Ryland Group Pension Scheme

Statement of Investment Principles

Barnett Waddingham LLP

1 May 2025

1. Introduction

1.1. This is the Statement of Investment Principles prepared by the Trustees of the Ryland Group Pension Scheme ("the Scheme"). This statement sets down the principles which govern the decisions about investments that enable the Scheme to meet the requirements of:

- the Pensions Act 1995, as amended by the Pensions Act 2004; and
- the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010.
- the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018.
- the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019, 2020, 2021, 2022 and 2023.

1.2. In preparing this statement the Trustees have consulted Sytner Group Limited, the Principal Employer, and obtained advice from Barnett Waddingham LLP, the Trustees' investment consultant. Barnett Waddingham is authorised and regulated by the Financial Conduct Authority.

1.3. This statement has been prepared with regard to the 2001 Myners review of institutional investment (including subsequent updates), and Scheme Funding legislation.

1.4. The Trustees will review this statement at least every three years or if there is a significant change in any of the areas covered by the statement.

1.5. The Trustees' investment powers are set out in Clause 14.13 and 14.14 of the Definitive Trust Deed & Rules, dated 15 August 1994. This statement is consistent with those powers.

2. Choosing investments

2.1. The Trustees of the Scheme make all major strategic decisions including, but not limited to, the Scheme's asset allocation and the appointment and termination of fund managers.

2.2. The Trustees' policy for the Scheme is to set the overall investment target and then monitor the performance of their managers against that target. In doing so, the Trustees consider the advice of their professional advisers, whom they consider to be suitably qualified and experienced for this role.

2.3. The day-to-day management of the Scheme's assets is delegated to one or more investment managers. The Scheme's investment managers are detailed in the Appendix to this Statement. The investment managers are authorised and regulated by the Financial Conduct Authority, and are responsible for stock selection and the exercise of voting rights.

2.4. The Trustees review the appropriateness of the Scheme's investment strategy on an ongoing basis. This review includes consideration of the continued competence of the investment managers with respect to performance within any guidelines set. The Trustees will also consult the employer before amending the investment strategy.

3. Investment objectives

3.1. The Trustees invest the assets of the Scheme with the aim of ensuring that all members' accrued benefits can be paid. The Trustees have discussed key investment objectives in light of an analysis of the Scheme's liability profile, as well as the constraints the Trustees face in achieving these objectives As a result, the Trustees' main investment objectives are

- to ensure that the Scheme can meet the members' entitlements under the Trust Deed and Rules as they fall due;
- to achieve a long-term positive real return;
- to manage the expected volatility of the returns achieved in order to control the level of volatility in the Scheme's required contribution levels;
- to invest in assets of appropriate liquidity which will generate income and capital growth to meet the cost of current and future benefits which the Scheme provides;
- to reduce the risk of the assets failing to meet the liabilities over the long term;
- to minimise the long-term costs of the Scheme by maximising the return on the assets whilst having regard to the above objectives;
- to take account of the long-term risks, including those relating to non-financial factors, when making investment decisions.

These objectives have been set with consideration to the Scheme's liabilities, the strength of the employer covenant, and the risk capacity and appetite of the sponsor and Trustees.

3.2. The Scheme's funding target is specified in the Statement of Funding Principles, and the Scheme's funding position will be reviewed annually to assess the position relative to the funding target and whether the investment policy remains appropriate to the Scheme's circumstances.

4. Kinds of investments to be held

4.1. The Scheme is permitted to invest in a wide range of assets including equities, bonds, cash, property and alternatives.

4.2. The Trustees monitor from time-to-time the employer-related investment content of their portfolio as a whole and will take steps to alter this should they discover this to be more than 5% of the portfolio. Typically this check is carried out annually by the Scheme's auditors.

5. The balance between different kinds of investments

5.1. The Scheme invests in assets that are expected to achieve the Scheme's objectives. The allocation between different asset classes is contained within Appendix 2 to this Statement.

5.2. The Trustees consider the merits of both active and passive management for the portfolio and may select different approaches for different asset classes. The current arrangements are set out in the Appendix to this Statement.

5.3. From time to time the Scheme may hold cash and therefore deviate from its strategic or tactical asset allocation in order to accommodate for any short-term cashflow requirements or any other unexpected items.

5.4. The Trustees are aware that the appropriate balance between different kinds of investments will vary over time and therefore the asset allocation of the Scheme will be expected to change as the Scheme's liability profile matures.

