

# **The Christie Pension and Life Assurance Scheme (Glyndebourne Section)**

## **Statement of Investment Principles**

**October 2023**

## **Table of Contents**

<b>1. Introduction</b>	<b>3</b>
<b>2. Statutory Information</b>	<b>4</b>
<b>3. Myners Principles</b>	<b>11</b>
<b>Appendix 1 — Strategic Benchmark and Objectives</b>	<b>15</b>
<b>Appendix 2 — Fees</b>	<b>16</b>

# 1. Introduction

---

## 1.1 Scheme Background

- This Statement of Investment Principles (the “Statement”) details the principles governing the decisions for the Christie Pension and Life Assurance (Glyndebourne section) scheme, the “Scheme”.
- The Scheme operates for the exclusive purpose of providing retirement and death benefits to eligible participants and beneficiaries.
- The Scheme provides benefits on a final salary basis. The final salary section is closed to new members and to future accrual. This Statement relates solely to the final salary section of the Scheme.
- When required, the Trustees receive written investment advice from suitably qualified members of the Glyndebourne Board of Trustees, as well as independent members of the Audit & Finance Committee who for the purposes of the SIP fulfil the role of investment consultant.
- The Scheme’s liabilities have recently been insured in full by ‘Just Retirement Ltd’, ‘the Insurer’, however this is a “Buy-In” and is yet to be finalised as a “Buy-Out” there may be some adjustment, either up or down to the liabilities.

## 1.2 Statement Structure

This Statement is divided into two main sections as follows:

- **Statutory Section:** This section covers the requirements of, and the Scheme’s compliance with, the provisions of the Pensions Act 1995 as amended by the Pensions Act 2004.
- **Myners Section:** This section includes additional non-statutory information that the Myners Principles recommended are included in a strengthened Statement.

## **2. Statutory Information**

---

### **2.1 Introduction**

- This section of the Statement covers the requirements of the Pensions Act 1995 and Pensions Act 2004 as amended by the occupation at pensions scheme (investment) regulations. In accordance with section 35 of the Pensions Act 1995, the Trustees have reviewed and considered written advice from the investment consultant prior to the preparation of this Statement and have consulted the Principal Employer before agreeing with the investment managers the investment strategy outlined in this document.
- The Trustees have full regard to their investment powers under the Trust Deed and Rules and the suitability of types of investments, the need to diversify, the custodianship of assets and any self-investment.
- The investment managers will prepare detailed quarterly reports on their activities and custodianship and the Trustees will meet with them periodically.
- This Statement will be reviewed periodically or whenever changes to the Principles or strategy are necessary, including any appointment or review of the investment managers.
- Any changes to this Statement will be undertaken on the advice of authorised investment consultants.
- All investment decisions of the Scheme are under the control of the Trustees, with no constraint by the Principal Employer. The Trustees have consulted with the Principal Employer over this Statement.
- The Trustees will examine regularly whether additional investment training is desirable for any individual Trustee.

### **2.2 Statutory Requirements**

This part of the Statement details the Trustees' policy to secure compliance with the requirements of Sections 35 and 36 of the Pensions Act 1995 and Sections 244-246 of the Pensions Act. 2004

### **1.1.1 Investment Objectives and Suitability of Investments:**

- The Trustees' agreed investment strategy is based on pursuing a higher risk strategy with higher potential returns. This higher risk is effectively mitigated by the strong employer covenant and the insurance of the liabilities.
- The primary objective of the Trustees is to operate an investment strategy that provides sound strong long-term growth and appropriate security for all beneficiaries.
- The Trustees have translated their objective into a suitable strategic asset allocation benchmark for the Scheme, details of which are included in the appendices.
- In accordance with the Financial Services & Markets Act 2000, the Trustees are responsible for setting the general investment policy, but the responsibility for all day-to day investment management decisions has been delegated to investment managers authorised under the Act. Details are included in the appendices.
- The Trustees consider their current strategic asset allocation to be consistent with the current financial position of the Scheme. This judgement is made with reference to the technical provisions set out in the Scheme's 'Statement of Funding Principles'.

