

BCF Pension Trust

Statement of Investment Principles

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Contents

1	Introduction	3
2	Scheme Governance	3
3	Participating employers	4
4	Investment beliefs	4
5	Investment objectives	4
6	Investment strategy	5
7	Realisation of investments	6
8	Default investment	7
9	Investment managers	7
10	Investment advisers and valuers	8
11	Responsible investing – financially material considerations	9
12	Responsible investing – non-financial matters	9
13	Stewardship	9
14	Risks	11
15	Review	11

Appendices

1 Introduction

- 1.1 The purpose of this Statement of Investment Principles (“**the Statement**”) is to document the principles and policies governing decisions about the investment of the assets of the BCF Pension Trust (“**the Scheme**”).
- 1.2 This statement has been prepared by BCF Pension Trustees Limited (“**the Trustee**”) after considering written advice from a suitably qualified adviser, Redington Ltd.
- 1.3 The Scheme is a registered pension scheme under Section 153 of the Finance Act 2004 that provides benefits for members on a defined contribution (money purchase) basis, in respect of a number of employer-specific sections. Each member has at least one individual account within the Scheme that will provide their retirement benefits.
- 1.4 The Statement sets out the Trustee’s policy for complying with Section 35 of the Pensions Act 1995 (as amended by Section 244 of the Pensions Act 2004), the Occupational Pension Schemes (Investment) Regulations 2005 as amended by (amongst other regulations) the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010, the Occupational Pension Schemes (Charges and Governance) Regulations 2015 and the Occupational Pension Schemes (Administration, Investment, Charges and Governance) and Pensions Dashboards (Amendment) Regulations 2023.
- 1.5 The Trustee confirms that, before finalising the Statement, it has consulted with the Scheme’s Principal Employer.
- 1.6 The Scheme membership is open only to members of the Plymouth Brethren Christian Church (“**the Brethren**”). If any members leave the Church, there is a mechanism to move them to another Scheme.

2 Scheme Governance

- 2.1 The Scheme is governed by its Trust Deed and Rules (“**the Deed**”) which sets out all the benefits in detail and specifies the Trustee’s investment powers. Of relevance to this Statement, the Trustee may only invest the Scheme’s assets in a manner which is consistent with Brethren religious beliefs. This may constrain the Trustee’s choice of investments and its ability to diversify the Scheme’s assets compared to other defined contribution schemes.
- 2.2 In accordance with the Deed, the Trustee is responsible for the investment and administration of the Scheme’s assets. The Trustee will refer to this Statement when exercising its investment powers to ensure that all decisions are made in accordance with the principles contained herein.
- 2.3 The Trustee takes and critically considers advice from appointed investment advisers in respect of investments, on the question as to whether any particular investment is satisfactory having regard to the requirements of regulations under sub-section (1) of

Section 36 of the Pensions Act 1995 so far as relating to the suitability of investments and the principles contained in this Statement.

- 2.4 The Trustee monitors the Scheme's investments each month and will hold formal review meetings once a quarter, as per the Trustee Annual Calendar.
- 2.5 The Trustee provides decumulation options for members in retirement by way of flexi-access drawdown or uncrystallised funds pension lump sums. Members are also able to purchase annuities via an Open Market Option.

3 Participating employers

- 3.1 The Scheme's participating employers consist solely of Brethren employers.

