Yorkshire Fittings Pension Scheme

Statement of Investment Principles

OCTOBER 2023 Edition

Contents

1 Introduction

This Statement of Investment Principles ("the Statement") has been prepared by the Trustees of the Yorkshire Fittings Pension Scheme ("the Scheme") in accordance with Section 35 of the Pensions Act 1995, as amended, and its attendant Regulations.

The Statement outlines the principles governing the investment policy of the Scheme and the activities undertaken by the Trustees to ensure the effective implementation of these principles.

In preparing the Statement, the Trustees have:

- obtained and considered written advice from a suitably qualified individual, employed by Mercer Limited ("Mercer"), whom they believe to have a degree of knowledge and experience that is appropriate for the management of their investments;
- liaised with Brewin Dolphin, the appointed investment manager for the Scheme's equity portfolio and;
- consulted with the Sponsoring Employer, although they affirm that no aspect of their strategy is restricted by any requirement to obtain the consent of the Sponsoring Employer.

The advice and the consultation process considered the suitability of the Trustees' investment policy for the Scheme.

The Trustees will review the Statement formally at least every three years to coincide with the triennial Actuarial Valuation or other actuarial advice relating to the statutory funding requirements. Furthermore, the Trustees will review the Statement without delay after any significant change in investment policy. Any changes made to the Statement will be based on written advice from a suitably qualified individual and will follow consultation with the Sponsoring Employer.

2 Investment Objectives

The Trustees' primary investment objective for the Scheme is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due. In doing so, the Trustees also aim to maximise returns at an acceptable level of risk.

The Trustees have received confirmation from the Scheme Actuary that their investment objectives and the resultant investment strategy are consistent with the actuarial valuation methodology and assumptions used in the Statutory Funding Objective.

3 Investment Responsibilities

3.1 Trustees’ Duties and Responsibilities

The Trustees are responsible for setting the investment objectives and determining the strategy to achieve the objectives.

They have set up an Investment Sub-Committee (“ISC”), which has a clear terms of reference to oversee the investment aspects of the Scheme.

The terms of reference include:

- Obtain and consider advice in relation to the appropriate investment strategy and structure for the Scheme and make recommendations to the Board.
- Implement changes in investment strategy decided by the Board.
- Instruct transfers of assets between investment managers in order to re-balance portfolios within agreed ranges.
- Monitor and report to the Board on the performance of investments and investment managers.
- Monitor and report to the Board the performance of investment consultants.
- Recommend the appointment and removal of investment managers to the Board.
- Recommend an appropriate platform provider to the Board, and monitor the continuing appropriateness of the platform provider.
- Consider and negotiate the terms of appointment of any new investment managers and investment consultants selected by the Board, seeking professional advice where appropriate, and make recommendations to the Board to enter into agreements on the agreed terms of appointment.
- Consider and agree minor amendments to the terms of appointment of investment managers and investment consultants.
- Consider and agree amendments to this Statement.
- Make recommendations to the Board in relation to any major changes to this Statement.
- Liaise with the Scheme’s investment managers and platform provider as necessary regarding routine operational issues.
- Consult the Scheme’s sponsor in relation to investment matters.
- Carry out any additional investment related duties at the specific request of the Board.

3.2 Investment Adviser’s Duties and Responsibilities

The Trustees have appointed Mercer as the investment adviser to the Scheme. Mercer provides advice as and when the Trustees require it, as well as raising any investment-related issues, of which it believes the Trustees should be aware. Matters on which Mercer expects to provide advice to the Trustees include the following:

- Setting of investment objectives.
- Determining investment strategy and asset allocation.
- Determining an appropriate investment structure.

- Framing manager mandates.
- Selecting and replacing investment managers.
- Appointment of the platform provider.

The Trustees may seek advice from Mercer with regard to both strategic and tactical investment decisions (see Section 4 - Investment Strategy); however, they recognise that they retain responsibility for all such decisions, including those that concern investments and disinvestments relating to cashflows (see Appendix 2). Mercer may be proactive in advising the Trustees regarding tactical investment decisions; however, there is no responsibility placed on Mercer to be proactive in all circumstances.

Mercer is remunerated by the combination of a fixed fee basis for recurring tasks and on a time-cost basis for other work. Mercer does not receive commission or any other payments in respect of the Scheme that might affect the impartiality of its advice. The Trustees believe that this is the most appropriate adviser remuneration structure for the Scheme.

Mercer is authorised and regulated by the Financial Conduct Authority (“FCA”).

3.3 Arrangement with Investment Managers

The Trustees, after considering appropriate investment advice, have appointed professional, authorised investment managers to manage the assets of the Scheme. The Trustees are long term investors and do not look to change the investment arrangements on a frequent basis.

