**Oracle UK Pension Plan**

**Statement of Investment Principles (“SIP”)**

**February 2022**

## 1. Introduction

1.1 The Trustee of the Oracle UK Pension Plan (the “Plan”) has drawn up this Statement of Investment Principles (the “Statement”) to comply with the requirements of the Pensions Act 1995 (the “Act”) and subsequent legislation. The Statement is intended to affirm the investment principles that govern the decisions about the Plan’s investments. The Trustee’s investment responsibilities are governed by the Plan’s Trust Deed and Rules.

1.2 In preparing this Statement, the Trustee has consulted a suitably qualified person by obtaining written investment advice from its Investment Consultant, Isio Group Limited (“Isio”). Where matters described in this Statement may affect the Plan’s funding policy, input has been obtained from the Plan Actuary.

1.3 This Statement is available to Plan members on request and is published publicly at *https://myoraclepension.com/.*

1.4 The Trustee will monitor compliance with and review this Statement at least once every three years and will review it without delay if there are relevant, material changes to the investment arrangements, the Plan and/or the Sponsor. Any such review will be based on written expert investment advice and will be in consultation with the Sponsor.

**On behalf of Dalriada Trustees Limited as Trustee of the Oracle UK Pension Plan**

(A signed version of this document is retained with the Trustee)

## 2. Plan Structure

2.1 The Plan is comprised of two sections, Section 1 and Section 2: Section 1 is a hybrid of a Defined Contribution ("DC") Plan with a Defined Benefit ("DB") Underpin where Core funds (relating to normal employee and employer contributions) are held on a DC basis but subject to a Pension Underpin on retirement or transfer. Section 2 is pure DC. Both sections are closed to future contributions.

2.2 As part of Section 1 investments, the Trustee holds assets in a Trustee Reserve Account and Pensioner Reserve Fund, to support the value of the DB underpin.

'Section 1' DC Investments

2.3 Section 1 is available for members' benefits accrued prior to 1 June 2004.

2.4 The default investment option for Section 1 Core funds is the Oracle Diversified Growth Fund.

2.5 Section 1 Core funds relating to employee contributions can be invested in the self-select options detailed in Appendix D.

2.6 Section 1 non-core funds can be invested in the lifestyle investment or self-select options detailed in Appendix D (self-select) and Appendix E (lifestyle). Members can combine the investment funds in any proportion to determine the balance between different kinds of investments. This will also determine the expected return on a member's assets and should be related to the member's own risk appetite and tolerances.

'Section 2' DC Investments

2.7 Section 2 is available for benefits accrued after 1 June 2004.

2.8 Section 2 contributions can be invested in the lifestyle investment or self-select options detailed in Appendix D (self-select) and Appendix E (lifestyle). Members can combine the investment funds in any proportion to determine the balance between different kinds of investments. This will also determine the expected return on a member's assets and should be related to the member's own risk appetite and tolerances.

Trustee Reserve Account

2.9 Assets held in the Trustee Reserve Account are invested in the Oracle Diversified Growth Fund. If such assets are called upon to meet the cost of a DB underpin benefit applying for a Section 1 member at the point of their retirement or transfer to another pension scheme, such required funds are transferred to the Pensioner Reserve Fund on retirement or paid as part of a transfer value to another pension scheme.

Pensioner Reserve Fund

2.10 The Trustee pays members' pensions relating to Section 1 Core funds from the Pensioner Reserve Fund.

## 3. Governance

3.1 The Trustee of the Plan makes all major strategic decisions and is responsible for the investment of the Plan's assets. This includes, but is not limited to, the asset allocation for Section 1 Core funds, lifestyle investment options, Trustee Reserve Account and Pensioner Reserve Fund investments, and the appointment and termination of investment managers.

3.2 The Trustee decides what decisions or responsibilities to delegate after considering whether they have the necessary internal skills, knowledge and professional support to make informed and effective decisions. When appropriate, the Trustee takes proper written advice.

3.3 The Trustee's investment advisers, Isio, are qualified by their ability in, and practical experience of, financial matters and has the appropriate knowledge and experience as required under the Pensions Act 1995.

3.4 The Trustee delegates the day-to-day investment decisions of the Plan's assets to a range of Investment Managers through an investment platform provided by Phoenix Life Limited, a member of the Phoenix Group ("Phoenix"). The platform provided by Phoenix allows for easier management of investment flows and governance of the underlying managers. The platform itself is established by Phoenix Group as a life policy. The Trustee is responsible for the selection, appointment, removal and monitoring of the chosen underlying investment managers.

3.5 The Trustee, with the help of their investment adviser, has taken steps to satisfy itself that the investment managers have the appropriate knowledge and experience for managing the Plan's investments and that the managers are carrying out their work competently.

3.6 The Trustee expects the investment managers to manage the assets delegated to them in line with the principles in this statement so far as is reasonably practical.

3.7 Further detail on the Trustee's policies in relation to investment management and fund governance can be found in Appendix A.

