Statement of Investment Principles
Ralph Trustees Limited Pension Scheme

December 2024

Contents

1. Introduction

1.1. What is the purpose of this Statement of Investment Principles ("SIP")?

This SIP sets out the policy of the Trustees of the Ralph Trustees Limited Pension Scheme (the "Scheme") on matters governing decisions about the investments of the Scheme.

The Scheme is a Registered Pension Scheme for the purpose of the Finance Act 2004. The Scheme is a Defined Benefit ("DB") Scheme, which is closed to future accrual and new members.

1.2. What is the legal and statutory background to the SIP?

The SIP is designed to meet the requirements 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. Who has had input to the SIP?

This SIP has been formulated after obtaining and considering written professional advice from Quantum Actuarial LLP trading as Quantum Advisory ("Quantum"), the Trustees' investment adviser, and consulting Ralph Trustees 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 investment adviser and in consultation with the Sponsoring Employer, set the current investment strategy following a consideration of their objectives and other related matters in 2024.

The Trustees notes the need to invest in a manner which helps ensure that the benefits promised to members are provided. In the short-term, the Trustees objective is to reduce the funding volatility by insuring the Scheme's liabilities with an insurance provider ("a buy-in"). In the longer-term, the Trustees objective is to fully secure members' benefits through a secured insurance provider arrangement ("a buy-out").

2.3. What is the investment strategy?

In 2024, a new investment strategy was set. The strategy aims to invest in assets that provide a high level of correlation with the expected cost of buy-out, which supports the Scheme's investment objectives. Details of this are set out in Appendix 1.

The investment strategy uses "matching assets", which exhibit characteristics similar to those of the Scheme's liabilities and an insurers investment strategy. These include:

- Gilts/Index Linked Gilts which are designed to hedge the Scheme's exposure to changes in inflation and interest rates;
- Corporate Bonds which are designed to provide exposure to credit spreads/sensitivity; and
- Cash to cover short-term cashflow requirements.

Investment vehicles

The Scheme's assets are currently invested in collective investment funds which are managed against appropriate benchmarks relative to the strategy. The Scheme permits investment in derivatives for efficient portfolio management and risk reduction purposes.

Rebalancing

The Trustees consider the appropriateness of rebalancing Scheme assets at each investment meeting. Whilst such an approach may result in the Scheme's asset allocation moving away from the strategic asset allocation, or volatility opportunities being lost, it should allow the Trustees to give due consideration to the reasons for any asset allocation deviations and the likely risk and return implications.

Diversification

The Trustees recognise that the assets of the Scheme must be properly diversified and in such a way as to avoid excessive reliance on any particular asset, issuer or group of undertakings and so as to avoid accumulations of risk in the portfolio as a whole. The Trustees are satisfied that the spread of assets and the investment managers' policies on investing in individual securities provide adequate diversification of investments.

Liquidity

The Trustees also recognise that assets held to cover the Scheme's liabilities must be invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the Scheme. The majority of the Scheme's assets are realisable at short notice. Therefore, the Trustees are satisfied that sufficient assets held will be readily realisable to provide cash to meet payments by the Scheme.

Contingent assets

On 21 March 2012 a security agreement was signed between Ralph Trustee Limited, Studan Nominees Limited and the Trustees relating to the freehold property known as Langleybury Estate, Hunton Bridge, Watford.

2.4. What did the Trustees consider in setting the Scheme's investment strategy?

In setting the strategy, the Trustees considered:

- the investment objective;
- the Scheme's characteristics (including cash flow);
- the strength of the Sponsoring Employer's covenant to support the Scheme.
- the annual management charges and other charges;
- the risks and rewards of various asset classes and investment strategies;
- the expectation that, over the long-term, equities and other risk assets are likely to produce higher returns than government bonds, but at the risk of short-term volatility or liquidity constraints;
- the need for an appropriate level of diversification between different asset classes which is appropriate to the circumstances of the Scheme;
- the financial strength and reputation of the fund managers;
- the financial strength of the respective custodian; and
- Financial material considerations and stewardship.