RBC Brewin Dolphin (“Brewin Dolphin”)

Brewin Dolphin has been appointed to manage the Scheme’s equity portfolio and was first appointed in 2008.

The Trustees have a segregated mandate with Brewin Dolphin, in which Brewin Dolphin has responsibility to invest in a range of pooled funds which they consider appropriate to achieve the overall risk and return objective of the mandate.

Brewin Dolphin manage their portfolio in line with the agreed investment objective and risk profile, which are reviewed on a regular basis. A key duty of Brewin Dolphin is to select appropriate pooled funds to invest in, suitable to the overall mandate, based on Brewin Dolphin’s view of the capabilities of the pooled fund managers and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected.

Brewin Dolphin is remunerated by ad valorem charges, with no commission charged on transactions.

This mandate reflects the Trustees’ objectives for the Scheme, their attitude to risk, focus on cost, and views on environmental, social and governance (“ESG”) and related matters as set out within this Statement. The segregated nature of the arrangement with Brewin Dolphin means the Trustees can ensure that the portfolio characteristics remain aligned with their requirements. This drives a desire, within Brewin Dolphin, to reflect the specific demands of the Trustees in the management of the investments.

The underlying fund managers charge a percentage fee based on the value of the units held by the scheme, with the end result that fund managers will be incentivised, and rewarded, for consistent, risk adjusted outperformance. This also aligns the interests of the underlying fund managers with the Scheme’s objectives.

Brewin Dolphin has been appointed by the Trustees based on their capabilities and therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the mandate.

Columbia Threadneedle ("CT")

The Trustees appointed BMO Global Asset Management ("BMO") in October 2014 to manage the Scheme's Liability Matching assets, and invested in BMO's pooled Liability Driven Investment ("LDI") funds. In December 2021, CT acquired the BMO LDI franchise. This does not impact or change the funds in which the Scheme's LDI mandate is invested.

CT is remunerated by ad valorem charges based on the value of the assets that they manage on behalf of the Scheme.

CT has been appointed by the Trustees based on their capabilities and therefore, their perceived likelihood of achieving the expected return and risk characteristics required for their pooled funds.

Mobius Life Limited ("Mobius")

After considering appropriate investment advice, the Trustees have invested part of the assets through a Trustee Investment Policy ("TIP") with Mobius. Mobius is authorised by the PRA and regulated by the FCA and the PRA.

The Mobius TIP facilitates investment into a range of underlying funds managed by third party investment managers and the value of the Mobius TIP is directly linked to the change in value in the underlying funds. All of the underlying investment managers used by the Trustees through the Mobius TIP are authorised and regulated by the FCA.

The underlying investment managers used by the Trustees through the Mobius TIP are chosen based on advice from Mercer. This is based on Mercer's view of their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected.

Both Mobius and the underlying investment managers are remunerated by ad valorem charges based on the value of the assets that they manage on behalf of the Scheme. Mobius also charges a modest, fixed monthly policy administration fee. Where possible, discounts have been negotiated by Mercer and Mobius with the underlying managers on their standard charges and these discounts are passed on in full for the benefit of the Scheme.

Overall

The details of the Brewin Dolphin mandate, and the funds invested in through CT and Mobius are set out in Appendix 3.

The Trustees' investment with CT, and in the underlying funds through Mobius are in pooled investment vehicles and the Trustees therefore accept that they cannot specify the risk profile and return targets, but pooled funds are chosen with appropriate characteristics to align with the overall investment strategy.

The Trustees accept that they cannot influence the charging structure of the CT and Mobius pooled funds in which the Scheme is invested, but are satisfied that the ad-valorem charges for the funds are clear and are consistent with each fund's stated characteristics.

Neither Brewin Dolphin, CT nor the Mobius funds have performance related fees, which could incentivise them to make decisions to maximise short term performance in order to hit profit targets. The Trustees therefore consider that the method of remunerating their key investment managers is consistent with incentivising them to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity. By encouraging a medium to long-term view, they will in turn encourage the investment managers to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.

The Trustees are therefore satisfied that the basis for remunerating the investment managers is the most appropriate for the Scheme and is consistent with the Trustee's policies as set out in this Statement.

CT, in relation to the Liability Matching assets, and the underlying investment managers are responsible for all decisions concerning the selection and de-selection of the individual securities within the portfolios they manage.

In the case of multi-asset mandates, the underlying investment managers are responsible for all decisions concerning the allocation to individual asset classes and changes in the allocations to individual asset classes.

