Spectris Pension Plan (the "Plan")

Statement of Investment Principles (the "Statement")

Scope of Statement

This Statement has been prepared in accordance with section 35 of the Pensions Act 1995 (as amended by the Pensions Act 2004 and the Occupational Pension Schemes (Investment) Regulations 2005). The effective date of this Statement is ___________________ . Spectris Pension Trustees Limited (the "Trustee") will review this Statement at least every three years and without delay after any significant change in investment policy.

Consultations Made

The Trustee has consulted with the employer, Spectris plc, prior to writing this Statement and will take the employer's comments into account when they believe it is appropriate to do so.

The Trustee is responsible for the investment strategy of the Spectris Pension Plan. It has obtained written advice on the investment strategy appropriate for the Plan and on the preparation of this Statement. This advice has been provided by their current advisers, XPS Investment, who is authorised and regulated by the Financial Conduct Authority.

The day to day management of the Plan's assets has been delegated to investment managers who are authorised and regulated by the Financial Conduct Authority. A copy of this Statement has been provided to the investment managers appointed and is available to the members of the Plan.

Plan Objectives

The objectives of the Trustee for setting the investment strategy of the Plan have been set with regard to the Plan's Statutory Funding Objective as set out in the Statement of Funding Principles.

The primary objectives of the Trustee are:

- "funding objective" - to ensure that the Plan is fully funded using assumptions that contain a modest margin for prudence. Where an actuarial valuation reveals a deficit, a recovery plan will be put in place which will take into account the financial covenant of the Principal Employer;

- "stability objective" - to have due regard to the likely level and volatility of required contributions when setting the Plan's investment strategy; and

- "security objective" - to ensure that the solvency position of the Plan is expected to improve. The Trustee will take into account the strength of the employer's covenant when determining the expected improvement in the solvency position of the Plan.

The Trustee recognises that these objectives may conflict. For example a greater allocation to more defensive assets may give greater security, but may result in a level of contributions which the employer may find too difficult to support. The Trustee also recognises that in resolving this conflict, it is necessary to accept some risk.

The Trustee has taken these high level objectives into account in formulating the following specific investment objectives (in the context of the strong funding position and the strong employer covenant):

- the Plan will seek to invest in assets which are expected to broadly match the cashflows for those members at or close to retirement whilst seeking to hedge interest rate and inflation risks so far as practicable; and

- the balance of the assets will be invested in growth asset classes with a view to meeting or exceeding the funding assumptions whilst seeking to minimise volatility.

Details of the Trustee's current investment strategy to meet these specific objectives are set out in the appendices.

Additional Voluntary Contributions ("AVCs") Arrangements

Historically, some members paid AVCs to the Plan to obtain additional benefits. The liabilities in respect of these AVCs are equal to the value of the investments and therefore there is no impact on the overall funding position of the Plan. Members at the time were offered a choice of funds in which to invest their AVC payments and the Trustee's objective was to provide a range of vehicles that enabled members to generate returns consistent with their risk appetite. Details of the AVC legacy funds are set out in Appendix I.

Investment Risk Measurement and Management

The key investment risks are recognised as arising from asset allocation. These are assessed triennially in conjunction with the actuarial valuation of the Plan, following which the Trustee takes advice on the continued appropriateness of the existing investment strategy.

Risks associated with changes in the employer covenant are assessed by monitoring the Experian Pension Protection Score (as defined for the purposes of calculating the risk-based element of the Pension Protection Fund levy). The Trustee also has an agreement with the employer to receive notification of any events which have the potential to alter the creditworthiness of the sponsoring employers. In particular, the Trustee will be informed of Type A events, as defined in appropriate guidance issued by the Pensions Regulator and employer-related Notifiable Events. On receipt of such notification, the Trustee will re-consider the continued appropriateness of the Plan's existing investment strategy.

The Trustee has appointed XPS Investment to provide quarterly reporting on the Plan's assets, together with performance and monitoring of market conditions and their potential impact on strategy.

