

The Pension and Life Assurance Plan for the Non-Teaching Staff of Oundle School

Statement of Investment Principles

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1. Introduction

- 1.1. This is the Statement of Investment Principles prepared by the Trustees of the Pension and Life Assurance Plan for the Non-Teaching Staff of Oundle School (the Plan). This statement sets down the principles which govern the decisions about investments that enable the Plan to meet the requirements of:
 - the Pensions Act 1995, as amended by the Pensions Act 2004; and
 - the Occupational Pension Plans (Investment) Regulations 2005 as amended by the Occupational Pension Plans (Investment) (Amendment) Regulations 2010,
 - the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018.
 - the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.
- 1.2. In preparing this statement the Trustees have consulted the Corporation of Oundle School, the Principal Employer, and obtained advice from Barnett Waddingham LLP, the Trustees' investment consultants. Barnett Waddingham is authorised and regulated by the Financial Conduct Authority.
- 1.3. This statement has been prepared with regard to the 2001 Myners review of institutional investment (including subsequent updates), and Plan Funding legislation.
- 1.4. The Trustees will review this statement at least every three years or if there is a significant change in any of the areas covered by the statement.
- 1.5. The investment powers of the Trustees are set out in Clause 17 of the Definitive Trust Deed & Rules, dated 13 March 2012. This statement is consistent with those powers.
- 1.6. The Trustees completed a bulk annuity insurance transaction with Aviva (the "Insurer") in the contract dated 9 March 2026 to secure the benefits under the Plan.

2. Choosing investments

- 2.1. The Trustees' policy is to set the overall investment target and then monitor the performance of their managers against that target. In doing so, the Trustees consider the advice of their professional advisers, who they consider to be suitably qualified and experienced for this role.
- 2.2. Effective from 17 March 2026 the Trustees entered into a bulk annuity insurance contract with the Insurer, which is expected to match all defined benefits due to members of the Plan.
- 2.3. The Insurer is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.
- 2.4. The day-to-day management of the Plan's remaining assets is delegated to one or more investment managers. The Plan's investment managers are detailed in Appendix 1 to this Statement. The investment managers are authorised and regulated by the Financial Conduct Authority, and are responsible for stock selection and the exercise of voting rights.
- 2.5. The Trustees review the appropriateness of the Plan's investment strategy on an ongoing basis. This review includes consideration of the continued competence of the investment managers with respect to performance within any guidelines set. The Trustees will also consult the employer before amending the investment strategy.

3. Investment objectives

- 3.1. The Trustees have discussed key investment objectives in light of an analysis of the Plan's liability profile as well as the constraints the Trustees face in achieving these objectives. As a result, the Trustees' main investment objectives are:
- to hold assets that provide a high likelihood that members' entitlements under the Trust Deed and Rules will be met in full as they fall due;
 - to invest in assets of appropriate liquidity to meet potential remaining liabilities that are not covered by the bulk annuity policy; and
 - to reduce the risk of the assets failing to meet the liabilities over the long term.
- 3.2. The Trustees are aware of the relationship that exists between the particular investment portfolio that is held and the level of funding of the Plan's liabilities. The Trustees have obtained exposure to investments that they expect will meet the Plan's objectives as best as possible.

4. Kinds of investments to be held

- 4.1. The Plan is permitted to invest in a wide range of assets including equities, bonds, cash, property alternatives and annuity policies. The Plan's current investment strategy involves holding the majority of the Plan's assets in a bulk annuity insurance contract, with a small holding in bonds and cash to meet ongoing cashflow requirements
- 4.2. Given the Plan's investment strategy, it is not expected that the Plan will hold any employer-related investments. However, this is typically checked annually by the Plan's auditors.

5. The balance between different kinds of investments

- 5.1. The Plan invests in assets that are expected to achieve the Plan's objectives.
- 5.2. The Plan holds a bulk annuity policy expected to produce cashflows that exactly match the benefit entitlements of each of the Plan's members. The remainder of the Plan's assets are held in the Trustee bank account and in gilts, index linked gilts and a liquidity fund.

6. Risks

- 6.1. The various types of investment risk which may affect the Plan's liabilities are covered under the bulk annuity purchase with the Insurer. Therefore, the vast majority of the risks set out below are covered by the insurance policy, and are therefore judged to have minimal impact on the Plan's ability to meet the liabilities of the Plan as they fall due. However, the Trustees have considered the following risks for the Plan with regard to its investment policy and the Plan's liabilities:

Risk versus the liabilities

The Trustees note that by securing the Plan's benefits with an insurer, the risk of benefits not being met is now very low.

