NGF Europe Pension Fund
Statement of Investment Principles

1. Introduction

This edition of the Statement of Investment Principles (SIP) has been prepared by the Trustee of the NGF Europe Pension Fund (the "Fund") in accordance with the requirements of Section 35 of the Pensions Act 1995 (as amended), and Regulation 2 of the Occupational Pension Schemes (Investment) Regulations 2005, and any subsequent additional regulations.

In preparing this edition the Trustee has taken appropriate written advice from a suitably qualified individual, Simon Jagger FIA, Director of Jagger & Associates Limited. The Trustee has also consulted with the sponsoring employer. This Statement is consistent with the Fund's governing documents.

The Fund provides salary related (DB) benefits and is registered with HM Revenue and Customs. There is no formal employer-related investment made by the Trustee and none is intended. The employer intends to remit all relevant contributions to the Trustee within the relevant timescales.

2. Delegation of Investment Management

The Trustee uses a passive equity fund, a diversified fund, and a property fund, as well as a set of Liability Driven Investment (LDI) funds, all of which are provided by Legal & General Investment Management ("L&G"). The Trustee also uses a high yield bond fund provided by Royal London Asset Management ("RLAM") and a global equity fund and a diversified fund provided by Baillie Gifford Life Limited ("Baillie Gifford"). The Trustee may also use a cash account for day-to-day administration.

The details of the investment managers' appointments, covering the roles of the organisations and their various subsidiaries and associated companies, are covered in agreements, with effective dates of 2 April 2007 (for L&G, the date of the initial investment), 28 February 2011 (for RLAM), and 1 March 2011 (for Baillie Gifford), and in any legally valid subsequent amendments thereof.

The providers, where relevant, are suitably authorised under the Financial Services and Markets Act 2000.

3. Investment Strategy

The initial allocation is broadly 25% in the LDI portfolio, and 75% in a "non LDI" portfolio. Due to the nature of the LDI portfolio, these weightings will vary over time, but the Trustee does not intend to rebalance between the portfolios other than at points when the LDI portfolio is reassessed to allow for membership movements.

The broad initial split of the "non LDI" assets of the Fund is as shown in the following Table. The holdings within L&G are also shown with weights totaling 100% to reflect the benchmark mix that L&G are required to use the Fund's net cashflow to maintain. All six holdings are pooled funds.

Manager	**Asset Class**	**Weighting (%)**	**L&G "Non-LDI" scaled weighting (%)**
Baillie Gifford	Global Equities	16.0	-
	Multi Asset Growth Fund	16.0	-
Legal & General	Global Equities	21.4	49
	Diversified Fund	16.1	37
	Property	6.1	14
RLAM	High Yield Bonds	24.4	-
Total		100.0	100

Rebalancing to the initial asset split in respect of Baillie Gifford and RLAM will be undertaken if the Trustee believes it appropriate. The Trustee has not specified tolerance ranges around the initial split, other than within the L&G mandate. The Trustee will keep the allocation of the Fund's assets under review.

The L&G LDI portfolio is constructed to mirror a proportion of the liabilities (the desired interest rate and inflation "hedging ratios") on a specified valuation basis (currently approximating to its Technical Provisions). In the event that market movements lead to a situation of a capital call or a capital distribution being required, this will normally be dealt with by having money move to or from the "non LDI" mandate with L&G. The LDI framework document sets out how the hedge may be altered due to market movements.

The L&G Global Equity Fixed Weights (50:50) Index Fund is passively managed and aims to produce returns in line with 5 regional equity indices, proportioned as follows: 50% UK Equity and 50% Overseas Equity (comprising 17.5% North America, 17.5% Europe ex-UK, 8.75% Japan and 6.25% Asia Pacific ex-Japan).

The L&G Diversified Fund is a fund-of-funds arrangement that aims to provide exposure to a wide range of asset classes, to provide a similar rate of return as developed market equities over the long term.

The L&G Property Fund has the discretion to invest in UK commercial property. The Trustee expects that the proportion of the overall Fund's assets held in the L&G Property Fund will be around 5%, although any rebalancing may be done on an infrequent basis due to the higher investment costs associated with property.

The RLAM Sterling Extra Yield Bond Fund is an actively managed bond fund that invests primarily in unrated corporate bonds and out-of-favour investment grade bonds, as well as conventional high yield stocks defined as corporate bonds of lower than investment grade.

The Baillie Gifford Global Alpha Pension Fund is an actively managed global equity fund that normally makes direct investments into the relevant equity regions, however the fund may also use Baillie Gifford OEIC sub-funds to gain diversified exposure to certain areas. The fund's benchmark is the MSCI All Countries World Index.

The Baillie Gifford Multi Asset Growth Fund is an actively managed product that does not have a fixed market-based benchmark. Instead, it seeks to generate returns through exposure to a broad range of asset classes. The performance target is to achieve a return at least 3.5% p.a. ahead of the UK Base Rate, with volatility less than 10% p.a.

Full details of the investment restrictions placed on each manager (including restrictions in relation to the allocation of assets, credit limits, and the use of asset classes such as derivatives and foreign currency) are contained within the investment agreements mentioned above and in the documentation for each of the individual products produced by the managers. The Trustee has placed no additional constraints on the investment managers.

The Trustee considers the investment strategy in place and the investment products used to be appropriate for the Fund. In formulating the strategy and deciding on the suitability of the products, the Trustee sought advice from professional advisers. The Trustee will review their decisions from time to time with its advisers.

4. Expected Return on Investments

Equity products are designed to produce returns in excess of both general salary and price inflation over the long term. The equity products used by the Trustee are expected to enhance the real value of the Fund's assets over the long term, which is a fundamental element of the Trustee's investment policy.

