



London & Colonial (Trustee Services) Limited

Statement of Investment Principles

DATED OCTOBER 2024



LONDON &
COLONIAL

INNOVATION IN PENSIONS

Introduction

London & Colonial (Trustee Services) Limited (“the Trustee”) is regulated by the Gibraltar Financial Services Commission to act as a pension scheme operator, in respect of various personal pension schemes (“the Schemes”) which provide retirement and death benefits for their members and their beneficiaries.

The Trustee in exercising its power of investment has considered the diversification and suitability of an investment.

The Financial Services (Personal Pensions) Regulations 2020, (the “Regulations”), require the Trustee to conduct appropriate due diligence before investing a member’s fund to determine whether the investment is suitable for retail clients or suitable for professional clients.

The Trustee does not provide investment advice. It achieves the regulatory objective above by considering whether an investment is appropriate for the generic class of retail client or professional client through the review of product literature.

In addition to its legal responsibilities, it is commonly accepted that the Trustee has a duty to invest prudently. In fulfilling this duty, and to understand whether an investment is appropriate for a specific individual member, the Trustee generally requires where appropriate, for members of each scheme to appoint a financial/ investment adviser to provide the member with specific advice on the investment options that best meets their financial planning objectives and risk appetite. The Trustee considers this tailored advice against the Investment Parameters defined in these Investment Principles, in conjunction with its regulatory objectives, before deciding whether to proceed in line with the advisers’ investment recommendation.

Investment Objectives & Requirements

As Trustee of the Schemes, London & Colonial (Trustee Services) Limited aims to:

- Invest contributions and transfers paid into the Schemes having taken account of members’ or their advisers investment selections and the risk profiles of various asset classes
- Seek to diversify investments among asset classes and issuers within the Investment Parameters set out in these Investment Principle
- Follow best practices in accordance with trustee duties and relevant regulations
- Ensure the Scheme’s assets are under its control and remain in safe custody at all times

The Trustee:

- Shall invest the assets of the Schemes in the best interest of the trust beneficiaries
- Will only allow members to invest into investments which are suitable for retail clients
- Requires that the assets of the Schemes are diversified, where possible, in such a way as to avoid accumulation of risk in the members’ portfolio in accordance with their risk profile
- Shall not engage in transactions with any of its members or connected persons
- Shall not use scheme funds to grant loans to any of its members or connected persons
- Shall provide a copy of these Investment Principles to members’ advisers or Self Direct members as applicable and any members on request

Investment Policy

The Trustee shall ensure that all investment decisions are made in accordance with the Rules of the Schemes and satisfy local regulatory requirements.

The Trustee may delegate investment decisions to a third party where it considers, amongst other things, that the third party has the ability, capacity, fitness and propriety to perform this activity reliably, professionally and effectively. Where investment decisions are delegated, the Trustee will ensure that the terms of any delegation comply with the regulatory requirements applicable to pension scheme operators, and that the third party is obliged to comply with these Investment Principles.

Third parties, who are appointed to manage and invest a member’s portfolio, will be required by the Trustee to review all such portfolios against these Investment Principles and the Scheme Rules on an agreed basis.

The Trustee may, when acting prudently and in good faith, rely on information, opinions, reports or statements, prepared or presented by officers or employees of the third party on matters which the Trustee believes to be within such person’s professional or expert competence.

Investment Policy (continued)

The Trustee will periodically review its Statement of Investment Principles and, where a third party has not been appointed to make investment decisions, monitor investment decisions to ensure that the investments continue to be suitable for the member and diversified in accordance with local regulatory requirements.

The Trustee shall act in the best interest of its members. If the Trustee considers any proposed investment to be outside the scope of the Investment Parameters defined in these Investment Principles or be inconsistent with a member's financial objectives or risk appetite, or contravene its regulatory obligations, the Trustee may vary the proportion of a member's portfolio invested into a particular security or refuse to invest in that security altogether.

All investment decisions are exercised

- i. under the powers conferred upon the Trustee by the Trust Deed and Rules, and
- ii. in line with the requirements imposed by regulations.

Risk Management

Investments into the Schemes are not restricted to any particular investment type or jurisdiction; instead the Trustee will consider a broad range of investment types which fall within the Investment Parameters.

Counterparty risk: This risk arises when the Trustee enters a financial contract with a third party which fails to fulfil its side of the agreement. The Trustee controls this risk by conducting appropriate due diligence on the counterparty before transacting with the counterparty. Generally, the Trustee will transact with a single counterparty for investments up to £100m. In the event that an investment exceeded this limit, the Trustee would expect to transact with multiple counterparties.

