

# Carey Workplace Pension Trust

## Statement of Investment Principles

Date prepared: 30 June 2017

Date signed: 30 June 2017

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## 1. Introduction

- 1.1. This is the Statement of Investment Principles prepared by the Trustees of The Carey Workplace Pension Trust (the Trust). This statement sets down the principles which govern the decisions about investments that enable the Trust to meet the requirements of:
  - the Pensions Act 1995, as amended by the Pensions Act 2004;
  - the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010 and the Occupational Pension Schemes (Charges and Governance) Regulations 2015.
- 1.2. In relation to the current investment arrangements on which this statement is based, the Trustees have obtained advice from advisors who they consider to be suitably qualified and experienced for this role.
- 1.3. The Trust has been set up to service multiple employers. The Trustees have consulted with all employers in the preparation of this statement. Alternative arrangements may be made in future to enable the sponsor to act as the representative of all employers in this regard.
- 1.4. This statement has been prepared with regard to the 2001 Myners review of institutional investment (including subsequent updates).
- 1.5. 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 or the demographic profile of members.
- 1.6. The investment powers of the Trustees are set out in Clause 6 of the Trust Deed, dated 18 October 2012. This statement is consistent with those powers.

## 2. Choosing investments

- 2.1. The Trustee's policy is to offer a default target date or lifestyle investment arrangement suitable for the Trust's membership profile plus a core range of investment funds into which members can choose to invest contributions. There are some sections where different fund options have been made available. The Trustees have in each case obtained professional advice on the suitability of the options for that group of members, from advisors who they consider to be suitably qualified and experienced for this role. Details of each arrangement are given in the appendix to this statement.
- 2.2. The day-to-day management of the Trust's assets is ultimately delegated to one or more investment managers. The Trust's investment arrangements are detailed in the Appendix 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.

## 3. Investment objectives

- 3.1. The Trustees have discussed key investment objectives for the Trust for each cohort of members as well as the constraints the Trustees face in achieving these objectives. Further information is provided in the Appendix.

## 4. Kinds of investments to be held

- 4.1. The Trust is able to invest in a wide range of assets including stocks, shares, debentures, and property in relation to the Trust's target date or lifestyle arrangement. For members that wish to make their own

investment and asset allocation decisions, a range of “self-select” funds may be made available. There are some investment options that are only available having obtained independent financial advice. Details of the available range of funds are provided in the Appendices.

## **5. The balance between different kinds of investments**

- 5.1. The Trustees have made available a range of investment options to suit the varying risk requirements of the Trust’s members. This may vary from section to section as detailed in the Appendices.
- 5.2. For the Trust’s main default the Trustees have made available a target date arrangement, whereby members are automatically invested into a different fund depending on their target retirement age. The funds follow a very similar strategy, which changes as the member gets closer to accessing their retirement savings. Emphasis is placed on medium to higher risk funds (i.e. investment largely in growth assets) in search of long-term inflation-protected growth whilst the member is a long way off accessing their retirement savings, switching progressively to “protection” assets over the years preceding and following the member’s target retirement date so as to protect the retirement savings of the member relative to the way in which they are expected to access these savings.
- 5.3. Alternative default options in the form of lifestyle arrangements also exist, where the assets are progressively switched from those that are growth seeking to those that have protection qualities, similar to the target date approach.
- 5.4. Members can also choose to invest in a range of funds if they wish to make their own asset allocation decisions.
- 5.5. Where members do not choose where their contributions, and those made on their behalf by their employer, are invested, the Trustees will invest these contributions according to the default investment strategy set out in the relevant Appendix. This may vary from section to section.
- 5.6. Taking into account the objectives and policies mentioned in this statement, the Trustees are willing to be guided by their advisors as to what arrangement is appropriate for a particular section.
- 5.7. The Trustees are aware that the appropriate balance between different kinds of investments will vary over time and the asset allocation may change as the membership profile evolves.
- 5.8. The Trustees consider the merits of both active and passive management and may select different approaches for different arrangements and asset classes.

## 6. Risks

- 6.1. Investment risk lies with the members themselves. However, the Trustees have considered a number of risks when making available suitable investment choices. Some of these risks will be more relevant to particular cohorts and sections of members. The risks include:

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<b>Inflation risk</b>	The risk that the investments do not provide a return at least in line with inflation, thus eroding the purchasing power of the retirement savings. The Trustees make available investment options that are expected to provide a long-term real rate of return.
<b>Conversion risk</b>	The risk that fluctuations in the assets held, particularly in the period before retirement savings are accessed, lead to uncertainty over the benefit amount likely to be received. The way in which this risk is mitigated depends on the section of the Trust. Please see the appendix for how this is dealt with.
<b>Investment manager risk</b>	The Trustees monitor the performance of the target date default arrangement on a quarterly basis. Meetings with some of the underlying investment managers used within the alternative lifestyle arrangements, the self-select options and advised investment options occur 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>Concentration risk</b>	The way in which this risk is mitigated depends on the section of the Trust. Please see the appendix for how this is dealt with.
<b>Currency risk</b>	The Trust may gain exposure to overseas currencies by investing in assets that are denominated in a foreign currency or via currency management.
<b>Loss of investment</b>	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). The Trustees will also undertake a review of the internal controls and processes of each of the investment managers where necessary.