## 4. Investment objective

<u>Section 1 Core, Trustee Reserve Account and Pensioner Reserve Fund assets</u>

4.1 The Trustee invests Section 1 Core assets of the Plan and the Trustee Reserve Account with the aim of ensuring that all members' current and future benefits can be paid, while investing in line with defined contribution market practices. The Plan's funding position relative to the value of the DB Underpin is reviewed on an ongoing basis to assess the position relative to the funding target, and whether the investment arrangements remain appropriate to the Plan's circumstances.

4.2 In respect of the Pensioner Reserve Fund, the Trustee aims to use a largely bond approach (with a balance between inflation-linked and fixed intended to mirror the characteristics of the liabilities) but with some growth assets alongside to support improving the security of the benefits in the medium term.

4.3 The overall investment objective within Section 1 is consistent with the funding target, as stated in the Plan's Statement of Funding Principles. Both the investment objective for Section 1 Core assets and the funding target takes into account the strength of the sponsoring employer's covenant and the parent company guarantee.

Section 1 Non-core and Section 2 assets

4.4 After taking advice, the Trustee decided to make three lifestyle options available for Section 1 Non-core and Section 2 funds. Each strategy automatically switches investments to align funds with the way in which members intend to take their benefits at retirement.

4.5 The lifestyle options target either: Cash, Drawdown (variable income) or Annuity (secured income) at retirement. Details of the lifestyle options are set out in Appendix E.

4.6 The lifestyle options are designed to be appropriate for a typical member with a predictable retirement date. However, the lifestyle options are not necessarily suitable for all members, for example, those who unexpectedly retire early or wish to target an alternative method of income upon retirement. The lifestyle switching periods commence five years before a member's selected retirement age.

4.7 For all lifestyle options, the lifestyle strategy's growth phase invests in equities and other growth-seeking assets that will provide growth with an element of diversification, and some protection against inflation. As members approach retirement, the allocation then gradually changes to be aligned with the member's preferred option at retirement.

4.8 Members do not have to take their benefits in the pre-selected format at retirement. Members who intend to take their retirement benefits through other formats have the option of switching to an alternative lifestyle strategy prior to retirement or choosing their own investment strategy through the range of self-select fund options available to members.

## 5. Investment strategy

Section 1 Core, Trustee Reserve Account and Pensioner Reserve Fund – DB Underpin

5.1 The Trustee takes a holistic approach to considering and managing risks when formulating the Plan's investment strategy for assets related to the DB Underpin. The asset allocation strategy the Trustee has selected is designed to balance investing to meet the likely benefit obligation, taking into account the value of the DB underpin, and investing in line with defined contribution market practices.

5.2 The Plan's DB Underpin investment strategy was derived following careful consideration of the risk factors set out in Appendix B. The considerations include both financial and non-financial considerations, the nature and duration of the DB Underpin liabilities, the risks of investing in the various asset classes, the implications of the strategy (under various scenarios) for the level of employer contributions required to fund the Plan, and also the strength of the sponsoring company's covenant. The Trustee considered the merits of a range of asset classes.

5.3 The Trustee recognises that the investment strategy is subject to risks, in particular the risk of a mismatch between the performance of the assets and the calculated value of the DB Underpin. This risk is monitored by regularly assessing the funding position and the characteristics of the assets and DB Underpin liabilities. This risk is managed by investing in assets which are expected to perform in excess of the liabilities over the long term, and also by investing in a suitably diversified portfolio of assets with the aim of minimising (as far as possible) volatility relative to the liabilities.

5.4 Taking into account the demographics of the Plan's membership and the Trustee's views of how the membership will behave at retirement, the Trustee believes that the investment strategy is appropriate.

5.5 To ensure this remains appropriate, the Trustee has agreed to undertake an annual review of the investment strategy, with a detailed investment strategy carried out at least triennially, or in the event of significant changes to the Plan's demographic, if sooner.

Section 1 Non-core and Section 2

5.6 All of the funds allocated to within the lifestyle investment options are also available as self-select options.

5.7 In selecting assets, the Trustee considers the liquidity of the investments in the context of the likely needs of members. All funds are daily-dealt pooled investment arrangements, with assets mainly invested on regulated markets and therefore should be realisable upon member request.

5.8 In agreeing the range of pooled investment funds available to members for self-select, the Trustee considered the typical needs and risk tolerances of the members. The Trustee recognises that members of the Plan have differing investment needs and that these may change during the course of members' working lives. The Trustee believes that members should be able to make their own investment decisions based on their individual circumstances should they desire.

5.9 It is the Trustee's policy to offer both active and passive management options to members, depending on asset class.

## 6. Investment Management Arrangements

Responsibilities of investment managers

6.1 Phoenix, and the investment managers appointed by the Trustee to manage the Plan's assets via the Phoenix platform, are regulated under the Financial Services and Markets Act 2000. Furthermore, the assets of the Plan consist predominantly of investments which are traded on regulated markets.

6.2 The Plan's assets are invested in an insurance policy with Phoenix. The custody of the holdings is also arranged by Phoenix.

