

The Weir Group Pension & Retirement Savings Scheme

**Statement of Investment Principles**

December 2025

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# Section 1: Introduction

## **Pensions Act**

- 1.1 Under the Pensions Act 1995, as amended by the Pensions Act 2004 and The Occupational Pension Schemes (Investment) Regulations 2005 and subsequent Regulations, the Trustee (The Weir Group Pension Trust Limited) is required to prepare a statement of the principles governing investment decisions. This document contains that statement and describes the investment principles pursued by the Weir Group Pension Trust Limited, the Trustee of the Weir Group Pension and Retirement Savings Scheme ("the Scheme").
- 1.2 The Trustee has consulted The Weir Group PLC ("the Employer") on the principles set out in this statement and will consult the Employer on any changes to it. However, the ultimate power and responsibility for deciding investment policy lies solely with the Trustee.
- 1.3 Before drawing up this statement, the Trustee has obtained and considered written advice from the Scheme's investment consultants (currently Mercer Limited). The Trustee will review this document regularly, more often than every three years, and without delay following a significant change in investment policy.

## **Financial Services and Markets Act 2000**

- 1.4 In accordance with Financial Services and Markets Act 2000 (as amended in 2012), the Trustee will set the general investment policy, but will delegate the responsibility for selection of specific investments to an appointed investment manager or managers. The investment manager(s) shall provide the skill and expertise necessary to manage the investments of the Scheme completely.

## **Scheme details**

- 1.5 The Scheme operates for the exclusive purpose of providing retirement benefits and death benefits to eligible participants and beneficiaries ("Members").

## Section 2: Division of responsibilities

2.1 The Trustee has unlimited responsibility for decision-making on investment matters. In order to ensure that investment decisions are taken only by persons or organisations with the skills, information and resources necessary to take them effectively, the Trustee delegates some of these responsibilities.

### Trustee

2.2 The Trustee's responsibilities include:

- Reviewing the content of this Statement regularly, in conjunction with the investment consultants and the Scheme Actuary and modifying it if deemed appropriate.
- Reviewing the investment policy following the results of each actuarial review and/or asset liability modelling exercise.
- Monitoring the investment managers.
- Monitoring the investment strategy versus the agreed risk level.
- Appointing (and dismissing) investment manager(s).
- Consulting with the Employer when considering any amendment to this Statement.
- Monitoring compliance of the investment arrangements with this Statement on an ongoing basis.

2.3 The Trustee also recognises the benefit of continuous education and where appropriate taking specialist, expert advice and will seek further training, and issue-specific advice, as required.

### Investment Managers

2.4 Each investment manager's responsibilities include:

- Discretionary management of the portfolio, including implementation (within guidelines given by the Trustee) of changes in the asset mix and selecting securities within each asset class.
- Providing the Trustee with quarterly statements of the assets together with a quarterly report on actions and future intentions, and any changes to the processes applied to the portfolio.
- Informing the Trustee of any changes in the internal objectives and guidelines of any pooled funds used by the Scheme as soon as practicable.
- The independent safekeeping of the assets and appropriate administration (including income collection and corporate actions) within any pooled funds used by the Scheme.

### Professional Advisors

2.5 The Trustee agrees with the Investment Governance Group ("IGG") best practice of paying particular attention to managing and contracting with external advisers (including advice on strategic asset allocation, investment management and actuarial issues). Further details of the IGG best practice are set out in Appendix A.

### Investment Consultant

2.6 The investment consultant's responsibilities include:

- Participating with the Trustee in reviews of this statement.
- Advising the Trustee as requested:
  - Through consultation with the Scheme Actuary on how any changes in benefits, membership and funding position may affect the manner in which the assets should be invested.
  - On how any changes at the investment manager(s) could affect the interests of the Scheme.
  - On how any changes in the investment environment could either present opportunities or problems for the Scheme.
- Undertaking project work as requested, including:
  - Reviews of asset allocation policy.
  - Reviews of the investment managers.
- Advising on the selection of new managers and/or custodians.

### Scheme Actuary

2.7 The Scheme Actuary's responsibilities include:

- Performing the triennial (or more frequently, as required) valuations of the Scheme and advising on the appropriate contribution levels, if any, for the future.
- Liaising with the investment consultant on the suitability of the Scheme's investment strategy given the financial characteristics of the Scheme.