Although these products have the expectation of higher long-term returns, the funds may produce volatile absolute returns over short-term periods. However, the use of the LDI and bond products should reduce the volatility in the funding level at the overall Fund level.

The L&G Global Equity Index Fund is a fund-of-funds product and therefore does not aim to track a single index. The aim of each of the underlying funds is to match the performance of a corresponding index whilst aiming for a particular tracking error in two out of every three years. The details of the main indices and the current corresponding tracking errors are as follows:

Equity Fund	Index	Tracking error
UK	FTSE All-Share	+/- 0.25% p.a.
North America	FT World North American	+/- 0.50% p.a.
Europe (excluding-UK)	FT World Europe (ex-UK)	+/- 0.50% p.a.
Japan	FT World Japan	+/- 0.50% p.a.
Asia Pacific (excluding Japan)	FT World Asia Pacific (ex-Japan)	+/- 0.75% p.a.

The L&G Diversified Fund aims to provide a similar rate of return as developed market equities over the long term, but this annual return can also be thought of as Gilts + 3.5%-4.0% (where Gilts are taken as the risk free rate, rather than short term cash). The Fund's volatility is expected to be 2/3rds of that of global developed market equities over the long term.

The L&G Property Fund product aims to exceed the IPD All Balanced Funds index net of fees over rolling three and five-year periods.

The RLAM Sterling Extra Yield Bond Fund aims to achieve a high level of income, and seeks to achieve a gross redemption yield of 1.25 times the gross redemption yield of the FTSE Actuaries British Government 15 Year Index. In addition, RLAM and the Trustee broadly expect the fund to outperform the iBoxx Sterling Non-Gilts All Maturities Index by 1.5% per annum over rolling 3-year periods.

The Baillie Gifford Global Alpha Pension Fund aims to outperform the MSCI All Countries World Index by 2% - 3% p.a. (gross of fees) over rolling three-year periods.

The Baillie Gifford Multi Asset Growth Fund aims to be 3.5% p.a. ahead of the UK Base Rate (net of fees) over rolling five-year periods, with an annual volatility of returns of less than 10%.

The investment performance of the Fund is monitored six-monthly on an independent basis through a report from Jagger & Associates, but additional interim information is obtained from time to time.

5. Risk Management & Risk Measurement

The Trustee is satisfied that the investment managers used are prudent and professional in their general approach to investment. The investment products used involve holding units in pooled funds that maintain diversified portfolios of underlying assets (e.g. shares, bonds, and other financial instruments). This reduces the risk to the Fund of investing in any specific individual asset.

The use of some passive funds removes some of the risk involved in a purely active investment strategy. The use of three separate investment managers (L&G, RLAM, and Baillie Gifford), including two equity mandates and two diversified fund mandates, reduces the manager risk faced by the Fund.

The funds used are viewed as appropriate investment vehicles for the investment strategy of an ongoing pension scheme. The Trustee will keep the asset allocation under review, and risk measurement forms part of the performance monitoring process.

6. Realisation of Investments

The Trustee's policy is to ensure that the assets invested are sufficiently realisable to enable the Trustee to meet its obligations to provide benefits as they fall due. The Trustee is satisfied that the arrangements in place conform to this policy. The Trustee monitors their net cashflow position, the likely need to realise capital, and hence any effect on asset allocation and the choice of investment funds.

7. Additional Voluntary Contributions (AVCs)

The Fund has available facilities via Aviva, Clerical Medical and Equitable Life for investment of AVCs. The Trustee believes these to be appropriate facilities for this purpose, but notes that the choice of fund(s) with the providers and the levels of contributions paid rest entirely with the members.

8. Environmental, Social and Governance (ESG) Considerations including Voting and Engagement

In endeavouring to invest in the best financial interests of the beneficiaries, the Trustee has elected to invest in pooled funds and cannot therefore directly influence the environmental, social, and governance policies and practices of the companies in which the pooled funds invest. The Trustee excludes non-financial matters in the selection, retention and realisation of investments.

The Trustee has no formal policy on either ESG or delegation of voting rights. Instead, they have delegated the responsibility for these matters to their investment managers, who will from time to time report on their current and future actions in these areas.

The Trustee will consider a manager's ESG credentials during their appointment process, and will ask for at least an annual written update on each manager's activity for the products used by the Trustee. The Trustee will include a statement in the annual report to advise members that this has been done.

As the Trustee uses pooled funds, their asset managers are not incentivised to align their investment strategy and decisions with the Trustee's policies, nor are they incentivised to make decisions based on assessments about medium to long-term performance of an issuer of debt or equity, nor to engage with those issuers in order to improve their performance. However, the managers may make such decisions and/or engage of their own accord.

Performance monitoring, manager remuneration and duration of manager appointments are covered elsewhere in this Statement, or in the Trustee's Annual Report. As the Trustee uses pooled funds, there is no targeted portfolio turnover or turnover range.

As the Trustee uses pooled funds, they do not need to have an engagement policy in relation to monitoring the capital structure of companies they invest in, or any associated potential conflicts of interest.

The Trustee publish their SIP online for general public access. In addition, the Trustee will publish annually online an engagement policy implementation statement that outlines how the various requirements (set out above) have been followed during the year, and describes the voting behaviours of the asset managers on their behalf.

9. Compliance

The Trustee will formally review this statement as and when required, and at least every three years, with the assistance of their advisers. A copy of this statement is available for inspection by Fund members.

This statement has been agreed by the Trustee on 30 September 2021.

Signed on behalf of the Trustee by

D Farmer
14/10/2021 15:15:16

Name .... Signature David Farmer...............................

R Tranter
14/10/2021 15:08:25

Name .... Signature Rachel Tranter.............................