



PENSION & LIFE ASSURANCE PLAN FOR THE NON-TEACHING STAFF OF HABERDASHERS' ASKE'S SCHOOLS

STATEMENT OF INVESTMENT PRINCIPLES

September 2023

1. INTRODUCTION

The Trustee of the Pension & Life Assurance Plan for the Non-Teaching Staff of Haberdashers' Aske's Schools (the 'Plan') has adopted this Statement of Investment Principles ('the Statement') to comply with the Pensions Act 1995, the Pensions Act 2004 and the Occupational Pension Schemes (Investment) Regulations 2005. This Statement replaces all previous Statements.

When making its investment decisions and reviewing this Statement, the Trustee obtained and considered the written advice of Cartwright Benefit Solutions Limited, whom the Trustee reasonably believes to be qualified by its ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of the investments of such schemes. Cartwright Benefit Solutions Limited is also authorised under the Financial Services and Markets Act 2000 to provide investment advice to the Trustee.

Whilst the Trustee is solely responsible for the Plan's investment strategy, the Trustee consulted the Governors of Haberdashers' Aske's Boys Schools and of Haberdashers' Aske's School for Girls (the 'Employer') on both the investment decisions taken by the Trustee and this Statement's content.

2. INVESTMENT OBJECTIVES

The primary investment objective of the Trustee is to ensure that the Plan will be able to pay all members' benefits in full as and when they fall due, taking into account the existing assets, the investment returns expected to be achieved, and the contributions from the Employer.

To increase the certainty of achieving the primary investment objective, the Trustee will aim to reduce the Plan's investment risk where possible and practical to do so, subject to still targeting sufficient investment returns. The level of investment risk will also be considered in the context of the ability and willingness of the Employer to support the investment risk being taken and the impact changes in financial market conditions may have on the Employer's future contribution requirements.

The Trustee understands that the Employer is willing to accept some volatility in the Employer's contribution requirements in the expectation that the total contributions payable would be lower than they otherwise would be (although in practice the actual contributions required could be much higher or much lower if the investments perform differently to expected).

3. INVESTMENT STRATEGY

The Trustee's investment strategy for the Plan is described in the Appendix. The key considerations when designing it were as follows.

There should be a mix of "growth assets" and "protection assets".

(a) The Plan's "growth assets" are chosen such that they are expected to grow by more than the Plan's liabilities over the longer-term, and are highly diversified by asset class, geographical area, industry sector and company.

(b) The Plan's "protection assets" are chosen such that they are expected to move in a similar direction to the Plan's liabilities over both the shorter- and the longer-term, thereby reducing

the potential volatility of the Plan's deficit (i.e. the difference between the Plan's liabilities and the Plan's assets).

(c) The split between growth assets and protection assets is determined by the investment manager and is such that the overall longer-term expected investment return (net of costs) is sufficient to reasonably anticipate all members' benefits to be paid in full. However, this is subject to the Plan's overall investment risk and deficit volatility continuing to be supported by the strength of the Employer's covenant.

(d) Overall, the Plan's assets should be sufficiently liquid to enable members' benefits to be paid as and when they fall due.

4. RISK MEASUREMENT AND MANAGEMENT

The investment manager is responsible for the risk management under the with-profit policy. The Trustee reviews the risks to which the Plan is exposed and mitigates them where possible and practical to do so.

The Trustee's policies on the key investment-related risks are as follows:

- **Employer covenant:** the investment risk taken by the Plan is underwritten by the Employer because, should investment returns not be achieved as expected over the longer-term, the Employer may ultimately be required to increase its contributions to enable all members' benefits to be paid in full. The Trustee regularly monitors the Employer's covenant and considers the level of the Plan's investment risk in light of the strength of the Employer's covenant.
- **Mismatch risk:** the inherent nature of the assets and the liabilities, and the need for the Plan to take some investment risk to reduce the deficit over time, means that the assets and liabilities are not expected to move precisely in tandem under all financial market conditions and the surplus/deficit may rise or fall as a result. The Trustee explicitly takes the Plan's liabilities into account when setting the investment strategy (including their nature and duration) and aims to mitigate the level of mismatch risk.
- **Active manager risk:** the Trustee recognises that actively managed funds can under- or out perform their benchmark indices. Actively managed funds may therefore be used for asset classes where the Trustee believes that the chosen investment managers are likely to consistently and sustainably either out-perform the benchmark index, reduce the volatility of investment returns, or both. The Trustee diversifies active manager risk where practical to do so.
- **Diversification:** in addition to diversifying across different risk factors (see above), where appropriate, the Trustee also diversifies across asset classes and geographically. This helps to avoid excessive concentrations of risk. To achieve cost-effective diversification, the Plan's assets are all invested in pooled funds. 3
- **Liquidity:** to pay members' benefits, the Trustee may need to liquidate some of the invested assets to supplement any cash held in the Trustee's bank account. The Trustee regularly reviews the Plan's income and outgo in the context of the overall liquidity of the invested assets. The selection, retention, and realisation of investments within each investment fund is delegated to the relevant investment manager.
- **Regulatory:** the Plan's assets are invested predominantly on regulated markets.

