

Wednesbury Pension Scheme (“the Scheme”)

Statement of Investment Principles (“SIP”)

Introduction

This document provides details of the investment principles adopted by Wednesbury Pensions Limited (“the Trustee”) in relation to the Wednesbury Pension Scheme (“the Scheme”). The sponsoring employer is Mueller Europe Limited. The sponsoring employer has been consulted in the drafting of this document.

This SIP has been drafted in order to demonstrate how the Trustee complies with the requirements of Section 35 of the Pension Act 1995 and associated Regulations.

The Trustee’s investment responsibilities are governed by the Scheme’s Trust Deed and Rules and this SIP takes full regard of those requirements.

In drafting this SIP, the Trustee also considered the 2001 Myners review of institutional investment and guidance issued by the Pensions Regulator.

The Trustee will review this SIP at least every three years to ensure that it remains accurate and relevant. The SIP will be reviewed and, if necessary, amended more frequently should any material changes be made to the Scheme’s investment arrangements.

Governance

The Trustee sets the general investment policy, based on professional advice. The Trustee delegates responsibility for day to day investment decisions to their appointed investment managers. The Trustee ensures that any person to whom such responsibility is delegated is authorised under the Financial Services and Markets Act 2000. A copy of this Statement will be provided to the investment managers.

The Trustee’s investment policy takes into account the Scheme’s investment objectives and the Scheme’s circumstances. The Trustee is responsible for making strategic investment decisions with the aim of achieving these objectives. The Trustee ensures that this SIP remains appropriate for the Scheme’s liabilities and circumstances, given the strength of the support provided by the sponsoring employer.

The Trustee is responsible for appointing investment managers and investment advisers and will monitor the investment returns.

The appointed investment advisers are responsible for providing authorised advice on an appropriate investment strategy, taking into account the Trustee’s investment objectives and risk-appetite. The investment advisers will provide advice to the Trustee on the choice of investment managers and will alert the Trustee to any significant changes at the investment managers.

The investment managers will have regard to this SIP and the Trustee’s objectives. They will also have regard for the need for diversification, quality and liquidity within the investment portfolio. The investment managers will provide the Trustee with regular statements on the performance of the funds and assets under management, together with comparable figures from benchmark indices.

Investment Objectives and Beliefs

The main objectives of the Trustee are

- To ensure that the Scheme's obligations to the members and beneficiaries can be met.
- To provide benefits in full as they fall due.
- To reduce the dependency of the Scheme to investment returns over the long-term.
- To pay due regard to the sponsoring employer's requirements in relation to its plans for managed growth and the size and timing of the contribution payments it is able and willing to pay.

The Trustee wishes to achieve, and then maintain, a funding level of at least 100% on an ongoing basis through the adoption of a prudent funding policy and investment strategy, which takes into account the strength of the covenant of the sponsoring employer.

As the funding position of the Scheme improves, the Trustee aims to gradually reduce the level of investment risk taken so that over the longer term there is minimal investment risk and the funding position remains stable.

The Trustee's investment beliefs are:

- Some risk is necessary to achieve the returns required.
- Unrewarded risks should be generally avoided, hedged or diversified.
- Well governed companies that manage their businesses in a responsible way will produce higher returns over the long-term.
- Climate change could be a long-term risk for the Scheme and may have an impact upon the chosen investment strategy.
- Responsible investment and engagement over the long-term reduces risk and may have a positive impact upon returns.

Risk Management

The Scheme is exposed to a number of risks. The Trustee and their advisers have due regard for the following risks when devising and implementing their investment strategy.

- Any mismatch between the Scheme's assets and liabilities.
- The short-term volatility in the Scheme's funding position as a result of holding higher risk investments.
- Lack of diversification and liquidity.
- Volatility in the sponsoring employer's contribution rate.
- Safe custody of the Scheme's assets.
- Market risk.
- Political risk.
- Counterparty risk.

These risks are monitored and mitigated as far as possible and/or diversified by the Trustee and their advisers. Investment risks are regularly reviewed by the Trustee as part of the ongoing governance structure of the Scheme.

Current Investment Strategy

The Scheme is permitted to invest in a wide range of assets including equities, bonds, cash, property, alternatives, and annuity policies.

The Scheme's assets are invested wholly via pooled vehicles. The Trustee has delegated day to day investment decisions by investing in pooled funds.

