

Hall & Pickles 1812 Pension Scheme

Statement of Investment Principles

March 2025

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1 Introduction

This Statement sets out the principles governing decisions relating to the investment of the assets of the Hall & Pickles 1812 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 Trustees' 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 Trustees or online.

2 Investment Decision Making

The investment of the Scheme's assets is the responsibility of the Trustees. The Trustees' investment powers are set out in the Scheme Rules. The powers granted to the Trustees are wide and this Statement is consistent with those powers.

The Trustees have 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 Trustees 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 Trustees.

The Trustees have also consulted the Principal Employer, Hall & Pickles 1812 Limited, when setting their investment objectives and strategy, and in the preparation of this Statement.

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

3 Investment Objectives

In determining their investment objectives and strategy, the Trustees have considered the strength of the Principal Employer's willingness and ability to support the Scheme. They have determined that it is reasonable to take a long-term view in determining their investment objectives and strategy.

In late 2023, the Trustees agreed to de-risk the Scheme's investment strategy and adopt a 'buyout ready' investment strategy in anticipation that the Scheme will approach the insurer buyout market within the next few years and implement a full risk transfer of the Scheme's liabilities.

The Trustees' investment objectives are as follows:

- To ensure that the assets are of a nature to enable the Trustees to meet the Scheme's benefits as they fall due.
- To invest the Scheme's assets in an appropriately diverse and liquid range of investments.
- To provide a reasonable match such that the value of the Scheme's assets is not expected to deviate materially from the value of the Scheme's estimated buyout liabilities.
- To deliver an expected return which is expected to be at least in line with the return required to maintain the Scheme's estimated buyout funding position.

The Trustees will also have regard to the Employer's views on the potential costs and risks associated with the investment objectives set and their implementation through the practical strategy.

4 Setting the Investment Strategy

Details of the investment strategy are set out in the Appendix to this Statement.

The Trustees' policies in setting the investment strategy are set out below:

Policy	
Selection of Investments	<p>The Trustees may select investments from a wide range of asset classes from time to time, including, but not restricted to UK equities, overseas equities, government bonds, corporate bonds, commercial property and alternative asset classes.</p> <p>The investments selected will generally be traded on regulated markets and, where this is not the case, any such investments will be kept to a prudent level.</p> <p>The Trustees may also:</p> <ul style="list-style-type: none"> • Invest in products that use derivatives where this is for the purpose of risk management or to improve the efficiency of the management of the Scheme's investments. • Hold insurance policies such as deferred or immediate annuities which provide income to the Scheme, matching part or all of the future liabilities due from it. • Hold a working cash balance for the purpose of meeting benefit payments due to members and the expenses of running the Scheme.

Policy

Asset Allocation	<p>The Trustees will set a target asset allocation from time to time, determined with the intention of meeting their investment objectives.</p> <p>The asset allocation will be set taking account of the characteristics of different asset classes available and will be reviewed in light of any changes to the Trustees' view of the Principal Employer's covenant, the nature of the Scheme's liabilities or relevant regulations governing pension scheme investment.</p> <p>The Trustees have agreed the range of asset classes to be used in the investment strategy, taking into account the maturity of the Scheme's liabilities, and to ensure the range is sufficiently robust to allow easy adjustment as the Trustees' risk appetite changes and the Scheme matures.</p> <p>The Trustees have selected a bespoke arrangement with a single investment manager to facilitate efficient adjustments to the asset allocation, where appropriate.</p>
Delegation to Investment Managers	<p>The Trustees will delegate the day-to-day management of the Scheme's assets to professional investment managers and will not be involved in the buying or selling of investments.</p>
Maintaining the Asset Allocation and Target Hedging Ratios	<p>The Trustees have responsibility for maintaining the overall balance of the asset allocation relative to any target asset allocation and any target hedging ratios that are set. The Trustees monitor the asset allocation on a regular basis with the assistance of their Investment Manager and Broadstone, and will consider switching assets should the allocation move significantly away from any target asset allocation or target hedging ratios.</p>
Employer Related Investments	<p>The Trustees' policy is not to hold any employer related investments as defined in the Pensions Act 1995, the Pensions Act 2004 and the Occupational Pension Scheme (Investment) Regulations 2005.</p>

The Trustees have decided to invest in a bespoke investment management arrangement because they believe this provides additional flexibility to adjust and customise the investment strategy compared with the use of pooled funds.

5 Realisation and Rebalancing of Assets

The assets are held in a bespoke investment management arrangement and are fully and readily realisable.

The asset allocation has been set in order to achieve the investment objectives, whilst retaining sufficient liquidity to cover Scheme cashflows.

The Trustees will monitor the investment strategy and asset allocation periodically, but it is acknowledged that the actual asset allocation may drift due to changes in market conditions and cashflows. The Trustees will consider any rebalancing that may be merited from time to time with the assistance of their investment adviser and Investment Manager.

