

Morgan Stanley UK Group Pension Plan (the 'Plan')

Annual statement regarding governance

The Trustee of the Morgan Stanley UK Group Pension Plan (the 'Trustee') is pleased to present this Statement on governance covering the year to 31 December 2018.

This Statement explains how the Plan meets its legal requirements in a number of key areas and details:

- the changes to the default investment arrangement following the conclusion of the Trustee review in 2018;
- how the Trustee has ensured that core financial transactions have been processed promptly and accurately;
- the report on the charges and transaction costs for the investments used in the default and self-select arrangements and the extent to which the charges and costs represent good value for members; and
- how the combined knowledge and understanding of the Trustee and its advisers enables the Trustee to properly run the Plan.

This Statement will be published on a publically available website and will be signposted in the annual benefit statements.

Preparing this Statement is a requirement under legislation set out in regulation 23 of The Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the 'Administration Regulations'), as amended by The Occupational Pension Schemes (Charges and Governance) Regulations 2015.

The default investment arrangement

A default arrangement is the investment fund or funds into which pension contributions are paid where members have not made their own choice (self-selection) as to where they want to invest their pension savings.

The current default arrangement for the Plan is the Diversified Default Option ('DDO'). The DDO is a form of lifestyle strategy. Lifestyle strategies are designed to meet the conflicting objectives of maximising the value of a member's assets at

retirement and protecting their accumulated assets in the years approaching retirement.

The DDO attempts to achieve these objectives by varying the mix of assets over a member's working life using a combination of the following three funds: Active Diversified Growth Fund, Active Diversified Retirement Fund and Cash Fund.

Contributions are invested in the Active Diversified Growth Fund until a member reaches the age of 50. From this time onwards, a proportion of each member's accumulated assets are switched into the Active Diversified Retirement Fund each quarter and then also the Cash Fund from age 55. The final allocation at age 65 is a 75% allocation to the Active Diversified Retirement Fund and 25% allocation to the Cash Fund. If a member continues in the Plan past age 65, without taking retirement, then the allocation will periodically be re-balanced in line with the 75% / 25% split.

The Trustee recognises that this will not be appropriate for all members and therefore makes available a range of self-select funds, and encourages members to make their own investment decisions.

A formal comprehensive review of the investment arrangements, including the default option, was undertaken in phases, beginning in late 2015 and concluding in mid-2018. A number of enhancements were agreed to both the default arrangement and the self-select fund range. In particular, the Trustee redesigned the DDO and included a number of new asset classes with the aim of enhancing the risk and return profile of the strategy. The at-retirement holdings were also restructured so that the DDO's end point is now a diversified multi-asset strategy that is more suitable for members considering a wide range of options for taking their retirement savings, as opposed to the previous design which targeted annuity purchase as an end goal. Within the Plan's self-select fund range, four existing funds were restructured, namely the Passive Global Equity Fund, the Active Diversified Growth Fund, the

Active Absolute Return Fund and the Passive Gilt Fund. Moreover, seven new funds were added to the Plan, including a new Active Sustainable Equity Fund to support our commitment to the importance of responsible investment and in response to member demand. Implementation of these changes took place over the fourth quarter of 2018. The detail of all the agreed changes was communicated to the membership ahead of the implementation and comprehensive pre and post implementation reports were reviewed by the Trustee.

The Trustee keeps the investment arrangements under regular review and will amend them as appropriate based on the likely requirements of the Plan's membership.

In accordance with the Administration Regulations, the Trustee has appended the latest copy of the Statement of Investment Principles ('SIP'). This has been prepared for the Plan under Section 35 of the Pensions Act 1995 (the '1995 Act') and Regulation 2 and Regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005 (the 'Investment Regulations').

Core financial transactions

As required by regulation 24 of the Administration Regulations, the Trustee must ensure that core financial transactions are processed promptly and accurately, this includes:

- Investment of contributions paid to the Plan;
- Transfers of members' assets into and out of the Plan;
- Transfers of members' assets between different investment options available in the Plan; and
- Payments from the Plan to, or in respect of, members.

The requirements of regulations have been met and core financial transactions have been processed promptly and accurately by:

- Maintaining a Risk Register which outlines risks in relation to processing core financial transactions. The Plan's Risk Register outlines all of the risks to Plan members and these are monitored and reviewed on an annual basis.
- Appointing Capita Employee Solutions ("Capita") as the Plan's professional third party administrator. The Trustee has delegated the administration of Plan member records to Capita. The Trustee has agreed minimum timescales with Capita for processing requests, including core financial functions. The Service Level Agreements (SLAs) in place cover both the accuracy and timeliness of the financial transactions. Capita's

administration reports are reviewed quarterly by the Trustee. Performance against SLAs for the year to 31 December 2018 is 96.9%.

- Ensuring that detailed disaster recovery plans are in place with the administrator and other relevant third parties.
- The Schedule of Contributions sets out timescales for the Company to remit monthly contributions to the Plan. However, agreed practice provides for payment of contributions in advance of these timescales. The deduction and payment of contributions is reviewed by the Company.
- The Trustee has appointed Mercer Workplace Savings ('MWS') and Zurich Assurance Limited to provide investment platform services to the Plan. The Trustee last conducted a full formal review of both MWS and the Zurich Investment Platform in 2011. The Investment Committee also conducts an informal annual review of both MWS and Zurich.
- The Trustee also appoints an independent auditor (Deloitte LLP) to carry out an annual audit of the Plan, including the core financial transactions that have taken place during the Plan year.

There were no issues to report during the Plan year.

Charges and transactions costs

As required by regulation 25 of the Administration Regulations, the Trustee is required to report on the charges and transaction costs for the investments used in the default and self-select arrangements and their assessment of the extent to which the charges and costs represent good value for members.

We note that while transaction costs and charges are an important consideration, they are not the only criteria the Trustee assesses. A number of other qualitative and quantitative factors are also considered in a holistic manner when making strategic decisions in relation to investment strategy with good outcomes for members being the ultimate goal for the Plan.

FUND CHARGES

Charges relating to investment management are deducted from the funds in which Plan members are invested. All other costs associated with running the Plan, including administration, advisory and member communication costs are paid by the Company (other than legacy Additional Voluntary Contribution (AVC) holdings where members may also incur administration expenses).

The Plan provides details of the costs borne by members in two forms – the annual management charge (“AMC”) and the total expense ratio (“TER”). The AMC is the core charge that covers the cost of accessing and managing a fund. Where applicable, this includes a Mercer Intermediary Charge (for the use of the Mercer Workplace Savings (MWS) service), as well an Investment Only platform fee for accessing funds via the Zurich Assurance Limited platform. The TER includes the AMC plus variable costs associated with managing a fund such as administrative, audit and legal fees.

