Professional Footballers' Pension Scheme

Chair's statement regarding the governance of defined contribution arrangements

Scheme year - 1 August 2022 to 31 July 2023

1. Introduction

1.1. This statement has been prepared by the Trustees of the Professional Footballers' Pension Scheme ("the Trustees" and "the Scheme" respectively), to report on compliance with governance standards.

1.2. The governance standards apply to defined contribution (DC) arrangements and are designed to help members achieve good outcomes from their pension savings.

1.3. This statement covers the scheme year 1 August 2022 to 31 July 2023 and will be published online at https://www.thepfa.com/players/union-support/pension-scheme. Details of which will be included within members' annual benefit statements.

2. The Scheme's DC arrangements

2.1. The Scheme's DC arrangements comprises of:

2.1.1. **The 2011 Section**

2.1.1.1. Used by the participating employers as a qualifying workplace arrangement for auto-enrolment purposes.

2.1.1.2. Members are not required to contribute into the 2011 Section. The transfer levy fund is used to make contributions to the 2011 Section in respect of each member and subsequently invested into the Scheme's default Investment strategy.

2.1.1.3. The 2011 Section is administered by Broadstone Corporate Benefits ("Broadstone") and members' benefits are invested in the Scheme's default investment strategy, which sits on Mobius Life Limited's ("Mobius Life") platform, investing in a range of investment managers' funds provided through the Mobius Life platform.

2.1.1.4. Members can elect to pay Additional Voluntary Contributions ("AVCs") and invest in the default investment arrangement (as well as its underlying funds), a selection of self-select funds, or funds that sit on Aberdeen Standard Investments Limited's ("ASI") platform, at the Trustees' discretion.

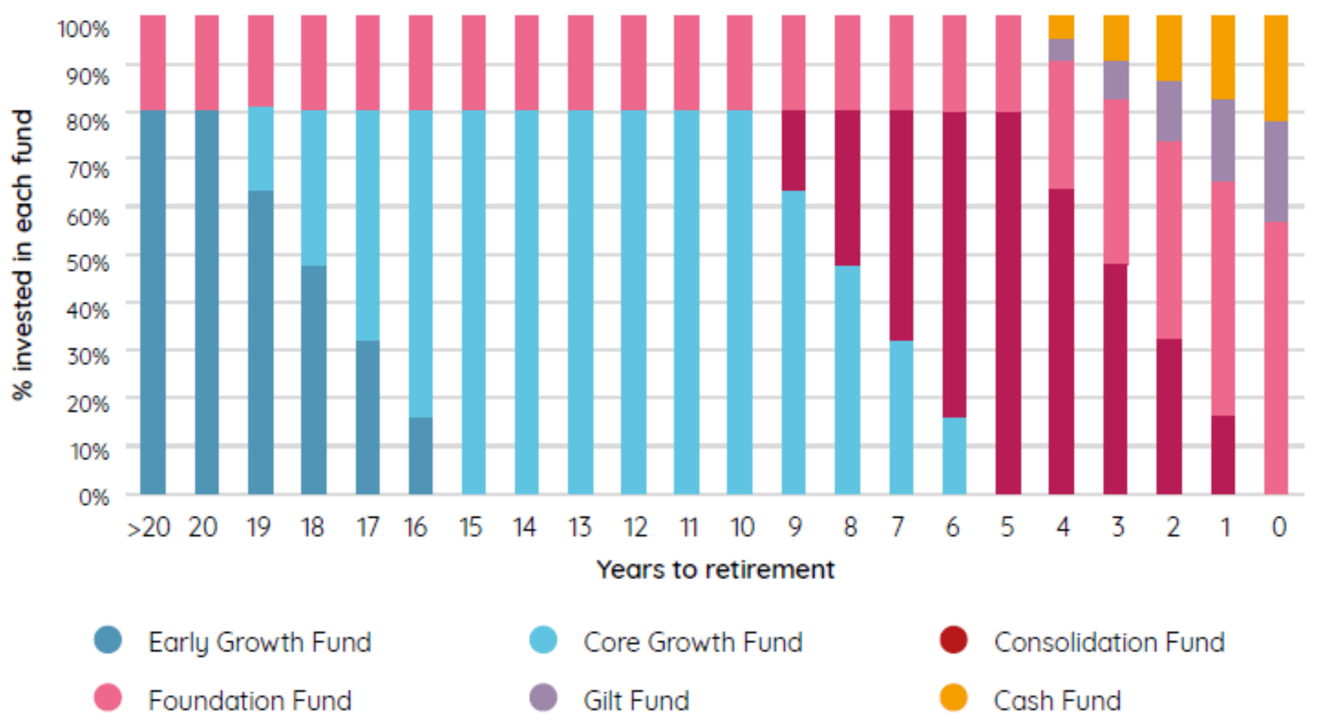
2.1.2. **The Income Section**

2.1.2.1. Closed to further contributions on 31 December 2010, administered by Broadstone and invested in funds on the ASI platform.

3. Default investment arrangements

2011 Section

3.1. The 2011 Section's default investment strategy ("the 2011 Section Default") invests in white-labelled, blended funds that follows a 20-year lifestyle profile, so as to protect members' benefits in the lead up to retirement. The strategy is aimed at members who intend to drawdown their Scheme benefits at-retirement. A summary of the 2011 Section Default strategy and the range of underlying blended funds utilised by the strategy is provided below:



Income Section

3.2. Although the Lifestyle Strategy within the Income Section is considered a 'default' option, and governed as such by the Trustees, it is not a 'default investment arrangement' for the purposes of the Occupational Pension Scheme (Charges and Governance) Regulations 2015. This is because no contributions have been allocated to the Lifestyle Strategy, where members have not made an investment decision, since 6 April 2015.

3.3. The Income Section's Lifestyle Strategy targets a normal retirement age ("NRA") of 55 (35 for members before April 2006) and de-risks over a 5-year switching period to NRA.

3.4. During the growth phase, the Income Section Lifestyle Strategy invests solely in the Vanguard FTSE UK All Share Pension Fund Index before gradually switching into the Standard Life Deposit and Treasury Pension Fund in the 5 years towards a member's NRA. The strategy is aimed for members who are expected to use their Income Section benefits towards funding part or all of their tax-free cash entitlement in conjunction with their Scheme Defined Benefits (DB) at-retirement.

3.5. During the Scheme year, the Trustees were formally notified by ASI of the planned closure of the Standard Life Long Bond Pension Fund and Standard Life Global Equity Pension Fund. Following advice received from the Trustees' investment advisors, the Trustees agreed that members' funds would be transferred to the Standard Life Vanguard UK Long Duration Gilt Index Fund and Standard Life Global 50:50 Tracker Pension Fund respectively without member consent. As a result, during the Scheme year, both funds were considered to be a 'default investment arrangement' for the purposes of the Occupational Pension Scheme (Charges and Governance) Regulations 2015. However, following the migration of Income Section Benefits and 2011 Section AVCs onto the Mobius Life Platform in October 2023, these incidental default investment arrangements ceased to exist from this date.

Aims & objectives

3.6. The Trustees' high level objectives with regard to investing the Scheme's assets are to adopt an approach that recognises the need to balance risk with the achievement of a satisfactory investment return. The Trustees have taken into consideration that:

3.6.1. The liabilities of the 2011 & Income Sections are equal to the assets since these define the benefit promise

3.6.2. Members' pension benefits are maximised by achieving maximum investment returns

3.6.3. Individual members' financial profiles and attitudes to risk may vary

3.7. The investment managers used by the 2011 & Income Sections have each been set performance objectives to achieve returns in line with, or in excess of, a benchmark.

Monitoring of the defaults

3.8. During the Scheme year, the Trustees, with the support of their investment advisers, monitored the performance of the 2011 & Income Section's default investment arrangements (collectively referred to as "the Defaults"), and the underlying funds that make up these strategies, against their respective benchmarks, UK DC Master Trusts and the Trustees' objectives. The Trustees received quarterly investment monitoring reports from their investment advisers which were considered at every Trustees' meeting.

3.9. The Trustees have an established Investment Sub-Committee to monitor the defaults, as well as the wider fund range and consider any required changes as they arise. The Sub-Committee feeds into the full Trustee Board which is collectively responsible for any decisions made. Investments are considered as a standing item at quarterly Trustees' meetings.

Review of the default

3.10. The Trustees undertook a review of the 2011 Section Default during the Scheme year in January 2023 and considered the suitability of the Defaults (noting that the Income Section was due to be invested in the same strategy as the 2011 Section Default from October 2023 onwards), the alternative lifestyle strategies offered and the wider self-select fund range.

3.11. As part of this review, the Trustees considered the membership profile of the 2011 & Income Sections and undertook analysis to ascertain the potential needs of members. This analysis encompassed a review of the demographics of members, consideration of members' current and projected pension fund values and what these factors may mean for the retirement income options selected by members.

3.12. The review also considered the degree to which the defaults had performed in line with their stated objective as defined in the Statements of Investment Principles (SIPs).

3.13. The review determined that no changes were to be made to the 2011 Section default. The rationale for this decision was:

3.13.1. The 2011 Section default has only been in place for a short time and the Trustees would like to give the newly implemented strategy more time before making any significant changes.

3.13.2. Income Section benefits and 2011 Section AVCs were due to be migrated across and invested in the 2011 Section Default from October 2023. Any future changes made to the Defaults would be agreed and implemented at least after the transition had taken place.

3.13.3. The Trustees reviewed the Income Section Lifestyle Strategy during the previous Scheme year. The purpose of the review was to reaffirm whether the planned changes to the strategy would continue to be similar to the 2011 Section Default, albeit with a 20% reduction in allocation to the Footballers Foundation Fund throughout the strategy, or whether it should be identical to the 2011 Section Default (as shown in 3.1).

Further information on the defaults

3.14. Details of the Defaults are set out in the attached Statement of Investment Principles (SIPs) dated 4 September 2020. The SIPs cover the Trustees' investment policy in relation to each respective Section during the 2022/23 Scheme year. An updated SIP is due to be prepared during the upcoming 2023/24 Scheme year.

4. Core financial transactions

4.1. The Trustees have a duty to ensure that 'core financial transactions' are processed promptly and accurately.

4.2. Core financial transactions comprise the following:

4.2.1. investment of contributions

4.2.2. transfers into (2011 Section only) and out of the Scheme

4.2.3. investment switches within the Scheme

4.2.4. payments out of the Scheme

4.3. Over the Scheme year, the administration functions, including core financial transactions, were undertaken by Broadstone.

Controls and monitoring arrangements

4.4. The controls in place in relation to ensuring the promptness and accuracy of core financial transactions are:

4.4.1. The Trustees have a Service Level Agreement (SLA) in place with Broadstone. The SLA sets out the timeline standards expected for each step of the Scheme's main administration tasks, including core financial transactions. Examples of the SLAs agreed are:

Event	SLA (working days)
Leavers – deferred benefits statements	15
Early retirement	10
Normal retirement (6 months pre-retirement)	20
Late retirements	10
Ill-health early retirements	5
Death in retirement / in service / deferment – calculation and payment of benefits	2 (initial contact) 5 (follow up work)
Transfers out – Calculation of transfer value and issue of statement to member/IFA and payments of benefits	15
Payments of all cash sums*	5
HMRC Queries (in respect of members)	20

*Subject to sufficient funds being available in the Trustees bank account.

