

Tennants Consolidated Limited Pension Fund

Defined Contribution Section and AVC arrangements

Annual governance statement by the Chair of Trustee for the year ending 30 September 2023

Introduction

Governance standards apply to defined contribution pension arrangements like the defined contribution section of our Fund. These standards are designed to help members achieve a good outcome from their pension savings.

As Chair of the Trustee of the Tennants Consolidated Limited Pension Fund, I have to provide you with a yearly statement which explains what steps the Trustee (with guidance from our professional advisers) has taken to meet these standards. The information included in my statement is set out in law and regulation.

This statement covers the period from 1 October 2022 to 30 September 2023.

The Trustee is committed to having high governance standards and we have a number of dedicated sub-committees which meet regularly to monitor the controls and processes in place in connection with the investments and administration of the Fund's Defined Contribution Section.

I welcome this opportunity to explain what the Trustee does to help to ensure the Defined Contribution Section is run as effectively as it can be.

Feedback

If you have any questions about anything that is set out in this statement, or any suggestions about what can be improved, please do let us know.

Signed for and on behalf of the Trustee of the Tennants Consolidated Limited Pension Fund by John Nestor, Chair of Trustee.

29 April 2024

Executive summary

Over the year to 30 September 2023, the Trustee of the Fund has reviewed the following areas and our main conclusions are as follows:

Defined Contribution Section

The default investment strategy	The Trustee last made changes to the default investment strategy and investment choices in 2019. A current review commenced in the 4 th quarter of 2022 and is still ongoing. The review is expected to be concluded during 2024 with any changes communicated to members as appropriate.
Charges and transaction costs	The charges that members pay to invest in the funds in the Defined Contribution Section range from 0.11% to 0.96% per annum. Transaction costs over the year to 30 September 2023 were between 0% and 0.54%. The Company pays for all other costs and charges.
Performance of the investment options	Tables showing information about the net return on investments (i.e. after the deduction of any charges and transaction costs paid for by the Defined Contribution Section members) have been included. This information is included to help members understand how their investments are performing.
Value for members and wider value for money	The charges and transaction costs incurred by members represent good value for members. When the wider services paid for by the Company as well as the generosity of the Company's contributions are taken into account, the Defined Contribution Section also represents good value for money.
Core financial transactions	The Fund's administrator, Buck, operates to high standards around the accuracy and timeliness of all core financial transactions and the Trustee monitors this on a quarterly basis by reviewing reports from Buck on the service levels achieved.
Trustee knowledge and understanding	The Trustee has a training programme to ensure that Trustee Directors meet the knowledge and understanding requirements and understand the Fund and its documents.

AVC arrangements within the Defined Benefit Section

The AVC arrangements are closed to new members and have no 'default' fund but instead members invest in a range of funds with Utmost.

Investments with Utmost are held on a unit linked basis with charges between 0.5% and 0.75% per annum

The Trustee considers the AVC arrangements to offer satisfactory value for members. When other factors are taken into account such as the ability for members to take 100% of their AVC funds as part of their tax-free cash from the Defined Benefit Section, the Trustee considers the AVC arrangements to offer good value for money.

Default investment arrangement

The Trustee has selected and provides a default investment arrangement for members who do not choose an investment option for their contributions, although members can also choose to invest in this default investment arrangement. The default investment arrangement is a default arrangement for the purposes of the Occupational Pension Schemes (Charges and Governance) Regulations 2015 because the Fund is used as a qualifying scheme for automatic enrolment purposes.

The Trustee is responsible for investment governance. This includes setting and monitoring the investment strategy for the default arrangements. We take professional advice from Buck who are regulated investment advisers.

Setting an appropriate investment strategy

Details of the strategy and objectives of the default investment arrangement are recorded in a document called the statement of investment principles. We last updated this document in June 2023. A copy of the latest statement of investment principles is attached to this statement and is also available online at <https://tennantspension.info/>

We have chosen the **Flexible Lifestyle Strategy** as the default strategy.

When deciding on the Flexible Lifestyle Strategy as the default investment strategy, the Trustee recognised that the majority of members do not take active investment decisions and instead invest in the default option. Therefore, the Trustee's primary objective in deciding on an investment strategy was to ensure that the strategy is appropriate for a typical member. The membership profile of the Defined Contribution Section was taken into account, including factors such as the size of members' pension savings within the Defined Contribution Section, members' current level of income and likely expectations for income post-retirement etc. When choosing the default strategy, it is the Trustee's policy to consider a range of asset classes, together with their expected returns and the expected volatility of those returns, the suitability of styles of investment management, and the need for diversification. The Trustee also recognises that there are various investment and operational risks and gives qualitative and quantitative considerations to such risks.

The Flexible Lifestyle Strategy is structured to provide the potential for a level of growth over and above inflation in the long term. As members approach retirement the monies in the Flexible Lifestyle Strategy are gradually switched to less volatile investments which aim to protect members' potential income in retirement. This strategy, however, retains some degree of exposure to growth investments at retirement targeting a drawdown retirement option (i.e. making periodic withdrawals in retirement).