## Section 3: Objectives and long-term policy

### Objectives

- 3.1 The Trustee has the following investment objectives:
- To set a strategic asset allocation framework, taking into account the anticipated liabilities estimated by the Scheme Actuary.
  - To target achieving a Scheme funding level of at least 100% measured by reference to the Scheme's Statutory Funding Objectives Basis no later than 31 December 2029.
  - To minimise volatility in the pension costs shown in the Employer accounts.

### Policy

- 3.2 A full triennial valuation of the Scheme will be performed, using asset return assumptions developed by the Scheme Actuary, and considering many diversified asset classes for possible investment. The Trustee will reconsider the asset allocation of the Scheme in the light of this valuation and at other times, as deemed necessary.
- 3.3 Based on the objectives set out above in 3.1, the Trustee aims to adopt a strategic asset allocation benchmark that supports the Technical Provisions funding basis. In consultation with the Employer, the Trustee has reviewed the Scheme's strategic asset allocation benchmark following the sale of the Scheme's holdings in two private debt funds in April 2025, to ensure that the expected excess return (above liabilities, as measured on a gilts-flat basis) continues to support the Technical Provisions funding basis over the longer term. Following this review, the Trustee has adopted a revised asset allocation benchmark shown in the table below.

Asset Class	Asset Allocation %
LDI	50.0
Buy & Maintain Credit	20.0
Asset Backed Securities	15.0
Multi-Asset Credit	15.0
Total	100.0

*Note: The asset allocation shown in the table above reflects the asset allocation excluding the bulk annuity policies purchased with Legal & General Assurance Society*

- 3.4 The Scheme has in place an LDI mandate, to hedge 100% (on a gilts +0.0% p.a. i.e. "gilts-flat" basis) of the interest rate and inflation risk exposures associated with its pension liabilities (excluding the insured liabilities).
- 3.5 In addition, the Trustee has three insurance policies with Legal & General Assurance Society to cover the bulk of the pensioner liabilities and some deferred pensioner liabilities.
- 3.6 The Trustee considers that an asset allocation policy for the Scheme that corresponds to this benchmark will ensure the assets of the Scheme include suitable investments and that those assets are appropriately diversified.
- 3.7 Divergence from the asset allocation benchmark is permitted by the investment managers and the Trustee will review such divergence from time to time to ensure that the asset allocation remains suitable for the Scheme, whilst allowing the investment managers to seek outperformance of the benchmark.

### Additional Voluntary Contributions ("AVCs")

- 3.8 The Scheme provided a facility for members to pay AVCs into the Scheme to enhance their benefits at retirement. The AVC assets are held in funds provided by Aegon, Prudential and Utmost. These AVC schemes closed to future contributions when the Scheme closed to future accrual at 30 June 2015. The Trustee's objective is to provide alternative funds which will provide long-term returns consistent with the members' reasonable expectations. The Trustee regularly monitors the AVC arrangements to ensure that they remain appropriate.

## Section 4: Other investment policies

The Trustee also faces other requirements relating to investment, be they legislative or considered best practice.

### Choosing investments

- 4.1 The Trustee has appointed investment managers which are authorised under Financial Services and Markets Act 2000 (as amended in 2012) to undertake investment business. After gaining (and, at most, annually reconfirming) appropriate investment advice, the Trustee has specified the asset allocation of each manager. Investment choice has been delegated to the managers subject to defined tolerance relative to their respective benchmarks.
- 4.2 In this context, investment advice is defined by Section 36 of pensions Act 1995 (as amended).

### Environmental, Social and Corporate Governance

- 4.3 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, including climate change, present risks and opportunities that increasingly may require explicit consideration. The Trustee has taken into account the expected time horizon of the Scheme when considering how to integrate these issues into the investment decision-making process.
- 4.4 The Trustee has given appointed investment managers full discretion in evaluating ESG factors, including climate change considerations. Furthermore, the Trustee believes that responsible share ownership and seeking the best long-term value for investment in shares requires active exercise of voting rights. Where applicable, the Trustee expects the Scheme’s investment managers, unless impracticable, to exercise all voting rights attaching to shares or securities and take account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code. The managers are authorised to exercise discretion to vote as they think fit, but in doing so reflect the best interests of the Scheme.
- 4.5 From time to time, the Trustee will obtain and consider reports on the activity of its investment managers in the area of social, environmental and ethical investment policy, and corporate governance. The Trustee also considers how ESG, climate change and stewardship are integrated within investment processes in appointing new investment managers.
- 4.6 The Trustee does not explicitly consult members when making investment decisions but updates members, typically annually, via newsletters on any changes to the Scheme’s investment arrangements and also makes available on request a copy of the Statement of Investment Principles. The Trustee does not intend to consider non-financial matters in the selection, retention and realisation of investments.

