

THE SCHEDULE

PENSION TRUST OF THE RAILWAYS PENSION SCHEME

Application of Assets

5F For the purpose of the Scheme the Trustee may in any part of the world alone or together with others acquire and dispose of any property (tangible or intangible, movable or immovable), whether or not it produces income, enter into any contract or incur any obligation, lend or borrow money or other property for any purpose (including acquiring assets), grant any mortgage or charge over or give any right of recourse against any or all of the assets of the Scheme, form and finance any company, carry on and finance any business, insure assets of the Scheme for any amount against any risk and keep assets in nominee names. The Trustee shall have all powers relating to the assets of the Scheme which it would have if it were absolutely and beneficially entitled to the assets of the Scheme.

The Trustee may also at all times and from time to time invest, hold or stand possessed of all or any of the assets of the Scheme in such manner that the said assets, or any of them, may be:

- (a) mingled with the assets of any other pension scheme or of any other fund of which the assets are or become vested in the Trustee;
- (b) held jointly with assets of another fund; or
- (c) otherwise intermixed with assets, investments or property of whatsoever kind and wheresoever situated,

without the same being separately designated or allocated as an asset of any particular pension scheme or fund.

The Trustee may not acquire any shares, securities, stocks, bonds or debentures in or issued by any Participating Employer or its holding company or subsidiaries or make any loans to any such company or any Member or acquire any interest in property which is used for the purposes of any business carried on by any Participating Employer or its holding company or subsidiaries other than (i) by means of a discretionary investment manager operating at arm's length, or (ii) in acquiring, developing or improving any interest in real property owned or occupied by or subject to a lease in favour of any Participating Employer participating in the relevant Section or its holding company or subsidiaries of the holding company, or (iii) in investing in a fund which tracks or seeks to track a recognised stock market index, investment trust or unit trust over which no Participating Employer has any direct or indirect control. At all times not more than 5% in aggregate of Section Assets may be invested in this way.

The Trustee shall ensure that the regulations relating to Pooled Funds which are authorised by it enable and oblige the Trustee:

- (a) in the case of investment of assets of the Scheme in the Pooled Fund to notionally allocate, cancel and surrender units representing undivided shares in the assets held in the Pooled Fund such that the number of units at any time notionally allocated to a particular Section accurately reflects the proportion of the assets held in the Pooled Funds attributable to that Section;
- (b) to value such assets in accordance with best market practice.