

# **The Moore Stephens Pensions Master Trust**

## **Statement of Investment Principles**

This is the Statement of Investment Principles made by the Trustees of the Moore Stephens Pensions Master Trust ("the Scheme") in accordance with the Pensions Act 1995 as amended, and the Occupational Pension Scheme (Investment) Regulations 2005. It is subject to periodic review by the Trustees at least every three years and more frequently as appropriate.

The Scheme comprises of Defined Contributions ("DC") only.

The Trustees have studied the Myners Code which they believe constitutes an important guide to best practice in the investment management of pension schemes.

## **Defined Contributions**

### **Primary Objective**

To hold safe, and to invest in an appropriate manner, the pension contributions of the members of the Scheme. The Trustees will take into account the age profile, term to retirement, and the likely size of the accumulated savings, and their perception of the members' attitudes to the risk-reward trade off.

### **Investment Strategy**

The Trustees have taken account of the DWP guidance relating to fund selection, especially for Auto Enrolment (AE) members, and have set the default fund and the additional funds accordingly. In particular, the Trustees have determined that pooled funds available to members provide a reasonable spread of risk and return.

On the recommendation of their investment advisors, Moore Stephens LLP Wealth Management Division, the Trustees have appointed Aegon Asset Management ("Aegon") to offer equity funds, bonds and gilts funds - all managed on a passive, index-tracking, basis - and a cash fund.

The funds available to members are set out in Appendix A. These funds have been selected in order to provide a range of geographical and methodological approaches to investing, and includes the HSBC Amanah fund that is understood to be compliant with Islamic Sharia law.

### **The Default Funds**

The Scheme is a Qualifying Workplace Pension Scheme suitable for auto enrolment. One of the qualifying conditions is that members should not be required to make a choice as to how their contributions are invested. For members who are automatically enrolled and do not make an alternative fund choice, contributions will be invested in one of the default funds, selected by the participating employer.

The Trustees have agreed to offer a medium risk investment fund by default. The fund selected is the Scottish Equitable Blackrock Aquila 75/25 Equity and Bond Pension Fund.

The Trustees will review the suitability of the default investment fund on a regular basis.

### **Choosing investments**

The Trustees and their Investment adviser believe that exposure to relevant investment markets and geographical sectors is the key component in achieving good investment returns. In order to achieve the required diversification and access to the drivers of growth, index-tracking funds are used. This type of fund also benefits from relatively low fund manager costs.

The Trustees are satisfied that the pooled, index-tracking, funds are consistent with the Scheme's objectives, particularly in relation to diversification, risk, expected return and liquidity, and they are suitable in relation to the needs of the members.

### **Types of investment to be held**

The Scheme may invest in UK and overseas equities, fixed interest bonds, property and cash. However, the investments in each fund will depend on the nature of that fund, its objective and benchmark, and the risk controls which operate.

### **Balance between different types of investment**

The Trustees are satisfied that the funds offered are appropriate for the different categories and ages of members.

### **Risk**

The major component of risk is strategic risk which arises from the asset allocation of each individual member's portfolio.

The Trustees are comfortable that, for the default lifestyle approach in place, the benchmark asset allocation of the members' funds are appropriate to their ages and terms to retirement.

At the level of the individual index-tracker funds, the risk is that the assets held will diverge from those included in the market it is intended to track. This 'tracking error' can work in favour or to the detriment to the member but introduces an element of risk that is not desirable. The Trustees will monitor the degree of tracking error at regular intervals.

The decision to appoint only one investment manager does involve some degree of manager risk. However, as the investment strategy is to passively replicate an index rather than to exercise stock selection skills, the risk of manager underperformance is minimised.

The Trustees will monitor the default fund and wider fund selection periodically against peer funds and value for money criteria. The Trustees will address and monitor specific investment risks via the Risk Log.

### **Investment Objectives**

The objective of the default fund is to produce attractive real returns over the long term which it achieves by holding a diversified mix of equity and fixed interest funds. However, the fund reduces exposure to equities as the member approaches their selected retirement age which reduces investment risk, but this is also likely to reduce investment returns in the final years.

For members wishing to take an alternative approach to the default fund, the range of additional funds offers a choice of greater or reduced investment risk, as well as choices for those with religious or ethical considerations.

### **Realisation of assets**

The majority of assets held within the pooled funds are held in stocks which are quoted on major stock markets and may be realised quickly if required.

### **Social, environmental and ethical considerations including Voting and Engagement**

The Trustees recognise that social, environment and ethical considerations are among the factors which investment managers will take into account, where relevant, when selecting investments for purchase or sale. The Scheme's investment manager has produced statements setting out its policy in this regard. However, as Aegon invests on an index-tracking basis it has no discretion as to the composition of the fund.

The Trustees have no formal policy on either ESG (including climate change) or delegation of voting rights. Instead, they have delegated the responsibility for these matters to their investment manager, who will from time to time report on their current and future actions in these areas.

