Meat and Livestock Commission Pension Scheme (the "Scheme")

Statement of Investment Principles – July 2023

1. Introduction

MLC Pension Scheme Trustees Limited as Trustee of the Meat and Livestock Commission Pension Scheme (the "Scheme") has drawn up this Statement of Investment Principles (the "Statement") to comply with the requirements of the Pensions Act 1995 (the "Act") and associated legislation including the Occupational Pension Schemes (Investment) Regulations 2005 (as amended). The Statement is intended to affirm the investment principles that govern decisions about the Scheme's investments. The Trustee's investment responsibilities are governed by the Scheme's Trust Deed and Rules, of which this Statement takes full regard.

2. Consultations Made

The Trustee has consulted with the Employer prior to writing this Statement and will take the Employer's comments into account when it believes it is appropriate to do so.

The Trustee is responsible for the investment strategy of the Scheme. It has obtained written advice on the investment strategy appropriate for the Scheme and on the preparation of this Statement. This advice is provided by Mercer Limited ("Mercer") , who are authorised and regulated by the Financial Conduct Authority.

The day-to-day management of the Scheme's assets has been delegated to investment managers who are appropriately authorised and regulated as required under the Financial Services and Markets Act 2000 (amended by the Financial Services Act 2012).

3. Custody

Investment in pooled funds gives the Trustee a right to the cash value of the units rather than to the underlying assets. The managers of the pooled funds are responsible for the appointment and monitoring of the custodian of the Scheme's assets.

The custodians are independent from the Employer.

4. Realisation of Investments/Liquidity

The Trustee recognises that there is a risk in holding assets that cannot be easily realised should the need arise.

Within the Scheme, Mercer and the underlying investment managers selected by Mercer have discretion in the timing of realisation of investments and in considerations relating to the liquidity of those investments within parameters stipulated in the relevant appointment documentation.

The Trustee's policy is that there should be sufficient investments in liquid or readily realisable assets to meet unexpected cashflow requirements in the majority of foreseeable circumstances so that the realisation of assets will not disrupt the Scheme's overall investment policy, where possible. The Trustee, together with the Scheme's administrators, will also ensure that it holds sufficient cash to meet the likely benefit outgo from time to time.

In order to try to meet the Scheme's objectives and mitigate the inflation, interest rate and mortality risks to which the Scheme is exposed, assets have been transferred to insurance policies (or "buy-ins") which will provide annuities to match certain cashflows.

The Trustee has appointed two specialist annuity policy managers – Aviva Annuity UK Limited and Just Retirement Group plc – Just Retirement.

5. Members' views and non-financial factors

Member views are not taken into account in the selection, retention and realisation of investments.

Furthermore, in setting and implementing the Scheme's investment strategy the Trustee does not explicitly take into account the views of the Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors"). Further information regarding the Trustee's views on Environmental, Social and Governance considerations are outlined in Section 13.

6. Process For Choosing Investments

The Trustee has appointed Mercer to act as discretionary investment manager, by way of Mercer's Dynamic De-risking Solution, to implement the Trustee's strategy whereby the level of investment risk reduces as the Scheme's funding level improves. In this capacity, and subject to agreed restrictions, the Scheme's assets are invested in multi-client collective investment schemes ("Mercer Funds"). The Mercer Funds are domiciled in Ireland (for traditional asset classes), and Luxembourg (for private markets assets). The Ireland-domiciled collective investment schemes are managed by a management company (Mercer Global Investments Management Limited ("MGIM"), the Luxembourg-domiciled funds are managed by Mercer Alternatives (Luxembourg) S.à r.l and, respectively, these entities have appointed Mercer Global Investments Europe Limited ("MGIE"), Mercer Alternatives AG ("Mercer AG"), and Mercer Investments LLC ("Mercer LLC") as investment managers of the Mercer Funds.

In practice, assets in the Mercer Funds are invested with third party fund managers based in countries such as Ireland, UK and USA. Mercer has expertise in identifying, selecting and combining highly rated fund managers who are best placed and resourced to manage the Scheme's assets on a day to day basis.

