

Statement of Investment Objectives

For the TUI Travel PLC Common Investment Fund (“CIF”)

Effective from: 14 May 2025



1. Introduction

Overview

The CIF is structured into sub-funds across which the Trustee of the TUI GROUP UK Pension Trust (the “TUI GUPT Trustee”) can choose to allocate assets on behalf of the BAL Scheme and the TUI UK Scheme (the “Participating Schemes”). There is currently one active sub-fund, a Secure Income Sub-fund. The TAPS Scheme has not been invested in the CIF since 1 November 2020.

Participating Schemes can choose to allocate to the sub-fund and to external investments outside of the CIF structure as they see fit and so remain in control of their strategic asset allocation and investment arrangements generally. However, they delegate the management of the sub-fund to the CIF Trustee Directors. The CIF Trustee Directors are also Directors of the TUI GUPT Trustee.

This Statement exists to assist the Participating Schemes in determining whether the sub-fund is appropriate for their requirements. The CIF has been structured to meet the needs of the Participating Schemes, and so consultation with the Participating Schemes will take place over any changes to the strategy of the CIF’s sub-fund. The SIO will be maintained, and updated from time to time, by the CIF Trustee Directors. Changes made to the SIO will be notified to the Participating Schemes and a revised version will be distributed.

Information on each fund manager as described below is consistent with the Investment Manager Agreement in place with that fund manager.

Financial Services and Markets Act 2000

In accordance with the Financial Services and Markets Act 2000, the CIF Trustee will set the general investment policy for the sub-fund but will delegate the responsibility for the selection of specific investments to an appointed investment manager or managers. The investment managers shall provide the skill and expertise necessary to manage the investments of the CIF competently.

The CIF Trustee considers the long-term financial interests of Participating Schemes and its beneficiaries to be paramount. The appointed investment managers are expected to take account of financially material considerations (including climate change and other social, environmental and ethical considerations) in selecting, retaining and realising investments in so far as this serves those long-term interests.

2. Division of responsibilities

The TUI GUPT Trustee has ultimate responsibility for decision-making on investment matters. In order to ensure that investment decisions are taken only by persons or organisations with the skills, information and resources necessary to take them effectively, the TUI GUPT Trustee relies on the expertise of the parties below.

CIF Trustee Directors

The TUI GUPT Trustee has delegated the management of the sub-fund to the CIF Trustee Directors. The CIF Trustee Directors’ responsibilities include but are not limited to:

- reviewing the content of this Statement regularly, in conjunction with the investment consultants, and modifying it if deemed appropriate;
- appointing (and dismissing) investment manager(s) and custodian(s);
- monitoring compliance of the investment arrangements with this Statement on an ongoing basis; and
- monitoring the investment managers.

Investment Managers

Each investment manager's responsibilities include but are not limited to:

- discretionary management of the portfolio, including implementation (within guidelines given by the CIF Trustee Directors) of changes in the asset mix (where applicable) and selecting securities within each asset class;
- providing the CIF Trustee Directors with quarterly statements of the assets together with a quarterly report on actions and future intentions, and any changes to the processes applied to the portfolio;
- informing the CIF Trustee Directors of any changes in the internal objectives and guidelines of any pooled funds as soon as practicable;
- taking account of financially material considerations (including climate change and other ESG considerations) as appropriate when managing the portfolios of assets;
- exercising rights (including voting rights) attaching to investments and undertaking engagement activities in respect of investments; and
- where the investment is through a pooled vehicle, the independent safekeeping of the assets and appropriate administration (including income collection and corporate actions).

Custodian

The CIF has hired The Northern Trust Company as its global custodian. Their responsibilities include but are not limited to:

- the safekeeping of all the assets of the CIF (excluding those direct assets accessed through pooled funds);
- processing the settlement of all transactions;
- providing the CIF Trustee Directors with statements of the assets and the cashflows;
- providing unitisation for the CIF sub-fund;
- undertaking all other appropriate administration relating to the CIF's assets;
- processing all dividends and tax reclaims in a timely manner;

- dealing with corporate actions;
- providing performance measurement services to the CIF (and participating Schemes).

