

# Oldrid & Co. Limited Retirement Benefits Scheme

Statement of Investment Principles

**Barnett Waddingham LLP**

January 2025

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## 1. Introduction

- 1.1. This is the Statement of Investment Principles prepared by the Trustee of the Oldrid & Co. Limited Retirement Benefits Scheme ("the Scheme"). This statement sets down the principles which govern the decisions about investments that enable the Scheme to meet the requirements of:
  - the Pensions Act 1995, as amended by the Pensions Act 2004;
  - the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010 and the Occupational Pension Schemes (Charges and Governance) Regulations 2015;
  - the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018; and
  - the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.
- 1.2. In preparing this statement the Trustee has consulted Oldrid & Co. Limited, the Principal Employer, and obtained advice from Barnett Waddingham LLP, the Trustee's investment consultant. Barnett Waddingham is authorised and regulated by the Financial Conduct Authority.
- 1.3. This statement has been prepared with regard to the 2001 Myners review of institutional investment (including subsequent updates), and Scheme Funding legislation.
- 1.4. The Trustee will review this statement at least every three years or if there is a significant change in any of the areas covered by the statement.
- 1.5. The Trustee completed a bulk annuity insurance transaction with Aviva (the "Insurer") in the contract dated 3 October 2024 to secure the benefits under the Scheme.

## 2. Choosing investments

- 2.1. The Trustee's policy is to set the overall investment target and then monitor the performance of the Scheme against that target. In doing so, the Trustee considers the advice of their professional advisers, who they consider to be suitably qualified and experienced for this role.
- 2.2. Effective from 17 January 2025, the Trustee entered into a bulk annuity insurance contract with the Insurer, which is expected to match all defined benefits due to members of the Scheme.
- 2.3. The Insurer is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.
- 2.4. The Trustee holds no other investments beyond cash in the Scheme's bank account.
- 2.5. The Trustee continues to review the appropriateness of the Scheme's investment strategy on an ongoing basis but would consider it unlikely that any material future changes will be made prior to the Aviva insurance policy potentially being assigned to individual members and the Scheme then being wound up.
- 2.6. The Trustee will consult the Employer before amending the investment strategy.

### 3. Investment objectives

- 3.1. The Trustee has discussed key investment objectives in light of an analysis of the Scheme's liability profile as well as the constraints the Trustee faces in achieving these objectives. As a result, the Trustee's main investment objective is to ensure that the Scheme can meet the members' entitlements under the Trust Deed and Rules as they fall due.
- 3.2. The Trustee is aware of the relationship that exists between the particular investment portfolio that is held and the level of funding of the Scheme's liabilities. The Trustee has obtained exposure to investments that they expect will meet the Scheme's objectives as best as possible.

### 4. Kinds of investments to be held

- 4.1. The Scheme is permitted to invest in a wide range of assets including equities, bonds, cash, property alternatives and annuity policies. The Scheme's current investment strategy involves holding the vast majority of the Scheme's assets in a bulk annuity insurance contract, with a small cash holding to meet ongoing cashflow requirements.
- 4.2. Given the Scheme's investment strategy, it is not expected that the Scheme will hold any employer-related investments. However, this is typically checked annually by the Scheme's auditors.

### 5. The balance between different kinds of investments

- 5.1. The Scheme invests in assets that are expected to achieve the Scheme's objectives.
- 5.2. The Scheme holds a bulk annuity policy expected to produce cashflows that exactly match the benefit entitlements of each of the Scheme's members. The remainder of the Scheme's assets are held in the Trustee bank account.

### 6. Risks

- 6.1. The various types of investment risk which may affect the Scheme's liabilities are covered under the bulk annuity purchase with the Insurer. Therefore, the vast majority of the risks set out below are covered by the insurance policy, and are therefore judged to have minimal impact on the Scheme's ability to meet the liabilities of the Scheme as they fall due. However, the Trustee has considered the following risks for the Scheme with regard to its investment policy and the Scheme's liabilities:

Risk versus the liabilities	The Trustee notes that, by securing the Scheme's benefits with an insurer, the risk of benefits not being met is now very low.
Covenant risk	The Scheme is less reliant on the strength of the Employer's covenant as the Scheme's benefits have wholly been secured with an insurer. When converting the buy-in policy into a buy-out policy with the Insurer, the Scheme will be reliant on the Employer to make good any shortfall in excess of the small amount of assets held outside of the insurance contract.
Insurer counter party risk	The risk of the insurer defaulting has been managed through the selection of a reputable UK regulated insurer and potentially supported by the insurance compensation regime in place should an insurer fail.

ESG/Climate risk	The Trustee has considered long-term financial risks to the Scheme and ESG factors (as well as climate risk). While the Trustee considers these factors to be potentially financially material, management of these risks over the lifetime of the contract is primarily an issue for the Insurer to manage.
Concentration risk	The Insurer is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities.
Liquidity risk	The Scheme invests in assets, including cash, such that there is a sufficient allocation to liquid investments to meet the Scheme's remaining cashflow requirements that are not covered by the bulk annuity insurance contract. The level of cash available in the Scheme's bank account is monitored and the Employer will make payments into the bank account as required to meet expenses.
Currency risk	The Scheme's liabilities and the income produced by the bulk annuity contract are both denominated in sterling.
Loss of investment	In the event of the Insurer becoming insolvent, the Scheme could suffer losses on the contract, but would still retain the liability to pay members' benefits. This risk is mitigated by the regulatory regime and capital requirements in place for UK insurers.

