribution trust-based schemes, underpinned by the DC quality features; and
- Regulatory guidance for defined contribution schemes.

Based on our assessment we believe that we have adopted the standards of practice set out in the DC Code and DC Regulatory guidance. This helps demonstrate the presence of DC quality features, which we believe will help deliver better outcomes for members in retirement. The Trustees carried out a formal assessment against the Code of Practice in September 2019 and, following some minor follow up work, were pleased to have been given a ‘green’ assessment in all areas by their independent governance consultant.

The Trustees would like to thank all those who have helped during this year’s Plan operations.



V. Trayhurn, Director for
The Law Debenture Pension Trust Corporation p.l.c.

For and on behalf of the Trustees,
Venetia Trayhurn, Chair of Trustees:
Date: 18 September 2020

ROYAL MAIL DEFINED CONTRIBUTION PLAN

Royal Mail Defined Contribution Plan Chair’s Statement – Annex A Costs and Charges Over Time

Scheme: ROYAL MAIL DEFINED CONTRIBUTION PLAN

Projected pension pot in today's money: Starting Fund £6,000. Starting Contributions £250pm. Invested in the Default Lifestyle strategy.
This table shows the development of the projected pot size over time for a sample of ages assuming the pension pot is invested in the Default Lifestyle Strategy.
For the Default Lifestyle Strategy the development of the projected pension pot depends on the member’s current age because the funds change as the member approaches retirement.
For non-lifestyle investments the projected pension pot does not depend on the starting age and develops as shown in the first table.

Years	Age Now 60		Age Now 55		Age Now 45		Age Now 35		Age Now 20	
	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
1	8,970	8,910	9,040	9,000	9,100	9,060	9,100	9,070	9,100	9,070
3	14,800	14,600	15,100	14,900	15,400	15,300	15,500	15,300	15,500	15,300
5	20,400	19,900	21,200	20,700	22,000	21,600	22,100	21,800	22,100	21,800
10			35,400	33,900	38,900	37,700	40,000	38,800	40,000	38,800
15					55,400	52,700	59,300	56,700	59,800	57,200
20					69,100	64,100	79,100	74,400	81,700	77,000
25							97,100	89,500	105,000	98,300
30							110,000	99,000	131,000	120,000
35									156,000	140,000

- Notes
- 1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
 - 2. Retirement is assumed to be at age 65
 - 3. The starting pot size is assumed to be £6,000.
 - 4. Inflation is assumed to be 2.5% each year.
 - 5. Gross contributions of £250 per month are assumed from the start of the projection to retirement and are assumed to increase in line with inflation at 2.5% per year.
 - 6. Values shown are estimates and are not guaranteed.
 - 7. For the default lifestyle strategy the projected growth rate varies over time as the funds invested in change.

The table below shows the average projected growth rates for the lifestyle strategy for a sample of terms to retirement:
Lifestyle approaches aim to provide a balance of growth opportunities in the early years and a degree of de-risking as you approach retirement. The actual return will depend on the funds chosen for each stage and the actual timing of any changes. When comparing possible returns from different funds, it is noted that higher risk funds will provide higher illustrative returns.

Years to Retirement	Projected Growth Rate (Average)	
1	1.00%	Below inflation
3	0.70%	Below inflation
5	0.50%	Below inflation
10	0.10%	Below inflation
15	0.20%	Above Inflation
20	0.50%	Above Inflation
25	0.70%	Above Inflation
30	0.90%	Above Inflation
35	1.00%	Above Inflation

- 8. The charges assumed for each fund are the current charges as shown in the Chair's Statement.

Fund choice

Years	Inflation Linked Bonds		Passive Global Equity		Cash		Active Emerging Market Equity	
	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
1	8,820	8,790	9,100	9,080	8,810	8,790	9,110	9,020
3	14,300	14,200	15,500	15,400	14,200	14,200	15,500	15,100
5	19,500	19,300	22,100	21,900	19,500	19,300	22,200	21,400
10	31,900	31,300	39,900	39,200	31,800	31,300	40,300	37,500
15	43,100	42,100	59,600	58,100	43,000	42,000	60,300	54,400
20	53,300	51,700	81,300	78,500	53,100	51,600	82,500	72,100
25	62,600	60,300	105,000	100,000	62,200	60,100	107,000	90,600
30	71,100	68,100	131,000	125,000	70,600	67,800	134,000	110,000
35	78,800	75,000	160,000	151,000	78,100	74,600	165,000	130,000

