

**The Adnams Pension
Fund**

**Trustees' annual report
and financial statements
for the year ended 31
March 2021**

Fund Registration Number: 10012201

The Adnams Pension Fund
31 March 2021
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The Adnams Pension Fund
31 March 2021
Trustees and advisers

Trustees	
Employer nominated or Trustee Directors BF McIntyre S Lofthouse	Member nominated *K Wells (retired 10 November 2020) J Bates (retired 31 December 2020) G Burwood (appointed 10 November 2020) O Christou (appointed 31 December 2020) A Hemen (appointed 31 December 2020) *Retired member of the Fund
Secretary to the Trustees	Stephen Pugh Adnams PLC
Principal Employer	Adnams PLC Sole Bay Brewery Southwold Suffolk IP18 6JW
Actuary	Neal Thompson F.I.A.
Independent Auditor	Ensors Accountants LLP
Investment Manager	Aviva Fund Management
AVC Providers	Aviva Fund Management Phoenix Life
Legal Adviser	Gowling WLG (UK) LLP
Bank	Barclays Bank PLC
Fund Administrator	First Actuarial LLP
Contact for Fund queries	First Actuarial LLP First House Minerva Business Park Lynch Wood Peterborough PE2 6FT All enquiries about the Fund and benefits should be sent to First Actuarial LLP. Peterborough.admin@firstactuarial.co.uk

The Adnams Pension Fund

31 March 2021

Trustees' annual report

Introduction

The Trustees of the Adnams Pension Fund (the 'Fund') are pleased to present their report together with the financial statements for the year ended 31 March 2021.

The Adnams Pension Fund is constituted as a Trust. The operation of the Fund is governed by a definitive trust deed dated 25 July 1960, with subsequent amendments. Changes to the Fund and Fund Rules were made during 2008 to bring the Fund in line with the introduction of Pension Simplification on the 6 April 2006.

The Fund adopted the default revised rules issued by Aviva Defined Benefit which came into effect on the 6 April 2006 and also Trustees became the Fund Administrator defined by the new legislation.

The Fund provides retirement and death benefits for its members. The Fund has a Defined Benefit (DB) Section which was closed to new entrants on 1 April 2002 and closed to future accrual on 1 July 2005 and Defined Contribution (DC) Section. The DC Section was formerly shares held in an Employee trust for members and 'paid out' when the member retired. In 2005/2006 these were brought into the trust of the Fund and divided between the members to sit alongside their DB entitlement, in the form of an investment only Fund. There is also a small DC section resulting from AVCs.

Management of the Fund

The Principal Employer has the power, by deed, to appoint and remove Trustees. The Fund Trust Deed contains provisions for the appointment and removal of Trustees.

In accordance with the Occupational Pension Schemes (Member-nominated Trustees and Directors) Regulations 2006, members have the option to nominate and vote for member elected Trustees. All pensioner members of occupational pension schemes are entitled to nominate one third of the Trustees of their pension Fund. The Trustee's Member Nominated Trustees process also includes deferred members of the DB Section where employed by Adnams PLC.

The term of service for Kevin Wells, the Member-nominated Trustee, ends in January 2023. However, Kevin Wells retired on 10 November 2020. Joy Bates also retired on 31 December 2020. The new Member-nominated Trustees were appointed during the year.

The Trustees who served during the year under review are listed on page 2.

The Trustees met six times during the year. All decisions of the Trustees must be approved by a majority of the Trustees.

Principal Employer

The Fund's Principal Employer is Adnams PLC, whose registered address is shown on page 2. Other Employers may be admitted to the Fund from time to time with the approval of the Principal Employer and the Trustees.

Financial development and actuarial status

The financial statements on pages 11 to 24 have been prepared and audited in accordance with the Regulations made under Sections 41 (1) and (6) of the Pensions Act 1995. They show that the value of the Fund's net assets increased from £37,552,597 at 31 March 2020 to £40,816,008 at 31 March 2021.

The actuarial position of the Fund is disclosed in the Report on Actuarial Liabilities shown on page 25 of this report. The next actuarial valuation is due at 31 March 2022.

The effects of Covid-19 have been considered and a contribution holiday was agreed between the Trustees and the Employer in the early months of the pandemic. An agreement has been made that these will be made up at some point in the future. However, there is no issue over the going concern of the Fund. The Sponsoring Employer has sufficient resources and will support the Fund, should it be so necessary, for at least the next 12 months.

Pension increases

All pensions in payment were increased during the year as set out under the Fund Rules and in line with statutory requirements.

The Adnams Pension Fund
31 March 2021
Trustees' annual report (continued)

In accordance with the rules of the Fund, pensions in payment and deferred pensions were increased by 4% p.a. compound for services before 6 April 1997. For service from 6 April 1997 to 30 September 1999, a rate of 5% compound, or in line with Retail Price Index (RPI) if less (subject to a minimum of 4%) each year. For service from 1 October 1999, at a rate of 5% compound, or in line with the RPI if less, each year. For service from 6 April 2005, at a rate of 2.5%, or in line with the RPI if less, each year.

No discretionary increases were granted during the year.

Contributions

The contributions payable during the year are shown in the Summary of Contributions signed on page 27 and reported on by the Auditor on page 26.

Membership	DB section	DC section	Total 2021
Deferred members			
As at the start of the year	147	60	207
Retirements	(6)	(3)	(9)
Transfer out	(1)	(1)	(2)
As at the end of the year	140	56	196
Pensioner members			
As at the start of the year	136	-	136
Deferred members retiring	9	-	9
Deaths	(1)	-	(1)
Lump sums	(3)	-	(3)
Small lump sums	(5)	-	(5)
As at the end of the year	136	-	136
Total membership at the end of the year	276	56	332

All DC members are also DB members. The total pensioners are at 31 March 2021 include 111 (2020: 109) paid direct from the Fund and 25 (2020: 27) paid directly from annuities purchased from Aviva in previous years.

Transfer values

Transfer values paid during the year were calculated and verified in the manner required by the Pension Schemes Act 1993. None of the transfer values paid were less than the amount provided by the Act. No discretionary benefits were allowed for in the calculation of transfer values.

Investments

The Trustees' investment policy

The Trustees are responsible for the Fund's investment strategy, acting on the advice of their investment adviser. In taking decisions regarding the Fund's investment strategy, the Trustees take into account the membership profile and the structure and duration of the liabilities.

The Trustees also hold insurance policies with Aviva. These policies provide annuity payments in respect of named pensioner members of the Fund.

The Adnams Pension Fund
31 March 2021
Trustees' annual report (continued)

At the year end, the Fund's assets were invested in the following pooled investment vehicles.

DB Funds	Proportion of Fund's invested assets at year end
Aviva Balanced Managed Fund	62.9%
Aviva Corporate Bond Fund	7.9%
Aviva High Alpha Gilt Fund	7.4%
Aviva Index Linked Gilt Fund	10.2%
Aviva Property Fund	5.0%
Aviva Annuity	3.1%

DC Funds	Proportion of Fund's invested assets at year end
Pooled investment vehicles	2.6%

Over the course of the year all of the Fund's invested assets were held in the funds listed above.

Objectives of the DB pooled investment vehicles

The Fund's investment strategy has been agreed by the Trustees having taken advice from the investment consultant and takes due account of the Fund's liability profile, along with the level of disclosed surplus or deficit.

The Trustees' agreed investment strategy is based on an analysis of the Fund's liability profile, the required investment return and the returns expected from the various asset classes over the long-term. Long-term returns from equities are expected to exceed the returns from bonds and cash, although returns and capital values may demonstrate higher volatility. The Trustees are prepared to accept this higher volatility in order to aim to achieve the overall investment objectives.

The Trustees' primary objectives are;

- to provide appropriate security for all beneficiaries,
- to achieve long-term growth sufficient to provide the benefits from the Fund, and
- to achieve an appropriate balance between risk and return with regards to the cost of the Fund and the security of the benefits.

The Trustees are responsible for setting the general investment policy, but the responsibility for all day- to-day investment management decisions has been delegated to the investment manager.

ESG – Environmental, Social and Governance (including, but not limited to, climate change).

In the relevant regulations "**non-financial matters**" refers to the views of the members. This includes, but is not limited to, ethical views, views on ESG factors and views on the present and future quality of life for the members.

"**Financially material considerations**" includes (but is not limited to) ESG considerations (including but not limited to climate change), which the Trustees consider financially material.

The Trustees believe that the "**appropriate time horizon**" will be the period over which benefits are expected to be paid from the Scheme.

When considering the suitability of an investment manager, the Trustees (in conjunction with their investment adviser), will take account of all matters which are deemed to be financially material over the appropriate time horizon. This includes assessment of how ESG risks are mitigated by the investment manager.

The Trustees regularly review the Scheme's investments for all matters considered to be financially material over the appropriate time horizon. This includes reviewing that the assets continue to be managed in accordance with each investment manager's mandate and that the choice of investment managers remains appropriate.

The Trustees do not take non-financial matters into account in the selection, retention and realisation of investments or when determining the Scheme's investment strategy. The Trustees will review this policy as appropriate.

The Adnams Pension Fund
31 March 2021
Trustees' annual report (continued)

The Trustees' policy in relation to the exercise of rights attaching to investments, and undertaking engagement activities in respect of investments, is that they wish to encourage best practice in terms of stewardship.

However, the Trustees invest in pooled investment vehicles and therefore accept that ongoing engagement with the underlying companies (including the exercise of voting rights) will be determined by each investment manager's own policies on such matters. If it is identified the investment manager is not engaging with issuers of debt or equity, the Trustees may look to replace that fund. However, in the first instance, the Trustees would normally expect their investment adviser to raise the Trustees' concerns with the investment manager. Thereafter, the Trustees, in conjunction with their investment adviser, would monitor the performance of the fund to assess whether the situation improves.

As the Scheme's assets are held in pooled funds, the Trustees have limited influence over the investment managers' investment decisions. In practice, investment managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover.

The Trustees expect investment managers, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/equity issuers, and to engage with issuers to improve their performance. The Trustees assess this when selecting and monitoring managers.

The Trustees assess the performance of each fund held on a quarterly basis. This monitoring includes an assessment of whether the investment manager continues to operate the fund in a manner that is consistent with the factors used by the Trustees to select the fund.

The Trustees will consider the transaction costs incurred on each pooled fund and, as part of this analysis, the Trustees will consider whether the incurred turnover costs have been in line with expectations. This will be taken into account when assessing the ongoing suitability of each pooled fund.

The Trustees will consider how the investment manager defines and measures the targeted portfolio turnover and turnover range.

The Trustees normally expect that pooled funds will be held for several years. As part of the periodic strategic asset allocation reviews (which take place at least every three years), the Trustees will review whether the ongoing use of each fund remains consistent with their investment strategy.