Both CT and Brewin Dolphin (and the underlying investment managers in the case of the discretionary Brewin Dolphin portfolio) are authorised and regulated by the FCA.

3.4 Summary of Responsibilities

A summary of the responsibilities of all relevant parties, including the Scheme Actuary and the Scheme administrators, in so far as they relate to the Scheme's investments, is set out at Appendix 4.

4 Investment Strategy

4.1 Setting Investment Strategy

The Trustees have determined their investment strategy after considering the Scheme's liability profile and requirements of the Statutory Funding Objective, their own appetite for risk, the Sponsoring Employer's appetite for risk, and the strength of the Sponsoring Employer's covenant.

The basis of the Trustees' strategy is to divide the Scheme's assets between a "growth" portfolio and a "matching" portfolio. The Trustees regard the distribution of the assets to be appropriate for the Scheme's objectives and liability profile.

The Trustees have established a benchmark allocation for the investment strategy which is set out in Appendix 1.

Whilst Appendix 1 shows an expected range for the asset allocation, the Trustees note that this is a guideline only, and there will be circumstances where it will be appropriate for the asset allocation to move outside this range without the need for corrective action to be taken. Brewin Dolphin, as manager of the equity portfolio, works towards tolerance levels, but has discretion to change the tolerances over time.

The Trustees recognise the benefits of diversification across growth asset classes, as well as within them, in reducing the risk that results from investing in any one particular market.

The Trustees have therefore invested into pooled Diversified Growth / Absolute Return Funds ("DGFs") which are actively managed multi-asset funds and invest across a diversified range of assets and investment contracts.

The Trustees have also invested into a pooled Multi Asset Credit Fund ("MAC") which is an actively managed fund investing across a diversified range of bond type investment contracts.

The Trustees also recognise the benefits of investing in LDI funds which aim to respond in a similar way to changes in long term interest rates and long term inflation expectations as the actuarial value of the Scheme's future benefit payments. This is referred to as liability hedging.

In respect of the investment of contributions and any disinvestments to meet member benefit payments, the Trustees have decided that these should be made from the Brewin Dolphin portfolio at the current time. This approach is set out in Appendix 2.

4.2 Investment Decisions

The Trustees distinguish between three types of investment decision: strategic, tactical and security-level.

Strategic Investment Decisions

These decisions are long-term in nature and are driven by an understanding of the objectives, needs and liabilities of the Scheme.

The Trustees take all such decisions themselves. They do so after receiving written advice from their investment adviser and consulting with the Sponsoring Employer. Examples of such decisions and of tasks relating to the implementation of these decisions include the following:

- Setting investment objectives.
- Determining the split between the growth and the matching portfolios.

- Determining the allocation to asset classes within the growth and matching portfolios.
- Determining the Scheme benchmark.
- Reviewing the investment objectives and strategic asset allocation.

Tactical Investment Decisions

These decisions are short-term and based on expectations of near-term market movements. Such decisions may involve deviating temporarily from the strategic asset allocation and may require the timing of entry into, or exit from, an investment market or asset class.

These decisions can be made by the Trustees.

However, tactical decisions within the Brewin Dolphin portfolio are the responsibility of Brewin Dolphin. The discretionary powers that the Trustees have given to Brewin Dolphin mean that they can take tactical decisions within the overall framework of the broader strategic weights which have been set by the Trustees.

Where tactical decisions are made within a pooled fund, they are the responsibility of the investment manager of the fund.

Stock Selection Decisions

All such decisions are the responsibility of the investment managers of the pooled funds in which the Scheme is invested.

4.3 Types of Investments to be Held

The Trustees are permitted to invest across a wide range of asset classes and types of investments.

Brewin Dolphin can invest in individual stock holdings but has never done so historically and is unlikely to do so in the future.

The Scheme's assets are invested wholly via pooled vehicles and the use of derivatives is as permitted by the guidelines that apply to the pooled funds.

4.4 Financially Material Considerations

The Trustees understand that they must consider all factors that have the ability to impact the financial performance of the Scheme's investments over the life of the Scheme. This includes, but is not limited to, ESG.

The Trustees recognise that ESG factors, such as climate change, can influence the investment performance of the Scheme's portfolio and it is therefore in members' and the Scheme's best interests that these factors are taken into account within the investment process.

As noted earlier, the Scheme's assets are invested in pooled funds with CT, Mobius and via a mandate with Brewin Dolphin.

The Trustees note that ESG considerations are not paramount to the first level decision making process within the funds which provide either actively managed diversification or leveraged liability protection. However, in the actively managed DGF and MAC funds, whilst managers typically do not put ESG considerations at the heart of the asset allocation decision, they will embed ESG considerations into the management of the underlying asset classes where it is appropriate to do so.