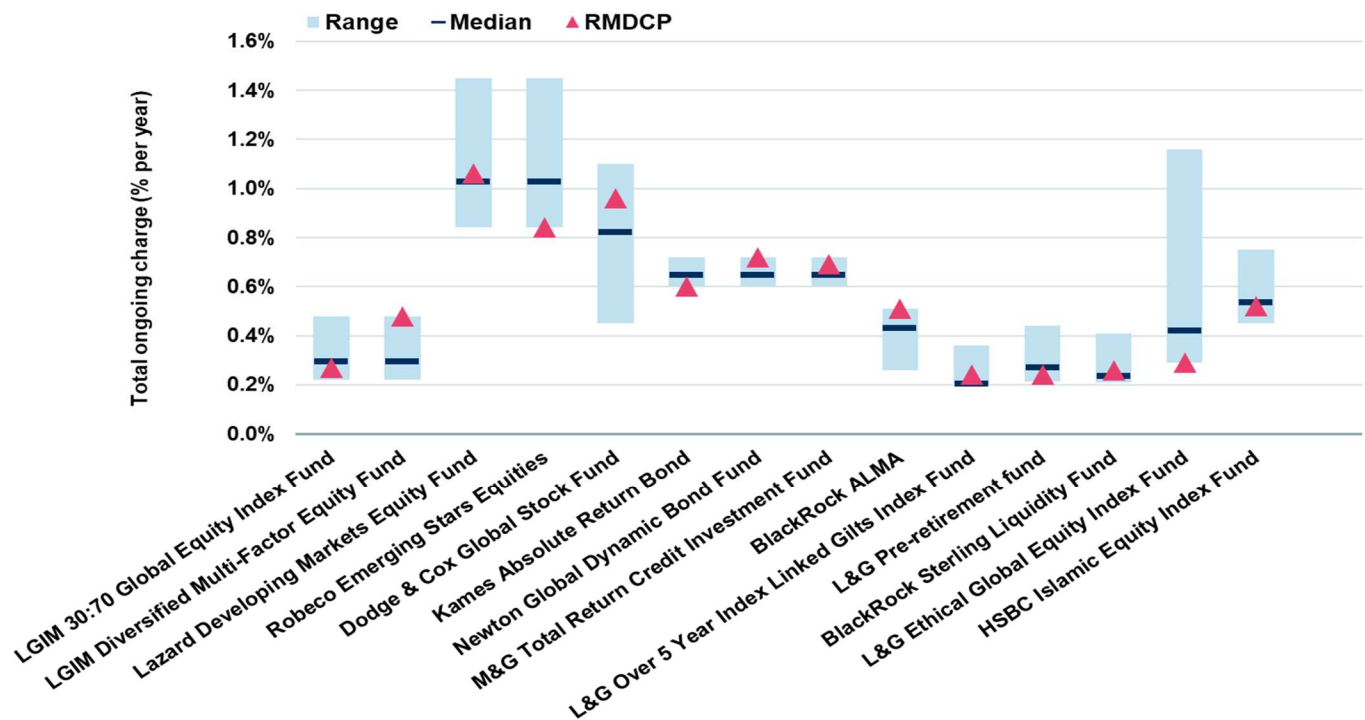
The projected growth rates for each fund are:
Inflation Linked Bonds: 1.9% below inflation
Passive Global Equity: 1.9% above inflation
Cash: 2.0% below inflation
Active Emerging Market Equity: 2.1% above inflation
The charges assumed for each fund are the current charges as shown in the Chair's Statement.

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Royal Mail Defined Contribution Plan Chair's Statement – Annex B Fund Charges

ROYAL MAIL DEFINED CONTRIBUTION PLAN

Fund based charges					
Fund Name	Admin Charge%	Fund AMC %	Fund Expenses %	Total Expense Ratio %	Member Borne Charge %
Active Emerging Market Equity	0.27	0.57	0.18	0.74	1.01
Active Global Equity	0.27	0.60	0.09	0.69	0.96
Annuity Bonds	0.24	0.00	0.00	0.00	0.24
Blended Equity	0.27	0.15	0.02	0.17	0.44
Cash	0.17	0.10	0.00	0.10	0.27
Diversified Assets	0.27	0.22	0.02	0.24	0.51
Diversified Bond	0.26	0.39	0.03	0.42	0.68
Ethical	0.29	0.00	0.00	0.00	0.29
Inflation Linked Bonds	0.24	0.00	0.00	0.00	0.24
Passive Global Equity	0.27	0.00	0.00	0.00	0.27
Shariah	0.22	0.30	0.00	0.30	0.52



- Source: LCP Research, Scottish Widows. The analysis compares the RMDCP TERs with TERs (including administration costs) from other DC schemes with assets of between £75m and £1bn that LCP advises. This analysis does not account for transaction costs. TERs are shown for underlying funds only and therefore, where applicable, the TER should be considered in the context of the fund's allocation within the blended funds.

