

INVESTMENT POLICY

**Approved by: Pension Trustees at their meeting held on 6th July,
2021**

Date due for Review: 6th July, 2024

Introduction:

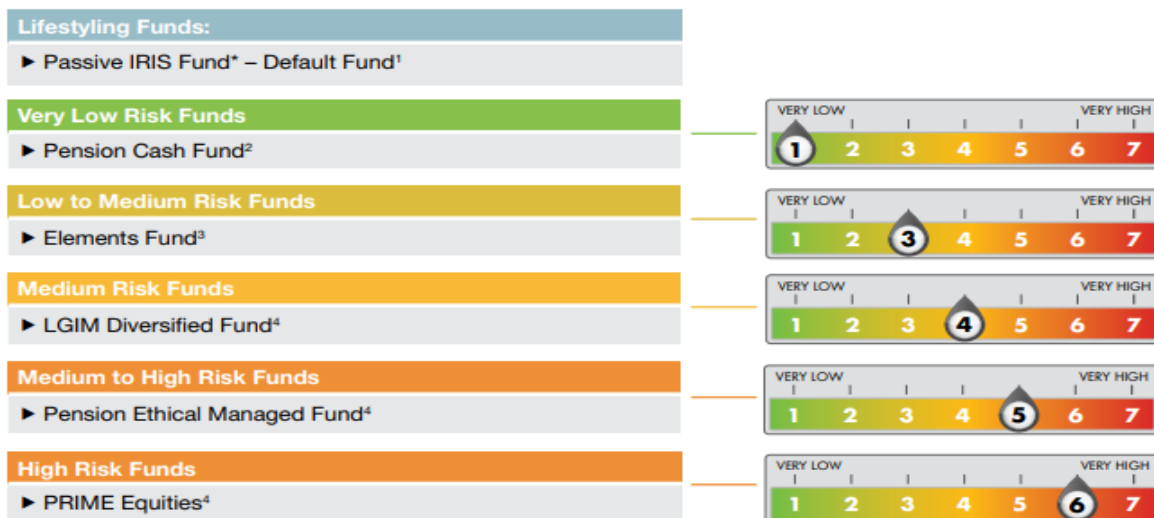
As the NFVSP Pension Scheme is a Defined Contribution Scheme, the Trustees recognise that investment performance will have a major bearing on the retirement funds that are built up by each of the members of the Scheme.

The Trustees are committed to ensuring that all investments are prudent, invested in regulated markets, take account of ESG factors and are in the long-term financial interests of the scheme members.

Investment Choice:

The Trustees believe it is important to provide members with a range of funds with different levels of risk and to review the funds offered on a regular basis. The Trustees have decided on a choice of 6 funds as they consider that to be a suitable range without confusing the members by making too many funds available.

The current range of funds, together with a note of the management fees is as follows:



¹ A Fund related charge of 0.33% per annum applies to this fund.

² A fund related charge of 0.15% per annum applies to this fund.

³ A fund related charge of 0.53% per annum applies to this fund.

⁴ A fund related charge of 0.43% per annum applies to this fund.

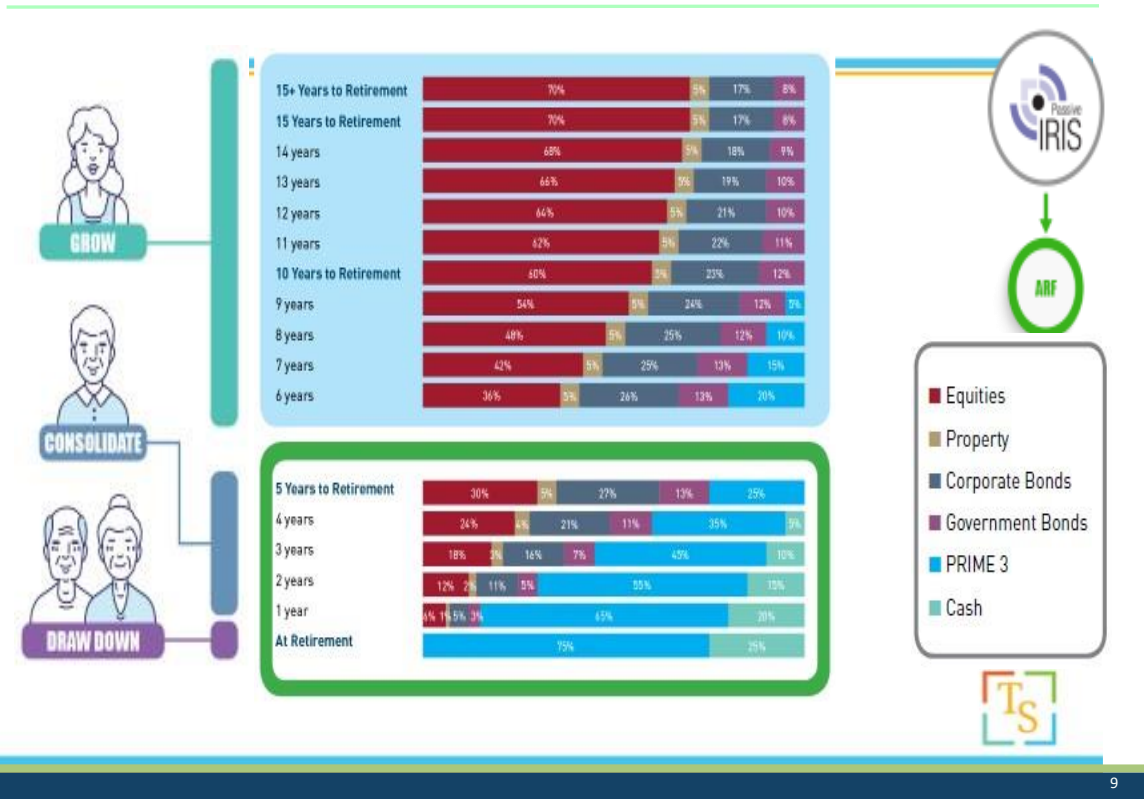
The funds are managed by SSGA and LGIM.

