

1 Background

Purpose of Statement	This Statement sets out the principles governing decisions relating to the investment of the assets of the IFM Electronic Pension Scheme (the “Scheme”), as well as the practical strategy used.
Nature of Scheme	The Scheme is a defined contribution (DC) arrangement set up under trust and registered with HM Revenue and Customs (HMRC).
Wholly Insured Status	The Scheme is a wholly insured arrangement via a policy held with AVIVA Life & Pensions UK Limited (“Aviva” or “the insurer”).
Compliance with Legislation	<p>This Statement has been prepared to comply with Section 35 of the Pensions Act 1995, Section 244 of the Pensions Act 2004, the Occupational Pension Schemes (Investment) Regulations 2005, and the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.</p> <p>The format and wording used for this Statement reflects the Scheme’s status as a wholly insured arrangement.</p>
Availability to Members	A copy of this statement will be made available to Scheme members on request to the Trustee, via IFM Electronic Ltd, Efactor House, Kingsway Business Park, Oldfield Road, TW12 2HD.
Investment Advice	<p>The Trustee has obtained and considered advice on the content of this Statement from Aviva. Aviva has confirmed to the Trustee that it has the appropriate knowledge and experience to give the advice required under legislation.</p> <p>The Trustee will obtain such advice as they consider appropriate and necessary whenever they intend to review or revise this Statement.</p>
Consultation with the Principal Employer	<p>The Trustee has consulted the Principal Employer, IFM Electronic Limited, in setting the investment objectives and strategy, and in the preparation of this Statement.</p> <p>Responsibility for maintaining the Statement and determining the Scheme’s investment strategy rests solely with the Trustee.</p>
Investment Powers	The Scheme is governed by a Trust Deed and Rules and has been approved as an “exempt approved” pension arrangement for tax purposes. The power to invest the Scheme’s assets is set out in the Trust Deed and Rules and gives the Trustee wide scope to select and use investments.

2 Investment Objectives

Strength of Employer Covenant	In determining its investment objectives and strategy, the Trustee has considered the strength of the Principal Employer's willingness and ability to support the Scheme. The Trustee takes the view that the employer covenant is such that it permits them to take a long-term view in setting the investment strategy.
Investment Objectives	<p>The Trustee's investment objectives are as follows:</p> <ul style="list-style-type: none">• To ensure that the assets are of a nature to enable the Trustee to meet the Scheme's benefits as they fall due.• To invest the Scheme's assets in funds that provide access to an appropriately diverse and liquid range of investments.
Paying Regard to the Principal Employer's Views	The Trustee will have regard to the Principal Employer's views on the potential costs and risks associated with the investment objectives set and their implementation through the practical strategy.

3 Setting and Implementing the Scheme’s Investment Strategy

Selection of Investments	Under the policy, the Scheme’s assets are invested in the Aviva With-Profits Fund (‘the With-Profits Fund’) and the selection of the Scheme’s investments is delegated to the manager of the With-Profits Fund
Reasons for the Scheme Being Wholly Insured	<p>The reasons for using a wholly insured arrangement of this form is that it provides:</p> <ul style="list-style-type: none"> • Access to a diversified range of investments including equities, government bonds, corporate bonds, property, alternatives, and cash. • Full delegation of asset allocation to a professional fund manager. • A smoothed investment return over time, mitigating the impact of shorter-term volatility in returns to which the Scheme would otherwise be exposed. • Potentially valuable guaranteed levels of investment return. • Potentially valuable guaranteed annuity rates that can be used to secure members’ pension benefits via an insurance policy when they retire. • Other services, e.g. actuarial and administration services, within a single product and cost structure.
Review of Wholly Insured Arrangement	<p>The Trustee and the Principal Employer jointly reviewed the wholly insured arrangement with Aviva in 2020.</p> <p>The Trustee will in any case continue to periodically review whether the above reasons for using a wholly insured arrangement remain valid and will consider other options for the Scheme, as necessary</p>
Employer-Related Investment	Neither the Trustee nor the With-Profits Fund currently hold any employer-related investments. The Trustee will monitor the With-Profits Fund to ensure it does not hold any employer-related investments.
Environmental, Social and Governance Considerations	<p>The Trustee believes that ESG factors may have a material impact on investment risk and return outcomes and that good stewardship can create and preserve value for companies and markets as a whole.</p> <p>In view of the fact that the Scheme’s investments are held through a fully insured arrangement, the Trustee has no formal policy on either ESG (including climate change) or delegation of voting rights. The insurer to whom the Trustee has delegated responsibility for such policies will from time-to-time report on their current and future actions in these areas.</p> <p>In endeavouring to invest in the best financial interests of the beneficiaries, the Trustee has excluded non-financial matters and recognises that it cannot directly influence the environmental, social, and governance policies and practices of the companies in which the insurer invests. The Trustee will endeavour to monitor the approach of the insurer to sustainability issues and assess how it mitigates ESG risks over appropriate time horizons.</p>
Views of Members and Beneficiaries	The Scheme membership is relatively small and is not expected to hold a significantly broad range of views on ethical, political, social, environmental and quality of life issues. The Trustee therefore does not explicitly seek to reflect any specific views through the implementation of the investment strategy.

