

The Adnams Pension Fund
Trustees' Annual Report and Financial Statements
for the year ended 31 March 2022

Fund Registration Number: 10012201

The Adnams Pension Fund
31 March 2022
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The Adnams Pension Fund
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Trustees and advisers

Trustees	
Employer nominated or Trustee Directors BF McIntyre S Lofthouse	Member nominated G Burwood O Christou A Hemen
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 Mobius Life Limited (from 28 April 2021)
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 2022

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 2022.

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

The Trustees met five 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 13 to 28 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 £40,816,008 at 31 March 2021 to £41,043,906 at 31 March 2022.

The actuarial position of the Fund is disclosed in the Report on Actuarial Liabilities shown on pages 29-30 of this report. The next actuarial valuation is due at 31 March 2022 and currently in progress.

Going concern

In 2022, COVID-19 continued to cause disruption to economic activity and fluctuations in global stock markets, thereby influencing the valuation of Fund assets. The Trustees have designed and implemented the Fund's investment strategy taking a long-term view and have built in resilience to withstand short-term fluctuations, such as this. The Trustees have been actively monitoring both the financial security of the Fund and the suitability of the investment strategy and will continue to do so.

The Trustees also continue to monitor the Employer covenant and have been receiving regular updates from the Employer about the impact of COVID-19 on their business.

The internal controls and business continuity plans in place have ensured that the Fund has been able to continue to operate throughout the pandemic.

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Trustees' annual report (continued)

The financial statements have been prepared on the going concern basis. 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 Employer covenant. At the date of signing these financial statements the Trustees believe that; due to its investments structure the Fund is able to comfortably cover its related outgoings until at least 12 months from signing. As a result, the Trustees consider the preparation of the financial statements on a going concern basis to be appropriate.

Pension increases

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

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 32 and reported on by the Auditor on page 31.

Membership	DB section	DC section	Total 2022
Deferred members			
As at the start of the year	140	56	196
Retirements	(5)	(3)	(8)
Deceased	(1)	(1)	(2)
As at the end of the year	134	52	186
Pensioner members			
As at the start of the year	136	-	136
Deferred members retiring	5	-	5
Dependents	6	-	6
Deaths	(9)	-	(9)
As at the end of the year	138	-	138
Total membership at the end of the year	272	52	324

All DC members are also DB members. The total pensioners at 31 March 2022 include 116 (2021: 111) paid direct from the Fund and 22 (2021: 25) paid directly from annuities purchased from Aviva in previous years.

The Adnams Pension Fund
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Trustees' annual report (continued)

GMP equalisation

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the Schemes should be amended to equalise pension benefits for men and women for unequal guaranteed minimum pension benefits (GMP). This is known as GMP equalisation. The issues determined by the judgment arise in relation to many other defined benefit pension schemes.

Under the ruling Schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. At this stage we do not know if the amounts will be material to the Fund's financial statements. Furthermore, the Trustees and Employer have not agreed the equalisation methodology to be used and therefore the Trustees are not in a position to obtain a reliable estimate of the backdated benefits and related interest. Therefore, the cost of backdating pension benefits and related interest have not been recognised in these financial statements. If material, they will be recognised once the Trustees are able to reach a reliable estimate.

On 20 November 2020, the High Court handed down a further judgment in the Lloyds banking Group case which related to past transfer outs. This will require Trustees to revisit past transfer payments for members whose benefits include those earned benefits between 17 May 1990 and 5 April 1997 and establish whether a top up payment is due.

The number and value of historical transfers out is not significant. The cost of any top up payments and related interest have not been recognised in these financial statements.

Transfer values

No transfer values were paid during the year.

Investments

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-financial material considerations such as the investment manager's administrative capabilities and the liquidity of the investments.

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

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 2022
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	0.2%
Aviva Property Fund	3.5%
L&G Life GPGE Future World Global Equity Fund	11.8%
L&G Life GPEN Future World Equity Index Fund GBP Hedged	11.5%
BG IF Multi Asset Growth Fund	18.2%
L&G Life MAGJ Future World Multi Asset Fund	18.6%
BNYM Sustainable Global Dynamic Bond Fund	10.2%
L&G Life AF Over 15 Year Gilts Index Fund	12.1%
L&G Life HC Over 15 Year Index-Linked Gilts	8.8%
Aviva Annuity	2.7%

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

During the year the Trustees revised their investment strategy, and, at the start of the year, investments were also held in the following pooled funds:

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

DB-Investment objectives

The Trustees' primary 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 remove security for members; and
- to protect the funding position-limiting the scope for adverse investment experience reducing security for members.

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.

DB-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 zone.

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

DC-Investment objectives

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 the individual member is likely to change over time:

- for younger members the investment priority is likely to be to achieve long-term investment growth.

The Adnams Pension Fund
31 March 2022
Trustees' annual report (continued)

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

In this Plan the Trustees recognise that most members will wish to take their benefits in cash and apply that cash towards tax free lump sums.

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

DC-Investment strategy

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

- Offering an appropriate range of investments options
- Offering suitable lifestyle strategies
- Offering a default option

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 Fund.

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 Funds’s investment strategy. The Trustees will review this policy as appropriate.

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 Fund’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 Adnams Pension Fund
31 March 2022
Trustees' annual report (continued)

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 2022. A copy of this is on page 39.

Statement of Investment Principles

The Trustees have produced a Statement of Investment Principles as required by Section 35 of the Pensions Act 1995. This Statement was last updated in August 2021 and can be viewed in Appendix 1. All investments have been made in accordance with the Statement of Investment Principles during the Fund year.

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.

