

Chair's Annual Statement Regarding DC Governance for the year ending 31 March 2020

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CHAIR'S WELCOME

Welcome to the annual governance statement for the year ending 31 March 2020. This statement, which fulfils the legal duties set out in the Occupational Pension Schemes (Scheme Administration) Regulations 1996, as amended from time to time ('the Regulations') demonstrates how the Trustees of the Consumers' Association Pension and Employee Benefit Scheme (the 'Trustees', the 'Scheme') have assessed and met certain governance standards relating to the Scheme's defined contribution benefits.

For the avoidance of doubt, unless otherwise specified, references in this statement to "year" are to the relevant Scheme year running from 1 April to 31 March.

The Trustee Board's aim is to ensure that the Scheme is run in the best interests of the members and helps deliver better outcomes for members at retirement.

As a Trustee Board, we recognise that good scheme governance is central to achieving this. This statement focuses on a number of specific areas of scheme governance required by the Regulations, however, further information about the Scheme and the governance standards we adopt in other areas of scheme management, can be found on the Scheme website: - www.which.co.uk/pensionscheme.

On behalf of the Trustee Board and based on a review of the systems and controls in place, I believe that the Scheme met the requirements on governance standards during the year and helps to deliver better outcomes for members at retirement.

Alison Bostock
Chair, Consumers' Association Pension and Employee Benefit Scheme

Date: 10 September 2020

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GOVERNANCE

Structure of the Scheme

The Consumers' Association Pension and Employee Benefit Scheme is a multi-employer pension scheme that provides pension benefits for current and past employees of the participating employers and their dependants. At 31 March 2020 the participating employers were:

- Consumers' Association (also the Principal Employer)
- Which? Ltd
- Which? Financial Services Ltd
- Research Institute for Consumer Affairs (known as the Research Institute for Disabled Consumers RiDC)

The Research Institute for Consumer Affairs withdrew from the Scheme for future service on 31 March 2019.

The Scheme started in 1974 and there have been changes over the years. It is an occupational pension scheme, governed by a Trust Deed and Rules, effective 29 March 2004, which amended and replaced the existing Deeds and Rules. The Scheme is a Registered Pension Scheme under the Finance Act 2004. It was not contracted out of the State Second Pension (S2P).

The Scheme has two sections:

Hybrid Section	Defined Contribution Section
<p>This Section provides a pension which, in broad terms, is derived from the better of a defined benefit based on a member's pensionable service and salary near to retirement, and a notional pension value that can be provided by an account notionally allocated to a member based in part on the employer and employee contributions.</p> <p>The member accounts are invested separately for the benefit of named individuals rather than held in a common fund of assets which relate to the defined benefits.</p> <p>The Hybrid Section was closed to new entrants on 1 April 2004 but existing members continued to accrue benefits until 31 March 2019 when the Council of the Consumers' Association made the decision to close it. All affected Hybrid members joined the Defined Contribution Section from 1 April 2019.</p> <p>The Hybrid Section retains accrued rights of former active members of that Section and those members will, on retirement, become entitled to their benefits under this Section in accordance with the Scheme rules. The Section's assets continue to be invested in accordance with Scheme policy and the relevant employers continue to make contributions to address the Section's funding deficit, both in order to achieve the Section's funding objectives.</p>	<p>This Section opened on the 1 April 2004. This section is open to new employees and is used as an auto enrolment scheme by the employers. Members of this Section accrue benefits on a money purchase basis.</p> <p>Each member has a Pension Account which records the value of their contributions and those made by the Employer on their behalf. Those contributions are invested in accordance with Scheme policy and, where relevant, member selections, and the performance of those investments is attributed to the member's Pension Account.</p> <p>On retirement, the Pension Account is applied in accordance with the Scheme rules and, where relevant, at the direction of the member, outside of the Scheme to provide the member with pension benefits.</p>

Active members can make additional voluntary contributions 'AVCs' to the Defined Contribution Section to increase their retirement benefits. Prior to the closure of the Hybrid Section on 31 March 2019, active members of that Section were able to make AVC contributions to that Section.

The Trustee Board

The Trustee Board governs the Scheme in accordance with the Rules and relevant legislation. The Principal Employer determines the number of Trustees on the Trustee Board, which is currently six.

The Trustee Board consists of four Trustees appointed by the Principal Employer and two appointed following a nomination process among all the Scheme members and a selection panel appointed by the Trustees. This is to

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ensure that members and the employers can make their views on matters relating to the Fund known to the Trustees.

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TRUSTEE KNOWLEDGE AND UNDERSTANDING

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for Trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of Scheme assets and other matters to enable them to exercise their functions as trustees properly. This requirement is underpinned by guidance in the Pension Regulator's Code of Practice 07.

The Trustees take these requirements very seriously.

When first appointed, the Secretary to the Trustees provides an induction to pensions and the Scheme. There were no new Trustees during the year. The induction programme, as well as the ongoing training provided to the Trustees, covers:

- the law relating to pensions and trusts,
- the provisions of the Scheme's governing documents, including the trust deed and rules, statement of investment principles, statement of funding principles and all other documents in relation to the administration of the Scheme,
- roles and responsibilities of the individuals and bodies involved in funding, governing and administering the Scheme,
- the principles of funding,
- the principles of investment,
- actuarial valuation of the Hybrid Section of the Scheme,
- the principles of contributions and investment for the Hybrid Section and the Defined Contribution Section of the Scheme,
- the Scheme's benefit structure,
- the Scheme's administration arrangements,
- retirement options available to members,
- leaving service benefits,
- death benefits and
- the Trustees' current investment strategies for each section.

The Trustees also attend external courses from time to time.

After initial training, Trustees receive training at their meetings which are specific to the matters that they are dealing with and the decisions that they are required to make, including in relation to the matters listed above. Training at these meetings is provided by the Scheme's advisers.

The Trustees' training records during the year are set out below.

Trustee		Training	Date	delivered by
Alison	Bostock	Alison undertook a full programme of over 25 hours of training across a broad range of technical and investment topics, including environment, social and governance investment issues over the year		
Ron	Lam	Pensions Bill Changes to CPI/RPI	12/03/2020	XPS
Rebecca	Fearnley	Pensions Bill Changes to CPI/RPI	12/03/2020	XPS
Julian	Edwards	Pensions Bill Changes to CPI/RPI	12/03/2020	XPS
Dominic	Lindley	Pensions Bill Changes to CPI/RPI	12/03/2020	XPS
Andrew	Reading	Pensions Bill Changes to CPI/RPI	12/03/2020	XPS

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Trustee		Training	Date	delivered by
Andrew	Reading	GDPR	01/11/2019	Which?

