Implementation Statement for the Plan

Covering 1st July 2020 to 30th June 2021

Background

The Trustees of the Plan (the "Plan") are required to produce a yearly statement to set out how, and the extent to which, the Trustees have followed the Plan's Statement of Investment Principles ("SIP") during the previous Plan year. This statement also includes the details of any reviews of the SIP during the year, any changes that were made and reasons for the changes. This is the first implementation statement produced by the Trustees.

This statement should be read in conjunction with the DB SIP and has been produced in accordance with **The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018** and the subsequent amendment in **The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019**.

A copy of the most recent SIP can be found at **https://www.superiorpensionfund.org**.

1. Investment Objectives and Activity

The Trustees expect the return on assets to be consistent with the investment objectives and investment strategy outlined in the SIP. The Trustees currently expect to generate a return, over the long-term, of circa + 1% per annum, net of expenses, above a portfolio of long-dated UK Government bonds – which are considered to change in value in a similar way to the Plan's liability value. This return is a "best estimate" of future returns that has been arrived at given the Plan's longer-term asset allocation and in the light of advice from the investment consultant.

The Trustees recognise that over the short-term, performance may deviate significantly from this long-term expectation. This "best estimate" will also generally be higher than the estimate used for the actuarial valuation of the Plan's liabilities. For this purpose, a more prudent estimate of returns will generally be used, as agreed by the Trustees based on advice from the Scheme Actuary.

Given the risk framework set out by the Trustees in the SIP, in discussion with the Investment Managers (CGWM) and Scheme Actuary, a CGWM risk level of 4 has been deemed appropriate for the Fund. In the appendix A1 is a guide to risk and return for a portfolio of this risk level and if more comprehensive information is required on risk levels, then this can be obtained from the Guide to Investment Risk, provided by CGWM. It is additionally noted that the overall equity levels should not generally exceed 40% within this portfolio, and the recommended guidance from the Scheme Actuary is that the portfolio should, ultimately, have a structure that is similar to 35% in risk assets and 65% matching assets. At this time, the invested assets held at CGWM are being reviewed against this risk 4 level.

NB: It is noted that as part of the deficit reduction plan, cash assets are held by the parent company and £41,500 is being added each month until 31st August 2024 to reduce this deficit. An illustration of the asset allocation including the combined assets is provided for completeness.

Portfolio review

The overall risk level of the portfolio is monitored by BitaRisk™, an independent risk monitoring company. This company assesses the overall risk level of each of the investments held within a portfolio and provides a risk score for that portfolio. For a risk level 4 portfolio CGWM have deemed that a BitaRisk™ volatility score should fall between 3.2% and 8.6%. The portfolio score evaluated on 30th September 2021 is: 6.28%

and is, therefore, deemed suitable. Additionally, the portfolio has been reviewed by the Canaccord Genuity Portfolio Measurement and Monitoring Committee (PMMC), to ensure that there is no concentration risk of excessive exposure to individual investments and the portfolio is compliant on this basis. The PMMC can also confirm that all the investments held in the portfolio are approved by CGWM and are suitable for a portfolio of this nature.

Asset Allocation (AA): below is the portfolio asset allocation versus the CGWM recommended structure for a risk level 4 portfolio, as of 30th September 2021. For completeness an asset allocation including the cash held as part of the deficit reduction plan is also included to provide a more accurate reflection of risk assets to risk counterbalance. We can confirm that the asset allocation is deemed appropriate and is within tolerance, for a risk level 4 portfolio.

Asset class	Superior Portfolio AA	CGWM risk 4 model AA	AA including deficit cash
Fixed Income	40.44%	37.47%	35.91%
Equities	32.56%	41.38%	28.91%
Alternatives	25.70%	17.14%	22.82%
Cash	1.30%	4.01%	12.36%

Return profile: given the current stated long-term return objective of the Fund, we deem a risk level 4 structure to be the most appropriate, risk adjusted, way of achieving this objective at present, albeit as further cash is added to the portfolio it is likely that the risk level should be reduced, and there will be an increasing deviation in the portfolio Asset Allocation from the CGWM risk 4 model in terms of a reduction in equities (risk assets) in favour of greater exposure to risk counterbalance.