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Further information on certain risks is shown in the Appendix, including in relation to liquidity risk and others that depend on the section.

## 7. Expected return on investments

- 7.1. 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 advisers 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.
- 7.2. The Trustees recognise the need to distinguish between nominal and real returns and to make appropriate allowance for inflation and charges when making decisions and comparisons.

7.3. 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. The Trustees meet the Trust's investment managers as frequently as is appropriate in order to review performance.

## 8. Realisation of investments

8.1. 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 the appendices.

## 9. Socially Responsible Investment, Corporate Governance and Voting Rights

9.1. Social, environmental and ethical considerations are set by each of the investment managers, who also exercise the rights attaching to the investments in any funds they manage. Each of the Trust's investment managers will ultimately act in the best interests of the Trust's assets to maximise returns for a given level of risk.

9.2. The Trustees have taken into consideration the Financial Reporting Council's UK Stewardship Code, and would support the concept of investment managers acting in a way that is consistent with these principles.

## 10. Agreement

10.1. 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 the employers, the members, the investment managers, and the Trust auditor upon request.

Signed:...  .....

Date:...**30 June 2017**

**On behalf of the Trustees of Carey Workplace Pension Trust**

# Appendix 1 Note on investment policy for the target date default arrangement in relation to the current Statement of Investment Principles dated 30 June 2017

## 1. Investment objectives

The Trustees' main investment objectives are:

- to provide a suitably governed default investment option that is likely to be appropriate for a typical member who may not know how they will access their retirement savings;
- to offer an appropriate range of alternative investment options so that members who wish to make their own investment choices have the freedom to do so, recognising that members may have different needs and objectives;
- to help maximise member outcomes;
- to manage the expected volatility of the returns achieved in order to control the level of volatility in the value of members' pension pots;
- to help reduce the risk of the assets failing to meet projected retirement income levels.

The Trustees are responsible for selecting the governed default investment option, and for choosing which funds to make available to members. Members are responsible for their own choice of investment options.

## 2. Default option

The Trustees acknowledge that members will have different attitudes to risk and different aims for accessing their retirement savings, and so it is not possible to offer a single default investment option that will be suitable for all. However, the Trustees believe that the target date arrangement set out below in Section three represents a suitable default investment option for members who do not make a choice about how their contributions (and those made on their behalf by their employer) are invested, taking into account:

- Kinds of investments to be held
- Balance between different kinds of investments
- Investment risks (as per the main body of this statement and part 6 of this appendix)
- Expected return on investments
- Realisation of investments
- Socially Responsible Investment, Corporate Governance and Voting Rights

Furthermore, the Trustees believe that should the member wish to do so, the same arrangement used as a default drawdown post-retirement solution (represents an appropriate strategy for members in

retirement who wish to use the Trust to act as a drawdown vehicle, taking into account the bullet points above. Further information on the Trustees' policies in regard to the above is detailed in the main body of this statement.

These aspects have also been considered in the choice of self-select funds that the Trust has made available to members who wish to choose their own investment strategy.

The Trustees acknowledge the uncertainty in choosing at outset the strategy that will deliver the best solution for particular members.

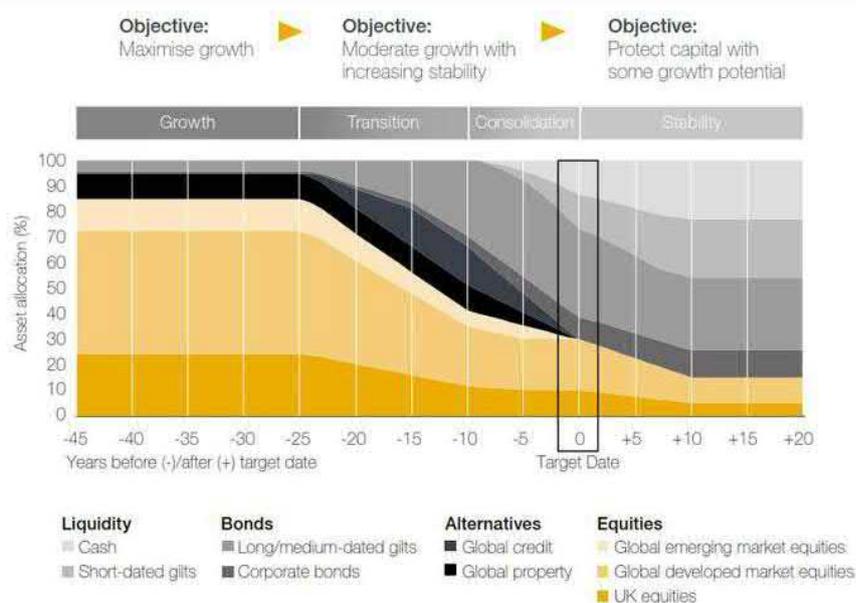
### 3. Governed default strategy

A target date arrangement provided by AB represents the main governed default strategy for the Trust both pre and post retirement. There are a number of funds in the arrangement that differ based on the expected target date (or retirement age) of the members. Currently these are:

- BirthStar 1940 Fund (2005 Target Date)
- BirthStar 1950 Fund (2015 Target Date)
- BirthStar 1960 Fund (2025 Target Date)
- BirthStar 1970 Fund (2035 Target Date)
- BirthStar 1980 Fund (2045 Target Date)
- BirthStar 1990 Fund (2055 Target Date)
- BirthStar 2000 Fund (2065 Target Date)
- BirthStar 2010 Fund (2075 Target Date)
- BirthStar 2020 Fund (2085 Target Date)

Agreed within the investment reports that the sample selected has been invested into the default funds  
 CWPT - 3a(a2)IXA - Investment report  
 \_Contributions\_

As members may not know how they will access their retirement savings the Trustees offer an arrangement that does not target a single method of taking income e.g. annuity purchase, cash, drawdown but is broadly suitable in these circumstances - the aim is to provide good member outcomes regardless of how income is eventually taken. An example asset allocation over time provided by AB for one of their target-date funds is shown in the graph below:



Source: AB

As shown in the diagram above, the fund remains in existence after a member's target date of retirement, allowing the arrangement to be used for income drawdown. The Trustees consider that the funds are suitable to be used as a drawdown arrangement.

## 4. Choosing investments

The Trustees have appointed AB to carry out the day-to-day investment management of the Trust's default target date arrangement.

AB are authorised and regulated by the Financial Conduct Authority.

The Trustees review the appropriateness of the Trust's investment options 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 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.

## 5. Fee agreements

The Sponsor has negotiated fee arrangements with the investment managers for the management of the Trust's investments.

As well as the annual management charges, additional fund expenses may apply (covering legal, accounting and auditing fees for each fund). The additional fund expenses will vary from quarter to quarter.

The Trustees monitor the overall level of costs periodically to ensure members are receiving good value for money.

## 6. Risks specific to this section

- Conversion risk – In the target date arrangement made available to members, the investment manager increases the proportion of assets that are expected to be less volatile in order to try and provide more certainty to members when accessing their retirement savings.
- Concentration risk - The investment manager is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities.
- Liquidity – The Trustees have considered the risk of liquidity in the default section and given the nature of the investments do not have any concerns currently. The Trustees will look to reassess this with their professional advisers when reviewing the investment arrangements.

# Appendix 2 Note on investment policy for the alternative lifestyle default arrangement in relation to the current Statement of Investment Principles dated 30 June 2017

## 1. Investment objectives

The Trustees' main investment objectives are:

- to provide a suitably governed default investment option that is likely to be appropriate for a typical member who may not know how they will access their retirement savings;
- to offer an appropriate range of alternative investment options so that members who wish to make their own investment choices have the freedom to do so, recognising that members may have different needs and objectives;
- to help maximise member outcomes;
- to manage the expected volatility of the returns achieved in order to control the level of volatility in the value of members' pension pots;
- to help reduce the risk of the assets failing to meet projected retirement income levels.

The Trustees are responsible for selecting the governed default investment option, and for choosing which funds to make available to members. Members are responsible for their own choice of investment options.

## 2. Default option

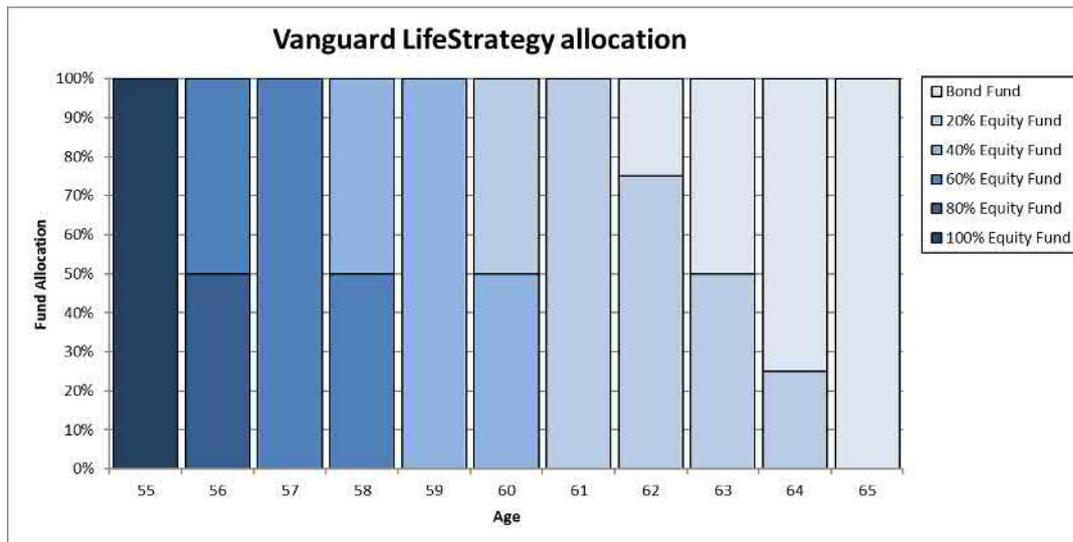
The Trustees acknowledge that members will have different attitudes to risk and different aims for accessing their retirement savings, and so it is not possible to offer a single default investment option that will be suitable for all. However, the Trustees believe that the lifestyle arrangement set out below in Section three represents a suitable default investment option for members who do not make a choice about how their contributions (and those made on their behalf by their employer) are invested, taking into account:

- Kinds of investments to be held
- Balance between different kinds of investments
- Investment risks (as per the main body of this statement and part 6 of this appendix)
- Expected return on investments
- Realisation of investments
- Socially Responsible Investment, Corporate Governance and Voting Rights

### 3. Governed default strategy

A lifestyle arrangement provided by Vanguard (as shown below) represents an alternative governed default strategy for the Trust.