4.4.2. In order to monitor Broadstone's performance against agreed SLAs, the Trustees received quarterly administration reports from Broadstone over the Scheme year. These reports include cash flow monitoring, summaries of member transactions, reporting of service performance against SLAs and to identify any issues arising regarding administration timeliness and/or accuracy. Reports were considered at each Trustees' meeting following the period which they cover. The Pensions Manager also regularly meets with Broadstone to support the high standards of administration expected by the Trustees and Scheme members.

4.4.3. The Trustees have an established Administration Sub-Committee to further monitor the Scheme's administration and consider any issues or required changes as they arise. The Sub-Committee feeds into the full Trustee Board which is collectively responsible for any decisions made. Administration is considered as a standing item at quarterly Trustees' meetings.

4.4.4. The Trustees have agreed a break clause in the contract with Broadstone, should a prolonged failure in the day-to-day administration service occur, for example if there is a persistent failure in meeting the SLAs in the above table.

4.4.5. Monitoring of accuracy is also undertaken via the auditing of the Scheme's annual report and accounts and periodic auditing of the Scheme's membership data. Broadstone's processes are subject to internal controls procedures.

4.4.6. The administrator's controls and processes are also subject to a formal external audit for its annual assurance report on internal controls.

4.4.7. Internal control measures are in place that ensure contributions are checked, reconciled and are paid in accordance with the payment schedule in place.

4.4.8. Any material issues uncovered regarding inaccuracies with core financial transactions are included within Broadstone's quarterly reporting to the Trustees.

4.5. The Trustees believe that these controls allowed them to effectively monitor the timeliness and accuracy of core financial transactions during the Scheme year.

Performance during the Scheme year

4.6. The Trustees received quarterly reports from the administrator during the Scheme year and were satisfied with their performance in processing core financial transactions in a timely (against SLAs) and accurate manner.

Investment transition carried out in the Scheme year

4.7. During the course of the Scheme year, members invested in the Standard Life Long Bond Pension Fund and Standard Life Global Equity Pension Fund were transferred to the Standard Life Vanguard UK Long Duration Gilt Index Fund (on 28 October 2022) and Standard Life Global 50:50 Tracker Pension Fund (on 28 July 2023) respectively, following the planned closure of the funds by ASI (see 3.5 above).

4.8. To ensure this transition took place as efficiently as possible, the Trustee took advice from its investment advisers in advance of the transfer.

4.9. As the fund closure and subsequent transition was led by ASI, the Trustees agreed with ASI that there would be no explicit costs to members for the investment switch. Furthermore, ASI agreed to cover all transaction costs incurred as a result of the investment switch, either in the selling or buying of units. As a result, members' fund values immediately before and after the transition were the same.

4.10. Overall, the Trustees were satisfied that the investment transition took place in a timely and accurate manner.

Assessment

4.11. In view of the controls and monitoring arrangements, the Trustees believe that core financial transactions have been processed promptly and accurately during the Scheme year.

5. Member-borne charges and transaction costs

5.1. Members bear charges and transaction costs, which will differ depending on the investment options in which their pension savings are invested:

5.1.1. Charges: these are expressed as a percentage of the value of a member's holdings within an investment fund, and can be made up of a combination of charges, e.g. annual management charge and additional expenses. We refer to the total annual charge as the Total Expense Ratio (TER).

5.1.2. Transaction costs: these relate to the variable costs incurred within an investment fund arising from the trading activities of the fund, e.g. incurred in the buying and selling of securities, which are not accounted for in the TER charge.

Charges in relation to the 2011 & Income Sections

5.2. The following table provides details of the charges and transaction costs for each of the investment options provided through the 2011 & Income Sections over the Scheme year (data sourced from each relevant investment manager):

Investment option	Total Expense Ratio (TER)	Transaction Costs**
2011 Section Default*	**0.24% - 0.48%**	**0.07% - 0.35%**
Footballer's Early Growth Fund	0.30%	0.16%
Footballer's Core Growth Fund	0.28%	0.23%
Footballer's Consolidation Fund	0.51%	0.41%
Footballer's Foundation Fund	0.36%	0.13%
Footballer's Gilt Fund	0.08%	-0.04%
Footballer's Cash Fund	0.09%	0.04%
The Footballers Shariah Equity Fund	0.35%	0.03%
The Footballers Diversified Growth Fund	0.61%	0.51%
Income Section Lifestyle Strategy*	**0.11% - 0.16%**	**0.04% - 0.06%**
Standard Life Global Equity Select 60:40 Pension Fund	0.61%	0.37%
Standard Life Asia Pacific ex Japan Equity Pension Fund	0.74%	0.13%
Standard Life Global Bond Pension Fund	0.31%	0.13%
Standard Life Overseas Equity Tracker Pension Fund	0.11%	0.13%
Standard Life Overseas Equity Pension Fund	0.61%	0.01%***
Standard Life North American Equity Pension Fund	0.61%	0.14%
Standard Life Deposit and Treasury Pension Fund	0.16%	0.06%
Standard Life Managed Pension Fund	0.52%	0.38%
Standard Life Long Bond Pension Fund	0.31%	0.00%****
Standard Life Japanese Pension Fund	0.63%	0.05%
Standard Life UK Equity Select Pension Fund	0.71%	0.14%
Standard Life Index-Linked Bond Pension Fund	0.31%	0.07%
Standard Life Global Equity 50:50 Tracker Pension Fund	0.11%	0.06%

Standard Life Global Equity 50:50 Pension Fund	0.51%	0.37%
Standard Life Global Absolute Return Strategies Pension Fund	0.71%	0.65%
Standard Life UK Gilt Pension Fund	0.31%	0.03%
Standard Life European Equity Pension Fund	0.62%	0.10%
Standard Life Corporate Bond Pension Fund	0.31%	0.02%
Standard Life Multi Asset Managed (20-60% Shares)	0.52%	0.36%
Standard Life Global Equities Pension Fund	0.77%	0.00%
Standard Life UK Mixed Bond Pension Fund	0.31%	0.08%
Standard Life Pooled Property Pension Fund	0.52%	0.24%
SL Vanguard US Equity Pension Fund	0.11%	0.02%
SL Vanguard UK Government Bond Index Pension Fund	0.11%	0.03%
SL Vanguard Japan Stock Index Pension Fund	0.11%	0.02%
SL Vanguard FTSE UK All Share Pension Fund Index	0.11%	0.04%
SL Vanguard FTSE Developed Europe ex UK Pension Fund	0.11%	0.04%
Standard Life UK Equity Pension Fund	0.51%	0.15%
Standard Life Long Corporate Bond Pension Fund	0.31%	0.15%
SL Vanguard Pacific ex Japan Stock Index Pension Fund	0.11%	0.03%
SL Vanguard UK Long Duration Gilt Index	0.11%	0.03%

* The quoted charges and transaction costs for each lifestyle strategy are calculated as a composite of the underlying fund charges and transaction costs. These fund holdings and therefore also charges will vary depending upon each member's term to retirement age.

** In certain circumstances, the methodology used for calculating transaction costs (known as slippage) can lead to negative costs being reported. This can be, for example, where other market activity pushes down the price of the asset being traded, whilst the transaction was in progress, resulting in the asset being purchased for a lower price than when the trade was initiated.

*** Fund closed on 28 July 2023.

**** Fund closed on 28 October 2022.

Impact of costs and charges

5.3. To demonstrate the impact of charges and transaction costs on members' pension savings over time, the Trustees have produced illustrations and these are set out in the appendix.

6. Net investment returns

6.1. The Trustees are required to disclose returns, net of charges and transaction costs, for the default investment arrangements and for each fund that members are able, or were previously able, to select and in which members' assets were invested during the Scheme year. When preparing this section of the statement the Trustees have taken account of the relevant statutory guidance.

6.2. For the Defaults, the underlying funds used and therefore the net returns changes over time. Net returns are shown over various periods to the end of the Scheme year for a member aged 25, 35 and 50 at the start of the period. This is taking into account that the relevant NRA for members of the Scheme is 55.

2011 Section Default

Age of member at start of period	Annualised Return –1 year to 31 July 2023
35	5.60%
45	3.22%
50	-3.45%

Income Section Lifestyle Strategy

Age of member at start of period	Annualised Return –1 year to 31 July 2023	Annualised Return – 3 years to 31 July 2023	Annualised Return – 5 years to 31 July 2023	Annualised Return – 10 years to 31 July 2023
35	5.52%	12.05%	3.16%	5.33%
45				
50				

Income Section - Standard Life Vanguard UK Long Duration Gilt Index Fund

Investment fund	Annualised Return –1 year to 31 July 2023	Annualised Return – 3 years to 31 July 2023	Annualised Return – 5 years to 31 July 2023	Annualised Return – 10 years to 31 July 2023
The Footballers' Early Growth Fund	7.17%	-	-	-

Income Section - Aberdeen Standard Life Global Equity 50:50 Tracker Pension Fund

Investment fund	Annualised Return –1 year to 31 July 2023	Annualised Return – 3 years to 31 July 2023	Annualised Return – 5 years to 31 July 2023	Annualised Return – 10 years to 31 July 2023
The Footballers' Early Growth Fund	7.17%	-	-	-

Self-select funds

Investment fund	Annualised Return –1 year to 31 July 2023	Annualised Return – 3 years to 31 July 2023	Annualised Return – 5 years to 31 July 2023	Annualised Return – 10 years to 31 July 2023
The Footballers' Early Growth Fund	6.97%	-	-	-
The Footballers' Core Growth Fund	3.90%	-	-	-
The Footballers' Consolidation Fund	-4.44%	-	-	-
The Footballers' Foundation Fund	0.52%	-	-	-
The Footballers' Gilt Fund	-3.66%	-	-	-
The Footballers' Cash Fund	3.23%	-	-	-
The Footballers Shariah Equity Fund	10.80%	-	-	-
The Footballers Diversified Growth Fund	-4.69%	-	-	-

Standard Life Global Equity Select 60:40 Pension Fund	3.41%	10.16%	3.33%	-
Standard Life Asia Pacific ex Japan Equity Pension Fund	1.46%	2.90%	2.43%	6.35%
Standard Life Global Bond Pension Fund	-9.27%	-7.14%	-1.76%	0.87%
Standard Life Overseas Equity Tracker Pension Fund	8.47%	12.86%	10.28%	11.97%
Standard Life Overseas Equity Pension Fund*	4.25%	9.21%	7.20%	8.80%
Standard Life North American Equity Pension Fund	2.94%	10.46%	10.67%	13.03%
Standard Life Deposit and Treasury Pension Fund	3.32%	1.16%	0.90%	0.58%
Standard Life Managed Pension Fund	1.02%	4.70%	2.72%	5.36%
Standard Life Long Bond Pension Fund**	-37.93%	-13.80%	-5.35%	-
Standard Life Japanese Pension Fund	3.93%	1.99%	0.59%	5.55%
Standard Life UK Equity Select Pension Fund	2.73%	10.50%	0.56%	4.23%
Standard Life Index-Linked Bond Pension Fund	-23.38%	-15.83%	-6.26%	1.05%
Standard Life Global Equity 50:50 Pension Fund	4.65%	10.58%	4.46%	6.62%
Standard Life Global Absolute Return Strategies Pension Fund	-9.28%	-5.09%	-1.76%	0.01%
Standard Life UK Gilt Pension Fund	-15.89%	-11.50%	-4.00%	0.12%
Standard Life European Equity Pension Fund	13.87%	9.10%	5.81%	7.24%
Standard Life Multi Asset Managed (20-60% Shares)	-2.38%	1.27%	0.95%	3.56%
Standard Life Global Equities Pension Fund	5.80%	2.56%	3.30%	-
Standard Life UK Mixed Bond Pension Fund	-11.48%	-8.75%	-2.49%	1.18%
Standard Life Pooled Property Pension Fund***	-20.79%	3.11%	0.87%	5.07%
SL Vanguard UK Government Bond Index Pension Fund	-18.29%	-13.04%	4.70%	0.06%
SL Vanguard Japan Stock Index Pension Fund	8.69%	7.83%	3.92%	7.11%
SL Vanguard FTSE Developed Europe ex UK Pension Fund	15.28%	9.93%	6.49%	8.19%
Standard Life UK Equity Pension Fund	4.91%	11.50%	1.33%	4.14%
Standard Life Long Corporate Bond Pension Fund	-14.18%	-11.88%	-3.17%	1.79%

