



# Ensign Retirement Plan

## Statement of Investment Principles

## Contents

Statement of Investment Principles .....	1
Contents.....	2
Introduction .....	3
Investment Objectives .....	3
Investment Approach .....	4
Delivering the Investment Objectives .....	9
Governance.....	12
Appendix 1 – Target Date Investment options .....	15
Appendix 2 – Additional Fund Range .....	17
Appendix 3 – AVC Policies Investment options .....	20

## 1. Introduction

- 1.1 The Ensign Retirement Plan (“Ensign”) is a defined contribution pension scheme, set up under trust for the benefit of multiple non-associated employers, and their employees, with a connection to the maritime industry (a “master trust”). Ensign Retirement Plan Trustees Limited (“the Trustee”) is the sole corporate trustee of Ensign and governs Ensign in accordance with the provisions of Ensign’s Trust Deed and Rules dated 21 May 2015 (as amended from time to time) and the requirements of applicable legislation.
- 1.2 The Trustee has produced this Statement of Investment Principles (the “Statement”). It outlines the principles governing any investment decisions made by, or on behalf of, the Trustee for the management of the assets held in Ensign and sets out how these assets are invested. The Statement also demonstrates how the Trustee will monitor and review the ongoing suitability of the investment strategy for the members in Ensign.
- 1.3 The Trustee confirms that this Statement has been prepared in accordance with relevant legislation and best practice guidelines. In preparing the Statement, the Trustee sought advice from an independent investment adviser, Hymans Robertson, and took into account its investment powers under the Trust Deed and Rules. It also considered the views of the participating employers, the suitability of different types of investments, the need to diversify, liquidity of assets, the custodianship of assets and any self-investment.
- 1.4 This Statement of Investment Principles will be reviewed by the Trustee from time to time to adapt to changes in the Trustee’s investment strategy, membership profile, legal requirements placed on Trustee or amendments to the Trust Deed and Rules of Ensign, or in the event of internal or external events that may significantly affect Ensign and the requirements of the Trustee. Any changes that are required to this Statement will be carried out having taken into consideration the views of employers participating in Ensign and on the advice of an appropriately qualified investment adviser.

## 2. Investment Objectives

- 2.1 The Trustee has a straightforward overall goal for the Ensign Retirement Plan: to help improve the retirement outcomes for those working in the maritime industry.
- 2.2 The Trustee believes that Ensign should offer an investment option which is likely to suit the majority of members, the “default arrangement”, as defined in the Occupational Pension Schemes (Investment) Regulations 2005 (the “Investment Regulations”). The arrangement that the Trustee has selected for this purpose is the Aegon BlackRock LifePath Flexi (BLK) fund (“LifePath Flexi fund”).
- 2.3 Prior to a bulk transfer of a cohort of members in October 2018, it was determined that the most suitable fund for this specific cohort’s existing benefits in the “transferring scheme” to be transferred to was the Aegon BlackRock LifePath Retirement (BLK) fund (“LifePath Retirement fund”). The LifePath Retirement Fund is therefore, also classified as a “default arrangement” for the purposes of the Investment Regulations.

- 2.4 On 18 March 2020, the Aegon BlackRock Property fund was suspended as independent property valuers were unable to accurately assess the value of physical properties. As a result of the suspension, member contributions were unable to be invested in the Aegon BlackRock Property fund and contributions in respect of members that had previously elected to invest new contributions into the Aegon BlackRock Property fund were instead invested in the Aegon BlackRock Cash fund. As the consent of members was not obtained before diverting contributions to the Aegon BlackRock Cash fund, and in accordance with guidance from the Pensions Regulator, the Trustee concluded that the Aegon BlackRock Cash fund had also become classified as a “default arrangement” for the purposes of the Investment Regulations. As detailed in Appendix 2, the Aegon BlackRock Cash fund aims to produce a return in excess of its benchmark principally from a portfolio of Sterling denominated cash, deposits and money-market instruments.
- 2.5 The Trustee recognises, however, that members have differing needs at retirement and therefore, differing investment needs, and that these may change during the course of their working lives. It also recognises that members have different attitudes to risk. Members should therefore, be able to make their own investment decisions based on their individual circumstances. A range of other investment options are also available to members that, whilst not being too complicated, should help members in achieving the following objectives:
- a) Increasing the value of their retirement pot from the contributions invested.
  - b) Protecting the value of their retirement pot in the years approaching retirement against market falls.
  - c) Protecting the value of their pot when converted into usable benefits.
- Tailoring their investments to meet their own needs.

