BARNETT WADDINGHAM

Anglia Maltings (Holdings) Limited Pension Fund (the "Fund")

Statement of Investment Principles

Barnett Waddingham LLP

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Contents

1. Introduction 2
2. Choosing investments 2
3. Investment objectives 2
4. Kinds of investments to be held 3
5. The balance between different kinds of investments 3
6. Risks 3
   - Risk versus the liabilities 3
   - Covenant risk 3
   - Solvency and mismatching 3
   - Asset allocation risk 3
   - Investment manager risk 3
   - Concentration risk 3
   - Liquidity risk 3
   - Currency risk 3
   - Loss of investment 3
7. Expected return on investments 4
8. Realisation of investments 4
9. Socially Responsible Investment, Corporate Governance and Voting Rights 4
10. Agreement 4

Appendix 1

1. The balance between different kinds of investment 5
2. Choosing investments 5
3. Fee agreements 6
4. Investments and disinvestments 6

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1. Introduction

1.1. This is the Statement of Investment Principles for the Anglia Maltings (Holdings) Limited Pension Fund (the "Fund"), as prepared by the Trustees of the Fund ("the Trustees"). This statement sets down the principles which govern the decisions about investments that enable the Fund to meet the requirements of:

- the Pensions Act 1995, as amended by the Pensions Act 2004; and
- the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010.

1.2. In preparing this statement the Trustees have consulted Anglia Maltings (Holdings) Limited, (the "Principal Employer"), and obtained advice from Barnett Waddingham LLP, the Trustees' investment consultants. Barnett Waddingham LLP is authorised and regulated by the Financial Conduct Authority and licensed by the Institute and Faculty of Actuaries for a range of investment business activities.

1.3. This statement has been prepared with regard to the 2001 Myners review of institutional investment (including subsequent updates), and Scheme Funding legislation.

1.4. The Trustees will review this statement at least every three years or if there is a significant change in any of the areas covered by the statement.

1.5. The investment powers of the Trustees are set out in Clause 9 of the Definitive Trust Deed & Rules, dated 1 October 1997. This statement is consistent with those powers.

2. Choosing investments

2.1. The Trustees' policy is to set the overall investment target and then monitor the performance of their managers against that target. In doing so, the Trustees consider the advice of their professional adviser, who they consider to be suitably qualified and experienced for this role.

2.2. The day-to-day management of the Fund's assets is delegated to one or more investment managers. The Fund's investment managers are detailed in the Appendix to this Statement. The investment managers are authorised and regulated by the Financial Conduct Authority, and are responsible for stock selection and the exercise of voting rights.

2.3. The Trustees review the appropriateness of the Fund's investment strategy on an ongoing basis. This review includes consideration of the continued competence of the investment managers with respect to performance within any guidelines set. The Trustees will also consult the Employer before amending the investment strategy.

3. Investment objectives

3.1. The Trustees' main investment objectives are

- to ensure that they can meet the members' entitlements under the Trust Deed and Rules as they fall due;
- to achieve a long term positive real return;
- to manage the expected volatility of the returns achieved in order to control the level of volatility in the Fund's required contribution levels;
- to invest in assets of appropriate liquidity which will generate income and capital growth to meet, together with new contributions from members and the participating employers, the cost of current and future benefits which the Fund provides;
- to reduce the risk of the assets failing to meet the liabilities over the long term;
- to minimise the long-term costs of the Fund by maximising the return on the assets whilst having regard to the above objectives.

3.2. The Trustees are aware of the relationship that exists between the particular investment portfolio that is held and the level of funding of the Fund's liabilities. The Trustees have obtained exposure to investments that they expect will meet the Fund's objectives as best as possible.

4. Kinds of investments to be held

4.1. The Fund is permitted to invest in a wide range of assets including equities, bonds, cash, property, alternatives and annuity policies.

4.2. No investment in employer-related investments is permitted, except where this is by virtue of inclusion in an index which any managers are benchmarked against, or in the form of contingent assets for the Fund.

5. The balance between different kinds of investments

5.1. The Fund invests in assets that are expected to achieve the Fund's objectives. The allocation between different asset classes is contained within the Appendix to this Statement.

5.2. The Trustees consider the merits of both active and passive management for the various elements of the portfolio and may select different approaches for different asset classes. The current arrangements are set out in the Appendix to this Statement.

