

# Fidelity Master Trust

## Statement of Investment Principles

30 September 2024

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## 1. Background

- 1.1 By law the trustees of the Fidelity Master Trust (the “Scheme”) (referred to hereinafter as the “Trustees”) are required to produce a “Statement of Investment Principles” (“SIP”).
- 1.2 The SIP states the investment principles governing decisions about investments for the purposes of the Scheme and is produced by the Trustees of the Scheme in compliance with section 35 of the Pensions Act 1995 and all subsequent relevant legislation.
- 1.3 The Scheme operates to provide retirement and death benefits to eligible participants and beneficiaries for members of the Scheme.
- 1.4 The Scheme is designed for multiple employers but is delivered under a single trust arrangement and governed by a board of trustees (the “Trustees”) consisting of both independent professional trustees and senior Fidelity employees.
- 1.5 The SIP will be made available to all participating employers and prospective employers prior to selecting the Scheme. All advice the Trustees receive regarding investment options for an employer of the Scheme will refer to the SIP and indicate how the principles defined within it have been addressed. It will also consider the appropriateness of fees and charges payable by members of the Scheme.

## 2. Key Parties in the Scheme

- 2.1 There are multiple parties that work together to deliver the highest standards of governance in running the Scheme. The key parties involved are as follows:
  - (i) **The Trustees:** The Trustees’ overall responsibility is to make sure that the Scheme is well-run and to look after members’ best interests. Responsibilities include:
    - a. Selecting, monitoring and reviewing the investment options made on the two default arrangements and Core Fund Range of the Scheme and any bespoke fund arrangements offered to some of the participating employers
    - b. Communicating to members as appropriate
    - c. Ensuring the Scheme meets all legal and regulatory requirements
    - d. To act in the best interests of the members of the Scheme
    - e. Preparing and making available to participating employers and members, a Chair’s Statement confirming how the scheme meets the relevant governance standards and including information on the Trustees’ ‘Value for Members’ (VFM) assessment of the Scheme
    - f. Producing, reviewing, and signing off the Scheme’s SIP
    - g. Taking into account financially material factors such as Environmental, Social and Governance factors, including climate change in the selection, retention and realisation of investments
    - h. Considering how and whether non-financially material factors should be taken into account

- (ii) **The Platform Provider:** Funds are offered to members of the Scheme through a DC platform provider, currently FIL Life Insurance Limited (“FIL Life”). The responsibilities of the Platform Provider include:
  - a. Making available a suitable range of funds for trustees to choose from
  - b. Quarterly reports on the performance of the funds used within the Scheme
  - c. The safekeeping and provision of appropriate administration of the assets used within the pooled funds in the Scheme
  - d. Suggesting, where appropriate, the default arrangement and fund choices for consideration by the Trustees and their advisers
  - e. Due diligence undertaken when onboarding funds
  
- (iii) **Fund Managers:** The Trustees access their funds through a life policy issued by FIL Life. FIL Life in turn links into underlying funds managed by a range of fund managers. The Fund Managers manage the investment of the funds’ assets on a day-to-day basis. Their responsibilities primarily focus on ensuring the funds meet their stated objectives, managing the funds within the fund guidelines and providing notification of any changes to the management of the funds where appropriate. The Trustees also expect Fund Managers to report on their shareholder voting and engagement policies as well as provide information to trustees around how they are considering and integrating ESG including climate change risks and opportunities into their investment process.
  
- (iv) **Investment Adviser:** The Trustees retain an investment adviser. The Investment Adviser provides advice on all investment matters including reviewing the default arrangement and core fund range for each section of the scheme. They may also assist with the points mentioned in 2.1(i) above. The investment adviser to the Trustees also provides advice on the contents of the SIP which is reviewed on an annual basis.
  
- (v) **Legal Adviser:** The legal adviser provides legal advice to the Trustees on matters related to legal and regulatory requirements.
  
- (vi) **Auditor:** The Auditor carries out independent checks on the Master Trust’s report and accounts.

### 3. Investment Objectives and Options

- 3.1 The Trustees have the sole power to invest the assets of the Scheme. The investments are accessed through life funds which are issued by FIL Life.
- 3.2 The Trustees offer access to a suitably diverse range of life funds covering an appropriate spread of risk and return options. The Trustees have a default arrangement and core fund range but can offer access to a bespoke default arrangement and extended fund range for any of the underlying sponsors sections subject to suitable ongoing investment advice being received. The Trustees have specified that the standard fund range should:
  - (i) Include choices suitable for members of different ages and with different retirement plans

- (ii) Be designed to deliver long term positive returns taking into account a number of risks
  - (iii) Seek where possible to mitigate the risks described below in section 6
  - (iv) Be suitable for employers regardless of their industry or size
  - (v) Include funds that can be used within default arrangements
  - (vi) Include consideration for ESG factors
- 3.3 As a DC scheme, member benefits are solely dependent on the amount of money paid into (or withdrawn from) their individual accounts and the performance of their investments (net of costs).

### **Investment Objectives**

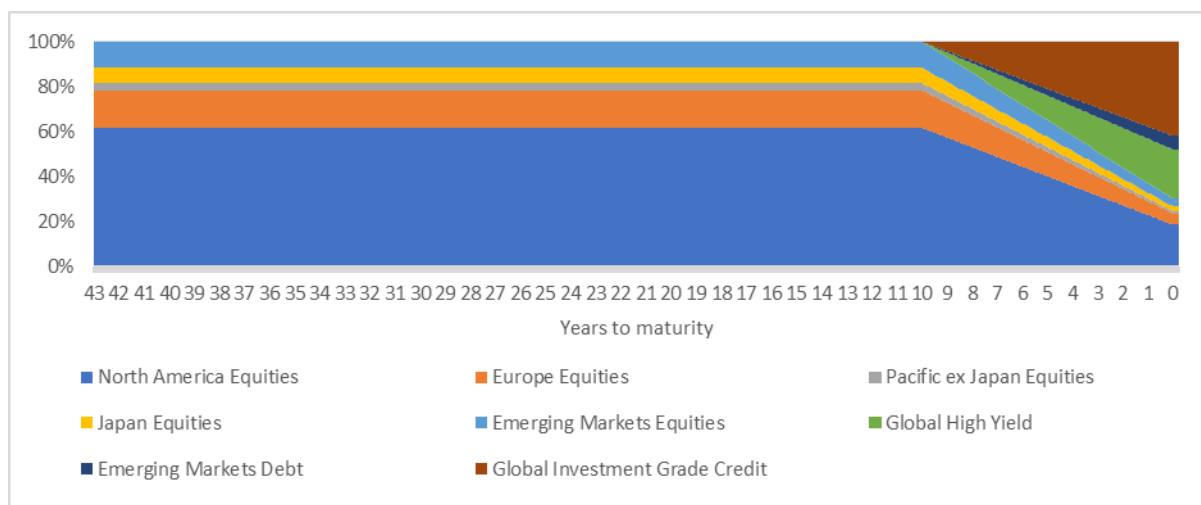
- 3.4 The Trustees' overall objective is to provide investment options that enable members to grow their savings (after charges) over the long term, and to manage risks appropriately.
- 3.5 The Scheme offers a standard selection of investments termed the "core fund range" that fully falls under the governance remit of the Trustees.
- 3.6 The Scheme also offers two default arrangements that are expected to meet the objective stated in 3.4 and follow guidance from The Pensions Regulator and the Department for Work & Pensions guidance for offering a default arrangement for defined contribution automatic enrolment pension schemes.
- 3.7 Furthermore, the Trustees believe that the self-select funds, offered as an alternative or a complement to the default arrangement in the core fund range, enable members to choose their own portfolio of funds which would achieve the same objective stated in section 3.4.
- 3.8 The Trustees also consider financially material factors such as ESG including climate change risks and opportunities within the default arrangement and the available choice of self-select funds made available for the Scheme.

### **Investment Options**

- 3.9 Details of the default arrangement of the standard investment offering of the Scheme are contained in Section 4. Details of the investment pathways funds that the Master Trust makes available to members who have crystallised their assets are available in section 5. Details of the self-select investment options in the core fund range for the standard section are contained in the appendix.
- 3.10 If employers do not wish to utilise the standard section of the scheme they may take independent advice and establish their own bespoke fund range and default arrangement. The Trustees must be provided with advice on an annual basis around the appropriateness of any bespoke fund range and default in relation to their ongoing suitability.
- 3.11 Where a bespoke default arrangement and /or fund range is established, details are contained in a separate "Employer Specific" appendix to the SIP.

#### 4 Scheme Default Investment Arrangement - FutureWise Target Date Funds

- 4.1 The default investment arrangement is the investment into which members funds are automatically invested without them having made an explicit choice. This could be a lifestyle strategy or other life funds.
- 4.2 The FutureWise TDFs objective until its maturity date is to provide a return on investment with a portfolio composition that gradually changes to a more conservative risk profile (compared to the risk profile at launch) as the fund approaches its maturity date. In practice this means the fund will target capital growth for when members are far from retirement by investing 100% in global equities, then as members approach retirement (approximately 8-12 years from retirement), the allocation to equities is reduced and the allocation to bonds is increased until retirement where the approximate allocation is 30% equities and 70% bonds. At and into retirement, the objective of the FutureWise TDFs is to generate a sustainable level of income over the long-term (approximately 3.5-4% per annum).
- 4.3 The FutureWise TDFs are managed by BlackRock with Fidelity advising on the asset allocation of each of the TDFs. Each TDF invests into several underlying funds and broadly follows the strategic asset allocation set out by Fidelity as shown below:



- 4.4 While the funds will broadly follow the strategic asset allocation above, they will also make use of tactical asset allocation leading up to and into retirement, to allow Fidelity to better add value and control risk across market cycles. The degree of tactical asset allocation permissible is set out in the prospectus for the funds.
- 4.5 In addition to tactical asset allocation, the TDF structure allows Fidelity and BlackRock to add and remove underlying funds to achieve the funds' objective. It also allows Fidelity to determine the point at which each individual TDF begins to de-risk from 100% equities into bonds. The neutral de-risking point for de-risking will be 10 years to retirement, but Fidelity has flexibility to delay or expedite this process to between 8 and 12 years to retirement.

- 4.6 The FutureWise TDFs are offered in 5-year cohorts and currently run at the following vintages: 2070, 2065, 2060, 2055, 2050, 2045, 2040, 2035, 2030 and 2025, as well as a Retirement Fund.
- 4.7 The TDF that members are automatically assigned to depends on the member's default or nominated retirement age and thus their expected retirement date. Members will automatically be placed in the TDF that is within 2 calendar years of their retirement date. For example, the 2050 TDF would cover members with a retirement date between 01/01/2048 and 31/12/2052.
- 4.8 Each TDF has a target date of 30 June of its target year. Approximately 3 years post this target date the TDF will be closed, and members' assets will be moved to the FutureWise Retirement Fund. The asset allocation of the FutureWise Retirement Fund will follow the strategic asset allocation of the glidepath at retirement (0 years to retirement) with permissible deviations for tactical asset allocation as mentioned above.
- 4.9 In addition to forming the default range of funds, all FutureWise TDFs will be available as self-select options.
- 4.10 The TDFs also have in place their own ESG policy and the underlying funds will make use of both Fidelity's and BlackRock's proprietary ESG rating systems. The underlying funds used by the TDF will look to overweight towards companies with high or improving ESG scores relative to the relevant market cap index and look to underweight companies with poorer ESG scores relative to the relevant market cap index, within permissible tracking errors. The TDFs will also aim to have a lower carbon emissions intensity score than the parent index (across all corporate holdings). The Trustees will review the consideration of ESG and climate in the TDFs to ensure that these continue to align to the Trustees ESG and climate beliefs as set out in the ESG and Climate policies.
- 4.11 Throughout the default investment arrangement, the Scheme invests in life funds which can be quickly realised as required, notwithstanding comments in section 7 relating to liquidity.
- 4.12 The Trustees will also review the default arrangement on an ongoing basis to ensure that it appropriately aligns to their views on ESG (indicated in section 7) and may make changes to the default arrangement where necessary.
- 4.13 The Trustees' policies in relation to the default arrangement in respect of matters set out in the Occupational Pension Schemes (Investment) Regulation 2005, as amended, are those set out in the rest of this statement.
- 4.14 The default arrangement will be reviewed at least triennially or earlier in the event of any significant changes in the investment policy or member demographics. The review will take into account the manner in which members take their benefits from the Scheme and any significant changes in the demographic profile of the relevant members. In addition to the triennial review, there are regular annual reviews around the continued suitability of the default arrangement, investment pathways and self-select fund range offered. There are also quarterly reviews of the TDFs positioning and performance.
- 4.15 In addition, the Trustees offer a range of self-select funds. These funds encompass a wider range of asset classes including equity, fixed income, and multi-asset funds. Passive and Active options are available to members, and full details are contained in the Appendix.

## **2005 Investment Regulations Section 2A - Additional requirements in relation to default arrangement**

- 4.16 It should be noted that in the past (during a period of property fund suspensions within the Master Trust), future fund contributions for members were, for a period, redirected to the Fidelity Cash Fund as a temporary holding position. These future fund contributions were subsequently re-directed along with any assets accumulated as a result of the contributions within this period, from the Fidelity Cash Fund to the Fidelity Diversified Markets Fund.
- 4.17 The Trustees chose the Fidelity Cash Fund as a short-term solution to re-direct members' future contributions to protect the value of those contributions from short-term market movements until a more appropriate long-term solution could be applied. For this period the main goal of the cash fund was to preserve the value of members' assets. The fund's objective is to maintain the value of the members' investments while also aiming to pay out an income. As such the fund has a heavy focus on capital preservation by investing in lower risk instruments, while also investing in instruments with strong liquidity profiles allowing assets to be quickly realised.
- 4.18 Currently in the event of fund suspensions and fund closures, the Trustees have identified the Fidelity Diversified Markets Fund as the investment option to which future contributions and assets (if required) will be mapped. This applies where members don't make an alternative investment choice. Any future contributions re-directed to the Diversified Markets Fund will remain directed to and invested in the Diversified Markets Fund unless members make an active choice to move their assets or future contributions into an alternate investment.

The aim of the Fidelity Diversified Markets Fund is to deliver capital growth over the long term in a risk-controlled manner. It does this by delivering dynamic exposure to asset classes based on their risk behaviour using Fidelity's proprietary volatility targeting approach. The fund targets a volatility range of 6-8% p.a. The Trustees have chosen the fund as a long-term default option based on key characteristics including its ability to diversify across multiple asset classes and regions at the same time providing members with broad market exposure as well as the risk-focus of the strategy which seeks to provide members with a stable and predictable volatility profile over time. The fund also looks to access asset classes in the most efficient and liquid way possible to keep costs low. Overall, this means the fund looks to deliver the long-term capital growth required for younger members while also keeping a focus on risk control for those closer to retirement. The Diversified Markets Fund is reviewed on a regular basis by the Trustees to ensure its long-term suitability as a default option going forward.

- 4.19 Note that for bespoke sections the Trustees receive advice from the relevant adviser as to the fund to which contributions or assets should be re-directed/moved in the event of a fund closure/fund suspension. This may differ between sections depending on the range of available funds and the most suitable option identified by the adviser for each section based on the membership.

## 5 Investment Pathways

5.1 Both the standard and bespoke sections of the Master Trust offer members who are looking to crystallise their assets the option to select one or more investment pathways. These will be funds which aim to meet one of four goals for members at retirement. These are listed in the table below.

<b>Investment Pathway</b>	<b>Objective</b>	<b>Underlying Fund</b>
1	I do not plan on touching my money within 5 years	Fidelity Diversified Markets Fund
2	I plan on purchasing a guaranteed income or annuity within 5 years	Fidelity Pre-Retirement Bond Fund
3	I plan on taking a long term income within the next 5 years	Fidelity Multi-Asset Balanced Income Fund
4	I plan on taking all my money as cash within the next 5 years	Fidelity Cash Fund

5.2 The underlying funds have been selected by the Trustees, working in conjunction with Fidelity and having received investment advice. This selection was based on the goal, time horizon and assumed risk/return requirements for each pathway.

5.3 At the point of crystallising their benefits, members will have the option to actively select one of the investment pathways or otherwise either remain invested in the funds they currently hold or choose new funds from the range available to them. Members will not be defaulted or automatically moved into any of the investment pathways.

5.4 The investment pathways are offered through a tailored portfolio structure and as such offer Fidelity and the Trustees flexibility in changing the underlying fund solutions without requiring a switch to another fund.

5.5 Fidelity and the Trustees have the right to change the underlying investments within the pathways as they see fit to ensure they continue to remain suitable.

5.6 The Trustees will review the suitability of the pathways along with the appropriateness and performance of the underlying investments regularly alongside Fidelity and the Master Trust's advisers.

5.7 A 'Drawdown Payment Account' fund has been added to each section of the Scheme solely to facilitate income drawdown for members. This fund will invest in the Fidelity Cash Fund and have no charge. Members will be unable to invest in this fund directly.



## 6 Risks

6.1 For all sections in the Scheme, the Trustees will consider how best to safeguard members from the risks associated with investing their savings. The following list summarises some of the key risks and how the fund range is designed in light of these.

