



Brett Group Occupational Defined Contribution Pension Scheme Chair's Statement

1 June 2022 to 31 May 2023

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Disclaimers, confidentiality and non-disclosure

This note has been commissioned by the Trustees of the Brett Group Occupational Defined Contribution Pension Scheme Chair's Statement. The intended users of this note are the members. Its scope and purpose is to provide the Trustee with a report for members to demonstrate the governance of the scheme in line with legislation to publish an annual Chair's statement. In preparing this Statement and illustrations, the Trustee has had regard to relevant legislation including:

- >The Occupational Pension Schemes (Scheme Administration) Regulations 1996;
- >The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018;
- >The Pensions Regulator's Code of Practice number 13 on 'Governance and administration of occupational trust-based schemes providing money purchase benefits'; and
- >The Pensions Regulator's quick guide to the Chair's Statement and the Technical Appendix.

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XPS Investment Limited is authorised and regulated by the Financial Conduct Authority for investment and general insurance business (FCA Register No. 528774).

01 Introduction

c£1.89m

Total defined
contribution funds
in the Scheme.

This is the Chair's Statement for the Brett Group Occupational Defined Contribution Pension Scheme (the "Scheme") covering the period 1 June 2022 to 31 May 2023.

As Chair of Trustees, I provide you with a yearly statement which explains what steps have been taken by the Trustees, with help from our professional advisers, to meet the new governance standards. The law sets out what information has to be included in my Statement and this is designed to help members achieve a good outcome from their pension savings.

The aim of this statement is to provide members with details regarding the steps taken by the Trustees, to meet the governance standards that apply to the Scheme's Defined Contribution ("DC") pension arrangements.

The Scheme was not used as a qualifying scheme to comply with the automatic enrolment legislation in the UK, in relation to current employees.

The Scheme has a default investment option, and this is explained further in section 2. The Chair Statement and Statement of Investment Principles (SIP) can be found at the following website: www.brett.co.uk/occupationaldcpensionscheme

The Trustees decided to close the scheme to future contributions on 1 January 2019. The Trustees now intend, after due consultation with the members, to transfer all benefits to a Master Trust, before winding-up the Scheme, by 30 June 2024.

01.01 Governance and Queries

The Scheme is managed and administered by the Trustees in accordance with the Scheme Rules and relevant legislation.

The Trustees are committed to having high governance standards and we meet to monitor the controls and processes in place in connection with the Scheme's investments and administration.

I welcome this opportunity to explain what the Trustees do to help ensure the Scheme is run as effectively as it can be. If you have any questions about anything that is set out below, or any suggestions about what can be improved, please do contact:

Tracy Carver
Robert Brett & Sons Limited
Robert Brett House
Milton Manor Farm
Ashford Road
Canterbury
QT4 7PP

The Scheme is governed by the Definitive Trust Deed, dated 24 June 2010, including subsequent amendments. I, William Brett was appointed as Chair of Trustees in 2009 and am signing this Statement in that capacity.

02 Default Investment Strategy

Statement of Investment Principles (SIP)

A copy of the SIP, which sets out the objectives for the Scheme's default investment arrangements, can be found in Appendix A

12 July 2018

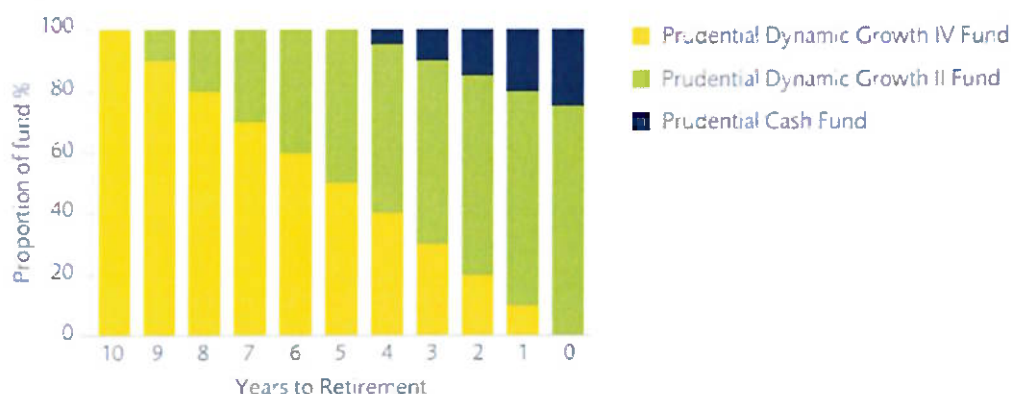
The most recent review of the fund range and default arrangement's strategy and performance was concluded and signed off on 12 July 2018

02.01 The default investment arrangements

If members do not make their own investment choices in the Scheme, their funds are invested in the "default investment option".

The Scheme's default investment option is called the 'targeting retirement options' lifestyle. The default arrangement has been designed for those that want a lifestyle option but are not sure how they might want to access their pension savings when they take their benefits.

When members are more than 10 years from target retirement date, the default strategy is 100% invested in the Prudential Dynamic Growth IV fund. This fund aims to deliver long term growth through investing in a diversified range of assets both in the UK and globally. At any time, the fund will invest at least 40% of its assets in equities but not more than 80%.



Once members are within 10 years of target retirement date, the Prudential Dynamic Growth IV funds are gradually switched into the Prudential Dynamic Growth II and the Prudential Cash fund until, at target retirement date, 25% of the investments are in cash. The remaining 75% remains in the Prudential Dynamic Growth II.

Within the period covered by this report, majority of members had their contributions invested in the current default investment option. The remainder are invested in self-select funds.

Some members in the scheme are counted as "Self-Select" and are not subject to any life styling. For a list of all the charges applicable to all self-selected funds please see Appendix C.