4 Investment beliefs

- 4.1 The Brethren abide by strong religious beliefs that include avoidance of certain ways of investing (for example via pooled or collective funds), as they are not free to be partners in business or shareholders in a corporate body unless all partners or shareholders are members of the Brethren.
- 4.2 The Trustee acknowledges that these beliefs will constrain access to certain asset classes that would normally be deemed appropriate for long term investment associated with retirement planning, but the Trustee will not hold investments within the Scheme that infringe the core beliefs of the Brethren. This may impact its ability to invest across a diversified range of asset classes and result in lower investment returns than other defined contributions schemes which are not similarly constrained. The Scheme invests in a number of secured loans to educational trusts, some of whom may also be participating employers of the Scheme. The Trustee recognises the potential risk that this imposes from an employer-related investments (ERI) perspective, but its beliefs mean that this type of investment could only be made to organisations within the Brethren community, and they offer the opportunity for members to share in higher returns. Ongoing discussions with the Pensions Regulator continue in relation to these investments, and the Trustee continues to monitor the risk in the context of the Occupational Pension Schemes (Investment) (Employer-related investments by Master Trusts) (Amendment) Regulations 2022, which introduced different regulations for authorised master trust with 500 or more active employers.

5 Investment objectives

- 5.1 The Trustee's main objectives are to:
 - invest the Scheme's assets in a manner that is consistent with the religious beliefs of the Brethren.
 - enable Scheme members to maximise their income in retirement, subject to those religious beliefs.
 - hold sufficient cash to meet likely benefit outgoings from time to time; and
 - maintain adequate readily realisable assets to meet unexpected cashflow requirements.

- 5.2 Due to the common religious beliefs of the Brethren, the Scheme does not provide any investment choice for the members.

6 Investment strategy

- 6.1 The Deed does not specifically exclude any form of investment, although it specifies that the Trustee shall invest in accordance with investment principles as taught and generally accepted among the Brethren. See Appendix 1 for more detail.
- 6.2 Scheme investments will principally be selected from the following diversified asset classes:
- Cash deposits.
 - Fixed-interest Government securities.
 - Property.
 - Equity through structured products e.g. participation notes that provide exposure to equity returns without infringing the religious beliefs of the Brethren.
 - Brethren community projects and other secured loans to unconnected parties that comply with limitations on employer-related investments; and
 - Other asset classes that do not infringe the religious beliefs of the Brethren whilst complying with prevailing investment regulations.
- 6.3 To protect Scheme members from the effect of fluctuations in value of the Scheme's real property assets, the Trustee has created a Property Reserve Fund, details of which are set out in Appendix 2.
- 6.4 For commercial property investments, the Trustee will principally select investment opportunities where the tenant holds the same religious beliefs (see Appendix 1) as the Brethren.
- 6.5 The balance between the different types of investment will be:

	Minimum holding	Maximum holding
Cash deposits	20%	80%
Fixed Interest Government Securities	5%	20%
Private Equity	0%	15%
Equity	0%	20%
Brethren community projects and other secured loans	5%	50%
Property	0%	10%

- 6.6 The Trustee will consider the financial standing of banking institutions with whom they will hold deposits and will take advice from its Investment Adviser on the appropriateness of those institutions from time to time.
- 6.7 Fixed Interest Government Securities will include conventional Gilts and index-linked Gilts.
- 6.8 Due to the restrictions on the way in which the Trustee can invest, the expected return on investments is likely to mirror returns on cash deposits plus a margin of 1% - 3% per annum.
- 6.9 The Trustee will diversify investments and ensure there is no undue concentration of assets in a single investment.
- 6.10 The Trustee is aware of its fiduciary duty in the case of a potential conflict of interest to act in the sole interest of Scheme members and beneficiaries.
- 6.11 The Trustee's Investment Adviser and Investment Managers will monitor the market on an ongoing basis and will advise the Trustee at the end of each quarter of any new investment opportunities which they consider suitable (and which would comply with the Investment Beliefs in paragraph 4 above). The Trustee will consider the financial standing of banking institutions and counterparties with whom they hold structured products to gain access to equity exposure. It will take advice from its Investment Adviser on the overall suitability of the structured products, whilst also monitoring and undertaking due diligence on the risks of such an investment.
- 6.12 All proposed investments, including loans, property purchases, and tenancies are subject to a due diligence process as set out in the following procedures documents:
- 248 BCF PT Property Investment Due Diligence Process
 - 252 BCF PT Investment Evaluation Process
 - 255 BCF PT Assessing the financial strength of a charitable borrower or tenant

