Misys Retirement Benefits Plan (‘The Plan’):
Statement of Investment Principles (‘The Statement’) – August 2023

All you need to know about how the Trustee goes about managing the assets of the Plan.

1. Introduction

Overall investment policy falls into two parts. The strategic management of the assets for the Misys Retirement Benefits Plan is fundamentally the responsibility of the Trustee acting on advice from their investment consultant; Aon Investments Limited (previously Aon Solutions UK Limited) and is driven by their investment objectives as set out below. The remaining elements of the policy are part of the day-to-day management of the assets which is delegated to a professional investment manager.

The Plan has three Final Salary or Defined Benefit (DB) categories of membership in existence.

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1.0 Decision Making Structure

1.1 Setting Investment Objectives

The Trustee is responsible for identifying appropriate investment objectives, under guidance from their advisors.

1.2 Delegation

The Trustee has delegated certain decision making powers to a professional investment manager, Aon Investments Limited, **"the Manager"** (previously Hewitt Risk Management Services Limited). The Trustee has taken advice from Aon Investments Limited regarding the suitability of the Manager, in this capacity, and recognises that there exists a potential conflict of interest in the giving of this advice. The Trustee has sought details of Aon Investments Limited's conflict management policy and procedures and is satisfied that such potential conflict is appropriately managed and that the Manager has the necessary skills and competence to exercise the powers delegated to it.

2.0 Investment Objectives, Risk and Investment Strategy

2.1 Investment Objectives

The Trustee's overall investment policy is reviewed alongside the triennial actuarial valuation. The below objectives were set in conjunction with the 2020 valuation results.

- The acquisition of suitable assets of appropriate liquidity which will generate income and capital growth to meet, together with new contributions from members and the Employer, the cost of current and future benefits which the Plan provides;
- To limit the risk of the assets failing to meet the liabilities, both over the long term and on a shorter-term basis;
- To minimise the long term costs of the Plan by maximising the return on the assets whilst having regard to the objective shown under the previous statement.
- To achieve a funding level of 112% within 4-8 years, measured on a gilts+0% basis.

2.2 Risk

There are a number of major risks which could adversely affect the Plan's ability to meet its liabilities on discontinuance (see below). The Trustee continues to monitor these risks, namely:

- *Solvency risk and mismatching risk* – are measured through a qualitative and quantitative assessment of the expected development of the liabilities relative to the current and alternative investment policies. They are addressed through the asset allocation strategy and through ongoing triennial actuarial valuations.
- *Manager risk* - is measured by the expected deviation of the manager’s risk and return relative to the investment policy. A proportion of the Plan’s assets are held in the form of an insurance contract with an insurance provider, whilst the rest are managed by Aon Investments Limited. The Trustee has reviewed this arrangement and is comfortable with the assets being managed by Aon Investments Limited.
- *Liquidity risk* - is measured by the level of cashflow required by the Plan over a specified period. It is managed by the Trustee together with the Plan’s administrators who monitor the level of cash held in order to limit the impact of the cash flow requirements on the investment policy.
- *Political risk* - is measured by the level of concentration of any one market leading to the risk of an adverse influence on investment values arising from political intervention. It is managed by regular reviews of the actual investments relative to policy and through regular assessment of the levels of diversification within the existing policy.
- *Sponsor risk* - is measured by the level of ability and willingness of the sponsor to support the continuation of the Plan and to make good any current or future deficit. It is managed by assessing the interaction between the Plan and the sponsor’s business, as measured by a number of factors, including the creditworthiness of the sponsor and the size of the pension liability relative to the financial strength of the sponsor.
- *Currency risk* – is measured by the level of overseas investment and the translation effect of currencies leading to the risk of an adverse influence on investment values. It is managed by reducing the translation risk of investing overseas by hedging a proportion of the overseas investments’ currency translation risk for those overseas currencies that can be hedged efficiently.

These measures do not render the investment policy free of risk. Rather, the measures endeavour to balance the need for risk control and the need to allow the investment managers sufficient flexibility to manage the assets in such a way as to achieve the required performance target.

2.3 Investment Strategy

The asset allocation chosen by the Trustee to meet the objectives above is set out in the table overleaf. It is based on the assumption that equities will outperform gilts over the long term and that some alternative asset classes offer diversification and outperformance relative to bonds.