The Plan complies with the regulations on charge controls introduced from April 2015. Specifically, the Plan’s DDO has a TER that is well below the charge cap of 0.75% p.a. at each stage of the life-styling process. The TER payable under the default investment arrangement will vary depending on the stage that each member has reached in the de-risking process.

The following sections provide further detail on the charges applicable to the funds in the DDO as

well as a summary of the charges across the funds in the self-select fund range.

ACTIVE DIVERSIFIED GROWTH FUND

The Active Diversified Growth Fund is a bespoke ‘fund of funds’ that aims to achieve capital growth via investment in return-seeking assets such as, but not limited to, equities. This fund can also be invested in by members on a self-select basis. Within the DDO, the Active Diversified Growth Fund is held by members until fifteen years prior to age 65, when it is gradually sold in favour of the Active Diversified Retirement Fund. The Cash Fund is then gradually introduced, beginning ten years from age 65.

As noted previously, following the review of the Plan’s investment strategy, the Trustee implemented changes to the Active Diversified Growth Fund in the fourth quarter of 2018. The current strategic asset allocation of the Active Diversified Growth Fund and its ongoing charges are shown in the following table.

WEIGHT (%)	CURRENT UNDERLYING COMPONENT	ANNUAL MANAGEMENT CHARGE (% P.A.)	TOTAL EXPENSE RATIO (% P.A.)
60.0	Passive Global Equity	0.129	0.129
22.5	Active Absolute Return	0.703	0.732
10.0	Active Multi Asset Credit	0.519	0.639
7.5	Active UK Property	0.669	0.719
Active Diversified Growth Fund		0.339	0.361

Source: Zurich Assurance Limited, as at December 2018

ACTIVE DIVERSIFIED RETIREMENT FUND

The Active Diversified Retirement Fund is a new bespoke ‘fund of funds’ that was also introduced as part of the implementation of the Plan’s strategy changes in the fourth quarter of 2018. It is used

within the DDO (beginning from fifteen years to age 65) and is also available as a self-select option. The current strategic asset allocation of the Active Diversified Retirement Fund is shown in the table below.

WEIGHT (%)	CURRENT UNDERLYING FUND	ANNUAL MANAGEMENT CHARGE (% P.A.)	TOTAL EXPENSE RATIO (% P.A.)
35.00	Passive Global Equity	0.129	0.129
16.25	Active Absolute Return	0.703	0.732
10.00	Active Multi Asset Credit	0.519	0.639
3.75	Active UK Property	0.669	0.719
8.75	Active Global Corporate Bond	0.319	0.319
8.75	Active UK Corporate Bond	0.369	0.379
8.75	Passive Gilt	0.074	0.078
8.75	Passive Index-Linked Gilt	0.074	0.078
Active Diversified Retirement Fund		0.308	0.323

Source: Zurich Assurance Limited, as at December 2018

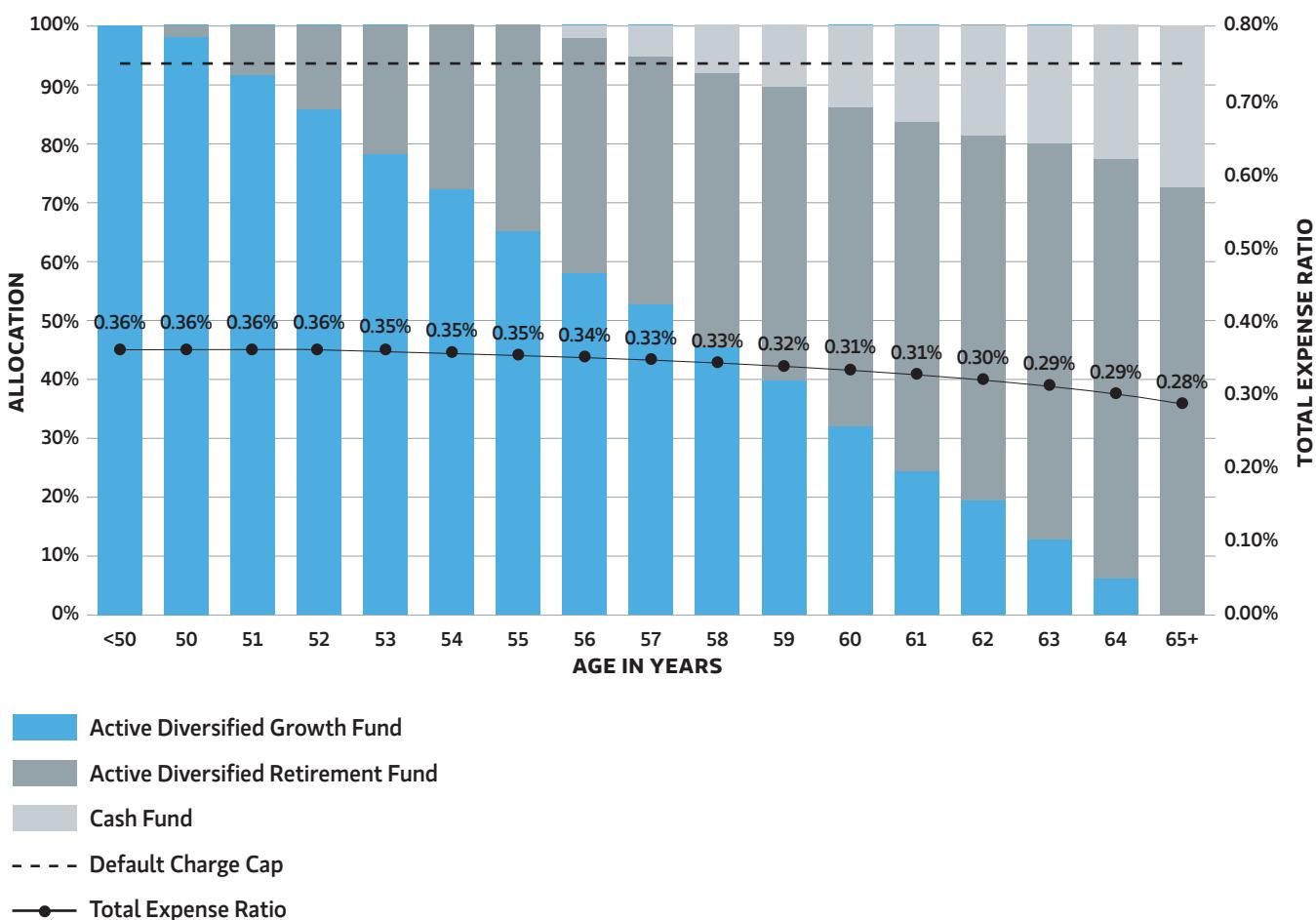
CASH FUND

The Cash Fund invests primarily in cash and money market assets. The fund is introduced within the DDO starting ten years from age 65. It is also available as a self-select option. The fund is aimed at members who are looking to withdraw a cash lump sum at retirement and/or wish to minimise their exposure to the risk inherent in investment markets. However, over the long term, cash is likely to underperform other investment asset classes and inflation.

