

# Connect Pension and Life Assurance Scheme

## Statement of Investment Principles

**Barnett Waddingham LLP**

2 September 2020

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## 1. Introduction

- 1.1. This is the Statement of Investment Principles prepared by the Trustees of the Connect Pension and Life Assurance Scheme (the Scheme). This statement sets down the principles which govern the decisions about investments that enable the Scheme to meet the requirements of:
  - the Pensions Act 1995, as amended by the Pensions Act 2004; and
  - the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010;
  - the Occupational Pension Schemes (Investment) (Amendment) Regulations 2018; and
  - the Occupational Pension Schemes (Investment and Disclosure) (Amendments) Regulations 2019.
- 1.2. In preparing this statement the Trustees have consulted Prospect, the Principal Employer, and obtained advice from Barnett Waddingham LLP, the Trustees' investment consultants. Barnett Waddingham is authorised and regulated by the Financial Conduct Authority.
- 1.3. This statement has been prepared with regard to the 2001 Myners review of institutional investment (including subsequent updates), and Scheme Funding legislation.
- 1.4. The Trustees will review this statement at least every three years or if there is a significant change in any of the areas covered by the statement.
- 1.5. The investment powers of the Trustees are set out in Clause 39 of the Definitive Trust Deed & Rules, dated 9 May 2018. This statement is consistent with those powers.

## 2. Choosing investments

- 2.1. The Trustees' policy is to set the overall investment target and then monitor the performance of their managers against that target. In doing so, the Trustees consider the advice of their professional advisers, who they consider to be suitably qualified and experienced for this role. The Trustees will also consult the Employer before amending the investment strategy.
- 2.2. The day-to-day management of the Scheme's assets is delegated to one or more investment managers. The Scheme's investment managers are detailed in Appendix 1 to this Statement. The investment managers are authorised and regulated by the Financial Conduct Authority, and are responsible for stock selection and the exercise of voting rights.
- 2.3. The Trustees review the appropriateness of the Scheme's investment strategy on an ongoing basis. This review includes consideration of the continued competence of the investment managers with respect to performance within any guidelines set. The Trustees will also consult Prospect before amending the investment strategy.
- 2.4. The division of responsibilities and the decision making structure is set out in Appendix 2.

## 3. Investment objectives

- 3.1. The Trustees' main investment objectives are:

- to ensure that the Scheme can meet the members' entitlements under the Trust Deed and Rules as they fall due;
- that the Scheme's funding position should remain at an appropriate level (i.e. the value of its assets relative to the assessed value of its liabilities). The Trustees are aware that there are various measures of funding, and have given due weight to those considered most relevant to the Scheme.

3.2. The Trustees are aware of the relationship that exists between the particular investment portfolio that is held and the level of funding of the Scheme's liabilities. The Trustees have obtained exposure to investments that they expect will meet the Scheme's objectives as best as possible.

## 4. Risks

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

<b>Risk versus the liabilities (strategic risk)</b>	The Trustees will monitor and review the investment strategy with respect to the liabilities in conjunction with each actuarial valuation. The investment strategy will be set with consideration to the appropriate level of risk required for the funding strategy, given the Trustees' assessment of the strength of the Principal Employer's covenant, as set out in the Scheme's Statement of Funding Principles.
<b>Covenant risk</b>	The creditworthiness of the employer and the size of the pension liability relative to the employer's earnings are monitored on a regular basis. The appropriate level of investment risk is considered with reference to the strength of the employer covenant.
<b>Solvency and mismatching</b>	This risk is addressed through the asset allocation strategy and ongoing triennial actuarial valuations. The Trustees are aware that the asset allocation required to minimise the volatility of the solvency position may be different from that which would minimise the volatility on the Scheme's funding basis.
<b>Asset allocation risk</b>	The asset allocation is detailed in Appendix 1 to this Statement and is monitored on a regular basis by the Trustees.
<b>Investment manager risk</b>	The Trustees monitor the performance of each of the Scheme's investment managers on a regular basis in addition to having meetings with each manager from time to time as necessary. The Trustees have a written agreement with each investment manager, which contains a number of restrictions on how each investment manager may operate.
<b>Governance risk</b>	Each investment manager is expected to undertake good stewardship and positive engagement in relation to the assets held. The Trustees monitor this and will report on managers' practices in their annual Implementation Statement.
<b>Environmental, Social and Governance (ESG) risk</b>	The Trustees have considered that the long-term financial risks to the Scheme and ESG factors, including climate risk, are potentially financially material. The Trustees will continue to develop their policy to consider these, alongside other factors, when selecting or reviewing the Scheme's investments in order to avoid unexpected losses.
<b>Concentration risk</b>	Each investment manager is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities.
<b>Liquidity risk</b>	The Scheme invests in assets such that there is a sufficient allocation to liquid investments that can be converted into cash at short notice given the Scheme's cashflow requirements. The Scheme's administrators assess the level of cash held in order to limit the impact of the cashflow requirements on the investment policy.
<b>Currency risk</b>	The Scheme's liabilities are denominated in sterling. The Scheme may gain exposure to overseas currencies by investing in assets that are denominated in a foreign currency or via currency management.

