BCF PENSION TRUST (THE "SCHEME")
CHAIR'S STATEMENT

Annual Governance Statement for the year ending 31st March 2026

This statement has been prepared in accordance with Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the "regulations").

A copy of it is available on the Scheme's website at
https://bcfpensiontrust.org/userfiles/files/Chairs%20Statement%202026%20web%20version.pdf

1. Default arrangement

A copy of the latest Statement of Investment Principles ("SIP") as at the date of signing of this document and prepared in accordance with regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005 is shown in Appendix 1.

Following the decision in principle in the January 2026 Trustee meeting to begin investing in the Vision Opportunities Fund in order to gain exposure to mixed private markets assets, a revision of the SIP was commenced. The revision includes:

- the addition of private markets to the investment mix;
- additional changes relating to liquidity and risk as a result of the above; and
- further amendment to the minimum and maximum strategic asset allocation ranges .

The Trustees review the default fund regularly and as required by law, at least once every three years, to ensure that it remains suitable for members. These reviews involve assessing the investment performance of the default against its benchmarks and the extent to which investment performance is consistent with its aims and objectives. A formal triennial review of the default last took place during the Scheme Year ended 31st March 2024, and was adopted in the March 2024 Trustee meeting. The results of this were:

- The Trustees agreed that as the 'restricted' investment opportunities had not changed, that the strategy and returns of the default fund continued to be meet the Trustee's aims and objectives, and that it was not appropriate to change the performance expectations for the default fund.

- The investment managers used by the Scheme, Evelyn Partners and Cazenove, continue to provide suitable products, ensuring that members are getting exposure to good rates of return in the asset classes they manage.

- Although it was highlighted that, for younger members, there is a lower allocation to growth assets than would typically be seen for a DC default arrangement, Redington (now Gallagher (Administration & Investment) Ltd), the Scheme's investment advisers, are comfortable that the current default structure, without a de-risking glidepath, aligns with the Trustees' investment beliefs and is a pragmatic means of implementing the investments.

- That being said, the Trustees continue to actively explore opportunities to increase diversification and target better returns for members.

Having successfully invested part of the portfolio in structured products to gain some equity exposure in the previous Scheme Year ending 31st March 2025, the Trustees made progress in investigating a private market investment. As a result a decision was made in the January 2026 Trustee meeting to invest £1.5 million of assets into a private market fund in June 2026 to further diversify the investments and seek additional growth in the Fund.

Fund 2 is a separate default arrangement for members who were bulk transferred in from the BCF2 Pension Scheme and has been maintained to avoid breaching ERI Regulations relating to some of the participating employers. As the investments that gave rise to the ERI issues have now been divested, the Trustees have obtained the necessary legal and investment advice in order to move these members back into the main Fund. This is expected to take place imminently once members in Fund 2 have been informed of the change.

A copy of the Scheme's latest SIP can be found on the BCF website at https://bcfpensiontrust.org/About-BCF and there are arrangements in place to signpost this to members via the Annual Benefit Statement and periodically through the Scheme Newsletter.

Asset Allocation disclosure for default arrangements[1]:

The DC retirement journey encompasses many different life stages. As part of the triennial strategy review, which was approved in March 2024, the Scheme's investment adviser, Gallagher, identified three key stages of the member journey for the default arrangement: 'asset growth', 'volatility management', and 'retirement planning' when considering how to understand diverse memberships needs.

For most DC schemes, this segmentation process helps the Trustees evidence that the default investment strategy remains suitable for a wide range of members; and differentiate between the needs of different member cohorts with different DC savings objectives. However, it is important to note that due to the low allocation of growth assets in the default strategy, even with the addition of the structured products, it is not suitable for the Scheme to adopt a lifestyle approach, with the intention of de-risking as members approach retirement. Therefore, the asset allocation is static throughout members' journey.

The table below summarises the allocations across asset classes, for each of the representative ages of members in the Scheme. This asset allocation is as at 31st March 2026.

Asset allocation (%)	**Cash**	**Bonds**	**Listed Shares**	**Unlisted Shares**	**Infrastructure**	**Property**	**Debt Instrument**	**Equity Structured Products**
Age 27	77%	6%	0%	0%	0%	1%	5%	10%
Age 40	77%	6%	0%	0%	0%	1%	5%	10%
Age 57	77%	6%	0%	0%	0%	1%	5%	10%

[1] *Regulation 23(1)(cc) Administration Regulations*

2. Core Financial Transactions

The requirements of regulation 24 of the Regulations have been met by the Scheme and the Trustees confirm that the majority of core financial transactions have been processed promptly and accurately by the third-party administrator and in accordance with the SLAs set out in the agreement between BCFPT and MUFG.

Quarterly administration reports were produced by the Scheme's third-party administrator for the Trustees that reported on core financial transactions. This enabled the Trustees to check that core transactions were being processed promptly. These reports included details of contributions received and processed, funds invested, transfers of member assets both in and out of the Scheme, member payments processed, member quote requests processed, and death benefits processed. To help meet the Scheme's SLAs, the third-party administrator processed and reconciled all bank transactions on a weekly basis and all payments out of the Scheme were approved by two individuals (to include one Trustee Director).

The quarterly reports noted the actual performance against the SLAs to assure the Trustees that the transactions were being processed promptly. In addition, the Scheme management have a weekly progress call with the third-party administrator to monitor progress on all outstanding cases.

