

The Dow Services UK Pension Plan

Summary of Investment Arrangements (the “Summary”)

Introduction

The Statement of Investment Principles (the “Statement”) of the Dow Services UK Pension Plan (the “Plan”) sets out the guiding principles upon which the Plan’s investments are based. The purpose of this Summary is to provide details of the specific investments in place and other information relevant to the management of such investments.

Investment policy can be considered in two parts; (1) the strategic management, the setting of which is one of the fundamental responsibilities of the Trustee and (2) the day-to-day management of the assets, which has been delegated to professional investment managers.

This Summary is supplementary to the Statement of Investment Principles and is not a standalone document.

The effective date of this Summary is 1 April 2023.

The Summary is constructed as follows:

Part A – Applies to the Dow Section (Defined Benefit and Defined Contribution)

Part B – Applies to the DCL Section

Part A - Dow Section

Current advisers and investment managers

Scheme Actuary:	Willis Towers Watson Limited ('Towers Watson')
Investment consultants:	AON
DC active managers:	Fidelity, MFS, Aberdeen Asset Management, Alliance Bernstein
DC passive manager:	Legal & General Investment Managers (LGIM)
DB passive managers:	BlackRock
DC cash manager:	Fidelity
DC AVC With Profits manager:	Equitable Life
DB active managers:	Aberdeen Property Investors, Tristan Capital Partners LLP, Global Infrastructure Partners, Warburg Pincus, LGT Capital Partners, Credit Suisse, PIMCO, Royal London, Goldman Sachs (money market), Insight Investment (LDI)
Performance measurer:	Bank of New York Mellon
Solicitors:	Sackers
Auditors:	Deloitte

Custodians

The Dow Section invests via a combination of segregated mandates and a range of pooled funds, each of which has a Custodian appointed by the relevant investment manager. The Dow Section has also appointed Bank of New York Mellon as its own global custodian. The custodians' responsibilities include:

- The safekeeping of all assets of the Dow Section
- Processing the settlement of all transactions
- Providing the Trustee with statements of the assets and the cashflows
- Undertaking all appropriate administration relating to the Dow Section's assets
- Processing all dividends and tax reclaims in a timely manner
- Dealing with corporate actions.

Defined Benefit Assets

Manager Mandates

As at the date of this Summary, the fund managers and their respective objectives were as follows:

Asset Class	Fund Manager	Benchmark Index	Performance Target
Fixed Income			
Liability Driven Investment	Insight Investment	Bespoke liability benchmark	To closely track the performance of the liability benchmark
UK Investment Grade Credit	PIMCO	ICE BofA Merrill Lynch Sterling Non-Gilts Over 10 Years	To outperform the benchmark return by 75 bps to 125 bps p.a. (net of fees) over rolling three year periods.
Cash Plus	Royal London	ICE BofA 1-5 Year Sterling Non-Gilt	To outperform the benchmark by 25bps p.a. (net of fees) over rolling 3-year periods.
Alternatives			
Emerging Market Debt	TCW	JPM GBI-EM Global Diversified	To outperform the benchmark by 150bps net of fees.
Reinsurance	Credit Suisse	1m GBP Libor +4%	To outperform the benchmark.
Global Real Estate – Fund of Funds	Aberdeen Property Investors	FTSE EPRA/NAREIT Developed Index (Unhedged GBP)	To outperform the benchmark.
Global Real Estate	Tristan Capital Partners LLP (EPISO III)	FTSE EPRA/NAREIT Developed Index (Unhedged GBP)	To outperform the benchmark.
Infrastructure	Global Infrastructure Partners	SONIA 1 Month Average – Compounded + 3%	To outperform the benchmark.
Private Equity	Warburg Pincus	MSCI World Small Cap Growth + 3%	To outperform the benchmark.
Private Equity – Fund of Funds	LGT Capital Partners	MSCI World Small Cap Growth +3%	To outperform the benchmark.
Cash			
Money Market	Sterling Govt. Liquid Reserves Fund – Goldman Sachs	N/a*	The Fund seeks to maximise current income while maintaining liquidity and preserving capital.

