



Merchant Navy Officers Pension Fund

Statement of Investment Principles

Introduction

The main purpose of the Merchant Navy Officers Pension Fund (“MNOFP”, the “Fund”) is to provide pensions for Officers in the British Merchant Navy and others connected with the British Merchant Navy. Pensions and benefits for members’ widow(er)s, civil partners, children or other dependants are also provided. From 31 March 2016, the MNOFP closed to future defined benefit accrual.

About this Statement

The Statement of Investment Principles is a technical document which sets out the investment strategy and policies for the MNOFP which govern the investment decisions made by the Trustee, and its delegated managers.

An important aspect of the MNOFP’s approach to investment and, in particular, investment governance, was the appointment of a Delegated Chief Investment Officer (Delegated CIO) in December 2010. This role is referred to throughout this Statement and is described in more detail in **Appendix 4**. The Statement also makes use of a number of terms and these are defined in **Appendix 5**.

The MNOFP Annual Report & Accounts (which can be accessed online at www.mnopf.co.uk) gives more information about how the Statement has been implemented and how well the MNOFP is doing against its targets.

Investment objectives

The overriding investment objective of the Fund is to provide benefits at retirement for members and their beneficiaries. This part of the Statement sets out in detail the specific objectives for the Fund.

The investment objectives of the Trustee are:

- to acquire suitable assets of appropriate liquidity which will generate income and capital growth to meet, together with contributions from employers, the cost of current and future benefits; and
- to limit the risk of the assets failing to meet the MNOFP’s liabilities over the long term.

In pursuing these investment objectives, the Trustee intends to have due regard to:

- the paramount interests of the members of the MNOFP, for whom the receipt of their promised benefits is of prime importance; and



- the interests of the employers, upon whom the responsibility for funding those benefits ultimately falls.

The Trustee has due regard to these interests, together with a consideration of investment risk, in determining the combination of contributions and investment return that is required to meet the MNOPF's liabilities. This is set out in a Journey Plan. The current Journey Plan is set out in **Appendix 1** for reference only, as it does not form part of this Statement. The Journey Plan is set by the Trustee and monitored regularly. The Trustee may delegate monitoring or setting aspects of the Journey Plan to an authorised sub-committee from time-to-time.

Powers to pursue investment objectives

The Trustee will use its powers of investment, which are set out in the Trust Deed and Rules (primarily, Clause 19 of the Trust Deed) and additionally by Section 34(1) of the Pensions Act 1995, in a manner which is consistent with the investment objectives stated above.

Legal duties

Trust law requires that the Trustee must exercise its powers of investment in the best interests of the members, which will normally mean their best financial interests. Its powers must, therefore, be exercised so as to aim to yield the best return for the members, consistent with the need for prudence.

Section 36(1) of the Pensions Act 1995 requires the Trustee to exercise its powers of investment in accordance with the Investment Regulations. Regulation 4 of the Investment Regulations states that:

- The assets must be invested in the best interests of the members and beneficiaries and, in the case of a potential conflict of interest, in the sole interest of the members and beneficiaries.
- The powers of investment must be exercised in a manner calculated to ensure the security, quality, liquidity and profitability of the portfolio as a whole.
- Assets held to cover the Technical Provisions must also be invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable.
- The assets of the MNOPF must consist predominantly of investments admitted to trading on Regulated Markets and investment in any assets not so admitted must be kept to a prudent level.
- The assets must be properly diversified to avoid excessive reliance on any particular asset, issuer or group of undertakings and to avoid accumulations of risk in the portfolio. Investments in assets issued by the same issuer or by issuers belonging to the same group must not expose the MNOPF to excessive risk concentration. To the extent that the assets of the MNOPF consist of Qualifying Insurance Policies, these

policies shall be treated as satisfying the requirement for proper diversification when considering the diversification of assets as a whole and each such policy shall be treated as an investment on a Regulated Market.

