

# **WCF Ltd Staff Retirement Benefits Scheme**

Statement of Investment  
Principles

February 2026

# Preface

## Scheme background

This Statement of Investment Principles (the 'SIP') details the principles governing investment decisions for the WCF Ltd Staff Retirement Benefits Scheme (the 'Scheme').

The Scheme operates for the exclusive purpose of providing retirement and death benefits to eligible participants and beneficiaries, and provides benefits calculated on a defined benefit (DB) basis. The Scheme is closed to new entrants and to future accrual.

The Trustee has secured all of the Scheme's defined benefit liabilities via buy-in policies in the Trustee's name with Legal & General ("L&G"). Following the full buy-in of the Scheme's liabilities, the Trustee intends to ultimately action a formal wind-up of the Scheme.

## Regulatory requirements and considerations

Under the Pensions Act 1995 (the 'Act') and subsequent legislation, principally the Occupational Pension Schemes (Investment) Regulations 2005 (as amended) (the 'Investment Regulations'), the Trustee must secure that a written statement of the principles governing investment decisions is prepared and maintained for the Scheme.

This SIP reflects the requirements and recommendations within The Pensions Regulator's general code of practice, in respect of the DB assets and any additional voluntary contribution (AVC) arrangements. This SIP also reflects the Myners principles for institutional investment decision-making, which require trustee boards to act in a transparent and responsible manner.

The Trustee is responsible for all aspects of the operation of the Scheme including this SIP.

In agreeing their investment strategy, the Trustee has had regard to:

- The requirements of the Act concerning suitability and diversification of investments and the Trustee will consider those requirements on any review of this SIP or any change in the investment policy.
- The requirement of the Investment Regulations: in particular that the assets held to cover the Scheme's technical provisions must also be invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the Scheme.
- In respect of the additional voluntary contribution (AVC) arrangements provided on a money-purchase basis, the Trustee has taken into account the requirements and recommendations within the Pensions Regulator's code of practice 13: Governance and administration of occupational trust-based schemes providing money purchase benefits and regulatory guidance. Information on the Trustee's approach to investment matters within the AVC arrangements is included within this SIP.

## Responsibilities and appointments

Only persons or organisations with the necessary skills, information and resources are actively involved in taking investment decisions affecting the Scheme. The Trustee draws on the expertise of external persons and organisations including the investment

consultant, investment managers and the Scheme Actuary. Full details are set out in this SIP.

### **Consultation**

In accordance with the Act, the Trustee has obtained and considered written advice from Gallagher (Administration & Investment) Limited (the 'investment consultant') prior to the preparation (or revision) of this SIP and have consulted WCF Ltd (the 'Sponsoring Employer'). However, it should be noted that neither the Trustee (nor any investment manager to whom it has delegated any discretion to make decisions about investments) shall require the consent of the Sponsoring Employer to exercise any investment power.

### **History and review**

The Trustee will review this SIP at least every three years and without delay after each significant change in investment policy, taking note of any changes in the Scheme's liabilities. Once agreed, and after consultation with the Sponsoring Employer, a copy of this SIP will be given to the Scheme Actuary and will be made available to Scheme members on request. This SIP is also made publicly available free of charge on <https://www.wcf.co.uk/policy-statements>.

Previous versions of this SIP are dated:

July 2017

October 2019

September 2020

April 2024

# Contents

<b>Statement of Investment Principles .....</b>	<b>1</b>
Investment governance structure.....	1
Investment strategy and objectives.....	1
The Trustee’s policy in relation to the kinds of investments to be held.....	1
The Trustee’s policy in relation to the balance between different kinds of investments ..	2
The Trustee’s policy in relation to the expected return on investments .....	2
The Trustee’s policy in relation to the realisation of investments .....	2
The Trustee’s policy in relation to financially material considerations .....	2
The Trustee’s policy in relation to the extent to which non-financial matters are taken into account .....	2
Risk capacity and risk appetite .....	2
The Trustee’s policy in relation to risks.....	3
Stewardship in relation to the Scheme’s assets.....	3
The Trustee’s policy in relation to engagement and monitoring (including peer-to-peer engagement).....	3
The Trustee’s policy in relation to voting rights.....	3
Investment management monitoring.....	4
Employer-related investments .....	4
Additional voluntary contributions (AVCs).....	4
<b>Appointments and responsibilities .....</b>	<b>5</b>
<b>Compliance.....</b>	<b>7</b>