The Trustees receive ESG scores provided by Mercer in relation to CT LDI and the funds invested through Mobius, and will monitor how these develop over time.

They would also consider Mercer's ESG scores before investing in a new fund through Mobius.

For Brewin Dolphin they are satisfied that an ESG assessment is embedded into the investment manager's research process and that such factors are an integral part of determining which pooled investments are suitable for the Scheme.

In particular, Brewin Dolphin look for fund managers who share their commitment to the United Nations Principles of Responsible Investing ("UNPRI") and act as responsible asset owners. As part of this, fund managers are screened and Brewin Dolphin only approve and invest in those which explicitly integrate ESG considerations into their investment process, and have a voting policy and vote their proxies. Comprehensive reporting allows for oversight and ongoing monitoring by Brewin Dolphin.

Brewin Dolphin has been recognised with Signatory Status to the UK Stewardship Code 2020 and has also committed to achieving net zero by 2050, and this will require the same commitment from all of investee funds and companies as well.

In 2021 Brewin Dolphin introduced an innovative controversy tracking process. Run by its fund research team, the process has three key aims:

- Real time analysis of ESG leadership
- Monitor funds' stewardship processes
- Exert influence over holdings in collectives

The team continuously tracks news flow for controversies in the companies to which they are indirectly exposed and if significant enough, will reach out to the buy-list funds that hold the company in question. The objective of the exercise is to understand their investment case and if the news has changed it, as well as examining the ESG processes and stewardship leadership of the fund manager.

It is not just a case of highlighting controversies to fund managers and leaving it there. Brewin Dolphin's fund research team request detailed responses from managers, explaining their position on the controversy, any engagement work they are undertaking and any impact it might have on the rationale for continuing to own the stock. This gives Brewin Dolphin important insights into the way the funds invested in are managed, with some being exemplary whilst for others has led to high level meetings with management to express concerns and suggest improvements to processes.

Brewin Dolphin has also engaged extensively with its fund managers based upon the Transition Pathway Initiative ("TPI"), with objectives to:

- Identify holdings that might be controversial because of their lack of alignment with the TPI and Paris Agreement goals
- Better understand the ESG integration processes and engagement activities that the funds cover
- Let the fund managers know that this is something taken seriously
- Monitor developments over time

The Trustees will continue to monitor ESG considerations to make sure that their policy evolves in line with emerging trends and developments.

The Trustees are therefore satisfied that ESG factors are appropriately reflected in the overall investment approach.

4.5 Non-Financial Considerations

The Trustees have determined that the financial interests of the Scheme members are their first priority when choosing investments.

They have decided not to consider non-financial considerations, such as ethical views, or to take members' preferences into account when setting the investment strategy for the Scheme.

4.6 Stewardship

The Scheme is invested solely in pooled investment funds. The funds which contain equities are held through either Mobius or Brewin Dolphin and the Trustees therefore have no direct voting rights.

The Trustees' policy is therefore to invest with investment managers where responsible investment is embedded appropriately in their approach to investment; including monitoring and engaging with investee companies, and exercising voting rights appropriately.

Information on the investment managers' approach to responsible investment, voting and engagement with the investee companies is available at the following websites:

Brewin Dolphin:

https://www.brewin.co.uk/group/sustainability/responsible-investment-at-brewin

Columbia Threadneedle:

https://www.columbiathreadneedle.co.uk/en/inst/about-us/responsible-investment/

Nordea:

https://www.nordeaassetmanagement.com/responsible-investment

M&G:

https://www.mandg.com/who-we-are/mandg-investments/responsible-investing-at-mandg-investments

Mercer's quarterly reporting to the Trustees includes Mercer's ESG score for CT and the funds in which the Scheme is invested through Mobius. The ESG score incorporates an assessment of engagement and voting as part of the process.

Receipt of this score on a quarterly basis enables the Trustees to monitor that these scores remain appropriate in the context of the fund mandates.

The Trustees also receive an annual update of ESG considerations and engagement activity from Brewin Dolphin.

Taking all the above into consideration, the Trustees are satisfied that stewardship and responsible investment is embedded appropriately in the investment managers' approaches to investing.

If the Trustees are specifically invited to vote on a matter relating to corporate policy, they would exercise their right in accordance with what they believe to be the best interests of the majority of the Scheme's membership.

If a new investment manager is selected, the Trustees would consider Mercer's ESG score for the new manager as part of their decision making process.

5 Risk

The Trustees are aware, and seek to take account, of a number of risks in relation to the Scheme's investments, including the following.