There are two alternative lifestyle strategies for members to select: the **Cash Lifestyle Strategy** and the **Annuity Lifestyle Strategy**. These follow the same growth phase as the Flexible Lifestyle Strategy but target a different retirement option by following a different glide path within 10 years of retirement. The Trustee has produced an Investment Guide to support members with their choices.

There is also a legacy default strategy for those members who were 6 years or less from retirement when the default strategy was changed in December 2019 (see the following section for more details). This legacy default was called the **Lifepath Flexi Option**. This is no longer available for members to select and will naturally disappear over the next few years. Nevertheless, we are required to record this as a default arrangement within this statement. The closed Lifepath Flexi Option is structured to provide the potential for a level of growth over and above inflation in the long term. In addition, as members approach retirement the monies in the Lifepath Flexi Option are gradually switched to less volatile investments which aim to protect members' potential income in retirement.

Members could select an alternative legacy Lifepath fund as an alternative to the Lifepath Flexi Option and such members who were within 6 years of their retirement as at December 2019 were allowed to remain in their chosen lifestyle. These alternatives to the legacy default were known as Lifepath Capital Option and Lifepath Retirement Option.

Reviewing the default investment arrangement

The Trustee is expected to review the strategy and objectives of the default investment arrangement regularly, and at least once every three years, and take into account the needs of the Defined Contribution Section membership when designing it.

The Trustee’s Defined Contribution Sub-Committee reviews the investment objectives and the performance of the default investment arrangement on a quarterly basis, taking advice from the Trustee’s investment consultant.

The previous formal review was carried out in 2019 and concluded on 8 August 2019 with the associated changes implemented in December 2019. The latest formal review commenced in the 4th quarter of 2022 and is still ongoing. The current review is expected to conclude during 2024 and any changes to the default investment arrangement will be communicated to members in advance, as appropriate.

The Trustee considered that the funds in the default investment arrangement had performed in line with their benchmarks and deliver members wider diversity as they approach retirement, for members who wish to take advantage of wide range of retirement choices available. The default arrangement therefore remains consistent with the aims and objectives of the statement of investment principles.

Self-select investment choices

In addition to the default investment arrangement, the Trustee allows members to self-select from a range of funds on the Aegon investment platform. Members may wish to take financial advice before choosing between these funds.

The Trustee provides a core range within the self-select range. The core range is more closely governed by the Trustee and is listed below.

Fund Name
Aegon BlackRock 60/40 Global Equity Index
Aegon BlackRock Cash
Aegon BlackRock Corporate Bond All-Stocks Index
Aegon BlackRock Emerging Markets Equity Index
Aegon BlackRock Over 15 Year Gilt Index
Aegon BlackRock Over 5 Year Index-Linked Gilt Index
Aegon BlackRock UK Equity Index
Aegon BNY Mellon Long-Term Global Equity
Aegon BlackRock World (ex UK) Equity Index
Aegon BlackRock Property
Aegon BlackRock Diversified Growth
Aegon BlackRock Absolute Return Bond

Charges and transaction costs paid by members

The Trustee is required to explain the charges and transaction costs (i.e. the costs of buying and selling investments in the Defined Contribution Section) that are paid by members rather than the Company. In the Defined Contribution Section members typically pay for investment management and investment transactions, while the Company pays all the other costs of running the Defined Contribution Section such as administration and governance.

The investment management and transaction costs can be explained as follows:

- The total ongoing charges figure is the total cost of investing in any fund or strategy and includes the Annual Management Charge (direct charges) and any additional fund expenses (indirect charges). The charges for the default investment strategy are compared against the 0.75% charge cap set by legislation.
- Transaction costs are the costs incurred as a result of the buying, selling, lending or borrowing of investments *within* each fund. They include taxes and levies (such as stamp duty), broker commissions (fees charged by the executing broker in order to buy and sell investments) and the costs of borrowing or lending securities, as well as any differences between the actual price paid and the quoted 'mid-market price' at the time an order was placed. These costs will vary between members depending on the funds invested in, the transactions that took place within each fund and the date at which the transactions took place. Unlike the ongoing charges figures, transaction costs are not compared against the 0.75% charge cap set by legislation – instead, the reported performance of the fund is typically net of these transaction costs.
- In addition, there can be switching costs occurred as a result of the buying and selling of funds. This may relate either to member-driven trades (e.g. a self-select member switching their investment arrangements) or to automatic trades (e.g. those associated with fund switches resulting from progression along a lifestyle glidepath). These costs relate to the difference between the fund price used to place the trade and the price which would have applied to that fund on that day had the trade not been placed. These are implicit costs which are not typically visible to members.

The level of ongoing charges applicable to the Defined Contribution Section's default investment arrangement during the last Fund year were 0.23% per annum for the growth phase of the Flexible Lifestyle Strategy and 0.14% for the Lifepath Flexi Option.