6.3 All decisions about the day-to-day management of the assets have been delegated to the underlying investment managers via a written agreement via Phoenix, as overseer of the Plan's assets. The delegation includes decisions about:

6.3.1 Selection, retention and realisation of investments including taking into account all financially material considerations in making these decisions;

6.3.2 The exercise of rights (including voting rights) attaching to the investments;

6.3.3 Undertaking engagement activities with investee companies and other stakeholders, where appropriate.

6.4 The Trustee takes investment managers' policies into account when selecting and monitoring managers. The Trustee also takes into account the performance targets the investment managers are evaluated on.

Investment fees and charges

6.5 The investment advisers' remuneration may be a fixed fee or on a time costs basis as agreed in advance, as negotiated by the Trustee in the interests of obtaining best value for the Plan.

6.6 The Trustee assesses the Plan's investment adviser against a number of strategic objectives, as set by the Trustee on an annual basis, to ensure they continue to receive advice which delivers positive outcomes for the Plan's members and achieves value for money for the Plan.

6.7 The Trustee believes that the best metric to evaluate the Plan's underlying investment managers is on long-term performance, net of fees.

6.8 Investment managers are remunerated through a percentage of the Plan's assets invested in their respective fund(s) (an Annual Management Charge ("AMC")). In addition, fund managers may pay commissions to third parties on trades they undertake in the management of the assets. The Trustee reviews these costs at least annually to ensure that the costs incurred are commensurate with the goods and services received and represent good value for the Plan's members.

6.9 The Trustee believes that this method of remuneration of managers avoids a short-term approach to investment performance that may be the result of any performance-related fees. The Trustee therefore believes it is important to understand all the different costs and charges, which are paid implicitly by members. These include:

6.9.1 Explicit charges, such as the AMC, and additional expenses disclosed by investment managers as part of the Total Expense Ratio ("TER");

6.9.2 implicit charges, such as the portfolio turnover costs (transaction costs) borne within a fund. The Trustee defines portfolio turnover costs as the costs incurred in buying and selling underlying securities held within the fund's portfolio. These are incurred on an ongoing basis and are implicit within the performance of each fund.

6.10 Investment manager fees are member-borne, through the encashment of units from their respective funds. The Trustee's investment adviser collects information on these member-borne costs and charges on an annual basis, where available, and these are set out in the annual Chair's Statement. This Statement is made available to members in a publicly accessible location.

6.11 No specific ranges are set for acceptable costs and charges, particularly in relation to portfolio turnover costs. However, the Trustee expects its investment adviser to highlight if these costs and charges appear unreasonable when they are collected as part of the Chair's Statement exercise.

6.12 The current TER for each underlying fund option are detailed in Appendix F.

Environment, Social and Governance (“ESG”) considerations

6.13 The Trustee believes that environmental, social, and corporate governance (“ESG”) factors may have a material impact on investment risk and return outcomes. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

6.14 The Trustee acknowledges that the only way it can directly influence the ESG policies and practices of the companies in which the Plan invests (via underlying pooled funds) is to only choose funds with policies which are consistent with the Trustee’s beliefs. The Trustee has demonstrated this through the recent change to the underlying structure of the Oracle DGF (selecting the LGIM Future World Global Equity Index Fund as the preferred passive equity mandate).

6.15 The Trustee expects ESG to be a key consideration in its ongoing review of the suitability of managers. In any event, the Trustee expects its fund managers and investment adviser to take account of financially material considerations when carrying out their respective roles.

6.16 As the Plan invests via pooled funds, the Trustee has delegated full discretion to investment managers in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

6.17 The Trustee has made an Ethical fund available to members as a self-select option, for those wishing to invest in a fund with these specific considerations. The Trustee has also appointed an ESG-focussed equity fund within the Oracle Diversified Growth Fund constituents for Section 1 core contributions.

6.18 Acknowledging that the Trustee can’t directly influence the ESG policies of the underlying funds the Plan invests in, the Trustee has undertaken the following measures:

6.18.1 The Trustee completed a detailed review of each of the Plan’s underlying investment fund’s exposure to a range of key ESG factors (both positive and negative exposures) to ensure no fund was deemed to be unduly invested in stocks or securities exhibiting negative ESG credentials.

6.18.2 The Trustee ensures that any investment manager appointed to manage the Plan’s assets are signatories of the United Nations Principles for Responsible Investment (“UNPRI”).

6.18.3 The Trustee considers how ESG, climate change and stewardship are integrated within investment processes in monitoring existing Investment Managers. Monitoring is undertaken on a regular basis and is documented at least annually. The Trustee makes use of ESG ratings provided by Isio to facilitate this.

