

**CHAIR'S ANNUAL STATEMENT**  
**MONTAGUE L MEYER PENSION FUND**  
for the year ended 30 April 2023

Governance requirements apply to Defined Contribution ("DC") pension arrangements, to help members achieve a good outcome from their pension savings. The Trustee is pleased to provide this Statement which gives you information about the governance of the Defined Contribution ("DC") section of the Montague L Meyer Pension Fund ("the Scheme") and explains how the governance requirements have been met in relation to:

- The investment options in which members' funds are invested (this means the "default arrangement" and other funds members can select or have assets in, such as self-select or "legacy" funds);
- The requirements for processing financial transaction;
- The net investment returns of the members' funds;
- The charges and transaction costs borne by members;
- An illustration of the cumulative effect of these costs and charges;
- A 'value for members' assessment; and
- Trustee knowledge and understanding.

This statement covers the period from 1 May 2022 to 30 April 2023. ZEDRA Governance Limited ("ZEDRA"), an organisation which provides independent professional trustee services, is the Trustee of the Scheme. A key role for ZEDRA is to manage the Scheme's investments in the best interests of the members.

This Statement has been prepared to comply with the requirements of the law and the guidance published by the Pensions Regulator.

## Investment

ZEDRA is also responsible for the Scheme's investment governance, which includes setting and monitoring the investment strategy for the Scheme's default arrangements. ZEDRA documents its approach to investment within its Statement of Investment Principles ("SIP"). A copy of the latest SIP dated 19 November 2019 that includes the addendum dated 22 September 2020 that details the objectives and the Trustee policies regarding the default arrangement is attached to this Chair's Statement and can be found at <https://meyertimber.com/pensions-regulations>.

The following funds, all managed by Legal & General ("L&G"), are available to members of the Scheme and are used in the default strategy and alternative investment strategies.

1. Legal & General Investment Management Global Equity Fixed Weights (50:50) Index Fund
2. Legal & General Investment Management AAA-AA-A Corporate Bond – All Stocks – Index Fund
3. Legal & General Investment Management Cash Fund
4. Legal & General Investment Management Global Equity (70:30) Index Fund
5. Legal & General Investment Management Over 15 Year Gilts Index Fund

6. Legal & General Investment Management UK Equity Index Fund
7. Legal & General Investment Management Over 5 Year Index Linked Gilts Index Fund
8. Legal & General Investment Management Diversified Growth Fund

In addition, there are nine members with Additional Voluntary Contributions ("AVCs") with Prudential and Utmost (formerly Equitable Life members) which are invested in the following funds:

1. Prudential Deposit Fund
2. Utmost Multi-Asset Cautious Fund
3. Utmost Multi-Asset Moderate Fund
4. Utmost Multi-Asset Growth Fund
5. Utmost Managed Fund
6. Utmost Property Fund

The Scheme is not used as a Qualifying Scheme for auto-enrolment.

### Default strategy

The Trustee completed a review of the default strategy for the Scheme in January 2019 and made an amendment to the default strategy which was communicated to members in April 2019. The default strategy was reviewed in November 2022, and it was concluded that it remained suitable for the needs of the membership and no changes were made to the default strategy as a result of this review.

The default strategy is described in the SIP as Option G – Target Cash at Retirement. Historically, Option A and Option D have both been used as the default strategy.

Upon adopting Option G, any members who had actively selected their current investment strategy plus any members within 5 years of their Normal Retirement Age were not automatically transferred into the new default strategy. Before the switch occurred, all members were given the option to adopt an alternative investment strategy and to confirm the age that they intend to retire. If a member is invested in the default strategy, their pension account will be invested as follows:

- Up to 10 years before a member's selected retirement age - 75% in the Global Equity (50:50) Index Fund and 25% in the L&G Diversified Growth Fund.
- From 10 years before a member's selected retirement age - Investments are gradually switched so that by the selected retirement age the member's pension account is invested 100% in the Cash Fund.

The objective of the default strategy is to "cater for the needs of an individual who wishes to take the entirety of their fund as cash at retirement".

