

# **Phoenix Medical Supplies Pension Scheme**

Statement of Investment Principles

February 2026

# 1 Introduction

- 1.1 This is the Statement of Investment Principles prepared by the Trustees of the Phoenix Medical Supplies Pension Scheme (the Scheme). This statement sets down the principles which govern decisions about investments.
- 1.2 In preparing this statement the Trustees have consulted Phoenix Medical Supplies Ltd, the principal employer, and obtained advice from Barnett Waddingham LLP, the Trustees' investment consultants. Barnett Waddingham LLP is authorised and regulated by the Financial Conduct Authority.
- 1.3 The Trustees will review this statement at least every three years or if there is a significant change in the policy on any of the areas covered by the statement.
- 1.4 The Trustees completed a bulk annuity insurance transaction with Canada Life (the "Insurer") in accordance with the contract dated 19 January 2026 to secure the benefits under the Scheme.

## 2 Choosing investments

- 2.1 The Trustees' policy is to set the overall investment target and then monitor the performance of the Scheme 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 22 January 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 Scheme.
- 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 Trustees hold no other investments beyond cash in the Scheme's bank account and a holding in the Legal & General ("L&G") Sterling Liquidity Fund. The day-to-day management of the assets held in the L&G Sterling Liquidity Fund is delegated to L&G. The investment manager, Legal & General Investment Management Limited, is authorised and regulated by the Financial Conduct Authority and L&G is responsible for the selection of the underlying holdings.
- 2.5 The Trustees continue to review the appropriateness of the Scheme's investment strategy on an ongoing basis.
- 2.6 The Trustees will consult the principal 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 Scheme'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 Scheme's liabilities at any time. The Trustees have obtained exposure to investments that they expect will meet the Scheme's objectives as best as possible.

## 4 Kinds of investments to be held

4.1 The Scheme can invest in a wide range of asset classes including equities, bonds, property, alternatives, cash and annuity policies. The Scheme's current investment strategy involves holding the majority of the Scheme's assets in a bulk annuity insurance contract, with a small liquidity holding to meet ongoing cashflow requirements.

4.2 Given the Scheme's investment strategy, it is not expected that the Scheme will hold any employer-related investments. However, this is typically checked annually by the Scheme's auditors.

## 5 The balance between different kinds of investments

5.1 The Scheme invests in assets that are expected to achieve the Scheme's objectives.

5.2 The Scheme holds a bulk annuity policy expected to produce cashflows that exactly match the benefit entitlements of each of the Scheme's members. The remainder of the Scheme's assets are held in the Trustee bank account and the L&G Sterling Liquidity Fund.

## 6 Risks

6.1 The various types of investment risk which may affect the Scheme'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 Scheme's ability to meet the liabilities of the Scheme as they fall due. However, the Trustees have considered the following risks for the Scheme with regard to its investment policy and the Scheme's liabilities:

6.2 **Risk versus the liabilities** The Trustees note that by securing the Scheme's benefits with an insurer, the risk of benefits not being met is now very low.

6.3 **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.

6.4 **Investment manager risk** The Trustees monitor the performance of the residual assets (that is, those held in cash and the L&G Sterling Liquidity Fund outside the bulk annuity policy) as necessary. The Trustees have a written agreement with the investment manager, which contains a number of restrictions on how the investment manager may operate.

6.5 **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.

6.6 **Loss of investment** In the event of the Insurer becoming insolvent, the Scheme 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 (for example, default risk, operational errors or fraud).

- 6.7 **Liquidity risk** The Scheme invests in assets, including cash, such that there is a sufficient allocation to liquid investments to meet the Scheme's remaining cashflow requirements that are not covered by the bulk annuity insurance contract. The Scheme's administrators monitor the level of cash available in the Scheme's bank account.
- 6.8 **Covenant risk** The Scheme is less reliant on the strength of the employer covenant since entering the bulk annuity insurance contract with the Insurer.
- 6.9 **Currency risk** The Scheme's liabilities and the income produced by the bulk annuity contract are both denominated in sterling.
- 6.10 **Governance risk** The investment manager of the &G Sterling Liquidity Fund 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.
- 6.11 **Environmental, social and governance (ESG) risks and climate risk** Please refer to section 9.

## 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 Scheme's projected benefit payments with income from the policy. The remaining assets are held after considering the potential additional liabilities that may fall due on the Scheme that are not covered by the policy, and ongoing expenses.
- 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 annuity policy with the Insurer is not readily realisable and the Trustees do not expect to need to surrender or realise the contract given its nature and purpose. The income from the bulk annuity policy will be used to pay benefits covered by the policy.
- 8.2 The remaining assets of the Scheme are held in assets that can be realised at short notice.