## 7. Investment Manager Monitoring and Engagement

7.1 The Trustee monitors the Plan's investment strategy and the investment options made available to Plan members on an ongoing basis to ensure this remains aligned with the Trustee's investment objectives. The Trustee also periodically engages with the Plan's investment managers and other stakeholders on a variety of issues. Below is a summary of the areas covered and how the Trustee seeks to engage on these matters with their investment adviser and investment manager:

| Areas for engagement | Method for monitoring and engagement | Circumstances for additional monitoring and engagement |
|---|---|---|
| Performance, Strategy, Funding and Risk | • The Trustee receives a quarterly performance report which details information on the underlying investments' performance, strategy, funding relative to the DB Underpin and overall risks, which are considered at the relevant Trustee meeting.<br>• The Plan's investment managers are periodically invited, in person, to present to the Trustee on their performance, strategy and risk exposures. | • There are significant changes made to the investment strategy.<br>• The risk levels within the assets managed by the investment managers have increased to a level above and beyond the Trustee's expectations.<br>• Underperformance vs the performance objective over the period that this objective applies. |
| Environmental, Social, Governance factors and the exercising of rights | • The Trustee's investment managers provide annual reports on how they have engaged with issuers regarding social, environmental and corporate governance issues.<br>• The Trustee receives information from their investment adviser on the investment managers' approaches to engagement. | • The manager has not acted in accordance with their policies and frameworks.<br>• The manager's policies are not in line with the Trustee's policies in this area. |

7.2 Where investments or investment managers underperform, the Trustee will review the relevant investment manager's appointment and will consider terminating the arrangement.

## 8. Employer-related investments

8.1 The policy of the Trustee is not to hold any employer-related investments as defined in the Pensions Act 1995 and the Occupational Pension Plans (Investment) Regulations 2005 except where the Plan invests in collective investment Plans that may hold employer-related investments. In this case, the total exposure to employer-related investments will not exceed 5% of the Plan's total asset value. The Trustee will monitor this on an ongoing basis to ensure compliance.

## Appendix

**Appendix A: Investment management and fund governance policies**

The Trustee has the following policies in relation to the investment management arrangements for the Plan:

| | |
|---|---|
| **How the investment managers are incentivised to align their investment strategy and decisions with the Trustee's policies.** | • As the Plan invests via pooled funds, there is not scope for these funds to tailor their strategy and decisions in line with the Trustee's policies. However, the Trustee invests in a portfolio of pooled funds that are aligned to the strategic objective. This is reviewed on an ongoing basis. |
| **How the investment managers are incentivised to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with them to improve performance in the medium to long-term.** | • The Trustee reviews the investment managers' performance relative to medium and long-term objectives as documented in the investment management agreements held between the investment manager and Phoenix.<br>• The Trustee monitors the investment managers' engagement and voting activity on an annual basis as part of their ESG monitoring process.<br>• The Trustee does not incentivise the investment managers to make decisions based on non-financial performance. |
| **How the method (and time horizon) of the evaluation of investment managers' performance and the remuneration for their services are in line with the Trustee's policies.** | • The Trustee reviews the performance of all the Plan's investments on a net of cost basis to ensure a true measurement of performance versus investment objectives.<br>• The Trustee evaluates performance over the time period stated in the investment managers' performance objective, which is typically 3 to 5 years.<br>• Investment manager fees are monitored to make sure the correct amounts have been charged. The Trustee's investment adviser ensures these remain competitive. |
| **The method for monitoring portfolio turnover costs incurred by investment managers and how they define and monitor targeted portfolio turnover or turnover range.** | • The Trustee does not directly monitor turnover costs. However, the investment managers are incentivised to minimise costs as they are measured on a net of cost basis. |
| **The duration of the Plan's arrangements with the investment managers** | • The duration of the arrangements is considered in the context of the type of fund the Plan invests in.<br>o For open ended funds, the duration is flexible and the Trustee will from time-to-time consider the appropriateness of these investments and whether they should continue to be held.<br>o The Plan does not invest directly in any close-ended funds or funds with a lock-in period, in line with the Trustee's objectives and Plan's liquidity requirements. |

**Appendix B: Risks, Financially Material Considerations and Non-Financial matters**

A non-exhaustive list of risks, financially material considerations and non-financial matters that the Trustee has considered and sought to manage is shown below.

The Trustee adopts an integrated risk management approach. The three key risks associated within this framework and how they are managed are stated below:

| Risks | Definition | Policy |
| --- | --- | --- |
| **Investment** | The risk that the Plan's funding position deteriorates relative to the value of the DB Underpin due to the assets underperforming. | • Selecting an investment objective that is achievable and is consistent with the Plan's funding basis and the sponsoring company's covenant strength.<br>• Investing in a diversified portfolio of assets. |
| **Funding** | The extent to which there are insufficient Plan assets available to cover ongoing and future liability cash flows in respect of the DB Underpin, after allowing for guarantees provided by the sponsoring employer. | • Funding risk is considered as part of the Section 1 investment strategy review and the actuarial valuation of the DB Underpin liabilities.<br>• The Trustee will agree an appropriate basis in conjunction with the investment strategy to ensure an appropriate journey plan is agreed to manage funding risk over time. |
| **Covenant** | The risk that the sponsoring company becomes unable to continue providing the required financial support to the Plan in respect of the DB Underpin liabilities. | • When developing the Plan's investment and funding objectives, the Trustee takes account of the strength of the covenant and associated guarantees, ensuring the level of risk the Plan is exposed to is at an appropriate level for the covenant to support. |

