

# BCF PENSION TRUST (THE “SCHEME”) CHAIR’S STATEMENT

## Annual Governance Statement for the year ending 31st March 2024

**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%202024%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 review of the default fund in March 2024, a revision of the SIP was commenced. The revision includes:

- the addition of an illiquid investment policy;
- further explanation on the Scheme’s investment restrictions; and
- inclusion of social factors considerations.

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 took place during the Scheme Year. The review commenced in November 2023 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, 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. During the Scheme Year, the Trustees began to explore ways to access equities through the use of derivatives, as well as continue to keep up to date with developments in a potential private equity investment.

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.

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:

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, Redington, 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, 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 end March 2024.

<b>Asset allocation (%)</b>	<b>Cash</b>	<b>Bonds</b>	<b>Listed Shares</b>	<b>Unlisted Shares</b>	<b>Infrastructure</b>	<b>Property</b>	<b>Debt Instrument</b>	<b>Other</b>
Age 27	75%	23%	0%	0%	0%	2%	0%	0%
Age 40	75%	23%	0%	0%	0%	2%	0%	0%
Age 57	75%	23%	0%	0%	0%	2%	0%	0%

## 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 Link Group.

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

<sup>1</sup> Regulation 23(1)(cc) Administration Regulations

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 year were as follows:

	Default Fund	Fund 2
<b>Annual management charge</b>	0.5% of member funds	0.5% of member funds
<b>Fund management charge (Evelyn Partners, formerly Smith &amp; Williamson)</b>	0.4% of assets under management (approx. 0.1% of total fund)	N/A
<b>Fund management charge (Cazenove)</b>	0.15% of assets under management	N/A
<b>Transaction costs</b>	None (see below)	None (see below)
<b>Total Expense Ratio (TER)</b>	0.65%	0.5%

The Trustees, with the support of its investment consultant, negotiated and agreed a management fee reduction from 0.5%p.a. to 0.4%p.a. with Evelyn Partners, effective from Q2 2023.

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, formerly Smith and Williamson Investment Management, have confirmed that any implicit transaction charges incurred when buying or selling bonds are incorporated into their explicit fund management charges.

#### 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 2024 are listed below.

Net Investment Returns	1-year (%)	3-year (%p.a.)	5-year (%p.a.)
Default fund	4.4	2.0	1.4
Fund 2	1.4	0.7	1.0

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 2024, 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 ethical investment beliefs held. Members enjoy a competitive AMC thanks to the fact that the costs of running the Scheme are subsidised by Participating Employers. In addition, the Trustee, with the support of its investment consultant, had negotiated and agreed a management fee reduction from 0.5% p.a. to 0.4% p.a. with Evelyn Partners effective from Q2 2023.

The Trustee has also appointed a third-party administrator to further enhance service to members, and member online access has been introduced as part of this process. The Trustee has also removed all member crystallisation/transfer out charges after a review further of improving member value.

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

In October 2021, the Department for Work and Pensions (DWP) published updated guidance for trustees of occupational defined contribution schemes, setting out new Value for Member requirements for trust-based schemes with total assets of less than £100 million. As BCF is both an occupational pension scheme and a scheme with less than £100 million in assets (c.£64m as at 31 March 2024), BCF is required to comply with the extended VfM assessment.

These requirements mean the Trustees need to directly compare the Scheme's costs and charges and net investment returns with three comparable schemes of assets greater than £100m - one of which should be willing to accept the Scheme's assets on a bulk transfer basis.

The National Employment Savings Trust (NEST), People's Pension and Smart Pension were chosen as the comparison schemes. These three comparison schemes are authorised master trust pension schemes which held total assets greater than £100 million as at 31 March 2024. Further information and evidence on the outcome of the review can be found in appendix 3.

The Trustees had discussions with one of the above comparator schemes about a transfer of member rights if BCF Pension Trust is wound up. However, the terms of a potential transfer could not be agreed given these comparator schemes cannot offer an investment strategy that adheres to the Trustees' investment beliefs.

**Overall, the Trustees have concluded, given its investment beliefs, the Scheme continue to deliver good value for members. The main reasons for this are:**

- Strong governance and oversight from the Trustee Board; and
- A default investment strategy designed to account for the investment beliefs of the members.

