

# Annual Governance Statement

## Brewin Dolphin Pension Fund

**For the Scheme Year 6 April 2024 to 5 April 2025**

### Introduction

As the Chair of the Trustees for the Brewin Dolphin Pension Fund ('the Scheme'), here is my yearly statement which explains the steps taken by the Trustee Board, with help from our professional advisers, to meet the latest governance standards.

The Trustees are committed to having high governance standards and we meet regularly to monitor the controls and processes in place in connection with the Scheme's investment, administration and governance.

If you have any questions about anything contained here, or any suggestions about what can be improved in the Scheme, please contact us via: [0.bdstaffpension@brewin.co.uk](mailto:0.bdstaffpension@brewin.co.uk)

We report below the matters that must be covered by this statement.

As explained in last year's Statement, and following consultation by RBC Brewin Dolphin with affected members, the Scheme was closed to future contributions from 4 November 2024. All active employees' future pension benefits are now provided via a Fidelity Group Personal Pension (Fidelity GPP); and a Direct Offer Transfer process for active employees (to Fidelity, and several other SIPP providers as chosen by members) was completed in February 2025.

All remaining members in the Scheme are therefore deferred. At the time of writing this Statement, the Trustees are considering the options available to them regarding the future operation of the Scheme and the remaining members. This process is ongoing at the time of writing, and rest assured, should any changes be decided that would affect the members, the Trustees will ensure members are aware in advance.

The Trustees have taken account of statutory guidance when preparing this statement and published all required information on a publicly available website and notified members of this in the benefit statements issued to them.

### 1 Default investment arrangement

The default investment arrangement is provided for members who joined the Scheme and did not choose an investment option for their contributions. Members can also choose to invest in the default investment arrangement at any time.

#### ***Setting an appropriate investment strategy***

The Trustees are responsible for investment governance. This includes setting and monitoring the investment strategy for the Scheme's default arrangement.

The Scheme's default arrangement is the 'Default Balanced Fund'. Details of the investment objectives and benchmark of the default arrangement are recorded in a document called the Statement of Investment Principles, which may be updated from time to time, along with the parameters within which the default arrangement will be managed. The latest version of this document as at the time of writing is dated September 2024 – and is included as an Appendix to this Statement.

In summary, the key points to note in relation to the Default Balanced Fund are as follows:

- The current Investment Manager is RBC Brewin Dolphin.
- The Investment Manager must invest the Fund in accordance with the RBC Brewin Dolphin Asset Allocation Committee's recommendations regarding individual holdings for a Risk Profile 5 categorisation of risk. The Trustees are content that the requirements of RBC Brewin Dolphin's 'Risk Profile' categories and Asset Allocation Committee recommendations regarding the need for the diversification of investments and their security, quality, liquidity and profitability are sufficiently robust and that they ensure the suitability of those investments for the purpose of the provision of defined contribution retirement benefits.
- The fund will be benchmarked using a composite of:
  - o 18.5% FTSE All Share Index / 34.0% FTSE All-World ex-UK Index / 10.0% HFRX Absolute Return £ Hedged / 5.0% MorningStar Global REITS / 5.0% Gold LBMA / 4.0% ICE BofA UK Gilts All Stocks / 5.0% ICE BofA Global Govt £ Hedged / 2.5% ICE BofA Global Inflation-Linked Govt £ Hedged / 5.0% ICE BofA Sterling Corp & Collateralized £ Hedged / 8.5% ICE BofA Global Corp £ Hedged / 2.5% Bank of England Base Rate

- The Fund is held in assets that are sufficiently liquid, to be realised if the Trustees or members require (i.e. the underlying investments are traded regularly on a public exchange or invested via units in a pooled fund with frequent dealing dates).
- The Trustees have also reviewed the Investment Manager's policy on social, environmental, and ethical investment issues and have agreed that all stock selection decisions are delegated to the Investment Manager. The Trustees' policy is that non-financial matters should not be considered by the investment manager in the selection, retention and realisation of investments made on members' behalf, including in relation to the Default Balanced Fund.

### **Reviewing the default investment arrangement**

The Trustees are expected to:

- review the investment strategy and objectives of the default investment arrangement at regular intervals, and at least once every 3 years; and
- consider the needs of the Scheme membership when designing the default arrangement.

The Trustees' have not reviewed the default investment in the period covered by this Statement. The Trustees' most recent full review of the default investment fund commenced in November 2022 and concluded at their meeting of 9 February 2023. The review considered factors including:

- members' needs, attitudes to risk and retirement expectations;
- the choices being made by members when benefits come into payment; and
- past performance against other comparable funds in the market and against the default's benchmark.

Following discussions over several Trustee meetings and having taken professional advice, the Trustees decided to make no amendments to the default strategy at the conclusion of this review.

### **Self-Select Funds**

The Trustees provide a range of Self Select Funds to members. The Trustees reviewed the Self Select options concluding 9 February 2023. No changes were made.

## **2 Net Returns Statement**

### **Investment Performance**

Trustees of relevant occupational pension schemes must report on the net investment returns for the default arrangement and for each fund which scheme members are or have been able to select and in which scheme members are invested during the scheme year. The Trustees have taken account of statutory guidance when preparing this part of the statement.

Net investment returns refer to the returns on funds after the deduction of all transaction costs and charges and including them in this statement is intended to help members understand how their investments are performing.

### **Default Fund Performance**

The table shows how the Default Balanced Fund has performed over the last one, three and five years (on an annualised basis).