6. Risks

6.1. The Trustees have considered the following risks for the Scheme with regard to its investment policy and the Scheme's liabilities, and considered ways of managing/monitoring these risks:

Risk versus the liabilities	The Trustees recognise the risk of a mismatch between the performance of the assets and the change in the value of the liabilities. The Trustees monitor and review the investment strategy with respect to the liabilities in conjunction with each actuarial valuation. The investment strategy is set with consideration to the appropriate level of risk required for the funding strategy as set out in the Scheme's Statement of Funding Principles. This risk is further managed by investing in assets that are expected to perform in excess of the liabilities over the long term. The Scheme also invests in bond assets whose values are expected to move in a broadly consistent manner to the value of the liabilities.
Covenant risk	The creditworthiness of the Principal Employer and the size of the pension liability relative to the Principal Employer's earnings are monitored on a regular basis. The appropriate level of investment risk is considered with reference to the strength of the employer covenant.
Solvency and mismatching	The risk is addressed through the asset allocation strategy and ongoing triennial actuarial valuations. The Trustees are aware that the asset allocation required to minimise the volatility of the solvency position may be different from that which would minimise the volatility on the Scheme's funding basis.
Asset allocation risk	The asset allocation is detailed in the Appendix to this Statement and is monitored on a regular basis by the Trustees.
Liquidity risk	The Scheme invests in assets such that there is a sufficient allocation to liquid investments that can be converted into cash at short notice given the Scheme's cashflow requirements. The Scheme's administrators assess the level of cash held in order to limit the impact of the cashflow requirements on the investment policy.

Investment manager risk	The Trustees monitor the performance of each of the Scheme's investment managers on a regular basis in addition to having meetings with each manager from time to time as necessary. The Trustees have a written agreement with each investment manager, which contains a number of restrictions on how each investment manager may operate.
Concentration risk	Each investment manager is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities
Governance risk	Each asset manager is expected to undertake good stewardship and positive engagement in relation to the assets held. The Trustees monitor these and will report on the managers' practices in their annual Implementation Statement.
ESG/Climate risk	The Trustees have considered long-term financial risks to the Scheme and ESG factors as well as climate risk are potentially financially material and will continue to develop its policy to consider these, alongside other factors, when selecting or reviewing the Scheme's investments in order to avoid unexpected losses.
Currency risk	The Scheme's liabilities are denominated in sterling. The Scheme may gain exposure to overseas currencies by investing in assets that are denominated in a foreign currency or via currency management.
Loss of investment	The risk of loss of investment by each investment manager and custodian is assessed by the Trustees. This includes losses beyond those caused by market movements (e.g. default risk, operational errors or fraud).

7. Expected return on investments

7.1. The Trustees have regard to the relative investment return and risk that each asset class is expected to provide. The Trustees are advised by their professional advisors on these matters, who they deem to be appropriately qualified experts. However, the day-to-day selection of investments is delegated to the investment managers.

7.2. The Trustees recognise the need to distinguish between nominal and real returns and to make appropriate allowance for inflation when making decisions and comparisons.

7.3. In considering the expected return from investments, the Trustees recognise that different asset classes have different long-term expected returns and expected volatilities relative to the liabilities of the Scheme.

7.4. Having established the investment strategy, the Trustees monitor the performance of each investment manager against an agreed benchmark as frequently as appropriate according to market conditions and the Scheme's funding position. The Trustees meet the Scheme's investment managers as frequently as is appropriate.

8. Realisation of investments

8.1. The Trustees have delegated the responsibility for buying and selling investments to the investment managers. The Trustees have considered the risk of liquidity as referred to above.

8.2. Ultimately, the Scheme's investments will all have to be sold when the Scheme's life comes to an end. In this situation, the Trustees are aware of the fact that the realisable value of some investments, were there to be a forced sale, might be lower than the market value shown in the Scheme accounts.

9. Financially material considerations

9.1. The Trustees have considered the long-term financial risks to the Scheme and believe that environmental, social and governance (ESG) factors, as well as climate risk, are potentially financially material. However, these factors should be considered alongside other material factors, including but not limited to historical performance or fees.

9.2. Given the maturity profile of the Scheme and the objective to fund future member benefits from the Scheme's assets as they fall due, the Trustees have a long-term time horizon over which it takes into account the financial materiality of ESG factors (including, but not limited to, climate change).

9.3. From time to time, the Trustees may ask the Scheme's investment managers to attend meetings and provide updates on the funds, which the Trustees may request to include an update on ESG considerations.

9.4. As the Scheme's investments are held in pooled funds, ESG considerations are set by each of the investment managers. The Trustees will assess how this aligns with their own policies as set out in Appendix 1.

9.5. Where the Trustees engage the service of an active manager, the Trustees will consider the manager's ability to assess ESG risks as part of the manager selection process. Where the Trustees engage a manager to track an index, the Trustees will consider ESG risks as part of the selection of the index. In both cases ESG risks will be considered alongside other material factors, including but not limited to historical performance and fees, in order to avoid unexpected losses.

