

Sanctuary North West Housing Association Pension Scheme

Statement of Investment Principles – June 2025

Introduction

The Trustees of the Sanctuary North West Housing Association Pension Scheme (“the Scheme”) have drawn up this Statement of Investment Principles (“the Statement”) to comply with the requirements of the Pensions Act 1995, the Pensions Act 2004, the Occupational Pension Schemes (Investment) Regulations 2005, and the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2018 and 2019. The Statement is intended to affirm the investment principles that govern decisions about the Scheme’s investments. In preparing this Statement the Trustees have consulted Sanctuary Housing Association (“the Sponsoring Employer”) on the Trustees’ investment principles.

Before drawing up this statement, the Trustee has obtained written advice from the Scheme’s investment consultant (currently Barnett Waddingham). The Trustee will review this document regularly, following a significant change in investment policy.

Governance

The Trustees make all major strategic decisions including, but not limited to, the Scheme’s asset allocation and the appointment and termination of investment managers. The process for making investment decisions is as follows:

- Identify appropriate investment objectives
- Agree the level of risk consistent with meeting the objectives
- Implement an investment strategy and investment manager structure in line with the level of risk and objectives agreed

When making such decisions, and when appropriate, the Trustees take proper advice. The Trustees’ investment consultants, Barnett Waddingham, are qualified by their ability in and practical experience of financial matters, and have the appropriate knowledge and experience to provide such advice.

Investment Objectives

The Trustees are required to invest the Scheme’s assets in the best interest of members, and the main objectives with regard to investment policy are

- To secure members’ benefits in full, in the least-risk way, using bulk annuity policies
- To ensure that sufficiently liquid assets are available to meet benefit payments as they fall due; and
- To consider the interests of the Sponsoring Employer in relation to the size and volatility of the Sponsoring Employer’s contribution requirements.

Risk Management and Measurement

The Trustees are aware of and pay close attention to a range of risks inherent in investing the assets of the Scheme. The Trustees believe that the investment strategy provides for the lowest level of risk for members. The Trustees' policy on risk management is as follows:

- The primary investment risk faced by the Scheme arises as a result of a mismatch between the Scheme's assets and its liabilities. This is therefore the Trustees' principal focus in setting investment strategy, taking into account the nature and duration of the Scheme's liabilities.
- The Trustees recognise that whilst increasing risk increases potential returns over a long period, it also increases the risk of a shortfall in returns relative to that required to cover the Scheme's liabilities as well as producing more short-term volatility in the Scheme's funding position. The Trustees' primary duty is to secure the benefits that members are entitled to under the Scheme's Rules. As the Scheme had sufficient funding to be able to secure these benefits in full using bulk annuity policies, the Trustees have invested fully in a bulk annuity policy.
- The risk of a default by a bulk annuity provider is mitigated by the protections offered due to Rothesay being regulated by the Financial Conduct Authority and The Prudential Regulation Authority.

Should there be a material change in the Scheme's circumstances, the Trustees will review whether the current risk management approach remains appropriate.

Investment Strategy

Given their investment objectives the Trustees have purchased a bulk annuity policy from Rothesay Life. The contract is intended to cover all Scheme beneficiaries and their prescribed benefit entitlements, and to eliminate interest rate, inflation and longevity risk associated with those liabilities. The bulk annuity policy remains an asset of the Scheme under the control of the Trustees and is not yet individually allocated to members i.e. it is a "buy-in" policy. The Scheme is now going through the process of wind-up and the buy-in policy will shortly be converted into a "buy-out".

In addition to the buy-in policy with Rothesay, the Scheme's residual assets are held in the Trustees bank account with Barnett Waddingham.

Other considerations

The Trustees do not take into account Environmental, Social and Governance ("ESG") matters in the selection, retention and realisation of investments. Given the circumstances of the Scheme (i.e. being in wind-up) such matters are not expected to be financially material as the assets are held in bulk annuities.

The Trustees do not take into account members' views in the selection, retention and realisation of investments. One key reason for this is that the investment strategy has been 'locked down' in bulk annuities, so there is no real ability to amend the investment strategy to take into account members' views.

As the Scheme does not hold any corporate debt or equity, the Trustees do not undertake any engagement activities in relation to corporate debt or equity holdings.

The Trustees do not employ any investment managers and so do not have a formal policy for how they arrange matters with asset managers. The Trustees engage with Rothesay Life on matters that are directly relevant to the buy-out and wind-up of the Scheme.

Compliance with Myners' Principles

The Trustees understand that the Myners' Principles are non-applicable as the Scheme has solely invested into a bulk annuity policy with Rothesay Life.

Employer-Related Investments

The Trustees' policy is not to hold any direct employer-related investments as defined in the Pensions Act 1995, the Pensions Act 2004 and the Occupational Pension Schemes (Investment) Regulations 2005.

Fee Structures

Given the nature of the buy-in contract, the Trustees does not believe it is appropriate for it to monitor or evaluate the factors as it does not have any influence on the insurer's investment strategy, nor does it remunerate the insurer.

The investment consultant is paid on a fixed fee or time-cost basis - as negotiated between the Trustee and Barnett Waddingham.

Review of this Statement

The Trustees will review this Statement at least once every three years and without delay after any significant change in investment policy. Any change to this Statement 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.

Trustee

Date

Signed on behalf of the Trustees of Sanctuary North West Housing Association Pension Scheme