1 Background

Purpose of Statement	This Statement sets out the principles governing decisions relating to the investment of the assets of the Exeter and Devon Airport Limited 1991 Pension Scheme (the Scheme).
Nature of Scheme	The Scheme is a defined benefit arrangement set up under trust and registered with HM Revenue and Customs (HMRC).
Compliance with Legislation	The Statement has been prepared to comply with Section 35 of the Pensions Act 1995, Section 244 of the Pensions Act 2004 and the Occupational Pension Scheme (Investment) Regulations 2005, the Pension Protection Fund (Pensionable Service) and Occupational Pension Scheme (Investment and Disclosure) (Amendment and Modification) Regulations 2018, and the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.
Availability to Members	A copy of this Statement will be made available to Scheme members on request to the Trustee of the Scheme. A copy of the SIP is also made available to members via a publicly accessible website.
Investment Advice	The Trustee has obtained and considered professional advice on the content of this Statement from Broadstone Corporate Benefits Limited (Broadstone), its appointed investment advisor. Broadstone is authorised and regulated by the Financial Conduct Authority. Broadstone has confirmed to the Trustee that it has the appropriate knowledge and experience to give the advice required under legislation. The Trustee will obtain such advice as it considers appropriate and necessary whenever it intends to review or revise this Statement.
Consultation with the Principal Employer	The Trustee has consulted the Principal Employer, Exeter and Devon Airport Limited, when setting its investment objectives and strategy, and in the preparation of this Statement. Responsibility for maintaining the Statement and determining the Scheme's investment strategy rests solely with the Trustee.
Investment Powers	The Trustee's investment powers and restrictions are set out in Rule 4.6 of the Supplemental Deed effective 5 April 2011, as specifically amended by the Deed of Amendment dated 28 November 2011. The powers granted to the Trustee under this Rule are wide and this Statement is consistent with those powers.

2 Investment Objectives

Strength of Employer Covenant

The Trustee has considered the strength of the Principal Employer's willingness and ability to support the Scheme when setting the investment objectives and strategy. The Trustee has determined that it is reasonable to take a long-term view in determining its investment objectives and strategy.

Key Funding Measure

The Scheme is subject to the Statutory Funding Objective (SFO) introduced by the Pensions Act 2004, i.e. that it should have sufficient and appropriate assets to cover its Technical Provisions, as calculated in accordance with the Trustee's Statement of Funding Principles.

The Trustee has agreed that the funding position measured under the SFO is the assessment of scheme funding that is of most importance to the Trustee, the Principal Employer and members when setting the investment objectives and strategy, as it determines the Scheme's funding requirements and members' long-term benefit security. However, the Trustee will also have regard to the Scheme's funding position under a low risk, Long Term Funding Objective (LTFO) funding basis, in accordance with its investment objectives. The LTFO can also be referred to as 'self-sufficiency'.

Investment Objectives

The Trustee's investment objectives are as follows:

- To ensure that the assets are of a nature to enable the Trustee to meet the Scheme's benefits as they fall due.
- To invest the Scheme's assets in an appropriately diverse and liquid range of investments.
- To invest in a way that is consistent with the Scheme's funding objectives, i.e. to invest so that the investment return assumptions used to determine the Trustee's funding plan have a reasonable chance of being achieved in practice.
- To gradually reduce the exposure to equity-like risk within the growth holdings, in accordance with the de-risking plan that the Trustee is considering. The intention of the de-risking plan is to protect improvements in the Scheme's funding level (as and when the funding position is ahead of target) and to achieve full funding on a low risk, LTFO funding basis, over a medium to long term time period.
- To target a level of hedging of around 100% of the risk to funding associated with the impact of changes in long-term interest rates and future inflation expectations on the Scheme's funded liabilities (i.e. up to the value of the Scheme's assets) on the LTFO funding basis.
- Where future opportunities arise to reduce expected volatility in the funding position without adversely affecting the funding plan, the Trustee will consider actions to achieve this aim.