Following the recent changes to The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, pension scheme trustees for a pension scheme which has a defined contribution section, are required to prepare an annual statement:

- to set out how, and the extent to which, in the opinion of the trustees, the statement of investment principles required under section 35 of the 1995 Act has been followed during the year,
- to describe any review of the statement of investment principles undertaken during the year in accordance with regulation 2(1) of the Investment Regulations and any other review of how the statement of investment principles has been met,
- to explain any change made to the statement of investment principles during the year and the reason for the change, and
- where no such review was undertaken during the year in accordance with regulation 2(1) of the Investment Regulations, to give the date of the last review.
- to describe the voting behaviour by, or on behalf of, trustees (including the most significant votes cast by trustees or on their behalf) during the year and state any use of the services of a proxy voter during that year.

The Trustees have prepared such statement for the year ended 31 March 2021. A copy of this is on page 34.

Statement of Investment Principles

The Trustee has produced a Statement of Investment Principles as required by Section 35 of the Pensions Act 1995. This Statement was last updated in September 2020 and can be viewed in Appendix 1. All investments have been made in accordance with the Statement of Investment Principles during the Fund year.

The Adnams Pension Fund
31 March 2021
Trustees' annual report (continued)

Custodial arrangements

To ensure the safekeeping of the assets, ownership and day-to-day control of the assets is undertaken by custodian organisations which are independent of the sponsoring Employer and the investment managers. Where pooled investment vehicles are used, the custodians will typically be appointed by the investment manager.

Investment performance review

The Trustees, in conjunction with their investment adviser, review investment strategy and investment performance on an ongoing basis.

During the year the average annualised returns for the DB investment funds were as follows:

	1 Year %	3 Years % pa	5 Years % pa
Aviva Balanced Managed Fund	21.05	6.26	7.90
Benchmark	25.84	6.43	7.47
Aviva Corporate Bond Fund	7.35	4.22	4.69
Benchmark	6.98	4.02	4.48
Aviva High Alpha Gilt Fund	70.78	3.36	4.87
Benchmark	26.71	3.19	6.29
Aviva Index Linked Gilt Fund	2.56	4.00	6.73
Benchmark	2.60	3.55	6.40
Aviva Property Fund	3.54	2.14	3.63
Benchmark	2.46	2.39	4.14

Note: the returns stated in the table above are before the deduction of fees and are provided by the investment manager.

Further information about the Fund's investments

Further details about the nature, marketability security and valuation of investments are shown in the notes to the financial statements on pages 13 to 24.

Further details about the Fund's investment strategy in relation to risk are given in note 18 to the financial statements.

The Adnams Pension Fund
31 March 2021
Trustees' annual report (continued)

Statement of Trustees' responsibilities

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS102) are the responsibility of the Trustees. Pension Scheme regulations require, and the Trustees are responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Fund during the Fund year and of the amount and disposition, at the end of that year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Fund year, and
- contain information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustees are responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is appropriate to presume that the Fund will be wound up.

The Trustees are also responsible for making available certain other information about the Fund in the form of an annual report.

The Trustees also have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Fund and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The publication of the annual report on a web site, together with the maintenance and integrity of the relevant web site with respect to the annual report, is the responsibility of the Trustees.

Trustee responsibilities in respect of contributions


The Trustees are responsible under pensions legislation for preparing, maintaining and from time to time reviewing and, if necessary, revising a Schedule of Contributions showing the rates of contributions payable towards the Fund by or on behalf of the Employer and the dates on or before which such contributions are paid.

The Trustees are also responsible for keeping records in respect of contributions received and for adopting risk-based processes to monitor whether contributions are made to the Fund by the Employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustees are required by the Pensions Act 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

Contact for further information

Any query about the Fund, including requests from individuals for information about their benefits, should be sent to the Fund Administrator's address shown on page 2.

Signed on behalf of the Trustees

Trustee 	Date: 15th October 2021
Trustee 	Date: 18th October 2021

The Adnams Pension Fund
31 March 2021
Independent Auditor's Report to the Trustees

Opinion

We have audited the financial statements of The Adnams Pension Fund for the year ended 31 March 2021 which comprise the fund account, the net assets statement and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Ireland".

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Fund during the year ended 31 March 2021, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3 and 3A of the Occupational Pension schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed we have not identified any material uncertainties relating to events or conditions that individually or collectively may cast significant doubt on the scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 8, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Adnams Pension Fund
31 March 2021
Independent Auditor's Report to the Trustees (continued)

In preparing the financial statements, the Trustees are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee's either intend to wind up the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Our audit was designed to include tests of detail together with an assessment of the control environment to enable us to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud.

The engagement partner ensured that the team collectively had the appropriate competence and capabilities to identify such matters.

Our audit procedures included a review of the qualifications and competencies of the service organisations used by the scheme for administration and governance.

We also obtained an understanding of the legal and regulatory framework that the scheme operates in from discussions with trustees and from our knowledge and experience of the pensions sector. We focussed on the areas that may give rise to intervention from the Pensions Regulator or may be of concern to HMRC as a UK registered scheme.

We then performed audit procedures after consideration of the above risks including:

- Enquiring of Trustees concerning actual and potential litigation and claims
- Reviewing reports to the Regulator
- Reviewing Trustee minutes
- Review of correspondence with the scheme's legal advisers
- Review financial statement disclosures and testing to documentation

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx> This description forms part of our auditor's report.

Use of this report

This report is made solely to the Fund's Trustees, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Fund's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Ensors Accountants LLP
Chartered Accountants and Statutory Auditor



Ipswich, United Kingdom

Date

19th October 2021

The Adnams Pension Fund
31 March 2021
Fund Account

	Note	DB Section £	DC Section £	Total 2021 £	Total 2020 £
Contributions and benefits					
Employer contributions	5	120,000	-	120,000	450,000
Total contributions		120,000	-	120,000	450,000
Other income	6	-	-	-	18,311
		120,000	-	120,000	468,311
Benefits paid or payable	7	(1,257,244)	(84,157)	(1,341,401)	(1,297,421)
Payments to and on account of leavers	8	(313,208)	(18,642)	(331,850)	-
Administrative expenses	9	(97,165)	-	(97,165)	(50,863)
		(1,667,617)	(102,799)	(1,770,416)	(1,348,284)
Net (withdrawals)from dealings with members		(1,547,617)	(102,799)	(1,650,416)	(879,973)
Return on investments					
Investment income	10	149,135	-	149,135	167,534
Change in market value of investments	11	4,712,405	146,405	4,858,810	(1,225,031)
Investment management expenses	12	(94,118)	-	(94,118)	(98,207)
Net return/(loss) on investments		4,767,422	146,405	4,913,827	(1,155,704)
Net increase/(decrease) in the fund during the year		3,219,805	43,606	3,263,411	(2,035,677)
Net assets of the Fund					
Opening net assets at 1 April		36,494,153	1,058,444	37,552,597	39,588,274
Closing net assets at 31 March		39,713,958	1,102,050	40,816,008	37,552,597

The notes on pages 13 to 24 form an integral part of these financial statements.

The Adnams Pension Fund
31 March 2021
Statement of Net Assets (available for benefits)

	Note	DB Section £	DC Section £	Total 2021 £	Total 2020 £
Investment assets					
Pooled investment vehicles	14	38,113,469	1,071,255	39,184,724	35,762,598
Insurance policies	15	1,259,000	-	1,259,000	1,500,000
AVC investments	16	-	30,795	30,795	28,379
Cash					
Total net investments		39,372,469	1,102,050	40,474,519	37,290,977
Current assets	20	376,089	-	376,089	302,080
Current liabilities	21	(34,600)	-	(34,600)	(40,460)
Net assets of the Fund at 31 March		39,713,958	1,102,050	40,816,008	37,552,597

The notes on pages 13 to 24 form an integral part of these financial statements.

The financial statements summarise the transactions of the Fund and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Fund year. The actuarial position of the Fund which does take into account such liabilities, is dealt with in the Report on Actuarial Liabilities on page 25 of the annual report and these financial statements should be read in conjunction with this report.

These financial statements were approved by the Trustees on

 Trustee	 Trustee
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The Adnams Pension Fund
31 March 2021
Notes to the financial statements

1. Basis of preparation

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the UK and Republic of Ireland” issued by the Financial Reporting Council and the guidance set out in the Statement of Recommended Practice “Financial Reports of Pension Schemes” (2018). As noted in the Trustee’s Report on page 3, the Trustees have assessed the impact of the COVID-19 pandemic in terms of the predicted effect on the Fund’s assets, technical provisions and the effect on the Principal Employer. At such unprecedented times, management forecasting can be difficult however the Principal Employer continues to provide regular updates to the Trustees. The Trustees expect the Principal Employer to continue to provide such information in a timely manner and to report any material uncertainty that casts significant doubt upon the ability of the Fund to continue on a going concern. From the perspective of the Fund, the Trustees remain confident that the Principal Employer will continue to support the Fund and the benefits arising from it. The Trustees consider the preparation of the financial statements on a going concern basis to be appropriate.

2. Identification of the financial statements

The Fund is established as a trust under English Law. The address for enquiries to the Fund is included in page 2.

3. Comparative disclosures for the Fund Accounts and Statement of Net Assets

Fund Account

	Note	DB Section £	DC Section £	Total 2020 £
Contributions and benefits				
Employer contributions	5	450,000	-	450,000
Total contributions		450,000	-	450,000
Other income	6	18,311	-	18,311
Total contributions		468,311	-	468,311
Benefits paid or payable	7	(1,193,876)	(103,545)	(1,297,421)
Administrative expenses	9	(50,863)	-	(50,863)
Net withdrawals from dealings with members		(776,428)	(103,545)	(879,973)
Return on investments				
Investment income	10	167,534	-	167,534
Change in market value of investments	11	(1,188,874)	(36,157)	(1,225,031)
Investment management expenses	12	(98,207)	-	(98,207)
Net loss on investments		(1,119,547)	(36,157)	(1,155,704)
Net decrease in the fund during the year		(1,895,975)	(139,702)	(2,035,677)
Net assets of the Fund				
Opening net assets at 1 April		38,390,128	1,198,146	39,588,274
Closing net assets at 31 March		36,494,153	1,058,444	37,552,597

The Adnams Pension Fund
31 March 2021
Notes to the financial statements (continued)

Statement of Net Assets (available for benefits)

	Note	DB Section £	DC Section £	Total 2020 £
Investment assets				
Pooled investment vehicles	14	34,789,693	972,905	35,762,598
Insurance policies	15	1,500,000	-	1,500,000
AVC investments	16	-	28,379	28,379
Total net investments		36,289,693	1,001,284	37,290,977
Current assets	20	233,290	68,790	302,080
Current liabilities	21	(28,830)	(11,630)	(40,460)
Net assets of the Fund at 31 March		36,494,153	1,058,444	37,552,597

4. Accounting policies

The principal accounting policies of the Fund are as follows:

- (i) The Fund functional and presentation currency is pounds Sterling.
- (ii) Contributions:
 - Employer deficit funding contributions are accounted for on the due dates on which they are payable under the Schedule of Contributions or on receipt if earlier with the agreement of the Employer and Trustees.
- (iii) Payments to members:
 - Pensions in payment are accounted for in the period to which they relate.
 - Benefits are accounted for in the period in which the member notifies the Trustees of their decision on the type or amount of benefit to be taken, or if there is no member choice, on the date of retiring or leaving.
- (iv) Investment income:
 - Income generated by the pooled investment vehicles is not distributed but is retained within the Fund and is reflected in the market value of units.
 - Income from annuity policies is accounted for on an accruals basis and shown within investment income.
- (v) The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.
- (vi) Investments are included at fair value as described below:
 - Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager.
 - Annuities have been valued by the Fund Actuary at the amount of the related obligation, as determined using the most recent Funding valuation assumptions updated for market conditions at the reporting date
 - Additional Voluntary Contributions are invested separately from the principal Fund in separate policies. These are stated at the closing bid price as advised by the investment manager.
 - With profit insurance policies are reported at the policy value provided by the insurance company based on the cumulative reversionary bonuses declared and the current terminal bonus.