### Investment options

Over the course of the year, members were able to choose one of the five options detailed below. Each of the funds referred to is managed by Legal & General Investment Management ("LGIM"):

#### **Option A – 10 Year Lifestyling**

The pension account will be invested 75% in the Global Equity (50:50) Index Fund and 25% in the Corporate Bonds Fund until 10 years before a member's selected retirement age.

In the 10 years before retirement, investments are gradually switched so that by the selected retirement age the pension account is invested 25% in the Cash Fund and 75% in the Corporate Bonds Fund.

#### **Option B – 5 Year Lifestyling**

The pension account will be invested 100% in the Global Equity (50:50) Index Fund until 5 years before a member's selected retirement age. In the 5 years before retirement, investments are gradually switched so that by the selected retirement age the pension account is invested 25% in the Cash Fund and 75% in the Corporate Bonds Fund.

#### **Option C – Self Select Option**

A member can choose his / her own asset allocation from the following funds:

- Global Equity Fund (50:50)
- Corporate Bonds Fund
- Cash Fund
- Global Equity Fund (70:30)
- Over 15 Year Gilts Fund
- UK Equity Index Fund
- Over 5-Year Index-Linked Gilt Fund
- Diversified Fund

#### **Option D – 15 Year Lifestyling**

The pension account will be invested 100% in the Global Equity (70:30) Index Fund until 15 years before a member's selected retirement age. In the 15 years before retirement, investments are gradually switched so that by the selected retirement age the pension account is invested 25% in the Cash Fund and 75% in the Over 15 Year Gilts Index Fund.

#### **Option G – Target Cash at Retirement**

The pension account will be invested 75% in the Global Equity (50:50) Index Fund and 25% in the Legal & General Diversified Growth Fund until 10 years before a member's selected retirement age. In the 10 years before retirement investments are gradually switched so that by the selected retirement age the pension account is invested 100% in the Cash Fund.

### Review of investment strategy

No changes have been made to the Default Strategy during this Scheme year. In August 2020 the Trustees considered the Statement of Investment Principles and made some amendments to document their policies on Environmental, Social and Governance factors and on stewardship. The changes to the SIP are to give effect to the requirements of Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 as amended with effect from 1 October 2020.

Advice was taken on the DC SIP on 14 September 2020. In carrying out this review, the Trustee took advice from Broadstone Pensions Limited and consulted the Scheme employer. The DC SIP is currently in the process of being reviewed as part of its triennial review and an

update where any changes are made will be provided in next year's DC Chairs Statement. However, it is not expected that any major changes will be made as a result of this review.

A review of the DC Lifestyle Strategy was undertaken by Broadstone Pensions Limited in November 2022. The conclusions were as follows:

- We are satisfied that the roster of available funds to members are performing in line with objectives (or target returns) and the fund charges are competitive versus peer products.
- Based on the preferences of the membership profile of the Scheme, we believe that it is appropriate that the default strategy for members continues to target cash at retirement.
- Further consideration was given to adding an additional lifestyle strategy that targets the drawdown of retirement income at retirement. On consultation with the Scheme sponsor, and taking into account that no members have ever requested such a strategy, it was decided against adding an additional strategy.

### Review of investment performance

Over the year, the Trustee has reviewed the performance of all of the available funds on a six monthly basis. The Trustee has done this by assessing the performance of the funds against their agreed benchmark.

The Trustee can confirm that the funds have performed broadly in line with their benchmarks<sup>1</sup> over a range of time periods and, as a result, the Trustee is comfortable that each fund has met its objective. The Trustee also considered the overall objective for the lifestyle strategies and the retirement choice they are designed to support. The Trustee took advice on the lifestyle strategy objectives as part of the investment strategy review in 2022.

### Core Financial Transactions

The Trustee delegates the administration of the DC section of the Scheme to Broadstone Pensions Limited ("Broadstone"), a professional pensions administration provider. There is a contract in place between Broadstone and the Trustee, clearly setting out the services that they provide and the cost for these services. The Trustee has received assurance from Broadstone and has taken steps to try and ensure that there were adequate internal controls to ensure that core financial transactions relating to the Scheme were processed promptly and accurately during the Scheme Year. This includes the investment of contributions, processing of transfer in and out of the Scheme, transfers of assets between different investments within the Scheme, and payments to member/beneficiaries.

