

Statement of Investment Principles September 2020

Default Investment Strategies

At the start of 2020, the Additional Voluntary Contribution (“AVC”) assets previously held in the Equitable Life With Profits Fund were transferred into the Utmost Life Secure Cash Fund without members’ consent. This occurred as part of the transfer of the Equitable Life Assurance Society’s UK policies to Utmost Life and Pensions Limited. From the 1st July 2020, these assets started gradually moving into the Utmost Life Money Market Fund, following advice from the investment consultant. In September 2020, these assets were transferred to the Scheme’s Prudential AVC policy and, unless the affected members chose otherwise, defaulted to the Prudential Dynamic Growth lifestyle strategy.

As the Equitable Life With Profits Fund was closed and members mapped to a new investment strategy, the Trustee has created a new default arrangement, as per the broader definition of a default in the Occupational Pension Schemes (Charges and Governance) Regulations 2015 (“the Charges and Governance Regulations 2015”), effective from 6 April 2018. Details of the funds used within the Utmost Life Secure Cash Fund, and then subsequently the Money Market Fund, and the new default arrangements, are set out in this document.

The investment strategy of the Utmost Life Secure Cash Fund is being used as a temporary measure following the transfer from Equitable Life to Utmost Life until funds are transferred to the Utmost Money Market Fund over the second half of 2020.

In late 2019, the Prudential replaced their historical lifestyle investment strategies with a new range of options. The new lifestyle strategy became a default in respect of the Scheme’s affected members. Later this year, the members invested with Utmost are expected to be transferred to this lifestyle strategy, as it is specifically designed for members intending to draw all of their AVCs as a tax free lump sum on retirement, which is usually a popular option. However, members will be able to choose from a wider Prudential fund range.

Trustee policies that are not explicitly mentioned in this document are as outlined in the main SIP. In line with regulatory requirements, the Trustee will continue to review the following over time.

Aims, Objectives and Policies

The aims, objectives and policies of each fund utilised within the default investment strategies are considered in more detail in the following pages. The Trustee has focussed on what it considers to be ‘financially material considerations’. The Trustee believes the appropriate time horizon for which to assess these considerations within should be viewed at a member level. This will be dependent on the member’s age and when they expect to retire.

Utmost Secure Cash Fund

The Trustee saw the Secure Cash Fund as an appropriate interim investment whilst arrangements were made for the transfer of assets to the Money Market Fund at Utmost Life.

The main objectives of the Utmost Life Secure Cash Fund are capital preservation, liquidity and yield; in that order.

The Trustee noted that the Secure Cash Fund’s value is unlikely to keep pace with inflation. Utmost has guaranteed that the unit price (net of fees) will not decrease, after accounting for charges. The Secure Cash Fund will cease to exist on 31 December 2020.

The Secure Cash Fund will predominately be invested in UK Treasury Bills, short term gilts and overnight bank deposits. On occasions other high quality money market investments such as commercial paper or repurchase agreements may be purchased. The investment manager is responsible for determining the balance between these different kinds of investments.

Risk

The Trustee has considered risks from a number of perspectives. The list below is not exhaustive but covers the main risks that the Trustee considers and how they are managed.

Risk	How it is managed	How it is measured
Market Risk	The fund will predominantly be invested in UK Treasury Bills, short term gilts and overnight bank deposits. On occasions, other high quality money market investments such as Commercial Paper or Repurchase Agreements may be purchased.	The Trustee will monitor the performance of this fund.
Inflation Risk	The fund is a short term investment and, hence, inflation is not expected to have a large impact on the fund.	The Trustee will monitor the performance of this fund.

Risk	How it is managed	How it is measured
Counterparty Risk	The Trustee has taken comfort from the High Court ruling in 2019 which considered the status of Utmost Life in the initial status of monitoring this investment. Underlying investments are considered in line with the main Scheme.	Monitor developments at Utmost, taking advice from the Investment Consultant.
Operational Risk	In line with the main Scheme assets.	Monitor developments at Utmost, taking advice from the Investment Consultant.

Members' Interests

The Secure Cash Fund is designed to meet its objective as outlined above. This fund will cease to exist in December 2020.

Utmost Money Market Fund

The Trustee sees the Money Market Fund as an appropriate investment following the temporary holding in the Secure Cash Fund, as detailed above.

The main objective of the Utmost Life Money Market Fund is to preserve capital whilst aiming to provide a return in line with prevailing short term money market rates.

The Money Market Fund will predominantly be invested in short term deposits. The investment manager is responsible for determining the balance between the different kinds of investments.

Risk

The Trustee has considered risks from a number of perspectives. The list below is not exhaustive but covers the main risks that the Trustee considers and how they are managed.

Risk	How it is managed	How it is measured
Market Risk	The fund will predominantly be invested in short term deposits.	The Trustee will monitor the performance of this fund.
Inflation Risk	The fund is not aiming to keep pace with inflation.	The Trustee will monitor the performance of this fund, and will ensure members are aware of the fund's objectives.

Risk	How it is managed	How it is measured
Market Risk	The fund will predominantly be invested in short term deposits.	The Trustee will monitor the performance of this fund.
Counterparty Risk	The Trustee has taken comfort from the High Court ruling in 2019 which considered the status of Utmost Life in the initial status of monitoring this investment. Underlying investments are considered in line with the main Scheme.	Monitor developments at Utmost, taking advice from the Investment Consultant.
Operational Risk	In line with the main Scheme assets.	Monitor developments at Utmost, taking advice from the Investment Consultant.

Members Interests

The Money Market Fund is designed to meet its objective as outlined above. In line with regulation requirements, the Trustee will continue to review this over time, at least triennially, or after significant changes to the Scheme's demographic profile, if sooner.

Prudential Dynamic Growth IV Lifestyle targeting 100% Cash

The Trustee sees the Prudential Dynamic Growth IV Lifestyle targeting 100% Cash at retirement as an appropriate long-term investment for members' AVCs, given their opportunity to draw all of their AVC investments as a tax-free cash sum.

The main objective of the lifestyle strategy is to gradually move a percentage of the members' AVC investments, from higher risk (or more volatile) funds into lower risk (or less volatile) funds in the run-up to age 65, or the member's selected retirement age.

Risk

The Trustee has considered risks from a number of perspectives. The list below is not exhaustive but covers the main risks that the Trustee considers and how they are managed.

Risk	How it is managed	How it is measured
Market Risk	The fund will predominantly be invested in multi-asset funds, derisking from when a member is 10 years from their anticipated retirement age, and further derisking into the Prudential Cash Fund over the 5 years immediately preceding the anticipated retirement age.	The Trustee will monitor the performance of this strategy and its underlying funds.
Inflation Risk	The fund is not aiming to keep pace with inflation.	The Trustee will monitor the performance of this fund, and will ensure members are aware of the fund's objectives.
Counterparty Risk	Underlying investments are considered in line with the main Scheme.	Monitor developments at Prudential, taking advice from the Investment Consultant.
Operational Risk	In line with the main Scheme assets.	Monitor developments at Prudential, taking advice from the Investment Consultant.

Other risks

Risk	How it is managed	How it is measured
Currency Risk	In line with the main Scheme assets.	In line with the main Scheme assets.
Liquidity Risk	In line with the main Scheme assets.	In line with the main Scheme assets.
Valuation Risk	In line with the main Scheme assets.	In line with the main Scheme assets.
Environmental, Social and Governance Risk	In line with the main Scheme assets.	In line with the main Scheme assets.
Manager Skill / Alpha Risk	In line with the main Scheme assets.	In line with the main Scheme assets.

Other policies are in line with those for the main Scheme's assets.