

Yorkshire Fittings Pension Scheme

Statement of Investment Principles

August 2024 Edition

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# 1 Introduction

This Statement of Investment Principles (“the Statement”) has been prepared by the Trustees of the Yorkshire Fittings Pension Scheme (“the Scheme”) in accordance with Section 35 of the Pensions Act 1995, as amended, and its attendant Regulations.

The Statement outlines the principles governing the investment policy of the Scheme and the activities undertaken by the Trustees to ensure the effective implementation of these principles.

In preparing the Statement, the Trustees have:

- obtained and considered written advice from a suitably qualified individual, employed by Mercer Limited (“Mercer”), whom they believe to have a degree of knowledge and experience that is appropriate for the management of their investments;
- consulted with the Sponsoring Employer, although they affirm that no aspect of their strategy is restricted by any requirement to obtain the consent of the Sponsoring Employer.

The advice and the consultation process considered the suitability of the Trustees’ investment policy for the Scheme.

The Trustees will review the Statement formally at least every three years to coincide with the triennial Actuarial Valuation or other actuarial advice relating to the statutory funding requirements. Furthermore, the Trustees will review the Statement without delay after any significant change in investment policy. Any changes made to the Statement will be based on written advice from a suitably qualified individual and will follow consultation with the Sponsoring Employer.

## 2 Investment Objectives

The Trustees' primary investment objective for the Scheme is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due.

In doing so, the Trustees also aim to maximise returns at an acceptable level of risk, taking into consideration the circumstances of the Scheme.

The Trustees have received confirmation from the Scheme Actuary that their investment objectives and the resultant investment strategy are consistent with the actuarial valuation methodology and assumptions used in the Statutory Funding Objective.

# 3 Investment Responsibilities

## 3.1 Trustees' Duties and Responsibilities

The Trustees are responsible for setting the investment objectives and determining the strategy to achieve the objectives.

They have set up an Investment Sub-Committee ("ISC"), which has a clear terms of reference to oversee the investment aspects of the Scheme.

The terms of reference include:

- Obtain and consider advice in relation to the appropriate investment strategy and structure for the Scheme and make recommendations to the Board.
- Implement changes in investment strategy decided by the Board.
- Instruct transfers of assets between funds in order to re-balance portfolios within agreed ranges.
- Monitor and report to the Board on the performance of investments and investment funds.
- Monitor and report to the Board the performance of investment consultants.
- Recommend the selection and removal of appropriate funds to the Board.
- Recommend an appropriate platform provider to the Board, and monitor the continuing appropriateness of the platform provider.
- Consider and negotiate the terms of appointment of any new investment platform provider and investment consultants selected by the Board, seeking professional advice where appropriate, and make recommendations to the Board to enter into agreements on the agreed terms of appointment.
- Consider and agree minor amendments to the terms of appointment of the platform provider and investment consultants.
- Consider and agree amendments to this Statement.
- Make recommendations to the Board in relation to any major changes to this Statement.
- Liaise with the platform provider as necessary regarding routine operational issues.
- Consult the Scheme's sponsor in relation to investment matters.
- Review and approve the Engagement Policy Implementation Statement for the Scheme, and any disclosures required under the Task Force on Climate Change Financial Disclosures legislation.
- Carry out any additional investment related duties at the specific request of the Board.

## 3.2 Investment Adviser's Duties and Responsibilities

The Trustees have appointed Mercer as the investment adviser to the Scheme. Mercer provides advice as and when the Trustees require it, as well as raising any investment-related issues, of which it believes the Trustees should be aware. Matters on which Mercer expects to provide advice to the Trustees include the following:

- Setting of investment objectives.
- Determining investment strategy and asset allocation.

- Determining an appropriate investment structure.
- Advising the Trustees in relation to funds and investment managers that are suitable to meet the Trustees' objectives
- Monitoring the underlying investment managers and investment platform provider to ensure their continuing appropriateness to the mandates given
- Advising on appropriate cashflow management (investment and withdrawal) policies (see Appendix 2)

The Trustees may seek advice from Mercer with regard to both strategic and tactical investment decisions (see Section 4 - Investment Strategy); however, they recognise that they retain responsibility for all such decisions, including those that concern investments and disinvestments relating to cashflows (see Appendix 2). Mercer may be proactive in advising the Trustees regarding tactical investment decisions; however, there is no responsibility placed on Mercer to be proactive in all circumstances.

