

## **WH Smith Pension Trust – Statement of Investment Principles (“SIP”) Implementation Statement**

### **Introduction**

This SIP Implementation Statement (“the Statement”) has been prepared by WH Smith Pension Trustees Limited (“the Trustee”) in relation to the Retail Section of the WH Smith Pension Trust (“the Trust”). The statement covers the requirements of both, Defined Benefits section and the Money Purchase section of the WH Smith Pension Trust. Considering the imminent ‘Buy-Out’ completion of the News Section, the statement does not cover this section.

This Statement:

- Sets out how, and the extent to which, in the opinion of the Trustee, the SIP has been followed during the year;
- Describes any review of the SIP undertaken during the year in accordance with regulation 2(1) of The Occupational Pension Schemes (Investment) Regulations 2005 (the “Investment Regulations”) and any other review of how the SIP has been met;
- Explains any changes made to the SIP during the year and the reasons for the changes;
- Where no such review was undertaken during the year in accordance with regulation 2(1) of the Investment Regulations, gives the date of the last review; and
- Where relevant, describes the voting behaviour by, or on behalf of, the Trustee (including the most significant votes cast by the Trustee or on its behalf) during the year and states any use of the services of a proxy voter during that year.

The Statement covers the period 1 April 2020 to 31 March 2021, the Trust’s reporting year, in line with the regulations that came into force in October 2019. As this is the first Implementation Statement to be produced by the Trustee, it is expected to evolve over time.

The Statement is split into three sections:

1. an overview of the SIP updates, legal compliance and Trustee’s actions, highlights during the period covered;
2. the policies set out in the SIP for both the Final Salary Rules (FSR) and Money Purchase Rules (MPR) sections and the extent to which they have been followed in the reporting period; and
3. the voting behaviour and significant votes are undertaken by the fund managers on behalf of the Trust.

## **SIP Updates**

The SIP (covering both the FSR and MPR sections) that is most relevant for this reporting period is the document last updated in October 2020. However, given that this does not fully cover the reporting period, the previous SIP dated October 2019 should also be considered.

The SIP was updated in October 2020 to comply with amendments to investment regulations applying to Occupational Pension Schemes, which incorporated the Shareholder Rights Directive II (“SRD II”) into UK law and required pension scheme SIPs to be updated to include further details on:

- The arrangements with investment managers, including how they are incentivised to behave and invest in line with the Trustee’s policies and how the Trustee will monitor each managers’ performance, fees, and portfolio costs; and
- Stewardship and engagement policy, including the exercise of the rights (including voting rights) attached to the investments.

## **Compliance with Legislative Requirements**

The SIP sets out the Trustee’s policy for securing compliance with the requirements of section 36 of the Pensions Act 1995 and the Trustee’s policy on matters set out in the Occupational Pension Scheme (Investment) Regulations 2005 (the 2005 Regulations). Over the period covered by this statement, the Trustee has, where appropriate, obtained and considered investment advice from the Investment Consultant, Redington and legal advice from the legal advisor, Mayer Brown before investing and in making decisions.

## **Overview of Trustee’s Actions - FSR**

### ***Investment Objectives and Strategy – DB Section***

There were no changes to the Trust’s objectives over the year to 31 March 2021.

The current strategic asset allocation was agreed in Q1 2020. There has been no change to the strategic asset allocation over the reporting period. (However, the actual assets held by the Trust did change significantly as the strategic asset allocation was implemented throughout Q2 2020.)

Overall, the Trust’s agreed strategic asset allocation reflects the Trustee’s view of the most appropriate investments and balance of different funds risk/reward characteristics to support the Trust’s full funding objective. Note that, any changes to the investment strategy agreed during the period but implemented after the period had ended will be reported against in the next implementation statement.

### ***Trustee's policies for investment managers***

The Trustee relies on investment managers for the day-to-day management of the Trust's assets but retains control over the Trust's investment strategy.

The investment managers manage the Trust assets in accordance with guidelines agreed with the Trustee, as set out in the Investment Management Agreements ("IMAs") or pooled fund prospectuses. The investment managers have the discretion to buy, sell or retain individual securities in accordance with these guidelines. The investment managers report to the Investment Committee ("IC") regularly regarding their performance. Each of the investment managers' fees is related to the amount of assets managed within their portfolios. Minimum fees may also apply in some cases. The Trustee believes that the current managers remain suited for purpose. The Trustee will continue to monitor the managers on a regular basis considering both the performance of the funds and other prevailing circumstances.