7 Investment Objectives

The Trustee understands that taking some investment risk, with the support of the Employer, is necessary to improve the Scheme's current and ongoing solvency funding positions. The Trustee recognises that equity (and other growth asset) investment will bring increased volatility to the Scheme's funding level, but in the expectation of improvements in the Scheme's funding level through outperformance of the liabilities over the long term.

The Trustee's primary objective is to act in the best interest of its members and ensure that the obligations to the beneficiaries of the Scheme can be met. In meeting this objective, the Trustee's further objectives are:

- To move the Scheme to a position of being fully funded on a de-risked funding basis (gilts + 0.25% p.a.) through a combination of investment return and contributions from the Employer.
- In doing so, to opportunistically reduce the degree of risk in the Scheme's investment arrangements, thereby helping to protect the Scheme's improving funding position.

- To pay due regard to the Employer's requirements with regards to the size and incidence of contribution payments.

8 Risk Management and Measurement

There are various risks to which any pension scheme is exposed. The Trustee's policy on risk management over the Scheme's anticipated lifetime is as follows:

- The primary risk upon which the Trustee focuses is that arising through a mismatch between the Scheme's assets and its liabilities and the Employer's ability to support this mismatch risk.

- The Trustee recognises that whilst increasing risk increases potential returns over a long period, it also increases the risk of a shortfall in returns relative to that required to cover the Scheme's liabilities, as well as producing more volatility in the Scheme's funding position.

- To control the risk outlined above, the Trustee, having taken advice, set the split between the Scheme's Growth and Matching Portfolios such that the expected return on the overall portfolio is expected to be sufficient to meet the investment objectives outlined. As the funding level improves, investments will be switched from Growth Portfolio assets into the Matching Portfolio with the aim of reducing investment risk.

- Whilst moving towards the target funding level, the Trustee recognises that even if the Scheme's assets are invested in the Matching Portfolio, there may still be a mismatch between the interest rate and inflation sensitivity of the Scheme's assets and the Scheme's liabilities due to the mismatch in duration between assets in the Matching portfolio and actuarial liabilities.

- The Trustee recognises the risks that may arise from the lack of diversification of investments. To control this risk, the Trustee has delegated the asset allocation decisions within the Growth and Matching Portfolios to Mercer (subject to certain restrictions). Mercer aims to ensure the asset allocation policy in place results in an adequately diversified portfolio. Mercer provides the Trustee with regular monitoring reports regarding the level of diversification within the Trustee's Portfolio.

- The Trustee invests in leveraged LDI funds to maintain the liability hedging without impacting on expected return but recognise that the use of leveraged LDI brings with it additional liquidity risks and requirements which can change over short periods of time with interest rate changes. The Trustee and Mercer review the matching portfolio as part of the regular reporting and strategy reviews, including consideration of the market stress buffer and governance.

- To help the Trustee ensure the continuing suitability of the current investments, Mercer provides the Trustee with regular reports regarding the performance of the underlying asset managers appointed within the relevant Mercer Funds to enable the monitoring of differences between the expected and experienced levels of risk and return.

- There is a risk that the day-to-day management of the assets will not achieve the rate of investment return expected by the Trustee. The Trustee recognises that the use of active investment managers involves such a risk. However, for specific asset classes, it believes that this risk is outweighed by the potential gains from successful active management. Likewise, passive management will be used for one of a number of reasons, namely to diversify and reduce risk and when investing in certain asset classes where, due to relatively efficient markets, the scope for achieving added value is more limited.

- To help diversify manager-specific risk, within the context of each of the Growth and Matching Portfolios, the Trustee expects that the Scheme's assets are managed by appropriate underlying asset managers.

- By investing in the Mercer Funds, the Trustee does not make investments in securities that are not traded on regulated markets. However, should the Scheme's assets be invested in such securities, in recognition of the associated risks (in particular liquidity and counterparty exposure), such investments would normally only be made with the purpose of reducing the Scheme's mismatch risk relative to its liabilities or to facilitate efficient portfolio management. In any event the Trustee would ensure that the assets of the Scheme are predominantly invested on regulated markets.

