

BRAEMAR PENSION SCHEME

CHAIR STATEMENT FOR SCHEME YEAR ENDING 31st DECEMBER 2020

Introduction

The trustees of defined contribution pension schemes such as this Scheme must produce an annual report, signed by their Chair (the Chair's Statement). This is that statement and summarises matters relating to investment, administration and charges for the Scheme that impact on the members and their benefits.

This Scheme operates under a Trust Deed and Rules. The latest version of these were signed on 5th December 2018. The Trustee operates the Scheme in accordance with the Rules and the Statutory Regulations that are in force from time to time.

The Trustee of the Scheme is Braemar Pension Trustees Limited – this is a company specifically set up to be responsible for the management of the Scheme. The directors of the Trustee company include members of the Scheme nominated by members as well as company nominated directors and a professional trustee company. The current directors of the company are specified in the Scheme accounts and can also be found at any time on the Companies House website <https://www.gov.uk/get-information-about-a-company>. Collaboratively the directors have elected Charles Cundall as their Chair. This statement is signed by the Chair but all directors carry collective responsibility under the Trust Deed and Rules for all matters connected with the Scheme.

The Trustee retains the services of an independent financial adviser from whom they receive advice on both the structure of the investment offering to members of the Scheme and additionally the detail of the individual investment funds offered and the underlying investment managers used by the Trustee. The Trustee has an advice contract in place with Professional Pensions and Investments Ltd. They are a Chartered firm and are regulated and authorised by the Financial Conduct Authority.

The Trustee also has a contract for administration and consultancy services with Winterbourne Trustee Services Ltd (WTS) which provides the Trustee with specialist pension administration services and Consultancy Advice on the legislation and regulation around Trust based Defined Contribution Pension Schemes in the UK. The Trustee considers that each of these retained service providers are persons of appropriate knowledge and experience to assist the Trustee directors in discharging their responsibilities under the Trust for the benefit of the membership.

The Scheme year end is 31st December 2020 and there is a statutory requirement to include an Annual Governance Statement within the Report and Accounts : The Chair's Statement.

This is such a statement and as the Chair's annual governance statement it has been prepared in accordance with the regulation 23 of the Occupational Pension Schemes Regulations 1996.

Investment Arrangements

The Scheme is set up with a Lifestyle Investment Strategy. This is the fund that many members will use and is made available by the Trustee to assist those members who do not wish to make a more specific investment decision themselves. Such an investment strategy is often referred to as the default investment fund.

The Scheme is available for use as a qualifying scheme for automatic enrolment purposes by the Employer.

The Trustee considers that the terms offered under the auto enrolment qualifying status would amount to good practice. Those terms include maximum costs that relate to investment funds offered to members. I am delighted to report that this Scheme makes use of investment funds that are considerably less expensive for the default fund and many of the other funds available have terms that are lower than the maxima that apply generally for auto enrolment. Further details follow below.

Financial Transactions

The core financial transactions include (but are not limited to):

- Transfer of members' assets into and out of the Scheme;
- Transfers of members' assets between different investment options available in the Scheme; and
- Payments from the Scheme to, or in respect of, members.

The Trustee ensured that during the year the core financial transactions of the Scheme were processed promptly and accurately by:

- Having an agreement with their administration service provider.
- The Trustee receives appropriate administration reports from their service provider. This means that the Trustee is aware of activity on the Scheme. This provides information to the Trustee on how transactions and member enquiries are dealt with.
- As our delegated administrator WTS also report to the Trustee at regular Trustee board meetings. This facilitates a two way understanding of the management of the Scheme and allows the Trustee to exercise its governance function effectively.
- As the delegated administrator WTS report to the Trustee on their own controls and this assists the Trustee in the confidence that it requires to address their governance responsibility. If any complaint arises from the membership the Trustee does review the matter. There were no unresolved member complaints recorded within the review period
- At Trustee board meetings the Trustee hears from its Investment Adviser, Professional Pensions and Investments Ltd. The Investment Adviser comments on market background and relates the Lifestyle Fund (the default investment) to such conditions. This facilitates the Trustee's consideration of the suitability of the investment fund offered to members as the default investment.
- At Trustee board meetings the directors receive investment reports from their Investment Manager Mobius Life. The Investment Adviser supplies additional information to include, from the underlying managers, information on governance, specifically how the manager exercises the responsibilities associated with shareholders effectively on behalf of the membership, via the mechanism of the pension trust.
- The combination of this level of reporting and discussion at Trustee board meetings enables the Trustee to form a view on the exercise of their governance responsibilities.

Examples of typical turnaround times from the Trustee's delegated administrator, given that all the required documentation from the member has been provided, would be

- Payment of DC transfer value to alternative arrangement: 10 days
- Payment of DC cash commuted lump sum on retirement: 10 days
- Payment of DC death lump sum: 5 days
- Payment of fund to annuity provider: 10 days

Considering all of the foregoing the Trustee is of the opinion that core financial transactions were processed promptly and accurately on behalf of members of the Scheme during the year and that elements of the Trustee governance function are exercised with diligence in an appropriate manner.

