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**Claude Fenton (Holdings) Limited Pension Fund
STATEMENT OF INVESTMENT PRINCIPLES**

Introduction

1. The Pensions Act 1995 (as updated by the Pensions Act 2004) require the Trustees to prepare a statement of the principles governing investment decisions for the purpose of the Scheme. This document fulfils that requirement.
2. In preparing this Statement, the Trustees have obtained advice from the Scheme's Actuary, who provide strategic investment guidance on the implications of asset allocation and duration decisions by the Trustees. The Trustees will similarly obtain such advice as appropriate whenever they intend to review or revise the Statement.
3. In preparing this Statement, the Trustees consulted their corporate advisers, the actuary, investment managers, and will do so whenever the Trustees intend to review or revise the Statement. Responsibility for maintaining the Statement and deciding investment policy rests solely with the Trustees.
4. The Trustees will review this Statement on such occasion as may appear to them to be appropriate. Such a review will be carried out at least every three years and will normally coincide with actuarial valuations of the Scheme. A review will be carried out without delay following any significant change in investment policy.

Financial Services and Markets Act 2000

5. In accordance with the Financial Services and Markets Act 2000, the Trustees will set general investment policy, but will delegate the responsibility for selection of specific investments to an appointed investment manager. The investment manager shall provide the skill and expertise necessary to manage the investments of the Scheme competently.

Myner's Code

6. The Trustees have reviewed their compliance with the Myner's Code and have adopted the Code as they feel is appropriate for the Scheme. Where applicable, the Trustees have incorporated Myner's recommendations regarding the content of this Statement.

Professional advisors

7. The Trustees have considered the Myners principle of separate competition for actuarial and investment contracts and believes the current arrangement with separating these tasks is acceptable for the Scheme. The Trustees will continue with the current arrangement until it ceases to be appropriate.

The Trustees will agree investment parameters over asset allocations and strategic objectives with input from its investment consultants, together with agreeing a suitable benchmark as put forward by the investment manager. These will be reviewed annually by the Trustees to ensure that all metrics remain up to date and appropriate.

Investment Objectives

8. The investment objectives of the Scheme are:
 - a. to grow the capital value in real terms, over a medium to long term time horizon, in order to meet the current and future obligations of the Claude Fenton Defined Benefit Pension Scheme as set out in the Trust Deed and Rules. This is via a diverse portfolio of investments, with appropriate liquidity to cover day to day requirements, and any ad-hoc withdrawals.

- b. to limit the risk of the assets failing to meet the liabilities over the long term
- c. to minimise the long-term costs of the Scheme by maximising the risk-adjusted return on the assets whilst having regard to the above objectives.

Asset Allocation

9. As a result of an Investment Review in November 2025, the Trustees have confirmed, in broad terms, the overall allocations of the liquid investment portfolio to be 35% Equity; 75% Fixed Income. The target long-term strategic asset allocation is set out in the table below:

Asset Class	Strategic Weight	Range
Fixed Income	75.0%	70.0% - 80.0%
Equity	25.0%	20.0% - 30.0%
Alternatives		0.0% - 5.0%
Cash		0.0% - 5.0%

Duration is monitored and is within the range set by the Trustees, with guidance from the scheme actuarial function.

In addition to the investment portfolio, the Scheme holds separate physical property assets all rented to external parties. As at the date of the last investment valuation these made up approximately c19% of scheme total assets being valued at around £1.415m.

10. The Trustees consider this policy and asset allocation to be suitable, is appropriately diversified and provides a reasonable expectation of meeting the above objectives over the medium to long term. Alternative asset classes such as private equity have been considered but the Trustees feel that they are inappropriate for the Scheme at the current time given the lack of liquidity and elevation in risk profile.
11. The Trustees will hold sufficient cash to meet likely expenditure on benefits and expenses from time to time. The Trustees will also hold sufficient assets in liquid investments to meet ad-hoc unexpected cash-flow requirements in the majority of foreseeable circumstances. This will either be via cash at bank, or via liquid assets within the managed portfolio

Expected rates of return and risk

12. In determining the long-term Scheme-specific asset allocation, the Trustees have had regard to the various strategic review/s of Investments carried out by their professional advisors. The most recent Triennial review projected the Scheme's assets and liabilities under many different economic scenarios in order to test the risk and reward from various alternative long-term asset allocation strategies.

The Trustees will consult with their professional advisers and carry out any suitable Asset Liability Modelling (ALM), periodically, to examine and quantify the implications of different investment policies and to ensure appropriate asset allocation.

Investment Management

13. The Trustees take all investment decisions except where they have delegated the day-to-day management of the Scheme's assets to the discretion of their Investment Manager, who must be regulated by the Financial Conduct Authority. The Investment Manager have been provided with a copy of this Statement of Investment Principles. The terms of the delegation are set out in the Investment Manager Agreement and associated documents (as amended from time to time). This Agreement and associated documents including Terms of Business includes such matters as investment objectives, the procedures for instructions, custody of the assets, voting, fees and charges.

