

The Hurlingham Club Retirement Benefits Scheme

Statement of Investment Principles

Date prepared: April 2025

Date signed:

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1. Introduction

- 1.1. This is the Statement of Investment Principles prepared by the Trustees of the Hurlingham Club Retirement Benefits Scheme ("the Scheme"). This statement sets down the principles which govern the decisions about investments that enable the Scheme to meet the requirements of:
- the Pensions Act 1995, as amended by the Pensions Act 2004;
 - the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010, the Occupational Pension Schemes (Charges and Governance) Regulations 2015 and the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018.
 - the Occupational Pension Scheme (Investment and Disclosure) (Amendment) Regulations 2019.
- 1.2. In preparing this statement the Trustees have consulted The Hurlingham Club, the Principal Employer, and obtained advice from Barnett Waddingham LLP, the Trustees' investment consultants. Barnett Waddingham is authorised and regulated by the Financial Conduct Authority.
- 1.3. This statement has been prepared with regard to the 2001 Myners review of institutional investment (including subsequent updates), and Scheme Funding legislation.
- 1.4. The Trustees will review this statement at least every three years or if there is a significant change in any of the areas covered by the statement.
- 1.5. The investment powers of the Trustees are set out in Clause 7 of the Consolidated Trust Deed & Rules, dated 30 March 2006. This statement is consistent with those powers.

2. Choosing investments

- 2.1. The Trustees' policy is to set the overall investment target and then monitor the performance of their managers against that target. In doing so, the Trustees consider the advice of their professional advisers, who they consider to be suitably qualified and experienced for this role.
- 2.2. The day-to-day management of the Scheme's assets is delegated to one or more investment managers. The Scheme's investment managers are detailed in Appendix 1 to this Statement. The investment managers are authorised and regulated by the Financial Conduct Authority, and are responsible for stock selection and the exercise of voting rights.
- 2.3. The Trustees review the appropriateness of the Scheme's investment strategy on an ongoing basis. This review includes consideration of the continued competence of the investment managers with respect to performance within any guidelines set. The Trustees will also consult the employer before amending the investment strategy.

3. Investment objectives

- 3.1. The Trustees have discussed key investment objectives in light of an analysis of the Scheme's liability profile as well as the constraints the Trustees face in achieving these objectives (including complying with the power of investment in the Scheme's Trust Deed and Rules and with regard to statutory constraints on the investments pension schemes may make). As a result, the Trustees' main investment objectives are:
- to ensure that the Scheme can meet the members' entitlements under the Trust Deed and Rules as they fall due;

- to achieve a long-term positive real return;
- to manage the expected volatility of the returns achieved in order to control the level of volatility in the Scheme's required contribution levels;
- to invest in assets of appropriate liquidity which will generate income and capital growth to meet, together with new contributions from the participating employer, the cost of benefits which the Scheme provides;
- to reduce the risk of the assets failing to meet the liabilities over the long term;
- to minimise the long-term costs of the Scheme by maximising the return on the assets whilst having regard to the above objectives.

3.2. The Trustees are aware of the relationship that exists between the particular investment portfolio that is held and the level of funding of the Scheme's liabilities. The Trustees have obtained exposure to investments that they expect will meet the Scheme's objectives as best as possible.

4. Kinds of investments to be held

- 4.1. The Scheme is permitted to invest in a wide range of assets including equities, bonds, cash, property and alternatives.
- 4.2. There is no Employer-related investment by the Scheme.

5. The balance between different kinds of investments

- 5.1. The Scheme invests in assets that are expected to achieve the Scheme's objectives. The allocation between different asset classes is contained within Appendix 1 to this Statement.
- 5.2. The Trustees consider the merits of both active and passive management for the various elements of the portfolio and may select different approaches for different asset classes. The current arrangements are set out in Appendix 1 to this Statement.
- 5.3. From time to time the Scheme may hold cash and therefore deviate from its strategic or tactical asset allocation in order to accommodate any short-term cashflow requirements or any other unexpected items.
- 5.4. The Trustees are aware that the appropriate balance between different kinds of investments will vary over time.

