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Introduction

Pensions Act

- 1.1 The Pensions Act 1995 (as amended by the Pensions Act 2004) requires the Trustee to prepare a statement of the principles governing investment decisions for the purposes of the requirement.
- 1.2 In preparing this Statement the Trustee has consulted the City and Guilds of London Institute

Responsibility for maintaining the Statement and deciding investment policy rests solely with the Trustee.
- 1.3 In preparing this Statement and for the purposes of the Pensions Act the Trustee has obtained written advice from the Scheme's investment consultant, WTW and they also received input from the Scheme Actuary, Bridget Hall of WTW. The Trustee will similarly obtain such advice as appropriate whenever the Statement is reviewed or revised. The written advice will consider the issues set out in the Occupational Pension Schemes (Investment) Regulations 2005 and the principles contained in this Statement.
- 1.4 Before adopting this document the Trustee has had regard to the requirements of the Pensions Act concerning diversification of investments and suitability of investments taking into consideration the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005. The Trustee will consider those requirements on any review of this document or any change in their investment policy.
- 1.5 The Trustee will review this Statement annually or without delay following any significant change in the investment policy and on such other occasions as may appear to them to be appropriate.

Financial Services and Markets Act 2000

- 1.6 In accordance with the Financial Services and Markets Act 2000, the Trustee sets general investment policy, but delegates the responsibility for selection of specific investments to appointed Investment Managers, which may include an insurance company or companies. The Investment Managers provide the skill and expertise necessary to manage the investments of the Scheme competently.

Scheme details

- 1.7 The Scheme operates for the exclusive purpose of providing retirement benefits and death sections closed to future accrual on 30 June 2018. Within these sections the benefits at age.

In addition the Scheme has a number of pensions in payment.

Members' best interests

- 1.8 The aims, objectives and policies of the Trustee in relation to all investment funds together with an explanation of how they are intended to ensure that assets are invested in the best interests of members and beneficiaries are set out in this Statement.

Section 2: Division of responsibilities

- 2.1 The Trustee has ultimate responsibility for decision-making on investment matters. In order to ensure that investment decisions are taken only by persons or organisations with the skills,

Investment Consultant

2.5 The role of the Investment Consultants is to give advice to the Trustee in the following areas:

The development of a clear investment strategy for the Scheme

Any asset-liability modelling process

The construction of a strategic asset allocation policy having regard to the liabilities of the Scheme and the risk and return objectives of the Trustee

The construction of an overall investment management structure that meets the objectives of the Trustee

The regular updating of the Statement of Investment Principles

The selection and appointment of appropriate investment management organisations

Their evaluation of the Investment Managers employed by the Scheme

Potential new areas or methods of investment

Commentary on investment performance and risk taken by the Investment Managers

General advice



table. The central 10 year inflation (CPI) assumption used for the purposes of the investment strategy review was 2.6% pa.

- 3.11 The specific return assumptions from 31 December 2022 used in the investment strategy review are detailed below:

	10 year median real return % pa	1 year standard deviation % pa
UK equities	4.5%	18.0%
Overseas equities (unhedged)	5.2%	20.0%
Overseas equities (hedged)	4.9%	17.9%
Fixed interest gilts (long-dated)	2.0%	10.6%
Index-linked gilts (long-dated)	1.5%	10.7%
Cash	0.9%	1.0%
Property (UK)	3.5%	10.0%
Diversified funds	5.3%	12.0%

Note: the above assumptions are as advised by the Investment Consultant and do not represent a forecast or

Section 6: Other investment policies

The Trustee also faces other requirements relating to investment, be they legislative or considered best practice.

Choosing investments

- 6.1 The Trustee has appointed Investment Managers who are authorised under the Financial Services and Markets Act 2000 to undertake investment business. After gaining (and, at most, annually reconfirming) appropriate investment advice, the Trustee has specified the asset allocation of every manager. Investment choice has been delegated to the managers subject to

Section 7: Risk management

7.1 The Trustee recognises a number of risks involved in the investment of the assets of the Scheme:

Solvency risk and mismatching risk

- are measured through a qualitative and quantitative assessment of the expected development of the assets relative to the selected investment policies
- are managed through assessing the progress of the actual growth of the liabilities relative to the investment policy.

Manager risk

- is measured by the expected deviation of the prospective return, relative to the investment policy
- is managed through diversification across investment managers, investing the index-tracking managers and by the ongoing monitoring of the performance of the investment manager as well as a process.

Liquidity risk

- is managed by regular reviews of the actual investments relative to policy and through regular assessment of the levels of diversification within the existing policy.

Sponsor risk

- is measured by the level of ability and willingness of the sponsor to support the continuation of the Scheme and to make good any current or future deficit
- is managed by assessing the interaction between the Scheme and the
of the pension liability relative to the financial strength of the sponsor.

7.2 These measures do not render the investment policy free of risk. Rather, the measures endeavour to balance the need for risk control and the need for assets which are likely to achieve the required performance target.

Appendix A: Current Investment Managers and mandate details

The benchmarks and performance objectives for the managers are detailed as follows:



Schroder Investment Management Ltd property fund		
Fund	% of total assets	Performance benchmark index
Schroder UK Property Fund	100.0	IPD UK All Balanced Property Funds Weighted Average
Performance objective: to outperform the benchmark over rolling 3 year periods.		

Hermes Investment Management Ltd property fund		
Fund	% of total assets	Performance benchmark index
Hermes Property Unit Trust	100.0	IPD UK All Balanced Property Funds Weighted Average
Performance objective: to outperform the benchmark over rolling 3 year periods.		

Towers Watson Investment Management diversification fund		
Fund	% of total assets	Performance benchmark index
Towers Watson Partners Fund	100.0	CPI + 2%
Performance objective: to exceed CPI +5% over rolling 5 year periods		

The performance benchmark index above represents the long term target for the Fund. Over short time periods, the performance will be measured against other comparators, including equity market indices such as the MSCI AC World (60% GBP Hedged) Index

Fulcrum Asset Management LLP diversification fund		
Fund	% of total assets	Performance benchmark index
TM Fulcrum Diversified Absolute Return Fund	100.0	RPI + 3%
Performance objective: to achieve long-term absolute returns of RPI + 3% to 5% in all market conditions over rolling five year annualized periods.		

The performance benchmark index above represents the long term target for the Fund. Over short equity market indices such as the MSCI AC World (60% GBP Hedged) Index