

Statement of Investment Principles - PerkinElmer (UK) Money Purchase Pension Scheme (November 2021)

Introduction

- 1 This document is the Statement of Investment Principles ('SIP') made by the Trustee of the PerkinElmer (UK) Money Purchase Pension Scheme (the 'Scheme') in accordance with the requirements of Section 35 of the Pensions Act 1995 (as amended by the Pensions Act 2004 and regulations made under it).
- 2 The Trustee will review this SIP at least every three years and without delay after any significant change in investment policy. Before finalising this SIP, the Trustee took written advice from the Scheme's Investment Consultant (Towers Watson Limited, a Willis Towers Watson company) and consulted PerkinElmer (UK) Holdings Limited (the 'Employer'). The ultimate power and responsibility for deciding investment policy, however, lies solely with the Trustee.

Investment policy objectives

- 3 The Scheme was originally established for the purpose of enabling members to contract-out of the State Second Pension on a money purchase basis (a "COMP"). Subsequently the main purpose of the Scheme changed so that it was no longer a COMP but continued for accrued benefits and as a vehicle for investing Money Purchase contributions paid by the members and the employers of the Scheme. The Scheme closed to new entrants in 2001. On retirement a member's accrued Money Purchase benefits are used to secure a pension and/or cash lump sum (up to 100% may be taken as cash post April 2015).
- 4 The Trustee will review this objective regularly and amend as appropriate.

Investment strategy and/or Investment principles

- 5 The Trustee takes account of all financially material risks and opportunities in consultation with its advisers. All risks and opportunities are considered for materiality and impact within a risk management framework which takes account of members' investment time horizons and objectives. The Trustee considers sustainable investment factors, such as (but not limited to) those arising from Environmental, Social and Governance (ESG) considerations, including climate change, in the context of this broader risk management framework.
- 6 Members have a choice of investment funds offered by AEGON to invest their savings. The Trustee receives regular advice on the appropriateness of the investment funds provided by AEGON and continues to monitor their performance.
- 7 Existing members as at December 2002 had the option of investing future contributions with either AEGON or Clerical Medical and to switch existing funds to these providers.
- 8 The Trustee receives regular advice on the appropriateness of the investment funds provided by AEGON.
- 9 The Trustee reviewed the Scheme's investment arrangements in 2020 to ensure they remain appropriate to meet members' needs. Based on the membership characteristics and the likelihood that members would use their savings to fund their tax free cash entitlement to avoid commuting their DB pension benefits, the Trustee decided to adopt the Aegon Growth Tracker (Cash Target) Fund as the new default option. Members continue to have access to two alternative lifestyle options which are suitable for members who may wish to purchase an annuity or take their benefits via income drawdown.
- 10 Members are able to select from the range of funds to best meet their retirement needs and risk appetite.
- 11 The Trustee provides Money Purchase members with access to the funds shown in the table below having taken advice from Willis Towers Watson.

Provider	Fund Type	Benchmark Index Return
AEGON	Cash	LIBID (London Inter-Bank BID rate) GBP 7 Day
	Long Gilts	FTSE A British Government over 15 years index
	UK Index Tracker	FTSE All-Share index
	Global Equity Tracker	50% FTSE All-Share index and 50% FTSE World ex-UK index
	Global Equity Tracker Lifestyle	50% FTSE All-Share index and 50% FTSE World ex-UK index
	Growth Tracker (Cash Target)	FTSE All-Share 37.5%; FTSE World ex-UK 37.5%; Markit iBoxx GBP Non Gilts 13.3%; FTSE Gilts All Stocks 9.0%; FTSE Index-Linked Over 5 Years 2.8%
	Growth Tracker (Flexible Target)	FTSE All-Share 37.5%; FTSE World ex-UK 37.5%; Markit iBoxx GBP Non Gilts 13.3%; FTSE Gilts All Stocks 9.0%; FTSE Index-Linked Over 5 Years 2.8%
Utmost (AVCs)	Clerical Medical AVCs	

- 12 The Global Equity Tracker Lifestyle fund is appropriate for members intending to annuitise at retirement. It gradually reduces its exposure to equities and moves month-by-month into the Long Gilts fund and the Cash fund from 72 months before expected retirement year.
- 13 The Growth Tracker (Flexible Target) fund is appropriate for members intending to access their retirement savings via a drawdown vehicle. It gradually reduces its exposure to equities and moves to less risky investments from 72 months before expected retirement year with a target of 25% cash at retirement.
- 14 The Growth Tracker (Cash Target) fund (the default investment strategy) is appropriate for members intending to take a cash lump sum at retirement. It gradually reduces its exposure to equities and moves to less risky investments from 72 months before expected retirement year with a target of 100% in cash at retirement.
- 15 Utmost funds are held by a small number of members with Clerical Medical policies. Existing balances remain with Clerical Medical.
- 16 The expected return of the investment funds will be monitored regularly and will be directly related to the Scheme's investment objective.

Investment managers

- 17 The Scheme uses different investment managers and mandates to implement its investment policies. The Trustee ensures that, in aggregate, its portfolio is consistent with the policies set out in this Statement, in particular those required under regulation 2(3)(b) of the Occupational Pension Schemes (Investment) Regulations (2005). The Trustee will also ensure that the investment objectives and guidelines of any particular pooled vehicle are consistent with its policies, where relevant to the mandate in question.
- 18 To maintain alignment, managers are provided with the most recent version of the Scheme's Statement of Investment Principles on appointment and as and when this Statement is updated to ensure managers are aware of the Trustee's expectations regarding how the Scheme's assets are being managed.

