John Hogg & Co Limited Retirement Benefits Scheme

Statement of Investment Principles

This statement has been prepared by the Trustee in accordance with the Occupational Pension Schemes (Investment) Regulations 2005.

Before preparing the statement the Trustee obtained and considered advice from its investment consultant, Quattro Pensions, and consulted the principal employer, John Hogg & Co Limited.

The Trustee will review the Statement at least every three years and without delay after a significant change in investment policy or economic circumstances.

Choosing Investments

The Trustee will monitor its investments and obtain regular advice from its investment consultant to ensure compliance with the following criteria for choosing investments:

a) Assets must be invested in the best interests of members and beneficiaries and, in the case of a potential conflict of interest, in the sole interest of members and beneficiaries;

b) The powers of investment, or discretion, must be exercised in a manner calculated to ensure the security, liquidity and profitability of the portfolio as a whole;

c) Assets held to cover the Scheme's technical provisions must also be invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable;

d) Assets must consist predominantly of investments admitted to trading on regulated markets;

e) Investment in assets which are not admitted to trading on such markets must in any event be kept to a prudent level;

f) Assets must be properly diversified in such a way as to avoid excessive reliance on any particular asset, issuer or group of undertakings and so as to avoid accumulations of risk in the portfolio as a whole. Investments in assets issued by the same issuer or by issuers belonging to the same group must not expose the Scheme to excessive risk of concentration.

g) Investment in derivative instruments may be made only in so far as they contribute to a reduction of risks or facilitate efficient portfolio management and any such investment must be made and managed so as to avoid excessive risk exposure to a single counterparty and to other derivative operations.

Kinds of investments to be held

The Scheme's governing documents permit the Trustee to invest in any kind of investment or investment activity. However, as stated above, the Trustee will hold investments which meet the criteria for choosing investments and are also considered suitable having regard to the nature and duration of the Scheme's liabilities.

Investment Objective

The Trustee's investment objective is to generate returns from a diversified portfolio of assets with a focus on income yield such that, when taken with employer contributions, the expectation is that the Scheme's benefits can be paid when they fall due.

Balance between different kinds of investments

The Trustee holds some annuity policies which guarantee an income stream to match part of the liability for pensions, mainly in respect of pensioners who retired before 2000. The Trustee will continue to monitor for opportunities to secure further annuities.

The balance of the Scheme's assets is invested in direct property and a diversified mix of pooled investment vehicles across a number of Investment Managers. The Trustee also retains some cash on deposit in order to manage short-term cash flow requirements.

The approximate allocation between the different kinds of investment held, other than annuities, when this statement was prepared was as follows:

Investment	Manager	Allocation (ignoring annuities)
Strategic Bonds	ManGLG	24%
High Yield Bonds	Royal London	24%
Global Credit	Schroders	5%
Property	Iain Baikie	15%
Venture Capital	Hollyport	30%
Cash		2%
TOTAL		**100%**

Risk controls

The risk of a shortfall of liquid assets relative to the immediate liabilities is managed by regularly projecting the anticipated benefit payments and the employer's contributions and income from annuities and the other investments. The asset allocation is designed to generate sufficient income yield to minimise the risk of possible cashflow shortfalls. In the event that assets must be sold to meet cashflows, the Trustee holds a number of different diversified funds and so is less exposed to the risk of having to disinvest when all assets are at a low point. Furthermore the Trustee does not invest in any equity funds, thereby also reducing volatility.

The projections of benefits, and the need for employer contributions, are recalculated at least after every triennial actuarial valuation.

The risk of adverse changes to the value of assets and liabilities as a result of changing financial markets and interest rates is controlled by monitoring the characteristics of the Scheme and balancing the need to achieve long-term objectives with the Trustee's tolerance for volatility.

The risk of failing to achieve the expected rate of return as a result of a fund manager's performance is minimised by using a diversified range of actively managed funds, with a focus on high yielding assets.

The risk of any single investment adversely affecting the performance of the fund as a whole is controlled by diversification between different asset classes and further diversification within each asset class.