The underlying fund is actively managed by BlackRock. As at December 2018, the AMC and TER for the fund were the same, at 0.144% p.a. (based on data provided by Zurich Assurance Limited).

THE DIVERSIFIED DEFAULT OPTION (DDO)

The following chart shows how the fees change over a member's working lifetime for the DDO and takes into account the changes to the asset allocation over the final fifteen years before a member's retirement. The charge cap is shown by the dotted line, and by design, the Plan's fees are currently significantly below this. The charge cap of 0.75% p.a. applies for qualifying auto enrolment schemes.



SELF-SELECT FUND RANGE

Following the formal investment review and its implementation in the fourth quarter of 2018, the Plan's self-select fund range now comprises of 23

funds (including the three funds used in the DDO described above). The following table provides information on the charges for the self-select investment options.

FUND	ANNUAL MANAGEMENT CHARGE (% P.A.)	ADDITIONAL FUND EXPENSES (% P.A.)	TOTAL EXPENSE RATIO (% P.A.)
Active Global Growth Equity	0.619	0.020	0.639
Active Global Equity	0.794	0.150	0.944
Active Emerging Markets Equity	0.819	0.070	0.889
Active Emerging Markets Debt	0.579	0.160	0.739
Active Global Corporate Bond	0.319	0.00	0.319
Active UK Corporate Bonds	0.369	0.010	0.379
Active UK Property	0.669	0.050	0.719
Active Multi-Asset Credit	0.519	0.120	0.639
Active Sustainable Equity	0.719	0.180	0.899
Active Diversified Growth *	0.339	0.022	0.361
Active Diversified Retirement *	0.308	0.015	0.323
Active Absolute Return	0.703	0.029	0.732
Passive UK Equity	0.074	0.003	0.077
Passive Global Small Cap Equity	0.404	0.000	0.404
Passive Emerging Markets Equity	0.174	0.060	0.234
Passive Global Equity	0.129	0.000	0.129
Passive US Equity	0.074	0.008	0.082
Passive Europe (ex-UK) Equity	0.074	0.015	0.089
Passive Japan Equity	0.074	0.012	0.086
Passive Pacific Rim (ex-Japan) Equity	0.074	0.020	0.094
Passive Fixed Interest Gilts	0.074	0.004	0.078
Passive Index-Linked Gilts	0.074	0.004	0.078
Cash *	0.144	0.000	0.144

Source: Zurich Assurance Limited as at December 2018

* Funds used within the DDO

TERs across the Plan's fund range vary from 0.077%p.a. to 0.944% p.a. These charges do not include transaction costs which are discussed in more detail in the next section.

TRANSACTION COSTS

In addition to investment management charges and the additional fund expenses included in the TER, investment funds are subject to other implicit costs, such as the investment manager's expenses associated with trading a fund's underlying securities, including commissions and stamp duty. These expenses are not explicitly deducted from the fund but are captured by a reduction in investment returns.

The Financial Conduct Authority has provided guidance (PS17/20) to investment managers regarding calculations and disclosures of transaction costs which comply with the updated Administration Regulations. The Trustee has requested this information from the underlying fund managers, through the Plan's investment platform provider where applicable. A table of transaction costs is shown in the Appendix and the Trustee will make this information accessible to members on a website.

LEGACY ADDITIONAL VOLUNTARY CONTRIBUTIONS ('AVCS')

The Plan has holdings in a number of unit-linked and with-profits AVC policies with Standard Life and Aviva (formerly Friends Life). The holdings are relatively small in scale relative to the size of the Plan's main arrangements held with Zurich Assurance Limited.

The Trustee is undertaking a thorough review of the legacy AVC arrangements in the latter half of 2019. In the interim, the Trustee has sought to quantify the charges and transaction costs associated with the holdings in these policies by requesting the information from the respective providers in line with the prescribed transaction cost disclosure methodology. Managers were not able to provide complete information to satisfy these requirements at the time of writing. The Trustee will continue to

request this information quarterly and will report on these once this information is reliably obtainable from the managers.

With respect to the with-profits policies, payouts on surrender and maturity will reflect all charges incurred, though they are not separately identified. Moreover, the actual performance received by members, net of charges, is only known upon maturity/surrender, after any augmentation for guaranteed terms and after the effect of any 'smoothing'.

TRANSACTION COST ILLUSTRATIONS

Using the charges and transaction cost data provided by the relevant parties and in accordance with regulation 23(1)(ca) of the Administration Regulations, as inserted by the 2018 Regulations, the Trustee has prepared an illustration detailing the impact of the costs and charges typically paid by a member of the Plan on their retirement savings pot. The statutory guidance has been considered when providing these examples.

The illustrations that follow take into account the following elements:

- Initial savings pot size;
- Contributions, where applicable;
- Real terms investment return gross of costs and charges;
- Adjustment for the effect of costs and charges; and
- Time.

To illustrate the impact of charges on a typical member's pension pot, we have provided examples below. The illustrations account for all estimated member costs, including the TER, transaction costs and inflation. Illustration 3 is found in the Appendix.

ILLUSTRATION 1: ACTIVE MEMBER (MEDIAN AGE)

MOST POPULAR FUND TER, 0.28 0.36% P.A. TRANSACTION COST, 0.11 0.20% P.A.		CHEAPEST FUND AND HIGHEST EXPECTED INVESTMENT RETURN TER, 0.08% P.A. TRANSACTION COST, 0.02% P.A.		MOST EXPENSIVE FUND TER, 0.94% P.A. TRANSACTION COST, 0.16% P.A.		LEAST EXPECTED INVESTMENT RETURN TER, 0.14% P.A. TRANSACTION COST, 0.00% P.A.	
DIVERSIFIED DEFAULT OPTION (£)		PASSIVE UK EQUITY FUND (£)		ACTIVE GLOBAL EQUITY FUND (£)		CASH FUND (£)	
AGE	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred
35	35,000	35,000	35,000	35,000	35,000	35,000	35,000
36	43,769	43,525	43,853	43,810	43,909	43,424	42,116
37	52,828	52,283	53,017	52,921	53,146	52,061	49,160
38	62,186	61,280	62,504	62,344	62,721	60,915	56,134
39	71,853	70,522	72,324	72,089	72,648	69,993	63,038
40	81,840	80,016	82,491	82,168	82,938	79,300	69,873
45	136,945	131,516	138,952	137,974	140,340	129,477	103,038
50	201,773	190,433	206,077	203,998	209,074	186,312	134,576
55	275,552	255,725	285,880	282,113	291,377	250,687	164,569
60	351,710	321,640	380,755	374,533	389,927	323,604	193,093
65	421,935	381,419	493,551	483,876	507,933	406,194	220,218
							215,051