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**Loss of  
investment**

The risk of loss of investment by each investment manager and custodian is assessed by the Trustees. This includes losses beyond those caused by market movements (e.g. default risk, operational errors or fraud).

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## 5. Expected return on investments

- 5.1. The Scheme can invest in a wide range of investments. The Trustees invest in assets that are expected to achieve the Scheme's objectives. The allocation between different asset classes is contained within Appendix 1 to this statement.
- 5.2. The Trustees have regard to the relative investment return and risk that each asset class is expected to provide. The Trustees are advised by their professional advisors on these matters, who they deem to be appropriately qualified experts. However, the day-to-day selection of investments is delegated to the investment managers.
- 5.3. The Trustees are aware that the appropriate balance between different types of investment will vary over time and therefore the Scheme's asset allocation will be expected to change as the Scheme's liability profile matures.
- 5.4. The Trustees recognise the need to distinguish between nominal and real returns and to make appropriate allowance for inflation when making decisions and comparisons.
- 5.5. In considering the expected return from investments, the Trustees recognise that different asset classes have different long-term expected returns and expected volatilities relative to the liabilities.
- 5.6. The Trustees consider the merits of both active and passive management for the various elements of the portfolio and may select different approaches for different asset classes. The current arrangements are set out in Appendix 1 to this statement.
- 5.7. Having established the investment strategy, the Trustees monitor the performance of each investment manager against an agreed benchmark as frequently as appropriate according to market conditions and the Scheme's funding position. The Trustees meet the Scheme's investment managers as frequently as is appropriate, in order to review performance.

## 6. Realisation of investments

- 6.1. The Trustees have delegated the responsibility for buying and selling investments to the investment managers. The Trustees have considered the risk of liquidity as referred to in Section 4.
- 6.2. Ultimately, the investments will all have to be sold when the Scheme's life comes to an end. In this situation, the Trustees are aware of the fact that the realisable value of some investments, were there to be a forced sale, might be lower than the market value shown in the Scheme accounts.

## 7. Environmental, Social and Governance factors, Corporate Governance and Voting Rights

7.1. The Trustees' policy on these matters is set out in Appendix 4 to this statement.

## 8. Agreement

8.1. This statement was agreed by the Trustees, and replaces any previous statements. Copies of this statement and any subsequent amendments will be made available to Prospect, the investment managers, the Scheme Actuary and the Scheme auditor upon request. The statement will also be published on a publicly accessible website.

**Signed:**.....

**Date:**.....

**On behalf of the Connect Pension and Life Assurance Scheme**

## Appendix 1 Note on investment policy of the Scheme as at August 2020 in relation to the current Statement of Investment Principles

### 1. The balance between different kinds of investment

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

The Trustees is permitted to invest in a wide range of assets and the Trustees have chosen to invest in the following:

- UK and overseas equities;
- Index-linked and fixed interest gilts;
- Diversified growth funds.

The Trustees recognise that the asset allocation of investments in different asset classes will vary over time as a result of market movements. The Trustees seek to maintain a balance between maintaining the asset allocation in line with its benchmark and limiting the costs of rebalances. From time to time the Scheme may hold cash and therefore deviate from its strategic or tactical asset allocation in order to accommodate any short term cashflow requirements.