The level of charges applicable to the Defined Contribution Section's other investment funds that members were invested in during the last year were:

Fund Name	Annual Management Charge (AMC) %	Additional Expenses %	Total Ongoing Charge %
Aegon BNY Mellon Global Equity (formally Newton Global Equity)	0.65	0.05	0.70
Aegon BlackRock 30/70 Currency Hedged Global Equity Index	0.18	0.01	0.19
Aegon BlackRock 60/40 Global Equity Index	0.13	0.02	0.15
Aegon BlackRock Cash	0.10	0.03	0.13
Aegon BlackRock Alpha Smaller Companies	0.60	0.00	0.60
Aegon BlackRock Corporate Bond All-Stocks Index	0.13	0.02	0.15
Aegon BlackRock Corporate Bond	0.45	0.02	0.47
Aegon BlackRock Emerging Markets	0.60	0.05	0.65
Aegon BlackRock Emerging Markets Equity Index	0.25	0.08	0.33
Aegon BlackRock Environment & Low Carbon Tilt Property Securities (formerly Global Property Securities)	0.15	0.01	0.16
Aegon BlackRock Gold & General	0.60	0.03	0.63
Aegon BlackRock Market Advantage	0.25	0.02	0.27
Aegon BlackRock Over 15 Years Gilt Index	0.10	0.01	0.11

Fund Name	Annual Management Charge (AMC) %	Additional Expenses %	Total Ongoing Charge %
Aegon BlackRock Over 5 Year Index Linked Gilt Index	0.10	0.01	0.11
Aegon BlackRock UK Equity Index	0.13	0.00	0.13
Aegon BlackRock UK Equity Optimum	0.60	0.00	0.60
Aegon HSBC Islamic Global Equity Index	0.50	0.00	0.50
Aegon Invesco Pensions Global Equity *	0.60	0.00	0.60
Aegon LGIM Asia Pacific (ex Japan) Equity Index	0.25	0.02	0.27
Aegon LGIM Ethical Global Equity Index	0.45	0.01	0.46
Aegon LGIM Ethical UK Equity Index	0.35	0.01	0.36
Aegon LGIM Infrastructure Index	0.48	0.00	0.48
Aegon LGIM Japan Equity Index	0.25	0.00	0.25
Aegon LGIM World (ex UK) Equity Index	0.25	0.01	0.26
Aegon Property	0.96	0.00	0.96
Aegon Standard Life GARS *	0.90	0.03	0.93
BNY Mellon Long Term Global Equity	0.85	0.05	0.90
Aegon BlackRock Lifepath Retirement	0.14	0.00	0.14
Aegon BlackRock LifePath Retirement 2022-24	0.14	0.00	0.14
Aegon BlackRock LifePath Retirement 2025-27	0.14	0.00	0.14
Aegon BlackRock Lifepath Capital	0.08	0.03	0.11
Aegon BlackRock LifePath Capital 2022-2024	0.14	0.00	0.14
Aegon BlackRock Lifepath Flexi Option	0.14	0.00	0.14
Aegon BlackRock LifePath Flexi 2022-2024	0.14	0.00	0.14
Aegon BlackRock LifePath Flexi 2025-2027	0.14	0.00	0.14
Aegon BlackRock Pre-Retirement	0.25	0.00	0.25

*These funds are now closed.

The transaction costs applicable to the former default investment arrangement were confirmed by Aegon as set out below for the Lifepath Flexi Option:

Fund Name	Transaction cost %
Aegon BlackRock LifePath Flexi 2022-2024	0.05
Aegon BlackRock LifePath Flexi 2025-2027	0.06
Aegon BlackRock LifePath Flexi	0.07

The transaction costs applicable to the other investment funds were confirmed by Aegon as being:

Fund Name	Transaction cost %
Aegon BlackRock Environment & Low Carbon Tilt Property Securities (formerly Global Property Securities)	0.31
Aegon BlackRock LifePath Capital 2022-2024	0.03
Aegon BlackRock LifePath Retirement 2025-2027	0.07

Aegon BlackRock LifePath Retirement 2022-2024	0.07
Aegon BlackRock LifePath Retirement	0.07
Aegon BNY Mellon Long-Term Global Equity	0.07
Aegon BlackRock Market Advantage	0.30
Aegon BlackRock 60/40 Global Equity Index	0.00
Aegon BlackRock Emerging Markets Equity Index	0.00
Aegon BlackRock Corporate Bond All-Stocks Index	0.05
Aegon LGIM Ethical Global Equity Index	0.00
Aegon Standard Life Global Absolute Return Strategies	0.53
Aegon LGIM Ethical UK Equity Index	0.04
Aegon BlackRock UK Equity Index	0.09
Aegon BlackRock Over 15 Year Gilt Index	0.03
Aegon BlackRock Over 5 Year Index-Linked Gilt Index	0.15
Aegon LGIM North America Equity Index	0.01
Aegon LGIM Japan Equity Index	0.03
Aegon LGIM World (ex UK) Equity Index	0.04
Aegon LGIM Asia Pacific (ex Japan) Equity Index	0.03
Aegon BlackRock Gold & General	0.31
Aegon BlackRock Corporate Bond	0.12
Aegon BNY Mellon Global Equity	0.24
Aegon HSBC Islamic Global Equity Index	0.02
Aegon BlackRock Emerging Markets	0.54
Aegon Invesco Pensions Global Equity	0.33
Aegon BlackRock UK Equity Optimum	0.21
Aegon Property	0.08
Aegon BlackRock Pre-Retirement	0.09
Aegon BlackRock 30/70 Currency Hedged Global Equity Index	0.05
Aegon LGIM Infrastructure Index	0.01
Aegon BlackRock Cash	0.02
Aegon BlackRock Alpha Smaller Companies	0.46