2.5. What risks were considered and how are they managed?

In order to achieve their objectives, the Trustees recognise the need to invest across the risk spectrum. The Trustees identified the following investment risks:

- the risk of a deterioration in the funding level;
- the risk that investment returns in general will not achieve expectations;
- the risk that the fund managers will not achieve the expected rate of return;

- the risk that the value of liabilities will increase due to unknown factors such as change in interest rates, inflation and/or life expectancy;
- the risk that the fair value of future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates;
- the risk that one party to a financial instrument will cause a financial loss for the other part by failing to discharge an obligation;
- the risk that environmental, social and governance factors (and other financially material factors) have an adverse effect on the long-term performance of Scheme assets;
- the risk of mis-match between the value of Scheme assets and liabilities;
- the risk of a shortfall in the liquid assets held by the Scheme relative to its immediate cash flow requirements;
- the risk that the performance of any single investment within the Scheme assets may disproportionately affect the ability of the Scheme to meet its overall investment objectives;
- the risk of misappropriation, unauthorised use or mis-delivery of Scheme assets; and
- the ways in which risks are to be measured and managed.

The Trustees recognise these different types of risk and seek to mitigate them as far as possible by:

- regular monitoring of investment performance;
- a deliberate policy of diversification and dynamic asset allocation; and
- taking into account the timing of future payments.

Given the complex and inter-dependent nature of these risks, the Trustees consider the majority of them as much in a qualitative manner as in a quantitative manner and as part of each formal investment strategy review. Some of these risks may also be modelled explicitly during the course of such reviews.

3. Implementation solution

The Scheme accesses all of its investment funds through an implementation solution, provided by Mobius Life Limited ("Mobius"). Further details on implementation solutions and Mobius are provided below.

3.1. Implementation solutions

An implementation solution is a service that enables pension schemes to buy, sell and hold their investments all in one place. This allows greater flexibility and efficiency when switching investments as the Scheme strategy changes or fund managers have to be replaced.

The centralisation of funds also allows consolidated reporting to be obtained more easily and more regularly, assisting in ensuring that an investment strategy and associated flight path can be effectively tracked and monitored. All these features allow pension schemes greater administrative efficiency, enhanced ease of strategy implementation and potential fee reductions.

3.2. Accessing an implementation solution

The Scheme utilises Mobius as the implementation solution provider. Mobius were appointed in September 2021.

The Scheme has entered into a unit linked life policy through a Trustee Investment Policy ("TIP"). The policy's value is linked to the underlying investments, which the implementation solution provider, in this case Mobius has been directed to purchase. Mobius is responsible for investing into the underlying funds and takes responsibility for the relationship with the underlying fund managers. This includes transactions, reporting and governance. This differs from a traditional relationship that a pension scheme would have had with their funds managers where they would have invested directly with these managers and maintained a number of these individual relationships.

3.3. Safeguarding and protection of Mobius assets

There are a number of regulatory layers of protection in relation to the Scheme's assets with Mobius. The key points to note are set out below.

- The Scheme's assets are held in a Pooled Life Fund, which is held separately to Mobius's shareholder and other Company assets.
- Submissions are made to the Prudential Regulation Authority and Financial Conduct Authority on a regular basis, which require the Mobius Board and an independent qualified actuary, the Actuarial Function Holder, to monitor the solvency of the Mobius business in relation to regulatory capital requirements. Mobius have appointed an independent qualified actuary to carry out this function, and any regulatory capital calculations are audited by the independent auditors.
- Mobius undertakes an annual Own Risk and Solvency Assessment (ORSA) together with the Actuarial Function Holder, as part of regulatory requirements of running an insurance company.

4. Appointment of managers

4.1. How many investment managers are there??

The Trustees have appointed Legal & General Investment Management ("LGIM") to manage the Scheme's assets. LGIM manage the Scheme's assets in accordance with the respective mandates.

The relationship with the Scheme's current investment managers began in September 2021. The relationship with the investment manager is open ended and is reviewed on a periodic basis.

4.2. What formal agreements are there with the managers?

The Trustees select investment managers and funds which are appropriate to implement the investment strategy.

The Trustees have signed policy documents with Mobius. Mobius were appointed in September 2021.

The Trustees keep the appointment of its investment managers under review and will seek to replace any managers, or funds, which no longer remain appropriate to implement the Scheme's investment strategy.

4.3. What are the managers' responsibilities?

The fund managers are responsible for the day-to-day investment management of the investments in accordance with the policy document. The fund managers are authorised under the Financial Services and Markets Act 2000 to carry out such activities.