* This fund differs from the rest of the portfolio in that their objective is to maintain liquidity and preserve capital. As such they do not have set benchmarks against which to perform.

Notes: All benchmarks are unhedged in GBP terms

Reinsurance: life settlements, insurance-linked securities, catastrophe bonds and weather derivatives.

Currency Hedging

There is no formal currency hedging in place outside of the pooled funds in which the Plan invests in.

Liability/Duration Hedging

The target is to hedge 95% of the interest rates and inflation risk of the liabilities using a proxy for the solvency funding basis.

Current Asset Allocation

The long-term target asset allocations and control ranges at the effective date are set out below. The Trustee intends to de-risk the asset allocation further once it has more clarity on its risk settlement strategy,

Asset Class	Strategic Allocation (%)	Tactical Ranges (%)	Benchmark
Fixed Income	95.0	70.0 – 100.0	
Liability Driven Investment	72.5	40.0 – 100.0	Bespoke liability benchmark for the Plan
UK Investment Grade Credit	17.5	7.5 – 27.5	ICE BofA Merrill Lynch Sterling Non-Gilts Over 10 Years
Cash Plus	5.0	0.0 – 20.0	Sonia 1M average +1%
Alternatives	5.0	0.0 – 10.0	
<i>Private Markets</i>	5.0	0.0 – 10.0	FTSE EPRA/NAREIT Developed Index (unhedged GBP)

Notes:

* All benchmarks are unhedged in GBP terms

* Numbers are subject to rounding.

AVC Arrangements – Legacy Dow UK Pension Plan

Members are entitled to pay additional voluntary contributions (AVCs) to enhance their benefits at retirement. The Trustee' policy is that legacy members of Dow UK Pension Plan are offered the same range of funds as the main DC section of the Dow Section of the Dow Services Pension Plan (ie any of the open funds listed in 3.5 to 3.11) in order to give members a diversified choice of suitable investments.

In addition, there are additional funds closed to new AVC payments in which some members still hold assets. Members can choose to switch AVCs between options available to them from time to time, subject to the terms and conditions of each fund.

At retirement, or on earlier death, the accumulated value of a member's AVCs is used to provide additional benefits in accordance with Dow Section rules and Inland Revenue requirements.

The AVC investment options are reviewed on a regular basis, having taken written advice on their continued suitability as required by Section 36 of the Pensions Act 1995 (as amended by Pensions Act 2004).

AVC Arrangements – Legacy Rohm and Haas Retirement Plan – UK (now closed)

Legacy members of the Rohm and Haas Retirement Plan – UK have no current option to invest AVCs. Prior to June 2008 the legacy funds listed below were available:

Global Equity Managed Fund	Aquila HP (60:40) Long Term Fund - Passive BlackRock
Index Linked fund	Active Friends Provident
Cash fund	Active Friends Provident
Deposit fund	Abbey National
Lifestyle option	Friends Provident
Discretionary	Prudential
Global Equity	Prudential
International Equity	Prudential
Fixed Interest	Prudential
Index-Linked	Prudential
Property	Prudential
Cash	Prudential
With Profits	Prudential
Cash	AXA Sun Life
With Profits	AXA Sun Life
Managed	Equitable Life
High Income	Equitable Life
Pelican	Equitable Life
UK FTSE 100	Equitable Life
With Profits	Equitable Life
With Profits	Clerical Medical
Global Equity (70:30)	Legal & General
Deposit	Coventry Building Society

AVC arrangements – Legacy Hyperlast Ltd Retirement Benefits Plan

Legacy members of the Hyperlast Ltd Retirement Benefits Plan are entitled to pay additional voluntary contributions (AVCs) to enhance their benefits at retirement.

Members can invest in a combination of up to 10 funds from the list below or chose one of the lifestyle options. Members can choose to switch AVCs between options available to them from time to time, subject to the terms and conditions of each fund.

