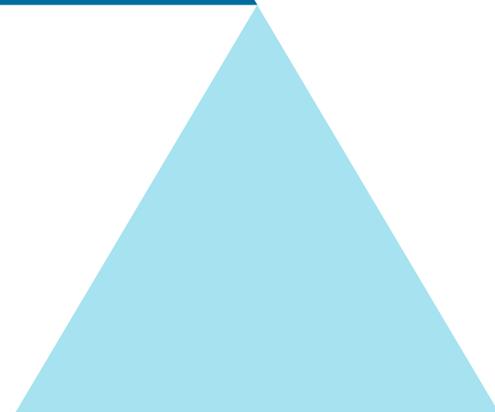
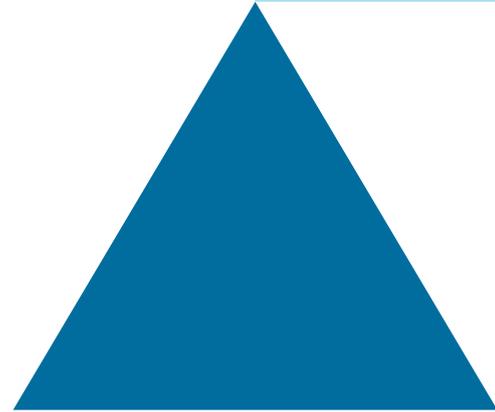
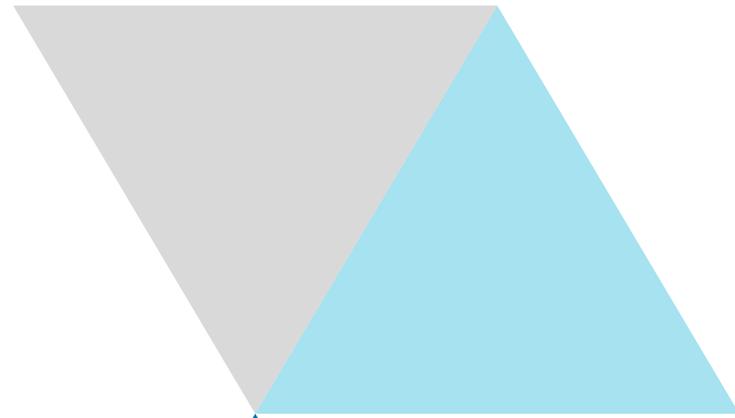


The Pension and Life Assurance Plan of The Family Planning Association

Statement of Investment Principles

October 2020



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1 Introduction

This Statement of Investment Principles (the “Statement”) has been prepared by the Trustee of The Pension and Life Assurance Plan of The Family Planning Association (the “Plan”) in accordance with Section 35 of the Pensions Act 1995, as amended, and its attendant Regulations.

The Plan entered a Pension Protection Fund (PPF) Assessment Period on 15 May 2019 following the insolvency of the Sponsoring Employer.

The Statement outlines the principles governing the investment policy of the Plan and the activities undertaken by the Trustee to ensure the effective implementation of these principles. The Statement also details the Trustee’s compliance with the Pension Regulator’s ‘Investment Guidance for Defined Benefit Pension Schemes’.

In preparing the Statement, the Trustee have:

- obtained and considered written advice from a suitably qualified individual, employed by their investment consultants Mercer, whom they believe to have a degree of knowledge and experience that is appropriate for the management of their investments; and

The advice and the consultation process considered the suitability of the Trustee’s investment policy for the Plan.

The Trustee will review the Statement formally at least every three years to coincide with the triennial Actuarial Valuation or other actuarial advice relating to the statutory funding requirements.

Furthermore, the Trustee will review the Statement without delay after any significant change in investment policy. Any changes made to the Statement will be based on written advice from a suitably qualified individual.

2 Investment Objectives

The Trustee's primary investment objective for the Plan is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due.

The Trustee has received confirmation from the Scheme Actuary that the investment strategy is consistent with the actuarial valuation methodology and assumptions used by the Trustee.

3 Investment Responsibilities

3.1 Trustee's Duties and Responsibilities

The Trustee is responsible for setting the investment objectives and determining the strategy to achieve the objectives.

The Trustee carries out its duties and fulfils its responsibilities as a single body.

The duties and responsibilities of the Trustee include, but are not limited to, the following tasks and activities:

- The regular approval of the content of the Statement.
- The appointment and review of the investment adviser.
- The choice of appropriate funds in which to invest the Plan's assets.
- The assessment and review of the performance of the funds in which the Plan is invested.
- The assessment of the risks assumed by the Plan at a total scheme level as well as on a manager basis.
- The compliance of the investment arrangements with the principles set out in the Statement.

3.2 Investment Adviser's Duties and Responsibilities

The Trustee has appointed Mercer as the investment adviser to the Plan to provide advice as and when it is required. To date, Mercer have only been asked to assist with updating this Statement and day to day cash management. Matters on which the Trustee could ask Mercer to provide advice to the Trustee include the following:

- Setting of investment objectives.
- Determining investment strategy and asset allocation.
- Determining an appropriate investment structure.
- Framing manager mandates.
- Assistance in determining funds and investment managers that are suitable to meet the Trustee's objectives.
- Selecting and replacing investment managers.
- Setting cashflow management (investment and disinvestment) policies.

