

# *Statement of Investment Principles*

**For the United Reformed Church Ministers' Pension Fund**

**Effective from: September 2025**



## 1. Introduction

This Statement of Investment Principles ("SIP") has been produced by the Trustee of the United Reformed Church Ministers' Pension Fund (the "Scheme").

It sets out our policies on various matters governing investment decisions for the Scheme, which is a Defined Benefit ("DB") Scheme. This SIP also covers members' Additional Voluntary Contribution arrangements ("AVCs") contained within the Scheme.

This SIP replaces the previous SIP dated September 2020.

This SIP has been prepared after obtaining and considering written advice from LCP, our investment adviser, whom we believe to be suitably qualified and experienced to provide such advice. The advice considered the suitability of investments including the need for diversification given the circumstances of the Scheme and the principles contained in this SIP.

We have consulted with the relevant employer (the Church as "employer for pensions purposes") in producing this SIP.

We will review this SIP from time to time and will amend it as appropriate. Reviews will take place without delay after any significant change in investment policy and at least once every three years.

This SIP contains the information required by legislation, and also considers the Pension Regulator's guidance on investments.

**Approved by the Trustee, 22 September 2025**

## 2. Investment objective and strategy

The primary objective for the Scheme is to ensure that the benefit payments are met as they fall due.

To achieve this, the Scheme purchased a bulk annuity contract (also known as a buy-in policy) in May 2025 with Just Retirement Limited ("Just"). The contract is intended to cover all the Scheme's benefit payments. The buy-in policy remains an asset of the Scheme.

Our investment policy for the Scheme's invested assets that are in addition to the buy-in policy is to invest in the Legal & General - Asset Management ("L&G AM") Sterling Liquidity Fund. This is a money market fund that is expected to provide capital preservation, liquidity and a rate of return commensurate with money market rates.

Further the Scheme also has an allocation to the Fidelity UK Real Estate Fund where the Trustee has submitted a full redemption request and is awaiting the disinvestment proceeds.

## 3. Considerations in setting the investment arrangements

When deciding how to invest the Scheme's assets, it is our policy to consider a range of asset classes, taking account of the expected returns and risks associated with those asset classes, as well as our beliefs about investment markets and which factors are most likely to impact investment outcomes.

The primary ways that we manage investment risk is via diversification, ensuring that we receive professional written advice prior to making any material investment decision, and our ongoing monitoring and oversight of the investments.

In setting the strategy it is our policy to consider:

- the Scheme's investment objectives;
- the Scheme's cashflow requirements in order to meet benefit payments in the near to medium term;
- the overall best interests of members and beneficiaries;
- the circumstances of the Scheme, including the profile of the benefit cash flows (and the ability to meet these in the near to medium term), the funding level, and the strength of the employer covenant;
- the risks, rewards and suitability of a number of possible asset classes and investment strategies and whether the return expected

for taking any given investment risk is considered sufficient given the risk being taken;

- the need for appropriate diversification between different asset classes to manage investment risk, and ensure that both the overall level of investment risk and the balance of individual asset risks are appropriate;
- any other considerations which we consider financially material over the time horizon that is needed for the funding of future benefits by the investments of the Scheme' and
- our investment beliefs about how investment markets work, and which factors are most likely to impact investment outcomes.

We also consider other factors that we believe to be financially material over time horizons relevant to the funding of the DB and AVC benefits, including environmental, social and governance ("ESG") factors and the risks and opportunities relating to climate change.

Our key investment beliefs, which influenced the setting of the investment arrangements, are as follows:

- asset allocation is the primary driver of long-term returns;
- risk-taking is necessary to achieve return, but not all risks are rewarded;
- risks that do not have an expected reward should generally be avoided, hedged, or diversified;
- environmental, social and governance (ESG) factors are likely to be one area of market inefficiency and so managers may be able to improve risk-adjusted returns by taking account of ESG factors and is one factor that trustees should consider when making investment decisions;
- costs have a significant impact on long-term performance and therefore obtaining value for money from the investments is important;
- climate change is a financially material systemic issue that presents risks and opportunities for the Scheme over the short, medium and long term;
- voting and engagement are important and can create long term value which is in the best interest of Scheme members and therefore we encourage managers to improve their engagement practices.

## 4. Implementation of the investment arrangements

Before investing in any manner, we obtain and consider proper written advice from our investment adviser as to whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments.