- Investment in Derivative Instruments may be made only in so far as they contribute to reduction of risks or facilitate efficient portfolio management (including the reduction of cost or the generation of additional capital or income with an acceptable level of risk) and any such investment must be made and managed to avoid excessive risk exposure to a single counterparty and to other derivative operations.

Section 36(3) of the Pensions Act 1995 requires the Trustee to obtain and consider proper advice on the question of whether the investment is satisfactory, having regard to the requirements of the Investment Regulations so far as relating to the suitability of investments, and to the principles contained in this Statement. Broadly, the reference to the need for proper advice is a reference to the need to obtain advice from a person authorised to give it by the Financial Conduct Authority.

To the extent required by law, ultimate responsibility for the investment of the assets of the MNOFP, including responsibility for securing compliance with the requirements of Section 36 of the Pensions Act 1995, rests with the Trustee. However, the implementation of this Statement may (from time to time) be delegated by the Trustee to an authorised sub-committee, and certain powers and responsibilities have been delegated to the Delegated CIO, in relation to the MNOFP's assets. The Trustee's powers and duties described in this Statement apply to any authorised sub-committee, the Delegated CIO and any other party to whom the Trustee may have delegated its powers in the same way as they apply to the Trustee. The specific investment related roles of the Delegated CIO are set out later in this Statement.

Investments to be held

The Trustee will acquire and hold suitable assets of appropriate liquidity, which will generate income and capital growth to meet, together with contributions from the Participating Employers, the cost of current and future benefits, which the MNOFP provides.

The Trustee intends to hold investments that limit the risk of assets failing to meet the liabilities over the long term. These include physical or derivative based assets aimed at matching the interest rate, inflation and longevity sensitivity of liabilities as well as other assets aimed at generating returns ahead of the liabilities over time.

Diversification of the portfolio of assets will be achieved through equity, fixed interest, property and other liquid or illiquid investments, which are spread geographically. This diversification through different asset classes and markets seeks to ensure an adequate level of performance without undue risk.

Most of the equities will be listed on recognised stock exchanges and spread across domestic and overseas investment markets. Fixed interest investments will be similarly

diversified. Investment management companies specialising in the specific asset classes may be contracted to manage the investments.

No class of financial instruments (whether or not they generate capital growth rather than income) is excluded from investment consideration.

Balance between different kinds of investment

This section covers the allocation of investment capital to various assets classes in the Fund.

The allocation of the assets between asset classes is set in accordance with the Strategic Asset Allocation Ranges and reflects the liabilities and Journey Plan.

The Trustee, (or, under delegated authority, a nominated sub-committee of the Trustee), agrees from time to time Strategic Asset Allocation Ranges which prescribe allocations to various asset classes as defined by the investment markets. The current Strategic Asset Allocation Ranges are set out in **Appendix 2** for reference only as they do not form part of this Statement. The Strategic Asset Allocation Ranges may be amended from time to time by the Trustee or (where applicable) the nominated sub-committee of the Trustee.

Risk management

This section looks at the types of risks that may affect the investment of assets in the MNOFF and how these risks may be minimised or mitigated. The Trustee recognises that a number of risks are involved in the investment of assets of the Fund:

Funding level and mismatching risks:

- are measured through a qualitative and quantitative assessment of the expected development of the liabilities relative to the current and alternative investment policies, noting that the Journey Plan has the objective of reducing risk versus the liabilities over time; and
- are managed by making use of liability matching instruments and assessing the progress of the actual growth of the liabilities relative to the selected investment policy.

Investment manager risk:

- is measured by the expected deviation of the prospective risk and return, as set out in the Investment Manager(s)' objectives, relative to the investment policy; and
- is managed by spreading investment manager risk across different Investment Managers, and monitoring the actual deviation of returns relative to the objective and factors inherent in the Investment Manager(s)' investment process.