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<sup>1</sup> While the diversified growth fund did not meet the stated benchmark of the FTSE Developed World (50% GBP hedged) over all time periods, the investment objective of this fund is to provide long-term investment growth through exposure to a diversified range of asset classes (as opposed to just equities). The diversified nature of the fund means that its performance is expected to diverge from the benchmark, and for example may be expected to underperform the benchmark in benign or positive market conditions. For the year to 30 April 2022, equity markets performed positively, and the Trustee believes that the diversified growth fund performed broadly as expected in this environment.

The Trustee has agreed Service Level Agreements ("SLAs") for the work undertaken which covers the accuracy and timeliness of all core financial transactions, and performance against these SLAs are reported to the Trustee in administration reports. The SLAs are as follows:

<b>Admin process</b>	<b>Service Level Agreement</b>
Investment of employee contributions	Within five working days of receipt in bank
Death acknowledgement	Two working days
Return original certificates	Two working days
Retirement quotation	Ten working days of request or at least four months prior to normal retirement date as per DC Disclosure Regulations
DC retirement settlement	Two working days from receipt of disinvestment or in line with the next available payroll if payment is subject to PAYE
Transfer quotation	Ten working days
DC transfer out payment	Two working days from receipt of disinvestment

Throughout the Scheme year, the Trustee monitored the performance of Broadstone and continues to monitor the performance on an ongoing basis. It does this by receiving administration reports from Broadstone on a six monthly basis detailing the work undertaken and the timeliness of the delivery of these tasks.

Outside of the reporting period, the Trustee has regular dialogue with Broadstone on the running of the Scheme to ensure that no issues arise. Broadstone notifies the Trustee if there are any member issues. During the course of the Scheme year, Broadstone highlighted two (unrelated) occasions where Broadstone exceeded their SLA in respect of the transfer of member's assets from the Scheme that were later than the target date. The reason for the delay in both cases was due to human error and Broadstone have implemented a purpose built workflow system to mitigate this error occurring again in the future. While the internal SLA was missed in these two instances, in neither case was it a legislative breach.

Aside from the above, the Trustee is comfortable that all core financial transactions have been carried out promptly and accurately, including:

- *Investment of contributions* – contributions have been invested correctly on a monthly basis within the required timescales. These contributions were processed, on average, within two and a quarter working days.
- *Transfer of members' assets to and from the Scheme* – Transfers out of the Scheme were processed on average within four and two third working days
- *Switching between investments within the Scheme* – lifestyle switching takes place monthly over the Scheme Year. Switches take place monthly and are processed in line with the investment of contributions. The investment of contributions and switching between investments are processed on average, within two working days from when the contributions are received.
- *Payments out of the Scheme to members / beneficiaries* – There were five retirements, three of which were Stand-Alone Lump Sums processed on average within five and two third days and two of which were subject to PAYE in which case they are paid alongside the next available payroll. In addition, there were also two deaths in deferment and the lump sums were paid out within five days.

Over the year to 30 April 2023 the percentage of tasks completed within SLA was as follows:

- Number of cases completed within statutory timescales – 100%.
- Disclosure breaches – None.
- Individual cases completed within internal SLA – 91.36%.
- DC tasks completed within internal SLA – 97.92%

The administrator has adopted a number of processes to ensure core financial transactions are processed promptly and accurately:

- Processes and procedures are in place to ensure all work is done within any agreed SLA in place, or to Broadstone's internal service levels (generally, 10 working days for most events) where there is no SLA.
- Broadstone employs a purpose-built workflow management system to ensure that tasks are completed on time and that nothing gets missed.
- Broadstone is aware of the requirement to complete core financial transactions promptly and accurately and therefore these items are given higher priority than other events.
- Directors of Broadstone will, from time to time, ensure a sample of work is audited to ensure compliance with the SLA, internal standards and external legislative requirements. Broadstone's ISO9001 accreditation requires it to carry out monthly audits to ensure its quality controls are in place and correctly adhered to. The quality controls are also audited on an annual basis by an accredited, independent company.
- To ensure the work undertaken is accurate, the Trustee receives Broadstone's AAF01/06 report on an annual basis to check their controls have been operating effectively throughout the period.
- The administration report also contains reconciliations between the investment manager and the units held on the administration system.
- The administrator monitors the bank account on a daily basis.
- Two members of staff process the contributions each month.

