

# **Everards Brewery Limited Pension Fund**

## **Summary of Investment Arrangements – December 2023**

### **1. Introduction**

The Statement of Investment Principles (“the Statement”) of the Everards Brewery Ltd Pension Fund (“the Fund”) sets out the guiding principles upon which the Fund’s investments are based. The purpose of this Summary is to provide details of the specific investments in place, alongside other information relevant to the management of the investments.

Investment policy can be considered in two parts; (1) the strategic management, the setting of which is one of the fundamental responsibilities of the Trustees and (2) the day-to-day management of the assets, which has been delegated to a professional investment manager.

### **2. Strategic Management**

The Fund’s assets comprise a Corporate Bond Portfolio and a Liability Driven Investment (“LDI”) Portfolio.

### **3. Investment Structure**

The Fund’s investment manager, in respect of the assets of the main Fund, is Legal & General Assurance (Pensions Management) Limited, an insurance company regulated by the Financial Conduct Authority (“FCA”). The day to day responsibility for the investment management of the Fund’s assets is delegated to an associated company, Legal & General Investment Management Limited (“L&G”), which is also regulated by the FCA.

#### 4. **Benchmarks**

##### **Total Fund**

At the total Fund level, the benchmark asset distribution is as follows:

<b>Portfolio</b>	<b>Benchmark Allocation</b> %
Corporate Bond Portfolio	40.0
LDI Portfolio	60.0
<b>Total</b>	<b>100.0</b>

##### ***Corporate Bond Portfolio (40% of total Fund assets)***

<b>Asset Class</b>	<b>Benchmark Allocation</b> %	<b>Benchmark Index</b>
Buy & Maintain Global Credit	100.0	n/a <sup>1</sup>
<b>Total</b>	<b>100.0</b>	-

<sup>1</sup> The fund aims to capture the additional yield available from investing in corporate rather than government bonds and to preserve value within a globally diversified portfolio of predominantly investment grade credit over the course of the credit cycle.

##### ***LDI Portfolio (60% of total Fund assets)***

The Trustees have put in place an LDI strategy, which aims to invest in a portfolio of liability matching assets that will hedge approximately 105% of the interest rate and inflation sensitivities of the Scheme's liabilities. This is currently based on the 2019 Technical Provisions basis, however the Trustees will look to update this from time to time when more up to date liabilities are calculated, in particular following completion of a triennial actuarial valuation. The estimated sensitivities of the Fund's Corporate Bond Portfolio are also taken into account in the overall level of hedging.

The LDI Portfolio consists of holdings in funds which give exposure to individual fixed interest gilts and index-linked gilts (either on an unleveraged or leveraged basis), and also to nominal, real and inflation swaps. The Trustees do not maintain a strategic benchmark allocation to individual funds held within the LDI Portfolio, rather focusing on constructing a portfolio which hedges the target proportion of the liability sensitivities while adhering to the overall strategic allocation to the LDI Portfolio.

In addition, the LDI Portfolio has a holding in the L&G Sterling Liquidity fund which can be used as a source of liquidity when required. These funds are managed on a passive basis.

L&G manage the portfolio on a non-discretionary basis. The Trustees will review the LDI Portfolio from time to time and will instruct L&G on any changes that are required.

## 5. Rebalancing and Cash Flow Management

### *Rebalancing*

No automatic rebalancing takes place between the Corporate Bond Portfolio and the LDI Portfolio, nor within the LDI Portfolio. The Trustees may, from time to time, instruction ad-hoc switches between the Corporate Bond Portfolio and the LDI Portfolio, or within the LDI Portfolio, in order to re-align the Fund's asset allocation with its strategic benchmark or to rebalance the level of liability hedging achieved.

### *Monthly Cash Flow*

On a monthly basis, the Trustees generally disinvest from the Fund's assets in order to cover ongoing benefit payments and other expenses. Cash flow requirements are generally met through disinvestments from the Sterling Liquidity Fund which sits within the LDI Portfolio.

The balance held in the Sterling Liquidity Fund, and the cashflow policy itself, are reviewed by the Investment Committee ("IC") on a regular basis.

## 6. Fee Structures

The investment manager levies fees based on a percentage of the value of the assets under management, as shown in the tables below.

### *Corporate Bond Portfolio*

Charging Band	Buy & Maintain Credit fund % p.a.
On all assets	0.150

### *LDI Portfolio*

A cliff edge fee rate structure applies to the Matching Plus fund range, Single Stock Gilt fund range and Sterling Liquidity fund. The fee rate applicable is calculated using the aggregated value of the Fund's holdings in any of the L&G Matching gilt and swap funds. The fees for the second tier will replace the fees for the first tier once the aggregated holdings reach £5m and so forth.

Charging Band	Single Stock Gilt fund range % p.a.	Sterling Liquidity Fund % p.a.
First £5m	0.100	0.125
Next £5m	0.075	0.100
Next £20m	0.050	0.075
Thereafter	0.030	0.050

<b>Holdings</b>	<b>Matching Plus fund range</b>
	<b>% p.a.</b>
First £5m	0.240
Next £5m	0.220
Next £15m	0.200
Thereafter	0.170

7. **Custody**

L&G's custodian for their pooled funds is Citibank.

**For and on behalf of the Trustees of the Everards Brewery Ltd Pension Fund**