Expected return on investments

The overall return on the invested assets, after investment management costs, is expected to be consistent with the actuarial assumptions used for valuation purposes when assessing the level of ongoing contributions required to enable the Trustee to maintain its ability to pay benefits as they fall due.

Realisation of investments

The income from annuity contracts, rental income from properties, and income from bonds and venture capital, together with the employer's contributions are expected to be sufficient to cover normal expenditure for the foreseeable future. However, the Trustee will ensure that an adequate proportion of the Scheme's assets is held in sufficiently realisable investments to meet additional cash flow requirements and enable it to meet its obligation to provide benefits as they fall due in the future. Suitable arrangements are in place to monitor the cashflow requirements.

Financially material considerations (including ESG)

The Trustee believes that good stewardship and environmental, social and governance ("ESG") issues may have a material financial impact on investment returns.

The Trustee has given each Investment Manager their full discretion when evaluating ESG issues and in exercising rights, engagement activities[1], and stewardship obligations attached to the Scheme's investments. The extent to which these factors are taken into account by the Investment Managers in the selection, retention and realisation of investments is considered by the Trustee as part of the process of selecting organisations with which to invest.

The Trustee has taken into consideration the Financial Reporting Council's UK Stewardship Code, and the Investment Managers all have stated corporate governance policies which comply with these principles.

Monitoring the capital structure of investee companies

The Trustee delegates the responsibility for monitoring the make-up and development of the capital structure of investee companies to their Investment Managers.

Managing conflicts on interest

The Trustee identifies whether there are any conflicts of interest at each Trustee meeting, and records any actual or potential conflicts of interest, including in relation to investee companies or the Investment Managers. If any conflicts are identified, the Trustee has a policy that sets out a process for the management of any such conflict of interest.

Incentivising asset managers

The Trustee selects Investment Managers who are primarily remunerated via an agreed fixed annual percentage of the asset value for each underlying fund. The Trustee may also agree to pay a performance related fee to its Investment Managers.

The Trustee does not directly incentivise the Investment Managers to align its investment strategy and decisions with the Trustee's policies and objectives. Neither does the Trustee incentivise the Investment Managers to make decisions based on assessments about medium

[1] Under the Legislation "Engagement activities" include the methods by which, and the circumstances under which, trustees would monitor and engage with relevant persons about relevant matters. "Relevant matters" includes (but is not limited to) matters concerning an issuer of debt or equity, including their performance, strategy, risks, social and environmental impact and corporate governance. "Relevant persons" includes (but is not limited to) an issuer of debt or equity, an investment manager or another holder of debt or equity.

to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.

However, the Trustee will review their Investment Managers from time to time and will select funds that they believe operate in line with the Trustee's policies and objectives, and will meet the Trustee's return requirements overall.

Evaluation of the Investment Manager's performance and remuneration

The Trustee will review each Investment Manager's remuneration and performance relative to the market costs and performance of managers with similar strategies.

Monitoring portfolio turnover

The Trustee expects the Investment Managers to change underlying holdings only to an extent required to meet their investment objectives. The reasonableness of such turnover will vary by fund and change according to market conditions.

The Trustee therefore does not set a specific portfolio turnover target for their strategy or the underlying funds.

Each Investment Manager is expected to provide information on portfolio turnover and associated costs to the Trustee so that this can be a factor in the Trustee's review process.

The duration of the arrangements with the Investment Managers

The Trustee will consider on a regular basis whether or not the Investment Managers and AVC provider remain appropriate to continue to manage the Scheme's investments and AVCs. The Trustee expects the Investment Managers to supply the Trustee with sufficient information each quarter to enable them to monitor financial and non-financial performance.

Frequency of review

The Trustee will review Investment Managers' performance via the managers' own quarterly reports and will conduct a fuller review to consider all of the matters referred to above at least once every three years.

Voting rights

Although the Trustee has no direct investments in securities that would allow it to exercise rights (including voting rights), the Trustee does hold investments in unitised pooled funds with underlying investments in such securities. The Investment Managers may exercise voting rights attaching to these securities without reference to the Trustee.

Signed: ______________________________

Chairman
John Hogg Pension Trustee Limited
August 2020