

Society of St Vincent de Paul Pension and Life Assurance Scheme

Statement of Investment Principles

September 2019

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The Trustees of Society of St Vincent de Paul Pension and Life Assurance Scheme ("the Scheme") have prepared this Statement of Investment Principles ("the SIP") in accordance with the Pensions Act 1995¹ ("the Act") as amended and the Occupational Pension Scheme (Investment) Regulations 2005 as well as the principles recommended by the Myners Code.

It supersedes any previous SIP and reflects the investment policy agreed by the Trustees.

This SIP will be reviewed at least every three years or immediately after any significant change in investment policy.

Before preparing this SIP the Trustees have:

- Obtained and considered the written advice from the Scheme's Investment Consultant, XPS Pensions, who is suitably qualified through ability and experience and has appropriate knowledge.
- Consulted the Employer, Society of St Vincent de Paul.

Choosing investments

The Trustees set the investment policies for the Scheme and the fund range made available to members.

The Trustees rely on Investment Managers for the day-to-day management of the Scheme's assets but retain control over all decisions made about the investments in which the Scheme invests.

Where Investment Managers are delegated discretion under Section 34 of the Act, the Investment Manager will exercise their investment powers in accordance with the Act, relevant and subsequent regulations, and this SIP.

The Trustees rely on the Investment Managers to appoint appropriate Custodians for pooled funds who are responsible for the safekeeping of the assets of the Scheme.

The Trustees rely on the Investment Managers to appoint appropriate Administrators or Registrars for pooled funds who are responsible for keeping records of the Scheme's entitlement within the pooled funds.

¹ As amended 30th November 2018

Investment objective and strategy

Investment objective

The Trustees have set the following objectives:

- To ensure members are given an appropriate range of investment options and guidance on the suitability of those options.
- To give members investment options that enable them to maximise their returns at acceptable levels of risk.
- To ensure members' funds represent appropriate value for money; this may include looking at areas such as performance, volatility of returns, transaction costs and management charges incurred. The Trustees will assess the value for money on a regular basis and understand the contributing factors.
- To ensure that members' invested funds make allowance for change in risk preference as members approach retirement.
- To ensure that any core financial transactions undertaken by the administrator are completed accurately, promptly and effectively.
- To provide flexible investment choices to members and ensure that members are able to switch their investment choices easily.
- To ensure that members have access to enough information about the investment options available and the process of switching investment choices, to enable them to make informed decisions about their investment choices and to understand the potential impact of those decisions on their pension savings.
- To adhere to the provisions contained within this SIP.
- To adhere to the Pension Regulator's DC code and DC regulatory guidance.

Investment strategy

The Trustees intend to meet the investment objective by:

- Providing members with an appropriate range of investment options to enable them to reasonably expect to meet their retirement aspirations, together with guidance on those options, allowing members to make informed decisions on their pension savings. This will include a range of different choices with different return and risk characteristics.
- Providing a Default Lifestyle Option that automatically switches from investments with higher expected returns to investments with lower expected volatility as the member approaches retirement.
- Periodically reviewing the funds made available to members.
- Regularly reviewing the performance and charging structure of funds available, as well as the value for money of available funds.

The investment funds made available to Scheme members are set out in the Appendix.

Investment restrictions

The Trustees intend to adhere to the following restrictions:

- No more than 5% of Scheme assets can be held in investments related to the Employer.
- Whilst borrowing on a temporary basis is permitted, this option will only be utilised where absolutely necessary or where it is expected to reduce overall risk (e.g. for very short time periods during an asset transfer).
- Investment in derivative instruments may only be made where they contribute to risk reduction or facilitate efficient portfolio management.
- Stock lending is permitted at the discretion of the Scheme's Investment Managers in line with their overall investment objectives, policies and procedures.

Investment risk

The Trustees have identified a number of risks including (but not limited to):

- Asset risks: Equity risk, Property risk, Currency risk, Credit risk, Interest rate risk, Inflation risk.
- Implementation risks: Investment manager risk, Custodian risk, Counterparty risk, Operational risk, Liquidity risk, Administration risk.

These risks are measured and managed by the Trustees as follows:

- The Trustees have set an investment policy that adheres to the contents of this SIP.
- The Trustees undertake regular monitoring of the Scheme's investments supplemented by information provided by both the Investment Managers and Investment Consultant, as well as advice from the latter.
- The Trustees delegate the day-to-day management of some of these risks to the appointed Investment Managers.
- The Trustees consider the Investment Managers' role and approach to managing risk when selecting appropriate Investment Managers.
- The Trustees utilise custodian relationships to ensure Scheme assets are held securely.
- The Trustees assess whether appropriate controls are put in place by themselves, the Investment Consultant, Investment Managers and Custodians (where there is a direct relationship).

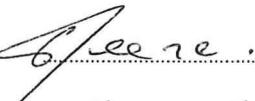
Responsible investment and Environmental, Social and Governance ("ESG")

The Trustees have considered their approach to environmental, social and corporate governance ("ESG") factors for the long term time horizon of the Scheme and have agreed a policy where they do not believe there are financially material risk considerations relating to such issues. The Trustees therefore have no additional requirements for managers to explicitly consider as part of their investment processes in relation to the selection, retention and realisation of investments, in this regard.

When considering the selection, retention or realisation of investments, the Trustees have a fiduciary responsibility to act in the best interests of the beneficiaries of the Scheme, although they have neither sought nor taken into account the beneficiaries' views on risks including (but not limited to) ethical, social and environmental issues.