Covenant risk

The Plan is less reliant on the strength of the Employer's covenant as the Plan's benefits have wholly been secured with an insurer. When converting the buy-in policy into a buy-out policy with the Insurer, the Plan will be reliant on the Employer to make good any shortfall in excess of the assets held outside of the insurance contract.

Insurer counter party risk

The risk of the insurer defaulting has been managed through the selection of a reputable UK regulated insurer and potentially supported by the insurance compensation regime in place should an insurer fail.

Investment manager risk

The Trustees monitor the performance of the residual assets (i.e. those held in gilts and cash) as necessary. The Trustees have a written agreement with the investment manager, which contains a number of restrictions on how each investment manager may operate.

Governance risk

The investment manager of the residual assets is expected to undertake good stewardship and positive engagement in relation to the assets held. The Trustees monitor these and will report on the practices in their annual Implementation Statement where possible.

ESG/Climate risk

The Trustees have considered long-term financial risks to the Plan and ESG factors (as well as climate risk). While the Trustees consider these factors to be potentially financially material, management of these risks over the lifetime of the contract is primarily an issue for the Insurer to manage.

Concentration risk

The investment manager and the Insurer are expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities.

Liquidity risk

The Plan invests in assets, including cash, such that there is a sufficient allocation to liquid investments to meet the Plan's remaining cashflow requirements that are not covered by the bulk annuity insurance contract. The Plan's administrators monitor the level of cash available in the Plan's bank account.

Currency risk

The Plan's liabilities and the income produced by the bulk annuity contract are both denominated in sterling.

Loss of investment

In the event of the Insurer becoming insolvent, the Plan could suffer losses on the contract, but would still retain the liability to pay members' benefits. This risk is mitigated by the regulatory regime and capital requirements in place for UK insurers. The risk of loss of investment by the investment manager is assessed by the Trustees. This includes losses beyond those caused by market movements (e.g. default risk, operational errors or fraud).

7. Expected return on investments

- 7.1. The Trustees have chosen to invest the vast majority of assets in a bulk annuity policy to match the Plan's projected benefit payments with income from the policy. The remaining assets are held in the Plan's bank account and with the investment manager bearing in mind the nature of the potential additional liabilities that may fall due on the Plan that are not covered by the policy.
- 7.2. The Trustees have not set an expected return on the bulk annuity policy, given that its primary purpose is as an insurance contract rather than a return-seeking investment.

8. Realisation of investments

- 8.1. The Trustees have delegated the responsibility for buying and selling investments to the investment managers. The Trustees have considered the risk of liquidity as referred to above.
- 8.2. Ultimately, the investments will all have to be sold when the Plan's life comes to an end. In this situation, the Trustees are aware of the fact that the realisable value of some investments, were there to be a forced sale, might be lower than the market value shown in the Plan accounts.

9. Financially material considerations, the exercise of rights and engagement activities and non-financial matters

- 9.1. Since the majority of the Plan's assets are held in an insurance policy, these matters are primarily an issue for the Insurer to manage. This is reflected in the Trustees' own policies, as summarised in Appendix 2.

10. Agreement

- 10.1. This statement was agreed by the Trustees, and replaces any previous statements. Copies of this statement and any subsequent amendments will be made available to the employer, the investment manager, the actuary and the Plan auditor upon request.

Appendix 1 The investment policy for the Plan as at March 2026 in relation to the current Statement of Investment Principles

1. Choosing investments

The Trustees have appointed the Legal & General Asset management (L&G) and Aviva Life & Pensions UK Limited to carry out the day-to-day investment of the Plan:

- Aviva insurance policy
- L&G Single Stock Gilt funds
- L&G Single Stock Index-Linked Gilt funds
- L&G Sterling Liquidity Fund

The Trustees also have a contract with Phoenix Life in respect of members' Additional Voluntary Contributions (AVCs).

L&G and the AVC provider are authorised and regulated by the Financial Conduct Authority.

The Trustees have appointed Barnett Waddingham LLP to advise on investment matters.

The investment benchmarks and objectives for each investment manager provider are given below:

Fund	Benchmark	Objective
L&G Sterling Liquidity Fund	SONIA	To provide capital stability and return in line with money market rates whilst providing daily access to liquidity and providing an income.
L&G single stock gilt and index-linked gilt funds	The relevant gilt/index-linked gilt for each respective fund	To track the benchmark performance.

