

Investment Policy Implementation Document for the Crest Nicholson Group Pension and Life Assurance Scheme

1. Introduction

This Investment Policy Implementation Document ("IPID") for the Crest Nicholson Group Pension and Life Assurance Scheme (the "Scheme") sets out details of the Scheme's investment arrangements, based on the principles set out in its Statement of Investment Principles ("SIP") dated August 2019.

The IPID should be read in conjunction with the SIP. The IPID been prepared by the Trustee of the Scheme, and the Trustee is responsible for ensuring it reflects the current investment arrangements.

2. Investment strategy

The Scheme's investment strategy, as described in the SIP, along with the investment managers appointed to implement the strategy are set out below.

Asset class	Strategic allocation
Growth Investments	27%
<i>Equity</i>	7%
J O Hambro – Global equity	3.5%
Kiltearn – Global equity	3.5%
<i>Alternatives</i>	20%
GMO – Alpha – Global macro	10.0%
Ruffer – Beta – Absolute return	10.0%
Fixed Income Investments	73%
<i>Fixed Income Defensive</i>	22%
Legal & General – Index-linked gilts	22.0%
Legal & General – Cash	-
M&G – Cash	-
<i>Fixed Income Growth</i>	51%
Insight – Secured Finance	21.0%
BlackRock – Emerging market debt	7.0%
Ares – Secured income	5.0%
Alcentra – Direct lending	5.0%
Gilliat – structured product	6.5%
Mercer – Multi-asset credit	6.5%
Total	100%

Details of the investment managers, their objectives, investment guidelines and custody arrangements are set out in the following Sections.

3. Alcentra – Direct lending

The Scheme invests in direct lending through a pooled fund called the European Direct Lending Fund III. The Alcentra fund targets an IRR of 7-9% by lending to middle market corporate business across Europe, predominantly through secured loans. The fund is closed ended – the Scheme made a commitment to the fund in 2019, and the allocation will vary over the fund's term.

Alcentra is responsible for custody of the assets of the pooled fund. Responsibility is delegated to Sanne Group (Luxembourg) S.A.. The Trustee does not have a direct relationship with the custodian.

4. Ares – Secured income

The Scheme invests in secured income through a pooled fund called the Ares Secured Income Fund. The Ares Secured Income Fund seeks to deliver a net return of 4-6% pa, while generating strong income by investing in a range of secured floating rate debt of primarily investment grade quality. The fund is open ended and deals quarterly.

Ares is responsible for custody of the assets of the pooled fund. Responsibility is delegated to the Bank of New York Mellon. The Trustee does not have a direct relationship with the custodian.

5. BlackRock – Emerging market debt

The Scheme invests in emerging market debt through a pooled fund called the Emerging Markets Local Currency Bond Fund. The Fund's objective is to deliver enhanced income and diversification from fixed income investments in the developing world with a focus on alpha. The fund is open ended and deals daily.

BlackRock is responsible for custody of the assets of the pooled fund. Responsibility is delegated to the Bank of New York Mellon. The Trustee does not have a direct relationship with the custodian.

6. Gilliat – Structured product

The Scheme invests in a structured product through Gilliat. The investment objective is to produce an annual income payment on each annual observation date of 7.25% of initial investment. The product's returns are generated through derivatives contracts on equity markets, and the annual income payment is contingent on equity market performance.

Gilliat is responsible for custody of the assets of the fund. Responsibility is delegated to Arbuthnot Latham. The Trustee does not have a direct relationship with the custodian.

7. GMO – Alpha – Global macro

The Scheme invests in a global macro strategy through a pooled fund called the GMO SGM Major Markets Investment Fund. The Fund's objective is to achieve long-term total returns by systematically applying value and sentiment strategies across global markets. The Fund is open ended and deals daily.

GMO is responsible for custody of the assets of the pooled fund, which is. Responsibility is delegated to State Street Custodial Services (Ireland) Limited. The Trustee does not have a direct relationship with the custodian.

