

# **PEOPLEPLUS GROUP LTD RETIREMENT BENEFIT SCHEME**

## **STATEMENT OF INVESTMENT PRINCIPLES**

### **1. INTRODUCTION**

This statement is made by the PeoplePlus Group Ltd Retirement Benefit Scheme (the "Scheme") for the purposes of, and in accordance with Section 35 of the Pensions Act 1995 ("1995 Act") as amended by Section 244 of the Pensions Act 2004 ("2004 Act").

The purpose of this Statement is to describe the general approach of the Trustees to the investment of the Scheme's assets and the Trustees' policy for securing the compliance with Section 36 of the 1995 Act as amended by Section 245 of the 2004 Act.

The Trustees have prepared this Statement on the basis of written advice from their advisers, Russell Ulyatt Financial Services Ltd. The Trustees believe that their advisers are sufficiently qualified to provide this advice.

The Trustees have also consulted the Employer when preparing this Statement and a signed copy of this Statement has been provided to the Employer.

The Trustees powers of investment are set out in the clause 5 of the Trust Deed dated 18<sup>th</sup> September 2006. In general the Trustees are not restricted in the kind of investment they can make.

### **2. FINANCIAL POSITION OF THE SCHEME**

The first actuarial valuation was carried out with an effective date of 31<sup>st</sup> July 2007. The last actuarial valuation took place as at 31<sup>st</sup> July 2016 and the next formal valuation is due as at the 31<sup>st</sup> July 2019.

The Employer and Employee contribution rates are set out in a Schedule of Contributions agreed between the Trustees and the Employer.

The Statutory Funding Objective (SFO) requires that the Trustees having taken advice from the Scheme's Actuary, and consulted with the Employer, formulate and maintain a Statement of Funding Principles which takes into account the Scheme's specific circumstances and documents the policy for meeting the SFO.

The Statement of Funding Principles was agreed by the Trustees on the 2<sup>nd</sup> March 2017 and signed on behalf of the employer on 21<sup>st</sup> June 2017.

The Employer and Employee contribution rates are set out in a Schedule of Contributions agreed between the Trustees and the Employer dated 21<sup>st</sup> June 2017.

### **3. INVESTMENT OBJECTIVES**

The Trustees' overall investment policy is guided by the following investment objectives which are set down in order of priority:

- a) To ensure that the Scheme's benefit obligations may be met as and when they fall due;
- b) To maximise the return on the Scheme's assets, subject to a level of risk considered appropriate relative to the nature and term of the liabilities;
- c) To achieve satisfactory returns against agreed benchmarks, which are the appropriate sector averages for the fund in question.
- d) To pay due regard to the Employer's interest in the size, stability and incidence of the contribution payments.

### **3. ATTITUDE TO RISK**

The Trustees attitude to risk reflects the long term nature of the Scheme's liabilities.

The Trustees overall objective is to provide the benefits described in the Scheme's Trust Deed & Rules at an acceptable level of risk to the Trustees and at an acceptable cost to the Employer. This latter constraint means that the Trustees are unable to adopt a minimum risk investment strategy. Therefore, the Trustees must take investment risk, provided that this is appropriate given the liabilities and circumstances of the Scheme and the financial strength of the Employer.

In order to provide the required level of benefits the Trustees are relying on the willingness and the ability of the Employer to financially support the Scheme in the future.

The need to provide the benefits at an acceptable cost to the Employer means that the Trustees are unable to guarantee that the Scheme will always have sufficient assets to meet its liabilities should the Scheme wind up at some point in the future.

By taking investment risk, the Trustees also recognise the possibility that the Scheme will have insufficient assets to cover the liabilities at the date of a triennial actuarial valuation. In these circumstances, the Trustees are relying on the Employer to pay sufficient contributions over a period of time to cover any deficits which are disclosed by a triennial actuarial valuation.

The Trustees recognise the different types of risks and seeks to minimise them as far as possible by regular monitoring of the performance of the Investment Managers, seeking advice from their advisers on the suitability of the assets with regard to the Scheme's liabilities, and ensuring that the Investment managers maintain a suitably diversified portfolio of investments.