Paying Regard to the Principal Employer's Views	The Trustee will have regard to the Principal Employer's views on the potential costs and risks associated with the investment objectives set and their implementation through the practical strategy.

3 Principles for Setting the Investment Strategy

Selection of Investments

The Trustee may select investments from a wide range of asset classes from time to time, including, but not restricted to, UK equities, overseas equities, government bonds, corporate bonds, commercial property and alternative asset classes, such as hedge funds, private equity and infrastructure.

The investments selected will generally be traded on regulated markets and, where this is not the case, any such investments will be kept to a prudent level.

The Trustee may invest in products that use derivatives where this is for the purpose of risk management or to improve the efficiency of the management of the Scheme's investments.

The Trustee may hold insurance policies such as deferred or immediate annuities which provide income to the Scheme, matching part or all of the future liabilities due from it.

The Trustee may hold a working cash balance for the purpose of meeting benefit payments due to members and the expenses of running the Scheme.

Balance of Investments

The Trustee will set a Target Asset Allocation from time to time, determined with the intention of meeting its investment objectives.

The Target Asset Allocation will be set taking account of the characteristics of different asset classes available and will be reviewed in light of any changes to the Trustee's view of the Principal Employer's covenant, the nature of the Scheme's liabilities or relevant regulations governing pension scheme investment.

The Trustee has agreed the range of funds to be used in the investment strategy, taking into account the maturity of the Scheme's liabilities, and to ensure the range is sufficiently robust to allow easy adjustment between the funds as the Trustee's risk appetite changes and the Scheme matures.

Delegation to Investment Managers

The Trustee will delegate the day-to-day management of the Scheme's assets to professional investment managers and will not be involved in the buying or selling of investments.

Realising Investments

The Trustee makes disinvestments from the Investment Managers with the assistance of its administrators, Mercer, as necessary, to meet the Scheme's cashflow requirements.

4 Setting the Strategy

Target Asset Allocation

The Target Asset Allocation for the Scheme's assets is as follows:

Asset Class	Target Asset Allocation
Growth	
Global equities	15.0%
Multi-asset	20.0%
Multi-asset income	20.0%
Protection	
Absolute return bonds	3.0%
Liability Driven Investment (LDI) funds	42.0%
Total	**100.0%**

The initial balance of assets between asset classes and the allocation within both the growth assets and protection assets will vary with market conditions and will be maintained to target specific hedging levels against changes in long-term interest rates and inflation expectations.

The balance between the growth assets and the balance within protection assets will also vary over time, in accordance with the Trustee's de-risking plan.

Investment Managers

The Trustee entered into contracts with Legal & General Investment Management (LGIM) in May 2015 and Aegon Asset Management (Aegon; formerly known as Kames Capital) in April 2019. LGIM and Aegon undertake the day-to-day investment management of the Scheme's assets.

The Investment Managers are authorised and regulated by the Financial Conduct Authority (FCA) under the Financial Services and Markets Act 2000.

Strategies Used

The Trustee uses the following funds operated by the Investment Managers, which are given together with their target allocation within the overall strategy.

Fund	Target Asset Allocation
Growth	
Global equities	
LGIM Global Equity Fixed Weights (50:50) Index Fund – GBP Hedged	15.0%
Multi-asset	
LGIM Dynamic Diversified Fund	20.0%
Multi-asset income	
Aegon Diversified Monthly Income Fund	20.0%
Protection	
Absolute return bonds	
LGIM Absolute Return Bond Fund	3.0%
LDI funds	
LGIM Matching Core Funds	42.0%
Total	**100.0%**

Initial Target Hedging Ratios

The initial target hedging ratios against the interest rate risk and inflation risk associated with the Scheme's funded liabilities on a low-risk, LTFO basis, are summarised below:

	Target Hedging Ratio
Long-term interest rates	100%
Long-term inflation expectations	100%

Maintaining the Asset Allocation and Target Hedging Ratios

The Trustee has responsibility for maintaining the overall balance of the asset allocation relative to the Target Asset Allocation and Target Hedging Ratios.

