

# THE CASEY GROUP LIMITED PENSION SCHEME

## TRUSTEES' STATEMENT OF INVESTMENT PRINCIPLES

1. This is the **Statement of Investment Principles** required under section 35 of the 1995 Pensions Act and as amended by section 244-246 of the Pensions Act 2004.

It was agreed by the Trustees of the Casey Group Limited Pension Scheme (the "Trustees") at a meeting on 30<sup>th</sup> November 2021, after having taken advice from a suitably qualified investment expert, Peter Murray A.I.A, of Multiplex Pension Trustees Limited, and after due consultation with the Principal Employer.

### **The Law**

2. The 1995 Pensions Act (Sections 35 and 36) requires that the Statement of Investment Principles covers the Trustees' policies:
  - for ensuring that investments:
    - are approximately diversified;
    - are suitable, both as a kind and specifically;
  - about:
    - the kinds of investments to be held;
    - the balance between different kinds of investments;
    - risk;
    - the expected return on investments;
    - the realisation of investments.
3. The Trustees are given extremely wide powers to invest the Scheme's assets under the Deed of Trust and Rules dated 21<sup>st</sup> June 2001.
4. The Trustees have agreed that all decisions on investments will be taken by the trustee body as a whole, subject to the necessary quorum, and shall not be delegated to any sub-group of the Trustees.

### **The Scheme's characteristics**

5. The Pension Scheme provides pensions and lump sums on retirement (or on leaving service, in the case of members transferring their rights from the pension scheme). The benefits are based on the value of the individual member's investment funds and the cost of purchasing a pension in the open market. Members may be required to select a pension that incorporates an allowance for a spouse's pension.

6. The main characteristics of the Scheme, in the opinion of the Trustees that are relevant to the development of an appropriate investment strategy are:

- Members contribute 2½% to 5% of pensionable salary
- the employer contributes 5% to 7.5% of pensionable salary
- the Scheme's normal retirement age is 65
- the age profile of the active members and deferred pensioners as at 31<sup>st</sup> October 2021 is as follows:

	<b>By member</b>	<b>By Fund</b>
- Below age 55	80%	74.3 %
- Between ages 55 and 57	9%	13.3%
- Between ages 58 and 60	6%	4.7%
- Between ages 61 and 62	2%	2.3%
- Over age 62	<u>3%</u>	<u>5.4%</u>
	100%	100%

- approximately 75% of the accumulated funds are applied at retirement using an 'open market' option, ie to buy a pension annuity from an insurance company' or a flexible pension income drawdown plan
- members are expected to take the maximum tax-free lump sum at retirement, approximately 25% of the accumulated fund; and
- the trustees have, in the light of current legislation, decided not to offer an income drawdown facility to members through the Scheme but will review this decision in line with any regulations to introduce greater flexibility.

### **Consultation with the employer**

7. Section 35 of the 1995 Pensions Act requires the Trustees to consult the employer before preparing or revising their Statement of Investment Principles. The employer, The Casey Group Limited, has seen a draft of this Statement and will be provided with a copy of the signed statement. The employer concurs with the trustees with regard to the range of funds to be made available to members.

### **Risks**

8. The trustees have identified the following risks:

- asset under-performance relative to inflation;
- stock market failure;
- investment manager under-performance;
- inadequate diversification:
  - across all the asset classes;
  - by holding excessive amounts in any one investment;
- being forced to realise equity fund holdings to pay benefits in unfavourable equity and bond market conditions;
- volatile annuity rates at retirement; and
- currency risks (pensions are payable in £).

## Containing Risks

9. In the light of the various risks identified above, the trustees have agreed the following objectives and policy:

RISK	OBJECTIVE	POLICY
Inflation	To ensure that the total return from the investment exceeds inflation.	Equity based investment.
Stock market failure	To protect the underlying capital value as members approach retirement	Deposit based investment.
Stock market under-performance	To achieve an adequate return.	Freedom to switch investment fund/manager/sector.
Manager under-performance	To select manager(s) who will add value.	Freedom to switch investment managers.
Inadequate diversification	To protect against poor stock selection/sector selection.	Pooled funds.
Cashflow	To avoid disinvesting in inappropriate conditions.	Manage the cashflow.
Annuity rates.	to avoid buying annuities at unfavourable rates.	Pay pensions from cashflow.
Currency	to protect the Sterling value of the assets.	Use UK based Sterling denominated funds.

## Investment Policy

10. The Trustees recognise that the needs of members will vary according to their period to retirement. They have therefore taken the view that an appropriate investment policy should be in place and have made arrangements with Transact and Tatton Investment Management Limited to implement a policy reflecting these needs. These should offer a range of pooled investment funds from a number of investment management organisations with access to the full range of investment markets and securities/ with a strategic management overlay. The Trustees' Investment Strategy, outlined in paragraph 11, will be reviewed at each Trustees Meeting. Members' investment strategies will be adjusted to reflect their term to retirement.
11. The policy adopted by the Trustees will be for the foreseeable future to invest contributions in line the Trustees' defined Investment Strategy. The contributions will be invested in a range of portfolios managed by Tatton Investment Management Limited which are designed to protect the accumulating value of the underlying funds in the years before each member's retirement. The initial deployment under the Trustees Investment Strategy to apply from the date of this Statement is attached.

## **Socially Responsible Investment & Corporate Governance**

12. The Occupational Pension Scheme (Investment) Amendment Regulations 1999 require the Trustees to state:
- i) the extent (if at all) to which social, environmental, or ethical considerations are taken into account in the selection, retention, and realisation of investments, and
  - ii) their policy (if any) in relation to the exercise of the rights (including voting rights) attaching to investments.

The Trustees have appointed a number of investment managers to invest the funds in a manner consistent with the long-term financial interests of the Scheme's members. In consultation with the Employer, the Trustees have agreed to liaise with Transact and Tatton to determine the extent to which environmental, social and governance considerations influence the investment policy of the funds and managers used within the portfolios, and to agree any remedial action required to ensure that all investments, as far as practical, meet the standards agreed with the Employer. Subject to this, the Trustees have decided that the exercise of voting rights should be left with the investment managers, who will exercise this right in accordance with their policy on corporate governance. This policy takes into account the financial interest of shareholders, which should, ultimately, be to the Scheme's advantage.

### **Custodianship**

13. The custody and safekeeping of the Scheme's assets is provided by the appointed managers. The investment will be held in a common fund with assets of the Casey Group Limited Executive Pension Scheme and the Casey Group Family Pension Fund.

### **Compliance**

14. The Trustees have agreed with the investment managers that the investment managers will report quarterly to the trustees with:
- a review of recent performance;
  - written confirmation that the investments have been made, and continue to be made, in accordance with this statement.
15. The Trustees will formally review this Statement not later than 36 months from the first date shown below.