7 Realisation of investments

- 7.1 Investments in cash deposits, fixed interest Government securities and structured products are liquid assets that may be readily realised, although the Trustee may hold cash on Fixed Term Deposits. The Trustee notes that its investment in structured products may be not as liquid as other asset classes as they are bespoke products where the counterparty will need to actively seek a buyer.
- 7.2 In addition, the structured products are intended to be held for their full term to maturity (usually 5 years) in order to realise the full benefits of the investment (such as the downside protection floor).
- 7.3 Investments in Property and Brethren community projects are less liquid in nature and there will be delays in realising the value of such assets. The Trustee has, where appropriate, obtained a signed declaration from the borrower confirming that, in appropriate circumstances the loan would be repaid within 12 months of the Trustee's written request.

8 Default investment

- 8.1 The Scheme provides a single investment strategy for all members, so the Scheme's investment strategy represents the default investment.
- 8.2 The Trustee therefore considers that all aspects considered within this Statement apply to the default investment.
- 8.3 The Trustee has regard to the Brethren's religious beliefs set out in paragraph 4 above which also reflect the beliefs of the members. In view of the limited ways of investing open to the Trustee (which precludes direct investment in listed equities and "pooled" funds), the Trustee, after consultation with its advisers reasonably considers that the Default Investment is in the best interests of Scheme members and beneficiaries who share common religious beliefs.
- 8.4 Where appropriate, the Trustee will seek members views before investing in new types of investments to help better understand their views on risk and return. This will help in ensuring that any changes to the asset allocation are aligned to members' needs.
- 8.5 The Trustee will review the default strategy and performance of the default investment fund at least once every three years and, in any event, without delay after a significant change in investment policy or Scheme demographics. The Trustee shall review the extent to which the investment performance (after deduction of any charges) is consistent with the aims and objectives of the Trustee in respect of the default investment arrangement.

9 Investment policy on illiquid assets

- 9.1 The default arrangement for the Scheme currently allows investment in illiquid assets. All members are invested in the same proportion of illiquid assets. These assets are invested via property and secured private loans with a maximum limit of 10% and 50% of the default arrangement respectively. Although a maximum 15% of the default arrangement is allowed for private equity, there is no exposure to this asset class at the moment.
- 9.2 The Trustee believes that there may be further financial benefits to investing in illiquid assets. However, the Trustee notes the following challenges: 1) illiquid assets typically have higher fees and transaction costs than liquid assets, which may reduce the net returns for members; 2) Illiquid assets may have longer lock-up periods or limited redemption windows, which may not suit the liquidity needs of DC members who want to access their pension pots flexibly; and 3) Illiquid assets may have lower transparency and valuation frequency than liquid assets, which may make it harder for members to monitor their investment performance and risks.
- 9.3 The Trustee plans to explore the feasibility of increasing investment in illiquid assets with its investment adviser and investment managers, and to keep its policy on illiquid investments under regular review.

10 Investment managers

- 10.1 The Trustee will not appoint investment managers to operate pooled investments on behalf of the Scheme due to the religious beliefs of the Brethren.

- 10.2 The Trustee has appointed Evelyn Partners Investment Management (formerly Smith & Williamson Investment Management Limited) (as the “**Investment Manager**”) to conduct the direct acquisition of U.K. Government Gilts and manage the equity exposure through structured products, and Cazenove Capital to manage the cash allocation on the Trustee's behalf. Their policies are set out in more detail in Appendix 3.

11 Investment advisers and valuers

- 11.1 The Trustee seeks written advice from a qualified property surveyor in respect of commercial property investments.
- 11.2 The Trustee seeks written advice from Redington Ltd (as the “**Investment Adviser**”) in respect of the investments in the Scheme.
- 11.3 The Trustee will monitor the development of other potentially suitable investments and will seek advice from time to time from a qualified person in respect of such investments.