The Trustees believe that the above items cover all the core financial transactions of the Scheme.

3. Charges and transaction costs

The level of charges and transaction charges applicable to the Scheme's investment funds during the Scheme year were as follows:

	Default Fund	Fund 2
Annual management charge	0.50% of member funds	0.50% of member funds
Fund management charge (Evelyn Partners) Gilts Portfolio	0.30% of assets under management (approx. 0.1% of total fund)	N/A
Fund management charge (Evelyn Partners) Structured Products Portfolio	0.60% of assets under management	N/A
Fund management charge (Cazenove) Cash Portfolio	0.15% of assets under management	0.15% of assets under management
Transaction costs	None (see below)	None (see below)
Total Expense Ratio (TER)	0.69%	0.62%

There is no member choice of funds, and there are no other funds within the Scheme besides the two shown above.

There are no transaction costs applicable to the Scheme as:

- There are no transaction costs attached to the bank accounts that the scheme holds;
- Any costs associated with the secured loans are paid by the borrower;
- Any costs relating to the property holding are either met by the tenant or from the expense reserve;
- Evelyn Partners have confirmed that any implicit transaction charges incurred when buying or selling bonds are incorporated into their explicit fund management charges. The same holds true for the structured products portfolio.

4. Return on investments (net performance)

The net investment returns both in the short term (i.e. one-year period) and a longer more sustained period (i.e. 3-year and 5-year periods) for the Scheme year ended 31 March 2026 are listed below.

Net Investment Returns	**1-year (%)**	**3-year (%p.a.)**	**5-year (%p.a.)**
Default fund	4.6	4.6	3.1
Fund 2	2.1	1.8	1.2

The Scheme's default arrangement does not operate on an age-related basis and so, the net returns are relevant for all members.

5. The extent to which the Scheme represents good value for members

The Trustees are committed to ensuring that members receive good value from the Scheme (i.e. the costs and charges deducted from members' DC funds provide good value in relation to the benefits and services provided by or on behalf of the Scheme).

The Trustees have undertaken a detailed annual assessment of the value provided by the Scheme (for members) considering regulatory guidance and best practice with support from its DC advisers. For the purpose of the latest assessment for the Scheme year ending 31 March 2026, the Trustees considered the following three areas:

- The net investment performance of the default fund
- The costs and charges and whether these represent good value for members
- How the Scheme compares to other DC arrangements in the areas of governance, risk management, core financial transactions and record keeping, investment governance, communication, and engagement, at retirement options and support and broader financial support.

The Trustees concluded that overall, the BCF Scheme represents good value for the members, in the context of the strict religious investment beliefs held. Members enjoy a competitive AMC thanks to the fact that the costs of running the Scheme are subsidised by Participating Employers.

The Trustee uses a third-party administrator, and the Scheme Manager and Chair of Trustees attends a weekly meeting to monitor and ensure good service to members.

6. Value for member requirements for DC arrangements with less than £100m in total assets

Value for members detailed assessment 2025/26

The BCF Pension Scheme ("the Scheme") has been operating for three or more years and, as at 31 March 2026, the Scheme's total assets were less than £100m. The Scheme therefore meets the definition of a "specified scheme" as described by The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021. The Trustee must therefore carry out a detailed assessment of Value for Members. This section contains more detail on the assessment carried out by the Trustee.

The Trustee is required to compare the value delivered by the Scheme against three comparator schemes and consider the following three factors:

- Costs and Charges
- Net investment returns
- Administration and Governance.

The National Employment Savings Trust (NEST), People's Pension, and Smart Pension have been selected as the comparator DC schemes because they are all authorised master trusts with total assets exceeding £100 million as of 31st March 2026.

Costs and charges assessment

Default Fund	Charges	Transaction costs
BCF Scheme	Annual management charge of 0.69%	None
NEST 2040 Retirement Fund	Contribution charge of 1.8% on each new contribution + an annual management charge of 0.3% on the total value of pension pot each year	0.059%
People's Pension Global Investments (up to 85% shares) Fund	Annual management charge of 0.5% + annual fee of £4.50 (a charge rebate on savings over £3,000)	0.09%
Smart Pension Smart Sustainable Growth Fund	Annual management charge is 0.29% - 0.38% + a monthly fee of £1.85	0.077%

Compared to the three other schemes, BCF's charges are broadly comparable, with some important points to note:

- BCF's investment strategy is driven by the religious beliefs of the Plymouth Brethren Christian Church. In particular, BCF is not permitted to invest via pooled or collective funds, which limits access to investment structures typically used by larger schemes to achieve diversification and lower costs. As a result of these constraints, BCF has a

narrower investible universe and may face higher implementation and administration costs relative to comparator schemes;

- BCF is a much smaller scheme, with assets of around £87million, compared to £50bn, £31bn and £10bn respectively for the three comparators. This means the administration costs are comparatively higher (c.50bps) than for the other schemes, reflecting the reduced ability to benefit from economies of scale;
- The requirement to implement the investment strategy using permissible structures (e.g. direct holdings and structured solutions) can also increase operational complexity and associated costs compared to more standard pooled fund approaches used by larger schemes.

Overall, while BCF's charges are slightly higher than those of the comparator schemes, this reflects the combined impact of its smaller scale and the investment constraints under which the Trustee operates. Within this context, the level of costs is considered reasonable and appropriate in order to implement a strategy that is aligned with the Scheme's objectives and governing principles.