Attendance at training is recorded in the Trustees' training register. Trustees are required to complete the relevant modules of the Pensions Regulator's Trustee Toolkit or pass the Pensions Management's Institute's examination Award in Pension Trusteeship. All Trustees have either completed the Toolkit or passed the examination. In addition, Alison Bostock holds the Pensions Management Institute's Certificate in DC Governance.

In addition to receiving the training detailed above, the Trustees take personal responsibility for ensuring that they continue to have a working knowledge of the Scheme's documents for both the DC and Hybrid Sections, including: -

- the Trust Deed and Rules,
- the Statement of Funding Principles,
- the Statement of Investment Principles,
- the last actuarial valuation of the Scheme and any actuarial reports commissioned since,
- the audited Annual Report and Financial Statements,
- the Scheme's member booklets and
- the Trustees' policies for administering the Scheme.

The Trustees have online access to the Scheme's key documents and can access these when required to make decisions or exercise their discretion. Trustees request the input of their legal adviser where necessary.

The Trustees receive briefings from the Scheme's advisers, the Pensions Regulator and the Scheme Secretary, which they use to keep themselves up-to-date with relevant developments and identify their evolving responsibilities. The Trustees regularly receive advice from their professional advisors.

To identify gaps in their knowledge, the Trustees carry out an annual self-assessment using a questionnaire, which includes questions about their training needs. The Secretary and the Trustee Board review the self-assessment responses and arrange for training to be made available to individual Trustees or to the whole Trustee Board as appropriate.

The Trustee Board has an independent professional trustee who was a former Scheme Actuary to the Scheme and has a detailed understanding of the Scheme's documentation, and its operation from an actuarial and investment perspective.

The Trustees believe their combined knowledge and understanding and that of their advisers enables the Trustee Board to run the Scheme properly.

As Chair of Trustees, I engage with individual Trustees to ensure we are providing sufficient opportunities for their skills and knowledge to be kept up to date. Taking into account the experience, knowledge and understanding of individual Trustees, and the professional advice and other resource that is available to them, I am confident that the Trustee Board has the right mix of skills and competencies to ensure the Fund is well governed and properly managed.

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ADMINISTRATION

Processing Core Financial Transactions

The Trustees have a duty to ensure that the core transactions have been processed promptly and accurately during the scheme year.

Core financial transactions include, but are not limited to:

- the investment of contributions to the Scheme;
- the transfer of pension scheme assets relating to members into and out of the Scheme;
- the transfer of assets relating to members between different defined contribution/money purchase investments;
and
- payments from the Scheme to, or in respect of, members.

The Trustees recognise that these core financial transactions must be processed promptly and accurately to help deliver better outcomes for Scheme members.

The Trustees are confident that the processes and controls are robust, that corrective measures are taken where necessary and that the core financial transactions were processed promptly and accurately during the Scheme year.

The administration of the Scheme is delegated to Consumers' Association. The Trustees have a service level agreement in place with Consumers' Association which defines target times for processing the core financial transactions (as detailed below), individual case work and regular administration tasks. The Trustees monitor reports from the administrator provided at each Trustee Board meeting, held at least quarterly, which includes actual performance compared to expected performance. The Trustees annually review the internal controls of the administration and from time to time, the Consumers' Association carries out internal audits of the administration. The last internal audit was in 2016. Internal audit reports are presented to the Trustees and actions to address any issues agreed. There were no internal audits during the 2019/20 Scheme year. An internal audit of transfers out of the Scheme planned in the 2019-20 year was postponed due to the Covid-19 pandemic.

To keep track of their compliance with the agreed targets, the administrators:

- keep a case log that monitors the progress of individual member case work and regular administration tasks;
- monitor and reconcile bank accounts on a weekly basis;
- monitor and reconcile employee and employer contributions coming into the Scheme on a monthly basis;
- reconcile the investment manager's reports of the Defined Contribution Section assets to the total assets recorded on the members' records at least monthly and more frequently than monthly depending on the number of transactions processed;
- reconcile the Hybrid Section money purchase investment manager's annual report for the Hybrid Section annually.

Financial instructions require a two-step process to peer review for accuracy, security and to prevent fraud, one administrator to set up the instruction and one to authorise the instruction when making a bank payment, investing contributions, divesting investments or switching investments.

As noted above, the Trustees review the administrators' reports of these items at each Trustee Board meeting.

Investment of contributions to the Scheme

The Principal Employer pays contributions directly to the investment manager on behalf of all the Participating Employers and the instruction on where to invest the money is sent using 'straight through processing', a method which improves the processing time by allowing the investment transactions to be processed without manual intervention. The target for investing the contributions is the month end following the date when contributions are deducted from members' salaries, which is the 15th of the month or nearest working day.

During the year the Principal Employer paid the contributions for the DC Section directly to the investment manager, prior to the statutory deadline of the 19th of the month following deduction from pay, as follows: -

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Contribution Month	Investment Date
April 2019	13/05/2019
May 2019	14/06/2019
June 2019	03/07/2019
July 2019	05/08/2019
August 2019	30/08/2019
September 2019	01/10/2019
October 2019	14/11/2019
November 2019	02/12/2019
December 2019	27/12/2019
January 2020	06/02/2020
February 2020	09/03/2020
March 2020	31/03/2020

The Trustees are aware that although contributions were invested within the statutory deadline, this was later than their target time agreed with the administrator in 9 of the 12 months. The Principal Employer, who is the administrator, increased the pensions administration resource in September 2019 to improve the timeliness of this process. The Trustees receive a regular update about the contribution investment date.

Each year the Scheme administrators carry out a check of the accuracy of the contributions received by both the Defined Contribution Section and the Hybrid Section of the Scheme. If errors are found, and the member is found to be worse off, the Employer will put the member into the position they would have been in had the contribution been correctly deducted and paid to the Scheme at the right time.

The 2018-19 transactions have been completed. The 2019-20 transactions will be reported upon in the next Statement.

In 2018-19, 66 transactions were corrected in the total of 9,655 checked and members were put into the position they would have been had contributions been correctly deducted and invested.