The Trustee also reviews member complaints and any breaches to ensure service is being delivered in line with expectations. The Trustee has not received any member complaints and there have been no breaches during the Scheme year.

The Trustee has a close working relationship with the administrator and is able to escalate any issues to a senior member of staff to ensure that any issues arising are dealt with promptly if they were to arise.

## Net investment return on Funds

As part of the Chair's statement the Trustee is required to report on the net investment return achieved by the default funds and all other funds that the members are invested in. The net returns over the year to 31 March 2023 (this being the closest available to the year to 30 April 2023), and longer periods where available, was as set out below.

### Net Investment Returns of Scheme's Default Lifestyle Strategy

Fund	3 Month (%)	1 Year (%)	3 Year (% p.a.)	5 Year (% p.a.)	10 Year (% p.a.)
<b>Age 65</b>					
Current Default	0.9	2.5	2.8	2.2	4.0
<b>Age 55</b>					
Current Default	0.5	3.5	10.9	5.8	6.9
<b>Age 45</b>					
Current Default	0.5	3.5	10.9	5.8	6.9

### Net Investment Returns of Funds in the Current Arrangements

Fund	3 Month (%)	1 Year (%)	3 Year (% p.a.)	5 Year (% p.a.)	10 Year (% p.a.)
<b>Current Funds</b>					
LGIM Global Equity (70:30) Index Fund	1.2	4.8	13.0	6.0	7.4
<i>vs Composite benchmark*</i>	-0.1	-0.1	-0.1	-0.1	-0.1
LGIM Global Equity Fixed Weights (50:50) Index Fund	1.1	5.6	13.0	6.5	8.1
<i>vs Composite benchmark**</i>	-0.1	-0.2	-0.1	-0.1	-0.1
LGIM Over 15 Year Gilts Index Fund	-4.5	-28.6	-18.9	-0.67	-0.1
<i>vs FTSE Actuaries UK Conventional Gilts Over 15 Years Index</i>	0.0	-0.1	-0.1	-0.1	0.1

Source: LGIM.

\*Composite of 70% in the UK FTSE All Share Index and 30% in the FTSE All-World (ex-UK) Index.

\*\*Composite of 50% in the FTSE All Share Index and 50% overseas. The fund's overseas asset distribution represents the FTSE World Equity Index series, and is fixed with 17.5% in North America, 17.5% in Europe (ex UK), 8.75% in Japan and 6.25% in Asia Pacific (ex-Japan).

<b>Fund</b>	<b>3 Month (%)</b>	<b>1 Year (%)</b>	<b>3 Year (% p.a.)</b>	<b>5 Year (% p.a.)</b>	<b>10 Year (% p.a.)</b>
LGIM AAA-AA-A Corporate Bond All Stocks Index Fund	-1.1	-8.1	-0.54	-1.2	1.3
<i>vs Markit iBoxx £ Non-Gilts (ex-BBB) Index</i>	<i>0.0</i>	<i>-0.2</i>	<i>-0.3</i>	<i>-0.1</i>	<i>-0.2</i>
LGIM Cash Fund	0.9	2.4	0.8	0.7	0.5
<i>vs SONIA</i>	<i>0.0</i>	<i>-0.1</i>	<i>-0.1</i>	<i>-0.1</i>	<i>0.0</i>
LGIM Diversified Fund	-1.3	-0.31	5.0	3.6	3.3
<i>vs FTSE Developed World Index – 50% GBP Hedged</i>	<i>-2.8</i>	<i>-6.1</i>	<i>-8.4</i>	<i>-5.6</i>	<i>-5.3</i>
LGIM Over 5-year Index-Linked Gilts Index Fund	-3.7	-28.6	-12.3	-4.6	0.9
<i>vs FTSE Actuaries UK Index-Linked Gilts Over 5 Years Index</i>	<i>0.0</i>	<i>-0.1</i>	<i>-0.1</i>	<i>-0.1</i>	<i>-0.1</i>
LGIM UK Equity Index Fund	2.0	6.0	13.	4.4	4.8
<i>vs FTSE All-Share Index</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
Utmost Multi-Asset Growth Fund	0.9	-1.1	7.9	n/a	n/a
<i>vs PN Flexible Investment</i>	<i>1.7</i>	<i>2.8</i>	<i>4.9</i>	<i>n/a</i>	<i>n/a</i>
Utmost Multi-Asset Moderate Fund	0.6	-2.4	5.3	n/a	n/a
<i>vs PN Mixed Investment 40-85% Shares</i>	<i>1.0</i>	<i>-0.2</i>	<i>0.3</i>	<i>n/a</i>	<i>n/a</i>
Utmost Multi-Asset Cautious Fund	-0.3	-5.2	0.0	n/a	n/a
<i>vs PN Mixed Investment 0-35% Shares</i>	<i>-0.3</i>	<i>-5.2</i>	<i>0.0</i>	<i>n/a</i>	<i>n/a</i>
Utmost Managed Fund	0.7	0.7	6.9	0.4	5.4
<i>vs PN Mixed Investment 40-85% Shares</i>	<i>1.2</i>	<i>2.8</i>	<i>1.9</i>	<i>-0.2</i>	<i>0.4</i>
Utmost Property Fund	1.8	-12.2	-3.5	-2.1	1.4
<i>vs PN UK Direct Property</i>	<i>0.7</i>	<i>0.3</i>	<i>-4.8</i>	<i>-2.1</i>	<i>-2.4</i>