Liquidity risk: This is the risk of exhausting liquid assets and therefore being unable to meet immediate liabilities, such as cash payments. The Trustee controls this risk by requiring members to retain an element of the portfolio in cash and easily realisable investments.

Operational risk: This is the risk of loss resulting from inadequate or failed internal processes, people or systems and external events. The Trustee manages these risks through robust processes and procedures. Appropriate business continuity plans are in place that will ensure continuity of service in the event of any disruption. There is also risk arising from the custody of assets. This is mitigated through the use of systems which are appropriately monitored for any failings by senior management.

ESG

Environmental, social, and governance (ESG) criteria are a set of standards for a company's operations that socially conscious investors use to screen potential investments.

The Trustee is required to consider and disclose its policy on environmental risk (such as carbon emissions or water management), social factors (such as employee or local community relations) and governance issues (such as board diversity and remuneration), ("ESG"), which could have a serious impact on financial matters over the appropriate time horizon of pension scheme investments.

Consideration of ESG factors enables the Trustee to evaluate the shorter- and longer-term risks and opportunities of an investment and the potential risk adjusted return that members may experience.

The Trustee has a fiduciary duty to ensure the security, liquidity and quality of investments and requires members to diversify their portfolios in line with their financial objectives and risk appetite. The Trustee does not mandate any specific investment options on members, nor prohibit investments into any specific category, other than as permitted by the Regulations, and the schemes operate under an open investment architecture whereby the investments are selected by the member and/or their own investment adviser.

Consequently, the Trustee considers that it does not need to assess the ESG impact on each specific investment, rather the member and /or their adviser takes this into consideration when developing the structure and composition of the tailored investment strategy.

However, as part of its due diligence process, when entering into new contracts with investment providers, the Trustee reserves the right to assure itself that those companies have integrated a robust ESG policy into their corporate framework.

Member Categorisation

Retail & Self Direct Members

A retail client is a person who invests in their capacity as a retail member – that is, a member who is neither a professional client nor an eligible counterparty.

Members who do not wish to appoint a financial/investment adviser, but instead wish to direct their own investments, (“Self Direct members”), are required by the Trustee to provide satisfactory evidence that they meet the professional client criteria detailed in Part 3 of the Regulations.

Self Direct members must also demonstrate how their investment strategy meets their financial planning objectives and risk appetite before the Trustee can agree to proceed with the member’s investment instruction.

From the date of this SOIP, a member can only invest into products that are suitable for retail customers.

The Trustee will monitor that Self Direct members continue to satisfy the regulatory conditions during their membership of the scheme and reserves the right to require a member to appoint an adviser where the member’s circumstances have changed so that the member no longer meets the criteria.

Investment Parameters

Permitted For All Clients

Asset type	Permissibility
Cash Deposits/Cash debentures/foreign currencies.	Permitted with a regulated bank or other credit institution with a minimum credit rating of BBB and denominated in a currency accepted by STM. The cash requirement may be fulfilled by a single, cash/money market fund investing in quality paper of no more than 90 day maturity terms.
Equities, Government & Corporate Bonds	Permitted if listed on a recognised exchange, with a valid ISIN, SEDOL or similar.
Exchange Traded Products/Authorised Unit Trusts (Retail-OIECs, SICAVs & UCITS)/ Investment Trusts	Permitted if listed on a recognised exchange, with a valid ISIN, SEDOL or similar (Exchange traded Products & Investment Trusts) or with publicly available daily/weekly pricing and high liquidity (Authorised Unit Trusts).
Structured Products	We reserve the right to ensure that no more than 65% will be invested within such products subject to investment grade rated or better, and guarantees a surrender option. The investor will be treated as a Retail Client in accordance with the FCA’s Conduct of Business Rules. The product is being promoted and issued under section 21 of the Financial Services & Markets Act 2000 by an FCA regulated firm. The structured note must also meet the following requirements: <ul style="list-style-type: none"> • There is 100% allocation - no fee is being deducted on the purchase price • No gearing (i.e participation in any reduction is on a 1-1 basis with the correlating assets/indices) • The underlying should be indices with at least 30 constituents each • The issuer bank, who has a minimum credit rating of BBB- (Standard & Poors or equivalent) • The Note is capable of being valued daily and valuations can be obtained at least monthly • The Note has a secondary market and is able to be liquidated within 30 days
Property	Qualifying Non UK Pension Schemes (QNUPS) only. To be considered on case by case basis.

The Trustee reserves the right to consider other retail investments upon request.