SL Vanguard Pacific ex Japan Stock Index Pension Fund	-0.41%	7.48%	3.35%	6.01%
SL Vanguard UK Long Duration Gilt Index	-14.18%	-11.88%	-3.17%	1.79%
Standard Life Global Equity Select 60:40 Pension Fund	-27.94%	-20.02%	-7.84%	0.18%
Standard Life Asia Pacific ex Japan Equity Pension Fund	1.46%	2.90%	2.43%	6.35%
Standard Life Global Bond Pension Fund	-9.27%	-7.14%	-1.76%	0.87%

* Annual returns up to the period to 13 July 2023

** Annual returns up to the period to 30 June 2023

*** Annual returns up to the period to 30 June 2023

7. Value for members

5.5. The Trustees are required to assess annually the extent to which the charges and transaction costs borne by members represent good value.

5.6. Analysis was undertaken by the Trustees' professional advisers, Barnett Waddingham LLP, and the findings set out in a report dated 2 January 2024. The Trustees considered the report and confirmed its value for members' assessment at a meeting on 7 February 2024.

5.7. Recognising that low cost does not necessarily mean good value, the assessment considered whether the services for which members pay or share the costs are suitable for, relevant to and (likely to be) valued by members and whether performance of the services had been effective. Consideration was also made of the costs relative to other options available in the market.

5.8. Various investment-related services for which members do not directly bear the costs are nevertheless inextricably linked to creating the environment under which investment returns are delivered, e.g. strategy, monitoring and the investment governance structure, so these were included in the assessment.

5.9. Other services paid for by the Scheme were excluded but nevertheless deliver value to members, e.g. the services of professional advisers and the operation of the Trustee Board, with a duty to act in the best interest of members.

5.10. In relation to the 2011 & Income Sections, the member-borne charges and transaction costs relate to investment services only. All other charges, including the costs of administration and communication services are met by the Scheme.

5.11. The assessment considered:

5.11.1. the investment strategy, e.g. the design of the defaults and range of alternative options

5.11.2. the arrangements for monitoring the performance of the investment options and reviewing the investment strategy

5.11.3. the investment governance arrangements

5.12. The Trustees concluded that the Scheme's DC arrangements continued to offer **excellent value** in relation to the charges and transaction costs borne by members.

5.13. In reaching this conclusion, the Trustees recognised:

5.13.1. Low cost does not necessarily mean better value

5.13.2. A wider range of self-select funds, including a Shariah fund, as well as an alternative lifestyle strategy (targeting cash withdrawal) are available to members.

5.13.3. Monitoring processes of the Defaults and their underlying fund performance were improved during the Scheme year to further benchmark against off-the-shelf default investment arrangements offered by UK DC Master Trusts.

5.13.4. Income Section benefits and 2011 Section AVCs transitioned across to the Mobius Life Platform in October 2023, further improving value for a significant proportion of the Scheme's membership.

5.13.5. The Trustees have formally assessed the resilience of the Defaults given continued global market volatility and high inflationary environment.

6. Trustee knowledge and understanding

The Trustee Board

6.1. The Trustee Board comprises eight Trustees, one of whom is a professional Trustee (and Chair), two are nominated by the Premier League, two nominated by the English Football League and the remaining three are nominated by members.

Trustee knowledge and understanding requirements

6.2. Trustees are required to be conversant with a scheme's main documents, and have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational schemes and investment of scheme assets.

Approach

6.3. The Trustees aim to remain conversant with the Scheme's trust deed and rules as well as all other Scheme documents such as the SIPs, the risk register and current policies, e.g. conflicts of interest. They do so through their experience in governing the Scheme, as well as specific activities over the Scheme year and access to professional advice. The Trustees have instant online access to the Schemes documents via the Trustees secure website.

6.4. The Trustees aim to achieve and maintain knowledge and understanding of the law relating to pensions and trusts, the funding of occupational schemes and investment of scheme assets through a combination of training, taking professional advice and the inclusion of a professional trustee as Chair of the Trustee Board.

6.5. There is a structured training programme in place that includes periodic self-assessment by the Trustees to identify knowledge gaps and training needs in relation to emerging legislation, Scheme changes and upcoming matters in the Scheme's Business Plan. The self-assessment includes rating themselves against criteria recognised as relevant to the role of Trustee specifically for the Scheme, including behaviours, accountabilities, Scheme specific and general knowledge and skills. The results are compiled in a Board Skills Matrix which is evaluated by the Chair. The training programme also includes completion of the Pensions Regulator's trustee toolkit. A training log is maintained in relation to training undertaken and is reviewed at each Trustees meeting.

6.6. The structured training programme is supplemented with training activities such as attending seminars and conferences, and reading pensions-related articles.

6.7. An induction process is in place for newly appointed Trustees, which involves the provision of an induction pack, an initial training session with the Trustees' legal advisers, an initial knowledge assessment and a plan to address gaps identified.

6.8. The Trustees consult with professional advisers as and when required, for example on consultancy, investment and legal matters. The professional advisers are engaged to pro-actively alert the Trustees on relevant changes to pension and trust law. Professional advisers also provide support in relation to understanding and reviewing the Scheme's documents, attending Trustees meetings and often in the delivery of training at these meetings.

Activities over the Scheme year

6.9. The Trustees reviewed the following Scheme documents:

6.9.1. Risk register

6.9.2. Annual report and accounts

6.9.3. Data Protection Register Renewal

6.9.4. Quarterly administration reports on behalf of Broadstone

6.9.5. Scheme Member Booklet

6.9.6. CMA objectives

6.9.7. Trust Deed & Rules including a Deed of Amendment to formalise flexi-access drawdown as an at-retirement option through the Scheme.

6.9.8. The Scheme website

6.10. The Trustees received training at Trustees Meetings on the following areas:

6.10.1. Sources of DC Return

6.10.2. Mansion House Compact

6.10.3. Removal of the Lifetime Allowance

6.10.4. Increases to the Annual Allowance, Tapered Annual Allowance and Money Purchase Annual Allowance

6.10.5. New Value for Members framework for occupational pension schemes with assets valued below £1bn

6.10.6. Proposed default consolidator model in the UK DC market

6.10.7. Types of sustainable investing

6.10.8. DWP guidance on stewardship

6.11. Nick Cusack replaced Richard Jobson as member-nominated trustee during the Scheme year and the induction process was followed.

6.12. During the Scheme year, the Trustees took professional advice on:

6.12.1. The resilience of the Scheme's DC investments given continued global market volatility and high inflationary environment.

6.12.2. Carrying out the triennial default investment review of the Defaults and wider fund offering.

6.12.3. Undertaking the annual value for members assessment

6.12.4. Monitoring the performance of the defaults and their underlying funds

6.12.5. The closure of the Standard Life Long Bond Pension Fund and Standard Life Global Equity Pension Fund, and the subsequent bulk transfer of assets to the Standard Life Vanguard UK Long Duration Gilt Index Fund and Standard Life Global Equity 50:50 Tracker Pension Fund respectively.

6.12.6. Pension Dashboard Scheme Readiness Report

6.12.7. Transition of Income Section benefits and 2011 Section AVCs to the Mobius Life Platform

Assessment

6.13. The Trustees consider that their combined knowledge and understanding, together with their access to professional advice, enables them to properly and effectively exercise their Trustee functions in the following ways:

6.13.1. The Trustees are able to challenge and question advisers, service providers and other parties effectively

6.13.2. Trustees' decisions are made in accordance with the Scheme rules and in line with trust law duties

.... 12/02/24 ....

Chair of the Trustees Date

Appendix – Illustrations on the impact of cost and charges

A1.1. To demonstrate the impact of member-borne charges and transaction costs on the value of members' pension savings, the Trustees have produced illustrations in accordance with statutory guidance. These show the impact of charges and transaction costs for representative cross-sections of the membership and investment options.

Parameters used for the illustrations

A1.2. The membership of the 2011 & Income Sections and the investment options offered were analysed in determining the parameters to be used.

A1.3. Pot size: pot sizes of £6,500, £12,500 and £23,000 have been used; these represent the 25th percentile, the median and the 75th percentile of pot values (rounded to the nearest £500) of 2011 & Income Sections members as at 31 July 2023.

A1.4. Active members and deferred members: illustrations have been provided for active members of the 2011 Section Default only, assuming total regular contributions of £6,180 p.a. (assuming increase of 2.5% p.a.), and for deferred members assuming no future contributions. All other investment options are shown assuming no further contributions.

A1.5. Timeframe: the illustrations are shown over a 38-year time frame as this covers the approximate duration that the youngest member would take to reach retirement age.

A1.6. Investment options: the investment options selected for the illustrations include the 2011 & Income Sections' respective default investment arrangements, the most popular self-select option by number of members, the highest charged fund, the lowest charge fund, the fund with the highest assumed investment return and the fund with the lowest assumed investment return.

Investment option	Rationale for inclusion	Assumed Gross return above inflation*	TER	Transaction cost**
2011 Section Default	Default strategy for 2011 Section	1.67% - 63.80%	0.24% - 0.48%	0.07% – 0.35%
Income Section Lifestyle Strategy	Lifestyle strategy for Income Section	-1.00% - 4.00%	0.11% - 0.16%	0.06% - 0.07%
Standard Life Vanguard UK Long Duration Gilt Index Fund	Default strategy for Income Section	0.00%	0.11%	0.03%
Standard Life Global 50:50 Tracker Pension Fund	Default Strategy for Income Section	4.00%	0.11%	0.07%
The Footballers' Gilt Fund	Lowest charge	0.00%	0.08%	0.00%
Standard Life Global Absolute Return Strategies Pension Fund	Highest charge	3.00%	0.71%	0.65%

* Projected growth rates, gross of costs and charges, for each investment option are in line with the 2022 Statutory Money Purchase Illustrations (SMPIs).

** The statutory guidance requires trustees to use an average of the last five years' transaction costs (insofar as they are able) when producing the illustrations. As we have data for up to the last five years only, the figures are five-year averages except for Mobius Life funds which are three-year averages only.

Guidance to the illustrations

A1.7. For each illustration, the savings pot has been projected twice: firstly for the assumed investment return gross of costs and charges; and secondly for the assumed investment return net of costs and charges.

