Cendant Relocation Services Equitable Life Pension Scheme

Statement of Investment Principles

December 2023

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1 Introduction

This Statement of Investment Principles in respect of the Cendant Relocation Services Equitable Life Pension Scheme has been drawn up by the Trustees in accordance with Section 35 of the Pensions Act 1995, amended by Section 244 of the Pensions Act 2004 and the Occupational Pension Plans (Investment) Regulations 2005 and Occupational Pension Scheme (Investment and Disclosure) (Amendment and Modification) Regulations 2018, and the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

This Statement will be reviewed by the Trustees at least every three years and immediately following any significant change in investment policy.

A copy of this Statement will be made available to Scheme members on request to the Trustees or online.

2 Investment Decision Making

The investment of the Scheme's assets is the responsibility of the Trustees, and the Scheme Rules give the Trustees broad powers on investment. This statement is consistent with those powers.

The Trustees have obtained and considered professional advice on the content of this Statement from Broadstone Financial Solutions Limited (Broadstone), their appointed investment adviser. Broadstone is authorised and regulated by the Financial Conduct Authority. The Trustees consider that Broadstone has the appropriate knowledge and experience to give the advice required under legislation. Broadstone is remunerated by a fee for its advice and its appointment is reviewed from time to time by the Trustees.

The Trustees have also consulted the Principal Employer, Cartus Limited, when setting their investment objectives and strategy, and in the preparation of this Statement.

Responsibility for maintaining the Statement and determining the Scheme's investment strategy rests solely with the Trustees. The Trustees will obtain such advice as they consider appropriate and necessary whenever they intend to review or revise this Statement.

3 Investment Objectives

The Trustees' objectives with regard to investing Scheme assets are as follows:

- To provide a range of funds which broadly satisfies the differing risk profiles of all members.
- To provide a suitable default investment option for members who do not select their own funds, designed to be appropriate for what the Trustees believe to be a typical scheme member. It is noted that this option is not a statutory default as defined in Regulations.

The specific objective of the default strategy is to provide a higher level of expected investment growth earlier in a member's working life, before gradually reducing the uncertainty in the level of benefits emerging as a member approaches retirement, switching their allocations to expectedly lower-risk investments

In selecting this objective, the Trustees have considered the following factors:

- The purpose of the Scheme since its inception has historically been to provide retirement income for its members. At the point in time at which Scheme members signed up to the Scheme the most commonly accepted way to provide retirement income from a defined contribution pension pot was to purchase an annuity.
- However, since new legislation was introduced on 6 April 2015 allowing Scheme members the opportunity to access their pension savings early, a more flexible approach was required.
- Provide an element of protection against the effects of inflation by investing in growth assets where it is reasonable to do so based on the available investment time horizon as determined by the member's expected retirement age.
- Produce an 'at retirement' asset allocation that is suitable for the expected decumulation decision of a typical default investor.
- Reduce the risk that market movements in the years prior to a member's expected retirement age might lead to a substantial reduction in the benefits that could otherwise have been secured and/or the cash lump sum which could otherwise have been paid.

4 Investment Managers

The Scheme is a wholly insured arrangement via a policy held with Utmost Life & Pensions Limited ('the Insurer'). In turn, Utmost Life & Pensions have appointed J P Morgan Asset Management, abrdn and Schroders (Schroders manages the investments of the Clerical Medical with-profits fund) as the underlying investment managers of the funds available to members. The investment arrangements are set out in the **Appendix**.

The appropriateness of the Investment Managers remuneration will be assessed by the Insurer relative to market costs for similar strategies, the skill and resources required to manage the strategy, and the success or otherwise a manager has had in meeting its objectives, both financial and non-financial.

It is the Trustees' practice to meet at regular intervals to discuss Investment Strategy and the funds made available by the Insurer. The range of core funds is monitored regularly by the Trustees and the Investment Consultant. They look at the performance to ensure that it remains consistent with the benchmark and also at the charges to ensure they remain competitive.