12 Responsible investing – financially material considerations

- 12.1 The Trustee recognises that environmental, social and governance (“ESG”) factors, such as climate change, may have a material impact on certain investments that may be held as assets of a pension scheme. The Trustee, with its Investment Adviser, seeks to identify, consider, understand, and then address all relevant financially material considerations when buying, selling or retaining investments. Such matters are assessed for materiality and impact within a broader risk-management framework. Day-to-day responsibility for ESG matters (including climate change) is conducted by the Trustee and the underlying assets’ longer term financial sustainability is taken into account in the selection of the investment and will form a part of the Trustee’s quarterly monitoring of the investment. Each investment shall be evaluated by reference to the extent to which its ESG factors complement or correspond with the Trustee’s investment objectives.
- 12.2 The Trustee also considers the impact of social factors when choosing and managing its investments, particularly with regard to the Scheme’s holdings in secured loans and property.
- 12.3 In accordance with the Law Commission’s clarification of fiduciary duty for trustees and the Financial Markets Law Committee report on decision-making in the context of sustainability, the Trustee recognises the financial materiality of ESG factors when making investment decisions.

13 Responsible investing – non-financial matters

- 13.1 The Trustee considers that the religious beliefs of the Brethren and the Scheme’s membership have priority in determining investment strategy and as confirmed throughout this Statement, the Trustee will seek to take those beliefs into account in the selection, retention and realisation of the Scheme’s investments
- 13.2 Membership of the Scheme is intended for members of the Plymouth Brethren Christian Church and the Trustee considers that all Scheme members will share core Brethren beliefs for investment of the Scheme’s assets.

14 Stewardship and Engagement policy

- 14.1 The Trustee will not invest directly in equities due to the religious beliefs of the Brethren and, as a consequence, cannot exercise the voting rights normally attached to such investments.
- 14.2 The Trustee will take ESG factors into account when considering investment in Brethren community projects, new secured loans, or investing in other asset classes that do not infringe Brethren religious beliefs.
- 14.3 The Trustees do not have an active policy of soliciting members’ views on non-financial investment matters, as the Brethren community share common views, although they will consider any views made known to them.

- 14.4 The majority of the Scheme's assets are held across Fixed Interest Government Securities, Cash deposits, Structured Products, Property, Brethren community projects and other secured loans. The Trustee will aim to use its influence as an asset owner to ensure best practices are reflected in terms of ESG factors and will hold the Scheme's investment managers and other counterparties to account for the effective use of their influence as owners of assets.
- 14.6 The Trustee chooses Investment Managers who can provide investment solutions that are aligned with the Trustee's religious beliefs and expects the Investment Managers to practice good stewardship on their behalf.

15 Monitoring

- 15.1 The Scheme's Investment Advisers ensure the investment objective and guidelines of the managers are consistent with that of the Trustee's religious beliefs to the extent of their remit to manage assets on the Trustee's behalf.
- 15.2 Where the Trustee utilises the services of an Investment Manager, the terms of the long-term relationship between the Trustee and the manager are set out in a separate Investment Management Agreement (IMA). These document the Trustee's expectations of their managers alongside the investment guidelines they are required to operate under.
- 15.3 Where relevant, the Trustee requires Investment Managers to invest with a medium to long-term time horizon, and to use any rights associated with the investment to drive better long-term outcomes. For some investments, the Trustee does not expect the respective Investment Managers to make decisions based on long-term performance. These may include investments that provide risk reduction through hedging, consistent with the Trustee's strategic asset allocation.
- 15.4 The Trustee appoints its Investment Managers with an expectation of a long-term partnerships, which encourages active ownership of the Scheme's assets to the extent possible within the limit asset classes subject to an IMA. When assessing a manager's performance, the focus is on longer-term outcomes, and the manager is assessed over a medium to longer-term timeframe.
- 15.5 The Trustee would not expect to terminate a manager's appointment based purely on short-term performance. However, a manager's appointment could be terminated within a shorter timeframe than three years due to other factors, such as a significant change in business structure, the investment team, or changes in the strategic needs of the Scheme.
- 15.6 Managers are paid a fee for a defined set of services based on the size of assets managed on behalf of the Scheme. The Trustee reviews the fees periodically to confirm they are in line with market prices.
- 15.7 The Trustee reviews the portfolio transaction costs and portfolio turnover range of managers periodically where the data is disclosed and available. The Trustee will then determine whether the costs incurred were within reasonable expectations, with assistance from the Investment Adviser.