The Adnams Pension Fund
31 March 2022
Trustees' annual report (continued)

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 (as at 31.12.2021)	23.69	14.38	9.45
Benchmark	10.85	10.26	6.62
Aviva Property Fund	35.87	11.87	10.26
Benchmark	23.14	8.05	7.78
BG IF Multi Asset Growth Fund	1.2	3.6	3.6
Benchmark	n/a	n/a	n/a
BNYM Sustainable Global Dynamic Bond Fund	-1.7	n/a	n/a
Benchmark	n/a	n/a	n/a
L&G Life AF Over 15 Year Gilts Index Fund	-7.2	-0.7	0.9
Benchmark	n/a	n/a	n/a
L&G Life GPEN Future World Equity Index Fund GBP Hedged	n/a	n/a	n/a
Benchmark	n/a	n/a	n/a
L&G Life GPGE Future World Global Equity Fund	12.3	n/a	n/a
Benchmark	n/a	n/a	n/a
L&G Life HC Over 15 Year Index-Linked Gilts Index Fund	3.9	3.2	3.3
Benchmark	n/a	n/a	n/a
L&G Life MAGJ Future World Multi Asset Fund	3.8	n/a	n/a
Benchmark	n/a	n/a	n/a

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 15 to 28.

Further details about the Fund's investment strategy in relation to risk are given in note 17 to the financial statements.

The Fund invests in pooled investment vehicles which at the year-end had some exposure to Russian investments. The Trustees and their Investment Advisor are monitoring the position; however, the level of exposure is not considered to be financially material. The Trustees has delegated the responsibility for managing the pooled fund assets to the investment manager.

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31 March 2022
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 Statement of Recommended Practice "Financial Reports of Pension Schemes" (2018) and other 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: 27/10/2022
Trustee 	Date: 27/10/2022

The Adnams Pension Fund
31 March 2022
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 2022 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 2022, 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 10, 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.

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

The Adnams Pension Fund
31 March 2022
Independent Auditor's Report to the Trustees (continued)

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 as a whole 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

31st October 2022

The Adnams Pension Fund
31 March 2022
Fund Account

	Note	DB Section £	DC Section £	Total 2022 £	Total 2021 £
Contributions and benefits					
Employer contributions	5	120,000	-	120,000	120,000
Total contributions		120,000	-	120,000	120,000
Benefits paid or payable	6	(1,168,651)	(88,252)	(1,256,903)	(1,341,401)
Payments to and on account of leavers	7	-	-	-	(331,850)
Administrative expenses	8	(82,590)	-	(82,590)	(97,165)
		(1,251,241)	(88,252)	(1,339,493)	(1,770,416)
Net withdrawals from dealings with members		(1,131,241)	(88,252)	(1,219,493)	(1,650,416)
Return on investments					
Investment income	9	118,465	-	118,465	149,135
Change in market value of investments	10	1,288,331	47,536	1,335,867	4,858,810
Investment management expenses	11	(6,941)	-	(6,941)	(94,118)
Net return on investments		1,399,855	47,536	1,447,391	4,913,827
Net increase/(decrease) in the fund during the year		268,614	(40,716)	227,898	3,263,411
Net assets of the Fund					
Opening net assets at 1 April		39,713,958	1,102,050	40,816,008	37,552,597
Closing net assets at 31 March		39,982,572	1,061,334	41,043,906	40,816,008

The notes on pages 15 to 28 form an integral part of these financial statements.



The Adnams Pension Fund
31 March 2022
Statement of Net Assets (available for benefits)

	Note	DB Section £	DC Section £	Total 2022 £	Total 2021 £
Investment assets					
Pooled investment vehicles	13	38,754,360	1,032,185	39,786,545	39,184,724
Insurance policies	14	1,076,000	-	1,076,000	1,259,000
AVC investments	15	-	29,149	29,149	30,795
Total net investments		39,830,360	1,061,334	40,891,694	40,474,519
Current assets	19	161,017	-	161,017	376,089
Current liabilities	20	(8,805)	-	(8,805)	(34,600)
Net assets of the Fund at 31 March		39,982,572	1,061,334	41,043,906	40,816,008

The notes on pages 15 to 28 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 pages 29-30 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 27th October 2022.

 Trustee	 Trustee
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The Adnams Pension Fund
31 March 2022
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).

The financial statements have been prepared on the going concern basis. 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 Employer covenant. At the date of signing these financial statements the Trustees believe that due to its investment structure the Fund is able to comfortably cover its related outgoings until at least 12 months from signing. As a result, 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 2021 £
Contributions and benefits				
Employer contributions	5	120,000	-	120,000
Total contributions		120,000	-	120,000
Other income	6	-	-	-
Total contributions		120,000	-	120,000
Benefits paid or payable	7	(1,257,244)	(84,157)	(1,341,401)
Payments to and on account of leavers	8	(313,208)	(18,642)	(331,850)
Administrative expenses	9	(97,165)	-	(97,165)
		(1,667,617)	(102,799)	(1,770,416)
Net withdrawals from dealings with members		(1,547,617)	(102,799)	(1,650,416)
Return on investments				
Investment income	10	149,135	-	149,135
Change in market value of investments	11	4,712,405	146,405	4,858,810
Investment management expenses	12	(94,118)	-	(94,118)
Net return on investments		4,767,422	146,405	4,913,827
Net increase in the fund during the year		3,219,805	43,606	3,263,411
Net assets of the Fund				
Opening net assets at 1 April		36,494,153	1,058,444	37,552,597
Closing net assets at 31 March		39,713,958	1,102,050	40,816,008

The Adnams Pension Fund
31 March 2022
Notes to the financial statements (continued)

Statement of Net Assets (available for benefits)

	Note	DB Section £	DC Section £	Total 2021 £
Investment assets				
Pooled investment vehicles	14	38,113,469	1,071,255	39,184,724
Insurance policies	15	1,259,000	-	1,259,000
AVC investments	16	-	30,795	30,795
Total net investments		39,372,469	1,102,050	40,474,519
Current assets	20	376,089	-	376,089
Current liabilities	21	(34,600)	-	(34,600)
Net assets of the Fund at 31 March		39,713,958	1,102,050	40,816,008

4. Accounting policies

The principal accounting policies of the Fund are as follows:

- (i) The Fund functional and presentation currency is pounds Sterling.
- (ii) Estimates and Assumptions
 - In the application of the Fund's accounting policies, the Trustees are required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience, expectations of future events and factors that are considered to be relevant. Specialist advice is taken where appropriate. Actual results may differ from these estimates.
 - Such estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.
 - The Trustee has concluded that there are no significant judgements or key sources of uncertainty to disclose.
- (iii) 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.
- (iv) 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.
- (v) 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.