6. Risks

- 6.1. The Trustees have considered the following risks for the Scheme with regard to its investment policy and the Scheme's liabilities, and considered ways of managing/monitoring these risks:

Risk versus the liabilities	The Trustees will monitor and review the investment strategy relative to the liabilities in conjunction with each actuarial valuation. The investment strategy will be set with consideration to the appropriate level of risk required for the funding strategy as set out in the Scheme's Statement of Funding Principles.
Covenant risk	The creditworthiness of the employer and the size of the pension liability relative to the employer's earnings are monitored on a regular basis. The appropriate level of investment risk is considered with reference to the strength of the employer covenant.
Solvency and mismatching	This risk is addressed through the asset allocation strategy and ongoing triennial actuarial valuations. The Trustees are aware that the asset allocation required to minimise the volatility of the solvency position may be different from that which would minimise the volatility on the Scheme's funding basis.
Asset allocation risk	The asset allocation is detailed in Appendix 1 to this Statement and is monitored on a regular basis by the Trustees.
Investment manager risk	The Trustees monitor the performance of each of the Scheme's investment managers on a regular basis in addition to having meetings with each manager from time to time as necessary. The Trustees have a written agreement with each investment manager, which contains a number of restrictions on how each investment manager may operate.
Governance risk	Each asset manager is expected to undertake good stewardship and positive engagement in relation to the assets held. The Trustees monitor these and will report on the managers' practices in their annual implementation Statement.
ESG/Climate risk	The Trustees have considered long-term financial risks to the Scheme and consider ESG factors, as well as climate risk, to potentially be financially material and will continue to develop their policy to consider these factors alongside other factors when selecting or reviewing the Scheme's investments in order to avoid unexpected losses.
Concentration risk	Each investment manager is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities.
Liquidity risk	The Scheme invests in assets such that there is a sufficient allocation to liquid investments that can be converted into cash at short notice given the Scheme's cashflow requirements. The Scheme's administrators assess the level of cash held in order to limit the impact of the cashflow requirements on the investment policy.
Currency risk	The Scheme's liabilities are denominated in sterling. The Scheme may gain exposure to overseas currencies by investing in assets that are denominated in a foreign currency or via currency management.
Loss of investment	The risk of loss of investment by each investment manager and custodian is assessed by the Trustees. This includes losses beyond those caused by market movements (e.g. default risk, operational errors or fraud).

7. Expected return on investments

- 7.1. The Trustees have regard to the relative investment return and risk that each asset class is expected to provide. The Trustees are advised by their professional advisors on these matters, who they deem to be appropriately qualified experts. However, the day-to-day selection of investments is delegated to the investment managers.
- 7.2. The Trustees recognise the need to distinguish between nominal and real returns and to make appropriate allowance for inflation when making decisions and comparisons.
- 7.3. In considering the expected return from investments, the Trustees recognise that different asset classes have different long-term expected returns and expected volatilities relative to the liabilities.
- 7.4. Having established the investment strategy, the Trustees monitor the performance of each investment manager against an agreed benchmark as frequently as appropriate according to market conditions and the Scheme's funding position. The Trustees meet the Scheme's investment managers as frequently as is appropriate, in order to review performance.

8. Realisation of investments

- 8.1. The Trustees have delegated the responsibility for buying and selling investments to the investment managers. The Trustees have considered the risk of liquidity as referred to above.
- 8.2. Ultimately, the investments will all have to be sold when the Scheme's life comes to an end. In this situation, the Trustees are aware of the fact that the realisable value of some investments, were there to be a forced sale, might be lower than the market value shown in the Scheme accounts.

9. Financially material considerations, non-financial matters, the exercise of voting rights and engagement activities

- 9.1. The Trustees have set policies in relation to these matters. These policies are set out in Appendix 2.

10. Policy on arrangements with asset managers

Incentivising alignment with the Trustees' investment policies

- 10.1. Prior to appointing an investment manager, the Trustees discuss the investment manager's approach to the management of ESG and climate related risks with the Scheme's investment consultant, and how their policies are aligned with the Trustees' own investment beliefs.
- 10.2. When appointing an investment manager, in addition to considering the investment manager's investment philosophy, process and policies to establish how the manager intends to make the required investment returns, the Trustees also consider how ESG and climate risk are integrated into these. If the Trustees deem any aspect of these policies to be out of line with their own investment objectives for the part of the portfolio being considered, they will consider using another manager for the mandate.
- 10.3. The Trustees carry out a strategy review at least every three years where they assess the continuing relevance of the strategy in the context of the Scheme's membership and their aims, beliefs and constraints. The Trustees monitor the investment managers' approach to ESG and climate related risks on a periodic basis.