The Trustees believe it is suitable for members as a means of offering long-term growth (via blended equity funds) whilst reducing the risk taken within the last ten years prior to retirement (via the introduction of a short-dated corporate bond fund).



### 4. Choosing investments

The Trustees have appointed Vanguard to carry out the day-to-day investment management of the Trust's alternative default lifestyle arrangement.

Vanguard are authorised and regulated by the Financial Conduct Authority.

The Trustees review the appropriateness of the Trust's investment options 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 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.

### 5. Fee agreements

The Sponsor has negotiated fee arrangements with the investment managers for the management of the Trust's investments.

As well as the annual management charges, additional fund expenses may apply (covering legal, accounting and auditing fees for each fund). The additional fund expenses will vary from quarter to quarter.

The Trustees monitor the overall level of costs periodically to ensure members are receiving good value for money.

## 6. Risks specific to this section

- Conversion risk – In the lifestyle arrangement made available to members, the investment manager increases the proportion of assets that are expected to be less volatile in order to try and provide more certainty to members when accessing their retirement savings.
- Concentration risk - The investment manager is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities.
- Liquidity – The Trustees have considered the risk of liquidity in the default section and given the nature of the investments do not have any concerns currently. The Trustees will look to reassess this with their professional advisers when reviewing the investment arrangements.

# Appendix 3 Note on investment policy for the alternative lifestyle default arrangement in relation to the current Statement of Investment Principles dated 30 June 2017

## 1. Investment objectives

The Trustees' main investment objectives are:

- to provide a suitably governed default investment option that is likely to be appropriate for a typical member who may not know how they will access their retirement savings;
- to help maximise member outcomes;
- to manage the expected volatility of the returns achieved in order to control the level of volatility in the value of members' pension pots;
- to help reduce the risk of the assets failing to meet projected retirement income levels.

The Trustees are responsible for selecting the governed default investment option, and for choosing which funds to make available to members. Members are responsible for their own choice of investment options.

## 2. Default option

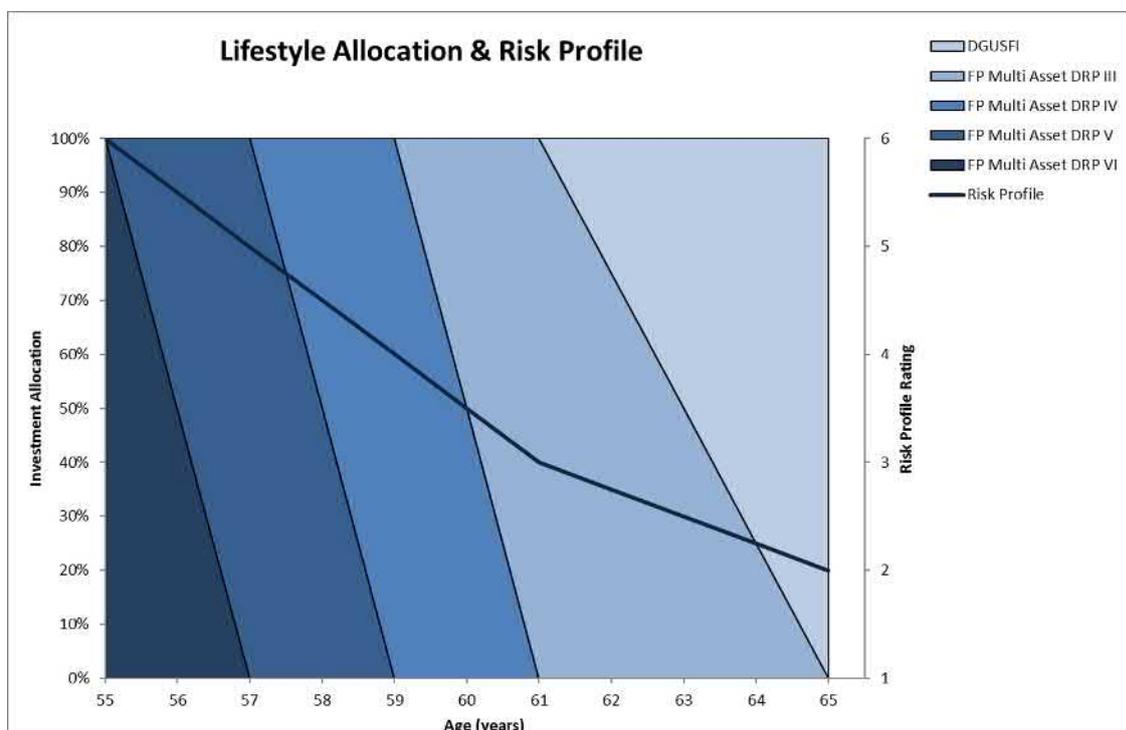
The Trustees acknowledge that members will have different attitudes to risk and different aims for accessing their retirement savings, and so it is not possible to offer a single default investment option that will be suitable for all. However, the Trustees believe that the lifestyle arrangement set out below in Section three represents a suitable default investment option for members who do not make a choice about how their contributions (and those made on their behalf by their employer) are invested, taking into account:

- Kinds of investments to be held
- Balance between different kinds of investments
- Investment risks (as per the main body of this statement and part 6 of this appendix)
- Expected return on investments
- Realisation of investments
- Socially Responsible Investment, Corporate Governance and Voting Rights

## 3. Governed default strategy

A lifestyle arrangement provided by Fund Partners represents an alternative governed default strategy for the Trust.

The Trustees believe it is suitable for members as a means of offering long-term growth (via blended multi-asset funds), whilst reducing the risk taken within the last ten years prior to retirement (via the introduction of a short-dated fixed income fund).



## 4. Choosing investments

The Trustees have appointed Fund Partners to carry out the day-to-day investment management of the Trust's alternative default lifestyle arrangement.

Fund Partners are authorised and regulated by the Financial Conduct Authority.

The Trustees review the appropriateness of the Trust's investment options 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 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.

## 5. Fee agreements

The Sponsor has negotiated fee arrangements with the investment managers for the management of the Trust's investments.

As well as the annual management charges, additional fund expenses may apply (covering legal, accounting and auditing fees for each fund). The additional fund expenses will vary from quarter to quarter.

The Trustees monitor the overall level of costs periodically to ensure members are receiving good value for money.

## 6. Risks specific to this section

- Conversion risk – In the lifestyle arrangement made available to members, the investment manager increases the proportion of assets that are expected to be less volatile in order to try and provide more certainty to members when accessing their retirement savings.
- Concentration risk - The investment manager is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities.
- Liquidity – The Trustees have considered the risk of liquidity in the default section and given the nature of the investments do not have any concerns currently. The Trustees will look to reassess this with their professional advisers when reviewing the investment arrangements.

# **Appendix 4 Note on investment policy for adviser London & Capital Asset Management Limited in relation to the current Statement of Investment Principles dated 30 June 2017**

This appendix is for the section of the Trust advised by London & Capital Asset Management Limited. The Trustees have taken advice from London & Capital Asset Management Limited on the suitability of the investment options put forward who they consider to be suitably qualified and experienced for this role.

## **1. Investment objectives**

The Trustees' main investment objectives, as advised by London & Capital Asset Management Limited, in respect of the funds put forward are:

- To deliver long term investment returns through a combination of capital appreciation and income, consistent with the client's risk profile.

The Trustees are responsible for selecting the default investment option and for choosing which funds to make available to members having taken advice from London & Capital Asset Management Limited in relation to this fund range. Members are responsible for their own choice of investment options.

## **2. Fund options**

Having taken advice from London & Capital Asset Management Limited, the Trustees have decided to offer the range of funds set out in part 3 of this Appendix. London & Capital Asset Management Limited has determined this fund range as being appropriate for the specific needs of members it has provided advice to taking into account:

- Kinds of investments to be held
- Balance between different kinds of investments
- Investment risks (as per the main body of this statement and part 5 of this appendix)
- Expected return on investments
- Realisation of investments
- Socially Responsible Investment, Corporate Governance and Voting Rights

## **3. Choosing investments**

The Trustees have appointed an investment manager to carry out the day-to-day investment of this section of the Trust. For this section, as at the date of this statement, the underlying managers were:

- London & Capital Asset Management Limited

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

A list of the core self-select funds is shown below:

- London & Capital Global Star Equity Fund;
- London & Capital Defensive Equity Fund;
- London & Capital Global Conservative Fixed Interest Income Fund;
- London & Capital Balanced Fixed Income Fund;
- London & Capital Global Growth Fixed Income Fund
- London & Capital UK Star Equity Fund;
- London & Capital Emerging Markets Equity

The Trustees review the appropriateness of the Trust's investment options 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 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.

## 4. Fee agreements

The investment adviser to the Trustees has negotiated fee arrangements with the investment managers for the management of this section of the Trust's investments, which must be acceptable to the Trustees.

As well as the annual management charges, additional fund expenses will apply (covering legal, accounting and auditing fees for each fund). The additional fund expenses will vary from quarter to quarter.

The Trustees monitor the overall level of costs periodically to ensure members are receiving good value for money.

## 5. Risks specific to this section

- Conversion risk – in terms of the risk in the period just prior to retirement, this is not directly monitored by London & Capital Asset Management Limited. The Pension Provider should advise London & Capital Asset Management Limited to move pension beneficiaries down the spectrum of risk rated models on offer as the beneficiaries ability to take risk diminishes.
- Concentration risk – The Investment Manager, London & Capital Asset Management Limited seeks to build portfolios to diversify risk and avoid concentration in single securities, asset classes, markets, or issuers.
- Liquidity – The Investment Manager, London & Capital Asset Management Limited builds portfolios invested in daily traded liquid UCIT's Funds, where the underlying holdings are traded on liquid markets.
- Currency risks are minimised by investing in UCIT's Funds that are hedged back to the desired base currency. Inflation risk and credit risk are minimised by portfolio diversification.