- The Trustee recognises the risks inherent in holding illiquid assets. The Trustee has carefully considered the Scheme's liquidity requirements and time horizon when setting the investment strategy and liquidity risk is managed by ensuring illiquid asset classes represent an appropriate proportion of the overall investment strategy.

- The Scheme is subject to currency risk because some of the investment vehicles in which the Scheme invests are denominated or priced in a foreign currency. Within the context of the Mercer Funds used in the Growth and Matching Portfolios, to limit currency risk, a target non-sterling currency exposure is set and the level of non-sterling exposure is managed using currency-hedging derivatives such as forwards and swaps.

- The Trustee recognises that environmental, social and corporate governance concerns, including climate change, have a financially material impact on return.

- Should there be a material change in the Scheme's circumstances, the Trustee will advise Mercer, who will review whether and to what extent the investment arrangements should be altered; in particular whether the current de-risking strategy remains appropriate.

9 Investment Strategy

The Trustee, with advice from the Scheme's investment consultant and Scheme Actuary, reviewed the Scheme's investment strategy in 2022 as part of the annual recalibration. The review looked to build on the de-risking steps already taken by the Trustee, notably to appoint specialist annuity providers to insure the benefits of a portion of the Scheme's members. The investment strategy review considered the Trustee's investment objectives, its ability and willingness to take risk (the "risk budget") and how this risk budget should be allocated and implemented (including de-risking strategies).

Following the review, the key decision was to seek a long-term solution to "de-risk" the Scheme's non-insured assets relative to its liabilities over time using a dynamic trigger-based de-risking framework. The Trustee decided to engage Mercer to implement its de-risking strategy by way of its Dynamic De-risking Solution. The approach undertaken relates the asset allocation to the Scheme's funding level (on an actuarial basis using a single discount rate of 0.25% p.a. in excess of the appropriate gilt yields i.e. "gilts + 0.25% basis"). The de-risking rule mandates the following practices:

- To hold sufficient Growth assets to target full funding on a gilts + 0.25% basis;

- To reduce the volatility in the funding level over time by reducing the Scheme's unhedged liability exposure;
- To monitor the progress in the funding level and to capture improvements in the funding level promptly, if they arise.

The de-risking strategy takes account of the Scheme's initial funding level on a gilts + 0.25% p.a. basis and is based on a model of the progression of the Scheme's funding level, taking into account the expected contributions from the Employer as agreed at the latest triennial actuarial valuation.

Once the funding level has moved through a band, the asset allocation will not be automatically "re-risked" should the funding level deteriorate. The investment strategy will be reviewed on an annual basis to ensure that the triggers set remain appropriate and amended if required.

Responsibility for monitoring the Scheme's asset allocation and undertaking any rebalancing activity is delegated to Mercer.

The Trustee reviews the performance of Mercer against this overall funding level objective as part of their regular monthly and quarterly reporting, the annual strategy recalibration and in detail in conjunction with the triennial actuarial valuation.

10 Realisation of Investments

The Trustee on behalf of the Scheme holds shares in the Mercer Funds. In its capacity as investment manager to the Mercer Funds, MGIE, and the underlying third party asset managers appointed by MGIE, within parameters stipulated in the relevant appointment documentation, have discretion in the timing of the realisation of investments and in considerations relating to the liquidity of those investments.

11 Cashflow and cashflow management

Cashflows, whether positive or negative, are taken into account by Mercer when it rebalances the Scheme's assets in line with the Scheme's strategic allocation. Mercer is responsible for raising cash flows to meet the Scheme's requirements.

12 Rebalancing

As noted, responsibility for monitoring the Scheme's asset allocation and any rebalancing activity is undertaken by Mercer. Mercer reviews the balance between the Growth and Matching Portfolios on an ongoing basis. If at any time the balance between the Growth and Matching Portfolios is deemed to be outside an agreed tolerance range, Mercer will seek to rebalance these allocations back towards the target allocations. Although Mercer has discretion to vary the tolerance range, it is the intention that the Growth Portfolio allocation will not drift by more than 5%, in absolute terms, away from the relevant target allocation.