Notes

1. Values shown are estimates and are not guaranteed.
2. Projected pension pot values are shown in today's terms.
3. The starting pot size is assumed to be £35,000, and this member joined at age 35.
4. Inflation and salary increases are assumed to be 2.5% per annum.
5. The initial contribution amount is assumed to be £7,500 per annum.
6. Contributions are assumed to be paid every year with no contribution holidays
7. The projected gross growth rates for each fund are as follows (these are shown rounded to one decimal place and before ongoing management charges and transaction costs are applied):

DIVERSIFIED DEFAULT OPTION:		3.3% P.A. ABOVE INFLATION FOR MEMBERS FURTHER THAN 15 YEARS FROM AGE 65 REDUCING TO 1.2% P.A. ABOVE INFLATION FOR MEMBERS AT OR BEYOND AGE 65
Passive UK Equity Fund:		3.5% p.a. above inflation
Active Global Equity Fund:		3.7% p.a. above inflation
Cash Fund:		1.0% p.a. below inflation

ILLUSTRATION 2: DEFERRED MEMBER (MEDIAN AGE)

MOST POPULAR FUND TER, 0.28% P.A. TRANSACTION COST, 0.11% P.A.		CHEAPEST FUND AND HIGHEST EXPECTED INVESTMENT RETURN TER, 0.08% P.A. TRANSACTION COST, 0.02% P.A.		MOST EXPENSIVE FUND TER, 0.94% P.A. TRANSACTION COST, 0.16% P.A.		LEAST EXPECTED INVESTMENT RETURN TER, 0.14% P.A. TRANSACTION COST, 0.00% P.A.	
DIVERSIFIED DEFAULT OPTION (£)		PASSIVE UK EQUITY FUND (£)		ACTIVE GLOBAL EQUITY FUND (£)		CASH FUND (£)	
AGE	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred
40	25,000	25,000	25,000	25,000	25,000	25,000	25,000
41	25,826	25,682	25,880	25,855	25,917	25,631	24,750
42	26,679	26,383	26,791	26,739	26,868	26,277	24,503
43	27,560	27,102	27,735	27,654	27,854	26,940	24,257
44	28,471	27,841	28,711	28,600	28,876	27,620	24,015
45	29,411	28,601	29,722	29,578	29,935	28,317	23,775
50	34,601	32,721	35,336	34,994	35,845	32,074	22,610
55	40,325	37,110	42,010	41,403	42,921	36,329	21,501
60	45,651	40,990	49,944	48,984	51,394	41,149	20,448
65	49,705	43,701	59,377	57,954	61,540	46,609	19,446
							18,757

Notes

1. Values shown are estimates and are not guaranteed.
2. Projected pension pot values are shown in today's terms.
3. The starting pot size is assumed to be £25,000 and this member joined at age 40.
4. Inflation increases are assumed to be 2.5% per annum.
5. The projected gross growth rates for each fund are as follows (these are shown rounded to one decimal place and before ongoing management charges and transaction costs are applied):

DIVERSIFIED DEFAULT OPTION:	3.3% P.A. ABOVE INFLATION FOR MEMBERS FURTHER THAN 15 YEARS FROM AGE 65 REDUCING TO 1.2% P.A. ABOVE INFLATION FOR MEMBERS AT OR BEYOND AGE 65
Passive UK Equity Fund:	3.5% p.a. above inflation
Active Global Equity Fund:	3.7% p.a. above inflation
Cash Fund:	1.0% p.a. below inflation

A further illustrative example of the cumulative effects over time of the relevant costs and charges on the value of members' benefits, as well as details on the aggregate transaction costs incurred by each fund, can be found in the Appendix.

The Trustee fully supports transparency of costs for members. We also reiterate that while costs and charges are an important consideration, they are not the only criteria the Trustee assesses. A variety of factors are typically considered in a holistic manner when making strategic decisions in the bests interests of the Plan's members.

Value for Members

Over the first quarter of 2019, the Trustee carried out a review of the extent to which member-borne investment charges represent good value for members for the year ending 31 December 2018. The assessment covered a wide range of financial and non-financial factors including:

- An assessment of member-borne charges for each of the funds available in the Plan (this included benchmarking against comparable funds in each asset class based on peer group data provided by the Plan's investment advisors, Mercer Limited).
- A review of transaction costs and charges where available.
- An assessment of the historic returns of the available fund options relative to their respective objectives.
- An assessment of each fund's manager research and Environmental, Social, and Governance (ESG) rating (as provided by the Plan's investment advisors, Mercer Limited).
- A summary of the value added as a result of the investment strategy changes implemented within the Plan in the fourth quarter of 2018.
- A review of the other features that are paid for by the employer and deliver good value for members. In particular, the employer pays the administration costs of the Plan. Other features and services that strengthen the Plan's value proposition include but are not limited to efficient administration services, modelling tools and trustee oversight.

The review concluded that overall, taking into account all of the above factors, the Trustee believes that the Plan provides good value relative to the costs borne by members.

The Trustee undertakes annual assessments and the next formal Value for Money assessment will be take place for the year ending 31 December 2019.

SECURITY OF ASSETS

The Plan undertakes periodic reviews of the financial protections available to members in the unlikely event of losses caused by the insolvency or other failure of one or more companies involved in managing the Plan's investments. The review was first undertaken in October 2014, with yearly updates taking place since. Following input from the Trustee's legal and investment advisors, the Trustee is satisfied with the level of protection afforded to Defined Contribution assets.

Trustee knowledge and understanding

In accordance with sections 247 and 248 of the Pensions Act 2004, the Trustee Directors are required to maintain an appropriate level of knowledge and understanding which, together with the professional advice that is available to them, enables them to properly exercise their functions and duties in relation to the Plan.

Trustee training is of high importance to the good running of the Plan. The Trustee acknowledges how vital it is that they maintain their knowledge of pension law, trust law, investment principles and are conversant with the Plan documentation including the Trust Deed and Rules, SIP and Plan policies.

ONGOING TRAINING

In order to maintain this level of knowledge, the Trustee has procedures and policies in place:

- Trustee Directors undertake additional ongoing training to ensure that they keep up to date with changes in legislation, current issues and the latest developments relating to DC schemes;
- All training activities are recorded in a training log; and
- Trustee training is considered and reviewed throughout the year to determine any specific training and development needs. Training sessions are then planned accordingly.

Over the course of the last year the Trustee Directors have demonstrated their continuous commitment to learning by undertaking the following training:

- General Data Protection Regulation training (06/03/2018);
- Investment strategy training (08/11/2018);
- Cyber security training (19/09/2018); and
- Environmental, Social and Governance training (04/03/2019); and
- Current DC issues – Mercer Limited, the Plan's investment advisor, provides an update on relevant issues at each quarterly Trustee meeting.