Transfer of pension scheme assets relating to members into and out of the Scheme

Current members of the Scheme can transfer pension benefits from other pension arrangements into the Scheme. The agreed service level for the transfer-in to be invested was six working days and during the year the year this was reduced to three working days from the point where cleared funds are available in the Trustees' bank account, the member has been identified and the member's investment choice has been received.

During the year 6 out of 21 transfers into the DC Section were invested later than the agreed service level. In all cases the Employer put the member into the position they would have been in, had the service level been met.

There were no transfers into the Hybrid Section in the year.

The agreed service level to pay a transfer out is within 10 days of the last piece of information required to process the transfer-out having been received.

During the year 29 members transferred out of the DC Section of the Scheme and none were paid late. Six members transferred out of the Hybrid Section of the Scheme and none were paid late.

The transfer of assets relating to members between different defined contribution investments

Members' Pension Accounts in the DC Section are invested in a lifestyle strategy, which gradually moves from higher risk funds to medium risk funds and then to lower risk funds as they approach their Selected Retirement Age, the age at which they may wish to access their Pension Accounts. Members can change their Selected Retirement Age by giving one month's notice to the Scheme's administrator and so speed up or postpone the de-risking process.

Rebalancing is carried out quarterly, and the service level agreement is for the process to be completed in the months of March, June, September and December. Rebalancing cannot take place while monthly contributions investment is in progress. During the year the rebalancing was carried out as follows: -

Quarter ending	Completion Date
March 2019	11 March 2019
June 2019	25 June 2019
September 2019	18 September 2019
December 2020	16 December 2019
March 2020	25 March 2020

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There is no rebalancing in the Hybrid Section member accounts.

Payments from the Scheme to, or in respect of, members

When a member requests payment of their pension benefits from the Scheme, the agreed service level is that the payment is made in the next available payroll run, following receipt of the last piece of information required.

During the year all members who accessed their pension benefits were paid within the service level.

The agreed service level for an annuity purchase is within 10 days of the receipt of the last piece of information required.

During the year no annuities were purchased.

The agreed service level for payment of a lump sum following the death of a member is 5 days following receipt of the last piece of information required.

The agreed service level for payment of pension benefits to a member's dependant is for the payment to be made in the next available payroll run following receipt of the last piece of information required.

During the year all lump sums were paid and dependant's pensions set up within the agreed service level.

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INVESTMENT

Statement of Investment Principles

The Trustees' Statement of Investment Principles is Appendix 1 to this document. It documents the Trustees' investment objectives and the investment principles that the Trustees apply when investing the assets of the Defined Contribution and Hybrid Sections of the Scheme.

The Defined Contribution Section's lifestyle funds, forming the lifestyle strategy, is the Scheme's default arrangement.

Defined Contribution Section - Aims and Objectives

The contributions for members of the DC section of the Scheme are invested in a single lifestyle strategy where the Trustees' objective is to grow the members' Pension Accounts by more than the rate of inflation (measured by the Consumer Prices Index) as follows:

- By 4% pa more than inflation when a member is more than 20 years from their Selected Retirement Age (SRA). The investment fund used in this phase of the strategy is the Which? Mixed Investment Fund A.
- By 3% pa more than inflation when the member is between 20 and 10 years from SRA. During the first 5 years of this phase, the member's Pension Account is gradually switched from Which? Mixed Investment Fund A to Which? Mixed Investment Fund B and then remains invested in Fund B until the member reaches 10 years from their SRA.
- By 2% pa more than inflation when between 10 and 3 years from the SRA. During the first 5 years of this phase, the member's Pension Account is gradually switched from Which? Mixed Investment Fund B to Which? Mixed Investment Fund C where the focus is more on capital protection.

The investment target in the final three years before the SRA depends on the decision the member makes when three years away from their SRA, when they are offered the choice of the following three strategies: -

1. A strategy that targets a mix of 25% cash and 75% Which? Mixed Investment Fund C by SRA, or
2. a strategy which targets 25% cash/75% conventional gilts by SRA, or
3. a strategy which targets a 100% cash position. This is the default strategy should a member fail to make a choice when invited to do so three years prior to their SRA.

Defined Contribution Section – Investment Funds

The lifestyle funds, which form the lifestyle strategy of the Defined Contribution Section and is also the Section's default arrangement (for the avoidance of doubt, as the default arrangement is the sole arrangement for the Defined Contribution Section, references in this document to the Defined Contribution Section are addressing the default arrangement), invests in a range of funds managed by Legal & General Investment Management Limited. The majority of funds are managed passively and expect to return within 0.1% of the relevant benchmark indices for each class of assets included.

By investing in this manner, the Trustees expect to deliver growth over the member's lifetime within the Scheme without excessive risk taking, with an increased focus in the final ten years of reducing volatility to enable members approaching retirement to make financial plans for the period after retirement. The Trustees consider this approach to be in the best interests of members and relevant beneficiaries and keep this approach under annual review.

Defined Contribution Section – Review of the Investment Funds

The principles described above, as well as the performance of the funds, were reviewed by the Trustees in June 2019 as part of the Trustees annual review of the DC Section investment strategy and performance against the Trustees' investment targets. The Trustees investment consultants:

1. reviewed the Trustees' strategy taking into account the length of time members had until their SRAs, the general size of pension accounts and how members had used their accounts at retirement. The Trustees considered the results and assessed that the investment strategy remained appropriate for the membership at the current time because:

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- of the general size of the accumulated pension accounts – 77% of members' Pension Accounts were below £30,000 as at 31 December 2018
- of the age profile of the membership - the majority of members are 35 to 15 years from retirement and
- the actions members had taken at retirement – there is an insufficient number of members who have retired to indicate a clear trend

- reviewed the Trustees' investment targets compared to the estimated long term rates of return available in the markets for the asset classes included in the Mixed Investment Funds. The Trustees concluded that their investment return targets remained appropriate at present, balancing the potential risk and return for members when the time horizon to retirement is relatively long, and providing some protection from losses as members progress towards retirement.

Therefore no changes were made to the principles outlined above as a result of the review.

The June 2019 review identified that changes to the underlying blends of funds that made up Mixed Investment Funds A, B and C were necessary.

Changes were made to the asset allocation to reflect the Trustees' view that markets were entering a more stable phase. The Trustees decided to reduce the overall allocation to 'safer' assets such as gilts and increase exposure to 'return-seeking' assets such as equities. Within the equity allocation, the Trustees increased the allocations to emerging markets and overseas markets, and reduced the allocation to defensive equities. These changes were designed to provide greater opportunities for growth.