DB Section

The objective of the DB Section is over the long term, to achieve a return on the Plan's assets which is sufficient to pay all members' benefits in full.

During the year, progress was reviewed on a quarterly basis as part of the formal quarterly financial review meeting and report. Whilst no formal manager selection or strategy decisions were made during the last Plan year, there were some disinvestments made to meet cash flow requirements.

The DB SIP was fully reviewed and updated in October 2020 and will be reviewed annually thereafter.

During the last review we have slightly changed our investment portfolio structure and have subsequently updated the SIP appendix.

The next investment strategy review is due in Plan year 2021/22 at the November 2021 Trustee meeting. At each meeting we discuss the risk profile and the asset allocation and SIP.

DC Additional Voluntary Contribution Section

The Trustees have ensured the membership have had the full gambit of options available prior to the setting up of the AVC Defined contribution. The members were encouraged to seek external independent financial advice prior to starting their individual policies. The member and/or their Advisor selected the investment appropriate to their individual circumstances.

The AVC policies are audited on a yearly basis by the scheme Auditors to ensure the regulatory requirements are met.

2. ESG, Stewardship, Voting and Engagement

The Plan's DB SIPs include the Trustees' policy on Environmental, Social and Governance ("ESG") factors and stewardship This policy sets out the Trustees' beliefs on ESG and the processes followed by the Trustees in relation to voting rights and stewardship. This was last reviewed in April 2021.

The Trustees discussed the ESG and stewardship considerations as part of their April 2021 Trustee meeting and will review these further in the next Plan year and provide information in the next implementation statement. The Trustees also review the investment managers' ESG policies including the application of voting rights in the Plan each year.

CGWM ensure that their Stewardship code is up to date and their voting under the code is managed by ISS, whose activities and services for investors are designed to serve the best interests for their clients and assist them across their stewardship activities. ISS' focus is on quality, reliability and independence across their products. ISS (Institutional Shareholder Services) ESG is the responsible investment and data analytics arm of ISS, providing investors with multifaceted and integrated ESG solutions. From assisting investors in integrating ESG factors ISS ESG brings expertise across a range of sustainability and responsible investment issues, including climate change, sustainable impact, human rights, labour standards, corruption, controversial weapons, and many more. ISS ESG partners with clients to understand their unique investment and business objectives to deliver the relevant insights and data solutions they need throughout their investment processes. In 2020, ISS ESG offered to its approximately 1,100 clients Screening & Controversies, ESG Ratings & Rankings, Climate, Impact and Sustainable Development Goals, and Index solutions. ISS' mission is to empower investors to build for long-term and sustainable growth by providing high-quality data, analytics, and insight. Their business and organization is built around activities, strategy and culture that support that mission with an ongoing focus on the aims and values that enable ISS to provide effective and high quality services to investors that support their effective stewardship. Further documentation on stewardship is available from the Trustees.

Other than direct bond holdings, the Plan's investments are within pooled funds and the Trustees have delegated to its investment managers the exercise of voting rights. Therefore, the Trustees are not able to direct how votes are exercised and the Trustees have not used proxy voting services over the year.

3. Investment Process and Investments

The Pension Fund assets are currently split between the following assets classes:

Debt & Fixed Interest – these are a mixture of UK and International debt and fixed income investments, issued by a company or government. They are often referred to as bonds and the holder usually receives a regular interest payment during the life of the bond; the life of the bond is normally a fixed term.

Equities – also known as shares. These are investments into underlying businesses whereby the investor purchases a share of the company. They are rewarded for their investment by the potential of benefitting from a rise in the value of that business, and the potential to receive income from the company in the form of profits being distributed through dividends.

Alternative Investments – a catch-all term for assets that are not considered to be bonds, equities or cash. This asset class can cover property and commodities, as well as investments that have lower, to no, correlation with the performance of bonds or equities. These assets will be used to further diversify the risk of the portfolio as well as provide a positive return to the investor.

Cash – money held on deposit within the portfolio.

The goal of our investment managers is to meet the Pension Fund's individual investment needs and achieve the best possible returns for their chosen level of risk. Based on a global asset allocation framework, their rigorous, robust, and highly analytical investment process includes in-depth research, continuous monitoring and the interaction of a number of investment committees. Like a combination lock, each layer of the Canaccord investment process must be aligned before they can start to create risk-adjusted portfolios for our pension funds.

