

THE HPI HOTELS PENSION SCHEME
STATEMENT OF INVESTMENT PRINCIPLES
for the Final Salary Section

Prepared by Berkeley Burke
September 2020

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1. BACKGROUND

1.1 This Statement of Investment Principles ("SoIP") sets out the principles governing decisions about investments for the **HPI Hotels Pension Scheme** ("the Scheme"). It has been prepared in accordance with the requirements of:

- Section 35 of the Pensions Act 1995, as amended by the Pensions Act 2004;
- the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010;
- the Occupational Pension Schemes (Investment) (Amendment) Regulations 2018; and
- the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

It has been agreed by the Directors of HPI Pension Trustees Limited, the trustee of the Scheme, ("the Trustees"). It replaces the previous edition of the SoIP, dated 24th September 2019.

In the preparation of the SoIP the Trustees have obtained appropriate professional advice from their investment consultants, Berkeley Burke Employee Benefit Consultants Limited ("Berkeley Burke"), and have consulted the Principal Employer, Hotel Property Investors UK Limited, about the content of this SoIP. However, the ultimate power and responsibility for deciding investment policy lies with the Trustees.

This SoIP may require amendment as general investment conditions alter and as the liabilities of the Scheme change over time. It is therefore the intention of the Trustees to review this SoIP from time to time. This SoIP is consistent with the Scheme's governing documents.

1.2 The Scheme is Registered and has two separate sections. There is a money purchase section, which incorporates a Guaranteed Minimum Pension ("GMP") underpin, and a Final Salary section. This SoIP relates only to the final salary section of the Scheme.

1.3 The Scheme's assets are held in trust by the Trustees. The Trustees' powers of investment are set out in Clause 5.05 of the Consolidated Trust Deed and Rules dated 26th February 1990 as detailed in Appendix 1. This SoIP is consistent with those powers. There is no formal employer-related investment made by the Trustees, and none is intended.

1.4 As required by the Pensions Act, the Trustees have appointed a fund manager, BlackRock Investment Management (UK) Limited ("BlackRock") ("the Fund Manager"), for the day-to-day management of the majority of the Scheme's assets. The Fund Manager employed by the Trustees to manage the assets of the Scheme as at the date of this SoIP is set out in Appendix 2. The Fund Manager is responsible for the day-to-day investment management of the Scheme's assets. The Fund Manager is suitably authorised under the Financial Services and Markets Act 2000.

The custody and safekeeping of the assets is provided by the custodian, J P Morgan Chase. The investments are administered on a platform by Fidelity International.

The Fund Manager and custodian are required to abide by this SoIP and, where appropriate, the Letter of Appointment and/or Client Agreement.

1.5 The Trustees employ Berkeley Burke as their investment consultant ("the Investment Consultant") to help them monitor their fund manager/custodian, to advise them in general on matters relating to the Scheme's investments and to maintain this investment statement.

1.6 The SoIP must be made available to members but it does not have to be circulated automatically. The Trustees' annual report will explain how members may obtain a copy of the latest SoIP.

1.7 The Trustees monitor investments on a **quarterly** basis. Advice is received as required from professional advisers.

1.8. The Principal Employer

In determining the Scheme's investment strategy the Trustees have consulted the Principal Employer. The Principal Employer will also be consulted if the SoIP is revised. The consultations with the Principal Employer are not negotiations and the Trustees' decision is final. The Principal Employer does, however, fund the Scheme and therefore the Trustees consider it prudent for the Principal Employer to be kept informed.

All investment decisions for the Scheme are under the Trustees' control with no constraint from the Principal Employer.

1.9 The Trustees are responsible in respect of investment matters for:

- a) Reviewing annually, triennially and following any significant change in investment policy, the content of this SoIP and modifying it if deemed appropriate.
- b) Reviewing the investment policy following the results of each actuarial valuation, and/or any asset/liability modelling exercise.
- c) Based on advice received from the Investment Consultant and the Scheme Actuary, the Trustees must take into account the liabilities of the Scheme, review the asset allocation, the suitability of investments and the need for diversification.
- d) Appointing (and, when necessary, dismissing) investment managers.
- e) appointing (and, when necessary, dismissing) independent advisers.
- f) appointing (and, when necessary, dismissing) actuaries.
- g) Assessing the quality of the performance and processes of the Fund Manager by reviewing the performance statistics against agreed benchmarks and by periodic meetings with the Fund Manager.