Charges and Transactions Costs

The following table outlines the annual management charge and transaction costs as a percentage of the fund value as provided to the Trustee for the investment funds utilised by members. The Braemar Lifestyle Growth Fund is used in the Lifestyle Investment Strategy, along with the Braemar Pre-Retirement Fund and the Braemar Cash Fund. These are therefore the Default Funds :

| Fund | Transaction Costs % pa | Management Costs % pa | Total Ongoing charges %pa |
|--------------------------------------|------------------------|-----------------------|---------------------------|
| Braemar Lifestyle Growth | 0.01 | 0.465 | 0.475 |
| Braemar Pre-Retirement | 0.011 | 0.44 | 0.451 |
| Braemar Cash | 0.00 | 0.35 | 0.35 |
| Braemar UK Equity Index | 0.00 | 0.35 | 0.35 |
| Braemar Global Growth | 0.002 | 0.65 | 0.652 |
| Braemar Global Bond | 0.00 | 0.45 | 0.45 |
| Braemar Ethical Equity | 0.00 | 0.55 | 0.55 |
| Braemar Balanced Growth | 0.004 | 0.65 | 0.654 |
| Braemar Global Equity Index | 0.00 | 0.35 | 0.35 |
| Braemar Diversified Growth | 0.052 | 0.75 | 0.802 |
| Braemar Strategic Diversified Growth | 0.021 | 0.45 | 0.471 |

Notes to the table above

Includes Annual Management Charge and additional fees. The Total Ongoing Charges figure include all fees and expenses. This covers costs such as custody, fund audit, fund administration charges and similar. These charges are expected to be incurred by members in relation to their investments in the noted fund. Such charges are within the unit price and therefore not explicit.

The transaction cost figure includes an element of implicit cost which is the difference between the mid-market price at the time the trade is sent to the market and the eventual price of the trade. It is possible for such a cost to be negative; for example when buying an asset the value price might be higher than the actual price paid.

These total ongoing charges are slightly different from the annual management charge quoted for each fund. The difference arises on a number of fronts, including, but not limited to such matters as rounding in the calculation. In effect these Total Ongoing Charges give the look through costs to members of investing in the Scheme. If we take the Braemar Lifestyle Growth fund, which is the Default Investment Fund, as an example the total charges are shown as 0.475%. This means 0.475% and is an annual cost of investing. This is often referred to as 47.5 basis points.

Using the actual 0.475% total charge on the Braemar Lifestyle Growth Fund we can consider that for a member with £10,000 invested in that fund the cost of investment management in one year would be £47.50. Put another way, if there was exactly no investment growth at all, the value of the £10,000 invested would fall to £9,952.50 over a year due to the costs of investment.

The Braemar Lifestyle Growth Fund is the Default Fund for the Scheme. The Trustee therefore considers very carefully the charge structure of this fund and what it is that the managers are seeking to achieve for the Trustee when they are using this fund. The objective of the fund is broadly to limit volatility and yet provide real returns linked to the equity markets. It is therefore reasonable in the view of the Trustee that this fund has costs at the level shown. In practice the Trustee is advised (by its Investment Adviser) that for a fund of this nature these total ongoing management costs are both reasonable and competitive and therefore offer excellent value.

Value for Money Assessment

The transaction costs shown are low. This is as the Trustee expected and had been advised by the Investment Adviser. It is a reflection of the calibre of the overall investment strategy that the Trustee is using and encouraging to note.

Members may like to consider that many of the costs of managing the Scheme are met by the Employer. These include, but are not limited to:

- The costs of running the Trustee company
- The costs of the technical advice to the Trustee, including Pension Consultancy
- The costs of Investment Advice to the Trustee

In the table below we illustrate examples of the impact of charges on a member pot of £10,000 over a calendar year. These examples have been prepared in accordance with the guidance. They are expressed in today's money terms and the assumptions are shown below the table.

These costs are those paid by a Scheme member from their member pot. They include total ongoing charges which are paid by the member rather than by the Employer. The Employer meets other running costs of the Scheme.

| Fund | Notional value at start of year | Total Ongoing Charges | Estimated Gross Value at Year End (Ignores Charges) | Estimated Net Value at Year End (After Charges) |
|--------------------------------------|---------------------------------|-----------------------|---|---|
| | £ | £ | £ | £ |
| Braemar Lifestyle Growth | 10000.00 | 47.50 | 10,300 | 10,252.50 |
| Braemar Pre Retirement | 10000.00 | 45.10 | 10,000 | 9,954.90 |
| Braemar Cash | 10000.00 | 35.00 | 9,900 | 9,865.00 |
| Braemar UK Equity Index | 10000.00 | 35.00 | 10,400 | 10,365.00 |
| Braemar Global Growth | 10000.00 | 65.20 | 10,400 | 10,334.80 |
| Braemar Global Bond | 10000.00 | 45.00 | 10,100 | 10,055.00 |
| Braemar Ethical Equity | 10000.00 | 55.00 | 10,400 | 10,345.00 |
| Braemar Balanced Growth | 10000.00 | 65.40 | 10,300 | 10,234.60 |
| Braemar Global Equity Index | 10000.00 | 35.00 | 10,400 | 10,365.00 |
| Braemar Diversified Growth | 10000.00 | 80.20 | 10,300 | 10,219.80 |
| Braemar Strategic Diversified Growth | 10000.00 | 47.10 | 10,300 | 10,252.90 |

Notes

Values shown are estimates and are not guaranteed

Fund Growth assumed to be linear

Inflation assumed zero throughout

Growth Rates Assumed

| | |
|--|--------------------|
| Braemar Lifestyle Growth Fund (the default fund) | 3% above inflation |
| Braemar Pre Retirement Fund | inflation |
| Braemar Cash Fund | 1% below inflation |
| Braemar UK Equity Index Fund | 4% above inflation |
| Braemar Global Growth Fund | 4% above inflation |
| Braemar Global Bond Fund | 1% above inflation |
| Braemar Ethical Equity Fund | 4% above inflation |
| Braemar Balanced Growth Fund | 3% above inflation |
| Braemar Global Equity Index Fund | 4% above inflation |
| Braemar Diversified Growth Fund | 3% above inflation |
| Braemar Strategic Diversified Growth Fund | 3% above inflation |

£10,000 may not be a typical fund size but is selected as it may easily be applied pro rata to any fund value for the purposes of understanding the impact of charges.