The Trustee does not consider any non-financial matters (such as member ethical views) when constructing the investment strategy for the default investment strategy, the self-select offerings and/or when selecting or reviewing fund managers, except as noted below. Had the Scheme not have been in the course of winding-up at the time this statement was signed, the Trustees would have planned a review of the funds offered and their approach to ESG and climate change more generally.

The Trustees are happy to offer the Aegon Ethical Fund as an alternative fund choice via the Freestyle range. Also included in this range is the HSBC Amanah fund that invests in company shares from around the world and complies with Islamic Sharia law.

### **Exercise of voting rights**

The Trustees have delegated the exercise of voting rights to the investment manager on the basis that voting power will be exercised with the objective of preserving and enhancing long term shareholder value.

**Signed for and on behalf of the Trustees of the Moore Stephens Pensions Master Trust  
30 September 2019**

**Trustee – Punter Southall Governance Services**

**Trustee – Stuart Stroud**

**Trustee – Tim Harries**



## **APPENDIX A**

### **Moore Stephens Pension Master Trust Full Fund List**



# Moore Stephens Master Trust – Full Fund List

Fund name	Fund Type	Risk Rating	Total Expense Ratio	Fund fact-sheet	ISIN Code
Scottish Equitable Blackrock Aquila 75:25 Eq&Bd Idx Pension Fund	Multi-Asset	Average	0.75%	<a href="#">Click to Download</a>	GB00B5BD2P12
Scottish Equitable Cash Pension Fund	Cash	Minimal	0.75%	<a href="#">Click to Download</a>	GB0007829228
Scottish Equitable Corporate Bond Tracker Pension Fund	Bond	Below Average	0.75%	<a href="#">Click to Download</a>	GB00B8W68P20
Scottish Equitable Ethical Cautious Pension Fund	Multi-Asset	Below Average	0.95%	<a href="#">Click to Download</a>	GB00B583JW06
SE Blackrock Aquila Over 15Yrs UK Gilt Idx Pension Fund	Bond	Below Average	0.75%	<a href="#">Click to Download</a>	GB00B1G2WG69
Scottish Equitable Overseas Equity Tracker Pension Fund	Equity	Above Average	0.75%	<a href="#">Click to Download</a>	GB00B046S109
Scottish Equitable UK Index Tracker Pension Fund	Equity	Above Average	0.75%	<a href="#">Click to Download</a>	GB0008254525
Scottish Equitable Ethical Pension Fund	Equity	Above Average	0.95%	<a href="#">Click to Download</a>	GB0007845422
Scottish Equitable North American Equity Tracker Pension Fund	Equity	Above Average	0.75%	<a href="#">Click to Download</a>	GB00B4TG8C43
Scottish Equitable Continental European Equity Tracker Pension Fund	Equity	Above Average	0.75%	<a href="#">Click to Download</a>	GB00B4V5XK21



Scottish Equitable HSBC Life Amanah Pen	Equity	Above Average	1.10%	<a href="#">Click to Download</a>	GB00B3FG4R82
Scottish Equitable Emerging Markets Equity Tracker Pension Fund	Equity	Higher	0.75%	<a href="#">Click to Download</a>	GB00B53NJ589

Risk rating	Description
<b>MINIMAL</b>	Funds with the lowest risk rating, which means we'd expect it to see little change in value from day to day and returns to be positive but they could be negative, particularly in a low interest rate environment. Funds with a minimal risk rating are particularly suited to short-term investment where stability is the main aim. Over the long term, they're unlikely to deliver high levels of return, and they may not keep up with inflation.
<b>BELOW AVERAGE</b>	Funds with the third lowest risk rating, which means we'd expect to see some change in its day-to-day value, both positive and negative, more than a cash investment but with greater potential returns and better protection against inflation. Below average risk funds may hold a broad range of investment types, including equities (shares), but a significant proportion will be invested in investment types that aim to provide a reliable source of income and, with that, greater stability.
<b>AVERAGE</b>	Funds with the third highest risk rating, which means we'd expect it to go up and down in value on a daily basis, although not as much as a fund investing entirely in equities (shares). Average risk funds generally invest in a broad range of investment types and may hold a significant proportion in equities (shares). Over the longer term we'd expect these funds to deliver better growth prospects than a cash deposit but with a greater chance of losses. They're best suited to those investing for at least five years.
<b>ABOVE AVERAGE</b>	Funds with the second highest risk rating, which means we'd expect it to provide very good long-term growth but equally it could experience large negative returns, particularly over the short term. In general, above average risk funds are better suited to investors with at least five years to invest and to being used in combination with other funds investing in different investment types and regions.
<b>HIGHER</b>	Fund with the highest risk rating, which means we'd expect to see large day-to-day changes in its value, both negative and positive. Funds like this have historically provided periods of high returns but have also suffered the greatest losses. Because of their narrow investment focus, they're better suited to long-term investment (at least five years) and being used in combination with other funds investing in different investment types and regions.

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