

# Statement of the Chair of the Trustee of the FDR Limited Pension Scheme for the Scheme year ending 31 March 2023

*This statement is produced in accordance with section 23 of the Occupational Pension schemes (Scheme Administration) Regulations 1996 (the “Regulations”).*

## Introduction

In March 2015, the Department for Work and Pensions introduced new requirements for the governance of defined contribution (“DC”) pension schemes. During the Scheme year ending 31 March 2023, the FDR Limited Pension Scheme (the “Scheme”) was a hybrid pension scheme consisting of both defined benefit (“DB”) and DC benefits. This statement relates to the DC Section and the Additional Voluntary Contributions (“AVCs”) historically payable in respect of the DB Section of the Scheme (see below).

In addition to the Scheme’s DC Section, members of the DB Section have historically been able to make AVC payments to the Scheme’s external AVC provider, Standard Life. Information has been taken from Standard Life’s publicised documents in order to help make an objective assessment of ‘Value for Members’, and the costs and charges are included later in this statement to assist this.

To comply with these requirements, trustees are required to produce an annual statement, signed by the Chair of the Trustee, setting out how they have met with the required governance standards as they relate to their management of their DC arrangements. The aim of these requirements is to help members achieve a good outcome from their pension savings. It is a requirement that this Statement – along with the Statement of Investment Principles and Implementation Statement – is published online on a publicly accessible website. The Trustee has the following website for members of the DC Section of the Scheme, at which the aforementioned documents are available:

<https://www.fdrlimitedpensionscheme.com/home/dc/important-documents>

This Statement has been prepared by the Trustee of the Scheme to demonstrate how the Scheme’s DC Section has complied with the required governance standards in relation to:

1. Providing a default investment arrangement for members
2. Processing financial transactions promptly and accurately
3. Details and impact of charges and transaction costs borne by members
4. The performance of the Scheme’s DC investment options net of charges
5. Assessment of the value members received from being a member of the Scheme
6. Meeting the requirements for Trustees’ knowledge and understanding

**During the year to 31 March 2023, the Trustee made the decision to move the DC Section to the Scottish Widows Master Trust via a bulk transfer of members’ benefits. This transfer was completed in July 2023. Therefore, as at the date of signing this Statement, the only DC benefits remaining in the Scheme are the AVCs paid in respect of the DB Section of the Scheme.**

The following sections will reference, where relevant, the outcome of the pension review and decision to transfer the DC Section to the Scottish Widows Master Trust, however all other

information remains relevant as it pertains to the assessment of the scheme governance over the preceding Scheme year.

## **1. Default investment arrangement**

The Trustee is responsible for the Scheme's investment governance, which includes setting and monitoring the investment strategy for the Scheme's default arrangement(s). Members who join the Scheme and who do not choose an investment option are placed into the "Default Lifestyle Strategy" ("default strategy"). The default strategy for the Scheme has been identified and the latest Statement of Investment Principles (the "SIP"), dated March 2022 is attached at Appendix A.

The SIP covers the following key matters in relation to the default arrangement:

- The Trustee's aims and objectives in relation to the investments held in the default arrangement, which are, broadly, to support members' investment needs where members either choose the default option or do not choose any option.
- The Trustee's policies on issues such as: the kinds of investments to be held; the balance between different kinds of investments; risks, including the ways in which risks are to be measured and managed; the expected return on investments; the realisation of investments; what financially material considerations (including environmental matters such as climate change, and social and governance considerations) are to be taken into account when selecting, retaining or realising investments, and in what manner; and the extent (if at all) to which the views of members and beneficiaries (including their ethical views, and their views on social / environmental impact and on the present and future quality of life of scheme members and beneficiaries) are taken into account when selecting, retaining or realising investments.
- The Trustee's policy in relation to the exercise of voting and other rights attached to the Scheme's investments.
- The Trustee's policy in relation to the undertaking of engagement activities in respect of investments, which may (for example) include monitoring and engaging with companies in which the Scheme holds shares or other investments about matters such as the company's performance, strategy, capital structure, management of conflicts of interests, risks, social and environmental impact, and corporate governance.
- The Trustee's policy in relation to their arrangements with the Scheme's asset managers, including how those arrangements incentivise the asset managers concerned to align their investment strategies with the Trustee's own investment policies, and to take a medium to long-term approach to investment selection and management.
- An explanation of how these aims, objectives and policies (which together form the Trustee's "default strategy") are intended to ensure that assets are invested in the best interests of members whose benefits are invested in the default arrangement.