Under the Pensions Act 2004, the Trustees are required to state their policy regarding the ways in which risks are to be measured and managed. These are set out below.

Solvency Risk and Mismatching Risk

- These are measured through a qualitative and quantitative assessment of the expected development of the assets relative to the liabilities.
- They are managed by setting a scheme-specific strategic asset allocation with an appropriate level of risk and by monitoring the development of the funding position on a regular basis.

Manager Risk

- This is assessed as the expected deviation of the prospective risk and return, as set out in the managers' objectives, relative to the investment policy.
- It is measured by monitoring the actual deviation of returns relative to the objective and factors supporting the managers' investment process.
- It is managed through the diversification of the Scheme's assets across a range of funds with different investment styles, by monitoring and advice from the investment adviser where there have been significant changes to the managers' capabilities, and by using Brewin Dolphin and the Mobius platform, which enables quick and efficient replacement of the underlying managers if appropriate.

Liquidity Risk

- This is monitored according to the level of cashflows required by the Scheme over a specified period.
- It is managed by holding an appropriate amount of readily realisable investments. The Scheme's assets are invested in pooled funds and are readily realisable.

Political Risk

- This is measured by the level of concentration in any one market leading to the risk of adverse influence on investment values arising from political intervention.
- It is managed by regular reviews of the investments and through investing in funds which enable a wide degree of diversification within the investment policy.

Sponsor Risk

- This is assessed as the level of ability and degree of willingness of the sponsor to support the continuation of the Scheme and to make good any current or future deficit.
- It is managed by assessing the interaction between the Scheme and the sponsor's business, as measured by a number of factors, including the creditworthiness of the sponsor and the size of the pension liability relative to the sponsor. The Trustees also receive regular updates from senior management of the sponsor.

ESG Risk

- This is the risk that ESG concerns, including climate change, have a financially material impact on the return of the Scheme's assets.
- The Trustees manage this risk by investing with well-respected investment managers where ESG principles are appropriately included in the investment decision making process, by regularly engaging with Brewin Dolphin, regularly reviewing Mercer's ESG scoring of the Scheme's other managers, and by considering ESG considerations regularly to make sure that their approach evolves in line with changing circumstances.

Credit Risk

- This is the risk that is associated with the inability of a borrower to repay, in full or part the monies which it owes to a creditor.
- The Scheme invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.
- Indirect credit risk arises in relation to underlying bond investments held in the pooled funds. This risk is mitigated by investing in funds with diversified portfolios and by investing in LDI funds with sound collateralisation and risk management procedures.
- The Trustees have invested a portion of the assets via Mobius. Mobius carries out due diligence checks before making a new pooled fund available, and on an ongoing basis monitors changes to the regulatory and operating environments of the underlying pooled Investment Managers.

Currency Risk

- This is the risk that occurs when the price of one currency moves relative to another (reference) currency. In the context of a UK pension scheme, it may be invested in overseas stocks or assets, which are either directly or indirectly linked to a currency other than Sterling. There is a risk that the price of that overseas currency will move in such a way that devalues that currency relative to Sterling, thus negatively impacting the overall investment return.
- A portion of the Brewin Dolphin portfolio is invested in overseas equities. Brewin Dolphin's default position is not to hedge currency movements and the Trustees therefore accept that there will be currency risk in relation to these investments, and note that given reductions to the size of the overall Brewin Dolphin mandate, this risk is in relation to a modest portion of the Scheme's overall assets.
- The DGFs and MAC funds have a Sterling benchmark and this is their neutral position. Within them, the management of the currency risk related to overseas investments is delegated to the investment managers, but by investing in a diversified investment portfolio, the impact of currency risk is mitigated.
- The LDI Funds are invested in UK instruments and therefore not exposed to currency risk

Interest / Inflation Rate Risk

- This is the risk that an investment's value will change due to a change in the level of interest rates and expected inflation. This affects debt instruments more directly than growth instruments.
- The Trustees recognise that the Scheme's liabilities are exposed to a significant level of interest rate and inflation risk movement and for this reason it is desirable for the Scheme's assets to be exposed

to a similar level of interest rate and inflation risk and the Trustees have invested in LDI funds to manage this risk.

Other Price Risk

- This is the risk that principally arises in relation to the growth assets, for which the Scheme has introduced DGFs in order to start to manage this risk by diversifying the exposure across different investment markets.

6 Monitoring of Investment Adviser and Manager

6.1 Investment Advisers

The Trustees continually assess and review the performance of their adviser in a qualitative way, and undertake a formal review annually. In doing so, the Trustees consider the objectives they set for the investment adviser, which they review on an ongoing basis and at least every three years.