Portfolio	Asset class	Allocation	Control range
Growth		85.0%	80.0% - 90.0%
	Ethical Global Equities	42.5%	40.0% - 45.0%
	Diversified Growth Fund	42.5%	40.0% - 45.0%
Protection		15.0%	10.0% - 20.0%
	All Stocks Index-Linked Gilts	5.25%	4.0% - 6.5%
	Over 15 Year Fixed-Interest Gilts	9.75%	8.5% - 11.0%

### 2. Choosing investments

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

- Legal & General Investment Management ("LGIM");
- Columbia Threadneedle Investments ("Threadneedle").

The investment managers are authorised and regulated by the Financial Conduct Authority.

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

Investment manager	Fund	Benchmark	Objective
LGIM	Ethical Global Equity Index Fund	FTSE4Good Global Equity Index	To track the benchmark within +/- 0.5% p.a. for two years out of three
	All Stocks Index-Linked Gilts Index Fund	FTSE Actuaries UK Index-Linked Gilts All Stocks Index	To track the benchmark within +/- 0.25% p.a. for two years out of three
	Over 15 Year Gilts Index Fund	FTSE Actuaries UK Conventional Gilts Over 15 Years Index	To track the benchmark within +/- 0.25% p.a. for two years out of three
Threadneedle	Dynamic Real Return Fund	UK Consumer Price Index	Outperform the benchmark by 3.5% p.a. (net of fees)

The performance of the investment managers will be monitored as frequently as the Trustees consider appropriate in light of the prevailing circumstances. The monitoring takes into account both short-term and long-term performance.

### 3. Fee agreements

The fee arrangements with the investment managers are summarised below:

Investment manager	Fund	Fees
LGIM	Ethical Global Equity Index Fund	0.30% p.a.
	All Stocks Index-Linked Gilts Index Fund	0.10% p.a. on the first £5m 0.075% p.a. on the next £5m 0.050% p.a. on the next £20m 0.030% p.a. of the balance above £30m
	Over 15 Year Gilts Index Fund	0.10% p.a. on the first £5m 0.075% p.a. on the next £5m 0.050% p.a. on the next £20m 0.030% p.a. of the balance above £30m
Threadneedle	Dynamic Real Return Fund	0.50% p.a.

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

## 4. Investments and disinvestments

Investments and disinvestments are usually made so as to move the actual asset allocation more in line with the target asset allocation. However, the Trustees retain the discretion to manage cashflows as appropriate depending on the circumstances.

## Appendix 2 – Trustee responsibilities

The Trustees have decided on the following division of responsibilities and decision-making for the Scheme. This division is based upon the Trustees' understanding of the various legal requirements placed upon them, and in their view that this division allows for efficient operation of the Scheme overall, with access to an appropriate level of expert advice and service.

### Trustees

In broad terms, the Trustees are responsible for:

- reviewing the investment policy following the results of each valuation, and / or after any review of investment strategy;
- appointing (and, when necessary, dismissing) the investment managers, the actuary and investment consultants;
- monitoring the exercise of the investment powers that they have delegated to the investment managers and monitoring compliance with Section 36 of the Pensions Act 1995;
- reviewing the content of this Statement from time to time and modifying it if deemed appropriate; and
- consulting with the Principal Employer when reviewing the Statement.

### Investment managers

In broad terms, the investment managers will be responsible for:

- managing their respective portfolios, within the guidelines agreed with the Trustees;
- providing the Trustees with regular information concerning the management and performance of their respective portfolios; and
- having regard to the provisions of Section 36 of the Pensions Act 1995 insofar as it is necessary to do so.

### Investment consultant

In broad terms, the investment consultant will be responsible for:

- advising on how material changes within the Scheme's benefits, membership, and funding position may affect the manner in which the assets should be invested and the asset allocation policy;
- advising on the selection, and review, of the investment managers;
- providing the Trustees with regular monitoring of the performance of the Scheme and the Trustees' appointed investment managers; and
- participating with the Trustees in reviews of this Statement.