Liquidity risk:

- is measured by the level of cash flow required over a specified period; and
- is managed by assessing future levels of cash and eligible collateral that will be required by the Fund in order to limit the impact of the cash flow requirements.

Geopolitical and currency risks:

- are measured by the level of concentration in any one market leading to the risk of an adverse influence on investment values arising from political intervention; and
- are managed by regular reviews of the actual investments relative to policy and through regular assessment of the levels of diversification within the existing policy.

Custodial risk:

- is measured by assessing the creditworthiness of the global custodian and focussed key performance indicators, including those to evidence the ability of the organisation to settle trades on time and provide secure safekeeping of the assets under custody; and
- is managed by the review and discussion of regular reports about the global custodian on its performance relative to agreed service levels and peers.

Employer covenant risk:

The Trustee acknowledges that an Integrated Risk Management approach is required when pursuing the investment objectives in relation to the Fund. The Trustee, therefore, considers employer covenant risk alongside the investment and funding risks already described, and considers the relationships between each.

Employer covenant risk:

- is measured and assessed by the ability and willingness of the Participating Employers to support the continuation of the Fund and to make good any current or future deficits; and
- is managed by monitoring a number of factors, including the separate and aggregated creditworthiness of the Participating Employers.

Having taken all of the above factors into consideration, the Trustee believes it appropriate to establish investment objectives and a Journey Plan driven by the Fund's liabilities.

Having taken investment advice in accordance with Section 36(3) of the Pensions Act 1995, the Trustee has set a Journey Plan which constitutes a funding target with an associated timeframe. The Journey Plan is structured to opportunistically reduce risk over time aiming not to run material investment risk at the end of the Journey Plan. The Trustee also operates a dynamic risk management framework with a view to reducing investment risk versus liabilities opportunistically over time. The dynamic risk management framework is aimed at achieving the funding target more efficiently.

Where the Trustee deems it appropriate, the Trustee may take steps to reduce risk in the investment of assets of the Fund, including the following:

- the use of appropriate financial instruments and arrangements;
- the purchase of annuities, deferred annuities and other relevant insurance policies; and
- the alignment of the investment portfolio in a manner consistent with the potential purchase of annuities, deferred annuities and other relevant insurance policies.

Monitoring

This section covers how the Trustee monitors performance and other aspects of the Fund.

The Trustee is aware that day-to-day movements in global investment markets can cause the asset allocation to change and therefore the Trustee has delegated authorities in relation to managing the Journey Plan and maintaining investment within Strategic Asset Allocation Ranges (as set out in this Statement) to the Delegated CIO. The Trustee may delegate to a sub-committee, from time-to-time, specific monitoring activities in relation to the Journey Plan and Strategic Asset Allocation Ranges.

The Trustee is also aware of the likelihood that one or more Investment Managers will underperform relative to their set investment objectives from time to time. The Trustee has delegated the task of monitoring Investment Manager performance to the Delegated CIO. The method and frequency of Investment Manager performance monitoring is more fully described below.

Expected return on investments

This section sets out how the Trustee expects the MNOPF to perform over the longer term.

The Trustee's policy with regard to the expected return on investments is to agree an overall objective for the Fund which is articulated as a Journey Plan with a specified funding level target and time horizon by reference to the Fund's liabilities. The Journey Plan is then translated into the return target to achieve that objective after the assessment of the contributions likely to be received and other non-investment related factors. The investment return objective is set from time to time by the Trustee.

Realisation of investments

The Trustee has a policy that there should, at all times, be sufficient investments in easy to sell (liquid) assets to meet cash flow requirements such that realising these assets will not disrupt the overall investment policy of the MNOPF. The Trustee also needs enough cash immediately available to pay member benefits when they are due.

The role of the Delegated CIO

This part of the Statement covers the investment responsibilities and powers given by the Trustee to the Delegated CIO.

