The Montague L Meyer Pension Fund –

DC Section

Statement of Investment Principles

November 2019

CONTENTS

1. INTRODUCTION

1.1 This document outlines the statement of investment principles ("SIP") that governs the investment policy of the Trustee in relation to the defined contribution section of The Montague L Meyer Pension Fund ("the Scheme"). The Scheme also has a defined benefit section, and a separate Statement of Investment Principles exists for that section.

1.2 This document has been prepared in order to comply with the requirements of the Legislation, in particular:

- Section 35 of the Pensions Act 1995
- The Occupational Pension Schemes (Investment) Regulations 2005.
- The Occupational Pension Schemes (Investment) (Amendment) Regulations 2010.
- The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018

1.3 Sections 1-4 of this Statement of Investment Principles apply to both the Scheme as a whole and to the default investment strategy for the Scheme. Additional features of the default strategy in isolation are described in Section 5 of this document.

1.4 In preparing this Statement the Trustee has taken appropriate written advice from Andrew Allsopp FIA, of Quattro Pensions, an Exempt Professional Firm authorised and Regulated by the Institute and Faculty of Actuaries in respect of a range of regulated investment business. The Trustee has also consulted with the sponsoring employer. The advice and consultation process considered the suitability of the Trustee's investment policy for the Scheme.

1.5 The Scheme is a Registered Pension Scheme for the purposes of the Finance Act 2004. There is no employer-related investment, and none is intended. The employer intends to remit all relevant contributions to the Trustee within the relevant timescales.

1.6 The Trustee will set general investment policy but will delegate responsibility for the selection of specific investments to an appointed investment manager or managers, which may include an insurance company or companies. The Trustee will ensure that any person to whom such responsibility is delegated is authorised under the Financial Services and Markets Act 2000. A copy of this Statement will be provided to the investment manager appointed.

1.7 The Trustee will review this document every three years, or sooner if the Trustee considers a review is necessary for other reasons. A copy of this Statement is available for inspection by Scheme members.

2. DIVISION OF RESPONSIBILITIES

2.1 The Trustee's responsibilities include, but are not limited to the following tasks:

- Reviewing the content of this document and amending if necessary, in consultation with the employer and taking advice from appropriately qualified individuals.

- Reviewing the investment policy from time to time.

- Appointment of investment managers.

- Assessing the quality of performance of investment managers.

- Ensuring the compliance of the investment arrangements with the principles outlined in this document.

2.2 The Investment Managers' responsibilities include:

- To use their discretion to invest the assets of the Scheme as they deem appropriate, but always within the guidelines contained in this document and in accordance with fund choices made by members.

- To provide the Trustee with regular statements describing the investment performance of funds under their management, as well as comparable figures from benchmark indices.

2.3 The Scheme Administrator's responsibilities include:

- Advising the Trustee of the cash required to meet benefit payments as and when they fall due.

- Payment of benefits and transfer values.

- Communication of investment options to members.

- Ensuring that life-styling occurs in line with the option selected by the member.

- Ensuring that members' selected investment options are implemented.

- ensuring that contributions are invested properly and promptly.

- ensuring that switches are actioned promptly.

3. INVESTMENT POLICIES

Objectives

3.1 The Trustee's investment objectives are as follows:

- To provide a range of funds which broadly satisfies the differing risk profiles of all members.

- To provide a suitable default investment option for members who do not select their own funds, designed to be appropriate for what the Trustees believe to be a typical scheme member.

- To operate a range of life-styling options to cater for members' different needs and timescales.

3.2 Additional objectives apply to the default arrangement specifically, as described in Section 5.

3.3 The Trustee has delegated to the investment managers the discretion over the day to day management of their funds, including short-term asset allocation and stock selection within each fund.

Risk identification and mitigation

3.4 The Trustee recognises that, in a defined contribution arrangement, members assume the investment risks. The Trustee further recognises that members are exposed to different types of risk at different stages of their working lifetimes. The Trustee will therefore choose a range of investment funds and provide a range of investment options to cater for the different risk tolerance of different members. Investment risks include:

- Inflation risk – the risk that investments do not provide a return at least in line with inflation, so that the purchasing power of the ultimate fund available to provide benefits is not maintained at retirement.