02.02 Reviewing the default investment arrangement

The Trustees are expected to review the investment strategy and objectives of the default investment option at regular intervals. This has historically been undertaken every three years.

The review takes into account the needs of Scheme membership to ensure the default investment arrangement remains appropriate, including looking at where members have chosen to invest. The characteristics of members who are enrolled in the default investment option because they made no investment choice are given particular consideration.

In addition to considering the membership profile, the Trustees also look at the level of risk and number of investment funds offered to members, changing long-term investment market conditions and the investment products and techniques available in the marketplace.

A review of the default investment was not undertaken during the period covered by this Statement but was last reviewed on 12th July 2018. This included a review of the default investment option, including a review of the performance of the underlying funds was

undertaken as part of a wider Corporate Pensions Investment Review – in conjunction with the Employer. In particular, the review focused on various areas of assessment measured against a specific investment criterion. As a result of the review, the default strategy was changed to the current 'Prudential Default Lifestyle' targeting retirement options.

Rather than looking to formally review the default investment strategy, the Trustees have taken the decision to transfer all members' benefits to a Master Trust. It is expected that this will take place by 24 June 2024, at which point, the Scheme will be wound up.

03 Charges and transaction costs

Members may self-select their investment strategy, investing in any of these funds in whatever proportions they choose

03.01 Investment Manager Charges

The Trustees have selected a range of funds which they believe to be appropriate for members of the Scheme. All of the funds, including the default lifestyle strategy, are administered on a DC platform managed by Prudential.

Transaction costs are costs associated with buying and selling of investments and include for example stamp duty and brokerage fees. Transaction costs are incurred when contributions are invested, on switching between funds and when selling investments to take benefits. The following table also indicates transaction costs incurred by each of the funds available for investment over assessment periods monitored by the investment manager.

Members can choose to invest their contributions into up to 33 Self-Select funds available at one time. However, if members invest in the Lifestyle option, they cannot invest in any of the Self-Select funds at the same time.

The charges and transaction costs applied to the default investment option and self-select funds with monies invested in (which range from 0.32%-0.37%), were:

	Total Expense Ratio	Transaction Costs	Total Costs
Fund Name			
Prudential Dynamic Growth IV	0.32%	0.00%	0.36%
Prudential Dynamic Growth II	0.32%	0.00%	0.37%
Prudential Cash	0.32%	0.00%	0.32%
BlackRock Aquila Consensus	0.33%	0.03%	0.36%
Prudential Dynamic Global Equity Passive	0.24%	0.01%	0.25%
Prudential S3 Discretionary Pen	0.35%	0.09%	0.44%
Prudential S3 Long-Term Gilt Passive Pen	0.25%	0.04%	0.29%

*TER represents the sum of the Annual Management Charge (AMC) and Additional Fund Expenses (AFEs).

For a list of all the charges applicable to all self-selected funds please see Appendix C.

The Packaged Retail and Insurance-based Investment Products (PRIIPs) Regulation, introduced in January 2018, aimed to help investors to better understand and compare the key features, risks, rewards and costs of different investments through access to a short and consumer-friendly Key Information Document (KID).

In producing this statement, the costs and charges shown make reference to this Regulation and, where possible, amalgamate any underlying costs. As a result, the statement does not try to detail all the trades made in the management of the fund(s) but amalgamates this into the overall charges applicable. The TERs for the default arrangement vary depending on the period to retirement. This is because the default arrangement has been set up as a lifestyle approach, which means that members' assets are automatically moved between different investment funds as they approach their target retirement as

Charges and transaction costs continued

outlined in Section 02.01 above and the level of charges and transaction costs will vary depending on how close members are to their target retirement date. Over the Scheme year to 31 May 2023 the TER's as at specified anniversary dates were:

	TER (%)
More than 10 years to retirement	0.36%
10 years to retirement	0.36%
9 years to retirement	0.36%
8 years to retirement	0.36%
7 years to retirement	0.36%
6 years to retirement	0.36%
5 years to retirement	0.37%
4 Years to retirement	0.36%
3 Years to retirement	0.36%
2 Year to retirement	0.36%
1 Year to retirement	0.36%
At retirement	0.36%

03.02 Administration Charge

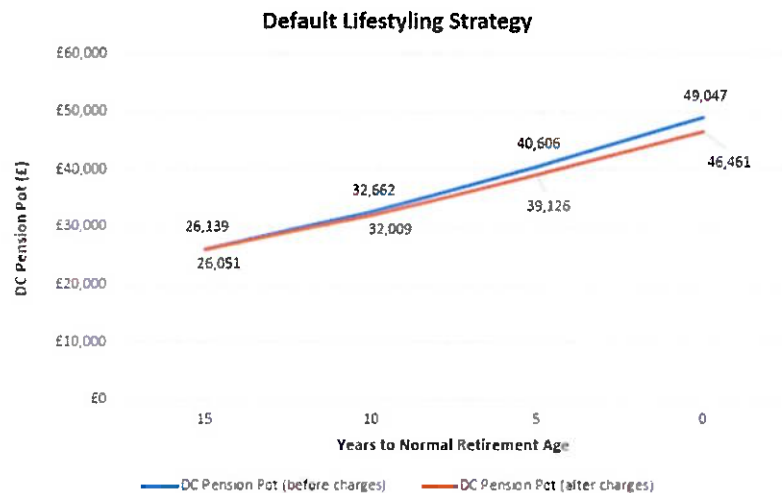
Prudential take an Annual Management Charge (AMC) for looking after your investment, from each of the funds you invest in. AMCs may vary in the future and may be higher than they are now. They will write to you if an AMC goes up for a fund you are invested in unless the change in the AMC is part of the expected function of that fund. In addition to the AMC, there may be further costs incurred. Where these are applicable, they are paid for by the fund and will impact on the overall performance. All other running costs including Scheme governance, management and communications are met by the Company.