The Plan is exposed to a number of underlying risks relating to the Plan's investment strategy in respect of the DB Underpin, these are summarised below:

| Risk | Definition | Policy |
| --- | --- | --- |
| **Interest rates and inflation** | The risk of mismatch between the value of the Plan's assets and present value of DB Underpin liabilities from changes in interest rates and inflation expectations. | To invest, where practical and deemed suitable, in assets which are expected to partially match the movements of the DB Underpin arising from interest rates and inflation. |
| **Liquidity** | Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment. | To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due. |

| | | |
|---|---|---|
| **Market** | Experiencing losses due to factors that affect the overall performance of the financial markets. | To remain appropriately diversified and hedge away any unrewarded risks, where practicable. |
| **Credit** | Default on payments due as part of a financial security contract. | To diversify this risk by investing in a range of credit markets across different geographies and sectors. |
| **Environmental, Social and Governance ("ESG")** | Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Plan's investments. | To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criterion:<br>1. Responsible Investment ('RI') Policy / Framework<br>2. Implemented via Investment Process<br>3. A track record of using engagement and any voting rights to manage ESG factors<br>4. ESG specific reporting<br>5. UN PRI Signatory<br>The Trustee monitor the managers on an ongoing basis. |
| **Currency** | The potential for adverse currency movements to have an impact on the Plan's investments. | There are currently no arrangements to hedge currency risk, but there are domestic products available to members. |
| **Non-financial** | Any factor that is not expected to have a financial impact on the Plan's investments. | Non-financial matters are not taken into account in the selection, retention or realisation of investments. |

Further key risks relating to Section 1 non-core and Section 2 contributions include:

| **Risk** | **Definition** | **Policy** |
|---|---|---|
| **Inflation risk** | The risk that the real value (i.e. post inflation) value of members' accounts decreases. | The Trustee provides members with a range of lifestyle options and self-select funds, across various asset classes, with the majority expected to keep pace with inflation (with the exception of the money market and fixed interest bond funds). Members are able to set their own investment allocations, in line with their risk tolerances. |
| **Pension conversion risk** | The risk that members' investments do not match how they would like to use their pots in retirement, based on their preferred choice of lifestyle option. | The lifestyle strategies increase the proportion of assets that more closely match the chosen retirement destination as members approach retirement. This aims to reduce the risk of a substantial fall in the purchasing power of their accumulated savings near retirement in accordance with their preferred retirement option. |

## Appendix C: Fund list - Section 1 Core contributions, Trustee Reserve Account and Pensioner Section Funds

Section 1 Core Employee and Employer contributions, and assets held in respect of the Trustee Reserve Account, are invested in the Oracle Diversified Growth Fund ("Oracle DGF"):

| Fund Name | Investment characteristics | Benchmark | Performance target |
|---|---|---|---|
| **Oracle Diversified Growth** | Designed to achieve market returns similar to equities, but with an element of diversification by incorporating a diversified fund option alongside passive equity exposure. Equity exposure is gained through an ESG-focussed, passive Equity fund.<br><br>Composite of 20% BlackRock Diversified Growth Fund and 80% LGIM Future World Global Equity Fund. The fund is rebalanced to the target allocation of the underlying funds on a quarterly basis. | Composite benchmark:<br>• 80% Solactive L&G ESG Global Markets Index<br>• 20% Bank of England Base Rate plus 3.5% p.a. | Achieve returns in line with the composite benchmark. |

Note: At time of production of this document, the Oracle Diversified Growth Fund is transitioning to the structure outlined above in 3 phases between November 2021 and March 2022, from 80% BlackRock Diversified Growth Fund and 20% Aquila Life MSCI World Fund. Details of the interim target strategies and composite benchmarks between this time can be requested from the Trustee, or their investment adviser, if required.

Assets held in the Oracle Pensioner Reserve Fund ("Oracle PRF"):

| Fund Name | Investment characteristics | Benchmark | Performance target |
|---|---|---|---|
| **Oracle Pensioner Reserve Fund** | Low risk option using primarily government bond exposure, but with some growth to support improving the security of the benefits in the medium term. Investments are expected to broadly match the balance between inflation-linked and fixed obligations.<br><br>Composite of: 42% LGIM Over 5 Years Index Linked Gilts Fund, 28% Aquila Life Up to 5 Years Index Linked Gilt Fund, and 30% BlackRock Diversified Growth Fund. The fund is rebalanced to the target allocation of the underlying funds on a quarterly basis. | Composite benchmark:<br>• 28% FTSE UK Gilts Index- Linked Up to 5 Years Index<br>• 42% FTSE A Index-Linked (Over 5 Year) Index<br>• 30% Bank of England Base Rate Plus 3.5% p.a. | Achieve returns in line with benchmark. |

## Appendix D: Section 1 Non-Core contributions and Section 2 Self-select fund options and funds underlying Lifestyle investment options