### **1.1.2 Diversification**

- The Trustees, after seeking appropriate investment advice, have selected a strategic asset allocation benchmark (see Appendix 1).
- Subject to their respective benchmarks and guidelines the investment managers are given full discretion over the choice of stocks and are expected to maintain diversified portfolios.
- The Trustees are satisfied that the investments selected are consistent with their investment objective, particularly in relation to diversification, risk, expected return and liquidity.
- Given the size and nature of the Scheme the Trustees have decided to invest on a pooled fund basis; any such investment is effected through a direct agreement with an investment manager and/or through an insurance contract,
- The Trustees are satisfied that the range of pooled vehicles in which the Scheme's assets are invested, provides adequate diversification.

### **1.1.3 Balance between different kinds of investments**

- The appointed investment managers will hold a mix of investments that correspond to the strategic benchmark. Within each major market each investment manager will maintain a diversified portfolio of stocks through pooled vehicles

### **1.1.4 Risk**

- The Trustees consider the main risk to be that the insurer fails to meet the liability requirements as they have promised.
- In the event of the insurer failing to meet the liabilities, the employer covenant and surplus assets will be required if the FSCS (Financial Services Compensation Scheme) compensation is not sufficient or timely.

#### Liquidity risk

- It is important for a defined benefit scheme to maintain sufficient liquidity to meet the liability payments as they are due.
- Liquidity risk is negligible to the scheme since it is now the insurer's responsibility to make payments to the members.

#### Other Risks

- Assuming the insurer meets the liabilities as they come due, the only remaining risk is the risk related to investing the surplus assets for the benefit of the members. These risks include but are not limited to:
  - Inflation risk
  - Maturity risk
  - Investment risk
  - Timing risk
  - ESG risk

### **1.1.5 Financially material considerations**

- The Trustees expect their investment managers, where appropriate, to have taken account of financially material considerations, including environmental, social and governance (ESG) factors as part of their investment analysis and

decision-making process. The Trustees' primary concern is the financial performance of their investments, however the Trustees believe that ESG factors can have a material impact on risk and investment returns and so should be considered within the investment management process.

- The Trustees have been provided with the investment managers' policies in respect of financially material considerations and are satisfied that it is consistent with the above approach.

#### **1.1.6 Non-financial matters**

- Non-financial matters may be considered if the Trustees have good reason to think that a majority of the members would share the concern.

#### **1.1.7 Stewardship in relation to the Scheme's assets**

- The Trustees have a fiduciary duty to consider their approach to the stewardship of the investments, to maximise financial returns for the benefit of members and beneficiaries over the long term. The Trustees believe that they can promote an investment's long-term success through monitoring, engagement and/or voting, through their investment managers.

#### **1.1.8 Engagement and monitoring**

- The Trustees' recognises the importance of engagement and stewardship. The Trustees policy is to delegate the day to day responsibility for engaging and monitoring investee companies to the investment managers who the Trustee believes is better placed and better resourced to make these engagements. The Trustee expects the investment managers to use their discretion to maximise financial returns for members and others over the long term.
- The Trustees do not select the assets their managers invest in. This also extends to engagement whereby the Trustees do not directly engage with, nor do they give guidance to their asset managers to engage with specific companies for investment.
- The responsibilities the Trustees defer to the investment manager include, but are not limited to, the monitoring of capital structure of the companies they invest in. The Trustees avoid conflicts of interest both with engagement and other parties with an interest in companies they invest in by deferring the direct engagement to the investment managers.

- The Trustees, with the help of their advisors, periodically review the policies and actions of their investment managers to ensure they remain consistent with the Trustees policies.