The Trustee is also required by legislation to prepare an 'Implementation Statement', which is not designed to restate the contents of the DC Section of the SIP, but to focus on adherence to stated policies and also comment on changes during the reporting period.

As noted in the previous Statement (for the Scheme year ending 31 March 2022), the Trustee paused the triennial review of the default arrangement, due in 2022, as discussions were ongoing with FDR Limited (the "Company") as to the future management options for the DC Section of the Scheme. The Trustee agreed in the Scheme year ending 31 March 2023 to proceed with a bulk transfer of

members' benefits to the Scottish Widows Master Trust, such that no further review of the default arrangement nor the SIP was undertaken in the Scheme year. The SIP's DC Section was therefore last reviewed and updated in 2020 to reflect the decisions taken as part of the 2019 review.

## **2. Core financial transactions**

The Trustee needs to ensure that certain transactions (known as "core financial transactions") relating to the DC Section of the Scheme are processed promptly and accurately. Core financial transactions include: Transfers in and out of the Scheme, transfers/switches of assets between different investments in the Scheme and payments to members/beneficiaries.

The Trustee has monitored its administration provider throughout the year (alongside its other professional advisers), and regularly reviews reports from the administration provider on their service performance.

It was previously noted in 2022 and 2021 Chair Statements that the Trustee had discussed undertaking a formal benchmarking exercise, to better understand how its existing administration provider's standards compared with their competitors, thereby aiding in the 'Value for Members' assessment. These discussions were superseded by the broader review of the future management options for the DC Section, which resulted in the decision to bulk transfer to the Scottish Widows Master Trust.

Controls that were in place during the Scheme year to monitor and ensure that core financial transactions are processed promptly and accurately include:

- the Trustee has a service level agreement ("SLA") in place with the administration provider, which includes key performance indicators ("KPIs") regarding the accuracy and timeliness of all core financial transactions;
- the KPIs include (for example) expectations that the sale of units on transfer, retirement or death will be processed within 3 working days of receipt of the required documentation; payment of transfer and retirement benefits to the receiving provider or member will be processed within 5 working days; payment of death benefits to beneficiaries will be processed within 2 working days;
- the administration provider has processes in place to assist it in meeting the requirements of the SLA, which include a separate team dedicated to the processing of investment fund switches and transfers and two-person checking of all investment and banking transactions;
- the Trustee receives and reviews quarterly administration reports about the provider's performance and compliance with the KPIs in the SLA; and
- the quarterly administration reports also report on membership changes, the number of member enquires, usage statistics for the Scheme's online portal and details of any Scheme projects.

In general, performance during the year against the agreed KPIs was considered good, and showed a marked improvement over the previous year (impacted by the Covid-19 pandemic), with an average of **90%** of all cases being completed within the target processing time (between 2 and 5 working days depending on case type) for the period under review.

No concerns were identified by the Trustee specific to the DC Section during the Scheme year to 31 March 2023. Further scrutiny of transactions and also reporting and controls are contained within

the audit report which is included in the Scheme's Annual Report & Accounts and reviewed by the Trustee.

### **3. Charges and transaction costs borne by members**

Each year, the Trustee gathers information on member-borne charges and transaction costs relating to the DC Section of the Scheme. In this context, "charges" means (subject to some specific exceptions, such as charges relating to pension sharing orders) all administration charges, other than transaction costs. "Transaction costs" are costs incurred as a result of the buying, selling, lending or borrowing of investments. Administration charges applicable to the Scheme are borne by the employer and therefore have no bearing on member charging.

On behalf of the Trustee, their investment advisers for the DC Section of the Scheme, Capita Pension Solutions, have worked with the investment manager to provide an analysis of transaction costs applicable to the Scheme. This includes costs applied to the default strategy and other investments offered to members. This analysis can be found in Appendix B.

