

Statement of Investment Principles

June 2024

3.1 The Trustees' main investment objectives are the:

- x "funding objective" - to achieve full funding on an ongoing basis, using assumptions that contain a margin for prudence;
- x "stability objective" - to have due regard to the likely level and volatility of required contributions when setting the Scheme's investment strategy; and
- x "security objective" - to adopt a strategy that leads to an expected improvement in the solvency position of the Scheme.

The Trustees recognise that these objectives may conflict. For example, a greater allocation to less volatile assets may give greater security, but may result in a level of contributions which the participating employers (the British & Foreign Bible Society and United Bible Societies Association) may find too difficult to support. The Trustees also recognise that in resolving this conflict, it is necessary to accept some risk.

The Trustees are aware of the relationship that exists between the particular investment portfolio that is held and the level of funding of the Scheme's liabilities at any time. The Trustees have obtained exposure to investments that they expect will meet the Scheme's objectives with their best endeavours.

4.1 The Scheme is permitted to invest in a wide range of asset classes, including:

- x Equities;
- x Diversified growth funds;
- x Property;
- x Alternatives, including private equity, commodities, hedge funds, infrastructure, currency and high yield debt;
- x Bonds;
- x Liability-driven investment (LDI) strategies;
- x Annuity policies; and
- x Cash.

5.1 The Scheme invests in assets that are expected to achieve the Scheme's objectives. The allocation between different asset classes is contained within

Ruffer Absolute Return Fund	
M&G Discretionary Fund	
M&G Long Dated Corporate Bond Fund	
L&G Active Corporate Bond Fund	
L&G LDI Portfolio (containing leveraged and unleveraged conventional and index-linked gilts, alongside the L&G Sterling Liquidity Fund)	

The Scheme's cashflow requirements are expected to be partly met by the employers' contributions, however when these are insufficient the Trustees may disinvest some of its investments. The Trustees have established a policy of using disinvestments to pragmatically rebalance the asset allocation towards the strategic benchmark. The Trustees review the balance of the assets on a regular basis to determine if it would be appropriate for additional rebalancing action to be taken.

A working balance of cash is held within the Scheme for the imminent payment of benefits and expenses. Under normal circumstances, it is not the Trustees' intention to hold a significant cash balance and this is monitored regularly.

The investment benchmarks and objectives for each of the funds are given below.



Ruffer Absolute Return Fund

The fee arrangements with the investment managers are summarised below.

Ruffer	Absolute Return Fund	1.20%
M&G	Discretionary Fund	0.40%
	Long Dated Corporate Bond Fund	0.30%

Barnett Waddingham is remunerated on a time cost basis although fixed fees may be agreed with the Trustees for particular projects.

The Trustees have received training from their investment consultant on the financial materiality of environmental, social and governance (“ESG”) issues, including climate change, within their investment strategy. The Trustees considered the research findings presented when forming their views on the financial materiality of ESG factors as they apply to the Scheme’s current investments.

The Trustees believe that ESG factors are financially material – that is, they have the potential to impact the value of the Scheme’s investments over the lifetime of the Scheme (which is expected to be greater than ten years). The Trustees appreciate that the extent and method of incorporating ESG within an investment strategy and process will differ between asset classes.

The Trustees’ policy on these matters, including engagement and the exercise of voting rights, is set out below. Through their consultation with the Principal Employer when setting this Statement of Investment Principles, the Trustees have made the Principal Employer aware of their policy on ESG and climate related risks, how they intend

- x The Trustees monitor their investments regularly with the help of their investment consultant. If, as part of this monitoring process, any issues specifically related to the ESG factors are identified, the Trustees may request further information from the Scheme's investment managers and engage with them in relation to these matters.
- x If any significant ESG related issues are identified for a fund or an investment manager, the Trustees may choose to replace them. However, as per the appointment of funds and investment managers, the

structure it invests (subject to the restrictions of the mandate), whether directly or as an asset within a pooled fund.

- x The Trustees are of the belief that ESG and climate risk considerations extend over the entirety of a company's corporate structure and activities (that is, that they apply to equity, credit and property instruments or holdings). The Trustees also recognise that ESG and climate related issues are constantly evolving and so too are the products available within the investment management industry to help manage these risks.
- x The Trustees consider it to be a part of their investment managers' roles to assess and monitor developments in the capital structure for each of the companies in which the investment manager invests on behalf of the Scheme or as part of the pooled fund in which the Scheme holds units. The Trustees also consider it to be part of their investment managers' roles to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the investment managers invest on behalf of the Scheme. Where the Trustees use pooled funds, the Trustees expect the investment manager to employ the same degree of scrutiny.
- x Through their consultation with the Principal Employer when setting this Statement of Investment Principles, the Trustees have made the Principal Employer aware of their attitude to ESG and climate related risks, how they intend to manage them and the importance that the pensions industry as a whole, and its regulators, place on them.

The Trustees will monitor actual and potential conflicts of interest in relation to their engagements as follows:

- x The Scheme's investment consultant, Barnett Waddingham, are independent and no arm of their business provides asset management services. This, and their FCA Regulated status, make the Trustees confident that the investment manager recommendations they make are free from conflict of interest.
- x The Trustees expect all investment managers to have a conflict of interest policy in relation to their engagement and ongoing operations. In doing so the Trustees believe they have managed the potential for conflicts of interest in the appointment of the investment manager and conflicts of interest between the Trustees/investment manager and the investee companies.

The Trustees will ensure that the arrangements with the investment managers incentivise the investment managers to align their investment strategy and decisions with the Trustees' investment policies as follows:

- x Prior to appointing an investment manager, the Trustees will discuss the investment manager's benchmark and approach to the management of ESG and climate related risks with the investment manager and/or the Scheme's investment consultant and consider how they are aligned with the Trustees' own investment aims, beliefs and constraints.
- x When appointing an investment manager, in addition to considering the investment manager's investment philosophy, process and policies to establish how the investment manager intends to make the required investment returns, the Trustees will also consider how ESG and climate risk are integrated into these. If the Trustees deem any aspect of these policies to be out of line with their own investment objectives for the part of the portfolio being considered, they may use another investment manager for the mandate.

- x The Trustees believe that this fee structure enables the investment managers to focus on long-term performance without worrying about short-term dips in performance significantly affecting their revenue.
- x The Trustees ask the Scheme's investment consultant to assess if the investment management fee is in line with the market when the investment manager is selected, and the appropriateness of the investment management charges are considered every three years as part of the review of the Statement of Investment Principles.

The Trustees will monitor "portfolio turnover costs" incurred by the investment managers and consider the portfolio turnover as follows:

- x The Trustees acknowledge that portfolio turnover costs can impact on the performance of their investments. Overall performance is assessed as part of the half-yearly investment monitoring process.
- x During the investment manager appointment process, the Trustees will consider both past and anticipated portfolio turnover levels. When underperformance is identified, deviations from the expected level of turnover may be investigated with the investment manager concerned if it is felt they may have been a significant contributor to the underperformance. Assessments will reflect market conditions and peer group practices.

The durations of the arrangements with the investment managers are open-ended, rather than being subject to a fixed duration contract. The Scheme has had holdings with M&G since February 1996, Legal & General since March 2001, and Ruffer since December 2018.

The suitability of the Scheme's asset allocation and its ongoing alignment with the Trustees' investment aims, beliefs and constraints is assessed every three years, or when changes deem it appropriate to do so more frequently. As part of this review the ongoing appropriateness of the investment managers, and the specific funds used, is assessed.