Each of the Trust's managers is aware that the Trustee expects them to exercise voting rights (where applicable) and engage on behalf of the Trust. The Trustee believes that the Trust's investment managers are well placed to engage with invested companies on all matters, given their knowledge of the company and the level of access they have to company management.

### **Overview of Trustee's Actions - MPR**

During the reporting period, there was no change to the Trust's objectives over the year to 31 March 2021.

The Trustee reviews the performance of each fund on a quarterly basis against the stated performance objective for that fund. The Trustee concluded that the current offerings remained well suited for the purpose. They will continue to monitor them on a regular basis considering both the performance of the funds and other prevailing circumstances.

### **Trustee's policies for investment managers**

The responsibility for managing the Trust's holdings is delegated to its fund managers. Specifically, the Trustee has entered into a contract of insurance with Aegon. Formerly a client of BGI, BlackRock took over BGI in 2009 before Aegon purchased the UK DC platform business of BlackRock which was finalised with a Part VII transfer in 2018. The Trustee believes that the Trust's fund managers are well placed to engage with invested companies on environmental, social and governance ("ESG") matters, given their knowledge of the company and the level of access they have to company management. This is also a pragmatic approach because of the number of stocks owned by the Trust, and the amount of time corporate entities have available for single investors.

However, the Trust sets out its expectations to its asset managers in terms of Corporate Governance via its Voting and Engagement Policy document and adherence to the Pensions and Lifetime Savings Association ("PLSA") policy guidelines, as well as its Statement of Investment Principles. Included in the SIP is reference to the Trustee's preference to assess manager performance with a focus on longer-term outcomes and consideration of medium to long-term non-financial performance. As such, the manager is expected to act in accordance with these beliefs.

## Review of FSR SIP Policies

*Please note that only policies that require action are covered below.*

Investment Policies in the “Objectives, Risk and Strategy” section of the SIP		
Policy	Has the policy been followed?	Evidence
<b>Investment Objectives</b>		
<p>To ensure the Trust has sufficient money to meet obligations, the Trustee has set the following objectives. These also aim to guide the strategic management of the assets and control of the various risks to which the Trust is subject:</p> <ul style="list-style-type: none"> <li>• Assets are sufficient to meet the Trust’s liabilities.</li> <li>• Maintain security of benefits.</li> <li>• To reduce volatility in the contributions required.</li> <li>• In the event of winding up, the assets of the relevant Section would not fall short of that Section’s liabilities.</li> </ul>	<p><i>Yes, the Trustee is satisfied that this policy has been followed.</i></p>	<p>The Trustee uses a Pension Risk Management Framework (“PRMF”) to monitor the Trust’s progress towards its objective. This PRMF sets out targets that monitor the Trust’s performance in achieving the objective. The PRMF is reviewed quarterly by the Trustee, with clear written advice provided by the Investment Consultant if any of the metrics used to measure the objective fall outside the pre-agreed constraints.</p>
<b>Risk Management</b>		
<p>The Trustee has drawn a distinction between long term and short-term risks, and considered the following risks which are outlined in the SIP:</p> <ul style="list-style-type: none"> <li>• Funding Level Risk</li> <li>• Cash flow Risk</li> <li>• Investment Management Risk</li> <li>• Counterparty Credit Risk</li> <li>• Concentration Risk</li> <li>• Custody Risk</li> <li>• Collateral Sufficiency Risk</li> </ul>	<p><i>Yes, the Trustee is satisfied that this policy has been followed.</i></p>	<p>The Trustee receives quarterly reports from their service providers covering these points, which are then discussed quarterly when relevant. For example, the PRMF includes a risk budget, which helps the Trustee to ensure that investment risk remains at acceptable levels.</p> <p>The Trust’s LDI manager reports on the Trust’s counterparties every quarter and this is monitored by the Investment Consultant. The Trustee is satisfied that the Trust’s counterparty risk has been well managed and diversified over the reporting period.</p> <p>The LDI manager also monitors the Trust’s collateral position daily and notifies the Trustee if the Trust’s collateral needs replenishing.</p> <p>The Trustee seeks guidance and written advice from its Investment Consultant as appropriate.</p>

## Re-balancing and realisation of investments

The Investment Committee regularly reviews the performance of the portfolio with a view to re-balancing appropriately.