The Trustee acknowledges that investment returns achieved outside the expected deviation (positive or negative) may be an indication that the investment manager is taking a higher level of risk than indicated.

For due diligence purposes, the Trustee aims to meet at least three times a year and see their investment managers at least annually.

The Balance Between Different Kinds of Investments

The Trustee recognises that the key source of financial risk (in relation to meeting their objectives) arises from asset allocation. The Trustee therefore retains responsibility for setting asset allocation, and takes expert advice as required from its professional advisers.

The Trustee believes the most appropriate means of determining asset allocation is by asset and liability modelling. The Trustee considers using such modelling following each formal actuarial valuation of the Plan (or more frequently should the circumstances of the Plan change in a material way). As a minimum the asset allocation is reviewed once every three years.

A broad range of available asset classes is considered. This includes consideration of so called "alternative" asset classes (namely property, private equity, and hedge funds).

Choosing Investments

The types of investments held and the balance between them is deemed appropriate given the liability profile of the Plan, its cashflow requirements, the funding level of the Plan and the objectives of the Trustee. The assets of the Plan are invested in the best interests of the members and beneficiaries.

The Trustee exercises its powers of investment in a manner calculated to ensure the security, quality, liquidity and profitability of the portfolio as a whole. In order to avoid an undue concentration of risk a spread of assets is held. Diversification is both within and across the major asset classes. Day to day selection of stocks is delegated to investment managers appointed by the Trustee. As regards the review and selection of their investment managers, the Trustee takes expert advice from their advisers.

Assets held to cover the Plan's technical provisions (the liabilities of the Plan) are invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the Plan.

The assets of the Plan are invested predominantly in regulated markets (with investments not in regulated markets being kept to a prudent level) and properly diversified to avoid excessive reliance on any particular asset, issuer or group of undertakings so as to avoid accumulations of risk in the portfolio as a whole.

Investment in derivatives is only made in so far as they contribute to the reduction of investment risks or facilitate efficient portfolio management and are managed such as to avoid excessive risk exposure to a single counterparty or other derivative operations.

Custody

A proportion of the Plan's assets are held in segregated accounts (the Buy and Maintain Credit Portfolio and the Structured Equity investment) where day to day control of custody arrangements is delegated to the custodian. The Trustee receives a copy of the investment managers', custodians' and auditors' reports on their respective procedures prepared in accordance with FRAG21/94 issued by the Institute of Chartered Accountants.

The rest of the Plan's assets are invested in a pooled fund with Ruffer. Investment in pooled funds gives the Trustee a right to the cash value of the units rather than to the underlying assets. Ruffer are responsible for the appointment and monitoring of the custodian of its fund. The custodian is independent of the employer.

Expected Returns on Assets

Over the long-term the expectations of the Trustee are:

- for the 'growth' assets to achieve a return of at least cash plus 4.5% p.a. over the long term after the deduction of management fees. The targeted return for the Structured Equity investment is cash plus 4.0% after the deduction of fees. In the long term we expect the Ruffer fund to generate returns above cash plus 4.5% so that the total growth assets meet the stated target. The Trustee is willing to incur short-term volatility in growth assets with the expectation that over the long term, the growth assets will provide a return in line with expected and above that of any matching-type assets; and

- for the 'matching' assets (UK and overseas bonds, cash, etc.) to achieve a maturity profile that is consistent with the projected cashflow requirements of the Plan, when taken in conjunction with inflation and interest rate swaps.

Returns achieved by the fund managers are assessed against performance benchmarks set by the Trustee in consultation with their advisers and fund managers.

Realisation of Investments / Liquidity

The Trustee recognises that there is a risk in holding assets that cannot be easily realised should the need arise. The majority of the assets held are realisable at short notice (either through the sale of direct holdings of stocks, bonds, etc. or the sale of units in pooled funds).