The Trustee may seek advice from Mercer with regard to both strategic and tactical investment decisions (see Section 4 - Investment Strategy); however, they recognise that they retain responsibility for all such decisions, including those that concern investments and disinvestments relating to cash flows.

Mercer is remunerated on a project-by-project basis with a fee being agreed in advance of the project commencing. Mercer does not receive commission or any other payments in respect of the Plan that might affect the impartiality of their advice. The Trustee believes that this is the most appropriate adviser remuneration structure for the Plan.

Mercer is authorised and regulated by the Financial Conduct Authority ("FCA").

3.3 Arrangements with Investment Managers

The Trustee, after considering appropriate investment advice, has invested the assets of the scheme in a Group Pension contract held with Clerical Medical. Contributions paid to the Group Pension contract are invested in Clerical Medical's With-Profits Fund, and the Plan has been solely invested in this fund since 1978.

The Trustee cannot specify the risk profile and return target of the Clerical Medical With-Profits Fund, but are satisfied that it appropriate characteristics to align with the overall investment strategy.

The Trustee is a long term investor and as noted above have been invested in the Clerical Medical With Profits Fund since 1978 and this demonstrates they do not look to make changes to their investment manager arrangements on a frequent basis. If they were to make changes to the investment arrangements, the Trustee would seek appropriate advice on the proposed change.

Clerical Medical is responsible for all decisions concerning the selection and de-selection of the individual securities within the With-Profits Fund.

Clerical Medical is authorised and regulated by the FCA and PRA.

The investment manager is remunerated by an ad valorem charge based on the value of the assets that it manages on behalf of the Plan

Clerical Medical does not levy a performance based fee, which could encourage the manager to make short term investment decisions to hit their profit targets.

The Trustee considers that this method of remunerating the investment manager is consistent with incentivising them to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity. By encouraging a medium to long-term view, it will in turn encourage the investment manager to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.

The Trustee has no influence over the charging structure of the Clerical Medical With Profits Fund in which the Plan is invested, but are satisfied that its charges are consistent with the its stated characteristics. The Trustee is therefore satisfied that this is the most appropriate basis for remunerating the manager and is consistent with the Trustee policies as set out in this SIP

3.4 Summary of Responsibilities

A summary of the responsibilities of all relevant parties, including the Scheme Actuary and the scheme administrator, in so far as they relate to the Plan's investments, is set out at Appendix 1.

4 Investment Strategy

4.1 Setting Investment Strategy

The Trustee has determined its investment strategy after considering the Plan's liability profile and its own appetite for risk. Following the insolvency of the Sponsoring Employer, the strength of its covenant has been disregarded.

The Trustee has therefore decided to invest in a With-Profits Fund. The aim of the fund is to generate capital growth over the medium to long term (at least 5 years), with some stability over the short term. The investment manager invests in a broad range of traditional asset classes underlying the contract. Returns each year are then 'smoothed' to give some stability of performance. In addition, the Plan benefits from guaranteed annuity rates for all members who joined before 1 July 2001.

4.2 Appropriateness of Holding

The Plan is classified under the regulations as a Wholly Insured Plan as a result of its investment in the With-Profits Fund.

A Wholly Insured Plan is defined as being a trust scheme, other than a stakeholder pension scheme within the meaning of section 1 of the Welfare Reform and Pensions Act 1999 F1 (meaning of "stakeholder pension scheme"), which has no investments other than specified qualifying insurance policies.

The Trustee considers it appropriate for the Plan to be a Wholly Insured Plan because:

- Returns are smoothed, reducing the risk associated with volatile investment markets;
- The With Profits holding provides guaranteed annuity rates for members that joined before 1 July 2001, therefore reducing the risk associated with the cost of providing the pensions for these members
- Having one contract and one investment holding reduces the governance burden for the Trustee.
- Under the contract terms, actuarial and administration services are covered within the fee arrangement. Moving away from this is likely to result in a significant increase in cost in the management of the Plan
- Wholly insured Plans have lower reporting requirements relating to this statement.

4.3 Investment Decisions

The Trustee distinguishes between three types of investment decision: strategic, tactical and security-level.

Strategic Investment Decisions

These decisions are long-term in nature and are driven by an understanding of the objectives, needs and liabilities of the Plan.

As part of the PPF Assessment Period the Trustee is required to obtain a Section 143 Valuation. If the results of the Section 143 Valuation show that the Plan does not have sufficient assets to secure PPF levels of compensation, the assets and liabilities of the Plan will formally transfer to the Board of the PPF. If the Scheme has sufficient assets to secure more than PPF levels of compensation, the Trustee will be required to investigate the possibility of buying out the Plan's liabilities with an insurer.