The Adnams Pension Fund
31 March 2022
Notes to the financial statements (continued)

- Income from annuity policies is accounted for on an accruals basis and shown within investment income.
- (vi) 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.
- (vii) 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.

5. Contributions

	DB Section £	DC Section £	Total 2022 £
Employer contributions			
Other contributions	56,500	-	56,500
Expense contributions	63,500	-	63,500
	120,000	-	120,000

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

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.

6. Benefits paid or payable

	DB Section £	DC Section £	Total 2022 £
Pensions	1,086,952	-	1,086,952
Commutation of pensions and lump sum retirement benefits	76,942	76,187	153,129
Death in Retirement Lump Sum	4,757	12,065	16,822
	1,168,651	88,252	1,256,903

The Adnams Pension Fund
31 March 2022
Notes to the financial statements (continued)

	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

7. Payments to and on account of leavers

	DB Section £	DC Section £	Total 2022 £
Individual transfers out	-	-	-
	-	-	-

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

8. Administrative expenses

	DB Section £	DC Section £	Total 2022 £
Bank charges	150	-	150
Administration & actuarial expenses	76,239	-	76,239
Audit fees	4,450	-	4,450
Levies	1,751	-	1,751
	82,590	-	82,590

	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

The Fund bears all the costs of administration.

9. Investment income

	DB Section £	DC Section £	Total 2022 £
Annuity income	117,578	-	117,578
Other income	887	-	887
	118,465	-	118,465

The Adnams Pension Fund
31 March 2022
Notes to the financial statements (continued)

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

10. Reconciliation of investments

DB Section	Value at 01 April 2021 £	Purchases at cost £	Sales proceeds £	Change in market value £	Value at 31 March 2022 £
Pooled investment vehicles	38,113,469	40,177,873	(41,008,314)	1,471,332	38,754,360
Insurance policies	1,259,000	-	-	(183,000)	1,076,000
	39,372,469	40,177,873	(41,008,314)	1,288,332	39,830,360

DC Section	Value at 1 April 2021 £	Purchases at cost £	Sales proceeds £	Change in market value £	Value at 31 March 2022 £
Pooled investment vehicles	1,071,255	-	(83,259)	44,189	1,032,185
AVC investments	30,795	-	(4,992)	3,346	29,149
	1,102,050	-	(88,251)	47,535	1,061,334

The Adnams Pension Fund
31 March 2022
Notes to the financial statements (continued)

10.1 Concentration of investments

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

DB Section	2022 £	2022 %	2021 £	2021 %
Aviva Balanced Managed Fund	-	-	25,676,191	62.9
Aviva Corporate Bond Fund	-	-	3,217,886	7.9
Aviva High Alpha Gilt Fund	-	-	3,002,838	7.4
Aviva Index Linked Gilt Fund	-	-	4,164,077	10.2
Aviva Property Fund	-	-	2,052,477	5.0
L&G Life GPGE Future World Global Equity Fund	4,803,418	11.7	-	-
L&G Life GPEN Future World Equity Index Fund GBP Hedged	4,684,749	11.4	-	-
BG IF Multi Asset Growth Fund	7,456,238	18.2	-	-
L&G Life MAGJ Future World Multi Asset Fund	7,607,555	18.5	-	-
BNYM Sustainable Global Dynamic Bond Fund	4,176,903	10.2	-	-
L&G Life AF Over 15 Year Gilts Index Fund	4,942,986	12.0	-	-
L&G Life HC Over 15 Index-Linked Gilts Index Fund	3,609,165	8.8	-	-

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

10.2 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.

11. Investment management expenses

	DB Section £	DC Section £	Total 2022 £
Administration, management and custody	6,941	-	6,941
	6,941	-	6,941

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

Investment management expenses are now included in the Mobius fund prices.

12. 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.

The Adnams Pension Fund
31 March 2022
Notes to the financial statements (continued)

13. Pooled investment vehicles

	DB Section £	DC Section £	Total 2022 £
Equity funds	9,551,325	399,107	9,950,432
Bond	12,729,055	297,888	13,026,943
Balanced	7,607,555	-	7,607,555
Diversified Growth	7,456,238	-	7,456,238
Property funds	1,410,187	34,006	1,444,193
Other	-	157,702	157,702
Cash	-	143,482	143,482
	38,754,360	1,032,185	39,786,545

	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

14. Insurance policies

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

	DB Section £	DC Section £	Total 2022 £
Annuities with Aviva	1,076,000	-	1,076,000
	1,076,000	-	1,076,000

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

These policies relate to benefits due for 22 individuals (2021: 25). Annuities are issued by the annuity provider and are valued by the Fund Actuary on a buy-out basis.

15. 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 2022 £
Aviva	-	7,498	7,498
Phoenix Life	-	21,651	21,651
	-	29,149	29,149

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

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

16. 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 2022				
	Level 1 £	Level 2 £	Level 3 £	Total £
DB Section				
Pooled investment vehicles	-	38,754,360	-	38,754,360
Insurance policies	-	-	1,076,000	1,076,000
	-	38,754,360	1,076,000	39,830,360
DC Section				
Pooled investment vehicles	-	1,032,185	-	1,032,185
AVC investments	-	29,149	-	29,149
	-	1,061,334	-	1,061,334

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 2022
Notes to the financial statements (continued)

17. Investment risk disclosures

17.1 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:

- LGIM Over 15 Year Gilts Index Fund
- LGIM Over 15 Year Index Linked Gilts Index Fund
- Aviva Property Fund

The following funds are exposed to some Currency Risk:

- Aviva Balanced Managed Fund
- Baillie Gifford Multi-Asset Growth Fund
- BNY Mellon Sustainable Global Dynamic Bond Fund
- LGIM Future World Global Equity Index Fund
- LGIM Future World Global Equity Index Fund - GBP Hedged
- LGIM Future World Multi-Asset Fund

The above list includes the LGIM Future World Global Equity Index Fund – GBP Hedged. The aim of the hedging is to offset currency risk but in practice 100% elimination is not practical, so this fund is included as subject to some currency risk.