*Table 1: Net returns on the Default Balanced Fund (to 31 March 2025)*

|                              | 5 years, p.a.<br>(annualised) | 3 years, p.a.<br>(annualised) | 1 year |
|------------------------------|-------------------------------|-------------------------------|--------|
| <b>Default Balanced Fund</b> | 7.10%                         | 3.55%                         | 4.14%  |

Source: RBC Brewin Dolphin.

### Self-Select Funds

Also self-select funds are available for members to choose should they wish. The table below shows how the Self-Select Funds have performed over the last one, three and five years (on an annualised basis).

Table 2: Net returns on the Self-Select funds (to 31 March 2024)

|                                | 5 years, p.a.<br>(annualised %) | 3 years, p.a.<br>(annualised %) | 1 year |
|--------------------------------|---------------------------------|---------------------------------|--------|
| Growth Fund                    | 10.31%                          | 4.67%                           | 1.51%  |
| Balanced Higher Equity*        | -                               | 3.96%                           | 3.07%  |
| Cash                           | 1.35%                           | 2.26%                           | 3.70%  |
| Long Dated Bond                | -12.68%                         | -15.15%                         | -8.28% |
| Sustainable Growth Portfolio** | -                               | 3.03%                           | -2.21% |

\*The Balanced Higher Equity Fund was launched in October 2020. As a result, the performance data is only limited to 1 year and 3 years to 31 March 2025.

\*\*The Sustainable Growth Portfolio was launched in April 2022. As a result, the performance data is only limited to 1 year and 3 years to 31 March 2025

Source: RBC Brewin Dolphin. Data was requested by the Trustees but is not available for the period to 5 April 2025. The Trustees will continue to seek this data and report in future Statements when available.

### 3 Member borne charges

Members meet some of the costs of investment. These are split into: Ongoing Charge Figures (OCFs) which relate to general and investment administration costs met by members; 'Transaction costs' which relate to variable costs associated with buying and selling investments; and 'additional expenses' which include, for example, performance related fees. Combined, these can have a significant impact on members' pension savings, so we keep these under review. Virtually all of these costs are because of the strategies owning collective investments (unit trusts, investment trusts, ETFs) which levy these charges to manage the funds. Members do not pay any RBC Brewin Dolphin annual management charges for the work it undertakes in the management of these arrangements. The Trustees have had regard to the statutory guidance in preparing this section of the statement. The relevant parts of this section will be published on the RBC Brewin Dolphin website and notified to members in their Annual Benefit Statement.

#### Investment range

Here, we provide the member borne charges for the range of investment options provided by the Trustees:

|                              | OCF (p.a.) | Transaction costs (p.a.) | Total charge in the<br>period 1 April 2024 to<br>31 March 2025 |
|------------------------------|------------|--------------------------|--|
| Default Balanced Fund        | 0.44%      | 0.17%                    | 0.61%  |
| Growth Fund                  | 0.50%      | 0.17%                    | 0.68%  |
| Balanced Higher Equity*      | 0.46%      | 0.17%                    | 0.63%  |
| Cash                         | 0.03%      | 0.00%                    | 0.03%  |
| Long Dated Bond              | 0.08%      | -0.03%                   | 0.05%  |
| Sustainable Growth Portfolio | 0.64%      | 0.15%                    | 0.78%  |

\*The breakdown of charges data provided by RBC Brewin Dolphin are only available to 2 decimal places which leads to a discrepancy of 0.01% when comparing the Total Charges of the 'Growth Fund' and 'Sustainable Growth Portfolio' to their components.

The Trustees have taken account of statutory guidance when preparing this section and are comfortable that it meets these requirements. Data was requested by the Trustees but is not available for the period to 5 April 2025. The Trustees will continue to seek this data and report in future Statements when available.

#### 4 Asset allocation disclosure

The Trustees must disclose and explain the percentage of assets allocated in the default arrangement into specified asset classes. The Trustees have taken regard to statutory guidance in preparing this section of the statement.

The default strategy's asset allocation, is the same at all of the ages for which these must be disclosed, being age 25, 45 and 55 and one day before State Pension Age (SPA). Data is as at 31 March 2025 (i.e. this is consistent with other reporting provided in this report and is not available to 5 April 2025 and will be requested for future statements)

| <b>Default Balanced Fund</b> | <b>Percentage allocation</b> |
|------------------------------|------------------------------|
| <b>Cash</b>                  | <b>2.61%</b>                 |
| <b>Bonds</b>                 | <b>26.79%</b>                |
| Corporate bonds              | 11.69%                       |
| Government bonds             | 15.10%                       |
| Other bonds                  | 0.00%                        |
| <b>Listed equities</b>       | <b>51.02%</b>                |
| <b>Private equity</b>        | <b>0.00%</b>                 |
| <b>Property</b>              | <b>4.97%</b>                 |
| <b>Infrastructure</b>        | <b>0.00%</b>                 |
| <b>Private debt</b>          | <b>0.00%</b>                 |
| <b>Other</b>                 | <b>14.61%</b>                |