*Yes, the Trustee is satisfied that this policy has been followed.*

The Trustee monitors and manages net cashflow in quarterly reports. The Trustee, assisted by the Investment Consultant, reviews performance and actual asset allocation to ensure the Trust is on track to meet the objective. When doing this, the Trustee considers the market environment, other opportunities available in the market, etc. The Trustee subsequently decides whether re-balancing of investments or realisation of investments is required. The Trustee seeks guidance and written advice from its Investment Consultant as appropriate.

## Day to Day Management of the Assets

### Policy

### Has the policy been followed?

### Evidence

## Investment Managers

The Trustee retains the flexibility to invest either via pooled funds or directly by appointing an investment manager to manage a segregated account. The day-to-day management of the assets is the responsibility of the investment manager as appropriate. In selecting investment managers, the Trustee takes all reasonable steps to satisfy itself that the relevant parties have the appropriate knowledge and experience for managing the Trust's investments and that they comply with section 36 of the Pensions Act 1995.

*Yes, the Trustee is satisfied that this policy has been followed.*

The Investment Committee (on behalf of the Trustee) has met once a quarter over the 12 months covered by the statement. The Investment Consultant monitors managers on behalf of the Trustee and formally reports on a quarterly basis. If issues arise outside of this quarterly reporting, the Investment Consultant communicates this to the IC alongside advice as required.

BlackRock attended three out of four of the most Investment Committee meetings in the reporting period. Additionally, when selecting Hermes Absolute Return Credit (ARC) and M&G Total Return Credit (TRC), the Trustee carried out a comprehensive manager selection exercise. As part of this, the Trustee met with a number of fund managers and received advice from the Investment Consultant.

## Permitted assets

The Trustee maintains a list of investments currently permitted for investment.

*Yes, the Trustee is satisfied that this policy has been followed.*

The Trustee receives quarterly reports from each manager which contain the breakdown of assets held by managers. It seeks guidance and written advice from its Investment Consultant as appropriate.

**Fees**

The fee schedules for investment managers, custody, and investment advisors are negotiated and set out in contracts with the parties concerned.

*Yes, the Trustee is satisfied that this policy has been followed.*

Before deciding to invest in an investment fund, the Trustee considers the proposed fees, and the expected investment return net of those fees, against the Trustee policies. These fees are prescribed in the IMAs which are reviewed from an investment and legal perspective upon investment. If at that point, the fees were not aligned with the wider market, the Investment Consultant would identify this in their investment review and alert the Trustee. Action would then be taken.

Manager monitoring reports which are provided to the Trustee on a quarterly basis disclose the fees paid to investment managers, and if the fees are ever outside of expectations, action would be taken.

The Trust benefits from a fee negotiated by the Investment Consultant for the Hermes ARC allocation. The Investment Consultant's fee is confirmed annually to ensure it is in line with what was set out in the letter of engagement. The Investment Committee also took the opportunity to negotiate a fee reduction for the BlackRock corporate bond mandate as part of a wider review of this mandate over 2020/21.

## Asset Manager Policy

The Trustee requires its investment managers to invest with a medium-to-long-term time horizon (unless not appropriate for the asset class). When assessing a manager's performance, the focus is on longer-term outcomes subject to a minimum of a three-year period.

For segregated arrangements, the terms of the long-term relationship are set out in separate IMAs. The Trustee and their advisers review all IMAs against the SIP policies and ensure compliance. For pooled arrangements, the Trust's investments are managed according to standardised fund terms, which are reviewed by the Trust's legal advisers at the point of investment.

*Yes, the Trustee is satisfied that this policy has been followed.*

The Trustee receives quarterly Manager Monitoring Reports which contain managers' performance over short and long-term horizons as well as details on activity over the quarter and details on holdings. The Trustee seeks guidance and written advice from its Investment Consultant as appropriate.

Upon investment, the Trustee and investment managers enter into a legally binding IMA which stipulates how the Trustee expects the investment manager to manage the funds with respect to strategy and decision-making. The Trustee ensures that these agreements reflect relevant Trustee policies. This therefore incentivises the manager to act in line with Trustee policies. Further, the Investment Consultant, on behalf of the Trustee, has a continuous open dialogue with all the investment managers in which the Trust invests, which encourages accountability on the investment managers to invest in line with Trustee policies as per the IMA. Finally, the Trustee can invite the investment managers to quarterly meetings or ad-hoc meetings. For example, BlackRock attended three out of four quarterly meetings during the reporting period.