The investment strategy is equivalent to the Manager targeting a return in excess of the liability benchmark of +0.8% per annum. In setting the Scheme's investment strategy, the Trustee's primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk.

	Investable Range %
Hedging Component [1]	35-85
Growth Component [2]	15-65

(1) *The Hedging Component is the liability matching portion of the assets and hedges part of the interest rate and inflation sensitivity by investing in interest rate and inflation hedging instruments. The Trustee have given authority to the Manager to invest in synthetic credit within the hedging component to help provide protection against movements in credit which is used in insurer pricing.*

(2) *The Growth Component is the return seeking portion of the assets. Investments include a range of equities, return-seeking bonds, listed property, listed infrastructure and absolute return mandates along with smaller allocations to asset classes that help generate or diversify returns. The Manager is permitted to invest in Aon's Managed Growth Fund alongside Aon's Low Risk Bond Fund to create the Growth Component.*

This strategy was decided following an asset-liability study and expert advice from the Trustee's investment consultant. The Trustee's investment consultant carried out the study by modelling the Plan's liability structure and a range of alternative asset allocation strategies.

The Plan has also purchased an insurance contract from Legal & General Asset Management ('LGAS'). This insurance contract ('Buy-in') is an agreement for LGAS to pay the Plan an amount equivalent to current pensioner liabilities as they fall due. This asset protects the Plan from the interest rate, inflation and longevity risk associated with the pensioner population.

3.0 Day to day Management of the Assets

3.1 Asset Guidelines

Aon Investments Limited will manage the assets with regards to the:

- need for diversification of investments, so far as appropriate to the circumstances of the Plan; and to the
- suitability to the Plan of both the asset classes proposed and also the particular assets proposed within those classes.

The underlying exposure to assets will be properly diversified in such a way as to avoid excessive reliance on any particular asset, issuer and so as to avoid accumulation of risk in the portfolio as a whole. The Manager may use pooled vehicles to help with diversification.

Investment in derivative instruments is permitted if they:

- Contribute to a reduction of risks; or
- 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.

With few exceptions, the Trustee or fund managers must not borrow money or act as guarantor for the purpose of providing liquidity (unless it is temporary).

A full triennial valuation of the Plan will be performed, using asset return assumptions developed by the Plan Actuary. The Trustee will reconsider the asset allocation of the Plan in the light of this valuation and at other times, as deemed necessary.

3.2 Inflation and Interest Rate and Credit Hedging

The target hedge for inflation and interest rates is 100% of the assets.
The target hedge for credit exposure is 20% of assets.

3.3 Rebalancing Policy

The asset allocation may vary over time as the Hedging Component aims to take into account the movement in the underlying value of the Plan's liabilities and the Growth Component weighting is affected by market prices of a broad range of asset classes. The Manager will regularly review the asset allocation and will rebalance the portfolio if the allocation is no longer consistent with the investment objective.

3.4 Arrangements with asset managers

The Trustee recognises that the arrangements with the Manager, and correspondingly the underlying asset managers, are important to ensure that interests are aligned.

The Trustee delegates the ongoing monitoring of underlying asset managers to the Manager. The Manager monitors the Plan’s investments to consider the extent to which the investment strategy and decisions of the underlying asset managers are aligned with the investment objectives of the Plan.

This includes monitoring the extent to which the underlying asset managers:

- make decisions based on assessments about medium- to long-term financial and non-financial performance of an issuer of debt or equity; and
- engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

Whilst the Trustee is not involved in the Manager's day to day method of operation and so cannot directly influence attainment of the performance target, they receive regular reports and verbal updates from the Manager on various items including the investment strategy, performance, and longer-term positioning of the portfolio. The Trustee will assess performance and review the appointment. Measurable objectives have been developed for this purpose consistent with the Plan's longer term objectives and an acceptable level of risk.

These investment objectives will be treated as a target only and will not be considered as an assurance or guarantee of the performance or risk of the Plan or any part of it.

The Trustee also receives annual stewardship reports on the monitoring and engagement activities carried out by the Manager, which supports the Trustee in determining the extent to which the Plan's engagement policy has been followed throughout the year.

Before appointment of a new fiduciary manager, the Trustee will review the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustee’s policies. Where necessary, the Trustee will seek to amend that documentation or express their expectations (such as through side letters, in writing, or verbally at trustee meetings) so that there is more alignment.

