

The Trinity College Pension Scheme (the “Scheme”)

Statement of Investment Principles (the “Statement”)

Scope of Statement

This Statement has been prepared in accordance with section 35 of the Pensions Act 1995 (as amended by the Pensions Act 2004, and the Occupational Pension Schemes (Investment) Regulations 2005). The effective date of this Statement is 1 July 2024. The Trustees will normally review this Statement and the Scheme’s investment strategy no later than three years after the effective date of this statement and without delay after any significant change in investment policy.

Consultations Made

The Trustees have consulted with the Principal Employer prior to writing this Statement and will take the employer’s comments into account when they believe it is appropriate to do so.

The Trustees are responsible for the investment strategy of the Trinity College Pension Scheme and have obtained and considered written advice on the investment strategy appropriate for the Scheme and on the preparation of this Statement. This advice was provided by Cartwright Benefit Solutions Ltd.

The Trustee has chosen Mobius Life Limited as the Scheme’s execution only investment platform provider to hold the funds detailed in the appendix and to help to streamline the Scheme’s investment administration.

The day to day management of the Scheme’s assets has been delegated to the underlying investment managers. Mobius Life Limited and the underlying fund managers are authorised by the Prudential Regulation Authority and regulated by both the Financial Conduct Authority and the Prudential Regulation Authority. A copy of this Statement is available to the members of the Scheme.

Objectives and Policy for Securing Objectives

The Trustees’ objectives for setting the investment strategy of the Scheme have been set with regard to the Scheme’s Statutory Funding Objectives.

The Trustees’ primary objectives are:

- “funding objective” - to ensure that the Scheme is fully funded using assumptions that contain an appropriate margin for prudence. Where an actuarial valuation reveals a deficit, a recovery plan will be put in place which will take into account the financial covenant of the employer;
- “stability objective” – to have due regard to the likely level and volatility of required contributions when setting the Scheme’s investment strategy; and
- “return objective” - to secure the maximum total return (income and capital combined) over the projected time horizon of the fund consistent with the degree of prudence which the Trustees and the investment manager as its agent ought to observe, having regard to the liabilities of the Scheme.

If a conflict arises between the investment strategy and the primary objectives, the Trustees will consult the Principal Employer before making any change to the strategy.

The Trustees understand the Employer covenant is very strong and that they are willing to accept some volatility in the Employer’s contribution requirements in the expectation that the total contributions payable

would be lower than they otherwise would be (although in practice the actual contributions required could be much higher or much lower if the investments perform differently to expected).

The time horizon for which investments will be used to pay benefits for the Scheme is the period until the last member dies or exits the Scheme. This could be 80+ years away based on the current membership and this timeframe will naturally extend as long as the Scheme remains open. The Trustees note the duration (a weighted average of future pension payments) of the liabilities was circa 18 years as at 1 July 2021.

Choosing Investments

The Trustees request the Scheme Actuary to provide them with an updated Scheme liability profile at the time of each triennial actuarial valuation. His Valuation Report also covers the risks involved should the investments held be mis-matched against Scheme liabilities. The types of investments held and the balance between them is deemed appropriate given the liability profile of the Scheme, its cashflow requirements, the funding level of the Scheme, the Trustees' objectives and the strength of the Employer's covenant.

The assets of the Scheme are invested in the best interests of the members and beneficiaries.

The Trustees exercise their powers of investment in a manner calculated to ensure the security, quality, liquidity and profitability of the portfolio as a whole. In order to avoid an undue concentration of risk a spread of assets is held.

The assets of the Scheme are invested predominantly in regulated markets (with investments not in regulated markets being kept to a prudent level) and appropriately diversified to avoid excessive reliance on any particular asset, issuer or group of undertakings so as to avoid accumulations of risk in the portfolio as a whole.

The Scheme may invest directly or indirectly in derivatives. The Scheme does not currently hold directly any investments in derivatives.

The investment risk taken by the Scheme is underwritten by the Employer because, should investment returns not be achieved as expected over the longer-term, the Employer will ultimately be required to contribute to enable all beneficiaries to be paid in full. The Trustees regularly monitor the Employer's covenant and consider the level of the Scheme's investment risk in light of the strength of the Employer's covenant.

The Balance Between Different Kinds of Investments

The Trustees recognise that the key source of financial risk (in relation to meeting their objectives) arises from asset allocation. They therefore retain responsibility for setting asset allocation, and take expert advice as required from their professional advisers.

The Trustees review their investment strategy following each formal actuarial valuation of the Scheme (or more frequently should the circumstances of the Scheme change in a material way). The Trustees may take written advice from their professional advisers and will consult the College regarding an appropriate investment strategy for the Scheme.