Charges and transaction costs

continued

03.03 An illustration of the charges levied on members

Below, you can find an illustration of the effect of the Total Expense Ratio and transaction costs met by members on an example pension pot in the current default investment option over time.



This is for illustration purposes only. The actual returns received are likely to differ over time as will individual member's pension pot sizes. This illustration is based on:

- > The Scheme's default investment option (as detailed in Section 2) – majority of members are invested in this option.
- > A deferred member with aged 49.
- > A normal retirement age of 65.
- > A pension pot of £25,000
- > No contributions throughout the period.
- > Investment returns (net of charges) were estimated as 6.81% p.a. for the Prudential Dynamic Growth IV, 6.26 p.a. for Prudential Dynamic Growth II and 2.85% p.a. in the Cash fund
- > Inflation of 2.5% p.a.

Illustrations for the highest and lowest charging funds with monies invested, is shown in Appendix B of this Statement

03.04 What are the assumptions based on?

In preparing these illustrations, the Trustees had regard to:

- > The Department for Work and Pensions' 'Reporting of costs, charges and other information: guidance for trustees and managers of relevant occupational schemes'.
- > Actuarial Standards Technical Memorandum 1 (AS TM1 v4.2) issued by the Financial Reporting Council and
- > The Financial Conduct Authority (FCA) Transaction cost disclosure in workplace pensions Policy Statement PS17/20.

03.05 Investment Performance

Changes to legislation introduced in October 2021 require trustees of relevant occupational pension schemes to report on the net investment returns for the default arrangement(s) and for each fund which scheme members are, or have been able to, select, and in which scheme members are invested during the scheme year.

Net investment returns refer to the returns on funds after the deduction of all transaction costs and charges and including them in this statement is intended to help members understand how their investments are performing.

03.06 Fund Performance

Prudential provides the Trustees with regular investment performance information to monitor the Default Investment, which it reviews and challenges in Trustee meetings. The Trustees raise performance questions directly with Prudential.

This table shows how the Default Fund has performed for members at three different ages, over the last one and five years with a target retirement date of 65, as at 30 September 2023.

	1 year	5 years (pa)
Default Strategy		
Age 25	8.5%	3.2%
Age 45	8.5%	3.2%
Age 55	8.2%	2.98%

Source Figures are net of fees. Past performance is not a reliable indicator of future results. The value of investments may go down as well as up and members may get back less than they invest. Members should be aware the level of charges and transaction costs paid by members on the default strategies. The TER applicable to the default strategy may vary throughout a member's lifetime as a result of the changing investment mix.

The returns stated are to 30 September 2023.

	1 year	5 years (pa)
Self-Select Funds with monies invested		
Prudential Cash	4.1%	0.8%
BlackRock Aquila Consensus	5.1%	6.6%
Prudential Dynamic Global Equity Passive	10.2%	N/A
Prudential S3 Discretionary Pen	5.1%	6.6%
Prudential S3 Long-Term Gilt Passive Pen	-11.1%	-0.4%

Source Past performance is not a reliable indicator of future results. The value of investments may go down as well as up and members may get back less than they invest

04 Core financial transactions

04.01 Assessing Core Transactions

During the year, the Trustees ensured the requirements of Regulation 24 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 were met and that the Scheme's core financial transactions were processed promptly and accurately. For example:

- > There is an agreement in place with Prudential (as Scheme administrator), committing them to defined service level agreements ("SLAs"). Amongst other matters, this covers the accuracy and timeliness of all core financial transactions. The Trustees consider that core financial transactions were processed promptly and accurately during the year.
- > Prudential report on their performance when requested against the SLAs above so that the Trustees can monitor that the SLAs are being met.
- > The administrator produces audit reports on a daily, weekly, and monthly basis to show all switching activity that has taken place.

The Scheme administrator carries out an annual audit to check that internal control procedures are being followed. Where any error or issue is identified, the administrator takes appropriate steps to resolve and act as required. The Prudential Administration team is accredited against ISO9001:2008 and AAF 01/06 audit requirement.

We can confirm there were no material issues in the Statement period, on which to report.

The core financial transactions also include:

- > **The transfer of assets relating to members between different investments within the Scheme** – The Scheme's administrator maintains and reconciles comprehensive records of individual member's contributions and fund values.
- > **Monitoring of bank accounts** – There is a dedicated contribution processing team, checking investment and banking transactions.
- > **Payments to members** – All payments out of the Scheme in respect of members' benefits are made in line with standard checks. This includes agreed processes and authorisation levels to ensure any payment made is calculated correctly and in line with the Scheme rules and legislation and complies with HMRC rules and guidance. In addition, every effort is made to check for possible pension scams.

Noting the requirement for accurate member data to be processed correctly, the Trustees take steps to continually review and where necessary, correct any problems with the member data which is held by the Scheme administrator. This is reported each year to the Pensions Regulator in the online scheme return.

04.02 Flexibility - accessing benefits

The range of options available to members increased since the introduction of the 'Freedom and Choice' legislation which came into effect from April 2015. This legislation affords members the opportunity to draw their benefits more flexibly than previously possible. Members of the Scheme can take 25% of the value of their fund as a tax-free cash lump sum. The remainder must be used to purchase an annuity.

Although this option is available to members, if they wish to undertake drawdown, or access further flexibilities they will have to transfer their fund to another pension arrangement to do so.

05 Value for Members

05.01 Assessment of Value

The Trustees have reviewed value for members considering the latest guidance from the Pensions Regulator.

The value assessment included the consideration of the member borne costs and charges and the net returns for the Scheme's investment options (net of all costs and charges) against comparator arrangements (including master trust arrangements). Within the assessment, the Trustees also considered a number of qualitative areas in relation to the Scheme.

Net investment returns

The Trustees compared the net investment returns of the Investment strategy and self-select funds to three comparators. The average net investment return on the default strategy over the last five years of 3.2% pa compares to between 3.3% pa and 8.0% pa, for the comparators over the same period.