**Over the 2023-2024 scheme year, the Trustees undertook the following steps to improve value for members:**

- During the year under review, the Trustees completed a triennial review to assess the suitability of the default strategy for the current membership. The review found that the Scheme remains suitable for members, given their investment restrictions.
- The Trustees are exploring the opportunity to increase diversification and returns by accessing equities through derivatives.
- In the previous Scheme year, the Trustees, with the support of their investment consultant, had negotiated and agreed a management fee reduction from 0.5%p.a. to 0.4%p.a. with Evelyn Partners. This was effective from Q2 2023.
- Further investments were made into secured loans which improved the overall net return to members.
- The Trustees continue to invest in improving member communication.

## 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 - £35,000

Age	Years to Retirement	Fund value before costs and charges	Fund value after costs and charges
22	43	£2,000	£2,000
23	42	£4,744	£4,724
24	41	£7,477	£7,419
25	40	£10,197	£10,085
30	35	£23,600	£22,970
35	30	£36,680	£35,148
40	25	£49,443	£46,657
45	20	£61,899	£57,536
50	15	£74,053	£67,818
55	10	£85,914	£77,536
60	5	£97,488	£86,721
65	0	£106,736	£93,849

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

- Investment returns = 2.0% pa before charges
- Inflation = 2.5% pa
- Salary growth = 2.5% pa (0% pa over inflation)

- Charges / deductions (TER) = 0.65% 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.

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.

No Trustee Directors were appointed during the period covered by this Chair's Statement but, had they been, the procedure set out in the 'Selection and appointment of new Trustee directors' policy would have been followed (copy available on request).

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](http://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](http://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 .... September 2024

**Appendix 1 to BCF Pension Trust Annual Governance  
Statement for the year ending 31st March 2024**

**BCF Pension Trust  
Statement of Investment Principles**

Date adopted 3 January 2023

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## **Appendices**

## 1 Introduction

- 1.1 The purpose of this Statement of Investment Principles (“**the Statement**”) is to document the principles and policies governing decisions about the investment of the assets of the BCF Pension Trust (“**the Scheme**”).
- 1.2 This statement has been prepared by BCF Pension Trustees Limited (“**the Trustee**”) after considering written advice from a suitably qualified adviser, Redington Ltd.
- 1.3 The Scheme is a registered pension scheme under Section 153 of the Finance Act 2004 that provides benefits for members on a defined contribution (money purchase) basis. Each member has an 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 and the Occupational Pension Schemes (Charges and Governance) Regulations 2015.
- 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 to members of the Plymouth Brethren Christian Church (“**the Brethren**”).

## 2 Scheme Governance

- 2.1 The Scheme is governed by its Trust Deed and Rules (“**the Deed**”) which sets out all of the benefits in detail and specifies the Trustee’s investment powers.
- 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 in order 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 moral beliefs that include avoidance of certain investment classes such as equities and corporate fixed interest securities.
- 4.2 The Trustee acknowledges that such assets may 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.
- 4.3 Brethren beliefs do not countenance the pooling of investment funds.

### **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, 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.
- 5.2 Due to the common 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;
  - 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, social and 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 community of interest (see Appendix 1) as the Brethren.
- 6.5 The balance between the different types of investment will be:

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

- 6.6 The Trustee will consider the financial standing of banking institutions with whom they will hold deposits and will take advice from its Investment Adviser on the appropriateness of those institutions from time to time.
- 6.7 Fixed Interest Government Securities will include conventional Gilts and index-linked Gilts.
- 6.8 Due to the restricted asset classes that the Trustee will consider for investments, 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 Manager 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).

## **7 Realisation of investments**

- 7.1 Investments in cash deposits and fixed interest Government securities are liquid assets that may be readily realised, although the Trustee may hold cash on Fixed Term Deposits.

- 7.2 Investments in Property and Brethren community projects are less liquid in nature and there will be delays in realising the value of such assets. The Trustee has, where appropriate, obtained a signed declaration from the borrower confirming that, in appropriate circumstances the loan would be repaid within 12 months of the Trustee's written request.

