The APT Pension Scheme

Statement of Investment Principles

January 2024

Preface

Scheme background

This Statement of Investment Principles (the ‘SIP’) details the principles governing investment decisions for The APT Pension Scheme (the ‘Scheme’).

The Scheme operates for the exclusive purpose of providing retirement and death benefits to eligible participants and beneficiaries, and provides benefits calculated on a defined benefit (DB) basis for members in the DB Section and benefits calculated on a defined contribution (DC) basis for members in the DC Section. The DB Section is closed to new entrants but remains open to future accrual. Members of the DB Section are also able to make additional voluntary contributions on a defined contribution basis.

Regulatory requirements and considerations

Under the Pensions Act 1995 (the ‘Act’) and subsequent legislation, principally the Occupational Pension Schemes (Investment) Regulations 2005 (as amended) (the ‘Investment Regulations’), the Trustee must secure that a written statement of the principles governing investment decisions is prepared and maintained for the Scheme.

This SIP also reflects The Pensions Regulator’s investment guidance for trustees running pension schemes that offer defined benefits that was issued in March 2017 and subsequently updated in September 2019 and the guidance for trustees running pension schemes that offer defined contribution benefits that was issued in July 2016 and subsequently updated in August 2023.

The Trustee is responsible for all aspects of the operation of the Scheme including this SIP.

In agreeing their investment strategy, the Trustee has had regard to:

- The requirements of the Act concerning suitability and diversification of investments and the Trustee will consider those requirements on any review of this SIP or any change in the investment policy.
- The requirement of the Investment Regulations: in particular that assets held to cover the Scheme’s technical provisions must also be invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the Scheme.
- In respect of the DC Section and additional voluntary contribution (AVC) arrangements provided on a money-purchase basis, the Trustee has taken into account the requirements and recommendations within The Pensions Regulator’s current code of practice 13: Governance and administration of occupational trust-based schemes providing money purchase benefits and regulatory guidance.

Information on the Trustee’s approach to investment matters within the AVC arrangements is included within this SIP.

Responsibilities and appointments

Only persons or organisations with the necessary skills, information and resources are actively involved in taking investment decisions affecting the Scheme. The Trustee draws on the expertise of external persons and organisations including the investment consultant, investment manager and the Scheme Actuary. Full details are set out in this SIP.

Consultation

In accordance with the Act, the Trustee has obtained and considered written advice from Buck Consultants (Administration & Investment) Limited (the investment consultant) prior to the preparation (or revision) of this SIP and have consulted Associated Petroleum Terminals (Immingham) Limited ('the Sponsoring Employer'). However, it should be noted that neither the Trustee (nor any investment manager to whom they have delegated any discretion to make decisions about investments) shall require the consent of the Sponsoring Employer to exercise any investment power.

This SIP was provided to the Scheme's investment manager for comment at the preparation stage and they are expected to act in line with the guidelines and constraints set out in their appointment documentation.

History and review

The Trustee will review this SIP at least every three years and without delay after each significant change in investment policy, taking note of any changes in the Scheme's liabilities. Once agreed, and after consultation with the Sponsoring Employer, a copy of this SIP will be given to the Scheme Actuary and will be made available to Scheme members on request and published on the following publicly available website: https://www.aptpensionsinfo.co.uk/index.php/documents/ .

The previous version of this SIP is dated:

June 2019

Contents

Statement of Investment Principles

Investment governance structure

All investment decisions are taken by the Trustee. The Trustee believes that collective responsibility is the appropriate structure, given the size of the board, except for specific projects when an investment sub-committee may be set up. The Trustee will undertake training where appropriate to ensure they have the necessary expertise to take the decisions required and to evaluate critically the advice received.

All investment decisions relating to the Scheme are under the control of the Trustee without constraint by the Sponsoring Employer. The Trustee will consult with the Sponsoring Employer when changing this SIP.

All day-to-day investment decisions are delegated to properly qualified and authorised investment manager of pension scheme portfolios. Investment management agreements and/or an insurance contract have been exchanged with the investment manager, and are reviewed from time-to-time to ensure that the manner in which they make investments on behalf of the Trustee Board is suitable for the Scheme, and appropriately diversified.

Investment strategy and objectives for the DB Section

The Scheme's investment strategy has been agreed by the Trustee having taken advice from the investment consultant in relation to the suitability of investments and the need to diversify and takes due account of the Scheme's liability profile along with the level of disclosed surplus or deficit.

The agreed investment strategy is based on an analysis of the Scheme's liability profile, the required investment return and the returns expected from the various asset classes over the long-term. The Trustee aims to achieve the overall investment objectives.

The Trustee's primary objectives are:

- To provide appropriate security for all beneficiaries.
- To achieve long-term growth sufficient to provide the benefits from the Scheme.
- To achieve an appropriate balance between risk and return with regards to the cost of the Scheme and the security of the benefits.

The Trustee has translated their objectives into a suitable strategic asset allocation benchmark for the Scheme, details of which are included in the appendices of this SIP.