Net investment returns

Net Investment Returns of Default Fund up to 31 December 2025	**1-year (%)**	**3-year (%p.a.)**	**5-year (%p.a.)**
BCF Scheme Default Strategy	**4.5**	**4.2**	**1.8**
NEST 2040 Retirement Fund	13.4	12.5	8.1
People's Pension Global Investments (up to 85% shares) Fund	14.7	13.2	7.8
Smart Pension Smart Sustainable Growth Fund	11.6	13.0	8.9

- The Trustees cannot hold investments within the Scheme that infringe the core beliefs of the Brethren, nor exceed the charge cap of 0.75% imposed on DC default options. As such, the asset allocation of BCF is more conservative than the comparable schemes, with the majority of the portfolio being invested in cash during the Scheme year.
- Over the 1, 3 and 5-year periods, BCF's net investment returns are lower than those of the comparator schemes. This is expected given the lower allocation to higher return-seeking assets and the more constrained opportunity set available to the Scheme. However, these returns are consistent with the risk profile and asset allocation adopted by the Trustees, which prioritise capital preservation, stability and alignment with the Scheme's governing principles. While not explicitly measured here, risk-adjusted returns would be expected to compare more favourably, reflecting the lower overall level of investment risk taken.
- The Trustees continue to review the investment strategy and assess permissible opportunities to improve diversification and enhance returns over time, including further use of structures that provide exposure to growth assets within the Scheme's constraints. Towards the end of the previous Scheme year, the Trustees made an investment via structured notes, in order to gain exposure to equity returns. In this Scheme year, the

Trustees explored the opportunity of gaining exposure to private markets, to improve diversification and investment outcomes.

- Overall, while headline returns are lower than those of the comparator schemes, this reflects the Scheme's specific investment restrictions and strategic objectives. Within this context, the Trustees are satisfied that the investment approach remains appropriate and continues to deliver reasonable outcomes and good value for members.
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Governance and administration

Area Reviewed	Key Highlights
Promptness and accuracy of core financial transactions	• Quarterly administration reports are prepared by the Scheme's third-party administrator on core financial transactions. • These reports include details of contributions received and processed, funds invested, transfers of member assets both in and out of the Scheme, member payments processed, member quote requests processed, and death benefits processed. • The Quarterly reports note the actual performance against the SLAs to assure the Trustee that the transactions are being processed promptly. In addition, the Scheme management have a weekly progress call with the third-party administrator to monitor progress on all outstanding cases. • During the 2025-26 scheme year BCF's third-party administrator automated parts of its cash management processes which have led to improvements in productivity, controls, accuracy and turnaround times.
Quality of Record Keeping	• Work in recent years to ensure readiness for Pensions Dashboard connection has improved both the completeness and accuracy of BCF's data. • This has resulted in a noticeable improvement in the pass rates for both common and conditional data. • In addition, a data cleansing process was carried out by Lumera, a third-party, during 2025 in preparation for BCF's connection to the Pensions Dashboard.
Appropriateness of the default investment strategy	• The Trustees acknowledge that higher allocations to growth-seeking assets, like equities, are normally deemed appropriate for long term investment strategy associated with retirement planning. In the Scheme year, the Trustees explored the opportunity to gain diversified exposure to private markets. The Trustees made a commitment to invest in the Vision Opportunities Fund, a private markets vehicle compliant with the Brethren core beliefs, to improve diversification and member outcomes at retirement. It is hoped an allocation will be made during 2026. • The Trustees, alongside their investment adviser, are also exploring further opportunities to add to their current investment in government bonds.

	• The default investment strategy continues to utilise assets that are aligned with the core beliefs of the Brethren.
Quality of Investment Governance	• The Trustees continue to receive written advice in relation to the buying, selling and retention of investments, which will detail all relevant financially material considerations. • The Trustees recognise the restrictions faced when setting the investment strategy but continue to explore investment opportunities that take into account the core beliefs of the Brethren, and increase return for members. This includes government bonds, secured loans, property, private markets and derivatives. • The Trustees established an investment sub-committee during the Scheme year in order to provide more focus to investment matters.
Level of trustee knowledge, understanding and skills to operate pension scheme effectively	• The Trustees hold monthly Board meetings to discuss the running of the Scheme. On a quarterly basis, the investment advisers provide a monitoring report that highlights the performance of the default strategy over the previous quarter and the impact on member outcomes at retirement. • Over the Scheme year, the Trustees received training sessions on the trust Deed & Rules, provider contracts, Scheme Business Plan, Scheme IDRP, Member Booklet and Scheme risk priorities. • In addition, a formal trustee effectiveness review was carried out.
Quality of communication with scheme members	• The Trustees continue to invest in improving communication, with a webinar being planned which will cover key questions received from members. • Member newsletters and blog posts are regularly updated. • Annual benefit statements have been updated in line with the simpler annual statement guidance
Effectiveness of management of conflicts of interest	• All potential conflicts of interest are declared annually via the trustees' COI returns. • Declaration of any interests is also a standing item at trustee meetings and these conflicts are mitigated or removed as appropriate. All conflicts are also noted on the Scheme's COI Register.