4.4. Custodians and administrators

The Scheme's investments are through pooled investment vehicles. There is, therefore, no need for the Trustees to formally appoint custodians as the investment comprises policy units rather than the underlying stocks and shares. The investment managers have appointed third parties for the safe custody of assets held within the policies, which are noted in Appendix 2. Note, as some of the Scheme's assets are held with Mobius, custody of assets held with managers is under the Mobius name.

5. Other matters

5.1. What is the Trustees' policy on the realisation of investments?

The investment managers have discretion over the timing of realisation of investments within the pooled vehicles held by the Scheme and in considerations relating to the liquidity of investments.

Under the circumstances where the Scheme experiences negative cashflow, the Trustees and their advisers will decide on the amount of cash required in line with the Scheme's cashflow procedure.

5.2. What is the Trustees' policy on financially material considerations, non-financial factors and stewardship policies?

5.2.1 Financially material considerations

The Trustees acknowledge the potential impact upon the Scheme's investments and members arising from financially material matters. The Trustees define these as including, but not limited to ESG matters (including but not limited to climate change).

With specific regard to ESG factors, the Trustees consider how these are integrated into the investment processes when: (i) appointing new investment managers; and (ii) monitoring existing investment manager. The Trustees have provided the appointed investment manager with full discretion concerning the evaluation of ESG factors.

The Trustees acknowledge that a significant proportion of the Scheme's investments are implemented on a passive basis. This restricts the ability of the investment manager to take active decisions on whether to hold securities based on the investment manager's consideration of ESG factors. The Trustees do however expect the incumbent manager, where relevant, to utilise their position to engage with investee companies on these matters.

The Trustees will also consider ESG factors when determining future investment strategy decisions. To date, the Trustees have not established any restrictions on the appointed investment managers, but may consider this in future.

5.2.2 Non-financial factors

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

5.2.3 Stewardship

The Trustees acknowledge the constraints that they face in terms of influencing change due to the size and nature of the Scheme's investments. They do, however, acknowledge the need to be responsible stewards and exercise the rights associated with their investments in a responsible manner.

The Trustees consider how stewardship factors are integrated into the investment processes when: (i) appointing new investment managers; and (ii) monitoring the existing investment manager. The Trustees have provided the appointed investment manager with full discretion concerning the stewardship of their investments. The Trustees periodically review the incumbent investment managers stewardship activities when drafting the Implementation Statement.

5.3. How are various parties who are involved in the investment of the Scheme's assets remunerated?

Quantum Advisory is remunerated on a fixed fee or time-cost fee basis, with budgets agreed for projects where possible.

The Scheme invests in pooled funds. The Trustees note that the investment strategy and decisions of the underlying fund managers cannot be tailored to the Trustees' policies and the manager is not remunerated directly on this basis. However, the Trustees, with the help of their adviser, set the investment strategy for the Scheme and will select appropriate managers and funds to implement the strategy.

The Trustees do not directly incentivise the investment managers to engage with the issuers of debt or equity to improve their performance. The Trustees do, however, expect the investment managers to participate in such activities as appropriate and necessary to meet the investment objectives of the respective underlying fund. The funds utilised typically include an objective that is expected to result in a positive return over the medium-to-longer term and, as such, the investment managers engagement with the issuers of debt or equity is expected to be undertaken so as to target medium-to-long term value creation.

The Trustees consider the fees and charges associated with each investment before investing.

The investment managers and implementation solution provider 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. This structure has been chosen to align the fund managers' interests with those of the Scheme. The implementation solution provider is also remunerated on a fixed fee basis, which increases each year in line with CPI.

In addition, the fund managers may pay commissions to third parties on any trades they undertake in the management of the assets. The Trustees can obtain an annual statement from the investment managers setting out all the costs of the investment of the Scheme.

5.4. Direct investments

The Pensions Act 1995 distinguishes between investments where the management is delegated to a fund manager with a written contract and those where a product is purchased directly e.g. the purchase of an insurance policy or units in a pooled vehicle. The latter are known as direct investments.