A1.8. Projected pot sizes are shown in today's terms, so do not need to be reduced further for the effects of future inflation. Inflation is assumed to remain constant throughout the term of the illustrations, at 2.5% per year.

A1.9. Values shown are estimates and not guaranteed.

A1.10. The starting date for the illustrations is 31 July 2023.

A1.11. The illustrations are presented in two different ways:

A1.11.1. For the 2011 Section Default and Income Section Lifestyle Strategy, the illustrations should be read based on the number of years until the member reaches their retirement age. This is because the underlying funds used and therefore the costs and charges changes over time and this is reflected in the illustrations.

A1.11.2. For other funds, the illustrations should be read based upon various ages in the lead up to when members can access their benefits at age 55.

2011 Section Default

A1.12. This is the default strategy for the 2011 Section.

Illustration basis	Years from taking benefits	Starting pot size £6,500		Starting pot size £12,500		Starting pot size £23,000	
		Before charges	**After charges**	**Before charges**	**After charges**	**Before charges**	**After charges**
Active member: continuing contributions	0	£6,500	£6,500	£12,500	£12,500	£23,000	£23,000
	5	£39,441	£38,752	£46,080	£45,214	£57,698	£56,523
	10	£79,099	£76,673	£86,838	£84,004	£100,381	£96,834
	15	£127,521	£122,379	£136,735	£130,927	£152,860	£145,885
	20	£185,959	£176,613	£196,980	£186,636	£216,265	£204,177
	25	£256,555	£241,042	£269,776	£252,841	£292,911	£273,488
	30	£341,244	£316,883	£357,104	£330,772	£384,858	£355,076
	35	£442,840	£406,157	£461,865	£422,505	£495,160	£451,114
	38	£513,289	£467,142	£534,510	£485,170	£571,647	£516,720
Deferred member: no further contributions	0	£6,500	£6,500	£12,500	£12,500	£23,000	£23,000
	5	£7,192	£7,001	£13,831	£13,463	£25,449	£24,772
	10	£8,384	£7,943	£16,123	£15,274	£29,666	£28,104
	15	£9,982	£9,260	£19,196	£17,808	£35,321	£32,767
	20	£11,939	£10,859	£22,959	£20,882	£42,245	£38,423
	25	£14,322	£12,782	£27,542	£24,580	£50,678	£45,228
	30	£17,181	£15,046	£33,041	£28,934	£60,795	£53,239
	35	£20,611	£17,710	£39,636	£34,059	£72,931	£62,668
	38	£22,989	£19,531	£44,210	£37,559	£81,347	£69,109

A1.13. Note on how to read this table: If a deferred member had £23,000 invested in this option aged 17, when they came to retire in 38 years, the savings pot could grow to £81,347 if no charges are applied but to £69,185 with charges applied.

Income Section Lifestyle Strategy

A1.15. This is the primary investment strategy used by members of the Income Section.

Illustration basis	Years from taking benefits	Starting pot size £6,500		Starting pot size £12,500		Starting pot size £23,000	
		Before charges	**After charges**	**Before charges**	**After charges**	**Before charges**	**After charges**
Deferred member: no further contributions	0	£6,500	£6,500	£12,500	£12,500	£23,000	£23,000
	5	£7,156	£7,090	£13,762	£13,634	£25,322	£25,087
	10	£8,666	£8,513	£16,665	£16,371	£30,663	£30,123
	15	£10,494	£10,222	£20,180	£19,658	£37,132	£36,170
	20	£12,708	£12,274	£24,438	£23,604	£44,965	£43,431
	25	£15,388	£14,738	£29,593	£28,343	£54,451	£52,150
	30	£18,635	£17,697	£35,836	£34,032	£65,938	£62,620
	35	£22,566	£21,250	£43,396	£40,864	£79,848	£75,191
	38	£25,312	£23,715	£48,677	£45,606	£89,565	£83,914

A1.16. Note on how to read this table: If a member had £23,000 invested in this option aged 17, when they came to retire in 38 years, the savings pot could grow to £89,565 if no charges are applied but to £83,914 with charges applied.

Standard Life Vanguard UK Long Duration Gilt Index Fund

A1.17. This is the one of the default investment strategies used by members of the Income Section.

Illustration basis	Years from taking benefits	Starting pot size £6,500		Starting pot size £12,500		Starting pot size £23,000	
		Before charges	**After charges**	**Before charges**	**After charges**	**Before charges**	**After charges**
Deferred member: no further contributions	0	£6,500	£6,500	£12,500	£12,500	£23,000	£23,000
	5	£6,500	£6,456	£12,500	£12,415	£23,000	£22,843
	10	£6,500	£6,412	£12,500	£12,330	£23,000	£22,688
	15	£6,500	£6,368	£12,500	£12,246	£23,000	£22,533
	20	£6,500	£6,325	£12,500	£12,163	£23,000	£22,380
	25	£6,500	£6,282	£12,500	£12,080	£23,000	£22,227
	30	£6,500	£6,239	£12,500	£11,998	£23,000	£22,076
	35	£6,500	£6,196	£12,500	£11,916	£23,000	£21,926
	38	£6,500	£6,171	£12,500	£11,867	£23,000	£21,836

A1.18. Note on how to read this table: If a member had £23,000 invested in this option aged 17, when they came to retire in 38 years, the savings pot could be retained at £23,000 if no charges are applied but reduce to £21,836 with charges applied.

Standard Life Global 50:50 Tracker Pension Fund

A1.19. This is the one of the default investment strategies used by members of the Income Section.

Illustration basis	Years from taking benefits	Starting pot size £6,500		Starting pot size £12,500		Starting pot size £23,000	
		Before charges	**After charges**	**Before charges**	**After charges**	**Before charges**	**After charges**
Deferred member: no further contributions	0	£6,500	£6,500	£12,500	£12,500	£23,000	£23,000
	5	£7,871	£7,805	£15,137	£15,009	£27,852	£27,617
	10	£9,532	£9,372	£18,330	£18,023	£33,728	£33,162
	15	£11,542	£11,253	£22,197	£21,641	£40,843	£39,819
	20	£13,977	£13,512	£26,880	£25,985	£49,459	£47,813
	25	£16,926	£16,225	£32,550	£31,202	£59,892	£57,411
	30	£20,497	£19,482	£39,417	£37,465	£72,527	£68,936
	35	£24,821	£23,393	£47,732	£44,987	£87,827	£82,776
	38	£27,841	£26,107	£53,541	£50,206	£98,516	£92,379

A1.20. Note on how to read this table: If a member had £23,000 invested in this option aged 17, when they came to retire in 38 years, the savings pot could grow to £98,516 if no charges are applied but to £92,379 with charges applied.

The Footballers' Gilt Fund

A1.21. This is the fund with the lowest total charge.

Illustration basis	Years from taking benefits	Starting pot size £6,500		Starting pot size £12,500		Starting pot size £23,000	
		Before charges	**After charges**	**Before charges**	**After charges**	**Before charges**	**After charges**
Deferred member: no further contributions	0	£6,500	£6,500	£12,500	£12,500	£23,000	£23,000
	5	£6,500	£6,476	£12,500	£12,453	£23,000	£22,913
	10	£6,500	£6,451	£12,500	£12,406	£23,000	£22,827
	15	£6,500	£6,427	£12,500	£12,359	£23,000	£22,741
	20	£6,500	£6,403	£12,500	£12,313	£23,000	£22,656
	25	£6,500	£6,379	£12,500	£12,266	£23,000	£22,570
	30	£6,500	£6,355	£12,500	£12,220	£23,000	£22,485
	35	£6,500	£6,331	£12,500	£12,174	£23,000	£22,401
	38	£6,500	£6,316	£12,500	£12,147	£23,000	£22,350

A1.22. Note on how to read this table: If a deferred member had £23,000 invested in this option aged 17, when they came to retire at the age of 55, the savings pot could be retained at £23,000 if no charges are applied but reduce to £22,350 with charges applied.

Standard Global Absolute Return Strategies Pension Fund

A1.23. This is the fund with the highest charge.

Illustration basis	Years from taking benefits	Starting pot size £6,500		Starting pot size £12,500		Starting pot size £23,000	
		Before charges	**After charges**	**Before charges**	**After charges**	**Before charges**	**After charges**
Deferred member: no further contributions	0	£6,500	£6,500	£12,500	£12,500	£23,000	£23,000
	5	£7,263	£6,803	£13,967	£13,084	£25,699	£24,074
	10	£8,115	£7,121	£15,606	£13,694	£28,715	£25,198
	15	£9,067	£7,454	£17,437	£14,334	£32,084	£26,374
	20	£10,131	£7,802	£19,483	£15,003	£35,849	£27,605
	25	£11,320	£8,166	£21,769	£15,703	£40,056	£28,894
	30	£12,648	£8,547	£24,324	£16,437	£44,756	£30,243
	35	£14,133	£8,946	£27,178	£17,204	£50,008	£31,655
	38	£15,106	£9,194	£29,049	£17,681	£53,450	£32,534

A1.24. Note on how to read this table: If a deferred member had £23,000 invested in this option aged 17, when they came to retire at the age of 55, the savings pot could grow to £53,450 if no charges are applied but to £32,534 with charges applied.

The Professional Footballers' Pension Scheme (2011 Section)

Statement of Investment Principles

Barnett Waddingham LLP

4 September 2020

Contents

BARNETT WADDINGHAM
beyond the expected

1. Introduction

1.1. This is the Statement of Investment Principles prepared by the Trustees and relates to the defined contribution (DC) benefits provided through the Professional Footballers Pension Scheme (2011 Section) ("the Scheme"). This statement sets down the principles which govern the decisions about investments that enable the Scheme to meet the requirements of:

- the Pensions Act 1995, as amended by the Pensions Act 2004; and
- the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010.
- the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018;
- the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

1.2. In preparing this statement the Trustees have consulted the Premier League and Football League (as representatives of the Employer Clubs), and obtained advice from Barnett Waddingham LLP, the Trustees' investment consultant. Barnett Waddingham is authorised and regulated by the Financial Conduct Authority for a range of investment business activities.

1.3. The Trustees will review this statement at least every three years or if there is a significant change in any of the areas covered by the statement.

1.4. The investment powers of the Trustees are set out in Clause 16 of the Definitive Trust Deed & Rules, dated 18 September 2015. This statement is consistent with those powers.

2. Choosing investments

2.1. The Trustees carefully consider their Investment Objectives, shown in Appendix 1, when designing the range of investment options to offer to its members. The Trustees also acknowledge that members will have different attitudes to risk and different aims for accessing their retirement savings – and therefore, whilst seeking good member outcomes net of fees, it also considers the level of risk that is appropriate based on the anticipated needs of the membership profile of the Scheme.

2.2. The Trustees' policy is to offer a default investment arrangement suitable for the Scheme's membership profile. Details of these are given in Appendix 1. In doing so, the Trustees consider the advice of their professional advisers, whom they consider to be suitably qualified and experienced for this role.

2.3. The day-to-day management of the Scheme's assets is delegated to one or more investment managers. The Scheme's investment managers are detailed in Appendix 1 to this Statement. The investment managers are authorised and regulated by the Financial Conduct Authority, and are responsible for stock selection and the exercise of voting rights.