14. The Investment Manager is aware of the investment asset allocation described in paragraph 9 above and the need to add value when diverging from this allocation in its day-to-day management of the assets. The Investment Manager is also aware of the need for appropriate and suitably diversified investments which recognise the nature of the pension scheme liabilities. The Investment Manager must exercise the investment powers delegated to it in such a manner as to give effect to this Statement so far as is reasonably practicable.

Investment manager monitoring

15. The Trustees receive quarterly reports from the Investment Manager and statements of other investment holdings and meets with the investment manager and its other professional advisers no less than annually to review its strategy investment performance and processes.

During the regular review process, the Investment Manager is required to report any deviation from the agreed investment mandate or and key performance indicators no less than quarterly, together with their recommended resolution strategy. In order to monitor portfolio turn-over the investment manager is required to provide details of all associated costs as set out via the MIFID II Costs and Charges regulation (MIFID: Markets In Financial Instruments Directive). Through this process of regular reporting and annual reviews, the Trustees aim to ensure that the Investment Manager is performing competently and in compliance with this Statement.

In consultation with Trustees' professional advisers, an investment manager suitability review will be conducted no less than every 5 years in such format as deemed appropriate by the Trustees and their professional advisers.

Investment restrictions

16. Investment restrictions and limitations are covered by the terms on which the investment manager is employed.

Socially Responsible Investment

17. The Trustees have delegated the selection, retention and realisation of investments to the investment manager. (See section 13).
18. The Trustees do not have a formal investment policy in relation to Environmental, Social and Governance ("ESG"). The Trustees leave these decisions to the discretion of the Investment manager and a copy of the current policy is available on request.

Shareholder Engagement

19. The Trustees have considered the Institutional Shareholders' Committee code and their policy is to adopt the code and delegate responsibility for implementation to the Investment Manager. The Trustees consider the Investment Managers existing shareholder engagement policy to be appropriate, details of this are discussed no less than annually. Should the Trustees wish to pursue a specific shareholder engagement policy with regards to a company, industry or broad governance item this will be detailed in writing to the Investment Manager.

To monitor shareholder engagement action, the Trustees require the investment manager to disclose in the regular review documents details of shareholder engagement activities. This is also published on the Investment Manager's website

Soft commission

20. The Investment Manager does not enter into soft commission arrangements with brokers in relation to the Scheme's assets.

Additional Voluntary Contributions

21. The Scheme no longer provides a facility for members to pay AVCs to enhance their benefits at retirement

Risks

22. The Trustees have considered the variety of risks to which the Scheme is exposed in determining an appropriate investment strategy and objectives having regard to advice from the investment consultant and the Scheme Actuary. The risks considered include:
- a. Solvency risk and mismatching risk which are addressed through the choice of the strategic asset allocation benchmark and through ongoing regular actuarial valuations.
 - b. Manager risk. This is monitored on a quarterly basis by considering a quarterly report produced by the Investment Manager.
 - c. Sponsor risk is the level of ability and willingness of the sponsor to support the continuation of the Scheme. It is measured by a number of factors, including the creditworthiness of the proposer, the size of the pension liability relative to the sponsor's earnings and the size of the deficit in the pension scheme. It is managed by monitoring the impact the Scheme has on the sponsor's business.
 - d. Liquidity risk is measured by the level of cash-flow required by the Scheme over a specified period. In order to mitigate this risk a cash flow assessment is undertaken to identify the appropriate level of cash or liquid assets that need to be held within the investment portfolio.
 - e. Potential risk is measured by the level of concentration of any one market leading to the risk of an adverse influence on investments arising from political intervention. It is managed by regular reviews of the actual investments through assessment of the levels of diversification within the existing policy. The risk of an adverse influence on investments from political intervention by the diversification of the assets across many countries.
 - f. Currency risk is measured by the level of concentration of assets in a market denominated in a foreign currency, leading to the risk of an adverse influence on the Scheme's investments arising from exchange rate movements is reduced by the diversification of foreign denominated assets across many currencies.

The Trustees continue to manage and monitor these risks.

Formal investment manager review

23. In addition to the regular monitoring of the investment managers by both the Trustees and nominated professional advisers, the Trustees have a formal review process in respect of the longer term investment management arrangement which is conducted by its third party professional advisers. This includes, but is not limited to, comparisons of performance, service levels and service offerings of alternative providers. As part of this review the Trustees will decide on the appropriate term of the mandate after taking advice and guidance from its independent third party advisers.

Signed:

(Secretary)

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(Trustee)

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(Trustee)

Dated: < >