Pioneer GB Limited Pension and Life Assurance Scheme

Statement of Investment Principles

Barnett Waddingham LLP

July 2024

Version 1

Contents

1. Introduction

1.1. This is the Statement of Investment Principles prepared by the Trustee of the Pioneer GB Limited Pension and Life Assurance 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 (Investment and Disclosure) Regulations 2018.
- the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

1.2. In preparing this statement the Trustee has consulted Pioneer GB Limited ("the Employer") and obtained advice from Barnett Waddingham LLP, the Trustee's 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 Trustee 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 Trustee are set out in Clause 5 (c) of the Definitive Trust Deed & Rules, dated 11 July 1995. This statement is consistent with those powers.

1.6. Some members of the Scheme have paid additional voluntary contributions (AVCs) to provide additional benefits on a defined contribution basis. This statement does not relate to the investment of these AVCs, except as noted in Appendix 1.

2. Choosing investments

2.1. The Trustee's policy is to set the overall investment target and then monitor the performance of their managers against that target. In doing so, the Trustee considers 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 Trustee reviews 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 Trustee will also consult the Employer before amending the investment strategy.

3. Investment objectives

3.1. The Trustee has discussed key investment objectives in light of an analysis of the Scheme's liability profile as well as the constraints the Trustee faces in achieving these objectives. As a result, the Trustee's main investment objectives are:

- to ensure that they can meet the members' entitlements under the Trust Deed and Rules as they fall due;
- to have regard to the interests of the Employer in connection with the size and incidence of contribution payments;
- 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 Trustee is 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 Trustee has 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 (including private equity, commodities, hedge funds, infrastructure, currency, high yield debt and derivatives) and annuity policies.

4.2. No investment in Employer-related investments is permitted, except to the extent permitted by the Pensions Act 1995.

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 Trustee considers 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 Trustee is aware that the appropriate balance between different kinds of investments will vary over time and therefore the Scheme's asset allocation will be expected to change as the Scheme's liability profile matures.

6. Risks

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

Risk versus the liabilities	The Trustee will monitor and review the investment strategy with respect to the liabilities in conjunction with each actuarial valuation. Liability driven investment is employed to manage the impact of fluctuations in interest rates and inflation on the Scheme's funding level. The investment strategy is 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. The Trustee also receives regular funding updates such that they can review the development of the assets compared to the liabilities.
Covenant risk	The creditworthiness of the Employer and the size of the pension liability relative to the Employer's earnings are monitored periodically. 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 Trustee is 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 Trustee.
Investment manager risk	The Trustee monitors the performance of each of the Scheme's investment managers on a regular basis via quarterly reporting from the investment consultant in addition to having meetings with each manager from time to time as necessary. The Trustee has 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 Trustee monitors these and will report on the managers' practices in their annual Implementation Statement.
ESG/Climate risk	The Trustee has considered long-term financial risks to the Scheme and believe that ESG factors as well as climate risk are potentially financially material and will continue to develop its policy to consider these, 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 Trustee. This includes losses beyond those caused by market movements (e.g. default risk, operational errors or fraud). The Trustee undertakes regular reviews of the internal controls and processes of each of the investment managers.

7. Expected return on investments

7.1. The Trustee has regard to the relative investment return and risk that each asset class is expected to provide. The Trustee is 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 Trustee recognises 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 Trustee recognises 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 Trustee monitors 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 Trustee meets the Scheme's investment managers as frequently as is appropriate in order to review performance.

8. Realisation of investments

8.1. The Trustee has delegated the responsibility for buying and selling investments to the investment managers. The Trustee has 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 Trustee is 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, the exercise of rights and engagement activities, and non-financial matters

9.1. The Trustee has 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 Trustee's investment polices

10.1. Prior to appointing an investment manager, the Trustee discusses 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 Trustee's 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 Trustee also considers how ESG and climate risk are integrated into these. If the Trustee deems 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 Trustee will regularly monitor the relevance of the strategy in the context of the Scheme and their aims, beliefs and constraints and aim to carry out a strategy review at least every three years.