The table below shows these changes in detail, with the revised allocations shown in the column headed 'New %':-

Asset Class	Region	Fund Name	TER	Mixed Fund A		Mixed Fund B		Mixed Fund C	
				Current (%)	New (%)	Current (%)	New (%)	Current (%)	New (%)
Equity	UK	LGIM UK Equity	0.100%	1.9	1.9	1.3	1.3	0.8	0.8
		LGIM UK Smaller Companies	0.250%	-	-	-	-	-	-
	Global	LGIM Russell Global Large Cap Defensive Equity	0.300%	18.2	9.1	12.68	6.28	7.3	3.7
		LGIM Global Small Cap	0.250%	3.0	3.0	2.1	2.1	1.2	1.2
		LGIM Developed World ex-UK Equity Index	0.180%	2.7	7.7	1.9	5.36	1.1	3.1
		LGIM Developed World ex-UK Equity Index (GBP hedged)	0.203%	2.7	7.7	1.9	5.36	1.1	3.1
	Europe (ex-UK)	LGIM European Equity – Hedged	0.275%	5.2	5.2	3.6	3.6	2.1	2.1
		LGIM European Equity	0.250%	0.4	0.4	0.3	0.3	0.1	0.1
	North America	LGIM North American Equity	0.200%	1.3	1.3	0.88	0.88	0.5	0.5
		LGIM North American Equity – Hedged	0.225%	15.7	15.7	10.96	10.96	6.4	6.4
	Asia Pacific (ex-Japan)	LGIM Asia Pacific ex Japan Equity	0.275%	0.1	0.1	0.1	0.1	-	-
		LGIM Asia Pacific ex Japan Equity – Hedged	0.300%	1.7	1.7	1.2	1.2	0.7	0.7
	Japan	LGIM Japan Equity – Hedged	0.250%	3.2	3.2	2.18	2.18	1.3	1.3
	Emerging Market	LGIM World Emerging Market Equity	0.450%	4.6	8.0	3.2	5.58	1.9	3.2
	Total Equity	-	60.7	65.0	42.3	45.2	24.5	26.2	
Bonds		LGIM Active Corporate Bond All Stocks	0.260%	-	-	12.5	12.5	12.5	12.5
		LGIM EM Passive Local Government Bond	0.350%	7.5	7.5	5.0	5.0	2.5	2.5
		LGIM EM Passive USD Government Bond – Hedged	0.275%	-	-	2.5	2.5	5.0	5.0
		LGIM High Income – Hedged	0.400%	10.0	10.0	10.0	10.0	10.0	10.0
		Total Bonds	-	17.5	17.5	30.0	30.0	30.0	30.0
Alternatives		LGIM Infrastructure Index	0.350%	-	-	-	-	-	-
		LGIM Private Equity Passive Index	0.550%	2.9	2.9	3.1	3.1	1.5	1.5
		LGIM Global Real Estate Investment Trust	0.350%	5.7	5.7	4.8	4.8	4.5	4.5
		LGIM Managed Property (UK)	0.720%	5.7	5.7	4.8	4.8	4.5	4.5
	Total Alternatives	-	14.3	14.3	12.7	12.7	10.5	10.5	
Gilts		LGIM All Stocks Gilts	0.100%	-	-	-	-	-	-
		LGIM Index Linked Gilt All Stocks Fund	0.100%	-	-	-	-	12.5	12.5
		LGIM 5-15 Year Gilts	0.100%	7.5	3.2	12.5	9.6	17.5	15.8
	Total Gilts	-	7.5	3.2	12.5	9.6	30.0	28.3	
Cash		LGIM Cash	0.125%	-	-	2.5	2.5	5.0	5.0
Total			-	100	100	100	100	100	100
Total Expense Ratio (TER) :-				0.312%	0.315%	0.292%	0.294%	0.251%	0.253%

The changes did not affect the Trustees' long term growth targets for the Funds and are kept under review. The Trustees sought professional advice and believe the changes made were in the best interest of members. The changes were made in August 2019.

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The performance of the Funds during the year to 31 March 2020 measured against the Trustees' objectives was:-

DC Section Fund	Annualised return over 1 year
- Fund A	-7.9%
- Trustees' Target	5.5%
- Fund B	-5.4%
- Trustees' Target	4.5%
- Fund C	-2.9%
- Trustees' Target	3.5%
- Gilts	17.6%
- Cash	0.7%

The Trustees concluded that the actual performance remained consistent with their long term objectives.

The Trustees asked River & Mercantile to back-test whether these changes were beneficial to members. River & Mercantile reported that from analysing the performance, they deduced the following conclusions:

1 July 2019 to 31 December 2019

Over this period, the new fund allocation led to stronger performance for all three funds when comparing against the 2018 allocation. This was due to higher allocation in return seeking assets.

Quarter 1 2020

Quarter 1 2020 was a challenging quarter for markets as nearly all return seeking asset classes suffered significant falls due to the spread of coronavirus outbreak ("COVID 19"). The current strategy for all three blended funds was in line or marginally underperformed when comparing against the 2018 allocation as a result of higher equity allocation.

Each of the blended funds provided downside protection, whilst Mixed Fund C captured less than 50% of global equity falls, protecting members closer to retirement. As of 20 March when equity markets fell by c.25%, each of the blends provided greater protection from the peak to trough fall. As markets rallied, the upside capture of each of the blends has been greater (than the downside capture).

Hybrid Section - Aims and objectives

Prior to the end of 31 March 2019 (when the Hybrid Section closed to future accrual), active members of the Hybrid Section paid contributions of 4.8% of pensionable salary in total. Of the combined employer/member contribution, a contribution of 7% of pensionable salary is invested in a with-profits policy with Prudential. This policy provides a guaranteed annual return of 4.75% for those contributions made in the Scheme years prior to 1 April 1996, 2.5% for contributions made between 1 April 1996 and 31 March 2003, reducing to 0.01% for contributions made thereafter.

The manager's objective is provide a smoothed return with an expected return of 6.0% pa gross of fees over the long term.

When a member retires, the Scheme pays the higher of the pension that can be provided from their final salary pension or the member account allocated to that member. Therefore, the key objective of the Prudential policy, in which member accounts are invested, is to act as an underpin to the value of a member's Hybrid Section pension.

Hybrid Section – Investment Fund

The Prudential with-profits fund is actively managed and invests in a wide range of assets, decided by the manager.