- Opportunity cost risk - the cost of investing too conservatively for long-term growth.

- Capital risk – the risk that the monetary value of a member's account falls.

- Pension conversion risk – the risk that the value of a member's account does not reflect the change in the cost of purchasing an annuity at retirement where members wish to secure pension in that way.

- Manager risk – the risk that the chosen investment manager underperforms its benchmark.

Suitability

3.5 The Trustee has taken advice from Quattro Pensions in relation to the suitability of the investment policy given the liability profile of the Scheme.

Liquidity

3.6 The Trustee will monitor the cash flow requirements of the Scheme regularly. The Trustee's policy is to ensure that the assets invested are sufficiently realisable to enable the Trustee to meet their obligations to provide benefits as they fall due.

Custody Risk (actions by the custodian)

3.7 Investment in pooled funds gives the Trustee a right to the cash value of the units rather than to the underlying assets. The managers of the pooled fund are responsible for the appointment and monitoring of the custodian of the fund's assets.

Financially material considerations (including ESG)

3.8 The Trustee believes that good stewardship and environmental, social and governance ("ESG") issues may have a material financial impact on investment returns.

3.9 The Trustee has given each individual fund manager their full discretion when evaluating ESG issues and in exercising rights, engagement activities[1], and stewardship obligations attached to the Scheme's investments. However, the extent to which these factors are taken into account by the fund managers in the selection, retention and realisation of investments is considered by the Trustee as part of the process of selecting organisations with which to invest. The Trustee reserves the right to request from the manager information regarding their actions.

3.10 The Trustee has taken into consideration the Financial Reporting Council's UK Stewardship Code, and the investment managers all have stated corporate governance policies which comply with these principles.

3.11 The Trustee does not take any non-financial[2] matters into account in the selection, retention and realisation of investments.

[1] Under the Legislation "Engagement activities" include the methods by which, and the circumstances under which, trustees would monitor and engage with relevant persons about relevant matters. "Relevant matters" includes (but is not limited to) matters concerning an issuer of debt or equity, including their performance, strategy, risks, social and environmental impact and corporate governance. "Relevant persons" includes (but is not limited to) an issuer of debt or equity, an investment manager or another holder of debt or equity.

[2] Under the Legislation, "non-financial matters" means the views of the members and beneficiaries including (but not limited to) their ethical views and their views in relation to social and environmental impact and present and future quality of life of the members and beneficiaries of the trust scheme

Delegation of Voting Rights

3.12 Similarly, the Scheme's voting rights are exercised by each fund manager in accordance with their own corporate governance policies, and taking account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code. The Trustee reserves the right to request from the manager information regarding their voting record.

Manager Monitoring

3.13 The Trustee will assess the performance of the investment managers and review their appointments regularly, and at least once every three years. When reviewing the investment managers, the Trustee may consider the following:

- Performance relative to any relevant benchmark and objectives
- The management fees levied
- The alignment of the manager’s strategy with the Trustee’s policies
- The level of transaction costs incurred
- How financially material considerations are taken into account by the manager
- The manager’s voting record
- Any other factors which the Trustee deem relevant

4. MEMBER INVESTMENT OPTIONS

4.1 Members can choose one of the five options detailed below. Each of the funds referred to is managed by Legal and General Investment Managers (L&G).

Option A – 10 Year Lifestyling

The pension account will be invested 75% in the Global Equity (50:50) Index Fund and 25% in the Corporate Bonds Fund until age 55. In the 10 years before retirement investments are gradually switched so that by age 65 the pension account is invested 25% in the Cash fund and 75% in the Corporate Bonds Fund

Option B – 5 Year Lifestyling

The pension account will be invested 100% in the Global Equity (50:50) Index Fund until age 60. In the 5 years before retirement investments are gradually switched so that by age 65 the pension account is invested 25% in the Cash fund and 75% in the Corporate Bonds Fund.