6.2 Investment Managers

The Trustees receive regular monitoring reports on performance from Brewin Dolphin in relation to the equity portfolio, from CT in relation to their pooled LDI funds and from Mobius in relation to the DGF and MAC funds.

The Trustees also receive reports from Mercer that consolidate the information provided by the managers.

The reporting shows the absolute performance, and performance of the manager's stated target performance (over the relevant time period) on a net of fees basis over a 3 month, 12 month and 3 year basis.

Mercer's reporting also reviews the performance of the Scheme's assets in aggregate against the strategic benchmark.

Mercer provides regular updates of the funding position so that the effectiveness of the Scheme's LDI strategy and overall strategic approach can be assessed.

With regards to the equity portfolio, Brewin Dolphin has the role of replacing the underlying fund managers where appropriate and takes a long-term view when assessing whether to replace them. Such decisions would not be made based solely on short-term performance concerns, but instead would be driven by a significant downgrade of their view of the fund manager due to a significant reduction in their confidence that the fund manager will be able to perform in line with their fund's mandate over the long term. Brewin Dolphin will also make changes to the underlying managers if a particular fund is no longer appropriate to the mandate either from a strategic or tactical point of view.

Other than for strategic reasons, a decision to replace Brewin Dolphin would be made in conjunction with Mercer, if there had been a sustained period of underperformance.

In relation to the CT LDI and funds invested through Mobius, the Trustees have the role of replacing the underlying fund managers where appropriate. Such decisions would be made based on advice and information from Mercer. The Trustees would take a long-term view and such decisions would not be made based solely on short-term performance concerns. Instead, changes would be driven by a significant downgrade of the fund manager by Mercer. This in turn would be due to a significant reduction in Mercer's confidence that the fund manager will be able to perform in line with their fund's mandate over the long term.

Changes will also be made to the underlying fund managers if there is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager.

6.3 Portfolio Turnover Costs

The Trustees do not currently monitor portfolio turnover costs for the funds in which the Scheme is invested although note that the performance monitoring reports show performance net of all charges, including such costs. Portfolio turnover costs means the costs incurred as a result of the buying, selling, lending or borrowing of investments.

The Trustees are aware of the requirement to define and monitor targeted portfolio turnover and turnover range.

The Trustees note that Brewin believe portfolio turnover should be considered at the portfolio level, i.e. by monitoring the percentage of funds replaced on an annual basis, rather than the turnover within each underlying fund. Where Brewin invest in managed funds, rather than setting thresholds for permitted turnover, they allow third party fund managers to express their own views and convictions, respecting the fact that their timescales and investment case may differ from that of Brewin Dolphin, knowing that the cost of trading is reflected in the annual disclosure.

CT have noted that for the CT Dynamic LDI Funds in which the Scheme is invested, the frequency of trading will be driven by opportunities to switch between gilts and swaps as well as the need to rebalance the overall liability hedging to minimise tracking error. Any switch trades are subject to a cost/benefit hurdle so trades are expected to crystallise a benefit that is at least four times the round trip dealing costs. For any LDI portfolio it is appropriate to measure portfolio performance rather than transaction frequency. Performance is reported net of trading costs and so this provides a high level of visibility as to whether tracking error is arising from trading activity.

The funds invested in via Mobius invest across a wide range of asset classes, with a remit to vary the asset allocation and holdings in response to changing market conditions. It is therefore difficult to measure portfolio turnover and determine an appropriate turnover range.

Given the above, the Trustees do not have an overall portfolio turnover target for the Scheme.

7 Additional Voluntary Contributions ("AVCs")

The Scheme currently offers members the option to invest AVC funds with Aegon, Aviva and Phoenix Life.

The Trustees are of the opinion that the type and range of facilities currently available are suitable to provide for the requirements of Scheme members in any of the circumstances likely to arise. It is also the view of the Trustees that the facilities on offer are acceptable in terms of breadth of choice and performance of those funds.

8 Best Practice

The Trustees note that in March 2017, the Pensions Regulator released ‘Investment Guidance for Defined Benefit Pension Schemes’.

The Trustees have received training in relation this guidance and are satisfied that the investment approach adopted by the Scheme is consistent with the guidance so far as it is appropriate to the Scheme’s circumstances.

The ISC and the Trustees meet with their investment adviser on a regular basis, monitoring developments both in relation to the Scheme’s circumstances and in relation to evolving guidance, and will revise the Scheme’s investment approach if considered appropriate.