<b>Risk</b>	<b>Meaning</b>	<b>How it is managed</b>
<b>Inflation Risk</b>	The risk that investment returns do not keep pace with inflation and hence purchasing power diminishes	The Trustees choose the core fund range with the expectation that the performance of the majority of member funds should protect the value of real savings over the long-term
<b>Shortfall Risk</b>	Members could receive a retirement benefit less than they had hoped for	The Trustees will inform members annually of the likely value of their potential benefit to help inform their decision making
<b>Volatility Risk</b>	Funds which have a higher chance of achieving higher returns for members are likely to see greater volatility over short periods	An appropriate level of risk for a specific default arrangement will be considered against the profile of the membership and a range of funds with different levels of risk will be offered as part of the standard section core fund range
<b>Risk of loss</b>	For members approaching retirement, the impact of poor performance is significantly increased as they have less time to make up any lost return	All default arrangements will need to factor the changing requirements of members as they approach retirement, for example, reducing the level of risk being taken. This may be achieved through a lifestyle or dynamic management via Target Date Funds Funds which take varying degrees of risk and with various objectives will be made available for members in the self-select range.
<b>Manager Risk</b>	Selecting a fund from a Fund Manager who generates significantly disappointing returns is a considerable risk	The Trustees will continue to monitor the funds and Fund Managers available to members
<b>Diversification Risk</b>	Failure to diversify sufficiently increases the risk of losing money if one particular investment fails	A default arrangement will need to contain an appropriate level of diversification. A range of funds across different asset classes and regions will be made available for members in the self-select range
<b>Liquidity Risk</b>	Some investments are not easy to sell, so delaying return or transfer of money	The use of investments that may have liquidity issues will be restricted unless this risk is specifically managed

<b>Risk</b>	<b>Meaning</b>	<b>How it is managed</b>
<b>Credit Risk</b>	<p>The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation, either directly or indirectly</p> <p>There is also the indirect risk that the issuer of a fixed income instrument defaults on their payments</p>	<p>The Scheme is subject to credit risk through its life insurance policy that it holds with FIL Life. Through this life insurance policy, in the event that FIL Life fails, the scheme is entitled to protection under the Financial Services Compensation Scheme (FSCS). However, in the event that an Fund Manager fails, FSCS protection would not apply and any money the scheme receives would be based on what FIL Life is able to recover from the Fund Manager</p>
<b>Market Risks</b>	<p>Currency risk: the risk that the value of a fund will fluctuate because of changes in foreign exchange rates</p> <p>Interest rate risk: the risk that the value of a fund will fluctuate because of changes in the market interest rates</p> <p>Other price risk: the risk that the value of a fund will fluctuate because of changes in market prices (other than those arising from currency or interest rate risk), whether these changes are caused by factors specific to the individual fund assets or their issuers, or factors affecting all similar assets traded in the market</p>	<p>The day-to-day management of the underlying investments is the responsibility of the Fund Managers, including the direct management of credit and market risks. The Trustees monitor the Scheme's investment options and the Fund Managers on a regular basis, with the help from the Platform Provider and its Investment Adviser</p>

Risk	Meaning	How it is managed
<b>Climate Risk</b>	The impact/risk of climate change on the value of underlying assets held by the Master Trust trustees and thus members' pension savings	<p>In line with the Master Trust's policies on sustainability and climate change, the trustees along with their advisers consider the level of exposure to mandates within investments which aim to reduce investment (or exclude) those companies most greatly exposed to the physical and transition risks of climate change and increase their investment in those companies best placed to take advantage of climate change opportunities. The Trustees also engage with asset managers on the consideration of climate-related risks and opportunities in the investment process and running of the funds.</p> <p>The Master Trust have in place a goal for the default strategy aiming to halve emissions by 2030 and reach net-zero by 2050 (relative to a 2020 baseline) - a journey that will aim to reduce the impact of climate change on members investments. The Trustees will monitor progress of this on an ongoing basis. More information on progress towards net-zero targets can be found in the annual TCFD report.</p> <p>The Trustees also engage with asset managers on their stewardship responsibilities in relation to climate-related risks and opportunities and report on their stewardship activities via the implementation statement.</p> <p>For self-select investors the Master Trust offers climate-oriented investments (across multiple risk levels) specifically designed to invest in assets which aim to mitigate the risks of climate change as well as take advantage of opportunities that it presents</p>

6.2 Note that it may not be possible to avoid these risks however the Trustees will look to manage these risks where possible.

## 7 Sustainable Investing and ESG

### Trustee approach to Environmental, Social and Governance (“ESG”) factors

7.1 The Trustees believe that an investment process which integrates ESG factors (“sustainable investing”), including but not limited to the consideration of climate change risks and opportunities is likely to lead to improved risk adjusted returns and so better retirement outcomes for scheme members.

- 7.2 The Trustees will, where practical and within the objectives of the investment strategies available to members, introduce a systematic preference in favour of issuers and securities which have superior or improving sustainability characteristics (including climate-related characteristics). This approach will apply to the standard section default options, will be considered in Investment Pathways, and will give members additional choice through self-select options.
- 7.3 In the self-select range, the Trustees have made available a range of sustainable, climate-focused, ethical, and faith-based funds. The aim of this range is to provide an offering that will meet the varying needs of members reflecting the breadth of offering in this space. Considering the pace of movement in this area, the Trustees have set the sustainable funds up as tailored funds to provide more clarity to members and to give greater flexibility in future should this be needed.

#### **Trustee ESG beliefs**

- 7.4 As part of their approach to ESG, the Trustees have set out a range of beliefs around ESG and how it should be incorporated. These beliefs are set out below:
- i. **Importance:** The Trustees believe there is a positive impact from sustainability and that it is a financially material risk which should be considered when setting an investment strategy as this will lead to better risk-adjusted returns over the long term
  - ii. **Flexibility:** The Trustees believe a consideration of sustainability should be implemented flexibly across the Master Trust. The approach may vary between different investment strategies
  - iii. **Continuous Evolution:** The Trustees' approach to sustainability is an evolving journey that should be continuously reviewed
  - iv. **Engagement:** The Trustees encourage positive engagement on sustainability issues between the Fund Managers within the Scheme and the companies in which they invest
  - v. **Varies by member:** The Trustees believe the needs and aspirations of members are important and will be incorporated into the design of the Scheme. Non-financial factors will be factored into the range of funds available to members.

#### **Consideration of Climate Change**

- 7.5 The Trustees recognise the significant impact that climate change is having and will have on our planet as well as the risks and opportunities that climate change presents for members' investments in the Scheme.
- 7.6 The Trustees have set out a Climate Policy detailing their approach to climate-related matters in the context of the running of the Scheme and will keep this up to date and in line with their beliefs.
- 7.7 The Trustees will also produce, on an annual basis, a report in line with the recommendations set out in the Taskforce for Climate-Related Financial Disclosures (TCFD). As part of this, the Trustees will carry out an analysis of the climate impact of the Scheme's investments as well as how the investments are aligned to any goals the Trustees may adopt in relation to climate.

- 7.8 The Trustees' Climate Policy and its TCFD related analysis may influence decisions on the long-term asset allocation of the Scheme's default investment strategies, as well as the self-select investment options.

#### **Engagement with Fund Managers**

- 7.9 The Trustees have adopted a policy of delegating voting decisions on stocks to the Fund Managers. Fund Managers are expected to undertake monitoring and engagement in line with their policies on stewardship. They are also expected to outline how they engage with companies on ESG and climate-related matters and how they measure the effectiveness of this strategy whilst considering the long-term financial interests of the scheme members.
- 7.10 While the Trustees have limited influence over Fund Managers' investment practices, the Trustees meet Fund Managers which manage funds within the default investment options and standard fund range on an annual basis to outline their beliefs and policies around ESG and climate change, and to understand how the investment managers' approaches align to these.
- 7.11 As part of this, the Trustees will strive to ensure all Managers of funds available in the core range apply the UK Stewardship Code and are signed up to the UN Principles for Responsible Investment (UNPRI) which works to incorporate ESG factors into investment and ownership decisions. The Trustees expect that the Managers of funds made available to members, will integrate ESG risk factors and consider climate change risks and opportunities in their investment process where possible, while also being able to explain how such factors impact their decisions.
- 7.12 The Trustees review reports on the voting and engagement policies of the Fund Managers within the core fund range, to ensure that they are acting in the best interests of the members. On an annual basis, the Trustees will also invite their key Fund Managers to talk through their current and forward-looking position around sustainability and climate policies and to ensure they are comfortable that there is suitable oversight and process around this with the underlying managers.
- 7.13 Rather than focusing on short term factors and performance, the Trustees monitor the long-term performance of all the funds used within the default arrangements and core fund range. The Trustees expect Fund Managers to deliver in line with the mandates of the respective funds and will flag any concerns and challenge the Fund Managers where these relate to the long-term performance of the funds.
- 7.14 As part of this the managers are actively encouraged to consider ESG including climate-related factors both within the investment process and as part of their engagement with the underlying companies in which they invest. The Trustees may challenge or remove a Fund Manager where they feel that the Fund Manager is not delivering on any of the above aspects including long-term performance of the underlying funds or consideration of ESG factors in the investment process.

#### **Membership Views - Non-financial factors**

- 7.15 The Trustees understand that members may have strong views on where they believe their savings should and should not be invested.
- 7.16 The Trustees have engaged with members to learn about their views on ESG and will continue to do so as the ESG landscape evolves.

- 7.17 Where members voice considerations around non-financial factors, including but not limited to ESG and responsible investing, the Trustees will consider where such factors may be financially material and whether to take account of them within the context of the investment choices made available to members.

### **Bespoke Sections**

- 7.18 Employers of bespoke sections of the Scheme may have their own beliefs around ESG and sustainability and these may differ from those of the Trustees. If employers would like other factors to be considered in relation to ESG, they should raise them, with supporting reasons with the Trustees. The Trustees may consider these factors when setting and reviewing their beliefs.

## **8 Other Investment Policies**

### **Policy on illiquid investments**

- 8.1 As Trustees, we believe that illiquid assets (assets which cannot easily or quickly be sold or exchanged for cash including those held within a collective investment scheme) may be able to offer diversification benefits as well as improved risk-adjusted returns for members, when considered alongside existing asset classes used within the default arrangement.
- 8.2 The Trustees will work with Fidelity and their advisors to consider how illiquid assets could be integrated into the default arrangements, including assessing how the risk to members can be managed with a focus on the potential impact investing in such assets could have on members' future retirement savings.
- 8.3 In relation to the standard investment offering of the Scheme as set out in Section 4 (i.e. the Default Investment Arrangement - FutureWise Target Date Funds), the default strategy does not currently include an allocation to illiquid assets. However, Fidelity and the Trustees are in the process of introducing an illiquid assets allocation into the default strategy. This will be a target 15% allocation to the Fidelity Long Term Asset Fund (LTAF) up to 20 years before the Target Date Funds' maturity date, this allocation will then taper off to 0% at 10 years to maturity date. The aim is to achieve this allocation over a period of 3 years. The Fidelity LTAF will invest across private equity, private credit, infrastructure and real estate. The Trustees and Fidelity are targeting Q1 2025, to begin integrating the Fidelity LTAF into the default strategy, at which point the SIP will be updated to reflect this allocation.
- 8.4 In relation to the additional defaults set out in Section 4 (the Fidelity Cash Fund and the Fidelity Diversified Markets Fund), neither of these funds invest in illiquid assets due to the specific objectives each Fund is managed against. The Trustees are comfortable with this given how these two funds are used and the specific circumstances under which they are a default option.
- 8.5 The Trustees also recognise that the bespoke sections of the Scheme may have different policies in relation to the inclusion on illiquid assets within their default arrangement. The specific policy of each bespoke section is set out within the relevant section of the Appendices.

### **Evaluation of Fund Managers' performance and remuneration**

- 8.6 The Trustees monitor performance of the underlying funds used within the default options and standard fund range on a quarterly basis. Medium to long term performance is monitored in line with a set of triggers that the Trustees review on a regular basis.

- 8.7 Fund Managers are remunerated through the annual management fee 'AMC' paid for the investment fund. The Trustees review the AMCs and overall costs of all funds used within the default options and standard fund range on a regular basis to ensure that they represent value for money and are in line with the mandates set out by the manager on a net-of-fees basis.

#### **Portfolio turnover costs**

- 8.8 On a regular basis the Trustees review the transaction costs for the funds within the default options and self-select range. This information includes the aggregate transaction costs for all funds split by asset class and management style (passively managed vs actively managed) and then splits the funds further according to the aggregate transaction cost that they are reporting.
- 8.9 The Trustees implement a RAG rating system to assess the transaction and turnover costs for a fund relative to its peer group (where common in asset class and management style). As part of their annual meeting with each investment manager the Trustees will challenge the manager where they feel there is either excessive transaction costs or turnover within their portfolio.
- 8.10 While there is no obligation on the investment managers to send over transaction cost information on less than an annual basis, the Trustees encourage managers to provide transaction cost data on a quarterly basis.
- 8.11 Where transaction cost data is not made available or the Trustees have concerns around the accuracy or consistency of the data being made available, they will work with the Platform Provider to chase the Fund Manager to understand why this is not the case and determine a timeline for when the latest/accurate data will be received.

#### **Duration of investment managers**

- 8.12 The Scheme invests in pooled funds, the duration of which are flexible, and the Trustees will regularly consider the appropriateness of the fund range and whether existing funds should continue to be held or new funds added.

#### **Liquidity and realisation of investments**

- 8.13 The Scheme invests in life funds which in turn invest in underlying pooled funds. These can be realised to provide benefits when members make a valid request to withdraw them or transfer them to an alternative pension arrangement.
- 8.14 The Trustees expect that the Platform Provider and Fund Manager will normally be able to sell funds within a reasonable timescale.
- 8.15 There may however be instances where either the Platform Provider or Fund Manager may impose restrictions on the timing of purchases and sales of funds (most notably for investments in property funds), to protect the interests of all investors in the fund.
- 8.16 Nevertheless, the Trustees recognise that most members' pension pots have a long investment timeframe, during which assets which are less easily traded (such as property or private assets) can be managed to deliver good long-term returns while avoiding the impact of liquidity issues at retirement.

#### **Suitability**

8.17 The Trustees take advice from the Investment Adviser to ensure the investment options made available are suitable for the Scheme. The Trustees continue to monitor and take advice on these investment options on an ongoing basis.

## **9. Compliance**

9.1 The Statement will be reviewed triennially by the Trustees and without delay after any significant change in the Trustees' investment policy.

9.2 In preparing the Statement, the Trustees have obtained and considered the written advice of a person who is reasonably believed by the Trustees to be qualified by his ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of the investments of schemes such as the Scheme. The Trustees have consulted with Fidelity as the sponsoring employer, and who is appointed to act on behalf of the participating employers to the Scheme.

9.3 Before revising this Statement at any time in the future, the Trustees will obtain and consider the written advice of a specialist independent investment adviser (currently ISIO) and will consult with FIL Life.

**Signed:**

**Name:** Kim Nash

**Position:** Chair of Trustees of the Fidelity Master Trust

**Date:**



## 10.1 Appendix - Fidelity Master Trust - Self-Select Options for Standard Section

In addition to the default arrangements the Trustees offer members a range of self-select fund options, as set out in the table below. Note within the equity ranges, employers will have access to either BlackRock or L&G funds.

Equity Funds	Active/Passive	Benchmark (unless otherwise stated )
L&G UK Equity Fund Or BlackRock ACS UK Equity Fund	Passive	FTSE All Share Index
L&G Global Equity 50/50 Fund Or BlackRock ACS 50:50 Global Equity Fund	Passive	Composite of 50/50 distribution between UK and overseas
L&G Global Equity Market Weighted 30 / 70 (75% Hedged) Or BlackRock ACS 30:70 Currency Hedged Global Equity Fund	Passive	Composite of 50% FTSE All Share Index and 50% Fixed Overseas Weights (16.7% Continental Europe, 16.7% North America, 8.3% Japan, 8.3% Pacific Basin)
L&G Global Equity Market Weighted 30 / 70 (75% Hedged) Or BlackRock ACS 30:70 Currency Hedged Global Equity Fund	Passive	Composite of 30/70 distribution between UK and overseas, 75% GBP Hedged
L&G World ex-UK Developed Equity Index Fund Or BlackRock ACS World ex-UK Fund	Passive	FTSE Developed (ex UK) Index
L&G World Emerging Markets Fund Or BlackRock Aquila Connect Emerging Markets Equity Fund	Passive	FTSE Developed ex UK Index Custom ESG Screened Index
L&G World Emerging Markets Fund Or BlackRock Aquila Connect Emerging Markets Equity Fund	Passive	FTSE AW All Emerging Index
Fidelity Emerging Markets Equity Pension Fund	Active	MSCI Global Emerging Markets Index
Fidelity Emerging Markets Equity Pension Fund	Active	MSCI Emerging Markets Index

BlackRock Aquila MSCI World Global Equity Index Fund	Passive	MSCI World Index Net Total Return GBP
Fidelity Master Trust Passive European Equity Fund	Passive	100% FTSE Developed Europe ex UK Custom ESG Screened Index- Midday
Fidelity Master Trust Passive US Equity Fund	Passive	100% FTSE USA Custom ESG Screened Index - Midday
Fidelity Master Trust Passive Asia Pacific Equity Fund	Passive	100% FTSE All-World Developed Asia Pacific ex-Japan Index
Fidelity Master Trust Passive Japanese Equity Fund	Passive	FTSE Japan Custom ESG Screened Index - Midday
Fidelity Master Trust Global Smaller Companies Fund	Passive	100% FTSE Global Developed Small Cap Index
<b>Multi Asset Funds</b>	<b>Active/Passive</b>	<b>Benchmark</b>
BlackRock Aquila Life Market Advantage Fund	Active	Performance Comparator: 3 month Sonia + 3.5% p.a.
Schroder Sustainable Future Multi-Asset Fund	Active	Performance Comparator: ICE BofA Sterling 3-Month Government Bill Index plus 3.5% p.a
Fidelity Diversified Markets Fund	Active	Performance Comparator: Sonia + 3% p.a.
<b>Fixed Income Funds</b>	<b>Active/Passive</b>	<b>Benchmark</b>
L&G Over 15 years Gilts Fund	Passive	FTSE Over 15 years Gilts Index
L&G Over 5 Year ILG Fund	Passive	FTSE A UK Index-Linked Over 5 Years Index
L&G Corporate Bond All Stocks Fund	Passive	iBoxx £ Non Gilts ex BBB Index
Fidelity UK Corporate Bond Pensions Fund	Active	Merrill Lynch Euro Sterling Bond Index
Fidelity Pre-Retirement Bond Pensions Fund	Active	Composite of Merrill Lynch gilt and sterling bond indices
Fidelity Sustainable UK Aggregate Bond Fund	Active	Composite of iBoxx gilt and sterling bond indices
BlackRock Corporate Bond Tracker Fund *	Passive	iBoxx £ Non-Gilts Index

BlackRock Over 15 Years Gilt Tracker Fund*	Passive	FTSE Over 15 years Gilts Index
BlackRock Index-Linked Gilt Tracker Fund*	Passive	FTSE A UK Index-Linked Over 5 Years Index
Fidelity Master Trust Global Diversified Bond Fund	Active	100% Fund Target Return: Outperformance (gross) of Overnight SONIA + 4% over a full credit cycle
Fidelity Master Trust Short Dated Bond Fund	Active	100% BofA Merrill Lynch 1-5 Year Eurosterling Index
<b>Ethical Funds</b>	<b>Active/Passive</b>	<b>Benchmark</b>
Fidelity HSBC Islamic Pension Fund	Passive	DJ Islamic Market Titans 100 (TR)
<b>Sustainable Funds</b>	<b>Active/Passive</b>	<b>Benchmark</b>
Master Trust Sustainable Climate Equity Fund	Active	MSCI World - Net Return Index
Master Trust Sustainable Positive Change Fund	Active	MSCI ACWI
Master Trust Sustainable Climate Bond Fund	Active	Bloomberg Barclays Global Aggregate Corporate Index Hedged to GBP
Master Trust Sustainable Active Equity Fund	Active	MSCI ACWI ESG Leaders Index
Master Trust Sustainable Passive Equity Fund	Passive	MSCI ESG Focus Low Carbon Screened Index
<b>Property</b>	<b>Active/Passive</b>	<b>Benchmark</b>
L&G 70/30 Hybrid Property Fund	Active	Composite investing in AREF/IPD UK Quarterly All Balanced Property Funds Index, FTSE EPRA/NAREIT Global Reits
<b>Cash</b>	<b>Active/Passive</b>	<b>Benchmark</b>
Fidelity Cash Pensions Fund	Active	Morningstar UK Savings £2,500+ Investment Gross
<b>Investment Pathways</b>	<b>Active/Passive</b>	<b>Benchmark</b>
Fidelity Diversified Markets Fund	Active	Performance Comparator: Sonia + 3% p.a.
Fidelity Pre-Retirement Bond Pensions Fund	Active	Composite of Merrill Lynch gilt and sterling bond indices

Fidelity Multi-Asset Balanced Income Fund	Active	Income target of 3%-5% p.a. The fund is actively managed with no reference to a benchmark
Fidelity Cash Pensions Fund	Active	SONIA overnight

Note: A 'Drawdown Payment Account' fund has been added to each section of the Scheme solely to facilitate income drawdown for members. This fund will invest in the Fidelity Cash Fund and have no charge. Members will be unable to invest in this fund directly.