### Investment Manager Monitoring and Engagement

- 4.7 The Trustee’s policies in relation to the arrangements with their investment managers are set out below.
- a) Incentivising the investment managers to align its investment strategy and decisions with the Trustee policies:
- Each of the investment managers is appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class/strategy they are selected to manage.
  - The Trustee looks to its investment consultant for their forward-looking assessment of a manager’s ability to outperform over a full market cycle. This view will be based on the consultant’s assessment of the manager’s idea generation, portfolio construction, implementation and business management, in relation to the particular investment fund that the Scheme invests in. The consultant’s manager research ratings assist with due diligence and questioning managers during presentations to the Trustee and are used in decisions around selection, retention and realisation of manager appointments.
  - If the investment objective of a particular fund changes, the Trustee will review the fund appointment to ensure it remains appropriate and consistent with the Trustee’s wider investment objectives.
  - For appointments that are actively managed, the managers are incentivised through remuneration and performance targets (an appointment will be reviewed following periods of sustained underperformance). The Trustee will review the appropriateness of using actively managed funds on an ad-hoc basis.
  - Where the Trustee invests in pooled investment vehicles it accepts that it has no ability to specify the risk profile and return targets of the pooled fund manager, but appropriate pooled investment funds are selected to align with the Trustee’s overall investment strategy and investment policies.
- b) Incentivising the asset manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an investee (or debtor) company, and to engage with investee (and debtor) companies in order to improve their performance in the medium to long-term:
- The Trustee will consider the investment consultant’s assessment of how the investment managers embed ESG into their investment process (which is reported on quarterly) and how the manager’s responsible investment philosophy aligns with the Trustee’s responsible investment beliefs. This includes, if applicable, the investment manager’s policy on voting and engagement. If the Trustee is dissatisfied with any investment manager, then it may look to replace that manager.
  - The Trustee meets with the investment managers at Trustee meetings as required and managers are aware that the Trustee may challenge decisions made by them, including with regard to their voting history and engagement activity.

- The Trustee delegates all voting and engagement activities to the investment managers. When appropriate the Trustee will question managers' voting decisions if it deems them to be out of line with the investment fund's objectives or the investment objectives and/or policies of the Scheme.
  - The investment managers are aware that their continued appointment is dependent on their success in delivering the mandate and meeting the investment objectives for which they have been appointed. If the Trustee is dissatisfied with any investment manager, then it will look to replace that manager.
- c) Aligning the evaluation of the asset manager's performance and the remuneration for asset management services with the Trustee's investment policies:
- The Trustee receives performance reports (in respect of all investment managers) on a quarterly basis, which presents performance information over the shorter term (3 months and 1 year) and longer-term, since inception. The Trustee reviews the absolute performance, relative performance against a suitable index used as the benchmark, and against the manager's stated target performance (over the relevant time period) on a net of fees basis. The Trustee's focus is primarily on long-term performance (in line with the Trustee's investment policies) but short-term performance is also closely monitored on a quarterly basis.
  - If a manager is not meeting their investment objectives (in line with the Trustee's investment policies) or the Trustee's requirements for the mandate have changed, the Trustee would expect to review the terms of the mandate and / or ask the manager to review the annual management charge levied (instead of proceeding to terminating the manager's appointment). The Trustee would also expect to formally review the appointment should the manager breach any of their investment guidelines.
- d) Monitoring portfolio turnover costs: Monitoring portfolio turnover costs incurred by the asset manager and defining and monitoring targeted portfolio turnover or turnover range:
- When appropriate (including when investment managers present at meetings), the Trustee reviews how the investment manager has moved their portfolio's positions over time. The Trustee will actively engage with a manager if portfolio turnover is considered higher than expected, with reference to the manager's investment style and the specified portfolio turnover range in the applicable investment guidelines or prospectus. Portfolio turnover is also considered by the Trustee's investment consultants, Mercer, and forms part of their regular research meetings with each of the investment managers.
  - The Trustee plans to monitor the underlying portfolio turnover costs at each of the Scheme's managers on an annual basis in the future.
- e) The duration of the arrangement with the asset manager:
- The Trustee is a long-term investor and is not looking to change the arrangements with its investment managers on a frequent basis.
  - The funds invested in are open-ended funds and therefore there is no set duration for the manager appointments. The Trustee will retain an investment manager unless:
    - There is a strategic change to the overall investment strategy that no longer requires exposure to that asset class and/or manager.
    - The manager appointment has been reviewed and the Trustee has decided to terminate the appointment and appoint another manager.

