

The SJ Dixon & Sons (Holdings) Limited
Pension & Life Assurance Scheme
Statement of Investment Principles

June 2025

Contents

- 1. Introduction 3
- 2. Investment objectives and strategy 4
- 3. Investment managers/providers 7
- 4. Other matters 8
- 5. Review 9

1. Introduction

1.1. Purpose of this Statement of Investment Principles (“SIP”)

This SIP sets out the policy of the Trustees on matters governing decisions about the investments of The SJ Dixon & Sons (Holdings) Limited Pension & Life Assurance Scheme (the “Scheme”).

The Scheme is made Defined Benefit (“DB”) in nature and was closed to new entrants with effect from 31 December 2006.

The Scheme is registered with His Majesty’s Revenue & Customs (“HMRC”) for the purpose of the Finance Act 2004.

1.2. Legal and statutory background

The SIP is designed to meet the requirements of Section 35 of the Pensions Act 1995 (“the Act”), and all subsequent legislation, regulations and guidance from the Pensions Regulator applying to UK pension schemes.

1.3. Input into the SIP

This SIP has been formulated after obtaining and considering written professional advice from Quantum Advisory (“Quantum”), the Trustees’ investment adviser, and consulting S J Dixon & Son (Holdings) Limited (the “Sponsoring Employer”) as required by the Act and subsequently by the regulations. Quantum has the knowledge and experience required under the regulations to provide professional advice on the management of the Scheme’s investments.

2. Investment objectives and strategy

2.1. Investment policy

The Scheme's assets are held in trust by the Trustees. The investment powers of the Trustees are set out in the Scheme's Trust Deed.

The Trustees are aware of the need to invest assets in the best and sole interest of the members and that the powers of investment must be exercised in a manner which supports the security, quality, liquidity and profitability of the Scheme as a whole.

The Trustees recognise that the assets of the Scheme must consist predominantly of investments admitted to trading on regulated markets and investment in assets which are not admitted to trading on such markets must, in any event, be kept to a prudent level.

2.2. Investment objective

The Trustees, with the help of their advisers and in consultation with the Sponsoring Employer, set the current investment strategy following a consideration of their objectives and other related matters during February 2025.

The Trustees invest in a manner which helps ensure that the benefits promised to members are provided. The Trustees are targeting fully securing members' defined benefits through a secured insurance arrangement ("a buy-out"). In the short-term, the Trustees have sought to reduce the funding volatility by purchasing a buy-in policy with an insurer.

2.3. Risks that were considered when setting the investment strategy and how they are managed

In order to buy-out the Scheme, the Trustees hold assets that provide cashflows to match members' benefits. The Trustees identified the following investment risks for the Scheme prior to purchasing a buy-in policy:

- The risk of mis-match between the value and timing of the Scheme's income and outgoings;
- The risk of a shortfall in assets held by the Scheme relative to its liabilities;
- The risk of misappropriation, unauthorised use or mis-delivery of Scheme assets; and
- The imprecision of the ways in which risks are to be measured and managed.

The Trustees recognise these different types of risk and seeks to minimise them as far as possible by reviewing the Scheme's objectives and taking advice where appropriate. The purchase of a buy-in policy seeks to reduce these risks for the Scheme.

2.4. The investment strategy

The Scheme has purchased a buy-in policy with Legal & General Assurance Society ("LGAS"), which is designed to provide distributions that match the Scheme's benefit payments as they fall due.

The Scheme also has a cash holding which will be used to meet expenses during the period to buy-out, which is invested in the Legal and General Assurance (Pensions Management) Limited ("LGIM") Cash Fund.

2.5. Financially material considerations, non-financial matters and stewardship policies

This section sets out the Trustees' policies on financially material considerations, non-financial matters and stewardship.

The Trustees do not offer explicit remuneration to the Scheme's investment providers for considering these factors specifically.