Environmental, Social and Governance Issues

The Trustee has considered its approach to environmental, social and corporate governance ("ESG") factors and believes there can be financially material risks relating to them. The Trustee has delegated the ongoing monitoring and management of ESG risks (including those related to climate change) to the Plan's investment managers. The Trustee requires the Plan's investment managers to take ESG risks (including climate change) into consideration within their decision-making, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

The Trustee will seek advice from the Investment Adviser on the extent to which its views on ESG risks (including climate change) may be taken into account in any future investment manager selection exercises. Furthermore, the Trustee, with the assistance of the Investment Adviser, will monitor the processes and operational behaviour of the investment managers from time to time, to ensure they remain appropriate and in line with the Trustee's requirements as set out in this Statement.

The Trustee has delegated responsibility for the exercise of rights (including voting rights) attached to the Plan's investments to the investment managers and encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG risk (including climate change) in relation to those investments.

The Trustee's policy is that non-financial matters should not be taken into account in the selection, retention and realisation of investments.

Effective Decision Making

The Trustee recognises that decisions should be taken only by persons or organisations with the skills, information and resources necessary to take them effectively. They also recognise that where they take investment decisions, they must have sufficient expertise and appropriate training to be able to evaluate critically any advice they take.

The Trustee believes, given the scale of the Plan and the number of Trustee Directors, that a separate investment sub-committee is inappropriate. Therefore, all investment decisions are discussed by the whole Trustee body with assistance from the Plan's investment advisers before decisions are taken.

Timing of Periodic Review

The Trustee will review this Statement at least every three years and without delay after any significant change in the investment policy.

Approved and adopted by the Trustees in September 2020

Spectris Pension Trustees Limited - the Trustee of the Spectris Pension Plan

Spectris Pension Plan (the "Plan")

Appendix I to Statement of Investment Principles

This Appendix sets out the current investment strategy of the Trustee, and is supplementary to the Trustee's Statement of Investment Principles. The Trustee's investment strategy has been established in order to maximise the likelihood of achieving the primary objectives set out in the Statement. The details are laid out below:

1. Asset Allocation Strategy

The Trustee holds a "Buy and Maintain Credit Portfolio", managed by Aberdeen Standard Investments ("Aberdeen"), to match the liabilities for pensioners and deferred members within 9 years of retirement at 31 December 2017 and to provide protection against interest rate and inflation risk within the Plan. Within Aberdeen's Buy and Maintain Credit Portfolio is a "Bond Portfolio", consisting of the Plan's government bonds, corporate bonds and cash, and an "LDI Overlay Portfolio", consisting of the Plan's interest rate and inflation swaps.

The proportion of the Plan's assets held in the Bond Portfolio depends on the membership profile covered by the portfolio at that time (the "buy-and-maintain members"). The Trustee does not have an explicit target weight for this asset class but its target is to hold a Bond Portfolio that is sufficient to meet the expected cashflows of the buy-and-maintain members. Any Plan funds in excess of this are split equally between the Plan's investments in return seeking assets.

The Trustee also holds interest rate and inflation swaps to help protect against the impact of interest rates (on the Plan's technical provisions) and inflation (on the Plan's expected cashflows).

As at the date of signing this statement, around 80% of the Plan's invested assets were held in the Buy and Maintain Credit Portfolio (i.e. the Bond and LDI Overlay Portfolios), with the balance of 20% split equally between the two return seeking assets.

Based on the structure set out in the Appendix, the Trustee considers the arrangements with the Investment Managers to be aligned with the Plan's overall strategic objectives. Details of each specific mandate are set out in guidelines, agreements and pooled fund documentation with each Investment Manager.

The amounts allocated to any individual category or security will be influenced by the overall benchmark and objectives, varied through the Investment Managers' tactical asset allocation preferences at any time, within any scope given to them through any asset allocation parameters or guidelines set by the Trustee or governing the pooled funds in which the Plan is invested.

The Trustee will ensure that the Plan's assets are predominantly invested in regulated markets to maximise their security.

Investment Managers are incentivised to perform in line with expectations for their specific mandate as their continued involvement as Investment Managers as part of the Plan's investment strategy – and hence the fees they receive – are dependent upon them doing so. They are therefore subject to performance monitoring and reviews based on a number of factors linked to the Trustee's expectations.

