

# Aspen Healthcare Limited Staff Pension Fund Implementation Statement

## Introduction

The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations (“the [Regulations](#)”) require, among other things, that the Trustees of the Aspen Healthcare Limited Staff Pension Fund (the “Scheme”) produce an Implementation Statement which:

- describes any review of the Statement of Investment Principles (SIP) undertaken;
- explains any changes made to the SIP and reasons for the changes, or where no review was undertaken during the year, gives the date of the last review;
- outlines how the Trustees have ensured that the policies and objectives set out in its SIP have been adhered to over the course of the Scheme year; and
- describes the voting behaviour on behalf of the Trustees, including the most significant votes cast and any use of a proxy.

This Implementation Statement covers the year ending 31 December 2023.

## Review of, and changes to, the SIP over the year to 31 December 2023

The Trustees reviewed their investment strategy (DB section) during the year and updated their SIP in August 2023. Investments in the LGIM Diversified Fund, LGIM High Yield Bond Fund and LGIM Matching Core Funds were fully disinvested and LGIM Buy-out Aware Funds were invested in. The main objective behind the changes was to reduce the risk of a material deficit emerging on an insurance buy-out basis by reducing the volatility of the assets when compared to the cost of bulk annuities.

## How we have met the objectives and policies outlined in the SIP

The Trustees’ investment objectives for the Scheme, as set out in the SIP, are summarised below together with an explanation of how these objectives have been met over the course of the year.

### DB Section

#### **1. The investment objectives of the Scheme are:**

- a. The acquisition of suitable assets of appropriate liquidity which will generate income and capital growth to meet, together with any contributions from the Employer, the cost of benefits which the Scheme provides as set out in the Trust Deed and Rules;***
- b. So far as reasonable possible, to avoid the risk of the assets failing to meet the liabilities on an ongoing basis; and***
- c. To reduce the volatility of the assets when compared to the cost of bulk annuities.***

The Trustees set their investment strategy, including appointment of investment managers, fund selection and asset allocation, considering the advice provided by their professional

advisers. The Trustees have appointed LGIM as the investment manager, and the asset allocation is documented in the SIP.

It is the Trustees' policy to keep the Scheme's investments under regular review.

The Trustees have received and reviewed quarterly reports from LGIM throughout the year to 31 December 2023 and continue to monitor ongoing performance.

Liquidity risk is managed by investing in underlying pooled funds which allow regular dealing.

## **DC Section**

- 2. The Trustees aim to maintain a range of low-cost pooled investment funds which serve to meet the varying investment needs (e.g. long-term growth or value protection) and risk tolerances of Scheme members.***

Over the course of the year, the Trustees have provided members with a range of investment options covering major asset classes.

Members who do not wish to take an active role in managing their investment choices are able to invest in the default strategy. The default strategy provides an asset allocation strategy which aims to optimise the balance between risk and reward over a member's investment lifecycle. This is done by automatically switching monies between the three funds depending on the length of time until the member's target retirement date.

Member accounts are invested in one or more out of a total of 8 available funds managed by LGIM. These include the three funds utilised by the default strategy and an additional five self-select funds. The funds available to members include two equity funds, one multi-asset fund, one corporate bond fund, one fixed interest fund, two government bond funds and a cash fund.

- 3. The aim of the default investment option is to be a reasonable option for those members not wishing to make their own investment decisions. The overall investment aim is to generate long-term investment growth over the majority of members' working lives.***

The strategy initially invests in the LGIM Diversified Fund until five years before a member's normal retirement age. The objective is to provide long-term investment growth, but with less volatility (fluctuations in value) than a fund invested solely in equities.

As members reach their target retirement date, the Retirement Account is gradually switched from the LGIM Diversified Fund into the LGIM Future World Annuity Aware Fund, to provide a degree of protection for the amount of pension that can be secured by annuity on retirement, and into the LGIM Cash Fund, to provide a degree of protection for the amount of tax-free cash that can be drawn.

The Trustees receive quarterly investment monitoring reports from LGIM which provide information on the short and long-term performance of all funds offered to members. During the year ending 31 December 2023, the Diversified Fund (which holds the largest proportion of member's assets) produced a return of 5.7% compared to the comparator fund return of -

8.2%. The other two funds performed approximately in line with their respective benchmarks over the year.

The Trustees continue to monitor returns in order to assess performance over longer term periods as well as the short term.

**4. *The Trustees will review the investment manager, the fund range and the SIP at least every three years.***

The Trustees last reviewed the default investment strategy in 2022. The Trustees were satisfied with the performance of the arrangement and concluded that no changes to its design were currently required.

**Applicable to both sections**

**5. *The Trustees have a duty to act in the financial interests of the Scheme's beneficiaries as a long-term investor. This includes considering ESG risks and opportunities that may be financially material to the Scheme.***

The Trustees invest in pooled funds and the underlying assets are subject to the investment manager's own policies on ESG considerations, including climate change.

The appointed investment manager has opted to sign the United Nations-supported Principles for Responsible Investment (PRI). The investment manager's reports related to PRI and its statements on compliance with the Financial Reporting Council Stewardship Code are available for inspection by the Trustees.

**Voting behaviour on behalf of the Trustees**

As a holder of assets with attaching voting rights, the Trustees are able to exercise these voting rights on behalf of members of the Scheme. As part of their delegated responsibility, the Trustees expect the Scheme's investment manager (LGIM) to:

- Ensure that (where appropriate) underlying managers exercise the Trustees' voting rights in relation to the Scheme's assets; and
- Report to the Trustees on stewardship activity by underlying managers as required.

The investment manager uses the service provider ISS to provide proxy vote related services that may include research, vote recommendations, vote execution and record keeping. The investment manager does not automatically accept the service provider's vote recommendations.

For the Diversified Fund, LGIM confirmed that it voted on 99.8% of resolutions and voted against management in 23.4% of its votes.

**Most significant votes over the year**

A summary of some of the significant votes over the year in relation to LGIM's Diversified Fund, as highlighted by LGIM, is set out below.

Prologis, Inc., May 2023

Prologis Inc. is a real estate investment trust that invests in logistics facilities and has headquarters in California. Shareholders were asked to support the election of Jeffrey L. Skelton as a Director.

LGIM voted against the resolution as it expects a company to have at least one-third women on the board and expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, experience and background.

#### Toyota Motor Corp, June 2023

Toyota Motor Corporation is a Japanese multinational automotive manufacturer with headquarters in Aichi. Shareholders were asked to support an amendment to articles to report on corporate climate lobbying in alignment with the Paris Agreement.

LGIM voted for this resolution as it believes that companies should advocate for public policies that support global climate ambitions and not stall progress on a Paris-aligned regulatory environment.

#### Microsoft Corporation, December 2023

Microsoft Corporation is an American multinational corporation and technology company with headquarters in Washington. Shareholders were asked to support the election of a Satya Nadella as a Director for a joint CEO and Chair role.

LGIM voted against the resolution as it expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.