2. OVERALL INVESTMENT STRATEGY AND POLICY FOR MEETING THE STATUTORY FUNDING OBJECTIVE ("SFO")

Overall investment policy falls into two parts. The strategic management of the assets is fundamentally the responsibility of the Trustees acting on advice from the Investment Consultant. The other element of the policy is the day-to-day management of the assets which is delegated to the Fund Manager. Having considered advice from Berkeley Burke, the Trustees have set the investment policy, as described in this SoIP, with regard to the Scheme's liabilities and funding level.

The Trustees require the Scheme Actuary to review the funding level of the Scheme regularly. The Trustees must aim to have sufficient and appropriate assets to cover the technical provisions under the SFO.

2.1 Taking these factors into account, together with the expected returns and risks relative to the liabilities on different types of investment, the Trustees believe that it is appropriate to adopt the following overall objectives for the Scheme:

- a) The acquisition of suitable assets of appropriate liquidity which will generate income and capital growth to meet, together with any necessary contributions from the Principal Employer, the cost of the benefits which the Scheme provides.
- b) To ensure that sufficient assets are available to meet the liabilities of the pension scheme as they fall due.
- c) To limit the risk of the assets failing to meet the liabilities over the long term.
- d) To maintain a position of being at least 100% funded on a Statutory Funding Objective (Technical Provisions) basis.
- e) to maintain a position of being at least 100% funded on the FRS102 basis
- f) To aim for a solvent position in the event of the winding up of the Scheme.
- g) To minimise the long-term costs of the Scheme by maximising the return on the assets whilst having regard to the volatility of pension costs in the Principal Employer's accounts.

It is accepted that at different times within the economic cycle, acceptable levels of risk may change according to market conditions. However, in view of the Statutory Funding Objective surplus which was revealed in the Actuarial Valuation as at 1st July 2013 the Trustees consider it prudent to adopt an investment strategy which is relatively well matched with the Scheme's liabilities.

2.2 To achieve these overall objectives, the Trustees have instructed the Fund Manager to invest in the **Corporate Bond Index over 15 years Index Fund** which aims to produce returns in line with the iBoxx non-gilts over 15 years Index.

2.3 Expected return on investments

The investments are expected to produce a return over the medium term at least equal to the investment return assumed in the valuation of the liabilities in the actuarial valuation.

3. THE TRUSTEES' POLICY TOWARDS RISK

The following measures have been implemented to reduce the risks associated with making investments:

3.1 Number of managers

The Trustees have delegated the management of the assets to a single investment manager, BlackRock, after a careful selection process. Having taken into account BlackRock's reputation, past performance and the size of assets under management, the Trustees believe a single investment manager to be appropriate.

3.2 Risk versus the Liabilities

Some of the Scheme's liabilities are linked to inflation. Deferred pensions in excess of GMPs are revalued in line with inflation, whilst GMPs are revalued at fixed rates which are dependent on the date of leaving. Pensions in payment do not increase except for GMPs in respect of service between 6th April 1988 and 5th April 1997 which are linked to inflation up to 3% each year.

3.3 Range of assets

In order to achieve the objective of maintaining an actuarial surplus the Trustees consider that it is appropriate to invest in a single asset class.

3.4 Manager restrictions

In their agreement with the Fund Manager, the Trustees may set restrictions on the way the portfolio is managed which may be amended from time to time. The purpose of restrictions would be to limit the risks from each individual investment and prevent unsuitable investment activity.

3.5 Employer-related investment

The Trustees' policy is not to hold any employer-related investments.

3.6 Manager controls

Powers of investment delegated to the Fund Manager must be exercised with a view to giving effect to the principles contained in this SoIP so far as is reasonably practicable. The Fund Manager will also ensure that suitable internal operating procedures are in place to control individuals making investments for the Scheme.

3.7 Trustees' policy towards risk

There are various risks to which any pension scheme is exposed. The Trustees have considered the following risks:

- The risk of a deterioration in the Scheme's funding level over the long term.
- The risk of a shortfall of assets relative to the liabilities as determined if the Scheme were to wind up.
- The risk that the day-to-day management of the assets will not achieve the rate of investment return expected by the Trustees. The selection of an index-tracking fund reduces such a risk.