Stewardship: The Trustees' policy is to delegate responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the investment managers.

Signed on behalf of the Trustees:

Signature: 

Name: COLM GREENE

Date: 27 Sept 2019

This SIP is the responsibility of the Trustees. You must not use, copy or repeat any part of the SIP for commercial purposes without obtaining permission to do so in writing to us. We use material from third parties in preparing the SIP and although we try to ensure that all of the information is correct we do not give any express or implied warranty as to the accuracy of the material in the SIP and are not responsible, and do not accept and liability, for any error, omission or inaccuracy. We are not liable for any damages (including, without limitation, damages for loss of business or loss of profits) arising in contract, tort or otherwise from the use of or inability to use this SIP, or any material contained in it, or from any action or from any action or decision taken as a result of using it.

Appendix – Investment Strategy

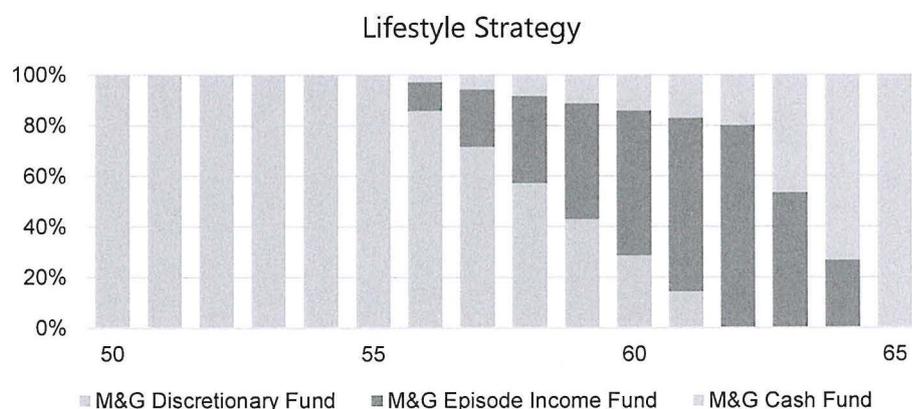
The Trustees assessed the suitability of the default lifestyle strategy and the self-selection options for the Scheme in 2017. In doing so, the Trustees considered the profile of the membership, their likely investment preferences as well as reviewing if the funds provided good value for money to members, as defined by the Trustees.

In 2019, the Trustees received advice on updating the strategy for changes to the availability of funds managed by M&G.

Default Lifestyle Strategy

The Trustees offer a default strategy which comprises of a number of funds, which gradually transition from a growth portfolio, which targets long-term capital growth, to a less risky and more conservative approach as members approach retirement. The Default Lifestyle Option of the Scheme is summarised in the chart below.

The default lifestyle strategy incurs a total management charge of 0.31% pa, including additional expenses the total charges are 0.46%. The difference is due to the administration charges that are incurred by LGIM, such as the process of automatically switching the units over time, as members approach retirement.



Self Select Funds

Individual members may elect to follow their own investment strategy by investing in a range of funds. The Trustees have made the following funds available to members:

Asset class	Manager and fund	Objective	Ongoing charges figure (pa)
Multi-Asset	M&G Discretionary Fund	Provide long-term investment growth through exposure to a diversified range of asset classes. To outperform the performance of the Manager's asset allocation benchmark by 1.15%-1.40% pa, gross of fees, on a rolling three-year basis.	0.28%
Multi-Asset	M&G Episode Income Fund	Provide diversified exposure by investing in a range of income-generating assets from around the world, including company shares, bonds, currencies and property. The fund aims to generate a growing level of income over any three-year period. The fund also aims to provide capital growth of 2-4% over any three-year period.	0.55%
Index-linked Government Bonds	M&G Index Linked Passive Fund	The fund invests in UK Government index-linked gilts with over five years to maturity. The Fund is passively managed against its benchmark, the FTSE Actuaries UK Index-Linked Gilts Over 5 Years Index.	0.10%
Corporate Bonds	M&G Long Dated Corporate Bond Fund	The fund invests mainly in high quality Sterling corporate bonds with over 15 years to maturity. The fund is actively managed against its benchmark, the iBoxx Sterling Over 15 Years Non-Gilts Index.	0.31%
Cash	M&G Cash Fund	Preserve value and liquidity. It is actively managed against its benchmark, the London Interbank LIBID 7-Day Deposit Rate.	0.10%

AVCs

Additional voluntary contributions paid by members of the Scheme are invested in the same range of funds at the member's discretion.

The Trustees are aware that members' AVC funds are subject to the same risks faced by the Scheme's investments, such as inflation risk eroding real returns. In addition, AVC members face the risk that their investments will not meet their future expectations (for example, if they are planning to purchase an annuity at retirement), lack of transparency on how their fund is managed and also that their AVC fund may fall in value.

The Trustees consider that, in making a number of funds available, they provide these members with sufficient options to meet their reasonable expectations and to mitigate the risks faced.



Registration

XPS Pensions Consulting Limited, Registered No. 2459442. XPS Investment Limited, Registered No. 6242672.
XPS Pensions Limited, Registered No. 3842603. XPS Administration Limited, Registered No. 9428346. XPS Pensions (RL)
Limited, Registered No. 5817049.

All registered at: Phoenix House, 1 Station Hill, Reading RG1 1NB.

Authorisation

XPS Investment Limited is authorised and regulated by the Financial Conduct Authority for investment and general insurance business (FCA Register No. 528774).

This communication should not be relied upon for detailed advice or taken as an authoritative statement of the law.