# Appendix 4 Note on investment policy for adviser Merlyn Wealth Management in relation to the current Statement of Investment Principles dated 30 June 2017

This appendix is for the section of the Trust advised by Merlyn Wealth Management. The Trustees have taken advice from Merlyn Wealth Management on the suitability of the investment options put forward who they consider to be suitably qualified and experienced for this role.

## 1. Investment objectives

The Trustees' main investment objectives, as advised by Merlyn Wealth Management, in respect of the funds put forward are:

- To offer a choice of non sharia investment portfolios with a range of risk profiles to employees with regards to their Pension plan.

The Trustees are responsible for selecting the default investment option and for choosing which funds to make available to members having taken advice from Merlyn Wealth Management in relation to this fund range. Members are responsible for their own choice of investment options.

## 2. Fund options

Having taken advice from Merlyn Wealth Management, the Trustees have decided to offer the range of funds set out in part 3 of this Appendix. Merlyn Wealth Management have determined this fund range as being appropriate for the specific needs of members it has provided advice to taking into account:

- Kinds of investments to be held
- Balance between different kinds of investments
- Investment risks (as per the main body of this statement and part 5 of this appendix)
- Expected return on investments
- Realisation of investments
- Socially Responsible Investment, Corporate Governance and Voting Rights

## 3. Choosing investments

The Trustees have appointed an investment manager to carry out the day-to-day investment of this section of the Trust. For this section, as at the date of this statement, the underlying managers were:

- Seven Investment Management LLP

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

A list of the core self-select funds is shown below:

- 7IM Glidepath Models (Default)
- AAP Moderately Cautious (self select)
- AAP Balanced (self select)
- AAP Moderately Adventurous (self select)
- AAP Adventurous (self select)

The Trustees review the appropriateness of the Trust's investment options 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 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.

## 4. Fee agreements

The investment adviser to the Trustees has negotiated fee arrangements with the investment managers for the management of this section of the Trust's investments, which must be acceptable to the Trustees.

As well as the annual management charges, additional fund expenses will apply (covering legal, accounting and auditing fees) for each fund. The additional fund expenses will vary from quarter to quarter.

The Trustees monitor the overall level of costs periodically to ensure members are receiving good value for money.

## 5. Risks specific to this section

**Investment risk** can be defined as the probability or likelihood of occurrence of losses relative to the expected return on any particular **investment**

# Appendix 4 Note on investment policy for adviser Edgmoor Financial Planners in relation to the current Statement of Investment Principles dated 30 June 2017

This appendix is for the section of the Trust advised by Edgmoor Financial Planners. The Trustees have taken advice from Edgmoor Financial Planners on the suitability of the investment options put forward who they consider to be suitably qualified and experienced for this role.

## 1. Investment objectives

The Trustees' main investment objectives, as advised by Edgmoor Financial Planners, in respect of the funds put forward are:

- To offer members a range of professionally managed funds
- To offer funds which are managed to a specific level of investment risk.
- To provide access to a range of funds which invest across the various asset classes and provide a high degree of diversification.

The Trustees are responsible for selecting the default investment option and for choosing which funds to make available to members having taken advice from Edgmoor Financial Planners in relation to this fund range. Members are responsible for their own choice of investment options.

## 2. Fund options

Having taken advice from Edgmoor Financial Planners, the Trustees have decided to offer the range of funds set out in part 3 of this Appendix. Edgmoor Financial Planners have determined this fund range as being appropriate for the specific needs of members it has provided advice to taking into account:

- Kinds of investments to be held
- Balance between different kinds of investments
- Investment risks (as per the main body of this statement and part 5 of this appendix)
- Expected return on investments
- Realisation of investments
- Socially Responsible Investment, Corporate Governance and Voting Rights

## 3. Choosing investments

The Trustees have appointed an investment manager to carry out the day-to-day investment of this section of the Trust. For this section, as at the date of this statement, the underlying managers were:

- Seven Investment Management LLP

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

A list of the core self-select funds is shown below:

- 7IM Glidepath Models (Default)
- AAP Moderately Cautious (self select)
- AAP Balanced (self select)
- AAP Moderately Adventurous (self select)
- AAP Adventurous (self select)

The Trustees review the appropriateness of the Trust's investment options 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 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.

## 4. Fee agreements

The investment adviser to the Trustees has negotiated fee arrangements with the investment managers for the management of this section of the Trust's investments, which must be acceptable to the Trustees.

As well as the annual management charges, additional fund expenses will apply (covering legal, accounting and auditing fees) for each fund. The additional fund expenses will vary from quarter to quarter.

The Trustees monitor the overall level of costs periodically to ensure members are receiving good value for money.

## 5. Risks specific to this section

- Investment manager risk – the possibility that the chosen investment manager underperforms over a period of time.

Currency risk – Investments into assets held overseas are subject to additional risk due to the conversion from Sterling to local currency and vice versa.