Mercer provides regular quarterly reporting to monitor the performance of the Scheme's investment managers against their benchmarks.

Mercer will also advise the Trustees of any significant developments of which it is aware relating to the investment managers, or funds managed by the investment managers in which the Scheme is invested, such that in its view there exists a significant concern that any of these funds will not be able to meet their long-term objectives.

Mercer is remunerated by the combination of a fixed fee basis for recurring tasks and on a time-cost basis for other work. Mercer does not receive commission or any other payments in respect of the Scheme that might affect the impartiality of its advice, and as noted below, any discounts negotiated by Mercer with the underlying managers are passed on in full to the Scheme.

The Trustees believe that this is the most appropriate adviser remuneration structure for the Scheme.

Mercer is authorised and regulated by the Financial Conduct Authority ("FCA").

### **3.3 Arrangement with Investment Managers**

The Trustees are long term investors and do not look to change the investment arrangements on a frequent basis.

After considering appropriate investment advice, the Trustees have invested the Scheme's assets through a Trustee Investment Policy ("TIP") with Mobius. The Trustees first invested through the Mobius TIP in July 2023.

Mobius is authorised by the Prudential Regulation Authority ("PRA") and regulated by the FCA and the PRA.

The Mobius TIP facilitates investment into a range of underlying funds managed by third party investment managers and the value of the Mobius TIP is directly linked to the change in value in the underlying funds. All of the underlying investment managers used by the Trustees through the Mobius TIP are authorised and regulated by the FCA.

The underlying investment managers used by the Trustees through the Mobius TIP are chosen based on advice from Mercer. This is based on Mercer's view of their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected.

Mercer monitors the underlying investment managers to ensure their continuing appropriateness to the mandates given. If a manager is significantly downgraded by Mercer, Mercer will notify the Trustees and the Trustees may, after appropriate consideration, replace that manager with a suitable alternative.

The Trustees only invests in pooled funds through the Mobius TIP. The Trustees therefore accept that they cannot specify the risk profile and return targets of the underlying investment managers, but pooled funds are chosen with appropriate characteristics to align with the overall investment strategy, including the policies set out in this Statement.

The underlying investment managers are responsible for all decisions concerning the selection and de-selection of the individual securities within the pooled funds they manage.

In the case of multi-asset mandates, the underlying investment managers are responsible for all decisions concerning the allocation to individual asset classes and changes in the allocations to individual asset classes.

Both Mobius and the underlying investment managers are remunerated by ad valorem charges based on the value of the assets that they manage on behalf of the Scheme. Mobius also charges a modest, fixed monthly policy administration fee.

Where possible, discounts have been negotiated by Mercer and Mobius with the underlying managers on their standard charges and these discounts are passed on in full for the benefit of the Scheme.

None of the funds in which the Scheme is invested have performance related fees, which could incentivise them to make decisions to maximise short term performance in order to hit profit targets. The Trustees therefore consider that the method of remunerating the underlying investment managers is consistent with incentivising them to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity. By encouraging a medium to long-term view, they will in turn encourage the investment managers to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.

The Trustees accept that they cannot influence the charging structure the pooled funds in which the Scheme is invested, but are satisfied that the ad-valorem charges for the funds are clear and are consistent with each fund's stated characteristics.

The Trustees are therefore satisfied that the basis for remunerating the underlying investment managers is the most appropriate for the Scheme and is consistent with the Trustee's policies as set out in this Statement.

### **3.4 Summary of Responsibilities**

A summary of the responsibilities of all relevant parties, including the Scheme Actuary and the Scheme administrators, in so far as they relate to the Scheme's investments, is set out at Appendix 4.

## 4 Investment Strategy

### 4.1 Setting Investment Strategy

The Trustees have determined their investment strategy after considering the Scheme's liability profile and the requirements of the Statutory Funding Objective, their own appetite for risk, the Sponsoring Employer's appetite for risk, and the strength of the Sponsoring Employer's covenant. The Trustees have also received written advice from their investment adviser.

The Trustees have established a benchmark allocation for the investment strategy which is set out in Appendix 1.

The basis of the Trustees' strategy is to divide the Scheme's assets between a "growth" portfolio and a "matching" portfolio. The Trustees regard the distribution of the assets to be appropriate for the Scheme's objectives and liability profile.