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Royal Mail Defined Contribution Plan Chair's Statement – Annex C Fund Transaction Costs

ROYAL MAIL DEFINED CONTRIBUTION PLAN


Fund Name	Transaction Costs							Guidance Notes
	Total (bps) ⁵	Transaction Taxes (bps)	Fees & Charges (bps)	Implicit Costs (bps)	Indirect Costs (bps) ²	Anti Dilution Offset (bps) ³	Lending & Borrowing (bps) ⁴	
Blended Equity	7.9	0.0	2.7	0.0	4.9	2.1	0.7	2, 3, 4, 6, 7, 8
Active Emerging Market Equity	16.7	N/A	N/A	N/A	N/A	N/A	N/A	1, 6, 7
Active Global Equity	23.0	4.0	3.0	16.0	0.0	0.0	0.0	6, 7
Annuity Bonds	0.2	0.0	7.1	0.0	-0.5	6.5	0.0	2, 3, 6, 7
Cash	1.4	0.0	0.0	1.4	0.0	0.0	0.0	6, 7
Diversified Assets	11.0	0.0	0.0	0.0	12.6	1.9	0.3	2, 3, 4, 6, 7
Diversified Bond	21.6	0.0	0.5	9.5	2.0	1.5	0.2	1, 2, 3, 4, 6, 7
Ethical	0.4	0.0	2.5	0.0	-0.3	2.3	0.5	2, 3, 4, 6, 7
Passive Global Equity	2.4	0.0	3.4	0.0	0.4	2.1	0.7	2, 3, 4, 6, 7, 8
Inflation Linked Bonds	6.5	0.0	0.0	6.2	0.4	0.0	0.0	2, 6, 7
Shariah	4.7	1.7	1.3	1.8	0.0	0.0	0.0	6, 7

Guidance Notes

- For funds with more than one component, transaction cost calculations are based on blended fund-level holdings at the report date given.
- Indirect Costs relate to transaction costs incurred within an underlying investment vehicle within the fund manager's fund.
- Anti Dilution Offset (where provided) reflects the price adjustments the fund manager has made to protect existing investors from dilution effects resulting from investors buying or selling units. This reduces the total transaction cost incurred by existing investors and so is deducted from the costs incurred.
- Lending & Borrowing (where provided) reflects transaction costs associated with short term loans of securities that the fund manager may undertake to increase investment returns.
- Transaction cost totals represent annualised transaction costs incurred by the fund manager within the underlying fund. Figures do not currently contain impacts of dilution adjustments incurred at the Zurich fund level when Zurich deals in the underlying funds.
- Reporting cycles may differ between fund managers, and so data provided may not align completely with the overall report date. The latest available annualised information has been used in each case.**
- Fund managers may use different methodologies to calculate their transaction costs; therefore overall transaction cost figures may not be directly comparable, or may exclude some elements or breakdowns of the total cost.
- Transaction costs have not been provided by the fund manager(s) for some components of the fund. The percentage of assets reported on has been stated above. If no data on percentage coverage was provided by the fund manager, it is assumed that 100% coverage was achieved for these funds/fund components.

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Royal Mail Defined Contribution Plan Chair's Statement – Annex D Trustee Professional Development

 The Royal Mail Defined Contribution Plan							
Trustee Professional Development							
<u>Date</u>	<u>Subject</u>				<u>Presentation Time (Hrs)</u>	<u>Presented by</u>	
25-Jun-19	Training on CDC schemes				1	Aon	
25-Jun-19	Investment Strategy training on Default				1	LCP	
01-Mar-19	SIP ESG requirements				0.5	LCP	
01-Mar-19	Cyber security				1	PWC	
01-Mar-19	VFM assessment				0.5	LCP	
01-Mar-19	industry updates				0.5	Plan Secretary	
23-May-19	industry updates				0.5	Plan Secretary	
18-Sep-19	Chairs Statement requirements				0.5	LCP	
18-Sep-19	ESG and Climate change				0.5	LCP	
18-Sep-19	Investment Consultant Objectives				0.5	LCP	
16-Dec-19	Balance of Powers training				1	Hogan Lovells	
16-Dec-19	Active Global Equity				0.5	LCP	
16-Dec-19	Retirement Advice				0.5	Hub FS	
02-Mar-20	ESG/ Responsible Investment scoring				1	LCP	
02-Mar-20	Master Trusts				1	Scottish Widows	
Total 2020					10.5		

*DC Statement of Investment Principles***1. Introduction**

This Statement of Investment Principles ("SIP") sets out the policy of the Trustees of the Royal Mail Defined Contribution Plan (the "Trustees") on various matters governing decisions about the investments of the Royal Mail Defined Contribution ("DC") Plan (the "Plan"). This SIP replaces the previous SIP dated November 2018.

The SIP is designed to meet the requirements of Section 35 (as amended) of the Pensions Act 1995 ("the Act"), the Occupational Pension Schemes (Investment) Regulations 2005, and the Occupational Pension Schemes (Charges and Governance) Regulations 2015. The SIP also reflects the Trustees' response to the Myners' voluntary code of investment principles.

This SIP has been prepared after obtaining and considering written professional advice from LCP, the Plan's investment consultant, whom the Trustees believe to be suitably qualified and experienced to provide such advice. The advice considers the suitability of investments and the need for diversification, given the circumstances of the Plan and the principles contained in this SIP. The Trustees have consulted with the relevant employer in producing this SIP.

The Trustees will review this SIP from time to time and, with the help of their advisers, will amend it as appropriate. These reviews will take place as soon as practicable after any significant change in investment policy, and at least once every three years.