The Delegated CIO has the following powers and responsibilities:

- determining and implementing investment policy and asset allocation, within the Strategic Asset Allocation Ranges and reflecting the liabilities and Journey Plan;
- selecting, appointing and agreeing terms with Investment Managers which include, but are not limited to, the setting of investment objectives, benchmarks and

performance targets in respect of each that are consistent with the overall investment objectives of the Fund and the specific level of skill and risk expected of each manager;

- reviewing the performance of the Investment Managers on a quarterly and annual basis, comparing returns achieved against those of relevant market indices and individual benchmarks;
- reviewing the performance of the global custodian on a bi-annual basis against a series of key performance indicators agreed with the Trustee from time to time (and as currently laid down in the global custodian's service level agreement);
- identifying, reviewing and implementing investment strategies;
- reviewing on a continual basis the investment risks as set out in the Trustee's risk assessment register;
- regularly reviewing the Fund's overall risk tolerance and performance objectives; and
- reflecting environmental, social and governance and broader sustainable investment considerations in the portfolio risk management process, including both capital allocation and stewardship/engagement (the Trustee's approach to socially responsible investment and corporate governance is set out in **Appendix 3**).

The Delegated CIO may also refer decisions to the Trustee (or authorised sub-committee) and provide advice to the Trustee (or authorised sub-committee) from time to time.

Investment management

The day-to-day management of the MNOPF's investments are conducted by individuals and organisations with appropriate authorisation under the financial services legislation of the country in which the Investment Manager is registered and regulated and in accordance with such investment management agreements as the Delegated CIO shall deem appropriate.

The Delegated CIO shall provide the Investment Managers with a copy of this Statement and any amendments to it. The Investment Managers are required to exercise their delegated powers with a view to giving effect to the principles contained in this Statement, as far as reasonably practicable, and to confirm on a regular basis that they have acted in conformity with it.

Compliance with the Pensions Act 1995

This Statement complies with the Trustee's obligation, under the Pensions Act 1995, to prepare, maintain, and to review this Statement at least every three years and without delay after any significant change in investment policy.

In preparing this Statement, the Trustee has obtained advice from its appointed Investment Adviser and has consulted the Scheme Actuary and the legal advisers to the MNOPF.

In preparing this Statement, the Trustee has also consulted the representatives of the MNOPE's employers and the members, and the Trustee will similarly consult when revising this document. Copies of this Statement will be made available to employers and members, via the Employer Information Exchange and the MNOPE website respectively and will be included in abridged form in the Members' Newsletter.

The Trustee will review this Statement, with advice from the Investment Adviser and the Scheme Actuary, following an actuarial valuation, when there is a significant change to the MNOPE or where the Trustee (or authorised sub-committee) determines that a review is needed for other reasons.

Appendix 1: Journey Plan

The Trustee determines the Journey Plan, which includes an overall mission statement for the Fund and a series of strategic objectives for how the mission statement will be achieved. The Trustee's goal is to secure the Fund's benefits. The strategic objectives, relevant to this Statement, through which this mission statement will be achieved include:-

- To achieve sufficient funding to secure at least 103% of member benefits. Any discretionary increase in member benefits will be delivered through investment returns, including enhanced returns available from insurance transactions, and changes in the liabilities, without any additional contributions from employers
- To insure all remaining liabilities by 30 June 2024 - 30 June 2025

The Delegated CIO is mandated to manage the Fund's assets (excluding any insured assets) consistently with the Journey Plan.

The Trustee's Journey Plan can be achieved through an investment return target of Gilts +2.2% p.a. (across the MNOFP assets excluding insured annuities, equivalent to Gilts +0.7% p.a. on all MNOFP assets) from 2021-2024.

The Trustee's management against the Journey Plan incorporates a dynamic risk management framework, which involves:

- reducing the return target in the event that funding level experience is materially better than that implied by the Journey Plan;
- considering appropriate corrective action in the event that the funding level experience is materially behind that implied by the Journey Plan.