16 Risks

- 16.1 The Scheme is a defined contribution scheme, and the risk of investment underperformance lies with the individual members of the Scheme.
- 16.2 The Trustee recognises that the Scheme is exposed to investment risk and pursues appropriate investment strategies to address those risks within the boundaries of the Brethren's religious beliefs. Appendix 3 details the Investment Managers' approach on behalf of the Trustee to balancing, measuring and managing investment risk.
- 16.3 Property management risks apply but the Trustee will take advice from suitably qualified advisers and valuers when deemed appropriate.
- 16.4 The liquidity risk that the Scheme might be forced to sell investments in poor markets will be addressed by the Trustee measuring cashflow requirements and retaining appropriate levels of cash.
- 16.5 The investment in structured products is intended to be held for the full term (usually 5 years) and should the Trustee wish to exit the investment early, the value will be subject to market conditions at the time and may be less than the initial investment.
- 16.6 Inflation risk will be mitigated to some extent by (a) holding some real property assets that increase in value and (b) by setting the terms for interest on secured loans at a suitable premium above Bank of England Base Rate, typically around 3.5%.
- 16.7 On retirement, members may use their accumulated savings to provide a cash lump sum of up to 25% of their pot value and/or an income in the form of periodic withdrawals from their individual account.
- 16.8 The Trustee recognises that the members are exposed to the risk of reductions in retirement income if the Scheme's net investment returns do not keep pace with the level of withdrawals.
- 16.9 The Trustee recognises that the Scheme has exposure to market and capital risk caused by fluctuations in equity markets resulting from economic changes, shifts in interest rates or political and social events that can significantly impact that value of an investment. The future performance of markets cannot be predicted, which means that there is always a risk that market declines could exceed the protection amount of the structured products. However, this investment will only represent c.10% of the Scheme's assets and other assets have a high level of capital security.
- 16.10 Counterparty risk, the risk that counterparties of each Structured Product are unable to fulfil their obligation and result in a default. This risk is mitigated to some extent by the Trustee splitting the allocation across more than one counterparties. In addition, Evelyn undertakes due diligence on the counterparties and operates an approved list.
- 16.11 The Trustee monitors these risks in the Scheme's Risk Register.

17 Review

- 17.1 The Trustee will review the Statement at least annually and without delay upon a material change to relevant legislation, the Scheme or to the participating employers.

This Statement of Investment Principles was agreed by the Trustee on 4th April 2025 and replaces any previous statements.

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For and on behalf of BCF Pension Trustees Ltd

Appendix 1 The Brethren investment beliefs

The Brethren are a mainstream Christian church who believe all the usual central Christian doctrines. They believe in the scriptural doctrine of “*separation from evil in this world*” (see 2 Corinthians 6 verses 14 to 17) “*Be ye not unequally yoked together with unbelievers; for what fellowship hath righteousness with unrighteousness? And what communion hath light and darkness.... Wherefore come out from among them and be ye separate, saith the Lord, and touch not the unclean thing; and I will receive you*”. King James Bible.

More information about the Brethren and their beliefs and practices can be found at www.plymouthbrethrenchristianchurch.org

The Scheme was set up in 2007 specifically to meet the needs of members of the Plymouth Brethren Christian Church (the Brethren). Members of the Brethren had not been able to join any of the occupational schemes that were available on the market, as they all involved members' funds being “pooled” in common funds or life insurance. Most schemes invest many of their funds in equities. These features do not accord with the religious beliefs of the Brethren.