For more details on the Canaccord Investment philosophy see Appendix A2.

- Canaccord in-house experts select investments from the open market to create a range of quality investment opportunities.

- There are 9 risk categories, we currently sit between risk profile 3 & 4.

- Our Governance committee checks the portfolio against their objectives and the industry benchmark to make sure it's on track.

- Canaccord Investment managers actively manage and monitor the funds' investments to maximise returns and minimise losses.

The Plan's funds as of 30th June 2021

DB Section

Asset Class	Investment Manager	Fund Name	Recommended Allocation %	Current Strategic Allocation %
Matching Assets			60%	57.38%
Fixed Income / Cash Assets	CGWM	Superior Pension Fund		45.13%
	Deficit Funding	Superior Pension Fund		12.25%
Growth Assets			40%	42.62%
Growth Assets	CGWM	Superior Pension Fund		42.62%
Total			**100.0**	**100%**

....

Trustee

30/9/2021
....

Date

On behalf of The Superior Pension Fund

Appendix A1.

Risk profile 4

You can accept occasional moderate capital losses in order to achieve slightly higher total returns.

You understand the strategy will generate long-term returns some way below those of major equity markets and is likely to have a large exposure to fixed income assets. There are a number of ways that it is possible to create a similar client outcome (in terms of return, volatility and drawdown). However, for our central process, we adopt the following approach:

Portfolios in this strategy may hold up to:

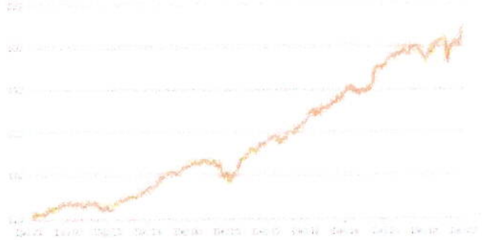
- 50% in equities, of which a portion may be in smaller companies*
- 75% in fixed income assets
- 30% in diversified alternative investments
- 27.5% in cash.

Other variants of this risk profile may have differing asset allocation bands, although the overall intended outcome should be broadly the same.

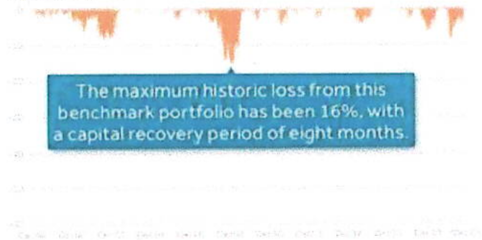
For illustrative purposes, we have created a risk profile 4 composite benchmark index to show its performance, drawdown and volatility over the last 22 years. The benchmark portfolio is made up of 35% in equities, 52.5% in fixed income assets, 10% in alternative investments and 2.5% in cash.

Perfectly tracking this index from 30 November 1998 to 31 December 2020 would have turned £100 into £323, the equivalent of a 5.47% compound annual growth rate.