The Insurer and the Investment Managers have in place appropriate custodian arrangements which ensure that the assets of the Scheme are held separately from the Employer, the Scheme and the Investment Managers.

5 Risks

The Trustees recognise that a number of risks are involved in the investment of the assets of the Scheme. They have identified the following risks which have the potential to reduce the return achieved on the assets below their benchmarks. These are as follows:

- **Manager Risk:** The failure by the Insurer's chosen Investment Managers to achieve the rates of investment return achieved by the benchmarks.
- **Custodian Risk:** The risk of a failed or inadequate performance by the custodian.
- **Political Risk:** The financial risk that a country's government will suddenly change its policies.
- **Diversification Risk:** The risk that inadequate diversification across asset classes does not offer a suitable range of funds from members to choose from or impacts the performance of the funds.
- **Liquidity Risk:** That members cannot easily and promptly dis-invest their funds when deciding tio take their benefits.

Due to the complex and interrelated nature of these risks, the Trustees consider the majority of these risks in a qualitative rather than quantitative manner as part of each formal investment strategy review.

The policy of the Trustees is to monitor, where possible, these risks on a regular basis. The Trustees therefore consider:

- Investment Managers' Performance against their respective benchmarks and targets.
- Level of Annual Management Charges for the selected funds.
- The range and number of funds available to the Members, including the choice of default investment option. Any significant issues with the Insurer or Investment Managers that may impact their ability to achieve returns at the same level as their respective benchmarks.

6 Responsible Investment & Stewardship

The Trustees' policies in respect of responsible investment and stewardship are set out below:

Policy	
Financially Material Considerations	The Trustees believe that good stewardship and environmental, social and governance ("ESG") issues may have a material financial impact on investment returns. The Trustee has given the Insurer and each individual fund manager their full discretion when evaluating ESG issues and in exercising rights, engagement activities, and stewardship obligations attached to the Scheme's investments. However, the extent to which these factors are taken into account by the managers in the selection, retention and realisation of investments is considered by the Trustees as part of the process of deciding whether to retain the Insurer to operate the Scheme. The Trustees reserve the right to request from the managers information regarding their actions.
Non-Financially Material Considerations	The Trustees do not take any non-financial matters into account in the selection, retention and realisation of investments.
Engagement and Voting Rights	The Trustees have taken into consideration the Financial Reporting Council's UK Stewardship Code, and the investment managers all have stated corporate governance policies which comply with these principles. The Scheme's voting rights are exercised by the Insurer and each fund manager in accordance with their own corporate governance policies and taking account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code. The Trustees reserve the right to request from the managers information regarding their voting record.
Capital Structure of Underlying Companies	The Trustees delegate the responsibility for monitoring the make-up and development of the capital structure of investee companies to the Insurer and the Investment Managers.

7 Duration of Investment Arrangements

The Trustees will consider on a regular basis whether or not the Insurer remains appropriate to continue to manage the Scheme's investments. The Trustees expect the Insurer to supply them with sufficient information each quarter to enable them to monitor financial and non-financial performance.

8 Incentivisation of Investment Managers

The Trustees have delegated the remuneration of the Investment Managers to the Insurer.

The Trustees do not directly incentivise the Investment Managers to align its investment strategy and decisions with the Trustees' policies and objectives. Neither do the Trustees incentivise the asset manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.

However, the Trustees will review the investment options offered by the Insurer from time to time and will select funds that they believe operate in line with the Trustees' policies and objectives and will meet the Trustees' return requirements overall.

9 Portfolio Turnover Costs

The Trustees expect the Insurer to oversee the Investment Managers' policies on changing underlying holdings only to an extent required to meet their investment objectives. The reasonableness of such turnover will vary by fund and change according to market conditions.

The Trustees therefore do not set a specific portfolio turnover target for their strategy or the underlying funds.