For sections which have the FutureWise Target Date Funds (TDFs) available as the default investment option (as outlined in Section 4), these TDFs are made available as self-select options and are listed below.

Target Date Funds	Active/Passive	Performance Comparator
Fidelity FutureWise Target 2025 Fund	Mix	Composition of underlying fund benchmarks
Fidelity FutureWise Target 2030 Fund	Mix	Composition of underlying fund benchmarks
Fidelity FutureWise Target 2035 Fund	Mix	Composition of underlying fund benchmarks
Fidelity FutureWise Target 2040 Fund	Mix	Composition of underlying fund benchmarks
Fidelity FutureWise Target 2045 Fund	Mix	Composition of underlying fund benchmarks
Fidelity FutureWise Target 2050 Fund	Mix	Composition of underlying fund benchmarks
Fidelity FutureWise Target 2055 Fund	Mix	Composition of underlying fund benchmarks
Fidelity FutureWise Target 2060 Fund	Mix	Composition of underlying fund benchmarks
Fidelity FutureWise Target 2065 Fund	Mix	Composition of underlying fund benchmarks
Fidelity FutureWise Target 2070 Fund	Mix	Composition of underlying fund benchmarks

## **Appendix 10.2 - Investment policy for the BNP Paribas Pension Section**

This Appendix is for the BNP Paribas Pension Section of the Fidelity Master Trust (the “Plan”).

### **Investment Objectives**

The overall objective is to provide a range of investment options that enable members to grow their savings within the Plan over the long term (relative to inflation and after charges), while taking on appropriate level of risk to achieve a positive retirement outcome.

To achieve this, the Trustees aim to:

- provide a primary default investment option which is suitable for a typical member within the Plan;
- provide a range of alternative investment options that are suitable for the membership, taking into account that members will have varying terms to retirement, investment objectives and attitudes to risk;
- seek, where possible, to mitigate the risks members are exposed to as noted within this Appendix.

### **Investment Strategy**

An investment strategy has been put in place to support the Trustees in meeting these objectives.

A range of investment options has been made available to members after taking expert advice the Plan’s investment advisers, Aon. In choosing the Plan’s investment options, it is the Trustees’ policy to consider:

- A full range of asset classes.
- The suitability of the possible styles of investment management and the need for manager diversification.
- The suitability of each asset class for a defined contribution scheme.
- The need for appropriate diversification of asset classes.
- Integration of sustainability issues within the investments.

The long-term return on the investment options that invest predominantly in equities are expected to exceed price inflation and general salary growth. The long term returns on the bond and cash options are expected to be lower than returns on predominantly equity options. However, bond funds are expected to broadly match the price of annuities, giving some protection in the amount of secured pension for members closer to retirement. Cash funds will provide protection against changes in short-term capital values and may be appropriate for members receiving part of their retirement benefits in the form of tax-free cash.

The Trustees make the following investment options available to members of the Plan:

- Three lifestyle strategies (which includes the primary default option); and
- A range of self-select funds

The lifestyle strategies are designed to automatically switch members’ investments as they approach their expected retirement age, investing in assets that have potential for higher levels of growth during the accumulation of their retirement savings and then gradually diversifying their investments to reduce volatility as they approach expected retirement age. Each lifestyle targets a different retirement outcome: drawdown (the primary default option), annuity purchase or cash.

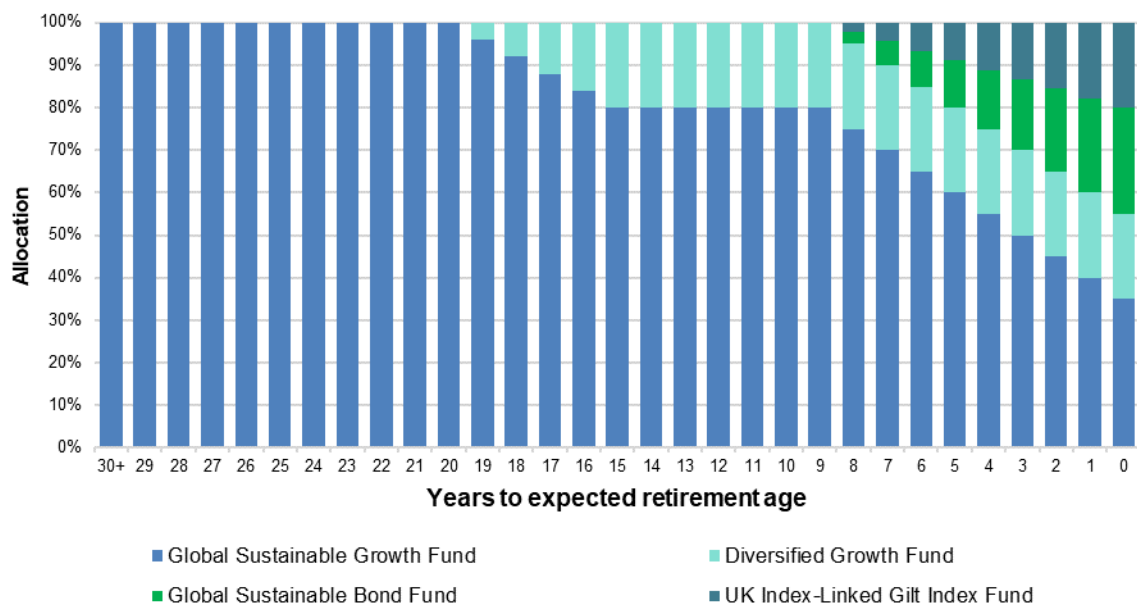
The primary default option, the Drawdown Lifestyle, has been designed to be suitable for the majority of members.

However, the Trustees recognise that members have differing investment needs and that these may change during the course of members’ working lives. The Trustees also recognise that members have different attitudes to risk, and also that different members may wish to target different forms of benefit at retirement. As such, a range of self-select funds are made available to invest in to enable members to tailor their investment strategy to their own needs, allowing members to build their own bespoke diversified investment portfolio if they so wish.

### Primary Default Option

The primary default option for the BNP Paribas Pension Section has been designed to be suitable for a typical member of the Plan. The aim of the default option is to provide members with the potential for higher levels of growth during the accumulation of their retirement savings and then to gradually diversify their investments to reduce volatility whilst maintaining the potential for a modest level of growth in excess of inflation. The default option is in place to be an appropriate investment strategy for the majority of the membership.

**Drawdown Lifestyle (primary default option):** invests 100% in the Global Sustainable Growth Fund until the member reaches the point 20 years before their expected retirement age, after which point a portion of the member’s investment is gradually switched to the Diversified Growth Fund. Over the final 9 years a portion of the member’s investment is gradually switched to the UK Index-Linked Gilt Index Fund and Global Sustainable Bond Fund. At the member’s expected retirement date, the investments will be split 35% in the Global Sustainable Growth Fund, 20% in the Diversified Growth Fund, 25% in the Global Sustainable Bond Fund and 20% in the UK Index-Linked Gilt Index Fund.



### Additional Default Options

The BNP Paribas Pension Section has three additional default options:

1. Cash Fund: BlackRock managed

2. Global Sustainable Growth Fund
3. Diversified Growth Fund

### **1. Cash Fund: BlackRock managed**

An additional default option was created in April 2020 when the Property Fund was suspended and ceased accepting new contributions, as a result of the Covid-19 pandemic. This fund is only available to members as a self-select option.

Rather than leaving future contributions intended for the Property Fund uninvested, the Trustees decided to redirect these contributions into the Cash Fund: BlackRock managed, until the suspension of the Property Fund was lifted. As a result of such action, the Cash Fund: BlackRock managed is classified as a default investment option for regulatory reporting and monitoring purposes.

### **2. Global Sustainable Growth Fund**

An additional default investment was created in February 2023 following the closure (and subsequent removal from the self-select fund range) of the Liontrust UK Equity Fund.

The Liontrust UK Equity Fund was removed from the range as a result of reduced conviction in the Fund's ability to deliver competitive investment returns in the future. In the absence of any member instruction, all holdings invested and future contributions intended for the Liontrust UK Equity Fund were switched to the Global Sustainable Growth Fund. As a result of such action, the Global Sustainable Growth Fund is classified as a default investment option for regulatory reporting and monitoring purposes.

### **3. Diversified Growth Fund**

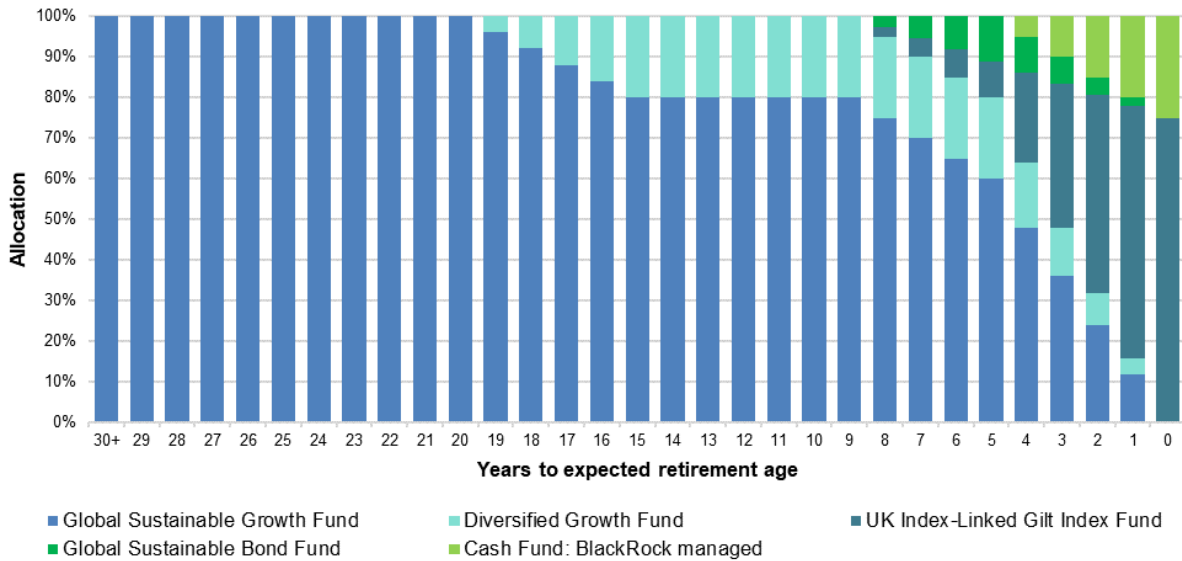
An additional default investment was created in June 2023 following the closure (and subsequent removal from the self-select fund range) of the Diversified Fund.

The Diversified Fund had an identical allocation to the Diversified Growth Fund and so the two funds were consolidated to avoid potential confusion for members. In the absence of any member instruction, all holdings invested, and future contributions intended for the Diversified Fund were switched to the Diversified Growth Fund. As a result of such action, the Diversified Growth Fund is classified as a default investment option for regulatory reporting and monitoring purposes.

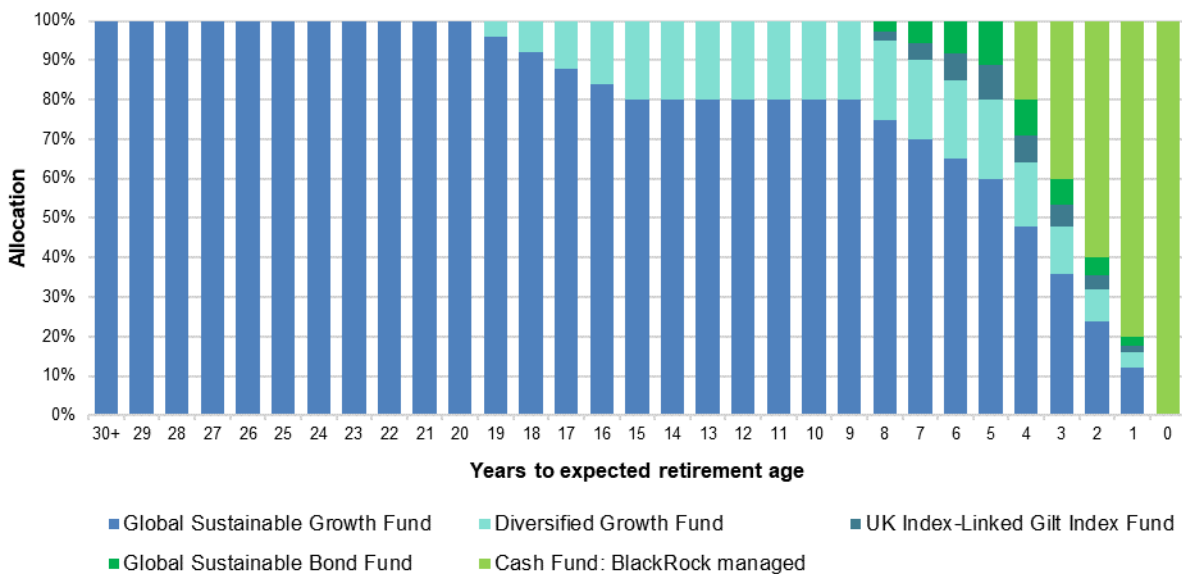
## **Self-Select Options**

In addition to the primary default option members may choose to invest either in one of the Lifestyle options or in a combination of individual funds within the self-select range, as set out below:

- **Annuity Lifestyle:** invests 100% in the Global Sustainable Growth Fund until the member reaches the point 20 years before their expected retirement age, after which point a portion of the member's investment is gradually switched to the Diversified Growth Fund. Starting from 9 years from the member's expected retirement age a portion of the investment is gradually switched to the UK Index-Linked Gilt Index Fund and the Global Sustainable Bond Fund, and a further portion is switched to the Cash Fund: BlackRock managed over the final 5 years. At the member's expected retirement date, the investments will be split 75% in the UK Index-Linked Gilt Index Fund and 25% in the Cash Fund: BlackRock managed.



- Cash Lifestyle:** invests 100% in the Global Sustainable Growth Fund until the member reaches the point 20 years before their expected retirement age, after which point a portion of the member's investment is gradually switched to the Diversified Growth Fund. Starting from 9 years from the member's expected retirement age a portion of the member's investment is gradually switched to the UK Index-Linked Gilt Index Fund and Global Sustainable Bond Fund. Over the final 5 years the entire investment is gradually switched to the Cash Fund: BlackRock managed.



- Individual funds:**

The Trustees recognise that members have differing investment needs and that these may change during the course of members' working lives. The Trustees also recognise that members have different attitudes to risk, and also that different members may wish to target different forms of benefit at retirement. As such, a range of self-select funds are made available to invest in that enable members to tailor their investment strategy to their own needs, allowing members to build their own bespoke diversified investment portfolio if they so wish.



<b>Fund</b>	<b>Active/ Passive</b>	<b>Investment Objective</b>
Global Sustainable Growth Fund (Lifestyle fund & additional default option)	Active	This fund aims to achieve long-term capital growth through investing in a diversified portfolio of global equities, incorporating both active and passive approaches. The fund has approximately 90% invested in the shares of developed global equities, with explicit consideration of sustainability issues. The remaining 10% is invested into Emerging Markets Equities.
Cash Fund: BlackRock managed (Lifestyle fund & additional default option)	Active	This fund aims to achieve an investment return that is in line with wholesale money market short-term interest rates. Specifically, the fund seeks to better the return of the Seven Day LIBID. The underlying investments of the fund are a diversified portfolio of money market instruments. The instruments are of a high quality and have a minimum credit rating of A1 or an equivalent standing.
Diversified Growth Fund (Lifestyle fund & additional default option)	Active	This fund aims for long-term capital growth by investing or reinsuring into underlying funds managed by Fidelity or our Fund Partners, which invest in a range of asset classes in the UK and overseas including equities, bonds, cash/currencies, real estate, commodities, hedge funds, high yield debt and private equity.
UK Index- Linked Gilt Index Fund (Lifestyle fund)	Passive	This fund invests in UK government index-linked securities (index-linked gilts) that have a maturity period of 5 years or longer. The fund aims to achieve a return consistent with the FTSE UK Gilts Index-Linked Over 5 Years Index, which is widely regarded as the benchmark for UK pension fund investment in the longer dated end of the UK index-linked gilt market.
Global Sustainable Bond Fund (Lifestyle fund)	Active	This fund invests in a range of global fixed income securities, predominantly corporate bonds, with a focus on sustainable investing. The fund is fully hedged into sterling and aims to outperform the Bloomberg Barclays Global Aggregate Corporates Index.
Responsible Investment Equity Fund	Active	This fund aims to achieve long-term capital growth through investing in a globally diversified portfolio of global equities, which are expected to benefit either directly or indirectly from a focus on sustainable investing.
Diversified Growth Fund: BlackRock managed	Active	This fund targets a consistent investment return of 3.5% above the Bank of England base rate measured over rolling three-year periods by utilising a multi-asset flexible investment approach. The focus on getting the asset mix “right” in order to achieve the target means this fund will generally hold a variety of different types of assets at any one time.
Emerging Markets Active Equity Fund: Fidelity managed	Active	The fund’s investment objective is to achieve long-term capital appreciation. The fund will invest primarily in securities of countries experiencing rapid economic growth including, without limitation, Africa, the Indian sub-continent, Latin America, South East Asia, Europe and the Middle East. There is no policy to restrict investment to particular economic sectors.
Global Bond Fund: M&G managed	Active	The fund aims to maximise total return through prudent investment in a diversified pool of debt and debt like assets with a focus on credit. The fund will seek to preserve capital by allocating to cash and government bonds from time to time.