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 Fund's funding position.

- LGIM Over 15 Year Gilts Index Fund
- LGIM Over 15 Year Index Linked Gilts Index Fund

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

- Aviva Balanced Managed Fund
- Aviva Property Fund
- Baillie Gifford Multi-Asset Growth Fund
- BNY Mellon Sustainable Global Dynamic Bond Fund
- LGIM Future World Multi-Asset Fund

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.

The Adnams Pension Fund
31 March 2022
Notes to the financial statements (continued)

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.

- Baillie Gifford Multi-Asset Growth Fund
- BNY Mellon Sustainable Global Dynamic Bond Fund
- LGIM Future World Global Equity Index Fund
- LGIM Future World Global Equity Index Fund - GBP Hedged
- LGIM Future World Multi-Asset Fund
- 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:

- LGIM Over 15 Year Index Linked Gilts Index 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 Fund is directly exposed to Credit Risk through cash balances and investments in pooled investment vehicles. The Fund is also indirectly exposed to Credit Risk arising on the financial instruments held within the pooled investment vehicles.

The Fund 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 Fund 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.

In addition, Mobius Life Limited (Mobius) conducts ongoing due diligence on all funds offered on its platform which includes assessment of the risks associated with external investment managers.

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

Cash

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

Investments in Pooled Investment Vehicles

The Trustees' investment via the Mobius platform is made through a unit-linked insurance policy written by Mobius. Assets backing the policy are held in a long-term fund separate to Mobius' shareholder and other assets. Mobius is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority. Direct Credit Risk is mitigated by capital requirements and the Prudential Regulatory Authority's regulatory oversight.

The funds available via the Mobius platform may invest in external open-ended investment vehicles and external unit-linked insurance policies. In the case of the latter, the investment is implemented through a reinsurance agreement between Mobius and the other insurance company. In such cases a 'Floating Charge' agreement on the reinsured assets is established to afford Mobius' policyholders the same rights as a direct policyholder.

The Adnams Pension Fund
31 March 2022
Notes to the financial statements (continued)

The Trustees bear the Credit Risk associated with external pooled funds accessed via the Mobius platform. Credit Risk is mitigated by the legal structure of the pooled funds held and by regulatory oversight.

A summary of the legal structure of each of the Fund's pooled funds provided is set out below.

Unit-Linked Insurance Policies

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

- LGIM Future World Global Equity Index Fund (accessed via the Mobius platform)
- LGIM Future World Global Equity Index Fund - GBP Hedged (accessed via the Mobius platform)
- LGIM Future World Multi-Asset Fund (accessed via the Mobius platform)
- LGIM Over 15 Year Gilts Index Fund (accessed via the Mobius platform)
- LGIM Over 15 Year Index Linked Gilts Index Fund (accessed via the Mobius platform)
- Aviva Balanced Managed Fund
- Aviva Property 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.

Investment Companies with Variable Capital

The following funds are accessed via an investment company with variable capital:

- Baillie Gifford Multi-Asset Growth Fund (accessed via the Mobius platform)
- BNY Mellon Sustainable Global Dynamic Bond Fund (accessed via the Mobius platform)

Mitigation of Credit Risk: the assets backing an investment in an Investment Company with Variable Capital are ring-fenced from the assets of the investment managers and from other funds held within the investment company.

Indirect Credit Risk

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

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

- Baillie Gifford Multi-Asset Growth Fund
- BNY Mellon Sustainable Global Dynamic Bond Fund
- LGIM Future World Global Equity Index Fund
- LGIM Future World Global Equity Index Fund - GBP Hedged
- LGIM Future World Multi-Asset Fund
- LGIM Over 15 Year Gilts Index Fund
- LGIM Over 15 Year Index Linked Gilts Index Fund
- Aviva Balanced Managed Fund
- Aviva Property Fund

Each of the funds falls into one of the following legal structures:

The Adnams Pension Fund
31 March 2022
Notes to the financial statements (continued)

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 2022
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			2022 £	2021 £
		Currency	Interest rate	Other price		
Pooled funds	■	■	■	■	38,754,360	38,113,469
Insurance Policy	■	□	■	■	1,076,000	1,259,000
TOTAL	-	-	-	-	39,830,360	39,372,469

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

18. Self-investment

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

19. Current assets

	DB Section £	DC Section £	Total 2022 £
Cash balances	161,017	-	161,017
Employer contributions due	-	-	-
	161,017	-	161,017

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

20. Current liabilities

	DB Section £	DC Section £	Total 2022 £
Accrued expenses	8,805	-	8,805
	8,805	-	8,805

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

21. Related party transactions

All costs except administration, Audit fees and Levies are borne by the Employer. BF McIntyre is a director of the Employer Company.

There were no Employer related investments held during the year.

The Adnams Pension Fund
31 March 2022
Notes to the financial statements (continued)

22. Contingent Liability

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the Schemes should be amended to equalise pension benefits for men and women for unequal guaranteed minimum pension benefits (GMP). This is known as GMP equalisation. The issues determined by the judgment arise in relation to many other defined benefit pension schemes.

Under the ruling Schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. At this stage we do not know if the amounts will be material to the Fund's financial statements. Furthermore, the Trustees and Employer have not agreed the equalisation methodology to be used and therefore the Trustees are not in a position to obtain a reliable estimate of the backdated benefits and related interest. Therefore, the cost of backdating pension benefits and related interest have not been recognised in these financial statements. If material, they will be recognised once the Trustees are able to reach a reliable estimate.

On 20 November 2020, the High Court handed down a further judgment in the Lloyds banking Group case which related to past transfer outs. This will require Trustees to revisit past transfer payments for members whose benefits include those earned benefits between 17 May 1990 and 5 April 1997 and establish whether a top up payment is due.

The number and value of historical transfers out is not significant. The cost of any top up payments and related interest have not been recognised in these financial statements.

23. Post balance sheet events

As a result of recent economic volatility, there was a downturn in bond prices in September 2022. The Trustees are monitoring the situation and considering how best to respond to the emerging issues.