- The Pensions Regulator Trustee Toolkit – All Trustee Directors have committed to complete the online training toolkit by 31 July 2019.

TRUSTEE INDUCTION

There is an induction process in place for new trustees, whereby detailed training sessions are run by the Plan's advisors which cover legal, actuarial and investment training. New trustees will be required to complete the Pension Regulator's Trustee Toolkit.

EXAMPLES DEMONSTRATING TRUSTEE KNOWLEDGE AND UNDERSTANDING

The Trustee undertook a number of activities over the past year which demonstrates how they have a working knowledge of pension and trust law and funding and investment principles. Examples of these activities include:

- A formal investment strategy review and subsequent implementation exercise was completed in 2018. The review considered all the Plan's investment options including the default strategy and self-select funds. This process evidenced the Trustee's knowledge and understanding of the various investment principles and member needs;
- The SIP was reviewed by the Trustee and updated in November 2018. This demonstrates their knowledge of the Plan documentation; and
- The Risk Register is reviewed and updated annually. This demonstrates that the Trustee Directors have the required knowledge of the Pensions Regulator's DC Code and hold relevant knowledge on DC specific internal controls and the regulatory requirements.

UTILISING ADVISORS

The Trustee believes that the best run Plans utilise the combined skill and knowledge of both the Trustee and their professional advisors. The relevant skills and experience of those advisors are key criteria when evaluating advisor performance and selecting new advisors. Additionally, the following measures have applied during the period:

- The Trustee's professional advisors attend their formal meetings;
- The Trustee board contains Trustee Directors with wide ranging skills and experience, including pension experience; and
- The Trustee receives briefings from their advisors on all legislative and regulatory developments at each meeting.

ASSESSING EFFECTIVENESS

The Trustee Directors understand that having knowledge on the Board and the professional advice available needs to be used effectively in order for the Trustee to act properly. The examples below demonstrate the actions which have been taken to ensure this is the case:

- The Trustee Directors review training requirements throughout the year;
- The Trustee Directors have in place a training plan which is used to plan training ahead of annual events.

Chair's declaration

I confirm that the above statement has been produced by the Trustee to the best of its knowledge.

Signature: 

Name: **David Best**

Position: **Chair of the Morgan Stanley UK Group Pension Plan**

Date: **July 2019**

Appendices

Appendix A – Transaction Cost Information

Appendix B – Statement of Investment Principles effective June 2019

Appendix A – Transaction Cost Information

An additional example illustration of the impact of costs and charges on a typical member's pension

pot is provided below. This includes all member costs, including the Total Expense Ratio, transaction costs and inflation.

ILLUSTRATION 3 (YOUNGEST MEMBER)

MOST POPULAR FUND TER, 0.28% P.A. TRANSACTION COST, 0.11% P.A.		CHEAPEST FUND AND HIGHEST EXPECTED INVESTMENT RETURN TER, 0.08% P.A. TRANSACTION COST, 0.02% P.A.		MOST EXPENSIVE FUND TER, 0.94% P.A. TRANSACTION COST, 0.16% P.A.		LEAST EXPECTED INVESTMENT RETURN TER, 0.14% P.A. TRANSACTION COST, 0.00% P.A.		
AGE	DIVERSIFIED DEFAULT OPTION (£)		PASSIVE UK EQUITY FUND (£)		ACTIVE GLOBAL EQUITY FUND (£)		CASH FUND (£)	
	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
21	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
22	8,210	8,165	8,224	8,216	8,234	8,143	7,936	7,925
23	11,527	11,415	11,562	11,542	11,586	11,364	10,843	10,816
24	14,953	14,755	15,017	14,982	15,061	14,668	13,721	13,675
25	18,492	18,186	18,594	18,540	18,664	18,054	16,570	16,500
30	38,020	36,795	38,458	38,238	38,760	36,312	30,393	30,152
35	60,995	58,085	62,074	61,544	62,823	56,992	43,539	43,041
40	88,023	82,441	90,150	89,118	91,636	80,416	56,041	55,210
45	119,821	110,305	123,529	121,741	126,138	106,948	67,930	66,700
50	157,229	142,183	163,213	160,337	167,451	137,000	79,236	77,549
55	199,398	177,156	210,392	206,002	216,920	171,039	89,988	87,791
60	241,641	211,348	266,481	260,029	276,154	209,594	100,213	97,462
65	278,696	240,729	333,165	323,949	347,082	253,264	109,937	106,593

Notes

1. Values shown are estimates and are not guaranteed.
2. Projected pension pot values are shown in today's terms.
3. The starting pot size is assumed to be £5,000, and this member joined at age 21.
4. Inflation and salary increases are assumed to be 2.5% per annum.
5. The initial contribution amount is assumed to be £3,000 per annum.
6. Contributions are assumed to be paid every year with no contribution holidays
7. The projected gross growth rates for each fund are as follows (these are shown rounded to one decimal place and before ongoing management charges and transaction costs are applied):

DIVERSIFIED DEFAULT OPTION:		3.3% P.A. ABOVE INFLATION FOR MEMBERS FURTHER THAN 15 YEARS FROM AGE 65
		REDUCING TO 1.2% P.A. ABOVE INFLATION FOR MEMBERS AT OR BEYOND AGE 65
Passive UK Equity Fund:	3.5% p.a. above inflation	
Active Global Equity Fund:	3.7% p.a. above inflation	
Cash Fund:	1.0% p.a. below inflation	

AGGREGATE TRANSACTION COSTS

The next table shows the aggregate transaction costs based upon the information supplied by Zurich. Aggregate transaction costs represent annualised transaction costs incurred by the fund manager within the underlying fund. Figures do not currently contain impacts of dilution adjustments incurred at the Zurich fund level when Zurich deals in the underlying funds. Data was unavailable for three funds at the time of writing. The Trustee will

continue to request the missing information quarterly until it has been provided.

The aggregate transaction costs shown account for the impact of market movements between the placement of a request to buy or sell an investment and the execution of that request. As such, the aggregated transaction cost can be positive or negative.