### **1.1.9 Voting rights**

- Due to the pooled nature of investments the Trustees do not have direct control over their voting rights. The exercising of rights (including voting rights) attached to the Trustees investments is managed by the investment managers. The Trustees encourage the investment managers to exercise those rights. The investment managers are expected to provide regular reports for the Trustees detailing their voting activity. The Trustees will take corporate governance policies into account when appointing and reviewing investment managers.
- The Trustee believes that voting rights and stewardship should be used to enhance the value of the investments. The Trustee recognises that ESG factors can enhance value in some situations and as such would expect their managers to vote to support measures with an expected benefit.

### **1.1.10 Policy for Asset Managers**

- Asset Managers are paid based on a percentage of Assets Under Management (AUM). This incentivises an alignment of interests of achieving long term returns that, in conjunction with contributions, allow the Trustees to pay all benefits due.
- Contracts with investment managers are not under a fixed term and managers can be replaced if at any point the Trustees and their advisors believe they are not acting in member's best interests.
- The Trustees review their asset manager's beliefs to ensure they are in line with their own. The Trustee is satisfied that they are aligned in beliefs in how to make decisions based on long-term financial and non-financial performance of companies.
- Investment performance is monitored at least quarterly and reviewed at least annually.
- Performance is reviewed by the Trustees and their advisors on at least a quarterly basis. The Trustees take a long-term performance outlook of at least 5 years, however they review managers regularly to identify any potential issues.
- Day to day costs for investments, including turnover costs, are managed by the asset manager. The Trustees, with the assistance of their advisors, periodically reviews costs to ensure they are appropriate and in line with market rates.

## 2. Myners Principles

---

The original Myners review "Institutional Investing in the UK" was published in March 2001. It included a set of 10 Principles that pension scheme trustees are recommended to use when considering their investment policy for final salary pension and 11 Principles for money purchase schemes. The Government endorsed the report with some minor modifications in October 2001. Pension scheme trustees were asked to comply with the Principles on a voluntary basis. The Myners Principles recommend that certain issues are included in the Statement.

The Myners Principles were subsequently reviewed in October 2008 and specific reference to the Statement was removed and replaced with a requirement for Trustees to act in a transparent and responsible manner. In making the following statements the Trustees believe that they are complying with the spirit of these Principles.

### 2.3 Defined Benefits

#### 2.1.1 Responsible ownership

Details of the Trustees responsible ownership policies (including the exercising of voting rights) attaching to the Scheme's investments are included in Sections 2.2.8 to 2.2.12.

#### 2.1.2 Transparency and Reporting

The Trustees have discretion over the form of reporting they wish to undertake. This Statement provides the following details of the Trustees' investment approach:

- Who is taking which decisions and why has the structure been selected?

Details of the Trustees' decision-making structure are included in section 2.1

- The Trustees' investment objective.

Details of the Trustees' investment objective are included in section 2.2.1, with the appointed managers' specific objectives in Appendix 1.

- The Trustees' asset allocation strategy, including projected investment returns in each asset class, and how the strategy has been selected.

Details of the Trustees' asset allocation strategy are included in Appendix 1. The strategy was constructed following consultation with the Trustees' advisors, and included consideration of the likely range of returns from each asset class.

- The mandates given to all advisers and investment managers.

The responsibilities of the Trustees, investment managers, investment consultants, advisors and the Insurer are outlined in section 3.2, while the investment managers' mandates are specified in Appendices 1 and 2.

- The nature of the fee structures in place for all advisers and investment managers; and why this set of structures has been selected.

Details of the fees charged by the investment consultant and investment managers are included in Appendix 2. The Trustees have discussed and agreed these fees following consultation with their adviser, where appropriate, and believe they are reasonable for the services they receive.