### 3. Investment Approach

#### 3.1 Diversification

- 3.1.1 Subject to the funds’ benchmarks and guidelines, the investment managers of the funds are given full discretion over the choice of securities within the funds and are expected to maintain a diversified range of underlying holdings where appropriate.
- 3.1.2 Given the size and nature of Ensign, the Trustee has decided to invest on a “pooled fund” basis; any such investment is carried out through an investment provider.
- 3.1.3 The Trustee is satisfied that the range of funds in which Ensign invests provides adequate diversification and a suitable range of options for Ensign’s members.
- 3.1.4 The Trustee has included a number of “target-date” funds in its investment offering, which aim to meet the needs of members at different stages of their working life and with different planned retirement dates in the future. Further details are included below.

### 3.2 Balance between different kinds of investments

3.2.1 The Trustee has ensured that there is a suitable number of alternative investment options available to members. In addition to the LifePath Flexi fund and the LifePath Retirement fund, the Trustee has introduced another target date fund, which targets cash withdrawal. Details are shown in Appendix 1.

3.2.2 For members who wish to make their own asset allocation decisions, the Trustee has introduced a range of funds that invest in various asset classes across the risk and return spectrum. The Trustee has been careful not to introduce a wide range of funds to avoid confusing members, details of these funds are shown in Appendix 2.

### 3.3 Risk

3.3.1 The Trustee considers risk from a number of perspectives. These are:

- a) The risk that the investment returns over members' working lives will not keep pace with inflation and does not, therefore, secure an adequate income at retirement.
- b) The risk that market movements in the period prior to retirement lead to a fall in the members' retirement pot.
- c) The risk that market movements in the period just prior to retirement lead to an increase in the cost of turning members' fund values into retirement benefits.
- d) The risk that an investment manager will not deliver investment returns in line with their investment objectives generally or other investment managers.
- e) The risk that funds which invest in assets which take longer to sell (are illiquid), such as property, will not be able to buy or sell these assets when asked to do so by the Trustee and/or members.
- f) The risk that an entity holding derivative-based assets may default leading to a reduction in a fund's value.
- g) The financially material risks that could impact members' investments as a result of climate change and the associated transition to a lower carbon world.
- h) The risk that wider Environmental, Social and Governance (ESG) factors can impact the long-term performance of an investment strategy

3.3.2 To help mitigate many of these risks, the Trustee has made available the target date fund options, which transitions members' investments from higher risk investments to lower risk investments as members approach retirement. Within the investment strategy review that Ensign conducts once every three years, each of these risks above is considered and any strategy changes that are ultimately implemented will manage these risks using an appropriate approach.

### 3.4 Managing risks

The Trustee has developed and maintains a framework within the Risk Register for assessing the impact of all investment risks on long-term investment returns.

#### Time horizon

The Trustee monitors the age profile of the Scheme's membership to arrive at an appropriate investment horizon for different groups of members when considering all investment and financially material risks:

- Ensign is open to new entrants;
- As a result, investment risks for the Scheme's younger members who have not retired need to be considered over a time horizon in excess of 30 years;
- A majority of members are expected to take income drawdown in retirement and provision is offered for income drawdown from Ensign;
- As a result, investment risks for a majority of members who are approaching retirement, need to be considered over a time horizon of at least 10 years.

### 3.5 Expected return on investments

3.5.1 The objective of the LifePath Flexi and Retirement funds is to achieve a positive real return over the longer term.

3.5.2 The Trustee is satisfied that this return objective is consistent with the aims of the members.

### 3.6 Kind of investments to be held

3.6.1 Ensign may invest in quoted and unquoted securities of UK and overseas markets including equities, fixed interest and index-linked bonds, cash, property and pooled investment vehicles considered appropriate for tax-exempt approved occupational pension schemes.

3.6.2 Some funds may invest in Exchange Traded Funds to gain access to less easily traded and illiquid asset classes.

3.6.3 Some funds may include investments through derivatives to facilitate changes in the fund's portfolio of assets or help lessen investment risks or to improve investment returns.

3.6.4 The Trustee considers all of the stated classes of investment to be suitable for Ensign.

### 3.7 Realisation of investments

3.7.1 Investments may be sold to provide funds to make payment of benefits under Ensign or where members have asked to switch funds. If there is an unexpected need to sell all or part of the assets of the portfolio, the Trustee requires the investment managers to be able to sell Ensign's investments in a reasonable timescale, but taking into account the market conditions at that time. Most of Ensign's assets are not expected to take a significant amount of time to sell.

