

Statement of Investment Principles F28876 April 2022

Fruit Advisory Services Team LLP Retirement and Death Benefits Scheme

Produced in line with the latest information available at October 2022.

Aims and Objectives of the Trustees

The Trustees have the following objectives;

- To maximise the pension income and other pension benefits at retirement by taking appropriate risk.
- To aim to reduce volatility in members pension accounts.
- To provide a suitable option for members who do not wish to take an active role in how their pension savings are invested.

The Kinds of Investments to be Held

The Trustees were keen to utilise the knowledge of an experienced investment manager by choosing a pooled investment fund for the default investment.

The pooled fund will mainly be invested in equities and bonds, but may also invest in the following assets;

- Warrants
- Convertibles
- Money market instruments
- Short-term bonds
- Commodities
- Private equity
- Hedge funds
- Other alternative asset classes
- Property

The fund may invest in these assets directly or indirectly.

The Balance Between Different Kinds of Investment

The default fund aims to invest between 40-85% of the fund in equities, with the remainder of the fund invested in a mixture of the other asset classes listed above.

Risks and Risk Management

The default fund has the following risks;

- General
 - Investment returns are not guaranteed
 - Specialist funds – Some funds only invest in a specific or limited range of sectors. These funds carry more risk than funds that can invest across a broader range of sectors.
 - Suspended trading – Fund managers have the ability to suspend trading in their funds under certain circumstances.
- Foreign exchange risk – When funds invest in overseas assets, the value of the asset will be affected by exchange rates.
- Emerging markets – Emerging markets are much more volatile than developed markets, so investments in this sector are likely to move up and down by larger amounts and more frequently. These markets may not be regulated as strictly as other markets and they may be exposed to political instability.
- Smaller companies – Investments in smaller companies are much more volatile than in larger companies, so investments in this sector are likely to move up and down by larger amounts and more frequently. It may also be more difficult to buy and sell these investments.
- Fixed interest – Changes in interest rates or inflation can affect the value of fixed interest investments.
- Property funds – Properties are not always readily saleable. Valuations are made by independent valuers but are ultimately subjective and a matter of judgement. Property transactions come with high costs.

These risks are all managed by the investment team who manage the fund on a day to day basis.

The Expected Return on Investments

The benchmark for the default fund is 3-month GBP LIBOR +4%. This means that the fund aims to return 4% more than the London Inter-bank Offered Rate (LIBOR).

The returns of the fund are not guaranteed and will vary.

The Realisation of Investments

The chosen default fund is priced daily and it is possible to realise the value of an investment in this fund on any working day, subject to a 5-day settling period.

Socially Responsible Investing

The chosen default fund has three parts to its approach to environmental, social and governance (ESG) issues. These are summarised below;

- Integration – the fund manager aims to understand how their chosen investments approach issues like board diversity, governance, climate change and regulatory developments. They aim to integrate these issues into the investment analysis and selection process.
- Stewardship – the fund manager monitors, engages and, where appropriate, intervenes on matters that are related to ESG issues.
- Reform – the fund manager conducts work on reforms and initiatives at local, national and international level to create sustainable financial markets.

Summary

The Trustees believe that the investment strategy outlined in this SIP is appropriate for managing the risks outlined above. By using a pooled fund which is run and managed by a large company with robust policies and procedures in place, this enhances the suitability of the default investment by drawing on the resources and experience of the investment management company that is managing the default fund.

We have relied on details supplied by Aviva to complete this SIP. The information is based on current data.