## **2.4 Appointments & Responsibilities**

### **2.1.3 Trustees**

The Trustees' primary responsibilities include:

- Preparation of the Statement of Investment Principles, review of the content of the Statement and modification of it if deemed appropriate, in consultation with the Principal Employer and investment consultant, at least every three years or more frequently if there has been a significant change in investment policy.
- Appointing investment managers, investment consultants and actuaries as necessary for the good stewardship of the Scheme.
- Reviewing the investment strategy implemented by the Insurer following the results of each actuarial review or any distressing events relating to the Insurers ability to meet the liabilities.
- Assessing the performance and processes of the investment managers and insurance policies by means of regular, but not less than annual, reviews of investment performance and other information, in consultation with the investment consultant.
- Monitoring compliance of the investment arrangements with this Statement on a regular basis.

- Monitoring risk and as and when required the manner in which the investment managers have cast votes on behalf of the Trustees in respect of the Scheme's equity holdings.

#### **2.1.4 Investment Advice**

When required, the Trustees receive written investment advice from suitably qualified members of the Glyndebourne Board of Trustees, as well as independent members of the Audit & Finance Committee. This advice includes:

- The hiring, replacing and retention of appropriate managers and investments for the scheme.
- Monitoring the investments for continued suitability

#### **2.1.5 Investment Managers**

The investment managers' main responsibilities include:

- Investing assets in a manner that is consistent with the objectives set.
- Ensuring that investment of the Scheme's assets is in compliance with prevailing legislation and within the constraints detailed in this Statement.
- Providing quarterly reports including a review of the investment performance and any changes to their investment process.
- Attending meetings with the Trustees as and when required.
- Informing the Trustees of any changes in the internal performance objective and guidelines of any pooled fund used by the Scheme as and when they occur.
- Exercising voting rights on shareholdings in accordance with their general policy.

#### **2.1.6 Custodian**

- The custodianship arrangements are those operated by the investment managers for all clients investing in their pooled funds.

#### **2.1.7 Administrators**

- The Scheme's administration is carried out by Capita

### **2.1.8 Scheme Actuary**

The Scheme Actuary's main responsibilities include:

- Commenting on the suitability of the Scheme's investment strategy given the financial characteristics of the Scheme.
- Performing the triennial (or more frequently as required) valuations and advising on the appropriate level of contributions and the Scheme's funding level in order to aid the Trustees in balancing short-term and long-term objectives.
- Assessing the funding position of the Scheme and advising on the appropriate response to any shortfall.
- The Scheme Actuary Mr Martin West FIA, of Capita.

### **2.1.9 Insurer**

- The Insurer's main responsibilities include, but aren't limited to meeting payments of the liabilities in full and on time.

## **2.5 Investment Monitoring**

### **2.1.10 Performance Monitoring**

- Each of the vehicles in which the Scheme invests has a stated performance objective by which the performance is measured.
- The Trustees will review the performance of the appointed investment managers from time to time, based on the results of their performance and investment process.
- The investment managers are expected to provide written reports on a quarterly basis, and report verbally on request, to the Trustees.

# Appendix 1 — Strategic Benchmark and Objectives

---

## Total Scheme Strategic Benchmark for surplus assets

The current strategic asset allocation for the Scheme for assets that are not invested in insurance policies to meet the liabilities is set out below.

The Trustees have appointed Rothschild & Co (“Rothschild”) and Capital Group (“Capital”)

Performance objectives relative to the specified benchmark Index for each of the Scheme's investment managers and funds are outlined below. All performance objectives (except for passively managed funds) are net of fees and measured over rolling three-year periods, unless otherwise stated.

Manager	Asset Type	Current Allocation (%)	Benchmark Index	Performance Objective
Rothschild	Alternative Assets	14	UK Inflation (CPI) +2%	Outperform Benchmark
Capital	Global Allocation	86	60% MSCI ACWI (net divs) / 40% Bloomberg Global Aggregate Bond Total Return	Outperform Benchmark
<b>Total</b>		<b>100.0</b>		

## Appendix 2 — Fees

---

(% p.a.)		
Rothschild – The Childrens Investment Fund	Active	1.6*
Capital	Active	0.49

\*An estimated OCF figure. The hedge fund is not required to report OCF figure.