The Trustee will regularly review the balance of the Scheme's investment holdings to maintain the allocation and hedging levels within a reasonable range of the respective targets in conjunction with its adviser, Broadstone, and will make any necessary transfers, taking account of the reasons for and extent of any deviation, together with the costs associated with rebalancing the portfolio.

De-risking Plan

The Trustee is considering putting a de-risking plan in place intended to reduce risk to the Scheme's funding position over time. Under the plan, the Trustee will consider increasing the target hedging levels and/or reducing growth asset risk inherent in the investment strategy depending on pre-agreed improvements in the Scheme's funding position. The details and practicalities of the de-risking plan will be reviewed by the Trustee from time to time, as circumstances require, and are set out in a separate document.

Performance Benchmarks and Objectives

The equity fund is an index-tracking fund, meaning that its objective is to track the total return on a specified market index within an agreed margin over a specified timescale. The benchmark and tracking criterion for this fund is given below:

Strategy	Benchmark	Investment Objective
LGIM Global Equity Fixed Weights (50:50) Index Fund – GBP Hedged	Composite index of 50% UK equities, 50% overseas equities – Sterling hedged	To capture the Sterling total returns of the UK and overseas equity markets, as represented by the FTSE All-Share Index in the UK and appropriate sub-divisions of the FTSE World Index for overseas, while minimising foreign currency exposure. A 50:50 distribution between UK and overseas assets is maintained with the overseas distribution held in fixed weights in Europe (ex-UK) 17.5%, North America 17.5%, Japan 8.75%, and Asia Pacific (ex-Japan) 6.25%

The multi-asset income, multi-asset and absolute return bond funds are actively managed and their respective objectives are summarised below:

Fund	Investment Objective
Aegon Diversified Monthly Income Fund	To provide an income yield of 5% per annum, and to provide a total return of 7%-8% per annum (net of fees), with between one half and two thirds of the volatility associated with global equity markets
LGIM Dynamic Diversified Fund	To exceed the Bank of England Base Rate by 4.5% p.a. (gross of fees) over the course of an investment cycle with lower levels of volatility compared to equity markets
LGIM Absolute Return Bond Fund	To outperform the Bank of America Merrill Lynch 3-month Sterling Deposit Offered Rate Constant Maturities Index by 1.5% p.a. (gross of fees), over rolling three year periods

The LGIM Matching Core Funds have an objective to provide a prescribed level of hedging against changes in the value of liabilities for a typical defined benefit pension scheme caused by interest rate and inflation risks. The practical method of implementing this level of hedging is delegated to LGIM, with the expectation that LGIM will choose the most cost-effective method.

Investment Management Charges

The annual management charges for each of the funds used, based on the assets under management at the date of this Statement, are given below:

Fund	Annual Management Charge
LGIM Global Equity Fixed Weights (50:50) Index Fund – GBP Hedged	0.178% p.a.
Aegon Diversified Monthly Income Fund	0.450% p.a.*
LGIM Dynamic Diversified Fund	0.380% p.a.**
LGIM Absolute Return Bond Fund	0.250% p.a.
LGIM Matching Core Funds	0.240% p.a.

* Discounted from 0.50% p.a.

**Discounted from the standard charge of 0.50% p.a. until further notice.

In addition, LGIM make a flat administration charge of £1,500 per annum.

Employer Related Investment

Neither the Trustee nor the Investment Managers directly hold any employer related investments.

Additional Voluntary Contributions (AVCs)

There are no longer any invested AVC assets within the Scheme. A small amount of AVC assets are currently held as cash in the Scheme bank account pending onward payment.

5 Expected Returns and Risks

Overall Return Target

The Trustee's overall return target is for the Scheme's assets to produce a return in excess of the growth in the value of its liabilities calculated under the low-risk, LTFO funding basis, and to continue to support the valuation of liabilities under the SFO.