As at 30 September 2022 the carrying value of DB pooled investment vehicles has fallen by approximately £6.5m (17%) from the year end.

The Adnams Pension Fund
31 March 2022
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 and 31 March 2021.

	31 March 2019	31 March 2020	31 March 2021
The value of the technical provisions was	£36,426,000	£33,945,000	£39,838,000
The value of the assets was	£36,509,000	£35,000,000	£38,455,000

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	Value as at 31 March 2021
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	2.80% 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%	3.70% pa
Consumer Prices Index (CPI) inflation	Derived by reducing the RPI inflation assumption by a prudent margin of 0.7% pa.	3.00%	2.35%	3.00% pa
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 Adnams Pension Fund
31 March 2020
Report on Actuarial Liabilities (forming part of the Trustees' annual report)
(continued)

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 Fund Actuary's estimate of the cost of securing the benefits with an insurer, at that time.

The Adnams Pension Fund
31 March 2022
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 2022 which is set out in the Trustees' report on page 32.

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 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.

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



31st October 2022

The Adnams Pension Fund
31 March 2022
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 Schedule.

Trustees' Summary of Contributions payable under the Schedule in respect of the Fund year ended 31 March 2022

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 2022. 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 2022 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 27th October 2022	
 Trustee	 Trustee

The Adnams Pension Fund
31 March 2022
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.

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

The Adnams Pension Fund

31 March 2022

Chair's statement

Chair's Statement – year ending 31 March 2022

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 2021 to 31 March 2022 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 and a Defined Contribution ('DC') Section. The DB Section was closed to new entrants on 1 April 2002 and closed to future accrual on 1 July 2005.

The DC Section was formerly shares held in an employee trust for members and 'paid out' when members retired. In December 2006 these benefits were brought into 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.

The DC Section is a fully insured arrangement, administered by Aviva.

In addition, there are Additional Voluntary Contribution ('AVC') funds which have accrued. These are held in policies with Aviva and Phoenix Life.

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 2022, the DC funds under management were:

Adnams Pension Fund DC Section and AVCs	
Aviva Mixed Investment Universal Lifestyle Approach	£978,898
Aviva Mixed Investment (0-35% Shares)	£47,469
Aviva Global Strategic Equity	£5,819
Aviva With-Profit Pension Standard Series (AVC)	£7,498
Phoenix Life (AVC, Individual funds not known)	£21,651
Total	£1,061,335

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 – the Aviva Mixed Investment Universal Lifestyle Approach.

The lifestyle strategy entails members' assets being 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 Adnams Pension Fund
31 March 2022
Chair's statement (continued)

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 the SIP is included alongside this statement.

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 last undertaken in April 2021, which recommended a number of changes should be made to both the default investment option as well as the self-select fund range. These recommendations have been accepted by the Trustees and are anticipated to be implemented in the 2022/23 scheme year.

Charges and transaction costs

The funds which are made available in the DC Section are subject to ongoing charges, which collectively are known as the Total Expense Ratio ('TER'). The TER comprises the annual management charge and additional expenses.

In addition to these explicit member charges, members may also incur 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.

The TERs and transaction costs applying for all funds used by members is shown below.

Fund	TER (%)	Transaction costs (%)	Total costs and charges (%)
Aviva Mixed Investment (40-85% shares)	0.52%	0.0458%	0.5658%
Aviva My Future Focus Consolidation	0.50%	0.0298%	0.5298%
Aviva Mixed Investment (0-35% Shares)	0.52%	0.0461%	0.5661%
Aviva Global Strategic Equity	1.23%	0.03768%	1.6068%
Aviva With Profits Pension Standard Series	0.88%	N/K	0.88%
Phoenix Life (individual funds not known)	N/K	N/K	N/K

Once again, the Trustees have been unable to obtain details of the charges and transaction costs on the Phoenix Life funds, as well as the transaction costs for the Aviva With Profits Standard Series Fund. They will continue to work to obtain these so that they can be included within future Chair's Statements.

Adnams Pension Fund accounts will be published online at adnams.co.uk/pages/reports-and-accounts, and members will be notified in line with the requirements.

While members meet the explicit costs and charges outlined above, the sponsoring employer meets the cost of ongoing governance and some administration services. In assessing value for money, the Trustees have only considered the costs and investment management charges met by members.

The Adnams Pension Fund 31 March 2022 Chair's statement (continued)

At 31 March 2022, the investment charge for the main growth phase of the default investment option was at 0.53% of the value of the fund per annum, which is below the Government's charge cap for the default options for schemes being used for auto enrolment, 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 current Aviva Mixed Investments Annuity Lifestyle Approach, which are set out in Appendix A.

Core financial transactions

Given the small number of transactions that are carried out, the Trustees receive, and review reports from First Actuarial as overall administrators for the Fund. This provides detail on an exception basis as and when transactions are carried out in order to monitor the level of administration services being provided to members. This means that Aviva's administration performance is not directly monitored, however First Actuarial oversee this closely due to historic issues.

As part of the improvements to be made following the value for member assessment, outlined below, the Trustees will in future take steps to directly consider the Aviva performance.

The processing of core financial transactions is monitored against the service level agreement (SLA) in place with First Actuarial, who have implemented internal control procedures to help ensure that such transactions are processed 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

In order to comply with the Pensions Regulator's enhanced requirements for oversight of the DC Section of the Fund, the Trustees have commissioned a value for member assessment, undertaken by their advisors, First Actuarial.

We believe that while the DC Section of the Fund provides poor value for members according to the metrics laid down by the Pensions Regulator, there are a number of areas where we can work to improve this by undertaking improved, formal oversight in order to meet the Pension Regulator's expectations in this area.

The comparative charges and investment performance were deemed to provide poor value for members.

However, the Trustees are mindful that the main benefit of the DC Section is so that members can use the accrued fund as the first call for tax free cash, reducing or avoiding the need to convert some of their DB benefits.

While the Trustees understand that it is possible to establish some sort of 'transfer back in' offer to employees, they feel that it would likely act as a disincentive for members to do so, as the process would naturally become more complex and time consuming.