The Trustee takes all such decisions themselves. They do so after receiving written advice from an investment adviser and consulting with other interested parties (for example the PPF). Examples of such decisions and of tasks relating to the implementation of these decisions include the following:

- Setting and reviewing investment objectives.
- Determining the appropriate investment structure for the Plan.

Tactical Investment Decisions

These decisions are short-term and based on expectations of near-term market movements. Such decisions may involve deviating temporarily from the strategic asset allocation and may require the timing of entry into, or exit from, an investment market or asset class.

The Trustee has invested fully in a With Profits Fund and therefore do not take tactical investment decisions.

Where such decisions are made within the With Profits Fund, they are the responsibility of the investment manager of the fund.

Security Selection Decisions

All such decisions are the responsibility of the investment manager of the With Profits fund in which the Plan is invested.

5 Monitoring of Investment Adviser and Manager

5.1 Investment Adviser

The Trustee assesses and reviews the performance of their adviser in a qualitative way as appropriate and put in place specific objectives before requesting investment advice.

5.2 Investment Managers

The Trustee receives a letter from their investment manager, Clerical Medical, each year providing information on the investment performance of the Plan assets and the investment strategy adopted for the previous calendar year.

The Trustee has the role of replacing the investment manager where appropriate (and subject to taking appropriate investment advice). They take a long-term view when assessing whether to replace the investment manager, and such a decisions would not be made based solely on short-term performance concerns. Instead, changes would be driven by a significant reduction in confidence that the investment manager will be able to perform in line with their fund's mandate over the long term.

Changes will also be made to the underlying manager if there is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager.

Clerical Medical do not produce portfolio turnover costs on the With Profits Fund held. The Trustee therefore does not monitor portfolio turnover costs or portfolio turnover range for the Plan and does not intend to going forwards. Portfolio turnover costs means the costs incurred as a result of the buying, selling, lending or borrowing of investments.

6 Code of Best Practice

As a wholly insured scheme, the Trustee has not considered the Pension Regulator's latest Investment Guidance for Defined Benefit Pension Schemes' paper. If circumstances change and the Trustee decides being classified as wholly insured is no longer appropriate then they will consider the guidance and use this to determine an appropriate investment strategy.

7 Compliance

The Plan's Statement and annual report and accounts are available to members on request. A copy of the Plan's current Statement is also supplied to the PPF, and the Scheme Actuary. This Statement supersedes all others and was approved by the Trustee on 1 October 2020

The Trustee approved this statement on 1st October 2020.

Appendix 1: Responsibilities of Parties

Trustee

The Trustee's responsibilities include the following: -

- Reviewing at least triennially and more frequently if necessary, the content of this Statement in consultation with the Investment Adviser and modifying it if deemed appropriate.
- Reviewing the investment strategy following the results of each actuarial review, in consultation with the Investment Adviser and Scheme Actuary.
- Appointing the Investment Manager and choosing appropriate funds in which to invest.
- Consulting with the Sponsoring Employer regarding any proposed amendments to this Statement. Following the insolvency of the Sponsoring Employer, such consultation is no longer possible.
- Monitoring compliance of the investment arrangements with this Statement on a continuing basis.

Investment Adviser

The Investment Adviser's responsibilities can include the following:-

- Participating with the Trustee in reviews of this Statement.
- Advising the Trustee, at their request, on the following matters:
 - » Through consultation with the Scheme Actuary, how any changes within the Plan's benefits, membership, and funding position may affect the manner in which the assets should be invested.
 - » How any changes in the Investment Manager's organisation could affect the interests of the Plan.
 - » How any changes in the investment environment could present either opportunities or problems for the Plan.
- Undertaking project work, as requested, including:
 - » Reviews of asset allocation policy.
 - » Research into and reviews of the Investment Manager.
- Advising on the selection of new managers and/or custodians.

Investment Manager

The Investment manager's responsibilities include the following:

- Make available a statement and valuation of the assets and a report on their actions and future intentions, and any changes to the processes applied to their portfolios.
- Informing the Trustee of any changes in the operation of the With Profits Fund as and when they occur.
- Having regard to the need for diversification of investments, so far as appropriate for the particular mandate, and to the suitability of investments.
- Applying smoothed investment returns as appropriate to give some stability of performance.

- Providing guaranteed annuity rates for all members who joined before 1 July 2001.

Scheme Actuary

The Scheme Actuary's responsibilities include the following:

- Liaising with the Investment Adviser regarding the suitability of the Plan's investment strategy given the financial characteristics of the Plan.
- Assessing the funding position of the Plan and advising on the appropriate response to any shortfall.
- Performing the triennial (or more frequent, as required) valuations and advising on the appropriate contribution levels. During a PPF assessment period, the requirement to produce a triennial valuation is suspended.

Administrator

The Administrator's responsibilities include the following:

- Ensuring there is sufficient cash available to meet benefit payments as and when they fall due.
- Paying benefits and making transfer payments.
- Investing contributions not required to meet benefit payments with the Investment Manager according to the Trustee's instructions.