

Kawasaki Precision Machinery (UK) Limited Retirement & Death Benefits Scheme

Part III The Investment Report

7.4 The table below provides a breakdown of where performance has come over the last five years. As might be expected from the asset allocation, the equity component is the dominant element in most quarters and over the longer-term periods.

	Q2 2019 (%)	Q3 2019 (%)	Q4 2019 (%)	Q1 2020 (%)	1 year (%)	3 years (% pa)	5 years (% pa)
Equity	0.9	0.8	3.0	(12.0)	(7.8)	(1.1)	(0.2)
Bonds	1.7	0.9	0.5	(6.2)	(3.3)	(0.7)	0.1
Property	-	-	-	-	-	0.2	0.1
Other	0.1	0.2	(1.3)	-	(1.0)	(0.3)	(0.1)
Cash/currency	-	0.1	(0.7)	0.3	(0.2)	(0.1)	0.6
Residual	(0.1)	(0.6)	(0.1)	(0.6)	(1.7)	(1.3)	(1.1)
Absolute return	2.6	1.4	1.4	(18.5)	(14.0)	(3.3)	(0.6)

7.5 There were no significant staff changes during the period.

Implementation Statement

In endeavouring to invest in the best financial interests of the beneficiaries, the Trustees have elected to invest in pooled funds and cannot therefore directly influence the environmental, social, and governance policies and practices of the companies in which the pooled funds invest. The Trustees exclude non-financial matters in the selection, retention and realisation of investments. The Trustees have no formal policy on either Environmental, Social and Governance (ESG) or delegation of voting rights. Instead, they have delegated the responsibility for these matters to their investment manager. The managers report quarterly on ESG matters, including their voting activity. The only investments where voting rights are applicable for this Scheme are an actively managed balanced fund, and some equities or equity-based sub funds within two diversified funds. The bonds held within the bond funds used do not generally involve voting rights. There have been no changes to the Trustees' policies, nor any departures from their policies, during the year.

As the Trustees use pooled funds, their asset managers are not incentivised to align their investment strategy and decisions with the Trustees' policies, nor are they incentivised to make decisions based on assessments about medium to long-term performance of an issuer of debt or equity, nor to engage with those issuers in order to improve their performance. However, the managers may make such decisions and/or engage of their own accord. As the Trustees use pooled funds, there is no targeted portfolio turnover or turnover range. As the Trustees use pooled funds, they do not need to have an engagement policy in relation to monitoring the capital structure of companies they invest in, or any associated potential conflicts of interest.