Costs and Charges

The Trustees compared the member borne costs and charges of the default strategy and self-select funds to three comparators. The costs and charges on the default strategy of 0.32%, compare favourably to the comparator arrangements, which were between 0.3% and 0.5% over the same period.

Governance

The Trustees recognise that there has been increasing requirement for governance in recent years and is why (see below) that they are looking to discharge members' benefits to an arrangement with a stronger governance framework.

Communications

The Trustees do not have a communications plan in place. However, members are provided with annual benefit statements in keeping with legislation and the Trustees communicate with the members at specific points in their journey. This information is designed to assist members in understanding the impact of their decisions.

Conclusion

Assessment of value for members is an ongoing process and the Trustees recognise that both on a quantitative and qualitative basis, the Scheme cannot offer members optimal value and hence the decision made by the Trustees (see earlier), to move members' benefits to an arrangement that does.

06 Trustees Knowledge and understanding

06.01 Knowledge and understanding of the Trustee

The board of Trustees is currently made up of 2 Trustees, both of whom are Company nominated Trustees. The Trustees are satisfied that they have complied with the knowledge and understanding requirements set out in section 248 of the Pensions Act 2004.

The Trustees have knowledge of the law relating to pensions and trusts, principles of investment and the requirements for funding a pension scheme. This is evidenced by interaction with their advisers as shown in the Trustees meeting minutes and at which updates on current issues are provided by advisers, with ad-hoc advice provided in relation to any new requirements as a result of changes in regulation or legislation. The Trustees also fulfil similar roles on two other pension schemes; therefore, they have a good level of knowledge on trusteeship.

The Trustees are conversant with key scheme documentation such as the Trust Deed and Rules the Statement of Investment Principles (SIP). The Trustees also make use of external advisers from time to time.

06.02 Trustees Training

The use of the Pensions Regulator's (TPR's) online Trustees Toolkit is encouraged, and the Trustees attend external seminars and updates.

The Trustees are required to have appropriate levels of knowledge and understanding in order to properly exercise their functions as directors. Typically, the Trustees meet these requirements in the following way:

- > Ensuring they comply with the Trust Deed and Rules and other key Scheme documents when making decisions in relation to the Scheme, seeking assistance from their legal advisers for complex areas or where there is ambiguity.

Any new Trustees will be expected to carry out this training and be fully conversant with the Scheme's documentation within 6 months. During the period covered by this Statement the Trustees did not undergo any DC specific training.

06.03 Conclusion

As a result of the ongoing compliance with the Trust Deed and Rules, I am confident that the combined knowledge and understanding of the Trustees has enabled the Trustees to exercise their functions properly.

07 Conclusion

The annual production of this Statement provides members with a narrative of how the Trustees look after members' interests, especially in the areas of the 5 key elements within this Statement listed below.

- > Default investment strategy
- > Charges and transaction costs
- > Core financial transactions
- > Providing value for members
- > Trustees Knowledge and understanding

The Trustees will continue to monitor these key areas and report to members both via the annual Chair's Statement and other communications as appropriate.

In conclusion, with the continual monitoring and the reviews detailed here, I am pleased to be able to submit this report in accordance with the Chair's Statement requirements.

Signature

A handwritten signature in blue ink, consisting of stylized initials followed by a long horizontal stroke.

Date

March 12, 2024

**For and on behalf of the Trustees of the Brett
Group Occupational Defined Contribution
Pension Scheme**

Appendix A

Statement of Investment Principles

01 Introduction

Purpose

This Statement describes the investment policy of the Trustees of the Scheme and is issued by the Trustees to comply with the Act and the Regulations.

This Statement relates to the Default Arrangement for the members of the Scheme.

Scheme details

The exclusive purpose of the Scheme is to provide retirement and death benefits to eligible participants and beneficiaries. It qualifies as a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004.

Advice and consultation

Before preparing this Statement, the Trustees have sought advice from the Scheme's Investment Consultant. The Trustees have also consulted the Principal Employer. The Trustees will consult the Principal Employer on any future changes in investment policy as set out in this Statement.

Investment powers

The Scheme's Trust Deed and Rules set out the investment powers of the Trustees. This Statement is consistent with those powers. Neither this Statement nor the Trust Deed and Rules restrict the Trustees' investment powers by requiring the consent of the Principal Employer.

In accordance with the Financial Services and Markets Act 2000, the Trustees set general investment policy but delegate responsibility for the selection of the specific securities and any financial instruments in which the Scheme invests to the Investment Managers.

Review of the Statement

The Trustees will review this Statement at least every three years or immediately following any significant changes in investment policy, or changes in the demographic profile of relevant members.

The Trustees will receive confirmation from the Investment Consultant of the continued appropriateness of this Statement annually, or more frequently if appropriate.

Definitions

Capitalised terms in this document mean the following:

Act – The Pensions Act 1995 (as amended by section 244 of the Pensions Act 2004)

Default Arrangement – This is the arrangement for members who do not make an investment choice. The Default Arrangement is the lifestyle strategy as set out in Appendix I.

Investment Manager – A person or organisation appointed by the Trustees to manage investments on behalf of the Scheme.

Investment Platform Provider – A single provider offering access to a wide variety of underlying pooled investment funds which may be managed by different Investment Managers.

Scheme – Brett Group Occupational Defined Contribution Pension Scheme

Principal Employer – Robert Brett & Sons Limited

Regulations – The Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Scheme (Charges and Governance) Regulations 2015).

Statement – This document, including any appendices, which is the Trustees' Statement of Investment Principles in relation to the Default Arrangement.

Trustees – The group of individuals responsible for the investment of the Scheme's assets and managing the administration of the Scheme.

