

Statement of Investment Principles – Pension and Life Assurance Plan of Allott and Lomax

Introduction

- 1 This document is the Statement of Investment Principles ('SIP') made by the Trustees of the Pension and Life Assurance Plan of Allott and Lomax (the 'Scheme') in accordance with the requirements of Section 35 of the Pensions Act 1995 (as amended by the Pensions Act 2004 and regulations made under it).
- 2 The Trustee will review this SIP at least every three years and without delay after any significant change in investment policy.

Scheme objectives

- 3 The Pension Scheme has been established as a wholly insured defined benefit pension scheme within a Group Pension Contract with Clerical Medical. The administration, actuarial and investment services are provided as a bundled solution under the Group Pension Contract and this structure has been in place since ~1970.
- 4 The Scheme covers a limited number of individuals who are now a part of a much larger entity Jacobs UK Limited. The Scheme is closed to new hires and has only 7 members actively accruing benefits. The Trustees consider that the current structure is able to deliver the benefits set out in the Rules of the Scheme assuming that the employer continues to meet the obligation to pay contributions as set and agreed with the Scheme Actuary from time to time. The Scheme is small relative to the size of the employer and relative to the size of the other defined benefit pension schemes of the employer. The Trustees also note that the current arrangement includes some guaranteed annuity rates that have the impact of boosting the effectiveness of the investment performance and reducing the volatility of the liabilities of the scheme.
- 5 The Trustees understand that the bundle of services provided by Clerical Medical could not be divided into constituent parts. Clerical Medical will not provide the administration unless the fund is invested in the current with-profit fund with actuarial services provided.
- 6 The Trustees have determined that, given the scale of the scheme and the ability of the employer to meet any shocks arising from the Scheme that the Clerical Medical bundle meets its objectives.

Investment strategy

- 7 The Trustee understands that the investment fund of the Scheme, a with-profits policy, seeks to maximise returns and minimise risks for schemes invested in the bundled pension product of Clerical Medical. As such, the Scheme Actuary is cognisant of the approach of the fund when carrying out the actuarial valuation and when making recommendations about the appropriate level of contributions.

- 8 The Trustees have delegated day-to-day authority for investment decisions to the investment manager of the Clerical Medical with-profits fund to manage it for their portfolio of clients in similar pension arrangements.

Investment managers

- 9 In accordance with the Financial Services and Markets Act 2000, the Trustees will set general investment policy, but will delegate the responsibility for selection of specific investments to an appointed investment manager or managers. The investment manager shall provide the skill and expertise necessary to manage the investments of the Scheme competently.
- 10 The Trustee is not involved in the investment manager's day-to-day method of operation and does not directly seek to influence attainment of their performance targets. The Trustee will maintain processes to ensure that performance is assessed on a regular basis against a measurable objective for the manager, consistent with the achievement of the Scheme's long term objectives, and an acceptable level of risk.
- 11 The Trustee's policy is that the extent to which social, environmental or ethical considerations are taken into account in these decisions is left to the discretion of its investment manager. However, the Trustee expects that the extent to which social, environmental or ethical issues may have a fundamental impact on the portfolio will be taken into account by the investment manager in the exercise of their delegated duties.
- 12 The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment manager and to encourage the manager to exercise those rights.

Other matters

- 13 The Scheme is a Registered Pension Scheme for the purposes of the Finance Act 2004.
- 14 The Scheme's AVC arrangement provides for benefits to be accrued on a money purchase basis, with the value of members' funds being determined by the value of accumulated contributions adjusted for investment returns net of charges. In selecting appropriate investments, the Trustee is aware of the need to provide a range of investment options, which broadly satisfy the risk profiles of all members, given that members' benefits will be directly determined by the value of the underlying investments.

Signed: 

Date: 9 July 2017

Leon Power

On behalf of the Trustees of the Pension and Life Assurance Plan of Allott and Lomax