The Places for People Leisure Pension Scheme
(A Final Salary Scheme)

STATEMENT OF INVESTMENT PRINCIPLES

This statement is made by the Trustees of the Places for People Leisure Pension Scheme ("the Scheme") for the purposes of and in accordance with Section 35 of the Pensions Act 2004. The statement describes the general approach of the Trustees to investment matters as they impact on the Scheme. As such, the statement might require amendment as general investment conditions alter and as liabilities of the Scheme change over time. The Trustees will review these principles at least every three years and, when they deem it necessary, revise this statement.

The Actuary has been consulted about the suitability of this statement for the Scheme.

The Trustees have consulted the employer about the contents of this statement.

The Investment Manager, Brown Shipley, has given written advice on this statement and agreed to follow the principles set out. Further this statement should be read in conjunction with the "Your Guide to Investing" document produced by Brown Shipley.

The investment powers of the Trustees are set out in Clause 13.13 of the Trust Deed and Rules. The statement is consistent with these powers. Neither this statement nor the Trust Deed and Rules restrict the Trustees' investment powers by requiring the consent of the Employer.

1 Current Investment managers mandate

The Investment Manager will have regard to the Investment Principles set out in this statement in respect of the Trustees' approach to investment matters concerning the Scheme. The Investment Manager will use its reasonable endeavours to achieve a balanced return in the context of a medium risk appetite (in terms of attitude, objectives or capacity for loss). As a broad principle the Investment Manager will benchmark performance of the scheme against the Wealth Management Association's (WMA) Balanced Portfolio Index but nothing in this mandate shall restrict the Investment Manager from recommending or undertaking investments on behalf of the Scheme which do not form part of the WMA's Balanced Portfolio Index.

2 Funding Objective

2.1 The Trustees will consider the Statutory Funding Objective and the progress made since the last review towards achieving that objective.

The Statutory Funding Objective is that the Scheme must have sufficient and appropriate assets to cover its Technical Provisions, which is defined as the amount required on an actuarial calculation to make provision for the Scheme's liabilities. The Statutory Funding Objective is set out in Part 3 of the Pensions Act 2004. This is set out in the Statement of Funding Principles agreed between the Trustees and sponsoring employer following each formal actuarial valuation.

The Trustees will also consider the Scheme's financial position as disclosed under a formal actuarial valuation of the Scheme and any subsequent actuarial reviews. Following such a review they will take investment advice on whether the investment policy remains appropriate.

2.2 Having considered advice from the Actuary the Trustees believe that the Statutory Funding Objective need not currently unduly constrain investment policy.

3 Choosing investments

3.1 The Trustees have appointed the Investment Manager to carry out all the day-to-day investment functions relating to the management of the funds and its administration.

3.2 In particular, the selection of individual investments is left to the Investment Manager.

3.3 The Trustees discuss with the Investment Manager and the Actuary the wider issues relating to overall investment strategy but they are not involved in day-to-day decisions.

3.4 The selection of investments also reflects the Trustees' view as to the suitability of a particular kind of investment in any given category (for example, a long-term fixed interest loan might be more appropriate than a short-term one).

3.5 The Trustees have appointed an Actuary who advises on the nature of the Scheme's liabilities. The Trustees from time-to-time also receive advice from other appropriately qualified experts (including the Investment Manager) as to the suitability of investments to match those liabilities.

3.6 The Trustees review their investment strategy from time-to-time.

The investment strategy is currently that the portfolio aims to achieve a return by way of a combination of capital appreciation and income which seeks above inflation returns.

When carrying out the review, the Trustees seek and consider advice of the nature described above.

4 Kinds of investment

4.1 Subject to the requirements of the Scheme's documentation and legislation generally, the Trustees are not restricted in the kind of investments they can make. This freedom extends, in particular (but not exclusively) to investments of the following kinds:

Shares in any company
Loans
Land and property at any location
Derivatives of any kind
Insurance contracts (including annuities and With Profit bonds)
Pooled funds

4.2 The foregoing list (which is not intended to be exhaustive) includes investments in currencies other than sterling.

4.3 Although the Trustees have complete freedom to invest there are some kinds of investment that they will choose from time-to-time not to make.

4.4 Details of any self-imposed restrictions are made known to the Investment Manager.

4.5 The Trustees have decided that no form of employer related investment is to be permitted.

4.6 For members' AVCs, the Trustees have chosen suitable investment vehicles taking into account past performance, charging structure, flexibility and quality of administration.

5 The balance between different kinds of investment

5.1 The Trustees recognised that the return received from different kinds of investment is achieved in different ways (for example, a high income but little opportunity for capital growth as opposed to low income but substantial opportunity for capital growth).

5.2 The Trustees also recognise that the liabilities of the Scheme are of different kinds (for example, current pensioners require an immediate income whereas current employees require no immediate pension income but will do so in the future).