### Individual funds

| Fund Name | Investment characteristics | Benchmark | Performance target |
|---|---|---|---|
| BlackRock Diversified GrowthFund | Invests in a wide range of assets. The returns are expected to be less volatile than investment in shares as the diversification of investments will help to reduce overall risk. The returns will be more volatile and less secure than fromUKgovernment bonds. To compensate for this extra risk, investors expect higher investment returns from this asset class. | Bank of England Base Rate | Outperform benchmark by 3.5% p.a. over rolling 3-year periods. |
| BNY Mellon Real Return Fund<br>(Closed to new investors) | Invests in a wide range of assets. The returns are expected to be less volatile than investment in shares as the diversification of investments will help to reduce overall risk. The returns will be more volatile and less secure than fromUK government bonds. To compensate for this extra risk, investors expect higher investment returns from this asset class. | 1-month LIBOR | Outperform benchmarkby 4% p.a. over rolling 3 to 5-year periods. |
| Invesco Perpetual Global Targeted Return Fund | Invests in a wide range of assets. The returns are expected to be less volatile than investment in shares as the diversification of investments will help to reduce overall risk. The returns will be more volatile and less secure than fromUK government bonds. To compensate for this extra risk, investors expect higher investment returns from this asset class. | 3-month LIBOR | Outperform benchmark by 5% p.a. over rolling 3 to 5-year periods. |
| LGIM Corporate Bond AllStocks Index Fund | Low risk compared to equities but riskier than gilts, the expected returns arelower than for equities and higher than for gilts. | iBoxx £ Non-Gilts Index | Achieve returns in line with benchmark. |
| LGIM Ethical UK Equity IndexFund | Invests in UK shares of companies that comply with a code of ethical conduct.The returns will be more volatile and less secure than from UK government bonds. To compensate for this extra risk, investors expect higher investment returns from this asset class. | FTSE 4 Good Index | Achieve returns in line with benchmark. |
| LGIM Global Equity Fixed Weights 50/50 Index Fund | Invests in shares throughout the world. The returns will be more volatile andless secure than from UK government bonds. To compensate for this extra risk, investors expect higher investment returns from this asset class. There will also be additional risk due to currency movements. However, the additional diversification will help to reduce overall risk. | 50% FTSE All Share<br>50% Overseas Equities (split between the US, Europe (ex-UK), and the Far East) | Achieve returns in line with benchmark. |

| | | | |
|---|---|---|---|
| LGIM UK Equity IndexFund | Invests in shares in the UK. The returns will be more volatile and less securethan UK government bonds. To compensate for this extra risk, investors expect higher investment returns from this asset class. | FTSE All Share Index | Achieve returns in line with benchmark. |
| LGIM Over 15 Year GiltsIndex Fund | Low risk option, although the expected returns are lower than for equities. | FTSE UK Gilts Over 15 Years Index | Achieve returns in line with benchmark. |
| MFS Meridian Global Equity Institutional Fund | Invests in global equity shares outperforming the broad market Global Equity index return. The returns will be more volatile and less secure than from UK government bonds. To compensate for this extra risk, investors expect higher investment returns. There will also be additionalrisk due to currency movements. However, the additional diversification will help to reduce overall risk. | MSCI World Index | To outperform benchmark index over full market cycle. |
| Threadneedle PensionsProperty Fund | Invests in direct and indirect property. Property investment risk is lower thaninvestments in equities, but higher than investment in bonds. | MSCI/AREF UK All Balanced Quarterly Property Fund | To outperform the benchmark by 1% p.a. over rolling 3-year periods. |

## White label funds funds

| Fund Name | Investment characteristics | Benchmark | Performance target |
|---|---|---|---|
| Oracle Active Bond Fund | 100% invested in the BlackRock Absolute Return Bond Fund which invests in a range of fixed income assets with the aim of achieving positive returns. | 3-month LIBOR | Outperform benchmark by 2.5% p.a. over rolling 3 to 5-year periods. |
| Oracle Active UK Equity Fund | 100% invested in the Majedie UK Equity Fund which actively invests in UK-based equity shares with the aim of outperforming the broad market UK Equity index return. The returns will be more volatile and less secure than from UK government bonds. To compensate for this extra risk, investors expect higher investment returns. | FTSE All Share Index | Outperform benchmark by 2% p.a. over rolling 3-year periods. |
| Oracle Cash Fund | Invests in short term cash instruments and aims to produce reliablenominal returns. | 7-day LIBID | To deliver competitive rates of return from cash deposits and other short-term instruments. |

| | | | |
|---|---|---|---|
| Oracle Global Equity Fund | Invests in shares throughout the world. The returns will be more volatile andless secure than from UK government bonds. To compensate for this extra risk, investors expect higher investment returns from this asset class. There will also be additional risk due to currency movements. However, the additional diversification will help to reduce overall risk. | MSCI World Index | Achieve returns in line with benchmark. |
| Oracle Index Linked Gilt Fund | Low risk option with lower expected returns than equities. Investment returnsare not eroded by unanticipated inflation. | 50% FTSE UK Gilts Index- linked Over 5Years Index<br>50% FTSE UK Gilts<br>Index- linked Under 15 Years Index | Achieve returns in line with benchmark. |
| Oracle Lifestyle Growth Fund | Composite of 30% BlackRock Aquila MSCI World Fund, 25% Invesco Perpetual Global Targeted Return Fund, 25% BlackRock Diversified Growth Fund and 20% BlackRock Absolute Return Bond Fund. The fund is rebalancedas necessary. | Composite of underlying funds | Composite of underlyingfunds |