3.8 Risk from lack of diversification

The Trustees understand that the lack of a diversified overall asset allocation results in exposure to one particular sector. They have decided to invest in a single asset class, changes in the capital value of which are expected to be broadly in line with changes in the value of the liabilities. The fund which has been selected is viewed as an appropriate investment vehicle for the investment strategy of an on-going pension scheme.

3.9 Risk from inappropriate investment activity

The Fund Manager is not permitted to gear the portfolio or to engage in speculative activity.

3.10 Environmental, Social and Governance ("ESG") risks

The Fund Manager is expected to undertake good stewardship and positive engagement in relation to the Scheme's investments. The Trustees monitor this and will report on the Fund Manager's records in their annual Implementation Statement. The Trustees consider that the long-term financial risks to the Scheme and ESG factors, including climate risk, are potentially financially material. They will evolve their policy in the light of these and other factors in developing the investment strategy with a view to reducing the chances of unexpected losses.

3.11 Realisation of investments

The Trustees' policy is to ensure that the assets invested are sufficiently realisable to enable the Trustees to meet their obligation to provide benefits as they fall due. The Trustees are satisfied that the arrangements in place conform to this policy.

3.12 Criteria for fund manager selection

The Trustees have identified the criteria by reference to which managers should be selected. These include:

- Past performance
- Quality of the investment process
- Level of fees
- Reputation of the manager
- Familiarity with such mandates
- Service
- Reporting
- Administration
- Team proposed
- The quality of the individual fund managers

3.13 Criteria for Dismissal

Investment managers may be replaced if:

- a) they fail to meet the performance targets;
- b) the Trustees believe that the manager is not capable of achieving these performance objectives in the future; and/or
- c) they fail to maintain satisfactory standards in respect of the other criteria.

4. ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONSIDERATIONS

Financially material considerations

The Trustees have assessed how financially material considerations (including ESG factors such as climate change) should be taken into account in the selection, retention and realisation of investments over the length of time over which benefits will be provided by the Scheme. The Trustees consider these and other factors when selecting and reviewing the Scheme's investments.

ESG issues may, along with other issues, be financially material to the Scheme's investment portfolio. The Trustees consider the long-term financial interests of the Scheme to be paramount and, where appropriate and practical, expect the Fund Manager to:

- consider financially material ESG issues in investment decision making; and
- practice good stewardship.

Non-financially material considerations

Non-financial matters, including the ethical views of members, are not ordinarily taken into account in the selection, retention and realisation of investments and the Trustees do not therefore consult members on such issues. In reaching this decision, the Trustees have considered both the challenges of engaging a properly representative sample of members and the probability that there would be no consensus amongst members who might respond.

Stewardship and Voting Rights

The Trustees have elected to invest the Scheme's assets via pooled funds. The direct control of the process of engaging with the companies which issue the debt and equities which are held within these funds and for the exercise of rights (including voting rights) is delegated to the managers of the funds. The Trustees acknowledge that they cannot directly control the

investments held within pooled funds but they encourage the Fund Manager to engage with the companies in which it invests and to vote when it is practical to do so. The Trustees expect that the Fund Manager will use its influence as a substantial investor to exercise its rights and duties as a shareholder and where appropriate to promote good corporate governance and accountability and to assess how the companies take into account ESG factors in running their businesses.

Incentivising fund managers to align with the Trustees' policies

Before appointing a fund manager, the Trustees consider its approach to the management of ESG and climate-related risks with their investment consultant to assess how that approach compares with their policies. If any aspects of the fund manager's approach varies markedly from their policies, they will consider appointing another manager for the mandate. The Trustees monitor the approaches of the fund managers on an annual basis. If a fund manager's approach varies from the Trustees' policies, its appointment will be reviewed and it may ultimately result in the termination of its mandate.

The fees paid to the Fund Manager which are based on the size of the assets it manages, and the possibility of its mandate being terminated, ensure that it is incentivised to align its approaches with the Trustees' policies. The better the performance of the Fund Manager, the greater its remuneration.

Before selecting a fund manager, the Trustees obtain confirmation from the Investment Consultant that the fee is in line with the market and the level of fees is then periodically reviewed.