Switching between different investment funds

In terms of switching costs, the funds used by the Defined Contribution Section operate on a single-swinging price basis with no explicit switching costs charged to members. However, members may experience implicit switching costs whenever assets are sold (as is the case throughout the lifestyle phase). These costs will vary between members depending on what switches took place for each member and the date at which these occurred. The Trustee is not able to track what costs have been incurred in practice for particular members, although it should be noted that not all switches will incur costs, with many taking place at nil cost.

Completeness of transaction cost information

Where information about the member costs and charges is not available, we have to make this clear, together with an explanation of what steps we are taking to obtain the missing information. We confirm that there was no information about costs or charges that could not be obtained.

Examples of the impact of costs and charges

We are required to provide illustrative examples of the cumulative effect over time of the application of the charges and costs on the value of a member's pension savings.

We have prepared the following examples, having taken account of the statutory guidance issued by the Department of Work and Pensions in preparing this section of our statement.

Each table in this section shows the projected pension savings in today's money for a different representative member, using median statistics as at 30 September 2023 and using the Statutory Money Purchase Illustration (SMPI) assumptions that featured in the Fund's 2023 annual benefit statements (with the exception of historic transaction costs being taken into account in the enclosed tables, when these are ignored within SMPI statements). Please note that the figures shown are for illustration purposes only and should not form the basis for investment decision making.

Projected pension savings/pot in today's money for an active member of the Fund joining at age 20 and paying contributions until age 65								
	Flexible Lifestyle Strategy (default) <i>The funds used change based on term to retirement</i>		Aegon BLK 60:40 Global Equity Index Fund <i>Only one fund is used throughout</i>		Aegon BLK Over 5 Years Index Linked Gilt Index Fund <i>Only one fund is used throughout</i>		Aegon BNY Mellon Global Equity (formally Newton Global Equity) <i>Only one fund is used throughout</i>	
	Ongoing charge 0.23% in growth phase		Ongoing charge 0.15%		Ongoing charge 0.11%		Ongoing charge 0.70%	
Age	Before charges £	After all charges + costs deducted £	Before charges £	After all charges + costs deducted £	Before charges £	After all charges + costs deducted £	Before charges £	After all charges + costs deducted £
20	-	-	-	-	-	-	-	-
25	7,404	7,354	7,334	7,305	7,692	7,664	7,334	7,191
30	15,916	15,697	15,606	15,482	17,228	17,095	15,606	14,991
35	25,703	25,162	24,938	24,636	29,048	28,701	24,938	23,452
40	39,070	38,000	37,560	36,969	45,900	45,174	37,560	34,683
45	54,438	52,564	51,798	50,774	66,789	65,446	51,798	46,866
50	72,107	69,086	67,859	66,227	92,686	90,393	67,859	60,080
55	94,536	89,930	88,073	85,613	126,985	123,285	88,073	76,468
60	118,189	111,216	110,874	107,312	169,505	163,762	110,874	94,244
65	136,743	127,062	136,595	131,601	222,215	213,575	136,595	113,524

Notes

- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
- The starting pot size is assumed to be £0.
- Inflation is assumed to be 2.5% each year.
- Contributions are assumed for a new joiner aged 20 with contributions being made to age 65 based on the current Fund contribution structure, assuming earnings start at £20,000 per annum and increase by 2.5% each year.
- The projected growth rate before expenses from each fund, which is based on AS TM1, is as follows:
 Default fund (growth stage): 2.83% above inflation
 60/40 Global Equity: 2.44% above inflation
 BlackRock Passive Over 5 Years Index Linked Gilt Fund: 4.39% above inflation
 BNY Mellon Global Equity (Newton GE): 2.44% above inflation
- Negative transaction costs have been treated as zero in line with how the FCA treats transaction costs for contract-based pension schemes.
- Values shown are estimated and are not guaranteed.

Projected pension savings/pot in today's money with no allowance for future contributions as would be the case for a deferred member of the Fund								
Age	Flexible Lifestyle Strategy (default) <i>The funds used change based on term to retirement</i>		Aegon BLK 60:40 Global Equity Index Fund <i>Only one fund is used throughout</i>		Aegon BLK Over 5 Years Index Linked Gilt Index Fund <i>Only one fund is used throughout</i>		Aegon BNY Mellon Global Equity (Newton Global Equity Fund) <i>Only one fund is used throughout</i>	
	Before charges £	After all charges + costs deducted £	Before charges £	After all charges + costs deducted £	Before charges £	After all charges + costs deducted £	Before charges £	After all charges + costs deducted £
	Ongoing charge 0.23% in the growth phase		Ongoing charge 0.15%		Ongoing charge 0.11		Ongoing charge 0.70%	
45	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
46	10,283	10,255	10,244	10,228	10,439	10,424	10,244	10,164
47	10,574	10,517	10,494	10,461	10,897	10,866	10,494	10,330
48	10,873	10,786	10,750	10,700	11,376	11,326	10,750	10,500
49	11,181	11,062	11,012	10,944	11,875	11,806	11,012	10,672
50	11,497	11,344	11,280	11,194	12,397	12,306	11,280	10,847
55	13,218	12,869	12,725	12,530	15,367	15,145	12,725	11,765
60	14,918	14,284	14,354	14,026	19,050	18,638	14,354	12,762
65	15,856	14,905	16,192	15,700	23,616	22,936	16,192	13,842