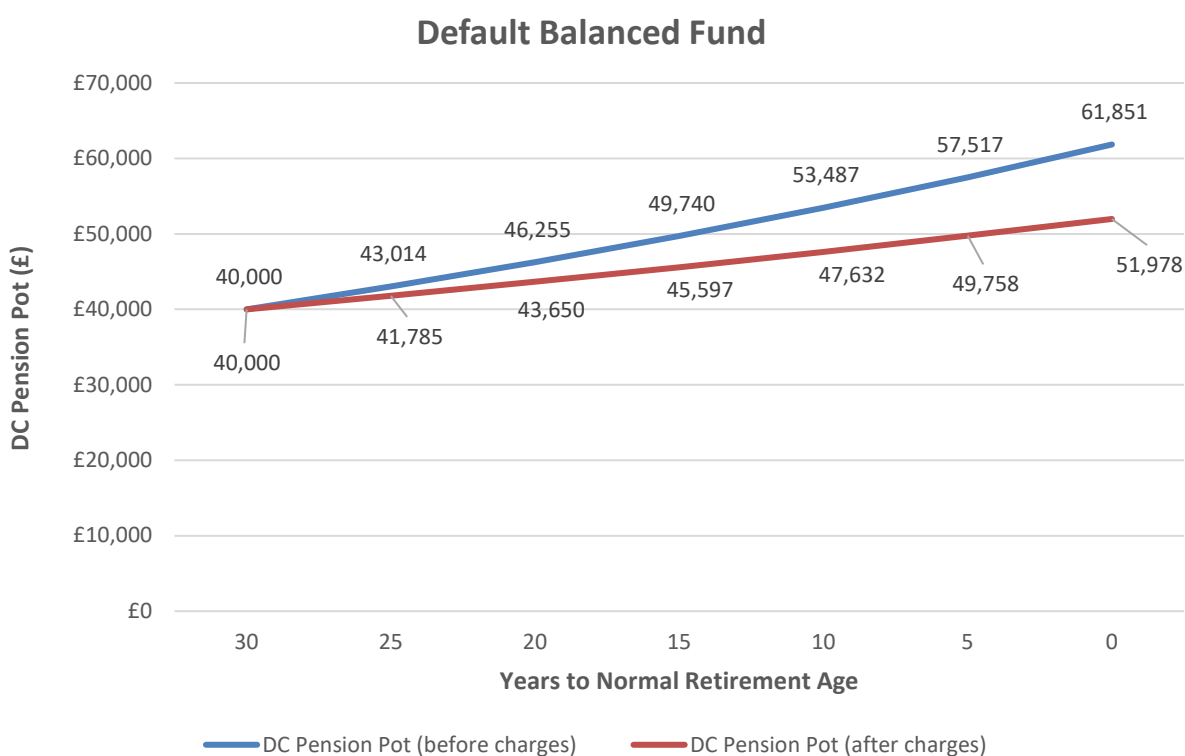
Source: RBC Brewin Dolphin

## 5 An illustration of the member borne charges

Below is an illustration of the effect of the member borne charges on an example pension pot over time. This example shows a deferred member, as all members are now in this category, and it is therefore assumed pays no further contributions to the Scheme. These are for illustration only. The actual returns received are likely to differ over time as will an individual member's contributions and pension pot sizes.

**Illustration 1:** For an example deferred member, based on:

- The Default Balanced Fund;
- The Member is aged 35 (i.e., 30 years from their Normal Retirement Age of 65);
- A current pension pot of £40,000 at the start of the illustration;
- No additional contributions throughout the period;
- Investment returns are estimated as 4.00% p.a. before inflation; and
- Inflation of 2.5% p.a. (all results have been adjusted for inflation and are therefore in current terms)



Illustrations for the highest and lowest charging funds that members may select are shown in Appendix 1 to this Statement.

In preparing these illustrations, the Trustees have had regards to the statutory guidance including:

- The Department for Work and Pensions' 'Reporting of costs, charges, and other information: guidance for trustees and managers of relevant occupational schemes' – effective from 21 October 2022;
- Actuarial Standards Technical Memorandum 1 (AS TM1) issued by the Financial Reporting Council;
- The Financial Conduct Authority (FCA) Transaction cost disclosure in workplace pensions Policy Statement PS17/20;
- The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018).

## **6 Good value for members**

When assessing the Scheme we are required to consider the extent to which it represents good Value for Members ('VfM'). We have considered guidance issued by the Pensions Regulator and taken professional advice on what VfM is. We have set our own framework which looks at key factors when considering the VfM and these are the investment returns received by members and the fund charges they meet. The Trustees note that the members meet the costs of the investment funds, whereas the other costs of running the Scheme including governance and administration are met by RBC Brewin Dolphin.

During the year, the Trustees have received various pieces of advice on the performance of the Scheme, which they have considered as part of assessing value. This advice includes:

- A review of the performance of the Default Balanced Fund, Growth Fund, Balanced Higher Equity Fund and the Sustainable Growth Fund versus alternatives in the market;
- A Value for Members assessment of the Scheme, which was delivered to the Trustees by their advisors as part of assessing value;
- Ongoing oversight by the Trustees and advisors at their meetings and generally over the year.

The Trustees have concluded that:

- Investment returns for the Default Balanced Fund over the longer term (5-year period) were broadly in-line with the benchmark against which it is measured. Over the 3-year and 1-year periods it was behind the benchmark;
- In comparison to the market, the Default Balanced Fund, Sustainable Growth Fund, Growth Fund and Balanced Higher Equity Funds performed towards the lower range of comparators considered;
- The investments are managed by RBC Brewin Dolphin at no additional cost to members - something the Trustees see as adding additional value to the members;
- The charges met by members are broadly in-line with averages seen in the market.

Therefore, the Trustees have concluded that the Default Balanced Fund represents good value for members when considered against its longer term benchmark. Performance of self-select funds have been behind their associated benchmarks. Therefore, they have provided lesser value, something which the Trustees are aware of. The Trustees will continue with their oversight and consideration of these matters in the current year and are in the process of considering the future direction of the Scheme. Member charges and transaction costs are in line with schemes of this type and the investments held. Regarding the wider operations of the scheme (governance, administration and matters as noted in this Statement) the Trustees believe the Scheme is providing good value to members.

## **7 Administration and Core Financial Transactions**

Good administration is a key feature of a well-run scheme and an area of governance that we place a lot of emphasis on. Our administration is run in-house by RBC Brewin Dolphin, and the main contact is Linda Cartwright.