2.4. The Trustees review the appropriateness of the Scheme's investment strategy on an ongoing basis. This review includes consideration of the continued competence of the investment managers with respect to performance within any guidelines set. The Trustees will also consult the Premier League and Football League (as representatives of the Employer Clubs) before amending the investment strategy.

3. Investment objectives

3.1. The Trustees have discussed and agreed key investment objectives in light of an analysis of the Scheme's membership profile as well as the constraints the Trustees face in achieving these objectives. These are set out in Appendix 1.

4. Kind of investments to be held

4.1. The Scheme is permitted to invest in a wide range of assets including equities, bond, cash, property and alternatives.

5. The balance between different kinds of investment

5.1. The Trustees have made available a default investment option. Members' assets are automatically invested in line with a pre-determined strategy that changes at different stages of membership. For example, whilst a member is a long way off accessing their retirement savings, emphasis is placed on medium to higher risk funds (i.e. investment largely in growth assets) in search of long-term, inflation-protected growth. As the member's target retirement date approaches, their retirement savings are progressively switched to hold a larger proportion of lower risk assets so as to protect the value of the retirement savings relative to the way in which they are expected to be accessed.

5.2. The Trustees consider the merits of both active and passive management for the various elements of the Scheme's portfolio and may select different approaches for different asset classes.

5.3. The Trustees are aware that the appropriate balance between different kinds of investments will vary over time and the asset allocation may change as the membership profile evolves.

6. Risks

6.1. Risk in a defined contribution Scheme lies with the members themselves. The Trustees recognise that a number of risks are involved in the investment of assets of the Scheme. They have identified the following principal risks which have the potential to reduce the return achieved on the assets to below their benchmarks:

Platform provider risk	The risk that the Platform Provider does not manage the investments in line with the agreed strategy.
Investment Manager Risk	The Trustees monitor the performance of the Scheme's investment managers on a regular basis in addition to having meetings with them from time to time as necessary. The Trustees have a written agreement with each investment manager, which contains a number of restrictions on how the investment manager may operate.
Custodian risk	The risk of failed or inadequate performance by the custodian.
Political risk	The financial risk that a country's government will suddenly change its policies.

Inflation risk	The risk that the investments do not provide a return at least in line with inflation, thus eroding the purchasing power of the retirement savings. The Trustees make available a default investment strategy that is expected to provide a long-term real rate of return.
Conversion risk	The risk that fluctuations in the assets held, particularly in the period before retirement savings are accessed, lead to uncertainty over the benefit amount likely to be received. In the lifestyle arrangement made available through the Scheme (see Appendix 1), the Trustees change the proportion and type of investments so that in the run up to retirement the investments gradually start to move closely to match how the Trustees expect members to access their retirement savings. The Trustees keep under review the appropriateness of the default investment strategy.
Retirement income risk	The risk that a member's retirement income falls short of the amount expected, whether this is due to lower investment returns than expected or insufficient contributions being paid. The Trustees periodically review the appropriateness of the default investment strategy to ensure member outcomes can be maximised. Communications to members will seek to encourage them to regularly review the level of their contributions, but ultimately this is a risk which lies with each member.
Market risk	Each investment manager is expected to manage properly diversified portfolios and to spread assets across a number of individual shares and securities.
Currency risk	The Scheme may gain exposure to overseas currencies by investing in assets that are denominated in a foreign currency or via currency management.
Loss of investment	The risk of loss of investment by the investment manager and custodian is assessed by the Trustees. This includes losses beyond those caused by market movements (e.g. default risk, operational errors or fraud).
ESG risks	The risk posed by environment, social and governance factors (including, but not limited to, climate change).

7. Expected return on investments

7.1. The Trustees have regard to the relative investment return and risk that each asset class is expected to provide. The Trustees are advised by their professional advisors on these matters, whom they deem to be appropriately qualified experts. However, the day-to-day selection of investments is delegated to the investment managers.

7.2. The Trustees recognise the need to distinguish between nominal and real returns and to make appropriate allowance for inflation when making decisions and comparisons.

8. Realisation of investments

8.1. The Trustees have delegated the responsibility for buying and selling investments to the investment managers.

9. Financially material considerations, non-financial matters, the exercise of voting rights and engagement activities

9.1. The Trustees have set policies in relation to these matters. These policies are set out in Appendix 2.

10. Policy on arrangements with asset managers

Incentivising alignment with the Trustees' investment policies

10.1. When appointing an investment manager, in addition to considering the investment manager's investment philosophy, process and policies to establish how the manager intends to make the required investment returns, the Trustees also consider how ESG and climate risk are integrated into these. If the Trustees deem any aspect of these policies to be out of line with their own investment objectives for the part of the portfolio being considered, they will consider using another manager for the mandate.

10.2. The Trustees carry out a strategy review periodically where they assess the continuing relevance of the strategy in the context of the Scheme's membership and their aims, beliefs and constraints. The Trustees monitor the investment managers' approach to ESG and climate related risks on an annual basis.

10.3. In the event that an investment manager ceases to meet the Trustees' desired aims, including the management of ESG and climate related risks, using the approach expected of them, the Trustees will review this investment.

10.4. Investment manager ESG policies are reviewed upon appointment in the context of best industry practice and feedback will be provided to the investment manager.

Incentivising assessments based on medium to long term, financial and non-financial considerations

10.5. The Trustees are mindful that the impact of ESG and climate change has a long-term nature. However, the Trustees recognise that the potential for change in value as a result of ESG and climate risk may occur over a much shorter term than climate change itself. The Trustees acknowledge this in their investment management arrangements.

10.6. When considering the management of objectives for an investment manager (including ESG and climate risk objectives), and then assessing their effectiveness and performance, the Trustees assess these over a rolling timeframe. The Trustees believe the use of rolling timeframes, typically 3 to 5 years, is consistent with ensuring the investment manager makes decisions based on an appropriate time horizon. Where a fund may have an absolute return or shorter term target, this is generally supplementary to a longer term performance target. In the case of assets that are actively managed, the Trustees expect this longer term performance target to be sufficient to ensure an appropriate alignment of interests.

10.7. The Trustees expect investment managers to be voting and engaging on behalf of the Scheme's holdings and the Scheme monitors this activity within the Implementation Statement in the Scheme's Annual Report and Accounts. The Trustees do not expect ESG considerations to be disregarded by the investment managers in an effort to achieve any short term targets.

Method and time horizon for assessing performance

10.8. The Trustees monitor the performance of their investment managers over medium to long term periods that are consistent with the Trustees' investment aims, beliefs and constraints.

10.9. The Scheme invests exclusively in pooled funds. The investment manager is remunerated by the Trustees based on the assets they manage on behalf of the Trustees. As the funds grow, due to successful investment by the investment manager, they receive more and as values fall they receive less.

10.10. The Trustees believe that this fee structure enables the investment manager to focus on long-term performance without worrying about short term dips in performance significantly affecting their revenue.

10.11. The Trustees ask the Scheme's investment consultant to assess if the asset management fee is in line with the market when the manager is selected, and the appropriateness of the annual management charges are considered periodically.

Portfolio turnover costs

10.12. The Trustees acknowledge that portfolio turnover costs can impact on the performance of their investments. Overall performance is assessed as part of the quarterly investment monitoring process.

10.13. During the investment manager appointment process, the Trustees may consider both past and anticipated portfolio turnover levels. When underperformance is identified, deviations from the expected level of turnover may be investigated with the investment manager concerned if it is felt they may have been a significant contributor to the underperformance. Assessments reflect the market conditions and peer group practices.

Duration of arrangement with asset manager

10.14. For the open-ended pooled funds in which the Scheme invests, there are no predetermined terms of agreement with the investment managers.

10.15. The suitability of the Scheme's asset allocation and its ongoing alignment with the Trustees' investment beliefs is assessed periodically. As part of this review the ongoing appropriateness of the investment managers, and the specific funds used, is assessed.

11. Employer related investments

11.1. The Trustees' policy is not to hold any employer-related investments.

12. Agreement

12.1. This statement was agreed by the Trustees, and replaces any previous statements. Copies of this Statement and any subsequent amendments will be made available to the Premier League and Football League (as representatives of the Employer Clubs), the investment manager, and the Scheme auditor upon request. The Statement will also be published on a publicly available website.

Appendix 1: Note of investment policy of the Scheme in relation to the current Statement of Investment Principles

1. The balance between different kinds of investment

The Trustees' main investment objectives are:

- to provide a suitable default investment option that is likely to be suitable for a typical member;
- seek to achieve good member outcomes net of fees and subject to acceptable levels of risk;
- to maximise member outcomes;
- to ensure that the expected volatility of the returns achieved is managed through appropriate diversification of the use of asset types in order to control the level of volatility and risk in the value of members' pension pots; and
- to reduce the risk of the assets failing to meet projected retirement income levels.

The Trustees are responsible for the design of the default investment option.

2. Default Option

The Trustees acknowledge that members will have different attitudes to risk and different aims for accessing their retirement savings, and so it is not possible to offer a single investment option that will be suitable for each individual member. However, having analysed the Scheme's membership profile, the Trustees decided that the lifestyle arrangement set out below represents a suitable default investment option for the majority of members. The aims, objectives and policies relating to the default option are intended to ensure that assets are invested in the best interests of relevant members and their beneficiaries.

The Trustees have appointed Mobius Life Limited as the Platform Investment Manager in respect of the default investment strategy. The Trustees took investment advice both to choose the investment platform and select the funds to be offered to members. Mobius Life Limited is authorised and regulated by the Financial Conduct Authority and has been selected in order to effect cost and operational efficiencies in the management of the assets.

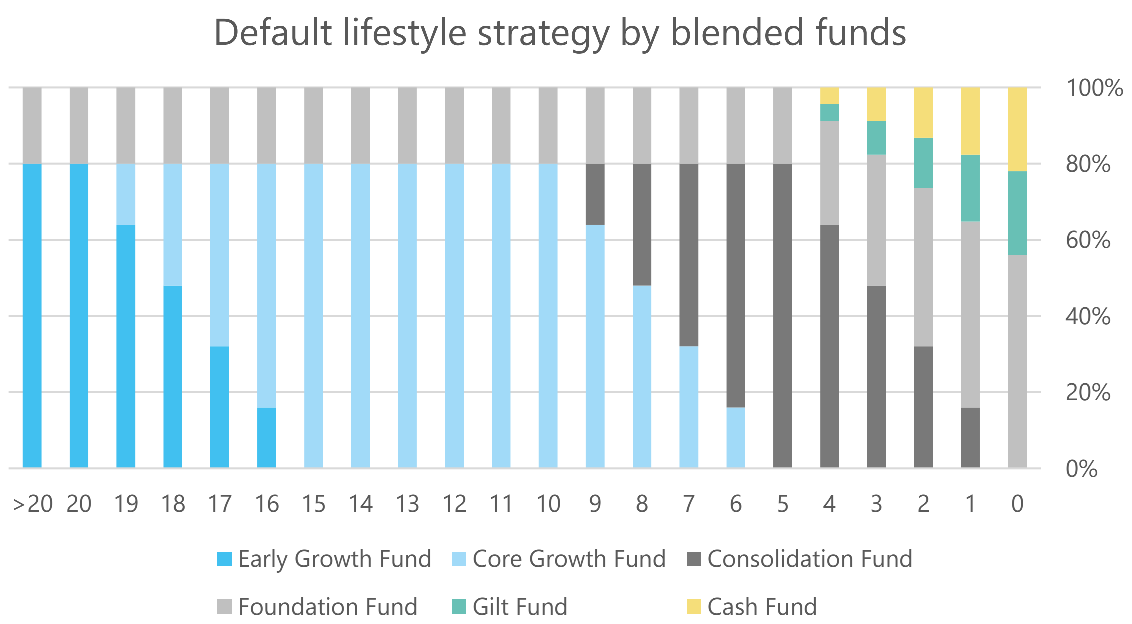
Following a review of the investment strategy and membership analysis carried out by the Trustees' advisers, it was found that a significant numbers of members are expected to have retirement pots of a large enough size that drawdown benefits over time will be the most likely access route (rather than taking a cash lump sum or purchasing an annuity). The Trustees therefore decided that the default arrangement should be based around this method of accessing benefits in retirement.