10 Monitoring

The Trustees will review the performance of the Investment Managers relative to the market costs and performance of managers with similar strategies. The Trustees employ Broadstone to assist them in monitoring the performance of the Scheme's investment strategy and Investment Managers.

The Insurer will supply the Trustees with sufficient information each quarter to enable them to monitor financial and non-financial performance. The Trustees and Broadstone will monitor the Investment Managers' performance against their performance objectives.

The appropriateness of the fund charges will be assessed relative to market costs for similar strategies, the skill and resources required to manage the strategy, and the success or otherwise a manager has had in meeting its objectives, both financial and non-financial.

The Trustees will consider on a regular basis whether or not the Insurer remains appropriate to continue to manage the Scheme's investments.

11 Default Arrangements

A member who does not choose their own investment strategy will have their money invested and managed in line with the Scheme's default investment strategy. Further details are included in Appendix.

The Scheme's Normal Retirement Age has always been age 65, and annual statements for members have always been issued showing a plan for retirement at age 65 (unless the member requests otherwise). Members have received clear and regular statements alerting them to the option to amend this plan, and therefore, where a member has not selected any different retirement age, the Trustees believe it is appropriate for the default strategy to plan for members to retire at age 65.

The Trustees believe that in order to achieve its objective the default investment strategy needs to target investment growth, to provide a good level of benefits, whilst managing volatility near to retirement.

The Trustees' policy for achieving investment growth is that the default strategy will, for members more than 10 years from their assumed retirement age, be invested primarily in UK and global equities, with the remainder invested in bonds and cash to provide some diversification to limit the risk of investment in equities.

To limit the volatility just before retirement the default strategy will automatically and gradually switch the investment strategy to a reduced equity exposure over the ten years prior to retirement.

The Trustees believe that the default strategy is in the best interests of the majority of members who may wish to access their pension fund flexibly. The Trustees further believe that members who have different interests have sufficient alternative options available to them to satisfy any other such requirements.

The Trustees will issue annual statements that make it clear how money is being managed on a member's behalf, with a clear statement of the alternative options available, so that the Trustees can reasonably expect that members who do not choose their own investment strategy must have their best interests fairly represented by the default.

In addition, a number of the self-select funds are considered to be 'default funds' for the purposes of the legislation. This is because the members' funds where automatically switched to new funds when the management of the Scheme moved from Equitable Life to Utmost in 2020. The funds concerned are:

Sterling Corporate Bond

European Equity Pension (formerly European)

Asia Pacific Equity Pension (formerly Far Eastern)

UK Government Bond Pension (formerly Gilt & Fixed Interest)

Global Equity Pension (formerly International)

Managed Pension

US Equity Pension (formerly North American)

UK Equity Pension (formerly Pelican)

UK FTSE All Share Tracker Pension

12 Illiquid Investments

The investment allocation of the Scheme's default lifestyle arrangement does not include an allocation to illiquid assets, nor are any of the self-select options available to members categorised as illiquid funds.

The Scheme has not allocated to illiquid assets in the past. Firstly, the size of the DC section assets is small and illiquid asset investing typically requires larger minimum dealing sizes which limits the investment opportunity set. Secondly, the charge cap of 0.75% for the default arrangements can limit the attractiveness of higher cost illiquid fund options. Thirdly, the investment governance and administration surrounding illiquid investments is much greater compared to liquid asset investing.

There are several developments taking place in the industry, innovations within the investment management industry and also changes in regulations which can facilitate a greater uptake in illiquid asset investing, for example changes made in relation to performance fees when calculating the fee level versus the charge cap.

The Trustees will continue to monitor market and regulatory developments in relation to illiquid asset investing in order to determine whether it may be appropriate to introduce an illiquid allocation to the default arrangement at some point in the future.

13 Realisation of investments

The Trustees' policy is the invest in funds that offer daily dealing to enable members to readily realise and switch their funds.