The Deed contains the following sentence: “The Trustees shall invest... in accordance with investment principles as taught and generally accepted amongst the Brethren”.

The Deed includes provisions covering the situation where a Scheme Member ceases to be in fellowship with the Brethren – i.e. ceases to “break bread” (Holy Communion) – whereupon their investment is moved from the Main Fund to a Mirror Fund which is held subject to the same religious considerations but is ring-fenced from the Main Fund.

It can therefore be seen that great care is taken to operate a Scheme that meets the religious beliefs of Brethren members and in which only those in the fellowship can be members of the Main Fund.

The same care governs the selection of investments. In line with the scriptural principles already mentioned, Brethren members are not free to be partners in a business partnership or shareholders in a corporate body unless all partners or shareholders are members of the Brethren. To meet these religious beliefs Brethren do not invest in public equities or other public investments involving voting rights.

Brethren members accept the fact that, in refraining from investing in public equities, they may have to accept a lower return on investment than that often produced by equities. However, their religious beliefs are paramount. The Trustee adopts the same principles to meet the wishes and requirements of the Scheme's members.

Brethren do not normally own tenanted property (either residential or commercial) where the tenants do not have the same “community of interest” as the Brethren – meaning, in effect, that the tenants will also be members of the Brethren. This enables Brethren members as landlords to maintain a good conscience as to the activities carried on in premises owned by them.

As the Scheme is, we believe, the only occupational pension scheme which meets the needs of Brethren members insofar as relates to their religious beliefs, the Trustee wishes to maintain a Scheme whose investment principles are wholly in line with those beliefs. This need has been further emphasised by the advent of “auto-enrolment” whereby enrolment in a pension scheme is

mandatory and Brethren business owners would otherwise be unable to comply with their legal obligations.

Appendix 2 The Property Reserve Fund

As part of its investment portfolio, the Scheme owns a commercial property. Scheme members benefit from this in two ways:

1. The tenant pays a rent on the building which provides a steady stream of money into the Trust.
2. If the value of the building goes up, then this growth is notionally credited to the members' accounts.

Owning a building in the Trust provided the Trust with a tangible asset which, in the future, may be sold and converted into cash. One of the main challenges with having a building in the Trust arises when there are large changes in the property's value. The Trust values the property once a year, and whilst the members would be delighted if the property had doubled in value, they might not be so pleased if it had halved in value. Of course, all these changes in value are academic until the property is actually sold.

To protect members from the effect of these potential spikes in value, the Trustee has consulted with their advisers about how to 'smooth out' these ups and downs in the property market. Acting in the interests of the Trust's members as a whole, the Trustee has adopted the following policy:

- When the property is revalued each year, the change in value from the previous year will be placed in a 'property reserve fund' within the Trust.
- The notional value of that change (up or down) will be introduced into members' accounts over a rolling 90-month period.
- Each time that the property is given a new value, an adjustment will be made to the property reserve and the monthly amount notionally attributed to each member's account will be adjusted accordingly to reflect this.

The property reserve fund policy was introduced with effect from 5 October 2016. The Trustee believes that the arrangement will help shield Scheme members from the immediate effect of large swings in the value of their pension pots as a result of any annual property fund fluctuations and allow them to plan for their future with a much greater degree of certainty.

Appendix 3 The Investment Manager's approach to investing

Due to the Scheme's investment beliefs, investment managers cannot be appointed to operate pooled investment on behalf of the Scheme. However, the Trustee has appointed Evelyn Partners Investment Management and Cazenove Capital to manage discrete asset classes in the portfolio.

Evelyn Partners Investment Management

The portfolio managed by Evelyn Partners Investment Management (the "Investment Manager") is restricted to investing in UK Government bonds, certain structured products and retaining cash.