As such, while, on balance the DC Section of the Fund is felt to provide poor value for members, but given the tax free cash benefit to members, the Trustees are minded to not wind the Section up.

The Adnams Pension Fund
31 March 2022
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.

While there has been no specific DC training through the Scheme year, the Trustees attended in person and online training covering an introduction to trusteeship, investments and GMP equalisation. These courses will have touched on DC matters.

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, however I note that improvements can be made in this area.

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 6FT



Chair of the Trustee of The Adnams Pension Fund

Date...27th October 2022

The Adnams Pension Fund
31 March 2022
Chair's statement (continued)

Appendix A

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, while the asset holdings for the individual funds was taken from factsheets dated 31 August 2022.

Projected Pension Pot in today's money								
Years	Aviva Mixed (40-85% Shares)		Aviva Mixed (0-35% Shares)		Aviva My Future Focus Consolidation		Aviva Global Strategic Equity	
	Before charges	After all costs and charges	Before charges	After all costs and charges	Before charges	After all costs and charges	Before charges	After all costs and charges
1	£20,708	£20,593	£20,392	£20,278	£20,291	£20,184	£21,025	£20,768
3	£21,679	£21,321	£20,703	£20,356	£20,396	£20,074	£22,690	£21,869
5	£22,695	£22,074	£21,018	£20,434	£20,501	£19,965	£24,486	£23,028
10	£25,449	£24,076	£21,827	£20,631	£20,767	£19,695	£29,625	£26,202
15	£28,536	£26,259	£22,667	£20,830	£21,036	£19,429	£35,843	£29,814
20	£31,999	£28,640	£23,540	£21,031	£21,308	£19,166	£43,365	£33,923
25	£35,882	£31,237	£24,446	£21,234	£21,585	£18,907	£52,465	£38,598
30	£40,236	£34,069	£25,387	£21,439	£21,864	£18,651	£63,476	£43,918
35	£45,118	£37,158	£26,364	£21,646	£22,148	£18,399	£76,797	£49,971
40	£50,592	£40,528	£27,379	£21,855	£22,434	£18,150	£92,914	£56,858

Assumptions:

- Projected pension pot values are shown in today's terms and do not need to be reduced further for the effect of future inflation
- The starting pot size is assumed to be £20,239
- Inflation is assumed to be 2.5% each year
- Contributions are assumed from age 25 to 65 and increase in line with assumed earnings inflation of 2.5% each year
- Values shown are estimates and are not guaranteed
- The projected growth rate for each fund are as follows:

Aviva Mixed (40-85% Shares)	2.32%	above inflation
Aviva Mixed (0-35% Shares)	0.76%	above inflation
Aviva My Future Focus Consolidation	0.26%	above inflation
Aviva Global Strategic Equity	3.88%	above inflation

Projected Pension Pot in today's money								
Years	Aviva Mixed (40-85% Shares)		Aviva Mixed (0-35% Shares)		Aviva My Future Focus Consolidation		Aviva Global Strategic Equity	
	Before charges	After all costs and charges	Before charges	After all costs and charges	Before charges	After all costs and charges	Before charges	After all costs and charges
1	£20,477	£20,363	£20,392	£20,278	£20,291	£20,184	£21,025	£20,768
3	£20,963	£20,613	£20,703	£20,356	£20,396	£20,074	£22,690	£21,869
5	£21,459	£20,866	£21,018	£20,434	£20,501	£19,965	£24,486	£23,028
10	£22,753	£21,512	£21,827	£20,631	£20,767	£19,695	£29,625	£26,202
15	£24,125	£22,179	£22,667	£20,830	£21,036	£19,429	£35,843	£29,814
20	£25,580	£22,866	£23,540	£21,031	£21,308	£19,166	£43,365	£33,923
25	£27,122	£23,574	£24,446	£21,234	£21,585	£18,907	£52,465	£38,598
30	£28,757	£24,304	£25,387	£21,439	£21,864	£18,651	£63,476	£43,918
35	£30,491	£25,057	£26,364	£21,646	£22,148	£18,399	£76,797	£49,971
40	£32,329	£25,833	£27,379	£21,855	£22,434	£18,150	£92,914	£56,858

Assumptions:

- Projected pension pot values are shown in today's terms and do not need to be reduced further for the effect of future inflation
- The starting pot size is assumed to be £20,239
- Inflation is assumed to be 2.5% each year
- Contributions are assumed from age 25 to 65 and increase in line with assumed earnings inflation of 2.5% each year
- Values shown are estimates and are not guaranteed
- The projected growth rate for each fund are as follows:

Aviva Mixed (40-85% Shares)	1.18%	above inflation
Aviva Mixed (0-35% Shares)	0.76%	above inflation
Aviva My Future Focus Consolidation	0.26%	above inflation
Aviva Global Strategic Equity	3.88%	above inflation

The Adnams Pension Fund
31 March 2022
Implementation Statement

Glossary

Aviva	Aviva Investors
Baillie Gifford	Baillie Gifford & Co Limited
ESG	Environmental, Social and Governance
Investment Adviser	First Actuarial LLP
LGIM	Legal & General Investment Management
Scheme	Adnams Pension Fund
Scheme Year	1 April 2021 to 31 March 2022
SIP	Statement of Investment Principles
UNPRI	United Nations Principles for Responsible Investment

Introduction

This Implementation Statement provides an assessment of how, and the extent to which, the policies described in the SIP were followed over the Scheme Year.

In addition, the statement summarises the voting record of the Scheme's investment managers and provides information on the significant votes made in respect of the Trustees' equity holdings.

Information is also provided in this document on how the Scheme's investment managers make use of the services of proxy voting advisers.

The Adnams Pension Fund
31 March 2022
Implementation Statement (continued)

Extent to which the SIP was followed

The Scheme's SIP, covering both the DC and DB sections was updated during the Scheme Year to reflect changes made to the Scheme's investment strategy. The first document was in force over the period from 1 April 2021 to 26 August 2021; whilst the second document applied between 27 August 2021 and 31 March 2022.