<b>Fund</b>	<b>Active/ Passive</b>	<b>Investment Objective</b>
Diversified Growth Fund: Nordea managed	Active	The fund aims to preserve shareholders' capital (over a three-year investment horizon) and provide a stable, positive rate of return on investment. Investments are made globally in equities, bonds (including bonds convertible in equity shares) and money market instruments denominated in various currencies.
Diversified Growth Fund: Schroders managed	Active	The objective of the Schroder Life Intermediated Diversified Growth Fund (IDGF) is to achieve a return of Consumer Price Inflation (CPI) +5% per annum over a full market cycle, which is typically five to seven years. It aims to achieve this objective with approximately a one third reduction in the level of volatility associated with an all equity portfolio.
Diversified Growth Fund: Standard Life managed	Active	The fund aims to provide long term growth whilst investing in a diversified portfolio of assets (including equities, bonds, property, cash deposits and money-market instruments) in order to reduce the risk associated with being solely invested in any one asset class. These assets can be from both the UK and overseas. The fund is predominantly equity based and is actively managed by our investment team, who will vary the proportions held in each asset class to try to take advantage of opportunities they have identified.
Property Fund	Active	To invest primarily in direct UK commercial property. It aims to generate total returns (from income and capital appreciation) that are above its benchmark, over rolling three-year periods.
UK Equity Index Fund	Passive	This fund invests in the shares of UK companies and aims to achieve a return that is consistent with the return of the FTSE All-Share Custom ESG Screened Index.
World (excluding UK) Equity Index Fund	Passive	This fund invests in shares of companies outside the UK and aims to achieve a return that is consistent with the return of the FTSE Developed ex-UK Custom ESG Screened Index.
US Equity Index Fund	Passive	This fund invests in the shares of US companies and aims to achieve a return that is consistent with the return of the FTSE USA Custom ESG Screened Index.
European Equity Index Fund	Passive	This fund invests in the shares of companies in Europe and aims to achieve a return that is consistent with the return of the FTSE Developed Europe ex-UK Custom ESG Screened Index.
Japanese Equity Index Fund	Passive	This fund invests in the shares of Japanese companies and aims to achieve a return that is consistent with the return of the FTSE Japan Custom ESG Screened Index.
Pacific Rim Equity Index Fund	Passive	This fund invests in the shares of companies in the Pacific Rim and aims to achieve a return that is consistent with the return of the FTSE All-World Developed Asia Pacific ex-Japan Index.
UK Fixed Gilt Index Fund	Passive	This fund invests in UK government fixed income securities (gilts) that have a maturity period of 15 years or longer. The fund aims to achieve a return consistent with the FTSE UK Gilts Over 15 Years Index.
Islamic Global Equity Index Fund	Passive	This fund aims to provide long term capital growth by primarily investing in a broad range of company shares from around the world, which meet the Islamic investment principles. The Fund aims to track the performance of its benchmark, the Dow Jones Islamic Titans 100 Index.

<b>Fund</b>	<b>Active/ Passive</b>	<b>Investment Objective</b>
Ethical Global Equity Index Fund	Passive	This fund aims to provide long term capital growth by investing in shares of companies that are incorporating ethical principles. The Fund aims to track the performance of its benchmark, the FTSE All World - 4Good Global Index.
Emerging Markets Equity Index Fund	Passive	This fund aims to provide long term capital growth by investing in shares of companies in countries designated as emerging markets. The Fund aims to track the performance of its benchmark, the FTSE All World Emerging Markets Index.

## Other Investment Policies

- **Illiquid Investment Policy**

### Default Lifestyle (primary default option)

Illiquid investments are held by BNP Paribas Pension members who are invested in the Default Lifestyle.

- **How and what type of illiquid investments held:** Illiquid investments are held via the Diversified Growth Fund (“DGF”). The DGF invests in pooled funds that are primarily invested in liquid holdings but allocate a small proportion to underlying illiquid holdings (e.g. real assets). The allocation to illiquid holdings is at the discretion of the underlying investment managers, and the allocations may increase or decrease over time.
- **What is the age profile of members holding illiquid investments:** Members who are within 20 years of their selected retirement date (e.g. a member aged 45 or over if they have a retirement age of 65).
- **Rationale:** The Trustees believe the illiquid holdings provides diversification from the other key return drivers held by members whilst not introducing significant illiquidity risk or significantly higher costs. The Trustees are comfortable that the underlying managers of the Diversified Growth Fund are best placed to use their discretion as to the appropriateness of holding illiquid investments at any particular time, and to use the liquid portions within each underlying fund to ensure members have sufficient access to liquidity.

The Trustees are willing to further consider the use of illiquid investments in the future within the Default Lifestyle and this will form part of future investment strategy reviews.

### Additional Default Options

The additional default options - the Diversified Growth Fund, the Cash Fund: BlackRock managed and the Global Sustainable Growth Fund - are standalone fund options and are held by members of varying age profiles.

- **Diversified Growth Fund:** As above, a small allocation to illiquid investments is held on behalf of members who choose to invest in the Diversified Growth Fund. The illiquid holdings are held via pooled funds.
- **Cash Fund:** BlackRock managed: No illiquid investments are held - the Trustees believe that the use of illiquid investments would not be appropriate given liquidity is a core objective of

this fund.

- **Global Sustainable Growth Fund:** No illiquid investments are held - the Trustees believe that the current assets utilised within the fund reflect the optimal mix for members, in terms of expected risk, expected return and diversification. Given accessibility and cost considerations, the Trustees are therefore comfortable not including an allocation to illiquid assets within the fund at this time.

- **Sustainable Investment Policies**

When setting the Plan's investment strategy, the Trustees explicitly consider integration of sustainable investment issues within the investments. This includes environmental, social and governance ("ESG") factors such as climate change. Priority is given to strategies that show an in-depth understanding of these issues and incorporate these into their investment process to the extent that they do not have a negative financial impact.

- **Member's views and non-financial factors**

In setting and implementing the Plan's investment strategy the Trustees also consider the Plan's members and beneficiaries in relation to ethical or religious views, social and environmental impact, as well as present and future quality of life matters (defined as "non-financial factors").

The lifestyle strategies, including the primary default investment (Drawdown lifestyle), have been designed to explicitly incorporate sustainable investing across both the equity and bond investments. The Trustees also make available in the self-select range sustainable investment equity options (the Global Sustainable Growth Fund and the Responsible Investment Equity Fund), a sustainable investment fixed income option (the Global Sustainable Bond Fund), an ethical investment option (the Ethical Global Equity Index Fund) and a Shariah-compliant fund option (the Islamic Global Equity Index option) for those members who would like to invest in funds with these specific considerations.

- **Stewardship and Engagement**

The Trustees invest in pooled funds through the Fidelity platform, and as such have delegated responsibility for the selection, retention and realisation of investments to the Plan's investment managers in whose funds they invest. The Trustees accept responsibility for how the investment managers steward assets on their behalf, including the casting of votes in line with each manager's individual voting policies. The Trustees review manager voting and engagement activities on an annual basis as part of their Implementation Statement process to ensure that they are in line with expectations and in members' best interests. Prospective investment managers are also required to provide this information for the Trustees to review in advance of any new appointment.

As part of their delegated responsibilities, the Trustees expect the Plan's investment managers to:

- Where appropriate, engage with investee companies with the aim of protecting and enhancing the value of assets, promoting good corporate governance, accountability and positive change; and
- exercise the Trustee's voting rights in relation to the Plan's assets, while disclosing and managing any potential conflicts of interest that may arise.

An in-depth annual review is undertaken on the sustainability profile of each investment fund utilised by the Plan, and the stewardship activities by the Plan's investment managers. This review takes into account factors such as carbon intensity, ESG scores, third-party ESG assessments and a review of voting activity undertaken by the Plan managers, including information on significant votes.

Should the Trustees' monitoring process reveal that a manager's voting and engagement actions are

not aligned with the Trustees expectations, the Trustees will engage with the manager to discuss how alignment may be improved. If following engagement with the manager, it is the view of the Trustees that the degree of alignment remains unsatisfactory, the arrangements with the manager may be altered or their appointment terminated.

### **Risks specific to this Section**

The key risk, which isn't Section specific, is that members will have insufficient income in retirement or an income that does not meet their expectations. This risk was considered when setting the investment options and strategy for the Plan, along with:

- **Member expectations risk:** The risk of not meeting the reasonable expectations of members, bearing in mind members' contributions and fund choices.
- **Manager risk:** The risk of fund managers not meeting their objectives. This risk is considered by the Trustee and its advisers both upon the initial appointment of the fund manager and on an ongoing basis thereafter.
- **Liquidity risk:** The risk that the pooled funds, through which the Trustee allows members to invest, do not provide the required level of liquidity.
- **Suitability risk:** The risk of the default fund being unsuitable for the requirements of some members.
- **Operational risk:** The risk of fraud, poor advice or acts of negligence. The Trustee has sought to minimise such risk by ensuring that all advisers and third-party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.
- **Inflation risk:** The risk that the investment return over members' working lives will not keep pace with inflation and does not, therefore, secure an adequate pension;
- **Currency risk:** The risk that investment in overseas markets will be affected by changes in exchange rates leading to lower returns in pound sterling terms (e.g. due to appreciation of pound sterling relative to overseas currency);
- **Market risk:** The risk that investment market movements particularly in the period immediately prior to retirement leads to a substantial reduction in the anticipated level of retirement income; and
- **Investment return risk:** The risk that the investment vehicles in which monies are invested under-perform the expectations of the Trustee; and
- **Sustainability risk:** The risk that sustainability related issues, including ESG factors, may negatively impact the value of members' investments.

### **Compliance**

The Trustees receive written advice from Aon on the suitability of the investment options offered to members in the Plan. The investment strategy will be reviewed at least triennially, with the outcome of the review and recommendations reported back to the Trustees.

**Dated – 6 September 2023**

## Appendix 10.3 – Investment policy for the Credit Suisse Section

This Appendix is for the Credit Suisse Section of the Fidelity Master Trust. The Trustees have taken advice from Aon Solutions UK Limited on the suitability of the fund range for this section.

### Investment Objectives

The Trustees' overall objective is to provide investment options that enable members to grow their savings over the long term, and to manage risks appropriately.

The default option, as described below, is expected to meet this objective and also takes into account guidance from the Pension's Regulator and the Department for Work & Pension's guidance for offering a default option for defined contribution automatic enrolment pension schemes.

Furthermore, the Trustees believe that the self-select funds offered as an alternative to the default enables members to choose their own portfolio of funds which would achieve the overall objective.

The main investment objectives are:

- to include a suitable default option that is likely to be suitable for a typical member
- to include a range of alternative choices suitable for members of different ages and with different retirement benefit plans, objectives and risk tolerances
- to enable members to grow their savings over the long term
- to seek, where possible, to mitigate the risks described in this statement

The long-term return on the investment options that invest predominantly in equities are expected to exceed price inflation and general salary growth. The long term returns on the bond and cash options are expected to be lower than returns on predominantly equity options. However, bond funds are expected to broadly match the price of annuities, giving some protection in the amount of secured pension for members closer to retirement. Cash funds will provide protection against changes in short-term capital values, and may be appropriate for members receiving part of their retirement benefits in the form of tax-free cash, as well as those wishing to take further levels of taxed cash.

### Default Option

Credit Suisse use the Master Trust default strategy 'FutureWise' strategy as their default investment option. Information on the strategy is provided in section 5 in the main body of the SIP.

### Self-Select Options

In addition to the default as described above, members can choose from a range of self-select fund options, as set out in the table below. The table illustrates funds which are "core" to the Fidelity Master Trust and those which are specific to the Credit Suisse Section "extended".

Equity Funds	Active/ Passive	Benchmark	Range
BlackRock MSCI World Global Equity Index Fund	Passive	MSCI World Index Net Total Return GBP	Core
BlackRock UK Equity Index Fund	Passive	FTSE All Share Index	Core
BlackRock Global 50:50 Index Fund	Passive	Composite of 50/50 UK and overseas	Core
L&G Global Equity 30/70 (75% H) Index Fund	Passive	Composite of 30/70 UK and overseas (75% Hedged)	Core
BlackRock European Equity Index Fund	Passive	FTSE Developed Europe ex UK Custom ESG Screened Index	Extended

BlackRock Overseas Consensus Fund	Passive	Composite Index	Extended
BlackRock Japanese Equity Index Fund	Passive	FTSE Japan Custom ESG Screened Index	Extended
BlackRock Pacific Rim Equity Index Fund	Passive	FTSE AW Developed Asia Pacific ex Japan Index	Extended
BlackRock US Equity Index Fund	Passive	FTSE US Index	Extended
Fidelity Emerging Markets Equity Fund	Active	MSCI Emerging Markets Index	Core
BlackRock Emerging Markets Equity Fund	Passive	MSCI Global Emerging Markets Index	Core
BlackRock World ex-UK Equity Fund	Passive	FTSE Developed ex UK Index	Core
<b>Multi Asset Funds</b>	<b>Active/ Passive</b>	<b>Benchmark</b>	
BlackRock Aquila Life Market Advantage Fund	Active	3 month Sonia + 3.5% p.a.	Core
Schroder Sustainable Future Multi-Asset Fund	Active	ICE BofA Sterling 3-Month Government Bill Index plus 3.5% p.a	Core
Fidelity Diversified Markets Fund	Active	Sonia + 3% p.a.	Core
<b>Fixed Income Funds</b>	<b>Active/ Passive</b>	<b>Benchmark</b>	
BlackRock Over 15 Year Gilts Index Fund	Passive	FTSE Actuaries Over 15 Years Gilts Index	Core
BlackRock Over 5 Year I-L-Gilt Fund	Passive	FTSE Actuaries UK Index-Linked Over 5 Years Index	Extended
L&G Corporate Bond All Stock Index Fund	Passive	iBoxx £ Non Gilts ex BBB Index	Core
Fidelity UK Corporate Bond Fund	Active	Merrill Lynch Euro Sterling Bond Index	Core
Fidelity Pre-Retirement Bond Fund	Active	Composite of Merrill Lynch Gilt and Sterling Bond Indices	Core
Fidelity Sustainable UK Aggregate Bond Fund	Active	Composite of iBoxx Gilt and Sterling Bond Indices	Core
<b>Ethical Funds</b>	<b>Active/ Passive</b>	<b>Benchmark</b>	
HSBC Life Islamic Fund	Passive	Dow Jones Islamic Market Titans 100 (TR)	Core
<b>Sustainable Funds</b>	<b>Active/ Passive</b>	<b>Benchmark</b>	
Master Trust Sustainable Climate Equity Fund	Active	MSCI World - Net Return Index	Core
Master Trust Sustainable Positive Change Fund	Active	MSCI ACWI	Core
Master Trust Sustainable Climate Bond Fund	Active	Bloomberg Barclays Global Aggregate Corporate Index Hedged to GBP	Core
Master Trust Sustainable Active Equity Fund	Active	MSCI ACWI ESG Leaders Index	Core
Master Trust Sustainable Passive Equity Fund	Passive	MSCI ESG Focus Low Carbon Screened Index	Core
<b>Property</b>	<b>Active/ Passive</b>	<b>Benchmark</b>	
L&G 70:30 Hybrid Property Fund	Active	Composite Index	Core
<b>Cash</b>	<b>Active/ Passive</b>	<b>Benchmark</b>	
Fidelity Cash Fund	Active	SONIA overnight	Core
BlackRock Cash Fund	Active	SONIA overnight	Extended

## Risks specific to the Credit Suisse Section

No Section specific risks.

The key risk, which isn't Section specific, is that members will have insufficient income in retirement or an income that does not meet their expectations. This risk was considered when setting the investment options and strategy, along with:

- Risk of not meeting the reasonable expectations of Credit Suisse members, bearing in mind members' contributions, fund choices and retirement intentions.
- Risk of the default fund being unsuitable for the requirements of some members, specifically the risk that the Credit Suisse population's typical member does not represent the basis of the typical member in relation to the Trustees' default fund overall.

### **Other Investment Policies**

No Section specific investment policies. The Trustee of the Fidelity Master Trust is responsible for investment policies including:

- Consideration of material and non-financially material matters (including climate change and other ESG considerations);
- Consideration of stewardship matters, including reviewing of voting activity of appointed asset managers; and
- Evaluation of costs and charges associated with the default strategy and self-select funds, including portfolio turnover costs.

### **Compliance**

The Trustee have taken advice from Aon Solutions UK Limited on the suitability of the 'extended' range of investment funds for this Section. Credit Suisse use the Master Trust default strategy which is reviewed regularly by the Master Trust trustees and their advisers.

**Dated – 28 September 2023**



## Appendix 10.4 - Investment policy for the RSA Section

This Appendix is for the RSA Section of the Fidelity Master Trust. The Trustees have taken advice from Lane Clark & Peacock LLP on the suitability of the investment strategy for this section.

### Investment objectives

The main investment objectives are:

- to provide a default investment option that is likely to be suitable for those members that do not wish to make their own investment decisions;
- to provide a range of investment options for members that wish to make their own investment decisions, suitable for members of different ages and with different retirement plans and objectives; and
- to mitigate, where possible, the risks described in this statement.

### Default option and alternative strategies

A bespoke default option has been designed to be suitable for a typical member of the RSA Section. The default option has been chosen taking account of:

- The kinds of investments to be held
- The balance between different kinds of investments
- Investment risks
- The expected return on investments
- Realisation of investments
- Financially material considerations including risks around Environmental, Social and Governance (ESG)

The default option is the RSA Pension Lump Sum Targeting Strategy, which is designed for members that will take a cash lump sum at retirement. The rationale for the default targeting cash is that the Scheme has a number of members close to retirement whose DB benefits are likely to be of much greater value than their DC benefits. The default option has been designed on the assumption that it is likely that members will choose to use their DB benefits to fund their ongoing regular retirement expenses and take their smaller DC benefits as cash to fund short-term expenses. Further supporting the default's target is the fact that the average projected account size for members that are close to retirement is also relatively small, and trends across DC schemes in general are that small account sizes tend to be taken as a cash lump sum when members retire.