Notes

- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
- The starting pot size is assumed to be £10,000.
- Inflation is assumed to be 2.5% each year.
- No future contributions have been included as would be the case for a deferred member of the Fund.
- The projected growth rate before expenses from each fund, which is based on AS TM1, is as follows:
 - Default fund (growth stage): 2.83% above inflation
 - 60/40 Global Equity: 2.44% above inflation
 - BlackRock Passive Over 5 Years Index Linked Gilt Fund: 4.39% above inflation
 - BNY Mellon Global Equity (Newton GE): 2.44% above inflation
- Negative transaction costs have been treated as zero in line with how the FCA treats transaction costs for contract-based pension schemes.
- Values shown are estimated and are not guaranteed.

Projected pension savings/pot in today's money for an active member of the fund at age 45 and paying contributions until age 65								
Age	Flexible Lifestyle Strategy (default) <i>The funds used change based on term to retirement</i>		Aegon BLK 60:40 Global Equity Index Fund <i>Only one fund is used throughout</i>		Aegon BLK Over 5 Years Index Linked Gilt Index Fund <i>Only one fund is used throughout</i>		Aegon BNY Mellon Global Equity (Newton Global Equity Fund) <i>Only one fund is used throughout</i>	
	Before charges £	After all charges + costs deducted £	Before charges £	After all charges + costs deducted £	Before charges £	After all charges + costs deducted £	Before charges £	After all charges + costs deducted £
	Ongoing charge 0.23% in the growth phase		Ongoing charge 0.15%		Ongoing charge 0.11%		Ongoing charge 0.70%	
45	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
46	28,406	28,334	28,304	28,262	28,815	28,775	28,304	28,094
47	31,908	31,753	31,688	31,599	32,798	32,711	31,688	31,239
48	35,510	35,260	35,155	35,012	36,955	36,813	35,155	34,435
49	39,213	38,856	38,706	38,503	41,295	41,089	38,706	37,684
50	43,022	42,544	42,344	42,073	45,826	45,546	42,344	40,985
55	66,914	65,599	65,053	64,314	74,940	74,115	65,053	61,406
60	92,765	89,908	90,668	89,211	111,031	109,273	90,668	83,557
65	115,277	110,336	119,564	117,080	155,771	152,539	119,564	107,583

Notes

- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation
- The starting pot size is assumed to be £25,000
- Inflation is assumed to be 2.5% each year
- Contributions are assumed for an active member at age 45 with contributions being made to age 65 based on the current Fund contribution structure, assuming earnings start at £30,000 per annum and increase by 2.5% each year.
- The projected growth rate before expenses from each fund, which is based on AS TM1, is as follows:
Default fund (growth stage): 2.83% above inflation
60/40 Global Equity: 2.44% above inflation
BlackRock Passive Over 5 Years Index Linked Gilt Fund: 4.39% above inflation
BNY Mellon Global Equity (Newton GE): 2.44% above inflation
- Negative transaction costs have been treated as zero in line with how the FCA treats transaction costs for contract-based pension schemes.
- Values shown are estimated and are not guaranteed.

Past performance of the investment options

We have calculated the return on investments after the deduction of any charges and transaction costs paid for by the members. We have done this for the default investment arrangement and for each self-select fund which members are now able, or were previously able, to select and in which members have been invested during the year.

The net returns to 30 September 2023 are shown in the tables below and have been included to help members understand how their investments are performing. Please note that past performance is no indicator of future performance.

We have prepared the following tables, having taken account of the statutory guidance issued by the Department of Work and Pensions¹.

Annualised net returns (%) for the default over periods to 30 September 2023

Age of member at the start of the period*	5 years (2018-2023)	1 year (2023)
Age 25	4.8%	9.4%
Age 45	4.8%	9.4%
Age 55	4.1%	9.4%

*As the default investment arrangement is a lifestyle strategy made up of different investment funds, the returns may vary with the age of the member, so we have shown the returns at three example ages in line with regulatory guidance.

These figures include performance figures from the previous default strategy during the period Q4 2018 – Q4 2019 and the current default strategy performance figures for the period Q1 2020 – Q3 2023.