### 3.8 Environmental, Social and Governance Issues

- 3.8.1 The Trustee recognises that the consideration of financially material factors, including environmental, social and governance (ESG) factors, is relevant at different stages of the investment process.
- 3.8.2 The Trustee has asked that the provider/investment managers have the financial interests of Ensign members as their first priority when choosing investments. This may include ESG considerations although the Trustee recognises that different providers and investment managers will have different opinions on the impact that ESG issues will have on financial outcomes.
- 3.8.3 The Trustee, with the help of their investment adviser, has reviewed underlying investment managers' (including platforms) ESG policies, voting and engagement and is satisfied that these are in line with the above approach.
- 3.8.4 The Trustee is required to consider the risks of climate change in setting their investment strategy or preferred glidepath design.
- 3.8.5 Within any actively managed mandates used in Ensign, the Trustee will delegate responsibility for the consideration of security-specific issues to their investment managers. In passively managed mandates, the Trustee recognises that the choice of benchmark primarily dictates the assets held by the investment manager.
- 3.8.6 The Trustee is required to give consideration to the appropriate time horizon of the investment strategy in relation to its policy on financially material considerations, including ESG considerations. While Ensign's investment arrangements are monitored on a regular basis and the SIP is reviewed at least once every three years, the time horizon for underlying DC members is significantly longer, particularly for those who are many years from retirement. ESG considerations take this longer time horizon into account, often viewed as 20+ years.
- 3.8.7 The Trustee has recently made available as a self-select option, a fund with an enhanced focus on ESG issues which seeks to maximise exposure to positive ESG factors while minimising carbon exposure for those members who may wish to prioritise these issues. In addition, the Trustee offers a dedicated ethical investment option and an option to invest in a fund which is managed in compliance with Shariah law.
- 3.8.8 The Trustee recognises that a number of members will have strong personal views or religious convictions that influence where they believe their savings should, or should not, be invested. Section 3.11 sets out the Trustee's approach to taking such non-financial factors into account. Non-financial factors are not taken into account in the default funds.
- 3.8.9 The Trustee will not engage directly with the underlying companies that Ensign are invested in but believe it is appropriate for the underlying fund managers directly or through the platform provider to engage with key stakeholders which may include the corporate management of underlying companies that Ensign are invested in, regulators and governance bodies in order to improve corporate behaviours, improve performance and mitigate financial risks. The Trustee will request, where appropriate and practicable, that the platform provider or investment managers notify the Trustee of any issue on which it may be beneficial for the Trustee to undertake further engagement. The Trustee will review engagement activity undertaken by the fund managers as part of its broader monitoring activity.

- 3.8.10 The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attached to investments to the provider/investment managers and to encourage them to exercise those rights when they believe there could be a potential financial impact on the portfolio.
- 3.8.11 Ensign offers members a default arrangement and a choice of alternative lifestyle options and self-select funds. The Trustee's stewardship activities are to be focused on the default arrangement which is used by the largest number of members and accounts for the majority of the assets.

### 3.9 Monitoring

- 3.9.1 The Trustee expects the platform provider to monitor adherence of their investment managers to stated voting and engagement policies, engage with managers where concerns are identified and to report on these issues. The Trustee will request reports from the investment platform provider on the fund managers' voting activity on a periodic basis. The Trustee will also periodically review the fund managers voting patterns and may also monitor voting on particular companies or issues affecting more than one company.
- 3.9.2 The Trustee expects the platform provider to meet with all major fund managers on an annual basis. The platform provider will provide the fund managers with an agenda for discussion, including issues relating to individual holdings voting record and, where appropriate, ESG issues. Managers are challenged both directly by the platform provider and by their investment advisers on the impact of any significant issues including shareholder voting record, conflicts of interests and, where appropriate, ESG issues that may be financially material to the portfolio.

### 3.10 Charges

- 3.10.1 Ensign is a qualifying scheme for auto-enrolment purposes and so the LifePath Flexi and Retirement funds must comply with the charge cap introduced by the Pensions Act 2014 which applies from April 2015.

### 3.11 Non-financial factors

The Trustee recognises that a number of members may have strong personal views or religious convictions that influence where they believe their savings should, or should not, be invested. Nevertheless, while the Trustee will bear members' views in mind when reviewing the suitability of Ensign's investment options and choice of funds used, the Trustee will not be bound by the members' views (for instance where it is uneconomic or impracticable to do so).

The Trustee also notes that a large majority of members have not made active investment choices and so the Trustee believes that most members are unlikely to have strong views on where their savings are invested. However, the Trustee will consider the costs and benefits of surveying members' views on non-financial factors relating to the Scheme's investments.

Ensign offers a choice of ethical and faith-based funds for members who are likely to hold stronger views in these areas than the majority of members.

Impact investing relates to investments that are intended to have a positive and measurable environmental or social impact, alongside a financial return. For instance, investing in businesses and projects which benefit the local community or investing globally in companies



and projects which are expected to have a positive impact on greenhouse gas emissions. The Trustee will monitor developments in this area.

The Trustee notes that non-financial factors can affect various investment risks which are borne by members and may under-perform other funds with broader-based investment approaches.

## 4. Delivering the Investment Objectives

4.1 The Trustee recognises that from time to time, there will be tension in delivering the objectives detailed above but looks for an appropriate balance between them.