Whilst Appendix 1 shows an expected range for the asset allocation, the Trustees note that this is a guideline only, and there will be circumstances where it will be appropriate for the asset allocation to move outside this range without the need for corrective action to be taken.

The Trustees recognise the benefits of diversification across growth asset classes, as well as within them, in reducing the risk that results from investing in any one particular market.

The Trustees have therefore invested into pooled Diversified Growth / Absolute Return Funds ("DGFs") which are actively managed multi-asset funds and invest across a diversified range of assets.

The Trustees have also invested into a pooled Multi Asset Credit Fund ("MAC") which is an actively managed fund investing across a diversified range of bond type investment contracts.

The Trustees also recognise the benefits of investing in Liability Driven Investment ("LDI") funds which aim to respond in a similar way to changes in long term interest rates and long term inflation expectations as the actuarial value of the Scheme's future benefit payments. This is referred to as liability hedging.

In respect of the investment of contributions and any disinvestments to meet member benefit payments, the Trustees have decided on a structured approach, set out in Appendix 2, as well as a policy on re-balancing the assets.

### 4.2 Investment Decisions

The Trustees distinguish between three types of investment decision: strategic, tactical and stock-level.

#### Strategic Investment Decisions

These decisions are long-term in nature and are driven by an understanding of the objectives, needs and liabilities of the Scheme.

The Trustees take all such decisions themselves. They do so after receiving written advice from their investment adviser and consulting with the Sponsoring Employer. Examples of such decisions and of tasks relating to the implementation of these decisions include the following:

- Setting investment objectives.
- Determining the split between the growth and the matching portfolios.
- Determining the allocation to asset classes within the growth and matching portfolios.



- Determining the Scheme benchmark.
- Reviewing the investment objectives and strategic asset allocation.

### **Tactical Investment Decisions**

These decisions are short-term and based on expectations of near-term market movements. Such decisions may involve deviating temporarily from the strategic asset allocation and may require the timing of entry into, or exit from, an investment market or asset class.

These decisions can be made by the Trustees. However, where such decisions are made within a pooled fund, they are the responsibility of the investment manager of the fund.

### **Stock Selection Decisions**

All such decisions are the responsibility of the investment managers of the pooled funds in which the Scheme is invested.

## **4.3 Types of Investments to be Held**

The Trustees are permitted to invest across a wide range of asset classes and types of investments.

The Scheme's assets are invested wholly via pooled vehicles through the Mobius TIP and the use of derivatives is as permitted by the guidelines that apply to the pooled funds.

## **4.4 Financially Material Considerations**

The Trustees consider many risks which they anticipate could impact the financial performance of the Scheme's investments over its expected lifetime.

The Trustees recognise that environmental, social and corporate governance ("ESG") factors, such as climate change, can influence the investment performance of the Scheme's portfolio and it is therefore in members' and the Scheme's best interests that these factors are taken into account within the investment process.

The Trustees further recognise that investing with a manager which approaches investments in a responsible way and takes account of ESG related risks may lead to better risk adjusted performance as omitting these risks in the investment analysis could skew the results and underestimate the level of overall risk being taken. Therefore, other factors being equal, the Trustees would seek to invest in funds which incorporate ESG principles.

Taking this into consideration, the Trustees have invested into the Legal and General Investment Management ("LGIM") Future World equity funds, which are LGIM's flagship ESG tilted passive equity funds.

In setting their investment strategy for the Scheme, the Trustees have also prioritised funds which provide leveraged protection against movements in the Scheme's liability value and funds which provide actively managed diversification across a wide range of investment markets and consider the financially significant benefits of these factors to be important.

The Trustees note that ESG considerations are not paramount to the first level decision making process within the funds which provide either actively managed diversification or leveraged liability protection. However, in the actively managed DGF and MAC funds, whilst managers typically do not put ESG considerations at the heart of the asset allocation decision, they will embed ESG considerations into the management of the underlying asset classes where it is appropriate to do so.

The Trustees receive ESG scores provided by Mercer in relation to the funds in which the Scheme is invested, and will monitor how these develop over time.

The Trustees also review ESG considerations on an ongoing basis to make sure that their policy evolves in line with emerging trends and developments.

They also consider Mercer's ESG scores before investing in new funds.

The Trustees are therefore satisfied that ESG factors are appropriately reflected in the overall investment approach.

## 4.5 Non-Financial Considerations

The Trustees have determined that the financial interests of the Scheme members are their first priority when choosing investments.

