

Implementation Statement

For the Year Ended 31st March 2022

Investment Governance

The statement of investment principles was formally reviewed on 31st March 2022. In order to do this, the Trustee took advice from the Investment Manager and its investment consultants. During the review the Trustee considered the extent to which the return on investments relating to the default arrangement (after deduction of any charges relating to those investments) is consistent with their investment aims and objectives for the default arrangement.

They also considered the membership profile of the scheme, the risk profile and number of investment funds offered to members, the changing long-term investment market conditions and the investment products and techniques available in the marketplace.

As a consequence of this review the default investment strategy remained unchanged. The Trustee plans to formally review this strategy again on 31st March 2023. However, the uncertainty caused by the Covid-19 pandemic and the invasion of Ukraine may necessitate an earlier review.

The Trustee has set the investment policy for the Scheme. The Trustee has appointed the Investment Manager to implement the investment policy on a day-to-day basis. The Investment Manager is responsible for all the investment decisions and for managing those investments during the life of the Scheme. The Trustee is satisfied that the Investment Manager and its investment adviser have sufficient knowledge and experience to carry out their roles.

The Trustee reviews the recommendations and advice of the Investment Manager to ensure that the Investment Manager:

- invests the assets in the best interests of Members and beneficiaries, and in the case of a potential conflict of interest, in the sole interest of Members and beneficiaries.
- invests in a manner calculated to ensure the security, quality, liquidity and profitability of the asset portfolio as a whole.
- ensures that the assets consist predominantly of cash and investments admitted to trading on 'regulated markets', and any assets not admitted to trading on such markets must be kept to a prudent level; and
- ensures that the assets are properly diversified so as to avoid excessive reliance on any particular asset, issuer or group of undertakings, and so as to avoid accumulations of risk in the portfolio as a whole.

The Trustee recognises there is a natural conflict between improving the potential for positive return and limiting the potential for poor returns. However, the cumulative poor investment performance in previous years (based on measurement principles required by UK GAAP) has not been reversed by this year an increase of 8.7% (2021: 6.02%).

Uncertainty in respect of the liquidity and current valuation of the alternative investment portfolio resulted in significant fair value reductions, which caused the poor investment performance. The investments in the student accommodation fund and the French alpine hotel fund were significantly impacted by economic effects of the Covid-19 pandemic.

Implementation Statement - continued

For the Year Ended 31st March 2022

Governance structure and expertise

Michael Bailey is the Chairman of the Trustee Board and is a chartered accountant with over 40 years of experience in general practise and corporate finance and governance.

Merle Oper is the Member Nominated Trustee Director.

The Trustee Directors' own knowledge and understanding, together with the advice that is available to them, enables them to properly exercise their functions as trustee directors of the Scheme. The Trustee directors' experience and expertise are set out in the Chairman's report.

The Scheme's legal adviser is Gunnercooke LLP and the Trustee consults the legal adviser on any issues as necessary. The Trustee has not appointed any sub-committees.

The Trustee has been particularly concerned about the impact and economic effects of the Covid-19 pandemic on the Scheme, which is a relatively small scheme. Uncertainty in respect of the liquidity and current valuation of the alternative investment portfolio resulted in the fair value reductions in previous years.

Although the Investment Manager has been working with the managers of the alternative investment portfolio to try to address and reverse the reduction in value, the Trustee has been reviewing the original investment advice and the circumstances that have led to the loss in value. The Trustee will seek remedy for the Scheme if there is fault in respect of the initial advice but at this stage no such fault has been identified.

Trustee knowledge and understanding

The knowledge and understanding of the Trustee Directors are set out in the Chairman's report. The Trustee Directors receive advice on investment, legal and other issues from the Scheme's legal advisers and investment advisers. The Trustee Directors are required to maintain their knowledge and expertise by completing 35 hours of CPD each year. The CPD assessment is made between October and December of each year. The CPD assessment includes a meeting with the Scheme's legal advisers to ensure that any gaps in knowledge and understanding are identified and appropriate guidance and training is provided to the Trustee Directors.

All of the Trustee directors have completed their annual CPD requirement. The Trustee director's relevant knowledge and understanding has been assessed during the year by self-evaluation, and in discussion with the Scheme's legal advisers, and where necessary, additional training has been provided or has been organised. Each Trustee maintains a log of both required and voluntary training. The trustee directors receive regular technical updates from legal and regulatory advisers, and they also attend seminars and briefings from legal advisers. The briefing from legal advisers assists the Trustee directors to identify any gaps in training or knowledge particularly in view of any changes, or proposed changes, in pension regulations.

Implementation Statement - continued

For the Year Ended 31st March 2022

The experience of the Trustee directors provides expertise in the areas of accountancy, law, audit, pension administration, pension trust management, pension regulations, financial services, investment advice, investment management, investment fund management and corporate governance. The annual assessment of knowledge, experience and CPD helps to ensure that the Trustee directors can continue to perform their functions and can stay informed of changes in pension regulations and other regulatory matters. The Board is considered to be working effectively.

The directors of the Corporate Trustee have spent considerable time familiarising themselves with the Trust Deed and Rules and the Statement of Investment Principles. The directors have received considerable guidance from the Scheme's legal advisers in respect of pension and trust law by way of technical circulars and meetings. This has been augmented by attendance at seminars organised by industry experts. The directors also receive regular updates from the Investment Manager in respect of funding and investment principles. The directors have also attended market updates organised by the investment adviser to the Investment Manager. The directors have identified that uncertainties in the investment market caused by the Covid pandemic, and the invasion of Ukraine have caused volatility in the investment markets and the Investment Manager is monitoring valuation movements accordingly.