The ranges have been designed to ensure that unnecessary transaction costs are not incurred by frequent rebalancing.

In the event of a funding level trigger being breached, the assets will be rebalanced to bring them in line with the reduced growth portfolio weighting, under the new de-risking band, as defined in the Statement of Investment Arrangements.

Rebalancing takes place in accordance with the provisions of the discretionary investment management agreement entered into between the Trustee and Mercer, and unless specifically agreed, any assets outside of the Growth and Matching Portfolios (such as the Scheme's buy-in policies) will not be part of such rebalancing.

13 Environmental, Social, and Corporate Governance, Stewardship and Climate Change

The Trustee believes that environmental, social, and corporate governance (ESG) factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

As noted above, the Trustee have appointed Mercer to act as discretionary investment manager in respect of the Scheme's assets and such assets are invested in a range of Mercer Funds managed by MGIE.

The Trustee, Mercer, and MGIE support and expect asset managers appointed to manage the Mercer Funds which are registered with the Financial Conduct Authority to comply with the UK Stewardship Code and UK Corporate Governance Code, including public disclosure of compliance via an external website. An assessment of each manager's compliance against the seven underlying principles of the UK Stewardship Code is part of MGIE's review process of all underlying equity managers appointed to manage assets of the Mercer Funds in which the Scheme invests. Those managers exercise voting rights and undertake engagement (collaborative or otherwise) in accordance with their own corporate governance policies.

The United Nations' Sustainable Development Goals (SDGs) inform Mercer's long term investment beliefs and direct Mercer's and the Trustee's thinking when it comes to converting systemic risks into transformational investment opportunities as outlined in Mercer's Sustainability Policy.

The Trustee has also considered the Employer's responsible investment policy, and note the alignment with Mercer's commitment to a target of net-zero absolute carbon emissions by 2050 for UK clients with discretionary portfolios and the majority of its multi-client, multi asset funds domiciled in Ireland.

The Trustee reviews the following reporting on an annual basis:

- UK Stewardship Code Review, which assesses each underlying equity manager's compliance against the principles outlined in the UK Stewardship Code.
- Stewardship monitoring reporting which assesses each underlying equity manager's record of executing and disclosing voting activity, and the extent to which they are engaging with the underlying companies in which they invest.
- ESG ratings of all investment managers versus the asset class universe ESG ratings. In addition, ESG ratings are disclosed in the quarterly performance report, which is reviewed by the Trustee.
- Carbon footprint analysis versus the index on the Mercer equity portfolios the Scheme invests in.
- Climate scenario modelling on the Mercer Funds used within the Growth Portfolio. Climate scenario modelling and stress testing are undertaken on the Mercer multi-sector funds used by the Scheme, in line with the Task Force on Climate Related Financial

Disclosures (TCFD) recommendations. The results of the latest climate scenario modelling are within the TCFD compliant Climate Change Management Report. The findings of the modelling are integrated into the asset allocation and portfolio construction decisions, with portfolios increasingly aligned with a 2˚C scenario, where consistent with investment objectives and for consistency with the Paris Agreement on Climate Change.

- A detailed standalone sustainability monitoring report is produced for the Active Sustainable Global Equity Fund on a annual basis and is reviewed by the Trustee. The approach considers revenues that positively and negatively contribute to environmental and social outcomes (also mapped to the SDGs). The Actively managed Sustainable Global Equity Fund includes an allocation to an impact strategy employing fundamental analysis to target companies that aim to achieve positive Environmental and Social Impact.

14 Investment Restrictions

The Trustee has not set any investment restrictions on the appointed investment managers in relation to particular products or activities, but may consider this in future.

15 Fee Structures

Mercer levies a fee (plus VAT where applicable) based on a percentage of the value of the assets under management which covers the design and annual review of the de-risking strategy, and investment management of the assets. In addition, the underlying managers also levy fees based on a percentage of the value of the assets under management. Some of the underlying managers may also levy fees based on their performance.