Appendix 2: Strategic Asset Allocation Ranges

The ranges show the minimum and maximum allocation to each type of investment (asset class). The target allocation is what the Delegated CIO is currently aiming to achieve. The asset allocations in the table below exclude any insured assets/insurance policies.

Asset Class	Strategic Allocation Range (%)	Delegated CIO target allocation as at 30 June 2021 ¹ (%)
Equities	0-35	8.3
Diversifying strategies ²	0-15	3.5
Hedge Funds	0-20	12.6
Credit	0-40	9.8
Opportunistic private markets ³	0-10	3.4
Real assets (including secure income assets)	0-10	5.3
Other ⁴	0-10	-
Liability matching assets, protection strategies, cash and cash equivalents	0-100	57.1

¹ The Delegated CIO has discretion to vary the asset allocation subject to remaining within the Strategic Asset Allocation Ranges.

² Diversifying strategies include strategies which would be expected to exhibit a low correlation to equities and credit. These may include, but are not limited to, reinsurance, emerging market currencies, momentum, volatility premium, carry premium, commodities, merger arbitrage, and value strategies.

³ The Delegated CIO will make no new additions to the existing opportunistic private markets allocation.

⁴ 'Other' will apply to new return-seeking asset types which may be added to the portfolio at the Delegated CIO's discretion.

Appendix 3: Responsible investment and corporate governance

The Trustee's approach to socially responsible investment and corporate governance continues to evolve as the duration and make-up of the Fund's investment portfolio develops over time and as more research and information on the impact of sustainability becomes available.

Responsible investing, stewardship and sustainability

The Trustee has delegated responsibility for the selection, retention and realisation of investments to the Delegated CIO and in turn to the MNOPF's Investment Managers. However, the Trustee and Delegated CIO recognise that an investment's long-term financial success is influenced by a range of factors including environmental, social and governance ("ESG") issues.

Consequently, the Trustee (through the selection of the Delegated CIO and its associated approach to ESG issues, as set out further below) seeks to be an active long-term investor. The Trustee's focus is explicitly on financially material considerations in the selection, retention and realisation of investments. The Trustee's policy at this time is not to take into account non-financial matters explicitly. However, the Trustee supports and actively encourages investments with a positive ESG impact, where the Trustee has reasonable cause to believe that MNOPF members would share concerns, and these investments have no adverse expected impact on overall investment efficiency.

In particular areas such as equity and credit, the Trustee expects the Delegated CIO to work with Investment Managers who will use their engagement activity to drive improved performance over medium to long term periods within the wider context of long-term sustainable investment. The Trustee notes that the Delegated CIO may invest in certain strategies where such engagement is not deemed appropriate or possible, due to the nature of the strategy and/or the investment time horizon underlying decision making. The Trustee expects that the appropriateness of the Fund's allocation to such mandates is determined in the context of the Fund's overall objectives.

The Trustee expects the Delegated CIO to assess the alignment of the Fund's underlying managers' approach to sustainable investment (including engagement) with its own beliefs before making an investment on the Fund's behalf. In addition, the Trustee expects the Delegated CIO to review the Fund's managers' approaches to sustainable investment (including engagement) on a regular basis and engage with the managers to encourage further alignment as appropriate. This monitoring process includes specific consideration of the sustainable investment/ESG characteristics of the portfolio and the managers' engagement activities. If, following engagement, the Delegated CIO considers that the degree of alignment remains unsatisfactory, the Trustee expects the Delegated CIO to deselect the manager.

The Delegated CIO considers a range of sustainable investment factors, such as, but not limited to, those arising from ESG considerations, including climate change, in the context of a broader risk management framework. The degree to which these factors are relevant to any given strategy is a function of time horizon, investment style, philosophy and particular exposures which the Delegated CIO takes into account in the assessment. The Delegated CIO has a dedicated Sustainable Investment resource and a network of subject matter experts. The consideration of ESG issues is fully embedded in the investment manager selection and portfolio management process, with oversight undertaken on an ongoing basis. Whilst noting there may be limitations for each investment manager and asset strategy, the Delegated CIO expects investment managers to have ESG processes that align with the investment risk and return characteristics of the strategy. The Delegated CIO engages with underlying managers where appropriate regarding their approach to stewardship with respect to relevant matters including capital structure of investee companies, actual and potential conflicts, other stakeholders and ESG impact of underlying holdings.