7. Cumulative effects of costs and charges

The Trustees have prepared illustrations in accordance with regulation 23(1)(ca) of the Administration Regulations, as inserted by the 2018 Regulations to show the potential impact over time, of the costs and charges (as shown above) borne by members on projected values at retirement, in today's money terms.

Table 1 below shows this for the "median" pot size over the period of time to retirement of the youngest Scheme member enrolled.

All members are invested in the Scheme default fund and all illustrations assume that this is the case.

Table 1: Illustrations for a member:

- Currently age 22 i.e. 43 years from retirement (their normal Scheme retirement age being 65) and the youngest enrolled member
- Invested in the default fund
- Current pension pot - £2,000
- Current annual contributions - 8%
- Median Salary - £50,000

Age	Years to Retirement	Fund value before costs and charges	Fund value after costs and charges
22	43	£2,000	£2,000
23	42	£5,996	£5,972
24	41	£10,057	£9,980
25	40	£14,178	£14,020
30	35	£35,704	£34,705
35	30	£58,851	£56,220
40	25	£83,743	£78,599
45	20	£110,510	£101,876
50	15	£139,293	£126,087
55	10	£170,246	£151,271
60	5	£203,530	£177,465
65	0	£232,568	£199,639

The Trustees have used the following assumptions in preparing the illustrations:

- Investment returns = 4.0% pa before charges
- Inflation = 2.5% pa
- Salary growth = 2.5% pa (0% pa over inflation)
- Charges / deductions (TER) = 0.69% of fund values

Other illustrative projections are included in Appendix 3.

The Trustees have taken account of relevant statutory guidance in preparing these illustrations.

8. Trustee knowledge and understanding

Section 248 of the Pensions Act 2004 (requirement for knowledge and understanding) requires the Trustees to demonstrate a working knowledge of the Trust Deed and Rules, the current SIP, and the documents setting out the Trustees' current policies. It also requires it to have sufficient knowledge of the law relating to pensions and trusts, and the relevant principles relating to funding and investment of occupational pension schemes.

These requirements have been met during the Scheme year by:

- All Trustee Directors completed an annual Board Evaluation questionnaire and Board Skills questionnaire during the period covered by this report
- Following on from this the Chair of Trustees and the Scheme Secretary met to discuss and combine the responses to give an overall picture of the skills and effectiveness of the Trustee Board
- The Board Skills Matrix was then used to identify areas of training required for the coming year as detailed in the Trustee training needs identification and training program
- Trustee Directors subsequently carried out and logged a variety of training activities including attending industry events in person and online, participating in training sessions delivered by the Scheme's advisers, and via self-directed reading

The Trustee Directors have a range of skill sets including accountancy, law and general business and have access to a full complement of professional advisers that they can call on for confirmation of decisions, or for more specialist advice. In addition, the Trustee Directors have in place an Independent Governance Advisor who attends all Board meetings and is available to assist the Trustee Directors when required.

The combined knowledge and understanding of the Trustees, together with the advice that is available to it from its professional advisers enables it to properly exercise its function as Trustees by being suitably knowledgeable to make decisions in the best interests of the Scheme and members, or to appropriately question the advice received from the Scheme's professional advisers.

9. Non-affiliation of Trustee Directors and member representation

The requirements of regulation 27(4) of the Regulations for a majority of the Trustee Directors (including the Chair) to be independent of any company that provides services to the Scheme ("non-affiliated"), have been met by all Trustee Directors being non-affiliated.

As at the date of this document all Trustee Directors, including the Chair, were non-affiliated as defined in regulation 27(8) of the Regulations.

Each Trustee Director has completed a Conflict of Interest Declaration in line with the Scheme's documented policies to ensure non-affiliation.

One new Trustee Director was appointed during the period covered by this Chair's Statement following the procedure set out in the 'Selection and appointment of new Trustee directors' policy (copy available on request). In addition, following the previous Chair reaching the end of his term of office, a new Chair was appointed from amongst the existing Trustee Directors.

The arrangements the Trustees have put in place to encourage members of the Scheme to make their views on matters relating to the Scheme known to the Trustees comprises of:

- A feedback page on the BCF website (www.bcfpensiontrust.org/memberfeedback) where members can be directed to from the Scheme Newsletters, annual benefit statements and any other communications that go out to members
- In addition members are asked for feedback when they log out of their online member portal

Members can also contact the Scheme via email, post or telephone as set out on the contact us page of the Scheme Website – (www.bcfpensiontrust.org/Contact-Us)

The Trustees consider this approach to be suitable given the size, nature and demographic of the Scheme membership, which is reviewed on a regular basis using data from the Scheme administrator.

Signed for and on behalf of BCF Pension Trustees Ltd by

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Chair of Trustees/Chairman

Date: 30 October 2026

Appendix 1 to BCF Pension Trust Annual Governance Statement for the year ending 31st March 2026

BCF Pension Trust
Statement of Investment Principles

Date adopted 25th March 2026, confirmed 18th June 2026

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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, Gallagher (Administration & Investment) Limited.

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 that 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.
- Private markets through a diversified portfolio that provides exposure to private equity, global equity, private credit, infrastructure, real estate and liquid investments without infringing the religious beliefs of the Brethren.
- 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	0%	20%
Private Markets	0%	15%
Equity	0%	20%
Brethren community projects and other secured loans	0%	50%
Property	0%	20%

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.