# Statement of Investment Principles

## Investment governance structure

All investment decisions are taken by the Trustee Board as a whole. The Trustee believes that collective responsibility is the appropriate structure, given the size of the board, except for specific projects when an investment sub-committee may be set up. The Trustee will undertake training where appropriate to ensure it has the necessary expertise to take the decisions required and to evaluate critically the advice received.

All investment decisions relating to the Scheme are under the control of the Trustee Board without constraint by the Sponsoring Employer. The Trustee will consult with the Sponsoring Employer when changing this SIP.

All day-to-day investment decisions are delegated to properly qualified and authorised investment managers of pension scheme portfolios and the buy-in policy provider. Insurance contracts and/or investment management agreements have been exchanged with the buy-in policy provider and are reviewed from time-to-time to ensure that the manner in which they make investments on behalf of the Trustee is suitable for the Scheme, and appropriately diversified.

The Trustee takes proper written advice before investing in any manner.

## Investment strategy and objectives

The Scheme's investment strategy has been agreed by the Trustee having taken advice from the investment consultant in relation to the suitability of investments and takes due account of the Scheme's liability profile.

The Trustee's primary objectives are:

- To provide appropriate security for all beneficiaries.
- To ensure that sufficient liquid assets are available to meet any top-up premium required by the buy-in policy provider.
- To ensure that sufficient liquid assets are available to pay benefit payments as they fall due.
- To achieve an appropriate balance between risk and return with regards to the cost of the Scheme and the security of the benefits.

The Scheme is invested in a buy-in policy provided by a regulated insurer. In respect of the buy-in policy, the policy is expected to secure all pensioner and deferred member benefits.

In accordance with the Financial Services & Markets Act 2000, the Trustee is responsible for setting the general investment policy, but the responsibility for all day-to-day investment management decisions has been delegated to the buy-in policy provider authorised under the Act.

### The Trustee's policy in relation to the kinds of investments to be held

The Trustee has full regard to its investment powers as set out in the Trust Deed and Rules.

The Trustee has invested the majority of its assets in the buy-in policy to insure all economic and longevity risk associated with the liabilities of all members is covered by the policy with an insurance company that is financially strong.

All of the Scheme's residual assets are held within an AVC arrangement and in the Trustee's Bank Account.

#### The Trustee's policy in relation to the balance between different kinds of investments

The Trustee is comfortable that the buy-in policy with L&G provides adequate security for members. The Trustee has no control or visibility of the underlying investments used by the provider to support this policy.

The size of the buy-in policy was determined by the price required to secure the liabilities.

#### The Trustee's policy in relation to the expected return on investments

The Trustee does not consider the expected return of the buy-in policy, instead holding this purely to meet the liabilities as they fall due. In effect, the Trustee's policy is to pass the risk of poor returns to the buy-in policy provider. Return expectations are a secondary factor for the residual assets.

#### The Trustee's policy in relation to the realisation of investments

The buy-in policy is an illiquid investment and cannot be surrendered, sold or "cashed-in" in the future. It is an asset that will be held in perpetuity until the last payment is made. The Scheme's residual assets are held in AVC arrangements and the Trustee's Bank Account and are of sufficient liquidity.

#### The Trustee's policy in relation to financially material considerations

The Trustee believes that the potential impact of any financially material considerations that may affect the Scheme's investments should be assessed over the period during which benefits are expected to be paid from the Scheme and/or the period over which particular investments are expected to be held.