Default Investment Strategy:

The Trustees recognise that whilst investment choice is made available to members, the majority of members will not make an investment decision themselves and as a result, the Trustees have nominated the Passive IRIS Fund as the default investment strategy for the Scheme.

Passive IRIS is a target dated lifestyle investment strategy, which is administered by New Ireland and invested by State Street Global Advisors (SSGA). Where a member has in excess of 15 years to their Normal Retirement Age, the investment emphasises is on equities and other growth assets, and in the last 15 years up to an individual’s normal retirement age, there is a gradual switch out of equities and into a mix of cash, and PRIME, a low to medium risk funds (ESMA rate 3), which is passively managed by SSGA.

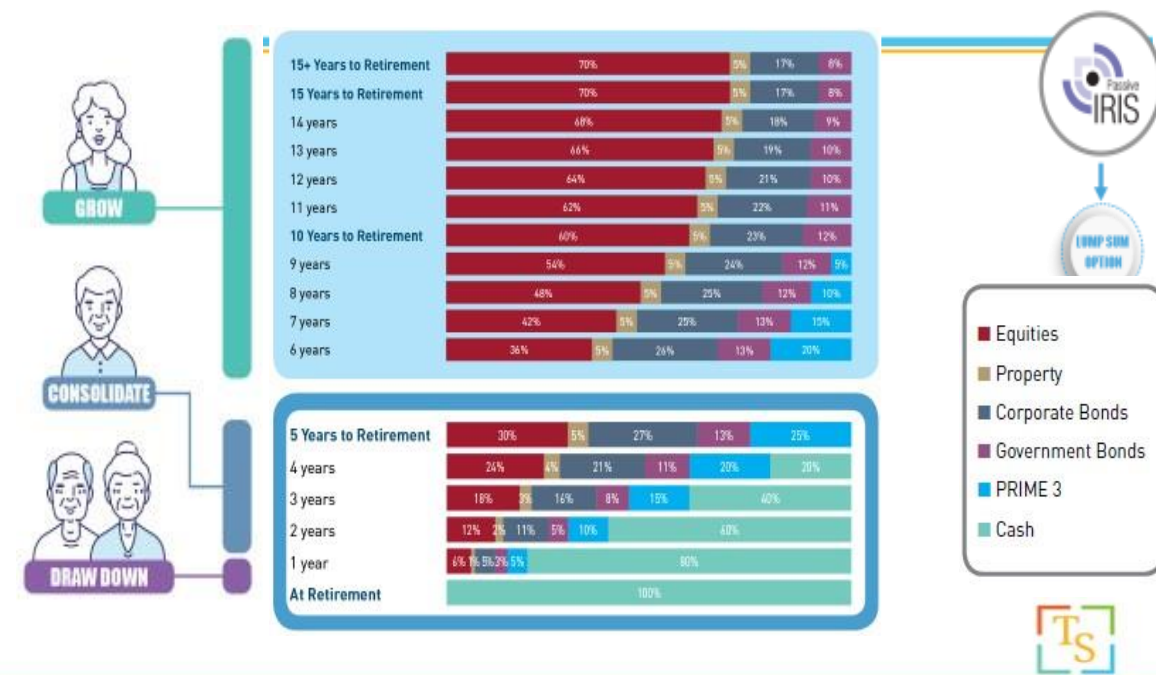
DEFAULT FUND – PASSIVE IRIS (ARF)



While Passive IRIS is aimed primarily at pension investors who want to take a 25% cash lump sum and invest in an Approved Retirement Fund (ARF) at retirement, additional Passive IRIS options are available. When a member reaches age 60, they are invited to engage with their pension consultant and consider switching to one of the other landing point options that are available as follows:

- a) Cash fund, where there is a gradual move to a 100% cash position at retirement (tax free lump sum).