The Trustees make disinvestments from the Investment Manager with the assistance of their administrators and investment adviser, as necessary, to meet the Scheme's cashflow requirements in an efficient manner.

6 Expected Returns

The Trustees' objective is for the Scheme's assets to produce a return in excess of the growth in the value of the Scheme's liabilities on an estimated buyout basis.

Over the long-term, the Trustees' expectations are to achieve the following rates of return from the asset classes they make use of:

Asset Class	Expected Returns
Corporate bonds	To achieve a long-term return in excess of the yield available on a comparable portfolio of UK gilts to compensate for the additional risk associated with investing in a diversified portfolio of corporate bonds.
Government bonds	To achieve a long-term return in line with the yield available on a comparable portfolio of UK gilts or index-linked gilts.
Cash	In line with the return on comparable money market funds and the prevailing rates of short-term interest rates.

7 Risks

The Trustees have considered various risks the Scheme faces, including market risk, interest rate risk, inflation risk, default risk, concentration risk, manager risk and currency risk, and consider that the Target Asset Allocation strikes a reasonable balance between risk mitigation and seeking an appropriate level of return, taking account of the strength of the Principal Employer's covenant.

The asset allocation has been determined with due regard to the characteristics of the Scheme's estimated buyout liabilities.

The calculation of the Scheme's estimated buyout liabilities uses assumptions for future investment returns and price inflation expectations that are based upon market values of financial securities such as fixed interest and index-linked government bonds. This means that the estimated buyout liabilities are sensitive to changes in the price of these assets as market conditions vary and can have a volatile value.

The Trustees accept that their investment strategy may result in volatility in the Scheme's funding position. Furthermore, the Trustees also accept that there is a risk that the assets will not achieve the rates of investment return assumed in the calculation of the Scheme's estimated buyout liabilities. The Trustees acknowledge that certain factors, such as supply and demand in the insurance market, may lead to volatility in the estimated buyout funding position and that these factors may be outside of the Trustees' control.

To reduce the risk of concentration within the investment portfolio, the Trustees will monitor the overall mix of asset classes and stocks in the investment strategy with their Investment Manager.

The Trustees invest in a wide range of assets and consider the Scheme's strategy to be well diversified.

The Trustees will monitor the investment, covenant and funding risks faced by the Scheme with the assistance of their investment advisers and the Scheme Actuary at least every three years. The Trustees will consider the appropriateness of implementing additional risk mitigation strategies as part of such reviews.

In addition, the Trustees will review wider operational risks as part of maintaining their risk register and for their Own Risk Assessment for the General Code.

8 Security of Assets

The day-to-day activities that the Investment Manager carries out for the Trustees 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 Trustees have 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.

9 Responsible Investment & Stewardship

The Trustees believe that in order to protect and enhance the value of the investments, during the period over which the benefits are paid, they must act as a responsible asset owner.

The Scheme is also comprised of a diverse membership, expected to hold a broad range of views on ethical, political, social, environmental, and quality of life issues. The Trustees therefore do not explicitly seek to reflect any specific views through the implementation of the investment strategy, both financial and non-financial.

The Trustees' policies in respect of responsible investment are set out below:

Policy

Financially Material Considerations

The Trustees recognise that Environmental, Social and Governance (ESG) issues can and will have a material impact on the companies, governments and other organisations that issue or otherwise support the assets in which the Scheme invests. In turn, ESG issues can be expected to have a material financial impact on the returns provided by those assets. The Trustees delegate day-to-day decisions on the selection of investments to the Investment Manager. The Trustees have an expectation that the Investment Manager will consider ESG issues in selecting investments, or will otherwise engage with the issuers of the Scheme's underlying holdings on such matters in a way that is expected to improve the long-term return on the associated assets.

The Trustees do not currently impose any specific restrictions on the Investment Manager with regard to ESG issues, but will review this position from time to time. The Trustees receive information on request from the Investment Manager on its approach to selecting investments and engaging with issuers with reference to ESG issues.

With regard to the specific risk to the performance of the Scheme's investments associated with the impact of climate change, the Trustees take the view that this falls within their general approach to ESG issues. The Trustees regard the potential impact of climate change on the Scheme's assets as a longer term risk and likely to be less material in the context of the short to medium term development of the Scheme's funding position than other risks. The Trustees will continue to monitor market developments in this area with their investment adviser.

Policy

Non-Financially Material Considerations

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 Trustees believe these should not drive investment decisions. The Trustees expects the 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.

Engagement and Voting Rights

The Scheme does not currently invest in equities, and therefore the Trustees acknowledge that where it invests in debt instruments there are no attaching voting rights. Where appropriate, the Trustees' voting and engagement policy is to use their investments to improve the Environmental, Social and Governance behaviors 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 Trustees believe that having this policy, and aiming to improve how companies behave in the medium and long term, is in the members' best interests. The Trustees 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.