10.4. In the event that an investment manager ceases to meet the Trustee's desired aims, including the management of ESG and climate related risks, using the approach expected of them, their appointment may be terminated. The investment managers have been informed of this by the Trustee.

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 Trustee is mindful that the impact of ESG and climate change has a long-term nature. However, the Trustee recognises 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 Trustee acknowledges 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 Trustee assesses these over a rolling timeframe. The Trustee believes 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 Trustee expects this longer term performance target to be sufficient to ensure an appropriate alignment of interests.

10.8. The Trustee expects 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 Trustee does 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 Trustee monitors the performance of their investment managers over medium to long-term periods that are consistent with the Trustee's investment aims, beliefs and constraints.

10.10. The Scheme invests exclusively in pooled funds. The investment manager is remunerated by the Trustee based on the assets they manage on behalf of the Trustee. As the funds grow, due to successful investment by the investment manager, they receive more and as values fall they receive less. In some instances, a performance fee may also be applied.

10.11. The Trustee believes that this fee structure, including the balance between any fixed and performance related element, 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 Trustee asks 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 a least every three years as part of the review of the Statement of Investment Principles.

Portfolio turnover costs

10.13. The Trustee acknowledges that portfolio turnover costs can impact on the performance of their investments. Overall performance is assessed as part of the quarterly investment monitoring process.

10.14. During the investment manager appointment process, the Trustee 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 Trustee acknowledges 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 Trustee's investment aims, beliefs and constraints is monitored on a regular basis, and assessed at least every three years. As part of this review the ongoing appropriateness of the investment managers, and the specific funds used, is assessed.

10.17. For closed ended funds, the Scheme reviews the appointment with the investment manager as the manager releases new iterations of the funds (which the Trustee may consider further investment into) and at, or just prior to, maturity of the closed-ended fund.

11. Agreement

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

Signed:.. **Date:**.................................

On behalf of the Trustee of the
Pioneer GB Limited Pension and Life Assurance Scheme

BARNETT WADDINGHAM
beyond the expected

Appendix 1: Investment policy of the Scheme as at April 2024

1. Choosing investments

The Trustee has appointed Legal & General Investment Management ("L&G") to carry out the day-to-day investment of the Scheme:

L&G are authorised and regulated by the Financial Conduct Authority.

The Trustee has an investment policy with AEGON in respect of members' Additional Voluntary Contributions ("AVCs"). No new AVCs are being accepted as the Scheme is closed to accrual.

The AVC provider is regulated by the Financial Conduct Authority.

2. 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.

	Target allocation (%)
Single dated fixed interest and index-linked gilts (leveraged and unleveraged) including Sterling Liquidity Fund (L&G)	70.0
B&M Credit (L&G)	30.0
Total	**100.0**

Note that as at April 2024, the Scheme is still invested in the Alcentra Clareant European Direct Lending Fund II (GBP) SCSP and the CBRE Global Alpha Property Fund. These investments do not now form part of the strategic asset allocation. The Alcentra Clareant European Direct Lending Fund is expected to have returned all proceeds to investors by September 2026, and the Scheme's investment in the CBRE Global Alpha Property Fund is in the process of being disinvested during 2024.

Liability Driven Investment ("LDI")

The principal aim of the LDI portfolio is to reduce the Scheme's exposure to both interest rate and inflation risk. The Trustee has delegated management of the LDI portfolio to L&G through L&G's ESA Lite service. Under this arrangement L&G will use hedging instruments as they deem appropriate to target interest rate and inflation hedge ratios of 90% of the total liabilities (on the Technical Provisions basis) while maintaining an allocation to the Buy & Maintain Credit Fund. Within the ESA Lite service, L&G can use fixed interest gilts, index-linked gilts, leveraged fixed interest gilts, leveraged index-linked gilts and fixed and real swap funds to achieve the target hedge ratio. The Trustee monitors the target hedge ratios regularly.

