

RFIB Group Pension Scheme - DC Section

Chair's Annual Statement – 31 December 2020

Introduction

Governance requirements apply to defined contribution (“DC”) pension arrangements, to help members achieve a good outcome from their pension savings. In accordance with the requirements of the Occupational Pension Schemes (Charges and Governance) Regulations 2015, the Trustee is required to provide an annual statement (which is signed by the Chair of Trustees) to describe how these governance requirements have been met in relation to:

- The investment options in which members’ funds are invested (this means the “default arrangement” and other funds members can select or have assets in, such as self-select or “legacy” funds);
- The requirements for processing financial transactions;
- The charges and transaction costs borne by members;
- An illustration of the cumulative effect of these costs and charges;
- A “value for members” assessment; and
- Trustee knowledge and understanding.

This statement covers the period from 1 January 2020 to 31 December 2020 and has been prepared on behalf of the Scheme Trustee.

In accordance with the requirements of the Regulations, Dan Richards – representing PTL Governance Limited – has been appointed as Trustee Chair.

Background to the Scheme’s DC benefits

The Scheme was set up on 1st March 2001. This is its December 2020 annual statement. The Scheme operates under a Trust Deed and Rules dated 1st August 2002 and provides both Defined Contribution (DC) and Final Salary (FS) benefits. This statement is in respect of the DC Section only.

The Scheme has historically accepted Additional Voluntary Contributions (AVCs). These have been invested in the same manner as the DC Section. As a result, this statement extends to AVCs too.

What do you need to do?

This report is for your information only and no action is required as a result. If you have any questions or require further information you should contact the Scheme Administrator: Mrs Karen Lloyd at Charterhouse Consultancy Limited, Longdene House, Hedgehog Lane, Haslemere, Surrey, GU27 2PH.

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Governance of the DC investments

As at 31 December 2020, the defined contribution funds under management and their annual management charges were:

Fund	Fund code	Funds under Management (£)
L&G UK Equity Index	AS	254,003
L&G Global Equity (70:30) Index	AK	321,353
LGIM Multi Asset	AN	1,692,125
L&G Cash	H	214,240
L&G Over 15 Years Gilts Index	AM	147,910
Threadneedle Global Select	8250	148,775
Threadneedle UK Equity	8211	220,488
Threadneedle Balanced Pathway	8217	24,725
Threadneedle Property	8212	144,727
Total		3,168,346*

*We are advised that an additional £32,922 of current assets need to be added to the total shown above, making a **total of £3,201,268**. The small difference in the total assets shown in the report and accounts is not material to the conclusion in this report.

Charges and transaction costs

The Trustee is required to set out the on-going charges borne by members in this statement, which are annual fund management charges plus any additional fund expenses, such as custody costs, but excluding transaction costs; this is also known as the total expense ratio ("TER").

The charges and transaction costs have been supplied by Threadneedle and Legal and General Investment Management (L&G) who are the Scheme's investment managers. When preparing this section of the statement the Trustee has taken account of the relevant statutory guidance.

The Trustee wishes to ensure that the investments provide good value for members. Periodic reviews are undertaken to ensure the investments (net of fees) continue to deliver appropriate returns in accordance with the Scheme's investment objectives.

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Fund	Fund code	Annual Management Charge (%)	Transaction Charges (%)
L&G UK Equity Index	AS	0.10	-0.03
L&G Global Equity (70:30) Index	AK	0.16	0.00
LGIM Multi Asset	AN	0.25	0.04
L&G Cash	H	0.13	0.00
L&G Over 15 Years Gilts Index	AM	0.10	0.04
Threadneedle Global Select	8250	0.42	0.00
Threadneedle UK Equity	8211	0.60	0.01
Threadneedle Balanced Pathway*	8217	0.54	0.01
Threadneedle Property	8212	0.75	0.01

*please note that this fund closed 27 January 2021 and was replaced by the Threadneedle Multi Asset Fund (Fund code – 8255) with an AMC of 0.35%.

In addition to explicit annual management charges, members also incur transaction costs (incurred as a result of the managers buying, selling, lending or borrowing underlying investments within the funds). Transaction costs for the year to 31 December 2020 are also shown in the tables above.

There has been no new investment into the Scheme since it closed in 2009. Prior to 2009, for members who did not wish to self-select, their choice defaulted to the Legal & General Consensus Index Fund which has now become the Legal & General Multi-Asset Fund.

The aim of the Multi-Asset Fund is to provide long-term investment growth through exposure to a diversified range of asset classes, excluding physical property. The assets of the Fund may be held directly or indirectly via units of other PF Section MPAA (Multi-Asset Fund) deemed by PMC to be relevant to the objective of the Fund.

When selecting these funds, the Trustee considered these investment options to be appropriate investments for members of the Scheme. In deciding to use these funds, the Trustee sought advice from its professional advisers as to the products' suitability.

None of the above funds are designated as the Scheme's default fund for statutory purposes and the Scheme is not designated as a qualifying scheme for the purposes of auto-enrolment. Contributions to the DC section ceased on 30 November 2019. Details of the Trustee's objectives and policies regarding the arrangements can be found in a document called the "Statement of Investment Principles" ("SIP"). A new SIP has been adopted on 26 September 2019 and a copy is attached as Appendix 1 to this statement.

