Defined Contribution (DC) section

Introduction

Before describing the Trustee's investment beliefs for the DC section, here's a quick recap of:

- **What you get from the DC section:** you get a pot of money to use for your retirement. How much money depends on how much is paid in and where you decide to invest the money. You can only pay into the pot when you're a current (working) Partner. The Partnership matches what you pay up to 8% of pay and after you've been a Partner for three years, will pay in an extra 4%.
- **What you need to do**: check that the way your money is being invested is right for you.

Investment beliefs

When it comes to the DC section, you choose where the money you're saving for your retirement is invested by picking from a selection of investment funds. If you don't choose, your money is invested in the default option.

Default option

Even if your money is invested in the default option, this is still a choice because you're deciding not to pick your own investment fund. So you should check that you're comfortable with the Trustee's investment beliefs for the default option. These are that:

- The default option aims to meet the needs of the majority
- The Trustee has considered the "majority" to be a group of members who:
  - Are willing to take more risk when they're far away from retirement, because there is a greater chance the money will grow and there is time to make up for any reduction in the value of the investments.
  - When they get closer to retirement, that they want to take less risk, so that the amount of money in their pot stays stable. The default option automatically reduces risk as you get closer to retirement.

Investment funds

When it comes to the investment funds that you can choose from, the Trustee has the following beliefs:

- Investments involve risk and there needs to be enough choice so that members can choose an option that matches how much risk they are willing to take. For example, some members may take more risk to increase the chance that they have more money for retirement. However, some members may take less risk, because they would prefer that the money has less chance of decreasing by a lot. And there will be some members in the middle, who may take a medium amount of risk.
- Members can and should be able to change their mind about where their money is invested. For example, they may want to take less risk as they get near to retirement. They should be able to change where their money is invested easily.
- As well as providing enough choice, too much choice can be overwhelming and make it harder to make a decision. Therefore, the range of options has been designed to give some choice, but not too much.
- Some options may not appeal to the majority of members, but it's still important they're offered. For example, there may be some members who are happy to accept

that their money may not increase by as much if it's invested in a way that's more in line with their beliefs.

For the default option and investment funds

Here are the Trustee's investment beliefs for the default option and investment funds**:**

- That all costs should be carefully managed.
- Passive investment is where money is invested in a way that matches an external, often publicly available, market index. For example, the FTSE 100 is a publicly available market index. Passive investment is often cheaper because there are fewer investment decisions to be made - the job is to track the index. The Trustee will provide and make use of investment options that use passive investment as a lower-cost way of investing the money in members' pots.
- Active management is different and aims to get a return higher than an index. The Trustee believes that active management can be worth the higher fees, especially if there are opportunities to improve the balance of risk and return of the money that's invested. However, the Trustee will consider the fees for active management carefully, with the aim that members get the best return possible after taking into account all of the fees paid.
- When considering where the money in the pot is invested, the Trustee believes that environmental concerns (including climate change), being socially responsible and the way the investments are governed can impact how much the investments are worth in the long-term. Therefore, the Trustee will try to make sure that the investment options meet the principles of investing responsibly. The Trustee believes this is different to ethical investments, where members can choose to invest in a way that meets their beliefs.