The impact of charges on a £10,000 static investment at the end of yearly periods are set out in the table below, which follows on from the one year table above. This is included as an example of how charges work. Figures are rounded down to the nearest £.

| Projected pension pot £10,000 in today's money | | | | | | | | | | | | |
|--|-----------------------|--------|---------------------|-------|-----------|-------|----------------------|--------|--------------------|--------|---------------------|--------|
| Years | Lifestyle Growth Fund | | Pre-Retirement Fund | | Cash Fund | | UK Equity Index Fund | | Global Growth Fund | | Ethical Equity Fund | |
| | Charge £ | | Charge £ | | Charge £ | | Charge £ | | Charge £ | | Charge £ | |
| | Before | After | Before | After | Before | After | Before | After | Before | After | Before | After |
| 1 | 10,300 | 10,252 | 10,000 | 9,954 | 9,900 | 9,865 | 10,400 | 10,365 | 10,400 | 10,334 | 10,400 | 10,345 |
| 3 | 10,927 | 10,776 | 10,000 | 9,865 | 9,702 | 9,600 | 11,248 | 11,135 | 11,248 | 11,038 | 11,248 | 11,071 |
| 5 | 11,592 | 11,327 | 10,000 | 9,776 | 9,509 | 9,342 | 12,166 | 11,963 | 12,166 | 11,789 | 12,166 | 11,848 |
| 10 | 13,439 | 12,832 | 10,000 | 9,558 | 9,043 | 8,729 | 14,802 | 14,311 | 14,802 | 13,900 | 14,802 | 14,037 |
| 15 | 15,579 | 14,536 | 10,000 | 9,344 | 8,600 | 8,155 | 18,009 | 17,121 | 18,009 | 16,388 | 18,009 | 16,632 |
| 20 | 18,061 | 16,466 | 10,000 | 9,135 | 8,179 | 7,619 | 21,911 | 20,482 | 21,911 | 19,321 | 21,911 | 19,706 |
| 30 | 24,272 | 21,129 | 10,000 | 8,731 | 7,397 | 6,651 | 32,433 | 29,314 | 32,433 | 26,857 | 32,433 | 27,663 |
| 40 | 32,620 | 27,113 | 10,000 | 8,345 | 6,689 | 5,806 | 48,010 | 41,953 | 48,010 | 37,332 | 48,010 | 38,834 |

| Years | Balanced Growth Fund | | Global Equity Index Fund | | Diversified Growth Fund | | Strategic Diversified Growth Fund | |
|-------|----------------------|--------|--------------------------|--------|-------------------------|--------|-----------------------------------|--------|
| | Charges £ | | Charges £ | | Charges £ | | Charges £ | |
| | Before | After | Before | After | Before | After | Before | After |
| 1 | 10,300 | 10,234 | 10,400 | 10,365 | 10,300 | 10,219 | 10,300 | 10,252 |
| 3 | 10,927 | 10,720 | 11,248 | 11,135 | 10,927 | 10,673 | 10,927 | 10,778 |
| 5 | 11,592 | 11,229 | 12,166 | 11,963 | 11,592 | 11,148 | 11,592 | 11,330 |
| 10 | 13,439 | 12,609 | 14,802 | 14,311 | 13,439 | 12,428 | 13,439 | 12,837 |
| 15 | 15,579 | 14,159 | 18,009 | 17,121 | 15,579 | 13,855 | 15,579 | 14,544 |
| 20 | 18,061 | 15,900 | 21,911 | 20,482 | 18,061 | 15,447 | 18,061 | 16,479 |
| 30 | 24,272 | 20,050 | 32,433 | 29,314 | 24,272 | 19,198 | 24,272 | 21,154 |
| 40 | 32,620 | 25,283 | 48,010 | 41,953 | 32,620 | 23,861 | 32,620 | 27,156 |

In preparing these estimates the Investment Adviser to the Trustee has referenced DWP Reporting of Costs Charges and other Information: Guidance for Trustees and Managers of Occupational Schemes, September 2018.

Costs may change at the point of switch into the Cash Fund during lifestyle investment. It is not possible to know what these costs will be in advance and they may be nil. On this basis and until there is a recognised method of understanding such costs the Trustee has presented costs for each fund as shown.

This approach clearly shows the differing cost implications of investment fund choices in each year of membership, so providing clarity of costs.

Such assumptions as inflation and the implicit charges change over time.

The Trustee will keep this aspect under review and consider inclusion in future years. Members also receive a Statutory Money Purchase Illustration (SMPI) of their own benefit annually.

In considering value for money offered to members the Trustee has conducted an assessment of what it believes constitutes 'Value for Money' for members of the Scheme. This assessment addresses the costs and charges including transaction charges that are passed onto members.

The Trustee considers that based on the information available to them from their Investment Adviser, the charges and transaction costs overall that the members meet are comparable with those applied to similar quality defined contribution pension Schemes and based on comments from their appointed Investment Adviser, are better than many. The Scheme therefore represents good overall value for the benefit provided to members. This is confirmed by the Trustee's Investment Adviser and is the view of the Trustee. The view is formed taking account of the Investment Advisor's experience of other arrangements and how the Scheme compares in terms of size, quality, cost and services.

