Partnerships in Care Limited Pension and Life Assurance Plan

Statement of Investment Principles – August 2025

Introduction

The Trustee of the Partnerships in Care Limited Pension and Life Assurance Plan ('the Plan') have drawn up this Statement of Investment Principles ('the Statement') to comply with the requirements of the Pensions Act 1995, the Pensions Act 2004, and the Occupational Pension Schemes (Investment) Regulations 2005. The Statement is intended to affirm the investment principles that govern decisions about the Plan's investments. In preparing this Statement the Trustee has consulted Partnerships In Care Limited ('the Employer') on the Trustee's investment principles.

Governance

The Trustee make all major strategic decisions including, but not limited to, the Plan's asset allocation and the appointment and termination of investment managers. The process for making investment decisions is as follows:

- Identify appropriate investment objectives
- Agree the level of risk consistent with meeting the objectives
- Implement an investment strategy and investment manager structure in line with the level of risk and objectives agreed

When making such decisions, and when appropriate, the Trustee takes proper advice. The Trustee's investment consultants, Capita Pension Solutions Limited ("Capita"), are qualified by their ability in and practical experience of financial matters, and have the appropriate knowledge and experience to provide such advice.

Investment Objectives

The Trustee is required to invest the Plan's assets in the best interest of members, and their main objective with regard to investment policy is to insure all Plan benefits via a Buy-in/Buy-Out transaction as soon as is practical.

Based on the contributions that have been committed to the Plan by the Employer through to 31 March 2026 combined with the existing assets in the Scheme, the Trustee expects to have sufficient financial resources to be able to Buy-in the Plan during 2026.

The Trustee has an additional priority objective to ensure that sufficiently liquid assets are available to meet benefit payments as they fall due prior to the planned Buy-in transaction.

Risk Management and Measurement

The Trustee is aware of and pays close attention to a range of risks inherent in investing the assets of the Plan. The Trustee believes that the investment strategy provides for adequate diversification both within and across different asset classes. The Trustee further believes that the current investment strategy is appropriate given the Plan's liability profile and objective to Buy In/Out in the next 2 years. The Trustee's policy on risk management is as follows:

- The primary investment risk faced by the Plan arises as a result of a mismatch between the Plan's assets and its liabilities. This is therefore the Trustee's principal focus in setting investment strategy, taking into account the nature and duration of the Plan's liabilities. The key measure of the liabilities here is the expected Buy-in insurance premium.

- The Trustee recognises that whilst increasing risk increases potential returns over a long period, it also increases the risk of a shortfall in returns relative to that required to cover the Plan's liabilities as well as producing more short-term volatility in the Plan's funding position. The Trustee has taken advice on the matter and (in light of the objectives noted previously) determined that it is not necessary to generate returns over and above those available from relatively low risk assets (predominantly investment credit and liability matching bonds like gilts).

- The Trustee recognises the risks that may arise from the lack of diversification of investments. Subject to managing the risk from a mismatch of assets and liabilities, the Trustee aims to ensure the asset allocation strategy in place results in an adequately diversified portfolio. Due to the size of the Plan's assets and recognising the need to diversify, investment exposure is obtained via pooled vehicles.

- The documents governing the managers' appointment include a number of guidelines which, among other things, are designed to ensure that only suitable investments are held by the Plan.

- The Trustee recognises that, where appropriate, the use of active management involves a risk that the assets do not achieve the expected return. However, they believe this risk is outweighed by the potential gains from successful active management, in particular in regions or asset classes where this potential is greater than others. Therefore, the Plan's assets are managed through a mixture of active and passive management which may be adjusted from time to time.

- The safe custody of the Plan's assets is delegated to professional custodians via the use of pooled vehicles.

- The Trustee has invested in leveraged investments to achieve their desired investment objectives, including a portfolio of Liability Driven Investment funds. Collateral management is crucial in respect of any leveraged investments, and to this end the Trustee has invested in a cash-equivalent Sterling Liquidity Fund as their main collateral pool of assets, with a secondary pool of collateral in an Absolute Return Bond fund. The Trustee has put an 'automatic' collateral waterfall in place with their Investment Platform Provider, in order to help ensure that collateral calls are not missed if there is a rapid rise in gilt yields which exhausts the Plan's main collateral pool. This is in line with Regulatory best practice.