Actuarial valuations of the Scheme will be undertaken every three years allowing the Trustees to measure the Scheme's funding level on a regular basis. This allows the Trustees to take appropriate steps to minimise the risk from under-funding by securing contributions from the Employer.

#### 4. LONG TERM INVESTMENT STRATEGY

The Trustees have adopted an investment strategy which is intended to ensure that, as far as possible, the Scheme has sufficient assets to provide benefits as and when they fall due. This is based on an assumption that the Scheme is ongoing and does not wind up in the future.

As described above, the Trustees recognise the need to take investment risk when setting their investment strategy. In setting a strategy the Trustees have considered the liabilities of the Scheme and the age profile of these liabilities.

The Trustees' strategy is based on the fundamental assumption that over the long term equities will outperform bonds although it is impossible to predict what will happen in the future. In the short term the performance of equities is likely to be more volatile than the performance of bonds which could in turn lead to unwelcome volatility in the employer's contribution rate.

The Trustees have determined, acting upon professional investment advice and taking into account of the liability profile and financial position of the scheme under normal circumstances, the following long term investment strategy.

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Asset Class	Strategic Allocation	Acceptable Range
Equities	30%	20% - 40%
Fixed Interest and Cash	70%	60% - 80%
Short Dated Bonds	64%	
Long Dated Gilts	5%	
Cash	1% *	
Total	100%	

\*subject to a minimum of £100,000

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These strategies will be reviewed no later than and in conjunction with the next actuarial valuation due with an effective date of 31<sup>st</sup> July 2019.

#### 5. INVESTMENT MANAGEMENT AND PERFORMANCE MEASUREMENT

The Trustees have decided to invest in a portfolio of passively managed funds provided by Dimensional Fund Advisors and Vanguard Asset Management as recommended following research and due diligence by Russell Ulyatt Financial Services Ltd.

The Trustees have delegated all duties regarding the day - to - day investment management of the portfolios of securities underlying the units to the Fund Managers.

The Trustees monitor the Investment Manager's performance on a quarterly basis and compare the investment returns with the appropriate performance objective and benchmarks to ensure continuing acceptable performance.

The Trustees receive regular written reports from the Managers in conjunction with Russell Ulyatt Financial Services Ltd.

Failure of the Managers to achieve acceptable results against performance benchmarks will result in action by the Trustees to review the appointment of the Managers.

## **6. CONSIDERATION OF FINANCIALLY MATERIAL FACTORS IN INVESTMENT ARRANGEMENTS**

The Trustees have adopted a policy of delegating responsibility for the consideration of environmental, social and governance (ESG) issues to the Investment Manager and their delegates. They expect the Investment Managers to take account of all financially material factors, including ESG, in the selection of investments.

The Trustees have not made explicit allowance for the long-term risks of climate change in their investment strategy. As noted above, the Investment Managers are expected to take account of all financially material factors in the selection of investments

## **7. CONSIDERATION OF NON-FINANCIALLY MATERIAL FACTORS IN INVESTMENT ARRANGEMENTS**

The Trustees have not imposed any restrictions relating to ESG issues on their Investment Manager and there are no exclusions applied to investment arrangements based on non-financially material factors.

## **8. STEWARDSHIP & ENGAGEMENT**

The Trustees have adopted a policy of delegating voting decisions on stocks to their Investment Manager who will exercise the voting rights attached to individual investments on their behalf in accordance with their own house policy.

The Investment Managers, acting on behalf of the Trustees, are expected to have an interest in ensuring that corporate management act in the long-term interests of shareholders or bondholders and hence will, where appropriate and possible engage with management

## **9. REVIEW OF THIS STATEMENT**

The Trustees will review this Statement in response to any material changes to any aspects of the Scheme, its liabilities and finances, and the attitude to risk of the Trustees and the Employer which they judge to have a bearing on the stated investment policy.

This review will occur no less frequently than every three years to coincide with the formal actuarial valuation. Any such review will again be based on written, expert financial and investment advice and will be in consultation with the Employer.

Agreed and signed on behalf of the Trustees on

Signed  Chairman

Date 19/9/2019

Agreed and signed on behalf of PeoplePlus Group Ltd

Signed 

Date 26/09/19