The default option is a lifestyle strategy, which means that members' assets are automatically moved between different investment funds as they approach their target retirement date. Members that are 15 years or more to retirement are invested 100% in the RSA Pension Low Carbon Equity Fund. From 15 years to retirement the strategy begins to de-risk from equities to a more diversified portfolio including bonds and property by switching to the RSA Pension Pre-Retirement Growth Fund. At 3.5 years to retirement members begin to de-risk further into a cash fund, such that by 0.5 years to retirement members are 100% invested in the RSA Pension Cash Fund. Details of the funds are set out in the next section.

In addition to the default option, members are able to select two alternative lifestyle strategies. The RSA Pension Drawdown Targeting Strategy is designed for members wishing to remain largely invested and gradually draw down their investments over time for income in retirement; the RSA Pension Annuity Targeting Strategy is designed for members wishing to target annuity purchase (guaranteed income for life). The RSA Pension Drawdown Targeting Strategy and RSA Pension

Annuity Targeting Strategy are invested in the same manner as the default option up to 5 years to retirement. The drawdown targeting strategy de-risks to a final at retirement allocation of 15% in the RSA Pension Low Carbon Equity Fund, 75% in the RSA Pension Pre-Retirement Growth Fund and 10% in the RSA Pension Cash Fund. The annuity targeting strategy gradually switches into the RSA Pension Annuity Targeting Fund and RSA Pension Cash Fund from 3.5 years to retirement such that the split at retirement between these two funds is 75% and 25% respectively.

In 2020, due to the Covid-19 pandemic and inability to obtain reliable property valuations, the RSA Pension Property Fund had to close. Contributions for members that were previously being invested in the RSA Pension Property Fund were re-directed to the RSA Pension Cash Fund. Because member consent was not obtained for this contribution re-direction (reflecting the speed at which these events were occurring), the RSA Pension Cash Fund is deemed to be a default arrangement. Later in 2020 it was agreed that the RSA Pension Cash Fund was not a suitable long term investment for the re-directed contributions. Therefore, it was decided to re-direct the contributions (past and future) that were intended for the RSA Pension Property Fund, to the RSA Pension Pre-Retirement Growth Fund. The RSA Pension Pre-Retirement Growth Fund was chosen since it is expected to provide members with investment growth above inflation over the long term, and its diversified nature means it is materially less risky than an equity fund. Because the further re-direction is also being carried out automatically (i.e. the switch will occur unless members make an alternative selection), this means that the RSA Pension Pre-Retirement Growth Fund is also deemed to be a default arrangement.

The Trustees have agreed the RSA Pension Pre-Retirement Growth Fund will be the default arrangement to re-direct contributions to in respect of any future fund closures.

### **Illiquid Investments**

The default option for the RSA Section (the Lump Sum Targeting Strategy) has exposure to illiquid assets via a collective investment scheme. The exposure is via the RSA Pre-Retirement Growth Fund, which has a 5% strategic allocation to the RSA Property Fund. The RSA Property Fund invests in the Legal & General 70:30 Hybrid Property Fund, which in turn invests in 70% in a physical (“bricks and mortar”) property fund and 30% in equity of property companies known as Real Estate Investment Trusts (REITs).

Members in the default option aged between 51 and 64, assuming a target retirement age of 65, have exposure to illiquid assets (physical property) via the RSA Pre-Retirement Growth Fund.

The Trustees’ policy is to have exposure to illiquid assets in the default because our assessment is that, when compared to many other asset classes, illiquid assets offers members a greater level of diversification and hence better risk management in the overall asset allocation. Long-term net risk-adjusted investment returns of the default may be improved by investing in illiquid assets.

However, we note that investment in illiquid assets in DC schemes is a relatively new area, with little in the way of track record for the currently limited range of investment options available. Over time the track record and availability of ways to access illiquid assets in DC will increase. The Trustees are satisfied that the current level of investment in illiquid assets is appropriate. With the support of our investment advisers, we plan to consider increasing investment in illiquid assets when we next review the default in 2025.

### **Self-Select Fund Options**

In addition to the lifestyle strategies, members can choose from a range of self-select fund options, as set out in the following table.

Fund	Objective	Benchmark	Management Style
RSA Pension Passive Global Equity Fund	The Fund aims to achieve long term capital growth by investing in the shares of companies around the world.	10% MSCI Global Emerging Markets Index, 90% based on composite of 30/70 distribution between UK and overseas equities, 75% GBP Hedged	Passive
RSA Pension Pre-Retirement Growth Fund	The Fund aims to achieve a return consistent with its benchmark. The fund invests in a range of asset classes in the UK and overseas for example equities, equities, corporate bonds, government bonds and real estate.	20% Solactive L&G Low Carbon Transition Global Index (25% unhedged index and 75% currency hedged to GBP index); 3.5% AREF/IPD UK Quarterly Property All Balanced Funds Index; 1.5% FTSE EPRA/NAREIT Global Developed real estate total return index; 30% iBoxx £ Non-Gilts ex BBB All Stocks Index; 15% JP Morgan Global Government (excluding UK) Traded Bond Index; 5% FTSE UK Gilts Over 15 Year Index; 5% FTSE UK Index-Linked Gilts Over 5 Years Index; 20% Bank of England Base Rate	Predominantly passive
RSA Pension Cash Fund	The Fund aims to achieve capital stability and some long term capital growth by investing in a diversified range of money market instruments, other short-term instruments, and transferable securities.	100% Morningstar UK Savings 2500+ Investment Gross	Active
RSA Pension Annuity Targeting Fund	The Fund aims to move up and down in line with annuity pricing by investing in funds, which primarily invest in government issued bonds.	A composite of gilts and corporate bond funds	Passive
RSA Pension Passive UK Equity Fund	The Fund aims to achieve long term capital growth by investing in the shares of UK companies.	100% FTSE All-Share Index	Passive
RSA Pension Ethical Fund	The Fund aims to achieve long term capital growth by primarily investing in the shares of companies that are selected based on the SRI (socially responsible investing) criteria of the underlying fund/s.	100% FTSE AW – 4Good Global Index	Passive
RSA Pension Corporate Bond Fund	The Fund aims to achieve long term capital growth by primarily investing in Sterling denominated bonds issued by UK companies and other companies who issue Sterling bonds.	100% iBoxx £ Non-Gilts ex BBB All Stocks Index	Passive
RSA Pension Diversified Growth Fund	The Fund aims to achieve long term capital growth by investing in a range of asset classes in the UK and overseas including equities, bonds, cash/currencies, real estate, commodities, hedge funds, high yield debt and private equity.	1 month SONIA + 4% pa	Active
RSA Pension Property Fund	The Fund aims to achieve long term capital growth by investing in property and property-related securities.	70% AREF/IPD UK Quarterly Property All Balanced Funds Index, 30% FTSE EPRA/NAREIT Global Developed Real Estate Total Return Index	Active
RSA Pension Active UK	The Fund invests in one or more actively managed UK equity funds. The fund(s) invest predominantly in the	100% FTSE All-Share Index	Active

Fund	Objective	Benchmark	Management Style
Equity Fund	shares of UK companies. The funds may also invest in the shares of overseas companies. The objective of the Fund is to generate a return above the benchmark return over the longer term.		
RSA Pension Active Global Equity Fund	The Fund invests in one or more actively managed global equity funds. The fund(s) invest predominantly in the shares of companies listed on global stock markets. The objective of the Fund is to generate a return above the benchmark return over the longer term.	100% MSCI All Countries World Total Return Net Index	Active
RSA Pension Global Small Cap Equity Fund	The Fund invests in one or more global smaller companies equity funds. The fund(s) will invest predominantly in the shares of global smaller companies. The objective of the Fund is to generate a return close to the benchmark return over the longer term.	100% FTSE Global Developed Small Cap Index	Passive
RSA Pension Shariah Equity Fund	The Fund invests in one or more equity funds adhering to Shariah principles. The fund(s) invest predominantly in the shares of global companies which aim to meet Shariah investment principles. The objective of the Fund is to generate a return close to the benchmark return over the longer term.	100% Dow Jones Islamic Titans 100 Index	Passive
RSA Pension Emerging Market Equity Fund	The Fund invests in one or more emerging market equity funds. The fund(s) will invest predominantly in the shares of emerging markets companies. The funds may also invest in stocks in developed markets that derive a significant portion of revenues from emerging markets. The objective of the Fund is to generate a return above the benchmark return over the longer term.	100% MSCI Emerging Markets Index (Net)	Active
RSA Pension Fixed Interest Gilt Fund	The Fund invests in one or more UK gilt funds. The fund(s) will invest predominantly in UK government fixed interest securities (nominal gilts). The objective of the Fund is to generate a return close to the benchmark return over the longer term.	FTSE UK Gilts Over 15 Years Index	Passive
RSA Pension Index-Linked Gilt Fund	The Fund invests in one or more UK index-linked gilt funds. The fund(s) will invest predominantly in UK government index-linked securities (index-linked gilts). The objective of the Fund is to generate a return close to the benchmark return over the longer term.	FTSE UK Index-Linked Gilts Over 5 Years Index	Passive
RSA Pension ESG Fund	The Fund invests in one or more equity funds that explicitly address environmental, social and governance (ESG) considerations. The objective of the Fund is to maximise exposure to positive ESG factors while minimising the carbon exposures and targeting risk and return characteristics similar to those of the benchmark index.	MSCI World ESG Focus Low Carbon Screened Index	Passive
RSA Pension Low Carbon Equity Fund	The fund aims to track the returns of the benchmark, by investing in developed and emerging equity markets, whilst reducing exposure to carbon emissions by around two-thirds or more compared to a standard global equity index such as the FTSE All-World Index.	Solactive L&G Low Carbon Transition Global Index (25% unhedged index and 75% currency hedged to GBP index)	Passive

### **Risks specific to this Section**

The RSA Section is subject to the risks outlined in the main part of this Statement. There are no other Section specific risks.

**Dated – 30 September 2024**

## Appendix 10.5 - Investment policy for the Universal Music Section

This Appendix is for the Universal Music Section (“the Section”) of the Fidelity Master Trust (the “Scheme”). The Trustees have taken advice from Hymans Robertson LLP on the suitability of the investment strategy for this Section.

### Investment Objectives

The main investment objectives are:

- to include a suitable default option that is likely to be suitable for a typical member;
- to include a range of alternative choices suitable for members of different ages and with different retirement benefit plans and objectives;
- to enable members to grow their savings above inflation over the long term;
- to seek, where possible, to mitigate the risks described in the main Statement of Investment Principles and this appendix;

### Default Option – drawdown lifestyle strategy

A default option has been selected for the Section, and has been designed to be suitable for a typical member. The default has been chosen taking account of:

- The kinds of investments to be held;
- The balance between different kinds of investments;
- The expected return on investments;
- Realisation of investments;
- An appropriate level of risk depending on the member’s term to retirement;
- Providing members with long-term growth of contributions;
- Taking into account environmental, social and governance factors; and
- Providing members with flexibility at retirement.

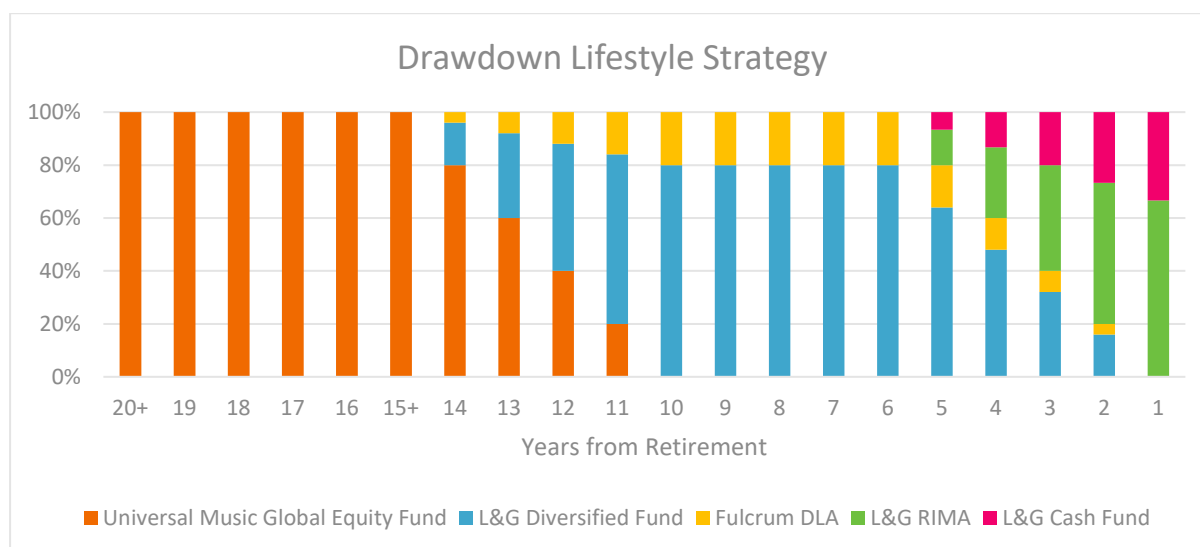
The default option is structured as a lifestyle strategy, which provides members with flexibility with regards to when they take benefits and how. The default option is structured in three phases as follows:

**A Growth Phase** – this will form the majority of the strategy and aims to maximise the growth for members. This phase should be invested in growth assets, to provide the maximum opportunity for long-term growth. In addition, regular contributions will result in a smoother experience for members, especially when fund values are smaller.

**A Consolidation Phase** – this phase aims to manage the investment risk, as the size of the member’s pot is more significant at this stage and members have less time to recoup losses over this phase.

**A Pre-Retirement Phase** – this phase aims to invest in a manner which matches the way that members intend to take their benefits to manage pension conversion risk (the risk that the investments at retirement do not match the way benefits are taken resulting in losses from converting the assets to benefits).

Therefore, the default option is structured as follows:



Phase of retirement journey	Fund
<b>Growth</b> (15 years or more to selected retirement date)	Universal Music Global Equity Fund (Baillie Gifford Positive Change Fund (15%), BlackRock ESG Equity Tracker Fund (40%) and Schroder Sustainable Multi-Factor Equity (45%))
<b>Consolidation</b> (between 14 and 6 years to selected retirement date)	LGIM Diversified Fund and Fulcrum Diversified Liquid Alternatives
<b>Pre-retirement</b> (5 years or less to selected retirement date)	L&G Retirement Income Multi-Asset Fund and L&G Cash Fund

### Illiquid Investments

The Trustee acknowledges the evolution of the investment landscape for DC schemes has improved the feasibility of incorporating illiquid assets into the Section’s default investment strategy. These developments present the potential for diversification and enhanced risk adjusted returns within the Section’s investment strategy.

Currently, the Section holds a small percentage of assets in illiquid investments via the holdings with LGIM, the allocation to which is delegated to the investment manager. The Trustee recognises that the decision to invest in a discrete portfolio of illiquid assets requires careful consideration, and is mindful of the inherent challenges and risks associated with illiquid investments, emphasising the need for a thorough evaluation before committing assets to such strategies.

The Trustee will consider the potential for further investment in illiquid and private markets within the Section and particularly observe the ongoing development of the market and closely monitor the progress and opportunities offered by newly developing products.

The Trustee maintains a steadfast commitment to prioritising the best interests of the Section’s members. The Trustee will ensure that any potential investment aligns with the Section’s risk tolerance, objectives, and the fiduciary duty to safeguard the interests of members. The decision to invest will be contingent upon the products within this market being of suitable quality, value for money and be backed with management from experienced teams.

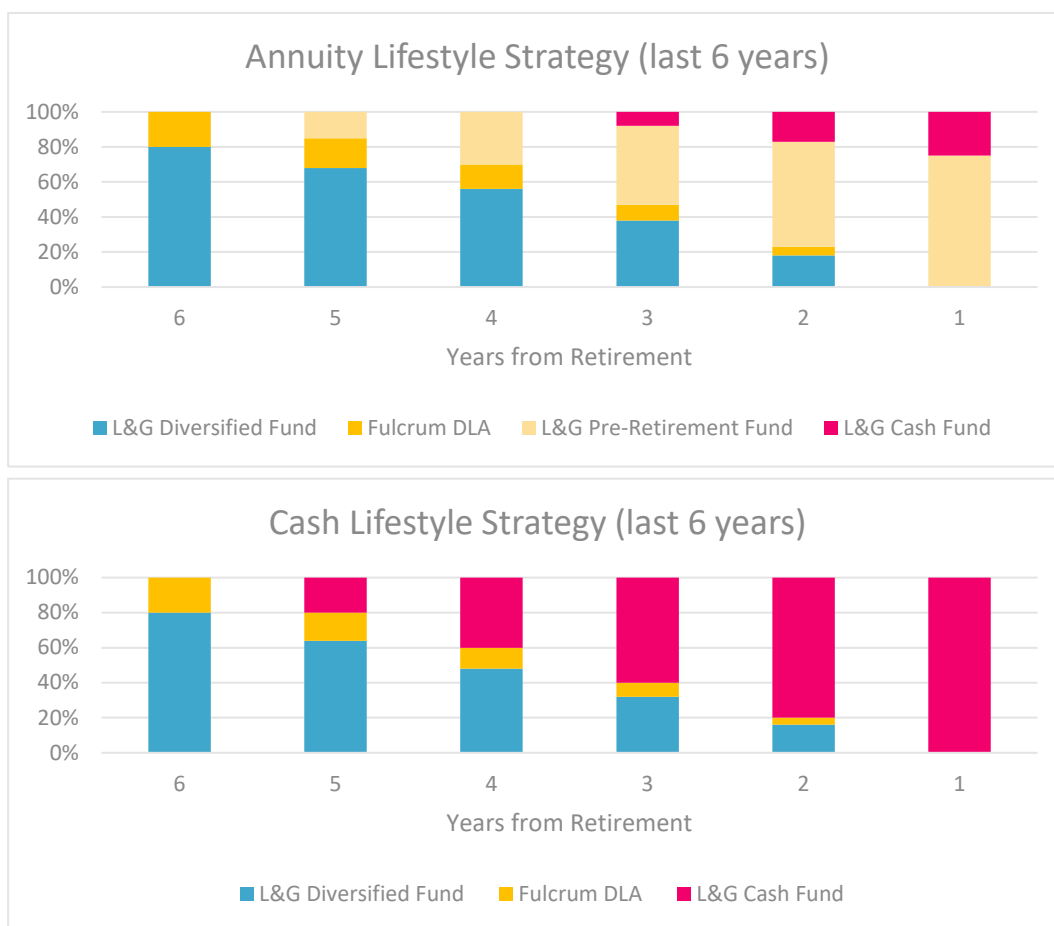
### Alternative lifestyle strategies

The Section also offers two alternative lifestyle strategies for members who believe that the target retirement benefits of the default option are not appropriate to their needs, but otherwise do not want to take an active part in selecting where contributions are invested. The alternative lifestyle strategies manage the principal risks faced by members during their membership but offer a choice of targeting taking their retirement benefits as cash at retirement or as an annuity at retirement.