In April 2020, the BlackRock LDI IMA was reviewed and updated. The standardised fund terms for both Hermes and M&G credit funds were reviewed by the legal advisor before the Trust invested in May 2020.

The Trustee invests in the investment funds with a long-term view. With the exception of Hermes ARC and M&G TRC, the Trust has been invested in each fund for at least 3 years. The Trust's investments in Hermes ARC and M&G TRC were made in May 2020 following an investment strategy review in September 2019, and the Trustee made this decision with a long-term view. The Trustee currently does not have plans to disinvest from either of these mandates

### Portfolio Costs and Managers portfolio turnover

The Trustee requests specific information every quarter and considers manager and custodians appropriateness at least every 12 months. The Trustee reviews the portfolio transaction costs and managers' portfolio turnover where the data is disclosed and available.

*Yes, the Trustee is satisfied that this policy has been followed.*

The Investment Consultant, on behalf of the Trustee, continually monitors managers to confirm that they are meeting the Trustee's requirements with respect to portfolio costs and portfolio turnover. This is embedded in the Investment Consultant's manager research process.

The expected investment returns which are embedded into the Trust's investment strategy already account for portfolio costs. When investment returns are reported, these are compared to the relevant expected returns and benchmarks. If a fund underperforms, the Investment Consultant identifies why, and if the reason was due to unreasonable turnover or costs being incurred, action would be taken. This is monitored continuously by the Investment Consultant and formally discussed by the Trustee on a quarterly basis.

While no set target is in place, if portfolio turnover or portfolio costs were unreasonable and out of line with the wider market, the Investment Consultant would communicate this to the Trustee and action would be taken.

The administrators are in discussions with the custodian to review the level of fees and a mutually agreeable outcome is expected, but should this not be the case the administrators will consult with the Trustee and investment advisors with a view to re-tendering the service

### Custody of Investments

The Trustee monitors the continuing suitability of the appointed custodian.

*Yes, the Trustee is satisfied that this policy has been followed.*

The Pensions Department has held meetings with the custodian to review the level of service and fees and is satisfied that it monitors the custodian appropriately.

## Review of MPR SIP Policies

Investment Policies in the “Objectives, Risk and Strategy” section of the SIP		
Policy	Has the policy been followed?	Evidence
<b>Investment Objectives</b>		
To offer members a range of investment funds which recognise that their investment needs change as they progress towards retirement age.	<i>Yes, the Trustee is satisfied that this policy has been followed.</i>	<p>The different Lifestyle arrangements invest in four funds, managed by BlackRock, i.e. the Global Equity (60:40) Fund, the Over Five Years UK Index-Linked Gilt Index Fund, the Corporate Bond Index Fund Over 15 Years and the Cash Fund.</p> <p>The Lifestyle approach adopts an equity bias for younger members in order to benefit from the expected higher potential long-term returns that the Trustee believes will arise from such investments. Older members’ assets are moved into bonds and cash as they approach retirement, in order to limit volatility of returns relative to the price of annuities or cash.</p>
To offer members sufficient investment options to reflect the different routes members can take at retirement, the Trustee offers several different Lifestyle arrangements targeting an annuity and tax-free cash, income drawdown and cash.	<i>Yes, the Trustee is satisfied that this policy has been followed.</i>	<p>Currently three Lifestyle options are offered – targeting either an annuity, income drawdown or a cash lump sum at retirement.</p> <p>Where the Default options do not meet the needs of a wider cross-section of members, alternative options have been offered.</p>

**Risk**

The Trustee has considered risk from a number of perspectives:

- Inflation Risk
- Annuity Risk
- Inherent Investment Risk
- Investment Management Risk

*Yes, the Trustee is satisfied that this policy has been followed.*

The SIP lists a number of risk factors that the Trustee believe may result in a failure to meet the agreed objectives. The Trustee manages these risks factors through measures specific to each risk, consulting with the Employer and seeking guidance and written advice from its Investment Advisor as appropriate.