The Trustee believe that having appropriate governing documentation, setting clear expectations to the Manager, and regular monitoring of the Manager's performance and investment strategy, is sufficient to incentivise the Manager to make decisions that align with the Trustee’s policies and are based on assessments of medium- and long-term financial and non-financial performance.

There are no set durations for arrangements with the underlying asset managers that the Manager invests in, although this is regularly reviewed as part of the manager research and portfolio management processes in place. For certain closed ended vehicles, the duration may be defined by the nature of the underlying investments.

The appointment of Aon Investments Limited will be reviewed by the Trustee based on the results of their monitoring of performance and investment process and of the manager’s compliance with the requirements of the Pensions Act 1995 (as amended). Where the Manager is considered to make decisions that are not in line with the Trustee’s policies, expectations, or the other considerations set out above, the Trustee will typically engage with the Manager to understand the circumstances and materiality of the decisions made.

The Manager has been provided with a copy of this Statement and the Trustee will monitor the extent to which they give effect to the investment principles set out in it. The Trustee will provide the Manager with any material amendment to or replacement of this Statement.

3.5 Costs Monitoring

The Trustee is aware of the importance of monitoring their asset managers' total costs and the impact these costs can have on the overall value of the Plan's assets. The Trustee recognise that in addition to annual management charges, there are other costs incurred by investment managers that can increase the overall cost incurred by their investments.

The Manager is paid on a fixed fee basis with no performance fee. Details of the fee structures are included in the Investment Management Agreement.

The Trustee receive annual cost transparency reports from their Manager. These reports present information in line with prevailing regulatory requirements for fiduciary managers. They clearly set out on an itemised basis:

- The total amount of investment costs incurred by the Plan;
- The fees paid to the Manager;
- The fees paid to the investment managers appointed by the Manager;
- The amount of portfolio turnover costs (transaction costs) incurred by the investment managers appointed by the Manager;
  - The Trustee define portfolio turnover costs as the costs incurred in buying and selling underlying securities held within the funds of the investment managers appointed by the Manager;
- Any charges incurred through the use of pooled funds (custody, administration, and audit fees)
- The impact of costs on the investment return achieved by the Plan.

Targeted portfolio turnover is defined as the expected frequency with which each underlying investment manager's fund holdings change over a year. The Trustee acknowledge that portfolio turnover costs are a necessary cost to generate investment returns and that the level of these costs varies across asset classes and underlying manager. The Manager monitors the level of portfolio turnover (defined broadly as the amount of purchases plus sales) of all the investment managers appointed on behalf of the Trustee.

Evaluation of performance and remuneration:
The Trustee assesses the (net of all costs) performance of their Manager on a rolling three-year basis against the Plan's specific liability benchmark and investment objective. The remuneration paid to the Manager and fees incurred by third parties appointed by the Manager are provided annually by the Manager to the Trustee. This cost information is set out alongside the performance of the Manager to provide context. The Trustee monitor these costs and performance trends over time.

The Trustee benefit from the economies of scale provided by the Manager in two key cost areas:

- The ability of the Manager to negotiate reduced annual management charges with the appointed investment managers;
- The ability of the Manager to monitor ongoing investment costs (including additional fund expenses and portfolio turnover) incurred by the investment managers and achieve efficiencies where possible.

3.6 Fund Administrator

The Trustee has appointed BNY Mellon as the Plan's Fund Administrator. The Fund Administrator provides safekeeping for the assets managed by Aon Investments Limited and performs the administrative duties including the collection of interest and dividends and dealing with corporate actions in return for a capped fee.

3.7 Sale of Investments

The Trustee's policy is that there should be sufficient investments in liquid or readily realisable assets to meet cashflow requirements in the majority of foreseeable circumstances so that, where possible, the sale of assets will not disrupt the Plan's overall investment policy. The Trustee, together with the Plan's administrators, will also ensure that they hold sufficient cash to meet the likely benefit outward payments from time to time.

3.8 Choosing Investments

The Trustee has appointed Aon Investments Limited who are authorised and regulated by the Financial Conduct Authority (FCA) to undertake investment business. After gaining (and, at most, annually reconfirming) appropriate investment advice, the Trustee has specified the investment objective for the Manager. Investment choice has been delegated to the Manager.

In this context, investment advice is defined by Section 34 of Pensions Act 1995.