The performance of the investment managers will be monitored as frequently as the Trustees consider appropriate in light of the prevailing circumstances. The monitoring takes into account both short-term and long-term performance.

The AVC arrangement is reviewed from time to time.

2. The balance between different kinds of investment

Most of the Plan's assets are held in a bulk annuity policy with Aviva. The remaining assets are held in the Plan's bank account and with the investment manager bearing in mind the nature of the potential additional liabilities that may fall due on the Plan that are not covered by the policy.

3. Investments and disinvestments

The Plan's cashflow requirements are expected to be met by the Plan's remaining cash holdings and the annuity policy.

Appendix 2 Note on financially and non-financially material considerations, the exercise of rights and engagement activities, and arrangements with asset managers

1. Financially Material Considerations

The Trustees consider that factors such as environmental, social and governance (ESG) issues (including but not limited to climate change) have the potential to be financially material over the long-term. However, as the Trustees have completed a purchase of a bulk annuity policy intended to match the majority of the Plan's liabilities, the Trustees is not directly exposed to these risks. The remaining assets are held bearing in mind the nature of the potential additional liabilities that may fall due on the Plan and are not covered by the policy. The management of ESG and climate change by insurers was considered as part of the decision to purchase the buy-in policy.

The Trustees have an expectation that the Insurer will consider ESG-related issues in selecting securities and other investments, or will otherwise engage with the issuers of their underlying holdings on such matters in a way that is appropriate for the nature of the assets under consideration.

2. Approach to monitoring ESG policy

The Plan's assets are predominately held as a bulk annuity policy, range of gilt funds and cash. Given the nature of the current holdings in the Plan, the Trustees will review and monitor the ESG policy as they deem appropriate, considering the risks that present themselves.

3. Policy on the exercise of voting rights and engagement activities

The Trustees note that by securing the Plan's benefits with an insurer, they have limited ability to influence the voting and engagement activities undertaken on behalf of the Insurer. Responsibility for engagement with the issuers of investments underlying the bulk annuity policy, including voting policy (where applicable), is the responsibility of the Insurer.

The Plan retains bonds, cash and liquidity holdings but the Trustees note, due to a number of controls at both the asset manager and counterparties, the impact of engagement on the risk/return of the cash and bond holdings is limited. The Trustees have therefore not set stewardship priorities.

4. Conflicts of interest

The Plan's investment adviser is independent and no arm of their business provides asset management services. This, and their FCA-regulated status, makes the Trustees confident that the investment manager recommendations they make are free from conflicts of interest.

The Trustees expects all investment managers and insurers to have conflicts of interest policies in relation to their engagement and ongoing operations. The Trustees therefore believe they has managed the potential for conflicts of interest in the appointment of the investment managers, insurers, and investment adviser, and conflicts of interest between the Trustees, investment adviser, the investment managers, the insurers, and any underlying investee companies.

5. Non-financially material considerations

When constructing the investment strategy and selecting investment managers, the Trustees do not prioritise non-financial matters. Given the bulk annuity purchase, the Trustees have limited ability to address non-financial matters.

The Trustee will review its policy on whether or not to take account of non-financial matters periodically.

6. Policy on arrangements with investment managers

Incentivising alignment with the Trustees' investment policies

Arrangements for incentivising the investment managers of the assets underlying the bulk annuity policy are an issue for the Insurer.

Method and time horizon for assessing performance

The Trustees do not undertake regular formal monitoring of the investment managers due to the limited benefit of this activity given the bulk annuity policy held with the insurer for the majority of liabilities. However, the Trustees would undertake such monitoring if it was deemed necessary.

The Plan invests exclusively in single stock gilt funds, a pooled money market fund and a bulk annuity policy. The investment manager is remunerated by the Trustees based on the assets they manage on behalf of the Trustees. As the fund grows, due to successful investment by the investment manager, they receive more and as the value falls they receive less.

The Trustees ask the Plan's investment consultant to assess if the asset management fee is in line with the market when the manager is selected, and the appropriateness of the annual management charges are considered as frequently as the Trustees consider appropriate in light of the prevailing circumstances.

Portfolio turnover costs and duration of arrangement

The Trustees acknowledge that portfolio turnover costs can impact on the performance of their investments. However, given the bulk annuity policy and holdings of the Plan, the Trustees note that the impact of portfolio turnover costs and the duration of arrangement with the investment manager are expected to have zero impact.

For the open-ended pooled fund in which the Plan invests, there are no predetermined terms of agreement with the investment manager.

The suitability of the Plan's asset allocation and its ongoing alignment with the Trustees' investment beliefs 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.