## Appendix 3 – Objectives for the investment consultant

### Introduction

The purpose of this appendix is to set out the objectives agreed between the Trustees of the Prospect Pension Scheme (“the Trustees”) and Barnett Waddingham LLP (“BW”) for the purposes of the provision of Investment Consultancy Services to be provided by BW to the Trustees in respect of the Scheme. This appendix has been produced in order to comply with the requirements of The Occupational Pension Schemes (Governance and Registration) (Amendment) Regulations 2019 (“the Regulations”) and The Investment Consultancy and Fiduciary Management Market Investigation Order 2019 (“the Order”).

### Agreed objectives

The agreed objectives are:

#### Overall service

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Provide high quality advice that helps the Scheme to achieve its investment objectives.

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Communicate advice clearly using plain English.

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Produce advice and other papers in a timely fashion, at least a week before a scheduled meeting, except where agreed otherwise.

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#### Investment strategy design

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Help the Trustees to define appropriate Aims, Beliefs and Constraints for the Scheme, including agreeing the approach to Environmental, Social and Governance factors.

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Advise the Trustees on the design of investment strategy consistent with the Scheme’s ABCs.

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#### Manager selection and monitoring

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Recommend appropriate investment managers and/or funds consistent with the Scheme’s ABCs.

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Report to the Trustees on major developments or changes in our opinion of managers/funds.

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Provide reports monitoring the performance of the Scheme’s investments relative to the Scheme’s strategic objectives and also the performance of the Scheme’s investment managers relative to their own benchmarks/targets.

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#### Implementation

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Arrange the implementation of asset transfers in an efficient and timely manner.

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Advise on the management of cashflow.

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## Governance

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Advise the Trustees promptly on new investment opportunities or emerging risks.

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Provide training to enable the Trustees to take well informed investment decisions.

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Advise the Trustees of any actions required to ensure compliance with regulations.

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## Review

The Trustees acknowledge that they are required under the Regulations and the Order to review the Investment Consultancy Services provided by BW at least annually against these objectives and must review and, if appropriate, revise the objectives every three years (or without delay after any significant change in investment policy).

## Appendix 4 – Environmental, Social and Governance factors, Corporate Governance and Voting Rights

### 1. Financial Materiality

The Trustees believe that environmental, social and governance (“ESG”) factors, including but not limited to climate change, are financially material over the length of time during which benefits will be provided by the Scheme. The Trustees therefore have a policy to take these, alongside other factors, into account in the selection, retention and realisation of investments.

### 2. Trustees’ Policy

The Trustees’ policy on ESG matters, including engagement and the exercise of voting rights, is set out below. Through their consultation with the Principal Employer when setting this Statement of Investment Principles, the Trustees have made the Principal Employer aware of their policy on ESG and climate related risks, how they intend to manage them and the importance that the pensions industry as a whole, and its regulators, place on them.

The Trustees have elected to invest the Scheme’s assets through pooled funds. The choice of underlying funds is made by the Trustees after taking advice from their investment consultant. As the investments are held in pooled funds, ESG considerations are set by each of the investment managers. Each of the Scheme’s investment managers will ultimately act in the best interests of the Scheme’s assets to maximise returns for a given level of risk and only funds with specific ethical criteria will apply these.

The Trustees take into account ESG factors (including climate change risks) in the selection, retention and realisation of investments as follows:

- The Trustees will assess the investment managers’ ESG integration credentials and capabilities, including stewardship, as a routine part of requests for information/proposals as well as through other regular reporting channels. When selecting new investments, an investment manager’s excellence in relation to these considerations will not take precedence over other factors, including (but not limited to) historical performance or fees.
- The Trustees will monitor ESG considerations on an ongoing basis by regularly seeking information on the responsible investing policies and practices of the investment managers.
- The Trustees will request information from investment managers about how ESG considerations are taken into account in decisions to realise investments.

The Trustees accept that they cannot directly influence the investments held within the pooled funds in which the Scheme invests. The Trustees will be reliant on the information presented by the investment managers and their investment advisors regarding the extent to which an investment manager allows for ESG factors in making their investment decisions. An investment manager’s excellence in this area may but does not have to take precedence over other factors, including (but not limited to) historical performance or fees.

The Trustees will also take ESG factors into account as part of its investment process to determine a strategic asset allocation, and consider them as part of ongoing reviews of the Scheme’s investments.