2.5.1. Financially material considerations

The Trustees acknowledge the constraints they face to influence change due to the size and nature of the Scheme's investments and the need to be responsible stewards and exercise the rights associated with the Scheme's investments responsibly. The Trustees will periodically consider publicly available ESG publications from the buy-in provider and expects the buy-in provider, where relevant, to utilise their position to engage with companies on these matters.

2.5.2. Stewardship

LGAS has full discretion on the stewardship of the Scheme's buy-in policy. The LGIM Cash Fund has limited scope to apply stewardship influence, but the Trustees do monitor LGIM's wider practises.

2.5.3. Non-financial matters

The Trustees consider non-financial factors (where members have been forthcoming with their views) when selecting, retaining and realising investments, however the Trustees do not employ a formal policy in relation to this when selecting, retaining and realising investments.

2.6. Policy on investment in the Sponsoring Employer

The Scheme does not directly hold any shares in the Sponsoring Employer. The Trustees' policy is to keep any holding below 5% of the Scheme's overall assets, in line with the Regulations.

3. Investment managers/providers

3.1. Investment managers/providers

During February 2025, the Trustees sold most of their invested asset holdings to pay a premium to LGAS, and insurance company, with the agreement that they will cover future cashflows for the Scheme. The Scheme holds a buy-in policy with Legal LGAS (the selected buy-in provider).

The Scheme also has a Cash Fund holding with LGIM.

3.2. Formal agreements

The Trustees have signed the appropriate policy documents, agreements and application forms with LGAS and LGIM.

3.3. Responsibilities

LGAS and LGIM are responsible for the day-to-day investment management of the buy-in policy and Cash Fund respectively. The providers are authorised under the Financial Services and Markets Act 2000 to carry out such activities.

3.4. Custodians and administrators

LGAS and LGIM are responsible for the appointment of custodians and administrators for the assets that they manage.

4. Other matters

4.1. Policy on the realisation of investments

LGAS is responsible for the payment of cashflows for the Scheme and will meet pensioner payroll payments. The Trustees will meet other expenses from the LGIM Cash Fund, as required.

4.3. Remuneration of various parties who are involved in the investment of the Scheme's assets

Quantum Advisory is remunerated on a fixed fee or time-cost fee basis, with budgets agreed in advance for ad hoc project work whenever possible. Quantum does not receive commission. LGAS fees are incorporated into the premium paid to secure the buy-in policy. LGIM are remunerated on an ad valorem fee basis, which is calculated as a fixed percentage of the total value of the Scheme's funds they hold under management.

4.3. Trustees' investment decision making

The Trustees are responsible for the investments of the Scheme's assets. When deciding which decisions to make themselves, and which to delegate, the Trustees consider whether it has the appropriate training and expertise in order to make an informed decision.

4.4. Conflicts of interest

The Trustees consider any potential and actual conflicts of interest (subject to reasonable levels of immateriality) at the start of each Trustees' meeting and document these in the minutes.

4.5. Capital structure of investee companies

The responsibility for monitoring the capital structure of investee companies (is delegated to the investment providers, LGAS and LGIM, who carry out monitoring and action that is appropriate to the nature of the mandate.

5. Review

5.1. How often are investments reviewed?

Strategy reviews for the Scheme are undertaken periodically. Typically, a review will occur alongside triennial actuarial valuations; but more frequent reviews can occur in light of a material change of circumstances. Any change in investment strategy may necessitate a change in investment managers/providers, regardless of the underlying performance of the funds.

5.2. How do the Trustees monitor portfolio turnover and costs?

The Trustees expect the buy-in provider to change underlying holdings to an extent required to meet their investment objectives. The reasonableness of such turnover will vary according to market conditions. The Trustees do not set a specific portfolio turnover for the buy-in provider.

Any portfolio turnover costs relating to the LGIM Cash Fund are expected to be minimal/immaterial.

5.3 How often is this SIP reviewed?

The Trustee will review the SIP at least every three years and following any significant change in investment policy.

This document is an accurate reflection of the investment policies we have agreed and employ.