We have invited key administrators to Trustees' meetings to discuss core financial transactions to help ensure that they are processed promptly and accurately. We have arranged for administration reports to be prepared and presented to the Trustees on a quarterly basis to help support the discussions with the administrators. These reports cover the volume of member queries and topical matters as required.

Further controls and procedures exist to manage the receipt and timely investment of contributions; the accuracy of investment allocations; the payments of benefits and individual transfers out; and switches between the different fund choices. These include:

- Reviewing investment reports on a quarterly basis and reconciling investment transactions; and
- Carrying out data checks when preparing the annual Statutory Money Purchase Illustration statements.

All relevant paperwork from the above is made available, as required, for the annual external audit.

The Trustees have concluded that all administration was carried out in-line with their expectations in the year, that core financial transactions were carried out promptly and accurately, and there are no material issues to report in this Statement.

## **8 Trustee knowledge and understanding**

The Trustees are aware that they must have a working knowledge of the Trust Deed and Rules of the Scheme; its Statement of Investment Principles; and any other document recording policies relating to the administration of the Scheme. Further, they must have appropriate knowledge and understanding of the law relating to the operation of a scheme of this type, and of the relevant principles relating to funding and investment of occupational schemes.

We take our training and development responsibilities seriously and ensure each member of the board keeps a record of the training they have completed. At each meeting the Trustees are reminded to ensure their training records are updated to help identify any gaps in the knowledge and understanding across the board.

All the Trustees with tenure starting prior to the start of the Scheme Year had completed the sections of the Pension Regulator's Trustee Toolkit relevant to ongoing defined contribution arrangements. Training was delivered by XPS during Trustee meetings on topics including strategic investment options, ESG investment; disclosure requirements, and training on DC providers in the wider market.

For any new Trustee to the Board there is a clear process set out by the Trustees requiring them to complete the Pension Regulator's toolkit in good time, and to be conversant with the TKU requirements as set out here. This has been adhered to for the Trustees joining in the period.

The Trustees have access to key documents such as the Trust Deed and Rules and the Statement of Investment Principles via an online document storage facility provided by XPS. The Trustees are aware of their requirements to maintain knowledge of these by their long tenure as Trustees and regular reminders in their meetings.

As a result of the training activities which have been completed by the Trustees individually and collectively as a board and considering the professional advice available to the Trustees, the Trustee Board is confident that its combined knowledge and understanding enables it to exercise properly its functions, and it has suitable knowledge and understanding of the matters noted in this section to exercise their responsibilities.

**Signed:**

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Linda Noble, Chair of Trustees of the Brewin Dolphin Pension Fund

**Date:**

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## Appendix 1 – Illustrations of the charges and transaction costs levied on members

### DEFERRED MEMBERS – CORE FUNDS

For an example deferred member, based on:

- The Default Balanced Fund;
- The Member is aged 35 (i.e. 30 years from their Normal Retirement Age of 65);
- A current pension pot of £40,000 at the start of the illustration;
- No additional contributions throughout the period;
- Investment returns as stated by each illustration; and
- Inflation of 2.5% p.a. (all results have been adjusted for inflation and are therefore in current terms)
- Growth assumption (pre inflation and charges): Default Balanced Fund = 4.00% / Cash Fund = 2.00% / Sustainable Growth Portfolio = 6.00%

| Age | Years to Normal Retirement Age | Default Fund                           |                                       |                          |
|-----|--------------------------------|--|---------------------------------------|--------------------------|
|     |                                | <i>DC Pension Pot (before charges)</i> | <i>DC Pension Pot (after charges)</i> | <i>Effect of charges</i> |
| 35  | 30                             | 40,000                                 | 40,000                                | -                        |
| 40  | 25                             | 43,014                                 | 41,785                                | 1,229                    |
| 45  | 20                             | 46,255                                 | 43,650                                | 2,605                    |
| 50  | 15                             | 49,740                                 | 45,597                                | 4,142                    |
| 55  | 10                             | 53,487                                 | 47,632                                | 5,855                    |
| 60  | 5                              | 57,517                                 | 49,758                                | 7,759                    |
| 65  | 0                              | 61,851                                 | 51,978                                | 9,872                    |

| Age | Years to Normal Retirement Age | Lowest Charge Fund                     |                                       |                          | Highest Charge Fund                    |                                       |                          |
|-----|--------------------------------|--|---------------------------------------|--------------------------|--|---------------------------------------|--------------------------|
|     |                                | Cash                                   |                                       |                          | Sustainable Growth Portfolio           |                                       |                          |
|     |                                | <i>DC Pension Pot (before charges)</i> | <i>DC Pension Pot (after charges)</i> | <i>Effect of charges</i> | <i>DC Pension Pot (before charges)</i> | <i>DC Pension Pot (after charges)</i> | <i>Effect of charges</i> |
| 25  | 40                             | -                                      | -                                     | -                        | -                                      | -                                     | -                        |
| 30  | 35                             | -                                      | -                                     | -                        | -                                      | -                                     | -                        |
| 35  | 30                             | 40,000                                 | 40,000                                | -                        | 40,000                                 | 40,000                                | -                        |
| 40  | 25                             | 39,034                                 | 38,974                                | 60                       | 47,312                                 | 45,589                                | 1,723                    |
| 45  | 20                             | 38,091                                 | 37,974                                | 117                      | 55,960                                 | 51,958                                | 4,002                    |
| 50  | 15                             | 37,171                                 | 37,000                                | 171                      | 66,190                                 | 59,218                                | 6,972                    |
| 55  | 10                             | 36,273                                 | 36,051                                | 222                      | 78,289                                 | 67,492                                | 10,797                   |
| 60  | 5                              | 35,397                                 | 35,127                                | 271                      | 92,600                                 | 76,922                                | 15,678                   |
| 65  | 0                              | 34,542                                 | 34,226                                | 317                      | 109,527                                | 87,669                                | 21,857                   |