Investment Consultant

The CIF has hired Lane Clark & Peacock LLP ("LCP") as its investment consultant. Their responsibilities include but are not limited to:

- participating with the CIF Trustee Directors in reviews of this Statement; and
- advising the CIF Trustee Directors, as requested:
 - on the number and structure of sub-funds;
 - on appointments / terminations of investment managers;
 - on how any changes at the investment manager(s) could affect the interests of the CIF; and
 - on how any changes in the investment environment could either present opportunities or problems for the CIF.

3. Objectives

The objective of the CIF is to allow each Participating Scheme to implement their own investment strategy in an efficient manner, taking advantage of economies of scale that arise from pooling assets.

Secure Income Sub-fund

The overall objective of the Secure Income Sub-fund is to generate an investment return of SONIA +3% per annum net of fees, over the long term. The managers appointed for the Secure Income Sub-fund are shown in the table below.

Manager	Mandate	Annual management fees	Performance objective
Alcentra	European Direct Lending	1.00% pa	8% - 10% (Net IRR)
ICG ¹	Direct Lending 3	0.85% pa	8% - 10% (Gross IRR)
ICG ¹	Direct Lending 4	0.85% pa	8% - 10% (Gross IRR)
Hayfin ¹	European Direct Lending	0.80% pa	8% - 10% (Gross IRR)
GreenOak ¹	UK Secured Lending	1.00% pa	7% - 9% (Net IRR)
LaSalle ²	Mezzanine Real Estate Debt	1.13% pa	9% - 11% (Gross IRR)
ICG Longbow	UK Senior Real Estate Debt	0.44% pa	4% (Gross IRR)

¹ GreenOak, Hayfin and ICG charge AMC's as a fixed rate of the TUI CIF's share of the total outstanding loans made by the fund (rather than of TUI CIF's invested assets).

² LaSalle's AMC of 1.13% is charged on TUI's pro rata share of the fund's aggregate investment amount.

In December 2022, the Participating Schemes agreed to re-register five of the semi-illiquid property and high yield debt funds held within the CIF in the name of each of the Participating Schemes (BAL and TUI UK) to allow further operational and investment strategy flexibility. The re-registration process completed in Q2 2023.

As the closed-ended (illiquid credit) funds that the CIF invests in continue to pay out distributions and return investor capital over time, the market value of assets within the CIF is expected to naturally decrease and the resulting composition of the CIF is expected to change, as each of the Participating Schemes invest cashflows received outside of the CIF.

4. Investment manager arrangements

The CIF Trustee Directors considered the use of both passive and active investment management when reviewing the CIF's strategy for the sub-fund. The resultant use of active and passive management is formed following consideration of the efficiency, liquidity and level of transaction costs likely to prevail within each market as well as the impact of the investment manager fees on future expected returns.

Investment manager structure

The CIF Trustee Directors have considered the guidelines and restrictions of each of the mandates in which the CIF invests and are in agreement with them.

A review of the structure of the CIF sub-fund will take place on a regular basis or in the event of changes in the investment environment presenting opportunities or problems for the CIF, or a change in the circumstances of the CIF.

Manager monitoring

Whilst the CIF Trustee Directors are not involved in the investment managers' day to day method of operation and so cannot directly influence attainment of the performance target, they will assess performance and review appointments. Measurable objectives have been developed for each investment manager and sub-fund, consistent with the CIF's longer-term objectives and an acceptable level of risk.

These investment objectives will be treated as a target only and will not be considered as an assurance or guarantee of the performance or risk of the portfolios.

The CIF Trustee Directors recognise that the active managers' performance will be volatile and that they will not always achieve their target. Nonetheless, the managers should demonstrate that the skill exercised in managing the portfolios is consistent with the target given the levels of risks adopted. Reviews of the manager line up will take place on a regular basis. This will include reviewing significant manager changes which affect their prospects of outperforming in the future.