## 8 Default investment

- 8.1 The Scheme provides a single investment strategy for all members, so the Scheme's investment strategy represents the default investment.
- 8.2 The Trustee therefore considers that all aspects considered within this Statement apply to the default investment.
- 8.3 The Trustee has regard to the Brethren's Investment Beliefs set out in paragraph 4 above which also reflect the beliefs of the members. In view of the limited types of investment open to the Trustee (which precludes investment in 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 Brethren beliefs.
- 8.4 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 managers

- 9.1 The Trustee will not appoint investment managers to operate pooled investments on behalf of the Scheme due to the religious, social and ethical beliefs of the Brethren.
- 9.2 The Trustee has appointed Smith & Williamson Investment Management Limited (as the "**Investment Manager**") to conduct the direct acquisition of U.K. Government Gilts on the Trustee's behalf.

## 10 Investment advisers and valuers

- 10.1 The Trustee seeks written advice from a qualified property surveyor in respect of commercial property investments.
- 10.2 The Trustee seeks written advice from Redington Ltd (as the "**Investment Adviser**") in respect of the investments in the Scheme. Their policies are set out in more detail in Appendix 3.
- 10.3 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.

## **11 Responsible investing – financially material considerations**

- 11.1 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 asset's 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.
- 11.2 The Trustee will not invest in equities 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.

## **12 Responsible investing – non-financial matters**

- 12.1 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
- 12.2 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.

## **13 Stewardship and Engagement policy**

- 13.1 The Trustee will not invest in equities 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.
- 13.2 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 beliefs.
- 13.3 The Trustees do not have an active policy of soliciting members’ views on non-financial investment matters, although they will consider any views made known to them.
- 13.4 The majority of the Scheme’s assets are held across Fixed Interest Government Securities, Cash deposits, Property, Brethren community projects and other secured loans, whereby stewardship and engagement are less applicable.



- 13.5 The Trustee chooses Investment Managers who are able to provide investment solutions that are aligned with the Trustee's beliefs on stewardship and expects the Investment Managers to practice good stewardship.

## **14 Monitoring**

- 14.1 The Scheme's Investment Advisers ensure the investment objective and guidelines of the manager are consistent with that of the Trustee.
- 14.2 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.
- 14.3 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.
- 14.4 The Trustee appoints its Investment Managers with an expectation of a long-term partnerships, which encourages active ownership of the Scheme's assets. 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.
- 14.5 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.
- 14.6 Managers 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.
- 14.7 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.

## **15 Risks**

- 15.1 The Scheme is a defined contribution scheme and the risk of investment underperformance lies with the individual members of the Scheme.
- 15.2 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 investment beliefs. Appendix 3 details the Investment Manager's approach on behalf of the Trustee to balancing, measuring and managing investment risk.

- 15.3 Property management risks apply but the Trustee will take advice from suitably qualified advisers and valuers.
- 15.4 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.
- 15.5 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 3.5% above Bank of England Base Rate.
- 15.6 On retirement, members use their accumulated savings to provide an income in the form of periodic withdrawals from their individual account.
- 15.7 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.
- 15.8 The Trustee monitors these risks in the Scheme's Risk Register.

## 16 Review

- 16.1 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 8 November 2022 and replaces any previous statements.

Laurence E. Buckley

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**For and on behalf of BCF Pension Trustees Ltd**

## **SIP 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](http://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 their funds in equities. These features did not accord with the Christian conscience 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 social, ethical and 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 consciences 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 equities or other investments involving voting rights.

Brethren members accept the fact that, in refraining from investing in 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 in order 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 consciences, beliefs and practices, 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.

## **SIP Appendix 2 The Property Reserve Fund**

As part of its investment portfolio, the Scheme owns a large 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 and 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.

## **SIP Appendix 3 The Investment Manager's approach to investing**

### *Balance of risks*

The portfolio is restricted to investing in UK Government bonds and retaining cash.

The associated risk in absolute terms includes:

- 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.

### *How risks are measured and managed*

In terms of how these risks are measured and managed. First, the trustees have agreed a benchmark, which consists of the following:

- 50% UK Government Index linked bonds;
- 40% UK Government conventional bonds;
- 10% 3 Month LIBOR.

