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.

The Trustee does, however, believe that the general requirements around the contents of a Statement of Investment Principles are no longer applicable to the Scheme, as all of the Plan assets are represented by an insurance policy written by Aviva Life & Pensions UK Limited ("Aviva"), with the exception of a small cash reserve to meet ongoing cashflow requirements, and some Additional Voluntary Contributions (AVCs).

The remainder of this Statement sets out the Trustee's policies where relevant.

2. Process for choosing investments

The principal asset of the Scheme is an insurance policy written by Aviva, a UK insurance company authorised by the Prudential Regulation Authority ("PRA") and regulated by the PRA and the Financial Conduct Authority ("FCA"). Under the policy, Aviva is obligated to make payments to the Trustee in order to meet the Trustee's liabilities to the Scheme's beneficiaries in respect of the benefits insured under the policy. Aviva's liability is to the Trustee and not to the underlying beneficiaries at the present time.

The Trustee has selected Aviva as the Scheme's annuity provider having obtained and considered the written advice of Mercer whom the Trustees believe to be suitably qualified to provide such advice. The advice received and arrangements implemented are, in the Trustee's opinion, consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended). The inception date of the insurance policy was 9 January 2020.

3. 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").

4. 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).

The Trustee has considered the following risks relevant to its situation in relation to investment:

i. Failure of the annuity provider. The Trustee has taken appropriate advice and paid close attention to the security and operational soundness of the chosen annuity provider at the point of purchase.

ii. Lack of diversification. The Trustee recognises that the decision to invest in a bulk annuity contract with a single provider represents a concentration of risk and have addressed this through scrutiny of the provider.

iii. Default by the Scheme Sponsor. The Trustee proceeded with the purchase of the bulk annuity contract only after the Company committed sufficient funds to ensure solvency on wind-up. There remains a residual balancing premium payable by the Company on completion of data cleansing activities. The Trustee noted that the purchase of annuity contracts materially reduces the Scheme’s exposure to the risks arising from default by the Company and the Trustee evaluation is that the Company’s covenant is Strong.

iv. Illiquidity. The Trustee does not expect to be able to obtain cash from the annuity contract other than to meet promised benefits as agreed with the provider. It has therefore ensured that the contract meets all required benefits or if there are small differences prior to wind-up funds will be obtained from the Company in order to settle them. The Trustee holds a very small cash reserve to meet residual cashflow requirements. The Trustee will therefore be reliant on the Company to meet any unexpected expenses that may arise.

5. 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.

6. 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 ReAssure.

For the AVC assets, the providers have been appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected for.

If the investment objective for a particular manager's fund changes, the Trustee will review the fund appointment to ensure it remains appropriate and consistent with the Trustee's wider investment objectives.

As the Trustee invests in pooled investment vehicles it accepts that it has no ability to specify the risk profile and return targets of the funds, but appropriate mandates can be selected to align with the overall investment strategy.

The Trustee is a long term investor and is not looking to change the investment arrangements on a frequent basis. For the AVC funds, there is no set duration for the appointment and the Trustee will retain the AVC provider unless:

a) The manager appointment has been reviewed and the Trustee has decided to terminate – see policy statement on realisation of assets (below); or

b) The Plan is wound up in which case, member options will be reviewed and suitable advice taken.

The Trustee reviews the investment performance of the chosen providers on a regular basis and takes advice as to the providers' continued suitability.

7. 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.

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. The Trustee considered Aviva's ESG policies as part of their due diligence process prior to purchasing the insurance policy.

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.

8. 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.

Trustee:……………………………. Signed by Ingrid A Kirby

Date:……………………………….8 May 2024

For and on behalf of the Trustee of The Julius Baer UK Staff Pension and Life Assurance Scheme