5. MONITORING THE INVESTMENT STRATEGY

The Trustee once a year reviews the performance of the investment strategy, including the performance of the Plan's assets against the Plan's liabilities and the actual asset allocation against the strategic asset allocation.

The with-profits policy does not provide detailed turnover activity and associated costs.

Certain parts of the investment strategy may be reviewed more frequently if required.

6. FEE STRUCTURES

The investment manager is each paid a percentage of the market value of the assets within their fund(s). No additional performance fees are payable. Some operational expenses are also incurred by each fund to cover administration, audit, legal and custodial costs, along with the transaction costs associated with the buying and selling of the underlying securities as the investment managers change the constituents of the funds over time (particularly for actively managed funds). These fees are met from the funds directly.

The investment adviser is paid on a time-cost or fixed fee basis, as agreed from time-to-time between the Trustee and the investment adviser.

7. ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE ('ESG')

The Trustee believes that its primary responsibility is to invest the Plan's assets for the longer-term financial best interests of the Plan's members, as reflected by the Trustee's strategic investment objectives.

The Trustee believes that ESG factors (including climate change risks) can potentially have a material positive or negative financial impact on the Plan.

The Plan's investment funds are chosen to aim to achieve the Plan's strategic investment objectives, with consideration given to ESG factors over the Plan's investment time horizon when these fund choices are both made and reviewed from time-to-time by the investment manager of the with-profits policy. The Trustee is aware of and regularly monitors the Plan's investment time horizon.

The Trustee is able to take a long-term view of the Plan's investments when assessing manager's performance and/or asset allocation.

Due to the Trustee's use of the with-profit policy, the application of ESG factors and the stewardship of the assets (including the exercising of voting and other rights attached to investments) are, ultimately, delegated to the provider of the policy and the manager's own policies in this regard.

Where available, the Trustee periodically obtains and reviews the relevant ESG and Stewardship policy documents for the investment fund under the with-profits policy.

The Trustee does not explicitly take into account the views of the Plan's beneficiaries, including (but not limited to) ethical views and views in relation to social and environmental impact and present and future quality of life of the Plan's beneficiaries.

8. ADDITIONAL VOLUNTARY CONTRIBUTIONS

Some members have obtained further benefits by paying Additional Voluntary Contributions ('AVCs') to the Plan's Clerical Medical Group Pension policy. The AVCs are money purchase in nature, i.e., the liabilities in respect of these AVCs are equal to the value of the investments bought with the contributions.

9. FUTURE REVIEW

The Trustee will review this Statement at least every three years and without delay after any significant change in investment policy.

Any such review will be based on written investment advice from someone whom the Trustee reasonably believes to be qualified by his or her ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of the investments of such schemes. The Employer will also be consulted.

Signed by the Trustee of the Pension & Life Assurance Plan for the Non-Teaching Staff of Haberdashers' Aske's Schools on 3 June 2024.



APPENDIX – OVERVIEW OF THE PLAN'S INVESTMENT STRATEGY

The Trustee has adopted the investment strategy described below. Annuities purchased in respect of members in receipt of pension are excluded. The strategic asset allocation determines how the Plan's assets are split between different asset classes. The investment manager is regulated under the Financial Services and Markets Act 2000.

Asset class	Investment manager	Investment fund	Strategic asset allocation
Wholly-insured Group Pension Contract	Clerical Medical	With Profits	100%
Total			100%
Expected return (net of investment management charges) underlying Scheme Funding (before retirement)*			1.14% p.a.
Expected return (net of investment management charges) underlying Scheme Funding (after retirement)*			0.84% p.a.

* Assumptions set out in the Scheme Actuary's Statement of Funding Principles dated November 2021.

1. Group Pension Contract

The Group Pension Contract is a wholly insured contract written by Clerical Medical and is invested in that company's with-profits fund. This invests in a range of assets including company shares, bonds and property, and it includes elements of smoothing investment returns over a period of years and of guaranteed investment performance.

2. Annuity Contracts

The Trustee has purchased annuity policies under assurance contracts (in accordance with the Trust Deed and Rules) to fund any benefits payable under the Plan and may do so again in the future.