The Trustee is keen to ensure that assets are invested in the best interests of members and beneficiaries and considers the investment performance of the investment funds in use. The

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Trustee is satisfied that the investment performance (net of fees) remains in line with the stated objectives for the funds.

The details of member borne charges and transactions are published on the following website www.ptluk.com/chairs-annual-statements and the members are directed to this in their annual benefit statement.

Performance of the DC Investments

The performance of the various funds (and their respective benchmarks) over periods ending 31st December 2020 was as follows:

Fund		3 months (%)	12 months (%)	3 Years (%pa)	5 Years (%pa)
L&G UK Equity Index	Fund	12.64	-9.83	-0.94	5.18
	Benchmark	12.62	-9.82	-0.91	5.14
L&G Global Equity (70:30) Index	Fund	11.37	-3.04	2.43	7.92
	Benchmark	11.37	-3.07	2.51	7.96
Multi Asset	Fund	6.57	5.74	5.46	8.37
	Benchmark	8.52	4.57	4.50	8.09
L&G Cash	Fund	-0.03	0.10	0.37	0.30
	Benchmark	0.01	0.13	0.39	0.32
L&G Over 15 Years Gilt Index	Fund	1.08	13.74	8.45	9.29
	Benchmark	1.11	13.88	8.56	9.39
TIM Global Select	Fund	6.30	20.00	14.50	17.60
	Benchmark	8.60	13.20	10.30	14.60
TIM UK Equity	Fund	16.20	-10.30	-0.60	4.90
	Benchmark	12.60	-9.80	-0.90	5.10
Threadneedle Balanced Pathway	Fund	11.49	7.35	6.66	9.62
	Benchmark	8.10	2.58	4.35	8.63
TIM Property	Fund	1.20	-1.90	1.80	3.60
	Benchmark	2.10	-1.00	2.30	3.90

Please note that the Fund returns quoted are gross of investment management fees, mid-market price at close of day.

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Cumulative costs and charges

The illustrative example of the cumulative effect over time of the costs and charges on a member's benefits shown below has been provided based on an example member invested in the relevant funds, as detailed above the chart. We have taken account of statutory guidance when preparing this illustration.

Projected Pension Pot in today's money								
Years	Default L&G MAF		L&G UK Equity Index		Threadneedle Property		L&G Cash	
	Before charges	After all costs and charges	Before charges	After all costs and charges	Before charges	After all costs and charges	Before charges	After all costs and charges
1	£26,855	£26,778	£27,427	£27,408	£26,734	£26,532	£26,456	£26,422
3	£27,670	£27,434	£29,477	£29,417	£27,297	£26,686	£26,456	£26,353
5	£28,510	£28,106	£31,680	£31,574	£27,873	£26,841	£26,456	£26,284
10	£30,724	£29,858	£37,936	£37,681	£29,366	£27,231	£26,456	£26,114
15	£33,110	£31,719	£45,428	£44,970	£30,939	£27,626	£26,456	£25,945
20	£35,682	£33,697	£54,398	£53,668	£32,596	£28,028	£26,456	£25,777
25	£38,452	£35,798	£65,141	£64,050	£34,342	£28,435	£26,456	£25,609
30	£41,438	£38,030	£78,004	£76,439	£36,181	£28,848	£26,456	£25,443
35	£44,656	£40,401	£93,408	£91,225	£38,119	£29,268	£26,456	£25,278
40	£48,124	£42,920	£111,853	£108,872	£40,161	£29,693	£26,456	£25,115

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Assumptions:

1. Projected pension pot values are shown in today's terms and do not need to be reduced further for the effect of future inflation
2. The starting pot size is assumed to be £26,456
3. Inflation is assumed to be 2.5% each year
4. No contributions are assumed to be paid.
5. Values shown are estimates and are not guaranteed
6. The projected growth rate for each fund are as follows:

Default Fund L&G MAF	1.51% above inflation
L&G UK Equity Index Fund	3.67% above inflation
Threadneedle Property	1.05% above inflation
L&G Cash	0.00% below inflation

Core financial transactions

There are currently no active members contributing to the Scheme.

The Scheme has an Agreement in place with the Scheme Administrators (Charterhouse Consultancy) which covers the accuracy and timeliness of all core transactions. All transactions in the period have met the Agreement in place. There have been no issues/queries regarding the administration of the Scheme. The Scheme Administrators have processes in place to help it meet the Agreement. These include daily monitored task lists covering all outstanding queries and calculations, and at least two individuals checking all calculations and transactions.

The Trustee receives and reviews a report every six months from its administrators in order to monitor and ensure that core financial transactions are processed promptly and accurately. These include:

- transfers of members' assets out of the Scheme;
- switching between investments within the Scheme;
- payments from the Scheme to, or in respect of, members; and
- monitoring the Scheme bank accounts

The Trustee is satisfied that during the Scheme year:

- the administrator was operating appropriate procedures, checks and controls and operating within the agreed SLA
- there have been no material administration errors in relation to processing core financial transactions; and
- all core financial transactions have been processed promptly and accurately during the Scheme year.