### **4. Performance net of charges**

Performance information net of any charges for all lifestyle options and those funds available for self-selecting is included in a new Appendix C.

### **5. Value for members**

Over the Scheme year, the Trustee of the Scheme continuously monitored the service standards being provided in terms of Scheme administration (including processing core financial transactions, Scheme records and Scheme governance), member communications and investment returns. The Trustee's Value for Members' assessment for the Scheme in relation to the Scheme year can be found in Appendix D. The Annual Management Charge borne by members is monitored regularly by the Trustee over the Scheme year and it is our view that this continues to represent value for members.

### **6. Trustee knowledge and understanding**

Each Trustee Director of the Scheme is expected to ensure that he or she meets the Trustee Knowledge and Understanding requirements. Trustee Directors are required to complete all relevant sections of The Pensions Regulator's "Trustee Toolkit", an online training programme for trustees which covers topics such as the role of a trustee, the process of running a pension scheme, managing conflicts of interest, key areas of pensions law, and the principles of investment of pension scheme assets. Newly appointed Trustee Directors are required to complete this within 6 months of appointment.

The Trustee board is chaired by a professional trustee, Ross Trustees Services Limited (part of Independent Governance Group), represented by Jo Myerson, a professional trustee accredited with the Association of Professional Pension Trustees ("APPT"), who is supported by a broad, multi-disciplined and experienced team of pensions professionals. To maintain accreditation with the APPT, professional trustees are required to undergo regular training, and provide the APPT with a log of their training and CPD (Continual Professional Development) record over the preceding year.

All existing Trustee Directors are up to date with the relevant modules of the Trustee Toolkit at the time of publication of this Statement.

In order to be able to exercise its functions properly, the Trustee of the Scheme needs to have a working knowledge of the following documents relating to the Scheme:

- the Scheme’s Trust Deed and Rules;
- the Scheme’s Statement of Investment Principles (“SIP”); and
- any other document recording policy for the time being adopted by the Trustee relating to the administration of the Scheme generally.

They also needs to have an appropriate level of knowledge and understanding of matters such as the law relating to pensions and trusts, and the principles relating to investment of pension scheme assets.

To ensure that the Trustee has the necessary level of knowledge and understanding, the Trustee Directors have received training from their advisers throughout the year. Topics specific to, or including relevant information to, the DC Section have included: DC Investment review, Trustee Governance Models, the DC Implementation Statement and ESG matters.

Training needs are discussed at each Trustee meeting with any gaps identified addressed and appropriate training given as and when required. A training log is maintained to record training received, and when, for each lay Trustee.

The Trustee also employs professional advisers including, but not limited to, Eversheds Sutherland, RSM, Capita Pension Solutions, Aon and Schroders to provide advice and ensure that scheme governance, controls, skills and knowledge are current and meeting the expectations of regulators and scheme members.

Signed for an on behalf of the Trustee of the Scheme by Jo Myerson in my capacity as Chair of the Trustee

*Jo Myerson*

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**Jo Myerson**

**Chair of the Trustee of the Scheme**

**List of evidence represented in appendices:**

Appendix A: Statement of Investment Principles

Appendix B: Member Charges and Transaction Costs

Appendix C: Investment Returns (net of charges and transaction costs)

Appendix D: Value for Members Assessment

## **Appendix A: Statement of Investment Principles**

See separate document for 2022 Statement of Investment Principles.

## Appendix B: Member Charges and Transaction Costs

### Analysing transaction costs

The Trustee acknowledges the requirement to source information and data on transaction costs applied to investments, underlying the AMC. Whilst there are difficulties in carrying out this task due to a lack of requirements around the transparency of investment charges for investment managers, Capita Pension Solutions have been able to work with Legal & General Investment Management (“LGIM”) to carry out an analysis of transaction costs applicable to the Scheme. Please note as confirmed earlier in the statement, all other administrative and adviser costs associated with the running of the Scheme are borne by the employer.

Broadly, transaction costs may be categorised as follows:

1. The cost of transitioning between funds within the default lifestyle structure as a member progresses toward retirement.

