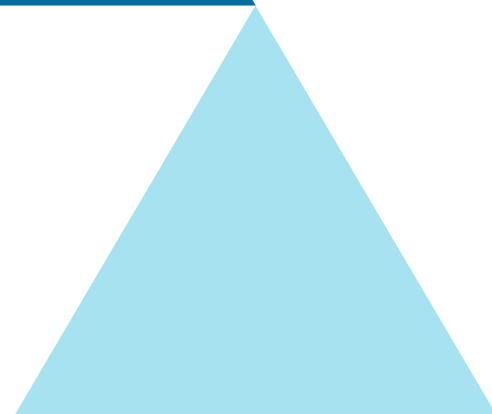
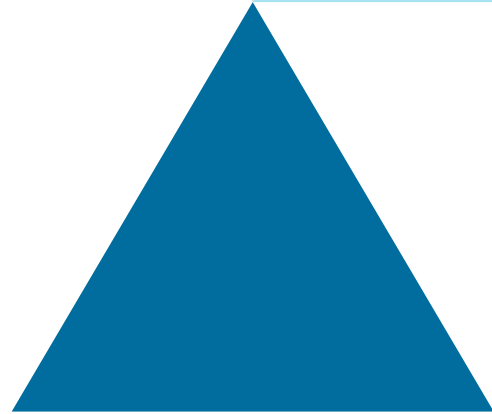


The Cobb Pension Scheme

Statement of Investment Principles

September 2020



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1 Introduction

This Statement of Investment Principles (the “Statement”) has been prepared by the Trustees of The Cobb 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. The Statement also details the Trustees’ compliance with the Pension Regulator’s ‘Investment Guidance for Defined Benefit Pension Schemes’.

In preparing the Statement, the Trustees have:

- obtained and considered written advice from a suitably qualified individual, employed by their investment consultants Mercer, whom they believe to have a degree of knowledge and experience that is appropriate for the management of their investments; and
- 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.

The Trustees have received confirmation from the Scheme Actuary that the investment strategy is consistent with the actuarial valuation methodology and assumptions used by the Trustees.

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.

The Trustees carry out their duties and fulfil their responsibilities as a single body.

The duties and responsibilities of the Trustees 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 choice of appropriate funds in which to invest the Scheme's assets.
- The assessment and review of the performance of the funds in which the Scheme is invested.
- The assessment of the risks assumed by the Scheme at a total scheme level as well as on a manager basis.
- The compliance of the investment arrangements with the principles set out in the Statement.

3.2 Investment Adviser's Duties and Responsibilities

The Trustees have recently appointed Mercer as the investment adviser to the Scheme to provide advice as and when it is required. To date, Mercer have only been asked to assist with updating this Statement. Matters on which the Trustees could ask Mercer to provide advice to the Trustees include the following:

- Setting of investment objectives.
- Determining investment strategy and asset allocation.
- Determining an appropriate investment structure.
- Framing manager mandates.
- Assistance in determining funds and investment managers that are suitable to meet the Trustees' objectives.
- Selecting and replacing investment managers.
- Setting cashflow management (investment and disinvestment) policies.

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 cash flows.

Mercer is remunerated on a project-by-project basis with a fee being agreed in advance of the project commencing. Mercer does not receive commission or any other payments in respect of the Scheme that might affect the impartiality of their advice. 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 Arrangements with Investment Managers

The Trustees, after considering appropriate investment advice, have invested the assets of the scheme in a Group Pension contract held with Clerical Medical. Contributions paid to the Group Pension contract are invested in Clerical Medical's With-Profits Fund, and the Scheme has been solely invested in this fund since [date].

The Trustees cannot specify the risk profile and return target of the Clerical Medical With-Profits Fund, but are satisfied that it appropriate characteristics to align with the overall investment strategy.

The Trustees are a long term investor and as noted above have been invested in the Clerical Medical With Profits Fund since [] and this demonstrates they do not look to make changes to their investment manager arrangements on a frequent basis. If they were to make changes to the investment arrangements, the Trustees would seek appropriate advice on the proposed change.

Clerical Medical is responsible for all decisions concerning the selection and de-selection of the individual securities within the With-Profits Fund.

Clerical Medical is authorised and regulated by the FCA and PRA.

The investment manager is remunerated by an ad valorem charge based on the value of the assets that it manages on behalf of the Scheme

Clerical Medical does not levy a performance based fee, which could encourage the manager to make short term investment decisions to hit their profit targets.

The Trustees consider that this method of remunerating the investment manager 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 manager to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.

The Trustees have no influence over the charging structure of the Clerical Medical With Profits Fund in which the Scheme is invested, but are satisfied that its charges are consistent with the its stated characteristics. The Trustees are therefore satisfied that this is the most appropriate basis for remunerating the manager and is consistent with the Trustees 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 administrator, in so far as they relate to the Scheme's investments, is set out at Appendix 1.