- 19 The Trustee is not involved in the investment managers' day-to-day method of operation and does not directly seek to influence attainment of their performance targets. The Trustee will maintain processes to ensure that performance is assessed on a regular basis against a measurable objective for each manager, consistent with the achievement of the Scheme's long term objectives, and an acceptable level of risk.
- 20 The Trustee's policy is that day-to-day decisions relating to the investment of Scheme assets is left to the discretion of its investment managers. This includes consideration of all financially materially factors, including ESG-related issues where relevant. The Trustee explores these issues with its managers to understand how they exercise these duties in practice and receives reports on how these issues are addressed.
- 21 Should the Trustee's monitoring process reveal that a manager's portfolio is not aligned with the Trustee's policies, the Trustee will engage with the manager further to ascertain the reasons for this and whether closer alignment can be achieved. This monitoring process includes specific consideration of the sustainable investment/ESG characteristics of the portfolio and managers' engagement activities. If, following engagement, it is the view of the Trustee that the degree of alignment achievable remains unsatisfactory, the Trustee will consider alternative options available in order to consider terminating and replacing the investment manager.
- 22 For most of the Scheme's investments, the Trustee expects the investment managers to invest with a medium to long time horizon, and to use their engagement activity to drive improved performance over these periods. The Trustee may select certain investment funds where such engagement is not proportionate, due to the nature of the strategy and/or the investment time horizon underlying decision making.
- 23 When considering the appointment of new managers, and reviewing existing managers, the Trustee, together with its investment consultant, looks to take account of the approach taken by managers with respect to sustainable investing including voting policies and engagement where relevant. The Trustee appoints its investment managers with an expectation of a long-term partnership, which encourages active ownership of the Scheme's assets. When assessing a manager's performance, the focus is on longer-term outcomes, and the Trustee would not expect to terminate a manager's appointment based purely on short term performance. However, a manager's appointment could be terminated within a shorter timeframe due to other factors such as a significant change in business structure or the investment team.
- 24 The Trustee's policy is to delegate responsibility for the exercising of ownership rights (including voting rights) attaching to investments to the investment managers. The Trustee recognises the UK Stewardship Code as best practice and encourages their investment managers to comply with the UK Stewardship Code or explain where they do not adhere to this policy.
- 25 The Trustee's focus is explicitly on financially material considerations. The Trustee's policy is to not seek or take into account member views.
- 26 Investment Managers are paid an ad valorem fee, in line with normal market practice, for a given scope of services which includes consideration of long-term factors and engagement.
- 27 The Trustee reviews the costs incurred in managing the Scheme's assets periodically, which includes the costs associated with portfolio turnover. In assessing the appropriateness of the portfolio turnover costs at an individual manager level, the Trustee will have regard to the actual portfolio turnover and how this compares with the expected turnover range for that mandate.

Realisation of assets

- 28 For accrued benefits held with Utmost, on retirement a member's benefits can be used to secure a pension either with Utmost or on the open market or (post April 2015) may be taken as cash and may be subject to additional tax payments.
- 29 For accrued benefits after December 2002, on retirement a member's benefits can be used to secure a pension with AEGON or on the open market or (post April 2015) may be taken as cash.

30 Members of the Scheme are also permitted to transfer their Utmost funds into another arrangement.

Monitoring and managing risk

31 The Trustee will take advice from the Scheme's Investment Advisors on the performance of AEGON to determine whether any changes are required or possible.

32 The Trustee recognises a number of risks involved in the investment of the Scheme's assets although the nature of the Scheme means that these risks sit with the member. The Trustee will regularly review the Scheme's default arrangement and investment fund choice to ensure it meets members' risk profile and retirement needs. The Trustee will ensure that members are aware of the fund range and their retirement options through regular communications.

- Inflation risk:
 - the risk that the investment returns over members' working lives will not keep pace with inflation
 - managed by ensuring members have access to asset classes which have the potential to keep track or outpace inflation, such as equities
- Capital risk
 - the risk of a fall in the value of the members fund
 - managed by ensuring the investment options are appropriately diversified and members are able to construct a balanced and diverse portfolio using a number of different asset classes
- Opportunity cost risk
 - the risk that members end up with insufficient funds at retirement through not taking appropriate risk at the appropriate times
 - addressed through communication to members and the recommendation that members seek independent financial advice
- Manager risk
 - the risk that the chosen investment manager does not perform in line with the objectives which the manager is assessed
 - managed by the ongoing monitoring of the performance of the investment manager as well as a number of qualitative factors supporting the manager's investment process
- Pension conversion risk
 - the risk that the value of investments falls relative to the cost of providing the chosen retirement benefits
 - aim for the value of the accumulated fund to move broadly in line with the cost of providing the stated retirement benefits. The lifestyle strategies have been designed to help mitigate this risk.

Other matters

33 The Scheme is a Registered Pension Scheme for the purposes of the Finance Act 2004.

34 The Trustee's duty is to act in the members' best interests. The Trustee's primary objective is to ensure that the investment strategy gives members the option to select suitable asset classes to meet their retirement needs and to mitigate exposure to different risks.

Signed: Jo Myerson (on behalf of Ross Trustees Services Limited as Chair of the Trustee)

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Date: 21 December 2021

Authorised for and on behalf of the Trustee of the Scheme