The Trustee's priority has been to secure a suitable buy-in policy rather than taking account of wider financially material considerations. The Trustee expects its buy-in policy provider, where appropriate, to have taken account of financially material considerations, including environmental, social and governance ('ESG') factors as part of its investment analysis and decision-making process.

The Trustee will take into account the approach to financially material considerations in deciding whether to retain or appoint future investment managers.

#### The Trustee's policy in relation to the extent to which non-financial matters are taken into account

The Trustee's objective is that the financial interests of the Scheme's members is its first priority when choosing investments. The Trustee has decided not to take members' preferences into account when considering these objectives.

## Risk capacity and risk appetite

The Trustee, after seeking appropriate investment advice, has purchased buy-in policies in respect of the Scheme's defined benefit liabilities.

The buy-in policy provider is given full discretion over the choice of investments and is expected to maintain a diversified portfolio.

The Trustee is satisfied that the investments selected are consistent with its investment objectives, particularly in relation to diversification, risk, expected return and liquidity.

#### The Trustee's policy in relation to risks

The Trustee considers the main risk to be that of the assets being insufficient to meet the Scheme's liabilities as they fall due.

Although the buy-in policy removes much of this risk, the Trustee recognises some risks remain, namely the risk:

- Of the buy-in policy provider failing to provide the desired benefit payments.
- The potential for an additional premium to be paid to the buy-in policy provider in the event material changes are required to the data or benefits insured within 12 months of the policy inception date. The Trustee will review this and take appropriate action when necessary.
- Of a failure of the Sponsoring Employer to meet its obligations.

The Trustee assessed the likelihoods of these occurrences as part of selecting the buy-in policy to purchase and the provider to use.

### Stewardship in relation to the Scheme's assets

The Trustee has a fiduciary duty to consider its approach to the stewardship of the investments, to maximise financial returns for the benefit of members and beneficiaries over the long term. In general, trustees can promote an investment's long-term success through monitoring, engagement and/or voting, either directly or through each investment manager. However, it is recognised that the scope for doing so is limited for the Scheme due to the use of the buy-in policy.

#### The Trustee's policy in relation to engagement and monitoring (including peer-to-peer engagement)

The Trustee considered the buy-in policy provider's policies in relation to engagement and monitoring as part of the selection process. The Trustee does not anticipate any further involvement with engagement (including peer-to-peer engagement) on this part of the portfolio and the comments below relate solely to the residual assets.

As any residual assets are held in the Trustee's Bank Account, the Trustee does not envisage being directly involved with peer-to-peer engagement in investee companies.

The Trustee acknowledges that the concept of stewardship may be less applicable to some of their assets, particularly for short-term money market instruments and insurance policies.

#### The Trustee's policy in relation to voting rights

The Trustee considered the insurer's policy towards exercising rights (including voting rights) as part of the buy-in selection process. However, the Trustee does not anticipate any further involvement with matters concerning voting rights in respect of the buy-in policy or residual assets.

## Investment management monitoring

The Trustee made its decision on buy-in policy provider based on their ability to meet the Trustee's objectives, at a competitive price.

There is no expectation for the buy-in policy provider to align their investment decisions with the Trustee's policies, nor to take into account financial or non-financial matters over the medium to long-term, beyond the requirements placed on the providers by regulation.

The Trustee does not monitor the buy-in policy provider on an ongoing basis, nor does it provide any ongoing remuneration. Portfolio turnover costs for the provider is also not monitored.

In respect of any residual assets, all investment decisions are monitored by the Trustee with the assistance of the investment consultant.

Appropriate written advice will be taken from the investment consultant before the review, appointment or removal of investment managers.

## Employer-related investments

The Trustee will not make direct investments in the Sponsoring Employer's own securities. The amount of the Sponsoring Employer's securities, owned by pooled investment vehicles invested in, is monitored. The Trustee has delegated the responsibility for the exercising of any voting rights attached to any Sponsoring Employer investment held to the investment managers.

## Additional voluntary contributions (AVCs)

The Trustee has full discretion as to the appropriate investment vehicles made available to members of the Scheme for their voluntary contributions. Only investment vehicles normally considered suitable for voluntary contributions will be considered by the Trustee, having taken appropriate written advice from the investment consultant.