4 Investment Strategy

4.1 Setting Investment Strategy

The Trustees have determined its investment strategy after considering the Scheme's liability profile and its own appetite for risk, the Sponsoring Employer's appetite for risk, and the strength of the Sponsoring Employer's covenant.

The Trustees have therefore decided to invest in a With-Profits Fund. The aim of the fund is to generate capital growth over the medium to long term (at least 5 years), with some stability over the short term. The investment manager invests in a broad range of traditional asset classes underlying the contract. Returns each year are then 'smoothed' to give some stability of performance. In addition, the Scheme benefits from guaranteed annuity rates for all members who joined before 1 July 2001.

4.2 Appropriateness of Holding

The Scheme is classified under the regulations as a Wholly Insured Scheme as a result of its investment in the With-Profits Fund.

A Wholly Insured Scheme is defined as being a trust scheme, other than a stakeholder pension scheme within the meaning of section 1 of the Welfare Reform and Pensions Act 1999 F1 (meaning of "stakeholder pension scheme"), which has no investments other than specified qualifying insurance policies.

The Trustees consider it appropriate for the Scheme to be a Wholly Insured Scheme because:

- Returns are smoothed, reducing the risk associated with volatile investment markets;
- The With Profits holding provides guaranteed annuity rates for members that joined before 1 July 2001, therefore reducing the risk associated with the cost of providing the pensions for these members
- Having one contract and one investment holding reduces the governance burden for the Trustees.
- Under the contract terms, actuarial and administration services are covered within the fee arrangement. Moving away from this is likely to result in a significant increase in cost in the management of the Scheme
- Wholly insured Schemes have lower reporting requirements relating to this statement.

4.3 Investment Decisions

The Trustees distinguish between three types of investment decision: strategic, tactical and security-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 an 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 and reviewing investment objectives.
- Determining the appropriate investment structure for the Scheme.

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.

The Trustees have invested fully in a With Profits Fund and therefore do not take tactical investment decisions.

Where such decisions are made within the With Profits Fund, they are the responsibility of the investment manager of the fund.

Security Selection Decisions

All such decisions are the responsibility of the investment manager of the With Profits fund in which the Scheme is invested.

5 Monitoring of Investment Adviser and Manager

5.1 Investment Adviser

The Trustees assess and review the performance of their adviser in a qualitative way as appropriate and put in place specific objectives before requesting investment advice.

5.2 Investment Managers

The Trustees receive a letter from their investment manager, Clerical Medical, each year providing information on the investment performance of the Scheme assets and the investment strategy adopted for the previous calendar year.

The Trustees have the role of replacing the investment manager where appropriate (and subject to taking appropriate investment advice). They take a long-term view when assessing whether to replace the investment manager, and such a decision would not be made based solely on short-term performance concerns. Instead, changes would be driven by a significant reduction in 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 manager if there is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager.

Clerical Medical do not produce portfolio turnover costs on the With Profits Fund held. The Trustees therefore do not monitor portfolio turnover costs or portfolio turnover range for the Scheme and does not intend to go forwards. Portfolio turnover costs means the costs incurred as a result of the buying, selling, lending or borrowing of investments.

6 Code of Best Practice

As a wholly insured scheme, the Trustees have not considered the Pension Regulator's latest Investment Guidance for Defined Benefit Pension Schemes' paper. If circumstances change and the Trustees decide being classified as wholly insured is no longer appropriate then they will consider the guidance and use this to determine an appropriate investment strategy.

7 Compliance

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

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

This Statement supersedes all others and was approved by the Trustees on 21 September 2020

The Trustees approved this statement on 21 September 2020.

Appendix 1: Responsibilities of Parties

Trustee

The Trustees' 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, in consultation with the Investment Adviser and Scheme Actuary.
- Appointing the Investment Manager and choosing appropriate funds in which to invest.
- 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 can include the following:-

- Participating with the Trustees in reviews of this Statement.
- 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 Investment Manager's 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 the Investment Manager.
- Advising on the selection of new managers and/or custodians.

Investment Manager

The Investment manager's responsibilities include the following:

- Make available a statement and valuation of the assets and a report on their actions and future intentions, and any changes to the processes applied to their portfolios.
- Informing the Trustees of any changes in the operation of the With Profits Fund as and when they occur.
- Having regard to the need for diversification of investments, so far as appropriate for the particular mandate, and to the suitability of investments.
- Applying smoothed investment returns as appropriate to give some stability of performance.
- Providing guaranteed annuity rates for all members who joined before 1 July 2001.

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 Manager according to the Trustees' instructions.