02 Division of responsibilities

The Trustees are accountable for all aspects of the Scheme's investments, however, as permitted within the Trust Deed and Rules, the Trustees have delegated some of the decision making powers and other responsibilities as set out below.

Trustees

The Trustees have retained the following responsibilities and powers for themselves in connection with the Default Arrangement:

- > The content and the reviewing of this Statement.
- > Reviewing the investment policy.
- > Appointing the Investment Platform Provider and assessing its ongoing suitability in this role.
- > Consulting with the Principal Employer when reviewing investment policy issues.
- > Monitoring compliance of the investment arrangements with this Statement on an ongoing basis.

In addition, the Trustees of the Scheme will make decisions relating to the Default Arrangement's investments, including issues such as:

- > The kinds of investments to be held.
- > The balance between different kinds of investments.
- > The types of risk the Default Arrangement may expose members to and the types of risk these may afford members protection against.
- > The Investment Manager arrangements.
- > The performance target of the Investment Managers.

Investment Consultant

The Investment Consultant's responsibilities include:

- > Participating with the Trustees in regular reviews of this Statement, and in the review of investment related issues as described in this Statement.
- > Undertaking project work as required, including reviews of the range of assets covered by the Default Arrangement, and reviews or selection of Investment Managers and/or the Investment Platform Provider.

Investment Managers

Each Investment Manager's responsibilities will include:

- > Investing in diversified portfolios of assets suitable for pension Schemes in accordance with any guidelines given by the Trustees or the Investment Platform Provider.
- > At their discretion, but in accordance with the guidelines given by the Trustees or the Investment Platform Provider, implementing changes in the asset mix and selecting individual securities and financial instruments within each asset class.
- > Exercising the rights attached to the shareholdings of the Default Arrangement so as to protect and enhance the long-term value of a stock holding for the Scheme.

Investment Platform Provider

The Investment Platform Provider's responsibilities include:

- > Providing a range of investment funds from which the Trustees are able to select a subset of funds to include in the Default Arrangement, consistent with the policy as set out in this Statement.
- > Enabling the Trustees to select from the range of Investment Managers through the creation of funds which themselves invest in or are reinsured into underlying vehicles or portfolios managed by the Investment Managers.
- > Blending or white labelling funds as appropriate/requested by the Trustees.
- > Appointing a custodian. For pooled assets, the custodian is invariably appointed by the Investment Managers on behalf of the pooled fund as a whole. However, a separate custodian may be appointed to provide the above services on behalf of the Investment Platform Provider.
- > Providing the Trustees with the reporting that would otherwise be expected of the Investment Managers:
 - Regular portfolio valuations and performance information along with a report, at least annually, on actions and future intentions and any changes to the processes, objectives and guidelines applied to their management of the Scheme's assets to enable the Trustees to review their Investment Managers' activities.

Division of responsibilities

Continued

- Where appropriate, reporting in person at a Trustee meeting or through documentation agreed between the two parties.

Custodian

Each Custodian's responsibilities include some or all of the following:

- > The safekeeping of the assets of the Scheme relating to the Default Arrangement.
- > Providing the Investment Managers and/or the Investment Platform Provider with statements as required of the assets, cashflows and schedules of transactions.
- > Processing all dividends and tax reclaims in a timely manner.
- > Dealing with corporate actions.

For pooled assets, the Custodian is invariably appointed by the Investment Managers with the above functions undertaken on behalf of the pooled fund as a whole. Record keeping of the Scheme's entitlement within the pooled fund is the responsibility of the pooled fund administrator or registrar.

Member records are held by the Scheme administrator.

03 Strategic investment policy and objectives

Choosing investments

The Trustees rely on professional Investment Managers for the day-to-day management of the Scheme's assets.

In view of the requirements in respect of the efficient administration of individual entitlements for each member, all the investments are made on a pooled basis with the individual funds accessed through an investment platform. Decisions about the particular pooled investment vehicles, used within the Default Arrangement are made by the Trustees.

The Trustees' policy is to regularly review the investments over which they retain control and to obtain written advice about them when necessary. When deciding whether or not to make any new investments the Trustees will obtain written advice and consider whether future decisions about those investments should be delegated to the Investment Managers. The written advice will consider suitability of the investments, the need for diversification and the principles within this Statement. The Investment Consultant will have the knowledge and experience required under Section 36(6) of the Act.

Long-term objectives

The Trustees' long-term objective in respect of the Default Arrangement is to provide members with an investment strategy that will enable them to optimise the real return on investments in order to build a fund which will be used at retirement to purchase an annuity, and/or be taken as a cash lump sum. The Trustees have therefore selected the Default Arrangement:

- In the best interests of members and beneficiaries;
- In a manner calculated to ensure their security, quality, liquidity and profitability.

The Trustees recognise that the types of investment directly impact the Scheme members invested in the Default Arrangement and their expectation for their retirement provision.

The Trustees have therefore set three investment objectives for the Default Arrangement:

- **Fiduciary Investment** To ensure an appropriate vehicle is used.
- **Funding** By investing in a mixture of assets to give members a vehicle that enables them to maximise the returns achieved at acceptable levels of risk.
- **Stability** By investing in a mixture of assets to provide members with an investment vehicle that offers protection against volatility in the capital value of their fund.

Expected returns

By undertaking the investment policy described in this Statement, the Trustees anticipate that the Default Arrangement and the associated future absolute investment returns will allow members to maintain the real value of their fund whilst at the same time providing them with a means of building up an element of cash which they may wish to take as a lump sum upon retirement.

By investing in equities in earlier years and de-risking by moving into a cash fund as the member approaches retirement, the Trustees believe they are acting in the members and beneficiaries' best interests.

Investment Policy

In order to meet the above objectives, the Trustees have selected as the Default Arrangement a strategy that automatically switches into funds with a lower equity content based on the member's period to retirement.