### Transitioning costs for default funds

Fund	Bid / Offer spread
L&G Global Equity Market Weights (30:70) Index Fund	0.251%
L&G Multi Asset Fund	0.292%
L&G Pre-Retirement Fund	0.370%
L&G Cash Fund	0.000%
L&G Retirement Income Multi-Asset Fund*	0.239%

\* Used in the alternative ‘Drawdown’ lifestyle strategy

- Please note the above is based on a ‘worst case’ scenario – this is the scenario in which all fund prices swing to members’ detriment. Actual costs experienced by members may differ.
- It is not possible to arrive at a single number for transition costs incurred by a member within the default as it depends on the size of each contribution/transition in/out, the level of investment return achieved, the point at which the member enters the lifestyle, the blend of funds at any point in the lifestyle, etc.

The costs incurred by the underlying managers as a result of their fund management activities.

### Charges and transaction costs for funds within the default investment strategy for the year ending 31 March 2023:

Fund	Total Ongoing Charges (OCF)*	Transaction costs**
L&G Global Equity Market Weights (30:70) Index Fund	0.229%	0.077%
L&G Multi-Asset Fund	0.263%	0.044%
L&G Pre-Retirement Fund	0.152%	0.029%
L&G Cash Fund	0.127%	0.042%



**Notes (for the above and following tables)**

\* Includes the AMC, plus various other expenses including index licensing fees, legal fees, administration, marketing, regulation, auditing. Due to the size and purchasing power of LGIM's index funds, the AMC and TERs are effectively the same.

\*\* Transaction costs that applied (or may have potentially applied) to the investment funds available to members, based on charges outlined within Appendix A. Note that a negative transaction cost can refer to things like anti-dilution measures put in place by the manager to protect existing investors. It is effectively a 'saving' to existing members and reduces the impact of other charges. As it is an implicit, calculated cost, it would ordinarily be reflected within the unit price.

Transaction costs quoted is the average cost incurred over the year as a necessary part of buying and selling. LGIM capture these costs using the implicit cost methodology set out in FCA rules and PRIIPs guidance. Implicit transaction costs have been calculated as the difference between the price at which a deal was struck and the mid-market price of an asset at the time the order was placed in the market. Where the arrival price was not available, the implicit cost was calculated as the difference between the price at which a deal was struck and the mid-market opening price on the day of the trade. Where the mid-market opening price was not available, the mid-market previous closing price was used. Where the previous mid-market closing price was not available, a fixed fee was used to estimate the implicit costs of each trade.

Indirect transaction costs have been calculated assuming a static fund structure as at 31 March 2023.

For any funds which hold an investment managed by a third party, the transaction costs provided by the third-party manager are represented as an indirect external fund transaction cost. Where transaction cost information was not made available by the third party, transaction costs incurred by the externally managed fund have not been included.

All charges and transaction costs have been provided by Legal & General Investment Management Limited.

**Charges and transaction costs for funds within the alternative Annuity investment strategy for the year ending 31 March 2023:**

Fund	Total Ongoing Charges (OCF)*	Transaction Costs**
L&G Multi-Asset Fund	0.263%	0.044%
L&G Pre-Retirement Fund	0.152%	0.029%

**Charges and transaction costs for funds within the alternative Cash investment strategy for the year ending 31 March 2023:**

Fund	Total Ongoing Charges (OCF)*	Transaction Costs**
L&G Multi-Asset Fund	0.263%	0.044%
L&G Cash Fund	0.127%	0.042%

**Charges and transaction costs for funds within the alternative Drawdown investment strategy for the year ending 31 March 2023:**

<b>Fund</b>	<b>Total Ongoing Charges (OCF)*</b>	<b>Transaction Costs**</b>
L&G Multi-Asset Fund	0.263%	0.044%
L&G Retirement Income Drawdown Fund	0.020%	0.118%