Prudential Cash Fund	Prudential
Prudential Deposit Fund	Prudential
Prudential Fixed Interest Fund	Prudential
Prudential Index-Linked Fund	Prudential
Prudential Retirement Protection Fund	Prudential
Prudential Pre-Retirement Fund	Prudential
Prudential With-Profits Fund	Prudential
Prudential Corporate Bond Fund	Prudential
Prudential Discretionary Fund	Prudential
Prudential Property Fund	Prudential
Prudential Global Equity Fund	Prudential
Prudential Long Term Growth Fund	Prudential
Prudential International Equity Fund	Prudential
Prudential Overseas Equity Passive Fund	Prudential
Prudential Equity Fund	Prudential
Prudential UK Equity Passive Fund	Prudential
Prudential UK Specialist Equity Fund	Prudential
Prudential Socially Responsible Fund	Prudential
Lifestyle option 6	Prudential
Lifestyle option 8	Prudential
Lifestyle option 10	Prudential

Defined Contribution Assets

Manager Mandates

As at the date of this document, the fund managers and their respective objectives were as follows:

Fund	Fund Manager	Benchmark Index	Objective
With Profits Fund	Equitable Life (Closed to future contributions)	N/a	To provide stable returns over the long term. The Trustee recognise the difficulty in making comparisons of with profits policies and the limited data available but will nevertheless endeavour to monitor the performance of the manager.
Cash Pensions Fund	Fidelity Investment International	N/a	Maintain capital value whilst producing income. The manager's policy is to invest in money market instruments, other short term investments and transferable securities. The fund may invest in derivatives for the purpose of efficient portfolio management, although is unlikely to do so.
Pension Annuity Fund	Fidelity Investment International	100% FTSE A UK Gilts Over 15 Year – Total Return.	(a) Achieve both capital growth and income. At least half of the portfolio will be invested in UK and overseas gilts and other fixed interest securities with a remaining maturity of at least 15 years. The fund may also invest in other UK and overseas gilts and fixed interest securities. Derivatives may also be used for efficient portfolio management purposes. (b) Outperform the benchmark by 0.5% per annum with a tracking error of 1% to 2%.
Balanced Index Fund	Legal & General	-40% FTSE All Share Index -11% FTSE AW Developed Europe Ex UK -9% FTSE W North America -4% FTSE AW Developed Asia Pacific ex Japan -4% FTSE Japan -2% IFC Emerging Markets Investable -20% FTSE A UK Index Linked Gilts All Stocks -10% CAPS Property Index	Achieve long term capital appreciation through investment in a range of asset classes in the UK and overseas including equities, bonds and property. The fund aims to deliver returns broadly in line with those of the benchmark indices.

Fund	Fund Manager	Benchmark Index	Objective
Balanced Fund	Fidelity Investment International	100% CAPS Balanced Median (net of management fees)	(a) The fund aims for long-term capital growth by investing in a balanced portfolio consisting primarily of UK and overseas equities and fixed interest securities. The fund achieves this by investing into underlying funds managed by Fidelity. (b) Outperform the benchmark by 1% per annum over a 3 year period with a tracking error of 2% to 6%.
Growth Index Fund	Legal and General	-60% FTSE All Share Index -16% FTSE AW Developed Europe Ex UK -12% FTSE W North America -5% FTSE AW Developed Asia Pacific ex Japan -5% FTSE Japan -2% IFC Emerging Markets Investable	The fund aims to achieve long term capital appreciation through investment primarily in the shares of companies around the world. The fund aims to deliver returns broadly in line with those of the benchmark indices.
Global Growth Fund	MFS	MSCI World Index	To outperform the benchmark return by 200 bps, annualized, gross of fees over a full market cycle. Expected ex ante tracking error range at 3% to 8%.
Global Growth Fund (UK Focus)	Aberdeen Asset Management	-70% FTSE All Share Index -10.5% FTSE AW Developed Europe Ex UK -10.5% FTSE W North America -3% FTSE AW Developed Asia Pacific ex Japan -6% FTSE Japan	(a) To outperform the Benchmark by 3% pa over rolling five-year periods (b) To target a tracking error of 6.0% within the range of 3%-9%.