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Value for members

The elements we consider in assessing whether the Scheme provides good value for members are:

- Scheme Governance and Management
- Investment
- Administration
- Communications
- Charges

Scheme Governance and Management – The Scheme has Corporate Trustee whose charges are paid by the employer. The Scheme is administered by Charterhouse Consultancy Limited whilst First Actuarial are the Trustee's Investment adviser. KPMG act as the Scheme's Actuary. CMS Cameron McKenna is the legal adviser and JW Hinks LLP is the auditor, with the fees of all advisers being paid by the employer.

Investment – As detailed above, the Scheme's investments are held with Legal & General and Threadneedle in a fund range selected and reviewed as appropriate for the Scheme's membership. Earlier in this statement we set out the funds used and the recent investment performance.

Administration – Charterhouse Consultancy Limited holds the members' data and deals with members when they wish to amend their details, take or transfer their benefits, or make any changes to their investment choice. The options available to members on retirement are; to purchase a pension using the full fund value, to take part as a tax free lump sum and purchase a pension using the reduced fund value, to take a Small Lump Sum where appropriate, or to transfer their fund to a suitable alternative vehicle where they could, if they wish, utilise flexible retirement options.

Communications – Communications are issued by Charterhouse Consultancy Limited and these are tailored for the Scheme. Communication is primarily paper based, with the main regular communication being the annual benefit statement, including the Statutory Money Purchase Illustration. Members also receive the annual Summary Funding Statement which includes comments on the DC section. When dealing with individual members email is also available. There is currently no online access. At retirement members receive the Money Advisory Service leaflet "Your pension its time to choose" and are provided with details of the Pension Wise service. They can also speak to an administrator on the telephone to discuss the options available. This statement is available on the website: www.ptluk.com/chairs-annual-statements

Charges – Prior to 1 October 2017 the Employer paid the cost of the Scheme services and the only charges borne by members were the investment fund annual management charges and transaction costs. The Company reviewed this approach in 2017 and, with effect from 1 October 2017 the Company passed the day to day administration fees to the membership. The Trustee negotiated with the Company to set this cost at the lowest acceptable level. The fee is paid directly by the DC membership and a monthly charge of £25 is applied for each

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member, deducted proportionately between the funds that the member is invested in. As the DC balances held by members varies considerably this fixed value amount represents a variable percentage charge across the membership.

The Trustee believes the annual management charges and transaction costs are at an acceptable level.

When taking all the costs and charges into account the Trustee believes that the Scheme represents fair value for most members given that the Scheme is serviced well and there is a good range of fund choices. In addition, the Trustee believes that members have good choices at retirement.

Trustee Knowledge & Understanding

The Corporate Trustee is PTL Governance Ltd (PTL), a professional trustee organisation. All client directors of PTL have a professional qualification appropriate to pension schemes and have completed the Pensions Regulator's e-learning trustee toolkit.

PTL has a training program for all of its staff and is subject to independent audit on its controls and processes through the AAF02/07 reporting, which includes confirmation that the current team has an appropriate level of knowledge and understanding to be able to represent PTL as the Trustee of the Scheme.

PTL is represented by Dan Richards who is a Fellow of the Institute and Faculty of Actuaries (IFoA).

He completes the CPD requirements each year in relation to the IFoA Fellowship qualification. The Trustee, with the help of its advisers, regularly considers training requirements to identify any knowledge gaps and would typically request training on such matters at Trustee meetings if they were material. During the period covered by this Statement, the Trustee attended several training events held by consultants. For example, the Trustee attended a full day workshop on DC master Trusts and consolidation within DC sector, and a half-day session on the importance of Responsible Investing, specifically within DC Schemes.

The Trustee is conversant with, and has demonstrated a working knowledge of the trust deed and rules and all documents setting out the Trustee's policies by having access to the documents on its online directory and making decisions in line with the rules and policies. For example, the appointment of a Sole Trustee required consideration of and compliance with the trust deed and rules, to be compliant with the law. If there are any ambiguities over the interpretation of the rules, legal advice is sought from the Scheme's Lawyers, CMS Cameron McKenna Nabarro Olswang LLP.

The Trustee receives regular updates on regulatory developments via email and training in Trustee Meetings. In addition, the Trustee considers the training needs on a regular basis and ensures that sufficient understanding is achieved to ensure informed decision making.

The Trustee is conversant with, and has a working knowledge of, the current SIP. The Trustee undertakes regular training on investment matters and is a regular commentator in the wider DC market. The Trustee has sufficient knowledge of investment matters to be able to challenge its advisors.

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The above all demonstrates that the Trustee has sufficient knowledge and understanding of the law relating to pensions and trusts and the relevant principles relating to funding and investment of occupational pension schemes. As part of the Sole Trustee appointment all decisions are appropriately peer reviewed within the PTL team.

The Trustee operates a governance framework which includes policies on how it will deal with conflicts, manage risks, ensure key tasks are completed on time and deal with member complaints and queries. The Trustee reviews these documents on an annual basis to ensure they are still suitable and makes any changes as required.

The Trustee, with its knowledge and understanding of pension schemes, the issues faced and their governance framework, and when working alongside its advisors is able to exercise its functions to act properly and effectively in members' best interests, and to deliver good member outcomes for the contributions made.

This statement has been prepared in accordance with regulation 23 of The Occupational Pension Schemes (Scheme Administration) Regulations 1996 (inserted via The Occupational Pension Schemes (Charges and Governance) Regulations 2015, as amended by The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018).