Appendix 1 contains brief details of the respective responsibilities of the Trustees, investment advisers and investment managers. It also contains a description of the basis of remuneration of the investment adviser and the investment managers. Appendix 2 sets out the Trustees' policy towards risk appetite, capacity, measurement and management.

2. Investment objectives

The Trustees' primary objectives are to provide members with access to:

- an appropriate choice of assets for investment, reflecting the membership profile and the range of ways that members can draw their benefits in retirement; and
- a default investment option that the Trustees believe to be reasonable for those members that do not wish to make their own investment decisions. The objective of the default option is to generate returns significantly above inflation whilst members are some distance from retirement, but then to switch automatically and gradually to lower risk investments as members near retirement.

3. Investment strategy

The Trustees, with the help of their advisers and in consultation with the employer, last undertook a review of investment strategy in 2017, taking into account the objectives described in Section 2 above.

The Trustees offer members a range of investment funds. Each member is responsible for specifying one or more funds for the investment of their account, having regard to their attitude to the risks involved. If a member does not choose an investment option, their account will be invested into the default option, which is managed as a “lifecycle” strategy (ie it automatically combines investments in proportions that vary according to the proximity to retirement age).

The default option was designed in the best interests of the majority of the members based on the demographics of the Plan's membership, and allocates assets to provide benefits to the individuals on whose behalf the contributions were paid. The default option targets cash withdrawals at retirement, since the Trustees believe that most members will wish take their benefits in this form. Therefore, the default option is initially invested in assets that have a relatively high expected return aiming for growth (equities), and then in the 10 years before retirement, it gradually switches into less risky assets, with the asset allocation at retirement being designed to be appropriate for members taking cash withdrawal.

To help manage the volatility that members' assets experience in the growth phase of the default strategy, the Trustees have included an allocation to “diversified growth”, which over the long term is expected to generate equity like returns but with lower volatility than equities.

The objective for the default option is to provide a long term return in excess of inflation in the growth phase, and reducing volatility for members approaching retirement age.

The Trustees will review the default strategy and investment options at least every three years and as soon as practicable after any significant change in investment policy, or the demographic profile of relevant members. The Trustees will also monitor the relevant members' behaviour to check whether assumptions made about how members will access their benefits are borne out in practice.

4. Considerations made in determining the investment arrangements

When deciding how to invest the Plan's assets, the Trustees consider a number of risks, including, but not limited to, those set out in Appendix 2. Some of these risks are more quantifiable than others, but the Trustees have tried to allow for the relative importance and magnitude of each risk.

The Trustees considered a wide range of asset classes for investment, and the expected returns and risks associated with those asset classes as well as how these risks can be mitigated where appropriate.

In determining the investment arrangements the Trustees also considered:

- the best interests of members and beneficiaries as a whole;
- the profile of the membership and what this implies for the choices members might make upon reaching retirement;
- the risks and rewards of a number of different lifecycle strategies and whether the return expected for taking any given investment risk is considered sufficient given the risk being taken;

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- the need for appropriate diversification within the default strategy and other lifecycle options to ensure that, for each such option, both the overall level of investment risk and the balance of individual asset risks are appropriate;
- the need for appropriate diversification within the other investment options offered to members;
- any other considerations which the Trustees consider financially material over the periods until members' retirement, or any other timeframe which the Trustees believe to be appropriate; and
- the Trustees' investment beliefs about how investment markets work and which factors are most likely to impact investment outcomes.

The Trustees' key investment beliefs, which influenced the setting of the investment arrangements, are as follows:

- asset allocation is the primary driver of long-term returns;
- risk-taking is necessary to achieve return, but not all investment risks are rewarded with a risk premium;
- equity risk, credit risk and illiquidity are the primary sources of rewarded investment risk and hence the primary sources of long-term investment returns;
- risks that do not have an expected reward (ie a risk premium) should generally be avoided, hedged or diversified away;
- investment markets are not always efficient and there may be opportunities for good active managers to add value;
- the trustees consider environmental, social and governance (ESG) factors when making investment decisions and the trustees believe that they could be one area of market inefficiency where managers may be able to improve risk-adjusted returns by taking account of ESG factors;
- however, investment managers who can consistently spot and profitably exploit market inefficiencies and opportunities are difficult to find and have higher fees and therefore passive management, where available, is usually better value for Members; and
- investment management costs and trading costs have a significant impact on long-term performance and therefore obtaining value for money from the investments is important.

The Trustees' key investment beliefs and understanding of the Plan's membership are reflected in the design of the default and other lifecycle options, and in the range of other funds made available to members.

5. Implementation of the investment arrangements

Before investing in any manner, the Trustees obtain and consider proper written advice from their investment consultant on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investment.

Details of the investment managers, their objectives, investment guidelines, and custody arrangements are set out in the separate Investment Policy Implementation Document ("IPID").

The Trustees have an agreement with an investment platform provider, which sets out in detail the terms on which the investments are managed. This gives access to a range of funds managed by a variety of investment managers. The investment managers' primary role is the day-to-day investment management of the Plan's investments.