The Trustees will continue to monitor and assess ESG factors, and risks and opportunities arising from them, as follows:

- The Trustees will obtain training on ESG considerations from time to time in order to understand fully how ESG factors including climate change could impact the Scheme and its investments;
- As part of ongoing monitoring of the Scheme's investment managers, the Trustees may use any ESG ratings information available within the pensions industry or provided by its investment consultant, to assess how the Scheme's investment managers take account of ESG issues; and
- The Trustees will request that all of the Scheme's investment managers provide information about their ESG policies, and details of how they integrate ESG into their investment processes on an annual basis.

### 3. Policy on non-financially material considerations

The Trustees have not considered it appropriate to take into account the views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life of the members and beneficiaries of the Scheme (referred to as "non-financial matters" in the relevant Regulations) in the selection, retention and realisation of investments.

The Trustees have decided that the passive equity portfolio held with Legal and General should be managed using an "ethical" approach that excludes investments in certain areas and investments below a certain ESG factor based score. The current specific exclusions are for producers of tobacco, weapons and coal. Nuclear power generators must meet specific health & safety indicators. The Trustees have not included any non-financial matters (such as ethical views) as constraints when selecting the other funds or setting the overall strategy.

### 4. Policy on engagement and voting rights

The Trustees believe that good stewardship and positive engagement can lead to improved governance and better risk-adjusted investor returns.

The Trustees have examined how rights, including voting rights, attached to investments should be exercised. They recognise that they cannot directly influence the managers' policies on the exercise of investment rights as the assets are held in pooled funds. The Trustees delegate the exercise of the rights (including voting rights) attaching to the Scheme's investments to the investment managers, who are signatories to the UK Stewardship Code or equivalent. The Trustees expect that the investment managers will use their influence as major institutional investors to exercise the Trustees' rights and duties as shareholders, including where appropriate engaging with underlying investee companies to promote good corporate governance, accountability and to understand how those companies take account of ESG issues in their businesses.

The Trustees will monitor and engage with the investment managers about relevant matters (including matters concerning an issuer of debt or equity, including their performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance), through the Scheme's investment consultant. The Trustees will endeavour to hold the managers to account in relation to the exercising of these investment rights. The Trustees will make representations to their investment managers on specific issues where they see fit.

Investment managers will be asked to provide details of their stewardship policy and engagement activities on at least an annual basis. The Trustees will, with input from their investment consultant, monitor and review the

information provided by the investment managers. Where possible and appropriate, the Trustees will engage with their investment managers for more information and ask them to confirm that their policies comply with the principles set out in the Financial Reporting Council's UK Stewardship Code.

The Trustees acknowledge the importance of ESG and climate risk within their investment framework. When delegating investment decision making to their investment managers they provide their investment managers with a benchmark they expect the investment managers to either follow or outperform. The investment manager has discretion over where in an investee company's capital structure it invests (subject to the restrictions of the mandate), whether directly or as an asset within a pooled fund.

The Trustees are of the belief that ESG and climate risk considerations extend over the entirety of a company's corporate structure and activities, i.e. that they apply to equity, credit and property instruments or holdings. The Trustees also recognise that ESG and climate related issues are constantly evolving and along with them so too are the products available within the investment management industry to help manage these risks.

The Trustees consider it to be a part of their investment managers' roles to assess and monitor developments in the capital structure for each of the companies in which the managers invest on behalf of the Scheme or as part of the pooled fund in which the Scheme holds units.

The Trustees also consider it to be part of their investment managers' roles to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the managers invest on behalf of the Scheme.

Should an investment manager be failing in these respects, this should be captured in the Scheme's regular performance monitoring.

In selecting and reviewing their investment managers, where appropriate, the Trustees will consider the investment managers' policies on engagement and how those policies have been implemented. The Trustees will regularly monitor the investment managers' approaches to these issues over time and will require the managers to report on what they have been doing.

## 5. Conflicts of interest

Through their consultation with the Principal Employer when setting this Statement of Investment Principles, the Trustees have made the Principal Employer aware of their policy on ESG and climate related risks, how they intend to manage them and the importance that the pensions industry as a whole, and its regulators, place on them.

