

Dunns Food and Drinks Limited Pension & Life Assurance Scheme.

Statement of Investment Principles

1. Background

This Statement of Investment Principles (the **Statement**) sets down the principles governing decisions about investments for the Dunns Food and Drinks Limited Pension & Life Assurance Scheme (“the **Scheme**”) to meet the requirements of the Pensions Act 1995, the Occupational Pension Scheme (Investment) Regulations 2005 and subsequent legislation. Before finalising the Statement, the Trustees have consulted Dunns Food and Drinks Limited (the **Sponsoring Employer**).

Where matters described in this Statement may affect the Scheme’s funding policy, input has been obtained from the Scheme Actuary. The Trustees will review this Statement at least every three years, or as soon as practicable after any change in investment policy.

The Trustees’ investment responsibilities are governed by the Scheme’s Trust Deed and relevant regulation of which this Statement takes full regard. The Trustees note that, according to the law, they have ultimate power and responsibility for the Scheme’s investment arrangements.

2. Investment Policy

The Trustees have adopted the following primary objective to help guide them in the strategic management of the assets and control of the various risks to which the Scheme is exposed:

- The Trustees seek to invest the Scheme’s assets so as to maximise the likelihood:
 - that benefits will be paid to members as they fall due; and
 - of continued long-term financial support from the Sponsoring Employer.

3. Day to Day Management of the Assets

Target Investment Structure

The Trustees delegate the day to day management of the Scheme’s assets to the following managers: Phoenix Life Limited (“Phoenix Life”), Architas Limited (“Architas”), Scottish Mutual Assurance Limited (“Scottish Mutual”), Legal and General Investment Management (“LGIM”) and M&G Investments (“M&G”)

There a benchmark allocation overall investment strategy for the Scheme is outlined below:

<i>Asset Class</i>	<i>Investment Manager</i>	<i>Benchmark Allocation</i>
SM Long Gilt Fund	Phoenix Life	8.2%
SM UK Equity Tracker Fund	Phoenix Life	4.6%
SM International Fund	Phoenix Life	41.6%
With-Profit	Phoenix Life	17.7%
Multi Asset	Architas	12.2%
Property	LGIM	8.9%
Corporate Bonds	M&G	3.6%
Cash*	-	3.2%
Total		100.0%

*Including the Trustee Bank account

The Trustees are satisfied that the spread of assets by type and the spread of individual securities within each type provides adequate diversification of investments for risk management purposes.

Realisation of Investments

In general, the Scheme's investment managers have discretion in the timing of realisations of investments and in considerations relating to the liquidity of those investments.

Investment Management Fees

<i>Asset Class</i>	<i>Investment Manager</i>	<i>Annual Management Charges (% p.a.)</i>
Long Gilt	Phoenix Life	0.94% ¹
UK Equities	Phoenix Life	0.99% ¹
International Equities	Phoenix Life	1.04% ¹
With-Profit	Phoenix Life	No explicit charge. Note however, the fund has a guaranteed annual growth rate of 4% after charges and expenses
Multi Asset	Architas ²	0.60%
	Scottish Mutual	1.00%
Property	LGIM*	0.75%
Corporate Bonds	M&G*	0.50%
Cash*	-	-
Total		100.0%

¹ These fees are total expense ratios and so include costs of custody and accounting.

²Note that these funds are on the AJ Bell Investcentre platform who have a custody charge of 0.20% p.a.

ESG, Stewardship and Climate Change

The Trustees believe that environmental, social, and corporate governance (ESG) factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustees also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration. The Trustees have taken in to account the expected time horizon of the Scheme when considering how to integrate these issues into the investment decision making process.

The Trustees have given appointed investment managers full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. The Trustees are satisfied that this corresponds with their responsibilities to the beneficiaries of the Scheme.

Member Views

Member views are not taken into account in the selection, retention and realisation of investments.