The Trustees and investment managers to whom discretion has been delegated exercise their powers to give effect to the principles in this Statement of Investment Principles, so far as is reasonably practicable.

The Trustees have limited influence over managers' investment practices because all the Plan's assets are held in pooled funds, but they encourage their managers to improve their practices where possible and where appropriate.

The Trustees' view is that the fees paid to the investment managers, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high-quality service that meets the stated objectives, guidelines and restrictions of the fund. However, in practice managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover.

It is the Trustees' responsibility to ensure that the managers' investment approaches are consistent with the Trustees' policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies. The Trustees expect investment managers, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/equity issuers, and to engage with issuers to improve their performance. They assess this when selecting and monitoring managers.

The Trustees evaluate investment manager performance by considering performance over both shorter and longer-term periods as available. Except in closed-ended funds where the duration of the investment is determined by the fund's terms, the duration of a manager's appointment will depend on strategic considerations and the outlook for future performance. Generally, the Trustees would be unlikely to terminate a mandate on short-term performance grounds alone.

The Trustees' policy is to evaluate each of their investment managers by reference to the manager's individual performance as well the role the Trustees play in helping the Plan meet its overall long-term objectives, taking account of risk, the need for diversification and liquidity. Each manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

The Trustees recognise that portfolio turnover and associated transaction costs are a necessary part of investment management and that the impact of portfolio turnover costs is reflected in performance figures provided by the investment managers. The Trustees expect their investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Plan's investment mandates.

6. Realisation of investments

The investment managers have discretion over the timing of realisation of investments of the Plan within the portfolios that they manage, and in considerations relating to the liquidity of investments.

The Trustees' policy is to invest in funds that offer daily dealing to enable members to readily realise and change their investments.

7. Financially material considerations and non-financial matters

The Trustees have considered how social, environmental and ethical factors should be taken into account in the selection, retention and realisation of investments given the time horizon of the Plan and its members.

The Trustees expect their investment managers to take account of financially material considerations (including climate change and other ESG considerations). The Trustees seek to appoint managers that have appropriate skills and processes to do this, and from time to time review how their managers are taking account of these issues in practice.

The Trustees have limited influence over managers' investment practices where assets are held in pooled funds, but they encourage their managers to improve their practices where appropriate.

The Trustees do not take into account any non-financial matters (ie matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments for the default investment option. However, the Trustees recognise that some members may wish for ethical matters to be taken into account in their investments and therefore has made available the Ethical Fund as an investment option to members.

8. Voting and engagement

The Trustees recognise their responsibilities as owners of capital, and believe that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments. The Trustees have delegated to their investment managers the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG considerations.

The Trustees do not monitor or engage directly with issuers or other holders of debt or equity. They expect the investment managers to exercise ownership rights and undertake monitoring and engagement in line with the managers' general policies on stewardship, as provided to the Trustees from time to time, considering the long-term financial interests of the beneficiaries. The Trustees seek to appoint managers that have strong stewardship policies and processes, reflecting where relevant the recommendations of the UK Stewardship Code issued by the Financial Reporting Council, and from time to time the Trustees review how these are implemented in practice.

For on behalf of the Trustees of the Royal Mail Defined Contribution Plan:

Signed:


V. Trayhurn, Director for
The Law Debenture Pension Trust Corporation p

The Trustees have decided on the following division of responsibilities and decision-making for the Plan. This division is based upon the Trustees' understanding of the various legal requirements placed upon them, and their view that this division allows for efficient operation of the Plan overall, with access to an appropriate level of expert advice and service. The Trustees' investment powers are set out within the Plan's governing documentation.

1. Trustees

In broad terms, the Trustees are responsible in respect of investment matters for:

- developing a mutual understanding of investment and risk issues with the employer;
- setting the investment strategy, in consultation with the employer;
- formulating a policy in relation to financially material considerations, such as those relating to ESG considerations (including but not limited to climate change);
- formulating a policy on taking account of non-financial matters in the selection, retention and realisation of investments;
- reviewing the investment policy as part of any review of the investment strategy;
- setting the policy for rebalancing between asset classes;
- setting a policy on the exercise of rights (including voting rights) and undertaking engagement activities in respect of the investments;
- putting effective governance arrangements in place and documenting these arrangements in a suitable form;
- appointing, monitoring, reviewing and dismissing investment managers, custodians, investment consultants and other advisors;
- monitoring the exercise of the investment powers that they have delegated to the investment managers and monitoring compliance with Section 36 of the Act;
- communicating with members as appropriate on investment matters, such as the Trustees' assessment of its effectiveness as a decision-making body, the policies regarding responsible ownership and how such responsibilities have been discharged;
- reviewing the content of this SIP from time to time and modifying it if deemed appropriate; and
- consulting with the employer when reviewing the SIP.

2. Investment platform provider

The investment platform provider will be responsible for:

- providing access to a range of funds managed by various investment managers;
- providing the Trustees with regular information concerning the management and performance of the assets; and
- having regard to the provisions of Section 36 of the Act insofar as it is necessary to do so.