They have decided not to consider non-financial considerations, such as ethical views, or to take members' preferences into account when setting the investment strategy for the Scheme.

## 4.6 Stewardship

The Scheme is invested solely in pooled investment funds through the Mobius TIP and the Trustees therefore have no direct voting rights.

The Trustees' policy is therefore to invest with investment managers where responsible investment is embedded appropriately in their approach to investment; including monitoring and engaging with investee companies, and exercising voting rights appropriately.

Information on the investment managers' approach to responsible investment, voting and engagement with the investee companies is available at the following websites:

Columbia Threadneedle:

<https://www.columbiathreadneedle.co.uk/en/inst/about-us/responsible-investment/>

Nordea:

<https://www.nordeaassetmanagement.com/responsible-investment>

M&G:

<https://www.mandg.com/who-we-are/mandg-investments/responsible-investing-at-mandg-investments>

LGIM:

<https://www.lgim.com/uk/en/responsible-investing/>

Mercer's quarterly reporting to the Trustees includes Mercer's ESG score for the funds in which the Scheme is invested. The ESG score incorporates an assessment of engagement and voting as part of the process.

Receipt of this score on a quarterly basis enables the Trustees to monitor that these scores remain appropriate in the context of the fund mandates.

Taking all the above into consideration, the Trustees are satisfied that stewardship and responsible investment is embedded appropriately in the investment managers' approaches to investing.

If the Trustees are specifically invited to vote on a matter relating to corporate policy, they would exercise their right in accordance with what they believe to be the best interests of the majority of the Scheme's membership.

If a new investment manager is selected, the Trustees would consider Mercer's ESG score for the new manager as part of their decision making process.

The Trustees have identified that climate change and carbon neutrality is their most important stewardship priority. The Trustees monitor the key voting activity of their investment managers on climate change and carbon neutrality as part of the annual Engagement Policy Implementation Statement (EPIS).

The Trustees will review their stewardship priorities from time to time, although this Statement would not be updated solely in relation to a change of priorities.

## 5 Risk

Under the Pensions Act 2004, the Trustees are required to state their policy regarding the ways in which risks are to be measured and managed. These are set out below.

### Solvency Risk and Mismatching Risk

- These are measured through a qualitative and quantitative assessment of the expected development of the assets relative to the liabilities.
- They are managed by setting a scheme-specific strategic asset allocation with an appropriate level of risk and by monitoring the development of the funding position on a regular basis.

### Manager Risk

- This is assessed as the expected deviation of the prospective risk and return, as set out in the managers' objectives, relative to the investment policy.
- It is managed by monitoring the actual deviation of returns relative to the objective and factors supporting the managers' investment process, and by appointing Mercer to monitor and if requested, advise on the replacement of the manager where concerns exist over its continued ability to deliver the investment mandate.
- It is also managed through the diversification of the Scheme's assets across funds with different investment styles, by investing passively where appropriate, and by using the Mobius platform, which enables quick and efficient replacement of the underlying managers if appropriate.

### Liquidity Risk

- This is monitored according to the level of cashflows required by the Scheme over a specified period.
- It is managed by holding an appropriate amount of readily realisable investments. The Scheme's assets are invested in pooled funds and are readily realisable.

### Political Risk

- This is measured by the level of concentration in any one market leading to the risk of adverse influence on investment values arising from political intervention.
- It is managed by regular reviews of the investments and through investing in funds which enable a wide degree of diversification within the investment policy.

### Sponsor Risk

- This is assessed as the level of ability and degree of willingness of the sponsor to support the continuation of the Scheme and to make good any current or future deficit.
- It is managed by assessing the interaction between the Scheme and the sponsor's business, as measured by a number of factors, including the creditworthiness of the sponsor and the size of the pension liability relative to the sponsor. The Trustees also receive regular updates from senior management of the sponsor.

## ESG Risk

- This is the risk that ESG concerns, including climate change, have a financially material impact on the return of the Scheme's assets.
- The Trustees manage this risk by investing with well-respected investment managers where ESG principles are an established part of the investment decision making process, by regularly reviewing Mercer's ESG scoring of the Scheme's managers, and by reviewing ESG considerations regularly to make sure that their approach evolves in line with changing circumstances.