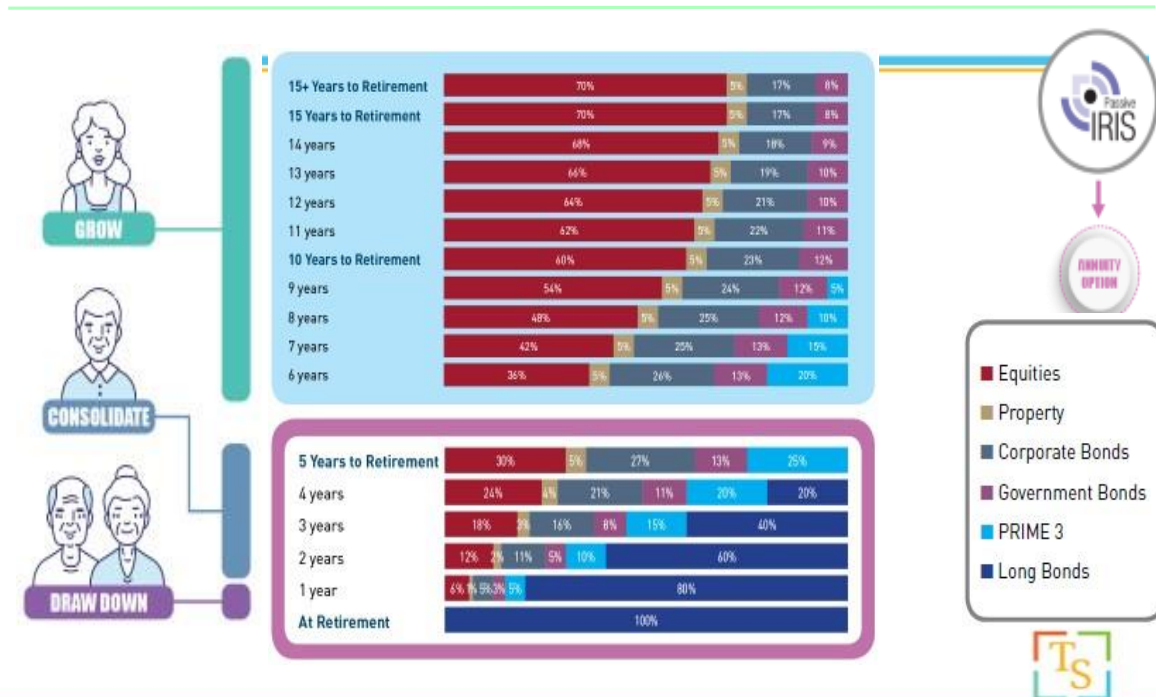
PASSIVE IRIS – Cash Landing Point



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- b) Annuity Fund, where there is a gradual move to a 100% long dated bond position at retirement (pension purchase).

PASSIVE IRIS – Annuity Landing Point



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In many cases a mix of these two landing points will be appropriate.

Approaching Retirement:

The Trustees recognise the importance of members investing in the most appropriate fund/s as they approach retirement and have taken a number of steps to encourage this, including:

- a) The Trustees have arranged for New Ireland to issue a series of “nudge” letters at 55, 58, 60 and 62 to prompt members to engage with their pension consultant and to review their fund choices.
- b) Member presentations and the Pre-Retirement & Life Planning Seminars highlight the need for members to review their fund choices as they approach retirement.

In addition, the Trustees receive two reports from New Ireland to monitor retirement claims in the previous 12 months and where members who are due to retire in the next 5 years are invested.

2019 Retirees

86 members took retirement benefits in 2019

34 took their entire fund as a lump sum

6 received a taxable lump sum

22 took a lump sum and bought an annuity

16 invested in an AMRF

8 invested in an ARF



The Trustees obtain a quarterly report from New Ireland, which includes a profile of where the members are invested in the 5 years before they retire, this allows the Trustees to monitor the movement from the default fund to the other landing points.