The Trustee makes available the following range of investment options for the members' AVCs:

AVC provider	Investment options
ReAssure	LGIM Consensus Index Fund

The Trustee has taken a proportionate approach towards the governance of the AVC funds, given the size of the AVC funds and the number of members it affects. The Trustee will review and ensure the current AVC arrangements are appropriate on a triennial basis as part of the review of the SIP.

Members are directed to seek independent financial advice when considering their AVC arrangements.

# Appointments and responsibilities

This section sets out the key appointments and responsibilities with respect to the investment aspects of the Scheme.

A full list of the Scheme's advisers is provided at the front of the Scheme's Annual Report and Financial Statements. However, at the time of writing this SIP:

- The investment consultant is Gallagher (Administration & Investment) Limited.
- The buy-in policy provider is Legal & General.
- The Scheme Actuary is James Forrest, Gallagher.
- For AVC arrangements, custodial duties are undertaken by the relevant investment manager and, therefore, are not detailed in this SIP.

## Trustee

The Trustee's primary responsibilities include:

- The preparation of this SIP, reviewing its contents and modifying it if deemed appropriate, in consultation with the Sponsoring Employer and the investment consultant, at least every three years. The SIP will also be reviewed following a significant change to investment strategy and/or the investment manager(s).
- Appointing an investment consultant and investment managers as necessary for the good stewardship of the Scheme's assets.
- Setting objectives for the appointed investment consultant (and reviewing these at least every three years, and following any significant change to investment strategy), and reviewing the investment consultant's performance against these objectives at least annually.
- Reviewing the investment strategy as part of each triennial actuarial valuation, and/or significant changes to the Scheme's liabilities, taking advice from the investment consultant.
- Reviewing the stewardship / voting policies of the investment managers and undertaking the ongoing monitoring and engagement with its investment managers as appropriate.
- Assessing the processes and the performance of the investment manager(s) by means of regular, but not less than annual, reviews of information obtained (including investment performance).
- Monitoring compliance of the investment arrangements with this SIP and with the relevant sections of the Act, the Investment Regulations and any regulatory guidance on a regular basis.

## Investment consultant

The main responsibilities of the investment consultant include:

- Obtaining a copy of the Trustee's investment consultant objectives prior to undertaking work to ensure they understand the Trustee's requirements.
- Assisting the Trustee in the preparation and periodic review of this SIP in consultation with the Sponsoring Employer.

- Undertaking project work including the development and review of investment strategy, investment performance and manager structure as required by the Trustee.
- Advising the Trustee on the selection and review of the investment manager(s).
- Providing training or education on any investment related matter as and when the Trustee sees fit.
- Monitoring and advising upon where contributions should be invested or disinvested on a periodic basis.

#### **Buy-in policy provider**

The main responsibilities of the buy-in policy provider include:

- Updating Scheme data and benefits as agreed with the Trustee under the terms of the policy.
- Providing monthly payments to the Trustee of specified benefits in respect of insured beneficiaries and dependants covered under the terms of the policy.

#### **Scheme Actuary**

The Scheme Actuary's main responsibilities in respect of investment policy include:

- Commenting on the suitability of the Scheme's investment strategy given the financial characteristics of the Scheme.
- Performing the triennial (or more frequently as required) actuarial valuation and advising on the Scheme's funding level and therefore the appropriate level of contributions in order to aid the Trustee in balancing short-term and long-term investment objectives.

# Compliance

The Scheme's SIP is available to members on request and is also made publicly available free of charge on the following website: <https://www.wcf.co.uk/policy-statements>

A copy of the Scheme's current SIP is also supplied to the Sponsoring Employer, the Scheme's auditors and the Scheme Actuary.

This SIP supersedes all others and was approved by the Trustee.

Full name

Signature

Position

Chair of the Trustee

For and on behalf of the Trustee of the WCF Ltd Staff Retirement Benefits Scheme

Date