The Adnams Pension Fund
31 March 2021
Notes to the financial statements (continued)

5. Contributions

	DB Section £	DC Section £	Total 2021 £
Employer contributions			
Deficit funding	56,500	-	56,500
Expense contributions	63,500	-	63,500
	120,000	-	120,000

	DB Section £	DC Section £	Total 2020 £
Employer contributions			
Deficit funding	440,000	-	440,000
Expense contributions	5,292	-	5,292
Other contribution	4,708	-	4,708
	450,000	-	450,000

In order to improve the Fund's funding position, deficit funding contributions of £480,000 per annum were payable by the Employer into the Fund until 29 February 2020. Following the latest Actuarial Valuation and from 1 March 2020 the Employer will pay additional contributions of £4,708.33 per month towards the funding, and expense contributions of £5,291.67 per month. These will be paid until 28 February 2025. During the early days of the pandemic, it was agreed between the Trustees and Employer that there would be a 3-month contribution holiday. It has been agreed that this will be made up at some point in the future and has been accrued in the financial statements. This was not reported to The Pensions Regulator as there was no requirement to do so at that time.

6. Other income

	DB Section £	DC Section £	Total 2021 £
Refund of excess benefits	-	-	-
	-	-	-

	DB Section £	DC Section £	Total 2020 £
Refund of excess benefits	18,311	-	18,311
	18,311	-	18,311

7. Benefits paid or payable

	DB Section £	DC Section £	Total 2021 £
Pensions	1,053,411	-	1,053,411
Commutation of pensions and lump sum retirement benefits	165,455	84,157	249,612
Death in Retirement Lump Sum	38,378	-	38,378
	1,257,244	84,157	1,341,401

The Adnams Pension Fund
31 March 2021
Notes to the financial statements (continued)

	DB Section £	DC Section £	Total 2020 £
Pensions	1,001,742	-	1,001,742
Commutation of pensions and lump sum retirement benefits	188,216	103,545	291,761
Other benefits payable	3,918	-	3,918
	1,193,876	103,545	1,297,421

8. Payments to and on account of leavers

	DB Section £	DC Section £	Total 2021 £
Individual transfers out	313,208	18,642	331,850
	313,208	18,642	331,850

	DB Section £	DC Section £	Total 2020 £
Individual transfers out	-	-	-
	-	-	-

9. Administrative expenses

	DB Section £	DC Section £	Total 2021 £
Bank charges	93	-	93
Administration & actuarial expenses	87,563	-	87,563
Audit fees	8,000	-	8,000
Levies	1,509	-	1,509
	97,165	-	97,165

	DB Section £	DC Section £	Total 2020 £
Bank charges	93	-	93
Administration & actuarial expenses	50,770	-	50,770
Audit fees	-	-	-
Levies	-	-	-
	50,863	-	50,863

As set out in the Schedule of Contributions dated 28 February 2020, the Fund bears all the costs of administration.

10. Investment income

	DB Section £	DC Section £	Total 2021 £
Annuity income	146,609	-	146,609
Other income	2,526	-	2,526
	149,135	-	149,135

The Adnams Pension Fund
31 March 2021
Notes to the financial statements (continued)

	DB Section £	DC Section £	Total 2020 £
Annuity income	167,522	-	167,522
Interest on cash deposit	12	-	12
	167,534	-	167,534

11. Reconciliation of investments

DB Section	Value at 01 April 2020 £	Purchases at cost £	Sales proceeds £	Change in market value £	Value at 31 March 2021 £
Pooled investment vehicles	34,789,693	2,526	(1,632,155)	4,953,405	38,113,469
Insurance policies	1,500,000	-	-	(241,000)	1,259,000
	36,289,693	2,526	(1,632,155)	4,712,405	39,372,469

DC Section	Value at 1 April 2020 £	Purchases at cost £	Sales proceeds £	Change in market value £	Value at 31 March 2021 £
Pooled investment vehicles	972,905	-	(45,639)	143,989	1,071,255
AVC investments	28,379	-	-	2,416	30,795
	1,001,284	-	(45,639)	146,405	1,102,050

11.1 Concentration of investments

The following funds represented more than 5% of net assets at the year-end:

DB Section	2021 £	2021 %	2020 £	2020 %
Aviva Balanced Managed Fund	25,676,191	62.9	22,392,912	59.6
Aviva Corporate Bond Fund	3,217,886	7.9	2,993,218	8.0
Aviva High Alpha Gilt Fund	3,002,838	7.4	3,183,113	8.5
Aviva Index Linked Gilt Fund	4,164,077	10.2	4,251,581	11.3
Aviva Property Fund	2,052,477	5.0	1,968,869	5.2

The DC investments did not exceed 5% of the net assets of the Fund in 2021.

11.2 Transaction costs

There are no direct transaction costs from investment in the pooled investment vehicles. However, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. These costs are not separately identifiable.

The Adnams Pension Fund
31 March 2021
Notes to the financial statements (continued)

12. Investment management expenses

	DB Section £	DC Section £	Total 2021 £
Administration, management and custody	94,118	-	94,118
	94,118	-	94,118

	DB Section £	DC Section £	Total 2020 £
Administration, management and custody	98,207	-	98,207
	98,207	-	98,207

13. Taxation

The Fund is a Registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income and capital gains taxes.

14. Pooled investment vehicles

	DB Section £	DC Section £	Total 2021 £
Equity funds	25,676,191	-	25,676,191
Fixed interest	10,384,801	255,703	10,640,504
UK Equities	-	235,083	235,083
Overseas Equities	-	300,984	300,984
Property funds	2,052,477	40,032	2,092,509
Other	-	150,650	150,650
Cash	-	88,803	88,803
	38,113,469	1,071,255	39,184,724

	DB Section £	DC Section £	Total 2020 £
Equity funds	22,392,912	-	22,392,912
Fixed interest	10,427,912	260,340	10,688,252
UK Equities	-	176,784	176,784
Overseas Equities	-	234,884	234,884
Property funds	1,968,869	35,149	2,004,018
Other	-	166,251	166,251
Cash	-	99,497	99,497
	34,789,693	972,905	35,762,598

15. Insurance policies

The Fund held insurance policies at the year-end as follows:

	DB Section £	DC Section £	Total 2021 £
Annuities with Aviva	1,259,000	-	1,259,000
	1,259,000	-	1,259,000

The Adnams Pension Fund
31 March 2021
Notes to the financial statements (continued)

	DB Section £	DC Section £	Total 2020 £
Annuities with Aviva	1,500,000	-	1,500,000
	1,500,000	-	1,500,000

These policies relate to benefits due for 25 individuals (2020: 27). Annuities are issued by the annuity provider and are valued by the Fund Actuary on a buy-out basis.

16. AVC investments

The Trustees hold assets invested separately from the main DB investments in order to secure additional benefits on a money purchase basis for those members electing to pay Additional Voluntary Contributions. Members participating in this arrangement each receive an annual statement as at the year-end confirming the amounts held in their accounts and the movements in the year. The aggregate amounts of AVC investments are as follows:

	DB Section £	DC Section £	Total 2021 £
Aviva	-	10,013	10,013
Phoenix Life	-	20,782	20,782
	-	30,795	30,795

	DB Section £	DC Section £	Total 2020 £
Aviva	-	9,676	9,676
Phoenix Life	-	18,703	18,703
	-	28,379	28,379

17. Fair value determination

The fair value of financial instruments has been determined using the following fair value hierarchy:

Level 1	The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
Level 3	Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

At 31 March 2021				
	Level 1 £	Level 2 £	Level 3 £	Total £
DB Section				
Pooled investment vehicles	-	38,113,469	-	38,113,469
Insurance policies	-	-	1,259,000	1,259,000
	-	38,113,469	1,259,000	39,372,469
DC Section				
Pooled investment vehicles	-	1,071,255	-	1,071,255
AVC investments	-	30,795	-	30,795
	-	1,102,050	-	1,102,050

The Adnams Pension Fund
31 March 2021
Notes to the financial statements (continued)

At 31 March 2020				
	Level 1 £	Level 2 £	Level 3 £	Total £
DB Section				
Pooled investment vehicles	-	34,789,693	-	34,789,693
Insurance policies	-	-	1,500,000	1,500,000
	-	34,789,693	1,500,000	36,289,693
DC Section				
Pooled investment vehicles	-	972,905	-	972,905
AVC investments	-	28,379	-	28,379
	-	1,001,284	-	1,001,284

18. Investment risk disclosures

18.1 Investment risks

Market Risk

The risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market Risk comprises three types of risk: Currency Risk, Interest Rate Risk and Other Price Risk. These three risks are described in turn below.

Currency Risk

Market Risk arising from changes in foreign exchange rates.

Currency Risk arises because some of the investments are held in overseas markets via pooled investment vehicles. When selecting a pooled investment vehicle, the Trustees consider the exposure to overseas markets and the investment manager's currency hedging approach. The position for the pooled investment vehicles held is set out below.

The following funds have no Currency Risk:

- Aviva Property Fund

The following funds are exposed to Currency Risk:

- Aviva Balanced Managed Fund
- Aviva Corporate Bond Fund
- Aviva High Alpha Gilt Fund
- Aviva Index-Linked Gilt Fund

Interest Rate Risk

Market Risk arising from changes in market interest rates.

Interest Rate Risk arises principally from the allocation to the funds listed below which are invested in derivatives, bond-related instruments and fixed income and variable rate securities. These funds are invested via pooled investment vehicles and insurance policies and are held because their sensitivity to interest rates acts to reduce the volatility of the Scheme's funding position.

- Aviva Corporate Bond Fund
- Aviva High Alpha Gilt Fund
- Aviva Index-Linked Gilt Fund

Interest Rate Risk also arises from bond investments held within the following funds:

- Aviva Balanced Managed Fund
- Aviva Property Fund

The Adnams Pension Fund
31 March 2021
Notes to the financial statements (continued)

Other Price Risk

Market Risk arising from changes in market prices (other than those arising from Currency Risk or Interest Rate Risk), whether those changes are caused by factors specific to the financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Other Price Risk arises principally from the allocation to the funds below and, to manage this risk, a diversified portfolio of growth assets is held. This is designed to avoid excessive reliance on a single asset class or region and, in particular, to reduce the impact of a large fall in equity markets.