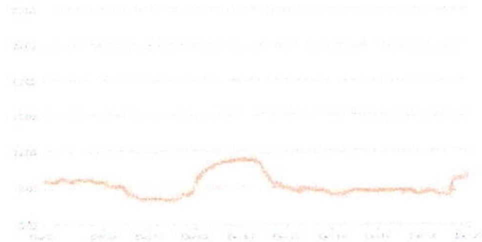
Performance rebased to 100



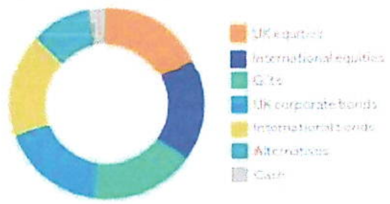
Drawdown* %



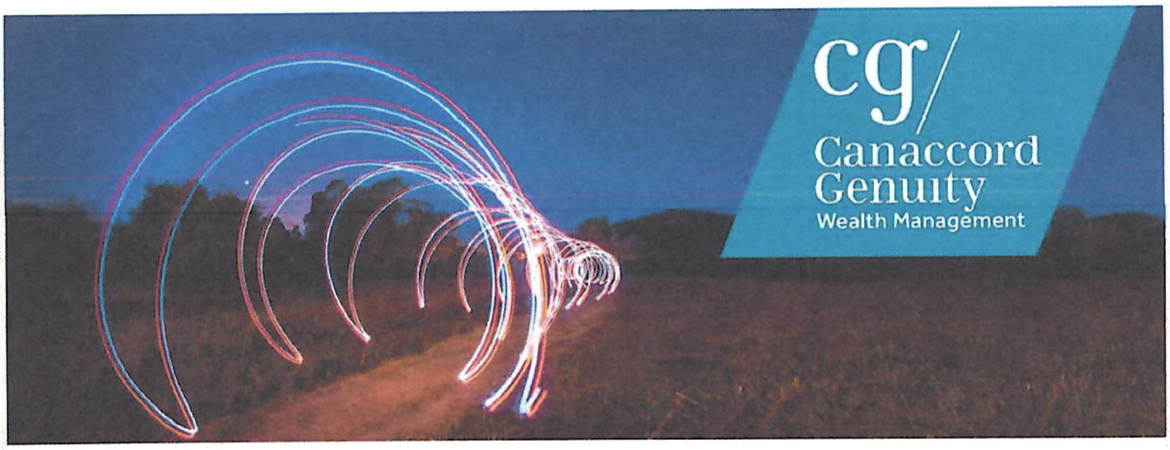
3-year annualised volatility* %



Benchmark allocation



Appendix A2.



Our investment philosophy

At Canaccord Genuity Wealth Management, we believe there are market forces that can be used to the investor's advantage. These form the tenets of our investment philosophy and guide our entire investment process in order to achieve the required risk-adjusted return for our clients.

1. We believe in active investment management and seek to add value to our clients from asset allocation, investment selection and currency management

Markets are inefficient at pricing securities in the short-to-medium term, but efficient in the longer term. By exploiting these inefficiencies, we believe we can enhance investment performance for our clients. Currency exposure can be an important driver of portfolio risk and return and therefore, we treat currency as a distinct investment consideration.

Although we are active managers, we seek the lowest-cost route to generate the returns our clients demand. We believe cost-effective access to our investment ideas is a fundamental obligation to our clients and can offer our clients the proper trade-off between higher active management returns and lower passive investment costs.

2. Empirical evidence demonstrates that equities deliver the best real returns over long timeframes

We acknowledge that investing in equities can sometimes entail considerable volatility and risk. This drives us to take a long-term approach, allowing time for markets to correct these pricing inefficiencies in our clients' favour.

Hence, other asset classes are essential portfolio building blocks, especially for lower-risk clients or for clients with shorter time horizons.

3. We believe a non-dogmatic, unbiased approach to investing improves client outcomes

In multi-asset portfolios we select investments without bias to any region, sector, asset class or style, giving us a better chance of delivering performance and value to our clients

By remaining style-agnostic we protect our clients from overdependence on the success, or otherwise, of one particular mode of investing.

This pragmatism allows us to operate as a broad church, offering many different investment approaches – all with the goal of delivering the best risk-adjusted outcomes to our clients. The only exception is in our approach to direct equities, where we look predominantly (although not entirely) to invest in companies with high returns, strong barriers to entry, strong cash flow and powerful market positions. These are typically described as 'quality' companies and have shown over time to generate great returns for our clients. Overall, we maintain centralised control of the investment process to ensure a wide range of bottom-up investment opportunities are well researched and implemented in an institutionally disciplined manner.

4. We believe that investing cannot be segregated from the world we live in

We therefore take all environmental, social and governance (ESG) issues into consideration in our investment process. This means exercising our stewardship on the companies and funds we invest in, and engaging with and encouraging businesses to support the consideration of ESG matters. Longer-term, we believe this will help to ensure the stability and resilience of the financial system.

5. We believe a client-centric approach to investing is essential to meet each client's individual investment requirements

We implement a rigorously designed client risk-profiling architecture to align outcomes with our clients' needs and objectives.

We also believe that as many as possible of our client-facing investment managers should get involved in our asset allocation, portfolio construction and security selection teams. This adds depth to our investment decisions and keeps managers and their clients tightly aligned with our investment process.

Investment involves risk. The value of investments and the income from them can go down as well as up and you may not get back the amount originally invested.