Yuill Group Pension Scheme

Statement of Investment Principles

August 2023

Contents

1 Introduction

This Statement sets out the principles governing decisions relating to the investment of the assets of the Yuill Group Pension Scheme (the Scheme).

The Scheme is a defined benefit arrangement set up under trust and registered with HM Revenue and Customs (HMRC). The Scheme is subject to the Statutory Funding Objective (SFO) introduced by the Pensions Act 2004, i.e. that it should have sufficient and appropriate assets to cover its Technical Provisions, as calculated in accordance with the Trustee's Statement of Funding Principles.

This Statement has been prepared in line with the following legislation and regulations:

- Section 35 of the Pensions Act 1995
- Section 244 of the Pensions Act 2004 and the Occupational Pension Scheme (Investment) Regulations 2005
- The Pension Protection Fund (Pensionable Service) and Occupational Pension Scheme (Investment and Disclosure) (Amendment and Modification) Regulations 2018
- The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019

A copy of this Statement will be made available to Scheme members on request to the Trustee or online.

2 Investment Decision Making

The investment of the Scheme's assets is the responsibility of the Trustee. The Trustee's investment powers are set out in Clause 5 of the Scheme's Definitive Deed, dated 29 January 2014, as amended. The powers granted to the Trustee under this Clause are wide and this Statement is consistent with those powers.

The Trustee has obtained and considered professional advice on the content of this Statement from Broadstone Corporate Benefits Limited (Broadstone), their appointed investment adviser. Broadstone is authorised and regulated by the Financial Conduct Authority. Broadstone has confirmed to the Trustee that it has the appropriate knowledge and experience to give the advice required under legislation. Broadstone is remunerated a fee for its advice and its appointment is reviewed from time to time by the Trustee.

Responsibility for maintaining the Statement and determining the Scheme's investment strategy rests solely with the Trustee. The Trustee will obtain such advice as they consider appropriate and necessary whenever they intend to review or revise this Statement.

3 Investment Objectives

The Employer has ceased to trade. The Scheme entered the Pension Protection Fund assessment period, but did not transfer to the PPF as the Scheme was sufficiently funded on a PPF basis to pay benefits above PPF compensation levels.

The primary funding and investment objective of the Scheme is to secure the benefits of members with an insurance company who will ultimately provide benefits to the Scheme members as and when these fall due.

Once each individual member's benefits have been secured through an insurance policy, the Scheme will be wound up.

4 Setting the Investment Strategy

During May 2017, the Scheme arranged an insurance "buy-in" of the current liabilities for all members to more effectively manage the investment, interest and longevity risks.

The Scheme now holds the majority of the assets in an annuity policy, the value of which will change depending on the pricing assumptions used, including market conditions and mortality expectations. Payment from the policy will match payments due to members.

The Scheme has approximately £0.5m invested in the Blackrock Sterling Government Liquidity Fund held on an investment platform to meet Scheme expenses associated with winding up the Scheme. The pooled fund is fully and readily realisable.

The Trustee expects the return on assets to be consistent with the investment objective and investment strategy outlined on the previous pages.

5 Expected Returns

The Trustee's expectations are to achieve the following rates of return from the asset classes they make use of:

Asset Class	Expected Returns
Cash fund	To produce a return consistent with the Sterling Overnight Index Average Rate (SONIA)

6 Risks

The Trustee recognises that a number of risks are involved in the investment of the assets of the Scheme. The Trustee has identified the following principle risks within the Scheme:

- Mismatching risk: The risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors
- Manager risk: The failure by the Investment Manager to achieve their objectives.
- Liquidity risk: The risk of a shortfall of liquid assets relative to the Scheme's immediate liabilities
- Custodian risk: The risk of failed or inadequate performance by the custodian
- Concentration Risk: The risk that the performance of any single investment that constituted a large proportion of the assets would disproportionately influence the overall level of assets
- Political risk: The financial risk that a country's government will suddenly change its policies
- Counterparty risk: The risk that other parties in any trade or position will default, i.e. will renege on their contractual obligations, resulting in a financial loss to the Scheme.

The Bulk Purchase Annuity policy significantly reduces the level of mismatching and liquidity risks within the Scheme.

In addition, the Trustee will review wider operational risks as part of maintaining their risk register.