Annualised net returns (%) for the default investment funds over periods to 30 September 2023

Investment Fund	5 years (2018-2023)	1 year (2023)
BlackRock 70:30 Global Equity Index Fund	-	16.35%
BlackRock Cash	1.1%	3.84%
BlackRock Emerging Markets Equity Index Fund	1.31%	-0.04%
BlackRock Environment & Low Carbon Tilt Property Securities	0.7%	-6.48%
BlackRock Market Advantage	-0.14%	4.76%
BlackRock Pre-Retirement	-	-0.6%
LGIM Infrastructure Index	5.08%	-10.43%

Annualised net returns (%) for the core funds members were invested in over periods to 30 September 2023

Investment Fund	5 years (2018-2023)	1 year (2023)
BlackRock 60:40 Global Equity Index Fund	4.95%	13.77%
BlackRock UK Equity Index Fund	3.21%	12.61%
BlackRock Emerging Markets Equity Index Fund	1.31%	-0.04%
BlackRock Corporate Bond All Stocks Index	-1.04%	6.33%
BlackRock Over 15 Year Gilt Index	-8.47%	-11.87%
BlackRock Over 5 Year Index Linked Gilt Index	-6.45%	-10.77%
Property (BLK)	0.5%	-11.98%
BlackRock Cash	1.1%	3.84%
BNY Mellon Long Term Global Equity	8.11%	13.07%

¹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/994897/completing-the-annual-value-for-members-assessment-and-reporting-of-net-investment-returns.pdf

Annualised net returns (%) for the self-select funds members were invested in over periods to 30 September 2023

Investment Fund	5 years (2018-2023)	1 year (2023)
Aberdeen Standard Investments GARS Fund	-2.08%	-9.62%
BlackRock Gold & General Fund	8.71%	6.06%
BlackRock Emerging Markets	3.19%	0.73%
Invesco Pensions Global Equity	3.11%	11.77%
BlackRock Market Advantage	-0.14%	4.76%
LGIM World ex-UK Equity Index	8.86%	11.67%
BlackRock UK Equity Optimum	4.86%	17.62%
HSBC Islamic Global Equity Index	12.54%	16.18%
LGIM Asia Pacific ex-Japan Index	4.49%	6.02%
LGIM Japan Equity Index	3.36%	14.65%
BNY Mellon Global Equity Fund	8.03%	12.4%
BlackRock Corporate Bonds	-0.33%	10.93%
LGIM Ethical Global Equity Index	9.55%	13.8%
LGIM Ethical UK Equity Index	3.59%	14.41%

Notes for all tables:

1. Figures have been collected for the periods to 30 September 2023.
2. Figures shown for the default lifestyle strategy are calculated based on changes to unit prices, given the unit prices incorporate all fees and charges, as well as the impact of price swings and hence switching costs. Please note that this is a different methodology from that used for the self-select fund range and hence there will be some differences between the figures shown here and those shown for the underlying self-select funds.
3. Composite performance figures for the lifestyle strategy assume allocations are in line with the switching matrix at each quarter end. We have not allowed for deviations due to market movements in the preceding period.
4. Performance for 5 years is simulated.
5. Net investment return figures for 10, 15 years and 20 years to 30 September 2023 were not available.
6. Figures shown for the self-select investment options are calculated based on underlying investment manager performance.

Core financial transactions

The Trustee is required to report about the processes and controls in place in relation to 'core financial transactions'. The law specifies that these include the following:

- investing contributions paid into the Defined Contribution Section;
- transferring assets relating to members into and out of the Defined Contribution Section;
- transferring assets between different investments within the Defined Contribution Section; and
- making payments from the Defined Contribution Section to, or on behalf of, members.

We must ensure that these important financial transactions are processed promptly and accurately. In practice we delegate responsibility for this to the Fund's administrator, Buck. There is a service level agreement in place between the Trustee and Buck which provides for Buck to ensure accurate and timely processing of the core financial transactions for which it is responsible. Buck is required to carry out services in accordance with good industry practice and, more specifically, payments in respect of members must reach the recipients as agreed with the Trustee and in accordance with the Fund's trust deed and rules. Any mistakes or delays are investigated thoroughly, and action is taken to put things right as quickly as possible.

This administration service includes key financial tasks such as managing the investment of contributions, paying benefits (or making transfers) and keeping track of changes in members' circumstances.

In order to monitor this service, the Trustee receives quarterly reports confirming the payment and allocation of contributions, together with statistics on the level of service that is provided in comparison to agreed targets and timescales as well as information on events such as cash management and pension payroll. The Trustee monitors transactions made via the Trustee's bank account on a regular basis.

The following service standards apply to the core pension administration service:

Task	Transaction Type	Transaction Target (working days)
Death	Notification of Death	5
	Return of Certificates	5
	Payment of Benefits	2
Leaver	Quote	10
	Re-quote	10
	Withdrawal form (final figures)	10
Retirement	Quotation	10
	Actual Retirement	10
	Correspondence and Certificates	10
	Payment of Benefits	2
Transfer Out	Initial Request	15
	Correspondence and Discharge Forms	15
	Correspondence and Certificates	5
	Payments of Benefits	2
Ad Hoc Queries	Member and Client Queries	10
	Third Party and NICO Queries	15

Over the last Fund year, the administrators processed around 98% of transactions within the agreed target dates.

Any mistakes or delays are investigated thoroughly, and action is taken to put things right as quickly as possible.

