The Julius Baer UK Staff Pension and Life Assurance Scheme

Statement of Investment Principles

1. **Introduction**

The Trustee of the Julius Baer UK Staff Pension and Life Assurance Scheme (the "Scheme") have drawn up this Statement of Investment Principles (the "Statement") to comply with the requirements of the Pensions Act 1995 (the "Act") and subsequent legislation. The Statement is intended to affirm the investment principles that govern decisions about the Scheme's investments.

In preparing this Statement the Trustee has consulted the Sponsoring Company to ascertain whether there are any material issues of which the Trustee should be aware in agreeing the Scheme's investment arrangements.

2. **Investment Objectives**

The Trustee's main objective is to invest the Scheme's assets in the best interest of the members and beneficiaries, and in the case of a potential conflict of interest, in the sole interest of the members and beneficiaries. To this end, the Trustee has set a longer term objective to buy out all of the Scheme's liabilities. As an interim step, an annuity policy for the remaining members has been purchased in the form of a buy-in with an annuity provider (i.e. an insurance company). The insurance company selected is Aviva Life & Pensions UK Limited ("Aviva").

3. **Risk Management and Measurement**

The annuity policy held by the Scheme provides a match for the key investment and non-investment risks for the members of the Scheme (i.e. interest rate, inflation and longevity risks). Whilst the key investment and non-investment risks are removed by the annuity policy, the Trustee is exposed to the counterparty risk of the insurance company (i.e. risk of default), albeit with regulatory protections in the form of supervision and intervention by the Prudential Regulatory Authority. The Trustee has considered and is adequately comfortable with the financial strength of the selected insurance company. The Trustee is also aware that annuity policies typically have no surrender value, and therefore, will become an illiquid asset of the Scheme (i.e. the asset cannot be sold or exchanged for cash without a potentially substantial loss in value).

4. **Investment Management**

All of the assets of the Scheme are held as an annuity policy with Aviva, which provides cash flows to meet the obligations of the remaining members.

Therefore whilst the policy remains an asset of the Scheme, the Trustee is not involved with the day-to-day management of the underlying assets.

Since the Scheme is fully insured and intends to remain so it doesn't have an explicit policy on asset manager incentives, evaluation or agreement duration. Nor does it have a policy on portfolio turnover costs.

5. Additional Assets

Under the terms of the Trust Deed and Rules the Trustee is responsible for the investment of Additional Voluntary Contributions ("AVCs") paid by members. The Trustee invests members' AVC assets with Prudential Assurance Company and Old Mutual Wealth. The Trustee reviews the investment performance of the chosen providers on a regular basis and take advice as to the providers' continued suitability.

6. Socially Responsible Investment and Corporate Governance

The Trustee believes that Environmental, Social and Corporate Governance ("ESG") factors may have a material financial impact on investment risk and return outcomes, and seek to integrate ESG into their decision making and reporting processes where possible. The Trustee also recognises that long-term sustainability issues, including climate change, present risks and opportunities. The Trustee has taken into account the expected time horizon of the Scheme and the existing investment strategy when considering how to integrate these issues into the investment decision making process.

When selecting managers for an active mandate, part of the selection criteria is the extent to which ESG considerations are taken into account within the investment process when the manager is selecting investments for purchase, retention or sale.

The annuity provider is empowered to manage ESG risk, assess ESG factors as a potential source of return (where appropriate), and exercise stewardship obligations attached to the Trustee's investments in accordance with current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

Member views in respect of non-financial matters are not taken into account in the selection, retention and realisation of investments, but members can make their views known to the Trustee.

7. Compliance with and Review of this Statement

The Trustee monitors compliance with this Statement annually and without delay after any significant change in investment policy. Any change to this Statement will only be made after having obtained and considered the written advice of someone who the Trustee reasonably believe to be qualified by their ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of pension scheme investments.

This statement was signed and dated for, and on behalf of, the Trustee of The Julius Baer UK Staff Pension and Life Assurance Scheme on 26 March 2020