Cash lifestyle strategy – this strategy aims to protect members, who wish to take their entire fund as a single or small number of cash lump sums, against market downturns.

Annuity lifestyle strategy – this strategy aims to invest to match broadly the way in which annuity rates change and thus maintain members’ annuity purchasing power.

The growth and consolidation phases of the alternative lifestyle strategies are the same as the default option. However, once a member moves into the pre-retirement phase, the lifestyle strategies have different approaches in order to match the target retirement benefit type. This is shown in the graphs below.



### Inadvertent or temporary Default Arrangements

From time to time Fidelity, or a fund manager, may suspend trading in a fund due to market / liquidity conditions or decide to close a fund for commercial or regulatory reasons. This would be outside the control of the Master Trust Trustees. Should these circumstances occur, it may be necessary for the Trustees to redirect contributions temporarily to an investment option which differs from members’ original selected choices.



For this Section, the Trustees will temporarily redirect contributions to the L&G Cash Fund (rather than the Fidelity Diversified Markets Fund). This temporary default fund’s objectives are:

- To maintain the original value of the members’ investments with the least amount of fluctuation prior to the temporary default being created.
- To invest in securities with the strongest liquidity profiles allowing assets to be quickly realised once contributions can be re-directed back to the original fund.
- To maintain an all-in fund charge that is under the regulatory charge cap for DC default strategies.

In all such circumstances, the Trustees will notify members of the issue and identify any actions members may take including allowing members the choice of another self-select fund. Where a fund suspension has been resolved, the Trustees will notify members of their investment options. They will not arrange for the re-investment of past, nor re-direction of future, contributions back into the investment option originally chosen by members.

It should be noted that in the past (during a period of property fund suspensions within the Master Trust), contributions that were to be invested in the L&G Managed Property Fund were, for a period, redirected to the Fidelity Cash Fund as a temporary holding position. Members were written to and informed of alternative choices they could make.

### Self-select funds

In addition to the default option and the two alternative lifestyle strategies, members can choose from a range of self-select fund options, as set out in the table below.

These funds are provided for members who wish to take an active part in choosing where their DC pot is invested. The Section provides a range of asset classes and investment approaches with different levels of expected risk and return, so that members can tailor their investments more closely to their personal needs and attitude to risk.

Asset class		Funds	Active/ passive
Equity	UK	BlackRock UK Equity Index Fund	Passive
	Overseas	BlackRock World Ex-UK Equity Index Fund	Passive
		Universal Music Global Equity Fund	Active
		Fidelity Emerging Market Equity Fund	Active
		Baillie Gifford Positive Change Fund	Active
	Responsible investing	Schroder Sustainable Global Multi Factor Equity	Active
		BlackRock ACS World ESG Equity Tracker Fund	Passive
		L&G Ethical Global Equity Index Fund	Active
Ethical	L&G Ethical Global Equity Index Fund	Active	
Shariah	HSBC Islamic Pension Fund	Active	
Alternatives	Property	L&G Managed Property Fund	Active
	Infrastructure	L&G FTSE Developed Core Infrastructure Index	Active
	Diversified alternatives	Fulcrum Diversified Liquid Alternatives Fund	Active
Multi-asset	Diversified growth	L&G Diversified Fund Baillie Gifford Multi-Asset Growth Fund	Active
	Cautious growth	L&G Retirement Income Multi-Asset Fund	Active
Gilts	Gilts	BlackRock Over 15 Years UK Gilt Index Fund	Passive
	Index-linked gilts	BlackRock Over 5 Years UK Index-Linked Gilt Index Fund	Passive

Asset class		Funds	Active/ passive
Credit	Corporate bonds	BlackRock Corporate Bond Index Fund All Stocks	Passive
	Annuity purchase	L&G Pre-Retirement Fund	Passive
	High yield bonds	Fidelity Global High Yield Fund	Active
	Emerging Market Debt	L&G Emerging Market Passive Local Currency Bond Fund	Passive
Cash	Cash	L&G Cash Fund	Active

### Consideration of non-financial factors

The Employer of the Section recognises that some members of the Section may have strong personal views or religious convictions that influence where they believe their savings should, or should not, be invested.

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

The Trustees note 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. Fund managers are otherwise only expected to take non-financial factors into account when these do not conflict with the financial interests of members and the Scheme's investment objectives.

### Risks specific to this Section

This Section is subject to the risks outlined in the main part of this statement. Other investment risks include:

**Active management risk** – The risk that an investment manager will not deliver investment returns in line with its objectives. The Trustees recognise that an actively managed fund may not deliver performance in line with the fund's objectives / agreed benchmarks. The Trustees regularly monitor fund performance in order to monitor this risk.

**Dated: 30 September 2024**

## **Appendix 10.6 - Fidelity Master Trust - Investment policy for the Virgin Money Section**

This Appendix is for the Virgin Money Section of the Fidelity Master Trust.

### **Investment Objectives**

The main investment objectives are:

- to include a suitable default option that is likely to be suitable for a typical member
- to include a range of alternative choices suitable for members of different ages and with different retirement benefit plans and objectives
- to enable members to grow their savings above inflation over the long term
- to seek, where possible, to mitigate the risks described in this statement

### **Scheme Default Investment Arrangement**

A default option has been selected for the Virgin Money Section, and has been designed to be suitable for a typical member. The default has been chosen taking account of:

- The kinds of investments to be held
- The balance between different kinds of investments
- Manages the main investment risks members face
- The expected return on investments and to maximise investment returns relative to inflation while taking an appropriate level of risk for the majority of members who do not make investment choices
- Realisation of investments
- Financially material considerations including environmental, social and governance considerations including climate change over an appropriate timescale
- Reflects members' likely benefit choices at retirement

The default arrangement is a lifestyle strategy which targets members who are expected to use flexible retirement with a high probability of using Flexible Access Income Drawdown for a significant part of their retirement savings during their retirement.

The default lifestyle strategy gradually moves investments between different funds to manage the levels of expected investment risks and returns at each stage of membership of the Scheme.

The expected levels of investment returns (after the deduction of charges) and risks for the funds used are consistent with the Trustee's objectives for the default arrangement.

### **Default Arrangement – Drawdown Lifestyle (Default) Strategy**

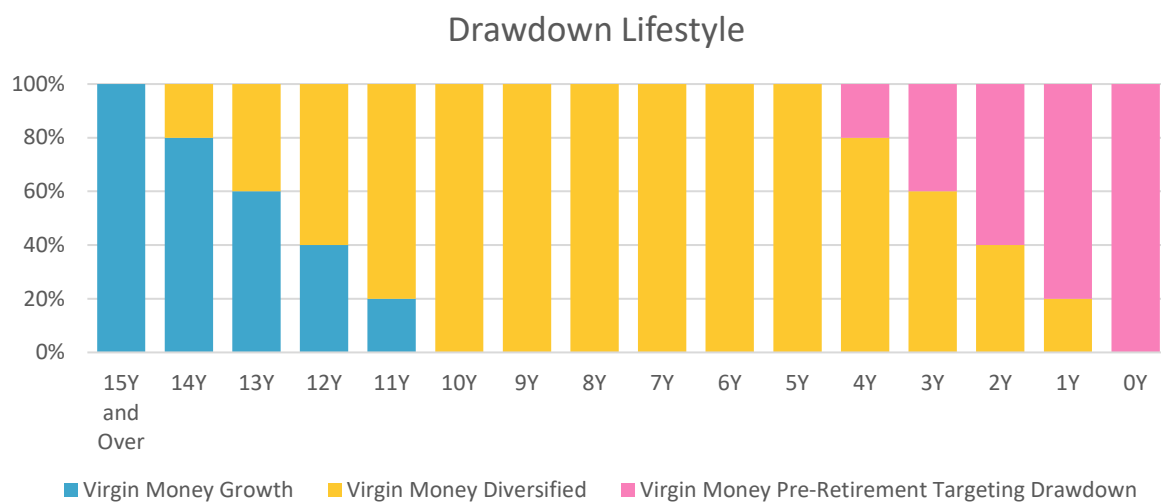
The Default Arrangement is a lifestyle strategy which targets cash and income drawdown at retirement.

Members are invested in funds expected to give higher returns relative to inflation up to 15 years before their selected/normal retirement date.

Members are gradually switched into funds which are expected to give good returns relative to inflation while consolidating past investment gains between 15 and 3 years before their selected/normal retirement date.

Finally, members are automatically switched into funds aligned to their expected benefit choices at retirement during the last 3 years up to their selected/normal retirement date.

The Default Arrangement is as follows:



Lifestyle Fund	Underlying Funds
Virgin Money Growth Fund	50.00% LGIM Future World Global Equity Index (GBP hedged) Fund (GB00BHFMRD16)  33.35% Schroder Life Sustainable Multi Factor Equity Fund (GB00BF785179)  16.65% L&G Future World Global Equity Index Unhedged Fund (GB00BHFMRD09)
Virgin Money Diversified Fund	100.00% Asset Fund with LGIM Future World Multi Asset Fund (GB00BHFPPG95)
Virgin Money Pre-Retirement Targeting Drawdown	100.00% L&G Retirement Income Multi-Asset Fund (GB00B8ZTNG45)

**Other default arrangements**

Under the definition of “default arrangement” under The Occupational Pension Scheme (Charges and Governance) Regulations 2015 certain other arrangements can be classified as default arrangements. These arrangements are:

**Cash Withdrawal Lifestyle**

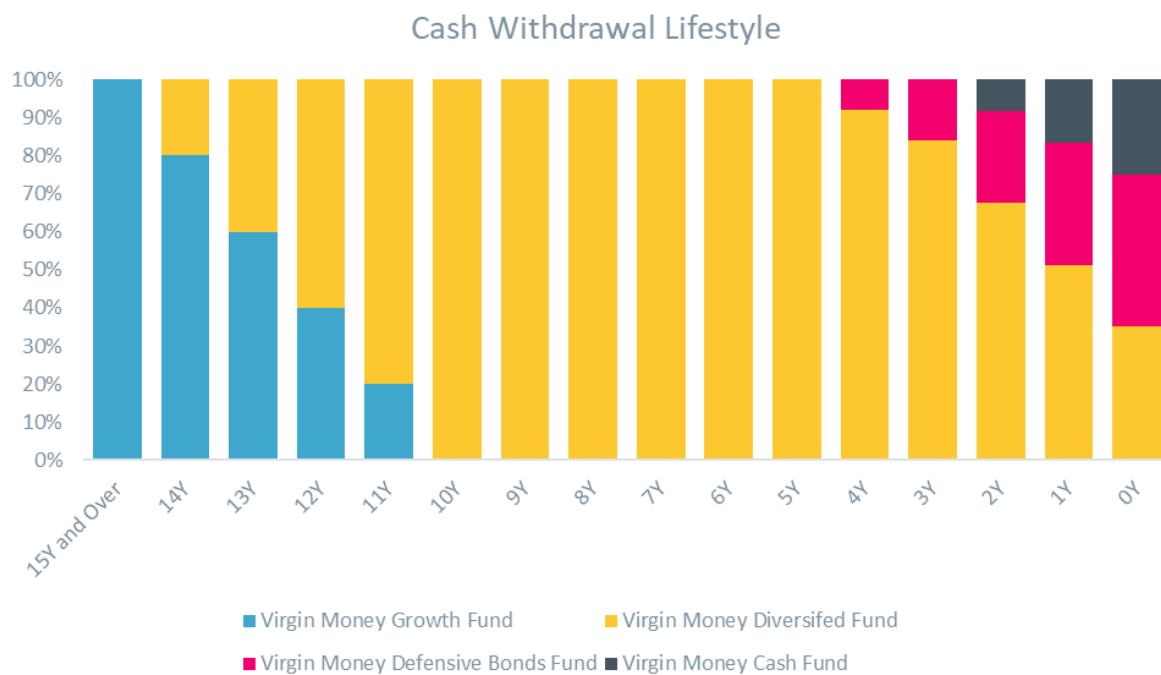
This is a lifestyle strategy which targets cash withdrawal at retirement or over a series of cash withdrawals over a few years.

Members are invested in funds expected to give higher returns relative to inflation up to 15 years before their selected/normal retirement date.

Members are gradually switched into funds which are expected to give good returns relative to inflation while consolidating past investment gains between 15 and 5 years before their selected/normal retirement date.

Finally, members are automatically switched into funds aligned to their expected benefit choices at retirement during the last 5 years up to their selected/normal retirement date.

This arrangement is as follows:



Lifestyle Fund	Underlying Funds
Virgin Money Growth Fund	50.00% LGIM Future World Global Equity Index (GBP hedged) Fund (GB00BHFMRD16) 33.35% Schroder Life Sustainable Multi Factor Equity Fund (GB00BF785179)  16.65% L&G Future World Global Equity Index Unhedged Fund (GB00BHFMRD09)
Virgin Money Diversified Fund	100.00% Asset Fund with LGIM Future World Multi Asset Fund (GB00BHFPPG95)
Virgin Money Defensive Bonds Fund	100.00% M&G TRCI with M&G Sustainable Total Return Credit Investment Fund(TRCI) (LU2360509983)

Virgin Money Cash Fund	100.00% L&G Cash Fund (GB00B6V6T565)
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**Annuity Lifestyle**

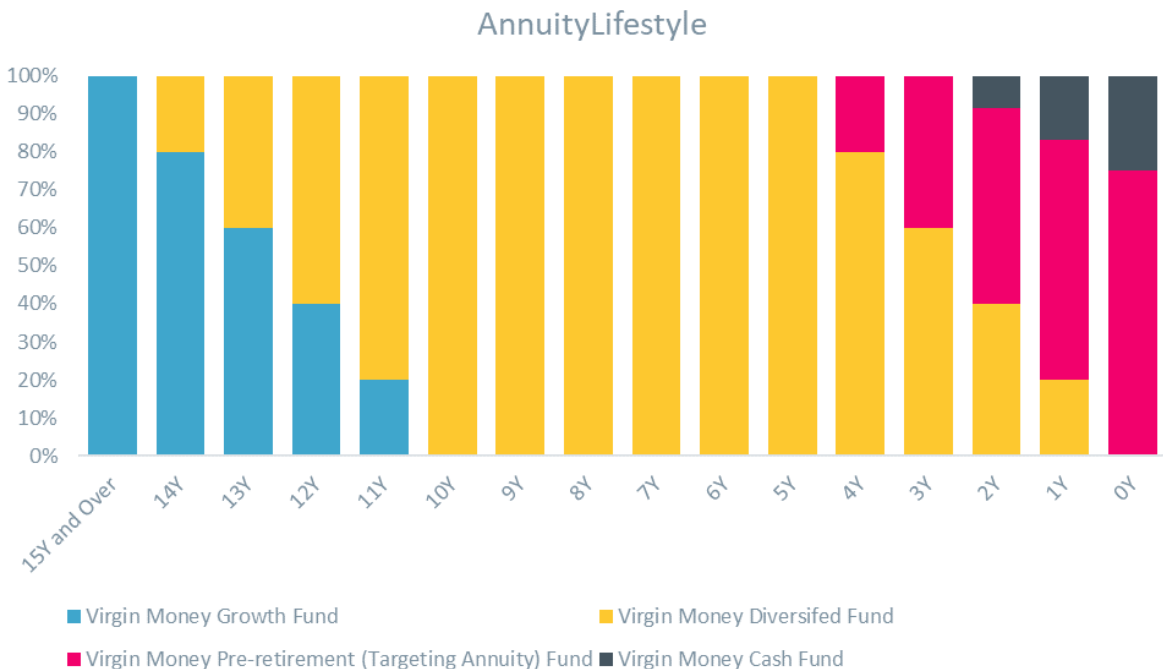
This is a lifestyle strategy which targets cash and annuity purchase at retirement.

Members are invested in funds expected to give higher returns relative to inflation up to 15 years before their selected/normal retirement date.

Members are gradually switched into funds which are expected to give good returns relative to inflation while consolidating past investment gains between 15 and 5 years before their selected/normal retirement date.

Finally, members are automatically switched into funds aligned to their expected benefit choices at retirement during the last 5 years up to their selected/normal retirement date.

This arrangement is as follows:



Lifestyle Fund	Underlying Funds
Virgin Money Growth Fund	50.00% LGIM Future World Global Equity Index (GBP hedged) Fund (GB00BHFMRD16)  33.35% Schroder Life Sustainable Multi Factor Equity Fund (GB00BF785179)  16.65% L&G Future World Global Equity Index Unhedged Fund (GB00BHFMRD09)
Virgin Money Diversified Fund	100.00% Asset Fund with LGIM Future World Multi Asset Fund (GB00BHFP95)

Virgin Money Pre-Retirement Fund (Targeting Annuity)	100.00% L&G Future World Annuity AwareFund (GB00B6V70Q77)
Virgin Money Cash Fund	100.00% L&G Cash Fund (GB00B6V6T565)

### **Illiquid Investments**

The Trustee acknowledges the evolution of the investment landscape for DC schemes has improved the feasibility of incorporating illiquid assets into the Section’s default investment strategy.

These developments present the potential for diversification and enhanced risk adjusted returns within the Section’s investment strategy. The Trustee recognises that the decision to invest in illiquid assets requires careful consideration. The Trustee is mindful of the inherent challenges and risks associated with illiquid investments, emphasising the need for a thorough evaluation before committing assets to such strategies.

The Trustee intends to continue to actively consider the potential for investment in illiquid and private markets within the Section and particularly observe the ongoing development of the market and closely monitor the progress and opportunities offered by newly developing products.

The Trustee maintains a steadfast commitment to prioritising the best interests of the Section’s members. The Trustee will ensure that any potential investment aligns with the Section’s risk tolerance, objectives, and the fiduciary duty to safeguard the interests of members. The decision to invest will be contingent upon the products within this market being of suitable quality, value for money and be backed with management from experienced teams.

### **Self-Select Options**

In addition to the default the members can choose from a range of self-select fund options, as set out in the table below.

These funds are provided for members who wish to take an active part in choosing where their DC pot is invested. The Section provides a range of asset classes and investment approaches with different levels of expected risk and return, so that members can tailor their investments more closely to their personal needs and attitude to risk.

The main objectives of the self-select fund range are to:

- Provide a choice of individual funds for members who want to be more closely involved in choosing where their funds are invested;
- Complement the objectives of the Default Arrangement and the alternative lifestyle options targeting annuity purchase and cash withdrawal;
- Provide a broader choice of levels of investment risk and return;
- Provide a broader choice of investment approaches including sustainable investing and a faith based fund; and
- Help members more closely tailor how their funds are invested to their personal needs and attitude to risk.