- 10.4. In the event that an investment manager ceases to meet the Trustees' desired aims, including the management of ESG and climate related risks, using the approach expected of them, their appointment will be terminated. The investment managers have been informed of this by the Trustees.
- 10.5. Investment manager ESG policies are reviewed in the context of best industry practice and feedback will be provided to the investment manager.

Incentivising assessments based on medium to long term, financial and non-financial considerations

- 10.6. The Trustees are mindful that the impact of ESG and climate change has a long-term nature. However, the Trustees recognise that the potential for change in value as a result of ESG and climate risk may occur over a much shorter term than climate change itself. The Trustees acknowledge this in their investment management arrangements.
- 10.7. When considering the management of objectives for an investment manager (including ESG and climate risk objectives), and then assessing their effectiveness and performance, the Trustees assess these over a rolling timeframe. The Trustees believe the use of rolling timeframes, typically 3 to 5 years, is consistent with ensuring the investment manager makes decisions based on an appropriate time horizon. Where a fund may have an absolute return or shorter term target, this is generally supplementary to a longer term performance target. In the case of assets that are actively managed, the Trustees expect this longer term performance target to be sufficient to ensure an appropriate alignment of interests.
- 10.8. The Trustees expect investment managers to be voting and engaging on behalf of the Scheme's holdings and the Scheme monitors this activity within the Implementation Statement in the Scheme's Annual Report and Accounts. The Trustees do not expect ESG considerations to be disregarded by the investment managers in an effort to achieve any short term targets.

Method and time horizon for assessing performance

- 10.9. The Trustees monitor the performance of their investment managers over medium to long term periods that are consistent with the Trustees' investment aims, beliefs and constraints.
- 10.10. The Scheme invests in pooled funds. The investment manager is remunerated by the Trustees based on the assets they manage on behalf of the Trustees.
- 10.11. The Trustees believe that this fee structure enables the investment manager to focus on long-term performance without worrying about short term dips in performance significantly affecting their revenue.
- 10.12. The Trustees ask the Scheme's investment consultant to assess if the asset management fee is in line with the market when the manager is selected, and the appropriateness of the annual management charges are considered regularly as part of the review of the Statement of Investment Principles.

Portfolio turnover costs

- 10.13. The Trustees acknowledge that portfolio turnover costs can impact on the performance of their investments. Overall performance is assessed as part of the regular investment monitoring process.
- 10.14. During the investment manager appointment process, the Trustees may consider both past and anticipated portfolio turnover levels. When underperformance is identified, deviations from the expected level of turnover may be investigated with the investment manager concerned if it is felt they may have been a significant contributor to the underperformance. Assessments reflect the market conditions and peer group

practices. The Trustees acknowledge that for some asset classes, such as LDI, a higher turnover of contracts such as repurchase agreements, can be beneficial to the fund from both a risk and cost perspective.

Duration of arrangement with asset manager

- 10.15. For the open-ended pooled funds in which the Scheme invests, there are no predetermined terms of agreement with the investment managers.
- 10.16. The suitability of the Scheme's asset allocation and its ongoing alignment with the Trustees' investment beliefs is assessed every three years, or when changes deem it appropriate to do so more frequently. As part of this review the ongoing appropriateness of the investment managers, and the specific funds used, is assessed.

11. Agreement

- 11.1. This statement was agreed by the Trustees, and replaces any previous statements. Copies of this statement and any subsequent amendments will be made available to the employer, the investment managers, the actuary and the Scheme auditor upon request.

Signed:.....

Date:.....

On behalf of The Hurlingham Club Retirement Benefits Scheme

Appendix 1 Note on investment policy of the Scheme as at April 2025 in relation to the current Statement of Investment Principles

1. The balance between different kinds of investment

The Scheme has a strategic asset allocation as set out in the table below, which has been agreed after considering the Scheme's liability profile, funding position, expected return of the various asset classes and the need for diversification.

Rebalancing

The Trustees recognise that the asset allocation of investments in different asset classes will vary over time as a result of market movements. The Trustees seek to maintain a balance between maintaining the asset allocation in line with its benchmark and limiting the costs of rebalances. The Trustees will monitor the Scheme's actual asset allocation as frequently as they deem appropriate and will decide on a course of action, which may involve redirecting cashflows, a switch of assets, or taking no action.