Performance is reported quarterly for the portfolio and also for this benchmark.

As a result, although there is not a specific restriction in respect to how much we can hold in each, a significant deviation from this would potentially impact relative performance.

In terms of how we manage interest rate and inflation risk, the latter 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 also 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.

We select the banks/building societies on our Counterparty List depending on our Credit Review Committee's internal assessment of their credit standing and their Fitch and (where available) Moody's credit rating. Counterparties for inclusion on our list are recommended and endorsed by our Credit and Executive Committee before being approved by the main Board of the Bank. Counterparties are reviewed at least annually and monitored daily.

We are able to offer a fixed term deposit service in-house for deposits up to 1 year which can be tailor made to your liquidity requirements. The rate is dependent on the size of deposit and period. All deposits will be held on balance sheet.

### *The expected return on investments*

The expected return on investments is low, arguably commensurate with the lower risk nature of the portfolio. A UK 10-year conventional government bond will provide a return of just 1.1%pa if held until redemption. However, actual returns will vary as bond prices fluctuate in response to changing interest rate expectations and most bonds will not be held to redemption.

Index linked bonds do not provide a guaranteed return to redemption, if held that long. The best way to measure the likely return and to place this in context is to compare the return to an equivalent conventional bond and identify the rate of RPI required to generate the same return from the index linked bond as the conventional bond. We refer to this as the 'break-even' rate of inflation. As at April 2019, a 10-year index linked bond in the UK currently has a break-even rate (RPI) of 3.2%. RPI is currently running at 2.5% but is expected to rise as we go through the year.

### *The realisation of investments*

The risk associated with the realisation of investments is very low, with all of the investments held being extremely liquid. Any sales of investments will take just one day to settle.

The Trustee's 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.

LIBOR denotes the London Interbank Offered Rate.

RPI denotes the Retail Prices Index.

## **Appendix 2 to BCF Pension Trust Annual Governance Statement for the year ending 31st March 2024**

### **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 2024

### 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 - £35,000 – this has been updated to reflect the current membership assessed in the triennial review in March 2024.

Age	Years to Retirement	Fund value before costs and charges	Fund value after costs and charges
22	43	£2,000	£2,000
23	42	£4,744	£4,724
24	41	£7,477	£7,419
25	40	£10,197	£10,085
30	35	£23,600	£22,970
35	30	£36,680	£35,148
40	25	£49,443	£46,657
45	20	£61,899	£57,536
50	15	£74,053	£67,818
55	10	£85,914	£77,536
60	5	£97,488	£86,721
65	0	£106,736	£93,849



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

- Investment returns = 2.0% pa before charges
- Inflation = 2.5% pa
- Salary growth = 2.5% pa (0% pa over inflation)
- Charges / deductions (TER) = 0.65% 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	£4,744	£4,728
24	41	£10,197	£10,111
25	40	£15,598	£15,388
30	35	£28,871	£28,139
35	30	£41,823	£40,279
40	25	£54,462	£51,839
45	20	£66,796	£62,845
50	15	£78,832	£73,325
55	10	£90,578	£83,304
60	5	£102,039	£92,805
65	0	£106,736	£96,632

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) = 0.5% of fund values

## Appendix 4 to BCF Pension Trust Annual Governance Statement for the year ending 31st March 2024

### 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 longlist 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 2023**

### **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 Trustee, the SIP has been followed during the year; and
- Describe the voting behaviour by, or on behalf of, the Trustee (including the most significant votes cast by the Trustee or on its 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 1<sup>st</sup> April 2023 to the end of the Scheme’s financial year on 31<sup>st</sup> March 2024.

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 beliefs 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 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.

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 March 2024 to:

- To reflect the addition of the illiquid investment policy;
- To add more clarity around the Scheme’s investment restrictions;
- To reflect the Trustee’s views on social factors.