- Aviva Balanced Managed Fund
- Aviva Property Fund

Other Price Risk also arises from the sensitivity of the following fund to the market's expectation for future levels of inflation:

- Aviva Index-Linked Gilt Fund

Credit Risk

The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Scheme is directly exposed to Credit Risk through cash balances and investments in pooled investment vehicles. The Scheme is also indirectly exposed to Credit Risk arising on the financial instruments held within the pooled investment vehicles.

The Scheme is also subject to Credit Risk through its assets held with an insurer, however the risk that an insurer fails to meet its obligations (i.e. paying pensions for the Scheme members that have been insured) is very low as insurers are very highly regulated.

An analysis of how Direct Credit Risk and Indirect Credit Risk are managed is provided below.

Direct Credit Risk

The Trustees, in conjunction with their investment adviser, carry out due diligence checks on the funds and investment managers used and, on an ongoing basis, monitor any changes to the regulatory and operating environment.

The mitigation of Direct Credit Risk for each of the Scheme's investments is as follows:

Cash

Cash is held with a bank that is investment grade rated.

Investments in Pooled Investment Vehicles

Credit Risk is mitigated by the legal structure of the pooled funds held and by regulatory oversight.

Details of the legal structure of each of the Scheme's pooled funds are provided in the Appendix and a summary is set out below.

Unit-Linked Insurance Policies

The following funds are accessed via unit-linked insurance policies:

- Aviva Balanced Managed Fund
- Aviva Property Fund
- Aviva Corporate Bond Fund
- Aviva High Alpha Gilt Fund
- Aviva Index-Linked Gilt Fund

Mitigation of Credit Risk: *The assets backing unit-linked insurance policies are held in long-term funds alongside assets backing other pooled funds. An insurer's long-term funds are held separately from shareholder assets and insurers are subject to capital requirements and are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority.*

Indirect Credit Risk

Indirect Credit Risk arises from the financial instruments held within the pooled investment vehicles.

The Adnams Pension Fund
31 March 2021
Notes to the financial statements (continued)

The funds listed below invest in asset classes which are exposed to Credit Risk:

- Aviva Balanced Managed Fund
- Aviva Corporate Bond Fund
- Aviva High Alpha Gilt Fund
- Aviva Index-Linked Gilt Fund
- Aviva Property Fund

Appendix – Structure of the Pooled Funds

The structures of the pooled funds used by the Trustees are summarised in this Appendix. Each of the funds falls into one of the following legal structures:

a) Unit-linked Insurance Policy

These pooled funds are accessed via an insurance policy and the assets backing the investment are held in a long-term fund alongside assets backing other pooled funds. The long-term fund is held separate from shareholder assets.

When a contribution is paid into the pooled fund, new investments are made by the fund manager and new units are created. Similarly, if an investor redeems part of their holding, underlying assets will be sold and units will be cancelled.

The total value of the units will always equal the total value of the underlying investments.

b) Unit Trust

These pooled funds are established under trust law and the assets backing the investment are held within a trust which is kept separate from the assets of the investment manager.

When a contribution is paid into a unit trust, new investments are made by the fund manager and new units are created. Similarly, if an investor redeems part of their holding, underlying assets will be sold and units will be cancelled.

The total value of the units will always equal the total value of the underlying investments.

c) Investment Company with Variable Capital

These pooled funds are established as companies and investors purchase shares rather than units. An investment company with variable capital may contain several pooled funds but the asset backing each pooled fund will be segregated from the assets backing other pooled funds within the structure and from the assets of the investment manager.

When a contribution is paid into an investment company with variable capital, new investments are made by the fund manager and new shares are created. Similarly, if an investor redeems part of their holding, underlying assets will be sold and shares will be cancelled.

The total value of the shares will always equal the total value of the underlying investments.

d) Investment Trust

Despite the name, these products are structured as companies rather than trusts. Assets within an Investment Trust are segregated from the assets of the investment manager.

Investors wishing to invest in an investment trust will purchase shares from an existing investor via a stock exchange. The amount invested passes to the investor selling the shares (not to the investment trust) and no new investments are made by the investment manager as a consequence of the investment.

An investor wishing to exit an investment trust will sell their units via a stock exchange. No investments within the investment trust will be sold to make the payment.

An investment trust's share price will be driven by investor supply and demand. It is possible the shares to trade at a premium, or discount, to the net asset value of the underlying assets.

The Adnams Pension Fund
31 March 2021
Notes to the financial statements (continued)

As at 31 March the exposure to each category of risk is detailed below.

DB Investment Assets	Credit risk	Market risk			2021 £	2020 £
		Currency	Interest rate	Other price		
Pooled funds	■	■	■	■	38,113,469	34,789,693
Insurance Policy	■	□	■	■	1,259,000	1,500,000
TOTAL	-	-	-	-	39,372,469	36,289,693

Key: ■ significantly affected, ■ partially affected, □ hardly / not affected.

19. Self-investment

There was no direct self-investment during or at the year-end.

20. Current assets

	DB Section £	DC Section £	Total 2021 £
Cash balances	346,089	-	346,089
Employer contributions due	30,000	-	30,000
	376,089	-	376,089

	DB Section £	DC Section £	Total 2020 £
Cash balances	233,290	68,790	302,080
	233,290	68,790	302,080

21. Current liabilities

	DB Section £	DC Section £	Total 2021 £
Accrued expenses	34,600	-	34,600
	34,600	-	34,600

	DB Section £	DC Section £	Total 2020 £
Unpaid benefits	-	11,630	11,630
Accrued expenses	28,830	-	28,830
	28,830	11,630	40,460

22. Related party transactions

All costs except administration are borne by the Employer. BF McIntyre is a director of the Employer Company.

K Wells, who retired as a Trustee during the year is a member of the Fund.

The Adnams Pension Fund
31 March 2021
Notes to the financial statements (continued)

There were no Employer related investments held during the year.

23. Contingent Liability

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension plans. The judgement concluded the Funds should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pensions benefits. The issues determined by the judgement arise in relation to many other defined benefit pension Funds. The Trustees of the Fund are aware that the issue will affect the Fund and will be considering this at a future meeting, and decisions will be made as to the next steps. In addition, in November 2020, a further ruling was made in respect of past transfers out. The Trustees are now reviewing, with its advisers, the implication of this for the Fund.

24. Covid-19

As noted in the Trustees' Report on page 3, the Trustees have assessed the impact of the COVID – 19 Pandemic in terms of the predicted effect on the Fund's assets, technical provisions and the effect on the Principal Employer. At such unprecedented times, management forecasting can be difficult however the Principal Employer continues to provide regular updates to the Trustees. The Trustees expect the Principal Employer to continue to provide such information in a timely manner and to report any material uncertainty that casts significant doubt upon the ability of the Fund to continue on a going concern basis. The Trustees remain confident that the Principal Employer will continue to support the Fund and the benefits arising from it. The Trustees consider the preparation of the financial statements on a going concern basis to be appropriate.

The Adnams Pension Fund
31 March 2021
Report on Actuarial Liabilities (forming part of the Trustees' annual report)

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to, based on pensionable service at the valuation date or date of leaving if earlier. This is assessed using the assumptions agreed between the Trustees and the Employer and set out in the Statement of Funding Principles dated 28 February 2020, which is available to the Fund members on request.

The most recent full actuarial valuation of the Fund was carried out as at 31 March 2019. Since that date an actuarial update has been carried out as at 31 March 2020.

	31 March 2019	31 March 2020
The value of the technical provisions was	£36,426,000	£33,945,000
The value of the assets was	£36,509,000	£35,000,000

The method and significant actuarial assumptions used to determine the technical provisions are as follows:

Method

The actuarial method to be used in the calculation of the technical provisions is the projected unit method.

Significant actuarial assumptions

Assumption		Value as at 31 March 2019	Value as at 31 March 2020
Discount rate	Derived from prudent assumptions of the net returns on the underlying assets based on a long-term asset allocation.	3.50%	3.75% pa
Retail Prices Index (RPI) inflation	Derived by considering the future level of inflation implied by the UK gilt yield curves produced daily by the Bank of England at a duration of 20 years.	3.70%	3.05%
Consumer Prices Index (CPI) inflation	Derived by reducing the RPI inflation assumption by a prudent margin of 0.7% pa.	3.00%	2.35%
Pension increases in payment	The assumed pension increase rate for benefits linked to RPI and CPI inflation, but subject to an annual cap, is set consistently with the relevant inflation assumption and calculated by reference to a probability distribution derived from historic inflation.		
Mortality	For the period in retirement, 102%/110% of the S3PMA/S3PFA tables with future improvements in line with CMI 2018 model with a long-term rate of improvement of 1.5% pa.		
Partner/Spouse	80% of members are assumed to be married at retirement or earlier death, with husbands three years older than their wives.		
Cash commutation allowance	Members are assumed to commute pension to provide 60% of the maximum tax-free cash.		

The Fund also holds annuities in the name of the Trustees. These were excluded from the valuation. The assumptions used to place a value on the annuity policy in the financial statements will be different to those used in valuing the technical provisions set out above and will reflect the nature of the annuity policy held. As at 31 March 2021, the value of the annuity policy (and related technical provisions for the secured pensions) is £1.259m. This value reflects the Scheme Actuary's estimate of the cost of securing the benefits with an insurer, at that time.

The Adnams Pension Fund
31 March 2021
Independent Auditor's Statement about Contributions to the Trustees of the
Adnams Pension Fund

We have examined the summary of contributions to The Adnams Pension Fund for the Fund year ended 31 March 2021 which is set out in the Trustees' report on page 27.

Respective responsibilities of Trustees and the auditor

As explained more fully in the Statement of Trustees' Responsibilities, the Fund's Trustees are responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates and due dates of certain contributions payable towards the Fund by or on behalf of the Employer and the active members of the Fund. The Trustees are also responsible for keeping records in respect of contributions received and for monitoring whether contributions are made to the Fund by the Employer in accordance with the Schedule of Contributions.

It is our responsibility to provide a statement about contributions paid under the Schedule of Contributions and to report our opinion to you.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the attached summary of contributions have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Fund and the timing of those payments under the Schedule of Contributions.

Qualified statement about contributions

In our opinion, except for the late contributions detailed below, contributions for the year ended 31 March 2021 as reported in the summary of contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Fund actuary.

Basis for qualified statement about contributions

During the year, contributions for May, June and July totalling £30,000 (£10,000 per month) were deferred in response to the COVID-19 pandemic and are yet to be paid. This is in breach of the due dates specified by the Schedule of Contributions.

Use of this report

This report is made solely to the Trustees, as a body in accordance with Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996. Our audit work has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the pension Fund and the pension Fund's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Ensors Accountants LLP
Chartered Accountants and Statutory Auditor
Ipswich, United Kingdom



Date



19th October 2021

The Adnams Pension Fund
31 March 2021
Statement of Trustees' Responsibilities in respect of Contributions

The Fund's Trustees are responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised, a Schedule of Contributions showing the rates of contributions payable to the Fund by or on behalf of the Employer and the active members of the Fund and the dates on or before which such contributions are to be paid. The Fund's Trustees are also responsible for keeping records of contributions received and for monitoring whether contributions are made to the Fund by the Employer in accordance with the Schedules.