A broad range of available asset classes has been considered. This includes consideration of so called "alternative" asset classes (namely property, private equity, and hedge funds). Given the strength of the Employer covenant and their support, the Trustee has opted for a 100% equity allocation, using a globally diversified fund.

Investment Risk Measurement and Management

The key investment risks are recognised as arising from asset allocation. These are assessed triennially in conjunction with the actuarial valuation of the Scheme, following which the Trustees take advice on the continued appropriateness of the existing investment strategy.

Risks associated with changes in the employer covenant are assessed by monitoring the PPF Score (as defined for the purposes of calculating the risk-based element of the Pension Protection Fund levy) and by receiving periodic updates on the employer's financial position from the Senior Bursar. If the Trustees consider that the employer covenant has changed significantly, then they will re-consider the continued appropriateness of the Scheme's existing investment strategy.

The Trustees monitor the risks arising through the selection or appointment of fund managers by receiving regular reports from their advisors and investment managers. Expected deviation from the benchmark (for a passive manager) or out-performance target (for an active manager) is detailed in the appendix of this statement. The Trustees have appointed the Senior Bursar to alert them on any matters of material significance that might affect the ability of each fund manager to achieve its objectives.

The Trustees acknowledge that investment returns achieved outside the levels of expected deviation (positive or negative) maybe an indication that the investment manager is taking a higher level of risk than indicated.

Custody

The Scheme invests in pooled funds offered by other investment managers. As such, Mobius Life owns units of other funds and does not directly hold stock. Investment in pooled funds gives the Trustees a right to the cash value of the units rather than to the underlying assets. The underlying managers of the pooled fund are responsible for the appointment and monitoring of the custodian of the fund's assets. The encashment of the units can only occur in a manner complying with the Scheme's Trust Deed.

Citibank, N.A. (London Branch) acts as custodian of units held in the LGIM FTSE TPI Global Fossil Fuel Exclusions Equity Index Fund (previously known as LGIM FTSE TPI Global (ex Fossil Fuels) Equity Index Fund). Units are held in an insurance policy in the name of the Scheme.

Expected Returns on Assets

Over the long-term the Trustees' expectations are:

- to achieve a minimum rate of return, net of fees, on the Scheme's assets of 4% p.a. in excess of the increases in the Consumer Prices Index (over the very long term).
- For LGIM to closely track the performance of the FTSE All-World TPI with exclusions Index.

Returns achieved by the fund managers are assessed against performance benchmarks set by the Trustees in consultation with their advisers and fund managers.

The Trustees require investment managers to report on the turnover of securities within invested portfolios and on the associated transaction costs, in order to assess whether such activity, and changes in it, appears reasonable, taking account of the nature of the fund concerned.

Realisation of Investments/Liquidity

The Trustees recognise that there is a risk in holding assets that cannot be easily realised should the need arise.

The assets held are realisable at short notice (through the sale of units in pooled funds).

The Trustees believe that units held in LGIM FTSE TPI Global Fossil Fuel Exclusions Equity Index Fund are marketable on a short term basis.

Environmental, Social and Corporate Governance (“ESG”)

The Trustees believe that their primary responsibility is to invest the Scheme’s assets for the longer-term financial best interests of the Scheme’s members, as reflected by the Trustees’ strategic investment objectives described above (including the Scheme’s investment time horizon). The Trustees believe that ESG factors (including climate change risks) can potentially have a material positive or negative financial impact on the Scheme. This means that the Trustees are able to take a long-term view of the Scheme’s investments when assessing managers’ performance and/or asset allocation.

The Scheme’s investment funds are chosen to aim to achieve the Scheme’s strategic investment objectives, with consideration given to ESG factors over the Scheme’s investment time horizon when these fund choices are both made and reviewed from time-to-time. The Trustees are aware of and regularly monitor the Scheme’s investment time horizon. This means that the Trustees are able to take a long-term view of the Scheme’s investments when assessing managers’ performance and/or asset allocation.

The Scheme’s investment funds are deliberately and consciously chosen to align with the Scheme’s strategic investment policies and objectives, in particular the investment funds’ asset class exposure(s), the balance between different asset classes (where appropriate) and expected return and risk. In addition, the fees applicable to the Scheme’s investment funds are taken into account to ensure that these are also consistent with the Scheme’s investment policies and objectives, as well as being compatible with the asset class(es) that the fund invests in and returns it is seeking to achieve.

A key element of the selection of the Scheme’s investment funds is the Trustees’ assessment of the likelihood of each investment fund achieving its performance target over the medium/long term and on a sustainable basis.

The Trustees also believe that, in general, good long term performance on non-financial measures will support and contribute to good long term performance on financial measures.