The Trustees' policy is to review its direct investments and to obtain written advice about them at regular intervals. When deciding whether to make any new direct investments or terminate any direct investments, the Trustees will obtain written advice from the Scheme's investment adviser. If the Trustees believe that an investment is no longer suitable for the Scheme, they will withdraw the assets from the arrangement deemed to be unsuitable and select a suitable alternative.

The written advice will consider suitability of the investments, the need for diversification and the principles contained in this SIP. The adviser will have the knowledge and experience required under Section 36(6) of the Pensions Act to provide this advice.

5.5. Do the Trustees take any investment decisions on their own?

The Trustees are responsible for the investment of the Scheme's assets. The Trustees take some decisions themselves and delegates others.

When deciding which decisions to take, and which to delegate, the Trustees take into account whether they have the appropriate training and expertise in order to make an informed decision.

The Trustees have established the following decision making structure:

Trustees

- Set structures and processes for carrying out their role.
- Agree structure for implementing investment strategy.
- Select and monitor planned asset allocation.
- Select and monitor investment advisers and fund managers.
- Select and monitor direct investments.
- Prepare and maintain the Statement of Investment Principles.

Investment adviser will, when requested by the Trustees:

- Advise on all aspects of the investment of the Scheme's assets, including implementation.
- Advise on this Statement.
- Provide required training.

Investment (or fund) managers

- Operate within the terms of written contracts and agreements.
- Select individual investments with regard to their suitability and diversification for the individual pooled vehicles.
- Ensure the suitability of the chosen benchmark for the respective investment vehicle.

5.6. 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.

5.7. Capital structure of investee companies

The responsibility for monitoring the capital structure of investee companies (including any relevant developments) is delegated to the investment managers. Investment managers are expected to partake in a sufficient level of monitoring and action that is appropriate to the nature of the mandate.

6. Reviews

6.1. 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, regardless of the underlying performance of the funds.

Investment return experience and the performance of individual funds is reviewed from time to time, with assistance from their adviser upon request.

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

The Trustees have delegated the selection of holdings to the investment managers. The Trustees are able to receive an annual report from the investment managers setting out portfolio turnover and the associated costs.

The Trustees have not set a specific portfolio turnover target for each investment manager and recognise that portfolio turnover costs may vary with market conditions. Each manager has ultimate responsibility for the underlying holdings within their funds. However, the Trustees may compare the annual turnover and associated costs for each fund with previous years to ensure each investment manager’s process and philosophy remain consistent.

6.3. How often is this SIP reviewed?

The Trustees will review this SIP periodically and without delay after any significant change in investment policy. Any change to this SIP will only be made after having obtained and considered the written advice of someone who the Trustees reasonably believe to be qualified by their ability in, and practical experience of, financial matters, and to have the appropriate knowledge and experience of the management of pension scheme investments; and consulting with the Sponsoring Employer.

Appendix 1 – Strategic asset allocation

Managers and asset allocation

The following table details the strategic asset allocation for the Scheme.

Asset Class	Manager	Fund / Fund range	Asset Allocation (%)
Liability Matching Assets			**100.0**
Corporate Bonds	LGIM	AAA-AA-A Corporate Bond Over 15 Year Index Fund	30.0
Gilts and Index-Linked Gilts	LGIM	Gilts and Index-Linked Gilts[1]	69.0
Cash	LGIM	Sterling Liquidity	1.0

[1] Includes LGIM's Single Stock and Index fund ranges.

Appendix 2 – Managers, fund objectives and characteristics

Manager	Fund / fund range	Asset class	Fund characteristics	Fund objectives	Annual Management Charge %	Date of appointment	Custodian
LGIM	AAA-AA-A Corporate Bond Over 15 Year Index	Corporate Bonds	Active	To track the performance of the Markit iBoxx £ Non-Gilts (ex BBB) Over 15 Years Index to within +/- 0.5% p.a. for two years out	0.11	March 2023	HSBC Bank and Citibank
LGIM	Gilts and Index-Linked Gilts (Single Stock and Index fund ranges)	Gilts and Index-Linked Gilts	Passive	To track the performance of the FTSE Actuaries UK Conventional Gilts/Index-Linked Gilts over various maturities.	0.09	November 2022	HSBC Bank and Citibank
LGIM	Sterling Liquidity	Cash	Active	The investment objective of the fund is to provide diversified exposure and a competitive return in relation to SONIA.	0.10	November 2024	HSBC Bank and Citibank