Scheme Fund Value as at 31st December 2020

Total Scheme Value **€255,548,762**

Fund Name	Passive IRIS ARF	Passive IRIS Annuity	Passive IRIS Lump Sum
Passive IRIS 2020 and before	€1,599,434	€186,191	€90,761
Passive IRIS 2021	€2,930,634	€40,845	-
Passive IRIS 2022	€5,311,590	€196,292	€90,761
Passive IRIS 2023	€5,568,678	-	€28,254
Passive IRIS 2024	€6,751,245	€89,160	€58,990
Passive IRIS 2025	€7,504,350	-	-
Passive IRIS 2026 and after	€217,157,152	-	€7,852



The Trustees consider the funds that members are invested in as they approach retirement as extremely important. The Trustees will continue to promote engagement between members and their nominated pension consultant to ensure members are invested in the right landing point as they approach retirement which reflects the way the member wishes to draw down their pension benefits. How providers deal with this issue is a key part of the RFP process undertaken in mid-2021.

Investment Fund Review:

The Trustees are committed to monitoring the performance of the selected funds against their agreed benchmarks and to review the ongoing suitability of the funds for the Scheme membership. A formal presentation on the performance of each of the funds is obtained on an annual basis and updated performance figures v benchmarks are included in the quarterly report received by the Trustees from the Registered Administrator.

The choice of funds was formally reviewed by an independent investment consultant in 2018 which led to a number of changes in the range of funds offered and is part of the overall Scheme review being carried out in 2021 and every three - five years thereafter.

Environmental, Social and Governance (ESG):

The Trustees are conscious of the need to take account of ESG factors when making investment decisions. Both of the investment managers involved in the NFVSP Pension Scheme, SSGA and LGIM have strong ESG credentials, however, the

Trustees have expressed their concerns to New Ireland re Passive IRIS. Passive IRIS is managed by SSGA and the Trustees have challenged how Passive IRIS can incorporate ESG factors into their stock selection process. While SSGA have a proven record in terms of engagement with companies and pursuing a pro ESG voting strategy at AGMs and EGMs, there is no positive tilting in favour of “good” ESG companies or, apart from a minor exclusion of companies involved in the armaments industry, there is no screening out of companies with poor ESG records. The Trustees have included a specific question re ESG in the RFP that is currently (June 2021) in progress as follows:

“ESG and sustainability issues and the incorporation of these considerations into the Schemes investment options are particularly important to the Trustees. Tenderers should set out their ESG credentials/expertise, how they have incorporated ESG into their investment solutions, what further ESG related changes they intend to implement in the future. In particular, how ESG considerations are incorporated into the default strategy should be clearly set out”.

Sustainable Finance Disclosure Regulations (SFDR):

The Trustees have developed a policy about integrating sustainability factors into investment decisions and incorporated it into the SIPP. The Trustees have a pension section within the www.fedvol.ie website which contains information on how the Trustees have taken ESG factors into consideration in investment decisions. The Trustees have chosen not to comply with the Principal Adverse Impact obligation.

Member Booklets have been updated to reflect how sustainability factors have been incorporated into investment decisions.

Shareholders Rights Directive (SRD):

The Trustees have delegated the voting and engagement policy, as required by the SRD Regulations, to New Ireland and their appointed investment managers. The SIPP for the NFVSP Pension Scheme has been updated to reflect this.

Statement of Investment Policy Principles:

A Statement of Investment Policy Principles (SIPP) has been put in place and this will be reviewed every 3 years or more frequently if there is a fundamental change to the investment strategy or the funds that are made available to members. The current SIPP has an effective date of 15/6/2021, having been updated to incorporate ESG considerations and the requirements under SFDR and SRD regulations.

Member Engagement:

The Trustees recognise that for many members, pension investment is a complex subject and the Trustees have developed a number of communication methods and processes to try to make the information as easy to understand as possible.

- a) Members on joining are invested in the Default Fund, Passive IRIS, and when they are issued with their “Welcome Pack” are introduced to the choice of funds available to them.





- b) There is a customised Investment Choice Booklet which outlines the main features of each of the funds available.
- c) An investment EZINE is available which is a live link to a fact sheet for each of the available funds.
- d) Investment information is included in group presentations, one to one meetings and other forms of member communication such as webinars.
- e) The Trustees have developed a specific Planning for Retirement Booklet which highlights the need for members to review their investment funds.
- f) Members are sent a number of “nudge” letters at ages 55 ,58, 60 and 62 to encourage them to review their fund choice.



Signed:

**John McHugo,
Chairman.**

Date: 6th July, 2021

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Pension Authority No: PB67866 Revenue Approval No: SF7346

PENSION TRUSTEES: Mr. John McHugo, (Chairman);
Ms. Pauline Brennan; Mr. Francis Coughlan; Ms. Deirdre
Herlihy; Mr. James Skehan (Professional Trustee).