### 4.2 Aegon BlackRock LifePath Flexi and LifePath Retirement Funds

4.2.1 The Trustee has selected the Aegon BlackRock LifePath Flexi (BLK) fund as the fund into which members will automatically be invested, that aims to help members grow their assets whilst protecting their savings as the member approaches retirement through the use of a series of target-date funds. For a specific cohort of members, the Trustee has selected the Aegon BlackRock LifePath Retirement (BLK) fund as the fund into which these members will automatically be invested. Both of these funds reflect changing investment needs by gradually altering each fund's investment mix as members near their target retirement date, thereby managing over time the principal investment risks faced by members: inflation, fluctuations in fund values (when this is significant) and converting the fund value into benefits at retirement.

4.2.2 Following independent investment review, the Trustee believes that the fund into which members are automatically enrolled should target the form of benefits that is likely to meet the needs of the majority of members: withdrawing benefits from a registered pension scheme.

4.2.3 The LifePath Flexi fund is designed for members who will drawdown their benefits during their retirement to provide income. The final asset allocation is a diverse allocation which is allocated to 40% growth assets and 60% more cautious assets. This is designed so that the portfolio can continue to be invested during retirement while income is being drawn from it. The LifePath Retirement fund is designed for members who wish to use all or the majority of their retirement pot to purchase an annuity at retirement. Please refer to Appendix 1 for more detail on both sets of funds.

### 4.3 Additional Fund Options

4.3.1 The Trustee recognises that the LifePath Flexi and the LifePath Retirement funds will not meet the needs of all members, so a selection of more specialised funds is offered to members who want to make active investment choices. Having considered the advice of an investment adviser, the Trustee has selected a range of funds from equity, property, bond and money market asset classes as well as absolute return and multi-asset funds and are considered broadly suitable for the majority of members. These are detailed in Appendix 2.

4.3.2 Please refer to Appendix 2 for more detail on the alternative funds offered.

4.3.3 The Trustee does not give advice to individual members on their fund selections. Members are encouraged to take independent financial advice when making their individual investment choices.

### 4.4 AVC Policies

4.4.1 In May 2018, the Trustee accepted the transfer of AVC policies from the Trustee of the Merchant Navy Officers Pension Fund. These AVC policies were held with The Equitable Life Assurance Society and the Standard Life Assurance Company.

4.4.2 In November 2019, the High Court approved a bulk transfer of all policies from The Equitable Life Assurance Society to Utmost Life and Pensions. The transfer took place with effect from 1 January 2020.

4.4.3 No further contributions can be made to the AVC policies. Any contributions made by members prior to 31 March 2016 are invested in various investment funds offered by either Utmost Life and Pensions or the Standard Life Assurance Company. Details of the investment funds offered by either Utmost Life and Pensions or the Standard Life Assurance Company are set out in Appendix 3.

### 4.5 Decumulation

4.5.1 In January 2019, the Trustee introduced an in-scheme drawdown option for members to draw an income from their retirement pot whilst remaining invested for future potential growth.

4.5.2 The same investment funds as during a member's accumulation phase are available to members opting for income drawdown.

4.5.3 The Trustee has not selected a fund into which members will automatically be invested in; members must select the option that best meets their needs.

4.5.4 The same charges apply to members investing in the drawdown arrangements as in the accumulation phase.

### 4.6 Manager incentives

The basis of remuneration of the investment managers by the platform provider may be subject to commercial confidentiality, however, the Trustee will seek transparency of all costs and charges borne by members. Nevertheless, the Trustee expects that it will be in the interests of both the platform provider and the investment managers on the provider's platform to produce growth in asset values in line with the funds' investment objectives. For passively managed funds this should be within an acceptable margin of the index the fund tracks. For actively managed funds the investment return should be commensurate with the level of investment risk implied by the fund's objectives.

When selecting funds, the Trustee will ask their investment advisor to consider the investment managers' remuneration strategies and appropriateness of each fund's investment guidelines to ensure that there is no inducement or scope to take an undue level of risk and that the investment managers will act in line with the interests of the Ensign members.

In accordance with the 2015 Regulations, the Trustee conducts an annual Value for Members assessment and will take action should the providers be found to be giving poor value. In addition, in accordance with guidance from the Pensions Regulator, the Trustee will periodically review Ensign's choice of provider to ensure their charges and services remain competitive. The Trustee believes that these steps are the most effective way of incentivising the provider to deliver Value for Members, of which investment management charges and investment performance are key considerations.

The Trustee also undertake a review at least every three years in which the appropriateness of the investment options at which time the suitability of Ensign's investment management arrangements are also considered.

The Trustee monitors the investment managers against a series of metrics over a long-term time horizon of 5 years including:

- Performance of their funds' respective benchmarks [or performance targets] on a quarterly basis;
- Relative tracking error where appropriate.
- The exercise of stewardship responsibilities (including engagement with issuers) on an annual basis; and
- The management of risks through Ensign's risk management framework.

The platform provider or investment managers are expected to provide explanations for any significant divergence from a fund's objectives. A material deviation from performance and risk targets or approach to portfolio management is likely to result in the fund being formally reviewed.