Incentivising decisions based on assessments of medium to long-term financial and non-financial considerations

The Trustees appreciate that the wider impacts of ESG factors and climate change are likely to be most apparent over the long-term but note that changes in the value of investments as a result of these factors can materialise over a much shorter period of time. The Trustees consider that the use of rolling 3 and 5 year timeframes is consistent with incentivising fund managers to make decisions which are based on an appropriate period.

Monitoring portfolio turnover and costs

The Trustees recognise that portfolio turnover, i.e. the frequency with which assets are bought and sold, and the associated transaction costs are a necessary part of investment management. They accept too that turnover costs can have a detrimental impact on performance which is why net performance figures are considered as part of the quarterly monitoring process. When new fund managers are under consideration, the Trustees will assess past and anticipated portfolio turnover levels. If underperformance is subsequently identified, deviations from anticipated turnover levels may be investigated if it is felt that they may have been a significant contributor to that underperformance.

The Trustees expect the Fund Manager to divulge portfolio turnover on an annual basis.

Duration of fund manager agreements

The duration of the Trustees' agreement with the Fund Manager is not pre-determined but the Trustees anticipate that all appointments will be long-term unless fund managers underperform or the Scheme's investment strategy is changed.

5. COMPLIANCE WITH THIS STATEMENT

- 5.1** The Fund Manager will supply the Trustees with sufficient information each quarter to facilitate a review of its activity, including:

- (a) A review of recent performance and of the Fund Manager’s proposed stance for the future, including a summary of how closely the fund has tracked its index and explanations of any tracking errors.
- (b) Any changes at either the Fund Manager or the custodian which might affect the suitability of the fund manager to manage the Scheme’s assets.
- (c) A full valuation of the assets, a transaction report and a cash reconciliation.

In addition, the Fund Manager will inform the Trustees as soon as practicable about any serious breach of internal operating procedures which may affect the Scheme.

5.2 The Trustees will:

- (a) Review this SoIP each year in conjunction with the Investment Consultant taking particular note of the impact of any changes in the Scheme’s liabilities and of the SFO.
- (b) Review this SoIP in response to any material change to any aspect of the investment arrangements detailed above in conjunction with their Investment Consultant.
- (c) Review the investment performance of the fund manager on a quarterly basis using an independent performance measurement benchmark as detailed in section 2.2.
- (d) Keep under review the suitability of the Fund Manager.
- (e) Keep under review the fees levied by the Fund Manager.
- (f) Note compliance with this SoIP at a Trustees’ meeting, no less frequently than annually.
- (g) Make a copy of this SoIP available for inspection by Scheme members on request.

6. COMPLIANCE WITH THE MYNERS REPORT RECOMMENDATIONS

The extent to which the Scheme complies with the ten investment principles which were set out in the Myners Report on Institutional Investment is laid out in appendix 3.

Copies of this SoIP and the investment powers contained in the Scheme’s Trust Deed will be supplied to the Scheme Auditor, Scheme Actuary and the Fund Manager, so that they are aware of any constraints it imposes on them.

Signed for and on behalf of HPI Pension Trustees Limited



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Director

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Name
Peter Voit

Date: 23 September 2020

Note: Appendices 1, 2, 3 and 4 form part of this document

THE HPI HOTELS PENSION SCHEME
INVESTMENT POWERS OF THE TRUSTEES
(Clause 5.05 of the Consolidated Trust Deed and Rules)

5.05 Investment Powers

The whole or any part or parts of any moneys or other assets of the Fund (other than any such moneys or other assets as the Trustee shall from time to time determine to be required under the Scheme for the payment of benefits and for making provision therefor by means of any such policies or arrangements as are referred to in Article 5.06) may at the absolute discretion of the Trustee:-