Trustees' Summary of Contributions payable under the Schedule in respect of the Fund year ended 31 March 2021

This Summary of Contributions has been prepared by and is the responsibility of the Trustees. It sets out the Employer and member contributions payable to the Fund under the Schedule of Contributions certified by the Actuary on 28 February 2020 in respect of the Fund year ended 31 March 2021. The Fund Auditor reports on contributions payable under the Schedule in the Auditor's Statement about Contributions. The Fund Auditor reports on contributions payable under the Schedule in the Auditor's Statement about Contributions. During the year ended 31 March 2021 the contributions payable to the Fund by the Employer were as follows:

Contributions payable under the Schedule of Contributions	£
Employer deficit funding contributions	56,500
Employer expense contributions	63,500
Total Employer contributions	120,000
Total contributions required by the Schedule of Contributions as reported on by the Fund Auditor	120,000
Total contributions shown in the financial statements	120,000
Signed on behalf of the Trustees of the Adnams Pension Fund on	
Trustee 	Trustee 

The Adnams Pension Fund
31 March 2021
Actuary's Certification of Schedule of Contributions

Name of Fund: The Adnams Pension Fund

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the statutory funding objective can be expected on 31 March 2019 continue to be met for the period for which the Schedule is to be in force

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 28 February 2020.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Fund's liabilities by the purchase of annuities, if the Fund were to be wound up.

<p>Signature:</p> <p><i>Neal Thompson</i></p>	<p>Date: 02-03-20</p>
<p>Name: Neal Thompson</p>	<p>Qualification: Fellow of the Institute and Faculty of Actuaries</p>
<p>Address: First House Minerva Business Park Lynch Wood Peterborough PE2 6FT</p>	

The Adnams Pension Fund

31 March 2021

Chair's statement

Chair's Statement – 31 March 2021

In accordance with the requirements of the Occupational Pension Schemes (Charges and Governance) Regulations 2015 ('the Regulations'), the Trustees are required to provide a statement relating to the governance of the defined contribution benefits within the Fund. This statement covers the period from 1 April 2020 to 31 March 2021 and has been prepared by the Chair of the Trustees – Bridget McIntyre.

Background to the Fund's DC benefits

The Fund provides retirement and death benefits for its members. The Fund has a Defined Benefit (DB) Section which was closed to new entrants on 1 April 2002 and closed to future accrual on 1 July 2005 and a Defined Contribution (DC) section.

The DC section was formerly shares held in an Employee trust for members and 'paid out' when members retired. In 2005/6 these benefits were brought into the trust of the DC section of the Fund and divided between the members to sit alongside their DB benefits, in the form of an investment only plan. Therefore, no further DC contributions are being made to the Fund. At retirement, members are able to use their DC funds towards their tax-free cash before exchanging any DB pension.

Governance of the default investment fund

As at 31 March 2021, the defined contribution funds under management were:

Adnams Pension Fund DC section:	
Aviva Mixed Investment Universal Lifestyle Approach	£1,071,255
Aviva With-Profit (NU)	£10,013
Phoenix Life	£20,782
Total	£1,102,050

The DC section of the Fund has a designated default investment fund for members who do not make an investment choice as to where contributions are allocated. This has recently been changed to the 'Aviva Mixed Investment Universal Lifestyle Approach' from the 'Aviva Mixed Investment Annuity Lifestyle Approach'. The lifestyle strategy entails members' assets being switched between funds in the 10 years before their retirement date, which has changed from 5 years before retirement previously. Members are invested in the Mixed Investment (40-85% shares) fund until 10 years before their retirement date, after which their fund is gradually moved into the My Future Focus Consolidation fund. Members are contacted prior to the commencement of the switching period and offered the opportunity to move to a more appropriate investment strategy should the default strategy no longer fit with their retirement plans.

For members who wish to self-select, there is a range of over 60 fund options covering all of the major asset classes. A maximum of 6 funds can be invested in at any time.

The Trustees have prepared a Statement of Investment Principles (SIP) which sets out the Trustees' aims and objectives relating to investment strategy and default fund as well as providing details of all investment options that are available to members. A copy of this SIP is appended (Appendix 1).

The Trustees appreciate the need to consider the Fund's investment strategy to ensure the funds made available (default and self-select options) are appropriate for members. A formal investment review was undertaken in April 2021 which concluded that the new default strategy that Aviva have recently implemented is appropriate. The First Actuarial Investment team were comfortable with the new default lifestyle investment strategy and did not consider any changes should be made.

The Adnams Pension Fund
31 March 2021
Chair's statement (continued)

Charges and transaction costs

The 'Aviva Mixed Investments Universal Lifestyle Approach' default fund being used by members of the DC Section is subject to an ongoing investment management charge of 0.50% per annum.

In addition to these explicit member charges, members may also incur additional expenses and transaction costs (incurred as a result of buying, selling, lending or borrowing investments).

The Trustees are aware that, in February 2018, the DWP issued guidance for Trustees of occupational schemes regarding the disclosure of costs and charges information with effect from April 2018. Information in relation to the charges and transaction costs for the 'Aviva Mixed Investments Annuity Lifestyle Approach' is detailed in the table overleaf.

Aviva Fund	Total Expense Ratio (TER)	Transaction costs (%)
Aviva Pension Mixed Investment (40-85% shares) S6	0.50%	0.02%
Aviva Pension My Future Focus Consolidation S6	0.50%	0.00%
Aviva Pension Ninety-One Global Strategic Equity S6	1.15%	0.08%
Aviva (NU) With Profits	0.875%	0.00%

The Trustees have not been able to obtain the charges and transaction costs on the and Phoenix Life funds, however steps are being taken to obtain a these in order for them be covered in next year's Chairs' Statement.

Adnams Pension Fund accounts will be published on www.Adnams.co.uk and members will be notified in line with the requirements.

The 'Aviva Mixed Investments Universal Lifestyle Approach' default fund being used by members of the DC Section is subject to an ongoing investment management charge of 0.50% per annum.

In addition to these explicit member charges, members may also incur additional expenses and transaction costs (incurred as a result of buying, selling, lending or borrowing investments).

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Aviva Pension Ninety-One Global Strategic Equity S6	1.15%	0.08%
Aviva (NU) With Profits	0.875%	0.00%

In addition to the above member-borne costs and charges, the sponsoring Employer meets the cost of ongoing governance. In assessing value-for-money, the Trustees have only considered the costs and charges met by members.

The Adnams Pension Fund
31 March 2021
Chair's statement (continued)

The Trustees wish to ensure that the Fund provides good value for members. Previously, regulators and other stakeholders have focused on charging structure, with less attention given to other elements that determine value, such as the robustness of member governance, communications and support, customer service, fund management, performance of funds within the context of the investment objectives and efficiency of administration services. Within its latest draft DC Code of Practice however, the Pensions Regulator has set out its expectations of Trustee boards in several areas including the assessment of value for members.

The Trustees have taken these expectations into account when reviewing value for members of the Fund. Based on the above definition, the Trustees are satisfied that the Fund does provide value for members compared to similar Schemes of a comparable size.

Administration costs are currently met by the Scheme, with members meeting the annual fund charges. At 31 March 2021, the investment charge for the default fund stood at 0.50% of the value of the fund per annum, therefore this is below the Government's charge cap of 0.75% of a member's fund per annum.

Cumulative costs and charges

The Trustees have conducted an analysis of the cumulative impact of the member-borne costs and charges for typical members invested in the constituent funds of the 'Aviva Mixed Investments Annuity Lifestyle Approach', which are set out in Appendix A.

Core financial transactions

Administration on the Fund is reduced by the fact that no new contributions are being made.

Given the small number of transactions that are carried out, the Trustees receive, and review reports from the administrators on an exception basis as and when transactions are carried out in order to monitor the level of administration services being provided to members.

The processing of core financial transactions is monitored against the service level agreement (SLA) in place with the administrators, who have implemented internal control procedures to help ensure that such transactions are processed more promptly and accurately. These activities include procedures to ensure the accuracy of benefit calculations and settlements (including a relevant review process), to ensure bank accounts are monitored daily, all investment transactions are checked, and any inconsistencies identified are resolved promptly.

Value for members

The Trustees wish to ensure that the Fund provides good value for members. Within its latest draft DC Code of Practice, the Pensions Regulator has set out its expectations of Trustee boards in a number of areas including the assessment of value for members. The Trustees have taken these expectations into account when considering value for members of the Fund.

The Trustees are currently considering whether to transfer all of the benefits to a section 32 buy-out plan or a master trust provider, then wind up the DC section of the Fund in light of the forthcoming rules that the DWP are planning to introduce in October 2021 which will apply to Scheme years starting after this date.

Aviva have been invited to provide terms for use of their Master Trust and their Group Personal Pension Plan which would involve transferring benefits away from the trust. The Trustees will make a decision on this once the terms have been received.

If the Trustees decide not to wind up the DC section of the Fund, a review into the communication strategy will be undertaken.

The Adnams Pension Fund
31 March 2021
Chair's statement (continued)

Trustee Knowledge & Understanding

It is important that the Trustees continue to have sufficient knowledge and understanding to fulfil their duties. All new Trustees are expected to undertake training following their appointment, including use of the Pensions Regulator's Trustee Toolkit.

The Trustees are supported by independent and professional advisers, who ensure that they are kept abreast of the latest legislative, regulatory and market developments that apply to the Fund. These advisory appointments are also periodically reviewed.

Appropriate and relevant training is delivered during Trustee meetings when the Trustees are considering issues that require additional knowledge and understanding. This is supported by external training and attendance at conferences to broaden overall knowledge.

All training received is recorded in Trustee Training Registers for each Trustee. Alongside regular self-assessments from the Trustees, these Registers are regularly reviewed by the Trustees to identify any gaps in knowledge, and ensure training is up to date.

Trustees have a working knowledge of the Trust Deed and Rules, the SIP and current policies and law relating to pensions and trusts. They also have the sufficient knowledge and understanding of the relevant principles relating to the funding and investment of occupational schemes.

As a result of the training activities that have been completed and taking account of the professional advice available to the Trustees, it is my opinion that they are able to fulfil their role to the required standard.

How to contact the Trustees

If you have any further queries regarding the Fund, please contact:

First Actuarial LLP
First House
Minerva Business Park
Lynch Wood
Peterborough
PE2 6HA

Chair's signature



Chair of the Trustee of The Adnams Pension Fund

Date: 15th October 2021

Appendix A

The Adnams Pension Fund
31 March 2021
Chair's statement (continued)

The Trustees have taken into account the statutory guidance when preparing these illustrations. The assumptions used to calculate the cumulative pension costs are based on actual scheme information.