Option C – Self Select Option

A member can choose his / her own asset allocation from the following funds:

- Global Equity Fund (50:50)
- Corporate Bonds Fund
- Cash Fund
- Global Equity Fund (70:30)
- Over 15 Year Gilts Fund
- UK Equity Index Fund
- Over 5-year index-linked gilt fund
- Diversified Fund

Option D – 15 Year Lifestyling

The pension account will be invested 100% in the Global Equity (70:30) Index Fund until age 50. In the 15 years before retirement investments are gradually switched so that by age 65 the pension account is invested 25% in the Cash fund and 75% in the Over 15 Year Gilts Index Fund.

Option G – Target cash at retirement (Default)

The pension account will be invested 75% in the Global Equity (50:50) Index Fund and 25% in the L&G Diversified Growth Fund until age 55. In the 10 years before retirement investments are gradually switched so that by age 65 the pension account is invested 100% in the Cash fund.

4.2 The funds available within each of these options are as follows:

L&G Global Equity 50:50
The Fund provides access to the UK and overseas equity markets via index funds and aims to capture global equity market returns. It is invested 50% in UK equities, and 50% in overseas equities. The 50% invested in overseas equity markets is divided 17.5% in Europe (excluding UK), 17.5% in North America, 8.75% in Japan and 6.25% in the Pacific Basin region (excluding Japan). The Fund is likely to be of interest to members who are willing to take a higher degree of risk with their investments in pursuit of better performance, and have medium to long-term investment horizons.

L&G Bonds AAA-AA-A
The Fund aims to capture the returns available on high-quality corporate bonds, primarily sterling-denominated AAA, AA and A rated corporate bonds paying a fixed rate of interest. Bonds offer greater security than equities because their price tends to be less volatile. However, although bond prices are expected to be less volatile than equities their capital value is linked to interest rates and will fall when interest rates are rising and rise when interest rates fall. Corporate bonds also carry some additional investment risk due to the possibility of the issuer of the bond defaulting on the loan or other factors, such as higher than expected inflation eroding the value of the bond, corporate events and market perception. Generally, this type of investment would be considered medium risk, but reduced risk means a lower return and bond returns have historically been lower than equity returns over the long-term, although this is not necessarily always the case and there have been some time periods where bonds have outperformed equities.

L&G Cash
The Fund aims to deliver competitive rates of return by investing in cash deposits and other short-term investments. It is likely to be of specific interest to investors who want to provide for a cash sum on their pension date. Unlike equities the capital value is not affected by changes in stock market levels. The Cash Fund therefore provides protection against stock market falls but sacrifices the potential for long-term growth from equity type investments. Periods of high inflation can erode the value of the funds held.

L&G Global Equity 70:30
The Fund provides access to the UK and overseas equity markets via index funds, and aims to capture global equity market returns. It is broadly invested 70% in UK equities and 30% in overseas equities with the overseas regional weightings reflecting the way the average UK pension scheme invests. The Fund is likely to be of interest to members who are willing to take a higher degree of risk with their investments in pursuit of better performance, and have medium to long-term investment horizons.

L&G 15 Year Gilts

The Fund is invested wholly or predominantly in UK Government fixed interest securities. The objective of the Fund is to hold a portfolio of securities designed to match the return of the FTSE Actuaries UK Conventional Gilts (Over 15 Year) Index within a specified tolerance. Although gilt prices are expected to be less volatile than equities their capital value is linked to interest rates and will fall when interest rates are rising and rise when interest rates fall. Generally, this type of investment would be considered low risk, but reduced risk usually means a lower expected return and gilt returns have historically been lower than equity returns over the long-term, although this is not necessarily always the case and there have been some time periods where gilts have outperformed equities. Investors should also be aware of the risk that higher than expected inflation could erode the value of investing in a fixed interest product. Investing in this fund would offer some protection against changes in annuity prices as you approach your pension date, as annuity prices are generally linked to gilt prices.

L&G UK Equity Index Fund

The Fund is invested wholly or predominantly in ordinary shares that are constituents of the FTSE All-Share Index. The objective of the Fund is to hold a portfolio of securities designed to match the return of the index within a specified tolerance. The Fund is likely to be of interest to members who are willing to take a higher degree of risk with their investments in pursuit of better performance, and have medium to long-term investment horizons.