As the proceeds of CBRE and Alcentra are received, the Trustee will invest the cash into the L&G portfolio, firstly increasing the hedging level to 95% of the total liabilities (on the Technical Provisions basis) and then maintaining the hedge level while reducing the overall leverage of the portfolio.

Rebalancing

The Trustee recognises that the asset allocation of investments in different asset classes will vary over time as a result of market movements.

Under the ESA Lite agreement, L&G have the freedom to switch between funds in order to manage hedge levels, leverage and collateral requirements. Outside of this, the Trustee seeks to maintain a balance between maintaining the asset allocation in line with its benchmark and limiting the costs of rebalances.

The Trustee allocates cashflows into and out of the Scheme in order to move the asset allocation towards the Benchmark Allocation. The asset allocation of the Scheme is reviewed on a quarterly basis and additional rebalancing (beyond that achieved from use of cashflows) may be implemented from time to time, where deemed appropriate by the Trustee, acting with advice from Barnett Waddingham. However, the LDI assets will normally be excluded from these exercises as the Trustee expects the value of the LDI assets to fluctuate as a proportion of the overall assets as the level of interest rate and inflation protection is maintained.

Investment Benchmarks and objectives

The investment benchmarks and objectives for each investment manager (including residual holdings outside of the strategic asset allocation) are given below.

Fund	Benchmark	Objective
L&G Single Stock Gilt Fund Range (Fixed interest and index-linked)	Single Stock Gilt indices	Track the benchmark
L&G Leveraged Funds Matching Plus Gilt Fund Range (Fixed interest and index-linked)	Composite Single Stock Gilt indices	Track the benchmark
L&G Leveraged Funds Matching Plus Swap Fund Range (Fixed interest and index-linked)	Composite swap indices	Track the benchmark
L&G Sterling Liquidity Fund	SONIA	Track the benchmark
L&G Liquidity Fund	Secured Overnight Financing Rate in USD	Track the benchmark
L&G Buy and Maintain Credit Fund	N/A	The fund aims to capture the credit risk premium within a globally diversified portfolio of predominantly investment grade credit and to preserve value over the course of the credit cycle by avoiding defaults and securities experiencing a significant deterioration in credit quality.
Alcentra Clareant European Direct Lending Fund II (GBP) SCSP	N/A	To return 8%-10% per annum (net of all fees and carry). It should be noted that this fund has a maximum term of six years with two possible one year extensions.
CBRE Global Alpha Property Fund	N/A	To generate a total return of 9-11% per annum net of fees over rolling three years in local currency

The AEGON policy offers a wide range of investment funds from which members may select for the investment of their AVCs. There is no default fund and so members are required to make active choices for their investments.

The table below shows the AVC funds (with their respective benchmarks and objectives) that have been selected by members:

AVC Fund (AEGON)	Benchmark	Objective
High Equity With Profits Fund (WP2)	N/A	N/A
WP Endowment (WPE)	N/A	N/A
Mixed Fund	ABI mixed investment 40-85% shares	Outperform the benchmark
Overseas Tactical Fund	CAPS overseas equity sector median	Outperform the benchmark

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

The Trustee reviews the arrangements for the investment of AVCs on a regular basis.

3. Investments and disinvestments

Investments and disinvestments are usually made so as to move the actual asset allocation more in line with the target asset allocation. Where this means cash is to be taken from the LDI portfolio managed under the L&G ESA Lite agreement, L&G will arrange, utilising the L&G Sterling Liquidity Fund combined with managing overall leverage to release cash. Surplus cash that is invested into the LDI portfolio managed under the L&G ESA Lite agreement will be invested as L&G see fit in order to maintain hedging levels while managing overall leverage levels and sources of collateral/liquidity.

In the event that the leveraged LDI funds distribute excess collateral as a result of re-leveraging, the proceeds will be invested as L&G see fit under the ESA Lite agreement. In the event that the leveraged LDI funds require additional collateral (de-leveraging), L&G will either use the cash balance in the L&G Sterling Liquidity Fund or adjust the overall leverage of the portfolio in order to release cash while maintaining hedging levels. Were this to prove insufficient, additional cash would be taken from the L&G Buy and Maintain Credit Fund.