Projected Pension Pot in today's money						
Years	Mixed Investment 40-85% Shares		My Future Focus Consolidation		Ninety-One Global Strategic Equity	
	Before charges	After all costs and charges	Before charges	After all costs and charges	Before charges	After all costs and charges
1	£20,103	£20,001	£19,522	£19,423	£20,402	£20,160
3	£20,979	£20,660	£19,211	£18,922	£21,929	£21,157
5	£21,893	£21,341	£18,905	£18,434	£23,570	£22,204
10	£24,356	£23,144	£18,162	£17,267	£28,229	£25,053
15	£27,096	£25,099	£17,448	£16,174	£33,810	£28,268
20	£30,144	£27,219	£16,762	£15,151	£40,495	£31,896
25	£33,535	£29,518	£16,103	£14,192	£48,501	£35,989
30	£37,307	£32,011	£15,470	£13,294	£58,090	£40,607
35	£41,504	£34,715	£14,862	£12,453	£69,574	£45,818
40	£46,173	£37,647	£14,277	£11,664	£83,329	£51,697

Assumptions:

1. Projected pension pot values are shown in today's terms and do not need to be reduced further for the effect of future inflation
2. The starting pot size is assumed to be £19,679
3. Inflation is assumed to be 2.5% each year
Values shown are estimates and are not guaranteed
4. guaranteed
5. The projected growth rate for each fund are as follows:

Mixed Investment 40-85% Shares	2.16%	above inflation
My Future Focus Consolidation	-0.80%	above inflation
Ninety-One Global Strategic Equity	3.67%	above inflation

The Adnams Pension Fund
31 March 2021
Implementation Statement

Glossary

Aviva	Aviva Investors
ESG	Environmental, Social and Governance
Investment Adviser	First Actuarial LLP
Scheme	Adnams Pension Fund
Scheme Year	1 April 2020 to 31 March 2021
SIP	Statement of Investment Principles
UNPRI	United Nations Principles for Responsible Investment

Introduction

The Trustees have reviewed the extent to which their policy from the SIP relating to the exercise of rights (including voting rights) attaching to the investments was followed over the Scheme Year and this statement confirms the outcome of that review.

In addition, the statement summarises the voting record of the Scheme's investment manager and provides information on the significant votes (as defined and provided by Aviva) made in respect of the Trustees' equity holdings. Information is also provided on the how the Scheme's investment manager makes use of the services of proxy voting advisers.

Relevant Investments

The Scheme's assets are invested in pooled funds and some of those funds include an allocation to equities. Where equities are held, the investment manager has the entitlement to vote.

At the end of the Scheme Year, the Scheme invested in the following funds which included an allocation to equities:

- Aviva Balanced Managed Fund

The Trustees' Policy Relating to the Exercise of Rights

Summary of the Policy

The Trustees' policy in relation to the exercise of the rights (including voting rights) attaching to the investments is set out in the SIP. The SIP was updated during the Scheme Year to comply with new legislation which required additional information to be stated about the nature of the arrangements in place with the investment manager. Part of the new wording provided a more detailed explanation of the Trustees' policy relating to the exercise of rights.

A summary of the Trustees' policy is as follows:

The Adnams Pension Fund
31 March 2021
Implementation Statement (continued)

- The Trustees believe that good stewardship can help create, and preserve, value for companies and markets as a whole and the Trustees wish to encourage best practice in terms of stewardship.
- The Trustees invest in pooled investment vehicles and therefore accept that ongoing engagement with the underlying companies (including the exercise of voting rights) will be determined by the investment manager's own policies on such matters.
- When selecting a pooled fund, the Trustees consider, amongst other things, the investment manager's policy in relation to the exercise of the rights (including voting rights) attaching to the investments held within the pooled fund.
- When considering the ongoing suitability of an investment manager, the Trustees (in conjunction with their Investment Adviser) will take account of any particular characteristics of that manager's engagement policy that are deemed to be financially material.
- The Trustees will normally select investment managers who are signatories to the UNPRI.
- If it is identified that a fund's investment manager is not engaging with companies the Trustees may look to replace that fund. However, in the first instance, the Trustees would normally expect their Investment Adviser to raise the Trustees' concerns with the investment manager.

Has the Policy Been Followed During the Scheme Year?

The Trustees' opinion is that their policy relating to the exercise of rights (including voting rights) attaching to the investments has been followed during the Scheme Year. In reaching this conclusion, the following points were taken into consideration:

- There has been no change to the Trustees' belief regarding the importance of good stewardship.
- The Scheme's invested assets remained invested in pooled funds over the period.
- The Trustees did not select any new funds during the period.
- Whilst the Trustees did not consider the voting records of the investment manager during the Scheme Year, that analysis has now been undertaken. The Trustees, in conjunction with their Investment Adviser, have considered the voting record of the investment manager over the year ending 31 March 2021 as part of the work required to prepare this Implementation Statement. A summary of the key findings from that analysis is provided below.
- The investment manager used by the Scheme is a UNPRI signatory.

The Adnams Pension Fund
31 March 2021
Implementation Statement (continued)

The Investment Manager’s Voting Record

A summary of the investment manager's voting record is shown in the table below.

Investment Manager	Number of votes	Split of votes:		
		For	Against	Did not vote/abstained
Aviva	2,861	84%	15%	1%

Notes

These voting statistics are based on the voting record specific to the Aviva Balanced managed Fund over the 12 months to 31 March 2021.

Use of Proxy Voting Advisers

Investment Manager	Who is their proxy voting adviser?	How is the proxy voting adviser used?
Aviva	ISS and IVIS	ISS and IVIS provide recommendations but voting is determined by guidelines set by Aviva.

The Investment Manager’s Voting Behaviour

The Trustees have reviewed the voting behaviour of the investment manager by considering the following:

- broad statistics of its voting record such as the percentage of votes cast for and against the recommendations of boards of directors (i.e. “with management” or “against management”);
- the investment manager's policies and statements on the subjects of stewardship, corporate governance and voting.

The Trustees' key observations are set out below.

Key observations

In undertaking this analysis Aviva provided details of what they considered to be the 10 most significant votes in which they participated.

In those votes Aviva voted against management resolutions on 6 occasions and supported 2, whilst they abstained on 1 Shareholder proposed resolution and supported 1 Shareholder proposed resolution. This showed a willingness to vote against management

The Adnams Pension Fund
31 March 2021
Implementation Statement (continued)

In reporting, Aviva provided explanations as to the voting behaviour and it was noted that in a number of instances the votes had been driven by a desire to see improvements in addressing Environmental, Social & Governance concerns and risks.

Conclusions

The analysis did not highlight any particular areas or issues of concern.

During the year the Trustees reviewed the Scheme's investment strategy, following which the Trustees have taken the decision to change the arrangements. Post the year end Aviva have been replaced as the investment manager.

The stewardship policies of new investment managers were considered as part of the review of the investment arrangements to ensure they were suitable and aligned with the Trustees requirements.

The Trustees will keep the voting actions of the new investment managers under review.



.....

Date: 15th October 2021

Signed on behalf of the Trustees of the Adnams Pension Fund

The Adnams Pension Fund 31 March 2021 Implementation Statement (continued)

Significant Votes

The table below records how the Scheme's investment manager voted in the most significant votes.

Company	Meeting Date	Proposal	Management or Shareholder Resolution	Outcome of vote	Aviva	Voting Rationale & Comment from Aviva
ASTRAZENECA PLC	29/04/2020	Re-elect Marcus Wallenberg as Director	Management	Approved	Against	Concerns over candidate's availability to fulfil the role.
BRITISH AMERICAN TOBACCO PLC	30/04/2020	Approve Remuneration Report	Management	Approved	Against	Concern surrounding pay increases for senior figures in the company.
BARCLAYS PLC	07/05/2020	Approve Barclays' Commitment in Tackling Climate Change	Management	Approved	For	Supportive of ambitions to tackle climate change and to become a net zero bank by 2050.
BP PLC	27/05/2020	The approval of the Financial Statements and Statutory Reports	Management	Approved	For	Exceptionally supported to reflect detailed ambition to become net zero by 2050. Reservations since no science based emissions target set.
PETROCHINA COMPANY LIMITED	11/06/2020	Approve 2019 Financial Report	Management	Approved	Against	Company not committed to science based target.
HON HAI PRECISION INDUSTRY CO., LTD	23/06/2020	Approve Business Operations Report and Financial Statements	Management	Approved	Against	Company not committed to science based target.
QUALITY HOUSES PUBLIC CO. LTD	29/06/2020	Elect Naporn Surthornhitcharoen as Director	Management	Approved	Against	The director is regarded as not independent and the board is less than one-third independent.
BHP GROUP LTD	14/10/2020	Approve Suspension of Memberships of Industry Associations where COVID-19 Related Advocacy is Inconsistent with Paris Agreement Goals	Shareholder	Not Approved	For	Support of Paris Agreement and longer term hope for bringing company's activities into better alignment with positions on climate change.
BHP GROUP LTD	14/10/2020	Adopt Interim Cultural Heritage Protection Measures	Shareholder	Withdrawn	Abstained	Lack of clarity over the intent of proposal. Continuing engagement with BHP to ensure minimal risk to cultural heritage sites.
PING AN INSURANCE (GROUP) COMPANY OF CHINA, LTD	25/03/2020	Elect Yang Xiaoping as Director	Management	Approved	Against	Candidate viewed as not independent and also sits on the audit committee.

Note

The above analysis is based on information provided by Aviva in respect of the Aviva Investors Limited Pensions Managed Balanced Fund.

The Adnams Pension Fund
31 March 2021
Appendix 1 Statement of Investment Principles

Adnams Pension Fund

Statement of Investment Principles

August 2020

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Appendix 1: The Trustees' Investment Strategy

Appendix 2: Fund Details – DB Section

Appendix 3: Fund Details – DC Section

Glossary

AVCs	Additional Voluntary Contributions
Aviva	Aviva Investors Pensions Limited
ESG	Environmental, Social and Governance (including, but not limited to, climate change)
Scheme	Adnams Pension Fund
Trustees	The Trustees of the Scheme
UNPRI	United Nations Principles for Responsible Investment

1. Introduction

This statement is made in accordance with the requirements of legislation¹ and, in determining a suitable investment strategy for the Scheme, the Trustees have considered The Pension Regulator's Investment Guidance for defined benefit pension schemes.

The main body of this statement sets out the principles and policies that govern investments made by the Trustees of the Scheme. Details of the specific investment arrangements in place are set out in the Appendices.

Upon request, a copy of this statement will be made available to members, the Scheme Actuary and any investment managers used by the Trustees.

¹ In particular, the Pensions Act 1995, the Occupational Pensions (Investment) Regulations 2005 and the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

2. Investment Governance Structure

Investment Advice

As required by legislation, in the preparation and maintenance of this statement and when considering the suitability of any investments, the Trustees will obtain and consider written advice from their investment adviser.

The Trustees are advised on investment matters by First Actuarial LLP. First Actuarial LLP is regulated by the Institute and Faculty of Actuaries and is qualified to provide the required advice through knowledge and practical experience of financial matters relating to pension schemes.