7.4 Investments in Private Markets, including private equity, private credit, infrastructure, real estate and other private market opportunities, are less liquid by nature and there will be delays in realising the value of such assets. The investments are typically structured as long-term commitments and may involve assets that are not easily

traded or sold in the short term. The investments are subject to a two-year initial lock-up period and a limited annual redemption window thereafter.

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 20% and 50% of the default arrangement respectively. The Trustee also invests assets via a diversified private markets fund within the default arrangement with a maximum allocation of 15%.

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 usually 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, Cazenove Capital to manage the cash allocation and Vision Invest to manage the Private Markets exposure 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 Gallagher (Administration & Investment) Limited (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, Private Markets, 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 and private markets via private equity, private credit, infrastructure, real estate and other private market opportunities 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, these investments will only represent a portion 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 Credit risk, the risk of a loss in value due to a credit event of the bond issuer (e.g. a default in the bond issuer). This risk is particularly relevant within the private credit exposure and is mitigated to some extent by Vision Invest allocating to a diversified portfolio across more than one bond issuer. In addition, Vision Invest undertakes due diligence on the bond issuers.

16.12 The Trustee recognises that the Scheme has exposure to operational risk caused by inadequate processes and systems by the Investment Managers.

16.13 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 25th March 2026 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.

If the Property is sold, the Trustee would expect to reflect the gain or loss in members' fund values at the point of sale.

Appendix 3 The Investment Manager's approach to investing

Due to the Scheme's investment beliefs, investment managers cannot usually be appointed to operate pooled investment on behalf of the Scheme. However the Trustee has appointed Evelyn Partners Investment Management, Cazenove Capital and Vision Invest 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.

Vision Invest

The portfolio managed by Vision Invest is limited to the investments in private equity, global equity, private credit, infrastructure, real estate, and cash/liquid investments via a private markets vehicle.

The risks associated with the investment in **Private Markets** in absolute terms include:

- Complexity risk – The investments in private markets are a complex and less transparent way of gaining exposure to private equity, global equity, private credit, infrastructure, real estate and other private market opportunities.
- Market & capital risk - Fluctuations in the relevant markets caused by economic changes, shifts in interest rates, or political and social events can significantly impact the value of an investment.
- Liquidity risk – The investments involve assets that are not easily traded or sold in the short term. The investments are subject to a two-year initial lock-up period and a limited annual redemption window thereafter. Assets are not readily realised.
- Credit risk – The investments in private credit in particular are exposed to the risk of a loss in value due to a credit event of the bond issuer (e.g. a default in the bond issuer).

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.

Private Markets performance target:

- 7-10% annual returns (net of fees) over three-year rolling periods.

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.

- Vision Invest selects a diversified portfolio and regularly reviews institutions and bond issuers.
- 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.

Appendix 2 to BCF Pension Trust Annual Governance Statement for the year ending 31st March 2026

BCF Pension Trust
Administration Service Level Agreement (SLA)

The main items covered by the SLA included:

Member detail change	16 working days
Address change	15 working days
Active leaver	16 working days
Leaver preserved	26 working days
Leaver refund	100 working days
Death	81 working days
Leaver retirement	59 working days
Transfer In	55 working days
Transfer Out	61 working days
DC Fund Value Quotation	6 working days
Contribution Rate Change	16 working days
Request copy statement	20 working days
General Enquiry	20 working days
Complaints	30 working days

Appendix 3 to BCF Pension Trust Annual Governance Statement for the year ending 31st March 2026

Further illustrations of the impact of costs and charges on members projected fund values

The following tables show the potential impact over time of the costs and charges (as shown in Section 3) borne by members on projected values at retirement in today's money for "average" members of the Scheme based on the Scheme's membership data. We have prepared the illustrations in accordance with regulation 23(1)(ca) of the Administration Regulations, as inserted by the 2018 Regulations. All members are invested in the Scheme default fund and the illustrations below assume that this is the case.

The Trustees have taken into account regulatory statutory guidance in preparing these illustrations.

Table 1: Illustrations for a member:

- Currently age 22 i.e. 43 years from retirement (their normal Scheme retirement age being 65) and the youngest enrolled member
- Invested in the default fund
- Current pension pot - £2,000
- Current annual contributions - 8%
- Median Salary - £50,000 – this has been updated to reflect the current membership information received in March 2025.

Age	Years to Retirement	Fund value before costs and charges	Fund value after costs and charges
22	43	£2,000	£2,000
23	42	£5,996	£5,972
24	41	£10,057	£9,980
25	40	£14,178	£14,020
30	35	£35,704	£34,705
35	30	£58,851	£56,220
40	25	£83,743	£78,599
45	20	£110,510	£101,876
50	15	£139,293	£126,087
55	10	£170,246	£151,271
60	5	£203,530	£177,465
65	0	£232,568	£199,639

The Trustees have used the following assumptions in preparing the illustrations:

- Investment returns = 4.0% pa before charges
- Inflation = 2.5% pa
- Salary growth = 2.5% pa (0% pa over inflation)
- Charges / deductions (TER) = 0.69% of fund values

Table 2 below shows a separate default arrangement of Fund 2 is for members who were bulk transferred in from the BCF2 Pension Scheme

Table 2: Illustrations for a member:

- Currently age 22 i.e. 43 years from retirement (their normal Scheme retirement age being 65) and the youngest enrolled member
- Invested in the default fund
- Current pension pot £2,000
- Current monthly contributions £200