The Prudential must pay out 100% of asset values to policyholders over time and the annual regular bonus reflects a prudent proportion of future expected returns.

A final bonus known as the terminal bonus, which is not guaranteed, makes up the difference between guaranteed benefits and the overall smoothed claim value.

Hybrid Section – Review of the Investment Fund

The Trustees review the with-profits fund performance with their advisers annually when Prudential publish their returns. Due to the guarantees provided in the Prudential with-profits policy, the Trustees considered that this policy remained a suitable investment in respect of Hybrid Members' benefits during the year. The Trustees will keep the policy under review.

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The performance of the underlying assets in the Prudential with-profits fund during the year against the manager's long-term objective of 6% per annum gross was 4.7%.

The regular bonus declared in 2020 meant that:

- members' investment accounts (or part thereof) that attract the 4.75% minimum regular bonus increased by 4.75% at the close of the scheme year ending 31 March 2019.
- members' investment accounts (or part thereof) that attract the 2.50% minimum regular bonus increased by 2.50% at the close of the scheme year ending 31 March 2019.
- the rest of the members' investment accounts increased by 1.25%.

The terminal bonuses declared are related to the year in which contributions were paid and are not guaranteed.

Additional Voluntary Contributions

During the year current members were able to make AVCs to:

- Prudential's with-profits fund,
- the Scheme's Defined Contribution funds, and
- Legal & General's Ethical UK Equity Index Fund.

Some deferred members have AVCs in Utmost Life's Managed Fund* and a range of funds offered by Clerical Medical:

- Balanced Managed Fund,
- UK Equity Tracker Fund,
- Ethical Fund and
- the Halifax Fund
- Retirement Protection Fund
- Lifestyle Balanced Fund
- Lifestyle Non-Equity Fund
- Lifestyle – UK Growth Fund

*Equitable Life transferred the AVCs to Utmost Life during the year.

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COSTS AND CHARGES

Defined Contribution Section – Costs and Charges

Charges paid by members

The Employer pays the day to day cost of administering the Scheme.

There are two 'charges' paid by the members:

- the investment manager's administration charges and
- transaction costs

These charges are deducted by the investment manager from the funds in which members' benefits are invested.

The charges differ between the investment funds that are available.

The total expense ratio for each fund is the investment manager administration charges and the transaction costs. The total expense ratios are shown on page 63 together with an illustrative example of the cumulative effect over time of the application of these charges on the value of a member's Pension Account.

The Trustees are required to calculate the charges and transaction costs paid by members during the assessment period and assess the extent to which these charges and transaction costs represent good value for members.

Transaction Costs

Transaction costs are a complicated issue as they are associated with different member, Trustees or manager actions. Transaction costs can be split into three areas:

1. Transaction costs incurred as part of changes to the asset allocation following review of Mixed Funds A, B and C

In August 2019, the Trustees carried out a transition related to an asset allocation review of Mixed Funds A, B and C to provide risk management in light of market conditions.

The transition incurred costs of £7,609.24. Trades were netted off by Legal & General Investment Management 'LGIM' where needed, for example:

- cancelling out selling UK Equity from Mixed A with buying UK Equity in Mixed B, or
- LGIM netting trades between their client base.

The costs were covered by the Employer which was a benefit to members.

2. Transaction costs incurred by members buying and selling funds as part of a lifestyle strategy

A member in the default lifestyle is required to buy and sell assets when automatically switching between funds within the lifestyle strategy. We estimate that over a member's life, the cost of switching between funds for each £1 of income invested in the lifestyle strategy is c. 0.90% (or 0.90p) in a worst case scenario. This also applies to members with AVCs invested in the lifestyle strategy. This equates to an average of 0.01% per annum, as at 31 March 2020.

Breakdown of switching between funds in the Lifestyle Strategy

A breakdown of the cost estimate on a worst case basis is provided in the table below. Our calculations do not take account of netting trades between the funds. It also assumes that a member pays a cost of "bid-mid" unit prices for any sale of assets and "mid-offer" unit prices for any purchase of assets (i.e. a worst case scenario).

Members will experience varying levels of cost depending on their position within the lifestyle strategy and their choice of investment strategy in the final 3 years before they reach their Selected Retirement Age. Actively contributing members would have experienced at least one source of transaction cost on the contributions they made over the year. Deferred members may or may not have experienced transaction costs of this nature, depending on if they switched between funds or not. These costs will continue in the future at a level expected to be similar to below.

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Lifestyling is carried out automatically for members who are invested in the lifestyle strategy. Market conditions are considered in the context of deciding on the composition of the funds in the lifestyle strategy, but not when automatically switching members between funds

The funds are priced on a "single swinging basis", meaning they may be priced at bid or offer on any day, depending on the net cashflow (from all investors in/out of the fund) that day. Therefore, in practice, the cost incurred is unlikely to be the full amount below and may even provide an uplift, should fund prices swing favourably. Members will also experience varying levels of costs depending on their position within the lifestyle strategy. Therefore, it is not practical to split out the actual costs incurred by each member.

The table below sets out the worst-case transaction costs for each Lifestyle fund covering the period 01/04/2019 to 31/03/2020.

Movement between funds	Lifestyle Strategy worst case cost		
	Default	Secured Income	Invest into Retirement
Buy Mixed Fund A	0.48%	0.48%	0.48%
Mixed Fund A -> Mixed Fund B	0.12%	0.12%	0.12%
Mixed Fund B -> Mixed Fund C	0.04%	0.04%	0.04%
Mixed Fund C -> Final Position	0.27%	0.27%	0.07%
Sell Final Position	0.00%	0.00%	0.20%
Total	0.91%	0.91%	0.91%
Total p.a.	0.02%	0.02%	0.02%

Source: LGIM (data, as at 31 March 2020), R&M Solutions calculations as at June 2020.

Assumptions: (1) members join the Scheme 40 years from retirement
 (2) price swings are all unfavourable to members
 (3) no netting of trades occurs between funds
 (4) no investment return

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Breakdown of actual costs incurred by LGIM

Scheme specific costs of dealing in units as provided by LGIM which includes netting of trades between LGIM clients over the period are estimated as 0.18% of the assets traded.