In accordance with the Financial Services & Markets Act 2000, the Trustee is responsible for setting the general investment policy, but the responsibility for all day-to-day investment management decisions has been delegated to investment manager authorised under the Act. Details are included in the appendices of this SIP.

The Trustee is responsible for reviewing both the Scheme's asset allocation and investment strategy as part of each actuarial valuation in consultation with the Scheme's investment consultant. The Trustee may also reconsider the asset allocation and the investment strategy outside the triennial valuation period where necessary.

The Trustee considers the Scheme's current strategic asset allocation to be consistent with the current financial position of the Scheme. This assessment will be updated with reference to the Technical Provisions set out in the Scheme's Statement of Funding Principles once the 1st July 2024 actuarial valuation has been completed. "Technical provisions" is the value of the Scheme's liabilities for funding purposes as at the latest available Scheme-specific actuarial valuation date, being 1st July 2021.

The Trustee's policy in relation to the kinds of investments to be held
The Trustee has full regard to their investment powers as set out in Clause 13 of the Trust Deed and Rules dated 6th June 2017.

The Scheme may invest in quoted and unquoted securities of UK and overseas markets including:

- Equities.
- Fixed interest and index-linked bonds.
- Cash.
- Property.
- Private equity.
- Hedge funds and pooled investment vehicles considered appropriate for tax-exempt registered occupational pension schemes.

The Trustee has considered the attributes of the various asset classes (including derivative instruments), these attributes being:

- Security (or quality) of the investment.
- Yield (expected long-term return).
- Spread (or volatility) of returns.
- Term (or duration) of the investment.
- Exchange rate risk.
- Marketability/liquidity (i.e. the tradability on regulated markets).
- Taxation.

The Trustee considers all of the stated classes of investment to be suitable to the circumstances of the Scheme. The Scheme invests in pooled funds and cash. The Trustee has made the decision to invest the majority of assets in pooled funds because:

- The Scheme is not large enough to justify direct investment on a cost-effective basis.
- Pooled funds allow the Trustee to invest in a wider range of assets, which serves to reduce risk.
- Pooled funds provide a more liquid form of investment than certain types of direct investment.

The Trustee's policy in relation to the balance between different kinds of investments
The appointed investment manager will hold a diversified mix of investments in line with their agreed benchmark and within their discretion to diverge from the benchmark. Within each

major market each manager will maintain a diversified portfolio of securities. Full details are set out in Appendix 1 of this SIP.

The Trustee's policy in relation to the expected return on investments
The investment strategy is believed to be capable of exceeding, in the long run, the overall required rate of return assumed in the Scheme Actuary's published actuarial valuation report in order to reach a fully funded status under the agreed assumptions.

The Trustee's policy in relation to the realisation of investments
In the event of an unexpected need to realise all or part of the assets of the portfolio, the Trustee requires the investment manager to be able to realise the Scheme's investments in a reasonable timescale by reference to the market conditions existing at the time the disposal is required and subject to the best interests of the Scheme. The majority of the assets are not expected to take an undue time to liquidate.

The Trustee's policy in relation to financially material considerations
The Trustee expects their investment manager, where appropriate, to have taken account of financially material considerations, including environmental, social and governance (ESG) factors as part of their investment analysis and decision-making process.

The Trustee reviews, from time to time, the investment manager's policies in respect of financially material considerations.

The Trustee's policy in relation to the extent to which non-financial matters are taken into account
The Trustee's objective is that the financial interests of the Scheme members is their first priority when choosing investments. The Trustee has decided not to take members' preferences into account when considering these objectives.

Non-financial matters may be taken into account if the Trustee has good reason to think that the members would share the concern; and that the decision does not involve a risk of significant detriment to members' financial interests.

Investment strategy and objectives for the DC Section

The Trustee believes all relevant policies detailed above apply to members in the DC Section. This is because the Trustee believes that members of the DC Sections should not be treated differently. Detailed below are the specific differences that the Trustee has considered for the DC Section.

The Trustee believes that fund selection is an important decision for all members since it is likely to have an important influence on the risk taken and return achieved on members' pension savings. The Trustee regularly communicates with members to enable them to understand the importance of this area and to provide them with education to help them to make informed choices about their selection of funds.

However, the Trustee also recognises that in practice many members do not actively make an investment choice and are instead invested in the default option. The Trustee therefore recognises the importance of designing an appropriate default strategy for the Scheme's membership.

The Trustee's investment consultant provides advice regarding the suitability of both the default option and the self-select (Freestyle) options available.

Details of the default lifestyle and Freestyle options chosen (including the investment objectives of the individual funds), are shown in Appendix 3 of this SIP.

Whilst the Trustee believes that the chosen default option is a reasonable choice for a lot of the membership, ultimately each member should take into account their own personal circumstances when determining whether the default option or an alternative strategy would best meet their needs.

The default option has been designed having taken due regard to the membership profile of the Scheme, including consideration of:

- The size of members' retirement savings within the Scheme.
- Members' current level of income and hence their likely expectations for income levels post retirement.
- The fact that members may have other retirement savings invested outside of the Scheme.
- The ways members may choose to use their savings to fund their retirement.