Dan Richards

Chair's signature

Dan Richards

Trustee Chair of the RFIB Group Pension Scheme (DC Section)

Date: 28 July 2021

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Appendix 1 - SIP

RFIB Group Pension Scheme

Statement of Investment Principles

August 2019

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Glossary	
Baillie Gifford	Baillie Gifford Asset Management
ESG	Environmental, Social and Governance
Newton	Newton Investment Management
LDI	Liability Driven Investment
LGIM	Legal & General - Investment Management
Scheme	RFIB Group Pension Scheme
Schroder	Schroder Investment Management
Trustee	The Trustee of the Scheme

1. Introduction

This statement is made in accordance with the requirements of legislation¹ and, in determining a suitable investment strategy for the Scheme, the Trustee has considered The Pension Regulator's Investment Guidance for defined benefit pension schemes.

The main body of this statement sets out the principles and policies that govern investments made by the Trustee of the Scheme. Details of the specific investment arrangements in place are set out in the Appendices.

Upon request, a copy of this statement will be made available to members, the Scheme Actuary and any investment managers used by the Trustee.

¹ In particular, the Pensions Act 1995, the Occupational Pensions (Investment) Regulations 2005 and the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018.

2. Investment Governance Structure

Investment Advice

As required by legislation, in the preparation and maintenance of this statement and when considering the suitability of any investments, the Trustee will obtain and consider written advice from its investment adviser.

The Trustee is advised on investment matters by First Actuarial LLP. First Actuarial LLP is regulated by the Institute and Faculty of Actuaries and is qualified to provide the required advice through knowledge and practical experience of financial matters relating to pension schemes.

Legal Advice

Whenever deemed necessary, the Trustee will seek advice from its legal adviser on investment matters.

Employer Consultation

Under legislation, the ultimate responsibility for determining the investment strategy rests with the Trustee. However, the Trustee must consult with the sponsoring employer and consultation must comprise a sharing of views, not simply notification of intent.

Investment Managers

Day-to-day management of the Scheme's assets is delegated to one or more investment managers.

To ensure safekeeping of the assets, ownership and day to day control of the assets is undertaken by custodian organisations which are independent of the sponsoring employer and the investment managers. Where pooled investment vehicles are used, the custodians will typically be appointed by the investment manager.

Members' Views

The Trustee recognises that it is likely that members and beneficiaries will hold a broad range of views on ESG and other non-financial matters. Whilst the Trustee will seek to avoid investing in a way that is likely to be strongly opposed by those individuals, the Trustee does not directly take such views into account when determining the Scheme's investment strategy.

The Trustee believes that its duty to members and beneficiaries will be best served by ensuring that all benefits can be paid as they fall due and the Trustee's Investment Objectives are designed to ensure this duty is achieved.

3. Investment Beliefs

The investment beliefs stated below have been developed by the Trustee and are reflected in the Scheme's investment strategy.

Risk versus Reward

Targeting higher levels of investment return increases investment risk which increases the volatility of the funding position.

Asset Allocation

Long-term performance of the Scheme's assets is attributable primarily to the strategic asset allocation rather than the choice of investment managers.

Diversification

Asset diversification helps to reduce risk.

Use of Pooled Funds

Taking into account the size of the Scheme's assets, it is expected that pooled funds will typically be a more practical way of implementing the Scheme's investment strategy than establishing segregated mandates with investment managers.

Use of Active Management

Active management has the potential to add value either through offering the prospect of enhanced returns or through the control of volatility. In addition, it is recognised that active management may help to mitigate the financial impact of ESG risks.

For each asset class, the Trustee will consider whether the higher fees associated with active management are justified.

4. Investment Objectives – DB section

Defined Benefit Assets

The Trustee's primary investment objectives are:

- to ensure that the assets are sufficient and available to pay members' benefits as and when they fall due,
- to generate an appropriate level of investment returns – to improve the funding position and thereby improve security for members, and
- to protect the funding position – limiting the scope for adverse investment experience reducing security for members.

The Trustee's investment approach is designed to strike a balance between the above primary objectives but also considers:

- the nature and timing of benefit payments,
- expected levels of investment return on different asset classes,
- expected levels of investment return variability and, specifically, the expected level of short-term volatility of the funding position,
- the sponsoring employer's ability to withstand additional contribution requirements that may arise from volatility in the funding position; and
- the full range of available investments (within the bounds of practicality).

5. Investment Objectives – DC section

Members' Investment Requirements

In determining their investment objectives, the Trustee considers the investment requirements of the membership.

It is expected that the investment strategy for an individual member is likely to change over time:

- For younger members the investment priority is likely to be to achieve long-term investment growth.
- As retirement approaches, members are likely to look to reduce investment risk. The way such risk can be controlled will vary depending on whether the member intends to take benefits as an annuity, as cash or via an income drawdown product.

Whilst some members might set their own investment strategy and adjust this themselves over time, others might prefer a lifestyle strategy under which the asset allocation is automatically adjusted as retirement approaches.