Age	Years to Retirement	Fund value before costs and charges	Fund value after costs and charges
22	43	£2,000	£2,000
23	42	£4,350	£4,332
24	41	£6,691	£6,641
25	40	£9,022	£8,925
30	35	£20,503	£19,974
35	30	£31,708	£30,433
40	25	£42,641	£40,333
45	20	£53,311	£49,703
50	15	£63,723	£58,573
55	10	£73,883	£66,969
60	5	£83,798	£74,916
65	0	£91,720	£81,092

We have used the following assumptions in preparing the illustrations:

- Investment returns = 2.0% pa before charges
- Inflation = 2.5% pa
- Salary growth = 2.5% (0% pa over inflation)
- Charges / deductions (TER) = 0.62% of fund values

Appendix 4 to BCF Pension Trust Annual Governance Statement for the year ending 31st March 2026

Selection and appointment of new Trustee directors

According to Clause 1.1.1 of the Scheme's Trust Deed and Rules '*The Trustees may, by deed, appoint additional or replacement Trustees, in accordance with the Trustee Act 1925.*'

At present there is a single corporate Trustee (BCF Pension Trustees Ltd). The appointment of Directors of the Trustee is governed by the Company's Memorandum and Articles of Association. This states in 5.3 and 5.4 of the Articles that the decision on the appointment of Directors is held by the Company (and hence by the voting decision of the Directors). Any director appointed *must* be a member of the Brethren community to avoid contravening the Brethren's religious beliefs. The Trustee acknowledges this requirement may make it more difficult to implement the regulators' guidance on achieving equity, diversity and inclusion within the Trustee.

The Trustee directors take collective responsibility for the selection and recruitment of new Trustee directors, although certain steps such as the actual interviews may be conducted by a selection of Trustee directors with Board agreement.

The procedure for appointing a new trustee director is as follows:

1. **Advertise the vacancy in an appropriate national publication**

The vacant post will be prominently advertised in one or more national Brethren community publications which will reach a very wide audience within the community. Interested parties will be invited to submit their resume to BCF Management and there will be a period of 6 weeks allowed for replies

2. **Prepare list of possible candidates**

The existing Trustee directors will prepare a long list of possible candidates based on their initial responses (including that they are a member of the Community, any personal knowledge of the individuals by the Trustee directors and BCF Management and any known appropriate skills/experience). If the position being advertised is for the Chair of the Trustee, then the existing Trustee directors will also engage the services of an appropriate recruitment agency to assist with vetting the potential candidates. The long-listed candidates will then be invited to complete a Fit and Proper Persons declaration and Conflicts of Interest declaration and submit these along with a current criminal record check. A further 4 weeks will be allowed for replies.

3. **Prepare shortlist**

Once FPP and COI declarations are received back they will be checked for any existing or potential conflicts of interest, or any matters of concern.

Subject to the assessment of the above, the existing Trustee directors will prepare a shortlist of 3 candidates (providing there are at least this many suitable applicants) taking into account any particular skills and competences of candidates and any gaps in the knowledge and understanding of the existing board. Particular attention will be given to any gaps that may have opened up as a result of Trustee directors leaving the Board – this will be identified by reference to the Trustee Board Skills Matrix and where possible shortlisted candidates will be selected to fill these skills gaps. In exceptional circumstances (including if there is more than one vacancy) more than 3 candidates may be short-listed.

4. **Interview shortlisted candidates**

The shortlisted candidates will be interviewed by representatives of the existing Trustee board. They will be made aware of the roles and responsibilities of a pension scheme trustee and the training requirements at this time (including the provision of the Pensions Regulator's "A guide for new Trustees" document. If appropriate, references may be taken up.

5. **Final decision**

The Trustee directors will make their final decision, after consulting with the Chair of Trustees if he/she is not involved in the detailed discussion, and formally appoint new the Trustee director. The new Trustee director will then begin an appropriate training program designed to be in line with the documented Trustee Training Program (and this is to be completed within 6 months of appointment).

All decisions to be documented in the Board Minutes.

Appendix 5 to BCF Pension Trust Annual Governance Statement for the year ending 31st March 2026

SIP Implementation Statement

This SIP Implementation Statement ("the Statement") has been prepared by BCF Pension Trustees Limited ("the Trustee") and relates to the BCF Pension Trust ("BCF" or "the Scheme").

The regulations state that the Statement must:

- Set out how, and the extent to which, in the opinion of the trustees, the SIP has been followed during the year; and
- Describe the voting behaviour by, or on behalf of, trustees (including the most significant votes cast by trustees or on their behalf) during the year and state any use of the services of a proxy voter during that year.

Based on regulatory requirements, the Statement will cover the period from 1st April 2025 to the end of the Scheme's financial year on 31st March 2026.
The Statement is split into two sections:

a) an overview of the Trustee's actions and highlights during the period covered; and
b) the policies set out in the Scheme's SIP and the extent to which they have been followed in the reporting period.

As stated in the Scheme's SIP, the Trustee's main objectives are to:

- Invest the Scheme's assets in a manner that is consistent with the religious, social and ethical considerations of the Brethren;
- Enable Scheme members to maximise their income in retirement, subject to those considerations;
- Hold sufficient cash to meet likely benefit outgoings from time to time; and
- Maintain adequate readily realisable assets to meet unexpected cashflow requirements.

The Brethren abide by strong moral 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.