These factors have also been considered when setting the range of alternative investment options from which members can choose.

The objective of the default strategy is to provide a balanced investment strategy for members who do not make an active investment choice. The strategy aims to increase the level of return (net of fees) that a member could expect to receive from the Scheme over the course of their working lifetime, while reducing the risk of them having income provision in retirement significantly below what may reasonably be expected.

The Trustee recognises that members using the default strategy are likely to be less financially aware than those using self-select options and have taken this into account in the strategy design.

The objective of the alternative investment options available is to allow members to tailor their investments based on their individual investment requirements, while avoiding complexity. The range should assist members in achieving the following:

- maximising the value of retirement benefits, to ensure a reasonable standard of living in retirement,
- protecting the value of benefits in the years approaching retirement against equity market falls and (should they decide to purchase an annuity) fluctuations in annuity costs, and
- tailoring a member's investments to meet his or her own needs, and to how the member intends to make use of their benefits at and through retirement.

Members are advised to take independent financial advice before choosing between these funds.

The Trustee is satisfied that the funds offered to members and the appointed investment manager is consistent with the objectives of the Scheme, particularly in relation to diversification, risk, expected return and liquidity.

The Trustee's policy in relation to illiquid assets for the purposes of the default strategy in the DC Section

The Trustee's policy is to only access illiquid assets indirectly for the purposes of the Scheme's default arrangement.

Illiquid assets are defined as assets of a type which cannot easily or quickly be sold or exchanged for cash and where assets are invested in a collective investment scheme, includes any such assets held by the collective investment scheme.

Illiquid assets can be included within the default investment strategy through holdings in the following collective investment scheme:

Fund	Illiquid assets held*
LGIM APT Diversified Multi-Asset Fund	Property

*The underlying investment managers may have discretion to decide on the allocation to illiquid assets.

Due to the nature of the default investment strategy, members' holdings in this fund will vary over the 25 year period preceding retirement as shown in this SIP.

The Trustee has chosen a collective investment scheme that holds illiquid assets for the following reasons:

- to provide diversification, which is expected to provide better risk adjusted returns;
- to gain an expected illiquidity premium over the long term;

The Trustee expects that including these illiquid assets within the default arrangement will provide better value for members over the long term, net of fees. However, the Trustee recognises that the inclusion of illiquid assets does not guarantee better future results.

The Trustee has taken the decision not to hold illiquid assets **directly** based on the following:

- the potential for liquidity risks to impact members' benefits;
- high fees;
- additional administration and the risks to members of moving from daily dealing;
- complex or inflexible pricing structures including performance fees.

The Trustee has no current plans to increase their investments in illiquid assets in the future. However, they review the default strategy from time to time, and this review will include a review of the appropriate level and type of illiquid assets to hold.

The Trustee's policy in relation to the balance between different kinds of investments in the DC Section

The investment manager will maintain a diversified portfolio of stocks and/or bonds within each of the funds offered under the Scheme (both within the default and self-select options). In addition, the design of the default strategy provides further diversification through the use of multiple funds throughout a member's working lifetime.

The Trustee’s policy in relation to the expected return on investments in the DC Section
The default option is expected to provide an appropriate return on members’ investments, based on the Trustee’s understanding of the Scheme’s membership and having taken into account the risk considerations set out below.

Risk capacity and risk appetite

The Trustee, after seeking appropriate investment advice, has selected a strategic asset allocation benchmark for the Scheme’s DB Section including control ranges for each asset class and or geographic region, and have selected individual funds and/or glidepath arrangements for the Scheme’s DC Section (see Appendix 3).

Subject to their respective benchmarks and guidelines (shown in Appendix 1) the investment managers are given full discretion over the choice of stocks and are expected to maintain a diversified portfolios.

The Trustee is satisfied that the investments selected are consistent with their investment objectives, particularly in relation to diversification, risk, expected return and liquidity.

The Trustee’s policy in relation to risks (DB Section)
The Trustee considers the main risk to be that of the assets being insufficient to meet the Scheme’s liabilities as they fall due. The Trustee has assessed the likelihood of undesirable financial outcomes arising in the future.

Investment policies are set with the aim of having sufficient and appropriate assets to cover the Scheme’s Technical Provisions, and with the need to avoid undue contribution rate volatility.

In determining their investment strategy, the Trustee received advice from the investment consultant as to the likely range of funding levels for strategies with differing levels of investment risk relative to the Scheme’s liability profile, the impact these strategies may have on their future funding levels and as to the investment risk they entail, relative to the Scheme’s. Taking this into account, along with the expected returns underlying the most recent actuarial valuation, the strategy outlined in Appendix 1 of this SIP has been adopted.

Although the Trustee acknowledges that the main risk is that the Scheme will have insufficient assets to meet its liabilities, the Trustee recognises other contributory risks, including the following. Namely the risk:

- associated with the differences in the sensitivity of asset and liability values to changes in financial and demographic factors.
- of the Scheme having insufficient liquid assets to meet its immediate liabilities.
- of the investment manager failing to achieve the required rate of return.
- due to the lack of diversification of investments.
- of failure of the Scheme’s Sponsoring Employer to meet its obligations.