Capital Structure of Investee Companies	Responsibility for monitoring the make-up and development of the capital structure of investee companies is delegated to the insurer. The Trustee expects the extent to which the insurer monitors capital structure to be appropriate to the nature of the mandate.
Conflicts of Interest	<p>The Trustee maintains a separate conflicts of interest policy and register.</p> <p>Subject to reasonable levels of materiality, these documents record any actual or potential conflicts of interest in relation to investee companies or the insurer, while also setting out a process for their management.</p>
Incentivisation of the Insurer	<p>The insurer is remunerated by deducting investment expenses and normal administration expenses from the returns declared by the With-Profits Fund for each calendar year.</p> <p>The Trustee does not directly incentivise the insurer to align the approach it adopts with the Trustee's policies and objectives. Instead, the insurer and the investments are selected so that, in aggregate, the returns produced are expected to meet the Trustee's objectives.</p> <p>Neither does the Trustee directly incentivise the insurer to make decisions about the medium to long-term performance of an issuer of debt or equity, or to engage with those issues to improve their performance. The Trustee expects such assessment of performance and engagement to be undertaken as appropriate and necessary to meet the investment objectives of the arrangement.</p>

4 Internal Controls, Security and Monitoring

Internal Controls	The day-to-day investment activities that the insurer carries out for the Trustee are subject to regular internal reviews and external audits by independent auditors, appointed by the insurer, to ensure that operating procedures and risk controls remain appropriate.
Custodianship	Safe-keeping of the assets underlying the With-Profits Fund is performed using custodial arrangements determined by the insurer.
Insurer Security	The Trustee has considered the financial security of the Scheme's arrangements with the insurer, together with its status as a regulated firm, and consider the associated protection offered as a policyholder to be reasonable and appropriate.
Frequency of Review	The Trustee will review this Statement at least every three years or if there is a significant change in the Scheme's circumstances or the regulations that govern pension scheme investment.
Monitoring the Investment Strategy and Insurer	<p>The Trustee receives regular reporting from the insurer and liaises with its representatives periodically to review the performance of the policy.</p> <p>The appropriateness of the insurer's remuneration is reviewed periodically relative to market costs for similar arrangements, the skill and resources required to manage the investments, and the success or otherwise an insurer has had in meeting its objectives, both financial and non-financial.</p>
Monitoring the Duration of the Investment Arrangements	The Trustee is a long-term investor and has not set an explicit target to review the duration of its arrangements with the insurer. However, the arrangements will be reviewed in conjunction with any review of the investment strategy.
Portfolio Turnover Costs	<p>The Trustee expects the insurer to change underlying holdings only to an extent to meet their investment objectives. The reasonableness of such turnover will change according to the insurer's view of market conditions.</p> <p>The Trustee therefore does not set a specific portfolio turnover target for its strategy or the underlying investments.</p> <p>The insurer provides information on portfolio turnover and associated costs to the Trustee so that this can be monitored, as appropriate.</p>
Information from the Insurer	The insurer will supply the Trustee with sufficient information, as required, to enable the Trustee to monitor financial and non-financial performance of the policy.

Signed for and on behalf of The Trustee of the IFM Electronic Pension Scheme

Syed Kabir
Chair of the Trustee

30 September 2019