Range of assets

The Default Arrangement provided by the Trustees encompasses a diverse range of assets including equities, bonds, property and cash as well as alternative assets as determined by the Investment Manager.

Strategic investment policy and objectives

Continued

The Trustees will ensure that the Default Arrangement made available to members holds a suitably diversified range of securities, avoiding an undue concentration of assets. In addition, the Trustees will ensure the range of assets is otherwise suitable to meet the investment objectives as set out in Appendix II.

04 Responsible investment

The Trustees have considered their approach to environmental, social and corporate governance ("ESG") factors and believe there can be financially material risks relating to them. The Trustees have delegated the ongoing monitoring and management of ESG risks including those related to climate change, to the Scheme's Investment Managers. The Trustees require the Scheme's Investment Managers to take ESG risks into consideration within their decision-making, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

The Trustees will seek advice from the Investment Consultant on the extent to which their views on ESG risks may be taken into account in any future investment manager selection exercises. Furthermore, the Trustees, with the assistance of the Investment Consultant, will monitor the processes and operational behaviour of the Investment Managers from time to time, to ensure they remain appropriate and in line with the Trustees' requirements as set out in this Statement.

As the Scheme invests in pooled funds, the Trustees acknowledge that they cannot directly influence the policies and practices of the companies in which the pooled funds invest. They have therefore delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the Investment Managers. The Trustees encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters such as strategy, capital structure, conflicts of interest policies, risks, social and environmental impact and corporate governance as part of their decision-making processes. The Trustees require the Investment Managers to report on significant votes made on behalf of the Trustees.

If the Trustees become aware of an Investment Manager engaging with the underlying issuers of debt or equity in ways that they deem inadequate or that the results of such engagement are mis-aligned with the Trustees' expectation then the Trustees may consider terminating the relationship with that Investment Manager.

When considering the selection, retention or realisation of investments, the Trustees have a fiduciary responsibility to act in the best interests of the beneficiaries of the Scheme, although they have neither sought, nor taken into account, the beneficiaries' views on matters including (but not limited to) ethical issues and social and environmental impact. The Trustees will review this policy if any beneficiary views are raised in future.

05 Risk measurement and management

The Trustees recognise a number of risks involved in the investment of the assets of the Default Arrangement. The Trustees measure and manage these risks as follows:

Solvency risk - The risk of not maintaining the real purchasing power of assets is addressed through the use of a growth orientated fund.

Market risk - The risk of exposure to volatile markets, which may be less acceptable to some members, particularly near retirement, is addressed through the use of funds which invest in fixed interest securities and cash for a proportion of assets based on the member's period to retirement.

Manager risk – The risk that an Investment Manager fails to meet their stated objective is addressed through the performance objectives set out in Appendix II and through the monitoring of the Investment Managers as set out in section 8. In monitoring the performance of the Investment Managers, the Trustees measure the returns relative to the benchmark, objective and the volatility of returns. In addition, the Trustees will regularly review each Investment Manager's approach to risk within each fund in order to highlight any unintended risk being taken. For example:

- > for equities, the Trustees will review the risk through the weightings to individual regions, sectors and stocks;
- > for bonds, the Trustees will review the risks of the underlying assets held within the fund;
- > for cash, the Trustees will review the risk through the type of cash instruments held and the term of these instruments.

Inappropriate investments - The risk that an Investment Manager invests in assets or instruments that are not considered to be appropriate by the Trustees is addressed through the Trustees' policy on the range of assets in which the Scheme can invest (see section 3).

Political risk – The risk of an adverse influence on investment values from political intervention is reduced by diversification of the assets across many countries.

Custodian risk – This is addressed through the agreement with the third party custodian and ongoing monitoring of the custodial arrangements. In pooled arrangements this is invariably delegated to the Investment Manager and/or the Investment Platform Provider.

Counterparty risk – This is addressed through the Investment Managers' guidelines with respect to cash management.

Fraud/Dishonesty - This is addressed through restrictions applied as to who can authorise transfer of cash and the account to which transfers can be made.

06 Realisation of assets and investment restrictions

Realisation of investments

In recognition of the fact that funds may need to be realised for a number of unanticipated reasons at any time, and the desirability of retaining as high a degree of flexibility as possible to cater for unexpected changes in circumstances, the Trustees will monitor closely the extent to which any assets which are not readily realisable are held within the Default Arrangement and will limit such assets to a level where they are not expected to prejudice the proper operation of the Scheme.

The Trustees have considered how easily investments can be realised for the types of assets in which the Default Arrangement is currently invested. As such, the Trustees believe that the Default Arrangement currently holds an acceptable level of readily realisable assets. The Trustees will also take into account how easily investments can be realised for any new investments they consider within the Default Arrangement, to ensure this position is maintained in the future.

Investment Restrictions

The Trustees have established the following investment restrictions:

- > The Trustees may not hold in excess of 5% of the Scheme's assets in investments related to the Principal Employer.
- > Whilst the Trustees recognise that borrowing on a temporary basis is permitted, this option will only be utilised where it is deemed absolutely necessary or where the Trustees have received advice from the Investment Consultant that the Scheme's overall exposure to risk can be reduced through temporary borrowing, e.g. during an asset transfer.
- > The Trustees will ensure that the assets of the Default Arrangement are predominantly invested in regulated markets to maximise the security of the members' entitlements.
- > Investment in derivative instruments may be made only insofar as they contribute to the reduction in risk or facilitate efficient portfolio management.

The Investment Managers impose internal restrictions that are consistent with their house style. In some instances the Trustees may impose additional restrictions and any such restrictions are specified in Appendix II.

07 Investment Manager Arrangements and fee structure

Delegation to Investment Manager(s)

In accordance with the Act, the Trustees have delegated to one or more Investment Managers the responsibility for investing the assets of the Default Arrangement in a manner consistent with this Statement.