Capital Structure of Underlying Companies

Responsibility for monitoring the capital structure of investee companies is delegated to the Investment Manager. The Trustees expect the extent to which the Investment Manager monitors capital structure to be appropriate to the nature of the mandate.

The Trustees' 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
Investment Grade Corporate Bonds	Active	The Trustees expect the Investment Manager to take financially material ESG factors into account, given the active management style of the allocation and the ability of the manager to use its discretion to generate higher risk adjusted returns. The Trustees also expect their Investment Manager to engage with investee companies, where possible, although they appreciate that fixed income assets do not typically attract voting rights.
Government Bonds	Active	The Trustees believe 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.

The Trustees will review the stewardship policies of any new investment managers appointed, as well as assessing the stewardship and engagement activity of the current Investment Manager on an ongoing basis.

10 Conflicts of Interest

The Trustees regularly consider conflicts (including about investment decisions).

11 Duration of Investment Arrangements

The Trustees 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.

12 Incentivisation of Investment Managers

The Investment Manager is primarily remunerated based on an agreed fixed annual percentage of the asset value.

The Trustees do not directly incentivise the Investment Manager to align the approach they adopt with the Trustees' policies and objectives. Instead, the Investment Manager is selected so that, in aggregate, the risk-adjusted returns produced are expected to meet the Trustees' objectives.

Neither do the Trustees directly incentivise the Investment Manager 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 Trustees expect such assessment of performance and engagement to be undertaken as appropriate and necessary to meet the investment objectives.

13 Portfolio Turnover Costs

The Trustees expect the Investment Manager to change underlying holdings only to an extent required to meet their investment objectives. The reasonableness of such turnover will vary by asset class and change according to market conditions.

The Trustees therefore do not set a specific portfolio turnover target for their strategy or the underlying funds.

The Investment Manager can provide information on portfolio turnover and associated costs to the Trustees so that this can be monitored, as appropriate.

14 Monitoring

The Trustees employ Broadstone to assist them in monitoring the performance of the Scheme's funding and investment strategy and Investment Manager.

The Investment Manager provides the Trustees with monthly reports setting out a valuation of their assets. The Trustees also receive quarterly reports from the Investment Manager and meet with its representatives periodically to review their investment performance and processes.

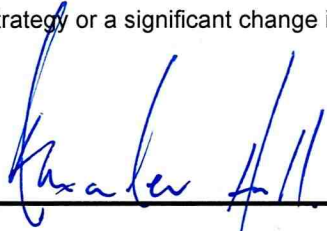
The Investment Manager will supply the Trustees with sufficient information each quarter to enable them to monitor financial and non-financial performance.

The appropriateness of the Investment Manager's remuneration will be assessed relative to market costs for similar strategies, the skill and resources required to manage the strategy, and the success or otherwise a manager has had in meeting its objectives, both financial and non-financial.

The Trustees will consider on a regular basis whether or not the Investment Manager and any AVC provider remain appropriate to continue to manage the Scheme's investments and AVCs.

15 Review of Statement

The Trustees 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 investment.



For and on behalf of Hall & Pickles 1812 Pension Scheme

17.03.25.

Date:

Appendix A Investment Strategy Implementation Summary

A.1 Asset Allocation

The asset allocation as at 30 September 2024 was as follows:

Asset Class	Asset Allocation
Cash	1.7%
Corporate bonds	11.5%
UK Government bonds (nominal and index-linked)	86.8%
Total	100.0%

The balance of the assets held will vary over time and should not be considered a target asset allocation that will be maintained and subject to automatic rebalancing. The appropriate asset allocation will be periodically monitored and subject to review by the Trustees with the assistance of their investment adviser and Investment Manager.

A.2 Investment Manager

The Trustees have appointed Evelyn Partners Investment Management LLP to manage the Scheme's assets. The Investment Manager undertakes day-to-day investment management of the Scheme's assets.

The Investment Manager is authorised and regulated by the Financial Conduct Authority (FCA) under the Financial Services and Markets Act 2000.

A.3 Strategy objective

The Investment Manager describes the portfolio's core objective as 'Income for distribution', over a 'Long - Over 7 years' time horizon. In addition, the Investment Manager seeks to invest the Scheme's assets with the overall objective of matching, as far as possible, the value of the Scheme's liabilities assessed on an estimated buyout basis.

A.4 Performance Monitoring

The most recent duration calculation of the liabilities of the Scheme was 15 years as at 5 April 2024. This will be used a reference point for monitoring the performance of the investment portfolio. The UK Government Bond with a modified duration that most closely matches this is UK (Govt of) 1.25% 22/10/2041, which will be used as a benchmark.

A.5 Additional Voluntary Contributions (AVCs)

AVCs previously paid by members are invested with Aviva.