The Trustee encourages Investment Managers to make decisions in the long-term interests of the Plan. The Trustee expects engagement with management of the investee and the exercising of voting rights in line with the investment mandate guidelines provided.

This expectation is based on the belief that such engagement can be expected to help Investment Managers to mitigate risk and improve long term returns.

As covered in more detail in this document, the Trustee also requires the Investment Managers to take ESG factors and climate change risks into consideration within their decision making as the Trustee believes these factors could have a material financial impact in the long-term. The Trustee therefore makes decisions about the retention of Investment Managers, accordingly.

2. Monitoring

2.1 Portfolio Turnover Costs

The Trustee requires the Investment Managers to report on actual portfolio turnover at least annually, including details of the costs associated with turnover, how turnover compares with the range that the Investment Manager expects and the reasons for any divergence.

2.2 Duration of Appointments of Investment Managers

Appointments of Investment Managers are expected to be long-term, but the Trustee will review the appointment of the Investment Managers in accordance with their responsibilities.

2.3 Performance and Remuneration reporting

The Trustee will receive regular performance monitoring reports from the Investment Adviser which consider performance over the quarter, one and three year periods.
This monitoring helps to determine an Investment Manager's ongoing role in implementing the investment strategy. If there are concerns, the Trustee may carry out a more in depth review of a particular Investment Manager. Investment Managers will also attend Trustee meetings as requested. The Investment Adviser has also carried out a review of how well the Trustee's guidelines in relation to ESG factors are incorporated into each Investment Manager's processes and the Trustee will re-assess progress on ESG issues periodically.

Fund manager remuneration is considered as part of the manager selection process. It is also monitored regularly with the help of the Investment Adviser to ensure it is in line with the Trustee's policies and with fee levels deemed by the Investment Adviser to be appropriate for the particular asset class and fund type.

3. Investment Management Arrangements

The following describes the mandates given to the fund managers within each asset class, according to the revised asset allocation strategy:

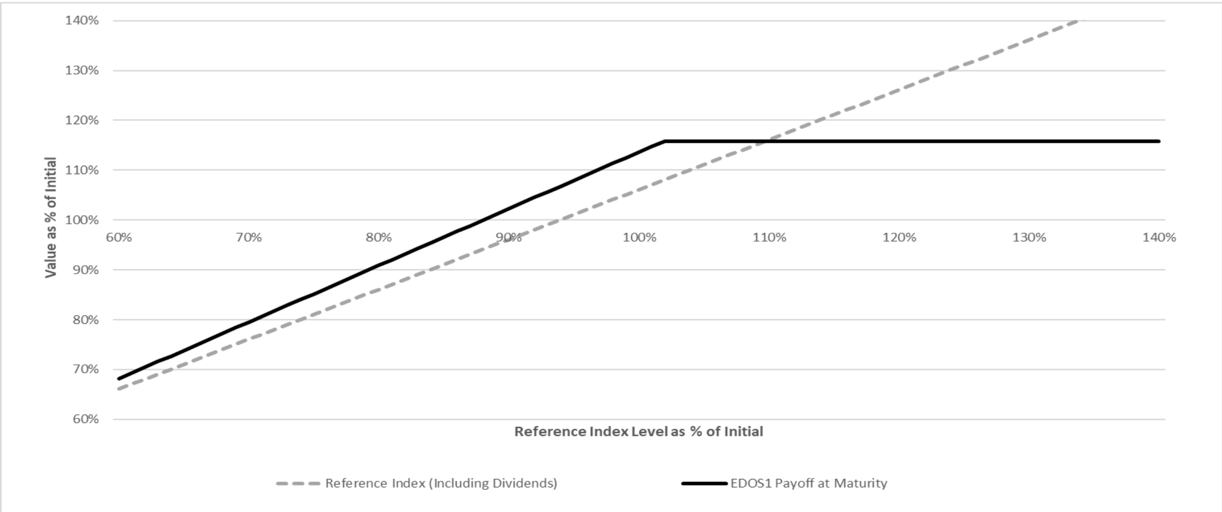
3.1 Return seeking assets

Investment	Bench-mark	Weight (of return seeking assets)	Individual expected return	Long-term expected return on overall return seeking assets	Target
River and Mercantile Structured Equity	Note 1	50%	Cash + 4.0% p.a. (after deduction of manager charges) for the initial structure	Combination of both investments to achieve cash + 4.5% p.a. (after deduction of manager charges)	See 'pay-off diagram' in Section 2.2
Ruffer Absolute Return Fund	Note 2	50%	No explicit target provided by manager		The fund aims to achieve low volatility and positive returns in all market conditions. In particular, it's objective is to seek to achieve positive absolute returns over any rolling 12 month period whilst generating returns meaningfully ahead of the 'risk-free' alternative.

1. The pay-off profile is based on a global equities basket. Further details are set out below.
2. The overall expected return refers to long-term outcomes. The return target for the current structure equity solution has a term of 3 years; the return targets on future structured equity solutions may be higher.

3.2 Pay off profile of River and Mercantile Structured Equity

The payoff profile of the structured equity element is designed to achieve a return of cash + 4.0% after the deduction of manager fees in a wide range of equity market outcomes. The underlying equity exposure is based broadly in line with a global equity basket. The diagram below illustrates the return on the structured equity mandate at the end of the three year maturity period.



1. The graph is based on the market conditions as at 23 July 2019.

3.3 Matching assets

Investment	Benchmark	Weight (of matching assets)	Target
Aberdeen Standard Investments Bond Portfolio	Plan specific liability benchmark	n/a	To match the expected cashflows for the buy and maintain members, whilst also minimising the chance of default and considering options to increase the yield.
Inflation Swaps (managed by Aberdeen Standard Investments)	Plan specific liability benchmark	n/a	Aim to hedge 100% of the inflation risk for the Plan's total expected cashflows (risk measured on a cashflow basis)
Interest Rate Swaps (managed by Aberdeen Standard Investments)	Plan specific liability benchmark	n/a	When used in conjunction with the corporate bonds, aim to hedge 100% of the specified interest rate risk for the Plan's overall liabilities (risk measured on a technical provisions basis).

3.4 Cash balances

A working balance of cash is held for imminent payment of benefits, expenses, etc. Under normal circumstances it is not the intention of the Trustee to hold a significant cash balance and this is carefully monitored by the Plan's administrator.

3.5 Re-balancing arrangements

The Trustee reviews the Plan's matching assets every three years after each triennial actuarial valuation, with interim reviews, and updates the Bond Portfolio and LDI Overlay Portfolio as necessary to match the Plan's expected future benefit cashflows. As stated in section 1 of this Appendix, any assets not required to be held in the Buy and Maintain Credit Portfolio will be invested in the return seeking assets.

4. Fee structure for advisers and managers

4.1 Advisers

The investment advisers to the Trustee are paid for advice received on the basis of the time spent by the adviser. For significant areas of advice (e.g. one off special jobs, or large jobs, such as asset and liability modelling), the Trustee will endeavour to agree a project budget. These arrangements recognise the bespoke nature of the advice given and that no investment decisions have been delegated to the adviser.

4.2 Investment managers

For passive mandates, or mandates where the manager is seeking to add incremental value in excess of the performance benchmark, the investment manager is remunerated at a set percentage of the assets under management. This is in keeping with market practice.

5. Additional Voluntary Contributions (AVCs)

As set out in the table below, members have a variety of paid up AVC policies with Clerical Medical, Phoenix Life and Prudential. The funds held are set out below.

Provider	Value of funds held by provider[1]	Funds held by members
Clerical Medical	£146,300	Clerical Medical Balanced Unit Linked Fund Clerical Medical With Profits Funds (Regular and Single)
Phoenix Life	£13,300	Phoenix Life AVC With Profits Fund
Prudential	£232,700	Prudential With Profits Cash Accumulation Fund Prudential Discretionary Fund Prudential Fixed Interest Fund

1. Approximate values at 31 December 2017, rounded to the nearest £100.

6. Other Issues

6.1 Voting Rights

As the Plan invests in pooled funds, the Trustee acknowledges that it cannot directly influence the policies and practices of the companies in which the pooled funds invest. It has therefore delegated responsibility for the exercise of rights (including voting rights) attached to the Plan's investments to the Investment Managers.