When assessing good value it is not just the direct and indirect costs that are reviewed but all the factors which make up each member's experience. Currently, there is no legislation setting out how 'good value' should be assessed and what criteria should be reviewed as part of the assessment. The Trustee has undertaken a 'good value' assessment focusing on member charges and the features of the Scheme.

The main categories that the Trustee considered and their views are:

| | | | |
|----------------------------|------|----------------------------|------|
| Member costs and charges | Good | Other costs and charges | Good |
| Performance of Investments | Good | Member Communications | Good |
| Administration | Good | Trustee overall Governance | Good |

Knowledge and Understanding of the Trustee Directors

The Scheme is administered by the Trustee, and the Trustee at the Scheme year end 31st December 2020 is noted above.

There are requirements for Trustee knowledge and understanding and these requirements apply to each and every Trustee and to directors of a Trustee company alike. These requirements exist under sections 247-248 of the Pensions Act 2004 (requirements for knowledge and understanding) and have been met during the year by the Trustee in dealing with the Scheme.

The Trustee company board of directors includes Winterbourne Trustee Services Ltd. As an Independent Professional Trustee appointed to the Board of the Trustee company, Winterbourne provide an experienced representative to attend Trustee director meetings. The Team at Winterbourne includes experienced professionals who are well versed in the operation and practices of occupational pension schemes. The wider team hold qualifications and have professional experience appropriate to all aspects of managing an occupational pension scheme. Each member of that team undertakes continuous professional development appropriate to their specific discipline. The team expertise extends to Scheme Administration, Scheme Governance (both DC and DB aspects), Legal Documentation and Regulation, Investment and Actuarial matters. Each of their team maintains adequate professional knowledge by undertaking more than 25 hours of professional training annually in their chosen speciality and has undertaken the Pensions Regulator Trustee toolkit training.

On the appointment of a new Trustee company director, that director receives a copy of the Trust Deed, the Scheme Rules, the Scheme Accounts, the current SIP, copies of the recent Trustee Minutes and all other relevant Scheme documentation. This initial process includes some time discussing the Scheme with the Scheme administrator and with the Investment Adviser at Professional Pensions and Investments Ltd, thereby ensuring a level of appropriate knowledge at outset as to the specifics of the Scheme and matters that are in hand at the time. This is in effect an appropriate induction session. This enables a new Trustee company director to be conversant with wider Scheme documentation relating to matters of the Scheme generally.

Further all Trustee company directors have recommended to them the Pension Regulator Trustee Knowledge and Understanding training material. This is an on-line interactive information service that can impart basic information on the management of Trust based pension Schemes such as this one.

This has been recommended to all directors and each Trustee director understands the importance of this in improving their knowledge. All Trustee directors are aware of this.

Directors are able to discuss with the Scheme administrator and with the Investment Adviser at Professional Pensions and Investments Ltd, any particular areas of their knowledge and understanding, including areas of TPR's Trustee Toolkit that they consider they may have insufficient knowledge and understanding of. This may happen at any time, not just at Trustee meetings.

During the year the specific areas of training that the Trustee focussed on included

- Trustee meeting on 11th March 2020 at which the Investment Report was considered. This includes market information, matters relating to Pension Freedoms, Lifestyle Investments, the Competition Markets Authority and Governance.
- Trustee meeting on 15th October 2020 at which the Trustee considered the value of the funds invested and key market background information. At this same Trustee meeting a legislation and regulation update was provided.

It is the view of the Chair and the Trustee company board generally that sufficient time and resources are made available throughout the year in order to manage and operate the Scheme effectively. In making this statement the Trustee directors and in particular, myself as Chair, consider and take the view that the assistance of our professional advisers is essential. It is our role to manage the relationship with our advisers and we consider that we have done so, in the interests of the membership and good governance of their pension savings assets and done so appropriately.

The Trustee maintains a watch on compliance and overall risk and the Trustee company board minutes provide, where appropriate, an action plan, with follow up points considered at the next appropriate Trustee director meeting. In this way the Governance function of the Scheme is executed on a rolling, iterative basis thereby ensuring that matters are maintained in an up to date condition, relevant to the needs of the membership and yet proportionate to the size of the overall Scheme, the value of its assets and above all the interests of the members. The Trustee does this bearing in mind the importance of the member's pension savings to each individual member.

The Purpose of this Chair Statement

This Statement is for your information only and you do not need to take any action.

It is shared with and agreed by all Trustee company directors. It will be considered by them and where appropriate updated each year in accordance with the regulations.

If a member should have any questions on the operation of the Scheme, or their benefits they should in the first instance contact the administrator who may be able to assist. The contact information is at the front of this Trustee Report and Accounts.

As Chair of the Trustee Board I am always pleased to hear from any member of the Scheme and will assist in answering any matters that may arise.

This Chair Statement should be read in conjunction with the Trustee's Statement of Investment Principles. This is dated September 2019 and a copy is attached for information.

This Chair Statement is signed by the Chair on behalf of the Trustee Board. The Trustee is Braemar Pension Trustees Limited.

Charles Cundall
Chair

BRAEMAR

BRAEMAR PENSION SCHEME

STATEMENT OF INVESTMENT PRINCIPLES

September
2019



BRAEMAR PENSION SCHEME

1. INTRODUCTION

This is the Statement of Investment Principles, as at September 2019, which has been considered and adopted by the Trustee of the Braemar Pension Scheme (“the Trustee”) in accordance with section 35 of the Pensions Act 1995, section 244 of the Pensions Act 2004 and the Occupational Pension Schemes (Investment) Regulations 2005 and subsequent regulations.