Therefore, there is no voting behaviour to report as the Scheme does not hold assets that have voting rights attached to them.

Appendix 5a
Overview of Trustee Actions
The SIP was both reviewed and updated in April 2026 to:

- To reflect the Trustee's commitment to adding private market assets into the investment strategy to gain a more diversified exposure to private markets in terms of the target allocation and risks associated with the underlying investments. Updates were also made to allow for the potential reduction in the secured loans portfolio as the loans are paid back and a potential increase in the property portfolio.

Investment Beliefs

- The investment beliefs ensure the Scheme's investments are aligned with the investment restrictions of the Brethren continues to be one of the key decision-making drivers for investments in the Scheme.
- During the reporting period the Trustee ensured that the Scheme's investments continue to satisfy these beliefs.

Voting/Engagement Behaviour

- The Scheme has indirect exposure to equity through structured products, however, as this exposure is not through a physical holding, the Scheme does not hold any assets with voting rights. Therefore, the Trustee did not undertake any voting action during the Scheme year.
- The Trustee continues to engage with its investment managers to determine the extent to which they assess ESG considerations within their respective portfolios.

Appendix 5b
Review of SIP Policies

Policy	Has the policy been followed?	Evidence
Scheme Governance		
The Trustee monitors the Scheme's investments each month and will hold formal review meetings once a quarter, as per the Trustee Annual Calendar.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee continues to monitor the Scheme's investments each month and hold formal review meetings once a quarter. The next meeting is due to be held on the 23 September 2026. During the previous Scheme year, a sub-committee was formed to focus on investment-related activities. The next meeting to be held on the 1 September 2026. The Trustee is provided with a monthly Trustee Report by the Scheme administrator that included a reconciliation of contributions received against the contributions invested, together with a summary of the Scheme's investments. The Trustee provides the annual equivalent investment growth calculated monthly performance on their website.
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.	Yes, the Trustee is satisfied that this policy has been followed.	There are a range of 'at retirement' and decumulation options for members.
Investment Beliefs		
The Trustee acknowledges that their strong religious 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.	Yes, the Trustee is satisfied that this policy has been followed.	During the Scheme year, the Trustee has committed to investing funds into private market assets that align with their investment beliefs. The Scheme's default investment strategy continues to only utilise assets that are aligned with the core beliefs of the Brethren.
Investment Objectives		

Invest the Scheme's assets in a manner that is consistent with the religious, social and ethical considerations of the Brethren.	Yes, the Trustee is satisfied that this policy has been followed.	During the Scheme year, the Trustee has committed to investing funds into private market assets that align with their investment beliefs. The Scheme's default investment strategy continues to only utilise assets that are aligned with the core beliefs of the Brethren.
Investment Strategy		
For commercial property investments, the Trustee will principally select investment opportunities where the tenant holds the same community of interest as the Brethren.	Yes, the Trustee is satisfied that this policy has been followed.	The Scheme continues to invest in a property that is leased to the Rapid Relief Team (RRT), an organisation which share the same beliefs as the Brethren Church.
The balance between the different types of investments will be: a) Cash deposits: 20%<x<80%; b) Fixed Interest Government Securities: 0%<x<20%; c) Private Markets: 0%<x<15% d) Equity: 0%<x<20% e) Property: 0%<x<20%; f) Brethren community projects and other secured loans: 0%<x<50%.	Yes, the Trustee is satisfied that this policy has been followed.	During the Scheme year, the investment holdings continue to fall within the stated targets for each of the respective investment classes.
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.	Yes, the Trustee is satisfied that this policy has been followed.	The banks/building societies on the Counterparty List are selected based on the Trustee's Credit Review Committee's internal assessment of their credit standing and their Fitch and Moody's credit rating. They are reviewed at least annually and monitored regularly. The majority of cash deposits with the banks is now held via Cazenove. Cazenove undertake the counterparty assessments.
The Trustee will diversify investment and ensure there is not undue concentration of assets in a single investment.	Yes, the Trustee is satisfied that this policy has been followed.	During the Scheme year, the Trustee reviewed the minimum and maximum limits for various investment classes within the strategy. The Trustee has committed to investing funds into private market assets. These help to ensure that there is not a high concentration of assets in a single investment.

Realisation of Investments		
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.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee has signed declarations in place with its current investment in Property and Brethren community projects.
Investments in private market assets via the Vision Fund are less liquid in nature and there will be delays in realising the value of such assets. The underlying investments are typically structured as long-term commitments and may involve assets that are not easily traded or sold in the short term.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee has received confirmation from Vision that there is an initial two-year lock-up period and redemption requests can only be submitted annually. An assessment of the liquidity and operational impact of this will be made prior to investing in the Vision fund.
Default Investments		
The Scheme provides a single investment strategy for all members, so the Scheme's investment strategy represents the default investment.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee continues to provide a single default investment strategy for all members.
The Trustee has regard to the Brethren's Investment Beliefs, which also reflect the beliefs of the members. In view of the limited types of investment open to the Trustee (which precludes investment in "pooled" funds), the Trustee, after consulting its advisers reasonably considers that the Default Investment is in the best interests of Scheme members and beneficiaries who share common Brethren beliefs.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee is confident that members continue to share common Brethren beliefs and have put in place arrangements to encourage them to make their views known. They include a feedback page, and they are able to contact the Scheme via email, post or telephone.