The Trustee will maintain a list of the pooled funds in which they invest in Appendix A and will amend this as necessary. The asset allocation may change over time as a result of market movements of disinvestments. The Trustee will review the asset allocation and may change those shown in the above table in light of periodic actuarial valuations.

The Trustee reviews performance of the fund managers at regular intervals and also considers the performance of the overall strategy against their objectives.

The Trustee will also review the choice of investment managers at least every three years. Any changes to the strategy or investment managers will be made only after obtaining written investment advice and consulting with the sponsoring employer.

The Trustee believes that the investment objectives and the resultant investment strategy are consistent with the actuarial valuation methodology and assumptions used by the Scheme Actuary. The Trustee expects that the long-term average return, after fees, will be at least the return on Gilts + 1.5% per annum.

Investment and Disinvestment

Where surplus cash is available to invest or cash is required to meet benefit payments or for general purposes of the Scheme, the Trustee will act in accordance with the provision set out in Appendix B.

Policies

Environment, Social and Governance Issues

The Trustee believes that good stewardship and environmental, social and governance ("ESG") issues may have a financially material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and potential opportunities that increasingly may require explicit consideration.

The Trustee has given the pooled fund managers full discretion when evaluating ESG issues, including climate change considerations, exercising voting rights and stewardship obligations attached to the Scheme's investments. The Trustee expects managers to have integrated ESG into their risk analysis and investment process. Similarly, the Scheme's voting rights are exercised by its investment managers in accordance with their own corporate governance policies, and taking account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code.

The Scheme's investment advisors will keep the Trustee informed on ESG issues. The Trustee considers how ESG, climate change and stewardship are integrated within investment processes when appointing new managers and the Trustee monitors their existing managers' ESG approach on a periodic basis, and discusses ESG considerations as part of ongoing reviews.

Non-Financial Matters

Non-financial matters are not taken into account when determining the Scheme's investment policy. Member views are not actively sought but the Trustee makes a copy of the Statement of Investment Principles available to members on request and publish a copy of the Statement on a publicly accessible website.

Direct Investment

The Trustee will not hold investments directly and hence cannot exercise voting rights nor undertake investment engagement activities.

Incentivising investment Managers

As investments are made in pooled funds with defined charges and expenses, it is not possible directly to incentivise fund managers to align investments with the Trustee's policies, improve engagement or monitor transaction costs. Ultimately, the Trustee's only remedy is likely to be to move to an alternative pooled fund.

Monitoring Turnover

The nature of the Scheme's investments makes it impractical for the Trustee to monitor turnover or turnover costs directly. The performance figures that the Trustee and their investment consultant analyse are net of transactions costs, so this is taken into account indirectly.

Term of Manager Appointments

The investment in any particular pooled fund managers does not have a fixed term but can be terminated in the event of consistent underperformance or misalignment with the Trustee's objectives.

Employer-Related Investments

The policy of the Trustee is not to hold any employer-related investments as defined in the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005 except where the Scheme invests in collective investment schemes that may hold employer-related investments. In this case, the total exposure to employer-related investments will not exceed 5% of the Scheme's total value. The Trustee will monitor this on an ongoing basis to ensure compliance.

APPENDIX A

Investment Managers

Kames Capital plc

Pinebridge Investments Ireland Limited

LF Ruffer Investment Funds

Blackrock Investment Management (UK) Limited

Legal & General Investment Management

Target Asset Allocation

<i>Manager</i>	<i>Fund</i>	<i>Percentage</i>
Kames	Diversified Growth Fund	22.5%
Pinebridge	Global Dynamic Asset Allocation Fund	22.5%
Ruffer	Absolute Return Fund	20.0%
Blackrock	Emerging Market Equity Index Fund	20.0%
LGIM	Managed Property Fund	10.0%
LGIM	Cash Fund	5.0%
		100.0%

APPENDIX B

Investment and Disinvestment of Assets

Where assets need to be disinvested, moneys will be drawn from the LGIM Cash Fund, and then in line with The Target Asset Allocation (excluding cash) namely

Kames 23.5%
Pinebridge 23.5%
Ruffer 21%
Blackrock 21%
LGIM Property 11%

unless the Trustee decided otherwise.

Where assets need to be invested, moneys will be invested in line with the Target Asset Allocation, unless the Trustee decided otherwise.