The Fund Auditor tests a sample of financial transactions for accuracy and timeliness as part of the annual audit process.

There were no material administration service issues discussed in the last Fund year which need to be reported here by the Trustee and as a result I am confident that all core financial transactions have been processed accurately within a reasonable time.

Overall, we are confident that the processes and controls in place with the administrator are robust and will ensure that the financial transactions which are important to members are dealt with properly.

Trustee knowledge and understanding

The law requires the Trustee Directors to be conversant with the Fund's documents and to possess, or have access to, sufficient knowledge and understanding of the law relating to pensions and trusts and the principles relevant to funding and investment to be able to run the Fund effectively.

The Trustee Directors meet all the knowledge and understanding requirements and understand the Fund and its documents. The Trustee Directors are aware that they must have a working knowledge of the trust deed and rules of the Fund, the statement of investment principles and the documents setting out the Trustee's current policies. They are also aware that they must have sufficient knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the funding and investment of occupational pension schemes.

The Trustee Directors do this by regularly reviewing the relevant Fund documents via the Fund's online portal.

We take our training and development responsibilities seriously and keep a record of the training completed by each member of the Trustee Board.

During the Fund year the following training and development activities have taken place:

- The training log is reviewed regularly to identify any gaps in the knowledge and understanding across the Trustee Board as a whole. An example of the training activity carried out during the Fund year with an impact on the Defined Contribution Section was as follows.

Date	Training
November 2022	Legal Update from Squire Patton Boggs
June 2023	Investment training from LGIM and Buck
July 2023	Internal Dispute Resolution Training from Buck Pensions dashboards
November 2023	At retirement solutions for DC members and investment platform research

- All of the long-standing Trustee Directors have completed The Pensions Regulator's on-line trustee toolkit. New Trustee Directors are required to complete the toolkit within 6 months of becoming a member of the Trustee Board. Trustee Directors must review the toolkit on an on-going basis to ensure their knowledge remains up to date.
- The Trustee Directors receive "on-the-job" training. This means that as new topics arise their professional advisers attending the Trustee meetings will provide wider briefing notes and topical digests, as well as training during the meeting so that the Trustee Directors may engage on such topics in an informed manner.
- An induction process is in place for newly appointed Trustee Directors.
- The Trustee has assessed the Defined Contribution Section against the standards set out in the code of practice for trustees of pension schemes providing money purchase benefits (the DC code) and related guides and have completed any associated actions to ensure we can demonstrate that we are offering a quality scheme.
- An Independent Trustee who is an experienced pensions professional chairs the Trustee Board.
- An annual evaluation of the performance and effectiveness of the Trustee Board as a whole has been measured against the objectives of the Fund's business plan.

Relevant advisers are in attendance at meetings and in frequent contact with the Trustee Board to provide information on topics under discussion, either specific to the Fund or in respect of pension or trust law.

As a result of the training activities which have been completed by the Trustee Board individually and collectively and taking into account the professional advice available to the Trustee, I am confident that the combined knowledge and understanding of the Trustee enables us to properly exercise our functions as Trustee Directors.

Defined Benefit Section - AVC arrangements

Our historic AVC arrangements associated with the Defined Benefit Section (which are closed to new AVC payers / further contributions) are provided by Utmost Life. There was also an AVC arrangement with Standard Life Ireland but this has now been closed.

Members with Utmost Life funds are invested in unit-linked funds with annual charges between 0.5% and 0.75% per annum.

Assessing value for members

As part of our assessment of the charges and transaction costs, the Trustee is required to consider the extent to which the member-borne costs and charges within the Defined Contribution Section represent good value for members when this is compared to other options available in the market.

This section sets out the approach that the Trustee has taken, the conclusions we have reached and an explanation of how and why we have reached those conclusions.

Categorising costs/charges and how these impact on our assessment

There is no legal definition of 'good value' and so the process of determining good value for members is a subjective one. We note that value for members does not necessarily mean the lowest fee.

In line with our legal duties and guidance issued by The Pensions Regulator, our first step has been to identify the services that members directly pay for, either through costs that only members pay, or costs that are shared with the Company.

The costs that are paid by members are fund management charges and transaction costs for the investment funds used within the Fund.

For all other costs and charges, the Company bears the full cost. This covers such areas as:

- wider investment support and governance (e.g. the costs of regularly reviewing and updating funds available to members, etc);
- administration of the Defined Contribution Section (e.g. the costs of updating and maintaining member records, processing contributions and pension payments, dealing with member queries, producing annual financial statements, etc);
- member communications (e.g. the costs of producing and issuing member booklets, annual benefit statements, etc); and
- the management and governance of the Defined Contribution Section (e.g. the expenses of the Trustee, the costs of legal/actuarial advisers and annual audit, etc).

The Trustee has undertaken an analysis that covers the 'value for members' (i.e. arising from the benefits that members receive from the charges and transaction costs that they directly pay). This assessment is required by legislation and is mainly limited to the performance and volatility of investment returns versus the charges members pay for holding those funds.