9 Compliance

This Statement is available to members online. A copy of the Scheme's current Statement plus Appendices is also supplied to the Sponsoring Employer, Brewin Dolphin, the Scheme's auditors and the Scheme Actuary.

This Statement, taken as a whole with the Appendices, supersedes all others.

Approved by the Trustees on 26 October 2023.

Appendix 1: Scheme Asset Allocation Benchmark

The Scheme's asset allocation benchmark is set out below.

The Trustees have delegated control of circa 40% of the Scheme's assets to Brewin Dolphin; these assets are primarily invested in equities.

To reduce reliance on equity markets a portion of the growth assets have been invested into two DGFs and a MAC fund through Mobius.

Within its portfolio, Brewin Dolphin adheres to broad tolerance ranges within the overall risk profile that they have agreed with the Trustees.

Whilst Brewin Dolphin has discretion to change the tolerance ranges, they would not change the overall risk profile without agreement from the Trustees.

Asset Class	Allocation (%)	Expected Range
GROWTH PORTFOLIO	66.6	+/-17%
Brewin Dolphin Portfolio	40.0	+/- 10%
Diversified Growth Funds • **Columbia Threadneedle Multi Asset Fund** • **Nordea Diversified Return Fund**	13.3	+/-5%
Multi-Asset Credit Fund • **M&G Total Return Credit Fund**	13.3	+/-5%
MATCHING PORTFOLIO	33.4	+/-17%
Real Liability Driven Investment	24.3	+/-12%
Nominal Liability Driven Investment	9.1	+/-5%
TOTAL	100.0	

The Trustees note that the value of the LDI funds can vary considerably over time because they are designed to provide leveraged protection against the impact in movements in the value of the Scheme's liabilities, and therefore the asset allocations may move outside the above range. Information on rebalancing is set out in Appendix 2.

More information on the mandates is set out in Appendix 3.

Appendix 2: Cashflow and Rebalancing Policy

All cashflows are met out of the Scheme's growth portfolio at the current time from the Brewin Dolphin mandate.

Where possible, cash outflows will be met from the investment income from the equity portfolio in order to minimise transaction costs. Where the investment income is insufficient to meet these requirements, monies will be raised by Brewin Dolphin using its discretion through the sale of assets taking into consideration their central strategic views for the agreed risk profile, liquidity issues, transaction costs, market conditions and the speed with which monies are required.

Where cash inflows are received, the Trustees will give consideration as to which part of the growth portfolio they should be invested in.

There is no rebalancing between the growth and matching portfolios, as the Trustees note that buying or selling LDI funds would result in changes in the level of liability hedging.

The Trustees note that the allocation between the growth and matching portfolios will change over time and may move outside the expected range shown in Appendix 1. Whilst the Trustees will consider if it is appropriate to take action if this happens, there is no requirement for action to be taken.

The LDI funds will from time to time release cash back to investors, or call on cash to support the liability hedging. In each instance, the Trustees will liaise with Mercer and with Brewin Dolphin to determine an appropriate course of action.

Appendix 3: Investment Manager Information

The Scheme invests with the following investment managers:

- Brewin Dolphin
- CT*

The Scheme also invests in a range of 3rd party investment funds through Mobius.

The tables below show the details of the mandate(s) with each manager.

Growth Assets

Investment Manager / Fund	Objective	Total Expense Ratio (% p.a.)	Date first invested
Brewin Dolphin*	To outperform the benchmark over rolling three year periods (p.a.)	See below	September 2008
Columbia Threadneedle Multi Asset Fund	To outperform the BofE Base Rate by at least 4% over a 5 to 7 year-cycle gross of fees	0.395	July 2023
Nordea Diversified Return Fund	To provide capital preservation over a three-year horizon, targeting SONIA + 4% p.a. (gross of fees) with less than half the volatility of global equities.	0.695	July 2023
M&G Total Return Credit Fund	To provide a return SONIA plus 3-5% p.a. (gross of fees), over any five-year period.	0.445	July 2023

Source: Brewin Dolphin (based on year ending 31 December 2022), Mobius (effective 30 June 2023). Charges will vary over time. All funds are daily dealing. TER for funds invested through Mobius include the Mobius charge.

Underlying manager fees:
- Circa 0.1% p.a. for index tracking funds
- Circa 0.85% for actively managed funds

The total weighted average manager fee will depend on the asset allocation at that time but is expected to be in the region of 0.6% p.a.

In addition, a quarterly fee asset based fee is payable to Brewin Dolphin of 0.08% of the AUM.

Furthermore, Mobius also charges a modest, fixed monthly policy administration fee.

