# HORIZON HOUSING GROUP PENSION SCHEME

# STATEMENT OF INVESTMENT PRINCIPLES

SEPTEMBER 2024

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# 1 INTRODUCTION

This Statement of Investment Principles (“the Statement”) has been prepared by the Trustee of the Horizon Housing Group 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 Trustee to ensure the effective implementation of these principles.

In preparing the Statement, the Trustee has:

- obtained and considered written advice from a suitably qualified individual, employed by their investment consultants, Mercer Limited, whom it believes to have a degree of knowledge and experience that is appropriate for the management of its investments; and
- consulted with the Sponsoring Employer, although it affirms that no aspect of its 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 Trustee’s investment policy for the Scheme.

The Trustee 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 Trustee will review the Statement without delay after any significant change in investment policy and in response to regulatory changes. 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 Trustee’s 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 Trustee also aims to maximise returns at an acceptable level of risk taking into consideration the circumstances of the Scheme.

The Trustee has also received confirmation from the Scheme Actuary during the process of revising the investment strategy 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 TRUSTEE'S DUTIES AND RESPONSIBILITIES

The Trustee is responsible for setting the investment objectives and determining the strategy to achieve the objectives. The Trustee carries out its duties as a sole independent trustee.

The duties and responsibilities of the Trustee include, but are not limited to, the following tasks and activities:

- The regular approval of the content of the Statement
- The appointment and review of the investment adviser
- The appointment and review of the investment platform provider
- The choice of appropriate funds to implement the agreed investment strategy
- The assessment and review of the performance of each investment manager
- The assessment of the risks assumed by the Scheme at a total scheme level and the investment managers
- The approval and review of the asset allocation benchmark for the Scheme
- The compliance of the investment arrangements with the principles set out in the Statement

## 3.2 INVESTMENT ADVISER'S DUTIES AND RESPONSIBILITIES

The Trustee has appointed Mercer as the investment adviser to the Scheme. Mercer provides advice as and when the Trustee requires 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 Trustee 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 investment managers to ensure their continuing appropriateness for the mandates given
- Monitoring the investment platform provider to ensure its continuing appropriateness for the Scheme
- Setting cashflow management (investment and withdrawal) and rebalancing policies (see Appendix 2)

Section 3.3 describes the responsibilities of the Scheme's investment managers.

The Trustee 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 Trustee regarding tactical investment decisions; however, there is no responsibility placed on Mercer to be proactive in all circumstances.

The Trustee monitors the performance of the Scheme's investment managers against their benchmarks.

Mercer makes a fund based charge for the services it provides. This charge is specified in the contractual agreement between the Trustee and Mercer. Any additional services provided by Mercer will be remunerated primarily on a time-cost basis.

Mercer does not receive commission or any other payments in respect of the Scheme that might affect the impartiality of their advice

The Trustee is satisfied that this is an appropriate adviser remuneration structure for the Scheme.

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

## 3.3 ARRANGEMENTS WITH INVESTMENT MANAGERS

The Trustee is a long-term investor and does not look to change the investment arrangements on a frequent basis.

The Trustee, after considering appropriate investment advice, has invested the assets of the Fund through a Trustee Investment Policy (TIP) from Mobius Life Limited (“Mobius”), whose appointment foregoes the need for a Custodian. The Mobius TIP facilitates investment into a range of funds managed by third party investment managers, and the value of the Mobius TIP is directly linked to the value of the underlying funds. All of the investment managers used by the Scheme are authorised and regulated by the FCA.

The investment managers used by the Trustee through the Mobius platform are chosen based on advice from the investment advisor. This is based on the investment advisor’s view of their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class selected.

The Trustee will only invest in pooled investment vehicles. The Trustee therefore accepts that it cannot specify the risk profile and return targets of the manager, but pooled funds are chosen with appropriate characteristics to align with the overall investment strategy.

The details of investment managers appointed are set out in Appendix 3.

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

In the case of multi-asset mandates, the 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 investment managers are remunerated by ad valorem charges based on the value of the assets that they manage on behalf of the Scheme. Where possible, discounts have been negotiated by Mercer and Mobius with the managers on their standard charges, and the Scheme benefits directly from these discounts

None of the investment managers in which the Scheme’s assets are invested have performance based fees which could encourage the manager to make short-term investment decisions to hit their profit targets.