The analysis has then been extended to assess the overall 'value for money' offered to members of the Defined Contribution Section, with the aim of capturing not only the value from member-borne costs but also the broader elements of value that members receive from the employer-financed costs, as well as wider factors such as the employer contribution rates.

Overall approach and conclusion

Assisted by our advisers and in line with The Pensions Regulator's guidance, we have taken the following approach:

1. We have collated information on services that members receive and the total costs that members pay, including transaction costs (where available);
2. We have assessed the scope and quality of the services that members receive;
3. We have compared the value members receive from the services against the cost of those services; and
4. We have reflected on our key findings and suggested courses of action to maintain areas of good value and improve areas where value could be better.

Overall, the above approach ensures that we are comparing the level of charges in each fund with the levels of return they have delivered to members, as well as comparing the costs of membership (i.e. the charges) against the benefits of membership (i.e. the services provided by the Defined Contribution Section).

In attempting to compare these against other options available in the market, the Trustee has found that there are limited industry-wide benchmarks for each service area and so the Trustee has relied on the market knowledge of its advisers.

Based on our assessment, we conclude that the Defined Contribution Section offered good 'value for members' and good 'value for money' over the year to 30 September 2023.

There are areas where overall 'value for money' can be maintained or improved for members and the Trustee plans to perform further investigations into these areas, taking action in some, over the year to 30 September 2024 and further details are included later in this section.

Preparation for the assessment

The Trustee received support from advisers around how to undertake the assessment and also considered the statutory guidance.

The Trustee used a scoring system for the assessment and individual elements of service were given scores by considering the scope and quality of the services under those areas. A weighted score ranging from 0% to 100% was produced and the Trustee agreed that any score between 50% to 75% represented satisfactory value and a score of 75% or over represented good value. The Trustee agreed that scores would be compared from year to year with a view to measuring and monitoring changes in 'value for money'.

Process followed for the assessment, including key factors considered

The Trustee then considered the services provided by the Fund in the areas where costs are borne (whether by members or by the employer), such as investment, communications, scheme management and governance, and administration. The scores for these areas were assessed by considering the scope and quality of the services in each area.

We assessed the historic return and volatility of the default fund versus benchmark, and the charges and transaction costs and reviewed the larger set of services paid for by members and the Company, including (but not limited to) the following:

Area	Examples
Investments / charges	The quality / governance of the default fund and alternative choices, the historic return and volatility of the default fund, charges and transaction costs versus benchmark, etc
Communications / member support	Whether bespoke / tailored or event-driven communications are used, at-retirement communications / guides / modellers / support, access to pension freedoms, etc

Area	Examples
Scheme management and governance	Understanding of membership characteristics / attitudes / needs, compliance with The Pensions Regulator's Codes of Practice, Trustee Knowledge and Understanding practices, use of expert advisers, etc
Administration / online services	Online fund values / switching, use of service level agreements, core administration team / helpline, etc
Employer contribution to member funds	The generosity of the employer contributions over and above the automatic enrolment minimum

While all of the factors above contribute to whether the Fund is well run, the Trustee believes that two of the biggest factors that can influence retirement outcomes are the level of contributions paid into the Fund and the level of investment performance net of fees.

As a result, 40% of the overall 'value for money' score is allocated to the benefits members received including the level of contributions; 40% of the score is allocated to investments and 20% to the competitiveness of fees and transaction costs.

Explanation of the results of the assessment

Our conclusion that the Defined Contribution Section offers good 'value for members/money' over the year to 30 September 2023 is based on aspects such as:

- The default investment strategy broadly matched the benchmark over the year to 30 September 2023.
- The default investment strategy has a maximum annual charge of 0.23%, which compares favourably to average charges for default funds within trust-based defined contribution pension schemes.
- The contribution structure is generous compared to the automatic enrolment minimum.
- The default investment strategy was designed with reference to the membership profile of the Defined Contribution Section and its performance is reviewed on a regular basis.
- Members are able to receive a wide range of administration / online services (e.g. a dedicated helpline manned by a ring-fenced administration team, etc), which compares well to other options in the market and is paid for by the Company.
- A member survey was carried out during the period covered by this statement in order to obtain members' views to support future communications and decision making;
- Members receive communications that aid member decision-making (including section-specific member booklets, a bespoke annual benefit statement, etc), and
- The Trustee meets around four times a year, discussing DC-related matters at each meeting, with a Trustee training plan in place and ad-hoc training received before major decisions, as well as clear contracts with external advisers, whose fees are reviewed regularly and benchmarked against the market.

It is not as easy to assess value for money for those members of the Defined Benefit Section with AVC funds. However, the ability for members to take their AVC fund as tax-free cash within their overall pension commencement lump sum, is likely to be valued by members.

Follow-on actions and investigations

The Trustee's focus is on maintaining the value for money and identifying if further improvements can be made. Over the year to 30 September 2024, the Trustee plans to do the following:

- Finalise the review of the DC investment funds and default fund to ensure these continue to be appropriate for members;
- Review the flexibility and support available for members at retirement;
- Continue and develop the existing drive to communicate with members electronically, where possible, to deliver pension communications more swiftly and efficiently; and
- Share this analysis with the Company to obtain their views.