In preparing this statement the Trustee has obtained and considered advice from their investment advisers, Professional Pensions and Investments Ltd. The Trustee will act in accordance with this advice until such time as it receives alternative advice.

The Trustee has consulted with the sponsoring employer. There are no restrictions (however expressed) on any power to make investments by reference to the consent of the employer.

2. FUNDING OBJECTIVES

The primary objective of the Braemar Pension Scheme (“the Scheme”) is to provide pension and lump sum benefits for members on their retirement or for their dependants on death before retirement, on a defined contribution basis as set out in the Trust Deed and Rules.

3. INVESTMENT STRATEGY

The Trustee policy is to seek professional advice on investment strategy. In developing their strategy, the Trustee has recognised the need to balance aversion to risk with the attainment of a satisfactory investment return. In particular they have taken into consideration that:

- members pension benefits are maximised by achieving maximum investment returns; and
- individual members financial profiles and attitudes to risk may vary.

The Trustee has adopted an investment strategy that allows adequate diversification and for members to select an investment vehicle for their contributions from a range of pooled unitised managed funds selected by the Trustee. The Trustee also recognises that some members may not want to take an active part in managing their pension investments. With this in mind, a programme of investment is offered that seeks to achieve real returns on members’ assets while controlling the risks arising from the potential volatility

BRAEMAR PENSION SCHEME

of such investments. This is described as 'The Lifestyle Investment Strategy' and will be utilised as a default structure unless members instruct the Trustee to the contrary.

The range currently available consists of the funds that have their fund specification appended. This range may be added to at any time by the Trustee. Funds may be withdrawn at any time by the Trustee and the underlying specification of the funds may be changed at any time by the Trustee or the underlying investment management firms. The benchmark for each fund gives an indication of the expected level of return for each fund although it is stressed that no guarantees on performance or absolute values are offered with any of the funds available.

Fund Information

The information in the fund specification documents attached is that provided by the fund manager and in agreement with the investment adviser to the Trustee. The Trustee draws attention to comments made by the fund managers:

- the value of investments and the income from them can fluctuate and is not guaranteed
- past performance is not necessarily a guide to the future performance of a fund.

The Trustee accepts no responsibility for the results of a member's investment decisions or those of the fund managers. If members are in any doubt they should consult with an independent financial adviser and seek advice in writing on the suitability of a fund or investment to their circumstances.

The Lifestyle Investment Strategy

This is the investment strategy which will apply where no other more specific instruction is notified to the Trustee by a Scheme member.

4. INVESTMENT CHOICE

The Trustee, at the date of this statement, invests the Scheme's assets in long term policies of insurance in the unit-linked funds operated by Mobius Life. There is also a policy held with Equitable Life.

No investment is permitted in any form of securities issued by or loans to

BRAEMAR PENSION SCHEME

Braemar Shipping Services Plc or any associated company, other than is commensurate with the investment strategy and coincidental to the operation of a fund by the manager concerned. Within the individual pooled funds selected, the Investment Managers have been given complete discretion to invest monies received from the Scheme in the manner they deem appropriate.

The Trustee has obtained confirmation that the current overall investment profile adopted and offered is suitable given the general liability profile and nature of the Scheme. The Trustee provides access to a suitable range of different asset classes and low cost reliable investment management. The overall cost of investments is important to member outcomes and therefore to the Trustee.

The Trustee has invested in the following unitised funds:

| Fund | Total ongoing charges % per annum |
|---|--|
| Braemar Lifestyle Growth – Default Fund | 0.427 |
| Braemar Pre-Retirement – Default Fund | 0.466 |
| Braemar Cash – Default Fund | 0.353 |
| Braemar UK Equity Index | 0.371 |
| Braemar Global Growth | 0.349 |
| Braemar Global Bond | 0.969 |
| Braemar Ethical Equity | 0.558 |
| Braemar Balanced Growth | 0.383 |
| Braemar Global Equity Index | 0.316 |
| Braemar Diversified Growth | 0.920 |
| Braemar Strategic Diversified Growth | 0.506 |

The Total ongoing charges covers costs such as custody, fund audit, fund administration charges and similar. These charges are expected to be incurred by members in relation to their investments in the noted fund. Such charges are within the unit price and therefore not explicit. In some instances the published annual management charge may be higher. This arises from negative transaction costs on the fund investments.

5.THE BRAEMAR LIFESTYLE INVESTMENT STRATEGY

The Braemar Lifestyle Investment Strategy is the default investment and comprises of the following three funds:

- **THE BRAEMAR LIFESTYLE GROWTH FUND**

This fund will hold exposure to UK and international equities. The investments of the fund may also include diversified assets designed to reduce the extremes of price volatility.

- **THE BRAEMAR PRE-RETIREMENT FUND**

This fund invests in a combination of diversified assets, long dated UK government bonds and long dated UK corporate bonds, together with occasional cash positions.

- **THE BRAEMAR CASH FUND**

This fund invests in financial institutions using available money market instruments.

6.CUSTODY OF ASSETS

The assets of the Scheme are completely separate from the Employer. Each manager or insurance company appoints their own custodian and sub custodian to assist with the operation of the investment funds concerned.

The Trustee also maintains working bank accounts under the Scheme to assist in the day to day management and cash-flow both into and out of the Scheme

7.MONITORING

The Investment Strategy and this Statement will be reviewed periodically.

It is the practice of the Trustee to meet periodically to review investment. At these meetings the Trustee considers the reports of the Investment Manager and suitability of the investments in an overall context.