The Trustee manages and measures these risks on a regular basis via actuarial and investment reviews, and in the setting of investment objectives and strategy.

The Trustee undertakes monitoring of the investment manager’ performance against their targets and objectives on a regular basis.

Each fund in which the Trustee invests has a stated performance objective against which investment performance will be measured. These are shown in Appendix 1. Within each asset class, the investment manager is expected to maintain a portfolio of securities (or funds), which ensures that the risk being accepted in each market is broadly diversified.

The divergence of the actual distribution of the investments from the benchmark weighting for each fund will be monitored by the Scheme's investment manager while the divergence from the overall benchmark will be monitored by the Trustee. Any deviation from the target asset allocations will be discussed periodically with the investment consultant.

The Trustee's policy in relation to risks (DC Section)

The Trustee has considered risk from a number of perspectives. These are the risk that:

- the investment return over members' working lives will not keep pace with inflation and does not, therefore, secure an adequate retirement income,
- investment market movements in the period prior to retirement lead to a substantial reduction in the anticipated level of pension or other retirement income,
- investment market movements in the period just prior to retirement lead to a substantial reduction in the anticipated cash lump sum benefit,
- the default option is not suitable for members who invest in it, and
- fees and transaction costs reduce the return achieved by members by an inappropriate extent.

The investment strategy for the default option has been chosen with the aim of reducing these risks. The self-select funds available have been chosen to provide members with the flexibility to address these risks for themselves.

To help address these risks, the Trustee also reviews the default option used and the fund range offered at least every three years, taking into account changes to the membership profile, developments within DC markets (including both product development and trends in member behaviour) and changes to legislation.

Stewardship in relation to the Scheme's assets

The Trustee has a fiduciary duty to consider their approach to the stewardship of the investments, to maximise financial returns for the benefit of members and beneficiaries over the long term. The Trustee can promote an investment's long-term success through monitoring, engagement and/or voting, either directly or through each investment manager.

The Trustee seeks to appoint managers that have strong stewardship policies and processes and are supportive of their investment manager being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020.

The Trustee's policy in relation to engagement and monitoring (including peer to peer engagement)

The Trustee's policy is to delegate responsibility for engaging and monitoring investee companies to the investment manager and the Trustee expects the investment manager to use their discretion to maximise financial returns for members and others over the long term.

The Trustee recognises that the investment manager's ability to influence the companies in which they invest will depend on the nature of the investment.

The Trustee acknowledges that the concept of stewardship may be less applicable to some of their assets, particularly for short-term money market instruments and gilt investments.

The Trustee reviews each investment manager prior to appointment and monitors them on an ongoing basis through the regular review of the investment manager's voting and engagement policies, their investment consultant's ESG rating, and a review of each manager's voting and engagement behaviour.

The Trustee has not set out its own stewardship priorities but follows that of the investment managers.

The Trustee will engage with the investment manager should they consider that manager's voting and engagement policy to be inadequate or if the voting and engagement undertaken is not aligned with the investment manager's own policies, or if the investment manager's policies diverge significantly from any stewardship priorities identified by the Trustee from time to time.

If the Trustee finds any investment manager's policies or behaviour unacceptable, they may agree an alternative mandate with the manager or decide to review or replace the manager.

As investments are held in pooled vehicles, the Trustee does not envisage being directly involved with peer-to-peer engagement in investee companies.

The Trustee's policy in relation to voting rights

The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attached to investments to the investment manager and to encourage the manager to exercise those rights. The Trustee has not set out their own voting policy but follow that of the investment manager. Each investment manager is expected to provide regular reports for the Trustee detailing their voting activity.

Investment management monitoring

In addition to the stewardship activities described above, the Trustee will assess the performance, processes and cost effectiveness of the investment manager by means of regular, but not less than annual, reviews of the results and other information, in consultation with the investment consultant.

All investment decisions, and the overall performance of the investment manager, are monitored by the Trustee with the assistance of the investment consultant.

The investment manager will provide the Trustee with quarterly statements of the assets held along with a quarterly performance report. The investment manager will also report orally on request to the Trustee.

The investment manager will inform the Trustee of any changes in the internal performance objective and guidelines of any pooled funds used by the Scheme as and when they occur.

The Trustee will assess the quality of the performance and processes of the investment manager by means of a review at least once every three years in consultation with the investment consultant.

The Trustee receives an independent investment performance monitoring report from the investment consultant on a biannual basis.

Appropriate written advice will be taken from the investment consultant before the appointment or removal of the investment manager.

The Trustee's policy in relation to their investment manager

In detailing below the policies on the investment manager arrangements, the over-riding approach of the Trustee is to select investment managers that meet the primary objectives of the Trustee. As part of the selection process and the ongoing review of the investment managers, the Trustee consider how well each investment manager meets the Trustee's policies and provides value for money over a suitable timeframe.

