

Minit Pension Fund

Statement of Investment Principles

Barnett Waddingham LLP

June 2025

1 Introduction

- 1.1 This is the Statement of Investment Principles prepared by the Trustees of the Minit Pension Fund ("the Fund"). This statement sets down the principles governing decisions about investments for the Fund to meet the requirements of the Pensions Act 1995, as amended by the Pensions Act 2004, and of the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010, and the Occupational Pension Schemes (Investment) (Amendment) Regulations 2018; and, the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.
- 1.2 In preparing this statement the Trustees have consulted Minit Operational Board Limited ("the 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, including the Occupational Pension Schemes (Scheme Funding) Regulations 2005 (as amended).
- 1.4 The Trustees will review this statement at least every three years or if there is a significant change in the policy on any of the areas covered by the statement.
- 1.5 The investment powers of the Trustees are set out in Rule 13 of the Definitive Trust Deed & Rules, dated 28 August 2002. 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 Fund's assets is delegated to one or more fund managers. The current fund managers are detailed in the Appendix to this Statement. The fund 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 Fund's investment strategy on an ongoing basis. This review includes consideration of the continued competence of the fund 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' main investment objectives are:
 - to ensure they can meet the members' entitlements 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 Fund'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 Employer, the cost of current benefits;

- to reduce the risk of the assets failing to meet the liabilities over the long term;
- to minimise the long-term costs of the Fund 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 Fund's liabilities at any time. The Trustees have obtained exposure to investments that they expect will meet the Fund's objectives as best as possible.

4 Kinds of investments to be held

4.1 The Fund can invest in a wide range of asset classes including:

- Equities;
- Bonds;
- Cash;
- Property;
- Alternatives, including private equity, commodities, hedge funds, infrastructure, currency, high yield debt and derivatives;
- Annuity policies.

4.2 Any investment in derivative instruments is only made to contribute to a reduction in the overall level of risks in the portfolio or for the purposes of efficient portfolio management.

4.3 The Trustees monitor from time-to-time the employer-related investment content of their portfolio as a whole and will take steps to alter this should they discover this to be more than 5% of the portfolio. Typically this check is carried out annually by the Fund's auditors.

5 The balance between different kinds of investments

5.1 The Fund invests in assets that are expected to achieve the Fund's objectives. The allocation between different asset classes is contained within the Appendix 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 the Appendix to this Statement.

5.3 From time to time the Fund may hold cash and therefore deviate from its strategic or tactical asset allocation in order to accommodate for 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 and therefore the Fund's asset allocation will be expected to change as the Fund's liability profile matures.

6 Risks

6.1 The Trustees have considered the following risks for the Fund with regard to its investment policy and the Fund's liabilities:

- 6.2 **Risk versus the liabilities:** The Trustees will monitor and review the investment strategy with respect to the liabilities following each actuarial valuation. The investment strategy will be set with consideration of the appropriate level of risk required for the funding strategy as set out in the Fund's Statement of Funding Principles.
- 6.3 **Asset Allocation risk:** The asset allocation is detailed in the Appendix to this Statement and is monitored on a regular basis by the Trustees.
- 6.4 **Fund manager risk:** The Trustees monitor each of the Fund's fund manager's performance on a regular basis in addition to having meetings with each manager from time to time as necessary, usually on an annual basis. The Trustees have a written agreement with each fund manager, which contains a number of restrictions on how each fund manager may operate.
- 6.5 **Concentration risk:** Each fund manager is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities.
- 6.6 **Loss of investment:** The risk of loss of investment by each fund manager and custodian is assessed by the Trustees. Each fund manager monitors counterparty credit risk and evaluates counterparty credit quality on a continuous basis.
- 6.7 **Liquidity risk:** The Fund invests in assets such that there is a sufficient allocation to liquid investments that can be converted into cash at short notice given the Fund's cash flow requirements. The Fund's administrators assess the level of cash held in order to limit the impact of the cash flow requirements on the investment policy.
- 6.8 **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.
- 6.9 **Solvency and mismatching:** 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 Fund's funding basis.
- 6.10 **Currency risk:** The Fund's liabilities are denominated in sterling. The Fund may gain exposure to overseas currencies by investing in assets that are denominated in a foreign currency or via currency management.
- 6.11 **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.
- 6.12 **ESG/Climate risk:** The Trustees have considered long-term financial risks to the Fund, including ESG factors and climate risk. The Trustees believe that these are potentially financially material and will continue to develop their policy to consider these, alongside other factors, when selecting or reviewing the Fund's investments in order to avoid unexpected losses.

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 fund 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 fund manager against an agreed benchmark as frequently as appropriate according to market conditions and the Fund's funding position. The Trustees meet the Fund's fund managers if necessary (noting the majority of the Fund's assets are passively managed).

8 Realisation of investments

- 8.1 The Trustees have delegated the responsibility for buying and selling investments to the fund 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 Fund'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 Fund accounts.