8. Insight – Secured finance

The Scheme invests in secured finance through two pooled funds with Insight:

- Global ABS: The fund's objective is to invest in a globally diversified portfolio of high-quality asset-backed securities. The fund targets 3 Month LIBOR + 2% pa gross of fees and expenses over rolling 3-year periods. The fund deals daily.
- Secured Finance Fund: The fund's objective is to invest in a diversified global portfolio of, primarily, investment grade consumer and commercial asset backed securities, plus secured loans. The fund targets 3 Month LIBOR + 4% pa gross of fees and expenses over rolling 3-year periods. The fund deals monthly for subscriptions and quarterly for redemptions.

Both funds are open ended. The funds invest in global securities and hedge back to GBP, so the Scheme is not directly exposed to overseas currency movements.

Insight is responsible for custody of the assets of the pooled funds. Responsibility is delegated to the Northern Trust Fiduciary Services (Ireland) Limited. The Trustee does not have a direct relationship with the custodian.

9. J O Hambro – Global equity

The Scheme invests in global equities through a pooled fund called the J O Hambro Global Select Fund GBP. The Fund's primary objective is to achieve long-term total returns by investing in a portfolio of global securities, focusing on companies that are capable of producing compounding growth over the long-term. The fund is open ended and deals daily. The fund invests in global securities and does not hedge currency exposure; therefore, the Scheme is exposed to overseas currency movements.

J O Hambro is responsible for custody of the assets of the pooled fund. Responsibility is delegated to the RBC Investor Services. The Trustee does not have a direct relationship with the custodian.

10. Kiltearn – Global equity

The Scheme invests in global equities through a pooled fund called The Kiltearn Global Equity Fund via a USD Class. The Fund's primary objective is to achieve long-term total returns by investing in a portfolio of global securities, looking for undervalued companies in all countries in search of global value. The fund is open ended and deals twice per month. The fund invests in global securities and does not hedge currency exposure; therefore, the Scheme is exposed to overseas currency movements.

Kiltearn is responsible for custody of the assets of the pooled fund. Responsibility is delegated to The Northern Trust Company. The Trustee does not have a direct relationship with the custodian.

11. Legal & General Investment Management – Index-linked gilts & cash

The Scheme invests in index-linked gilts and cash through two pooled funds with Legal & General Investment Management:

- Cash Fund
 - Objective: perform in line with 7-day GBP LIBID without incurring excessive risk.

- Over 5 Year Index-Linked Gilts Index Fund

Objective: track the performance of the FTSE Actuaries UK Index-Linked Gilts Over 5 Years Index to within $\pm 0.25\%$ pa for two years out of three.

These funds are open ended and deal daily.

Legal & General Investment Management is responsible for custody of the assets of the pooled funds. Responsibility is delegated to HSBC Services, Citibank N.A. and The Northern Trust Company. The Trustee does not have a direct relationship with the custodian.

12. M&G – Cash

The Scheme invests in cash through a pooled fund called M&G PP Cash Fund. The Fund's objective is to outperform the LIBID 7 Day Deposit Rate gross of fees over rolling 3-year periods. The fund is open ended and deals daily.

M&G is responsible for custody of the assets of the pooled fund. Responsibility is delegated to HSBC Bank Plc. The Trustee does not have a direct relationship with the custodian.

13. Mercer – Multi-asset credit

The Scheme invests in multi-asset credit through a pooled fund called the Mercer Multi-Asset Credit Fund. The Fund's objective is to construct a portfolio of the top-rated multi-asset credit managers identified by Mercer's manager research team.

Mercer is responsible for custody of the assets of the pooled fund. Responsibility is delegated to State Street Custodial Services (Ireland) Limited. The Trustee does not have a direct relationship with the custodian.

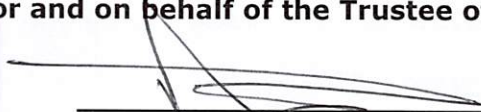
14. Ruffer – Beta – Absolute return

The Scheme invests in a absolute return strategy through a segregated account. The investment objective is to maintain a balance between risk assets such as equities and defensive assets such as bonds, to diversify the drivers of performance across a variety of market conditions. The fund is open ended and deals daily.

Ruffer is responsible for custody of the assets of the pooled fund. Responsibility is delegated to Ruffer LLP (sub custodian RBC Investor Services). The Trustee does not have a direct relationship with the custodian.

IPID signed for and on behalf of the Trustee of the Scheme:

Signed:



Date:

30 Sept 2019