3.10 Environmental, Social, and Governance (“ESG”) considerations

The Trustee considers investment risk to include ESG factors and climate change. These risks could negatively impact the Plan’s investments. The Trustee considers these risks by taking advice from its investment adviser.
The Trustee has appointed Aon Investments Limited to manage the Plan's assets. The Manager invests in a range of underlying investment vehicles.

As part of Aon Investments Limited’s management of the Plan's assets, the Trustee expects the Manager to:

- Where relevant, assess the integration of ESG factors in the investment process of underlying managers;
- Use its influence to engage with underlying managers to ensure the Plan's assets are not exposed to undue risk; and
- Report to the Trustee on its ESG activities as required.

3.11 Stewardship – Voting and Engagement

The Trustee recognises the importance of its role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Plan invests, as ultimately this creates long-term financial value for the Plan and its beneficiaries.

The Trustee has delegated all voting and engagement activities to the Plan’s Underlying Managers, via its investment manager AIL. The Trustee accepts responsibility for how the Underlying Managers steward assets on its behalf, including the casting of votes in line with each Underlying Manager’s individual voting policies. The Trustee relies on AIL to review manager voting and engagement policies and activities on an annual basis. AIL review these factors to check they are aligned with expectations and can reasonably be considered to be in the Trustee’s, and therefore the members’, best interests.

As part of AIL's management of the Plan’s assets, the Trustee expects AIL to:

- Monitor and engage with Underlying Managers, including prospective Underlying Managers, on the extent to which they exercise voting rights (where appropriate) in relation to the Plan’s assets; and

- report to the Trustee on stewardship activity by Underlying Managers as required.

Underlying Managers are expected to vote at company meetings and engage with companies on the Trustee's behalf in relation to ESG considerations and other relevant matters (such as the companies' performance, strategy, risks, capital structure, and management of conflicts of interest).

Where possible, the transparency for voting should include voting actions and rationale with relevance to the Plan's assets, in particular where: votes were cast against management; votes against management generally were significant; votes were abstained; voting differed from the voting policy of the Trustee.

Where voting is concerned, the Trustee expects the Underlying Managers to recall stock lending, as necessary, in order to carry out voting actions.

The Trustee will engage with AIL, which in turn is able to engage with Underlying Managers or other stakeholders, on matters including the performance, strategy, risks, social and environmental impact, corporate governance, capital structure, and management of actual or potential conflicts of interest, of the underlying investments made.

Should the Trustee's monitoring process reveal that an Underlying Manager's voting and engagement policies and actions are not aligned with the Trustee's expectations, the Trustee will engage with AIL, via different medium such as emails and meetings, to discuss how alignment may be improved to bring about the best long-term outcomes for the Plan.

3.12 Members' Views and Non-Financial Factors

In setting and implementing the Plan's investment strategy the Trustee does not explicitly take into account the views of Plan members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors"[1]).

[1] The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018

G1.0 Who does what?

G1.1 Division of responsibilities

The Trustee is ultimately responsible for decision-making in relation to investment matters. Only persons or organisations with the necessary skills, information and resources are actively involved in taking investment decisions affecting the Plan. Where necessary, the Trustee employs the skills and expertise of external advisers including a professional investment manager and the investment consultants. The agreements between the Trustee, the investment manager, and all of the Plan's advisors are contained in documents separate from this statement.

G1.2 Trustee

The Plan Trustee's responsibilities include:

- Reviewing annually the content of this Statement of Investment Principles and modifying it, if deemed appropriate, in consultation with the investment consultant.
- Reviewing the investment policy on a regular basis.
- Appointing (and dismissing) the investment manager.
- Assessing the quality of the performance and processes of the investment manager by means of regular, but not less than annual, reviews of the investment results and other information, in consultation with the investment consultant.
- Assessing their own procedures and decisions as Trustee.
- Engaging with the investment manager about their preferred benchmarks and policies for shareholder activism and transaction cost minimisation.
- Monitoring compliance of the investment arrangements with this Statement on an ongoing basis.
- Consulting with the Company before amending this Statement.

In addition to the considerations articulated within this Statement, the Trustee has established a Review Policy and a Year Planner which ensure matters are considered each year.

G1.3 Fiduciary Manager

The investment manager's responsibilities include:

- At their discretion, but within any guidelines given by the Trustee, implementing changes in the asset mix and selecting securities within each asset class.
- Providing the Trustee with quarterly statements of the assets and performance
- Having regard to the need for diversification of investments so far as appropriate and to the suitability of investments.
- Giving effect to the principles contained in the Statement as far as reasonably practicable.