L&G Over 5 Year Index Linked Gilts

The Fund is invested wholly or predominantly in UK Government index-linked securities. The objective of the Fund is to hold a portfolio of securities designed to match the return of the FTSE Actuaries UK Gilts Index-Linked (Over 5 Year) Index within a specified tolerance. Although gilt prices are expected to be less volatile than equities their capital value is linked to interest rates and expectations of future inflation. Generally, this type of investment would be considered low risk, but reduced risk usually means a lower expected return and gilt returns have historically been lower than equity returns over the long-term, although this is not necessarily always the case and there have been some time periods where gilts have outperformed equities. Investing in this fund would offer some protection against changes in annuity prices as you approach your pension date, as annuity prices are generally linked to gilt prices. This fund would also provide protection against rising inflation.

L&G Diversified Growth Fund

The Fund will hold between 20 - 50% in bonds, and the remaining 50-80% will be held in a range of assets which may include equities, property, commodities and shares of infrastructure, private equity and global real estate companies. Exposure to each asset class will primarily be through investing in passively managed funds, although active management may be used for some asset classes where LGIM believes there is an advantage in doing so. The investment objective of the Fund is to provide long-term investment growth through exposure to a diversified range of asset classes. The diversified nature of the Fund means that it is expected to have less exposure than a pure equity fund to adverse equity market conditions, and is therefore expected to have lower volatility than a pure equity fund. However, the Fund may perform less strongly than a pure equity fund in benign or positive market conditions.

4.3 The annual management charge of each of the funds above is as follows:

Fund	Annual Management Charge
Global Equity (50:50)	0.165%
Corporate Bonds	0.15%
Cash	0.125%
Global Equity (70:30)	0.16%
Over 15 Year Gilts	0.10%
UK Equity Index Fund	0.10%
Index linked Gilt Fund	0.10%
Diversified Growth Fund	0.30%

5. DEFAULT ARRANGEMENTS

5.1 A member who does not choose their own investment strategy will have their money invested and managed in line with the Scheme's default investment strategy, referred to above as "Option G – Target cash at retirement". The objectives and policies described in Sections 1-4 above apply to the default strategy, except as amended or expanded on below.

5.2 Option G was adopted by the Trustee as the default investment strategy in 2019. Historically, Option A and Option D have both been used as the default strategy at different times. Upon adopting Option G only members who had not previously selected any of the existing options and did not elect to retain on their existing strategy were transferred to the new default strategy.

5.3 The specific objective of the default strategy is to cater for the needs of an individual who wishes to take the entirety of their fund as cash at retirement. In selecting this objective, the Trustee has considered the following factors:

5.3.1 The purpose of the Scheme since its inception has historically been to provide retirement income for its members. At the point in time at which Scheme members signed up to the Scheme the most commonly accepted way to provide retirement income from a defined contribution pension pot was to purchase an annuity.

5.3.2 However, since new Legislation was introduced on 6 April 2005 allowing Scheme members the opportunity to receive all of their pension savings as cash, the majority of retiring members have taken the entirety of their fund as cash.

5.3.3 The Trustee has therefore selected a default strategy which aims to maximise the cash available to members at retirement whilst using diversification and lifestyling to reduce the risks of poor investment returns.

5.3.4 The Trustee has adequately catered for the needs of members who do not wish to take the entirety of their fund as cash at retirement, such as members who wish to purchase an annuity, by providing a range of alternative options, as described in Section 4 of this Statement.

5.4 The Scheme's Normal Retirement Age has always been age 65, and annual statements for members have always been issued showing a plan for retirement at age 65 (unless the member requests otherwise). Members have received clear and regular statements alerting them to the option to amend this plan, and therefore, where a member has not selected any different retirement age, the Trustee believes it is appropriate for the default strategy to plan for members to retire at age 65.

5.5 The Trustee believes that in order to achieve its objective the default investment strategy needs to target investment growth, to provide a good level of benefits, whilst managing volatility near to retirement.

5.6 The Trustee's policy for achieving investment growth is that the default strategy will, for members more than 10 years from their assumed retirement age, be invested primarily (75%) in UK and global equities, with 25% invested in a diversified growth fund to provide some diversification to limit the risk of investment in equities.

5.7 To limit the volatility just before retirement the default strategy will automatically and gradually switch the investment strategy to 100% cash over the ten years prior to retirement.