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 objective of the Trustee in respect of the default investment arrangement.	Yes, the Trustee is satisfied that this policy has been followed.	A triennial review of the default was completed and approved by the Trustee in March 2024. The review considered whether the default fund continued to meet the Trustee's aims and objectives for it. During the Scheme year, Trustee has committed to investing funds into private market assets that align with their investment beliefs. The current default structure aligns with the Trustee's investment beliefs and is a pragmatic means of implementing the investments.
Investment policy on illiquid assets		
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 20% and 50% of the default arrangement respectively.	Yes, the Trustee is satisfied that this policy has been followed.	The default arrangement has 5% and 1% in secured private loans and property respectively, as at 31st March 2026, which fall below the maximum limits set by the Trustee. The Trustee has committed to investing funds into private market assets, however these funds are not invested as at 31 March 2026.
Investment Advisers and Valuers		
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.	Yes, the Trustee is satisfied that this policy has been followed.	The Scheme's investment adviser has continued to assist the Trustee in monitoring the development of other potentially suitable investments. During the Scheme year, Trustee has committed to investing funds into private market assets that align with their investment beliefs.
Responsible Investing – Financially Material Considerations		

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.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee continues to receive written advice in relation to the buying, selling and retention of investments, which will detail all relevant financially material considerations. In line with the recommendations of the Task Force on Climate-related Financial Disclosures, in September 2025, the Trustee – with the help of its adviser - published the Scheme's fourth annual Task Force on Climate-related Financial Disclosures ("TCFD") Report.
The Trustee will not invest in equities directly or corporate bonds of any type due to the investment beliefs of the Brethren, nor will the Trustee invest in any pooled funds, but it will take ESG factors into account when considering the Scheme's investments.	Yes, the Trustee is satisfied that this policy has been followed.	The Scheme continues to not invest in corporate bonds, or pooled funds. The Scheme has exposure to equity returns through structured products. However, the potential financially material impact of ESG factors is less relevant for the Scheme's existing assets. The Trustee, with the help of its investment advisers, has engaged with its investment managers, Cazenove and Evelyn Partners, to assess the extent to which ESG factors are taken into consideration when deciding on opportunities for the Scheme. Cazenove hold the cash portfolio for the Scheme and were able to confirm that ESG metrics are reviewed to help weight the appropriate exposures to counterparties, as part of their credit analysis.

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 beliefs.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee continues to take ESG factors into consideration when considering new investments. The Trustee also considers the impacts of social factors when managing the Scheme's holdings in the secured loans and property. The Trustee took ESG factors into consideration as part of the due diligence process for committing funds to private market assets via the Vision Fund.
Responsible Investing – Non-financial matters		
The Trustee considers that the religious, social and ethical 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.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee continues to consider the religious, social and ethical beliefs of the Brethren in determining the investment strategy.
Stewardship and Engagement		
The Trustee will not invest in equities directly due to the religious, social and ethical beliefs of the Brethren and the Scheme's members and, as a consequence, will not be in a position to exercise the voting rights normally attached to such investments.	Yes, the Trustee is satisfied that this policy has been followed.	The Scheme continues not directly invest in equities due to their beliefs. However, the Scheme does have exposure to equity returns through structured products. As these are not direct holdings, the Scheme continues to not be in a position to exercise voting rights.
The Trustee chooses an Investment Manager who can provide investment solutions that are aligned with the Trustee's beliefs and expects the Investment Manager to practice good stewardship.	Yes, the Trustee is satisfied that this policy has been followed.	No new investment manager was added during the financial year. However, ESG factors will be taken into account when considering new investments.

Interaction with Investment Adviser and the Investment Manager		
The Scheme's Investment Adviser ensures the investment objective and guidelines of the manager are consistent with that of the Trustee.	Yes, the Trustee is satisfied that this policy has been followed.	The Investment Adviser ensures that all recommendations are in line with the Scheme's beliefs. The Scheme's investment managers, Cazenove and Evelyn Partners, also ensure that their current portfolios and any future opportunities are in line with the Scheme beliefs. They have updated the Trustee during the year on any relevant developments within their respective portfolios.
Risks		
Property management risks apply but the Trustee will take advice from suitably qualified advisers and valuers.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee has taken advice from qualified advisers.
Review		
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.	Yes, the Trustee is satisfied that this policy has been followed.	The SIP was reviewed and updated in March 2026. The SIP was adopted in April 2026. On this review, the Trustee provided information on the addition of private market assets into the investment strategy to gain a diversified exposure to private markets in terms of the target allocation and risks associated with the underlying investments.

Appendix 5c
Voting/Engagement Behaviour

The Scheme has indirect exposure to equity through structured products, however, as this exposure is not through a direct holding, the Scheme has no voting rights associated with this investment.

Therefore, no additional reporting is provided on voting.

The Trustees have engaged with their investment managers to assess the extent to which ESG factors are taken into consideration in the management of the portfolio. Cazenove were able to confirm that ESG metrics are reviewed to help weight the appropriate exposures to counterparties, as part of their credit analysis.

The Trustee has also engaged with the borrowers of the secured loans who have an ongoing program to reduce their energy consumption in the properties they occupy, and reduce their carbon footprint through a number of initiatives.

RRT, the charitable entity that rents the property owned by the Scheme has a strong social purpose evidenced by its work in disaster and poverty relief.