- Help members more closely tailor how their funds are invested to reflect the benefits they intend to take at retirement.

Nevertheless, the self-select fund range cannot be expected to cover all the investment needs of all members.

White Labelled Fund	Underlying Fund	Asset class
<b>Virgin Money Growth*</b>	50.00% LGIM Future World Global Equity Index (GBP hedged) Fund (GB00BHFMRD16)  33.35% Schroder Life Sustainable Multi Factor Equity Fund (GB00BF785179)  16.65% L&G Future World Global Equity Index Unhedged Fund (GB00BHFMRD09)	Equity
<b>Virgin Money Sustainable Active Equity</b>	100.00% Schroder Life Sustainable Multi Factor Equity Fund (GB00BF785179)	Equity
<b>Virgin Money Sustainable Passive Equity</b>	100 % LGIM Future World Global Equity Index Fund (GB00BHFMRD09)  50.00% L&G Future World Global Equity Index GBP Hedged Fund (GB00BHFMRD16)	Equity
<b>Virgin Money Islamic Equity</b>	100.00% HSBC Islamic Global Equity Index Fund (LU1092475968)	Equity
<b>Virgin Money Diversified*</b>	100.00% Asset Fund with LGIM Future World Multi Asset Fund (GB00BHFPFG95)	Multi-Asset
<b>Virgin Money Property</b>	100.00% L&G Managed Property Fund (GB00B8ZC7P04)	Property
<b>Virgin Money Pre-Retirement (Targeting Annuity)</b>	100.00% L&G Future World Annuity Aware Fund (GB00B6V70Q77)	Bonds
<b>Virgin Money Index-Linked</b>	100.00% (BlackRock) iShares Index Linked Gilt Tracker Fund (GB00B83RX604)	Bonds
<b>Virgin Money Defensive Bonds*</b>	100.00% M&G TRCI with M&G Sustainable Total Return Credit Investment Fund (TRCI) (LU2360509983)	Bonds
<b>Virgin Money Pre-Retirement Targeting Drawdown*</b>	100.00% L&G Retirement Income Multi-Asset Fund (GB00B8ZTNG45)	Bonds
<b>Virgin Money Cash*</b>	100.00% L&G Cash Fund (GB00B6V6T565)	Cash

\*Funds used in Lifestyle Strategies

## Risks Specific to this Section



**Climate risk** – The extent to which climate change causes a material deterioration in asset values as a consequence of factors including, but not limited to: policy change, physical impacts and the expected transition to a low-carbon economy.

The Trustees recognise that climate change poses a long-term systemic risk which could affect the returns achieved from their investment strategy. The Section takes steps to mitigate climate risk in the implementation of its strategy through the inclusion of the Schroder Sustainable Multi-Factor Equity Fund and L&G Future World Global Equity Index Fund (hedged and unhedged versions) in the Virgin Money Growth Fund used in the Default lifestyle, Cash Withdrawal Lifestyle and Annuity Lifestyle and in the self-select range. The Schroder Sustainable Multi-Factor Equity Fund is also used in the Virgin Money Sustainable Active Equity Fund and the two L&G Future World Global Equity Index Funds are used in the Virgin Money Sustainable Passive Equity Fund, both of which are used in the self-select range. Furthermore, the Section takes steps to mitigate climate risk in the implementation of its strategy through the inclusion of the L&G Future World Multi-Asset Fund in the Virgin Money Diversified Fund used in the Default Lifestyle, Cash Withdrawal Lifestyle and Annuity Lifestyle and self-select range. Similarly, the Section also includes the L&G Future World Annuity Aware Fund and M&G Sustainable Total Return Credit Investment Fund in the Virgin Money Pre-Retirement (Targeting Annuity) Fund and Virgin Money Defensive Bonds Fund used in the Annuity and Cash Withdrawal Lifestyles respectively and also in the self-select range. This allows an investment strategy where this Fund makes explicit allowance for climate-related risks in the investment decision making process.

**Counterparty risk** – the financial institutions holding a fund's assets may get into financial difficulties leading to a reduction in a fund's value.

**Factor based investing** – equity investments may show several factors (supported by academic research) that may be expected to deliver stronger returns over the longer-term, but which may show increased risks (including timing) in the shorter-term.

**Legislative/Regulatory** - Changes in government policy or taxation may have a long-term positive or negative impact on certain sectors of a country's economy or one country relative to its neighbours over the medium to longer-term. Changes in Regulations can also affect the operational costs, tax efficiency and security of one investment vehicle relative to other vehicles over the shorter-term.

The Trustees manage these other investment risks as part of the process for selecting and ongoing monitoring of the funds used by the Section. The funds used give a good spread of investments which will help manage risks associated with market conditions, fund manager actions and default. The Trustees believe that the Section's investment options are appropriate for managing the risks typically faced by members.

## **Other Investment Policies**

### **Non-financial factors**

The Employer of the Section recognises that some members will have strong views or convictions on where their savings should, or should not, be invested.

The Section offers a fund managed on Shariah principles for members who are likely to hold stronger views in these areas than the majority of members.

The Trustees 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.

In all cases fund managers are expected to act in accordance with the financial interests of members and the Section's investment objectives.

**Compliance**

The Trustees have taken advice from Hymans Robertson LLP on the suitability of the investment strategy for this section. The investment strategy will be reviewed at least triennially.

**Dated – 30 September 2024**

## Appendix 10.7 - Investment policy for the Voith Turbo Pension Scheme Section

This Appendix is for the Voith Turbo Pension Scheme section of the Fidelity Master Trust. The Trustees have taken advice from Hymans Robertson on the suitability of the investment strategy for this section.

### Investment Objectives

The main investment objectives are:

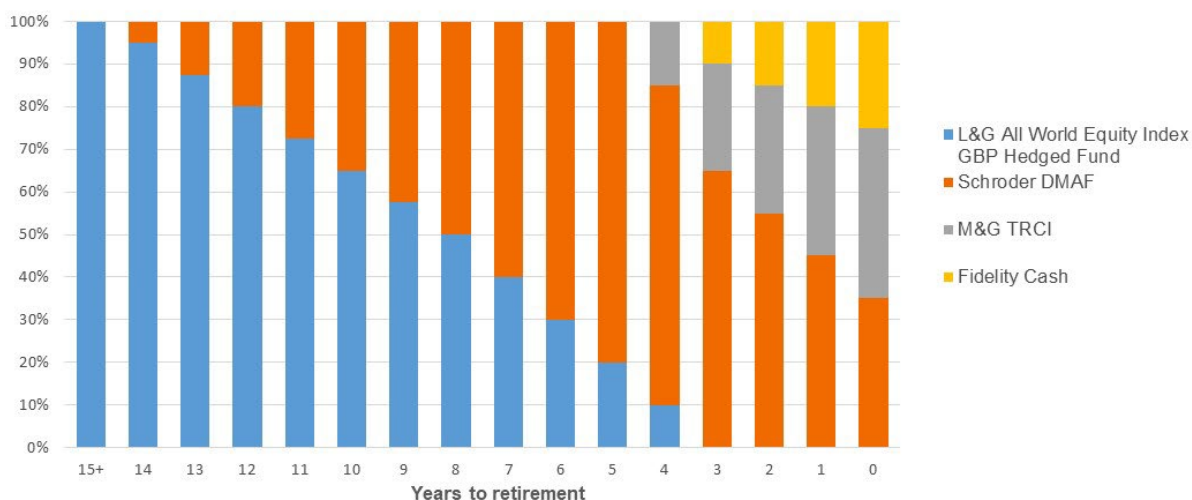
- to include a default option that is likely to be suitable for a typical member
- to include a range of alternative choices suitable for members of different ages and with different retirement benefit plans and objectives
- to enable members to grow their savings above inflation over the long term
- to seek, where possible, to mitigate the risks described in this statement

### Default Option

A default option has been designated for the Voith Turbo Pension Scheme section and has been designed to be suitable for a typical member. The default has been chosen taking account of:

- The kinds of investments to be held
- The balance between different kinds of investments
- Investment risks
- The expected return on investments
- Realisation of investments

The section's default strategy has been designed to target income drawdown at retirement. The strategy uses listed investments in daily priced pooled funds, which are expected to be realisable on any given day, under normal trading conditions. The below chart illustrates the glide path for the section's default strategy:



The default strategy has been designed using a framework which considers the balance between expected risk and return depending on the length of time which a member has until retirement.

### Growth phase (over 15 years to retirement)

During the growth phase members' assets are invested in the L&G All World Equity Index (GDP Hedged) Fund up until 15 years before retirement. Over the long term, equities are expected to offer a high level of growth but combined with a high level of price volatility. Most members can tolerate this greater level of price volatility in the earlier years but are less tolerant as they near retirement. Rather than price volatility a more significant risk for members in the growth phase is too low growth.

### Consolidation phase (15 to 5 years before retirement)

During the consolidation phase the allocation to equities is gradually reduced and the allocation to the Schroder Dynamic Multi-Asset Fund ('DMAF') is gradually increased. The consolidation phase will typically have a lower expected return and lower risk, and the gradual switching into Schroder DMAF in combination with a diminishing equity allocation is expected to strike the right balance between growth of members' portfolios in real terms combined with increasing downside protection.

### Pre-retirement phase (less than 5 years before retirement)

During the pre-retirement phase, members' assets are switched into funds which help mitigate the risk of capital loss, which becomes more important in the approach to retirement compared to the earlier years of members' saving. When targeting income drawdown, members will have an extended time horizon for their invested assets in comparison to exchanging their entire fund for an annuity at retirement. For that reason, members will be required to retain a significant allocation to assets targeting returns in excess of inflation. The default strategy targets a final at retirement allocation of 35% in the Schroder DMAF, 40% in the M&G Total Return Credit (TRCI) Fund and 25% in Fidelity's Cash Fund.

## **Inadvertent Default Arrangements**

From time to time Fidelity, or a fund manager, may suspend trading in a fund due to market / liquidity conditions or decide to close a fund for commercial or regulatory reasons. This would be outside the control of the Master Trust Trustees. Should these circumstances occur it may be necessary for the Trustees to redirect contributions, and transfer assets in the case of fund closure, to an investment option which differs from members' original selected choices.

For this section the Trustees will redirect contributions and, where required, transfer assets to the Fidelity Cash Fund. This inadvertent default fund's objectives are:

- To maintain the original value of the members' investments with the least amount of fluctuation prior to the inadvertent default being created.
- To invest in securities with the strongest liquidity profiles allowing assets to be quickly realized.
- To maintain an all-in fund charge that is under the regulatory charge cap for DC default strategies.

In all such circumstances, the Trustees will notify members of the issue and identify any actions members may take including allowing members the choice of another self-select fund. Where a fund suspension has been resolved, the Trustees will notify members of their investment options. They will not arrange for the re-investment of past, nor re-direction of future, contributions back into the investment option originally chosen by members.

## **Illiquid Investments**

The Trustee acknowledges the evolution of the investment landscape for DC schemes has improved the feasibility of incorporating illiquid assets into the Section's default investment strategy.

These developments present the potential for diversification and enhanced risk adjusted returns within the Section's investment strategy. The Trustee recognises that the decision to invest in illiquid

assets requires careful consideration. The Trustee is mindful of the inherent challenges and risks associated with illiquid investments, emphasising the need for a thorough evaluation before committing assets to such strategies.

The Trustee will consider the potential for investment in illiquid and private markets within the Section and particularly observe the ongoing development of the market and closely monitor the progress and opportunities offered by newly developing products.

The Trustee maintains a steadfast commitment to prioritising the best interests of the Section’s members. The Trustee will ensure that any potential investment aligns with the Section’s risk tolerance, objectives, and the fiduciary duty to safeguard the interests of members. The decision to invest will be contingent upon the products within this market being of suitable quality, value for money and be backed with management from experienced teams.

### Self-Select Options

In addition to the default the members can choose from a range of self-select fund options:

Fund	Asset class	Active/passive
L&G All World Equity Index (GBP Hedged)	Global equity	Passive
L&G Global 30/70 Equity Index Fund – 75% GBP Hedged	Global equity	Passive
HSBC Amanah Pension Fund	Global equity	Passive
Sustainable Passive Equity Fund	RI / Global equity	Passive
L&G UK Equity Index Fund	UK equity	Passive
Schroder Sustainable Future Multi-Asset Fund	Diversified growth	Active
M&G Total Return Credit (TRCI) Fund	Absolute Return Bonds	Active
L&G Managed Property Fund	Property	Active
L&G Pre-Retirement Fund	Fixed interest	Passive
L&G Over 15 Years Gilts Index Fund	Fixed interest	Passive
L&G Over 5 Years Index-Linked Gilts Index Fund	Fixed interest	Passive
Fidelity Cash Fund	Cash	Active

### Risks specific to this Section

The Voith Turbo Pension Scheme section is subject to the risks outlined in the main part of this Statement. There are no other section specific risks.

**Dated – 30 September 2024**

## Appendix 10.8 - Investment policy for the Unilever Section

This Appendix is for the Unilever Section of the Fidelity Master Trust.

### Investment Objectives

The main investment objectives are:

- To enable members to grow their savings above inflation over the long term (after charges);
- To provide a range of investment options suitable for members of different ages and with different retirement benefit plans and objectives, including (where appropriate) a default option that is suitable for a typical member; and,
- To seek, where possible, to mitigate the risks described in this statement, including through appropriate diversification of the asset types used and in accordance with the objective of each respective investment option.

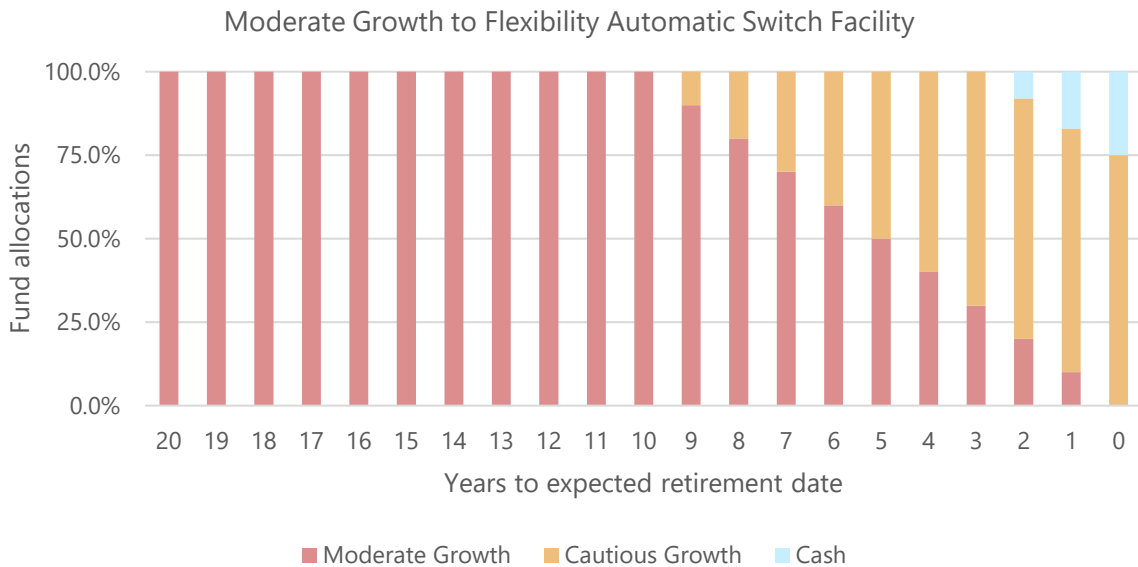
### Scheme Default Investment Arrangement

A default strategy is not required for auto-enrolment purposes for members in deferment and in retirement since an active choice is required to join the Unilever section. However, regulations pertaining to SIPs adopt a broader definition of a default strategy. In addition, a default strategy is required for operational purposes in relation to members who decide to transfer-in benefits from schemes other than Unilever UK Pension Fund ("UUKPF").

The default option chosen has been designed to be suitable for a typical member, taking into account the investment objectives set out above and the following considerations:

- The kinds of investments to be held;
- The balance between different kinds of investments;
- Investment risks;
- The expected return on investments;
- Realisation of investments; and,
- Financially material considerations, such as Environmental, Social and Governance ("ESG") factors, including climate risk.

The default option is a lifestyle arrangement that is consistent with members taking their retirement benefits using income drawdown. The default option is called the Moderate Growth to Flexibility Automatic Switch Facility and is illustrated below. The underlying funds are described later in this Appendix.



The choice of default option recognises that accessing a pension via income drawdown is considered the most likely choice for members of the Unilever section. In accordance with the objectives above, the lifestyle arrangement means members are automatically invested in higher risk funds in search of long-term, inflation-protected growth when they are a long way away from their expected retirement date. As they approach their expected retirement date, members’ assets are progressively and automatically moved towards an allocation consistent with accessing a pension via income drawdown. This involves placing a greater focus on managing risk, albeit still retaining exposure to asset classes that will contribute towards inflation-protected growth.

The decision to target income drawdown for the default option recognises that the Unilever section is primarily intended to be a post-retirement vehicle for members of the UUKPF. Such a vehicle is required for members of the UUKPF to access income drawdown, in contrast to taking benefits as cash or as an annuity.

However, it is acknowledged that members of the Unilever section may have different attitudes to risk and different aims for their retirement savings so it is not possible to offer a single investment option that will be suitable to all members. Therefore, alternative self-select options have been made available to members, as detailed below.

For the same reasons set out above, the default option should be used in the event that the Trustees are required to re-direct future contributions in the event of a fund suspension or closure. However, regular contributions are not expected to be commonplace within the Unilever section.

**Illiquid Investments**

The default arrangement does not currently invest in illiquid assets, as at the last strategy review the chosen strategy was considered suitable to meet members’ needs while also offering value for money and flexibility. The default arrangement does however have an allocation to a listed property equity fund, which aims to provide some of the benefits of an allocation to illiquid assets (such as diversification) in a cost effective and liquid way. The Trustees and their advisors do not currently have any plans to invest in illiquid assets. However, the Trustees and their advisors will monitor the market to look for suitable future opportunities and will continue to review the approach in future investment strategy reviews.

## Self-Select Options

In addition to the default, members can choose from a range of self-select options. These include a number of individual funds and additional Automatic Switch Facilities.

The individual funds available to members are detailed in the table below. These will be available to members before and after they crystallise their benefits.