The risks associated with investments in **UK Government bonds** in absolute terms include:

- Higher UK interest rates – resulting in higher yields demanded by investors from bonds.
- Higher UK inflation – resulting in higher yields demanded by investors.
- Change in UK government – which could increase the perceived risk of a downgrade in the credit worthiness of the UK.

In addition, it could be argued that by restricting the fund to UK Government bonds there is an opportunity cost of not investing in other bond markets or indeed in other asset classes which have the potential to generate higher returns over time.

The risks associated with the investment in **Equities through structured products** in absolute terms include:

- Complexity risk – The structured products are a more complex way of gaining exposure to equity markets. The Trustee will be investing in a product where a counterparty contracts to provide a return in line with the agreed terms rather than investing in equities directly.
- Non-linear risk/return profile - Returns on the upside (i.e. if equity markets go up in value) provide more than the underlying index. Returns on the downside will be capped at zero at the point of maturity until the agreed downside protection limit has been breached and then returns will be equal to the falls in the value of the index.
- Market & capital risk - Fluctuations in equity markets caused by economic changes, shifts in interest rates, or political and social events can significantly impact the value of an investment.
- Counterparty risk - There is a possibility that the counterparties of each product are not able to fulfil their obligation and result in a default.

Cazenove Capital

The portfolio managed by Cazenove Capital ('the Investment Manager') is limited to investments in fixed deposit cash funds. The Trustee and the Investment Adviser evaluate the suitability of any new investments.

How risks are measured and managed

Regarding the measurement and management of these risks, the Trustee has established the following benchmarks:

UK Government Bond investment benchmark includes the following components:

- 50% UK Government Index linked bonds.

- 40% UK Government conventional bonds.
- 10% 3 Month SONIA GBP

Although there is not a specific restriction in respect to how much the investment manager can hold in each type of government bond, a significant deviation from this would potentially impact relative performance.

Equity Investment benchmark:

- MSCI World Index Capital Return Index

Performance is reported quarterly for the portfolio and associated benchmarks.

Risks are managed (but not eliminated) in the following ways:

- Inflation risk is addressed to a degree by holding the index linked bonds, which will to an extent benefit from higher inflation due to the RPI accrual even if higher inflation would also almost certainly result in investors demanding higher yields in aggregate.
- Interest rate, and to an extent inflation risk, is managed by ensuring that the overall mix of bonds held is relatively short dated and as a result should be less exposed to higher interest rates in the future. However, by managing this risk this does raise the risk of relative underperformance.
- Cazenove selects the banks/building societies on its Counterparty List depending on its Credit Review Committee's internal assessment of their credit standing and their Fitch and (where available) Moody's credit rating. Counterparties for inclusion on the list are recommended and endorsed by the Credit and Executive Committee before being approved by the main Board of the Bank. Counterparties are reviewed at least annually and monitored daily.
- Cazenove is able to offer a fixed term deposit service in-house for deposits up to 1 year which can be tailor made to the portfolio's liquidity requirements. The rate is dependent on the size of deposit and period. All deposits will be held on balance sheet.
- With respect to the equity exposure, the structured products are constructed to be held for the full term, but should early liquidity be needed by the trust, then this is possible. However, the level of return will differ depending on proximity to maturity. The Scheme has sufficient liquid assets even after the investments.
- Although fluctuations in equity markets caused by economic changes, shifts in interest rates, or political and social events can significantly impact the value of an investment, the equity allocation makes up c.10% of the total portfolio and the other assets have high levels of capital market security.

In any case, the Investment managers are required to explain any significant deviations from the investment objectives. If there is a substantial divergence from performance and risk targets, or from the portfolio management approach, the Trustee will likely initiate a formal review of the investment.

The Investment Managers monitor the market continuously and the Trustee has delegated the responsibility of the management of the trust's assets to its Investment Managers.

SONIA denotes the Sterling Overnight Index Average GBP, which has replaced LIBOR (London Interbank Offered Rate) in the composite benchmark for the UK Government Bonds.

RPI denotes the Retail Prices Index.