An important part of each investment fund’s ability to invest sustainably in this way is to use the fund’s position as a stakeholder, either unilaterally or in concert with other stakeholders, to engage with investee companies to look to improve their financial and non-financial performance. The Trustees believe that active engagement with company management can often lead to better outcomes in the long term than simply excluding companies or sectors from portfolios.

The Trustees measure and monitor the performance versus target of all their investment funds on an after fees basis where practical to do so. Part of this monitoring process includes the consideration of the portfolio turnover costs of each investment fund and whether (or not) the twelve-month turnover is consistent with the investment philosophy and process of the investment fund. Any inconsistencies will be considered. The portfolio turnover costs will be part of the after fees fund performance and are therefore reflected in that figure.

The Trustees’ intention is to appoint investment managers for the long term and avoid switching between investment funds based solely on short term performance, thus incurring transaction costs which may or may not be offset by future returns. However, if the Trustees believe that an investment fund can no longer achieve its performance target, and they believe that it is in the Scheme’s best interests to make a change, they will do so.

Due to the Trustees’ use of pooled investment funds, the application of ESG factors and the stewardship of the assets (including the exercising of voting and other rights attached to investments), are, ultimately, delegated to each investment manager and may differ depending on the objectives of each investment fund and the manager’s own policies in this regard.

The Trustees periodically obtain and review the relevant ESG and Stewardship policy documents for each pooled investment fund in which they are invested. When relevant, the Trustees will challenge the investment manager on their policies. Should the Trustees be dissatisfied with the response, they will take the approach that is believed to be in the best interests of the Scheme's beneficiaries, which could involve further engagement with the investment manager or disinvesting in favour of a more appropriate investment fund. This creates an incentive for the investment manager to ensure that they are aware of, and as far as possible, meet the Trustees' expectations with regard to ESG and Stewardship policies.

When making investment decisions about which funds to use to implement the Scheme's investment strategy, the Trustees do not explicitly take into account the views of the Scheme's beneficiaries, including (but not limited to) ethical views and views in relation to social and environmental impact and present and future quality of life of the Scheme's beneficiaries.

Timing of Periodic Review

This review will occur no less frequently than every three years to coincide with the Actuarial Valuation. Any such review will again be based on written, expert investment advice and will be in consultation with the employer.

PAUL NICHOLSON
Name (Print)


Signature

17/9/24
Date

IAN REINHARDT
Name (Print)


Signature

25/9/24
Date

The Trinity College Staff Pension Scheme (the “Scheme”)

Appendix to Statement of Investment Principles

This appendix sets out the Trustees’ current investment strategy, and is supplementary to the Trustees’ Statement of Investment Principles (the “attached Statement”).

The Trustees’ investment strategy has been established in order to maximise the likelihood of achieving the primary objectives set out in the attached Statement. The details are laid out below:-

1. Asset Allocation Strategy

LGIM FTSE TPI Global Fossil Fuel Exclusions Equity Index Fund	100%	-
---	------	---

2. Investment Management Arrangements

The following describes the mandates given to the fund managers within each asset class.

Global Equities	Legal & General Investment Management	FTSE All-World TPI with exclusions	Track the index within +0.6% p.a. (net) for two years out of three
-----------------	---------------------------------------	------------------------------------	--

Investments are held in the name of the Trustees of the Trinity College Pension Scheme.

2.1 Cash balances

A working balance of cash is held for imminent payment of benefits, expenses, etc. Under normal circumstances it is not the Trustees’ intention to hold a significant cash balance.

3. Fee structure for advisers and managers

3.1 Advisers

The Trustees' investment advisers are paid for advice received on the basis of the time spent by the adviser. For significant areas of advice (e.g. one off special jobs, or large jobs, such as asset and liability modelling), the Trustees will endeavour to agree a project budget.

These arrangements recognise the bespoke nature of the advice given and that no investment decisions have been delegated to the adviser.

3.2 Investment managers

The investment managers are each paid a percentage of the market value of the assets within their fund(s). The investment platform provider is paid a percentage of the assets on its platform. No additional performance fees are payable. Some operational expenses are also incurred by each fund to cover administration, audit, legal and custodial costs, along with the transaction costs associated with the buying and selling of the underlying securities as the investment manager changes the constituents of the fund over time (particularly for actively managed funds).

3.3 Summary of investment management fee arrangements

Manager	Fee Scale	Performance Fee
Legal & General Investment Management	0.17%* annual fee	Not applicable

* This fee is inclusive of Mobius Life's 0.05% charge on assets.

4. Additional Voluntary Contributions

Additional Voluntary Contributions are not separately invested, but are included within the main managed fund.

