

# STATEMENT OF INVESTMENT PRINCIPLES: APPENDIX – SEPTEMBER 2021

## ROLLS-ROYCE RETIREMENT SAVINGS TRUST

### 1. Introduction

This Appendix to the Statement of Investment Principles (“SIP”) has been prepared by the Trustee of the Rolls-Royce Retirement Savings Trust (the “Trust”) and sets out the detail of the Trust’s investment arrangements, based on the principles documented in the Statement of Investment Principles (the “Statement”).

### 2. Fund Range

2.1 The Trustee has selected the Provider to manage and administer the Trust’s assets on its behalf.

2.2 The fund benchmark and performance objectives of the current fund range are set out below:

<b>Fund</b>	<b>Mandate Benchmark</b>	<b>Performance Objectives</b>	<b>Fund Type</b>	<b>Risk Rating</b>
Aviva Pension MyM BlackRock (10:80:10) Currency Hedged Global Equity	10% FTSE All Share, 80% Developed Overseas Equities (Hedged to Sterling), 10% MSCI Emerging Markets Index	To provide returns consistent with the markets in which it invests. This includes the performance of developed overseas equity markets in local terms (i.e. without the impact of changes in Sterling exchange rates)	Growth	Medium to Higher
Aviva Pension MyM BlackRock UK Equity Index	FTSE All-Share Index	To match benchmark performance.	Growth	Medium to Higher
Aviva Pension MyM BlackRock European Equity Index	FTSE Developed Europe ex UK Index	To match benchmark performance.	Growth	Highest
Aviva Pension MyM BlackRock Japanese Equity Index	FTSE All-World Japan Index	To match benchmark performance.	Growth	High

<b>Fund</b>	<b>Mandate Benchmark</b>	<b>Performance Objectives</b>	<b>Fund Type</b>	<b>Risk Rating</b>
Aviva Pension MyM BlackRock Pacific Rim Equity Index	FTSE Developed Asia Pacific ex Japan Index	To match benchmark performance.	Growth	High
Aviva Pension MyM BlackRock US Equity Index	FTSE All-World USA Index	To match benchmark performance.	Growth	Medium to Higher
Aviva Pension MyM BlackRock Emerging Markets Equity Index	MSCI Emerging Market Index	To match benchmark performance.	Growth	Highest
Aviva Pension MyM Blended Diversified Growth (50:50 ASI GARS /Insight BOF)	50% 6 Month LIBOR, 50% 3 Month GBP LIBID	To provide an absolute return, in excess of that available from an investment in cash, over the long term by investing in a broad range of traditional and alternative asset classes. The fund aims to achieve long-term investment growth, with less risk than is associated with equity funds.	Growth	Medium
Aviva Pension MyM Legal & General Diversified*	FTSE Developed TR in GB 50%, FTSE Developed Hedged GBP TR in GB 50%	To provide long-term investment growth through exposure to a diversified range of asset classes.	Growth	Medium
Aviva Pension MyM HSBC Islamic Global Equity Index	Dow Jones Titans 100 Index	To match benchmark performance.	Growth	Medium to Higher
Aviva Pension MyM Legal & General Ethical Global Equity Index	FTSE4Good Global Equity Index	To match benchmark performance.	Growth	Medium to Higher

<b>Fund</b>	<b>Mandate Benchmark</b>	<b>Performance Objectives</b>	<b>Fund Type</b>	<b>Risk Rating</b>
Aviva Pension MyM Legal & General Future World Fund	FTSE All-World ex CW Climate Balanced Factor index	To match benchmark performance.	Growth	Medium to Higher
Aviva Pension MyM BlackRock Over 5 Year Index-Linked Gilt Index	FTSE UK Index-Linked Gilts Over 5 Years Index	To match benchmark performance.	Defensive	Lower to Medium
Aviva Pension MyM BlackRock Corporate Bond All Stocks Index	iBoxx £ Non-Gilts Index	To match benchmark performance.	Defensive	Lower to Medium
Aviva Pension MyM Legal & General (PMC) Pre-Retirement	The benchmark asset allocation for the fund is a composite of gilts and corporate bond funds.	To provide diversified exposure to fixed income assets, reflecting the investments underlying a typical traditional level annuity product.	Defensive	Lower to Medium
Aviva Pension MyM BlackRock Institutional Sterling Liquidity	7 Day GBP LIBID	To maximise the income generated on an investment consistent with maintaining capital and ensuring its underlying assets can easily be bought or sold in the market in normal market conditions.	Defensive	Lowest
Aviva Pension MyM Legal & General (PMC) Retirement Income Multi- Asset (RIMA)	Bank of England base rate + 3.5% TR in GBP	To provide long-term investment growth up to and during retirement, and to facilitate the drawdown of retirement income. To maintain a risk level of less than half of the volatility of a global developed equity portfolio, over the long term.	Defensive	Medium
Aviva Pension MyM BlackRock Over 15 Year Gilt Index Fund	FTSE UK Gilts Over 15 Years	To match benchmark performance.	Defensive	Lower to Medium