The Investment Managers are authorised and regulated to provide investment management services to the Scheme. Within the UK, the authorisation and regulation of the Investment Managers falls under the Financial Conduct Authority (FCA). Specific products in which members invest may also be regulated by the Prudential Regulatory Authority (PRA). For non-UK Investment Managers, authorisation and regulation is undertaken by the home state regulator.

The Investment Managers will ensure that suitable internal operating procedures are in place to control individuals making investments for the Default Arrangement.

Performance objectives

The individual investment manager benchmarks and objectives against which each fund held under the Default Arrangement is assessed are given in Appendix II.

Review process

Appointments of Investment Managers are expected to be long-term, but the Trustees will review the appointment of the Investment Managers in accordance with their responsibilities. Such reviews will include analysis of each Investment Manager's performance and processes and an assessment of the diversification of the assets held by the Investment Manager. The review will include consideration of the continued appropriateness of the mandate given to the Investment Manager within the framework of the Trustees' investment policies.

The Trustee receives quarterly performance monitoring reports from the Platform Provider which include performance relating to the Default Arrangement. If there are concerns, the Trustee may carry out a more in-depth review of a particular Investment Manager. The Investment Platform Provider will also attend Trustee meetings as requested.

Fund manager remuneration is considered as part of the manager selection process. It is also monitored regularly with the help of the Investment Consultant to ensure it is in line with the Trustees' policies and with

fee levels deemed by the Investment Consultant to be appropriate for the particular asset class and fund type.

(De)selection criteria

The criteria by which the Trustees will select (or deselect) the Investment Managers include:

- > Past performance.
- > Quality of the investment process.
- > Role suitability - e.g., level of fees, reputation of the Investment Manager, familiarity with the mandate, internal objectives and restrictions of any pooled funds.
- > Service - e.g., reporting, administration.
- > Personnel - e.g., the individual fund managers working for the Scheme in respect of the Default Arrangement.

An Investment Manager may be replaced, for example (but not exclusively), for one or more of the following:

- > The Investment Manager fails to meet the performance objectives set out in Appendix II.
- > The Trustees believe that the Investment Manager is not capable of achieving the performance objectives in the future.
- > The Investment Manager fails to comply with this Statement.

Investment Platform Provider fee structure

The Investment Platform Provider is remunerated by receiving a proportion of the Scheme's assets under management within the Default Arrangement. Details of the fee arrangements in place for each fund are set out in Appendix II.

Investment Manager fee structure

The Investment Managers are remunerated by receiving a percentage of the assets under management within the Default Arrangement. Details of the fee arrangements in place are set out in Appendix II.

Investment Consultant's fee structure

The Investment Consultant is remunerated for work completed on a time-cost basis or via a project fee. It is felt that this method of remuneration is appropriate because it enables the Investment Consultant to provide the necessary advice and information to facilitate the Trustees undertaking their responsibilities as described in Section 2.

08 Compliance Statement

Confirmation of advice

Before a Statement of Investment Principles, as required by the Pensions Act 1995, is prepared or revised by the Trustees of a pension scheme, they must have consulted with the Principal Employer and obtained and considered the written advice of a person who is reasonably believed by them to be qualified by his ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of the investments of such schemes.

The Investment Consultant hereby confirms to the Trustees that they have the appropriate knowledge and experience to give the advice required by the Act and have provided the necessary written advice to the Trustees.

Signatures

On behalf of XPS Investment Limited



Ben Amenya, CFA

Consultant - Investment

Date: 10 December 2020

On behalf of the Trustees



Appendix I

The structure and type of funds available

The table below displays the lifestyle strategy for which a member's investments are de-risked to the point where they start drawing their benefits. At retirement a member's fund will be invested 75% in Prudential Dynamic Growth II Fund and 25% in Cash, which is intended to follow the changing cost of securing a tax-free lump sum with 25% of the fund and an annuity with the remainder.

Years to Retirement	Asset allocation at the end of year:			
	Prudential Dynamic Growth II Fund	Prudential Dynamic Growth IV Fund	Prudential Cash Fund	Total
10+	0%	100%	0%	100%
9	10%	90%	0%	100%
8	20%	80%	0%	100%
7	30%	70%	0%	100%
6	40%	60%	0%	100%
5	50%	50%	0%	100%
4	55%	40%	5%	100%
3	60%	30%	10%	100%
2	65%	20%	15%	100%
1	70%	10%	20%	100%
0	75%	0%	25%	100%

Note: The default assumes target retirement at age 65.

Appendix II

Fund benchmarks, objectives and fees

Prudential

Diversified Growth Fund (Prudential Dynamic Growth II Fund)

<i>Benchmark</i>	Internal composite benchmark based on the asset allocation set by the M&G Prudential Treasury & Investment Office
<i>Objective</i>	The fund aims to deliver long term growth through investing in a diversified range of assets both in the UK and globally.
<i>Fees</i>	AMC: 0.32% p.a. AFE: 0.01% p.a. TER: 0.33% p.a.

Diversified Growth Fund (Prudential Dynamic Growth IV Fund)

<i>Benchmark</i>	Internal composite benchmark based on the asset allocation set by the M&G Prudential Treasury & Investment Office
<i>Objective</i>	The fund aims to deliver long term growth through investing in a diversified range of assets both in the UK and globally.
<i>Fees</i>	AMC: 0.32% p.a. AFE: 0.01% p.a. TER: 0.33% p.a.

Cash Fund (Prudential Cash Fund)

<i>Benchmark</i>	GBP 7-Day LIBID
<i>Objective</i>	To perform in line with 7 Day GBP LIBID
<i>Fees</i>	AMC: 0.32% p.a. AFE: 0.00% p.a. TER: 0.32% p.a.