# **Brewin Dolphin Pension Fund**

## **Statement of Investment Principles**

September 2024

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# 01 Introduction

This document constitutes the Statement of Investment Principles ('the SIP') required under the Pensions Act 1995 for the Brewin Dolphin Pension Fund ('the Fund'). It describes the investment policy being pursued by the Trustees of the Fund and is in accordance with the Government's voluntary code of conduct for Institutional Investment in the UK ('the Myners Principles'). This SIP also reflects the requirements of Occupational Pension Schemes (Investment) Regulations 2005.

The Investment Adviser is XPS Investment ('the Adviser').

The Trustees confirm that, before preparing this SIP, they consulted Brewin Dolphin Limited ('the Company') and have obtained and considered written advice from the Adviser. The Trustees believe the Adviser to be qualified by their ability and practical experience of financial matters and to have appropriate knowledge of the investment arrangements that the Fund requires.

The Trustees are responsible for the investment of the Fund's assets and arrange administration of the Fund, as governed by the Fund's Trust Deed. The Trustees have decided to appoint RBC Brewin Dolphin as the Investment Manager and have delegated all investment decisions to them subject to certain limits designed to ensure the Trustees meet their obligations with respect to diversification, liquidity and employer related investments. The representative of the Investment Manager managing the assets on a day-to-day basis is an authorised person under the FSMA and provides the expertise necessary to manage the investments of the Fund.

## Declaration

The Trustees confirm that this Statement of Investment Principles reflects the Investment Strategy they have implemented and/or intend to implement for the Fund. The Trustees acknowledge that it is their responsibility, with guidance from the Adviser, to ensure the assets of the Fund are invested in accordance with these Principles.

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Signature

Date



17/09/2024

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For and on behalf of the Trustees of the Brewin Dolphin Pension Fund

## 02 Plan Governance

The Trustees are responsible for the governance and investment of the Fund's assets. The Trustees consider the governance structure set out in this SIP appropriate for the Fund as it allows the Trustees to make the important decisions on investment policy, while delegating the day-to-day aspects to the Investment Manager. The responsibilities of each of the parties involved in the Fund's governance are detailed in Appendix A.

The Trustees have decided not to appoint an Investment Sub-Committee to deal with investment matters in general. However, one may be convened as necessary, from time to time.

## 03 Investment Objectives

The investment objectives of the Fund take into consideration the different members' attitudes to risk as well as the members' investment needs. The investment objectives are:

- > to offer members suitable choices of investment based on flexibility, risk assessment, type of investment, sustainability and performance; and
- > to provide a framework for members to invest in suitable investments at competitive fees with a range of investment opportunities according to their risk profile and individual objectives.

# 04 Investment Strategy

The Trustees believe, having taken appropriate professional advice, that the investment objectives will be met by offering members the choice of investing in accordance with one, or more, of six different investment mandates (the "Funds"). The Funds are expected to offer members sufficient choice for them to meet their own needs and/or be appropriate for different phases in a typical member's life cycle.

The Trustees recognise that by making these types of investment mandates available, they are offering options to satisfy, in the broadest terms, the reasonable requirements for return and risk combinations of most members (a central aspect of Myners' principles). The investment management agreement with the Investment Manager includes provisions designed to ensure adequate diversification of risk and liquidity and to ensure employer related investments are limited to those permitted.

The Trustees will continue to monitor the needs of the members, including the need or otherwise to formalise a lifestyling strategy with certain fund changes occurring in a pre-defined manner, rather than at members' own requests.

## Liquidity

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Illiquid assets are those that cannot be easily or quickly exchanged for cash. The Trustees' policy is to consider the benefits of all available asset classes when constructing the investment strategy of the default arrangement. This is to seek to improve member outcomes through improved risk-adjusted returns. Their policy is also that, at present, the default arrangement should have no allocation to illiquid assets. This is due to the Trustees giving more fundamental consideration at this time to how best to use the Fund to deliver members' pension benefits; their policy on illiquid assets can only be considered properly once those higher-level considerations have taken place.

The Trustees will consider the asset class again and will, in conjunction with training and research from their investment adviser as appropriate, determine whether there are suitable, future opportunities to invest in illiquid assets. At such time, the Trustees' considerations will extend to the cost implications of investing in such assets.

Therefore, it is currently the case that the Investment Manager is required to ensure all assets are held in asset classes that are sufficiently liquid to be realised if the Trustees or members require (i.e. the underlying investments are traded regularly on a public exchange or invested via units in a pooled fund with frequent dealing dates).

## Alignment of incentives

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Based on the structure set out in Appendix B, the Trustees consider the arrangements with the Investment Manager to be aligned with the Fund's overall strategic objectives. The Investment Manager's mandate is governed by strict parameters established by RBC Brewin Dolphin and its Asset Allocation Committee and approved by the Trustees.

The amounts allocated to any individual category or security will be influenced by the overall benchmark and objectives, varied through the Investment Manager's tactical asset allocation preferences at any time, within the parameters referred to above.

The Trustees will ensure that the Fund's assets are wholly invested in regulated markets to maximise their security.

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The Investment Manager is incentivised to perform in line with expectations for their specific mandate as their continued involvement as Investment Manager for the Fund's investment strategy is dependent upon them doing so. The Investment Manager is therefore subject to performance monitoring and reviews based on a number of factors linked to the Trustees' expectations.