FUND	AGGREGATE TRANSACTION COST (% P.A.)
Active Global Growth Equity	0.030
Active Global Equity	0.163
Active Emerging Markets Equity	-0.069
Active Emerging Markets Debt	0.150
Active Global Corporate Bond	(To be confirmed by Zurich once available)
Active UK Corporate Bonds	-0.071
Active UK Property	0.643
Active Multi-Asset Credit	0.361
Active Sustainable Equity	0.160
Active Diversified Growth *	0.197
Active Diversified Retirement *	0.132
Active Absolute Return	0.494
Passive UK Equity	0.020
Passive Global Small Cap Equity	(To be confirmed by Zurich once available)
Passive Emerging Markets Equity	-0.069
Passive Global Equity	(To be confirmed by Zurich once available)
Passive US Equity	-0.023
Passive Europe (ex-UK) Equity	-0.039
Passive Japan Equity	-0.147
Passive Pacific Rim (ex-Japan) Equity	-0.004
Passive Fixed Interest Gilts	-0.034
Passive Index-Linked Gilts	-0.006
Cash *	-0.071

Source: Zurich Assurance Limited as at December 2018

For funds with more than one underlying component, transaction cost calculations are based on blended fund-level holdings as at the reporting date. Transaction costs have not been provided by all the underlying component fund managers. Where a blended fund contains components that have not been reported on, the figure shown is based on the percentage of assets reported.

* Funds used within the DDO

Appendix B – Statement of Investment Principles (SIP)

STATEMENT OF INVESTMENT PRINCIPLES

MORGAN STANLEY UK GROUP PENSION PLAN

1. Introduction

The Trustee of the Morgan Stanley UK Group Pension Plan (the "Plan") has drawn up this Statement of Investment Principles (the "Statement") to comply with the requirements of the following legislation:

- The Pensions Act 1995 and as amended by the Pensions Act 2004;
- The Occupational Pension Schemes (Investment) Regulations 2005, as amended by the Occupational Pension Schemes (Charges and Governance) Regulations 2015; and
- Subsequent legislation.

In addition to the above, the Trustee has enacted this Statement to fulfil the spirit of the Myners principles for investment decision-making.

As required under the Act the Trustee has consulted a suitably qualified person and has obtained written advice from Mercer Ltd. The Trustee in preparing this Statement has also consulted the sponsoring Company.

The Plan is primarily a Defined Contribution ("DC") arrangement though it also contains liabilities and assets from a previous Final Salary arrangement. The majority of this Statement is relevant to the DC element of the Plan. The policy relating to the Final Salary element is contained in Sections 4 to 7 of this Statement.

The Trustee's investment responsibilities are governed by the Plan's Trust Deed, and this Statement takes full regard of its provisions. A copy of the Plan's Trust Deed is available for inspection upon request.

2. Governance Structure

Overall investment policy falls into two parts. The strategic management of members' assets is fundamentally the responsibility of the Trustee acting on advice from its investment consultant, Mercer Ltd, and is driven by its investment objectives as set out in Section 3 below.

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The remaining elements of policy relate to the day-to-day management of the assets that is delegated to professional investment managers and is described in the Investment Policy Implementation Document (the “IPID”).

In order to assist with the discussion of investment matters, the Trustee has set up an Investment Committee, members of which are a sub-set of the Trustee body. This body has been created in order to ensure that investment matters receive a sufficient degree of attention. A number of powers relating to investments have been delegated to the Investment Committee and these powers are set out in a formal Terms of Reference document. At each Trustee meeting, the Investment Committee is required to formally report back to the Trustee on any decisions taken, or any proposals that it is recommending to the Trustee.

The Trustee is committed to maintaining the accuracy of this Statement on an ongoing basis.

Defined Contribution (“DC”) Section

3. Overall Policy

3.1. Investment Objectives

The Trustee recognises that members have differing investment needs and that these may change during the course of members’ working lives. It also recognises that members have different attitudes to risk. The Trustee believes that members should make their own investment decisions based on their individual circumstances. The Trustee regards its duty to be to make available a range of investment options sufficient to enable members to tailor, to their own needs, their investment strategy.

The Trustee also recognises that members may not believe themselves qualified to make investment decisions. As such the Trustee makes available a Diversified Default Option. The Diversified Default Option places the emphasis on producing a reasonable level of real return over members’ working lifetimes, but with lower volatility than that offered by a pure equity strategy, as a result of the more diversified range of assets that the Diversified Default Option invests in, and also encompasses a switch into asset classes which are designed to reduce investment risk in the years approaching retirement.

The following encapsulates the Trustee’s objectives:

- To make available a range of investment vehicles which serve to meet adequately the varying investment needs and risk tolerances of Plan members.
- To have the assets managed by investment managers believed to be of high quality, i.e. where there is a suitable level of confidence that the manager/s will achieve their performance objectives.
- To provide a means by which active management can be offered with the flexibility for the Trustee to change managers proactively.
- To obtain investment manager monitoring that does not require significant Trustee input or time.

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- To achieve competitive investment management and investment advisor fees.
- To provide a Plan framework which allows the most efficient fund switching possible in order to reduce members' out-of-market risk.

The Trustee regularly reviews the suitability of the options provided and from time to time will change or introduce additional investment options as appropriate.

3.2. Risk

The Trustee has considered risk from a number of perspectives. The risks considered are:

- **Market Risk** – The risk that low investment returns over members' working lives or unfavourable market movements in the years just prior to retirement will secure an inadequate pension.
- **Interest Rate Risk** – The risk that unfavourable interest rate movements, particularly in the years just prior to retirement may lead to a reduction in the pension that the member's retirement account can secure.
- **Inflation Risk** – The risk that investments do not keep pace with inflation.
- **Manager Risk** – The risk that the chosen underlying investment manager underperforms the benchmark against which the manager is assessed. In particular, the Trustee has considered the risk that active managers may underperform, whereas passive managers are likely to achieve a return close to any chosen benchmark. The Trustee believes active management skills exist and can be identified but not with complete certainty. As such the Trustee makes available to members both actively managed and passively managed funds.
- **Mismatch Risk** – It is expected a proportion of members will purchase an annuity at retirement and there is the risk that the value of a member's investments does not move in line with the cost of the annuity. The Trustee has made available to members a range of bond funds that can be selected by members as they approach retirement.
- **Liquidity Risk** – The pooled funds in which the Trustee allows members to invest provide the required level of liquidity. Units in the pooled funds in which the Plan invests are believed to be readily redeemable.
- **Concentration Risk** – The Trustee has made a range of funds available to members, so that they can choose to invest in a well diversified portfolio. The range of funds enables diversification by asset class (e.g. equity, bonds, cash), by region and includes both passively and actively managed funds, which can help achieve diversification.
- **Sponsor Risk** – The Trustee has considered the risk that the Company may be unwilling or unable to continue to contribute to the Plan in the future. The Trustee has concluded that this risk is acceptable and that no further action is necessary to mitigate this risk, especially since this would only affect the accrued defined contribution benefits to the extent that any payments due had not yet been paid into the Plan.

- **Exchange Rate Risk** – The Trustee has made available a global equity fund that hedges 95% of its developed market currency exposure in order to manage the exchange rate risk associated with overseas investment. The allocations to global small cap equities and emerging market equities are unhedged. This fund is utilised as part of the Active Diversified Growth Fund and Active Diversified Retirement Fund, within the Diversified Default Option.