Portfolio	Asset class	Allocation (%)	Control range
Growth portfolio	Equities	42%	+/-10%
	LGIM Future World Global Equity Index Fund	21%	
	LGIM Future World Global Equity Index Fund (GBP Hedged)	21%	
	Diversified Growth Fund	18%	+/-5%
	LGIM Retirement Income Multi-Asset Fund	18%	
Protection portfolio	Liability Driven Investment	40%	+/-10%
	LGIM Matching Core Funds and LGIM Sterling Liquidity Fund	40%	
Total		100%	

Hedging levels

The current target interest rate and inflation hedging levels for the investment strategy are set out below:

	Target (%)
Interest rate hedging (% of liabilities on a Technical Provisions basis)	90
Inflation hedging (% of liabilities on a Technical Provisions basis)	90

2. Choosing investments

The Trustees have appointed Legal & General Investment Management ("LGIM") to carry out the day-to-day investment of the Scheme's assets.

The Trustees also have Additional Voluntary Contributions ("AVC") contracts with Scottish Widows for the receipt of members' AVC's. The appropriateness of the AVC arrangements are reviewed triennially.

The investment manager and AVC provider are authorised and regulated by the Financial Conduct Authority.

The investment benchmarks and objectives for each investment manager are given below:

Investment manager	Fund	Benchmark	Objective
LGIM	LGIM Future World Global Equity Index Fund	Solactive L&G ESG Global Markets Index	To track the benchmark (less withholding tax where applicable) to within +/-0.60% p.a. for two years out of three
	LGIM Future World Global Equity Index Fund (GBP Hedged)	Solactive L&G ESG Global Markets Index - GBP Hedged	To track the benchmark (less withholding tax where applicable) to within +/-0.60% p.a. for two years out of three
	Retirement Income Multi-Asset	Bank of England base rate	Outperform the benchmark by 3.5% pa (gross of fees) over a market cycle
	Matching Core Fixed Long	Gilt and Swap composite index	To control the interest rate and inflation exposure relative to the agreed portfolio
	Matching Core Real Long		
	Matching Core Fixed Short		
	Matching Core Real Short		
	Sterling Liquidity	SONIA	To provide diversified exposure and a competitive return in relation to the benchmark

The performance of the investment managers will be monitored as frequently as the Trustees consider appropriate in light of the prevailing circumstances. The monitoring takes into account both short-term and long-term performance.

The AVC arrangements are reviewed from time to time.

3. Investments and disinvestments

Investments and disinvestments are usually made so as to move the non-LDI assets more in line with the target asset allocation.

Liability Driven Investment

The Trustees have instructed LGIM to manage an LDI mandate on the behalf of the Scheme through their investment in the Matching Core Fund pooled range.

In order to manage the amount of leverage within the funds, LGIM will inform the Trustees of the amount of any required cash collateral call or payout.

In the event of a cash collateral call (requiring the Scheme to top up the investment in the LDI funds), LGIM will automatically disinvest from the Sterling Liquidity Fund. If this is insufficient, LGIM will automatically disinvest from the LGIM Retirement Income Multi Asset Fund. If this is insufficient, LGIM will automatically disinvest, in equal proportions, from the LGIM Future World Global Equity Index funds (GBP hedged and unhedged versions).

In the event that cash collateral payouts are made from the LDI funds, LGIM will automatically pay these amounts directly into the Sterling Liquidity Fund. The Trustees will then consider on a case by case basis whether to rebalance the overall asset allocation.

Appendix 2 Note on financially material considerations, the exercise of rights and engagement activities, and non-financial matters

1. Policy on financially material considerations

The Trustees believe that Environmental, Social and Governance (“ESG”) factors are financially material – that is, they have the potential to impact the value of the Scheme’s investments over the length of time until the benefits can be bought out with an insurer. This is expected to be at least 5 years from the date of this Statement. The Trustees appreciate that the method of incorporating ESG in the investment strategy and process will differ between asset classes.

The Trustees review the approach to ESG of their managers and are comfortable that the funds currently invested in by the Scheme are managed in accordance with their views on financially material factors, as set out in this policy. This position is monitored periodically. As part of the monitoring process the Trustees are provided with periodic updates on governance and engagement activities of the managers and input from the investment advisors on ESG matters. The Trustees have the opportunity to meet the managers and question them on policies. The views set out below will be taken into account when appointing and reviewing managers.

A summary of the Trustees’ views for each asset class in which the Scheme invests is outlined below.