The Trustee encourages them to engage with investee companies and vote whenever it is practical to do so on financially material matters such as strategy, capital structure, conflicts of interest policies, risks, social and environmental impact and corporate governance as part of their decision-making processes. The Trustee requires the Investment Managers to report on significant votes made on behalf of the Trustee.

If the Trustee becomes aware of an Investment Manager engaging with the investee in ways that they deem inadequate or that the results of such engagement are mis-aligned with the Trustee's expectations and the investment mandate guidelines provided, then the Trustee may consider terminating the relationship with that Investment Manager.

Spectris Pension Plan (the "Plan")

Appendix II to Statement of Investment Principles

This Appendix sets out the current hedging strategy of the Trustee, and is supplementary to the Trustee's Statement of Investment Principles.

There are three key components to the Trustee's Buy and Maintain Credit Portfolio:

(i) Bond Portfolio
(ii) Interest Rate Swaps
(iii) Inflation Swaps

(i) Bond Portfolio

The Trustee holds a Bond Portfolio with Aberdeen which has been set up to match the liabilities for pensioners and deferred members within 9 years of retirement as at 31 December 2017, known as the "buy and maintain members".

The Bond Portfolio is constructed with the aim to meet the assumed future benefit payments for the buy and maintain members. The expected benefit cashflows are provided to Aberdeen Investments by the Scheme Actuary every three years after each formal valuation. Aberdeen carry out modelling to compare these actuarial cashflows to the expected cashflows from the Plan's existing government and corporate bonds (both coupons and redemption payments), as well as making an assumption about returns on the future corporate bonds that the Plan is expected to hold (a reinvestment assumption).

Various assumptions need to be made in the construction of the Bond Portfolio and these assumptions are set prudently to ensure that the portfolio should be sufficient to meet the expected cashflows in future (and thus to minimise the need to call on the Trustee and/or the employer to pay additional funds). In particular, the cashflows provided by the Scheme Actuary are calculated using the prudent technical provisions basis.

The expected benefit cashflows are based on the membership and assumptions at a point in time and therefore change over time in line with actual Plan experience and changes in those assumptions. It is therefore important to re-visit the provision of cashflows regularly, although the benefit of this exercise needs to be balanced against the cost of carrying out the work. In the absence of any significant events, providing full revised cashflows every three years following each valuation, which reflect any relevant assumptions updated at the valuation and new membership data, is often considered sufficient. However, an interim review is likely to be beneficial where the Trustee is keen for the hedging strategy to be as close a match to the Plan's profile as possible and the Trustee will consider undertaking an interim review 18 months after each triennial valuation date to reflect changes to the membership data. Updated cashflows are provided to Aberdeen on a half-yearly basis to reflect, at a minimum, changes to market conditions. The Plan's cashflows are provided by the Scheme Actuary.

(ii) Interest Rate Swaps

The objective of the Plan's interest rate swaps is to provide a full hedge (i.e. 100%) against the specified interest rate risk when taken in conjunction with the Bond Portfolio. This risk is measured against the technical provisions basis and in particular, the interest rate swaps are held to:

- provide some protection against the duration mismatch in the Bond Portfolio; and

- provide some broad protection against the interest rate risk for those members not covered by the Bond Portfolio.

(iii) Inflation Swaps

The objective of the Plan's inflation swaps is to provide a full hedge (i.e. 100%) against its inflation risk. The inflation swaps were last implemented around the end of 2012 (although some of the swaps have been closed down since this date) and therefore the Plan essentially locked into inflation expectations at this time. The swaps cover the inflation risk in relation to the expected cashflows for all members (i.e. those covered by the Bond Portfolio and those that are not).