## Credit Risk

- This is the risk that is associated with the inability of a borrower to repay, in full or part the monies which it owes to a creditor.
- The Scheme invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.
- Indirect credit risk arises in relation to underlying bond investments held in the pooled funds. This risk is mitigated by investing in funds with diversified portfolios and by investing in LDI funds with sound collateralisation and risk management procedures.
- The Scheme's holdings in pooled investment vehicles are unrated by credit rating agencies. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled fund investment manager, the regulatory environments in which the pooled fund investment managers operate and diversification of investments amongst a number of pooled fund arrangements.
- The Trustees have invested the assets via the Mobius TIP. Mobius carries out due diligence checks before making a new pooled fund available, and on an ongoing basis monitors changes to the regulatory and operating environments of the underlying pooled fund investment managers.

## Market Risk

- This is the risk the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of the following three types of risk; currency risk, interest rate risk and other price risk.

## Currency Risk

- This is the risk that occurs when the price of one currency moves relative to another (reference) currency. In the context of a UK pension scheme, it may be invested in overseas stocks or assets, which are either directly or indirectly linked to a currency other than Sterling. There is a risk that the price of that overseas currency will move in such a way that devalues that currency relative to Sterling, thus negatively impacting the overall investment return.
- The equity funds invest globally and are therefore subject to currency risk. The Trustees have managed this risk by investing half of the equity allocation in a currency hedged version of the fund. This is intended to provide an appropriate balance between reducing overseas currency risk, whilst diversifying away from sole reliance on Sterling.
- The DGF and MAC funds have a Sterling benchmark and this is their neutral position. Within them, the management of the currency risk related to overseas investments is delegated to the investment managers, but by investing in a diversified investment portfolio, the impact of currency risk is mitigated.

- The LDI Funds are invested in UK instruments and therefore not exposed to currency risk.

### **Interest / Inflation Rate Risk**

- This is the risk that an investment's value will change due to a change in the level of interest rates and expected inflation. This affects the matching assets more directly than growth assets.
- The Trustees recognise that the Scheme's liabilities are exposed to a significant level of interest rate and inflation risk movement and for this reason it is desirable for the Scheme's assets to be exposed to a similar level of interest rate and inflation risk and the Trustees have invested in LDI funds to manage this risk.

### **Other Price Risk**

- This is the risk that principally arises in relation to the growth assets, for which the Scheme has introduced DGFs and MAC, in order to start to manage this risk by diversifying the exposure across different investment markets.

# 6 Monitoring of Investment Adviser and Manager

## 6.1 Investment Advisers

The Trustees continually assess and review the performance of their adviser in a qualitative way, and undertake a formal review annually. In doing so, the Trustees consider the objectives they set for the investment adviser, which they review on an ongoing basis and at least every three years.

## 6.2 Investment Managers

The Trustees receive quarterly monitoring reports on performance of the underlying investment managers from Mercer, which present performance information over 3 months, 1 year and 3 years. The reports show the absolute performance, and performance of the manager's stated target performance (over the relevant time period) on a net of fees basis. They also provide returns of market indices so that these can be used to help inform the assessment of the underlying managers' performance.

The reports also review the performance of the Scheme's assets in aggregate against the strategic benchmark.

The Trustees also consider regular updates of the funding position so that the effectiveness of the Scheme's LDI strategy and overall strategic approach can be assessed.

In conjunction with advice and information from the investment adviser, the Trustees have the role of replacing the underlying investment managers where appropriate. The Trustees would take a long-term view and such decisions would not be made based solely on short-term performance concerns. Instead, changes would be driven by a significant downgrade of the investment manager by Mercer. This in turn would be due to a significant reduction in Mercer's confidence that the investment manager will be able to perform in line with their fund's mandate over the long term.

Changes will also be made to the underlying investment managers if there is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager.

## 6.3 Portfolio Turnover Costs

The Trustees do not currently monitor portfolio turnover costs for the funds in which the Scheme is invested although note that the performance monitoring reports show performance net of all charges, including such costs. Portfolio turnover costs means the costs incurred as a result of the buying, selling, lending or borrowing of investments.

The Trustees are aware of the requirement to define and monitor targeted portfolio turnover and turnover range.

Given that the Scheme invests in pooled funds, some of which are passively managed and some of which invest across a wide range of asset classes, the Trustees do not have an overall portfolio turnover target for the Scheme and are satisfied that this is appropriate.