5.3. From time to time the Fund may hold cash and therefore deviate from its strategic or tactical asset allocation in order to accommodate any short-term cashflow requirements or any other unexpected items.

5.4. The Trustees are aware that the appropriate balance between different kinds of investments will vary over time and therefore the Fund's asset allocation will be expected to change as the Fund's liability profile matures.

6. Risks

6.1. The Trustees have considered the following risks for the Fund with regard to its investment policy and the Fund's liabilities, and considered ways of managing/monitoring these risks:

Risk versus the liabilities	The Trustees will monitor and review the investment strategy with respect to the liabilities in conjunction with each actuarial valuation. The investment strategy will be set with consideration to the appropriate level of risk required for the funding strategy as set out in the Fund's Statement of Funding Principles.
Covenant risk	The creditworthiness of the Employer and the size of the pension liability relative to the Employer's earnings are monitored on a regular basis. The appropriate level of investment risk is considered with reference to the strength of the Employer covenant.
Solvency and mismatching	This risk is addressed through the asset allocation strategy and ongoing triennial actuarial valuations. The Trustees are aware that the asset allocation required to minimise the volatility of the solvency position may be different from that which would minimise the volatility on the Fund's funding basis.
Asset allocation risk	The asset allocation is detailed in the Appendix to this Statement and is monitored on a regular basis by the Trustees.
Investment manager risk	The Trustees monitor the performance of each of the Fund's investment managers on a regular basis in addition to having meetings with each manager from time to time as necessary. The Trustees have a written agreement with each investment manager, which contains a number of restrictions on how each investment manager may operate.
Concentration risk	Each investment manager is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities.
Liquidity risk	The Fund invests in assets such that there is a sufficient allocation to liquid investments that can be converted into cash at short notice given the Fund's cashflow requirements. The Fund's administrators assess the level of cash held to limit the impact of the cashflow requirements on the investment policy.
Currency risk	The Fund's liabilities are denominated in sterling. The Fund may gain exposure to overseas currencies by investing in assets that are denominated in a foreign currency or via currency management.
Loss of investment	The risk of loss of investment by each investment manager and custodian is assessed by the Trustees. This includes losses beyond those caused by market movements (e.g. default risk, operational errors or fraud).

7. Expected return on investments

7.1. The Trustees have regard to the relative investment return and risk that each asset class is expected to provide. The Trustees are advised by their professional advisors on these matters, who they deem to be appropriately qualified experts. However, the day-to-day selection of investments is delegated to the investment managers.

7.2. The Trustees recognise the need to distinguish between nominal and real returns and to make appropriate

allowance for inflation when making decisions and comparisons.

7.3. In considering the expected return from investments, the Trustees recognise that different asset classes have different long-term expected returns and expected volatilities relative to the liabilities.

7.4. Having established the investment strategy, the Trustees monitor the performance of each investment manager against an agreed benchmark as frequently as appropriate according to market conditions and the Fund's funding position. The Trustees meet the Fund's investment managers as frequently as is appropriate, in order to review performance.

8. Realisation of investments

8.1. The Trustees have delegated the responsibility for buying and selling investments to the investment managers. The Trustees have considered the risk of liquidity as referred to above.

8.2. Ultimately, the investments will all have to be sold when the Fund's life comes to an end. In this situation, the Trustees are aware of the fact that the realisable value of some investments, were there to be a forced sale, might be lower than the market value shown in the Fund accounts.

9. Socially Responsible Investment, Corporate Governance and Voting Rights

9.1. The Anglia Maltings (Holdings) Pension Fund Trustees are aware of requirements to monitor the behaviour of companies and governments in which the fund is invested. Investment is wholly through pooled funds, thus influence on fund managers may be direct, but on the invested companies influence is perforce indirect. The Fund avoids anti-social or destructive investments; for example, land-mine manufacturers, companies with poor records for pollution control, or ones purchasing from manufacturers using slave labour. There is an ongoing issue with the Fund's investment in diversified growth funds: investment techniques are often opaque. The Trustees remain vigilant.

10. Agreement

10.1. This statement was agreed by the Trustees, and replaces any previous statements. Copies of this statement and any subsequent amendments will be made available to the Employer, the investment managers, the actuary and the Fund auditor upon request.

Signed:..... **Date:** 23/ix/19.