5.3 The Trustees seek to balance the investments held against the current and future needs of the Scheme.

5.4 The Trustees and their Investment Manager agree from time-to-time an allocation of the fund having regard to the need to diversify investments across different categories of investment (and between investments in a particular category). Such allocations are decided also against the background of the Scheme's liabilities and the Trustees are advised by the Actuary in this regard.

5.5 The Trustees also see to balance the investments held against perceived changes in the economy and in investment markets generally. The Trustees normally delegate to their Investment Manager decisions relating to changes over the short term in the balance of the investments of different kinds. Longer term changes in the balance of investments is a matter on which the Trustees seek the advice of the Actuary as well as their Investment Manager.

5.6 The Trustees have resolved that initially the Scheme's investment strategy will be predominantly equity focussed, subject to holding sufficient cash to meet short-term needs.

6 Risk

6.1 The primary investment risk faced by the Scheme arises as a result of a mismatch between the Scheme's assets and its liabilities. The Trustees' principal focus in setting investment strategy is, therefore, taking into account the nature and duration of the Scheme's liabilities.

6.2 The Trustees recognise that whilst increasing risk can potentially increase long-term returns, it can also increase the short-term volatility of the Scheme's funding position. The Trustees have taken advice on the matter and (in light of the objectives noted previously) considered the implications of adopting different levels of risk.

6.3 The Trustees agree the level of risk consistent with seeking to meet the investment objectives having regard to the covenant of the sponsoring employer to the Scheme.

6.4 The Trustees recognise the risks that may arise from the lack of diversification of investments.

6.5 The documents governing the investment managers' appointment include a number of guidelines which, among other things, are designed to ensure that only suitable investments are held by the Scheme.

6.6 The Trustees recognise that, where appropriate, the use of active management involves a risk that the assets do not achieve the expected return. However, the Trustees believe this risk is outweighed by the potential gains from successful active management, in particular in regions or asset classes where this potential is greater than others.

6.7 The safe custody of the Scheme's assets is delegated to professional custodians via the use of pooled vehicles.

6.8 It is the Trustees' intention that the investment return achieved should be as high as possible having regard to the principles set out in this statement and the risk referred to above.

7 The expected return from investments

7.1 When selecting investments of difference kinds regard is had to the relative investment return that each category is expected to produce. In this context, the Trustees are advised by the Actuary, their Investment Manager and, from time-to-time other appropriate qualified experts.

7.2 The Trustees recognise the need when making these comparisons to distinguish between nominal and real returns and to make appropriate allowance for inflation.

7.3 The investment performance of the funds under management is reviewed at regular meetings (at least annually and usually several times a year) with the Investment Manager.

8 The realisation of investments

8.1 The Trustees considered the liquidity characteristics of differing investments as part of process for establishing the principles over the selection of assets. In particular, liquidity will be considered in the context of the Scheme's likely need for cash in the short and longer term, the income generation from an investment of that kind and the prospects for liquidity at a future date.

8.2 In the normal course of events the Trustees' Investment Manager will sell investment from time-to-time to be replaced by others. The Trustees are mindful that the volume of such turnover is not excessive and their Investment Manager is aware that the expenses involved in turnover can affect performance.

8.3 Ultimately, the investments will have to be sold when the Scheme's life comes to an end. The Trustees are advised by the Actuary as to the solvency of the Scheme should this happen sooner rather than later. In this situation, the Trustees are aware of the fact that the realisable values of some investments were there to be a forced sale might be lower than the market value as shown in the accounts.

9 Policy on social, environmental and ethical considerations

9.1 The Trustees' believe their main duty, reflected in their investment objective, is to protect the financial interests of the Scheme's members. Therefore, the main objective is that assets cover benefits which have been promised to the members.

9.2 The Trustees believe that environmental, social and governance ("ESG") factors may have a material impact on investment risk levels and return outcomes in the future.

The Trustees also recognise that long-term sustainability issues (including climate change) present risks that may increasingly require specific consideration.

The Trustees expect their appointed Investment Manager to take account of ESG factors insofar as they believe such considerations need to be integrated into their investment processes to control risk or improve performance.

9.3 Where the investments are in pooled funds, the Trustees accept that the assets will be subject to the manager's ESG policy. While ethical investment considerations are discussed frequently, the Trustees have not yet imposed any restrictions on what investments are permitted in the Scheme.

10 Policy on Corporate Governance

10.1 The Trustees obtain from their Investment Manager, on a regular basis, details of changes in their corporate governance policies and review these. If the new policies are not acceptable to the Trustees they will take advice and may decide either to replace the manager or to constrain the manager's actions.

11 Stewardship

11.1 The Trustees have entrusted their Investment Manager, to act on any stewardship matters relating to the assets held within the investment portfolio.