Note:

AMC: Annual Management Charge

AFE: Additional Fund Expenses

TER: Total Expense Ratio (the sum of the Annual Management Charge and any Additional Fund Expenses)

Appendix B

Projections

Default Lifetime Investment Strategy					
Years from Now	Pension Pot (before Charges)	Pension Pot (after charges)	Years from Now	Pension Pot (before Charges)	Pension Pot (after charges)
1	£26,139	£26,051	9	£37,276	£36,163
2	£27,330	£27,147	10	£38,915	£37,625
3	£28,575	£28,288	11	£40,606	£39,126
4	£29,877	£29,478	12	£42,349	£40,667
5	£31,238	£30,717	13	£44,074	£42,178
6	£32,662	£32,009	14	£45,770	£43,653
7	£34,150	£33,355	15	£47,431	£45,083
8	£35,687	£34,739	16	£49,047	£46,461

Assumptions

Projected pension pots are shown in today's terms and do not need to be reduced further for the effects of inflation. The assumed investment returns before the effect of inflation are:*

Before Charges: 7.17% pa 10 or more years before retirement gradually reducing to 5.02% pa at retirement.

After charges: 6.81% pa 10 or more years before retirement gradually reducing to 4.7% pa at retirement

The assumed level of inflation is 2.5% pa

Pension Pot Value at Start: £25,000

Deferred Member with no further contributions

* The figures illustrated above are only examples and are not guaranteed - they are not minimum or maximum amounts

Projections continued

Prudential Discretionary Pension Fund					
Years from Now	Pension Pot (before Charges)	Pension Pot (after charges)	Years from Now	Pension Pot (before Charges)	Pension Pot (after charges)
1	£26,007	£25,900	9	£35,673	£34,370
2	£27,055	£26,832	10	£37,110	£35,607
3	£28,145	£27,798	11	£38,606	£36,889
4	£29,279	£28,799	12	£40,161	£38,217
5	£30,459	£29,836	13	£41,779	£39,593
6	£31,686	£30,910	14	£43,463	£41,018
7	£32,963	£32,023	15	£45,214	£42,495
8	£34,291	£33,176	16	£47,036	£44,025

Assumptions

Projected pension pots are shown in today's terms and do not need to be reduced further for the effects of inflation. The assumed investment returns before the effect of inflation are:*

Before Charges: 6.63% until retirement

After charges: 6.19% until retirement

The assumed level of inflation is 2.5% pa

Pension Pot Value at Start: £25,000

Deferred Member with no further contributions

* The figures illustrated above are only examples and are not guaranteed - they are not minimum or maximum amounts

Projections continued

Prudential Dynamic Global Equity Passive					
Years from Now	Pension Pot (before Charges)	Pension Pot (after charges)	Years from Now	Pension Pot (before Charges)	Pension Pot (after charges)
1	£26,310	£26,239	9	£39,585	£38,634
2	£27,688	£27,539	10	£41,659	£40,549
3	£29,139	£28,904	11	£43,841	£42,558
4	£30,665	£30,336	12	£46,138	£44,667
5	£32,272	£31,839	13	£48,556	£46,880
6	£33,963	£33,417	14	£51,099	£49,203
7	£35,742	£35,072	15	£53,776	£51,641
8	£37,614	£36,810	16	£56,594	£54,200

Assumptions

Projected pension pots are shown in today's terms and do not need to be reduced further for the effects of inflation. The assumed investment returns before the effect of inflation are:*

Before Charges: 7.87% until retirement

After charges: 7.58% until retirement

The assumed level of inflation is 2.5% pa

Pension Pot Value at Start: £25,000

Deferred Member with no further contributions

* The figures illustrated above are only examples and are not guaranteed - they are not minimum or maximum amounts

Appendix C

Full list of fund charges

Fund name	AMC	Transaction Costs
BlackRock Aquila All Stocks Corporate Bond Index	0.33	0.06
BlackRock Aquila Consensus	0.33	0.03
BlackRock Aquila Over 15 Years UK Gilt Index	0.32	0.16
BlackRock Aquila UK Equity Index	0.32	0.04
BlackRock Aquila World ex-UK Equity Index	0.33	0.01
HSBC Islamic Global Equity Index	0.50	0
Prudential Dynamic Global Equity Passive	0.24	0.01
Prudential Dynamic Growth II	0.32	0
Prudential Dynamic Growth IV	0.32	0
Prudential Positive Impact	0.35	0.07
Prudential S3 All Stocks Corporate Bond Pen	0.35	0.02
Prudential S3 Baillie Gifford Global Stewardship Pen	0.60	0.02
Prudential S3 Baillie Gifford UK Equity Core Pen	0.60	0.02
Prudential S3 Cash Pen	0.32	0
Prudential S3 Discretionary Pen	0.35	0.09
Prudential S3 Europe Equity Passive Pen	0.25	0.02
Prudential S3 Fixed Interest Pen	0.35	-0.04
Prudential S3 Global Equity Pen	0.35	0.04
Prudential S3 Index-Linked Passive Pen	0.25	0.01
Prudential S3 Index-Linked Pen	0.35	0.61
Prudential S3 International Equity Pen	0.35	0.09
Prudential S3 Japan Equity Passive Pen	0.25	-0.06
Prudential S3 Long Dated Corporate Bond Pen	0.35	0.03

Prudential S3 Long Term Growth Passive Pen	0.25	0.10
Prudential S3 Long-Term Bond Pen	0.25	0.05
Prudential S3 Long-Term Gilt Passive Pen	0.25	0.04
Prudential S3 North America Equity Passive Pen	0.25	0.14
Prudential S3 Overseas Equity Passive Pen	0.25	0.04
Prudential S3 Pacific Basin ex-Japan Equity Passive Pen	0.25	0.00
Prudential S3 UK Equity Pen	0.35	0.02
Prudential S3 UK Property Pen	0.35	-
Prudential S3 UK Smaller Companies Pen	0.35	0.11
Prudential UK Equity Passive	0.25	0.04



Contact us
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