## Appendix E: Lifestyle Investment Options

The Trustee has selected three lifestyle strategies in which members can choose to invest their Section 1 non-core and Section 2 funds:

- Cash
- Drawdown
- Annuity

Each strategy automatically switches investments to align funds with the way in which members intend to take their benefits at retirement.

The following funds are currently constituents of the lifestyle matrices:

| Fund Type | Fund Name | Investment Style |
|---|---|---|
| **Cash** | | |
| Diversified Growth | Oracle Lifestyle Growth Fund | Active |
| Absolute Return Bonds | Oracle Active Bond Fund | Active |
| Cash | Oracle Cash Fund | Active |
| **Drawdown** | | |
| Diversified Growth | Oracle Lifestyle Growth Fund | Active |
| Index Linked Gilts | Oracle Index Linked Gilt Fund | Passive |
| Cash | Oracle Cash Fund | Active |
| **Annuity** | | |
| Diversified Growth | Oracle Lifestyle Growth Fund | Active |
| Index Linked Gilts | Oracle Index Linked Gilt Fund | Passive |
| Cash | Oracle Cash Fund | Active |

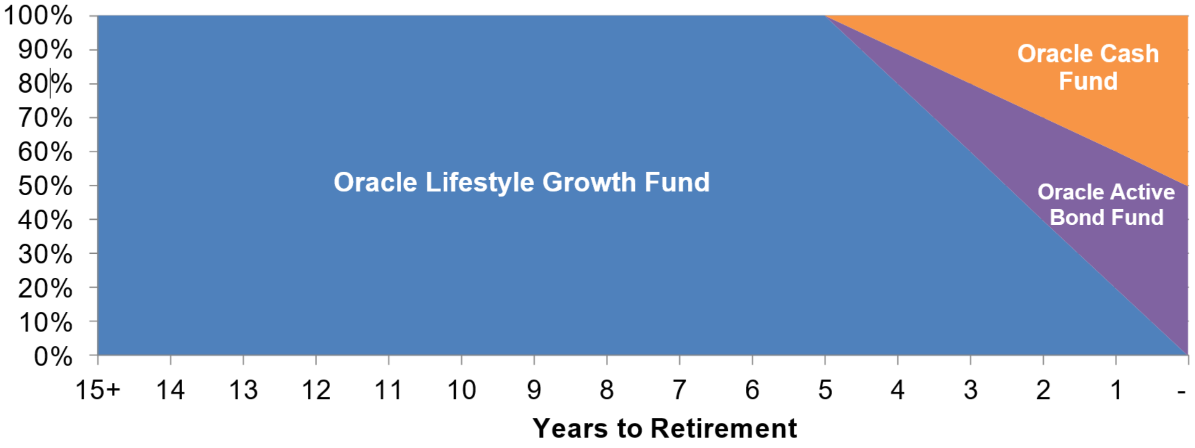
Members are assumed to retire at 65 unless they have specified an alternative target retirement age.

Whilst the member has more than 5 years to retirement, all the lifestyle funds are identical and invest in the Oracle Lifestyle Growth Fund.

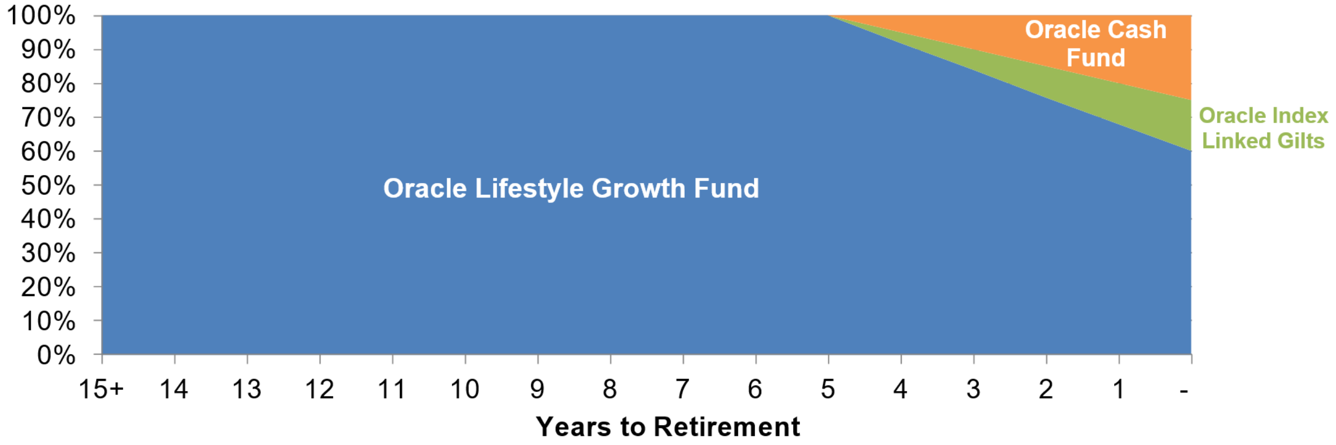
Within 5 years from retirement, the member's fund will be rebalanced in line with the lifestyle matrix on a quarterly basis. To reduce the risk of needing to repurchase fund units sold in a previous period purely as a result of market movements, the administrators will implement a 'No buy back' rule on the Oracle Lifestyle Growth Fund. For example, if market movements suggest that either Equity or Diversified Growth Funds need to be purchased to rebalance the member's fund in line with the lifestyle matrix, then this instruction will be overridden, and the member’s funds will be allowed to catch up with the matrix naturally as time passes.