16 Trustee's policies with respect to arrangements with, and evaluation of the performance and remuneration of, asset managers and portfolio turnover costs

When engaging Mercer as discretionary investment manager to implement the Trustee's investment strategy outlined in section 9, the Trustee is concerned that, as appropriate and to the extent applicable, Mercer is incentivised to align its strategy and decisions with the profile and duration of the liabilities of the Scheme, in particular, long-term liabilities.

As Mercer manages the Scheme's assets by way of investment in Mercer Funds, which are multi-client collective investment schemes, the Trustee accepts that they do not have the ability to determine the risk profile and return targets of specific Mercer Funds but the Trustee expects Mercer to manage the assets in a manner that is consistent with the Trustee's overall investment strategy as outlined in section 9. The Trustee has taken steps to satisfy themselves that Mercer has the appropriate knowledge and experience to do so and keeps Mercer's performance under ongoing review.

Should Mercer fail to align its investment strategies and decisions with the Trustee's policies, it is open to the Trustee to disinvest some or all of the assets invested managed by Mercer, to seek to renegotiate commercial terms or to terminate Mercer's appointment.

To evaluate performance, the Trustee receives**,** and considers, investment performance reports produced on a quarterly basis, which present performance information and commentary in respect of the Scheme's funding level and the Mercer Funds in which the Trustee is invested. Such reports have information covering fund performance for the previous three months, one year, three years and since inception, where relevant for each fund. The Trustee reviews the absolute performance and relative performance against a portfolio's and underlying investment manager's benchmark (over the relevant time period) on a net of fees basis. The Trustee's focus is on the medium to long-term financial and non-financial performance of Mercer and the Mercer Funds.

Neither Mercer or MGIE make investment decisions based on their assessment about the performance of an issuer of debt or equity. Instead, assessments of the medium to long-term financial and non-financial performance of an issuer are made by the underlying third party asset managers appointed by MGIE to manage assets within the Mercer Funds. Those managers are in a position to engage directly with such issuers in order to improve their performance in the medium to long term. The Trustee is, however, able to consider Mercer's and MGIE's assessment of how each underlying third party asset manager embeds ESG into their investment process and how the manager's responsible investment philosophy aligns with the Trustee's own responsible investment policy. This includes the asset managers' policies on voting and engagement.

The asset managers are incentivised as they will be aware that their continued appointment by MGIE will be based on their success in meeting MGIE's expectations. If MGIE is dissatisfied then it will, where appropriate, seek to replace the manager.

The Trustee is a long term investor and therefore not looking to change the Scheme's investment arrangements on an unduly frequent basis. However, the Trustee does keep those arrangments under review, including the continued engagement of Mercer using, among other things, the reporting described above.

The Trustee monitors, and evaluates, the fees it pays for asset management services on an ongoing basis taking into account the progress made in achieving its investment strategy objectives as outlined in section 9. Mercer's, and MGIE's, fees are based on a percentage of the value of the Scheme's assets under management which covers the design and annual review of the de-risking strategy, and investment management of the assets. In addition, the underlying third party asset managers of the Mercer Funds also charge fees based on a percentage of the value of the assets under management. In some instances, some of the underlying managers may also be entitled to charge fees based on their performance.

MGIE reviews the fees payable to third party asset managers managing assets invested in the Mercer Funds on a regular basis with any negotiated fee savings passed directly to the Scheme. Mercer's, MGIE's, and the third party asset managers', fees are outlined in a quarterly investment strategy report prepared for the Trustee, excluding performance-related fees and other expenses involved in the Mercer Funds not directly related with the management fee.

Details of all costs and expenses are included in the Mercer Fund's Supplements, the Report & Accounts and within the Scheme's annualised, MiFID II compliant Personalised Cost & Charges statement. The Scheme's Personalised Cost & Charges statement also include details of the transaction costs associated with investment in the Mercer Funds.

The Trustee does not have an explicit targeted portfolio turnover range, given the de-risking mandate, but rebalancing ranges have been designed to avoid unnecessary transaction costs being incurred by unduly frequent rebalancing. Performance is reviewed net of portfolio turnover costs, with the review of portfolio turnover of the underlying investment managers undertaken by MGIE.