The Trustees have assessed their actions over the course of the Scheme Year against the policies set out in these SIPs and have concluded that they have complied with the requirements of the documents. In forming this assessment, the Trustees have taken the following points into account:

- During the Scheme Year the Trustees reviewed the investment strategy of the Scheme's DC Section. As part of this work, the Trustees received advice from their investment adviser and are in discussions with the provider (Aviva) on options on how to implement the proposed changes to the default and lifestyle funds. Once this is finalised the Trustees will consult with the sponsor on the proposed changes prior to implementation.
- The Trustees did not undertake any manager selection work during the Scheme Year.
- The Trustees continue to receive and analyse quarterly investment monitoring reports from its investment adviser.
- Day-to-day management of the assets continued to be delegated to investment managers and the Trustees assessed the performance of the managers and the appropriateness of their mandates during the period. No concerns were identified during the Scheme Year relating to the way the Scheme's investment managers were operating.

The Trustees do not hold any direct employer-related assets and any indirect exposure is expected to remain less than 5% of total assets.

Voting behaviour

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 DB Section of the Scheme invested in the following funds which included an allocation to equities:

- LGIM Future World Global Equity Index Fund
- LGIM Future World Global Equity Index Fund – GBP Hedged
- LGIM Future World Multi-Asset Growth Fund
- Baillie Gifford Multi-Asset Growth Fund

There were also very small allocations to equities via the Aviva Balanced Managed Fund held within the DB Section of the Scheme and via the DC Section assets which are invested in funds managed by Aviva.

The Trustees have concluded that the exposure to equities through Aviva funds is not significant in the context of the Scheme's total assets and, therefore, the Trustees assessment of voting has focussed on Baillie Gifford and LGIM.

The Adnams Pension Fund
31 March 2022
Implementation Statement (continued)

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 and a summary is as follows:

- 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 managers' 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.
- During the Scheme Year, the Trustees considered the voting records of the investment managers over the period ending 31 March 2021.

The Adnams Pension Fund
31 March 2022
Implementation Statement (continued)

The investment managers' voting records

A summary of the investment managers' voting records is shown in the table below.

Investment Manager	Number of votes	Split of votes:		
		For	Against	Did not vote/ abstained / withheld
Baillie Gifford	20,000	93%	3%	4%
LGIM	140,000	77%	21%	1%

Notes

Split of votes may not sum to 100% due to rounding.

These voting statistics are based on each manager's full voting record over the 12 months to 31 March 2022 rather than votes relating solely to the funds held by the Scheme.

Use of proxy voting advisers

Investment Manager	Who is their proxy voting adviser?	How is the proxy voting adviser used?
Baillie Gifford	No Proxy Voting Adviser	All done in-house, Manager aims to participate in all votes
LGIM	ISS and IVIS	ISS and IVIS provide research and ISS administer votes. However, all voting is determined by guidelines set by LGIM.

The investment managers' voting behaviour

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

- broad statistics of their voting records such as the percentage of votes cast for and against the recommendations of boards of directors (i.e. "with management" or "against management");
- the votes they cast in the year to 31 March 2022 on the most contested proposals in nine categories across the UK, the US and Europe;
- the investment managers' policies and statements on the subjects of stewardship, corporate governance and voting.

The Trustees have also compared the voting behaviour of the investment managers with their peers over the same period.

The Trustees' key observations are set out below.

The Adnams Pension Fund
31 March 2022
Implementation Statement (continued)

Voting in significant votes

Based on information provided by the Trustees' Investment Adviser, the Trustees have identified significant votes in nine separate categories. The Trustees consider votes to be more significant if they are closely contested. i.e. close to a 50:50 split for and against. A closely contested vote indicates that shareholders considered the matter to be significant enough that it should not be simply "waved through". In addition, in such a situation, the vote of an individual investment manager is likely to be more important in the context of the overall result.

The five most significant votes in each of the nine categories based on shares held by the Scheme's investment managers are listed in the Appendix. In addition, the Trustees considered each investment manager's overall voting record in significant votes (i.e. votes across all stocks not just the stocks held within the funds used by the Scheme).

Description of voting behaviour

Baillie Gifford

The manager has a tendency to support management proposals. Baillie Gifford's active management style provides some justification for this since the manager will naturally be supportive of the management teams of the companies it has actively chosen to invest in. However, the strong level of support for management identified in Baillie Gifford's voting data may indicate a degree of over-confidence in the companies in which Baillie Gifford invests.

Baillie Gifford has held companies to account on climate change issues by opposing director proposals on climate change which were deemed not to go far enough and by supporting shareholder proposals in this area.

Baillie Gifford continues to be less supportive than many of its peers of shareholder proposals aimed at tackling social issues and this leaves Baillie Gifford open to criticism. The Trustee's Investment Adviser has fed this message back to Baillie Gifford.

LGIM

The Trustee has no concerns regarding LGIM's voting record.

The manager's willingness to vote against management is consistent with the broad range of policies covered within its corporate governance documentation; each policy provides criteria which can be used to justify a vote against management.

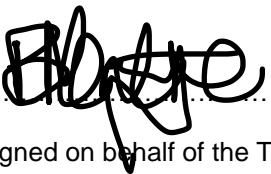
The Trustee also notes that LGIM has supported shareholder proposals designed to tackle ESG issues and has held directors to account regarding their energy transition proposals (proposals setting out how CO₂ emissions will be reduced).

The Adnams Pension Fund
31 March 2022
Implementation Statement (continued)

Conclusions

Based on the analysis undertaken, the Trustees have no material concerns regarding the voting records of Baillie Gifford and LGIM.

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

 Date: 27th October 2022
Signed on behalf of the Trustees of the Adnams Pension Fund

The Adnams Pension Fund

31 March 2022

Implementation Statement (continued)

Significant Votes

The table below records how the Scheme's investment managers voted in the most significant votes identified by the Trustees.