The default option is currently the 20 year lifestyle profile, which progressively switches between six blended funds (i.e. a blend of funds, where the asset allocation is determined by the Trustees). The six blended funds used in the default arrangement are the:

- Early Growth Fund;

- Core Growth Fund;
- Consolidation Fund;
- Foundation Fund;
- Gilt Fund;
- Cash Fund.

Members' funds are moved from the Early Growth and Foundation Fund once they are 20 years from their Target Retirement Age ("TRA"), resulting in 100% of their assets invested in the Foundation, Gilt and Cash funds at retirement, as per the chart below. In the years between, members' savings will be progressively switched into the Core Growth Fund and then the Consolidation Fund. The member always has at least 20% of their assets invested in the Foundation Fund. Moving between the funds in this way is done automatically for members and assumes they will be accessing their savings at their TRA.



Members have the option to invest AVCs in the default strategy, as above. In addition, the Trustees have made available a variety of alternative actively managed and index tracking funds provided by Aberdeen Standard Investments.

At the time of agreement of this statement the Scheme was still invested in its previous default strategy. However, the above strategy has been agreed and will be implemented in phases starting on 28 September 2020. The implementation of the new default is due to be completed in Q1 2021.

Manager benchmarks

The investment objectives and fee arrangements for each fund is given below:

Investment manager	Fund	Benchmark	Fund objective
Early Growth Fund	M&G Total Return Credit Fund	1-month LIBOR	Outperform the benchmark by 3% - 5% p.a. (gross of fees) over a cycle
	Partners Group Generations Fund	MSCI World equity index (GBP hedged)	To generate returns of 7-11% per annum, net of all fees over a full market cycle (approximately 5 years)
	LGIM Future World UK Equity Fund	Solactive L&G ESG UK Index	Track the benchmark within +/- 0.60% p.a. for two years out of three
	LGIM Future World Developed (ex UK) Equity Index Fund	Solactive L&G ESG Developed ex UK Index	Track the benchmark within +/- 0.60% p.a. for two years out of three
	LGIM Future World Developed (ex UK) Equity Index Fund – GBP hedged	Solactive L&G ESG Developed ex UK Index (GBP hedged)	Track the benchmark within +/- 0.60% p.a. for two years out of three
	LGIM Future World Emerging Markets Fund	Solactive L&G ESG Emerging Markets Index	Track the benchmark within +/- 0.60% p.a. for two years out of three

Investment manager	Fund	Benchmark	Fund objective
Core Growth Fund	LGIM Future World UK Equity Fund	Solactive L&G ESG UK Index	Track the benchmark within +/- 0.60% p.a. for two years out of three
	LGIM Future World Developed (ex UK) Equity Index Fund	Solactive L&G ESG Developed ex UK Index	rack the benchmark within +/- 0.60% p.a. for two years out of three
	LGIM Future World Developed (ex UK) Equity Index Fund – GBP hedged	Solactive L&G ESG Developed ex UK Index (GBP hedged)	Track the benchmark within +/- 0.60% p.a. for two years out of three
	LGIM Future World Emerging Markets Fund	Solactive L&G ESG Emerging Markets Index	Track the benchmark within +/- 0.60% p.a. for two years out of three
	Baillie Gifford Multi-Asset Growth Fund	Bank of England Base Rate	Outperform the benchmark by 3.5% p.a. (net of fees) over five years and a positive return over three year periods with annualized volatility of returns below 10%
Consolidation Fund	Baillie Gifford Multi-Asset Growth Fund	Bank of England Base Rate	Outperform the benchmark by 3.5% p.a. (net of fees) over five years and a positive return over three year periods with annualized volatility of returns below 10%
	LGIM 0 to 5 year Gilts Index Fund	FTSE Actuaries UK Conventional Gilts up to 5 year Index	Track the benchmark within +/- 0.25% p.a. for two years out of three
Foundation Fund	LGIM Retirement Income Multi-Asset Fund	Bank of England Base Rate	Outperform the benchmark by 3.5% p.a. (gross of fees)
Gilt Fund	LGIM 0 to 5 year Gilts Index Fund	FTSE Actuaries UK Conventional Gilts up to 5 year Index	Track the benchmark within +/- 0.25% p.a. for two years out of three

Investment manager	Fund	Benchmark	Fund objective
Cash Fund	LGIM Cash Fund	7 Day GBP LIBID	Perform in line with the benchmark without incurring excessive risk

The asset allocation of each of the blended funds is given in the tables below:

Early Growth Fund

Fund	Allocation
M&G Total Return Credit Fund	15%
Partners Group Generations Fund	5%
LGIM Future World UK Equity Fund	30%
LGIM Future World Developed (ex UK) Equity Index Fund	20%
LGIM Future World Developed (ex UK) Equity Index Fund – GBP hedged	20%
LGIM Future World Emerging Markets Fund	10%

Core Growth Fund

Fund	Allocation
Baillie Gifford Multi-Asset Growth Fund	25%
LGIM Future World UK Equity Fund	25%
LGIM Future World Developed (ex UK) Equity Index Fund	20%
LGIM Future World Developed (ex UK) Equity Index Fund – GBP hedged	20%
LGIM Future World Emerging Markets Fund	10%

Consolidation Fund

Fund	Allocation
Baillie Gifford Multi-Asset Growth Fund	80%
LGIM 0 to 5 year Gilts Index Fund	20%

Foundation Fund

Fund	Allocation
LGIM Retirement Income Multi-Asset Fund	100%

Gilt Fund

Fund	Allocation
LGIM 0 to 5 year Gilts Index Fund	100%

Cash Fund

Fund	Allocation
LGIM Cash Fund	100%

Fee arrangements

The fee arrangements with the investment managers are summarised below:

Investment manager	Fund	Total Expense Ratio (excluding platform fee)
Legal & General	LGIM Future World UK Equity Fund	0.054% p.a.
	LGIM Future World Developed (ex UK) Equity Index Fund	0.103% p.a.
	LGIM Future World Developed (ex UK) Equity Index Fund – GBP hedged	0.128% p.a.
	LGIM Future World Emerging Markets Fund	0.325% p.a.
	LGIM Retirement Income Multi-Asset Fund	0.31% p.a.
	LGIM 0 to 5 year Gilts Index Fund	0.04% p.a.
	LGIM Cash Fund	0.05% p.a.
Baillie Gifford	Multi-Asset Growth Fund	0.45% p.a.
M&G Investments	Total Return Credit Fund	0.45% p.a.
Partners Group	Generations Fund	1.95% p.a.

The fees in the above table do not include a platform fee that is charged by Mobius of 0.04% p.a. per fund, as well as an additional fee of 0.02% p.a. for any funds that are blended, this would apply to the Early Growth, Core Growth and Consolidation funds. The below table includes these extra fees for the Scheme's funds.

Fund	Total expense ratio (including platform fee)*
Early Growth Fund	0.32% p.a.
Core Growth Fund	0.26% p.a.
Consolidation Fund	0.43% p.a.
Foundation Fund	0.35% p.a.
Gilt Fund	0.08% p.a.
Cash Fund	0.09% p.a.

*TER based on the Annual Management Charge (AMC) plus Additional Expenses (AFE) as at June 2019. Please note AFE are variable.

Appendix 2: Financially material considerations, non-financially material considerations, the exercise of voting rights and engagement activities

1. Financially material considerations

The Trustees believe that the consideration of financially material factors, such as Environmental (including climate change), Social and Governance (“ESG”) factors in investment decision making are financially material and can lead to better risk adjusted investment returns over the time horizon over which benefits are paid, which may be up to around 40 or 50 years. The Trustees, therefore, have a policy to consider these, alongside other factors, when selecting, retaining or realising the Scheme’s investments.

The Trustees have elected to invest the Scheme's assets through pooled funds. The choice of underlying funds is made by the Trustees after taking advice from their investment consultant. The Trustees, and the managers of the underlying funds, take into account ESG factors (including climate change risks) in their decisions in relation to the selection, retention and realisation of investments.

The Trustees expect their investment managers, when exercising discretion in investment decision making, to take financially material ESG factors into account. The Trustees take ESG factors into account in the selection, retention and realisation of investments as follows:

Selection of investments: assess the investment managers' ESG integration credentials and capabilities, including stewardship, as a routine part of requests for information/proposals as well as through other regular reporting channels.

Retention of investments: Developing a monitoring process in order to monitor ESG considerations periodically by seeking information on the responsible investing policies and practices of the investment managers.

Realisation of investments: The Trustees will take into account how ESG considerations are utilised in decisions to realise investments.

The Trustees will also take those factors into account as part of its investment process to determine a strategic asset allocation, and consider them as part of ongoing reviews of the Scheme's investments.

The Trustees will continue to monitor and assess ESG factors, and risks and opportunities arising from them, as follows:

- The Trustees will obtain training on ESG considerations in order to understand fully how ESG factors including climate change could impact the Scheme and its investments;
- As part of ongoing monitoring of the Scheme's investment managers, the Trustees will use any ESG ratings information provided by its investment consultant, to assess how the Scheme's investment managers take account of ESG issues; and
- Through their investment consultant the Trustees will request that all of the Scheme's investment managers provide information about their ESG policies, and details of how they integrate ESG into their investment processes when necessary.

2. Non-financially material considerations

Where ESG factors are non-financial (i.e. they do not pose a risk to the prospect of the financial success of the investment) the Trustees believe these should not drive investment decisions. The Trustees expect their Investment Managers, when exercising discretion in investment decision making, to consider non-financial factors only when all other financial factors have been considered and in such a circumstance the consideration of non-financial factors should not lead to a material reduction in the efficiency of the investment. Members' views are not sought on non-financial matters (including ESG, quality of life considerations and ethical views) in relation to the selection, retention and realisation of investments.

3. The exercise of voting rights

The Trustees believe that in order to protect and enhance the value of the investments, over the time horizon over which the benefits are paid, they must act as a responsible asset owner. The Trustees cannot exercise their responsibilities directly as they do not hold investments in their name. The Trustees expect their Investment Managers, to exercise voting rights on all resolutions at annual and extraordinary general meetings of companies. In doing so, the Trustees expect that the investment managers will use their influence as major institutional investors to exercise the Trustees' rights and duties as shareholders, including where appropriate engaging with underlying investee companies to promote good corporate governance, accountability and to understand how those companies take account of ESG issues in their businesses.

The Trustees will monitor their Investment Managers policies on voting and engagement through the annual Implementation Statement.