Investment Objectives

The Trustee sets an investment strategy that reflects the following primary investment objectives:

- **Offering an appropriate range of investment options** – The range of funds that is offered is intended to offer sufficient investment flexibility for members of all ages.
- **Offering suitable lifestyle strategies** – The Trustee considers the likely form of benefits that will be paid to members and determine the lifestyle strategies accordingly.
- **Offering a default investment option** – The Trustee sets a default investment option which will be used by those members who do not select their own investment strategy.

The range of funds selected by the Trustee, along with information on the lifestyle strategies and default option are detailed in Appendix 3.

6. Use of Investment Managers

Investment Manager Selection – DB section

When selecting an investment manager, the Trustee will:

- ensure that the investment manager has the appropriate knowledge and experience,
- ensure that the investment manager's mandate is appropriate,
- consider the investment manager's approach to ESG matters.

Where pooled investment vehicles are used, it is recognised that the mandate cannot be tailored to the Trustee's particular requirements. However, the Trustee ensures that any pooled investment vehicles used are appropriate to the circumstances of the Scheme.

The Trustee will normally select investment managers who are signatories to the UNPRI and who publish the results of their annual UNPRI assessment. This principle may be waived if a fund offered by a non-signatory manager is deemed to have investment characteristics which are particularly important for meeting the Trustee's investment objectives.

Investment Manager Selection – DC section

The investments are made in pooled investment vehicles and it is recognised that the mandates of these vehicles cannot be tailored to the Trustee's particular requirements. However, the Trustee ensures that the pooled investment vehicles are appropriate to the circumstances of the Scheme and that the chosen vehicles will enable the Trustee to achieve their investment objectives.

Details of the investment manager mandates are provided in Appendix 3.

Manager Implementation

Assets are invested predominantly on regulated markets, as so defined in legislation. Any investments that do not trade on regulated markets are kept to a prudent level.

Use of Derivatives

The investment managers are permitted to use derivative instruments to reduce risk (for example to mitigate the impact of a potential fall in markets) or for efficient portfolio management. Risk reduction would include the implementation of currency hedging whilst efficient portfolio management would include using derivatives as a cost-effective way of gaining access to a market or as a method for generating capital and/or income with an acceptable level of risk.

Leverage

The instruments used by the investment managers of the Liability Matching Assets may result in the Liability Matching Assets being leveraged. Since these assets are closely aligned to the liabilities, the allocation to Liability Matching Assets (and any associated leverage) reduces the volatility of the Scheme's funding position and therefore reduces risk.

Stewardship

The Trustee recognises that the membership might wish the Trustee to engage with the underlying companies in which the Scheme invests with the objective of improving corporate behaviour to benefit the environment and society. However, the Trustee invests in pooled investment vehicles and accepts that ongoing engagement with the underlying companies (including the exercise of voting rights) will be determined by the investment managers' own policies.

The Trustee recognises that the investment managers' engagement policies are likely to be focussed on maximising financial returns and minimising financial risks rather than targeting an environmental or societal benefit.

7. Risk Mitigation

Identification, measurement and management of risk form an integral part of the process adopted by the Trustee to determine the strategic asset allocation. The principal investment risks are listed in the Trustee's *Investment Risk Policy*. That Policy also provides an explanation of how the investment risks are managed.

Risk Capacity and Risk Appetite

In determining a suitable investment strategy, the Trustee considers how the volatility of the funding position is likely to be affected by changes to the asset allocation. An important consideration for the Trustee is whether a potential investment strategy is consistent with ability of the sponsoring employer to address any future increase in deficit that may arise due to market movements.

Self-Investment Risk (DB section only)

Legislation imposes a restriction that no more than 5% of a pension scheme's assets may be related to the sponsoring employer. The Trustee does not hold any direct employer-related assets and any indirect exposure is expected to be less than 5% of total assets.

ESG Risks

Since the Trustee invests in pooled investment vehicles, it is accepted that the extent to which ESG factors will be used in the selection of suitable underlying investments will be determined by the investment managers' own policies on such matters.

Liquidity Risk

The majority of the Scheme's investments will be liquid and will be realisable for cash at relatively short notice without incurring high costs. However, the Trustee recognises that the liabilities are long-term in nature and that a modest allocation to less-liquid investments may be appropriate.

Details of the liquidity characteristics of the funds held are provided in Appendix 2.

8. Monitoring

The Trustee regularly reviews the Scheme's investments to ensure that the assets continue to be managed in accordance with each manager's mandate and that the choice of managers remains appropriate.

Furthermore, the Trustee regularly monitors the position of the investment managers with regards to ESG matters.

To assist with the monitoring of the investment managers, the Trustee receives regular information from its investment adviser providing details of investment manager performance and asset allocation decisions. This analysis includes comparisons with benchmarks and relevant peer-group data.

The analysis assesses whether performance has been in line with expectations given market conditions and whether the level of risk has been as expected.

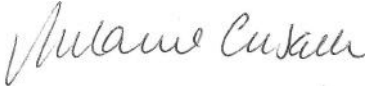
The investment adviser also provides regular updates on the investment managers' actions regarding ESG factors and shareholder engagement.

The investment adviser regularly meets with the managers of pooled funds on its approved list.

9. Future Amendments

This statement will be reviewed at least every three years and without delay after any significant change in circumstances or investment strategy.

The Trustee has consulted with the sponsoring employer as part of the work preparing this statement.



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Date: 26 September 2019

For and on behalf of the Trustee of the RFIB Group Pension Scheme.