8.AVCs

The Scheme enables members to pay Additional Voluntary Contributions (AVCS)

BRAEMAR PENSION SCHEME

to enhance the benefits at retirement. Members have the option of paying additional contributions to any of the range of investment funds described above although the Trustee notes that if the Lifestyle Investment Strategy is applied to a member then the member AVC asset must also be invested in that same strategy. AVCs paid are pooled with the other assets of the Scheme for investment purposes.

9.EXPECTED RATES OF RETURN

The default option is expected to provide an appropriate return on members investments, taking into consideration the Trustee understanding of the Scheme membership and the risk considerations. The Trustee believes that equity investments may provide above inflation returns and this may assist in maintaining the real value of the members savings over the long term.

The Trustee believes that diversified investments provide a real return that is likely to be both lower and more stable than equities over time. The Trustee considers that these investments may provide a broad match to pension outcome requirements and offer a diverse correlation in relation to the equity risk. Diversified investments may lower the return but smooth the journey to retirement for members using the Lifestyle Investment Strategy.

The Trustee believes that fixed interest investments may provide a return that is likely to be both lower and more stable than the other assets classes. Although a lower return is expected, fixed interest holding may reduce the level of overall volatility.

The expected rate of return for each fund is listed below. The unit price is not guaranteed and may fall as well as rise.

| Fund | Assumed Growth Rates |
|---|-----------------------------|
| Braemar Lifestyle Growth – Default Fund | 2.5% above inflation |
| Braemar Pre-Retirement – Default Fund | inflation |
| Braemar Cash – Default Fund | Inflation or lower |
| Braemar UK Equity Index | 2.5% above inflation |
| Braemar Global Growth | 2.5% above inflation |
| Braemar Global Bond | 1.0% above inflation |
| Braemar Ethical Equity | 2.5% above inflation |
| Braemar Balanced Growth | 2.5% above inflation |
| Braemar Global Equity Index | 2.5% above inflation |
| Braemar Diversified Growth | 2.5% above inflation |
| Braemar Strategic Diversified Growth | 2.5% above inflation |

10. INVESTMENT RISK

The Trustee has considered investment risk from a number of perspectives. The risks are that:

- investment returns during the members lifetime may not keep pace with inflation and may not therefore provide a good outcome
- market movements in the period leading up to retirement may lead to a significant reduction in the anticipated pension benefits
- member borne costs and charges reduce the investment return achieved
- the default option may not be suitable for all members

To reduce the associated risks the Trustee reviews the default option and the full fund range offered at least every three years or immediately after a significant change in the Scheme investment policy.

11. REALISATION OF INVESTMENTS

The Scheme investments are held in unitised funds with leading institutional investment managers. Accordingly, the Trustee is comfortable that due to the liquidity of these funds and their underlying investments, the units can be realised when required.

12. ETHICAL INVESTMENT

The Trustee has considered how social, environmental and ethical factors should be taken into account in the investment process. The Trustee considers that they should act in the financial interests of the beneficiaries and consider that this is achieved by investing in a range of pooled unitised managed funds. Against this background the Trustee considers that managers should be permitted to invest within each pooled fund as they deem appropriate.

The Trustee believes that companies with good stewardship and governance could help to build sustainable business models and are beneficial to society. The Trustee also appreciates sustainable investing extends to “inclusion and diversity”. The Trustee and their adviser will seek pooled fund managers that hold an ethical, social and governance culture without creating a prejudicial financial impact to the Scheme. The Trustee does review and will continue to review from time to time the policies operated by each fund manager in respect of corporate governance, environmental, social governance, ethical and diversity issues.

BRAEMAR PENSION SCHEME

With specific regard to climate change impact the Trustee is monitoring the actions of their Investment Managers and may consider the suitability of their market capitalisation approach.

13.CORPORATE GOVERNANCE

As the Trustee invests in unitised pooled funds the voting rights as such do not pass to the Trustee. The policy of the Trustee on the exercise of rights attaching to investments, including voting rights, is that these rights should be exercised by the Investment Managers on the behalf of the Trustee having regard to the financial interests of the beneficiaries. Where this consideration is not prejudiced, the Investment Managers should take account, where the Investment Managers believe appropriate, of social environmental and ethical factors in the exercise of such rights. The Trustee does not however seek to interfere with the Investment Manager decisions on selection of assets for any of the pooled funds.

14.BASIS OF ADOPTION

This Statement of Investment Principles is commended to the Trustee by Professional Pensions and Investments Ltd as the appointed Investment Adviser and being of suitable standing, experience and expertise.

The Statement is subject to periodic review and update at Trustee meetings or when circumstances suggest that to be appropriate.

BRAEMAR

BRAEMAR PENSION

Implementation Statement

December
2020



BRAEMAR PENSION SCHEME

1. INTRODUCTION

This is the Implementation Statement for the Braemar Pension Scheme ('the Scheme') and reflects the position as of 31st December 2020. This Implementation Statement should be read in conjunction with the Statement of Investment Principles (SIP) and is an integral part of the SIP.

The SIP was last reviewed and updated in September 2019 and reflects the Trustee policies relating to responsible investment, including both financial and non-financial matters that the Trustee considered. This included Environmental, Social and Governance (ESG) considerations. Stewardship was also considered, i.e. voting and engagement, together with the ability of the Trustee to influence the actions of their investment managers.

The selection of investment managers is considered, including their objectives, fees and their basis of charging and how that aligns with the interests of the Scheme, ensuring there are no conflicts of interest. The duration of each manager appointment is also considered, together with the ability to terminate their appointment, and any conditions of that termination, should this prove necessary.