The Trustees expect their Investment Managers to exercise ownership rights attracted to investments, including voting and engagement rights, in order to safeguard sustainable returns over this time frame. On an ongoing basis the Trustees will assess the stewardship and engagement activity of its Investment Managers through the annual Implementation Statement (delegating to the Investment Consultant where appropriate).

The Trustees will monitor and engage with the investment managers about relevant matters (including matters concerning an issuer of debt or equity, including their performance, strategy, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance), through the Scheme's investment consultant.

4. Engagement activities

The Trustees acknowledge the importance of ESG and climate risk within their investment framework. When delegating investment decision making to their investment managers they provide their investment managers with a benchmark they expect the investment managers to either follow or outperform. The investment manager has discretion over where in an investee company's capital structure it invests (subject to the restrictions of the mandate), whether directly or as an asset within a pooled fund.

The Trustees are of the belief that ESG and climate risk considerations extend over the entirety of a company's corporate structure and activities, i.e. that they apply to equity, credit and property instruments or holdings. The Trustees also recognise that ESG and climate related issues are constantly evolving and along with them so too are the products available within the investment management industry to help manage these risks.

The Trustees consider it to be a part of their investment managers' roles to assess and monitor developments in the capital structure for each of the companies in which the managers invest on behalf of the Scheme or as part of the pooled fund in which the Scheme holds units.

The Trustees also consider it to be part of their investment managers' roles to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the managers invest on behalf of the Scheme.

In selecting and reviewing their investment managers, where appropriate, the Trustees will consider investment managers' policies on engagement and how these policies have been implemented.

Conflicts of interest

The Scheme invests solely in pooled funds and the Scheme's investment managers are granted full discretion over whether or not to invest in the Employer Clubs' businesses. A conflict of interest is not therefore expected to arise.

The Scheme's investment consultant is independent and no arm of their business provides asset management services. This, and their FCA Regulated status, makes the Trustees confident that the investment manager recommendations they make are free from conflict of interest.

The Trustees expect all investment managers to have a conflict of interest policy in relation to their engagement and ongoing operations. In doing so the Trustees believe they have managed the potential for conflicts of interest in the appointment of the investment manager and conflicts of interest between the Trustees/investment manager and the investee companies.

The Professional Footballers' Pension Scheme (Income Section)

Statement of Investment Principles

Barnett Waddingham LLP

4 September 2020

Contents

1. Introduction

1.1. This is the Statement of Investment Principles prepared by the Trustees and relates to the defined contribution (DC) benefits provided through the Professional Footballers Pension Scheme (Income Section) ("the Scheme"). This statement sets down the principles which govern the decisions about investments that enable the Scheme to meet the requirements of:

- the Pensions Act 1995, as amended by the Pensions Act 2004; and
- the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010.
- the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018;
- the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

1.2. In preparing this statement the Trustees have consulted the Premier League and Football League (as representatives of the Employer Clubs), and obtained advice from Barnett Waddingham LLP, the Trustees' investment consultant. Barnett Waddingham is authorised and regulated by the Financial Conduct Authority for a range of investment business activities.

1.3. The Trustees will review this statement at least every three years or if there is a significant change in any of the areas covered by the statement.

1.4. The investment powers of the Trustees are set out in Clause 16 of the Definitive Trust Deed & Rules, dated 18 September 2015. This statement is consistent with those powers.

2. Choosing investments

2.1. The Trustees carefully consider their Investment Objectives, shown in Appendix 1, when designing the range of investment options to offer to its members. The Trustees also acknowledge that members will have different attitudes to risk and different aims for accessing their retirement savings – and therefore, whilst seeking good member outcomes net of fees, it also considers the level of risk that is appropriate based on the anticipated needs of the membership profile of the Scheme.

2.2. The Trustees' policy is to offer a default investment arrangement suitable for the Scheme's membership profile. Details of these are given in Appendix 1. In doing so, the Trustees consider the advice of their professional advisers, whom they consider to be suitably qualified and experienced for this role.

2.3. The day-to-day management of the Scheme's assets is delegated to one or more investment managers. The Scheme's investment managers are detailed in Appendix 1 to this Statement. The investment managers are authorised and regulated by the Financial Conduct Authority, and are responsible for stock selection and the exercise of voting rights.

2.4. The Trustees review the appropriateness of the Scheme's investment strategy on an ongoing basis. This review includes consideration of the continued competence of the investment managers with respect to performance within any guidelines set. The Trustees will also consult the Premier League and Football League (as representatives of the Employer Clubs) before amending the investment strategy.

3. Investment objectives

3.1. The Trustees have discussed and agreed key investment objectives in light of an analysis of the Scheme's membership profile as well as the constraints the Trustees face in achieving these objectives. These are set out in Appendix 1.

4. Kind of investments to be held

4.1. The Scheme is permitted to invest in a wide range of assets including equities, bond, cash, property and alternatives.

5. The balance between different kinds of investment

5.1. The Trustees have made available a default investment option. Members' assets are automatically invested in line with a pre-determined strategy that changes at different stages of membership. For example, whilst a member is a long way off accessing their retirement savings, emphasis is placed on medium to higher risk funds (i.e. investment largely in growth assets) in search of long-term, inflation-protected growth. As the member's target retirement date approaches, their retirement savings are progressively switched to hold a larger proportion of lower risk assets so as to protect the value of the retirement savings relative to the way in which they are expected to be accessed.

5.2. The Trustees consider the merits of both active and passive management for the various elements of the Scheme's portfolio and may select different approaches for different asset classes.

5.3. The Trustees are aware that the appropriate balance between different kinds of investments will vary over time and the asset allocation may change as the membership profile evolves.

6. Risks

6.1. Risk in a defined contribution Scheme lies with the members themselves. The Trustees recognise that a number of risks are involved in the investment of assets of the Scheme. They have identified the following principal risks which have the potential to reduce the return achieved on the assets to below their benchmarks:

Platform provider risk	The risk that the Platform Provider does not manage the investments in line with the agreed strategy.
Investment Manager Risk	The Trustees monitor the performance of the Scheme's investment managers on a regular basis in addition to having meetings with them from time to time as necessary. The Trustees have a written agreement with each investment manager, which contains a number of restrictions on how the investment manager may operate.
Custodian risk	The risk of failed or inadequate performance by the custodian.
Political risk	The financial risk that a country's government will suddenly change its policies.

Inflation risk	The risk that the investments do not provide a return at least in line with inflation, thus eroding the purchasing power of the retirement savings. The Trustees make available a default investment strategy that is expected to provide a long-term real rate of return.
Conversion risk	The risk that fluctuations in the assets held, particularly in the period before retirement savings are accessed, lead to uncertainty over the benefit amount likely to be received. In the lifestyle arrangement made available through the Scheme (see Appendix 1), the Trustees change the proportion and type of investments so that in the run up to retirement the investments gradually start to move closely to match how the Trustees expect members to access their retirement savings. The Trustees keep under review the appropriateness of the default investment strategy.
Retirement income risk	The risk that a member's retirement income falls short of the amount expected, whether this is due to lower investment returns than expected or insufficient contributions being paid. The Trustees periodically review the appropriateness of the default investment strategy to ensure member outcomes can be maximised. Communications to members will seek to encourage them to regularly review the level of their contributions, but ultimately this is a risk which lies with each member.
Market risk	Each investment manager is expected to manage properly diversified portfolios and to spread assets across a number of individual shares and securities.
Currency risk	The Scheme may gain exposure to overseas currencies by investing in assets that are denominated in a foreign currency or via currency management.
Loss of investment	The risk of loss of investment by the investment manager and custodian is assessed by the Trustees. This includes losses beyond those caused by market movements (e.g. default risk, operational errors or fraud).
ESG risks	The risk posed by environment, social and governance factors (including, but not limited to, climate change).

7. Expected return on investments

7.1. The Trustees have regard to the relative investment return and risk that each asset class is expected to provide. The Trustees are advised by their professional advisors on these matters, whom they deem to be appropriately qualified experts. However, the day-to-day selection of investments is delegated to the investment managers.

7.2. The Trustees recognise the need to distinguish between nominal and real returns and to make appropriate allowance for inflation when making decisions and comparisons.

8. Realisation of investments

8.1. The Trustees have delegated the responsibility for buying and selling investments to the investment managers.

9. Financially material considerations, non-financial matters, the exercise of voting rights and engagement activities

9.1. The Trustees have set policies in relation to these matters. These policies are set out in Appendix 2.

10. Policy on arrangements with asset managers

Incentivising alignment with the Trustees' investment policies

10.1. When appointing an investment manager, in addition to considering the investment manager's investment philosophy, process and policies to establish how the manager intends to make the required investment returns, the Trustees also consider how ESG and climate risk are integrated into these. If the Trustees deem any aspect of these policies to be out of line with their own investment objectives for the part of the portfolio being considered, they will consider using another manager for the mandate.

10.2. The Trustees carry out a strategy review periodically where they assess the continuing relevance of the strategy in the context of the Scheme's membership and their aims, beliefs and constraints. The Trustees monitor the investment managers' approach to ESG and climate related risks on an annual basis.

10.3. In the event that an investment manager ceases to meet the Trustees' desired aims, including the management of ESG and climate related risks, using the approach expected of them, the Trustees will review this investment.

10.4. Investment manager ESG policies are reviewed upon appointment in the context of best industry practice and feedback will be provided to the investment manager.

Incentivising assessments based on medium to long term, financial and non-financial considerations

10.5. The Trustees are mindful that the impact of ESG and climate change has a long-term nature. However, the Trustees recognise that the potential for change in value as a result of ESG and climate risk may occur over a much shorter term than climate change itself. The Trustees acknowledge this in their investment management arrangements.

10.6. When considering the management of objectives for an investment manager (including ESG and climate risk objectives), and then assessing their effectiveness and performance, the Trustees assess these over a rolling timeframe. The Trustees believe the use of rolling timeframes, typically 3 to 5 years, is consistent with ensuring the investment manager makes decisions based on an appropriate time horizon. Where a fund may have an absolute return or shorter term target, this is generally supplementary to a longer term performance target. In the case of assets that are actively managed, the Trustees expect this longer term performance target to be sufficient to ensure an appropriate alignment of interests.

10.7. The Trustees expect investment managers to be voting and engaging on behalf of the Scheme's holdings and the Scheme monitors this activity within the Implementation Statement in the Scheme's Annual Report and Accounts. The Trustees do not expect ESG considerations to be disregarded by the investment managers in an effort to achieve any short term targets.

Method and time horizon for assessing performance

10.8. The Trustees monitor the performance of their investment managers over medium to long term periods that are consistent with the Trustees' investment aims, beliefs and constraints.

10.9. The Scheme invests exclusively in pooled funds. The investment manager is remunerated by the Trustees based on the assets they manage on behalf of the Trustees. As the funds grow, due to successful investment by the investment manager, they receive more and as values fall they receive less.

10.10. The Trustees believe that this fee structure enables the investment manager to focus on long-term performance without worrying about short term dips in performance significantly affecting their revenue.

10.11. The Trustees ask the Scheme's investment consultant to assess if the asset management fee is in line with the market when the manager is selected, and the appropriateness of the annual management charges are considered periodically.

Portfolio turnover costs

10.12. The Trustees acknowledge that portfolio turnover costs can impact on the performance of their investments. Overall performance is assessed as part of the quarterly investment monitoring process.