5.8 The Trustee believes that the default strategy is in the best interests of the majority of members who, experience has shown, take the entirety of their pension fund as cash at retirement. The Trustee further believes that members who have different interests have sufficient alternative options available to them to satisfy any other such requirements. The Trustee will issue annual statements that make it clear how money is being managed on a member's behalf, with a clear statement of the alternative options available, so that the Trustee can reasonably expect that members who do not choose their own investment strategy must have their best interests fairly represented by the default.

This statement has been agreed by the Trustee on 25 November 2019.

Signed on behalf of the Trustee by

Name: Kim Nash Signature: KNash

APPENDIX A

23 August 2019

The Trustee of the Montague L Meyer Pension Fund
c/o Kim Nash
Director
Pitmans Trustees Limited
by email

Dear Kim

The Montague L Meyer Pension Fund
Defined contribution section (the "Scheme")

Investment Strategy

As required by Section 35 (5) of the Pensions Act 1995 I am pleased to provide you with written advice as to the suitability of the investment strategy you have in place with respect to the Scheme. The purpose of this letter is to consolidate the advice previously given by my firm and to act as a single point of reference for the Statement of Investment Principles (SIP).

I give this advice in my capacity as a representative of Quattro Pensions who are licensed by the Institute and Faculty of Actuaries to provide a limited range of investment advice.

I can confirm that I believe the investment strategy described in the SIP to which this letter is attached is, in my opinion, suitable to the needs of the Scheme and in line with your objectives.

I recommend the investment strategy is reviewed at least every three years.

Yours sincerely

Andrew Allsopp FIA

The Montague L Meyer Pension Fund (the "Scheme")
Defined contribution section

Addendum to Statement of Investment Principles

September 2020

This document updates the Trustees' Statement of Investment Principles (SIP), and should be read in tandem with that document. Its purpose is to:

- set out further details of the Trustees' policies in relation to the stewardship of the Scheme's assets,
- describe the arrangements that exist between the Trustees and the asset managers, and
- to ensure the SIP remains compliant with the relevant legislation:
    - Section 35 of the Pensions Act 1995
    - Section 244 of the Pensions Act 2004
    - The Occupational Pension Schemes (Investment) Regulations 2005
    - The Pension Protection Fund (Pensionable Service) and Occupational Pension Scheme (Investment and Disclosure) (Amendment and Modification Regulations 2018)
    - The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

Monitoring the capital structure of investee companies

The Trustees delegate the responsibility for monitoring the make-up and development of the capital structure of investee companies to their Investment Manager.

Managing conflicts of interest

The Trustees have a formal conflict of interest policy and register, which is reviewed at each Trustee meeting. These documents record any actual or potential conflicts of interest in relation to investee companies or the Investment Manager, while also setting out a process for the management of any such conflict of interest.

Incentivising asset managers

The Trustees will select Investment Managers who are primarily remunerated via an agreed fixed annual percentage of the asset value for each underlying fund. The Trustees may also agree to pay a performance related fee to its fund managers.

The Trustees do not directly incentivise the Investment Manager to align its investment strategy and decisions with the Trustees' policies and objectives. Neither do the Trustees incentivise the asset manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.

However, the Trustees will review their Investment Managers from time to time and will select funds that they believe operate in line with the Trustees' policies and objectives, and will meet the Trustees' return requirements overall.

Evaluation of the asset manager's performance and remuneration

The Trustees will review the Investment Manager's remuneration and performance relative to the market costs and performance of managers with similar strategies.

Monitoring portfolio turnover

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

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

The Investment Manager is expected to provide information on portfolio turnover and associated costs to the Trustees so that this can be a factor in the Trustees' review process.

The duration of the arrangement with the asset manager

The Trustees will consider on a regular basis whether or not the Investment Manager and AVC provider remain appropriate to continue to manage the Scheme's investments and AVCs. The Trustees expect the Investment Manager to supply the Trustees with sufficient information each quarter to enable them to monitor financial and non-financial performance.

Frequency of review

The Trustees will review Investment Managers' performance via the managers' own reports twice per annum and will conduct a fuller review to consider all of the matters referred to above at least once every three years.

Date Agreed: 22 September 2020