The Trustee therefore considers that the method of remunerating fund 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, it 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 Trustee accepts that it cannot influence the charging structure of the pooled funds in which the Scheme is invested, but is satisfied that the ad-valorem charges for the different funds are clear and are consistent with each fund’s stated characteristics. The Trustee is therefore satisfied that this is an appropriate basis for remunerating the investment managers and is consistent with the Trustee’s policies as set out in this SIP.

## 3.4 SUMMARY OF RESPONSIBILITIES

A summary of the responsibilities of all relevant parties, including the Scheme Actuary and the scheme administrators, 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 Trustee has determined its investment strategy after considering the Scheme's liability profile and requirements of the Statutory Funding Objective, its own appetite for risk, the views of the Sponsoring Employer on investment strategy, the Sponsoring Employer's appetite for risk, and the strength of the Sponsoring Employer's covenant. The Trustee has also received written advice from its Investment Adviser.

The basis of the Trustee's strategy is to invest the Scheme's assets in a "stabilising" portfolio, comprising assets such as bonds and liability driven investments ("LDI"). The stabilising allocation is set with regard to the Scheme's liability profile, i.e. the split of liabilities between actives, deferred and pensioners, and the overall required return objective of the Scheme's assets, which is determined by the funding objective and current funding level. The Trustee regards the basic distribution of the assets to be appropriate for the Scheme's objectives and liability profile. The Trustee has established a benchmark allocation to each asset class within each strategic asset allocation, which is set out in Appendix 1. The Trustee has agreed to target 100% hedging against changes in interest rates and expected inflation relative to the Scheme's 'funded' liabilities.

In respect to the investment of contributions and any disinvestments to meet member benefit payments, the Trustee has decided on a structured approach to rebalance the assets in accordance with its overall strategy. This approach is set out in Appendix 2.

## 4.2 INVESTMENT DECISIONS

The Trustee distinguishes 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 Trustee takes all such decisions itself. It does so after receiving written advice from its 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
- Setting the strategic asset allocation, which includes the split between a growth and stabilising portfolio
- Determining the allocation to asset classes within the stabilising portfolio
- 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 are the responsibility of the Trustee. 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 invests.

## 4.3 TYPES OF INVESTMENTS TO BE HELD

The Trustees are permitted to invest across a wide range of asset classes, including, but not limited to, the following:

- UK and overseas equities
- UK and overseas government bonds, fixed and inflation-linked
- UK and overseas corporate bonds
- Convertible bonds
- Property
- Commodities
- Hedge Funds
- Private equity
- High yield bonds
- Emerging market debt
- Diversified growth funds
- Liability driven investment products
- Cash

All the funds in which the Scheme invests are pooled and unitised. The use of derivatives is permitted by the guidelines that apply to the pooled funds. Details relating to the pooled funds can be found in Appendix 3.

## 4.4 FINANCIAL CONSIDERATIONS

The Trustee understands that it must consider all financially relevant factors in making investment decisions on behalf of the Scheme. However, it may also consider any non-financial factors, to the extent that they have the ability to impact the financial results of the Scheme's investments over the duration of the Scheme, if it believes that such factors reflect the views of members.

The Trustee recognises that Environmental, Social and Governance (ESG) factors, including climate change, can all influence the investment performance of the Scheme's portfolio, and it's therefore in members' and the Scheme's best interests that these factors are taken into account within the investment process and that ESG risks are identified and avoided or mitigated as best as possible.

The Trustee believes that investing with a manager who approaches investments in a responsible way and takes account of ESG-related risks will lead to better risk adjusted performance results, as omitting these risks in investment analysis could skew the results and underestimate the level of overall risk being taken.

As part of the Mercer Manager Research Team appraisal process, investment managers are rated on a number of quantitative and qualitative factors and each fund receives an ESG rating. Therefore, the Trustee will work with the investment adviser to help select the investment managers that have passed the initial ESG screening in the form of Mercer's ESG ratings. ESG screening will involve some of the following activities, but is not limited to: ensuring the managers are signatories to UNPRI, reviewing the managers' own ESG policies, investigating the extent to which these policies are integrated into their standard procedures of investment research and analysis.