During the Scheme Year, the Trustee directors have met the requirements of sections 247 and 248 of the 2004 Act (requirements for knowledge and understanding) by completing the Trustee Toolkits, attending relevant events and seminars, and through their continuous self-development.

Approach to delegation and committee membership

The Board of directors of the Trustee are responsible for the governance of the Scheme. The Scheme is a small scheme and there are no sub-committees.

New policies or documentation

The Scheme's policy documents were reviewed on 31st March 2022. There were no new policy documents produced during the year. The separate policy documents include:

- Conflicts of interest policy
- Data breaches policy
- Data retention policy
- Internal disputes resolution policy
- GDPR policy
- Responsible investing policy
- Risk management policy

The Trustee monitors and reviews the policies and any exceptions or breaches. There were no breaches or exceptions during the year.

Implementation Statement - continued

For the Year Ended 31st March 2022

Holding advisers and managers to account

The Trustee delegates the responsibility for implementing the investment policy to the Investment Manager. The Investment Manager, in conjunction with investment advisers, appoints, monitors the performance of and removes fund managers. It oversees asset allocation and directs the cash flow of the Scheme between investment mandates, adjusting portfolios as necessary. The Investment Manager monitors, reviews and recommends changes to the Trustee's policies in respect of investment and corporate governance.

It is the Scheme's intention to offer its members a balanced default investment strategy. The majority of the funds are invested in cash and listed investment schemes or products. The remainder of the funds are invested in alternative investment schemes, to provide diversification and access to potentially higher returning investment opportunities. The Scheme aims to achieve on average an annualised return for its membership of 5% after running costs, fees and expenses.

The Investment Manager prepares a quarterly report for the Trustee and the performance of the Scheme and the Investment Manager are reviewed. Although the Investment Manager has delivered the services in accordance with expectations, it is clear that the Scheme's investment target has not been achieved this year. Indeed, the Scheme has suffered a significant investment loss.

Uncertainty in respect of the liquidity and current valuation of the alternative investment portfolio has resulted in the fair value reduction. The investments in the student accommodation fund and the French alpine hotel fund have subsequently been significantly impacted by economic effects of the Covid-19 pandemic. The Investment Manager has been working with the managers of the alternative investment portfolio to try to address and reverse the reduction in value and to find buyers for the assets held by the property funds. Nevertheless, the Trustee is reviewing the original investment advice and the circumstances that have led to the loss in value. The Trustee will seek remedy for the Scheme if there is fault in respect of the initial advice but at this stage no such fault has been identified.

Approach to non-financial matters

The Scheme does not have a policy on non-financial matters.

Members have tended to remain passive in respect of Scheme governance but the Trustee has endeavoured to increase Members participation in governance matters with the appointment of the Member nominated Trustee and inviting Members to provide comment and feedback following the distribution of Scheme reports.

Strategic asset allocation

The scheme's strategy is to hold a portfolio of listed investments (a portfolio of balanced stocks and shares managed by Seven Investment Management Limited) and alternative assets investments (investments in a purpose built student accommodation fund, a French alpine hotel fund and a heritage property fund) such that listed market volatility is offset by longer more stable property returns.

Implementation Statement - continued

For the Year Ended 31st March 2022

There was no change to the strategic asset allocation during the year. However, there were considerable fluctuations in investment values as a result of the economic impact of the Covid-19 pandemic. The investment values are reviewed by the Investment Manager every month. The Investment Manager also considered pension payment requests and pension transfer requests received as well as the responsible investing policy.

Members have provided information in respect of their intentions and expectations at the initial application stage and with follow up contact, including responses to the annual reports. The information collected is set out in the Chairman's Report. That information was considered when the investment values and asset allocation was reviewed.

The Trustee has considered various risk factors that may affect scheme members' retirement funds, how changes to these factors interrelate and what the Trustee can do to alleviate them.

Uncertainty in respect of the liquidity and current valuation of the alternative investment portfolio has resulted in the fair value reduction. The Investment Adviser has been working with the managers of the alternative investment portfolio to try to address and reverse the reduction in value and to find buyers for the assets held by the property funds.

As a consequence of the fair value reduction and the uncertainty in respect of the valuation of the alternative investment portfolio, it is unlikely that the Scheme will meet its investment target in the medium or long term.

However, in the short to medium term the Trustee believes it is prudent to review the Scheme's exposure to alternative assets and to reduce such exposure.

Mandate parameters

The scheme's strategy is to hold a portfolio of listed investments (a portfolio of balanced stocks and shares managed by Seven Investment Management Limited) and alternative assets investments such that listed market volatility is offset by longer more stable property returns. There has been no changes to the investment mandates during the year.

Manager selection, review and monitoring

The Trustee is satisfied with the performance of Seven Investment Management Limited and the portfolio of listed investments in what has been a particularly volatile economic period.

However, uncertainty in respect of the liquidity and current valuation of the alternative investment portfolio has resulted in a significant fair value reduction. The Trustee is not satisfied with the performance of the alternative assets investments. The Trustee is reviewing the original investment advice and the circumstances that have led to the loss in value. The Trustee will seek remedy for the Scheme if there is fault in respect of the initial advice but at this stage no such fault has been identified.

The existing mandate with the Investment Manager is similarly under review.

Implementation Statement - continued

For the Year Ended 31st March 2022

Voting disclosures

The Trustee does not have the power to direct how individual votes are exercised in the pooled listed investment portfolio. But Seven Investment Management are aware of the Scheme's investment policies and the Trustee's voting preference where applicable.

The Trustee is able to direct how votes are exercised in respect of the alternative assets portfolio. The Trustee engages with the Investment Manager when votes are called.

There were no votes called in the alternative asset portfolio during the year.