### 3. Lifestyle Investment Strategies

3.1 The switching periods for the lifestyle strategies available to members are outlined in the tables that follow:

#### 3.1.1 Drawdown Lifestyle (default for 2008, Energy and Standard and AVC members)

Years to Retirement Date	Aviva Pension MyM Diversified Growth (50:50 ASI GARS /Insight BOF)	Aviva Pension MyM Legal & General Diversified	Aviva Pension MyM Legal & General (PMC) Retirement Income Multi-Asset	Aviva Pension MyM BlackRock (10:80:10) Currency Hedged Global Eq (Aq C)	Aviva Pension MyM BlackRock Institutional Sterling Liquidity
Over 30	0.00	0.00	0.00	100.00	0.00
30 – 20*	0.00 - 33.30	0.00 - 33.40	0.00	100.00 - 33.30	0.00
20 - 10	33.30	33.40	0.00	33.30	0.00
9	30.83	30.84	7.50	30.83	0.00
8	28.33	28.34	15.00	28.33	0.00
7	25.83	25.84	22.50	25.83	0.00
6	23.33	23.34	30.00	23.33	0.00
5	20.49	20.49	37.50	21.52	0.00
4	16.39	16.39	45.00	17.22	5.00
3	12.29	12.29	52.50	12.92	10.00
2	8.19	8.19	60.00	8.62	15.00
1	4.09	4.09	67.50	4.32	20.00
0	0.00	0.00	75.00	0.00	25.00

\*De-risks linearly to this allocation over 10 years.

This lifestyle strategy may be suitable for members who are prepared to take higher risk in the growth phase (with the aim of higher return) and who are considering taking benefits through income drawdown at retirement.

### 3.1.2 Cash Lifestyle (default for Top Up members)

Years to Retirement Date	Aviva Pension MyM Diversified Growth (50:50 ASI GARS /Insight BOF)	Aviva Pension MyM Legal & General Diversified	Aviva Pension MyM BlackRock (10:80:10) Currency Hedged Global Eq (Aq C)	Aviva Pension MyM BlackRock Institutional Sterling Liquidity
Over 30	0.00	0.00	100.00	0.00
30 – 20*	0.00 - 33.30	0.00 – 33.40	100.00 – 33.30	0.00
20 - 10	33.30	33.40	33.30	0.00
9	33.30	33.40	28.30	5.00
8	33.30	33.40	23.30	10.00
7	33.30	33.40	18.30	15.00
6	33.30	33.40	13.30	20.00
5	33.30	33.40	8.30	25.00
4	30.00	30.00	0.00	40.00
3	22.50	22.50	0.00	55.00
2	15.00	15.00	0.00	70.00
1	7.50	7.50	0.00	85.00
0	0.0	0.0	0.0	100.0

*\*De-risks linearly to this allocation over 10 years.*

This lifestyle strategy may be suitable for members who are considering the full value of their retirement savings as a cash lump sum (25% tax free, 75% taxable) at or near retirement.

### 3.1.3 Annuity Lifestyle

Years to Retirement Date	Aviva Pension MyM Diversified Growth (50:50 ASI GARS /Insight BOF)	Aviva Pension MyM Legal & General Diversified	Aviva Pension MyM BlackRock (10:80:10) Currency Hedged Global Eq (Aq C)	Aviva Pension MyM Legal & General (PMC) Pre-Retirement	Aviva Pension MyM BlackRock Institutional Sterling Liquidity
Over 30	0.00	0.00	100.00	0.00	0.00
30 – 20*	0.00 - 33.30	0.00 – 33.40	100.00 - 33.30	0.00	0.00
20 - 10	33.30	33.40	33.30	0.00	0.00
9	33.30	33.40	23.30	10.00	0.00
8	33.30	33.40	13.30	20.00	0.00
7	33.30	33.40	3.30	30.00	0.00
6	30.00	30.00	0.00	40.00	0.00
5	25.00	25.00	0.00	50.00	0.00
4	20.00	20.00	0.00	60.00	0.00
3	15.00	15.00	0.00	70.00	0.00
2	10.00	10.00	0.00	75.00	5.00
1	5.00	5.00	0.00	75.00	15.00
0	0.00	0.00	0.00	75.00	25.00

\*De-risks linearly to this allocation over 10 years.

This lifestyle strategy may be suitable for members who are considering taking a level or fixed increasing annuity in retirement.