The Trustees' Investment Manager will act in the best interests of the scheme to ensure that matters such as voting and rights issues are responded to with consideration of the schemes objectives and risk profile.

The Trustees monitor and review the stewardship matters that it has delegated to their Investment Manager including how the Investment Manager has voted and engaged with the companies in which it invests.

12 Myners Principles

12.1 The Trustees have considered the Myners Principles and comply to the extent they consider appropriate given the size of the Scheme and assets.

13 The Trustees' policy in relation to their investment manager

In detailing below the policies on the investment manager arrangements, the over-riding approach of the Trustees is to select an investment manager that meets the primary objectives of the Trustees.

As part of the selection process and the ongoing review of the investment manager, the Trustees consider how well the investment manager meets the Trustees' policies and provides value for money over a suitable timeframe.

13.1 How the arrangement incentivises the investment manager to align its investment strategy and decisions with the Trustees' policies

The Trustees have delegated the day to day management of the Scheme's assets to an investment manager.

In the course of setting up the account with the investment manager, the investment managers sign a legally binding contract with the trustees. This confirms how the business relationship will operate and the investment mandate that the investment managers will run the portfolio within as well as documenting any restrictions that the trustees may require the investment manager to adhere to.

As part of the ongoing reviews, the trustees will meet with the investment manager to review how the portfolio has performed over the period. These reviews give the trustees the opportunity to check and challenge the management of the portfolio.

The contractual obligations, along with the trustees monitoring and the fees earned incentivise the investment manager to adhere to the trustee's requirements as stated in the trustee's policies and objectives.

13.2 How the arrangement incentivises the investment manager to engage and take into account financial and non-financial matters over the medium to long-term

The Trustees appoint their investment manager in order to meet specific Scheme policies. There are contractual obligations that require the investment manager to make decisions taking into consideration any restrictions placed on it by the Trustees. In addition to this the Trustees have selected an investment manager that subscribes to the Stewardship Code, which is part of UK company law concerning the principles that institutional investors are expected to follow in being active and engaging in corporate governance for the benefit of the shareholders.

The Trustees have selected an investment management house that prioritises Environment Social and Governance (ESG) investing which incorporates non-financial matters with the parent company, Quintet signing up to the Principles for Responsible Investment to demonstrate this.

13.3 How the method (and time horizon) of the evaluation of the investment manager's performance and the remuneration for asset management services are in line with the Trustees' investment policies

The investment manager has a contractual obligation with the Trustees to invest the assets within their portfolio in a manner that is consistent with the guidelines and constraints set out in its appointment documentation.

The Trustees review the investment managers periodically. These reviews incorporate benchmarking of performance and fees against an agreed benchmark – at the current time the Wealth Management Association (WMA) Balanced Portfolio index (which is quoted gross of fees).
Reviews of performance focus on longer-term performance (to the extent that is relevant), e.g. looking at five years of performance.

If the Trustees determine that the investment manager is no longer managing the assets in line with the Trustees' policies they will make their concerns known to the investment managers and may ultimately fire the manager.

The Trustees pay their investment managers a management fee which is a fixed percentage of assets under management.

Prior to agreeing a fee structure, the Trustees consider the appropriateness of this structure, both in terms of the fee level compared to that of other similar products and in terms of the degree to which it will incentivise the investment managers.

13.4 How the Trustees monitor portfolio turnover costs incurred by the investment manager, and how they define and monitor targeted portfolio turnover or turnover range

The Trustees do not explicitly monitor turnover, set target turnover or turnover ranges, but they have signed up to an investment service that does not charge dealing commissions. This removes an incentive to change funds excessively as the investment manager does not create an additional income stream by doing so.

The Trustees believe that the investment manager should follow its stated approach with a focus on risk and net return, rather than on turnover. In addition, the individual mandates are unique and bespoke in nature and there is the potential for markets to change significantly over a short period of time. The Trustees expect to see turnover within the portfolio, as this is one of the benefits of choosing an active investment strategy that can react to market conditions. They feel by not agreeing a fee schedule which incentivises turnover, the likelihood of excessive turnover has diminished.

The Trustees will receive regular confirmation of trades that take place within the portfolio, and will be able to challenge the investment manager as part of the ongoing reviews if they have concerns that turnover rate is effecting portfolio performance.

13.5 The duration of arrangements with investment managers

The Trustees do not, in general, enter into fixed long-term agreements with their investment manager and instead retain the ability to change investment manager should the performance and processes of the investment manager deviate from the Trustees' policies.

However, the Trustees expect their manager appointment to have a relatively long duration, subject to the manager adhering to its stated policies, and the continued positive assessment of its ability to meet its performance objective.

Signed: ……………………………………………………

On behalf of the Trustees of the Places for People Limited Pension Scheme

Dated: 23|09|2020……………………………