### 4.7 Portfolio turnover

The Trustee does not expect investment managers to take excessive short-term risk and will monitor the investment manager's performance against the benchmarks and objectives on a short, medium and long terms basis.

For passively managed funds the turnover of holdings is driven by changes in the index a fund seeks to track and hence is outside the control of the investment manager except where a fund's total assets under management are relatively small where the investment manager does not fully replicate the index or where a fund invests in less liquid stocks.

When selecting actively managed funds, the Trustee will consider, with the help of their investment advisers, the expected level of turnover commensurate with a fund's investment objectives, the investment manager's investment processes and the nature of the fund's assets.

Whilst the Trustee expects performance to be delivered net of costs, including the costs of trading within the portfolio, the Trustee will ask the investment platform provider or investment managers on the platform to report on at least an annual basis on the underlying assets held within fund with details of any transactions and turnover costs incurred over Ensign's reporting year. The Trustee will seek to compare portfolio turnover and the resultant costs against peer groups or portfolio turnover and costs for an appropriate index.

Where a fund has significantly under or outperformed its benchmark, the Trustee will seek to ascertain where necessary whether higher or lower than normal turnover has been a contributory factor. The Trustee will challenge the platform provider and/or investment managers if there is a sudden change in portfolio turnover or if the level of turnover seems excessive.

#### 4.8 Portfolio duration

The Trustee recognises the long-term nature of defined contribution pension investments and chooses funds which are expected to deliver sustainable returns over the Ensign members' investment horizon. The Trustee will carry out necessary due diligence on the underlying investment decision making process, to ensure the manager makes investment decisions over an appropriate time horizon aligned with the objectives for the related investment option.

The Trustee expects that each fund will be used for at least three years, this being the period over which performance of the fund can be appropriately evaluated and the costs of change amortised, although all funds are subject to ongoing review against various financial and non-financial metrics in addition to their continued appropriateness within the investment strategy.

### 5. Governance

#### 5.1 Ultimate Responsibility

5.1.1 All investment decisions of Ensign are under the Trustee's control and the ultimate power and responsibility for deciding investment policy lies solely with the Trustee.

5.1.2 The Trustee's main investment responsibilities include:

- a) Preparation of the Statement of Investment Principles and reviewing the content of the Statement and modifying it where necessary, in consultation with an appropriately qualified investment adviser.
- b) Appointing investment managers, investment advisers and other advisors as necessary for the good stewardship of Ensign.
- c) Assessing the performance and processes of the investment managers by means of regular reviews of the funds' investment performance and other information.
- d) Monitoring compliance of the investment arrangements with this Statement on a regular basis.

#### 5.2 Day-to-Day Management

5.2.1 The investment platform through which Ensign's investment options are operated is provided by Scottish Equitable plc (trading as "Aegon") whose main investment responsibilities include:

- a) The prompt investment of contributions.
- b) Maintaining records of the members' investments.
- c) Selling investments to pay benefits.

5.2.2 All day-to-day investment management decisions have been delegated to investment managers authorised under the Financial Services & Markets Act 2000 whose main responsibilities include:

- a) Ensuring that investment of Ensign's assets is in compliance with prevailing legislation and within the constraints detailed in this Statement.
- b) Providing the Trustee with quarterly reports including any changes to Investment Managers' processes and a review of the investment performance.
- c) Attending meetings with the Trustee as and when required.
- d) Informing the Trustee of any changes in the internal performance objective and guidelines of any pooled fund used by Ensign as and when they occur.
- e) Exercising voting rights on share holdings in accordance with their general policy.
- f) Following its general policy on stewardship, socially responsible and sustainable investment.

### 5.3 Day-to-Day Custody

5.3.1 Ensign's assets will be held on a day-to-day basis by the investment manager's appointed custodian.

### 5.4 Monitoring

#### 5.4.1 Investment Performance

- a) Each of the funds in which Ensign invests has a stated performance objective by which the performance is measured.
- b) The Trustee will review the performance of the appointed investment manager from time to time, based on the results of their performance and investment process.

#### 5.4.2 Aegon BlackRock LifePath Flexi and LifePath Retirement Funds

- a) The Trustee monitors the suitability of the LifePath Flexi and the LifePath Retirement fund's objectives from time to time.
- b) The Trustee monitors the performance of the LifePath Flexi and the LifePath Retirement funds against its objectives from time to time.

#### 5.4.3 Charges

- a) The charges for the investment options (expressed in terms of each fund's "Total Expense Ratio") are monitored by the Trustee to make sure that they provide value for members when compared to the investment objectives of each fund.
- b) The LifePath Flexi and the LifePath Retirement fund's compliance with the charge cap is checked on a regular basis.

5.4.4 Transaction costs

- a) The Trustee recognises that transaction costs (both on the investment management of the funds' underlying portfolio of assets and the "spread" upon buying or selling the funds) may impact the investment returns experienced by members.
- b) The Trustee will monitor the funds' transaction costs to make sure they are reasonable and appropriate.