Equities

The Trustees believe that ESG issues will be financially material to the risk-adjusted returns achieved by the Scheme’s equity managers over the Trustees’ intended time horizon for the investment in question. The investment process for any equity fund manager should take ESG into account when selecting holdings. The Trustees also support engagement activities and, where relevant, the exercise of rights attaching to the investments by the Scheme’s equity fund manager. However, the process for incorporating ESG issues should be consistent with, and proportionate to, the rest of the investment process.

Diversified Growth Funds

The Trustees believe that ESG issues will be financially material to the risk-adjusted returns achieved by the Scheme’s diversified growth fund managers over the Trustees’ intended time horizon for the investment in question. The investment process for any diversified growth fund manager should take ESG into account when selecting holdings. The Trustees also support engagement activities and, where relevant, the exercise of rights attaching to the investments by the Scheme’s diversified growth fund manager. However, the process for incorporating ESG issues should be consistent with, and proportionate to, the rest of the investment process.

LDI and Money market

The Trustees do not believe there is significant scope for ESG issues to improve risk-adjusted returns in these asset classes because of the nature of the instruments used within the LDI funds and the fact that money market investments are short term.

It is worth noting that when transacting in LDI and money market funds, the Trustees require due diligence is undertaken to assess the credit worthiness of the counterparty both at the start of and throughout any

investment, whilst at the same time looking to achieve best execution. The Trustees believe this is more relevant for longer term trades compared to shorter term trades and should incorporate ESG factors where these assist with the credit worthiness assessment.

2. Policy on non-financially material considerations

The Trustees do not take into account the views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life of the members and beneficiaries of the Scheme (referred to as "non-financial matters" in the relevant Regulations) in the selection, retention and realisation of investments.

3. The exercise of voting rights

The Trustees' policy on the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities in respect of the investments is that these rights should be exercised by the investment managers on the Trustees' behalf. In doing so, the Trustees expect that the investment managers will use their influence as major institutional investors to exercise the Trustees' rights and duties as shareholders, including where appropriate engaging with underlying investee companies to promote good corporate governance, accountability and to understand how those companies take account of ESG issues in their businesses.

Investment managers will be asked to provide details of their stewardship policy and engagement activities on at least an annual basis. The Trustees will, with input from their investment consultant as necessary, monitor and review the information provided by the investment managers and will review data on this on an annual basis. Where possible and appropriate, the Trustees will engage with their investment managers for more information and ask them to confirm that their policies comply with the principles set out in the Financial Reporting Council's UK Stewardship Code.

Sustainability is a stewardship priority for the Scheme. The Trustees expect their relevant asset managers to be able to evidence their stewardship activity in this area, which the Trustees will monitor annually, for example, by considering the voting and engagement activity of the asset managers. Therefore, this is an area which the Trustees believe they can meaningfully monitor progress and engage with their asset managers over time.

4. Engagement activities

The Trustees acknowledge the importance of ESG and climate risk within their investment framework. When delegating investment decision making to their investment managers, they provide their investment managers with a benchmark they expect the investment managers to either follow or outperform. The investment manager has discretion over where in an investee company's capital structure it invests (subject to the restrictions of the mandate), whether directly or as an asset within a pooled fund.

The Trustees are of the belief that ESG and climate risk considerations extend over the entirety of a company's corporate structure and activities, i.e. that they apply to equity, credit and property instruments or holdings. The Trustees also recognise that ESG and climate related issues are constantly evolving and along with them so too are the products available within the investment management industry to help manage these risks.

The Trustees consider it to be a part of their investment managers' roles to assess and monitor developments in the capital structure for each of the companies in which the managers invest on behalf of the Scheme or as part of the pooled fund in which the Scheme holds units.

The Trustees also consider it to be part of their investment managers' roles to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the managers invest on behalf of the Scheme.

Should an investment manager be failing in these respects, this should be captured in the Scheme's regular performance monitoring.

The Scheme's investment consultant, Barnett Waddingham, is independent and no arm of their business provides asset management services. This, and their FCA Regulated status, makes the Trustees confident that the investment manager recommendations they make are free from conflict of interest.

The Trustees expect all investment managers to have a conflict of interest policy in relation to their engagement and ongoing operations. In doing so the Trustees believe they have managed the potential for conflicts of interest in the appointment of the investment manager and conflicts of interest between the Trustees/investment manager and the investee companies.

In selecting and reviewing their investment managers, where appropriate, the Trustees will consider investment managers' policies on engagement and how these policies have been implemented.