7 Security of Assets

The day-to-day activities that the Investment Manager carries out for the Trustee are subject to regular internal reviews and external audits by independent auditors to ensure that operating procedures and risk controls remain appropriate.

Safe-keeping of the Scheme's assets held with the Investment Manager is performed by custodians appointed by them.

The Trustee has considered the security of the Scheme's holdings with the Investment Manager, allowing for its status as a reputable regulated firm, and consider the associated protection offered to be reasonable and appropriate.

8 Responsible Investment & Stewardship

The Trustee believes that the consideration of financially material Environmental (including climate change), Social and Governance (ESG) factors in investment decision making can lead to better risk adjusted investment returns. The Trustee expects its Investment Manager, when exercising discretion in investment decision making, to take financially material ESG factors into account. On an ongoing basis the Trustee assesses the ESG integration capability of its Investment Manager.

The Trustee believes that in order to protect and enhance the value of the investments, during the period over which the benefits are paid, it must act as a responsible asset owner. The Trustee expects its Investment Manager to exercise its ownership rights, including voting and engagement rights, in order to safeguard sustainable returns over this time frame. On an ongoing basis the Trustee assesses the stewardship and engagement activity of its Investment Manager.

Where ESG factors are non-financial (i.e. they do not pose a risk to the prospect of the financial success of the investment) the Trustee believes these should not drive investment decisions. The Trustee expects its Investment Manager, when exercising discretion in investment decision making, to consider non-financial factors only when all other financial factors have been considered and in such a circumstance the consideration of non-financial factors should not lead to a reduction in the efficiency of the investment. Members' views are not sought on non-financial matters (including ESG and ethical views) in relation to the selection, retention and realisation of investments.

Responsibility for monitoring the makeup and development of the capital structure of investee companies is delegated to the Investment Manager. The Trustee expects the extent to which the Investment Manager monitor capital structure to be appropriate to the nature of the mandate. The Trustee's policies in respect of responsible investment are set out below:

Policy	
Social, environmental and ethical considerations	The Trustee has appointed Aviva to manage the buy-in policy and BlackRock to manage the cash assets. The Trustee has given them both discretion in relation to the selection, retention and realisation of investments. The Trustee expects the investment manager to take steps to ensure environmental, social and corporate governance factors are implicitly incorporated into the investment decision-making process and expect their appointed investment manager to be cognisant of climate change risks and opportunities within their investment processes as applied to the assets of the Scheme. The Trustee does not take into account social, environmental and ethical factors in making their investment decisions, except to the extent set out in this section. Responsibility for monitoring the makeup and development of the capital structure of investee companies is delegated to Aviva and BlackRock. The Trustee expects the extent to which the Aviva and BlackRock monitor capital structure to be limited.
Engagement and Voting Rights	The Trustee's voting and engagement policy is to use their investments to improve the Environmental, Social and Governance behaviours of the underlying investee companies. These ESG topics encompass a range of priorities, which may over time include climate change, biodiversity, the remuneration and composition of company boards, as well as poor working practices. The Trustee believes that having this policy and aiming to improve how companies behave in the medium and long term will protect and enhance the value of their investments and is in the members' best interests. The Trustee will aim to monitor the actions taken by the investment manager on their behalf and if there are significant differences from the policy detailed above, they will escalate their concerns which could ultimately lead to disinvesting their assets from the manager. The Trustee cannot directly influence Aviva's policies on the exercise of investment for their bulk annuity policy. This is due to the nature of these investments.
Capital Structure of Underlying Companies	Responsibility for monitoring the capital structure of investee companies is delegated to the Investment Manager. The Trustee expects the extent to which the Investment Manager monitors capital structure to be appropriate to the nature of the mandate.

The voting policies of BlackRock, as the Investment Manager, can be found at the following websites:

https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-guidelines-us.pdf

The Trustee's views on how ESG issues are taken account of in each asset class used is set out below:

Asset Class	Active/Passive Managed	ESG Views
Cash	Active	The majority of the underlying assets of the cash fund consist of government bond investments or lending collateralised by government bonds. The Trustee believes there is less scope for the consideration of ESG issues to improve risk-adjusted returns in this asset class because of the nature of the securities.

9 Conflicts of Interest

The Trustee maintains a separate conflicts of interest policy and register.

Subject to reasonable levels of materiality, these documents record any actual or potential conflicts of interest in relation to investee companies, the Insurance Provider, or the Investment Manager, while also setting out a process for their management.

