National Federation of Voluntary Service Providers Pension & Life Assurance Scheme

Statement of Investment Policy Principles

Introduction:

This document contains the Statement of Investment Policy Principles (the "Statement") adopted by the Trustees of the National Federation of Voluntary Service Providers Pension and Life Assurance Scheme (the "Scheme"), in accordance with the requirements of Section 59(1B) of the Pensions Act 1990 (as amended) and Article 5 of the Occupational Pension Schemes (Investment) Regulations, 2006 (the "Regulations"). The effective date of this Statement is June 2021.

The Statement records the policy principles of the Trustees in regard to the investment of the assets of the Scheme. In particular, it looks at those investment policy principles under five headings as required under the Regulations: investment objectives; responsible investing; investment risk measurement methods; risk management processes to be used; and the strategic asset allocation implemented with respect to the nature and duration of pension liabilities.

The Scheme is a defined contribution scheme. The Rules of the Scheme provide for the Trustees to invest contributions in accordance with directions given by members.

This Statement will be reviewed at least every three years, and also following any change in investment policy which impacts on the content of the Statement, to ensure compliance with the Pensions Act 1990 (as amended) and associated regulations.

Investment Objectives:

The retirement benefits that are available to members of a defined contribution scheme are determined by the amount of contributions made by, and on their behalf, together with any associated investment returns, less charges.
The main investment objectives of the Trustees are:

- To ensure cost effective investment management to high professional standards of an asset mix appropriate to the needs of members.
- To offer members a range of investment funds which comply with the Regulations. In particular, the underlying assets of the funds held in respect of each member should be suitably diversified and invested predominantly in regulated markets.
- To provide a suitable Default Fund to be used where members do not or do not want to make an investment choice.
- To provide, through one or more New Ireland Assurance pension policies, a range of investment funds, which will be suitable for the funding of retirement benefits for the members of the Scheme.
- To provide members with information regarding the range of options in order to assist them in selecting suitable funds.

Responsible Investing:

Responsible investing is about incorporating environmental, social and governance (ESG) considerations into investment decision-making and shareholder engagement practices. The Trustee recognises that ESG risks could impact the ability of the Scheme to meet its long-term investment objectives and therefore should be considered as part of the schemes investment process. To comply with EU regulations including IORP II, SFDR and SRD, the Trustees have delegated responsibility for implementation of policies on responsible investment and shareholder engagement to New Ireland Assurance, which is set out below.

The New Ireland Assurance Responsible Investment Policy and Engagement Policy sets out how New Ireland Assurance incorporate ESG considerations and sustainability risks into their investments and how they engage and interact, primarily via their appointed investment managers with the management of the companies in which they invest. The scope and application of the policies and the responsibilities and obligations arising under the policies are also set out. New Ireland Assurance have dedicated page on their website which provides information on their commitment to sustainable finance and all relevant polices and documentation: https://www.newireland.ie/sustainableinvesting/. The New Ireland Assurance Responsible Investment Policy and Engagement Policy is also available to members upon request.

The Trustees require that:

- New Ireland Assurance actively monitors its appointed Investment Managers on relevant matters including strategy, financial and non-financial performance and risk, capital structure, social and environmental impact, corporate governance and diversity and inclusion.
- New Ireland Assurance engage closely with their investment managers to Integrate shareholder engagement into the investment strategy including monitoring voting and any other shareholder rights.

Risk Measurement Methods:

As a defined contribution scheme, the investments risks are borne by the members. The main investment risks relating to the Scheme and its members that the Trustees are currently aware of are set out below:

- Annuity price risk – is the risk that the value of a member's account moves significantly out of line with the movement in the value of annuity rates, leading to uncertainty about the amount of retirement income the member will receive for a given amount of retirement savings. A member's investment choice needs to take account of their age, proximity to retirement, risk tolerance and personal financial situation.
- Counterparty risk – is the risk of default of, or failure to meet its obligations by, a counterparty. The appointed investment manager(s) of the funds assesses and manages counterparty risk through a rigorous selection process for a variety of investment services, regular monitoring of the Scheme's funds, regular reports of the funds' underlying holdings and the investment managers' approach to managing risk.
- Inflation risk – is the risk that the cash flows from investments won't be worth as much in the future because of changes in purchasing power due to inflation. Management of this risk is facilitated by offering members a range of investment funds that will be invested in a diversified range of assets that are likely to grow in real terms. Equities typically out-perform inflation over the long term, however, over shorter periods equities can be quite volatile and therefore can impact the short term investment returns of the member's selected fund(s). Cash and fixed interest offer lower market risk, however their inflation risk is higher.

- Liquidity risk – is the risk that assets held within funds cannot be converted to cash without a loss of capital. As far as is practicable and necessary, the range of investment funds will be invested in liquid assets that can be quickly realised as required.
- Market risk – is the risk of a member experiencing losses due to factors that affect the overall performance of the financial markets. Market risk is managed primarily through investing in a diversified range of assets.
- Performance risk – is the risk of the frequency and severity of any relative underperformance of the elected funds and the investment manager(s) compared to similar funds and other investment manager(s).
- Regulatory risk – is the risk that the investments held by the Scheme may not comply with the Regulations. The Trustees offer members a range of investment funds which comply with the Regulations.
- Specific risk – is the risk of excessive reliance on any particular asset, issuer or group of undertakings. This is mitigated through investing in a diversified range of assets.
- Suitability risk – is the risk that members invest in funds which are not suitable for their particular circumstances. A member's investment choice needs to take account of their age, proximity to retirement, risk tolerance and personal financial situation.
- Valuation risk – is the risk that an asset held within funds is overvalued and is worth less than expected when it matures or is sold. The range of investment funds will be invested primarily in liquid, quoted assets in order to manage the valuation risk.

