

Aon's UK Investment Business Approach

Aon's business philosophy is based on:

1 A personal approach based on trust

We believe that integrity and transparency are key building blocks in establishing a trust based relationship. We aim to match our colleagues to our clients, to bring enthusiasm and responsiveness to our client relationships and believe in transparent pricing, unambiguous demonstration of value, and management of conflicts.

2 Every client has unique needs

We believe better outcomes and value for money are driven by better client understanding. We focus on understanding a client's situation and objectives and then provide individual advice and solutions backed by significant expert resources.

3 The investment world has become complex

Our breadth and depth of expertise gives the greatest ability to work with our clients to help them meet their investment objectives in a low return world. Our different ways of working provide scalable and cost efficient access to our capability. We are committed to expanding our already broad global base to make sure our clients benefit from diverse investment opportunities.

4 Return matters

In a world consumed by risk, Aon is determined to help protect the downside but also to help clients increase their wealth in relative terms.

5 Easing the governance burden

Aon recognises that in an increasingly regulated and complex world the effective governance of both legacy arrangements and continuing ones is becoming increasingly problematic. We believe that freedom for our clients to choose how they operate creates diversity in approach that facilitates innovation. We work with clients in their preferred way while obeying all applicable laws, regulations and professional standards that govern our business.

6 Problem solving not problem creating

Whether it is investment strategy, performance monitoring or anywhere between, Aon believes that its clients pay them to make life easier whether it be by being proactive, by keeping them informed or by effective communication.

Aon is committed to helping its clients not only achieve the investment outcomes they desire but also in helping make the journey towards that outcome as trouble free as possible, both in terms of the investment experience and the governance burden.

Aon's UK Investment Approach

1 Investment strategy should be determined by reference to the purpose and liabilities of the fund and by the client's risk tolerances

Aon is focused on designing investment strategies which solve their clients' problems by aligning assets and liabilities while leaving room for a level of wealth generation consistent with the client's risk tolerance.

2 Asset allocation has the greatest impact on the overall risk and return of a fund

Diversification is a key element of our investment proposition. However naïve diversification can lead to unnecessary loss of return and/or high cost through over-diversification. We focus on balancing the risk reducing value of diversification with return dilution and cost to achieve an optimal outcome.

3 We believe that investor skill exists and can be captured in most markets

- In equity markets most value can be added through identifying and investing in high conviction unconstrained managers. For those funds who want or need a low cost high capacity approach, factor investing provides the best value for money.
- In other markets skill may be in 'stock picking', accessing the best deals etc. To identify and capture that skill requires deep and specialist research, allied with incisive decision making – to capture return the 'sell' decision is as critical as the 'buy'.

4 Cost is certain and erodes return

Whether it is transition costs or management fees, cost is a drag on performance and should only be tolerated if it can be justified in terms of extra return and/or reduced risk. Our focus on controlling cost is unrelenting.

5 Good governance improves return and improves risk management

Board members, trustees and their advisers/delegated providers should have the appropriate knowledge and skills to understand the investments and risks undertaken. Good returns, net of fees and costs, come from adequately resourced and well governed funds.

6 Taking account of environmental, social and corporate governance factors is a fundamental part of success in long term investing

We support our clients with understanding the issues and developing approaches to manage them.

7 There are multiple other risks to which a fund is exposed and those risks that are not sufficiently compensated should be mitigated, managed or avoided if possible, such as...

- Investors should be rewarded for giving up liquidity
- Investors should be wary of investments where the promised return is out of proportion to the apparent risk
- Asset classes where the source of the promised return is hidden should generally be avoided
- Operational due diligence is an important element of risk control

8 There are risks and benefits in being a first mover which need to be understood

We don't innovate for the sake of it.

About Aon

Aon plc (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance. For further information on our capabilities and to learn how we empower results for clients, please visit <http://aon.mediaroom.com>.