10.13. During the investment manager appointment process, the Trustees may consider both past and anticipated portfolio turnover levels. When underperformance is identified, deviations from the expected level of turnover may be investigated with the investment manager concerned if it is felt they may have been a significant contributor to the underperformance. Assessments reflect the market conditions and peer group practices.

Duration of arrangement with asset manager

10.14. For the open-ended pooled funds in which the Scheme invests, there are no predetermined terms of agreement with the investment managers.

10.15. The suitability of the Scheme's asset allocation and its ongoing alignment with the Trustees' investment beliefs is assessed periodically. As part of this review the ongoing appropriateness of the investment managers, and the specific funds used, is assessed.

11. Employer related investments

11.1. The Trustees' policy is not to hold any employer-related investments.

12. Agreement

12.1. This statement was agreed by the Trustees, and replaces any previous statements. Copies of this Statement and any subsequent amendments will be made available to the Premier League and Football League (as representatives of the Employer Clubs), the investment manager, and the Scheme auditor upon request. The Statement will also be published on a publicly available website.

Appendix 1: Note of investment policy of the Scheme in relation to the current Statement of Investment Principles

1. The balance between different kinds of investment

The Trustees' main investment objectives are:

- to provide a suitable default investment option that is likely to be suitable for a typical member;
- seek to achieve good member outcomes net of fees and subject to acceptable levels of risk;
- to maximise member outcomes;
- to ensure that the expected volatility of the returns achieved is managed through appropriate diversification of the use of asset types in order to control the level of volatility and risk in the value of members' pension pots; and
- to reduce the risk of the assets failing to meet projected retirement income levels.

The Trustees are responsible for the design of the default investment option.

2. Default Option

The Trustees acknowledge that members will have different attitudes to risk and different aims for accessing their retirement savings, and so it is not possible to offer a single investment option that will be suitable for each individual member. However, having analysed the Scheme's membership profile, the Trustees decided that the lifestyle arrangement set out below represents a suitable default investment option for the majority of members. The aims, objectives and policies relating to the default option are intended to ensure that assets are invested in the best interests of relevant members and their beneficiaries.

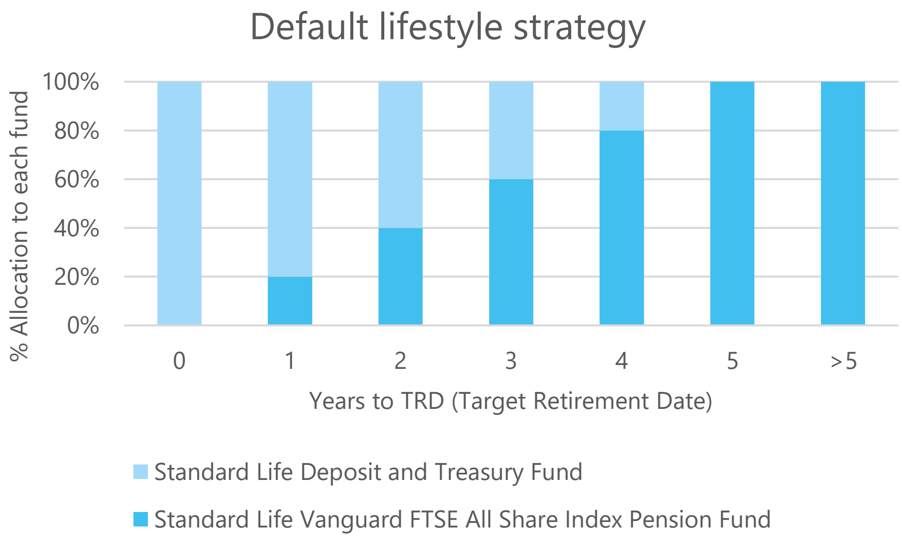
The Trustees have appointed Aberdeen Standard Investments as the Platform Investment Manager in respect of the default investment strategy. The Trustees took investment advice both to choose the investment platform and select the funds to be offered to members. Aberdeen Standard Investments is authorised and regulated by the Financial Conduct Authority and has been selected in order to effect cost and operational efficiencies in the management of the assets.

Following a review of the investment strategy and membership analysis carried out by the Trustees' advisers, it was found that a significant numbers of members are expected to have retirement pots of a large enough size that drawdown of their benefits over time may be the most likely access route (rather than taking a cash lump sum or purchasing an annuity). The Trustees therefore decided to update the current default arrangement based around this method of accessing benefits in retirement and are in the process of making the arrangements to implement this.

The default option is currently the 5 year lifestyle profile, which progressively switches between two funds, the:

- Standard Life Vanguard FTSE All Share Index Pension Fund, and;
- Standard Life Deposit and Treasury Fund.

Members' funds are progressively moved from the FTSE All Share Index Pension Fund to the Deposit and Treasury Fund in the five years leading up to the member's Target Retirement Age ("TRA"). Moving between the funds this way is done automatically for members and assumes they will be accessing their savings at TRA.



Members can self-select other investment funds through the Scheme aswell through various options available with Aberdeen Standard Investments.

Manager benchmarks

The investment objectives and fee arrangements for each fund is given below:

Investment manager	Fund	Benchmark	Fund objective
Aberdeen Standard Investments	Standard Life Vanguard FTSE All Share Index Pension Fund	FTSE All Share Index	Track the benchmark
	Standard Life Deposit and Treasury Fund	7 Day GBP LIBID	Perform in line with the benchmark without incurring excessive risk

Fee arrangements

The fee arrangements with the investment managers are summarised below:

Investment manager	Fund	Total Expense Ratio
Aberdeen Standard Investments	Standard Life Vanguard FTSE All Share Index Pension Fund	0.105% p.a.
	Standard Life Deposit and Treasury Fund	0.158% p.a.

*Total Expense Ratio is based on the Annual Management Charge (AMC) plus Additional Expenses (AFE) as at 31 July 2020. Please note AFE are variable.

Appendix 2: Financially material considerations, non-financially material considerations, the exercise of voting rights and engagement activities

1. Financially material considerations

The Trustees believe that the consideration of financially material factors, such as Environmental (including climate change), Social and Governance ("ESG") factors in investment decision making are financially material and can lead to better risk adjusted investment returns over the time horizon over which benefits are paid, which may be up to around 40 or 50 years. The Trustees, therefore, have a policy to consider these, alongside other factors, when selecting, retaining or realising the Scheme's investments.

The Trustees have elected to invest the Scheme's assets through pooled funds. The choice of underlying funds is made by the Trustees after taking advice from their investment consultant. The Trustees, and the managers of the underlying funds, take into account ESG factors (including climate change risks) in their decisions in relation to the selection, retention and realisation of investments.

The Trustees expect their investment managers, when exercising discretion in investment decision making, to take financially material ESG factors into account. The Trustees take ESG factors into account in the selection, retention and realisation of investments as follows:

Selection of investments: assess the investment managers' ESG integration credentials and capabilities, including stewardship, as a routine part of requests for information/proposals as well as through other regular reporting channels.

Retention of investments: Developing a monitoring process in order to monitor ESG considerations periodically by seeking information on the responsible investing policies and practices of the investment managers.

Realisation of investments: The Trustees will take into account how ESG considerations are utilised in decisions to realise investments.

The Trustees will also take those factors into account as part of its investment process to determine a strategic asset allocation, and consider them as part of ongoing reviews of the Scheme's investments.

The Trustees will continue to monitor and assess ESG factors, and risks and opportunities arising from them, as follows:

- The Trustees will obtain training on ESG considerations in order to understand fully how ESG factors including climate change could impact the Scheme and its investments;
- As part of ongoing monitoring of the Scheme's investment managers, the Trustees will use any ESG ratings information provided by its investment consultant, to assess how the Scheme's investment managers take account of ESG issues; and
- Through their investment consultant the Trustees will request that all of the Scheme's investment managers provide information about their ESG policies, and details of how they integrate ESG into their investment processes when necessary.

2. Non-financially material considerations

Where ESG factors are non-financial (i.e. they do not pose a risk to the prospect of the financial success of the investment) the Trustees believe these should not drive investment decisions. The Trustees expect their Investment Managers, when exercising discretion in investment decision making, to consider non-financial factors only when all other financial factors have been considered and in such a circumstance the consideration of non-financial factors should not lead to a material reduction in the efficiency of the investment. Members' views are not sought on non-financial matters (including ESG, quality of life considerations and ethical views) in relation to the selection, retention and realisation of investments.

3. The exercise of voting rights

The Trustees believe that in order to protect and enhance the value of the investments, over the time horizon over which the benefits are paid, they must act as a responsible asset owner. The Trustees cannot exercise their responsibilities directly as they do not hold investments in their name. The Trustees expect their Investment Managers, to exercise voting rights on all resolutions at annual and extraordinary general meetings of companies. In doing so, the Trustees expect that the investment managers will use their influence as major institutional investors to exercise the Trustees' rights and duties as shareholders, including where appropriate engaging with underlying investee companies to promote good corporate governance, accountability and to understand how those companies take account of ESG issues in their businesses.

The Trustees will monitor their Investment Managers policies on voting and engagement through the annual Implementation Statement.

The Trustees expect their Investment Managers to exercise ownership rights attracted to investments, including voting and engagement rights, in order to safeguard sustainable returns over this time frame. On an ongoing basis the Trustees will assess the stewardship and engagement activity of its Investment Managers through the annual Implementation Statement (delegating to the Investment Consultant where appropriate).

The Trustees will monitor and engage with the investment managers about relevant matters (including matters concerning an issuer of debt or equity, including their performance, strategy, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance), through the Scheme's investment consultant.

4. Engagement activities

The Trustees acknowledge the importance of ESG and climate risk within their investment framework. When delegating investment decision making to their investment managers they provide their investment managers with a benchmark they expect the investment managers to either follow or outperform. The investment manager has discretion over where in an investee company's capital structure it invests (subject to the restrictions of the mandate), whether directly or as an asset within a pooled fund.

The Trustees are of the belief that ESG and climate risk considerations extend over the entirety of a company's corporate structure and activities, i.e. that they apply to equity, credit and property instruments or holdings. The Trustees also recognise that ESG and climate related issues are constantly evolving and along with them so too are the products available within the investment management industry to help manage these risks.

The Trustees consider it to be a part of their investment managers' roles to assess and monitor developments in the capital structure for each of the companies in which the managers invest on behalf of the Scheme or as part of the pooled fund in which the Scheme holds units.

The Trustees also consider it to be part of their investment managers' roles to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the managers invest on behalf of the Scheme.

In selecting and reviewing their investment managers, where appropriate, the Trustees will consider investment managers' policies on engagement and how these policies have been implemented.

Conflicts of interest

The Scheme invests solely in pooled funds and the Scheme's investment managers are granted full discretion over whether or not to invest in the Employer Clubs' businesses. A conflict of interest is not therefore expected to arise.

The Scheme's investment consultant is independent and no arm of their business provides asset management services. This, and their FCA Regulated status, makes the Trustees confident that the investment manager recommendations they make are free from conflict of interest.

The Trustees expect all investment managers to have a conflict of interest policy in relation to their engagement and ongoing operations. In doing so the Trustees believe they have managed the potential for conflicts of interest in the appointment of the investment manager and conflicts of interest between the Trustees/investment manager and the investee companies.