**Charges for all funds members are able to invest in, on a self-select basis, for the year ending 31 March 2023:**

<b>Fund</b>	<b>Total Ongoing Charges (OCF)*</b>	<b>Transaction Costs**</b>
L&G Global Equity Market Weights (30:70) Index Fund	0.229%	0.077%
L&G Multi-Asset Fund	0.263%	0.044%
L&G Pre-Retirement Fund	0.152%	0.029%
L&G Cash Fund	0.127%	0.042%
L&G Retirement Income Drawdown Fund	0.020%	0.118%
L&G World ex UK Equity Fund	0.250%	0.097%
L&G UK Equity Fund	0.178%	0.030%
L&G Over 5 Year Index-Linked Gilts Fund	0.102%	0.210%
L&G Future World Fund	0.356%	0.102%
L&G Future World Multi-Asset Fund	0.014%	0.067%
L&G HSBC Islamic Global Equity Index Fund	0.354%	-0.029%

**Charges relating to the Standard Life AVC policy H90026; funds in which within the members are able to invest in, on a self-select basis, for the year ending 31 March 2023:**

<b>Fund</b>	<b>Total Ongoing Charges (OCF)*</b>
Pension Inflation Plus Fund	Not obtained
Pension With Profits Fund	Not obtained
Pension Millennium With Profits Fund	Not obtained
Standard Life Annuity Targeting Pension Fund	1.01%
Standard Life Asia Pacific ex Japan Equity Pension	1.12%
Standard Life At Retirement (Multi Asset Univ) Pn	1.04%
Standard Life European Equity Pension Fund	1.01%
Standard Life Far East Equity Pension Fund	1.07%
Standard Life International Equity Pension Fund	1.02%
Standard Life Managed Pension Fund	1.02%
Standard Life Mixed Bond Pension Fund	1.01%
Standard Life Money Market Pension Fund	1.01%
Standard Life Multi Asset Mgd (20-60%) Pn	1.02%
Standard Life North American Equity Pension Fund	1.01%
Standard Life Property Pension Fund	1.03%
Standard Life UK Equity Pension Fund	1.01%

*\* Please refer to the Notes further above. The charges relating to the AVC policy provided in the above table were provided by Standard Life and are rounded to 2 decimal places.*

**Default investment strategy - projected pension pot showing effect of charges and transaction costs produced in accordance with DWP guidance**

<b>Projected pension fund in today's money - Default Strategy</b>		
<b>Years</b>	<b>Before costs and charges deducted</b>	<b>After charges deducted</b>
1	£35,798.00	£35,690.91
3	£37,449.00	£37,113.91
5	£39,176.14	£38,593.64
10	£43,628.03	£42,339.44
15	£48,216.11	£46,093.96
20	£53,286.69	£50,181.43
25	£58,590.88	£54,352.31
30	£62,677.00	£57,315.28

**Notes (for the above and the following tables)**

1. Projections are based on a 35 year old member, but other ages can be assessed using the table.

2. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
3. The starting pot size is assumed to be £35,000 - approximately the average value for the scheme's membership.
4. Inflation is assumed to be 2.5% each year.

Values shown are estimates and are not guaranteed.

<b>Projected pension fund in today's money - Annuity Strategy</b>		
<b>Years</b>	<b>Before costs and charges deducted</b>	<b>After charges deducted</b>
1	£35,525.00	£35,417.66
3	£36,598.74	£36,267.98
5	£37,704.94	£37,138.71
10	£40,618.93	£39,408.11
15	£43,758.12	£41,816.19
20	£47,139.93	£44,371.41
25	£50,783.09	£47,082.77
30	£53,581.13	£48,989.02

Projected pension fund in today's money - Cash Strategy		
Years	Before costs and charges deducted	After charges deducted
1	£35,525.00	£35,417.55
3	£36,598.74	£36,267.65
5	£37,704.94	£37,138.16
10	£40,618.93	£39,406.94
15	£43,758.12	£41,814.33
20	£47,139.93	£44,368.78
25	£50,783.09	£47,079.28
30	£53,207.88	£48,648.92

Projected pension fund in today's money - Drawdown Strategy		
Years	Before costs and charges deducted	After charges deducted
1	£35,525.00	£35,417.55
3	£36,598.74	£36,267.65
5	£37,704.94	£37,138.16
10	£40,618.93	£39,406.94
15	£43,758.12	£41,814.33
20	£47,139.93	£44,368.78
25	£50,783.09	£47,079.28
30	£54,977.60	£50,286.12