4. Engagement with the Investment Manager

The policy in relation to the Trustees' arrangements with their investment managers is set out below.

A. Incentivising the asset manager to align its investment strategy and decisions with the Trustees policies:

The investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected for.

The Trustees look to its investment consultant for their forward-looking assessment of a managers' ability to outperform over a full market cycle. This view will be based on the consultant's assessment of the manager's idea generation, portfolio construction, implementation and business management, in relation to the particular investment fund that the scheme invests in. The consultant's manager research ratings assist with due diligence and questioning managers during presentations to the Trustees and are used in decisions around selection, retention and realisation of manager appointments.

If the investment objective of a particular fund changes, the Trustees will review the fund appointment to ensure it remains appropriate and consistent with the Trustees' wider investment objectives.

The Scheme's investment mandates are reviewed on a regular basis. The Trustees will review the appropriateness of using active and passive managed funds (on an asset class basis) on an ad-hoc basis.

As the Trustees invest in pooled investment vehicles they accept that they have no ability to specify the risk profile and return targets of the manager, but appropriate mandates can be selected to align with the overall investment strategy.

B. Incentivising the asset managers to make decisions based on assessments about medium to long-term financial and non-financial performance of a holding company, and to engage with holding companies in order to improve their performance in the medium to long-term:

The Trustees will consider the investment consultant's assessment of how the investment managers embed ESG into their investment processes and how the managers' responsible investment philosophy aligns with the Trustees' responsible investment policy. This includes the investment managers' policy on voting and engagement.

The Trustees meet with the investment managers at Trustee meetings as required and may challenge decisions made including voting history and engagement activity.

The Trustees delegate all voting and engagement activities to the investment managers. When required the Trustees will question managers' voting decisions if they deem them out of line with the investment fund's objectives or the objectives / policies of the scheme.

The investment managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage. If the Trustees are dissatisfied, then they will look to replace the manager where feasible.

C. Aligning the evaluation of the asset manager's performance and the remuneration for asset management services with the Trustees' policies:

The Trustees receive investment manager performance reports on an ad-hoc basis which presents performance information over various time periods. The Trustees review the absolute performance, relative performance against a suitable index used as the benchmark, and against the manager's stated tracking error (over the relevant time period).

If an investment manager is not meeting their investment objectives or their requirements for the mandate have changed, the Trustees may review the mandate and review the annual management charge levied by the managers. The Trustees may also review the mandate should the manager breach any investment guidelines.

D. Monitoring portfolio turnover costs incurred by the asset manager:

The Trustees are able to receive MiFID II reporting from their investment managers but do not analyse the information.

The Trustees do not currently monitor portfolio turnover costs but may look to do so in the future.

E. The duration of the arrangement with the asset managers:

The Trustees are long term investors and are not looking to change the investment arrangements on a frequent basis.

The funds invested in are open-ended funds and therefore there is no set duration for the manager appointments. The Trustees will retain an investment manager unless:

- There is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager;
- The manager appointment has been reviewed and the trustees have decided to terminate.

Compliance with and Review of the SIP

The Trustees, their Investment Managers and Mercer, their consultants, (all of whom have been appointed by the Trustees), each have duties to perform to ensure compliance with this Statement. These are:

The Trustees will review the SIP at least once every three years and in response to any material changes to any aspects of the Scheme, its liabilities, finances and the attitude to risk of the Trustees and the sponsoring employer which they judge to have a bearing on the stated investment policy. Any such review will again be based on written, expert investment advice and will be in consultation with the sponsoring employer.

The **Investment Managers**, will exercise their discretionary powers of investment in accordance with applicable legislation and give effect to the principles in the Statement so far as reasonably practicable. The Trustees have undertaken to advise the Investment Manager of any material change to this Statement.

Signed: 

Name: James Lawton

Date: 28th Sept 20

On behalf of the Trustees of the Dunns Food & Drink Limited Pension and Life Assurance Scheme

August 2020