# **Appendix 4 Note on investment policy for adviser Pearson Solicitors and Financial Advisors LLP in relation to the current Statement of Investment Principles dated 30 June 2017**

This appendix is for the section of the Trust advised by Pearson Solicitors and Financial Advisors LLP. The Trustees have taken advice from Pearson Solicitors and Financial Advisors LLP on the suitability of the investment options put forward who they consider to be suitably qualified and experienced for this role.

## **1. Investment objectives**

The Trustees' main investment objectives, as advised by Pearson Solicitors and Financial Advisors LLP, in respect of the funds put forward are:

- To provide a suitably governed default investment option that is likely to be appropriate for a typical member who may not know how they will access their retirement savings;
- To offer an appropriate range of alternative investment options so that members who wish to make their own investment choices have the freedom to do so, recognising that members may have different needs and objectives;
- To help maximise member outcomes
- To manage the expected volatility of the returns achieved in order to control the level of volatility in the value of members' pension pots;
- To help reduce the risk of the assets failing to meet projected retirement income levels.

The Trustees are responsible for selecting the default investment option and for choosing which funds to make available to members having taken advice from Pearson Solicitors and Financial Advisors LLP in relation to this fund range. Members are responsible for their own choice of investment options.

## **2. Fund options**

Having taken advice from Pearson Solicitors and Financial Advisors LLP, the Trustees have decided to offer the range of funds set out in part 3 of this Appendix. Pearson Solicitors and Financial Advisors LLP have determined this fund range as being appropriate for the specific needs of members it has provided advice to taking into account:

- Kinds of investments to be held
- Balance between different kinds of investments
- Investment risks (as per the main body of this statement and part 5 of this appendix)
- Expected return on investments
- Realisation of investments
- Socially Responsible Investment, Corporate Governance and Voting Rights

### 3. Choosing investments

The Trustees have appointed an investment manager to carry out the day-to-day investment of this section of the Trust. For this section, as at the date of this statement, the underlying managers were:

- Seven Investment Management LLP

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

A list of the core self-select funds is shown below:

- 7IM Glidepath Models (Default)
- AAP Moderately Cautious (self select)
- AAP Balanced (self select)
- AAP Moderately Adventurous (self select)
- AAP Adventurous (self select)

The Trustees review the appropriateness of the Trust's investment options 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 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.

### 4. Fee agreements

The investment adviser to the Trustees has negotiated fee arrangements with the investment managers for the management of this section of the Trust's investments, which must be acceptable to the Trustees.

As well as the annual management charges, additional fund expenses will apply (covering legal, accounting and auditing fees) for each fund. The additional fund expenses will vary from quarter to quarter.

The Trustees monitor the overall level of costs periodically to ensure members are receiving good value for money.

### 5. Risks specific to this section

- Conversion risk –
- Concentration risk -
- Liquidity –

# Appendix 4 Note on investment policy for adviser EightFourTwo (Vigilance Properties) in relation to the current Statement of Investment Principles dated 30 June 2017

This appendix is for the section of the Trust advised by EightFourTwo (Vigilance Properties). The Trustees have taken advice from EightFourTwo (Vigilance Properties) on the suitability of the investment options put forward who they consider to be suitably qualified and experienced for this role.

## 1. Investment objectives

The Trustees' main investment objectives, as advised by EightFourTwo (Vigilance Properties), in respect of the funds put forward are:

- to provide a suitably governed default investment option that is likely to be appropriate for a typical member;
- to manage the investment volatility and stability of the value of the member's pension pots over time;
- to provide alternative investment options so that members with differing investment objectives can make their own investment decisions;
- offer members a diversified exposure to global financial markets;
- offer a range of diverse investment strategies with a risk spectrum of very low to high risk;
- investment options which provide flexibility to switch seamlessly between strategies should a member's circumstances or risk appetite change;

The Trustees are responsible for selecting the default investment option and for choosing which funds to make available to members having taken advice from EightFourTwo (Vigilance Properties) in relation to this fund range. Members are responsible for their own choice of investment options.

## 2. Fund options

Having taken advice from EightFourTwo (Vigilance Properties), the Trustees have decided to offer the range of funds set out in part 3 of this Appendix. EightFourTwo (Vigilance Properties) have determined this fund range as being appropriate for the specific needs of members it has provided advice to taking into account:

- Kinds of investments to be held
- Balance between different kinds of investments
- Investment risks (as per the main body of this statement and part 5 of this appendix)
- Expected return on investments
- Realisation of investments
- Socially Responsible Investment, Corporate Governance and Voting Rights

### 3. Choosing investments

The Trustees have appointed an investment manager to carry out the day-to-day investment of this section of the Trust. For this section, as at the date of this statement, the underlying managers were:

- Quilter Cheviot MPS

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

A list of the core self-select funds is shown below:

- Growth MPS
- Balanced MPS
- Conservative MPS
- Cautious MPS
- Adventurous MPS
- Global Income MPS
- Income MPS
- Absolute Focus MPS
- Conservative IDX
- Income IDX
- Balanced IDX
- Growth IDX

The Trustees review the appropriateness of the Trust's investment options 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 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.