## The IGG Principles

- 4.8 The Trustee has reviewed its compliance with the IGG principles (as stated in Appendix A).
- 4.9 The Trustee complies with the IGG Principles but has decided it is inappropriate to be remunerated for the additional responsibilities as Trustee of the Scheme.

## Section 5: Investment manager arrangements

5.1 The Trustee considered the use of both passive and active investment management when reviewing the Scheme's strategy. The resultant use of active and passive management is formed following consideration of the efficiency, liquidity and level of transaction costs likely to prevail within each market as well as the impact of the investment manager fees on future expected returns net of fees.

### Investment manager structure

5.2 The assets are divided between three investment managers to reduce the risks associated with one investment manager having responsibility for all of the Scheme's assets.

5.3 The individual managers, along with their benchmarks, are set out in Appendix B.

5.4 The investment managers have regard to the:

- need for diversification of investments, so far as appropriate to the circumstances of the Scheme; and to the
- suitability to the Scheme of both the asset classes proposed and also the particular assets proposed within those classes.

5.5 The investment managers may use pooled vehicles to help with diversification.

5.6 The Trustee has considered the guidelines and restrictions of each of the mandates in which the Scheme invests and are comfortable with them.

### Manager monitoring

5.7 Whilst the Trustee is not involved in the investment managers' day to day method of operation and so cannot directly influence attainment of the performance target, it will assess performance and review appointments. Measurable objectives have been developed for each investment manager, consistent with the Scheme's longer-term objectives and an acceptable level of risk. These are also outlined in Appendix B.

5.8 These investment objectives will be treated as a target only and will not be considered as an assurance or guarantee of the performance or risk of the Scheme or any part of it.

5.9 The Trustee recognises that the active managers' performance will be volatile, and they will not always achieve their target. Nonetheless, the managers should demonstrate that the skill exercised in managing the portfolio is consistent with the target given the levels of risk adopted.

### Fee structures

5.10 The Trustee has agreed fees with each manager based on the value of assets in their respective portfolios. These fees are consistent with each manager's stated fee scale. Details of the fee structures are included in the Investment Management Agreements and are also detailed in Appendix B.

5.11 Advisors' fees are paid on either an hourly or a project basis.

### Soft commission

5.12 The Scheme's investment managers' do not enter into soft commission arrangements with brokers.

### Manager monitoring

5.13 The appointment of the investment managers will be reviewed by the Trustee based on the results of its monitoring of performance and investment process and of the managers' compliance with the requirements of the Pensions Act 1995 (as amended). The investment managers have been provided with a copy of this Statement and the Trustee will monitor the extent to which they give effect to the investment principles set out in it. The Trustee will provide the investment managers with any material amendment to or replacement of this Statement.