#### Investment Beliefs

- The investment beliefs ensure the Scheme's investments are aligned with the investment restrictions of the Brethren. This 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 Trustee did not undertake any voting action during the Scheme year as the Scheme does not hold any assets with voting rights.
- The Trustee did engage with their 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
<b>Scheme Governance</b>		
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.	<p>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 26<sup>th</sup> of September.</p> <p>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.</p> <p>The Trustee provides the annual equivalent investment growth calculated monthly performance on their website.</p>
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 is a range of at retirement and decumulation options for members.
<b>Investment Beliefs</b>		
The Trustee acknowledges that equities and corporate bonds may 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.	<p>The Scheme's default investment strategy has not been changed in the Scheme year and continues to only utilise assets that are aligned with the core beliefs of the Brethren.</p> <p>During the Scheme year, the Trustee has begun exploring the possibility of gaining exposure to equities through derivatives.</p>
<b>Investment Objectives</b>		

Invest the Scheme's assets in a manner that is consistent with the religious beliefs of the Brethren.	Yes, the Trustee is satisfied that this policy has been followed.	The Scheme's default investment strategy has not been changed in the Scheme year and continues to only utilise assets that are aligned with the core beliefs of the Brethren.
<b>Investment Strategy</b>		
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 invests 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: $5\% < x < 20\%$ ; c) Private Equity: $0\% < x < 15\%$ c) Property: $0\% < x < 15\%$ ; d) Brethren community projects and other secured loans: $10\% < x < 30\%$ .	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 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.	In the previous Scheme year, the Trustees amended the minimum and maximum limits for different investment classes. These have not changed over this Scheme year, however, are helping 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 for their current investments in Property and Brethren community projects.

### 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 Trustees continue 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.



<p>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.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>A 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. There were no changes made to the overall investment strategy.</p> <p>The current default structure aligns with the Trustee's investment beliefs and is a pragmatic means of implementing the investments.</p>
<b>Investment policy on illiquid assets</b>		
<p>The default arrangement for the Scheme currently allows investment in illiquid assets. All members are invested in the same proportion of illiquid assets. These assets are invested via property and secured private loans with a maximum limit of 10% and 50% of the default arrangement respectively.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The default arrangement has 15% and 2% in secured private loans and property respectively, as at 31<sup>st</sup> March 2024, which fall below the maximum limits set by the Trustee.</p>
<b>Investment Advisers and Valuers</b>		
<p>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.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Scheme's investment adviser has continued to assist the Trustee in monitoring the development of other potentially suitable investments. During the Scheme year, the Trustee began to explore the potential to gain exposure to equities via derivatives.</p>

**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 asset's 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 October 2023, the Trustees – with the help of its adviser - published the Scheme's second annual Task Force on Climate-related Financial Disclosures ("TCFD") Report.

The Trustee will not invest in equities 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 equities, corporate bonds, or pooled funds. 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.

<p>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.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee continues to take ESG factors into consideration when considering new investments.</p> <p>The Trustee also considers the impacts of social factors when managing the Scheme's holdings in the secured loans and property.</p>
<b>Responsible Investing – Non-financial matters</b>		
<p>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.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee continues to consider the religious, social and ethical beliefs of the Brethren in determining the investment strategy.</p>
<b>Stewardship and Engagement</b>		
<p>The Trustee will not invest in equities due to the religious 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.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Scheme continues to not invest in equities, corporate bonds, or pooled funds.</p> <p>However, the potential financially material impact of ESG factors is less relevant for the Scheme's existing assets.</p>
<p>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.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>No new investment manager was added during the financial year. However, ESG factors will be taken into account when considering new investments, such as for the potential investment in derivatives.</p>

Interaction with Investment Adviser and the Investment Manager		
The Scheme's Investment Adviser ensure 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.	<p>The Investment Adviser ensures that all recommendations are in line with the Scheme's beliefs.</p> <p>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 attended Board meetings during the Scheme Year to update the Trustee on any developments within their respective portfolios.</p>
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 Trustees have 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.	<p>The SIP was reviewed in March 2024. On this review, the Trustees:</p> <ul style="list-style-type: none"> <li>• added a policy on illiquid investments,</li> <li>• provided more clarity around the structure and investment restrictions of the Scheme and</li> <li>• reflect the Trustees' views on social impact.</li> </ul>

## Appendix 5c

### Voting/Engagement Behaviour

No additional reporting is provided on voting as none of the Scheme's assets during the reporting period had voting rights.

The Trustee has engaged with its 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.