The Bristol Port Pension Scheme
Statement of Investment Principles

1. Background

This Statement of Investment Principles (the Statement) sets out the principles governing decisions about investments for The Bristol Port Pension Scheme (the Scheme) to meet the requirements of the Pensions Act 1995. The Bristol Port Company (Trustees) Limited (the Trustee) has consulted with First Corporate Shipping Limited, trading as The Bristol Port Company (the Employer), prior to writing this Statement. The Trustee is responsible for the investment strategy of the Scheme. Cambridge Associates (the Investment Advisor) has been appointed to provide advice on the structure of the portfolio and appointment of investment managers. The day to day management of the Scheme's assets has been delegated to investment managers.

2. Investment Policy

The Trustee’s main aims are:

- to make sure that the Scheme can meet its obligations to the beneficiaries of the Scheme;
- to reach and maintain full funding of the Technical Provisions of the Scheme. The Technical Provisions are calculated as described in the Statement of Funding Principles;
- to pay due regard to the interests of the Employer on the size and incidence of its contribution payments.

To help achieve these aims, the Trustee has set targets for the percentage split between classes:

	Policy Allocation	Policy Range
UK Equities	25%	20% - 30%
Global ex UK Equities	15%	10% - 20%
Emerging Markets Equity	5%	0% - 10%
Equity Hedge Funds	15%	10% - 20%
Absolute Return Hedge Funds	15%	10% - 20%
UK Corporate Bonds	8%	3% - 13%
UK Index-Linked Gilts	15%	10% - 20%
Cash	2%	0% - 5%

Over the long-term, the Trustee’s expectations are:

- for equities to achieve a long-term expected rate of return of 7.8% per annum;
- for hedge funds in aggregate to achieve a rate of return between that of equities and bonds while helping to moderate the volatility of the overall portfolio returns;
- for index-linked bonds to achieve a rate of return linked to the rate of inflation and the value of the Scheme’s liabilities;
- there is no expectation for corporate bonds.

A spread of assets is held in order to avoid an undue concentration of risk. The diversification is sought both within and across the asset classes.

Over the medium term, the overall portfolio return will be measured against a composite benchmark based on policy asset class weightings.

The current benchmark for the scheme is as follows: 25% FTSE All-Share Index, 15% Custom Global Equity Benchmark, 5% MSCI Emerging Markets Index, 30% HFRI Fund of Funds Diversified Index (50% £ Hedged), 15% FTSE British Government Index-Linked All Stocks Index, 8% iBoxx Sterling Non-Gilts All maturities and 2% LIBOR – 3 month £. Individual fund manager returns are assessed against their specific benchmark performance.

The investment policy is informed by the nature and profile of the underlying liabilities associated with the Scheme. In formulating the investment policy, the Trustee is advised by the Investment Advisor and the resulting policy is reviewed regularly by the Trustee. It is considered in depth following each triennial actuarial review.

3. Investment Process

Informed by the nature and profile of Scheme liabilities, the Trustee communicates investment objectives and constraints to its Investment Advisor. Informed by these, the Investment Advisor makes recommendations as to the nature and proportion of assets to be held by the Scheme. In view of the relatively small size of the Scheme and the diversity of investments required to reduce risk and volatility, the Trustee has decided to gain exposure to each of the various asset classes using commingled funds (Investment Funds). The Trustee invests the assets of the Scheme, taking into account these recommendations. The managers of the Investment Funds retain day-to-day responsibility for the investment amounts of the Scheme's assets entrusted to them, including selection and stewardship activities of specific investments.

The Investment Advisor monitors performance on behalf of the Trustee and provides a quarterly report to the Trustee. As a result of this monitoring, the Investment Advisor also recommends from time to time changes in the proportion of funds invested in a particular asset class and/or to the amount of the Scheme's assets entrusted to individual managers. Investment managers are reviewed on an ongoing basis against their specific objectives by the Trustee.

The investment managers are listed by asset class in Appendix A.

The Investment Advisor prepares regular reports to the Trustee including:

- a valuation of all investments held for the Scheme; and
- a monthly or quarterly review of portfolio performance.

The Scheme has invested in commingled funds with each of these managers; the objectives and guidelines including any restrictions for each of the managers are set out in each fund's general prospectus.

Investment managers are incentivised to meet their performance objectives by a) performance fee arrangements that are explicitly contingent on outperformance above a particular benchmark, or hurdle. and/or b) asset-based fees, with an implicit understanding that sustained underperformance will lead to a termination of the mandate. Three years is considered aligned with the investment managers medium- to long-term assessment of the financial and non-financial performance of an issuer of debt or equity.

The Investment Advisor monitors portfolio turnover and turnover costs for each investment manager, except for managers who are not subject to such disclosure obligations in their jurisdiction, on behalf of the Trustee to ensure they remain in line with the turnover range expected for the asset class strategy.

4. The Trustee’s Policy with regards to Risk

The Trustee pays close regard to the risks that may arise through a mismatch between the Scheme’s assets and its liabilities, and the risks that may arise from the lack of diversification of investments. The Trustee’s policy is designed to enhance the likelihood of meeting the objectives. In selecting the Investment Funds in which to invest, the Trustee takes care to ensure the underlying assets comprise only investments that are considered suitable to be held by the Scheme.

The Trustee has considered the following:

4.1 Strategy Risk

The Trustee aims to control the Strategy Risk by reviewing the appropriateness of the asset profile given the liability profile and funding level of the Scheme, and the size and incidence of the Employer’s contributions. In order to ensure an appropriate strategy is in place, a review of the assets and liabilities is to be undertaken at the time of each formal actuarial valuation of the Scheme and at least on a triennial basis. In addition, the Trustee regularly reviews the Employer covenant.