## 05 Available Funds

The Trustees have decided to make a choice of funds available to members, provided by the Investment Manager, RBC Brewin Dolphin. Details of the six Funds available to members are provided in Appendix B.

### Custody

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RBC Brewin Dolphin acts as custodian, with responsibility for ensuring the safe custody of the assets and timely settlement of properly instructed trades.

# 06 Monitoring

## Investment Manager

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The Trustees receive regular performance monitoring reports from the Investment Manager, which consider performance over the quarter, one year and three year periods, and since inception. In addition, the Investment Adviser carries out annual independent reviews of the Investment Manager over a three year period. Monitoring over the longer term, in this way, is particularly aligned with the Trustees taking a long term perspective on investment performance.

This monitoring helps to determine the Investment Manager's ongoing role in implementing the investment strategy. If there are concerns, the Trustees may carry out a more in-depth review. The investment manager is also required to attend every Trustees' meeting, to answer any questions that arise from the performance monitoring.

The current Investment Manager's remuneration is not linked to the assets under management as no fees are levied directly on the invested funds, themselves. The Trustees are therefore regularly reminded of the additional importance to be attributed to considering the Investment Manager's performance (both in terms of pure investment performance and the value provided in other governance aspects), when considering the Investment Manager's ongoing involvement with the Fund. If consideration is given to changing Investment Manager, the ongoing charging structure would become a higher priority.

The Trustees will regularly review the activities of the Investment Manager at each Trustees' meeting to satisfy themselves that the Investment Manager continues to carry out their work competently and has the appropriate knowledge and experience to manage the assets of the Fund.

As part of this review, the Trustees will consider whether or not the Investment Manager:

- > is carrying out their function competently;
- > is adhering to requirements around adequate diversification, liquidity and limits on employer-related investments; and
- > has been exercising their powers of investment with a view to giving effect to the other principles contained in this SIP, so far as is reasonably practical.

In addition, the Adviser will provide the Trustees on an annual basis with an independent review of the Investment Manager's performance in the context of other key comparator funds in the market.

## Investment Manager duration

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The appointment of the Investment Manager is expected to be long-term, but the Trustees will review the appointment of the Investment Manager in accordance with their responsibilities.

If the Trustees are not satisfied with the performance of the Investment Manager they will ask the Investment Manager to take steps to rectify the situation. If the Investment Manager still does not meet the Trustees' requirements, they will remove the Investment Manager and appoint another.

### **Adviser**

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The Trustees will monitor the advice given by the Adviser on a regular basis.

### **Portfolio turnover costs**

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The Trustees will consider monitoring turnover only when deemed appropriate in the context of their wider performance monitoring. The Trustees understand that the Investment Manager's turnover costs are negligible and therefore these are not specifically monitored.

### **Other**

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The Trustees are required to review this SIP on a triennial basis, or, without undue delay, following any significant changes to the investment strategy.

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# 07 Fees

## Investment Manager

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No fees are levied directly on the funds themselves. The Investment Manager is remunerated directly by RBC Brewin Dolphin for work carried out in managing the funds. There are no trail payments relating to the units held.

## Adviser

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The Adviser is remunerated on the basis of fees agreed with the Trustees.

## Custodian

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There is no custodian appointed directly by the Trustees.

## Trustees

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The Trustees are not paid specifically for their duties. However, their expenses are met by the Company and they are given time off from their other employment duties to attend appropriate training, meetings with their advisers and the periodic Trustees' meetings.

## 08 Risks

The Trustees recognise a number of risks involved in the investment of assets of the Scheme:

- > The risk of failing to meet the objectives as set out in Section 3 – the Trustees will regularly monitor the investments to help mitigate this risk.
- > The risk of adverse consequences arising through a mismatch between the Scheme's assets and the nature of benefits selected by members when drawing their benefits. This is addressed through the asset allocation strategy and reviews of the choices made by members at retirement.
- > Risk of lack of diversification of investments – addressed through investing in pooled funds with diversification requirements and through the asset allocation policy.
- > Risk of holding assets that cannot be easily sold should the need arise – addressed, in particular, through the use of pooled funds with frequent dealing dates.
- > Underperformance risk – addressed through monitoring closely the performance of each fund and the Investment Manager more generally, and taking necessary action when this is not satisfactory.
- > Organisational risk – addressed through regular monitoring of the Investment Manager and the Advisers.
- > Sponsor risk – the risk of the Company ceasing to exist, which would necessitate a review of the investment management arrangements.
- > The risk that environmental, social and governance factors are not given significant consideration. This is addressed firstly, by making available to members a Sustainable Growth Portfolio which invests in funds which exclude exposure to controversial sectors and seeks to gain exposure to companies that have a positive societal or environmental impact; and, secondly, by having a policy whereby such factors should be given appropriate consideration in relation to current and future investment decisions made, where possible for the other five Funds available to members.

In deciding on the options to be made available to members and acknowledging the defined contribution nature of the Scheme, the Trustees have considered the risk issues in the funds offered and the financial knowledge and sophistication of the membership. The Trustees have concluded that individual members must be responsible for assessing their own risk parameters and for making an informed choice as to which funds they will invest in, but the Trustees will, in addition, keep the above risks under regular review.