The Trustee relies on Mercer's ESG research of the investment managers' approaches to social, environmental and governance factors with respect to their selection of investments, and takes confidence from Mercer's rating process that a responsible approach, which is consistent with the long-term financial interests of the Scheme and its members, is undertaken.

As noted earlier, the Scheme's assets are invested in pooled funds. The Trustee has identified that the influence it can have on the social, environmental and governance policies and practices of the companies in which its managers invest, is potentially limited. The Trustee will continue to review the available products and approaches in this space and strive for the Scheme to continue to deliver strong risk-adjusted returns, incorporating responsible investments principles into the process, where possible.

## 4.5 NON-FINANCIAL CONSIDERATIONS

The Trustee's objective is that the financial interests of the Scheme members are its first priority when choosing investments.

It has decided not to consider non-financial considerations, such as ethical views, or members' preferences, when setting the investment strategy.

## 4.6 CORPORATE GOVERNANCE AND VOTING POLICY

The Trustee has concluded that the decision on how to engage with companies should be left to the discretion of their investment managers, who will engage with companies in accordance with their respective published corporate governance policies. These policies, which are provided to the Trustee from time to time, take into account the financial interests of shareholders and should be for the Scheme's benefit.

The Trustee notes that the investment managers' corporate governance policies are available on request and on their respective websites.

Where the Trustee is specifically invited to vote on a matter relating to corporate policy, the Trustee will exercise its right in accordance with what it believes to be the best interests of the majority of the Scheme's membership. The Scheme does not hold any equity assets as part of the current Strategic Asset allocation. However there could be some exposure to equities through the multi asset mandates.

The Trustee believe engagement should be prioritised where there is likely a material financial risk or opportunity.  As at the last review of this beliefs policy, Trustee recognised the following as engagement priorities:

- carbon emissions and related climate issues
- corporate activity to the detriment of biodiversity
- labour standards and in particular Diversity, Equity and Inclusion (DEI) and modern slavery are considered a governance priority

## 4.7 SUITABLE EXECUTIVE REMUNERATION STRUCTURES, ALIGNING BOARD INTERESTS WITH THOSE OF STAKEHOLDERSSTEWARDSHIP

The Trustee will monitor the performance, strategy, risks, ESG policies and corporate governance of the investment managers. If the Trustee has any concerns, it will raise them with the respective managers, orally or in writing.

The Trustee does integrate ESG considerations into its decision making, with regards to strategy and asset allocations.

# 5 RISK

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

The Trustee is aware, and seeks to take account of a number of risks in relation to the Scheme's investments, including the following:

### 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.
- These are managed by setting a scheme-specific strategic asset allocation with an appropriate level of risk.

### 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 measured by monitoring the actual deviation of returns relative to the objective and factors supporting the managers' investment process,.
- It is managed through the diversification of the Scheme's assets across a range of funds with different investment styles, by monitoring and advice from the investment adviser where there have been significant changes to the managers' capabilities, and by using the Mobius platform, which enables quick and efficient replacement of 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 which 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 give a wide degree of diversification.

### Corporate Governance Risk

- This is assessed by reviewing the Scheme's investment managers' policies regarding corporate governance.
- It is managed by delegating the exercise of voting rights to the managers, who exercise this right in accordance with their published corporate governance policies. Summaries of these policies are provided to the Trustees from time to time and take into account the financial interests of the shareholders, which should ultimately be to the Scheme's advantage.

### 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. Regular updates on employer covenant are provided to the Trustees by senior staff of the sponsor.

### Legislative Risk

- This is the risk that legislative changes will require action from the Trustee so as to comply with any such changes in legislation.
- The Trustee acknowledges that this risk is unavoidable but will seek to address any required changes so as to comply with changes in legislation.

### 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 instruments it holds in the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.
- The Scheme's holdings in pooled investment vehicles are unrated. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements.
- 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.