The Trustee regularly monitors these risks and the appropriateness of the investments in light of the risks described above.

3.3 Diversified Default Option

The Diversified Default Option is the default investment option for the Plan. It is a form of lifestyle strategy. Lifestyle strategies are designed to meet the conflicting objectives of maximising the value of the member's assets at retirement and protecting the member's accumulated assets in the years approaching retirement.

Typically, a proportion of members will actively choose this option because they feel it is most appropriate for them. However, the vast majority of members do not make an active investment decision and are therefore invested in the Diversified Default Option by default.

The aims of the Diversified Default Option and the ways in which the Trustee seeks to achieve these aims, are detailed below:

- **To generate returns in excess of inflation during the growth phase of the strategy whilst managing downside risk.**

The Diversified Default Option's growth phase invests in equities and other growth-seeking assets (by investing in the blended Active Diversified Growth Fund, which is comprised of a passive global equity blend, three absolute return strategies, a multi asset credit strategy and a property fund). These investments are expected to provide equity-like growth over the long term and some protection against inflation erosion. The diversification provided by the component funds is expected to provide some downside protection from equity market falls.

- **To provide a strategy that reduces investment risk for members as they approach retirement.**

As a member's pot grows, investment risk will have a greater impact on member outcomes. Therefore, the Trustee believes that a strategy that seeks to reduce investment risk as the member approaches retirement is appropriate. In view of the above, the Trustee considers the level of risk within the Diversified Default Option in the context of the variability of returns as members approach retirement.

These aims are achieved via automated lifestyle switches over a fifteen year period prior to age 65. Under this approach contributions are invested in the Active Diversified Growth Fund until a member reaches the age of 50. From this age onwards, each quarter, a proportion of each member's accumulated growth assets are switched into the Active Diversified Retirement Fund and then the Cash Fund from age 55, linearly, in the manner described by the following table.

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Years to Age 65									
	above 15	15	14	13	12	11	10	9	8
Active Diversified Growth Fund	100.0%	98.4%	91.8%	85.3%	78.7%	72.1%	65.6%	59.0%	52.5%
Active Diversified Retirement Fund	0.0%	1.6%	8.2%	14.8%	21.3%	27.9%	33.8%	37.9%	42.1%
Cash Fund	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%	3.1%	5.5%

Years to Age 65								
	7	6	5	4	3	2	1	0
Active Diversified Growth Fund	45.9%	39.3%	32.8%	26.2%	19.7%	13.1%	6.6%	0%
Active Diversified Retirement Fund	46.2%	50.3%	54.4%	58.5%	62.7%	66.8%	70.9%	75%
Cash Fund	7.9%	10.4%	12.8%	15.2%	17.7%	20.1%	22.6%	25%

- **To provide exposure, at retirement, to assets that are broadly appropriate for an individual planning to use their savings in the Plan as allowed under the freedom and choice legislation.**

At retirement, 75% of the member's assets will be invested in the Active Diversified Retirement Fund and 25% in the Cash Fund. If a member continues in the Plan past age 65, without converting their accumulated assets into a retirement benefit or leaving the Plan, then the allocation will periodically be re-balanced to the 75/25 split.

Brief descriptions of the objectives of each fund within the Diversified Default Option are given in the IPID.

The Trustee's policies in relation to the Diversified Default Option are detailed below:

- The Diversified Default Option manages investment risks through a diversified strategic asset allocation consisting of traditional and alternative assets. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. In designing the Diversified Default Option, the Trustee has considered the trade-off between risk and expected returns.
- The Trustee monitors various aspects of the Diversified Default Option as part of their quarterly monitoring reports. This includes monitoring the performance of the investment funds that make up the Diversified Default Option against the managers' return targets, and monitoring the historic variability of returns of the Active Diversified Growth Fund against the MSCI World Index.
- Assets in the Diversified Default Option are invested in the best interests of members and beneficiaries, taking into account the profile of members. In particular, the Trustee has considered high level profiling analysis of the Plan's membership in order to

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inform decisions regarding the Diversified Default Option. Based on this understanding of the membership, and the availability of post-retirement solutions in the market at the time of the last review, a Diversified Default Option that targets drawdown at retirement is currently considered appropriate.

- Members are supported by clear communications regarding the aims of the Diversified Default Option and the access to alternative investment approaches. If members wish to, they can opt to choose their own investments from the range of self-select funds available. Moreover, members do not have to take their retirement benefits in line with those targeted by the Diversified Default Option; the target benefits are merely used to determine the investment strategy held pre-retirement.
- Assets in the Diversified Default Option are invested in daily traded pooled funds which hold highly liquid assets. The pooled funds are commingled investment vehicles which are managed by various Investment Managers. The selection, retention and realisation of assets within the pooled funds are delegated to the respective Investment Managers in line with the mandates of the funds. Likewise, the Investment Managers have full discretion (within the constraints of their mandates) on the extent to which social, environmental or ethical considerations are taken into account in the selection, retention and realisation of investments. The majority of funds are accessed via an Investment Platform and are held through a long-term insurance policy issued by Zurich Assurance Limited (“Zurich”).
- The Trustee recognises that the Diversified Default Option is not a perfect match for any individual member's circumstances. In particular, this option provides little protection for the risk facing members who retire early or at short notice and who have either not yet reached the switching stage or are only partially through the switching process.
- Taking into account the demographics of the Plan's membership and the availability of post-retirement solutions in the market, the Trustee believes that the current Diversified Default Option is appropriate and will continue to review this over time, at least triennially, or after significant changes to the Plan's demographic, if sooner.

3.4 Additional Range of Funds

In addition, a range of self-select funds is offered to members.

The Trustee believes that the risk identified in Section 3.2 and objectives in Section 3.1 are best met by offering members a range of investment funds from which to choose. Full details of the funds currently available to members of the Plan can be found in the IPID.

Defined Benefit (“DB”) Section

4. Background Information

The Plan retains a Final Salary element where the liabilities consist of deferred pensioners and pensioners only. The pensioner liabilities are secured through insurance policies.

In considering the appropriate investments for the Plan the Trustee obtained and considered the written advice from the Investment Consultant whom the Trustee believes to be suitably qualified to provide such advice.

5. **Investment Objectives**

- 5.1. The Trustee is required to invest the Plan's assets in the best interest of the members, beneficiaries and the Company and in the case of a potential conflict of interest in the sole interest of the members and beneficiaries.
- 5.2. The Plan's funding basis is based on assumptions determined in such a way as to estimate the cost of securing the benefits built up in the Plan with an insurance company. As at 31 December 2015, prior to retirement the assets are assumed to grow as follows:
 - i) Up to 14 years from retirement: the higher of corporate bond yield minus 0.5% or nominal swap yield plus 0.3%;
 - ii) 15 or more years to retirement: nominal swap yield.