10 Duration of Investment Arrangements

The Trustee are long-term investors and have not set an explicit target to review the duration of their arrangement with the investment manager. However, the arrangements will be reviewed in conjunction with any review of the investment strategy.

11 Incentivisation of Insurance Provider and Investment Manager

The Trustee cannot directly incentivise Aviva or BlackRock to align the approach they adopt for the assets held within the bulk annuity policy and cash assets with the Trustee's policies and objectives, given the nature of these investments.

Neither does the Trustee directly incentivise Aviva to make decisions about the medium to long-term performance of an issuer of debt or equity, or to engage with those issues to improve their performance. The Trustee expects such assessment of performance and engagement to be undertaken as appropriate and necessary to meet the investment objectives of the funds used by the Scheme.

12 Portfolio Turnover Costs

The Trustee understands that Aviva and BlackRock may change underlying holdings to an extent required to meet their investment objectives. The reasonableness of such turnover will vary by fund and change according to market conditions.

The Trustee therefore does not set a specific portfolio turnover target for their investment strategy.

The Investment Manager when requested by the Investment Consultant shall provide information on portfolio turnover and associated costs so that this can be monitored, as appropriate.

13 Monitoring

Mobius will provide the Trustee with regular reports setting out a valuation of the cash fund.

14 Review of Statement

The Trustee will review this Statement if there is a significant change in the Scheme's investment strategy or a significant change in the regulations that govern pension scheme investments.

Rosemary Kennell

For and on behalf of Yuill Group Pension Scheme

31 August 2023

Appendix A Investment Strategy Implementation Summary

A.1 Insurance Provider

The Trustee has secured members' benefits through a policy of insurance with Aviva. The Trustee purchased a buy-in contract from Aviva Life & Pensions UK Limited ('Aviva' and the 'insurance company') in May 2017. The contract is held in the Scheme's name as an asset within the Scheme. As the insurance company, Aviva will guarantee the Scheme's ongoing cash flow needs for future benefit payments as projected for the participants and agreed in the contract. The Scheme will remain responsible for ensuring pension benefits are paid until the assets are irrevocably transferred to a buy-out policy and the Trustee will then be discharged from their contractual obligation. Upon buyout, Aviva will assume financial and administrative responsibilities of paying the benefits.

A.2 Platform Provider

The remaining assets held to meet expected expenses associated with winding up the Scheme are invested in the BlackRock ICS Sterling Government Liquidity Fund held through the Platform Provider, Mobius Life. The Trustee entered into a contract with Mobius in January 2019. The investment manager is regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Both Aviva and Blackrock will supply the Investment Consultant with sufficient information when requested in order to monitor financial and non-financial performance.

The Scheme does not invest directly in stocks, shares, bonds, derivatives etc.

The Investment Manager appoint individual custodians to hold the securities owned by the Scheme.

A.3 Strategies and Funds

The Scheme invested into the BlackRock Sterling Government Liquidity Fund in May 2022.

Asset Class	Funds
Cash fund	BlackRock Sterling Government Liquidity Fund

A.4 Fund Performance Benchmarks and Objectives

The cash fund has an objective to perform in line with a specified market benchmark, as summarised below:

Fund	Benchmark	Performance Target
BlackRock ICS Sterling Government Liquidity Fund	Sterling Overnight Index Average Rate (SONIA)	To generate a moderate level of income on your investment consistent with maintaining capital and ensuring that its underlying assets can easily be bought or sold in the market (in normal market conditions).

A.6 Investment Management Charges

The annuity provider, Aviva, factored their fees into the pricing for the bulk annuity purchase. Aviva receives no explicit ongoing remuneration for the management of the assets held in the bulk annuity policy. The Platform Provider (Mobius Life) and Investment Manager (BlackRock) are paid a management fee on the basis of assets under management. The Investment Consultant is paid on a project basis which may be a fixed fee or based on time cost, as negotiated by the Trustee in the interests of obtaining best value for the Scheme.

Fund	Annual Management Charge	Total Expense Ratio (including Platform Charge)
BlackRock ICS Sterling Government Liquidity Fund	0.10% p.a.	0.15% p.a.

Version	Date	Comment
Version 1	March 2019	
Version 2	August 2020	Update for new regulatory requirements
Version 3	August 2023	Update for new regulatory requirements and for Investment Manager change