Movement between fund	Cost of scheme specific trading during the 2019/20 Scheme year (GBP)		
	Total Transactions	Total Dealing costs	Average dealing costs
Q2 2019	2,440,010	4,405	0.18%
Q3 2019	13,856,598	13,358	0.10%
Q4 2019	2,668,623	5,277	0.20%
Q1 2020	5,060,710	11,050	0.22%
Total	24,025,941	34,090	0.18%

Source: LGIM (data, as at 31 March 2020).

3. "Frictional costs" incurred by members due to funds internally buying and selling underlying assets (e.g. stocks or bonds)

As part of day-to-day trading activities, the funds may incur "frictional costs". Frictional costs are categorised as explicit costs and implicit costs. Explicit costs are directly observable and in most cases managers are in position to report them. Examples of explicit costs include broker fees, transaction taxes and custody fees. Implicit costs cannot be observed in the same way but do have an impact on fund performance. Examples of implicit costs include bid-offer spreads and market impact.

These costs would be incurred every time a fund manager makes a trade within that fund and are intended to improve investment returns, reduce risk, or contribute to the smooth running of a fund

The table below sets out the total transaction costs for each fund within the lifestyle strategy covering the period 01/04/2019 to 31/03/2020.

		Fund	Total transaction cost
Default Funds	Lifestyle	Mixed Fund A	0.034%
		Mixed Fund B	0.033%
		Mixed Fund C	0.036%
		Cash	0.000%

Source: LGIM (data, as at 31 March 2020) Underlying fund managers. R&M calculations as at June 2020.

Property Expense Ratio (PER) for the LGIM Managed Property fund

In addition to the Total Expense Ratio (TER) borne by members, the LGIM Managed Property Fund discloses a frictional cost called the Property Expense Ratio (PER). The PER covers all non-recoverable expenditure associated with the management and operation of the property portfolio, including the day-to-day property management and rent collection. The PER is borne by members. It is not counted within the TER, nor is it invoiced directly, but it is reflected in the fund price.

Items captured in the PER include:

- Service charge shortfalls and holding costs, such as empty rates and security
- Rent review and lease renewal costs
- Maintenance and repairs (not improvements)
- Property insurance costs / rebates
- Aborted transaction costs where appropriate

The PER varies from quarter to quarter. Annualised fees for the Scheme year to date are shown below.

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Quarterly Property Expense Ratio (annualised %)	
Q2 2019	0.40%
Q3 2019	0.45%
Q4 2019	0.43%
Q1 2020	0.45%
Average	0.43%

Source: LGIM (data, as at 31 March 2020)

Total Expense Ratios

The Total Expense Ratios 'TERs' applicable to the funds underlying the lifestyle strategy as at 31 March 2020 are set out in the table below:

Fund	TER
Mixed Fund A	0.32%
Mixed Fund B	0.30%
Mixed Fund C	0.25%
Cash	0.13%

Source LGIM (data, as at 31 March 2020), R&M Calculations as at June 2020

Below is an illustrative example of the cumulative effect over time of the application of charges and costs on the value of a member's Pension Account. The example outlines the effects of fund charges (the TERs above) and transaction costs (also above) across the different sections of the Scheme. The example has been produced in accordance with DWP guidance.

Projected Pension Account, in today's terms

Years	Default Lifestyle (Which? Consumers Association)		Default Lifestyle (Which? Financial Services)		Default Lifestyle (Hybrid Switchers)	
	Gross of all charges	Net of TER and lifestyling costs	Gross of all charges	Net of TER and lifestyling costs	Gross of all charges	Net of TER and lifestyling costs
1	£2,800	£2,800	£2,800	£2,800	£7,100	£7,100
3	£12,200	£12,100	£10,900	£10,800	£22,800	£22,600
5	£21,900	£21,700	£19,200	£19,000	£35,800	£35,500
10	£49,100	£48,200	£42,600	£41,900	£65,600	£64,300
15	£81,300	£79,100	£70,300	£68,400	£100,800	£97,800
20	£119,300	£115,100	£103,100	£99,400	£142,400	£136,800
25	£160,600	£153,400	£138,600	£132,300	£187,300	£178,000
30	£203,900	£192,700	£175,700	£166,100	£233,900	£220,100
35	£246,700	£231,200	£212,600	£199,100	£279,800	£260,900
40	£287,400	£267,100	£247,500	£230,000	£323,000	£298,600

Notes:

- Values shown are estimates and are not guaranteed;
- Transaction costs are reflected as at 31 March 2020;
- Projected pension account values are shown in today's terms, and do not need to be reduced further for the effect of future inflation;
- Assumes inflation of 2.5% per annum;
- Assumes charges in future years are equal to charges today (transaction costs are shown in the table above);
- Assumes a member is aged 25 years old now and stops contributing at age 65;
- Assumes an overall contribution rate of:
 - 9% of annual salary in the first year, and 14% thereafter for 'Which? Consumers Association' members
 - 9% of annual salary in the first year, and 12% thereafter for 'Which? Financial Services' members
 - 23% of annual salary until 31/03/2024, and 14% thereafter for 'Hybrid Switchers' the £ amount of which will increase in line with assumed salary inflation for each case above;
- Assumes a member salary of £30,701 in Year 0, increasing with inflation;
- The accumulation rates used, are set out below:

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	Fund	Real accumulation rate per annum (gross of charges)
Default Lifestyle Funds	Mixed Fund A	3.5%
	Mixed Fund B	2.5%
	Mixed Fund C	1.5%
	Cash	-2.0%

Source: XPS, R&M Calculations as at June 2020

The above illustration has been prepared with due regard to the Department for Work and Pensions' guidance ("Cost and charge reporting: guidance for trustees and managers of occupational schemes"), published in February 2018.

The Scheme makes no charge for members who purchase annuities at retirement with their Pension Account, transfer to an income drawdown provider or withdraw their Pension Account as a single lump sum.

The Scheme enables members to make one withdrawal from their Pension Account in a tax year. There is no charge for the first withdrawal, but in the second and subsequent years, there is an administration charge of £100 per withdrawal, deducted from the withdrawal before it is paid. No charge is made if there is no withdrawal.

In return for these charges, the benefits received by members of the Scheme include:

- High quality and highly engaged administration services;
- A sophisticated investment strategy which the Trustee Board monitor at each meeting and review with their advisers annually, or more frequently if circumstances change;
- High quality governance and oversight by the Trustee Board;
- Clear communications that reinforce important messages for members to achieve a good outcome at retirement;
- Communication when about to enter the next phase in the investment strategy, enabling members to speed up their move into lower risk assets, or postpone, according to their individual choice;
- Clear communications regarding options before, at and during retirement;
- A dedicated scheme website;
- Flexibility in how and when members use their Pension Account at and during retirement.