Legal Advice

Whenever deemed necessary, the Trustees will seek advice from their legal adviser on investment matters.

Employer Consultation

Under legislation, the ultimate responsibility for determining the investment strategy rests with the Trustees. However, the Trustees must consult with the sponsoring employer and consultation must comprise a sharing of views, not simply notification of intent.

Investment Managers

Day-to-day management of the Scheme's assets is delegated to one or more investment managers.

To ensure safekeeping of the assets, ownership and day to day control of the assets is undertaken by custodian organisations which are independent of the sponsoring employer and the investment managers. Where pooled investment vehicles are used, the custodians will typically be appointed by the investment manager.

Members' Views and Other Non-Financial Matters

In the relevant regulations "non-financial matters" refers to the views of the members. This includes, but is not limited to, ethical views, views on ESG factors and views on the present and future quality of life for the members.

The Trustees recognise that it is likely that members and beneficiaries will hold a broad range of views. However, the Trustees do not take non-financial matters into account in the selection, retention and realisation of investments. The Trustees will review their policy on whether or not to take account of non-financial matters as appropriate.

The Trustees believe that their duty to members and beneficiaries will be best served by ensuring that all benefits can be paid as they fall due and the Trustees' Investment Objectives are designed to ensure this duty is achieved.

Conflicts of Interest

The Trustees are satisfied that the investment strategy described in this Statement meets their responsibility to invest the assets in the best interests of the members and beneficiaries and, in the case of a potential conflict of interest, in the sole interest of the members and beneficiaries.

3. Investment Beliefs

The investment beliefs stated below have been developed by the Trustees and are reflected in the Scheme's investment strategy.

Appropriate Time Horizon

In determining investment objectives and a suitable investment strategy for the Scheme, the Trustees take into account an appropriate time horizon. The Trustees believe that an appropriate time horizon will be the period over which benefits are expected to be paid from the Scheme.

Risk versus Reward

Targeting higher levels of investment return requires increased levels of investment risk which increases the volatility of the funding position.

Asset Allocation

Long-term performance of the Scheme's assets is attributable primarily to the strategic asset allocation rather than the choice of investment managers.

Diversification

Asset diversification helps to reduce risk.

Use of Pooled Funds

Taking into account the size of the Scheme's assets, it is expected that pooled funds will typically be a more practical way of implementing the Scheme's investment strategy than establishing segregated mandates with investment managers.

Use of Active Management

Active management has the potential to add value either through offering the prospect of enhanced returns or through the control of volatility. In addition, it is recognised that active management may help to mitigate the financial impact of ESG risks.

For each asset class, the Trustees will consider whether the higher fees associated with active management are justified.

ESG and Other Financially Material Considerations

The Trustees believe that financially material considerations, including ESG factors and the risks related to such factors, can contribute to the identification of both investment opportunities and financially material risks. Consequently, financially material considerations can have a material impact on investment risk and return outcomes.

The Trustees also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

Assessment of how ESG risks are mitigated will be one of the factors considered by the Trustees when selecting and monitoring investment managers.

Stewardship

The Trustees believe that good stewardship can help create, and preserve, value for companies and markets as a whole.

4. Investment Objectives and Strategy – DB Section

Defined Benefit Assets – Investment Objectives

The Trustees' primary investment objectives are:

- to ensure that the assets are sufficient and available to pay members' benefits as and when they fall due;
- to generate an appropriate level of investment returns – to improve the funding position and thereby improve security for members; and
- to protect the funding position – limiting the scope for adverse investment experience reducing security for members.

The Trustees' investment approach is designed to strike a balance between the above primary objectives but also considers:

- the nature and timing of benefit payments;
- expected levels of investment return on different asset classes;
- expected levels of investment return variability and, specifically, the expected level of short-term volatility of the funding position;
- the sponsoring employer's ability to withstand additional contribution requirements that may arise from volatility in the funding position; and
- the full range of available investments (within the bounds of practicality).

Defined Benefit Assets – Investment strategy

The Trustees have taken advice from their investment adviser to construct a portfolio of investments consistent with these objectives. In doing so, consideration is given to all matters which are believed to be financially material over the appropriate time horizon.

The Trustees do not take account of non-financial matters when determining the Scheme's investment strategy.

AVCs

AVCs are held separately from the Scheme's other investments and the AVCs are used to secure benefits on a money purchase basis for members at retirement check correct with actuarial. From time to time the Trustees review the ongoing suitability of the AVC arrangements.

Details of the current AVC arrangements are provided in the Appendices.

5. Investment Objectives and Strategy – DC Section

Members' Investment Requirements

In determining investment objectives for the DC Section, the Trustees consider the investment requirements of the membership.

It is expected that the investment strategy for an individual member is likely to change over time:

- For younger members the investment priority is likely to be to achieve long-term investment growth.
- As retirement approaches, members are likely to look to reduce investment risk. The way such risk can be controlled will vary depending on whether the member intends to take benefits as an annuity, as cash or via an income drawdown product.

Whilst some members might set their own investment allocation and adjust this themselves over time, others might prefer a lifestyle strategy solution under which the asset allocation is automatically adjusted as retirement approaches.

Investment Objectives

The Trustees set an investment strategy for the DC Section that reflects the following primary investment objectives:

- **Offering an appropriate range of investment options**
The range of funds that is offered is intended to offer sufficient investment flexibility for members of all ages.
- **Offering suitable lifestyle strategies**
The Trustees consider the likely form of benefits that will be paid to members and determines the lifestyle strategies accordingly.
- **Offering a default investment option**
The Trustees set a default investment option which will be used by those members who do not select their own investment strategy.

Details of the default option are detailed in Appendix 3.

6. Use of Investment Managers

Investment Manager Selection

The Trustees delegate the day to day management of the assets, including selection, retention and realisation, to professional investment managers.

When considering the suitability of an investment manager, the Trustees (in conjunction with their investment adviser), will take account of all matters which are deemed to be financially material. In particular, the Trustees will:

- ensure that the investment manager has the appropriate knowledge and experience;
- ensure that the investment manager's mandate is appropriate; and
- consider the investment manager's approach to ESG matters.

When selecting investment managers, the Trustees may also take into account non-financially material considerations such as the investment manager's administrative capabilities and the liquidity of the investments.

Where pooled investment vehicles are used, it is recognised that the mandate cannot be tailored to the Trustees' particular requirements. However, the Trustees ensure that any pooled investment vehicles used are appropriate to the circumstances of the Scheme.

The Trustees will normally select investment managers who are signatories to the UNPRI and who publish the results of their annual UNPRI assessment. This principle may be waived if a fund offered by a non-signatory manager is deemed to have investment characteristics which are particularly important for meeting the Trustees' investment objectives.

Manager Implementation

Assets are invested predominantly on regulated markets, as so defined in legislation. Any investments that do not trade on regulated markets are kept to a prudent level.

Use of Derivatives

The investment managers are permitted to use derivative instruments to reduce risk or for efficient portfolio management. Risk reduction would include mitigating the impact of a potential fall in markets or the implementation of currency hedging whilst efficient portfolio management would include using derivatives as a cost-effective way of gaining access to a market or as a method for generating capital and/or income with an acceptable level of risk.

7. Stewardship

The Trustees' policy in relation to the exercise of rights attaching to investments, and undertaking engagement activities in respect of investments, is that they wish to encourage best practice in terms of stewardship.

However, the Trustees invest in pooled investment vehicles and therefore accept that ongoing engagement with the underlying companies (including the exercise of voting rights) will be determined by the investment managers' own policies on such matters. For that reason, the Trustees recognise that their ability to directly influence the action of companies is limited.

Nevertheless, the Trustees expect that each investment manager will discharge its responsibilities in respect of investee companies in accordance with that investment manager's own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

The Trustees also expect that each investment manager will take ESG factors into account when exercising the rights attaching to investments and in taking decisions relating to the selection, retention and realisation of investments.

When considering the suitability of an investment manager, the Trustees (in conjunction with their investment adviser) will take account of any particular characteristics of that manager's engagement policy that are deemed to be financially material.

The Trustees recognise that the members might wish the Trustees to engage with the underlying companies in which the Scheme invests with the objective of improving corporate behaviour to benefit the environment and society. However, the Trustees' priority is to select investment managers which are best suited to help meet the Trustees' investment objectives. In making this assessment, the Trustees will receive advice from their investment adviser. The Trustees recognise that the investment managers' own policies are likely to be focussed on maximising financial returns and minimising financial risks rather than targeting an environmental or societal benefit.

8. Investment Manager Arrangements

As the Scheme's assets are held in pooled funds, the Trustees have limited influence over the investment managers' investment decisions. In practice, investment managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover.

It is therefore the Trustees' responsibility to ensure that the approaches adopted by investment managers are consistent with the Trustees' policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies.

The Trustees expect investment managers, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/equity issuers, and to engage with issuers to improve their performance. The Trustees assess this when selecting and monitoring managers.

The Trustees' policy on selecting, monitoring, evaluating and (where necessary) terminating these arrangements is set out in further detail below.

Compatibility of Pooled Funds with the Trustees' Investment Strategy

When selecting a pooled fund, the Trustees consider various factors, including:

- the assets that will be held within that fund and whether the asset allocation of the fund is expected to change over time;
- the risks associated with the fund along with the return that is expected;
- the fund's objective (as stated by the fund's investment manager) and whether the objective is consistent with the performance that the Trustees expect from that fund;
- the fund's fee structure to ensure that this is reasonable and that it does not provide an incentive for the investment manager to manage the fund in a way that differs from the expectations of the Trustees;
- how frequently underlying investments within the fund are expected to be traded by the investment manager;
- how financially material considerations (including ESG factors) over the appropriate time horizon are taken into account by the investment manager;
- the investment manager's policy in relation to the exercise of the rights (including voting rights) attaching to the investments held within the pooled fund; and
- the investment manager's policy in relation to undertaking engagement activities in respect of the investments held within the pooled fund*.

**This includes engaging with an issuer of debt or equity regarding matters including (but not limited to) performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, and ESG matters. It also includes engaging on these matters with other investment managers, other holders of debt or equity and persons or groups of persons who have an interest in the issuer of debt or equity.*

8. Investment Manager Arrangements (continued)

After analysing the above characteristics for a fund, the Trustees identify how that fund would fit within their overall investment strategy for the Scheme and how the fund is expected to help the Trustees meet their investment objectives.

Duration of Investment Manager Arrangements

The Trustees normally expect that pooled funds will be held for several years.

However, as part of the periodic strategic asset allocation reviews (which take place at least every three years), the Trustees will review whether the ongoing use of each fund remains consistent with their investment strategy.

The Trustees regularly monitor the financial and non-financial performance of the pooled funds held and details of this monitoring process is set out below. If the Trustees become concerned about the ongoing suitability of a pooled fund, they may reduce exposure to it or disinvest entirely. Such action is expected to be infrequent.