## Section 6: Risk management

6.1 The Trustee recognises a number of risks involved in the investment of the assets of the Scheme:

- a) Interest rate and inflation risk:
  - are measured by the sensitivity of the Scheme's assets and liabilities to changes in long-term interest rate and inflation expectations.
  - is managed by hedging interest rate and inflation sensitivity of the Scheme's liabilities through the Liability Driven Investment mandate.
- b) Solvency risk and mismatching risk:
  - are measured through a qualitative and quantitative assessment of the expected development of the assets relative to the liabilities under current and alternative investment policies.
  - are managed through assessing the progress of the actual growth of the assets relative to liabilities under current and alternative investment policies.
- c) Manager risk:
  - is measured by the expected deviation of the prospective risk and return, as set out in the manager's objectives, relative to the investment policy.
  - is managed through diversification across investment managers and by the ongoing monitoring of the performance of the investment manager as well as a number of qualitative factors supporting the manager's investment process.
- d) Liquidity risk:
  - is measured by the level of cashflow required by the Scheme over a specified period.
  - is managed by the Scheme's administrators assessing the level of cash held in order to limit the impact of cashflow requirements on the investment policy.
- e) Currency risk:
  - is measured by the level of overseas investment and the translation effect of currencies leading to the risk of an adverse influence on investment values.
  - the Scheme has indirect exposure to non-sterling assets; however, the majority of the non-sterling exposure is hedged back into sterling within the pooled funds that the Scheme invests.
- f) Custodial risk:
  - is measured by assessing the credit-worthiness of the custodian bank and the ability of the organisation to settle trades on time and provide secure safekeeping of the assets under custody.
  - the Scheme invests through pooled investment funds, which in turn organise their own custodian arrangements. The pooled fund managers are expected to notify the Trustee of any custodial issues, and the Trustee monitors these arrangements from time to time.
- g) Political risk:
  - is measured by the level of concentration of any one market leading to the risk of an adverse influence on the investment values arising from political intervention.
  - is managed by regular reviews of the actual investments relative to policy and through regular assessment of the levels of diversification within the existing policy.
- h) Sponsor risk:
  - is measured by the level of ability and the legal obligation of the sponsor to support the continuation of the Scheme and to make good any current or future deficit.
  - the Trustee notes that the health of the Scheme is dependent upon the legal obligation and the Employer's ability to inject extra funds if and when necessary. Regular contact with the Employer is used to gauge the strength of the covenant.

6.2 These measures do not render the investment policy free of risk. Rather, the measures endeavour to balance the need for risk control and the need for assets which are likely to achieve the required performance target.

6.3 The Trustee continues to monitor these risks.

## Appendix A: IGG (formally Myners) principles

In 2000, the Government commissioned Paul Myners to investigate the factors which were distorting the investment decision-making of UK institutions. As a result of this view, it was recommended that UK defined-benefit pension funds adopt investment principles (now called the IGG principles) as best practice. These investment principles have since been amended and are detailed as follows:

Principle	Best practice guidance
<p>The high level principles represent best practice throughout the industry in investment decision-making and governance. It is expected that trust boards will report against these on a voluntary 'comply or explain' basis.</p>	<p>Best practice guidance is intended to help trustees to apply the principles effectively. Trustees are not expected to implement every element of best practice. Rather trustees may use best practice examples where appropriate to help demonstrate whether compliance has been achieved.</p>
<b>Principle 1: Effective decision making</b>	
<ul style="list-style-type: none"> <li>• Trustees should ensure that decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to take them effectively and monitor their implementation.</li> <li>• Trustees should have sufficient expertise to be able to evaluate and challenge the advice they receive, and manage conflicts of interest.</li> </ul>	<ul style="list-style-type: none"> <li>• The board has appropriate skills for, and is run in a way that facilitates, effective decision-making.</li> <li>• There are sufficient internal resources and access to external resources for Trustees and boards to make effective decisions.</li> <li>• It is good practice to have an investment sub-committee, to provide the appropriate focus and skills on investment decision making.</li> <li>• There is an investment business plan and progress is regularly evaluated.</li> <li>• Consider remuneration of trustees.</li> <li>• Pay particular attention to managing and contracting with external advisers (including advice on strategic asset allocation, investment management and actuarial issues).</li> </ul>
<b>Principle 2: Clear objectives</b>	
<ul style="list-style-type: none"> <li>• Trustees should set out an overall investment objective(s) for the fund that takes account of the scheme's liabilities, the strength of the sponsor covenant and the attitude to risk of both the trustees and the sponsor, and clearly communicate these to advisers and investment managers.</li> </ul>	<ul style="list-style-type: none"> <li>• Benchmarks and objectives are in place for the funding and investment of the scheme.</li> <li>• Fund managers have clear written mandates covering scheme expectations, which include clear time horizons for performance measurement and evaluation.</li> <li>• Trustees consider as appropriate, given the size of the fund, a range of asset classes, active or passive management styles and the impact of investment management costs when formulating objectives and mandates.</li> <li>• Consider the strength of the sponsor covenant.</li> </ul>
<b>Principle 3: Risk and liabilities</b>	
<ul style="list-style-type: none"> <li>• In setting and reviewing their investment strategy, trustees should take account of the form and structure of liabilities.</li> <li>• These include the strength of the sponsor covenant, the risk of the sponsor default and longevity risk.</li> </ul>	<ul style="list-style-type: none"> <li>• Trustees have a clear policy on willingness to accept underperformance due to market conditions.</li> <li>• Trustees take into account the risks associated with their liabilities valuation and management.</li> <li>• Trustees analyse factors affecting long-term performance and receive advice on how these impact on the scheme and its liabilities.</li> <li>• Trustees have a legal requirement to establish and operate internal controls.</li> <li>• Trustees consider whether the investment strategy is consistent with the scheme sponsor's objectives and ability to pay.</li> </ul>
<b>Principle 4: Performance assessment</b>	
<ul style="list-style-type: none"> <li>• Trustees should arrange for the formal measurement of the performance of the investments, investment managers and advisers.</li> <li>• Trustees should also periodically make a formal policy assessment of their own effectiveness as a decision-making body and report to the scheme's members.</li> </ul>	<ul style="list-style-type: none"> <li>• There is a formal policy and process for assessing individual performance of trustees and managers.</li> <li>• Trustees can demonstrate an effective contribution and commitment to the role (for example measured by participation at meetings).</li> <li>• The chairman addresses the results of the performance evaluation.</li> <li>• State how performance evaluations have been conducted.</li> <li>• When selecting external advisers take into account relevant factors, including past performance and price.</li> </ul>