Hybrid Section – Costs and Charges

Prudential report that the administration charge that they assume will be paid by members when they set the bonuses on their with-profits fund is about 1% pa. This charge is not guaranteed. Prudential also report that the with-profits fund pays transaction costs of 0.05% per annum. The transaction costs are in addition to the administration charge paid by members.

The investment return is reduced by the management charges which are allowed for in the annual bonus declaration. There are no explicit charges made on investment of contributions.

Prudential pay two types of bonuses: a regular bonus, which they expect to pay every year during the term of a member's participation in the policy, which once added, cannot be removed, and a terminal bonus, which they expect to pay at the time a member retires at their normal retirement date, or on their earlier death. The terminal bonus is not guaranteed and may be reduced or removed by Prudential at their discretion.

If a member's money purchase fund is taken out at any time except on death or on the normal retirement date, Prudential may reduce the amount paid out to reflect the current market value of the underlying investments. This is known as the Market Value Reduction (MVR). No MVRs were applied to members' funds in the Scheme year-ending 31 March 2020.

Prudential provided the following information of the cumulative effect, over time, of the relevant costs and charges on the value of members' benefits.

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Prudential: Effects of charges and costs

About this Illustration

The aim of this illustration is to show you an example of how charges and costs can effect returns on investment funds. The figures in the table are examples and are not guaranteed – they are not minimum or maximum amounts that you might expect to get back with the level of investment shown. The figures have been calculated as at July 2020.

As the prices of everyday things go up, your money won't stretch as far as the same amount would now. This is called inflation. The figures have been adjusted to allow for inflation using an assumed inflation rate of 2.5% per year. Actual inflation could be more or less than this.

What you might get back depends on a number of factors including:

- how much is paid in
- how long investments are held for
- charges and costs
- performance of the investment

For this illustration we show the annual costs as an average of the expected costs which apply over the term of the investment. You will see both the costs and the growth figures clearly shown in the table. The charges and costs you pay may vary depending on your scheme conditions. We might change our charges in the future.

The value of investments can go down as well as up so you might get back less than you put in. For With-Profits funds the actual percentage charged depends on the performance of the With-Profits Fund and may vary over time. These charges cover the costs of any expenses, any profits, implicit costs and other adjustments.

The basis for our calculations

Pot size and assumptions

Projected pension pot values are in today's money which means they have been adjusted for inflation. We have used:

- A starting pot size of £7,000.
- No regular contributions.
- The term of the investment is from age 22 to age 64.

Charges and costs

Projected pension pot in today's money (£s)		
Years	With-Profits Cash Accumulation Fund	
	Growth rate (after inflation)	3.49%
	Yearly Costs*	1.43%
	Before Charges	After Charges
1	7,230	7,130
3	7,730	7,420
5	8,270	7,720
10	9,780	8,520
15	11,500	9,400
20	13,600	10,300
25	16,100	11,400
30	19,100	12,600
35	22,500	13,900
40	26,700	15,300
42	28,500	15,600

*Growth rates for the funds have allowed for the effects of inflation.

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Additional Voluntary Contributions – Costs and Charges

Members may also have AVCs invested in: -

- Prudential's with-profits fund,
- the Scheme's Defined Contribution lifestyle funds,
- Legal & General's Ethical UK Equity Index Fund,
- Utmost Life's Managed Fund
- Clerical Medical's:
 - Balanced Managed Fund,
 - UK Equity Tracker Fund,
 - Ethical Fund and
 - the Halifax Fund
 - Retirement Protection Fund
 - Lifestyle Balanced Fund
 - Lifestyle Non-Equity Fund
 - Lifestyle – UK Growth Fund.

Costs and charges for Prudential with-profits fund are shown above, and the Scheme's Defined Contribution Funds are set out on previous pages.

Legal & General Ethical UK Equity Index Fund

The annual management charge for Legal & General's Ethical UK Equity Index Fund is 0.20% per annum.

Defined Contribution Members Prudential With Profits Fund

Defined Contribution members who invest their AVCs in the Prudential With Profits fund do so to a newer version With Profits policy. Prudential's information about costs and charges are shown on page 62 and the cumulative effect, over time, of the costs and charges on the value of members' benefits are shown on page 63.

Utmost Life's Managed Fund

The annual management charge for Utmost Life's Managed Fund is 0.75% per annum, and the total charge including transaction costs is 0.84% per annum. These costs are reported as at 31 December 2019.

Utmost Life have provided the following information of the cumulative effect, over time, of the relevant costs and charges on the value of members' benefits: -

Term	Managed	
	Before Charges	After Costs and Charges Deducted
1	1,020	1,011
3	1,060	1,033
5	1,101	1,056
10	1,213	1,115
15	1,336	1,178
20	1,472	1,244
25	1,621	1,313
30	1,786	1,387
35	1,967	1,465
40	2,166	1,547

Notes:

- 1) Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
- 2) The starting pot size is assumed to be £1000 for a Male aged 50
- 3) Inflation is assumed to be 2.5% p.a.
- 4) Values shown are estimates and are not guaranteed
- 5) The projected growth rate for the Managed Fund is 4.5% p.a.

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Clerical Medical

Clerical Medical's management charge paid by members is 0.5% per annum. Clerical Medical have provided the following information about transaction costs in the year to 31 March 2020:

Fund Identifier	Fund Name	Transaction Costs (in bps)	Asset Coverage		Reporting Period		Notes
			Assets Reported (%)	Reason not Obtained (if > 10%)	Start	End	
GB0005001242	Clerical Medical PP UK Equity Tracker	1bps	100%		01/02/2019	31/01/2020	This fund invests into an Aberdeen Standard Investment fund. Aberdeen Standard calculate and provide the transaction costs for this fund.
GB0002273604	Clerical Medical Ethical Pension	37bps	100%		01/03/2019	29/02/2020	Transaction costs calculated using slippage methodology.
GB0002042116	Clerical Medical UK Growth Pension	44bps	100%		01/02/2019	31/01/2020	Transaction costs calculated using slippage methodology.
GB0002039955	Clerical Medical Balanced Pension	20bps	100%		01/04/2019	31/03/2020	Transaction costs calculated using slippage methodology.
GB0002677531	Clerical Medical Halifax Pension	0bps	100%		01/04/2019	31/03/2020	This fund invests in bank deposits only so incurs no transaction costs.
GB0002109626	Clerical Medical Managed Retirement Protection Pn	8bps	100%		01/04/2019	31/03/2020	Transaction costs calculated using slippage methodology.
GB0008525916	Clerical Medical Non-Equity Pension	7bps	100%		01/04/2019	31/03/2020	Transaction costs calculated using slippage methodology.
GB0002024197	Clerical Medical Cautious Pension	13bps	100%		01/04/2019	31/03/2020	Transaction costs calculated using slippage methodology.