Monitoring Pooled Funds

The Trustees regularly assess the performance of each fund held and this monitoring includes an assessment of whether the investment manager continues to operate the fund in a manner that is consistent with the factors used by the Trustees to select the fund (as listed above).

When assessing the performance of a fund, the Trustees do not usually place too much emphasis on short-term performance although they will seek to ensure that reasons for short-term performance (whether favourable or unfavourable) are understood.

The Trustees expect the investment managers of pooled funds to invest for the medium to long term and they expect investment managers to engage with issuers of debt or equity with a view to improving performance over this time frame.

If it is identified that a fund is not being operated in a manner consistent with the factors used by the Trustees to select the fund, or that the investment manager is not engaging with issuers of debt or equity, the Trustees may look to replace that fund. However, in the first instance, the Trustees would normally expect their investment adviser to raise the Trustees' concerns with the investment manager. Thereafter, the Trustees, in conjunction with their investment adviser, would monitor the performance of the fund to assess whether the situation improves.

8. Investment Manager Arrangements (continued)

Portfolio Turnover

The Trustees are aware of the requirement to monitor portfolio turnover costs (the costs incurred as a result of the buying, selling, lending or borrowing of investments).

When selecting a pooled fund, the Trustees will consider how the investment manager defines and measures:

- the targeted portfolio turnover (the frequency within which the assets of the fund are expected to be bought or sold); and
- turnover range (the minimum and maximum frequency within which the assets of the fund are expected to be bought or sold).

At least annually, the Trustees, in conjunction with their investment adviser, will consider the transaction costs incurred on each pooled fund. As part of this analysis, the Trustees will consider whether the incurred turnover costs have been in line with expectations.

The Trustees will take the above information on portfolio turnover into account when assessing the ongoing suitability of each pooled fund.

9. Risk Mitigation

When determining suitable investment objectives and when designing the Scheme's investment strategy, the Trustees (in conjunction with their investment adviser), will take into account all risks that are assessed to be financially material.

Risk Capacity and Risk Appetite

In determining a suitable investment strategy, the Trustees consider how the volatility of the funding position is likely to be affected by changes to the asset allocation. An important consideration for the Trustees is whether a potential investment strategy is consistent with the ability of the sponsoring employer to address any future increase in deficit that may arise due to market movements.

Self-Investment Risk

Legislation imposes a restriction that no more than 5% of a pension scheme's assets may be related to the sponsoring employer. The Trustees do not hold any direct employer-related assets and any indirect exposure is expected to be less than 5% of total assets.

ESG Risks

The Trustees (in conjunction with their investment adviser) have considered the likely impact of the financially material ESG risks associated with all of the Scheme's investments and have assessed the mitigation of such risks implemented by each of the investment managers. In making this assessment, the Trustees recognise that, where pooled investment vehicles are held, the extent to which ESG factors will be used in the selection of suitable underlying investments will be determined by the investment managers' own policies on such matters.

Liquidity Risk

The majority of the Scheme's investments will be liquid and will be realisable for cash at relatively short notice without incurring high costs. However, the Trustees recognise that the liabilities are long-term in nature and that a modest allocation to less-liquid investments may be appropriate.

Details of the liquidity characteristics of the funds held are provided in Appendix 2.

10. Monitoring

The Trustees regularly review the Scheme's investments for all matters considered to be financially material over the future period for which benefits are expected to be paid from the Scheme. This includes reviewing that the assets continue to be managed in accordance with each manager's mandate and that the choice of managers remains appropriate.

Furthermore, the Trustees regularly monitor the position of the investment managers with regards to ESG matters.

The investment adviser regularly meets with the managers of pooled funds on its approved list.

11. Future Amendments

This statement will be reviewed at least every three years and without delay after any significant change in circumstances or investment strategy.

The Trustees have consulted with the sponsoring employer as part of the work preparing this statement.

The principles set out in this Statement have been agreed by the Trustees:

Signed: Budget McIntyre

Date: 20-9-2020

For and on behalf of the Trustees of the Adnams Pension Fund.

Appendix 1: The Trustees' Investment Strategy

Strategic Asset Allocation

In determining the strategic asset allocation, the Trustees view the investments as falling into two broad categories:

1. **Growth Assets** – Assets that are expected to deliver long-term returns in excess of liability growth. The use of Growth Assets is expected to deliver a level of investment returns deemed appropriate by the Trustees given the risk involved.
2. **Liability Matching Assets** – Assets that are expected to react to changes in market conditions in a similar way to the liabilities. The use of Liability Matching Assets is expected to protect the funding position of the Scheme.

In addition, the Trustees may hold cash. Cash will normally be held in the Trustees' bank account if it is to be used to make payments due in the short-term whereas cash that is to be held for more than a few weeks will normally be held in a cash fund.

At the time of preparing this statement, the split of the Scheme's assets between Growth and Liability Matching Assets was approximately 80% Growth and 20% Liability Matching. This split is not regularly rebalanced and will vary over time as market conditions change.

The Trustees will review the strategic asset allocation periodically, and at least every three years, to ensure that the investment strategy remains consistent with the Trustees' funding objectives. As part of such a review, the Trustees will consider the risks associated with the investment strategy.

Investment Strategy Implementation

The Trustees have selected funds managed by Aviva to implement the Scheme's investment strategy.

Further details of the investment strategy and the funds used are provided below.

Design of the Growth Asset Portfolio

The structure of the Scheme's Growth Assets has been designed to offer diversification across a range of underlying asset classes.

The strategic allocation for the Scheme's Growth Assets is as follows:

Pooled Fund	Allocation as at 30 June 2020
Aviva Balanced Managed Fund	83%
Aviva Corporate Bond Fund	11%
Aviva Property Fund	6%
Total Growth Assets	100%

The allocation of the Growth Assets is not automatically rebalanced but will be monitored and rebalanced at the discretion of the Trustees.

Appendix 1: The Trustees' Investment Strategy (continued)

Design of the Liability Matching Portfolio

The Scheme's Liability Matching Assets are invested in gilt funds managed by Aviva. The funds used are:

- Aviva High Alpha Gilt Fund
- Aviva Index-Linked Gilt Fund

Insured Pensioners

The Trustees insure a proportion of the Scheme's pensioner liabilities with Aviva. These insurance policies will provide a stream of income in respect of named individuals for as long as those individuals remain alive. The income received offsets pension payments made from the Scheme.

Additional Voluntary Contributions

The Scheme's AVC arrangements are held with Aviva and Phoenix Life.

Appendix 2: Fund Details – DB Section

This Appendix provides a summary of the funds used to implement the Scheme's investment strategy. The details provided below were correct as at June 2020.

The following points should be noted:

- **AMC:** The Annual Management Charge applicable to each fund represents the fee payable to the fund manager.
- **Additional expenses:** These are third party costs associated with the operation of a fund such as fees paid to the administrator, the custodian and the auditor and the costs associated with the use of third-party funds where these are used. The level of the additional expenses may vary over time.
- **T:** Trade Date

Aviva Balanced Managed Fund	
Objective	To outperform the ABI Pension Mixed Investment 40-85% shares by 1.5% p.a. over rolling three year periods, before charges.
Legal Structure	Unit-Linked Insurance Policy
Trading Frequency	Daily
Settlement Period	T+2
Fee	AMC: 0.25% per annum
	Additional Expenses (approx.): 0.03% per annum

Aviva Corporate Bond Fund	
Objective	To outperform the iBoxx Sterling Non-Gilt All Stocks Index by 1% p.a. over rolling three year periods, before charges.
Legal Structure	Unit-Linked Insurance Policy
Trading Frequency	Daily
Settlement Period	T+2
Fee	AMC: 0.20% per annum
	Additional Expenses (approx.): 0.13% per annum

Appendix 2: Fund Details – DB Section (continued)

Aviva Property Fund	
Objective	To outperform the IPD QPFI All Balanced Funds weighted average.
Legal Structure	Unit-Linked Insurance Policy
Trading Frequency	Typically monthly, however the fund has been temporarily suspended since March 2020
Settlement Period	T+2
Fee	AMC: 0.50% per annum
	Additional Expenses (approx.): 0.26% per annum

Aviva High Alpha Gilt Fund	
Objective	To outperform the FTSE-A All Stocks Gilts Index by 1.5% p.a. over rolling three-year periods, before charges.
Legal Structure	Unit-Linked Insurance Policy
Trading Frequency	Daily
Settlement Period	T+2
Fee	AMC: 0.25% per annum
	Additional Expenses (approx.): 0.04% per annum

Aviva Index-Linked Gilt Fund	
Objective	To outperform the FTSE-A Over 5 years Index-Linked Gilt Index by 0.5% p.a. over rolling three-year periods, before charges.
Legal Structure	Unit-Linked Insurance Policy
Trading Frequency	Daily
Settlement Period	T+2
Fee	AMC: 0.20% per annum
	Additional Expenses (approx.): 0.03% per annum

Appendix 3: Fund Details – DC Section

Investment Strategy Implementation

The Trustees have appointed Aviva (the manager) to manage the assets of the DC Section. The Trustees will review the manager and the options available to members from time to time.

Default Lifestyle Strategy

Unless a member chooses otherwise, their DC pension account will be invested in line with the Aviva Mixed Investment Annuity Lifestyle Approach (the Trustees' default lifestyle strategy) which is set out below.

Years to retirement age	Proportion invested in fund			
	Aviva Mixed Investment (40-85% shares)	Aviva Mixed Investment (0-35% shares)	Aviva Long Gilt	Aviva Deposit
10+	100%	-	-	-
9	80%	20%	-	-
8	60%	40%	-	-
7	40%	60%	-	-
6	20%	80%	-	-
5	-	100%	-	-
4	-	80%	15%	5%
3	-	60%	30%	10%
2	-	40%	45%	15%
1	-	20%	60%	20%
0	-	-	75%	25%

Other funds and lifestyle options are available via Aviva.

Fund Objectives and Fees

This section provides a summary of the funds used to implement the Scheme's investment strategy. The details provided below were correct as at June 2020.

The following points should be noted:

- **TER:** The Total Expense Ratio applicable to each fund represents the fee payable to the fund manager.

Aviva Mixed Investment (40-85% shares)	
Objective	The Fund aims to provide long-term capital growth together with income by investing in other eligible Collective Investment Schemes (the Target Funds).
Trading Frequency	Daily
Fee	TER: 0.52% per annum

Appendix 3: Fund Details – DC Section (continued)

Aviva Mixed Investment (0-35% shares)	
Objective	To provide a reasonable return through capital growth and investment income, with a low to medium level of risk.
Trading Frequency	Daily
Fee	TER: 0.51% per annum

Aviva Long Gilt	
Objective	The Fund aims to track the performance of the Financial Times Actuaries Government over 15 years Gilt Index before the deduction of management fees and allowances for taxes and other expenses.
Trading Frequency	Daily
Fee	TER: 0.50% per annum

Aviva Deposit	
Objective	The Fund aims to protect capital by investing typically in deposit investments and similar assets with governments, first class banks and major companies.
Trading Frequency	Daily
Fee	TER: 0.50% per annum