

## **Barron McCann Limited 2014 Scheme**

### **Addendum to Statement of Investment Principles**

**24<sup>th</sup> August 2020**

This document updates the Trustees' Statement of Investment Principles (SIP), and should be read in tandem with that document. Its purpose is to:

- set out further details of the Trustees' policies in relation to the stewardship of the Scheme's assets,
- describe the arrangements that exist between the Trustees and the asset managers, and
- to ensure the SIP remains compliant with the relevant legislation:
  - Section 35 of the Pensions Act 1995
  - Section 244 of the Pensions Act 2004
  - The Occupational Pension Schemes (Investment) Regulations 2005
  - The Pension Protection Fund (Pensionable Service) and Occupational Pension Scheme (Investment and Disclosure) (Amendment and Modification Regulations 2018)
  - The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

#### **Monitoring the capital structure of investee companies**

The Trustees delegate the responsibility for monitoring the make-up and development of the capital structure of investee companies to their Investment Manager.

#### **Managing conflicts of interest**

The Trustees have a formal conflict of interest policy and register, which is reviewed at each Trustee meeting. These documents record any actual or potential conflicts of interest in relation to investee companies or the Investment Manager, while also setting out a process for the management of any such conflict of interest.

#### **Incentivising asset managers**

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

The Trustees do not directly incentivise the Investment Manager to align its investment strategy and decisions with the Trustees' policies and objectives. Neither do the Trustees incentivise the asset manager to make decisions based on assessments about medium 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 Trustees will review their Investment Managers from time to time and will select funds that they believe operate in line with the Trustees' policies and objectives, and will meet the Trustees' return requirements overall.

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## **Evaluation of the asset manager's performance and remuneration**

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

## **Monitoring portfolio turnover**

The Trustees expect the Investment Manager 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 Trustees therefore do not set a specific portfolio turnover target for their strategy or the underlying funds.

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

## **The duration of the arrangement with the asset manager**

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

## **Frequency of review**

The Trustees 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.