

**HADRIAN TRUSTEES LIMITED**  
**TRUSTEE FOR THE SHIPBUILDING INDUSTRIES PENSION SCHEME**  
**THE SHIPBUILDING INDUSTRIES PENSION SCHEME ('SIPS')**  
**BRIEFING NOTE FOLLOWING TRUSTEE BOARD MEETING**

A Meeting of the Board of Hadrian Trustees Limited took place on 21 September 2011.

The following subjects were discussed:-

**1. Business Plan and Administration Expenses**

The Managing Director reported progress against the agreed Business Plan for 2011/2012. The Board received and noted details of administration expenses incurred in the 3 months to 30 June 2011.

**2. Risk Register**

The Board reviewed and noted the current status of the SIPS Risk Register.

**3. Babcock's Exit from the Defined Benefit Scheme**

The Board received a status report from the Managing Director relating to the proposed merger of the Babcock Section of SIPS with the Babcock International Group Pension Scheme.

A proposed merger Deed was considered and approved by the Board. The transfer date is to be 31 October 2011, and all members of the Babcock Section will cease membership of SIPS at midnight on 31 October. A letter from the Trustee is to be sent to all relevant members by the end of September.

**4. Equitable Life**

An update letter is to be sent to all members holding funds with Equitable Life.

**5. Employer Covenants**

The Board received an update report from the Managing Director on Employer covenant and related issues.

**6. Investment Matters**

The Board received a report on the Investment Committee Meeting held on 23 August 2011.

As at 31 July 2011, the total fund value (excluding the US property investment in API, AVCs and current assets/liabilities) was £1,652 million.

Since the inception of the multi-manager investment arrangements in March 2001, the return on the Combined Equity and Bond Unitised Pools to 31 July 2011 was 5.1% per annum, compared with the benchmark of 4.2% per annum.

The Board approved the proposed de-risking strategies for both the main BAE Systems (VSEL) Section and the BAE Systems Portsmouth Segregated Section.

**7. Audit, Accounts & Administration Matters**

The Board received a report on the AAA Committee Meeting held on 1 September 2011.

Details of Capita Hartshead's quarterly Administration Report were noted.

The 2011 benefit statements had been issued to all members, except for those at BAE Systems where the statements are to be accompanied by a letter clarifying the Scheme Maximum provisions.

The latest edition of Viewpoint, incorporating the popular Report & Accounts, is to be issued to members by the end of October, together with the annual Funding Statements.

**8. Annual Valuation Updates**

The Board noted the actuarial reports from Hymans Robertson as at 31 March 2011 for the relevant Sections of SIPS.

**9. Rathbone Training Section**

The Board received a progress report on winding-up of the Rathbone Training Section; it is anticipated that the winding-up will be concluded during October.

**10. Actuarial Factor Review**

The Board received a report from the Scheme Actuary on various actuarial factors.

**11. Local Pensions Committee (LPC) Meetings**

The Board received a report on issues arising at recent LPC Meetings.

**12. Appledore Shipbuilders Section**

The Board received a progress report on the winding-up of the Appledore Shipbuilders Section. It is anticipated that the winding-up will be concluded by the end of October.

**13. Annual Administration Contract Review**

The Board received a presentation from Capita Hartshead on their annual contract review.

**14. Trustee Company's Annual General Meeting (AGM)**

The AGM is now scheduled to take place on 17 November 2011.

**15. Date for next Board Meeting**

The next quarterly Trustee Board Meeting is to take place on 7 December 2011.

**Distribution:-**

**Trustee Directors  
Elaine Darroch, Capita Hartshead  
Murray McDowall, Capita Hartshead  
LPC Members (via Elaine Darroch)**

**MWB/SJK  
September 2011**