To mitigate “inflation risk” the Trustee offers equity-based investments which, over the long term would be expected to provide a real rate of return greater than both price inflation and earnings growth. Namely, the Aquila Life 60:40 Global Equity Fund is a large part of the default strategy. The Trustee further offers a UK Equity Index Fund and a World ex-UK Equity Fund as part of the Plan’s self-select range.

To mitigate “annuity risk” the Trustee offers an “Annuity Targeting Lifestyle” which automatically moves members assets into index-linked gilts, corporate bonds and cash in order to limit volatility of returns relative to the price of annuities.

To mitigate “inherent investment risk”, the Trustee offers members access to educational material via the WHSmith Pensions website. To minimise “Investment Manager Risk”, the Trustee has appointed an investment manager who manages the investments on an index-tracking basis aimed at providing a return in line with the relevant market index for the asset class concerned. The Trustee is comfortable that the performance of the chosen index-tracking funds is in line with the relevant market index for the asset class concerned.

**Investment Strategy**

Members have a choice of funds in which to invest their Company contributions.

*Yes, the Trustee is satisfied that this policy has been followed.*

Members have a choice of funds in which to invest Company contributions. Under the Lifestyle options the pattern of this investment is defined by the Trustee.

## Day to Day Management of the Assets

Policy	Has the policy been followed?	Evidence
<b>Investment Managers</b>		
The Trustee receives reports from the MPR Investment Manager. Through this process of regular reporting, the Trustee aims to ensure that the MPR Investment Manager is carrying out its work competently and in compliance with the Act, and that the Trustee's investment objectives are met.	<i>Yes, the Trustee is satisfied that this policy has been followed.</i>	Over the period, the Trustee continued to receive reports from the MPR Investment Manager. It seeks guidance and written advice from its Investment Consultant as appropriate.
<b>Realisation of Investments</b>		
The members' accounts are held in funds which can easily be realised to provide pension benefits on retirement, or earlier on transfer to another pension arrangement.	<i>Yes, the Trustee is satisfied that this policy has been followed.</i>	The default investment strategy's underlying funds are liquid funds, i.e. they are those which can easily be realised to provide pension benefits on retirement, or earlier on transfer to another pension arrangement.

## Review of Policies applying to All Sections

Policy	Has the policy been followed?	Evidence
<b>Additional Voluntary Contribution Assets ("AVCs")</b>		
With the assistance of the Trust's consultants, the AVC arrangements will be reviewed periodically to ensure that the investment profile of the funds available remains consistent with the objectives of the Trustee and the needs of the members.	<i>Yes, the Trustee is satisfied that this policy has been followed.</i>	The Trustee has delegated the day-to-day investment management to BlackRock and the offering is reviewed alongside the MPS offering. The Trustee has not made any changes to the offering during the period covered by this statement.

## Responsible Investment and Corporate Governance

The Trustee believes that ESG factors may not be financially material over the time horizon of the Trust however still expects its investment managers to factor ESG considerations into investment decision-making where they have the discretion to do so. The Trustee factors ESG risk considerations into decision-making when setting the strategic asset allocation of the Trust. The Trustee's policy will be reviewed periodically and kept up to date with industry practice.

The Trustee requires its investment advisor to review and rate the investment managers' credentials in managing risks arising from ESG and report as well as communicate new and emerging risks arising from ESG considerations.

Direct engagement with underlying companies in respect of shares and debt is carried out by the Trust's investment managers and where relevant, the Trustee expects its managers to use voting rights to affect the best possible sustainable long-term outcomes.

When selecting new managers, the Trustee's investment adviser assesses the ability of each investment manager to engage with underlying companies to promote the long-term success of the investments. The Trustee monitors and discloses the voting behaviour and whether managers have acted in accordance with the Trustee's policy on stewardship and engagement.

*Yes, the Trustee is satisfied that this policy has been followed.*

The Investment Consultant considers ESG risks when making recommendations to the Trustee, and the Trustee considers ESG risks when making investment decisions. The Trustee also requires its managers to practise good stewardship on its behalf in order to promote the long-term success of the Trust's investments.

Managers' approaches to ESG are one of several key factors that are assessed by the Trust's investment advisor when making manager recommendations to the Trustee, and these are monitored on an ongoing basis after appointment.

As the DC Section of the Plan is delivered via an unbundled platform, and the investment funds are predominantly passively managed, the Trustee has no direct interaction with the underlying investment managers.