Charts showing each lifestyle are set out below:

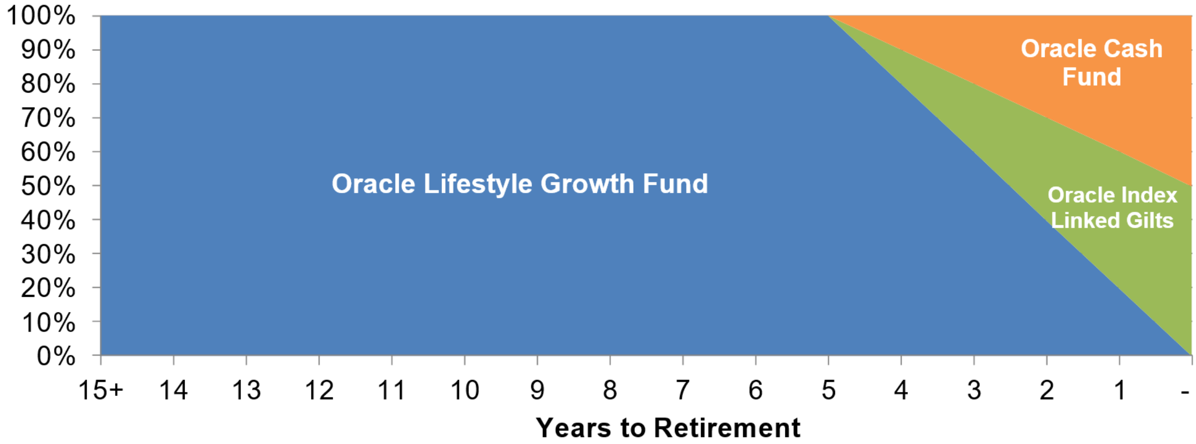
**Cash Lifestyle Strategy**




**Drawdown Lifestyle Strategy**




**Annuity Lifestyle Strategy**



## Appendix F: Fund Charges (as at 31 December 2021)

### Section 1 Employer and Employee Core contributions and Trustee Reserve Account assets

| Fund | Total Expense Ratio ("TER") p.a. |
|---|---|
| Oracle Diversified Growth Fund [1] | 0.24% |

[1] At time of production of this document, the Oracle Diversified Growth Fund is transitioning to the structure outlined above in 3 phases between November 2021 and March 2022, from 80% BlackRock Diversified Growth Fund and 20% Aquila Life MSCI World Fund. Details of the fee applicable to interim target strategies between this time can be requested from the Trustee, or their investment adviser Isio, if required.

### Pensioner Section assets

| Fund | Total Expense Ratio ("TER") p.a. |
|---|---|
| Oracle Pensioner Reserve Fund | 0.25% |

### Section 1 Non-Core contributions and Section 2 assets (Lifestyle and self-select investment options)

| Fund | Total Expense Ratio ("TER") p.a. |
|---|---|
| **Active** | |
| Oracle Lifestyle Growth Fund | 0.47% |
| BNY Mellon Real Return Fund | 0.70% |
| BlackRock Diversified Growth Fund | 0.59% |
| Invesco Perpetual Global Targeted Return Fund | 0.76% |
| Oracle Active Bond Fund | 0.50% |
| MFS Meridian Global Equity Institutional Fund | 0.72% |
| Oracle Active UK Equity Fund | 0.71% |
| Threadneedle Pensions Property Fund | 0.78% |
| Oracle Cash Fund | 0.19% |
| **Passive** | |
| LGIM Global Equity Fixed Weights 50/50 Index Fund | 0.13% |
| Oracle Global Equity Fund | 0.10% |
| LGIM UK Equity Index Fund | 0.10% |
| LGIM Over 15 Year Gilts Index Fund | 0.10% |
| Oracle Index Linked Gilt Fund | 0.10% |
| LGIM Corporate Bond All Stocks Index Fund | 0.13% |
| LGIM Ethical UK Equity Index Fund | 0.25% |