Risk Management Processes:

The following risk management processes are in place to manage the investment risks:

- The Trustees will select a range of investment funds which comply with the Regulations. In particular, the underlying assets of the funds held in respect of each member should be suitably diversified and invested predominantly in regulated markets.
- Members are expected to make their investment choices taking account of their age, proximity to retirement, risk tolerance and personal circumstances.
- To assist members in choosing their investments the Trustees have adopted a series of target date funds to deliver the default investment strategy.
- The management of the investment funds, including tactical decisions, will be delegated to the investment manager(s) of the various funds. Each fund will be managed in line with a set of investment guidelines which will be monitored by the investment manager(s) and New Ireland Assurance.
- The investment manager(s) of each of the investment funds is responsible for appointing a custodian with regard to the safekeeping of the assets.
- New Ireland Assurance is responsible for oversight of the range of funds' investments. This oversight, which will be conducted through the operation of the New Ireland Assurance Board Investment Committee. This oversight will include:
    - ensuring that the overall level of investment risk is fully consistent with policyholders' reasonable expectations; &
    - reviewing investment activity and performance.
- The Trustees will receive annually from New Ireland Assurance an Investment Manager Report. Through reviewing this, the Trustees will be made aware of the composition and investment performance of the funds in which they invest. A copy of the Trustee Annual Report (including the Investment Manager Report) will be made available to the members and, in addition, each member will be provided with a Member Benefit Statement. Through reviewing this documentation the members will be made aware of the composition and investment performance of the funds in which they invest.
- The Trustees will receive an investment update every calendar quarter.

Strategic Asset Allocation

The Trustees have agreed to make available to members a number of funds, set out below, and such other funds as they may select from time to time, from the range of funds made available by New Ireland Assurance under the New Ireland Assurance Group Retirement Plan.

Members select from the available funds the actual fund(s) to invest in based on their individual circumstances and attitude to risk. Members' annual benefit statements contain details of the actual funds in which the member is invested.

Lifestyle Funds • Passive IRIS Fund • *****Passive IRIS Annuity Option • *****Passive IRIS Lump Sum Option	Medium Risk Funds • LGIM Diversified Fund
Very Low Risk Funds • Pension Cash Fund	Medium to High Risk Funds • Pension Ethical Managed Fund
Low to Medium Risk Funds • Pension Elements Fund	High Risk Funds • PRIME Equities

**** While the asset mix of the options above will differ to the Passive IRIS default option only in the last five years, you can switch to the Passive IRIS Annuity Option or the Passive IRIS Lump Sum Option at any time.***

The Trustees have nominated the Passive IRIS as the default investment approach, to be used where members have not indicated any other choice.

This strategy is intended to be suitable for members who, on reaching retirement age, will opt to use their fund to provide a retirement lump sum and who will invest the balance of their fund in an Approved Retirement Fund (ARF). The strategy is designed to match changing investment needs by automatically selecting an appropriate level of risk depending on a member's retirement year - a higher level of risk when they are far from retirement and want their fund to potentially grow, and a lower level of risk as they near retirement and want to safeguard their fund against strong short term market fluctuations.

While Passive IRIS is aimed primarily at members of the pension scheme who want to take a retirement lump sum and invest in an Approved Retirement Fund (ARF) at retirement, additional Passive IRIS options aimed at individuals who want to purchase an annuity or take a cash lump sum at retirement are also available. The asset mix of these options will differ to the asset mix of the Passive IRIS default option only in the five years before a member's retirement year. Information on these options is included below.

Passive IRIS Annuity Option:

The Passive IRIS Annuity Option is aimed at pension investors who plan to use their retirement fund to purchase an annuity at retirement. Five years from a member's retirement year the asset mix starts to be tailored specifically to suit pension investors who plan to purchase an annuity at retirement.

Passive IRIS Lump Sum Option:

The Passive IRIS Lump Sum Option is aimed at pension investors who plan to use their retirement fund to take a cash lump sum at retirement. Five years from a member's retirement year the asset mix starts to be tailored specifically to suit pension investors who plan to take a cash lump sum.

The Trustees believe that this strategic asset allocation is consistent with the objectives set out above.

The strategic asset allocation is intended to provide a suitable investment strategy to meet the needs of members for the purposes of making savings for retirement. The actual outcome of the investment strategy will depend on the performance of the assets held over the full period to retirement.

Oversight and Review:

The Trustees will undertake a review of the investment strategy and resulting mandate no later than 3 years from the effective date of this Statement or sooner following any change in investment policy which is inconsistent with this Statement.

Signed on behalf of the Trustees by:

Trustee Signature	Trustee Signature
JOHN McHUGO	FRANCIS COUGHLAN
Trustee Name in Block Capitals	Trustee Name in Block Capitals

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