- **How the arrangement incentivises the investment managers to align their investment strategy and decisions with the Trustee's policies**

  The Trustee has delegated the day-to-day management of the Scheme's assets to investment managers. The Scheme's assets are invested in pooled funds which have their own policies and objectives and charge a fee, agreed with the investment manager, for their services. Such fees incentivise the investment manager to adhere to their stated policies and objectives.

- **How the arrangement incentivises the investment managers to engage and take into account financial and non-financial matters over the medium to long-term**

  The Trustee, in conjunction with their investment consultant, appoints their investment managers and chooses the specific pooled fund to use in order to meet specific Scheme policies. They expect that their investment managers make decisions based on assessments about the financial and non-financial performance of underlying investments, and that they engage with issuers of debt or equity to improve their performance (and thereby the Scheme's performance) over an appropriate time horizon.

  The Trustee also expects their investment managers to take non-financial matters into account as long as the decision does not involve a risk of significant detriment to members' financial interests.

- **How the method (and time horizon) of the evaluation of the investment managers' performance and the remuneration for asset management services are in line with the Trustee's investment policies**

  The Trustee expects their investment managers to invest the assets within their portfolio in a manner that is consistent with the guidelines and constraints set out in their appointment documentation. The Trustee reviews the investment managers periodically. These reviews incorporate benchmarking of performance and fees. Reviews of performance focus on longer-term performance (to the extent that is relevant), e.g. looking at five years of performance.

  If the Trustee determines that an investment manager is no longer managing the assets in line with the Trustee policies they will make their concerns known to the investment manager and may ultimately disinvest.

  The Trustee pays their investment managers a management fee which is a fixed percentage of assets under management.

Prior to agreeing a fee structure, the Trustee, in conjunction with their investment consultant, considers the appropriateness of this structure, both in terms of the fee level compared to that of other similar products and in terms of the degree to which it will incentivise the investment manager.

- **How the Trustee monitors portfolio turnover costs incurred by the investment managers, and how they define and monitor targeted portfolio turnover or turnover range**

  The Trustee, in conjunction with their investment consultant, has processes in place to review investment turnover costs incurred by the Scheme on an annual basis. The Trustee receives a report which includes the turnover costs incurred by the investment managers used by the Scheme.

  The Trustee expects turnover costs of the investment managers to be in line with their peers, taking into account the style adopted by the investment managers, the asset class invested in and prevailing market conditions.

  The Trustee does not explicitly monitor turnover, set target turnover or turnover ranges. The Trustee believes that the investment managers should follow their stated approach with a focus on risk and net return, rather than on turnover. In addition, the individual mandates are unique and bespoke in nature and there is the potential for markets to change significantly over a short period of time.

- **The duration of arrangements with investment managers**

  The Trustee does not in general enter into fixed long-term agreements with their investment managers and instead retains the ability to change an investment manager should the performance and processes of the investment manager deviate from the Trustee's policies. However, the Trustee expects their manager appointments to have a relatively long duration, subject to the managers adhering to its stated policies, and the continued positive assessment of its ability to meet its performance objective.

Employer-related investments

The Trustee will not make direct investments in the Sponsoring Employer's own securities. The Trustee has delegated the responsibility for the exercising of any voting rights attached to any Sponsoring Employer investment held to the investment manager.

Additional voluntary contributions (AVCs)

The Trustee has full discretion as to the appropriate investment vehicles made available to members of the DB Section of the Scheme for their voluntary contributions. Only investment vehicles normally considered suitable for voluntary contributions will be considered by the Trustee, having taken appropriate written advice from their investment advisers.

The Trustee makes available the same range of investment options as those available to DC Section members (See Appendix 3)

In selecting this range of funds offered the Trustee has taken advice from their professional advisers on:

- The risks faced by members in investing on a money purchase basis.

- The Trustee’s responsibilities in the selection and monitoring of the investment options offered.

The Trustee will continue to manage the AVC arrangements having taken professional advice on these matters.

The Trustee will monitor the performance of AVC providers periodically.

Members are directed to seek independent financial advice when considering their AVC arrangements.

Appointments and responsibilities

This section sets out the key appointments and responsibilities with respect to the investment aspects of the Scheme.

A full list of the Scheme's advisers is provided at the front of the Scheme's Annual Report and Financial Statements. However, at the time of writing this SIP:

- The DB Section investment consultants are Buck Consultants (Administration & Investment) Limited.
- The DC Section investment consultants are Buck Consultants (Administration & Investment) Limited.
- The investment manager is detailed in the Appendices to this SIP.
- For pooled funds, custodial duties are undertaken by the relevant investment manager and, therefore, are not detailed in this SIP.
- The Scheme Actuary is Mark Williams of Buck, a Gallagher Company.