Non-financial matters including the views of beneficiaries and members are not ordinarily taken into account in the selection, retention and realisation of investments. This stance is periodically reviewed, and if members express views in the future, the Trustee will consider these. In the absence of member views being expressed to the contrary, the Trustee agrees this stance remains appropriate.

## **Voting behaviour in FSR Section**

The FSR section is only invested in Fixed Income assets. Fixed Income have no associated ownership rights and therefore there were no significant votes cast over the reporting period.

## **Voting behaviour in MPR Section**

### **BlackRock**

#### ***Voting***

BlackRock Investment Stewardship periodically published detailed explanations of specific key votes in “vote bulletins”. BlackRock consider these vote bulletins to contain explanations of the most significant votes for the purpose of the Shareholder Rights Directive II.

As the DC Section of the Trust is an unbundled arrangement, and the investment funds are predominantly passively managed, the Trustee has no direct interaction with the underlying investment managers.

For passive investment portfolios the aim is to replicate the index. However, ESG guidelines can be taken into considerations via two key approaches:

- 1) Firstly, by selecting an index that incorporates ESG guidelines at the outset. BlackRock provides input into their methodology and product offering.
- 2) Secondly, where clients are invested across an index and in cases are unable to sell underperforming companies, engagement with companies, including proxy voting, is a key means to integrate ESG factors into investing.

The corporate governance programme led by BlackRock’s Investment Stewardship team is integrated within all portfolios investing in public companies. The Investment Stewardship team acts as a central clearinghouse of BlackRock’s views across the various portfolios with holdings in individual companies and aims to present a consistent message. BlackRock determine their engagement priorities based on their observation of market developments and emerging governance themes and evolve them year over year, as necessary. The team’s key engagement priorities include:

- Board quality
- Environmental risks and opportunities
- Corporate strategy and capital allocation
- Compensation that promotes long-termism
- Human capital management

**Voting behaviour in MPR Section**  
**BlackRock**  
***Voting (continued)***

<b>Company:</b>	<b>Aegon BLK Aquila Life UK Equity Class S5</b>	<b>Aegon BLK Aquila Life World ExUK Eq Idx Class S4</b>	<b>Aegon BLK Aquila Life 60:40 Global Equity Class S6</b>
Number of voteable meetings	769	2185	2709
Number of voting proposals	11035	26839	35168
Number of proposals voted on	11035	25016	33454
For votes	10471	22649	30908
Against votes	490	2195	2328
Abstain votes	74	86	154
Withhold votes	0	61	43
Votes with management	10504	23495	31566
Votes against management	531	1517	1888

**Voting behaviour in MPR Section**  
**BlackRock**  
***Voting (continued)***

***Most significant votes***

<b>Company:</b>	<b>Chevron Corporation</b>
Date:	27 May 2020
Resolutions:	Report on Climate Lobbying Aligned with Paris Agreement Goals
BlackRock Vote:	Voted for the resolution.
Rationale:	BlackRock's Investment Stewardship team voted for this proposal, as greater transparency into the company's approach to political spending and lobbying as aligned with their stated support for the Paris Agreement will help articulate consistency between private and public messaging in the context of managing climate risk and the transition to a lower-carbon economy.

<b>Company:</b>	<b>AGL</b>
Date:	7 October 2020
Resolutions:	Approve Coal Closure Dates
BlackRock Vote:	In favour of proposal
Rationale:	BlackRock recognise the various regulatory challenges and energy generation requirements that AGL faces but approved this proposal as it wants to encourage the company in its efforts to manage the climate risk proactively and ambitiously in its business model. They expect that doing so would help offset the potential financial risks and capture some of the opportunities of the global energy transition, thus protecting the long-term economic interest investors.

## **Final Remarks**

The Trustee confirms that it has acted in accordance with the policies outlined in the Trust's SIP over the reporting period of this Statement.

The Trustee delegates the responsibility for the stewardship activities that apply to the Trust's investments to its investment managers. The Trustee expects the managers to exercise their voting powers with the objective of preserving and enhancing long-term shareholder value.

The Trustee recognises that stewardship encompasses engagement with the companies in which the Trust invests, as this can improve the longer-term risk-adjusted returns from the Trust's investments. The Trustee therefore encourages the Trust's investment managers to actively engage with portfolio companies in order to improve the risk-adjusted returns from the Trust's investments.