As a part of the investment review the sponsoring Employer was consulted on the content of the 2019 SIP and the strategy.

2. INVESTMENT OBJECTIVE

This is effectively outlined in the SIP and remains as stated with specifically the achievement for the default Lifestyle Investment Fund a rate of return that is slightly smoothed, thereby avoiding the worst of market volatility and that is appropriate for most members accessing benefit at retirement under the flexible pension arrangements. Additionally, the Trustee seeks to provide a limited range of alternate funds for those members who wish to self-select and make their own investment decisions.

3. INVESTMENT STRATEGY

The Trustee continues to implement the strategy as outlined in the SIP and as updated from time to time.

4. SETTING THE INVESTMENT ARRANGEMENTS

In Managing the assets of the Scheme, the Trustee owns policies of assurance. As the Grantee of the policy the Trustee has the benefit of the protection offered under the Financial Services Compensation Scheme (FSCS) and the terms of the specific policy of assurance.

MOBIUS LIFE

The Trustee holds a long-term insurance policy with Mobius Life as a part of the Mobius Life long term business fund. As Grantee under the policy the Trustee

BRAEMAR PENSION SCHEME

may pay premium to Mobius Life who will allocate units to the policy. The allocation of units is notional and references to both units and funds are solely for the purpose of calculating benefits under the policy. Neither the Grantee (which is the Trustee) nor any other person has any right or interest in the Units, the funds or any other specific assets or income of Mobius Life by virtue of the policy.

UTMOST LIFE AND PENSIONS

The Trustee owns a broadly similar policy to that outlined above (under the Mobius Life heading).

The wide range of asset classes available to the Trustee is considered as is the ease of access to institutional style investment management funds at an acceptable annual management charge. During the past 12 months the Trustee has received information and advice on how to achieve their objectives and how to access appropriate investment funds in a secure way.

5. IMPLEMENTATION OF THE INVESTMENT ARRANGEMENTS

The arrangements are assessed on an ongoing basis at Trustee meetings and by the Investment Adviser. This may in part be by face to face meetings where it is practical to do so.

The Trustee is aware of the need to consider the impact of costs and value for money on the long-term performance of the investments in the pooled funds. To reduce cost and the risks associated with 'active' fund management, the Trustee has invested some of the Scheme's assets in passive or index funds.

In the main the funds are accessed via the Mobius Life investment platform using a Trustee Investment Plan which is technically a policy of assurance. This route of access avoids de-minimis fees and can benefit from aggregation discounts on annual management charges. Reporting is co-ordinated and this represents a significant benefit to the Scheme.

6. REALISATION OF INVESTMENTS

Investments are reviewed on a regular basis in the light of cash flow requirements. The pooled funds may be accessed daily and the Trustee believes that this supplies adequate liquidity for the Scheme.

7. INVESTMENT GOVERNANCE AND FINANCIALLY MATERIAL CONSIDERATIONS

The matter of investment and investment governance in a widest sense is taken seriously by those who manage the Scheme (The Trustee). To this end the Scheme has a Statement of Investment Principles (SIP), which is considered and reviewed periodically as appropriate.

BRAEMAR PENSION SCHEME

The current SIP was agreed in 2019 and that followed in-depth consideration of the environmental, social and governance requirements, considering both financial and non-financial aspects, in respect to the asset types as required in the long term for the Scheme as it matures. The Scheme is investing appropriately against this background and there has not been a need to make further amendments although the Trustee has kept this position under review.

Those that manage the Scheme collectively have the necessary qualifications and experience appropriate to a Scheme of this size. They meet regularly as required by the business of the Scheme, including investment business. Investment matters are on the agenda for all Trustee regular meetings. The Scheme has access to professional advisers including, but not limited, to Investment Adviser, Actuary, and Lawyer.

8. APPROACH TO NON-FINANCIAL MATTERS

The Scheme invests in pooled pension funds. This is appropriate to a Scheme of this size and brings added security in that the assets are covered by the Financial Services Compensation Scheme (FSCS).

The Scheme will always prefer an investment that is beneficial to society and the environment over one that is not. In making such a statement the managers of the Scheme are noting that by using pooled investment vehicles they are not the direct owners of the underlying assets. They do however have access (sometimes limited by availability of information) to a copy of the content of the underlying portfolios of the pooled investment managers.

9. STRATEGIC ASSET ALLOCATION

During the past 12 months the Scheme has followed the allocation as outlined in the SIP and where there has been any variation this has been intentional. Those that manage the Scheme continue to consider that the asset allocation is appropriate and have considered this at their meetings in the year.

10. MANDATE PARAMETERS

The Scheme has selected pooled pension funds with specific objectives. Each of the pooled funds that the Scheme is invested in has its own specific objective and in selecting these funds the managers of the Scheme received investment advice from a financial adviser of appropriate standing and experience and working for an organisation registered with the Financial Conduct Authority.

When reviewing the investments during the year it was noted that the pooled funds were being managed to their objectives and that the results were as the Scheme expected, taking into consideration the impact of Covid-19. Further the financial standing of the managers of the pooled funds has been considered and noted that it continues to be appropriate. The managers of the pooled funds that the Scheme participates in are required to report to the Prudential Regulatory Authority (PRA) who in turn supervise the solvency of these managers on behalf of the Bank of England.

BRAEMAR PENSION SCHEME

The Scheme has considered this position during the year and remains comfortable with the approach in place, including the capital structure and financial standing of the investment managers that the Scheme invests with. Specifically, the Trustee takes considerable comfort at investing via a policy of assurance and the protections that brings.