The Trustee expects the assets to produce an investment return such that there is a reasonable likelihood of the Scheme becoming fully funded on the LTFO basis over the medium to longer term.

Expected Returns

The Trustee's expectations are to achieve the following rates of return from the asset classes they make use of:

Asset class	Expected return
Global equities	In excess of UK price inflation, as measured by the Retail Prices Index, and in excess of the yield currently available on long-dated gilts.
Multi-asset/multi-asset income funds	Comparable with the return from global equities over an economic cycle of five to seven years, with significantly reduced volatility.
Absolute return bonds	In excess of the return expected on cash, using a diversified range of fixed income investments, with low levels of volatility.
Liability Driven Investment (LDI) funds	In line with the sensitivity of the Scheme's liabilities to changes in interest rates and inflation expectations, allowing for the target levels of hedging specified by the Trustee from time to time.

Consideration of Risks

The Trustee has considered various risks the Scheme faces, including market risk, interest rate risk, inflation risk, default risk, concentration risk, manager risk and currency risk, and considers that the Target Asset Allocation strikes a reasonable balance between risk mitigation and seeking an appropriate level of return, taking account of the strength of the Principal Employer's covenant and the long-term nature of the Scheme.

Risk Relative to the Value of the Plan's Key Funding Measure

The Target Asset Allocation has been determined with due regard to the characteristics of the Scheme's liabilities on a LTFO funding basis.

The calculation of the Scheme's liabilities uses assumptions for future investment returns and price inflation expectations that are based upon market values of financial securities such as fixed interest and index-linked government bonds. This means that the LTFO liabilities are sensitive to changes in the price of these assets as market conditions vary, and can have a volatile value.

The Trustee accepts that its investment strategy may result in volatility in the Scheme's funding position. Furthermore, the Trustee also accepts that there is a risk that the assets will not achieve the rates of investment return assumed in the calculation of the Scheme's LTFO liabilities.

Concentration of Risk and Diversification	To reduce the risk of concentration within the portfolio, the Trustee will monitor the overall mix of asset classes and stocks in the investment strategy with its investment adviser, Broadstone. The Trustee invests in a wide range of asset classes through the funds and strategies it uses and considers the Scheme's strategy to be well diversified.
Manager Controls and Custodians	The day-to-day activities that the Investment Managers carry out for the Trustee are subject to regular internal reviews and external audits by independent auditors to ensure that operating procedures and risk controls remain appropriate. Safe-keeping of the Scheme's assets held with the Investment Managers is performed by custodians appointed by the Investment Managers.
Manager Security	The Trustee has considered the security of the Scheme's holdings with the Investment Managers, allowing for their status as reputable regulated firms, and considers the associated protection offered to be reasonable and appropriate.
Monitoring and Management of Risks	The Trustee will monitor the investment and funding risks faced by the Scheme with the assistance of its investment advisers and the Scheme Actuary at least every three years. The Trustee will consider the appropriateness of implementing additional risk mitigation strategies as part of such reviews. In addition, the Trustee will review wider operational risks as part of maintaining its risk register.

6 Responsible Investing, Governance and Engagement

Considerations Related to Environmental, Social and Governance Considerations

The Trustee recognises that Environmental, Social and Governance (ESG) issues can and will have a material impact on the companies, governments and other organisations that issue or otherwise support the assets in which the Scheme invests. In turn, ESG issues can be expected to have a material financial impact on the returns provided by those assets. The Trustee delegates responsibility for day-to-day decisions on the selection of investments to the Investment Managers. The Trustee has an expectation that the Investment Managers will consider ESG issues in selecting investments, or will otherwise engage with the issuers of the Scheme's underlying holdings on such matters in a way that is expected to improve the long-term return on the associated assets.

The Trustee does not currently impose any specific restrictions on the Investment Managers with regard to ESG issues, but will review this position from time to time. The Trustee receives information from the Investment Managers on their approach to selecting investments and engaging with issuers with reference to ESG issues.