17 Review of this Statement

The Trustee will review this Statement at least once every three years and without delay after any significant change in investment policy. Any change to this Statement will only be made after having obtained and considered the written advice of someone who the Trustee reasonably believes to be qualified by their ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of pension scheme investments

Name (Print)	Signature	Date
George Lyon	George Lyon	25 September 2023
Mick Sloyan	M J Sloyan	25 September 2023

Appendix I to Statement of Investment Principles

This Appendix sets out the Trustee's current investment strategy for the Scheme, and is supplementary to the Trustee's Statement of Investment Principles (the “attached Statement”).

The Trustee's investment strategy has been established in order to maximise the likelihood of achieving the primary objectives set out in the attached Statement. The details are laid out below.

1. De-risking Approach

The Scheme’s assets are invested within the Dynamic De-risking Solution (“DDS”). Within DDS, the Scheme’s funding level (on a “gilts + 0.25% p.a.” basis) is monitored with automatic de-risking moves (to reduce the level of investment in growth assets) triggered according to the levels set out in the table below.

Funding Level Band	Trigger to move into Band (Funding Level %)	Target Growth Allocation (% of total assets)
6	-	62.8
7	80.6	58.1
8	82.3	53.1
9	84.1	47.5
10	85.8	41.1
11	87.5	33.6
12	89.3	23.7

Beyond Funding Level Band 12, the last trigger is not included in the IMA to facilitate further discussion on the investment strategy before immediate action as the Scheme approaches the end of its journey. The de-risking strategy is formally reviewed by the Trustee on an annual basis with the assistance of Mercer, to review appropriateness of the triggers in context of the Scheme’s objectives.

For the avoidance of doubt, once the funding level has moved through a band, the asset allocation will not be “re-risked” should the funding level deteriorate. The investment strategy will be reviewed on an annual basis to ensure that the triggers set remain appropriate and amended if required. In addition, the recalibration will take into account any significant investment and Scheme experience over the year.

Individual Fund Benchmarks and Tracking Error Targets

Within the guidelines set out in the Investment Management Agreement, the Trustee has delegated the allocation of assets within the Growth and Matching portfolios to Mercer.

Responsibility for monitoring the Scheme’s asset allocation and undertaking any rebalancing activity when the range restrictions are breached is delegated to Mercer. Mercer reports quarterly to the Trustee on any breaches to the range restrictions.

Mercer Portfolio	Benchmark Index	Performance Target (%p.a.)[1)]	Tracking Error Expectation (%p.a.)[1)]
Mercer Synthetic Equity-Linked Dynamic Bond Fund	As Portfolio	Perform in line with the benchmark	n/a
Mercer Sustainble Listed Infrastructure UCITS CCF	FTSE Global Core Infrastructure 50/50 (Net) Tax Index	0.5-1.25 (gross of fees)	1.5-6.0
MGI Emerging Markets Equity	MSCI Emerging Markets (NDR) Index	1.0 – 1.75 (gross of fees)	1.5 – 4.0
Mercer Low Volatility Equity (Unhedged)	MSCI World (NDR) Index(Unhedged)	Perform in line with the benchmark [2)]	n/a
Mercer Global Small Cap Equity (Unhedged)	MSCI World Small Cap (NDR) Index (Unhedged)	1.0 – 1.75 (gross of fees)	1.5 – 4.0
MGI Eurozone Equity (Unhedged)	MSCI EMU (NDR) (Unhedged)	1.0 - 2.0 (gross of fees)	1.5 - 4.0
Mercer Sustainable Global Equity (Unhedged)	MSCI World (NDR) Index (Unhedged)	0.75 - 1.5 (gross of fees)	1.5 - 4.0
MGI Emerging Markets Debt	JP Morgan GBI-EM Global Diversified Index	0.5 – 1.0 (gross of fees)	1.0 - 3.0
Mercer Emerging Markets Debt – Hard Currency	JP Morgan EMBI Global Diversified ex CCC	0.5 – 1.0 (gross of fees)	1.0 - 3.0
MGI UK Equity	FTSE-All-Share Net Total Return Index	0.75 – 1.5 (gross of fees)	1.5 - 4.0
Mercer China Equity	60% MSCI China/40% MSCI China A Onshore	1.5 – 3.0 (gross of fees)	3.0 - 7.0
Mercer Dynamic Asset Allocation [3)]	JP Morgan EMBI Global Diversified (Hedged)	n/a	n/a
Mercer Multi Asset Credit (Hedged)	**Reference Index:** 50% BofAML Global High Yield Constrained Index 50% S&P/LSTA Global Leveraged Loan Index **Performance BM:** FTSE GBP 1 Month Euro Deposit index	**Long term primary objective:** Cash +3% p.a. (net of manager fees) **Medium-term and secondary objective:** to achieve better risk-adjusted returns than the reference index	5.0 - 10.0 [4)]