Unilever Fund	Objective
Moderate growth	Aims to achieve a return over the long term (5 years or more) that exceeds the return on the Cautious growth fund (albeit with a higher prospect that a negative return could be experienced over the same period).
Cautious growth	Aims to achieve a return over the long term (5 years or more) that exceeds the return on the cash fund (albeit with a higher prospect that a negative return could be experience over the same period).
Global equity	Aims to achieve a return similar to that which could be achieved via a portfolio invested in globally diversified equity markets.
Emerging markets	Aims to achieve a return similar to that which could be achieved via a portfolio invested in securities listed in or related to Emerging market countries.
Unilever Long-Term Inflation Target Fund	An Investment Vehicle with an investment objective which aims to achieve a return over the long term (5 years or more) that provides some degree of protection against changes in Consumer Price Inflation (CPI) thus maintaining the real purchasing power of the amount invested in that Investment Vehicle. This fund invests or reinsures into underlying funds managed by Fidelity or our Fund Partners.
Bond	Aims to achieve a return which provides some protection against changes in fixed annuity prices as a member approaches retirement, as well as operating as a relatively low risk bond fund.
Cash	Aims to preserve capital whilst aiming to provide a return on investments similar to that which might be achieved on cash deposits in a bank or building society.

The alternative Automatic Switch Facilities are detailed in the investment guide available to members.

The Fidelity Investment Pathways will be made available to members of the bespoke section when they crystallise their benefits. The main body of the SIP considers these in detail.

## Risks

Investment risk is not considered in isolation, but in conjunction with expected investment returns and retirement outcomes for members. The main risks taken into account when designing the investment strategy are set out in the main body of this statement, with the exception of ESG,



including climate risk (which is considered as part of the policy on financially material factors set out below).

### **Other Investment Policies**

Financially material considerations (such as ESG, including climate risk) and stewardship activities are considered in the selection, retention, and realisation of investments in line with the policies set out in the main body of this statement. The Employer will keep this under review and work with the Trustees in the event its views diverge materially from the Trustees' stated policy.

However, non-financial matters (such as members' ethical views) are not currently considered in the selection, retention, and realisation of investments for the Unilever section. This is reviewed on a periodic basis.

The arrangements with asset managers are reviewed periodically (usually annually) as part of advice on the ongoing suitability of the fund options to the Trustees. They are also considered at least every three years alongside reviewing the investment strategy and prior to appointment of any fund managers. Where appropriate, this may include but is not limited to:

- The extent of alignment between managers' investment process and the Trustees' policies and objectives;
- An evaluation of performance over time horizons commensurate with members' objectives and taking into account manager remuneration;
- Portfolio turnover costs; and,
- The duration of arrangements with asset managers.

These reviews will take into account the Trustees' prevailing policies on these matters as set out in the main body of the SIP. In the event a fund manager is no longer considered suitable, their appointment may be terminated.

### **Compliance**

The Trustees receive written advice from Barnett Waddingham on the suitability of the investment options offered to members in the Unilever section. The investment strategy will be reviewed at least triennially by the Trustees, including consultation with the Employer.

### **September 2024**

## Appendix 10.9 - Investment policy for the Reach Section

This Appendix is for the Reach Section of the Fidelity Master Trust.

### Investment Objectives

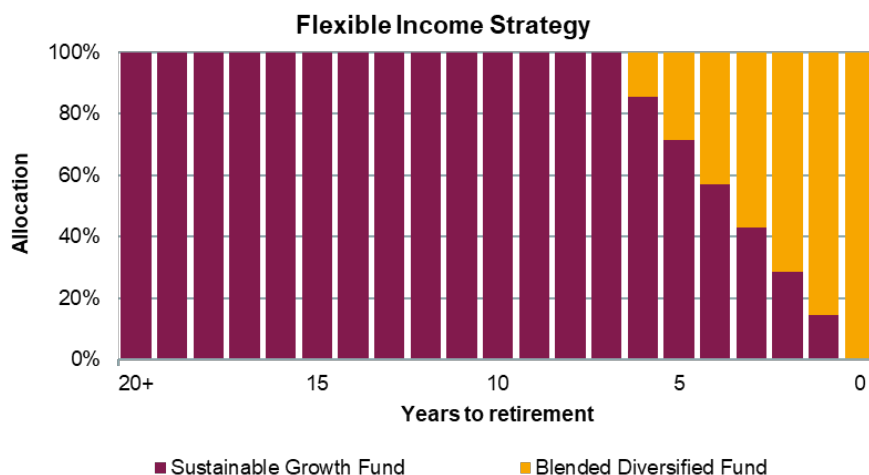
The main investment objectives are:

- to offer a default option that helps to provide good member outcomes at retirement, taking into account the contribution rates for the Reach Section;
- to help achieve good member outcomes by maximising investment returns relative to inflation while members are far from retirement while taking an appropriate level of risk for the majority of members who do not make investment choices;
- to provide a range of investment options for members that wish to make their own investment decisions, suitable for members of different ages and with different retirement plans and objectives; and
- to manage the main investment risks faced by members.

### Scheme Default Investment Arrangement

A default option (the Flexible Income Strategy) has been selected for the Reach Section, and has been designed to be suitable for a typical member who will draw down their pension pot throughout their retirement. The default has been chosen taking account of:

- The age and salary profile of the membership;
- The likely amount of members savings at retirement;
- Members' likely benefit choices at and into retirement;
- The kinds of investments to be held;
- The balance between different kinds of investments;
- Investment risks;
- The expected return on investments;
- Realisation of investments; and
- Financially material considerations including risks around Environmental, Social and Governance (ESG) including socially responsible investment requirements.



The **Flexible Income Strategy Lifestyle** takes a relatively high-risk approach through the growth phase via the **Sustainable Growth Fund** (which invests in the Schroders Sustainable Multi-Factor Equity Fund). This Fund is also used to manage longer term climate risk impact on future returns.

The strategy has a de-risking period of 7 years and is designed to be suitable for members who are expected to remain invested, to and through retirement. Risk reduction in the de-risking period is achieved via diversification in the **Blended Diversified Fund** which includes a 10% allocation to cash within the blend.

The Blended Diversified Fund invests in:

- 25% Schroders Dynamic Multi-Asset Fund
- 15% Schroders Sustainable Multi-Factor Equity Fund
- 20% M&G Total Return Credit Fund
- 17.5% BlackRock Corporate Bond All Stocks Tracker Fund
- 12.5% BlackRock Over 15 Years Gilt Fund
- 10% BlackRock Cash Fund

Rebalancing between these funds takes place on a quarterly basis subject to a 1% tolerance relative to target allocations.

**2005 Investment Regulations Section 2A – Additional requirements in relation to default arrangement**

Section 5.15 of this Statement explains that in some instances it may be necessary to direct contributions towards a fund or strategy that differs from members’ original selection. The Trustees have received advice from the adviser of the Reach Section to use the BlackRock Cash Fund as the ‘nominated default fund’ in the event that the Trustees are required to re-direct future contributions in the short-term. This is to allow the advisers of the Reach Section time to review the long term option (which may be to utilise the Flexible Income Lifestyle Strategy). The BlackRock Cash Fund aims to achieve a rate of interest, maintaining capital (preserving the value of contributions paid by members) and ensures that members assets can easily be bought or sold (in normal market conditions).

**Illiquid Investments**

The default strategy for the Reach Section includes an allocation to diversified growth funds (“DGFs”) via pooled funds (a type of collective investment scheme), that may include an allocation to illiquid assets if the DGF manager chooses to do so. As at 30 June 2024 there was no exposure to illiquid assets via the DGF allocation in the Blended Diversified Fund. If the manager chose to include illiquid assets in the DGF allocation in the future, members invested in the default and aged between 58 and 64, assuming a target retirement age of 65, would have exposure to illiquid assets, via the Blended Diversified Fund.

Our policy is to have exposure to DGFs with discretion to invest in illiquid assets within the default because our assessment is that, when compared to many other asset classes, illiquid assets offer members a potentially greater level of diversification and hence better risk management in the overall asset allocation. We also believe that long-term net risk-adjusted investment returns of the default may be improved by investing in illiquid assets.

We intend to consider the illiquid assets exposure further with the support of our investment advisers when we next review the default strategy.

**Self-Select Options**

In addition to the default the members can choose from a range of self-select fund options, including an alternative lifestyle strategy targeting annuity purchase at retirement. The main objectives of the self-select fund range are to:

- Provide a choice of individual investment funds for members who want to be more closely involved in choosing where their pension contributions are invested;
- Complement the objectives of the default option;
- Provide a broader choice of levels of investment risk and return;
- Provide a broader choice of investment approaches, including environmental, social, governance, ethical or faith-based investment options; and
- Help members more closely tailor how their pension contributions are invested to their personal needs and attitude to risk.

The range of self-select funds are set out in the table below.

Fund Manager	Fund Name	Performance Objective	TER (% pa)
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Schroders	Sustainable Growth Fund*	The fund aims to deliver excess returns over the MSCI All Country World Index on a 3-year rolling basis, whilst limiting index-relative risk	0.310
Mixed	Blended Diversified Fund	CPI + 3%	0.359
BlackRock	Fidelity BlackRock 30/70 Currency Hedged Global Equity Fund	Track fund benchmark to within +/-0.25% per annum over rolling 3 year periods.	0.220
Mixed	Worldwide Shares Fund	Outperform MSCI World Index by 2% per annum over rolling 5 year periods.	1.006
Mixed	UK Shares Fund	Outperform FTSE All Share Index by 1% per annum over rolling 5 year periods.	0.565
HSBC	Fidelity HSBC Islamic Fund	Track fund benchmark to within +/-0.25% per annum over rolling 3 year periods.	0.400
BMO	Fid BMO Responsible UK Eq Growth Fd	Provide similar returns to the broader UK equity market over the longer term.	0.650
BlackRock	Fidelity BlackRock Cash Fund*	Track fund benchmark to within +/-0.25% per annum over rolling 3 year periods.	0.170
BlackRock	Fid BlackRock Ovr 5Yr I-L-Gilt Fund	Track fund benchmark to within +/-0.25% per annum over rolling 3 year periods	0.137
BlackRock	Retirement Annuity Fund*	Track fund benchmark to within +/-0.25% per annum over rolling 3 year periods.	0.151
BlackRock	Fid BlackRock Corp Bond Fd All Stocks	Track fund benchmark to within +/-0.25% per annum over rolling 3 year periods.	0.159
BlackRock	Fid BlackRock Ovr 15Yr UK Gilt Idx	Track fund benchmark to within +/-0.25% per annum over rolling 3 year periods	0.137
L&G	Fidelity L&G 70:30:00 Hybrid Property	To outperform the underlying composite benchmark index over rolling 3 year periods	0.560

\*These funds are used within the alternative lifestyle strategy targeting annuity purchase at retirement. The strategy has a de-risking period of 7 years. Risk reduction in the de-risking period is achieved via diversification in the **Retirement Annuity Fund** which includes a 60% allocation to the BlackRock Corporate Bond Tracker Fund and a 40% allocation to the BlackRock Over 15 years Gilts Tracker Fund. The **Fidelity BlackRock Cash Fund** is introduced 3 years from retirement and the at-retirement allocation of the strategy is 75% Retirement Annuity Fund and 25% Fidelity BlackRock Cah Fund

## Risks

In addition to the risks outlined in the main part of this Statement, other risks associated with how members invest their savings include:

- **Benefit conversion risk** - Investment conditions just prior to retirement may increase the cost of turning members' savings into retirement benefits. Funds investing in cash deposits and other short-term interest-bearing investments provide a high degree of (but not complete) capital security for members taking cash at retirement. Funds investing in a mix of different assets are expected to be broadly suitable for members planning income drawdown during retirement. Funds investing in bonds may be expected to broadly reflect changes in annuity rates and be suitable for members wishing to purchase a level annuity at retirement.
- **Counterparty risk** – the financial institutions holding a fund's assets may get into financial difficulties leading to a reduction in a fund's value.
- **Environmental, Social and Governance risk** – the extent to which environmental (including but not limited to Climate Risk), social and governance ("ESG") issues are not reflected in asset prices and/or not considered in investment decision making leading to underperformance relative to expectations and/or additional volatility.
- **Legislative and regulatory risk** - Changes in government policy or taxation may have a long-term positive or negative impact on certain sectors of a country's economy or one country relative to another over the medium to longer-term. Changes in regulations can also affect the operational costs, tax efficiency and security of one investment fund relative to other funds over the shorter-term.

## Compliance

The Trustees have taken advice from Lane Clark & Peacock LLP on the suitability of the investment strategy for this section. The investment strategy will be reviewed triennially, with the outcome of the review to be reported back to the Trustees.

**Dated – 30 September 2024**

## Appendix 10.10 - Investment policy for the Mondrian Section

This Appendix is for the Mondrian Section of the Fidelity Master Trust.

### Investment Objectives

The main investment objectives are:

- to include a suitable default option that is likely to be suitable for a typical member
- to include a range of alternative choices suitable for members of different ages and with different retirement benefit plans and objectives
- to enable members to grow their savings above inflation over the long term
- to seek, where possible, to mitigate the risks described in this statement

### Scheme Default Investment Arrangement

Mondrian use FutureWise as their default investment. Information on the strategy is provided in section 5 in the main body of the SIP.

### Self-Select Options

In addition to the default described above, members can choose from a range of self-select fund options. The funds available to Mondrian section members are set out in the table below.

Mondrian Extended Funds	Active/Passive	Benchmark
<b>Global Equity</b>		
Mondrian Global Equity Fund	Active	MSCI World GBP
<b>Fixed Income</b>		
Mondrian Global Fixed Income	Active	FTSE World Government Bond Index GBP
Mondrian Global Green Bond Fund	Active	Bloomberg MSCI Green Bond GBP
<b>Core Funds</b>		
BlackRock ACS UK Equity Fund	Passive	FTSE All Share Index
BlackRock ACS 50:50 Global Equity Fund	Passive	Composite of 50% FTSE All Share Index and 50% Fixed Overseas Weights (16.7% Continental Europe, 16.7% North America, 8.3% Japan, 8.3% Pacific Basin)
BlackRock ACS 30:70 Currency Hedged Global Equity Fund	Passive	Composite of 30% FTSE All Share Index, 60% Developed Overseas Equities with currency hedging back to sterling and 10% Emerging market equities
BlackRock ACS World ex-UK Fund	Passive	MSCI Global Emerging Markets Index
BlackRock Aquila Connect Emerging Markets Equity Fund	Passive	MSCI Global Emerging Markets Index
Fidelity Emerging Markets Equity Pension Fund	Active	MSCI Emerging Markets Index
BlackRock Aquila MSCI World Global Equity Index Fund	Passive	MSCI World Index Net Total Return GBP
Fidelity Master Trust Passive European Equity Fund	Passive	100% FTSE Developed Europe ex UK Custom ESG Screened Index- Midday

Fidelity Master Trust Passive US Equity Fund	Passive	100% FTSE USA Custom ESG Screened Index - Midday
Fidelity Master Trust Passive Asia Pacific Equity Fund	Passive	100% FTSE All-World Developed Asia Pacific exJapan Index
Fidelity Master Trust Passive Japanese Equity Fund	Passive	FTSE Japan Custom ESG Screened Index - Midday
Fidelity Master Trust Global Smaller Companies Fund	Passive	100% FTSE Global Developed Small Cap Index
BlackRock Aquila Life Market Advantage Fund	Active	Performance Comparator: 3 month Sonia + 3.5% p.a.
Schroder Sustainable Future Multi-Asset Fund	Active	Performance Comparator: ICE BofA Sterling 3-Month Government Bill Index plus 3.5% p.a
Fidelity Diversified Markets Fund	Active	Performance Comparator: Sonia + 3% p.a.
Fidelity UK Corporate Bond Pensions Fund	Active	Merrill Lynch Euro Sterling Bond Index
Fidelity Pre-Retirement Bond Pensions Fund	Active	Composite of Merrill Lynch gilt and sterling bond indices
Fidelity UK Aggregate Bond Pensions Fund	Active	Composite of iBoxx gilt and sterling bond indices
BlackRock Corporate Bond Tracker Fund	Passive	iBoxx £ Non-Gilts Index
BlackRock Over 15 Years Gilt Tracker Fund	Passive	FTSE Over 15 years Gilts Index
BlackRock Index-Linked Gilt Tracker Fund	Passive	FTSE A UK Index-Linked Over 5 Years Index
Fidelity Master Trust Global Diversified Bond Fund	Active	100% Fund Target Return: Outperformance (gross) of Overnight SONIA + 4% over a full credit cycle
Fidelity Master Trust Short Dated Bond Fund	Active	100% BofA Merrill Lynch 1-5 Year Eurosterling Index
Fidelity HSBC Islamic Pension Fund	Passive	DJ Islamic Market Titans 100 (TR)
Master Trust Sustainable Climate Equity Fund	Active	MSCI World - Net Return Index
Master Trust Sustainable Positive Change Fund	Active	MSCI ACWI
Master Trust Sustainable Climate Bond Fund	Active	Bloomberg Barclays Global Aggregate Corporate Index Hedged to GBP
Master Trust Sustainable Active Equity Fund	Active	Master Trust Sustainable Active Equity Fund
Master Trust Sustainable Passive Equity Fund	Passive	MSCI ESG Focus Low Carbon Screened Index
L&G 70/30 Hybrid Property Fund	Active	Composite investing in AREF/IPD UK Quarterly All Balanced Property Funds Index, FTSE EPRA/NAREIT Global Reits

Fidelity Cash Pensions Fund	Active	e Morningstar UK Savings £2,500+ Investment Gross
Fidelity Diversified Markets Fund	Active	Performance Comparator: Sonia + 3% p.a.
Fidelity Pre-Retirement Bond Pensions Fund	Active	Composite of Merrill Lynch gilt and sterling bond indices
Fidelity Multi-Asset Balanced Income Fund	Active	Income target of 3%-5% p.a. The fund is actively managed with no reference to a benchmark
Fidelity Cash Pensions Fund	Active	Sonia overnight

### Risks

No Section specific risks to be identified that are solely relevant to the Mondrian section of the Fidelity Master Trust.

### Other Investment Policies

There are no Section specific investment policies. The Trustees of the Fidelity Master Trust are responsible for investment policies including:

- Consideration of material and non-financially material matters (including climate change and other ESG considerations);
- Consideration of stewardship matters, including reviewing of voting activity of appointed asset managers; and
- Evaluation of costs and charges associated with the default strategy and self-select funds, including portfolio turnover costs.

### Compliance

The Trustees have taken advice from Lane Clark & Peacock LLP on the suitability of the 'extended' range of investment funds for this section. Mondrian use the Master Trust default strategy which is reviewed regularly by the Master Trust Trustees and their advisors.

**23<sup>rd</sup> January 2024**