The Scheme's investment consultant is independent and no arm of their business provides asset management services. This, and their FCA Regulated status, makes the Trustees confident that the investment manager recommendations they make are free from conflicts of interest.

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

## 6. Incentivising alignment with the Trustees' investment policies

Prior to appointing an investment manager, the Trustees discuss the investment manager's approach to the management of ESG and climate related risks with the Scheme's investment consultant, and how their policies are aligned with the Trustees' own investment beliefs.

When appointing an investment manager, in addition to considering the investment manager's investment philosophy, process and policies to establish how the manager intends to make the required investment returns, the Trustees also consider how ESG and climate risk are integrated into these. If the Trustees deem any aspect of these policies to be out of line with their own investment objectives for the part of the portfolio being considered, they will consider using another manager for the mandate.

The Trustees carry out a strategy review periodically where they assess the continuing relevance of the strategy in the context of the Scheme's membership and their aims, beliefs and constraints. The Trustees monitor the investment managers' approach to ESG and climate related risks on an annual basis.

In the event that an investment manager ceases to meet the Trustees' desired aims, including the management of ESG and climate related risks, using the approach expected of them, their appointment will be reviewed. The investment managers have been informed of this by the Trustees.

## 7. Incentivising assessments based on medium to long term, financial and non-financial considerations

The Trustees are mindful that the impact of ESG and climate change has a long-term nature. However, the Trustees recognise that the potential for change in value of investments as a result of ESG and climate risk may occur over a much shorter term than climate change itself. The Trustees acknowledge this in their investment management arrangements.

When considering the management of objectives for an investment manager (including ESG and climate risk objectives), and then assessing their effectiveness and performance, the Trustees assess these over a rolling timeframe. The Trustees believe the use of rolling timeframes, typically 3 to 5 years, is consistent with ensuring the investment manager makes decisions based on an appropriate time horizon. Where a fund may have an absolute return or shorter term target, this is generally supplementary to a longer term performance target. In the case of assets that are actively managed, the Trustees expect this longer term performance target to be sufficient to ensure an appropriate alignment of interests.

The Trustees expect investment managers to be voting and engaging on behalf of the Scheme's holdings and the Scheme monitors this activity within the Implementation Statement in the Scheme's Annual Report and Accounts. The Trustees do not expect ESG considerations to be disregarded by the investment managers in an effort to achieve any short term targets.

## 8. Method and time horizon for assessing performance

The Trustees monitor the performance of their investment managers over medium to long term periods that are consistent with the Trustees' investment aims, beliefs and constraints.

The Scheme invests exclusively in pooled funds. The investment managers are remunerated by the Trustees based on the assets they manage on behalf of the Trustees. As the funds grow, due to successful investment by the investment manager, they receive more and as values fall they receive less. In some instances, a performance fee may also be applied.

The Trustees believe that this fee structure, including the balance between any fixed and performance related element, enables the investment manager to focus on long-term performance without worrying about short term dips in performance significantly affecting their revenue.

The Trustees ask the Scheme's investment consultant to assess if the asset management fee is in line with the market when the manager is selected, and the appropriateness of the annual management charges are considered regularly as part of the review of the Statement of Investment Principles.

## 9. Portfolio turnover costs

The Trustees acknowledge that portfolio turnover costs can impact on the performance of their investments. Overall performance is assessed as part of the quarterly investment monitoring process.

During the investment manager appointment process, the Trustees may consider both past and anticipated portfolio turnover levels. When underperformance is identified, deviations from the expected level of turnover may be investigated with the investment manager concerned if it is felt they may have been a significant contributor to the underperformance. Assessments reflect the market conditions and peer group practices.

## 10. Duration of arrangement with investment managers

For the open-ended pooled funds in which the Scheme invests, there are no predetermined terms of agreement with the investment managers. The Scheme first invested with Legal & General in September 2018 and Threadneedle in September 2018.

The suitability of the Scheme's asset allocation and its ongoing alignment with the Trustees' investment beliefs is assessed periodically, or when changes deem it appropriate to do so more frequently. As part of this review the ongoing appropriateness of the investment managers, and the specific funds used, is assessed.