*The return seeking portfolio managed by Brewin Dolphin will have a risk profile equivalent to the Brewin Dolphin risk category 8; Higher levels of investment of investment risk, where the portfolio will be almost exclusively invested in equities with a small allocation to cash.

The benchmark will be the Brewin Dolphin risk category 8 benchmark, which comprises 97% in equities and 2.5% in cash.

Matching Assets

Investment Manager / Fund	Objective	Total Expense Ratio	Date First Invested
CT Liability Driven Investment Dynamic LDI Funds	To provide liability hedging by offering interest rate and inflation protection which replicates the liability profile of a typical UK defined benefit pension plan.	First £15m 0.29% In excess of £15m 0.25% *Sterling Liquidity 0.1% Plus additional expenses of c0.05% p.a.	October 2014

* Sourced from CT. All funds are daily dealing.

The Trustees may from time to time invest in the CT Sterling Liquidity fund as part of the LDI mandate. This will predominantly be for short term liquidity or cashflow purposes.

Appendix 4: Responsibilities of Parties

Trustees

The Trustees' responsibilities (with input and recommendations from the ISC) include the following:-

- Reviewing at least triennially, and more frequently if necessary, the content of this Statement in consultation with the investment adviser and modifying it if deemed appropriate.
- Reviewing the investment strategy following the results of each actuarial review, in consultation with the investment adviser and Scheme Actuary.
- Appointing the investment managers and custodian (if required).
- Assessing the quality of the performance and processes of the investment managers by means of regular reviews of investment returns and other relevant information, in consultation with the investment adviser.
- Consulting with the Sponsoring Employer regarding any proposed amendments to this Statement.
- Monitoring compliance of the investment arrangements with this Statement on a continuing basis.

Investment Adviser

The investment adviser's responsibilities include the following:-

- Participating with the Trustees in reviews of this Statement.
- Advising the Trustees, at their request, on the following matters:
  - Through consultation with the Scheme Actuary, how any changes within the Scheme's benefits, membership, and funding position may affect the manner in which the assets should be invested.
  - How any changes in the organisations of the LDI investment manager and the investment managers invested through Mobius could affect the interests of the Scheme.
  - How any changes in the investment environment could present either opportunities or problems for the Scheme.
- Undertaking project work, as requested, including:
  - Reviews of asset allocation policy.
  - Research into and reviews of investment managers.
- Advising on the selection of new managers and/or custodians.

Investment Managers

The investment managers' (Brewin Dolphin in relation to the growth portfolio, CT in relation to the LDI funds) responsibilities include the following:

- Providing the Trustees on a quarterly basis (or as frequently as required) with a statement and valuation of the assets and a report on their actions and future intentions, and any changes to the processes applied to their portfolios.

- Informing the Trustees of any changes in the internal performance objectives and guidelines of any pooled fund used by the Scheme as and when they occur. In this regard, Brewin Dolphin will notify the Trustees if there is a change in relation to the overall mandate, but would not be expected to notify changes of one of the underlying pooled funds.
- Having regard to the need for diversification of investments, so far as appropriate for the particular mandate, and to the suitability of investments.
- In the case of Brewin Dolphin, giving effect to the principles contained in the Statement as far as is reasonably practicable.

The responsibilities of the underlying fund managers through the Mobius platform include:

- Informing Mobius of any changes in the internal performance objectives and guidelines of their funds
- Having regard to the need for diversification of investments, so far as appropriate for the particular mandate, and to the suitability of investments
- Managing their funds in accordance with their stated mandates

The fund managers underlying Mobius are not directly appointed by the Trustees and therefore do not have any direct responsibility to the Trustees.

Scheme Actuary

The Scheme Actuary's responsibilities include the following:

- Liaising with the investment adviser regarding the suitability of the Scheme's investment strategy given the financial characteristics of the Scheme.
- Assessing the funding position of the Scheme and advising on the appropriate response to any shortfall.
- Performing the triennial (or more frequent, as required) valuations and advising on the appropriate contribution levels.

Administrator

The Administrator's responsibilities include the following:

- Ensuring there is sufficient cash available to meet benefit payments as and when they fall due.
- Paying benefits and making transfer payments.
- Investing contributions not required to meet benefit payments with the investment managers according to the Trustees' instructions.

Platform Provider

Mobius's responsibilities include the following in relation to the assets invested:

- Providing the Trustees, on a quarterly basis (or as frequently as required), with a statement and valuation of the assets
- Ensure contributions are invested/disinvested in accordance with instructions, and that switches are processed accordingly

- Ensure instructions are in accordance with the authorised signatory lists
- Informing the Trustees of any changes of which they are informed in the internal performance objectives and guidelines of any pooled fund used by the Scheme as and when they occur