5.4.5 Investment process

- a) The Trustee monitors the processing of investments, to ensure that contributions in respect of members are invested into the appropriate investment options in a timely manner.

5.5 Compliance

5.5.1 The Trustee is satisfied the funds offered to members by the appointed investment managers are in line with the objectives of Ensign, particularly in relation to diversification, risk, expected return and liquidity. The choices that are made available are reviewed on a regular basis.

Signed on behalf of the Trustee of Ensign:

Rory Murphy

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**Director**

Olu Tunde

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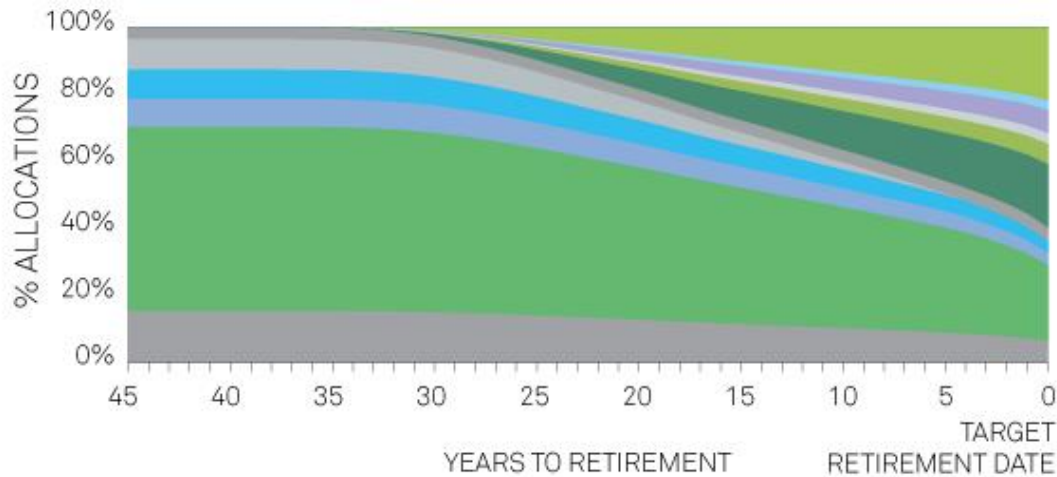
**Director**

## Appendix 1 – Target Date Investment options

The objective of each of the LifePath funds is to provide target date retirement funds with an asset allocation that changes over time. The funds will gain exposure to global equities, fixed income instruments, property and commodities and may also invest in other permitted assets. Each LifePath fund will automatically adjust its investment strategy as it progresses towards its maturity date. Exchange rate movements can affect the value of investments that are in foreign currencies and therefore the LifePath strategy will use specific instruments with the aim of hedging out the majority of the foreign currency exposures.

### Aegon BlackRock LifePath Flexi

This portfolio is designed for members who wish to stay invested post-retirement and utilise income drawdown. To achieve this, from 10 years prior to its maturity date the Fund's investment allocation changes over time towards a portfolio of predominantly fixed income assets and some equities.



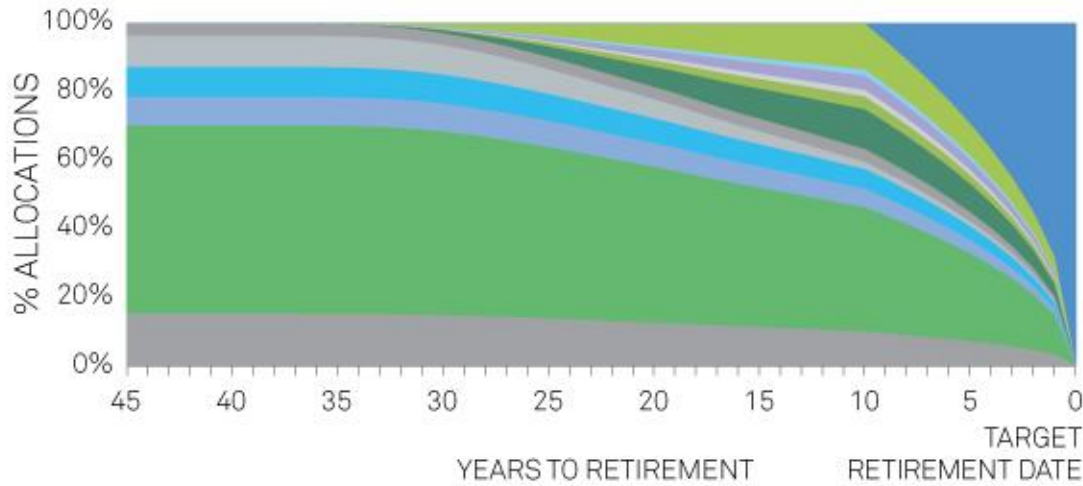
### Aegon BlackRock LifePath Retirement

This portfolio is designed for members who wish to use all or the majority of their retirement pot to purchase an annuity at retirement. To achieve this, from 10 years prior to its maturity date the Fund's investment allocation changes over time towards a portfolio of mainly Sterling denominated fixed income and cash.