In broad terms, the investment managers will be responsible for:

- managing the portfolios of assets according to their stated objectives, and within the guidelines and restrictions set out in their respective investment manager agreements and/or other relevant governing documentation;
- taking account of financially material considerations (including climate change and other ESG considerations) as appropriate when managing the portfolios of assets;
- exercising rights (including voting rights) attaching to investments and undertaking engagement activities in respect of investments;
- providing the Trustees and investment platform provider with regular information concerning the management and performance of their respective portfolios; and
- having regard to the provisions of Section 36 of the Act insofar as it is necessary to do so.

The custodians of the portfolios (whether there is a direct relationship between the custodian and the Trustees or not) are responsible for safe keeping of the assets and facilitating all transactions within the portfolios.

4. Investment consultant

In broad terms, the investment consultant will be responsible, in respect of investment matters, as requested by the Trustees, for:

- advising on a suitable fund range and default strategy for the Plan, and how material changes to legislation or within the Plan's benefits and membership may impact this;
- advising on the selection, and review, of the investment managers, incorporating its assessment of the nature and effectiveness of the managers' approaches to financially material considerations (including climate change and other ESG considerations); and
- participating with the Trustees in reviews of this SIP.

5. Fee structures

The Trustees recognise that the provision of investment management and advisory services to the Plan results in a range of charges to be met, directly or indirectly, by deduction from the Plan's assets.

The Trustees have agreed Terms of Business with the Plan's investment advisers, under which work undertaken is charged for by an agreed fixed fee or on a "time-cost" basis.

The investment managers and platform provider receive fees calculated by reference to the market value of assets under management. The fee rates are believed to be consistent with the managers' general terms for institutional clients and are considered by the Trustees to be reasonable when compared with those of other similar providers. See also Section 5 of the SIP.

The fee structure used in each case has been selected with regard to existing custom and practice, and the Trustees' view as to the most appropriate arrangements for the Plan. However, the Trustees will consider revising any given structure if and when it is considered appropriate to do so.

The Trustees are satisfied, taking into account the external expertise available, that there are sufficient resources to support their investment responsibilities. The Trustees believe that they have sufficient expertise and appropriate training to carry out their role effectively.

It is the Trustees' policy to assess the performance of the Plan's investments, investment providers and professional advisers from time to time. See Section 5 of the SIP. The Trustees will also carry out periodically an assessment of their own effectiveness as a decision-making body and will decide how this may then be reported to members.

7. Working with the Plan's employer

When reviewing matters regarding the Plan's investment arrangements, such as the SIP, the Trustees seek to give due consideration to the employers' perspective. While the requirement to consult does not mean that the Trustees need to reach agreement with the employer, the Trustees believe that better outcomes will generally be achieved if the Trustees and employer work together collaboratively.

Policy towards risk appetite, capacity, measurement and management

The Trustees consider that there are a number of different types of investment risk that are important for the Plan. These include, but are not limited to:

1. Risk of inadequate returns

As members' benefits are dependent on the investment returns achieved, it is important that investment options are available which can be expected to produce adequate real returns over the longer term. Accordingly, equity funds and equity-based funds, which are expected to provide positive returns above inflation over the long term, have been made available to members and feature in the growth phase of the default strategy. To reduce the chance of a sharp deterioration in members' benefits close to retirement, the Trustees have made the default option a "lifecycle" strategy.

2. Risk from lack of diversification

This is the risk that failure of a particular investment, or the general poor performance of a given investment type, could materially adversely affect the Plan's assets. The Trustees believe that the Plan's default strategy is adequately diversified between different asset classes and within each asset class, and the investment options provide a suitably diversified range for members to choose from. This was a key consideration when determining the Plan's investment arrangements and is monitored by the Trustees on a regular basis.

3. Investment manager risk

This is the risk that an investment manager fails to meet its investment objectives. Prior to appointing an investment manager, the Trustees receive written advice from a suitably qualified individual, and will typically undertake an investment manager selection exercise. The Trustees monitor the investment managers on a regular basis to ensure they remain appropriate for their selected mandate.

4. Illiquidity/marketability risk

This is the risk that core financial transactions, such as investing members' contributions, are not processed promptly due to lack of liquidity in the investments. The Trustees manage this risk by only using pooled funds with daily dealing within the default strategy and diversifying the default strategy across different types of investment.

5. Environmental, social and governance (ESG) risks

Environmental, social and corporate governance (ESG) factors are sources of risk to the Plan's investments, some of which could be financially material, over both the short and longer term. These potentially include risks relating to factors such as climate change, unsustainable business practices, and unsound corporate governance. The Trustees seek to appoint investment managers who will manage these risks appropriately on their behalf and from time to time review how these risks are being managed in practice.

If the investment management charges together with other charges levied on, for example, transfers or early retirement are excessive, then the value of a member's account will be reduced unnecessarily. The Trustees are comfortable that the charges applicable to the Plan are in line with market practice and they regularly assess whether these represent good value for members.

7. Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Plan is subject to credit risk because it invests in bonds via pooled funds. The Trustees manage their exposure to credit risk by only investing in pooled funds that have a diversified exposure to different credit issuers. The Plan invests in some funds which invest in bonds that are classified as both "investment grade" and "non-investment grade" which carry greater credit risk.

8. Currency risk

Whilst the majority of the currency exposure of the Plan's assets is to Sterling, the Plan is subject to currency risk because some of the Plan's investments are held in overseas markets.

The Trustees consider the overseas currency exposure in the context of the overall investment strategy and believe that the currency exposure that exists acts to increase the diversification of the strategy.

9. Interest rate and inflation risk

The Plan's assets are subject to interest rate and inflation risk because some of the Plan's assets are held in money market instruments and bonds invested via pooled funds.

10. Other non-investment risks

The Trustees recognise that there are other, non-investment, risks faced by the Plan, and takes these into consideration as far as practical in setting the Plan's investment arrangements.

Royal Mail Defined Contribution Plan

Investment Policy Implementation Document

1. Introduction

This Investment Policy Implementation Document ("IPID") for the Royal Mail Defined Contribution Plan (the "Plan") sets out details of the Plan's investment arrangements, based on the principles set out in its Statement of Investment Principles ("SIP") dated September 2019.

The IPID should be read in conjunction with the SIP.

The IPID has been prepared by the Trustees of the Plan, and the Trustees are responsible for ensuring it reflects the current investment arrangements.

2. Investment strategy

The Trustees make available a range of passively and actively managed self-select funds and three lifecycle strategies, details of which are set out below. The default option is a lifecycle strategy. The members are provided with clear information on the investment options and their characteristics that will allow the members to make an informed choice.

The fund options are provided to members via an investment platform with Scottish Widows, which also provides member administration. The funds are open-ended and priced daily.

3. White-labelled fund options

The Trustees make available the following white-labelled funds as self-select options but also as components of the lifecycle strategies.

Fund name	Fund objective	Underlying funds
Blended Equity Fund	To achieve long term growth by investing in a range of equity funds providing exposure to shares from UK, overseas and emerging market companies. The fund aims to perform in line with, or exceed, the stated benchmark return.	45% LGIM 30:70 Global Equity Index Fund 75% Hedged
		45% LGIM Diversified Multi-Factor Equity Fund
		5% Lazard Developing Markets Fund
		5% Robeco Emerging Stars Equities
Diversified Bond Fund	To achieve positive returns irrespective of market conditions.	50% BNY Mellon Global Dynamic Bond Fund
		25% Kames Absolute Return Bond Fund

		25% M&G Total Return Credit Investment Fund
Diversified Assets Fund	To provide a return at least 3.5% pa above 3-month LIBOR.	100% BlackRock Aquila Life Market Advantage
Annuity Bonds Fund	To broadly match the cost of buying a flat rate pension.	100% LGIM Pre-Retirement Fund
Passive Global Equity Fund	To match the return on a composite index comprising a 30/70 distribution between UK and overseas equities, with 75% of overseas currency exposure hedged.	100% LGIM 30:70 Global Equity Index Fund 75% Hedged
Cash Fund	To protect value and return broadly in line with 7-day LIBID	100% BlackRock Sterling Liquidity Fund
Inflation-Linked Bond Fund	To track the performance of the FTSE A Index-Linked (Over 5 Year) Index to within +/-0.25% pa for two years out of three.	LGIM Over 5 Year Index-Linked Gilt Index Fund
Ethical Fund	To track the performance of the FTSE4Good Global Equity Index to within +/-0.5% pa for two years out of three.	100% LGIM Ethical Global Equity Index Fund
Shariah Fund	To track the performance of the Dow Jones Islamic Titans 100 Index (Total Return)	100% HSBC Islamic Index Fund
Active Global Equity Fund	To outperform the MSCI World Index on a net of fees basis.	100% Dodge & Cox Global Stock Fund
Active Emerging Market Equity Fund	To outperform the MSCI Emerging Market Index on a net of fees basis.	50% Lazard Developing Markets Fund 50% Robeco Emerging Stars Equities

4. The default strategy

The Trustees have set the default option for members that do not make an active choice regarding investment of their contributions to be the 10 Year Royal Mail Lifecycle Strategy. The lifecycle strategy provides an automated investment switching facility, following a pre-selected investment strategy, which will move the funds from higher risk/return investments into lower risk/return investments as retirement approaches. The default option targets cash withdrawal at retirement and the table below outlines the asset allocation of the default lifecycle strategy.