### 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, the scheme 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 Trustee acknowledges that currency risk related to overseas investments is delegated to the investment managers.

### Interest rate risk

- This is the risk that an investment's value will change due to a change in the level of interest rates. This affects debt instruments more directly than growth instruments.
- The Trustee acknowledges that the interest rate risk related to individual debt instruments, and particularly liability driven instruments (LDI), is managed by the investment managers through a combination of strategies, such as diversification, duration and yield curve management, and hedging via swaps, particularly where LDI is involved.

### Other Price risk

- This is the risk of volatility that principally arises in relation to the return seeking assets.
- The Trustee acknowledges that a scheme can manage its exposure to price risk by investing in a diverse portfolio across various markets and has therefore invested part of the Scheme's return seeking assets in DGFs in order to achieve a diversified exposure to different investment markets and manage this risk.

### ESG Risk

- This is the risk that Environmental, Social or Corporate Governance concerns, including climate change, have a financially material impact on the return of the Scheme's assets.
- The Trustee manages this risk by investing in well-respected investment managers where ESG principles are an established part of the investment decision making process and by regularly reviewing the ESG scoring of the investment consultant's scoring of the Scheme's managers.

# 6 MONITORING OF INVESTMENT ADVISER AND MANAGERS

## 6.1 INVESTMENT ADVISER

The Trustee regularly assesses and reviews the performance of their adviser in a qualitative way and undertake a formal review annually. In doing so, the Trustee will consider the objectives it has set for its investment adviser which they review on an ongoing basis and at least every three years.

## 6.2 INVESTMENT MANAGERS

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

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

In conjunction with advice and information from their investment adviser, the Trustee has the option to replace the investment managers where appropriate. It takes a long-term view when assessing whether to replace the investment managers 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's Manager Research Team. 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 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 Trustee does not currently monitor portfolio turnover costs for the funds in which the Scheme is invested, although notes that the performance monitoring reports which it receives are 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 Trustee is also aware of the requirement to define and monitor targeted portfolio turnover and turnover range.

Given that the Scheme invests in a range of pooled funds, many of which invest across a wide range of asset classes, the Trustee does not have an overall portfolio turnover target for the Scheme.

The Trustee is working with Mercer to determine the most appropriate way to obtain and monitor the information required in relation to the pooled funds in which the Scheme is invested.

# 7 BEST PRACTICE

The Trustee notes that in March 2017, the Pensions Regulator released ‘Investment Guidance for Defined Benefit Pension Schemes’.

The Trustee is satisfied that the investment approach adopted by the Scheme is consistent with the guidance so far as it is appropriate to the Scheme’s circumstances.

The Trustee meets with its 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.

# 8 COMPLIANCE

The Scheme's Statement of Investment Principles and annual report and accounts are available to members on request.

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

This Statement of Investment Principles, taken as a whole with the Appendices, supersedes all others and was approved by the Trustee on ...............................................

**Signed by**

**On**

| | |
|---|---|
| **Full Name** | **Edward Levy** |
| **Position** | **Director for The Law Debenture Pension Trust Corporation plc** |

# APPENDIX 1: ASSET ALLOCATION BENCHMARK

The Scheme's current strategic asset allocation benchmark is set out below.

| Asset Class | Strategic Allocation | Guideline Range |
|---|---|---|
| **Stabilising Assets** | **100%** | |
| Absolute Return Bonds | 15% | +/- 10% |
| Multi – Asset Credit | 15% | +/- 10% |
| Buy and Maintain Credit | 45% | +/- 10% |
| LDI* | 25% | +/- 23% |

**LDI is a combination of Real and Nominal LDI and includes the cash allocation for the Scheme*

The policy for rebalancing and investment / disinvestment of cashflows is set out in Appendix 2.

Appendix 3 provides information about the funds in which the Scheme is invested.

# APPENDIX 2: CASHFLOW AND REBALANCING POLICY

Where possible, cash outflows will be met from cash balances held by the Scheme and from income from the Scheme's investments in order to minimise transaction costs.

Investments or disinvestments should be applied in such a way as to bring the actual asset allocation back towards the Scheme’s central benchmark asset allocation, as set out in Appendix 1.