**Self-select funds - funds that members are able to self-select (including individual funds that comprise the default investment strategy)**

L&G Global Equity Market Weights (30:70) Index Fund (Gross Accumulation Rate = 5.3%)		
Years	Before costs and charges deducted	After charges deducted
1	£35,980.00	£35,873.08
3	£38,023.09	£37,685.10
5	£40,182.19	£39,588.66
10	£46,131.67	£44,778.92
15	£52,962.05	£50,649.65
20	£60,803.75	£57,290.06
25	£69,806.51	£64,801.05
30	£80,142.24	£73,296.78

<b>L&amp;G Multi-Asset Fund (Gross Accumulation Rate = 4.0%)</b>		
<b>Years</b>	<b>Before costs and charges deducted</b>	<b>After charges deducted</b>
1	£35,525.00	£35,417.66
3	£36,598.74	£36,267.98
5	£37,704.94	£37,138.71
10	£40,618.93	£39,408.11
15	£43,758.12	£41,816.19
20	£47,139.93	£44,371.41
25	£50,783.09	£47,082.77
30	£54,707.81	£49,959.81

<b>L&amp;G Pre-Retirement Fund (Gross Accumulation Rate = 1.9%)</b>		
<b>Years</b>	<b>Before costs and charges deducted</b>	<b>After charges deducted</b>
1	£34,790.00	£34,726.44
3	£34,373.77	£34,185.72
5	£33,962.52	£33,653.41
10	£32,955.80	£32,358.64
15	£31,978.92	£31,113.68
20	£31,031.00	£29,916.61
25	£30,111.17	£28,765.61
30	£29,218.61	£27,658.88

<b>L&amp;G Cash Fund (Gross Accumulation Rate = 1.2%)</b>		
<b>Years</b>	<b>Before costs and charges deducted</b>	<b>After charges deducted</b>
1	£34,545.00	£34,485.96
3	£33,652.67	£33,480.40
5	£32,783.39	£32,504.17
10	£30,707.15	£30,186.32
15	£28,762.41	£28,033.75
20	£26,940.84	£26,034.68
25	£25,234.63	£24,178.17
30	£23,636.47	£22,454.04

<b>L&amp;G Retirement Income Drawdown Fund (Gross Accumulation Rate = 4.5%)</b>		
<b>Years</b>	<b>Before costs and charges deducted</b>	<b>After charges deducted</b>
1	£35,700.00	£35,651.88
3	£37,142.28	£36,992.27
5	£38,642.83	£38,383.07
10	£42,664.80	£42,093.14
15	£47,105.39	£46,161.83
20	£52,008.16	£50,623.79
25	£57,421.21	£55,517.04
30	£63,397.66	£60,883.27

<b>L&amp;G World ex UK Equity Fund (Gross Accumulation Rate = 4.7%)</b>		
<b>Years</b>	<b>Before costs and charges deducted</b>	<b>After charges deducted</b>
1	£35,770.00	£35,757.03
3	£37,361.19	£37,320.56
5	£39,023.17	£38,952.46
10	£43,508.79	£43,351.26
15	£48,510.02	£48,246.80
20	£54,086.14	£53,695.18
25	£60,303.21	£59,758.84
30	£67,234.92	£66,507.25

<b>L&amp;G UK Equity Fund (Gross Accumulation Rate = 5.4%)</b>		
<b>Years</b>	<b>Before costs and charges deducted</b>	<b>After charges deducted</b>
1	£36,015.00	£35,942.27
3	£38,134.16	£37,903.60
5	£40,378.01	£39,971.95
10	£46,582.39	£45,650.19
15	£53,740.12	£52,135.06
20	£61,997.69	£59,541.15
25	£71,524.10	£67,999.31
30	£82,514.31	£77,659.00

<b>L&amp;G Over 5Y Index-Linked Gilt Fund (Gross Accumulation Rate = 0.3%)</b>		
<b>Years</b>	<b>Before costs and charges deducted</b>	<b>After charges deducted</b>
1	£34,230.00	£34,120.66
3	£32,740.45	£32,427.70
5	£31,315.71	£30,818.74
10	£28,019.26	£27,137.00
15	£25,069.80	£23,895.09
20	£22,430.82	£21,040.48
25	£20,069.63	£18,526.89
30	£17,957.00	£16,313.58