## 9 Financially material considerations, non-financial matters, the exercise of voting rights and engagement activities, and policy on arrangements with investment managers

- 9.1 Since the majority of the Scheme'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 below and in the appendix to this statement.

## **Policy on financially material considerations and monitoring the ESG policy**

- 9.2 The Trustees have considered long-term financial risks to the Scheme and believe that ESG factors, as well as climate risks, are potentially financially material. However, as the Trustees have completed a purchase of a bulk annuity policy intended to match the majority of the Scheme's liabilities, the Trustees are 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 Scheme 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.
- 9.3 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.
- 9.4 As the residual investment in the L&G Sterling Liquidity Fund is held in a pooled fund, the extent to which the Fund incorporates ESG considerations is determined by the manager. The manager will ultimately act in the best interests of the Scheme's assets to maximise returns for a given level of risk.
- 9.5 The Trustees have not imposed any restrictions relating to ESG issues on the manager beyond those already built into the pooled fund.
- 9.6 Given the nature of the current holdings in the Scheme, the Trustees will review and monitor the ESG policy as they deem appropriate, considering the risks that present themselves.

## **10 Non-financial matters**

- 10.1 When constructing the investment strategy and selecting managers, the Trustees do not take non-financial matters into account. Given the bulk annuity purchase, the Trustees have limited ability to address non-financial matters.
- 10.2 The Trustees will review their policy on whether or not to take account of non-financial matters periodically as required.

## **11 Exercise of rights and engagement activities**

- 11.1 The Trustees note that by securing the Scheme'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.
- 11.2 The Scheme retains small cash and pooled liquidity holdings. However, the Trustees note that due to a number of controls at both the manager and counterparties, the impact of engagement on the risk and return of these holdings is limited. The Trustees have therefore not set stewardship priorities.
- 11.3 The Scheme'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 manager recommendations they make are free from conflicts of interest.
- 11.4 The Trustees expect all managers and insurers to have conflict of interest policies in relation to their engagement and ongoing operations. In doing so, the Trustees believe they have appropriately managed the potential for conflicts of interest in the appointment of the managers, insurers and investment adviser, in addition to conflicts of interest between the Trustees, investment adviser, managers, insurers and any underlying investee companies.

## 12 Agreement

This statement has been agreed by the Trustees and replaces any previous statements. A copy of this statement has been made available on a publicly accessible website.

**Date agreed: February 2026**

**On behalf of the Trustees of the Phoenix Medical Supplies Pension Scheme**

# Appendix 1 Note on investment manager arrangements as at January 2026 in relation to the Statement of Investment Principles

The Trustees have appointed L&G to carry out day-to-day investment on behalf of the Scheme in respect of the small residual holding in the L&G Sterling Liquidity Fund.

The investment benchmarks and objectives for the L&G Sterling Liquidity Fund is given below:

Manager/Fund	Benchmark	Objective
L&G Sterling Liquidity Fund	SONIA	To provide diversified exposure and a competitive return in relation to SONIA

The Scheme’s invested assets are held on the L&G Investment Only Platform.

The fee arrangements for the L&G Sterling Liquidity Fund are summarised below:

Manager/Fund	Annual Management Charge (p.a.)
L&G Sterling Liquidity Fund	0.099%

The fee arrangements set out above have been negotiated between L&G and Barnett Waddingham based on the total assets that Barnett Waddingham clients have invested on the L&G Investment Only Platform. L&G have the right to review these discounted fees should the Scheme change investment adviser.

As well as the annual management charges given above, additional fund expenses may apply (for example, covering legal, accounting and auditing fees).

The Trustees have appointed Barnett Waddingham LLP to advise on investment matters. Barnett Waddingham is remunerated on a fixed fee basis for certain investment services. Where services are provided outside of the fixed fee arrangements, fees are typically charged on a time-cost basis.

The Trustees have arrangements for the receipt of members’ Additional Voluntary Contributions with Aviva and Prudential. The arrangements are reviewed from time to time.

## 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 manager 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 Scheme invests exclusively in a pooled liquidity fund and a bulk annuity policy, in addition to its holdings in the Trustee bank account. 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 Scheme's investment adviser 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 liquidity holdings of the Scheme, the Trustees note that the impact of portfolio turnover costs and the duration of arrangement with the investment manager are expected to have negligible impact.

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

The suitability of the Scheme'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.