With regard to the specific risk to the performance of the Scheme's investments associated with the impact of climate change, the Trustee takes the view that this falls within its general approach to ESG issues. The Trustee regards the potential impact of climate change on the Scheme's assets as a longer term risk and likely to be less material in the context of the short to medium term development of the Scheme's funding position than other risks. The Trustee will continue to monitor market developments in this area with its investment adviser.

Views of Members and Beneficiaries

The Scheme is comprised of a diverse membership, expected to hold a broad range of views on ethical, political, social, environmental, and quality of life issues. The Trustee therefore does not explicitly seek to reflect any specific views through the implementation of the investment strategy.

Engagement and Voting Rights

The Trustee's voting and engagement policy is to use its investments to improve the Environmental, Social and Governance behaviours of the underlying investee companies. These ESG topics encompass a range of priorities, which may over time include climate change, biodiversity, the remuneration and composition of company boards, as well as poor working practices. The Trustee believes that having this policy, and aiming to improve how companies behave in the medium and long term, are in the members' best interests. The Trustee will aim to monitor the actions taken by the Investment Managers on its behalf and if there are significant differences from the policy detailed above, it will escalate its concerns which could ultimately lead to disinvesting its assets from the managers.

Capital Structure of Investee Companies	Responsibility for monitoring the make-up and development of the capital structure of investee companies is delegated to the Investment Managers. The Trustee expects the extent to which the Investment Managers monitor capital structure to be appropriate to the nature of the mandate.
Conflicts of Interest	The Trustee maintains a separate conflicts of interest policy and register. Subject to reasonable levels of materiality, these documents record any actual or potential conflicts of interest in relation to investee companies or the Investment Managers, while also setting out a process for their management.
Incentivisation of Investment Managers	The Investment Managers are primarily remunerated based on an agreed fixed annual percentage of the asset value for each underlying fund. The Trustee does not directly incentivise the Investment Managers to align the approach they adopt for a particular fund with the Trustee's policies and objectives. Instead, the Investment Managers and the funds are selected so that, in aggregate, the returns produced are expected to meet the Trustee's objectives. Neither does the Trustee directly incentivise the Investment Managers to make decisions about the medium to long-term performance of an issuer of debt or equity, or to engage with those issues to improve their performance. The Trustee expects such assessment of performance and engagement to be undertaken as appropriate and necessary to meet the investment objectives of the funds used by the Scheme.

7 Review and Monitoring

Frequency of Review

The Trustee will review this Statement at least every three years or if there is a significant change in the Scheme's circumstances or the regulations that govern pension scheme investment.

Monitoring the Investment Strategy and Managers

The Trustee has appointed Broadstone to assist it in monitoring the performance of the Scheme's investment strategy and Investment Managers.

The Trustee receives quarterly reports from the Investment Managers and meets with their representatives periodically to review their investment performance and processes.

The Trustee and Broadstone will monitor the Investment Managers' performance against their performance objectives.

The appropriateness of the Investment Managers' remuneration will be assessed relative to market costs for similar strategies, the skill and resources required to manage the strategy, and the success or otherwise a manager has had in meeting its objectives, both financial and non-financial.

Portfolio Turnover Costs

The Trustee expects the Investment Managers to change underlying holdings only to an extent required to meet their investment objectives. The reasonableness of such turnover will vary by fund and change according to market conditions.

The Trustee therefore does not set a specific portfolio turnover target for their strategy or the underlying funds.

The Investment Managers provide information on portfolio turnover and associated costs to the Trustee so that this can be monitored, as appropriate.

Review of Investment Managers

The Trustee will consider on a regular basis whether or not the Investment Managers remain appropriate to continue to manage the Scheme's investments.

Information from Investment Managers

The Investment Managers will supply the Trustee with sufficient information each quarter to enable it to monitor financial and non-financial performance.

Signed	Sasha Jain
Name	Sasha Jain
Date	18 March 2025

On behalf of the Trustee of the Exeter and Devon Airport Limited 1991 Pension Scheme