Trustee

The Trustee's primary responsibilities include:

- The preparation of this SIP, reviewing its contents and modifying it if deemed appropriate, in consultation with the Sponsoring Employer and the investment consultant, at least every three years. The SIP will also be reviewed following a significant change to investment strategy and/or the investment manager.
- Appointing investment consultants and investment manager as necessary for the good stewardship of the Scheme's assets.
- Reviewing the DB Section investment strategy as part of each triennial actuarial valuation, and/or asset liability modelling exercise, and/or significant changes to the Scheme's liabilities, taking advice from the investment consultant.
- Reviewing the DC Section investment strategy and default option at least every three years, and/or after any significant changes to the membership profile, taking advice from the investment consultant
- Reviewing the stewardship / voting policies of the investment manager and undertaking the ongoing monitoring and engagement with their investment manager as appropriate.
- Assessing the processes and the performance of the investment manager by means of regular, but not less than annual, reviews of information obtained (including investment performance).
- Monitoring compliance of the investment arrangements with this SIP and with the relevant sections of the Act, the Investment Regulations and any regulatory guidance on a regular basis.
- Monitoring risk and the way in which the investment manager have cast votes on behalf of the Trustee in respect of the Scheme's equity holdings.
- Setting objectives for the appointed investment consultant (and reviewing these at least every three years, and following any significant change to investment strategy), and

reviewing the investment consultant’s performance against these objectives at least annually.

Investment consultant

The main responsibilities of the investment consultant include:

- Assisting the Trustee in the preparation and periodic review of this SIP in consultation with the Sponsoring Employer.
- Undertaking project work including the development and review of investment strategy, investment performance and manager structure as required by the Trustee.
- Advising the Trustee on the selection and review of the investment manager.
- Providing training or education on any investment related matter as and when the Trustee see fit.
- Monitoring and advising upon where DB Section contributions should be invested or disinvested on a periodic basis.

Investment manager

The investment manager’s main responsibilities include:

- Investing the assets within their portfolio in a manner that is consistent with the guidelines and constraints set out in their appointment documentation.
- Ensuring that the investment of the assets within their portfolio is compliant with prevailing legislation.
- Providing the Trustee with reports and a review of the investment performance of their portfolio.
- Meetings with the Trustee as and when required.
- Informing the Trustee of any changes in the fee structure, internal performance objectives and guidelines of any pooled fund within their portfolio as and when they occur.
- Considering financially material risks affecting investments within their portfolio.
- Exercising voting rights on shareholdings within their portfolio in accordance with their general policy.
- Obtaining a copy of the Trustee’s investment consultant objectives prior to undertaking work to ensure they understand the Trustee’s requirements.

Scheme Actuary

The Scheme Actuary’s main responsibilities in respect of investment policy include:

- Commenting on the suitability of the Scheme's DB Section investment strategy given the financial characteristics of the Scheme.
- Performing the triennial (or more frequently as required) actuarial valuation and advising on the Scheme’s funding level and therefore the appropriate level of contributions in order to aid the Trustee in balancing short-term and long-term investment objectives.

Compliance

The Scheme's SIP is available to members on request and is also made publicly available free of charge on the following website: https://www.aptpensionsinfo.co.uk/index.php/documents/ .

A copy of the Scheme's current SIP is also supplied to the Sponsoring Employer, the Scheme's auditors and the Scheme Actuary.

This SIP, taken as a whole with the Appendices, supersedes all others and was approved by the Trustee.

Full name	
Signature	
Position	
For and on behalf of the	Trustee Directors of the Scheme
Date	

Full name	
Signature	
Position	
For and on behalf of the	Trustee Directors of the Scheme
Date	

Appendix 1 – Strategic benchmark and objectives

Scheme's target asset allocation

The Scheme's target asset allocation is tabulated below:

Asset type	Investment style	Allocation (%)	Control Ranges (%) +/-
Diversified Growth Fund	Active	15.0	1.50
Long Dated UK Corporate Bonds	Passive	35.0	3.50
Matching Gilts	Passive	50.0	5.00
Total		100.0	

Benchmark and performance objectives

Benchmark indices and relative performance objectives for each of the funds in which the Scheme's assets are invested are outlined below. All performance targets are gross of fees and relate to rolling three-year periods.

Manager	Fund	Benchmark index	Objective % p.a.
LGIM	Diversified Fund	Composite	N/A
	AAA-AA-A Bonds-Over 15Y Index	Markit iBoxx £ Non-Gilts (ex-BBB) Over 15 Year Index	Track benchmark to within +/- 0.5% p.a. for 2 years out of 3.
	5-15 Year Index-Linked Gilt Fund	FTSE Actuaries UK Index-Linked Gilts 5-15 Years Index	Track benchmark to within +/- 0.25% p.a. for 2 years out of 3.
	Over 5 Year Index-Linked Gilts Fund	FTSE Actuaries UK Index-Linked Gilts Over 5 Years Index	Track benchmark to within +/- 0.25% p.a. for 2 years out of 3.

Appendix 2 – Fees

Investment manager fees

Manager	Fund	Investment style	Management fee % p.a.
LGIM	Diversified Fund	Active	0.300
	AAA-AA-A Bonds-Over 15Y Index	Passive	0.065
	5-15 Year Index-Linked Gilt Fund	Passive	0.035
	Over 5 Year Index-Linked Gilts Fund	Passive	0.035

The investment manager charges an additional £1,000 fixed fee p.a.