**Aegon BlackRock LifePath Capital**

This portfolio is designed for members who wish to take their retirement pot as cash at retirement. To achieve this, from 10 years prior to its maturity date the Fund’s investment allocation changes over time towards a portfolio of mainly Sterling denominated short-duration fixed income and cash-like assets.



Aegon uses the following funds to invest assets in the charts shown above.

Asset Class	Fund
UK Equities	Aquila Life UK
Global Equities	Regional Aquila Life funds
Global Small Capitalisation Companies Equities	Regional Small cap funds
Emerging Markets	Emerging Markets Index sub-fund
Property	Global property tracker
Commodities	iShares Diversified Commodity Swap UCITS ETF
UK Corporate Bonds	Aquila Life Corporate Bond Fund All Stocks Fund
UK Gilts	Aquila Life All Stocks UK Gilt Fund
Overseas Corporate Bonds	BlackRock Overseas Corporate Bond Tracker
Overseas Government Bonds	Aquila Life Overseas Bond Fund
Emerging Bonds	Emerging Markets Government Bond Index Fund
Annuities Proxy	DC Pre-Retirement Fund
Cash	DC Cash Fund



## Appendix 2 – Additional Fund Range

Asset Class	Fund	Objective	Benchmark
<b>Global Equity</b>	Aegon BlackRock 30/70 Currency Hedged Global Equity Index (BLK)	Invests primarily in equities, in the UK and overseas. Approximately 30% of the assets are invested in the shares of UK companies, 60% in developed overseas equities and the remaining 10% is invested in emerging market equities.	30% FTSE All-share Index, 60% Developed Overseas Equities with currency exposure hedged back to sterling and 10% Emerging Market Equities
<b>Global Equity</b>	Aegon BlackRock 60/40 Global Equity Index (BLK)	Invests primarily in UK and overseas equities and aims to produce a return in line with its benchmark. Approximately 60% of the Fund is invested in shares of UK companies and the remaining 40% is split equally between shares of companies in the US, Europe ex-UK and the Pacific Rim.	60% FTSE All Share Index/40% Fixed Overseas Weights (13.3% Continental Europe, 13.3% North America, 6.7% Japan, 6.7% Pacific Basin)
<b>Global Equity</b>	Aegon BlackRock World Multifactor Equity Tracker (BLK)	Invest directly into constituent companies which make up the benchmark index and via other transferable securities giving exposure to such companies as well as money-market instruments, derivatives, deposits and other funds.	MSCI World Diversified Multiple-Factor Net (GBP)
<b>Global Equity</b>	Aegon BlackRock World ESG Equity Tracker (BLK)	The benchmark index aims to reflect the performance characteristics of a subset of equity securities within the MSCI World Index and seeks to maximise exposure to positive ESG factors while minimising carbon exposure.	MSCI World ESG Focus Low Carbon Screened Index
<b>Global Equity</b>	Aegon HSBC Islamic Global Equity Index (BLK)	Invests in company shares from around the world and is compliant with Islamic Shariah principles.	Dow Jones Islamic Titan Index
<b>Global Equity</b>	Aegon LGIM Ethical Global Equity Index (BLK)	Invests mainly in overseas equities within the FTSE4Good Global Equity Index and aims to track the return of its benchmark.	FTSE4Good Global Equity Index
<b>UK Equity</b>	Aegon BlackRock UK Equity Index (BLK)	Invests in shares of UK companies and aims to produce a return in line with its benchmark.	FTSE All Share Index
<b>Emerging Markets Equity</b>	Aegon BlackRock Emerging Markets Equity Index (BLK)	Invests in emerging market equities and aims to produce a return in line with its benchmark.	MSCI Global Emerging Markets Index