Years to selected retirement age	Blended Equity Fund	Diversified Assets Fund	Diversified Bond Fund	Cash Fund	Total
20+	100.0%	0.0%	0.0%	0.0%	100.0%
19	96.0%	4.0%	0.0%	0.0%	100.0%
18	92.0%	8.0%	0.0%	0.0%	100.0%
17	88.0%	12.0%	0.0%	0.0%	100.0%
16	84.0%	16.0%	0.0%	0.0%	100.0%
15	80.0%	20.0%	0.0%	0.0%	100.0%
14	76.0%	24.0%	0.0%	0.0%	100.0%
13	72.0%	28.0%	0.0%	0.0%	100.0%
12	68.0%	32.0%	0.0%	0.0%	100.0%
11	64.0%	36.0%	0.0%	0.0%	100.0%
10	60.0%	40.0%	0.0%	0.0%	100.0%
9	54.0%	36.0%	10.0%	0.0%	100.0%
8	48.0%	32.0%	20.0%	0.0%	100.0%
7	42.0%	28.0%	30.0%	0.0%	100.0%
6	36.0%	24.0%	40.0%	0.0%	100.0%
5	30.0%	20.0%	50.0%	0.0%	100.0%
4	24.0%	16.0%	60.0%	0.0%	100.0%
3	18.0%	12.0%	70.0%	0.0%	100.0%
2	12.0%	8.0%	72.0%	8.0%	100.0%
1	6.0%	4.0%	74.0%	16.0%	100.0%
0	0.0%	0.0%	75.0%	25.0%	100.0%

5. Alternative lifecycle strategies

In addition to the default strategy, the Plan offers two additional lifecycle strategies targeting drawdown and the purchase of an annuity at retirement.

The 5 Year Royal Mail Lifecycle Strategy is designed for members targeting income drawdown at retirement. Due to the shorter switching period (into cash and diversified bonds) of 5 years rather than 10, this is a higher risk option than the default. For those members who expect to purchase an annuity at retirement, the 10 Year Royal Mail Annuity Lifecycle Strategy is available. The tables on the following pages outline the asset allocation for the alternative lifecycle strategies.

5 Year Royal Mail Lifecycle Strategy

Years to selected retirement age	Blended Equity Fund	Diversified Assets Fund	Diversified Bond Fund	Cash Fund	Total
20+	100.0%	0.0%	0.0%	0.0%	100.0%
19	97.0%	3.0%	0.0%	0.0%	100.0%
18	94.0%	6.0%	0.0%	0.0%	100.0%
17	91.0%	9.0%	0.0%	0.0%	100.0%
16	88.0%	12.0%	0.0%	0.0%	100.0%
15	85.0%	15.0%	0.0%	0.0%	100.0%
14	82.0%	18.0%	0.0%	0.0%	100.0%
13	79.0%	21.0%	0.0%	0.0%	100.0%
12	76.0%	24.0%	0.0%	0.0%	100.0%
11	73.0%	27.0%	0.0%	0.0%	100.0%
10	70.0%	30.0%	0.0%	0.0%	100.0%
9	68.0%	32.0%	0.0%	0.0%	100.0%
8	66.0%	34.0%	0.0%	0.0%	100.0%
7	64.0%	36.0%	0.0%	0.0%	100.0%
6	62.0%	38.0%	0.0%	0.0%	100.0%
5	60.0%	40.0%	0.0%	0.0%	100.0%
4	48.0%	32.0%	20.0%	0.0%	100.0%
3	36.0%	24.0%	40.0%	0.0%	100.0%
2	24.0%	16.0%	52.0%	8.0%	100.0%
1	12.0%	8.0%	64.0%	16.0%	100.0%
0	0.0%	0.0%	75.0%	25.0%	100.0%


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10 Year Royal Mail Annuity Lifecycle Strategy

Years to selected retirement age	Blended Equity Fund	Diversified Assets Fund	Annuity Bonds	Cash Fund	Total
20+	100.0%	0.0%	0.0%	0.0%	100.0%
19	96.0%	4.0%	0.0%	0.0%	100.0%
18	92.0%	8.0%	0.0%	0.0%	100.0%
17	88.0%	12.0%	0.0%	0.0%	100.0%
16	84.0%	16.0%	0.0%	0.0%	100.0%
15	80.0%	20.0%	0.0%	0.0%	100.0%
14	76.0%	24.0%	0.0%	0.0%	100.0%
13	72.0%	28.0%	0.0%	0.0%	100.0%
12	68.0%	32.0%	0.0%	0.0%	100.0%
11	64.0%	36.0%	0.0%	0.0%	100.0%
10	60.0%	40.0%	0.0%	0.0%	100.0%
9	54.0%	36.0%	10.0%	0.0%	100.0%
8	48.0%	32.0%	20.0%	0.0%	100.0%
7	42.0%	28.0%	30.0%	0.0%	100.0%
6	36.0%	24.0%	40.0%	0.0%	100.0%
5	30.0%	20.0%	50.0%	0.0%	100.0%
4	24.0%	16.0%	60.0%	0.0%	100.0%
3	18.0%	12.0%	70.0%	0.0%	100.0%
2	12.0%	8.0%	72.0%	8.0%	100.0%
1	6.0%	4.0%	74.0%	16.0%	100.0%
0	0.0%	0.0%	75.0%	25.0%	100.0%

IPID signed for and on behalf of the Trustees of the Plan:

Signed:


 V. Trayhurn, Director for
 The Law Debenture Pension Trust Corporation p.l.c

Date:

8/7/20

8 July 2020