St John's College Staff Pension Fund
STATEMENT OF INVESTMENT PRINCIPLES (SIP)
2025

Introduction

This statement sets out the principles governing decisions about the investment of the assets of the St John's College Staff Pension Fund ('the Scheme'). The Trustees of the Scheme ('the Trustees') issue this statement to comply with Section 35 of the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005.

This statement will be will be reviewed at least once every three years or after any significant change in investment policy.

Before preparing this statement, the Trustees have consulted the employer in relation to the Scheme.

Investment objectives

The Trustees' main objectives with regard to investment policy are as follows:
- to hold sufficient assets to meet the liabilities of the Scheme; and
- to ensure that sufficient liquid assets are available to meet benefit payments as they fall due.

Policy on choosing investments

The policy on choosing investments is as follows:

- The nature of the liabilities of the Scheme and the Trustees' funding objectives are considered in choosing the Scheme's assets. This includes consideration of interest rates, inflation, mortality and other financial and demographic factors.
- The Scheme's asset allocation comprises assets including, but not limited to, UK government bonds, global equities, corporate bonds and alternative assets that are held with the aim of outperforming the Scheme's liabilities over the medium term. The implementation of the investment policy is delegated to the Investment Sub-committee of St John's College, the Scheme employer.
- The strong weighting towards equities reflects the fact that the Trustees regard the Scheme's investments as long term and that over the longer-term equities will produce satisfactory returns that are seen as the best match for salary inflation.
- The Trustees are mindful that the scheme is ultimately underwritten by the assets of St John's College, Oxford which has an endowment many times greater than the liabilities of the scheme.

Risk

The Trustees measure and monitor the ongoing appropriateness of the investment objectives and risks through a combination of:

- Quarterly investment monitoring reports made to the Investment Sub-committee of St John's College, Oxford
- Estimates of the progression of the funding level and the impact of market moves on the funding level of the Scheme
- Triannual actuarial valuations
- Strategy reviews undertaken following completion of the actuarial valuation
- Ad-hoc investigations in the event of significant market events or changes to the expected liabilities.

The Trustees recognise a number of risks involved in the investment of the assets including:

Interest rate and inflation risk: the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates and expected future inflation rates. The Trustees receive information about the estimated level of interest rate and inflation risk on a regular basis.

Currency risk: the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates. This risk is measured and actively managed on an ongoing basis by the Scheme's investment managers. The majority of the overseas currency exposure will not be hedged back to Sterling, unless there is expected to be a risk or return benefit to the Scheme.

Credit risk: the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Scheme's investment managers seek to achieve a diversified exposure to a range of growth asset risks including credit risk so that no single risk in the portfolio dominates.

Other price risk: the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). These are measured and managed on an ongoing basis by the Scheme's investment managers. The Scheme's investment managers seek to achieve a diversified exposure to a range of asset price risks so that no single risk in the portfolio dominates.

Liquidity risk: the risk that the Scheme is unable to meet benefit payments as they fall due. This is managed by the investment managers holding an appropriate level of readily realisable investments.

Realisation of investments

The majority of the Scheme's assets are realisable at short notice. Therefore, the Trustees are satisfied that sufficient assets held will be readily realisable to provide cash to meet payments by the Scheme.

In addition, the Trustees are also satisfied that the spread of assets and the Scheme's investment manager's policies provide adequate diversification of investments.

Voting rights and social, environmental or ethical considerations

The Trustees believe that Environmental, Social and Governance (ESG) related risks, including climate change risks, are an important component of investment risk. The Trustees believe that organisations that soundly manage ESG related risks are more likely to be financially sustainable over time, and therefore deliver better long-term risk-adjusted returns. The Trustees believe that consideration of ESG risks is a financially material component of our investment framework.

Environmental factors include climate change, resource, especially water, scarcity, and waste treatment practices. The Trustees recognise that climate change is a key environmental challenge that poses both risks and opportunities. These may take the form of rising physical losses from extreme weather in the short term, the medium-term impacts from the implementation of climate change policy, and the longer-term impacts if global temperature rises are not limited.

Social factors include diversity, human capital management, health and safety, customer and supplier relationships, and interactions with local communities, regulators and governments. Organisations today must recognise that they operate under a social licence, and that relationships with stakeholders should reflect these obligations.

Governance factors include business ethics, transparency of company management and reporting, executive remuneration and board structure. Well-governed organisations typically face lower levels of ESG risk as a result of a strong governance culture and appropriate policies and procedures, enabling them to deliver sustainable long-term returns.

The Trustees require the Scheme's investment manager to incorporate analysis of relevant ESG issues into their investment processes. The Trustees monitor how the investment manager takes ESG issues into account in practice on a regular basis.

The Trustees have instructed the Scheme's investment manager to exercise their voting and other rights as shareholders in a manner they believe to be consistent with best practice in relation to Corporate Governance and in accordance with the Institutional Shareholders' Committee's ("ISC") Statement of Principles on the Responsibilities of Institutional Shareholders and Agents.

The Trustees recognise the Scheme's responsibility as a long term institutional investor to support and encourage good corporate governance practices in the companies in which it invests.

The Trustees therefore require their investment manager in their stewardship of the Scheme's assets to pay appropriate regard to relevant corporate governance, social, ethical and environmental considerations when considering the purchase, retention or sale of investments.

Signed for and on behalf of the Trustees of the Scheme:

Kerry Jenkins

February 2025