Statement of Investment Principles

This is the Statement of Investment Principles made by the Trustees of The College of Law Pension and Assurance Scheme (the "Scheme") in accordance with the requirements of Section 35 of the Pensions Act 1995. It is subject to periodic review by the Trustees at least every three years and more frequently as appropriate.

In preparing this Statement, the Trustees have consulted with the Principal Employer of members of the Scheme (The Legal Education Foundation) and have taken and considered written advice from the Investment Practice of Hymans Robertson LLP.

Scheme Objective

The primary objective of the Scheme is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependants, on a defined benefits basis.

The Trustees' over-riding funding principle for the Scheme is to ensure that there are always sufficient assets of the Scheme (at their realisable value) to meet 100% of benefits as they fall due for payment to members. It is also important to ensure there are assets to meet the cost of ongoing management expenses.

Investment Management

The Scheme's liabilities are fully insured through a series of bulk annuity contracts with multiple insurers, each of which is authorised by the Prudential Regulation Authority and regulated by both the Financial Conduct Authority and the Prudential Regulation Authority. These contracts collectively cover the entirety of the Scheme's benefit obligations.

In addition to the bulk annuity contracts, the Scheme holds a small residual allocation to a private debt fund managed by Partners Group, which is currently in wind-down. Proceeds from the fund are used to support ongoing Scheme expenses and to provide liquidity for benefit payments where required.

Suitability

The Trustees undertook appropriate due diligence on the insurers prior to entering the contracts, including consideration of the regulatory environment in which they operate, and obtained written advice from their professional advisers as required under legislation.

The Trustees have taken advice from their Investment Consultants on the Partners Group Fund to ensure the investment is suitable.

Risk

The Trustees recognise a number of risks, including those described below, involved in the investment of the assets of the Scheme. The Trustees continue to monitor these risks and accept that some degree of risk is inevitable in the effective management of investments.

Liquidity risk: The risk that the Scheme is unable to meet its immediate liabilities as they fall due. To
mitigate this, the Trustees ensure that a sufficient cash balance is maintained in the Scheme's bank
account to cover expected short-term outgoings, such as benefit payments and expenses. Liquidity is
monitored regularly and measured against projected cash flow requirements over an appropriate time
horizon.

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- Investment risk: The principal investment risk facing the Scheme is the potential default of one or more insurers on their obligations under the bulk annuity contracts. This risk is mitigated by the fact that the Scheme's liabilities are insured with multiple providers, reducing the overall exposure to any single insurer. Prior to entering into each contract, the Trustees have obtained and carefully considered professional advice regarding the financial strength of each insurer and the insurance regulatory regime, and concluded that this risk was acceptably low.
- Residual asset risk (private debt exposure): The Scheme holds a small residual allocation in a private debt fund managed by Partners Group, which is currently in its wind-down phase. The principal risks associated with this allocation relate to illiquidity, valuation uncertainty, and potential credit defaults within the underlying portfolio. These risks are mitigated through regular monitoring and the fact that the fund is now being realised, with proceeds used to support ongoing Scheme expenses and liquidity needs. The size of this holding is small relative to the total assets of the Scheme, and the Trustees consider the associated risks to be manageable.

The Trustees will continue to review these and other risks periodically and take professional advice as appropriate to ensure the ongoing security of members' benefits.

Realisation of Assets

The majority of the Scheme's assets are held in bulk annuity contracts with insurers, which are structured to provide regular monthly payments to the Scheme that match the required benefit payments to members. The realisation of assets is not considered relevant to the circumstances.

The remainder of the Scheme's assets are held in a private debt fund managed by Partners Group. This fund is currently in its wind-down phase and is gradually returning capital to investors as the underlying loans mature or are repaid. While not immediately liquid, the investment is in the process of being realised, and the Trustees monitor the proceeds to ensure they are sufficient to support ongoing Scheme expenses and maintain an appropriate level of liquidity.

Consideration of financially material factors

The Trustees recognise that the consideration of financially material factors, including ESG factors and climate change, is relevant at different stages of the investment process.

The Scheme's assets are primarily held in the form of bulk annuity contracts with insurers. These contracts have not been structured with expected return as the primary objective, but rather to match the Scheme's benefit obligations. Given the nature of these contracts, the Trustees have not made explicit allowance for climate change in framing the strategic asset allocation.

As part of the broader formal selection process and review criteria for the insurers — including financial strength and market experience — the Trustees considered ESG matters, with guidance from their professional advisers. The insurers' integration of ESG considerations into their processes, along with their use of independent ESG assessments, were highlighted as positive features.

Consideration of non-financially material factors

The Trustees have not imposed any restrictions or exclusions to the investment arrangements based on non-financial matters.

Stewardship

Given that the Scheme's assets are primarily held in bulk annuity contracts with insurers, opportunities for engagement and voting are extremely limited. The Trustees are mindful and accepting of this.

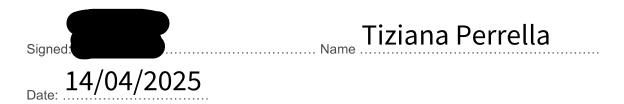
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The Scheme also holds a small allocation in a private debt fund managed by Partners Group. The Trustees expect their investment manager to engage with borrowers where appropriate and to consider ESG risks in their ongoing management of the portfolio. The Trustees have taken comfort from Partners Group's overall approach to responsible investment and integration of ESG considerations across their investment process.

Monitoring

The Trustees will periodically monitor the performance and service of the insurers, taking into account factors such as financial strength, solvency metrics, market activity, and developments in the ESG space.

For the residual allocation to the private debt fund managed by Partners Group, the Trustees will continue to monitor the wind-down process, including the timing and size of distributions, as well as any material updates regarding credit risk, ESG integration, and fund governance.



For and on behalf of the Trustees of The College of Law Pension and Assurance Scheme.

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