Appendix 1: The Trustee's Investment Strategy – DB Section

Strategic Asset Allocation

In determining the strategic asset allocation, the Trustee views the investments as falling into two broad categories:

1. **Growth Assets** – Assets that are expected to deliver long-term returns in excess of liability growth. The use of Growth Assets is expected to deliver a level of investment returns deemed appropriate by the Trustee given the risk involved.
2. **Liability Matching Assets** – Assets that are expected to react to changes in market conditions in a similar way to the liabilities. The use of Liability Matching Assets is expected to protect the funding position of the Scheme.

At the time of preparing this statement, the split of the Scheme's assets between Growth and Liability Matching Assets was 56% Growth and 44% Liability Matching. This split is not regularly rebalanced and will vary over time as market conditions change.

The Trustee will review the strategic asset allocation periodically, and at least every three years, to ensure that the investment strategy remains consistent with the Trustee's funding objectives. As part of such a review, the Trustee will consider the risks associated with the investment strategy.

Investment Strategy Implementation

The Trustee has selected funds managed by Baillie Gifford, LGIM, Newton and Schroder to manage the assets of the DB Section of the Scheme. The investments are made via the LGIM platform except of a proportion of the Newton Fund. Further details of the investment strategy and the funds used are provided below.

Design of the Growth Asset Portfolio

The structure of the Scheme's Growth Assets has been designed to offer diversification across a range of underlying asset classes and to achieve this by combining investment managers with different asset management styles.

The strategic allocation for the Scheme's Growth Assets is as follows:

Pooled Fund	Allocation as at 30 April 2019
Baillie Gifford Diversified Growth Fund	43.7%
Schroder Life Diversified Growth Fund	16.0%
LGIM Diversified Fund	15.7%
Total Growth Assets	100%

The allocation shown above is not automatically rebalanced but will be monitored and rebalanced at the discretion of the Trustee.

Appendix 1: The Trustee's Investment Strategy (continued)

Design of the Liability Matching Portfolio

The Scheme's Liability Matching Assets are invested in leveraged LDI funds managed by LGIM. The LGIM funds used are:

- LGIM Matching Core Fixed Long Fund
- LGIM Matching Core Real Long Fund
- Newton Global Dynamic Bond Fund

LDI Leverage Management Policy

In an environment of rising yields, a recapitalisation payment may need to be paid into one or more of the LGIM LDI funds. This will ensure that leverage within the LDI funds remains within a permissible range.

If the leverage of an LGIM LDI fund falls below a minimum threshold, LGIM will make a cash payment from the relevant fund to raise the leverage. The Trustee decides how such payments shall be invested. The Trustee has provided LGIM with authority to invest any such cash proceeds in the Newton Global Dynamic Fund.

If the leverage of an LGIM LDI fund breaches the upper threshold, LGIM will require a recapitalisation to lower the leverage of the relevant fund. The Trustee decides where such payments should be taken from. The Trustee has provided LGIM with authority to use the Newton Global Dynamic Fund to recapitalise any LDI funds.

Cashflow Management Policy

Any investments or disinvestments will be made at the discretion of the Trustee, but the Trustee will maintain a *Cashflow Policy Document* which will record how future investments or disinvestments should be structured.

To ensure the Scheme operates efficiently, the *Cashflow Policy Document* will be shared with the Scheme's administrators who will be instructed to act in accordance with the document. The Cashflow Policy Document will be reviewed from time-to-time by the Trustee. The sponsoring employer is satisfied that the Cashflow Policy Document can be amended by the Trustee without consulting the sponsoring employer.

Appendix 2: Fund Details – DB Section

This Appendix provides a summary of the funds selected by the Trustee's to implement the Scheme's investment strategy. The details provided below were correct as at July 2019.

The following points should be noted:

- AMC – the Annual Management Charge applicable to each fund represents the fee payable to the fund manager.
- Additional expenses – these are third party costs associated with the operation of a fund such as fees paid to the administrator, the custodian and the auditor and the costs associated with the use of third-party funds where these are used. The level of the additional expenses may vary over time.
- Legal Structure – an explanation of the different types of fund legal structures is provided in the Trustee's *Investment Risk Policy* document.

Newton Global Dynamic Bond Fund		
Objective	Newton Global Dynamic Bond Fund aims to maximise the total return from income and capital growth from a global diversified portfolio of predominantly higher yielding corporate and government fixed interest securities. The Fund is managed to seek a minimum return of cash (1-month GBP Libor) +2% pa over 5 years before fees. In so doing they aim to achieve a positive return on a rolling 3-year basis.	
Legal Structure	Open-Ended Investment Company	
Trading Frequency	Daily	
Fee	Direct	AMC: 0.40% per annum
		Additional Expenses (approx.): 0.06% per annum
	Via the LGIM platform	AMC: 0.43% per annum
		Additional Expenses (approx.): 0.06% per annum

Appendix 2: Fund Details (continued)

Baillie Gifford Diversified Growth Fund	
Objective	The Baillie Gifford Diversified Growth Fund invests in a variety of asset classes with the aim of achieving long-term capital growth at a level of risk lower than investment in equities. The fund's objective is to outperform the UK base rate by at least 3.5% p.a. (net of fees) over rolling five-year periods with an annualised volatility of less than 10%.
Legal Structure	Open-Ended Investment Company
Trading Frequency	Daily
Fee	AMC (Via the LGIM platform): 0.55% per annum
	Additional Expenses (approx.): 0.17% per annum