14 Review of Statement

The Trustees will review this Statement if there is a significant change in the Scheme's investment strategy or a significant change in the regulations that govern pension scheme investment.

For and on behalf of the Trustees of the Cendant Relocation Services Equitable Life Pension Scheme

Date: 21.12.2023

APPENDIX: INVESTMENT ARRANGEMENTS

The Trustees have made available a variety of funds through the Insurer. Members can choose one of the options detailed below.

10 Year 'Investing by Age' – Default Option

The pension account will be invested 100% in the Utmost Multi-Asset Moderate Fund until age 55. In the 10 years before retirement investments are gradually switched so that by age 65 the pension account is invested 100% in the Utmost Multi-Asset Cautious Fund.

Self-Select Option

A member can choose their own asset allocation from the following Utmost funds:

- Multi-Asset Cautious
- Multi-Asset Moderate
- Multi-Asset Growth
- Sterling Corporate Bond
- European Equity Pension (formerly European)
- Asia Pacific Equity Pension (formerly Far Eastern)
- UK Government Bond Pension (formerly Gilt & Fixed Interest)
- Global Equity Pension (formerly International)
- Managed Pension
- Money Market Pension
- US Equity Pension (formerly North American)
- UK Equity Pension (formerly Pelican)
- UK FTSE All Share Tracker Pension
- Clerical Medical With-profits

The funds that make up the Default Lifestyle Option are:

- Utmost Multi-Asset Moderate Fund
- Utmost Multi-Asset Cautious Fund
- Utmost Money Market Fund

The Default Option seeks to secure higher long-term returns expected from growth investments in the early years, but, acknowledging the volatility of equities, reduces equity exposure as Normal Retirement Date approaches.

Within the default arrangement, the Utmost Multi-Asset Moderate Fund is actively managed. This fund aims to provide capital growth in the long term by investing in a combination of asset classes.

The Utmost Multi-Asset Cautious Fund is actively managed and has a similar objective with a reduced exposure to equities while increasing the allocation to bonds. The Utmost Money Market Funds objective is to preserve capital whilst aiming to provide a return in line with prevailing short term money market rates.

The Default Option switches a member's fund between asset classes automatically according to the following table:

Age	Investment Fund Allocation
Up to 55	**100% Utmost Multi-Asset Moderate Fund**
55 - 65	**Gradual switch from 100% Utmost Multi-Asset Moderate Fund to 100% Utmost Multi Asset Cautious Fund**
65 - 75	**100% Utmost Multi-Asset Cautious Fund**
75 - 85	**Gradual switch from 100% Utmost Multi-Asset Cautious Fund to 100% Utmost Money Market Fund**
85 +	**100% Utmost Money Market Fund**

Details of the Annual Management Charge and Total Expense Ratio of each of the funds available within the options available to members are provided in the table below. All funds used in the default options are below the charging cap of 0.75% per annum.

Fund	Annual Management Charge	Total Expense Ratio
Utmost Multi-Asset Cautious	0.75%	0.75%
Utmost Multi-Asset Moderate	0.75%	0.75%
Utmost Multi-Asset Growth	0.75%	0.75%
Utmost Sterling Corporate Bond	0.75%	0.75%
Utmost European Equity Pension	0.75%	0.75%
Utmost Asia Pacific Equity Pension	0.75%	0.75%
Utmost UK Government Bond Pension	0.50%	0.50%
Utmost Global Equity Pension	0.75%	0.75%
Utmost Managed Pension	0.75%	0.75%
Utmost Money Market Pension	0.50%	0.50%
Utmost US Equity Pension	0.75%	0.75%
Utmost UK Equity Pension	0.75%	0.75%
Utmost UK FTSE All Share Tracker Pension	0.50%	0.50%
Clerical Medical With-profits	0.50%	0.50%

The Trustees strongly recommends members to take advice from an Independent Financial Advisor when selecting their funds.