Corporate governance

The Trustee recognises the responsibilities of shareholders as owners of capital. Accordingly, the Trustee's objective as a shareholder is to achieve a substantial long-term return on the MNOPF's investments by the preservation and enhancement of shareholder value, which it believes good corporate governance promotes. Matters of corporate governance in general and voting in particular are integral parts of the delegation of duties to the Investment Managers. Voting power should be exercised by the Investment Managers with the objective of preserving and enhancing long-term shareholder value.

The Delegated CIO encourages and expects the MNOPF's Investment Managers to sign up to local or other applicable Stewardship Codes, in-keeping with good practice, subject to the extent of materiality for certain asset classes. The Delegated CIO itself is a signatory to the Principles for Responsible Investment (PRI) and the UK Stewardship Code and is actively involved in external collaborations and initiatives.

The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers. The Delegated CIO has appointed Hermes EOS to undertake public policy engagement on its behalf as well as company-level engagement and the provision of voting advice for the MNOPF's equity investments.

The Trustee requires its Investment Managers to report on corporate governance, and particularly on their voting and engagement records. In general, Investment Managers are likely to choose to support and vote with incumbent company management in the majority of cases, and therefore exception reporting is expected. Significant shareholder action other than voting should also be reported.

Appendix 4: The Delegated CIO

The Trustee determines the overall investment strategy, including its robust investment beliefs and investment objectives. The investment strategy is an integral part of the MNOPF Journey Plan.

The MNOPF appointed Willis Towers Watson to a role of Delegated Chief Investment Officer (Delegated CIO) in December 2010.

The Delegated CIO's responsibilities include:

- implementing the investment strategy
- evaluating investment opportunities and risks, and appropriately aligning the fund assets and liabilities
- identifying and considering de-risking opportunities
- reporting funding level and investment performance progress against the Journey Plan

The Trustee has also appointed an Independent Investment Advisor to work with the Fund's Executive in overseeing the performance of the Delegated CIO. The Fund's Executive and Independent Investment Adviser report regularly to the Trustee on the performance of the Delegated CIO and any other relevant matters.

The Trustee strongly believes that access to the resource and skills of the Delegated CIO has been fundamental to the Fund's ability to deliver the required level of returns with appropriate levels of volatility.

The MNOPF employs various triggers which the Delegated CIO uses to refer a decision to the Trustee. The Trustee can meet at short notice or make decisions by email, retaining control of decisions whilst minimising the risk of missed opportunities.

Process for choosing investments

The Trustee has delegated responsibility for the selection and deselection of investments, and the ongoing management of relationships with asset managers to the Delegated CIO within Investment Guidelines set by the Trustee. The Delegated CIO will ensure that, in aggregate, the portfolio is consistent with the policies set out in this statement and that the investment objectives and guidelines of any individual manager/mandate are also consistent with those policies relevant to the mandate in question. The Trustee considers the Delegated CIO's performance in carrying out these responsibilities as part of its ongoing oversight of the Delegated CIO.

The Trustee expects the Delegated CIO to appoint investment managers with an expectation of a long-term partnership, which encourages active ownership of the Fund's assets. Likewise, the Trustee expects investment decision making of the investment managers that are appointed to have a long-term mindset and manage risk exposure to potentially short term ESG factors. When assessing a manager's performance, the Trustee expects the Delegated CIO to focus on longer-term outcomes. Consistent with this view, the Trustee does not expect that the Delegated CIO would terminate a manager's appointment based purely on short term performance but recognises that a manager may be terminated within a short timeframe due to other factors such as a significant change in business structure or the investment team. The Trustee adopts the same long-term focus as part of its ongoing oversight of the Delegated CIO.