Schroder Life Diversified Growth Fund	
Objective	The Schroder Life Diversified Growth Fund can invest in a broad array of asset classes and aims to generate a return of CPI +5% per annum over a five to seven-year period. It also expects to have a volatility less than two thirds of global equities.
Legal Structure	Unit-linked insurance policy
Trading Frequency	Daily
Fee	AMC (Via the LGIM platform): 0.65% per annum
	Additional Expenses (approx.): 0.08% per annum

Appendix 2: Fund Details (continued)

LGIM Diversified Fund	
Objective	To provide long-term investment growth through exposure to a diversified range of asset classes. The long-term rate of return is expected to be broadly similar to that of a developed market equity fund.
Legal Structure	Unit-linked insurance policy
Trading Frequency	Weekly
Fee	AMC (Via the LGIM platform): 0.30% per annum
	Additional Expenses (approx.): 0.01% per annum

LGIM Matching Core Funds	
Objective	To provide liability hedging based on the liability cashflows of a typical UK pension scheme.
Legal Structure	Unit-linked insurance policy
Trading Frequency	Weekly
Fee	AMC (Via the LGIM platform): 0.24% per annum
	Additional Expenses (approx.): 0.05% per annum

Appendix 3: The Trustee's Investment Strategy – DC Section

Fund Manager

The Trustee has appointed Legal & General Investment Management (LGIM) and Threadneedle Investment Management (TIM) to manage the assets of the DC Section.

The mandate the Trustee has given to LGIM and TIM reflects the principles and policies as set out in the main body of this Statement.

Fund available to members

The Trustee has made the following funds available for members to invest in. Members can choose to invest in the funds in any proportion.

Pooled investment fund	Annual Management Charge
LGIM Multi-Asset Fund	0.250%
LGIM Over 15 Year Gilts Index Fund	0.100%
LGIM UK Equity Index Fund	0.100%
LGIM Cash Fund	0.125%
LGIM (70:30) Global Equity Index Fund	0.160%
Threadneedle Balanced Pathway Fund	0.540%
Threadneedle Global Select Fund	0.420%
Threadneedle UK Equity Fund	0.600%
Threadneedle Pooled Pensions Property Fund	0.750%

Default Investment Strategy

Unless a member chooses otherwise, their pension pot will be invested in the LGIM Multi-Asset Fund.

The objective of the LGIM Multi-Asset Fund is set-out below.

The aim of the Multi-Asset Fund is to provide long-term investment growth through exposure to a diversified range of asset classes, excluding physical property. The assets of the Fund may be held directly or indirectly via units of other PF Section MPAA (Multi-Asset Fund) deemed by PMC to be relevant to the objective of the Fund.

The Trustee believes the fund to be fit for purpose i.e. based on the expected needs of the membership, and periodically review its suitability.

RFIB Group Pension Scheme

Addendum to the Statement of Investment Principles

Original Statement dated: August 2019

Date of Addendum: August 2020

Purpose of the Addendum

This Addendum is made in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and it updates the Statement of Investment Principles to record how the Scheme complies with the EU Shareholder Rights Directive (SRD II) which comes into effect on 1 October 2020.

Glossary Update

ESG – Environmental, Social and Governance (including, but not limited to, climate change)

In the relevant regulations “**non-financial matters**” refers to the views of the members. This includes, but is not limited to, ethical views, views on ESG factors and views on the present and future quality of life for the members.

“**Financially material considerations**” includes (but is not limited to) ESG considerations (including but not limited to climate change), which the trustees of the trust scheme consider financially material.

“**Appropriate time horizon**” means the length of time that the trustees of a trust scheme consider is needed for the funding of future benefits by the investments of the scheme.

Investment Manager Arrangements

The Trustees believe that financially material considerations, including ESG factors and the risks related to such factors, can contribute to the identification of both investment opportunities and financially material risks. Consequently, financially material considerations can have a material impact on investment risk and return outcomes.

As the Scheme's assets are held in pooled funds, the Trustees have limited influence over the investment managers' investment decisions. In practice, investment managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/ equity issuers, engagement and portfolio turnover.

It is therefore the Trustees' responsibility to ensure that the approaches adopted by investment managers are consistent with the Trustees' policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies.

The Trustees expect investment managers, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/ equity issuers, and to engage with issuers to improve their performance. The Trustees assess this when selecting and monitoring managers.

When selecting investment managers, the Trustees may also take into account non-financially material considerations such as the investment manager's administrative capabilities and the liquidity of the investments.

The Trustees' policy on selecting, monitoring, evaluating and (where necessary) terminating these arrangements is set out in further detail below.