We entered into a buy-in agreement with an insurer in 2025. This involved the purchase of a bulk annuity contract covering the Scheme's deferred and pensioner members.

We have limited influence over the bulk annuity provider's underlying investment practices, but we encourage the provider to improve its practices where appropriate. It was our responsibility to ensure that the provider's investment approaches were consistent with our policies before its appointment.

We have signed agreements with the investment managers for our remaining assets (ie for the liquidity and property funds) setting out the terms on which the portfolios are to be managed. However we have limited influence over the manager's investment practices because all of these assets are held in pooled funds, but we encourage the managers to improve its practices within the funds' parameters.

Our view is that the fees paid to the investment managers, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high quality service that meets the stated objectives, guidelines, and restrictions of their fund. However, in practice managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement, and portfolio turnover.

It is our responsibility to ensure that the managers' investment approaches are consistent with our policies before any new appointment, and to monitor and to consider terminating any arrangements that appear to be investing contrary to those policies. We expect investment managers to make decisions based on assessments of the longer term performance of debt/equity issuers, and to engage with issuers to improve their performance (or where this is not appropriate to explain why). We assess this when selecting and monitoring managers.

We evaluate investment manager performance over both shorter and longer term periods as available. If a manager is not meeting its performance objectives, we will consider alternative arrangements.

Our policy is to evaluate each of our investment managers by considering performance, the role it plays in helping to meet our overall long-term objectives,



taking account of risk, the need for diversification and liquidity. Each manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

We recognise that portfolio turnover and associated transaction costs are a necessary part of investment management. Since the impact of these costs is reflected in performance figures used in our assessment of the investment managers, we do not explicitly monitor portfolio turnover. We expect our investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Scheme's investment mandates.

## 5. Realisation of investments

The buy-in policy with Just is structured to meet the Scheme's member pension payments as they fall due. Any additional expenses can be expected to be met from the assets held in the Sterling Liquidity Fund and Trustee's bank account, which are realisable at short notice.

At present, Just pays the pension payroll into the Scheme bank account, with the Scheme's administrators processing the payments to members.

## 6. Financially material considerations and non-financial matters

The Trustee seeks to be a responsible investor in terms of the Stewardship Code.

### Financially Material Considerations.

The Trustee recognises that ESG and ethical considerations are among the factors which investment managers will take into account when selecting investments for purchase, retention or sale of assets.

The managers have produced statements setting out their policy in this regard. The managers have been delegated by the Trustee to act accordingly. The Trustee selected the investment managers and its pooled funds in the expectation that this will be managed in a manner broadly consistent with the United Reformed Church's guiding principles on ethical investment, as updated from time to time.

The Trustee firmly believes that this focus is a key aspect of management of environmental risk and therefore protection of returns on assets.

### Non-financial matters

The managers are aware of the United Reformed Church's guiding principles on ethical investment which takes into account the views of both members,

beneficiaries, the sponsor and others. While managers may take account of this, given the objectives of the scheme, the Trustee has not considered any non – financially material factors in the selection, retention and realisation of investments and has given discretion to the investment managers to take account of all financially material factors including, specifically, the impact of ESG factors in the implementation of their mandate. The Trustee understands that the strategy pursued by the managers takes account only of financially material considerations.

## 7. Voting and engagement

We recognise our responsibilities as owners of capital, and believe that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments and is in the best interests of our members.

Once the property proceeds are returned, all of the Scheme's assets will only be invested in a buy-in policy held with Just and a money market fund held with L&G AM. With these, there are not expected to be any material voting rights that the Trustee can exercise.

We seek to appoint investment managers that have strong stewardship policies and processes, reflecting the principles of the UK Stewardship Code 2020 issued by the Financial Reporting Council.

We have delegated to the investment managers and buy-in provider the exercise of rights attaching to investments, including voting rights, and engagement with relevant persons such as issuers of debt and equity, stakeholders and other investors about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG factors. Where appropriate, we expect the managers to undertake voting and engagement in line with their stewardship policies, considering the long-term financial interests of investors.

As all of our investments are held through a buy-in policy or pooled funds we do not monitor or engage directly with issuers or other holders of debt or equity.

We monitor managers' activities in relation to ESG factors, voting and engagement on a regular basis. We seek to understand how they are implementing their stewardship policies in practice to check that their stewardship is effective and aligned with our expectations.

If our monitoring identifies areas of concern, we will engage with the relevant manager to encourage improvements.