### 3.2 Interim Lifestyle (default for all members who were invested in the Medium Risk Lifestyles between 39 and 20 years to retirement in February 2019)

This lifestyle strategy was used to phase members to the new lifestyle growth phase allocation. It applied to all members in the Medium Risk Lifestyles between 39 and 20 years to retirement, unless they chose differently.

The interim lifestyle strategy contains a transition portfolio that gradually increases its equity allocation over the three years so that members reach the desired new strategy allocation by the start of the fourth year.

Years to Retirement Date	Aviva Pension MyM Diversified Growth (50:50 ASI GARS /Insight BOF)	Aviva Pension MyM Legal & General Diversified	Aviva Pension MyM BlackRock (10:80:10) Currency Hedged Global Eq (Aq C)	Transition Portfolio (changing allocation over three years)*
Over 40	0.00	0.00	100.00	0.00
39	0.00	0.00	90.00	10.00
38	0.00	0.00	87.00	13.00
37	0.00	0.00	84.00	16.00
36	0.00	0.00	80.00	20.00
35	0.00	0.00	75.00	25.00
34	0.00	0.00	70.00	30.00
33	0.00	0.00	65.00	35.00
32	0.00	0.00	60.00	40.00
31	0.00	0.00	55.00	45.00
30	0.00	0.00	50.00	50.00
29	3.30	3.30	48.30	45.00

Years to Retirement Date	Aviva Pension MyM Diversified Growth (50:50 ASI GARS /Insight BOF)	Aviva Pension MyM Legal & General Diversified	Aviva Pension MyM BlackRock (10:80:10) Currency Hedged Global Eq (Aq C)	Transition Portfolio (changing allocation over three years)*
28	6.70	6.70	46.60	40.00
27	10.00	10.00	45.00	35.00
26	13.30	13.30	43.40	30.00
25	16.70	16.70	41.60	25.00
24	20.00	20.00	40.00	20.00
23	23.30	23.30	38.40	15.00
22	26.60	26.60	36.80	10.00
21	30.00	30.00	35.00	5.00
20	33.30	33.40	33.30	0.00

**\*Transition portfolio allocation over three years**

	T	T+365	T+730	T+1095
Equity	0%	33.3%	66.7%	100%
LG DF	0%	0%	0%	0%
Blended DGF	100%	67.7%	33.3%	0%



#### 4. Legacy Lifestyle Strategies

There are six legacy lifestyle strategies, which are closed to new members. These lifestyle strategies are a Higher and Medium Risk version of each targeted retirement outcomes; purchasing an annuity, cash lump sum and accessing income drawdown. The Higher and Medium Risk versions have different growth phases over 20 years to retirement. Members who were within two years from their selected retirement dates during the investment strategy changes carried out in January 2019, remained in the legacy lifestyle strategies unless they chose otherwise.

#### 5. Fees

Fund Option	Fee (% p.a.)
Aviva Pension MyM BlackRock (10:80:10) Currency Hedged Global Equity (Aquila C)	0.25
Aviva Pension MyM BlackRock UK Equity Index (Aquila C)	0.17
Aviva Pension MyM BlackRock European Equity Index	0.18
Aviva Pension MyM BlackRock Japanese Equity Index	0.18
Aviva Pension MyM BlackRock Pacific Rim Equity Index	0.18
Aviva Pension MyM BlackRock US Equity Index	0.17
Aviva Pension MyM BlackRock Emerging Markets Equity Index	0.40
Aviva Pension MyM Diversified Growth (50:50 ASI GARS /Insight BOF)	0.78
Aviva Pension MyM Legal & General Diversified	0.34
Aviva Pension MyM HSBC Islamic Global Equity Index	0.46
Aviva Pension MyM Legal & General Ethical Global Equity Index	0.31
Aviva Pension MyM Legal & General Future World Fund	0.44
Aviva Pension MyM BlackRock Over 5 Year Index-Linked Gilt Index (Aquila C)	0.16
Aviva Pension MyM BlackRock Corporate Bond All Stocks Index	0.16
Aviva Pension MyM Legal & General (PMC) Pre-Retirement	0.23
Aviva Pension MyM BlackRock Institutional Sterling Liquidity	0.16
Aviva Pension MyM Legal & General (PMC) Retirement Income Multi-Asset	0.44
Aviva Pension MyM BlackRock Over 15 Year Gilt Index	0.16

*As at 30 June 2021. ASI GARS AMC was reduced on 26 October 2018 to 0.45% p.a. subject to increase each calendar year based upon 3-year annualised gross outperformance above cash + 2%.*

**6. Investment Restrictions**

- 6.1** The Trustee acknowledges that they have no ability to restrict the holdings within the underlying funds. The Trustee has considered the investment restrictions attaching to the pooled funds prior to investing in the pooled funds and is comfortable with these.
- 6.2** The governing documents of the pooled funds contain the restrictions under which the investment managers operate.