Company	Meeting Date	Proposal	Votes For (%)	Votes Against (%)	LGIM	Baillie Gifford
Audit & Reporting						
PHILLIPS 66	12/05/2021	Ratify Ernst & Young LLP as Auditors	50	49	For	Not held
ACTIVISION BLIZZARD INC	21/06/2021	Ratify PricewaterhouseCoopers LLP as Auditors	54	43	For	Not held
INTEL CORPORATION	13/05/2021	Appoint the Auditors	38	61	Against	Not held
LABORATORY CORPORATION OF AMERICA	12/05/2021	Ratify Deloitte & Touche LLP as Auditors	37	62	For	Not held
INVESTEC PLC	05/08/2021	Investec Limited: Reappoint KPMG Inc as Joint Auditors of the Company	71	29	Against	Not held
Shareholder Capital & Rights						
ORANGE S.A	18/05/2021	Authorize Board to Increase Capital in the Event of Additional Demand Related	57	43	Against	Not held
KERING SA	22/04/2021	Authorize Capital Issuances for Use in Employee Stock Purchase Plans	32	68	For	For
FERRARI NV	15/04/2021	Issue Special Voting Shares	70	30	Against	Not held
FLUTTER ENTERTAINMENT PLC	29/04/2021	Issue Shares with Pre-emption Rights	70	30	Against	Not held
MONCLER SPA	22/04/2021	Authorise Share Repurchase	70	29	For	Not held
Pay & Remuneration						
AT&T INC.	30/04/2021	Advisory Vote on Executive Compensation	48	50	Against	Not held
AKZO NOBEL NV	22/04/2021	Approve the Remuneration Report	50	50	Against	Not held
INTERNATIONAL BUSINESS MACHINES CORPORATION	27/04/2021	Advisory Vote on Executive Compensation	48	51	Against	Not held
NETFLIX INC	03/06/2021	Advisory Vote on Executive Compensation	51	49	Against	For
CHIPOTLE MEXICAN GRILL INC	18/05/2021	Advisory Vote on Executive Compensation	51	49	Against	Not held
Constitution of Company, Board & Advisers						
GEBERIT AG	14/04/2021	Elect Werner Karlen - Non-Executive Director	50	50	For	Not held
CORTEVA INC	07/05/2021	Elect Janet P. Giesselman - Non-Executive Director	50	50	Against	Not held
APPLE INC	04/03/2022	Elect Alex Gorsky - Non-Executive Director	50	50	For	Not held
D. R. HORTON INC.	26/01/2022	Elect Michael R. Buchanan - Non-Executive Director	50	50	For	Not held
TE CONNECTIVITY LTD	09/03/2022	Amend Article 5	50	50	Against	Not held
Merger, Acquisition, Sales & Finance						
VONOVIA SE	16/04/2021	Issue Bonds/Debt Securities	79	21	For	Against
DELIVERY HERO SE	16/06/2021	Approve Issuance of Warrants/Bonds with Warrants Attached/Convertible Bonds	84	16	Against	For
HERMES INTERNATIONAL	04/05/2021	Approve Demerger	91	9	Against	Not held
VINCI	08/04/2021	Issue Debt Securities	92	8	For	Not held
SAP SE	12/05/2021	Issue Bonds/Debt Securities	93	7	For	Not held
Climate Related Resolutions						
Royal Dutch Shell	18/05/2021	Approve the Shell Energy Transition Strategy	83	11	Against	Not held
TOTALENERGIES SE	28/05/2021	Approve the Company's Sustainable Development and Energy Transition	83	7	Against	Not held
AENA SA	27/04/2021	Advisory Vote on Company's Climate Action Plan	96	4	For	Not held
FERROVIAL S.A.	08/04/2021	Advisory Vote, as from the 2022 AGM, on the Company's Climate Strategy	97	2	For	Not held
MOODY'S CORPORATION	20/04/2021	Say on Climate	93	1	For	Not held
Other Company Resolutions						
PEARSON PLC	30/04/2021	Meeting Notification-related Proposal	55	45	For	Not held
ORANGE S.A	18/05/2021	Allow Board to Use Delegations under Item 23 Above in the Event of a Public	40	59	Against	Not held
TE CONNECTIVITY LTD	09/03/2022	Allow Proxy Solicitation	62	38	Against	Not held
UNICREDIT SPA	15/04/2021	Approve Severance Payments Policy	73	27	For	Not held
SSP GROUP PLC	04/02/2022	Meeting Notification-related Proposal	79	21	Not held	For
Governance & Other Shareholder Resolutions						
GENERAL MOTORS COMPANY	14/06/2021	Shareholder Resolution: Written Consent	50	50	Against	Not held
APPLIED MATERIALS INC	10/03/2022	Shareholder Resolution: Right to Call Special Meetings	49	49	For	Not held
COLGATE-PALMOLIVE COMPANY	07/05/2021	Shareholder Resolution: Reduce Ownership Threshold for Shareholders to Call	51	49	For	Not held
APPLE INC	04/03/2022	Shareholder Resolution: Report on Concealment Clauses	49	49	For	Not held
QUEST DIAGNOSTICS INCORPORATED	21/05/2021	Shareholder Resolution: Written Consent	51	49	Against	Not held
Environmental & Socially Focussed Shareholder Resolutions						
CATERPILLAR INC.	09/06/2021	Shareholder Resolution: Report on Climate Policy	47	51	For	Not held
APPLE INC	04/03/2022	Shareholder Resolution: Civil Rights Audit	53	46	For	Not held
TESLA INC	07/10/2021	Shareholder Resolution: Report on Diversity and Inclusion Efforts	55	41	For	Against
THE KROGER CO.	24/06/2021	Shareholder Resolution: Assess Environmental Impact of Non-Recyclable Packaging	45	54	For	Not held
BOOKING HOLDINGS INC.	03/06/2021	Shareholder Resolution: Report on Annual Climate Transition	56	43	For	For

Note

Where the voting record has not been provided at the fund level, we rely on periodic information provided by investment managers to identify the stocks held. This means it is possible that some of the votes listed above may relate to companies that were not held within the Scheme's pooled funds at the date of the vote. Equally, it is possible that there are votes not included above which relate to companies that were held within the Scheme's pooled funds at the date of the vote.

The Adnams Pension Fund
31 March 2022
Appendix 1 Statement of Investment Principles