



Statement of Investment Principles relating to the Default Arrangement

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

December 2020

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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 investments 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* To ensure an appropriate investment 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

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)



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Registration

XPS Pensions Consulting Limited, Registered No. 2459442.

XPS Investment Limited, Registered No. 6242672.

XPS Pensions Limited, Registered No. 3842603.

XPS Administration Limited, Registered No. 9428346.

XPS Pensions (RL) Limited, Registered No. 5817049.

XPS Pensions (Trigon) Limited, Registered No. 12085392.

All registered at: Phoenix House, 1 Station Hill, Reading, RG1 1NB.

Authorisation

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