The CIF Trustee Directors use the services of the Custodian (currently The Northern Trust Company) to assess the managers' performance relative to the benchmark returns.

Fee structures

The CIF Trustee Directors have agreed fees with each manager based on the value of assets in their respective portfolios. These fees are consistent with each manager's stated fee scale.

Advisors' fees are paid either on an hourly, project or fixed basis depending on the type of work undertaken.

Risk management

The CIF Trustee Directors have regard to the risks to the CIF's assets, including the following.

Manager risk

- is measured by the expected deviation of the prospective risk and return, as set out in the manager's objectives, relative to the investment policy; and
- is managed through diversification across investment managers and by the ongoing monitoring of the performance of the investment manager as well as a number of qualitative factors supporting the manager's investment process.

Liquidity risk

- is measured by the level of cashflow required by the Participating Schemes over a specified period; and
- is managed by the cashflow policy of the CIF and the TUI Pensions team and Northern Trust's cashflow process document.

Currency risk

- is measured by the level of overseas investment and the translation effect of currencies leading to the risk of an adverse influence on investment values; and
- is managed by, considering the overseas currency exposure in the context of the overall investment strategy and believe that it diversifies the strategy and is appropriate.

Custodial risk

- is measured by assessing the credit-worthiness of the custodian bank and

the ability of the organisation to settle trades on time and provide secure safekeeping of the assets under custody;

- is managed by monitoring the custodian's activities and discussing the performance of the custodian with the investment managers when appropriate; and
- is also partially addressed through investment in pooled vehicles, with the investment managers responsible for selection of suitable custodians. In addition, restrictions are applied as to who can authorise transfers of cash and the accounts to which transfers can be made.

Political risk

- is measured by the level of concentration of any one market leading to the risk of an adverse influence on investment values arising from political intervention;
- is managed by regular reviews of the actual investments relative to policy and through regular assessment of the levels of diversification within the existing policy; and
- These measures do not render the investment policy free of risk, rather the measures endeavour to balance the need for risk control and the need for assets which are likely to achieve the required performance targets.

Credit risk

- is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation; and
- is managed by having the CIF only invest in pooled funds that have a diversified exposure to different credit issuers, and diversifying the private credit arrangements through investments with different investment managers.

Environmental, social and governance (ESG) risks

- potentially include risks relating to factors such as climate change, unsustainable business practices, and unsound corporate governance;
- The CIF Trustee Directors are aware of the TUI GUPT Trustee policy on ESG (which includes climate change); and
- the CIF Trustee Directors seek to appoint investment managers who will

manage these risks appropriately on their behalf and from time to time reviews how these risks are being managed in practice.

The CIF Trustee Directors continue to monitor these risks.

SIO signed for and on behalf of the Trustee of the Trust:

Signed:


Michael Roberts (May 15, 2025 14:07 GMT+1)







TUI Travel CIF - SIO effective from 14.05.2025

Final Audit Report

2025-05-15

Created:	2025-05-14
By:	Samantha McMahon (samantha.mcmahon@tui.co.uk)
Status:	Signed
Transaction ID:	CBJCHBCAABAAo65mebOJfguW0WfWGUAqOemInGS8yBW0

"TUI Travel CIF - SIO effective from 14.05.2025" History

-  Document created by Samantha McMahon (samantha.mcmahon@tui.co.uk)
2025-05-14 - 1:10:07 PM GMT
-  Document emailed to mikeroberts@pantrustees.co.uk for signature
2025-05-14 - 1:10:12 PM GMT
-  Email viewed by mikeroberts@pantrustees.co.uk
2025-05-15 - 1:06:29 PM GMT
-  Signer mikeroberts@pantrustees.co.uk entered name at signing as Michael Roberts
2025-05-15 - 1:07:05 PM GMT
-  Document e-signed by Michael Roberts (mikeroberts@pantrustees.co.uk)
Signature Date: 2025-05-15 - 1:07:07 PM GMT - Time Source: server
-  Agreement completed.
2025-05-15 - 1:07:07 PM GMT