### 4. Fee agreements

The investment adviser to the Trustees has negotiated fee arrangements with the investment managers for the management of this section of the Trust's investments, which must be acceptable to the Trustees.

As well as the annual management charges, additional fund expenses will apply (covering legal, accounting and auditing fees) for each fund. The additional fund expenses will vary from quarter to quarter.

The Trustees monitor the overall level of costs periodically to ensure members are receiving good value for money.

## 5. Risks specific to this section

- Conversion risk – The experienced investment manager is expected to manage the default lifestyle strategies to reduce the volatility of the assets as members near retirement.
- Concentration risk – The experienced investment manager is expected to manage a range of diversified, actively managed, multi asset, structured portfolios to reflect long term investment themes.
- Liquidity – The investment manager will carry out detailed research on any fund in which they invest, both initially and ongoing, to ensure appropriate liquidity in the portfolios. Ongoing monitoring of all settlement commitments are undertaken on a daily basis to ensure appropriate funding levels and the investment managers maintain a liquidity risk management framework, which is designed to ensure sufficient funding for its ongoing business.

# Appendix 4 Note on investment policy for adviser 2mi Financial Services Limited in relation to the current Statement of Investment Principles dated 30 June 2017

This appendix is for the section of the Trust advised by 2mi Financial Services Limited. The Trustees have taken advice from 2mi Financial Services Limited on the suitability of the investment options put forward who they consider to be suitably qualified and experienced for this role.

## 1. Investment objectives

The Trustees' main investment objectives, as advised by 2mi Financial Services Limited, in respect of the funds put forward are:

- to provide an additional choice of funds to the default investment option that is likely to be appropriate for a typical member who may not know how they will access their retirement savings;
- to help maximise member outcomes;
- to manage the expected volatility of the returns achieved in order to control the level of volatility in the value of members' pension pots;
- to help reduce the risk of the assets failing to meet projected retirement income levels.

Specific investment objectives for the additional choice of funds are:

- **Old Mutual - Creation Conservative Portfolio:** To achieve long-term capital growth with a maximum volatility of 7%.
- **Old Mutual - Creation Balanced Portfolio:** To achieve long-term capital growth with a maximum volatility of 10%
- **Old Mutual - Creation Moderate Portfolio:** To achieve long-term capital growth with a maximum volatility of 13%.
- **Old Mutual - Creation Dynamic Portfolio:** To achieve long-term capital growth with a maximum volatility of 16%
- **Old Mutual - Creation Adventurous Portfolio:** To achieve long-term capital growth by investing in a diversified range of asset classes.

The Trustees are responsible for selecting the additional choice of funds, as advised by 2mi Financial Services Limited, and for choosing which funds to make available to members having taken advice from 2mi Financial Services Limited in relation to this fund range.

## 2. Fund options

Having taken advice from 2mi Financial Services Limited, the Trustees have decided to offer the range of funds set out in part 3 of this Appendix. 2mi Financial Services Limited have determined this fund range as being appropriate for the specific needs of members it has provided advice to taking into account:

- Kinds of investments to be held
- Balance between different kinds of investments
- Investment risks (as per the main body of this statement and part 5 of this appendix)
- Expected return on investments
- Realisation of investments
- Socially Responsible Investment, Corporate Governance and Voting Rights

## 3. Choosing investments

The Trustees have appointed an investment manager to carry out the day-to-day investment of this section of the Trust. For this section, as at the date of this statement, the underlying managers were:

- Old Mutual Wealth Global Investors (UK) Limited

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

A list of the core self-select funds is shown below:

- **Old Mutual - Creation Conservative Portfolio** (formerly known as Old Mutual Spectrum 3)
- **Old Mutual - Creation Balanced Portfolio** (formerly known as Old Mutual Spectrum 4)
- **Old Mutual - Creation Moderate Portfolio** (formerly known as Old Mutual Spectrum 6 but also includes the funds formerly known as Old Mutual Spectrum 5)
- **Old Mutual - Creation Dynamic Portfolio** (formerly known as Old Mutual Spectrum 7 but also includes the funds formerly known as Old Mutual Spectrum 8)
- **Old Mutual - Creation Adventurous Portfolio** (launched on 3 July 2017)

The Trustees review the appropriateness of the Trust's investment options 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 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.

## 4. Fee agreements

The investment adviser to the Trustees has negotiated fee arrangements with the investment managers for the management of this section of the Trust's investments, which must be acceptable to the Trustees.

As well as the annual management charges, additional fund expenses will apply (covering legal, accounting and auditing fees) for each fund. The additional fund expenses may vary from time to time although the funds noted in part 3 of this appendix have fixed charges and will be subject to six months prior notice of any changes.

The Trustees monitor the overall level of costs periodically to ensure members are receiving good value for money.

## 5. Risks specific to this section

- Conversion risk – the investment manager increases and decreases the asset allocation in order to meet volatility levels in line with each of the portfolios' objectives.
- Concentration risk - The investment manager is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities.
- Liquidity – The Trustees have considered the risk of liquidity in the default section and given the nature of the investments do not have any concerns currently. The Trustees will look to reassess this with their professional advisers, 2mi Financial Services Limited, when reviewing the investment arrangements.