## 7. Expected return on investments

- 7.1. The Trustee has chosen to invest the vast majority of assets in a bulk annuity policy to match the Scheme's projected benefit payments with income from the policy. The remaining assets are held bearing in mind the nature of the potential additional liabilities that may fall due on the Scheme that are not covered by the policy, and ongoing expenses.
- 7.2. The Trustee has not set an expected return on the bulk annuity policy, given that its primary purpose is as an insurance contract rather than a return-seeking investment.

## 8. Realisation of investments

- 8.1. The annuity policy with the Insurer is not readily realisable and the Trustee does not expect to need to surrender or realise the contract given its nature and purpose. The income from the bulk annuity policy will be used to pay benefits covered by the policy.
- 8.2. The remaining assets of the Scheme are held in assets that can be realised at short notice.

## 9. Financially material considerations, non-financial matters, the exercise of voting rights and engagement activities, and policy on arrangements with investment managers

- 9.1. Since the majority of the Scheme's assets are held in an insurance policy, these matters are primarily an issue for the Insurer to manage. This is reflected in the Trustee's own policies, as summarised in Appendix 2.

## 10. Agreement

- 10.1. This statement was agreed by the Trustee, and replaces any previous statements. Copies of this statement and any subsequent amendments will be made available to the employer, the insurer, the actuary and the Scheme auditor upon request.

**Signed:**.....

**Date:**.....

**On behalf of the Oldrid & Co. Limited Retirement Benefits Scheme**

## **Appendix 1    Note on investment policy of the Scheme as at January 2025 in relation to the current Statement of Investment Principles**

### **1.    Choosing investments**

The Trustee's only investment (beyond the cash in the bank account) is the bulk annuity policy with Aviva who manage the policy on a day-to-day basis.

The Trustee has appointed Barnett Waddingham LLP to advise on investment matters.

### **2.    The balance between different kinds of investment**

The vast majority of the Scheme's assets are held in a bulk annuity policy. The remaining assets are held in the Scheme's bank account, bearing in mind the nature of the potential additional liabilities that may fall due on the Scheme that are not covered by the policy.

### **3.    Investments and disinvestments**

The Scheme's cashflow requirements are expected to be met by the bulk annuity policy and the Scheme's remaining cash holdings in the bank account, supplemented by the Employer where required.

## **Appendix 2 Financially material considerations, non-financially material considerations, the exercise of voting rights and engagement activities, and policy on arrangements with investment managers**

### **1. Financially Material Considerations**

The Trustee considers that factors such as environmental, social and governance (ESG) issues (including but not limited to climate change) have the potential to be financially material over the long-term. However, as the Trustee has completed a purchase of a bulk annuity policy intended to match the majority of the Scheme's liabilities, the Trustee is not directly exposed to these risks. The remaining assets are held bearing in mind the nature of the potential additional liabilities that may fall due on the Scheme and are not covered by the policy.

The Trustee has an expectation that the Insurer will consider ESG-related issues in selecting securities and other investments, or will otherwise engage with the issuers of their underlying holdings on such matters in a way that is appropriate for the nature of the assets under consideration.

### **2. Approach to monitoring ESG policy**

The Scheme's assets are held as a bulk annuity policy and cash. Given the nature of the current holdings in the Scheme, the Trustee will review and monitor the ESG policy as they deem appropriate, considering the risks that present themselves.

### **3. Policy on the exercise of voting rights and engagement activities**

The Trustee notes that by securing the Scheme's benefits with an insurer, they have limited ability to influence the voting and engagement activities undertaken on behalf of the Insurer. Responsibility for engagement with the issuers of investments underlying the bulk annuity policy, including voting policy (where applicable), is the responsibility of the Insurer.

Beyond this, the Scheme only retains cash holdings in the bank account. The Trustee has therefore not set stewardship priorities.

### **4. Conflicts of interest**

The Scheme's investment adviser is independent and no arm of their business provides asset management or insurance services. This, and their FCA-regulated status, makes the Trustee confident that the recommendations they make are free from conflicts of interest.

The Trustee expects all investment managers and insurers to have conflicts of interest policies in relation to their engagement and ongoing operations. The Trustee therefore believes it has managed the potential for conflicts of interest in the appointment of the investment managers, insurers, and investment adviser, and conflicts of interest between the Trustee, investment adviser, the investment managers, the insurers, and any underlying investee companies.



## 5. Non-financially material considerations

When constructing the investment strategy, the Trustee does not prioritise non-financial matters. Given the bulk annuity purchase, the Trustee has limited ability to address non-financial matters.

The Trustee will review its policy on whether or not to take account of non-financial matters periodically.

## 6. Policy on arrangements with investment managers

### Incentivising alignment with the Trustee's investment policies

The Scheme invests exclusively in a bulk annuity policy and arrangements for incentivising the investment managers of the assets underlying the bulk annuity policy are an issue for the Insurer.

### Method and time horizon for assessing performance

The Trustee does not undertake regular formal monitoring due to the limited benefit of this activity given the bulk annuity policy held with the insurer for the vast majority of liabilities. However, the Trustee would undertake such monitoring if it was deemed necessary.