The balance of surplus cash held in the Scheme's bank account and the L&G Sterling Liquidity Fund will be monitored by Barnett Waddingham, who will provide advice on when and where to invest it if required.

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

1. Financially material considerations

The Trustee believes 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 from time-to-time. The Trustee appreciates that the method of incorporating ESG in the investment strategy and process will differ between asset classes.

The Trustee has reviewed the approach to ESG of all of the managers taking into account UN Principles for Responsible Investment scores where appropriate. The Trustee is 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, at least annually. As part of the monitoring process the Trustee is provided with quarterly updates on governance and engagement activities of the managers and input from the investment advisors on ESG matters. The Trustee has 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 Trustee's views for each asset class in which the Scheme invests is outlined below.

Direct Lending

The Trustee believes that ESG issues will be financially material to the risk-adjusted returns achieved by the Scheme's direct lending holdings. The Trustee therefore requires the fund manager to consider ESG issues when selecting investments. The Trustee recognises that direct lending assets do not typically provide voting rights; they support engagement with companies by the fund manager. The process for incorporating ESG issues should be consistent with, and proportionate to, the rest of the investment process.

Property

The Trustee believes that ESG issues can be financially material to the risk-adjusted returns achieved by the Scheme's property manager over the Trustee's intended time horizon for the investment in question. Environmental issues are particularly important when selecting appropriate properties for the property portfolio, and so the Trustee looks to the manager to incorporate environmental issues into their investment process.

Liability Driven Investment

The Trustee believes that ESG issues are not financially material to the risk-adjusted returns achieved by the Scheme's Liability Driven Investment strategy, given its sole purpose is to provide a hedge against the Scheme's exposure to movements in nominal interest rates and inflation.

The Trustee takes ESG factors into account in the selection, retention and realisation of investments as follows:

Selection of investments: assess the investment managers' ESG integration credentials and capabilities, including stewardship, as a routine part of requests for information/proposals as well as through other regular reporting channels.

Retention of investments: Developing a robust monitoring process in order to monitor ESG considerations on an ongoing basis by regularly seeking information on the responsible investing policies and practices of the investment managers.

Realisation of investments: The Trustee will request information from investment managers about how ESG considerations are taken into account in decisions to realise investments.

The Trustee will also take those factors into account as part of its investment process to determine a strategic asset allocation, and consider them as part of ongoing reviews of the Scheme's investments.

The Trustee will continue to monitor and assess ESG factors, and risks and opportunities arising from them, as follows:

- The Trustee will obtain regular training on ESG considerations in order to understand fully how ESG factors including climate change could impact the Scheme and its investments;
- As part of ongoing monitoring of the Scheme's investment managers, the Trustee will use any ESG ratings information available within the pensions industry or provided by its investment consultant, to assess how the Scheme's investment managers take account of ESG issues; and
- Through their investment consultant the Trustee will request that all of the Scheme's investment managers provide information about their ESG policies, and details of how they integrate ESG into their investment processes on an annual basis.

2. The exercise of voting rights

The Scheme does not have any investments which include voting rights.

3. Engagement activities

The Trustee acknowledges the importance of ESG and climate risk within their investment framework. 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 Trustee is 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 Trustee also recognises 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 Trustee considers 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 Trustee also considers 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.

Through their consultation with the Principal Employer when setting this Statement of Investment Principles, the Trustee has made the Principal Employer aware of their policy on ESG and climate related risks, how they intend to manage them and the importance that the pensions industry as a whole, and its regulators, place on them.

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

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

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

4. Non-financially material considerations

The Trustee does not consider any non-financial matters, such as members' ethical views, when constructing the investment strategy and/or when selecting or reviewing fund managers.

The Trustee will review their policy on whether or not to take account of non-financial matters on an annual basis.