Investment consultancy fees

The investment consultant provides agreed services on a fixed fee basis, with additional projects provided on a time cost basis subject to agreement in advance.

The basis of remuneration is kept under review.

Appendix 3 – DC Section and DB Section Additional Voluntary Contributions – Fund range and objectives

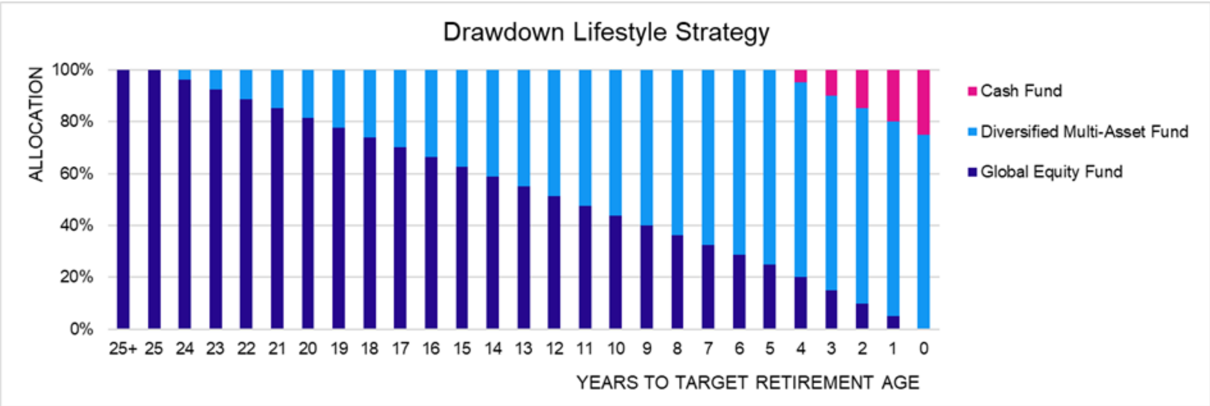
Default option

The default option for members who do not make an investment choice is for their funds to be invested in the Drawdown lifestyle strategy.

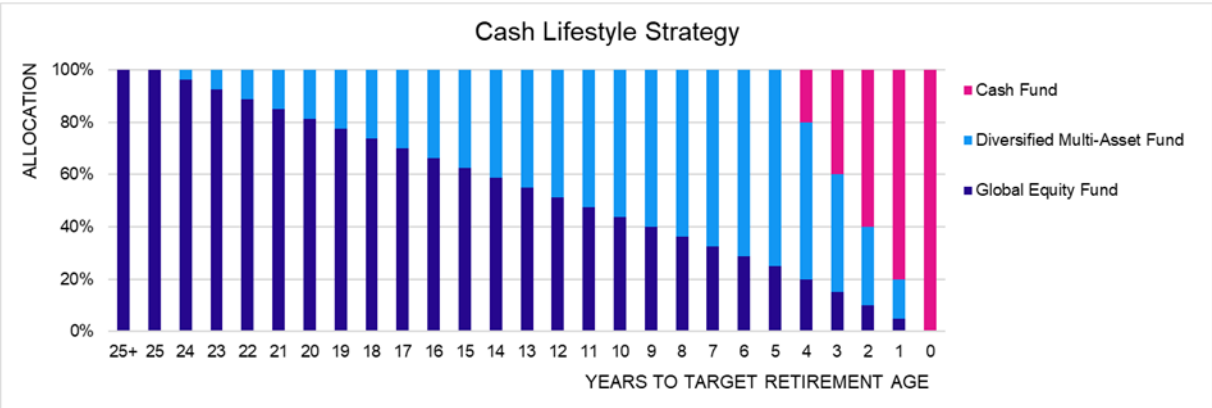
Lifestyle strategy

The lifestyle strategy entails members' assets being switched between funds as they approach their target retirement age.

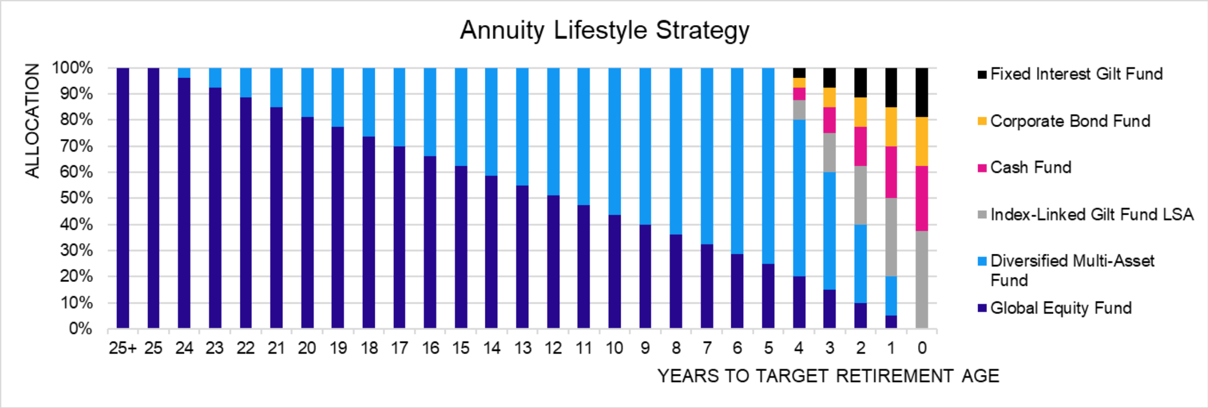
The lifestyle switching profiles offered to members are shown below:



The Drawdown Lifestyle strategy is designed for members who want to vary the amount they take from their pension savings each year when they retire. It might also be appropriate for those members who are not sure yet how they might want to use their member account.



The Cash Lifestyle strategy is for members who are interested in taking the full amount of their member account as cash.



The Annuity Lifestyle strategy is for members who like the idea of using their member account to provide a guaranteed regular income and a tax-free cash sum of up to 25% of their pension savings.

Self Select (Freestyle) fund options

In consultation with its investment advisers, the Trustee has created a range of special 'white label' funds that are only available to scheme members to invest in. 'White labelling' means the funds have names that explain as clearly as possible what the fund invests in. So, for example, if you want to invest in global equities, you can see at a glance that you can do so. However, the actual fund (or funds) behind this 'white label' will be a specific investment fund or funds.

The following funds are available to members:

White Label Fund	Underlying Funds	Benchmark index / Comparator
Global Equity Fund	LGIM All World Global Equity Fund	Composite
UK Equity Fund	LGIM UK Equity Index Fund	FTSE All-Share Index (less withholding tax where applicable)
Overseas Equity Fund	LGIM World (ex UK) Equity Index Fund	FTSE World (ex UK) Index (less withholding tax where applicable)
Diversified Multi-Asset Fund	See below	Composite
Index-linked Gilt Fund	LGIM Over 5 Year Index-Linked Gilt Fund	FTSE Actuaries UK Index Linked Gilts Over 5 Years Index

Fixed Interest Gilt Fund	LGIM Over 15 Year Gilt Index Fund	FTSE Actuaries UK Conventional Gilts Over 15 Years Index
Corporate Bond Fund	LGIM AAA-AA-A Bonds Over 15 Year Index Fund	Markit iBoxx £ Non-Gilts (ex BBB) Over 15 Years Index
Cash Fund	LGIM Cash Fund	SONIA (Sterling Overnight Index Average)
Future World Multi-Asset Fund	LGIM Future World Multi-Asset Fund	ABI Mixed Inv 40-85% Shares Sector

Diversified Multi-Asset Fund Blend

White Label Fund	Underlying Funds	Allocation	Benchmark index / Comparator
LGIM APT Passive Multi-Asset Blend	See below	50%	Composite
LGIM PMC BlackRock DC Diversified Growth Fund	BlackRock DC Diversified Growth Fund	25%	FTSE All-Share Index (less withholding tax where applicable)
LGIM PMC Schroder Dynamic Multi-Asset Fund	Schroder Sustainable Future Multi-Asset Fund	25%	ICE BofA Sterling 3-Month Government Bill Index plus 3.5% per annum (before fees have been deducted)

LGIM APT Passive Multi-Asset Blend

White Label Fund	Underlying Funds	Allocation	Benchmark index / Comparator
LGIM APT Growth Fund Blend	See below	35%	Composite
	LGIM Over 5 Year Index-Linked Gilt Fund	15%	FTSE Actuaries UK Index Linked Gilts Over 5 Years Index
	LGIM AAA-AA-A Bonds Over 15 Year Index Fund	15%	Markit iBoxx £ Non-Gilts (ex BBB) Over 15 Years Index
	Overseas Bond Index Fund	10%	J.P. Morgan Global Government (ex UK) Traded Bond Index

	Hybrid Property 70:30 Fund	10%	70% MSCI/AREF UK Quarterly All Balanced Property Fund Index (UK PFI) 30% FTSE EPRA/NAREIT Developed Real Estate Index

LGIM APT Growth Fund Blend

Underlying Funds	Allocation	Benchmark index / Comparator
LGIM All World Equity Index Fund	50%	FTSE All-World Index (less withholding tax where applicable)
LGIM Low Carb Trans Global Equity Fund	50%	Solactive L&G Low Carbon Transition Global Index (less withholding tax where applicable)

Appendix 4 – DC Section and DB Section Additional Voluntary Contributions – Fund Management Fees

White Label Fund	Management Fees % p.a.
Global Equity Fund	0.1000
UK Equity Fund	0.4750
Overseas Equity Fund	0.0900
Diversified Multi-Asset Fund	0.2728
Index-linked Gilt Fund	0.0350
Fixed Interest Gilt Fund	0.0350
Corporate Bond Fund	0.0650
Cash Fund	0.1100
Future World Multi-Asset Fund	0.3000