9 Socially Responsible Investment, Corporate Governance and Voting Rights

Policy on financially material considerations

- 9.1 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 members' investments over the length of time until the benefits can be bought out with an insurer or when the Fund's life comes to an end. This is likely to be not less than 10 years from the date of this Statement of Investment Principles. The Trustees appreciate that the method of incorporating ESG in the investment strategy and process will differ between asset classes.
- 9.2 The Trustees are comfortable that the funds currently invested in by the Fund are managed in accordance with their views on financially material factors, as set out below. This position is monitored periodically, at least annually. In the future, the views set out below will be taken into account when appointing and reviewing managers. The Trustee has the opportunity to meet the managers and question them on policies and has been provided with information on the current approaches. A summary of the Trustees' views for each asset class in which the Fund invests is outlined below.
- 9.3 **Passive equities** The Trustees believe that ESG issues will be financially material to the risk-adjusted returns achieved by the Fund's passive equities and therefore decided to invest in funds that incorporate ESG criteria in the index construction process. The Trustees accept that these indices use a 'tilting' methodology and the manager will only be able to fully disinvest in certain circumstances, however the overall ESG risk profile is expected to be a material improvement on a traditional market capitalization approach. The Trustees also require that the fund manager takes into account ESG considerations by engaging with companies and by exercising voting rights. However, the exercise of rights and engagement activities should be consistent with, and proportionate to, the rest of the investment process.

- 9.4 **Passive gilts** – The Trustees believe that ESG issues are not financially material to the risk-adjusted returns achieved by the Fund’s passive gilts managers. This is because gilts are considered “least risk” when constructing the investment strategy.
- 9.5 **Passive corporate bonds** – The Trustees believe that ESG issues will be financially material to the risk-adjusted returns achieved by the Fund’s corporate bonds. The Trustees accept that fund managers must invest in line with the specified index and, therefore, may not be able to disinvest if they have concerns relating to ESG. The Trustee also supports engagement activities, although they appreciate that fixed income assets do not typically provide voting rights. The process for incorporating ESG issues should be consistent with, and proportionate to, the rest of the investment process.
- 9.6 **Money market** The Trustees believe there is less scope for the consideration of ESG issues to improve risk-adjusted returns in these asset classes because of the nature of the instruments used and the fact that money market investments are short term.

Policy on the exercise of voting rights and engagement activities

- 9.7 The Trustees’ policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the relevant fund managers. The Trustee does not engage in these activities directly. The Trustees also expect managers to engage with companies in relation to ESG matters. The Trustees are comfortable with the fund managers’ strategies and processes for exercising rights and conducting engagement activities, and specifically that they attempt to maximise shareholder value as a long-term investor.

Policy for taking into account non-financial matters

- 9.8 The Trustee does not take into account Fund members’ views on ethical considerations, social and environmental impact, or present and future quality of life of the members and beneficiaries of the Fund (i.e. “non-financial matters” in the relevant regulations) in the selection, retention and realisation of investments. The Trustees do not require the investment managers to take these into account either.

10 Agreement

- 10.1 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 fund managers, the actuary and the Fund auditor upon request.

Date agreed: 11 June 2025

On behalf of the Minit Pension Fund

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

Choosing investments

The Trustees have appointed Legal and General Investment Management ("LGIM") to carry out the day-to-day investment of the fund.

The fund manager is authorised and regulated by the Financial Conduct Authority.

The Trustees have appointed Barnett Waddingham LLP to advise on investment matters.

Kinds of investments to be held

The Trustees have considered all asset classes and has gained exposure to the following asset classes

- UK Equities;
- Overseas Equities;
- Gilts;
- Corporate bonds;
- Liability-Driven Investment ("LDI");
- Cash and money market instruments

The balance between different kinds of investment and rebalancing

The Scheme has a strategic asset allocation as set out in the table below.

Portfolio	Fund	Strategic allocation (%)
Growth		15
	<i>LGIM Future World Global Equity Index Fund</i>	7.5
	<i>LGIM Future World Global Equity Index Fund (GBP hedged)</i>	7.5
Protection		85
	<i>LGIM Buy and Maintain Credit Fund</i>	34
	<i>LGIM LDI Portfolio and Sterling Liquidity Fund ("SLF")</i>	51

The asset allocation has been agreed after considering the Fund's liability profile, funding position, expected return of the various asset classes and the need for diversification. 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 Trustee will therefore review the asset allocation periodically and rebalance to the strategic target if deemed appropriate.

LGIM do not rebalance the portfolio. However, the exact allocation between each of the LGIM Matching Plus funds and the Sterling Liquidity Fund is permitted to vary in line with market movements to ensure the agreed hedging target is maintained. To help with this, LGIM may arrange for capital to be transferred between the SLF and the LDI funds if they deem changes in market conditions are sufficient enough.

Performance objectives and fees

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

Fund manager	Benchmark	Objective
LGIM		
Future World Global Equity Index Fund	Solactive L&G ESG Global Markets Index	The fund aims to track the total return of the benchmark (less withholding tax where applicable) to within +/-0.60% p.a. for two years out of three.
Future World Global Equity Index Fund (GBP hedged)	Solactive L&G ESG Global Markets Index (GBP hedged)	
LGIM		
Buy and Maintain Credit Fund	N/A	To capture the credit risk premium and preserve value over the course of the credit cycle by avoiding defaults.
LDI Portfolio fund range		
<ul style="list-style-type: none">Leveraged Index Linked Gilt FundsLeveraged Fixed Interest Gilt FundsInflation Swap FundsSingle Gilt Funds	N/A	To control the interest rate and inflation exposure in line with the agreed hedging target
Sterling Liquidity Fund	SONIA	To provide diversified exposure and a competitive return in relation to the benchmark

The performance of fund 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.

Barnett Waddingham is remunerated on either a fixed fee or a time cost basis depending on the scope of the work being carried out.

Realisations and investment of new money

The Fund is able to receive income from the non-leveraged assets, i.e. the equities and bonds. The Fund's cash flow requirements are expected to be met by a combination of income and disinvestments. Disinvestments will usually be made in such a way as to move the overall asset allocation in line with its benchmark.

New money is typically invested to rebalance the overall asset allocation towards its benchmark.