<b>L&amp;G Future World Fund (Gross Accumulation Rate = 5.3%)</b>		
<b>Years</b>	<b>Before costs and charges deducted</b>	<b>After charges deducted</b>
1	£35,980.00	£35,819.77
3	£38,023.09	£37,517.36
5	£40,182.19	£39,295.41
10	£46,131.67	£44,117.97
15	£52,962.05	£49,532.39
20	£60,803.75	£55,611.30
25	£69,806.51	£62,436.24
30	£80,142.24	£70,098.79

<b>L&amp;G Future World Multi-Asset Fund (Gross Accumulation Rate = 5.0%)</b>		
<b>Years</b>	<b>Before costs and charges deducted</b>	<b>After charges deducted</b>
1	£35,875.00	£35,846.76
3	£37,691.17	£37,602.22
5	£39,599.29	£39,443.65
10	£44,802.96	£44,451.46
15	£50,690.44	£50,095.08
20	£57,351.58	£56,455.22
25	£64,888.04	£63,622.85
30	£73,414.87	£71,700.49

<b>L&amp;G HSBC Islamic Global Equity Index Fund (Gross Accumulation Rate = 5.1%)</b>		
<b>Years</b>	<b>Before costs and charges deducted</b>	<b>After charges deducted</b>
1	£35,910.00	£35,796.08
3	£37,801.60	£37,442.96
5	£39,792.83	£39,165.61
10	£45,241.99	£43,827.00
15	£51,437.33	£49,043.17
20	£58,481.06	£54,880.16
25	£66,489.35	£61,411.85
30	£75,594.27	£68,720.92



## Appendix C - Investment returns (net of charges and transaction costs)

The tables below set out the net returns over the last year for the default investment strategy and alternative lifestyle strategies, compared to their benchmark returns.

Default Investment Strategy		
Age of member in 2023 (Years)	Benchmark 1 Year (2023)	1 Year (2023)
25	-3.24%	-3.62%
45	-3.55%	-3.98%
55	-3.55%	-3.98%
63	-5.45%	-5.86%

Alternative Annuity Lifestyle Strategy		
Age of member in 2023 (Years)	Benchmark 1 Year (2023)	1 Year (2023)
25	-4.17%	-4.70%
45	-4.17%	-4.70%
55	-4.17%	-4.70%
63	-9.34%	-9.68%

Alternative Cash Lifestyle Strategy		
Age of member in 2023 (Years)	Benchmark 1 Year (2023)	1 Year (2023)
25	-4.17%	-4.70%
45	-4.17%	-4.70%
55	-4.17%	-4.70%
63	-2.03%	-2.44%

Alternative Drawdown Lifestyle Strategy		
Age of member in 2023 (Years)	Benchmark 1 Year (2023)	1 Year (2023)
25	-4.17%	-4.70%
45	-4.17%	-4.70%
55	-4.17%	-4.70%
63	-0.85%	-4.03%

The table below sets out the net fund return and benchmark returns for all the self-select funds over the scheme year.

<b>Funds</b>	<b>Fund Net Return*</b>	<b>Benchmark Return**</b>
L&G Global Equity MW (30:70) Index Fund	-2.83%	-2.62%***
L&G Multi-Asset Fund Fund	-4.65%	-4.17%
L&G UK Pre-Retirement Fund	-19.63%	-19.68%
L&G Cash Fund	2.11%	2.24%
L&G Retirement Income Multi Asset Fund	-2.59%	5.79%
L&G Overseas Equity (World ex UK) Fund	-6.90%	-6.62%***
L&G UK Inflation-Linked Bond (Over 5Y IL) Fund	-30.50%	-30.44%
L&G UK Equity Fund	2.91%	2.92%
L&G Future World Fund	-0.26%	0.20%
L&G Future World Multi-Asset Fund	-4.40%	-4.17%
L&G Islamic Global Equity Index	-5.85%	-2.85%