## 09 Other Issues

### Environmental, social and governance issues

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The Trustees have determined their approach to financially material considerations over the Fund's long term horizon – including environmental, social and corporate governance ("ESG") factors – by acknowledging that there can be risks relating to them. The Trustees have delegated the ongoing monitoring and management of ESG risks and those related to climate change to RBC Brewin Dolphin, the Fund's Investment Manager, in relation to the investment decisions it makes on members' behalf, including in relation to the Default Balanced Fund. The Trustees require the Investment Manager to take ESG and climate change risks into consideration within its decision-making generally, subject to the investment constraints set by RBC Brewin Dolphin's Asset Allocation Committee. The Trustees recognise that how this is done will be dependent on factors including the characteristics of the asset classes invested in. The Trustees also place particular importance on members having an investment choice with more specific focus on ESG and sustainability issues and have therefore introduced the Sustainable Growth Portfolio.

Beyond offering the Sustainable Growth Portfolio as an investment option for members, the Trustees' policy is that non-financial matters should not be taken into account by the Investment Manager in the selection, retention and realisation of investments made on members' behalf, including in relation to the Default Balanced Fund.

As the funds held within the portfolios are managed by third party managers, the Investment Manager takes ESG factors into account when considering including funds in the portfolio. This includes questioning the fund houses themselves on their ESG strategy and resources as well as their voting and engagement policies. The Investment Manager will also contact underlying fund managers to discuss their response to any serious controversies that arise in the fund's holdings to ensure they are being addressed with the Company's management.

### Voting policy

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As the Fund invests in a number of pooled funds, the Trustees acknowledge that they cannot directly influence the policies and practices of the companies in which the pooled funds invest. They have therefore delegated responsibility for the exercise of rights (including voting rights) attached to the Fund's investments to the Investment Manager and the managers of the underlying funds. This delegation applies in relation to the investment decisions made by the Investment Manager on members' behalf, including in relation to the Default Balanced Fund.

The Trustees encourage the Investment Manager to engage with investee companies and funds and vote whenever it is practical to do so on financially material matters such as strategy, capital structure, conflicts of interest policies, risks (including climate change), social and environmental impact and corporate governance as part of their decision-making processes. The Trustees require the Investment Manager to report on significant votes made on behalf of the Trustees.

If the Trustees become aware of the Investment Manager engaging with the underlying issuers of debt or equity in ways that they deem inadequate or that the results of such engagement are mis-aligned with the Trustees' expectation, then the Trustees will feed this back to the Investment Manager, but may, ultimately, consider terminating the relationship with the Investment Manager.

## Engagement policy

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The Trustees encourage the Investment Manager to make decisions in the long-term interests of the Fund. The Trustees expect engagement with management of the underlying issuers of debt or equity and the exercising of voting rights, supported by RBC Brewin Dolphin's Stewardship Policy and its status as a signatory to 2020 UK Stewardship Code; the Trustees' belief is that such engagement can be expected to help the Investment Manager to mitigate risk and improve long term returns.

In order to ensure sufficient oversight of the engagement and voting practices of their underlying managers, the Trustees may periodically meet with the Investment Manager to discuss engagement which has taken place. The Trustees will reflect on the findings from previous engagement activity in the context of their own preferences and RBC Brewin Dolphin's Stewardship Policy, with a view to understanding the extent to which the Investment Manager can initiate any changes deemed appropriate. This will include considering whether underlying managers are signatories to the United Nations Principles for Responsible Investment (UN PRI). The Trustees recognise the UN PRI as an indication of an investment manager's alignment with initiatives designed to maximise overall long-term value including the value of common economic, social and environmental assets.

As covered in more detail in this document, the Trustees also require the Investment Manager to take ESG factors and climate change risks into consideration within its decision-making – specifically in relation to the Sustainable Growth Portfolio, but also, where possible, in relation to the other five Funds available to members - as the Trustees believe these factors could have a material financial impact in the long-term. The Trustees therefore make decisions about the retention of the Investment Manager, accordingly.

# Appendix A

## Responsibilities

### Trustees

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The Trustees of the Fund are responsible for, amongst other things:

- > Determining the investment objectives of the Fund and reviewing these from time to time.
- > Agreeing an investment strategy designed to meet the investment objectives of the Fund.
- > Reviewing triennially the content of this SIP and modifying it if deemed appropriate, in consultation with the Adviser.
- > Assessing the quality of the performance and process of the Investment Manager by means of regular reviews of the investment results and other information, by way of meetings and written reports, in consultation with the Adviser.
- > Appointing and dismissing Investment Manager(s), the performance measurer, custodian(s) and transition manager(s) in consultation with the Adviser.
- > Assessing the ongoing effectiveness of the Adviser.
- > Consulting with the Company when reviewing investment policy issues.
- > Monitoring compliance of the investment arrangements with this SIP on an ongoing basis.
- > Advising the Adviser of any changes to Fund benefits and significant changes in membership.

### Investment Manager

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The Investment Manager will be responsible for, amongst other things:

- > At their discretion, but within any guidelines given by the Trustees, implementing changes in the asset mix and selecting and undertaking transactions in specific investments within each asset class.
- > Ensuring that at all times:
  - The Scheme's assets are adequately diversified.
  - The Scheme's assets are sufficiently liquid to ensure that member retirement options and member decisions to switch fund allocations can be implemented in a timely manner.
  - Ensuring employer related investments remain within prescribed limits.
- > Providing the Trustees with sufficient information each quarter to facilitate the review of its activities, including:
  - A report of the strategy followed during the quarter.
  - The rationale behind past and future strategy.
  - A full valuation of the assets and a performance summary.
  - Transaction report and cash reconciliation.
  - Corporate actions taken by the Investment Manager.
  - Any changes to the process applied to the portfolio.
  - Future intentions in the investment management of the Fund's assets.