Mercer Portfolio	Benchmark Index	Performance Target (%p.a.)[1]	Tracking Error Expectation (%p.a.)[1]
Mercer Absolute Return Fixed Income (Hedged)	FTSE GBP 1 Month Euro Deposit Index + 1.5% p.a.	Cash +1.5 – 2.5 (gross of fees)	Less than 5.0 over rolling 3 year periods [4]
Mercer Diversifying Alternatives Strategies (Hedged)	FTSE GBP 1 Month Euro Deposit Index	Cash +3% (net of fees)	5.0 - 7.0 [6]
Mercer UCITS Alternative Strategies (Hedged)	FTSE GBP 1 Month Euro Deposit Index[5]	Cash +2.0 (net of fees)	5.0 - 7.0 [6]
Mercer Passive Global REITS UCITS CCF	FTSE EPRA/NAREIT Developed REITs (NDR) Hedged Index	Perform in line with the benchmark	Less than 0.25
Mercer Private Investment Partners VI SICAV-SIF – Sub-Fund Credit Opportunities	No Benchmark Assigned	IRR 10% (net of fees)	n/a
Mercer Private Investment Partners VI SICAV-SIF – Sub-Fund Private Debt	No Benchmark Assigned	Cash + 6-9% (net of fees)	n/a
Mercer Private Investment Partners VI SICAV-SIF – Sub-Fund Infrastructure	No Benchmark Assigned	7.0 – 10.0 (net of fees)	n/a
Mercer Tailored Credit Fund 2	n/a [7]	n/a	n/a
MGI UK Long Gilt	FTSE A Over 15 Year Gilts Index	Perform in line with the benchmark	Less than 0.25
MGI UK Inflation Linked Bond	FTSE A Over 5 Year Index-Linked Gilts Index	Perform in line with the benchmark	Less than 0.25
Mercer Flexible Enhanced Matching Fixed –Medium	Exact benchmark will be fund dependent [8]	Perform in line with the benchmark	Less than 0.25
Mercer Flexible Enhanced Matching Real – Short and Medium	Exact benchmark will be fund dependent [8]	Perform in line with the benchmark	n/a

[1] Measured over rolling 5 year periods unless otherwise stated.

[2] Aims to match the MSCI World Index with absolute volatility 25-30% lower than the index over rolling 5-7 year periods.

[3] At the time of writing this document, the portfolio invests in a combination of Frontier Market Debt Fund, Japanese Equities, Convertible Bonds and Asian High Yield Bonds. The benchmark, the performance and tracking error target for this portfolio will vary over time depending on the underlying portfolio composition.

[4] Expressed as expected volatility (annualised standard deviation of monthly returns) ranges given these strategies have a cash plus objective.

[5] This is the short term outperformance target for the strategy, for a long term benchmark please reference the performance target.

[6] This is the expected risk target for the fund, this is an absolute value not measured relative to the benchmark.

[7] This fund is not comparable to a benchmark index due to the nature of buy and maintain strategies, and hence has no quoted benchmark or tracking error target. The fund aims to capture the credit spread premium in the most efficient way by investing in a diversified portfolio of bonds.

[8] These portfolios aim to match the performance of a series of fixed or index-linked cash flows, discounted using the derivative or gilt yields depending on the instruments being utilised, over the lifetime of the funds, and so have no quoted benchmark