- (i) be deposited anywhere in the world with any bank or banks on current or deposit account or be deposited at interest with any building society local authority joint stock company or mutual or other society or body of repute and standing which carries on the business of banking or insurance or bill discounting or
- (ii) be applied by way of participation in any scheme of deposit administration or any managed funds administered by any Insurance Company or any such institution as is specified in (i) above or
- (iii) be applied or invested anywhere in the world in the acquisition by purchase subscription or otherwise of such stocks funds shares securities mortgages or other investments or property rights and interests (real or personal) of whatsoever nature and wheresoever situate (including shares or units of any investment trust unit trust or common investment fund or other company association or body designed to provide a spread of investments) whether or not authorized for the investment of trust funds whether producing income or not and whether involving liability or not and whether in possession or reversion and with or without security as the Trustee shall in its absolute discretion think fit to the intent that the Trustee shall have the same full and unrestricted powers of applying or investing any moneys or other assets of the Fund in all respects as if it were absolutely entitled thereto beneficially and in particular (and without prejudice to the generality of the foregoing) the Trustee shall have power to enter into transactions relating to underwriting sub-underwriting or guaranteeing the subscription of any stocks funds shares securities or other investments or
- (iv) be applied or invested by entering into contracts in the course of dealing in financial futures quoted on any recognized futures exchange (as defined in Section 155(3A) of the Capital Gains tax Act 1979) or trade options For this purpose traded option means an option which is for the time being quoted on a recognized stock exchange within the meaning of Section 841 of the Taxes Act

The Trustee shall have power at its discretion to vary or transpose any moneys or other assets applied or invested as aforesaid for or into any other or others of a nature hereby authorised and to realise any investments or other assets or call in any moneys so placed on deposit

Without prejudice to the generality of this Article 5.05 the Trustee shall have power to apply the moneys or other assets of the Fund by way of participation in any investment (whether income producing or not) or in the acquisition and/or development of any interest in land or property jointly with any party or parties

whether the interest of the Trustee so acquired is that of partner or of trustee holding the same upon trust for sale or otherwise and notwithstanding that the interest so acquired in any such investment or venture may be a minority interest PROVIDED ALWAYS that the Trustee shall make no investments of the Fund in stocks funds shares debentures or other securities of or in loans to or in property occupied by the Employers and Group Companies or any one or more of them (whether in exercise of its foregoing powers or otherwise) This proviso shall not apply in respect of:-

- (a) any such applications or investments as aforesaid which are made by an investment company or trust or unit trust or common investment fund or other company association or body designed to provide a spread of investments and which is not one of the Employers nor a Group Company nor otherwise under the control of the Employers and the Group Companies or any one or more of them
- (b) all moneys payable by the Employers or any one or more of them to the Trustee in the ordinary course of administration of the Scheme

THE HPI HOTELS PENSION SCHEME

STATEMENT OF INVESTMENT PRINCIPLES

FUND MANAGER

Manager	Fund	Benchmark	Objective	Annual Management Charge
BlackRock Investment Management (UK) Limited 12 Throgmorton Avenue London EC2N 2DL	BlackRock Corporate Bond Index over 15 years	iBoxx & Non-gilts, over 15 years index	To produce returns in line with the benchmark	0.15%

Compliance with Myners Report Principles

Principle	Recommendation	Comments
Principle 1: Effective decision-making	Trustees are asked to consider critically their collective capacity to take decisions and what skills, information and resources they need to support them in their tasks.	Full Compliance. Decisions are taken by the Trustees on the strategic investment strategy based on advice from the Investment Adviser and Actuary. Each Trustee has received formal training on their responsibilities.
Principle 2: Clear Objectives	The scheme should demonstrate it has set investment objectives related to its liabilities and future expected contributions and its maturity profile.	Full Compliance. Based on an assessment of the Scheme against its liabilities and market conditions.
Principle 3: Focus on Asset Allocation	Myners encourages schemes "to consider all asset classes". All asset classes permitted within the regulations are considered and should be compatible with liabilities and the need for diversification.	Full Compliance. All classes have been considered in line with the SoIP.
Principle 4: Expert Advice	The scheme should consider whether separate tenders for actuarial and investment consultant services should be obtained.	Full Compliance. Separate Tenders are in place.
Principle 5: Explicit Mandates	<p>The principle requires schemes to set explicit written mandates for investment managers against which they should be judged.</p> <p>The principle also requests schemes to understand the cost of transactions. Schemes should not allow "soft" commissions.</p>	<p>Full Compliance. An agreed objective, benchmark, risk profile and asset classes have been agreed with the Investment Manager.</p> <p>Full Compliance. No soft commission is received or paid by the Investment Manager.</p>
Principle 6: Activism	The Government is considering legislation to impose an express statutory duty to use shareholder activism in line with the US Department of Labor Interpretative Bulletin.	Compliance with this objective has been delegated to the Investment Manager.