\* Return shown is net of charges (TER) and transaction costs

\*\* Return shown is net of charges (TER) only

\*\*\* Return shown is gross of charges

## Appendix D: Value for Members Assessment

To make an assessment of the Scheme in terms of whether and how it represents value for members, the Trustee has considered the following evidence:

- Statement of Investment Principles, dated March 2022
- Investment Strategy Design document, March 2016
- DC Investment Guide
- L&G Investment Fund Reporting
- FDR – DC Trust – Suitability Advice (investment review) document, provided by Capita, dated April 2020

In preparing this Appendix, the Trustee has had regard to statutory guidance published by the Department for Work and Pensions (“DWP”).

Please note that with regards to the AVC funds invested with Standard Life there are two policies linked to the Scheme – H90026 and G40821. Standard Life has confirmed that policy G40821 is not in scope for the costs and charges legislation and so no data is provided. Costs and charges have therefore been provided for policy H90026 only.

The Trustee has also taken into account the following considerations and decisions:

1. The costs of the Scheme are predominantly borne by the employer, leaving only investment costs which are borne by Scheme members (Annual Management Charge (“AMC”) and ongoing transaction costs).
2. All non-AVC investment options, including the default strategy, fall within the Government’s prescribed Charge Control cap of 0.75%.
3. The Trustee regularly reviews the performance of investments offered to members, at Trustee meetings.
4. As part of triennial investment reviews, the Trustee uses demographic analysis and segmentation of the Scheme membership in order to ensure that investments offered remain suitable to the needs of membership over time, as evidenced within the triennial review in 2019.
5. Scheme communications are regularly reviewed to ensure they are of adequate quality, and methods to solicit member feedback have also been considered. These include a Trustee feedback form on the members’ Scheme website and also an online investment options survey to gauge their engagement with, and understanding of, the available investment options. The Trustee also monitors members’ interactions with the Scheme, including website activities and email responses, to monitor the overall level of engagement of members.

### Value for Members Statement:

Whether something represents “good value” is not capable of being precisely defined, but for these purposes, the Trustee considers that charges and transaction costs may be viewed as representing “good value” for members where the combination of costs and the quality of what is provided in return for those costs is appropriate for the Scheme membership as a whole, when compared to other options available on the market. In particular, “good value” is not purely about achieving the lowest possible costs.

The Trustee's assessment therefore also takes into consideration non-financial and indirect benefits to members such as: the quality of the customer service and support provided to members; the extent to which member communications and member websites are user-friendly, accessible and clear; the efficiency of the Scheme's administration services; the quality of fund management and fund performance as against the Trustee's investment objectives; and the robustness of the Scheme's governance structures and processes.

The Trustee believes that the Scheme represents good value for its members. The reasons for this are based on the evidence listed above and include, but are not limited to, the following:

- Members of the Scheme pay only investment charges (represented by an AMC and transaction costs), with the employer bearing most of the cost of running the Scheme.
- The AMC borne by members compares favourably with similar schemes.
- The investment options offered to members (in particular the default strategy) have been designed to reflect members' needs, based on an analysis carried out as part of the formal investment review process. The options available to members have recently been improved, with the introduction of additional lifestyle strategies and new investment funds.
- The investment options outside of the default allow for different outcomes and levels of risk, which allow flexibility for members as their circumstances – and attitude to risk – change.
- The Trustee has implemented investment governance both to monitor investment performance and the ongoing suitability of investments for the Scheme's membership. Further improvements to investment governance were introduced including an annual presentation from the Investment Managers.
- The Trustee ensures ongoing communications, and engagement activities provide ample information, learning and engagement activities to encourage Scheme members to make changes to their investment options, if this is an appropriate course of action to suit their circumstances.

The Trustee does however, recognise that the charges for the AVC funds- and in particular the With-Profits arrangements - are all above the 0.75% Charge Cap. Whilst the Charge Cap does not apply to AVC funds, it is recognised as being a suitable measure to benchmark against.

The conclusion above is given independently of the review of the DC Section and subsequent decision to conduct a bulk transfer to the Scottish Widows Master Trust, as that decision was not predicated upon (perceived or actual) poor member service, charges or choice.