## 7 Additional Voluntary Contributions ("AVCs")

The Scheme currently offers members the option to invest AVC funds with Aegon, Aviva and Phoenix Life.

The Trustees are of the opinion that the type and range of facilities currently available are suitable to provide for the requirements of Scheme members in any of the circumstances likely to arise. It is also the view of the Trustees that the facilities on offer are acceptable in terms of breadth of choice and performance of those funds.



## 8 Best Practice

The Trustees note that in March 2017, the Pensions Regulator released 'Investment Guidance for Defined Benefit Pension Schemes'.

The Trustees receive investment advice which ensures that the principles contained within this guidance are adopted by the Scheme as far as it is appropriate to the Scheme's circumstances.

The ISC and the Trustees meet with their investment adviser on a regular basis, monitoring developments both in relation to the Scheme's circumstances and in relation to evolving guidance, and will revise the Scheme's investment approach if considered appropriate.

## 9 Compliance

This Statement is available to members online.

A copy of the Scheme's current Statement plus Appendices is also supplied to the Sponsoring Employer, the Scheme Auditor and the Scheme Actuary.

This Statement, taken as a whole with the Appendices, supersedes all others.

**Approved by the Trustees on 13 August 2024.**

# Appendix 1: Scheme Asset Allocation Benchmark

The Scheme's asset allocation benchmark and guideline range is set out below.

	Allocation (%)	Expected Range (%)
<b>GROWTH PORTFOLIO</b>	66.6	+/-17
Equity	40.0	+/-10
Diversified Growth Funds	13.3	+/-5
Multi-Asset Credit	13.3	+/-5
<b>MATCHING PORTFOLIO</b>	33.4	+/-17
Real Liability Driven Investment	24.3	+/-12
Nominal Liability Driven Investment	9.1	+/-5
<b>TOTAL</b>	100.0	

The Trustees note that the value of the LDI funds can vary considerably over time because they are designed to provide leveraged protection against the impact in movements in the value of the Scheme's liabilities, and therefore the asset allocations may move outside the above range. Information on rebalancing is set out in Appendix 2.

Information on the funds is set out in Appendix 3.

## Appendix 2: Cashflow and Rebalancing Policy

### **Cashflow Policy**

The Trustees have put in place a suitable procedure for managing the Scheme's cashflows.

The Trustees note that the Scheme's LDI funds provide broadly the protection that is required against changes in yields and have therefore agreed that no cashflows should be made to or from the LDI funds at the current time.

Therefore, regular cashflows are to be dis/invested from/to the equity, DGF and MAC assets on a pro-rata basis based on their central allocation. This approach will maintain the overall weighting of the growth assets.

For the avoidance of doubt, this Statement will not be revised purely in relation to a change in cashflow policy.

### **Rebalancing Policy**

There is no automatic rebalancing of the assets back to the Scheme's strategic asset allocation.

The Trustees will use the regular monitoring information from Mercer to monitor against the guideline ranges.

If the assets move outside the guideline range, the Trustees will liaise with Mercer to consider whether action is required. Importantly, there is no automatic rebalancing, and there will be circumstances where it is appropriate not to undertake any rebalancing.

### **LDI Recapitalisation Policy**

The Trustees note that the LDI manager may require additional assets from time to time in order to support the operation of the LDI funds or may release assets from time to time. The Trustees have put in place a policy with Mobius regarding this re-capitalisation / release procedure.

# Appendix 3: Investment Manager Information

The tables below show the details of the underlying funds invested in through Mobius.

## Growth Assets

Investment Manager / Fund	Objective	Total Expense Ratio (% p.a.)	Date first invested
<b>LGIM GPGE Future World Global Equity Fund</b>	To track the performance of the Solactive L&G ESG Global Markets Index (less withholding tax where applicable) to within +/-0.60% p.a. for two years out of three.	0.140	March 2024
<b>LGIM GPEN Future World Global Equity Index Fund GBP Hedged</b>	To track the performance of the Solactive L&G ESG Global Markets Index – GBP Hedged (less withholding tax where applicable) to within +/-0.60% p.a. for two years out of three.	0.165	March 2024
<b>Columbia Threadneedle Multi Asset Fund</b>	To outperform the BoE Base Rate by at least 4% p.a. over a 5 to 7 year-cycle gross of fees	0.395	July 2023
<b>Nordea Diversified Return Fund</b>	To provide capital preservation over a three-year horizon, targeting SONIA + 4% p.a. (gross of fees) with less than half the volatility of global equities.	0.695	July 2023
<b>M&amp;G Total Return Credit Investment Fund</b>	To provide a return of SONIA plus 3-5% p.a. (gross of fees), over any five-year period.	0.445	July 2023