The Trustee expects the Delegated CIO to consider the fee structures of asset managers and the alignment of interests created by these fee structures as part of its investment decision making process, both at the appointment of an asset manager and on an ongoing basis. Asset managers are generally paid an ad valorem fee, in line with normal market practice, for a given scope of services which includes consideration of long-term factors and engagement. The Trustee expects the Delegated CIO to review and report on the costs incurred in managing the Fund's assets regularly, which includes the costs associated with portfolio turnover. In assessing the appropriateness of the portfolio turnover costs at an individual manager level, the Trustee expects the Delegated CIO to have regard to the actual portfolio turnover and how this compares with the expected turnover range for that mandate.

Appendix 5: Defined terms

The following expressions have specific meanings in this Statement:

Delegated CIO means the consultant appointed by the Trustee to whom the Trustee has delegated certain aspects of its investment powers;

Derivative Instrument is a type of investment. It includes a wide range of investment vehicles such as options, futures, swaps, forward rate agreements or any other derivative contracts relating to commodities, securities, currencies, interest rates or yields, financial indices or financial measures;

Independent Investment Adviser means the person appointed by the Trustee to provide expert oversight of the Delegated CIO;

Integrated Risk Management is a risk management tool that helps trustees identify and manage the factors that affect the prospects of meeting the scheme objective, especially those factors that affect risks in more than one area. The overall strategy the trustees have in place to achieve this objective will be dependent on the scheme's and employers' circumstances from time to time. It is more fully described in the Pensions Regulator's Code of Practice 3: Funding Defined Benefits;

Investment Adviser means the person appointed by the Trustee to provide written investment advice in respect of the Fund. The Adviser must be reasonably believed by the Trustee to be qualified by their ability in, and practical experience of, financial matters and to have the appropriate knowledge and experience of the investment management of such schemes;

Investment Manager means a person to whom decisions about investments have been delegated by, or on behalf of, the Trustee;

Investment Regulations means the Occupational Pension Schemes (Investment) Regulations 2005, which set out the requirements which trustees of Occupational Pension Schemes must adhere to regarding their Statement of Investment Principles, how they choose investments, borrowing, and the giving of guarantees;

Journey Plan means the combination of contributions and investment return that is expected to meet the MNOPF's liabilities. The current Journey Plan is set out in Appendix 1;

MNOPF or Fund means the Merchant Navy Officers Pension Fund;

Participating Employers has the meaning given in the Trust Deed and Rules which can be found on the MNOPF website www.mnopf.co.uk;

Qualifying Insurance Policies are policies issued by an insurer which meets the requirements set out in applicable legislation;

Regulated Market is a market for investing in financial instruments which is regulated by relevant regulatory authorities;

Scheme Actuary means the individual appointed by the Trustee as actuary of the MNOPF;

Statement means this Statement of Investment Principles;

Strategic Asset Allocation Ranges means the ranges defined in a document which prescribes the allowable allocation ranges of the assets between asset classes, as developed, adopted and, from time to time, amended by the Trustee or authorised sub-committee (the current ranges are set out at Appendix 2 of this Statement but do not form part of this Statement);

Stewardship Code means the set of principles or guidelines set up in 2010 by the Financial Reporting Council and subsequently updated in 2020. The Code's aim is to make institutional investors who manage other people's money, such as the DCIO, be active and engage in corporate governance in the interests of their members or policyholders;

Technical Provisions means the amount required, on an actuarial calculation, to make provision for the scheme's liabilities;

Trust Deed and Rules means the Trust Deed and Rules dated 17 June 2019 (as amended from time to time) by which the MNOPF is currently governed. The current version can be found at www.mnopf.co.uk; and

Trustee means MNOPF Trustees Limited, the sole corporate trustee of the MNOPF.