G 1.4 Professional Advisors

The Trustee agrees with the Myners best practice of paying particular attention to managing and contracting with external advisers (including advice on strategic asset allocation, investment management and actuarial issues).

G 1.5 Investment Consultant

The investment consultant's responsibilities include:

- Participating with the Trustee in reviews of this Statement of Investment Principles.
- Undertaking project and ad hoc work as required including reviews of investment strategy, flightplan and the investment manager.
- Regular attendance at Trustee Meetings

The investment consultant is remunerated on the basis of both time-based fees and fixed fees for specific projects. Time-based fees are calculated by reference to the time spent on any particular assignment multiplied by the relevant charge-out rates applying to staff that provided the services in question.

G 1.6 Plan Actuary

The Plan Actuary’s responsibilities include:

- Liaising with the investment consultant on the suitability of the Plan's investment strategy given the financial characteristics of the Plan.
- Assessing the funding position of the Plan relative to the Technical Provisions and advising on the appropriate response to a shortfall.
- Performing the triennial (or more frequently as required) valuations and advising on the appropriate contribution levels.

- Assessing the solvency position of the Plan by performing the triennial (or more frequently as required) valuations and advising on the appropriate contribution levels.

G 2.0 Why has this statement been produced?

Misys Retirement Benefits Trustee Limited, the Trustee of the Misys Retirement Benefits Plan (“the Plan”) has drawn up this Statement of Investment Principles (“the Statement”) to comply with the requirements of the Pensions Act 1995 (“the Act”). As required under the Act, the Trustee has consulted a suitably qualified person and has obtained written advice from Aon Investments Ltd. The Trustee, in preparing this Statement, has also consulted the company, Finastra Group Holdings Limited (“the Company”), as principal employer of the Plan.

G 3.0 Compliance with this Statement

The Trustee will monitor compliance with this Statement annually. In particular they will instruct Aon Investments Ltd to share this statement with the investment manager annually, and after any material change to the Statement, and report to the Trustee any deviations from the Statement.

G 4.0 Review of this Statement

The Trustee will review this Statement in response to any material changes to any aspects of the Plan, its liabilities, finances and the attitude to risk of the Trustee and the sponsoring Company which they judge to have a bearing on the stated Investment Policy. This review will occur no less frequently than annually. Any such review will be based on written, expert investment advice and the Company will be consulted.

A suitable means of assessing the effectiveness of the Trustee's decisions and the contributions to those decisions by the investment managers and the other advisors is being considered.

G 5.0 Financial Services and Markets Act 2000

In accordance with the Financial Services and Markets Act 2000, the Trustee will set general investment policy, but will delegate the responsibility for selection of specific investments to an appointed investment manager or managers. The investment manager(s) shall provide the skill and expertise necessary to manage the investments of the Plan competently.

G 6.0 Direct Investments

The Pensions Act 1995 distinguishes between investments where the management is delegated to a fund manager with a written contract and those where a product is purchased directly, e.g. the purchase of an insurance policy or units in a pooled vehicle. The latter are known as direct investments.

The Trustee's policy is to review their direct investments and to obtain written advice about them regularly. When deciding whether or not to make any new direct investments the Trustee will obtain written advice and consider whether future decisions about those investments should be delegated to the fund managers.

The written advice will consider the issues set out in the Occupational Pension Schemes (Investment) Regulations 2005 and the principles contained in this statement. The regulations require all investments to be considered by the Trustee (or, to the extent delegated, by the fund managers) against a set criteria which takes into account the best interest of the member and beneficiaries, the security, quality, liquidity and profitability of the investments, as well as the nature and duration of liabilities. Also of consideration is diversification, the ability to trade on regulated markets and the use of derivatives.

G 7.0 Plan details

The Plan operates for the exclusive purpose of providing retirement benefits and death benefits to eligible participants and beneficiaries (“Members”).

G 8.0 Statement of Funding Principles (“SFP”)

A plan specific Statement of Funding Principles (‘SFP’) has been prepared by the Trustee and the Company after taking advice from the Plan Actuary and will be updated after each future valuation. The SFP, among other things, includes any appropriate deficit recovery plan agreed between the Trustee and the Company.