<p><b>Principle 5: Responsible ownership</b></p> <ul style="list-style-type: none"> <li>Trustees should adopt, or ensure their investment managers adopt, the Institutional Shareholders' Committee Statement of Principles on the responsibilities of shareholders and agents.</li> <li>The statement of the scheme's policy on responsible ownership should be included in the Statement of investment Principles.</li> <li>Trustees should report periodically to members on the discharge of responsibilities.</li> </ul>	<ul style="list-style-type: none"> <li>Policies regarding responsible ownership are disclosed to the scheme members in the annual report and accounts or in the Statement of Investment Principles.</li> <li>Trustees consider the potential for engagement to add value when formulating investment strategy and selecting investment managers.</li> <li>Trustees ensure that investment managers have an explicit strategy, setting out the circumstances in which they will intervene in a company.</li> <li>Trustees ensure that investment consultants adopt the ISC's Statement of Practice relating to consultants.</li> </ul>
<p><b>Principle 6: Transparency and reporting</b></p> <ul style="list-style-type: none"> <li>Trustees should act in a transparent manner, communicating with stakeholders on issues relating to their management of investment, its governance and risks, including performance against stated objectives.</li> <li>Trustees should provide regular communication to members in the form they consider most appropriate.</li> </ul>	<p>Reporting ensures that:</p> <ul style="list-style-type: none"> <li>The scheme operates transparently and enhances accountability to scheme members; and</li> <li>Best practice provides a basis for the continuing improvement of governance standards.</li> </ul>

## Appendix B: Current investment managers and mandate details

The benchmarks for the managers are detailed as follows:

Manager	Asset Class	Asset Allocation %	Benchmark index
Legal & General	Liability Driven Investment	50.0	Bespoke Benchmark
Legal & General	Buy & Maintain Credit	20.0	N/A
Aegon	Asset Backed Securities	15.0	Market value-weighted combination of the Barclays Capital Euro ABS Floating Rate Composite Index and the Barclays Capital Euro ABS Fixed Rate Composite Index
BlueBay	Multi-Asset Credit	15.0	3 month GBP LIBOR +4-6% p.a. (gross of fees)

The performance objectives for the managers are detailed as follows:

Manager	Asset Class	Performance objective over rolling 3 year period
Legal & General	Liability Driven Investment	To target an overall 100% hedge ratio of the liabilities on a gilts +0.0% p.a. basis
Legal & General	Buy & Maintain Credit	N/A
Aegon	Asset Backed Securities	To deliver Euribor + 200bp (In EUR), annualized over 3-5 years
BlueBay	Multi-Asset Credit	To outperform 3 month GBP LIBOR by +4-6% p.a. (gross of fees)

The fees for the managers are detailed as follows:

Manager	Asset Class	Current fee scale
Legal & General	Liability Driven Investment ("LDI")*	Leveraged gilt funds: 0.17% p.a. on the first £100m; 0.15% p.a. on all amounts over £100m Unlevered gilts funds: 0.03% p.a. Sterling Liquidity Fund: 0.125% p.a. on the first £5m; 0.10% p.a. on the next £5m; 0.075% on the next £20m; 0.05% p.a. on all amounts over £30m
Legal & General	Buy & Maintain Credit	0.15% p.a.
Aegon	Asset Backed Securities	0.25% p.a. on the first £25m; 0.23% p.a. on the next £75m; 0.20% p.a. on the next £150m; 0.18% p.a. on all amounts over £250m. In addition there is a flat currency hedging fee of 0.03% p.a.
BlueBay	Multi-Asset Credit	0.45% p.a.

\* Fees will also be payable for the "enhanced LDI service". The annual management fee charge by LGIM for this service is 0.03% p.a. of the total bond portfolio (subject to a minimum fee of £35,000).

The Scheme has adopted the Legal & General enhanced LDI service which provides the following:

- LGIM will monitor the hedge ratio over time against the Scheme's Liability Benchmark Portfolio and automatically rebalance the portfolio if the level of hedging diverges by +/-5% from the target hedge ratio. Any rebalancing will occur on a weekly basis.
- LGIM will monitor the profile of the asset hedge relative to the LBP and rebalance if there is a significant mismatch (measured by the PV01/IE01 difference between the assets and LBP at the 5-year tenor being greater than 5% of the total LBP PV01/IE01 and tenor points of 10-years and over being greater than 3% of the total LBP PV01/IE01). Any rebalancing will occur on a weekly basis.
- In the event of a de-leveraging event occurring in a leveraged gilt fund, in the first instance LGIM will source any cash requirements from within the LDI portfolio e.g. any cash held within the Sterling Liquidity Fund or by disinvesting from unleveraged gilt funds. Depending on the source of cash, the hedge may need to be rebalanced if the resulting hedge ratio or profile drifts outside the tolerance levels detailed above.
- In the event that the overall allocation to LDI is reduced in the future to fund other strategies and / or for cash outflow requirements, LGIM will automatically alter the allocations to the LDI funds within the LDI portfolio to ensure an overall 100% hedge ratio (on Gilts +0.0% p.a. basis) for interest rates and inflation exposure is retained.

# Appendix C: Rebalancing policy

## Objectives

The rebalancing policy has the following objectives:

- a To retain the overall level of portfolio risk within a reasonable tolerance range, that ensures no significant alteration in the level of expected return or volatility of the Scheme's assets.
- b To use cashflow to minimise the transaction costs and the extent of intervention by the Trustee.
- c To identify from which manager/managers assets should be disinvested from when cash is required for the Scheme's outgoings.
- d For the Trustee to retain some over-riding control of the Scheme's strategic asset allocation, but for any rebalancing to be carried out in a timely manner.

## Policy

The table below sets out the agreed ranges for the asset classes comprising the Trustee's investment policy.

Asset class	Asset Allocation %	Ranges %
Liability Driven Investment	50.0	+/-5.0
Buy & Maintain Credit	20.0	+/-2.5
Asset Backed Securities	15.0	+/-2.0
Multi-Asset Credit	15.0	+/-2.0
Total	100.0	

The portfolio will be reviewed quarterly at the Trustee meeting to determine whether the assets classes are within the agreed tolerance. Should this indicate that the weightings have moved outside the agreed ranges, the Trustee will look to disinvest/invest the portfolio to bring the allocation back with the agreed tolerances. This would normally be expected to be completed within one month of any decision.

The Trustee recognises that a flexible and pragmatic approach to rebalancing is in the interest of the members and rather than being prescriptive agrees that the Trustee should be allowed to consider the prevailing market conditions, manager performances, likely future strategy changes and likely costs in determining how the rebalancing is actually implemented. Before taking any decisions, the Trustee will seek advice from the Scheme's investment consultants.

The Statement of Investment Principles recorded on the preceding pages is signed for and on behalf of The Weir Pension Trust Limited, being the Trustee of the Weir Group Pension & Retirement Savings Scheme:

..... Trustee Director

..... Trustee Director

Date: .....