Should there be a material change in the Plan's circumstances, the Trustee will review whether the current risk profile remains appropriate.

Investment Strategy

Given their investment objectives the Trustee has agreed to the indicative asset allocation detailed in the table below. The Trustee, having taken advice from their Investment consultant, believes that the investment strategy broadly matches expected movements in Buy-in pricing and so is a low-risk position.

Asset Class	Indicative* Asset Allocation (%)
Multi-asset credit	15.0
Absolute return bonds	20.0
Synthetic credit (4x leveraged)	11.5
Liability driven investments[1]	53.5
Total	**100.0**
Liability hedge ratios (% of total Buy-out liabilities):	
Interest rate hedge	90-100%[2]
Inflation hedge	90-110%
Credit spread hedge	80-100%[3]

* The split between different types of investment shown above was broadly correct at the time of implementation but will be allowed to drift to maintain the target levels of hedging.

The Plan is in a cashflow surplus position and at the time of writing the standing arrangement was for this ongoing surplus to be invested into Absolute Return Bonds. The Trustee will regularly monitor the actual asset allocation and may decide to change this cash flow policy, subject to receiving the necessary advice from their investment consultant.

Further detail on the investment funds can be found in the Appendix.

Expected Return

The Trustee expects to generate a return, over the long term, of circa 0.9% per annum, net of expenses, above a portfolio of long-dated UK Government bonds – which are considered to change in value in a similar way to the Plan's liability value. This return is a "best estimate" of future returns that has been arrived at given the asset allocation and in the light of advice from the investment consultant.

Platform Provider

The Trustee has appointed Mobius ('the Platform Provider') to manage all of the assets of the Plan. The Platform Provider is regulated under the Financial Services and Markets Act 2000. All decisions about the day-to-day management of the assets have been delegated to the Platform Provider via a written agreement, including the realisation of investments.

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[1] Includes leveraged and unleveraged gilts and index-linked gilts, interest swaps and inflation swaps, and cash-equivalents.
[2] Interest rate and inflation hedging was initially increased to around 90% in July 2025 using an approximate approach and then will be further increased to 100% later in 2025 using robust methods.
[3] Assumes liabilities have a sensitivity to credit spreads of 30-50% of sensitivity to long term interest rates (i.e. liabilities proxied as 30-50% credit).

Investment Mandates

The Trustee has selected Legal & General Investment Management Limited (‘LGIM’), PIMCO Limited (‘PIMCO’) and Columbia Threadneedle Investments Limited (‘CT’) as the appointed Investment Managers (‘the Investment Managers’) to manage the assets of the Plan via a single policy with Platform Provider. The Investment Managers are themselves regulated under the Financial Services and Markets Act 2000.

The Trustee has rolling contracts with their investment managers.

The Trustee monitors the performance of their investment managers on a quarterly basis. This monitoring is contained in a report provided by their advisors.

The Trustee has set performance objectives, including time periods, consistent with the investment strategy set out in this statement.

Investment Management Remuneration

The remuneration for the Investment Managers’ services is in line with the overall investment strategy set out above. The Trustee’s investment advisors have confirmed, as part of their initial product selection advice, that the Annual Management Charges levied by the investment managers are reasonable.

Investment Manager Philosophy and Engagement

Based on product selection advice from its investment advisors, the Trustee has selected products which have a clear investment objective, investment philosophy and investment parameters which align with the Trustee’s investment objectives. One of the benefits of this is that it helps ensure that investment managers make decisions based on medium to long-term, financial and non-financial, performance of the business in which shares or corporate bonds are invested.

The Trustee has selected products which have a clear voting and engagement policy, which aligns with the Trustee’s investment strategy and incentivises the asset manager to engage with the businesses in which shares or corporate bonds are invested. The Trustee reviews and monitors voting activity annually as part of the drafting of its Implementation Statement.