The inflation swaps are designed to match any changes to the expected future benefit cashflows due to changes in actual and future expectations of inflation. Because the swaps are expected to receive investment returns in line with swaps rather than the investment returns in line with the Plan's other assets, an adjustment is required to the Plan's liabilities or "technical provisions". This adjustment ensures that any change in the Plan's technical provisions closely matches the corresponding change in inflation swaps. Further information can be found in the Plan's Statement of Funding Principles.

Limitations of the Hedging Strategy

The Trustee accepts that the hedging strategy is unlikely to match their objectives exactly due to the nature of the approximations and limitations necessary in any modelling. Instead, the hedging strategy has been set up pragmatically, to provide protection against significant market changes and to reduce the funding volatility within the Plan. Further information on the risks of the strategy, together with the Trustee's mitigation arrangements, are set out in the table overleaf.

Hedging component	Target	Key risks	Mitigation undertaken by Trustee
Government and corporate bonds	To match the expected cashflows for the buy and maintain members, whilst also minimising the chance of default and considering options to increase the yield.	One or more of the bonds in the portfolio defaults.	The Trustee has agreed limits with the manager to set guidelines that limit the exposure of the portfolio to individual bonds, depending on their ratings. This is further mitigated by predominantly investing in funds which hold at least investment grade credit rated investments.
		The long term reinvestment assumption[1] is not met in practice.	The reinvestment assumption has been chosen prudently to minimise the risk of this occurring.
		Actual benefit cashflow experience is not in line with expectations (e.g. members live longer than expected).	The Trustee updates the Plan's cashflows every 3 years following an actuarial valuation of the Plan and carries out a review half way between this period, in order that Aberdeen can regularly update the portfolio as required. Furthermore, the cashflows are expected to be provided every half year or year to reflect (at least) changes in market conditions. Differences will always emerge not least due to the fact that the assumptions underlying the cashflows are set prudently.
		The portfolio of fixed cashflows does not provide protection against higher than expected future inflation.	The Trustee also holds inflation swaps (see below) to hedge against this mismatch.
		There is a mismatch between the duration of the portfolio and the duration of the Plan's liabilities.	The Trustee also holds interest rate swaps (see below) to hedge against this mismatch.
Inflation swaps	Aim to hedge 100% of the inflation risk for the Plan's total expected cashflows (risk measured on a cashflow basis)	There are limitations to the modelling and actual inflation experience may differ from expected due to the modelling approximations and the level of expected inflation at each cashflow calculation date.	The modelling is based on prudent actuarial assumptions of future inflation, which cannot be known in advance. The Trustee accepts the residual risk and is comfortable with this. As noted above, the Trustee updates the Plan's cashflows every three years, with a review half way between this period, in order that Aberdeen can update the inflation swap portfolio as required.
		The change in value of the inflation swaps does not match the change in inflation-linked benefits payable due to actual benefit cashflow experience not being in line with expectations (e.g. due to RPI and CPI moving differently, the maximum and minimums applied to increases or membership experience).	
		Failure of the counterparty.	Collateral arrangements are in place to reduce this risk.
Interest rate swaps	When used in conjunction with the corporate bonds, aim to hedge 100% of the specified interest rate risk for the Plan's overall liabilities (risk measured on a technical provisions basis[2]).	Corporate bond yields do not move in line with swap rates.	None - the Trustee accepts this residual risk and is comfortable with this and the approximations made, although as stated above the Trustee reassesses the swaps when updating the cashflows.
		There are limitations in the modelling and in providing a pragmatic solution, in particular there is a remaining "curve risk" (i.e. that interest rates on different parts of the curve change differently).	
		Interest rate movements are different to expected when selecting the interest rate swaps due to the way the discount rates are set under the technical provisions basis[2] or if actual benefit cashflow experience is not in line with expectations.	
		Failure of the counterparty.	Collateral arrangements are in place to reduce this risk.

1. The reinvestment assumption is used in the manager's modelling to allow for the fact that some bonds have shorter durations than the cashflows.
2. As set out in the Plan's Statement of Funding Principles, current at the date of this statement.