Investment Manager Arrangements (continued)

Compatibility of Pooled Funds with the Trustees' Investment Strategy

When selecting a pooled fund, the Trustees consider various factors, including:

- the assets that will be held within that fund and whether the asset allocation of the fund is expected to change over time;
- the risks associated with the fund along with the return that is expected;
- the fund's objective (as stated by the fund's investment manager) and whether the objective is consistent with the performance that the Trustees expect from that fund;
- the fund's fee structure to ensure that this is reasonable and that it does not provide an incentive for the investment manager to manage the fund in a way that differs from the expectations of the Trustees;
- how frequently underlying investments within the fund are expected to be traded by the investment manager;
- how financially material considerations (including ESG factors) over the appropriate time horizon are taken into account by the investment manager;
- the investment manager's policy in relation to the exercise of the rights (including voting rights) attaching to the investments held within the pooled fund; and
- the investment manager's policy in relation to undertaking engagement activities in respect of the investments held within the pooled fund*.

**This includes engaging with an issuer of debt or equity regarding matters including (but not limited to) performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, and ESG matters. It also includes engaging on these matters with other investment managers, other holders of debt or equity and persons or groups of persons who have an interest in the issuer of debt or equity.*

After analysing the above characteristics for a fund, the Trustees identify how that fund would fit within their overall investment strategy for the Scheme and how the fund is expected to help the Trustees meet their investment objectives.

Investment Manager Arrangements (continued)

Duration of Investment Manager Arrangements

The Trustees normally expect that pooled funds will be held for several years.

However, as part of the periodic strategic asset allocation reviews (which take place at least every three years), the Trustees will review whether the ongoing use of each fund remains consistent with their investment strategy.

The Trustees regularly monitor the financial and non-financial performance of the pooled funds held and details of this monitoring process is set out below. If the Trustees become concerned about the ongoing suitability of a pooled fund, they may reduce exposure to it or disinvest entirely. Such action is expected to be infrequent.

Monitoring Pooled Funds

The Trustees regularly assess the performance of each fund held and this monitoring includes an assessment of whether the investment manager continues to operate the fund in a manner that is consistent with the factors used by the Trustees to select the fund (as listed above).

When assessing the performance of a fund, the Trustees do not usually place too much emphasis on short-term performance although they will seek to ensure that reasons for short-term performance (whether favourable or unfavourable) are understood.

The Trustees expect the investment managers of pooled funds to invest for the medium to long term and they expect investment managers to engage with issuers of debt or equity with a view to improving performance over this time frame.

If it is identified that a fund is not being operated in a manner consistent with the factors used by the Trustees to select the fund, or that the investment manager is not engaging with issuers of debt or equity, the Trustees may look to replace that fund. However, in the first instance, the Trustees would normally expect their investment adviser to raise the Trustees' concerns with the investment manager. Thereafter, the Trustees, in conjunction with their investment adviser, would monitor the performance of the fund to assess whether the situation improves.

Investment Manager Arrangements (continued)

Portfolio Turnover

The Trustees are aware of the requirement to monitor portfolio turnover costs (the costs incurred as a result of the buying, selling, lending or borrowing of investments).

When selecting a pooled fund, the Trustees will consider how the investment manager defines and measures:

- the targeted portfolio turnover (the frequency within which the assets of the fund are expected to be bought or sold); and
- turnover range (the minimum and maximum frequency within which the assets of the fund are expected to be bought or sold).

At least annually, the Trustees, in conjunction with their investment adviser, will consider the transaction costs incurred on each pooled fund. As part of this analysis, the Trustees will consider whether the incurred turnover costs have been in line with expectations.

The Trustees will take the above information on portfolio turnover into account when assessing the ongoing suitability of each pooled fund.

Stewardship

The Trustees' policy in relation to the exercise of rights attaching to investments, and undertaking engagement activities in respect of investments, is that they wish to encourage best practice in terms of stewardship.

However, the Trustees invest in pooled investment vehicles and therefore accept that ongoing engagement with the underlying companies (including the exercise of voting rights) will be determined by the investment managers' own policies on such matters. For that reason, the Trustees recognise that their ability to directly influence the action of companies is limited.

Nevertheless, the Trustees expect that each investment manager will discharge its responsibilities in respect of investee companies in accordance with that investment manager's own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

The Trustees also expect that each investment manager will take ESG factors into account when exercising the rights attaching to investments and in taking decisions relating to the selection, retention and realisation of investments.

When considering the suitability of an investment manager, the Trustees (in conjunction with their investment adviser) will take account of any particular characteristics of that manager's engagement policy that are deemed to be financially material.

Investment Manager Arrangements (continued)

Investment Beliefs (additional wording)

Appropriate Time Horizon

In determining investment objectives and a suitable investment strategy for the Scheme, the Trustees take into account an appropriate time horizon.

ESG and Other Financially Material Considerations

The Trustees believe that financially material considerations, including ESG factors and the risks related to such factors, can contribute to the identification of both investment opportunities and financially material risks. Consequently, financially material considerations can have a material impact on investment risk and return outcomes.

The Trustees also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

Assessment of how ESG risks are mitigated will be one of the factors considered by the Trustees when selecting and monitoring investment managers.

Stewardship

The Trustees believe that good stewardship can help create, and preserve, value for companies and markets as a whole.

Investment Strategy (additional wording)

The Trustees have taken advice from their investment adviser to construct a portfolio of investments consistent with their objectives. In doing so, consideration is given to all matters which are believed to be financially material over the appropriate time horizon.

The Trustees do not take account of non-financial matters when determining the Scheme's investment strategy.

Approved by the Trustee of the RFIB Group Pension Scheme on 25 September 2020.