Fund	Fund Manager	Benchmark Index	Objective			
Target Date Funds (listed below):	Alliance Bernstein	Underlying benchmarks used for each component:	A benchmark containing a strategic mix of equities and bonds across the target date fund range has been implemented. The benchmark is constructed as such:			
<i>DOW UK AB TDF 2014-2016</i>		<i>Equities – MSCI World Index</i>	Years to target	Equities	Bonds	Cash
<i>DOW UK AB TDF 2017-2019</i>		<i>(half hedged to GBP, net total</i>	date:	(%)	(%)	(%)
<i>DOW UK AB TDF 2020-2022</i>		<i>return)</i>	25+	81.0	13.0	6.0
<i>DOW UK AB TDF 2023-2025</i>		<i>Bonds – 50% FTSE All Stocks</i>	20	73.0	19.0	8.0
<i>DOW UK AB TDF 2026-2028</i>		<i>Gilts/ 50% FTSE All Stocks</i>	15	62.5	27.5	20.0
<i>DOW UK AB TDF 2029-2031</i>		<i>Index Linked Gilts</i>	10	51.0	39.0	10.0
<i>DOW UK AB TDF 2032-2034</i>		<i>Cash – UK 3m LIBOR</i>	5	34.0	51.0	15.0
<i>DOW UK AB TDF 2035-2037</i>			0	20.0	40.5	39.5
<i>DOW UK AB TDF 2038-2040</i>			+5	18.0	35.0	47.0
<i>DOW UK AB TDF 2041-2043</i>			+10	16.0	29.0	55.0
<i>DOW UK AB TDF 2044-2046</i>						
<i>DOW UK AB TDF 2047-2049</i>						
<i>DOW UK AB TDF 2050-2052</i>						
<i>DOW UK AB TDF 2053-2055</i>						
<i>DOW UK AB TDF 2056-2058</i>						
<i>DOW UK AB TDF 2059-2061</i>						

Manager Fees

Investment Manager fees for the Plan are on an ad valorem basis. The Trustee believes that it is not in the commercial interests of the Fund to disclose a detailed schedule of Investment Manager fees.

Part B - DCL Section

Current advisers, insurers and investment managers

Scheme Actuary:	Willis Towers Watson (WTW)
Investment Consultants:	Aon
Solicitors:	Sackers
Auditors:	Deloitte
Risk Settlement Consultants	Willis Towers Watson (WTW)
Bulk Annuity Provider:	Rothesay Life ("Rothesay")
Active Managers	Royal London Asset Management (Royal London), Securis*

*Full disinvestment has been instructed from Securis mandate

Manager Mandates

As at the date of this document, the primary asset for the DCL Section is a Bulk Purchase Annuity Agreement with Rothesay covering all member liabilities which was secured in December 2021.

Residual assets are held in the Royal London Short Term Fixed Income Fund.

In addition, the Trustee is anticipating cash in settlement of redemption proceeds from assets with Securis (Insurance Linked Securities). The Trustee is expecting to receive the cash throughout 2023.

Asset Class	Fund and Fund Manager	Benchmark Index
Insurance Linked Securities	Non-Life Fund – Securis Investment Partners	n/a
Annuity Policy	Buk Purchase Annuity Policy – Rothesay Life PLC	n/a
Cash Plus	Short Term Fixed Income Fund – Royal London	SONIA

* The Trustee has submitted a 100% redemption from the Securis Non-Life Fund. The residual cash from this investment is expected to be distributed over 2023

Manager Fees

The Plan has instructed full redemption from Securis in December 2021, and as such, does not expect to pay any further fees. There are no fees above the premium payment associated with the management of the Bulk Annuity Policy with Rothesay. Residual cash assets are held with Royal London, and the fees are as follows:

Manager	Fund	Annual Management Fee (p.a.)
Royal London	Short Term Fixed Income Fund	0.15%