The Trustee's current policy is for benefits to be bought out with an insurance company on retirement. The way in which these assumptions are determined may change from time to time to reflect changes in the insurance market. The Trustee and Company are will review the feasibility of obtaining a buy-in policy as part of the next actuarial valuation.

- 5.3. The Trustee has therefore concluded that the investment objective should be to continue to invest the Plan's assets to minimise the volatility of the Plan's deficit.

6. **Risk Management and Measurement**

The Trustee has considered the risks to which the DB Section of the Plan is exposed, and has agreed the following policies on risk management:

- **Interest rate and inflation risk** – The Trustee recognises that the value of the Plan's liabilities will change in response to changes in interest rates and inflation. The Trustee's policy is to hedge this risk as far as possible. It is acknowledged that it is not possible to completely eliminate this risk due, for example, to an element of uncertainty in the Plan's liabilities.
- **Asset volatility** – The Trustee recognises that investment in asset classes such as equities gives rise to volatility in the value of the assets. The Trustee's policy is to invest in asset classes which closely match the Plan's liabilities, so that this risk is significantly reduced.
- **Counterparty credit risk** – The Trustee may make use of interest rate and inflation swaps to hedge the Plan's interest rate and inflation risks. The Trustee recognises that if the counterparties to these contracts default, the Plan may experience losses. The Trustee has reviewed the counterparty risk management processes of the appointed swap execution manager, and is satisfied that this risk is substantially mitigated. In particular, the use of swaps is collateralised, the credit quality of the counterparties is kept under review, and there is some diversification of swap counterparty exposure.

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- **Credit risk** – The Trustee invests in corporate bonds and money market instruments such as Floating Rate Notes. The Trustee recognises that any defaults or downgrades of these instruments may result in losses. This risk is partially mitigated by investment in a range of different credit instruments (via pooled funds). The Trustee is satisfied that the remaining risks are acceptable.
- **Liquidity risk** – The Trustee recognises that the liquidity of investments may change over time, and this may have an impact on the expected transaction costs. The Trustee has reviewed the likely cash requirements of the Plan, and is satisfied that the investment arrangements provide sufficient liquidity. In addition, the Trustee explicitly considers transaction costs before any major restructuring of the Plan's assets.
- **Longevity risk** – The Trustee recognises that longevity experience may differ from expectations, and that expectations may change over time. The purchase of annuities for pensioners mitigates a substantial portion of this risk.
- **Risks relating to the GMP underpin** – The Plan has an obligation to provide additional defined benefits for some DC members if the value of each member's DC assets are insufficient to secure a minimum level of benefits at retirement. The Trustee recognises that it is therefore exposed, to a certain extent, to the risks arising from these members' underlying assets. The Trustee recognises that there are limited options available to mitigate this risk, but monitors the situation on a regular basis.
- **Custody of assets** – The Trustee has considered the risk relating to the safekeeping of the Plan's assets. Given that the Plan invests in pooled funds, the safekeeping of the underlying assets is undertaken by parties selected by the fiduciaries of the pooled funds.

7. Investment Strategy

In order to minimise deficit volatility in accordance with the Trustee's investment objective, the Trustee invests the Plan's assets in a range of fixed income and inflation-linked instruments. Specifically, the Trustee may invest in:

- Fixed interest and index-linked gilts.
- Interest rate and inflation swaps (backed by money market instruments).
- Corporate bonds.

The specific instruments held and the split between the above has been chosen to closely match the profile of the Plan's liabilities, and may change over time to reflect changes in the liability profile.

The Trustee monitors the progression of the Plan's financial position given the investment objectives set out above, to assess whether the realised outcome is proving consistent with the level of risk expected, on an ad hoc basis.

A review of the investment strategy will result from observations that indicate that the risk tolerance has been breached.

Both Sections

8. Day-to-Day Management of the Assets

8.1. Additional Assets

- **Additional Voluntary Contributions (“AVCs”)**

AVCs can be invested in any of the DC fund options described in Section 2 of the IPID.

There are also some additional assets in respect of AVCs held with Standard Life in its With Profits and Unit-Linked funds. However, these options are only open to existing contributors to these funds.

- **Cash Balances**

The Trustee retains small working cash balances in a conglomerate bank account administered by Capita HR & Payroll Services.

- **DC Unallocated Reserves**

Historically non-vesting Company contributions, arising as a result of Plan members who leave the DC section of the Plan with less than two years' service, have been treated as part of the DB section's assets. Since April 2006, non-vesting Company contributions have arisen as a result of Plan members who leave with less than three months' service. The unallocated reserves are used by the Firm to fund the DB Section of the Plan.

8.2. Realisation of Investments

In general, the Plan's investment managers have discretion in the timing of realisations of investments and in considerations relating to the liquidity of those investments.

8.3. Monitoring the Investment Managers

The Trustee monitors the performance of the investments on a quarterly basis. Mercer Ltd is retained as the Investment Consultant to advise the Trustee on relevant investment issues.

The Trustee meets with the managers as and when necessary to discuss performance activity and other issues as required.

8.4. Socially Responsible Investing

The Trustee has introduced a new Active Sustainable Equity Fund option for members. The Trustee is satisfied that this is consistent with its responsibilities to members.

The Trustee believes that good stewardship and environmental, social and governance ("ESG") issues may have an impact on investment returns. The Trustee has given the Investment Managers full discretion when evaluating ESG issues and in exercising rights and stewardship obligations attached to the Plan's investments.

Similarly, the Plan's voting rights are exercised by its investment managers in accordance with their own corporate governance policies, and taking account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code.

8.5. Investment Manager Fees

Details of the Investment Manager fees can be found in the IPID.

8.6. Investment Consulting Fees

Mercer fees are either based on fixed quotes for particular projects or, more normally, are on a fixed cost basis. This approach has proved satisfactory in the past.

Mercer provides advice to the Trustee but does not have responsibility for decision making in any area. The role encompasses, but is not limited to, the following:

- Assistance in helping the Trustee to formulate investment objectives
- Advice on investment strategy

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- Assistance in selecting and monitoring of investment managers.

9. Compliance with this Statement

The Trustee will monitor compliance with this Statement annually.

10. Review of this Statement

The Trustee will review this Statement in response to any material changes to any aspects of the Plan, its liabilities, finances and the attitude to risk of the Trustee and the sponsoring Company which it judges to have a bearing on the stated Investment Policy.

This review will occur at least every three years and without delay after any significant change in investment policy. Any such review will again be based on written, expert investment advice and will be in consultation with the Company.



21/6/19

For and on behalf of the Trustee of
The Morgan Stanley UK Group Pension Plan

Date



24/6/19

For and on behalf of the Trustee of
The Morgan Stanley UK Group Pension Plan

Date

June 2019