'bps': basis points where 100 bps = 1%

The transaction costs are in addition to the management charge paid by members.

Clerical Medical's approach to providing illustrations of the cumulative effect, over time, of the relevant costs and charges on the value of members' AVC benefits is that this is out of scope of the regulations. The Trustees are disappointed with this approach, have made a formal complaint to Clerical Medical and continue to press Clerical Medical for the illustrations

Your Trustees have asked the investment managers to prepare the illustrations in accordance with the statutory guidance for this section of the Chair's Statement.

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VALUE FOR MEMBERS' ASSESSMENT

Each year the Trustees carry out an assessment of the extent to which investment manager's administration charges and transaction costs borne by the Scheme's members, together with the services that members receive, represent good value. It is widely accepted that value for members is difficult to assess and while there is guidance on suggested items to cover there is no prescribed method for assessment.

To assist with this assessment the Trustees receive information from the Scheme's investment consultants about investment services that are paid for by members, and carry out their own assessment of administration, communications, governance and management factors, which are paid for by the Employer.

DC Section

On average, members in the Scheme's lifestyle investment strategy pay investment management administration charges and transaction costs of 0.29% per annum, on average, throughout their working lifetime (assuming the member joins the Scheme at age 25 and retires at age 65).

This is significantly lower than both the maximum allowed of 0.75%, and the estimated average charge for DC schemes across the UK, and the Trustees are satisfied that the Scheme is priced competitively, taking account of the current asset size and expected growth.

Within the fee of 0.29% for the lifestyle funds, members receive the following investment related benefits:

- Tactical asset allocation within the default strategy aimed at controlling risk (specifically permanent loss of capital) whilst generating long term growth.
- Implementation primarily through passive funds via Legal and General Investment Management (LGIM), which has a strong and consistent record for tracking market indices effectively.
- Investment performance
 - The funds have performed as members were led to believe (i.e. ahead of fund objectives);
 - Members have received more in investment growth than paid in charges for most of the time period assessed; and
 - Investment options have delivered risk management as shown through comparing risk adjusted returns against a market comparator.
- Risk management – the investment strategy takes account of membership needs, and controls risks as member pot sizes grow and the need for protection increases.
- Internal controls and operations of the investment manager – these cover business continuity plans, external audit of funds, good tracking abilities and transition management.

Scheme members also have an advantage over many UK DC schemes in that the Employer pays for administration, communication, governance and transaction costs when the assets in the lifestyle investment strategy are changed. This helps keep the overall charge paid by members well within the charge cap set by legislation of 0.75%. It also means Scheme charges compare favourably with "bundled" schemes where members pay for administration and communication services. The most recent survey of charges published by the Department for Work and Pensions (2016) places the average charge for schemes of comparable size to the Scheme within the range of 0.4% to 0.7% per annum. However the survey doesn't differentiate between schemes with low cost passive investment strategies and those with more sophisticated strategies like the Scheme's lifestyle strategy.

The Trustees carried out an assessment, with the help of their advisers, of whether the Trustees' investment strategy delivered value for members. The assessment used quantitative tests which asked the following questions: -

Default Lifestyle Strategy

1. Have members received more in investment growth than they paid in charges? Yes.

This was assessed by comparing average net returns against a cash index (used as a proxy for putting the money in the bank with no investment charges)

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2. Have the investment options performed as members have been led to expect? Yes.

This was assessed by comparing average net returns against inflation related return targets

3. Have the investment options delivered the risk management promised and paid for by members? Yes.

This was assessed by comparing average risk-adjusted net returns versus market benchmark.

The above tests were based on the average of rolling periods ending during the 2019/2020 Scheme Year, using month-end unit prices.

The Trustees concluded that having assessed the services covered by the fund charges paid by members, they viewed the overall charges as *below* average relative to the market for the type of investment strategy and the quality of the services provided to members as *above* average relative to the market.

The Trustees assessment is that during the year the members received value from the Scheme.

Hybrid Section

Members entitled to benefits from the Hybrid Section receive a pension that is better of a defined benefit based on a member's pensionable service and salary near to retirement, and the pension that can be provided by a money purchase account that builds up from part of the employer and employee contributions (and is invested in Prudential's with-profits fund). As such, members do not pay directly for the administration or investment services that are used to deliver the benefits. The value for money of this section has therefore been assessed proportionately in light of the benefit structure.

Within this context, the investment manager's administration charges and transaction costs levied by Prudential are expected to provide value for members as they benefit from potential retirement income upside from a higher level of annuity, but downside is limited to the value of their defined benefit arrangement. It is unlikely for a similar arrangement (or one that provides better value) to be negotiated with another provider at a lower fee level.

Prudential is differentiated amongst large life offices by its continued active support of with profits and the fund is highly rated by AKG, who are the leading independent assessor of with-profits funds.

Additional Voluntary Contributions

The Trustees assessment of value for members in the DC Section also applies to members with AVCs in the Scheme's lifestyle investment strategy. The Trustees assess Legal & General's Ethical UK Equity Index Fund as providing value for members for the same reasons.

Prudential

The Trustees consider that Prudential AVC options offer value for those members seeking the guarantees offered by the With-Profits plan for the reasons outlined above.

Utmost Life and Clerical Medical

The Trustees lost confidence in Equitable Life, now Utmost Life, following the difficulties Equitable Life faced when they closed to new business in December 2000.

The Trustees also lost confidence in Clerical Medical as investment managers following a period of poor performance and, as the stewards of members' money, they closed the Clerical Medical AVC options to future contributions with effect from 31st March 2007.

The Trustees do not consider that Utmost Life or Clerical Medical AVC options offer value for members.

The Trustees have written to each of the members concerned a number of times over the years and most recently in February 2020, to encourage members to review the suitability of their AVC investment selections, and to offer members the opportunity to transfer their assets, free of charge, into an alternative fund if they wish.