The Trustee will review the cashflow policy from time to time to ensure that it remains appropriate taking into account changes in the Scheme’s cashflow requirements.

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

**LDI Recapitalisation**

The Trustee notes 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 Trustee has put in place a policy regarding this recapitalisation/release procedure with the investment platform provider, Mobius Life.

# APPENDIX 3: INVESTMENT MANAGER INFORMATION

The tables below show the details of the mandate(s) with each manager.

## STABILISING ASSETS

| Manager / Fund | Benchmark | Objective | Dealing Frequency | SORP / IFRS Class |
|---|---|---|---|---|
| **Total Return Credit** | | | | |
| **M&G**<br>Total Return Credit | SONIA | The Fund seeks a total return of SONIA plus 3% to 5% gross of fees over the medium-term. | Daily | Level 2 |
| **Ninety One**<br>Global Total Return Credit | SONIA | The Fund aims to generate total returns of LIBOR plus 4% gross of fees over the long-term (a full credit cycle) via investment in a portfolio of fixed and floating rate credit securities. | Daily | Level 2 |
| **Payden**<br>Absolute Return Bond | SONIA | The Fund aims to generate positive total Of SONIA plus 2.6% | Daily | Level 2 |
| **Buy and Maintain Credit** | | | | |
| **Insight**<br>Maturing Buy and Maintain Bond | Fund-specific IBoxx bond index | The Funds seek to generate a return for investors by investing primarily in a portfolio of debt securities | Daily | Level2 |

| Manager / Fund | Benchmark | Objective | Dealing Frequency | SORP / IFRS Class |
|---|---|---|---|---|
| **Liability Driven Investments** | | | | |
| **CT**<br>Real DLDI Fund | Cashflows for a typical pension scheme | To provide liability hedging by offering interest rate and inflation protection which replicates the liability profile of a typical UK defined benefit pension plan | Daily | Level 2 |
| **Insight ***<br>Fully Funded Gilts<br>Partially Funded<br>Index-Linked Gilts | Customised Insight LDI Benchmark | Hedge the liabilities of the scheme across the curve | Daily | Level 2 |

**An appropriate range of the Insight Funds are used by the Scheme to reflect its liability profile*

** A fair value measurement is categorised in its entirety on the basis of the lowest level input that is significant to the fair value measurement in its entirety.*

- *Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.*
- *Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.*
- *Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.*

The assets for the managers are hosted on an investment platform provided by Mobius Life Limited.

For avoidance of doubt, this SIP will not be updated solely in response to a replacement of one of the investment managers.

# APPENDIX 4: RESPONSIBILITIES OF PARTIES

## TRUSTEE

The Trustee's responsibilities 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, and more frequently if necessary, in consultation with the Investment Adviser and Scheme Actuary
- Appointing the Investment Manager(s), platform provider and custodian (if required)
- Assessing the quality of the performance and processes of the Investment Manager(s) by means of regular reviews of investment returns and other relevant information, in consultation with the Investment Adviser
- Assessing the quality of the performance and processes of the Investment Adviser by means of regular reviews.
- 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 Trustee in reviews of this Statement of Investment Principles
- Production of performance monitoring reports
- Advising the Trustee, 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 significant changes in the Investment Managers' organisation could affect the interests of the Scheme
  - How any changes in the investment environment could present either opportunities or problems for the Scheme
- Undertaking project work, as requested, including:
  - Reviews of asset allocation policy
  - Research into and reviews of Investment Managers
- Advising on the selection of new managers and/or custodians
- Informing the Trustee of any significant changes or concerns in relation to the Platform provider's suitability for the Scheme
- Advising the Trustee on an appropriate overall cashflow and rebalancing process
- Providing advice in relation to specific cashflows and rebalancing as appropriate

## INVESTMENT MANAGERS

The responsibilities of the investment managers include:

- Informing the Platform provider 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
- Integrating climate considerations, as well as other ESG factors

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

## PLATFORM PROVIDER

The platform provider's responsibilities include the following:

- 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 Trustee of any changes in the internal performance objectives and guidelines of any pooled fund used by the Fund as and when they occur

## 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 Trustee's instructions.