## Matching Assets

Investment Manager / Fund	Objective	Total Expense Ratio (% p.a.)	Date First Invested
<b>Columbia Threadneedle Dynamic LDI Funds</b>	To provide liability hedging by offering interest rate and inflation protection which replicates the liability profile of a typical UK defined benefit pension plan.	0.295	October 2014

Source: Mobius, effective 31 December 2023. Charges will vary over time.

All funds are daily dealing. TER includes the Mobius Platform charge. In addition, Mobius also charges a modest, fixed monthly policy administration fee.

# Appendix 4: Responsibilities of Parties

## Trustees

The Trustees' responsibilities (with input and recommendations from the ISC) include the following:-

- Reviewing at least triennially, and more frequently if necessary, the content of this Statement in consultation with the investment adviser and modifying it if deemed appropriate.
- Reviewing the investment strategy following the results of each actuarial review, in consultation with the investment adviser and Scheme Actuary.
- Selecting appropriate investment funds and appointing an appropriate investment platform provider in consultation with the investment adviser.
- Assessing the quality of the performance and processes of the underlying investment managers by means of regular reviews of investment returns and other relevant information, in consultation with the investment adviser.
- Consulting with the Sponsoring Employer regarding any proposed amendments to this Statement.
- Monitoring compliance of the investment arrangements with this Statement on a continuing basis.

## Investment Adviser

The investment adviser's responsibilities include the following:-

- Participating with the Trustees in reviews of this Statement.
- Production of performance monitoring reports.
- Informing the Trustees of any significant changes in the internal performance objectives and guidelines of any pooled fund used by the Scheme as and when the investment adviser is made aware of them.
- Advising the Trustees, at their request, on the following matters:
  - » Through consultation with the Scheme Actuary, how any changes within the Scheme's benefits, membership, and funding position may affect the manner in which the assets should be invested.
  - » How any changes in the underlying investment managers' organisations could affect the interests of the Scheme.
  - » How any changes in the investment environment could present either opportunities or problems for the Scheme.
- Monitoring the underlying investment managers to ensure their continuing appropriateness to the mandates given.
- Informing the Trustees of any significant changes or concerns in relation to the platform provider's suitability for the Scheme.
- Advising the Trustees on an appropriate overall cashflow and rebalancing process.
- Providing advice in relation to specific cashflows and rebalancing as appropriate.

- Undertaking project work, as requested, including:
  - » Reviews of asset allocation policy.
  - » Research into and reviews of investment managers.
- Advising on the selection of new funds and/or platform providers.

## Investment Managers

The responsibilities of the underlying investment managers through the Mobius platform include:

- Informing Mobius of any changes in the internal performance objectives and guidelines of their funds.
- Having regard to the need for diversification of investments, so far as appropriate for the particular mandate, and to the suitability of investments.
- Managing their funds in accordance with their stated mandates.

The investment managers underlying Mobius are not directly appointed by the Trustees and therefore do not have any direct responsibility to the Trustees.

## Scheme Actuary

The Scheme Actuary's responsibilities include the following:

- Liaising with the investment adviser regarding the suitability of the Scheme's investment strategy given the financial characteristics of the Scheme.
- Assessing the funding position of the Scheme and advising on the appropriate response to any shortfall.
- Performing the triennial (or more frequent, as required) valuations and advising on the appropriate contribution levels.

## Administrator

The Administrator's responsibilities include the following:

- Ensuring there is sufficient cash available to meet benefit payments as and when they fall due.
- Paying benefits and making transfer payments.
- Investing contributions not required to meet benefit payments with the investment managers according to the Trustees' instructions.

## Platform Provider

Mobius's responsibilities include the following in relation to the assets invested:

- Providing the Trustees, on a quarterly basis (or as frequently as required), with a statement and valuation of the assets
- Ensure contributions are invested/disinvested in accordance with instructions, and that switches are processed accordingly
- Ensure instructions are in accordance with the authorised signatory lists

- Informing the Trustees of any changes of which they are informed in the internal performance objectives and guidelines of any pooled fund used by the Scheme as and when they occur