Investment Manager Portfolio Costs

The Trustee recognises that portfolio turnover is necessary in the successful management of the Plan’s investments and that this results in costs of buying, selling, lending and borrowing investments. Based on product selection advice from its investment advisors, the Trustee has selected products which it understands to have a robust approach to portfolio management. Should the Trustee’s regular monitoring of performance raise concerns then the Trustee will probe further. This may include requesting updated statistics from the investment manager regarding portfolio management costs and portfolio turnover (and reviewing the reasonableness of these).

Financially material considerations over the Plan’s time horizon

The Trustee believes that its main duty, reflected in their investment objectives, is to protect the financial interests of the Plan’s members. The Trustee believes that Environmental, Social and Governance (ESG) considerations (including but not limited to climate change) and stewardship in the selection, retention and realisation of their investments is an integral part of this duty. Legislation requires that the Trustee forms a view of the length of time that they consider is needed for the funding of future benefits by the investments of the Plan.

The Trustee is in the process of securing a Bulk Purchase Annuity (Buy-in) so the time horizon from an investment perspective is very short, which gives minimal scope for ESG considerations to be financially material.

The Trustee will consider ESG matters in the selection of the bulk annuity insurer.

The Plan no longer holds any equities and therefore does not have any voting rights. The Trustee has elected to invest in pooled funds and cannot, therefore, directly influence the ESG policies of the funds in which they invest.

The Trustee is keen that its Investment Managers are signatories of the UN Principles of Responsible Investment, which is currently the case.

Non-financial matters, including members' views are not currently taken into account.

Employer-Related Investments

The Trustee's policy is not to hold any direct employer-related investments as defined in the Pensions Act 1995, the Pensions Act 2004 and the Occupational Pension Schemes (Investment) Regulations 2005.

Fee Structures

The Platform Provider is paid a management fee on the basis of assets under management which includes the underlying investment manager's management fees. The Trustee has agreed for the fees related to the Columbia Threadneedle Liability Driven Investment Funds to be paid by the encashment of units held in the LGIM Global Unconstrained Bond Fund. The investment consultant is paid on a fixed fee basis for providing 'core services'. The Trustee can also request that Capita undertake 'out-of-scope' projects, which may be undertake on a fixed fee or time-cost basis - as agreed between the Trustee and Capita.

Review of this Statement

The Trustee will review this Statement at least once every three years and without delay after any significant change in investment policy. Any change to this Statement will only be made after having obtained and considered the written advice of someone who the Trustee reasonably believe to be qualified by their ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of pension scheme investments.

For and on behalf of the Trustee of the Partnerships in Care Limited Pension and Life Assurance Plan

Appendix – Investment Mandates

The Trustee has selected the Investment Managers to manage the assets of the Plan via the Platform Provider. The Investment Managers and the Platform Provider are regulated under the Financial Services and Markets Act 2000. The Investment Managers' mandates are set out below:

Asset Class	Investment Manager	Fund Name	Active / Passive Management	Indicative Allocation %	Total Expense Ratio as at 31 March 2025* (%p.a.)
Multi-Asset Credit	PIMCO	GIS Income Fund	Active	15.0	0.55%
Absolute Return Bonds	LGIM	Global Unconstrained Bond Fund	Active	20.0	0.30%
Synthetic Credit	LGIM	Synthetic Leveraged Credit Fund	Active	11.5	0.43%
Liability Driven Investments (LDI)	CT	LDI fund range including leveraged and unleveraged gilts and index-linked gilts, interest swaps and inflation swaps, and cash-equivalents.	Passive (Mechanistic)	53.5	Various from 0.11-0.31% depending on underlying product
Total				**100.0**	

**Excludes Mobius platform fee*

The split between different investments shown above was broadly correct at time of implementation, but will be allowed to drift to maintain the target level of hedging. Annual management charges are accrued within the unit price on a daily basis and include allowance for underlying investment managers charges