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## Responsibilities continued

- > Informing the Trustees immediately of:
  - Any breach of this SIP that has come to their attention.
  - Any serious breach of internal operating procedures.
  - Any material change in the knowledge and experience of those involved in managing the Fund's investments.
  - Any breach of investment restrictions agreed between the Trustees and the Investment Manager from time to time.
  - Any changes in the parameters referred to in Appendix B according to which the Fund's investments are managed, specifically the benchmarks used for RBC Brewin Dolphin's "Risk Profile" categories and the way in which the Asset Allocation Committee recommendations may materially impact on the diversification, security, quality, liquidity and profitability of the investments under management.

### Investment Adviser

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The Investment Adviser will be responsible for, amongst other things:

- > Participating with the Trustees in reviews of this SIP.
- > Advising the Trustees of any changes in the Fund's Investment Manager of which it becomes aware that could affect the interests of the Fund.
- > Undertaking reviews of the Fund's investment arrangements including reviews of the available funds and current Investment Manager, and selection of new managers/custodians/performance measurers, as requested.

### Custodian

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The Custodian will be responsible for, amongst other things:

- > Ensuring the assets of the Scheme are held securely;
- > Ensuring the Scheme has adequate title to its investments; and
- > Ensuring trades properly instructed by the Investment Manager are settled in a timely manner.

# Appendix B

## Fund choices for members

### The funds to be made available to members

| Default fund                 |   |  |
|------------------------------|---|--|
| Fund                         | Benchmark **  | Parameters   |
| Default Balanced Fund        | Composite: 18.5% FTSE All Share Index + 34.0% FTSE All-World ex-UK Index + 10.0% HFRX Absolute Return £ Hedged + 5.0% MorningStar Global REITS + 5.0% Gold LBMA + 4.0% ICE BofA UK Gilts All Stocks + 5.0% ICE BofA Global Govt £ Hedged + 2.5% ICE BofA Global Inflation- Linked Govt £ Hedged + 5.0% ICE BofA Sterling Corp & Collateralized £ Hedged + 8.5% ICE BofA Global Corp £ Hedged + 2.5% Bank of England Base Rate | In accordance with RBC Brewin Dolphin's own "Risk Profile 5" and the Asset Allocation Committee's recommendations regarding individual holdings*   |
| Other funds                  |   |  |
| Fund                         | Benchmark **  | Parameters   |
| Long-Dated Bond Fund         | BofA ICE 15+ UK Gilt index  | Holdings restricted to the benchmark only*   |
| Cash Fund                    | ICE TSRR SONIA 1 month  | Holdings restricted to cash and cash funds *   |
| Balanced Higher Equity Fund  | Composite: 24.0% FTSE All Share Index + 44.5% FTSE All-World ex-UK Index + 6.0% HFRX Absolute Return £ Hedged + 3.0% MorningStar Global REITS + 3.0% Gold LBMA + 2.5% ICE BofA UK Gilts All Stocks + 3.0% ICE BofA Global Govt £ Hedged + 2.5% ICE BofA Global Inflation- Linked Govt £ Hedged + 3.0% ICE BofA Sterling Corp & Collateralized £ Hedged + 6.0% ICE BofA Global Corp £ Hedged + 2.5% Bank of England Base Rate  | In accordance with RBC Brewin Dolphin's own "Risk Profile 6" and the Asset Allocation Committee's recommendations regarding individual holdings*   |
| Growth Fund                  | Composite: 34.0% FTSE All Share Index + 63.5% FTSE All-World ex-UK Index + 2.5% Bank of England Base Rate   | In accordance with RBC Brewin Dolphin's own "Risk Profile 8" and the Asset Allocation Committee's recommendations regarding individual holdings*   |
| Sustainable Growth Portfolio | Composite 29% FTSE All Share + 54% FTSE All World ex UK + 4% HFRX Absolute Return + 2% Morningstar Global Reits + 2% LBMA Gold + 1% ICE BofA UK Gilts All Stocks + 2% ICE BofA Global Government + 1% ICE BofA Sterling Corporate &   | In accordance with the RBC Brewin Dolphin Sustainable Growth MPS portfolio, where asset allocation is determined with reference to the Asset Allocation Committee's recommendations* and where the risk profile is broadly |

|   |   |
|---|---|
| Collateralised + 2.5% ICE BoA Global<br>Corporate + 2.5% BofE Bate Rate | similar to RBC Brewin<br>Dolphin's own "Risk Profile 7" |
|---|---|

Graeme Forster is currently the designated investment manager employed by Brewin Dolphin Limited to manage these six Funds.

**\*Note:** The Trustees are content that the requirements of RBC Brewin Dolphin's "Risk Profile" categories and Asset Allocation Committee recommendations regarding the need for the diversification of investments and their security, quality, liquidity and profitability are sufficiently robust that they ensure the suitability of those investments for the purpose of the provision of defined contribution retirement benefits.

A maximum allocation to structured investment products of 10% has been agreed for any one fund. Further restrictions may be imposed on the designated investment manager from time to time and detailed in an appendix to this document.

**\*\*Note:** The benchmarks are subject to change from time to time and Appendix A refers to it being the designated Investment Manager's responsibility to inform the Trustees immediately of any such change.



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**Registration**

XPS Pensions Consulting Limited, Registered No. 2459442. XPS Investment Limited, Registered No. 6242672. XPS Pensions Limited, Registered No. 3842603. XPS Administration Limited, Registered No. 9428346. XPS Pensions (RL) Limited, Registered No. 5817049. XPS Pensions (Trigon) Limited, Registered No. 12085392. All registered at: Phoenix House, 1 Station Hill, Reading, RG1 1NB.

**Authorisation**

XPS Investment Limited is authorised and regulated by the Financial Conduct Authority for investment and general insurance business (FCA Register No. 528774).