10. Engagement and Voting Rights

10.1. The Trustees believe that good stewardship and positive engagement can lead to improved governance and better risk-adjusted investor returns. As an investor in pooled funds, the Trustees currently adopt the policy of delegating the exercise of rights (including voting rights) attached to the Scheme's investment to the investment managers, who are signatories of the UK stewardship code or equivalent. The Trustees expect the investment managers to take account of ESG factors and climate risk when exercising these rights and will monitor this through the annual Implementation Statement.

10.2. The Trustees also delegate undertaking engagement activities, which include entering into discussions with company management in an attempt to influence behaviour, to the investment managers. As part of this the Trustees expect their active investment managers to assess and monitor developments in the capital structure for each of the companies in which the manager invests. This should include monitoring developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure. This expectation has been communicated to the Scheme's asset managers.

10.3. In selecting and reviewing their investment managers, where appropriate and applicable, the Trustees will consider investment managers' policies on engagement and how these policies have been implemented. If the Trustees find that any investment manager is not engaging with companies in which the manager invests in a suitable manner or is not taking sufficient account of ESG matters in its exercise of voting rights it will engage with that investment manager with the help of the Scheme's investment consultants.

10.4. The Scheme's investment consultants, Barnett Waddingham, are independent and no arm of their business provides investment management services. This, and their FCA regulated status, makes the Trustees confident that the investment manager recommendations they make are free from conflicts of interest.

10.5. The Trustees expect all investment managers to have a conflict of interest policy in relation to their engagement and ongoing operations. In doing so the Trustees believe they have appropriately managed the potential for conflicts of interest in the appointment of an investment manager, as well as conflicts of interest between the Trustees/investment manager and the companies in which the manager invests.

11. Policy for taking into account non-financial matters

11.1. When constructing the investment strategy and selecting investment managers the Trustee does not take non-financial matters into account.

12. AVCs

12.1. The Trustees have an AVC contract with Utmost Life and Pensions for the receipt of members' Additional Voluntary Contributions. The arrangement is reviewed from time to time.

13. Agreement

13.1. This statement was agreed by the Trustees, and replaces any previous statements. Copies of this statement and any subsequent amendments will be made available to the employer, the investment managers, the actuary and the Scheme auditor upon request.

Signed on behalf of the Trustees of the Ryland Group Pension Scheme
May 2025

Appendix 1 Notes on investment manager arrangements as at April 2025 in relation to the current Statement of Investment Principles

The Trustees have appointed the following investment managers to carry out the day-to-day investment of the Scheme:

- M&G Investments – Long Dated Sterling Credit Fund;
- Insight Investments – liability matching portfolio, Broad Opportunities Fund, Synthetic Global Equity Fund and Global Asset Backed Securities ('ABS') Fund.

Investment benchmarks and objectives

The investment benchmarks and objectives for each investment manager are given below:

Investment Manger	Fund	Benchmark	Objective
M&G Investments	Long Dated Sterling Credit Fund	iBoxx Sterling Over 15 Years Non-Gilts Index	To outperform the benchmark by 0.80% per annum gross of fees on a rolling three year basis.
Insight Investments	Broad Opportunities Fund	SONIA (90-day compounded)	To deliver attractive positive long-term returns. The Fund targets returns of the benchmark + 4.5% (gross of fees) over an annualised five-year period.
	Synthetic Global Equity Fund	No stated benchmark however the MSCI World Index (leveraged) is used as a reference index/comparator	To provide leveraged exposure to global equity markets. Achieving passive equity exposure in a capital efficient manner.
	Global ABS Fund	1-month SONIA	To produce a return generated from income and capital appreciation. The Fund aims to deliver positive absolute returns in excess of the benchmark.

	Short Dated Buy and Maintain Fund	iBoxx GBP Corporates & Collateralized 0-5 years index	To generate a return for investors by investing primarily in a portfolio of short dated debt securities.
	LDI Portfolio	Bespoke liability-based benchmark	To match the benchmark.

Aligning the investment strategy and decisions of the investment manager with the Trustees' investment policies

When choosing an investment manager, the Trustees select the manager that most closely aligns with their own investment strategy and policies, including their policy on ESG and climate risk.

The Trustees recognise that when investing in pooled funds there is limited scope to influence the investment managers' strategy and decisions, but has resolved to:

- Monitor the performance of the funds relative to the stated investment objectives and philosophy, on which basis the manager has been appointed, to ensure the investment strategy and decisions continue to be in line with the Trustees expectations.
- In the event that the investment manager ceases to invest in line with the Trustees policies and expectations, including the management of ESG and climate related risks, their appointment will be reviewed.

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

In making investment decisions, the Trustees expect the Scheme's active investment managers to assess the long-term financial and non-financial prospects of any investment. The Trustees believe that non-financial factors – such as ESG risk, climate risk and the engagement of investment managers with companies in which they invest – may have a long-term impact on returns and therefore investment managers should take these into consideration when making decisions.