On behalf of the Anglia Maltings (Holdings) Limited Pension Fund

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Appendix 1 Note on investment policy of the Fund as at September 2019 in relation to the current Statement of Investment Principles

1. The balance between different kinds of investment

The Fund has a strategic asset allocation as set out in the table below, which has been agreed after considering the Fund's liability profile, funding position, expected return of the various asset classes and the need for diversification.

Asset class	Allocation (%)
Growth	**60**
Global Equities	45
Direct Lending	15
Protection	**40**
Corporate Bonds	15
Index-Linked gilts	25
	100

The Trustees currently hold assets in the Ruffer Absolute Return Fund. This is a temporary holding which is being drawn down over the next few years as and when cash payments need to be made to the Direct Lending fund.

The Trustees intend to gradually reduce the proportion of assets held in growth assets and increase the proportion of assets held in protection assets as the liability profile of the Fund matures.

The Trustees will review the asset allocation on a regular basis and may choose to depart from the above intended allocations, taking account of the prevailing investment market conditions and the liability profile of the Fund.

The Trustees have an Additional Voluntary Contribution ("AVC") contract with Aviva for the investment of members' AVCs. The Trustees review the appropriateness of the AVC contract from time to time.

Rebalancing

The Trustees recognise that the asset allocation of investments in different asset classes will vary over time as a result of market movements. The Trustees seek to maintain a balance between maintaining the asset allocation in line with its benchmark and limiting the costs of rebalances.

2. Choosing investments

The Trustee has appointed the following investment managers to carry out the day-to-day investment of the Fund:

- **Legal & General** Assurance (Pensions Management) Limited, who have delegated responsibility to Legal & General Investment Management Limited (Legal & General), **to invest in protection assets** (i.e. bonds).
- **Oldfield Partners LLP to invest in growth assets** (i.e. equities).
- **Lindsell Train Ltd to invest in growth assets** (i.e. equities).
- **Barings to invest in growth assets** (i.e. Direct Lending).

The fund managers are authorised and regulated by the Financial Conduct Authority.

The Trustees have appointed Barnett Waddingham LLP to advise on investment matters.

The investment benchmarks and objectives for each investment manager are given below:

Funds	Benchmark	Objective
Oldfield Partners TM Overstone UCITS Equity Income Fund (GBP Hedged)	MSCI World High Div Yield (Net Dividends Reinvested)	Provide income and capital growth.
Lindsell Train Global Equity Fund	MSCI World Index (Developed Markets)	Increase capital over the long term.
Barings Global Private Loan Fund III	N/A	Target a net return of 7.5% to 8.5% with quarterly distributions of income and limited volatility
L&G Core Plus Fund	Markit iBoxx GBP Non-Gilts All Stocks Index	Exceed the benchmark by 1.15% p.a. (before fees) over a three year rolling period
L&G All Stocks Index-Linked Gilts Fund	FTSE A Index Linked All Stocks Index	Track the total return (capital growth plus any income) of UK Government Securities as represented by the benchmark index.

The performance of the investment managers will be monitored as frequently as the Trustees consider appropriate in light of the prevailing circumstances. The monitoring takes into account both short-term and long-term performance.

3. Fee agreements

The fee arrangements with the investment managers are summarised below:

Fund	Ongoing Charges Figure
Oldfield Partners TM Overstone UCITS Equity Income Fund (GBP Hedged)	0.92% p.a.
Lindsell Train Global Equity Fund	0.77% p.a.
Barings Global Private Loan Fund III	Management fee of 0.85% p.a. on invested assets plus a performance fee of 10% of outperformance above a 6% hurdle rate of return.
L&G Core Plus Fund	0.35% p.a.
L&G All Stocks Index-Linked Gilts Fund	£1,500 p.a. plus 0.1% p.a. on the first £5m, and 0.075% p.a. on the next £5m

The Trustees have appointed Barnett Waddingham LLP to advise on investment matters. Barnett Waddingham are normally remunerated on a time-cost basis, although fixed fees may be agreed for specific tasks.

4. Investments and disinvestments

New money will be invested in a manner consistent with the Trustees' asset allocation strategy, as explained above.

Disinvestments to meet the Fund's cash flow requirements will be taken from funds in a manner consistent with the Trustees' asset allocation strategy, as explained above.