4.2 Manager Risk

In aiming to control Manager Risk, the focus of the Trustee’s attention is on the following aspects:

- the risk of the managers under-performing the objectives set;
- the risks inherent in a particular manager's philosophy.

These issues were considered on the initial appointment of the managers and will be considered as part of the regular ongoing investment review procedures the Trustee has in place.

4.3 Cash Flow Risk

If realisations of investments in order to meet the benefit outgo were to be made at a time when prices are depressed, this could reduce the likelihood of meeting the primary objectives. To avoid this, the Trustee and its advisers manage the Scheme's cash flow requirements carefully over the short-term.

4.4 Custody Risk

Investment in commingled funds gives the Trustee a right to the cash value of the units rather than to the underlying assets. The managers of the commingled fund are responsible for the appointment and monitoring of the custodian of the fund’s assets.

4.5 Currency Risk

The Trustee will pay due consideration to the risk inherent in investing in assets denominated in foreign currencies and will permit the use of forward contracts to hedge against unwanted currency exposure.

5. Socially Responsible Investment (SRI) and Corporate Governance

The Trustee acknowledges the importance of stewardship to create sustainable value for the members of the Scheme. The Investment Advisor incorporates stewardship activities into the assessment of investment managers and seeks to influence, where applicable.

The Trustee has delegated responsibility for the exercise of stewardship rights attaching to investments (including voting rights) to the investment managers on the basis that the investment managers are best practically placed to act in the aim of preserving and enhancing long-term shareholder value. The Trustee's policy is that the investment managers exercise these rights on a basis consistent with the relevant parts of the Institutional Shareholders' Committee's statement of principles on corporate governance. The Trustee expects investment managers to report on how they have exercised voting rights attached to shares (including across passive equity mandates), where relevant to the mandate, and will review the voting and engagement record annually.

The Trustee regards financially material considerations as those that have a material impact on the performance of investments over the long-term, and over the life of the Scheme. Environmental, Social and Governance (ESG) factors have the potential to be a financially material consideration. The Trustee does not currently have an active policy in place with regard to the extent to which social, environmental or ethical considerations are taken into account in the selection, retention and realisation of investments. However, the Trustee does expect its underlying investment managers, where appropriate, to integrate ESG considerations into their decision-making process and take them into account as part of their analysis of expected future performance and risks.

The Trustee has appointed the Investment Advisor who is a UN PRI Signatory who will keep the Trustee abreast of industry developments. ESG forms a part of the investment due-diligence and ongoing monitoring carried out by the Investment Advisor.

All investments are made into pooled investment arrangements, where the policy on social, environmental, governance and ethical considerations is set by the pooled investment arrangement managers on behalf of all participants in these funds.

6. Other Assets

Some members obtain further benefits by paying Additional Voluntary Contributions (AVCs) to the Scheme. The liabilities in respect of these AVCs are equal to the value of the investments bought by the contributions. From time to time the Trustee reviews the choice of investments available to members to ensure that they remain appropriate to the members' needs.

The Trustee may from time to time hold insurance policies or other assets which are earmarked for the benefit of certain members. These may include, for example:

- assets secured by AVCs or other arrangements made individually by the Trustee;
- deferred or immediate annuity policies purchased to match part or all of the Scheme liabilities.

AVCs are invested in with-profits and unit-linked policies with Equitable Life and also unit-linked policies with Aviva. Policy documents have been issued to the Trustee from Equitable Life and Aviva covering the AVCs investment contracts.

7. Compliance with this Statement

The Trustee, the Investment Advisor, and the Scheme Actuary (Jaime Norman of Broadstone Consultants & Actuaries Ltd), each has duties to perform to ensure compliance with this Statement. These are:

The Trustee: to review this Statement every year.

The Investment Advisor: in advising the Trustee, to have regard to the need for diversification and suitability of investments for the Scheme and with a view to giving effect to the principles contained within this Statement so far as reasonably practicable and to prepare quarterly reports to the Trustee including a valuation of all investments held for the Scheme and a review of performance.

The Scheme Actuary: to advise the Trustee at every valuation (or more frequently if required) of the relationship between the liabilities and the assets held by the Scheme and any specific risks that the choice of investments may cause.

The Trustee of The Bristol Port Pension Scheme.

September 2020

JOHN ALEXANDER .	....	25 SEP 2020 .
Name (Print)	Signature	Date
SIR DAVID ORD .	....	25 SEP 2020 .
Name (Print)	Signature	Date

Confirmation that the Employer has been consulted

Unless all employers participating in the Scheme have notified the Trustee that they do not need to be consulted, the Act requires the Trustee to consult with them on the Statement. The Trustee is responsible for the investment strategy but, as part of its duties, should consider formally any comments made by the Employer.

The Trustee can specify a reasonable period (not less than 28 days) within which they must receive representations from the Employer. The Trustee does not need to consider any representations made after the end of that period.

To the Trustee of The Bristol Port Pension Scheme:

As the sole employer under The Bristol Port Pension Scheme, we confirm that we have been consulted regarding the investment principles set out in this report.

IAN SHARPER .	....	25 SEP 2020 .
Name (Print) (on behalf of the Employer)	Signature	Date

Appendix A

Asset Class	Investment Manager
UK Equities	BlackRock Heronbridge J O Hambro Capital Management
Global ex UK Equities	BlackRock
Emerging Market Equities	BlackRock
Long / Short Hedge Funds	Viking Global Investors Naya Capital Management
Absolute Return Hedge Funds	Davidson Kempner Capital Management AQR Capital Management King Street Capital Alphadyne International Lynx Ltd.
Fixed Income	BlackRock Brandywine