<p>Principle 7: Appropriate Benchmarks</p>	<p>Explicitly consider, in consultation with their investment manager(s), whether the benchmarks they have selected are appropriate.</p> <p>Consider explicitly for each asset class invested, whether active or passive management would be more appropriate given the efficiency, liquidity and level of transaction costs in the market concerned.</p> <p>Where they believe active management has the potential to achieve higher return, set both targets and risk controls that reflect this, giving the managers the freedom to pursue genuinely active strategies.</p>	<p>Full Compliance. A benchmark has been set in agreement with the Investment Manager.</p> <p>Full compliance. The Trustees have agreed on active management to achieve the scheme benchmark return.</p>
<p>Principle 8: Performance Measurement</p>	<p>Trustees should arrange for measurement of the performance of the Scheme and make formal assessment of their own procedures and decisions as Trustees. They should also arrange for a formal assessment of performance and decision-making delegated to advisers and managers.</p>	<p>Full compliance. The Trustees meet on a regular basis (at Trustees' meetings) with the Investment Manager to review the performance of the Scheme and to discuss future objectives in the light of the liabilities of the Scheme. Based upon this the asset allocation and benchmarks may be modified as appropriate.</p>
<p>Principle 9: Transparency</p>	<p>The statement of investment principles looks at decision-making, the investment objective, asset allocation including projected investment returns on each asset class and how the strategy has been arrived at. This should also include the fee structure for advisers and managers.</p>	<p>Full Compliance. The Trustees have signed fee agreements with the Investment Manager. An agreement has been reached on whether or not to settle fees via an encashment of units from the funds.</p>
<p>Principle 10: Regular Reporting</p>	<p>Trustees should publish their Statement of Investment Principles and the results of their monitoring of advisers and managers. They should send key information from these annually to members of the scheme, including an explanation of why the Scheme has chosen to depart from any of these Principles.</p>	<p>Full Compliance.</p> <p>The Annual Trustees' Report and Accounts contain information about the SoIP.</p> <p>These are available to all scheme members and pensioners on request.</p>

Extract – Occupational Pension Scheme (Investment) Regulations 2005

Section 4: Investment by trustees¹

- (1) The trustees of a trust scheme must exercise their powers of investment, and any fund manager to whom any discretion has been delegated under section 34 of the 1995 Act (power of investment and delegation) must exercise the discretion, in accordance with the following provisions of this regulation.
- (2) The assets must be invested—
 - (a) in the best interests of members and beneficiaries; and
 - (b) in the case of a potential conflict of interest, in the sole interest of members and beneficiaries.
- (3) The powers of investment, or the discretion, must be exercised in a manner calculated to ensure the security, quality, liquidity and profitability of the portfolio as a whole.
- (4) Assets held to cover the scheme's technical provisions must also be invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the scheme.
- (5) The assets of the scheme must consist predominantly of investments admitted to trading on regulated markets.
- (6) Investment in assets which are not admitted to trading on such markets must in any event be kept to a prudent level.
- (7) The assets of the scheme must be properly diversified in such a way as to avoid excessive reliance on any particular asset, issuer or group of undertakings and so as to avoid accumulations of risk in the portfolio as a whole. Investments in assets issued by the same issuer or by issuers belonging to the same group must not expose the scheme to excessive risk concentration.
- (8) Investment in derivative instruments may be made only in so far as they—
 - (a) contribute to a reduction of risks; or
 - (b) facilitate efficient portfolio management (including the reduction of cost or the generation of additional capital or income with an acceptable level of risk),and any such investment must be made and managed so as to avoid excessive risk exposure to a single counterparty and to other derivative operations.
- (9) For the purposes of paragraph (5)—
 - (a) an investment in a collective investment scheme shall be treated as an investment on a regulated market to the extent that the investments held by that scheme are themselves so invested; and
 - (b) a qualifying insurance policy shall be treated as an investment on a regulated market.
- (10) To the extent that the assets of a scheme consist of qualifying insurance policies, those policies shall be treated as satisfying the requirement for proper diversification when considering the diversification of assets as a whole in accordance with paragraph (7).

¹ Extract – full regulations can be found at <http://www.opsi.gov.uk/si/si2005/20053378.htm>