In order to encourage this, the Trustees have notified the managers of the following:

- The Trustees believe the use of rolling timeframes, typically 3 to 5 years, is consistent with ensuring investment managers make decisions based on an appropriate time horizon, and will therefore focus on the performance of the investment managers over this timeframe. In particular, in the case of assets that are actively managed, the Trustees expect this to be sufficient to ensure an appropriate alignment of interests.
- The Trustees do not expect ESG considerations to be disregarded by the investment manager in an effort to achieve any short-term targets.
- The Trustees expect investment managers to be voting and engaging on behalf of the Scheme's holdings and the Trustees monitor this activity within the Implementation Statement in the Scheme's Annual Report and Accounts.

How the method (and time horizon) of the evaluation of the investment manager's performance and the remuneration for investment manager services are in line with the Trustees' policies

Evaluation of investment managers' performance

From time to time the Trustees review the investment managers' performance. This is conducted every quarter and also considers medium to long term periods, which is consistent with the Trustees wider investment policies. This review reflects not only fund returns, but also whether the investment managers continue to invest in line with the Trustees expectations in terms of their investment approach, philosophy and process. This includes the investment managers' approaches to ESG and climate risk.

Remuneration of investment managers

Details of the fee structure for the Scheme's investment managers are contained in Appendix 2.

The Scheme invests exclusively in pooled funds. In all cases, the investment manager's remuneration is linked to the value of the underlying assets they manage on behalf of the Scheme. Therefore, as the assets grow in value, due to the successful investment by the investment manager, the manager receives more in fees and as values fall they receive less. The Trustees believe that this fee structure incentivises the manager to invest in a way that benefits the Scheme; in particular, it enables the investment manager to focus on long-term performance.

The Trustees ask the Scheme's Investment Consultant to assess whether the investment management fee is in line with the market when the manager is selected, and the appropriateness of the annual management charges are considered from time to time.

How the Trustees monitor portfolio turnover costs incurred by the investment manager, and how they define and monitor targeted portfolio turnover and turnover range

The Trustees acknowledge that portfolio turnover costs can impact on the performance of their investments. However, equally the Trustees believe that active managers can add value through turnover of investments.

When underperformance is identified, the level of turnover may be investigated with the investment manager if it is felt that this may have been a significant contributor to the underperformance. In these cases, the Trustees define the target turnover with respect to the market conditions and peer group practices.

The duration of arrangement with the investment manager

All of the Scheme's investments are in open-ended pooled funds and as such there are no pre-agreed timeframes for investment. However, the Trustees approach to investing means that investments are expected to be held over a period of three years or more.

The suitability of the Scheme's asset allocation and its ongoing alignment with the Trustees investment aims, beliefs and constraints is assessed periodically as appropriate. As part of these assessments the ongoing appropriateness of the investment managers, and the specific funds used, is assessed.

Appendix 2 Investment policies of the Scheme as at April 2025

The balance between different kinds of investment

The Scheme has a strategic asset allocation as set out in the table below, which has been agreed after considering the Scheme's liability profile, funding position, expected return of the various asset classes and the need for diversification.

Asset Class	Allocation (%)
M&G Long Dated Sterling Credit Fund	15.0
Insight Broad Opportunities Fund	15.0
Insight Synthetic Global Equity Fund	7.5
Insight Global ABS Fund	15.0
Insight Short Dated Buy & Maintain Credit Fund	10.0
Insight LDI Funds Insight Liquidity Plus Holding Fund	37.5
Total	**100.0**

Rebalancing

The Trustees recognise that the asset allocation of investments in different asset classes will vary over time as a result of market movements. The Trustees seek to balance maintaining the asset allocation in line with its benchmark against limiting the costs of rebalances. The Scheme does not rebalance between investment managers on a predetermined basis; however, the Trustees monitor the allocation between investment managers on a quarterly basis.

Fee agreements

The fee arrangements with the investment managers are summarised below:

Investment manager	Fund	Annual Management Charge (%)
M&G	Long Dated Sterling Credit Fund	0.18% p.a.
Insight	Broad Opportunities Fund	0.50% p.a.
	Synthetic Global Equity Fund	0.10% p.a. (based on exposure)

	Global ABS Fund	0.35% p.a.
	Short Dated Buy and Maintain Fund	0.10% p.a.
	Liquidity Plus Holding Fund	0.10% p.a.
	LDI Portfolio	0.06% p.a. (based on exposure)

As well as the annual management charges given above, additional fund expenses will apply (covering legal, accounting and auditing fees for each fund).

The Trustees have appointed Barnett Waddingham to advise on investment matters. Barnett Waddingham are normally remunerated on a time-cost basis, although fixed fees may be agreed for specific tasks.

Investments and disinvestments

Investments and disinvestments are usually made so as to move the actual asset allocation more in line with the target asset allocation.