11. VOTING RIGHTS AND DESCRIPTION OF VOTING BEHAVIOUR DURING THE YEAR

Participants in pooled investment funds do not generally acquire rights over the underlying holdings of the pool. There is no direct relationship between the Scheme and the companies whose shares are held within the pooled investment funds that we are using. In effect this means that the manager of the pool exercises voting rights on our behalf (as a participant in the pool) but without any obligation to consult with us. The Scheme does not use a proxy voting service, in practice it does not have the right to exercise votes at the general meetings of companies held within the pooled investment funds. Generally, other than for matters of financial reconstruction, holders of gilts, bonds, physical property and other alternative investments may not have voting rights.

Where the Scheme holds units of investment in pooled equity funds the Scheme can see how the manager has voted in the summary stewardship reports that the manager may produce for information. These matters are currently only reported at overall manager level and not in a specific way in respect to the funds that we invest in. This may change in the future and the Scheme is aware that there are many initiatives in the investment markets generally to improve access information and reporting in this area.

Other than via our investment consultant it is challenging for the Scheme to influence the manager of a pooled fund on matters of voting for individual companies. The Scheme does however take its responsibilities seriously in this area and notes that it always has the option to divest from the manager if, in the view of the Scheme, expressed by those who manage it, this was deemed appropriate. Set against this is an overall fiduciary responsibility of the Trustee to manage the Scheme assets.

In future years we are expecting managers to provide us with further summary stewardship reports that highlight key voting issues, particularly around matters of diversity and the environment as regards the underlying holdings in the relevant pooled fund portfolio. Such reports are available for example from Legal and General at a high level by accessing

https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-uk-corporate-governance-and-responsible-investment-policy.pdf

and from Black Rock at a high level by accessing:

<https://www.blackrock.com/uk/individual/about-us/sustainability-resilience-research?siteEntryPassthrough=true&cid=ppc:apollo20:Google:brand:uk&clid=EA1aIQobCh>

BRAEMAR PENSION SCHEME

Other managers that we may access have similar information published on the world wide web. The Trustee considers such information in making their decisions under the policy of assurance that they own.

12. THE TRUSTEE

At each of their meetings where their Investment Adviser is present, the Trustee has received an investment presentation on the strategy that they are pursuing and the pooled funds that they participate in. This has included some comment on ESG and where available the wider voting record of their investment manager.

The Trustee group includes experienced individuals with relevant qualifications and practical working experience of investment matters and governance. This method of operation facilitates an excellent understanding at Scheme level of the requirements when exercising 'good governance'.

13. TRUSTEE KNOWLEDGE AND UNDERSTANDING

The Trustee Directors undertake Trustee Knowledge and Understanding training including at Trustee meetings. In addition, Winterbourne Trustee Services is a specialist professional Independent Trustee, and is the professional trustee appointed to the Scheme. As a firm of professional trustees, Winterbourne brings its long experience and specialist pensions and investment knowledge to what is now a very complex and increasingly legislated area.

14. PROCESSES AROUND MANAGING SCHEME INVESTMENTS

Having set a strategic parameter for the Lifestyle investment programme this process has revolved mainly around managing cash flow during the year. In this respect, where funds have been required for additional cashflow, retirements or member transfers, the Trustee has taken appropriate advice and sold investments to provide the necessary liquidity. This is achieved by amending the unit holding for each member in an appropriate way.

15. HOLDING ADVISERS AND MANAGERS TO ACCOUNT

The Scheme is managed by the Trustee and in turn advice is taken where required. Those that act as advisers to the Scheme have objectives to deliver service as required and the Trustee group consider the success of this on an ongoing basis. The Investment Adviser has objectives in place that will be reviewed in 2021.

No action has been necessary during this year in respect of shortcomings of advisers or service providers to the Scheme. The Trustee notes that the management of a Scheme such as this can be a challenging matter, and that budgets must be appropriate. These matters are regularly considered with assistance from the principal employer and the Trustee considers that overall, the Scheme functions well, achieving good value from its service providers and good value for its members.

BRAEMAR PENSION SCHEME

During the 2019-2020 period member presentations and discussions were held. This included canvassing member views on retirement provision generally and an explanation of the investment structure of the Scheme. Feedback overall on this member interaction was positive.

16. MANAGER SELECTION, REVIEW AND MONITORING

The Scheme has made no change in its holding of pooled funds during the year. This is intentional. Change can be relatively expensive due to implicit dealing costs in the underlying assets and although not fully transparent such costs are apparent in wholesale rearrangement of assets. The Trustee seeks to avoid such costs.

17. TRANSPARENCY

The assets held by the Scheme are transparent and it is anticipated that in future years all transaction costs on the underlying assets of the pooled funds that the Scheme owns assets in will be available for general publication. For monetary instruments such as gilts and fixed interest holdings such costs are implicit in the purchase price of the underlying asset and so are unlikely to be available. More information on this subject is covered in the Chair of Trustee Governance report – ‘the Chairs Statement’.

18. CONCLUSION

The Scheme has managed its assets successfully throughout the period under review. This Implementation Statement should be read in conjunction with the SIP and is supported by ESG and voting information as supplied to the Investment Adviser for the Scheme by the managers of the pooled funds that the Scheme participates in.

19. FURTHER INFORMATION

If further information is required on any of the matters covered, please contact the Trustee, Braemar Pension Scheme, care of Winterbourne Trustee Services, or the Principal Employer.

December 2020