Asset Class	Fund	Objective	Benchmark
<b>Long Dated Gilt</b>	Aegon BlackRock Over 15 Years Gilt Index (BLK)	Invests in UK government bonds with a maturity period of 15 years or longer and aims to produce a return in line with its benchmark.	FTSE UK Gilts Over 15 Years Index
<b>Index Linked Gilts</b>	Aegon BlackRock All Stocks UK Index-Linked Gilt Index (BLK)	Invests in UK government index-linked gilts. The Fund aims to achieve a return consistent with the FTSE UK Gilts Index-Linked All Stocks Index, which is widely regarded as an appropriate benchmark for UK pension fund investment in the index-linked UK gilt market.	FTSE UK Gilts Index-Linked All Stocks Index
<b>Gilts and Corporate Bond</b>	Aegon LGIM Pre-Retirement (BLK)*	Aims to provide diversified exposure to assets that reflect the investments underlying a typical traditional level annuity product.	Composite benchmark
<b>Corporate Bond</b>	Aegon BlackRock Corporate Bond All-Stocks Index (BLK)	Invests in investment grade corporate bonds denominated in Sterling. The Fund aims to achieve a return consistent with the iBoxx £ Non-Gilts Index. This index covers the broad spectrum of investment grade corporate bonds in issue.	iBoxx £ Non-Gilts Index
<b>Cash</b>	Aegon BlackRock Cash (BLK)	Aims to produce a return in excess of its benchmark principally from a portfolio of Sterling denominated cash, deposits and money-market instruments.	7 Day LIBID Rate
<b>Commercial Property</b>	Aegon BlackRock Property (BLK)	Invests in a number of underlying pooled property funds to gain exposure to a range of commercial property assets such as offices, shopping centres, retail warehouse parks and industrial estates.	IPD All Balanced Property Funds Index
<b>Multi-Asset</b>	Aegon Schroder Dynamic Multi Asset Fund (BLK)	Invests wholly in the Schrodgers Dynamic Multi Asset Fund, a non UCITS retail scheme. The investment objective of the Schrodgers Dynamic Multi Asset Fund is to deliver positive returns over a market cycle based on long-term capital growth and income through investment in collective investment schemes as well as directly held transferable securities, derivatives, cash, deposits, warrants and money market instruments. The Schrodgers Dynamic Multi Asset Fund may gain exposure to alternative asset classes including but not limited to property, commodities, hedge funds and private equity directly where permitted or through investment in transferable securities and other permitted assets which themselves invest in these asset classes.	UK CPI

\*This Fund is available only to those members who transferred into Ensign in October 2018, via a bulk transfer of members' benefits, and had existing benefits in this fund.

## Charges

The following charges are applied to the monies invested in the funds offered by the Trustee:

Fund	AMC*	Additional Expenses**	TER ***
Aegon BLK LifePath Flexi (BLK)	0.31	0.00	0.31
Aegon BLK LifePath Capital (BLK)	0.31	0.00	0.31
Aegon BLK LifePath Retirement (BLK)	0.31	0.00	0.31
Aegon BLK (30:70) Currency Hedged Global Equity Index (BLK)	0.32	0.02	0.34
Aegon BlackRock 60/40 Global Equity Index (BLK)	0.30	0.01	0.31
Aegon BlackRock World Multifactor Equity Tracker (BLK)	0.45	0.05	0.50
Aegon BlackRock World ESG Equity Tracker (BLK)	0.35	0.04	0.39
Aegon BLK UK Equity Index (BLK)	0.30	0.01	0.31
Aegon BLK Emerging Markets Equity Index (BLK)	0.45	0.06	0.51
Aegon BLK Over 15 Year Gilt Index (BLK)	0.30	0.01	0.31
Aegon BLK All Stocks UK Index Linked Gilt Index (BLK)	0.30	0.01	0.31
Aegon LGIM Pre-Retirement (BLK)^	0.30	0.00	0.31
Aegon BLK Corporate Bond All Stocks Index (BLK)	0.30	0.02	0.32
Aegon BLK Cash (BLK)	0.25	0.03	0.28
Aegon BLK Property (BLK)	0.95	0.03	0.98
Aegon HSBC Islamic Global Equity Index (BLK)	0.65	0.00	0.65
Aegon Ethical Global Equity Index (BLK)	0.55	0.00	0.55
Aegon Schroders Dynamic Multi Asset (BLK)	0.60	0.05	0.65

\* Annual Management Charge

\*\* Additional expenses are all the other operating costs and expenses (OCEs) within the fund, including the known fixed cost of operating the funds (fund administration, custody and professional fees), but excludes transaction costs. These costs can vary from fund to fund and from time to time, but are accurate as at April 2019.

\*\*\* Total Expense Ratio is the total of a fund's AMC and OCE. It excludes transaction costs on the fund's underlying assets.

^This Fund is available only to those members who transferred into Ensign in October 2018, via a bulk transfer of members' benefits, and had existing benefits in this fund.

The AMC and TER includes the platform provider's charges including the charges for the routine administration of Ensign and to meet some of the Trustee's costs in operating Ensign. The charges for the investment options are paid for by the members.

### Appendix 3 – AVC Policies Investment options

#### **Investment funds offered by Utmost Life and Pensions**

US Equity Fund  
European Equity Fund  
Asia Pacific Equity Fund  
UK FTSE All Share Tracker Fund  
Global Equity Fund  
UK Equity Fund  
UK Government Bond Fund  
Money Market Fund  
Managed Fund

#### **Investment funds offered by the Standard Life Assurance Company**

With-Profits One Fund  
Managed Pension Fund  
FTSE Tracker Pension Fund  
Ethical Pension Fund  
Mixed Bond Pension Fund  
UK Equity Pension Fund