Source: LGIM and Utmost. Performance for the Prudential Deposit Fund is not available.

## Charges and Transaction Costs

The Trustee is required to set out the on-going charges borne by members in this statement, which are annual fund management charges plus any additional fund expenses, such as custody costs but excluding transaction costs. This is also known as the total expense ratio ("TER"). The TER is paid by the members and is reflected in the unit price of the fund. The Scheme meets the Trustee, investment advice, administration and audit costs. LGIM have provided details of the annual fund management charges and we are not aware of any custody costs involving the funds this year. The employer pays a fixed contribution to the Scheme which is set at a level that is expected to cover these expenses. The contribution rate is detailed in the schedule of the contributions agreed on 22 June 2023.

### L&G Funds

The charges consist of a flat per annum scheme charge plus an ad-valorem charge. There is no flat charge for this sub-section of the Scheme. The ad valorem charges are normally



reflected in the unit price and are based on the average value of the Scheme's holding. There are eight available funds and the ad valorem charges and assumed transaction costs (reflecting the actual average transaction costs incurred over the reporting period as advised by LGIM) are as follows:

<b>Fund</b>	<b>Annual Management Charge</b>	<b>Transaction Costs</b>	<b>Total Expense Ratio (%)</b>
CP- Global Equity Fixed Weights (50:50) Index Fund	0.17%	0.046%	0.22%
EG - AAA-AA-A Corporate Bond – All Stocks – Index Fund	0.15%	-0.028%	0.22%
H- Cash *	0.13%	0.042%	0.13%
AK - Global Equity (70:30) Index Fund *	0.16%	0.042%	0.17%
AM - Over 15 Year Gilts Index Fund	0.10%	0.189%	0.10%
AS – UK Equity Index Fund	0.10%	0.0.03%	0.18%
All Stocks Index Linked Gilts Index Fund	0.15%	0.00%	0.15%
MAAB – Diversified Growth Fund *	0.30%	-0.002%	0.36%

\* used in default arrangement.

The default arrangement is made up of the Global Equity (50:50) Fund, the Diversified Growth Fund and the Cash Fund. As the proportion of a member's pension account in each of these funds will change depending on a member's age, the level of overall charges will also change based on a member's age. For example, the charges will range from 0.25% up to age 55 and 0.13% at age 65.

We have also been provided with details of the transaction costs of any trading undertaken by the Trustee such as investing contributions and investment switches.

Transaction costs arise as a result of buying and selling the funds' underlying investments in order to achieve their investment objective or to raise or invest cash. Transaction costs are comprised of both explicit and implicit components and include payments such as stockbroker commissions, custodian fees, and transaction taxes such as stamp duty.

LGIM's approach is to sweep up all elements of transaction costs into a "single swinging price" mechanism, which is set by the net flow of assets into the individual fund. If there is a net inflow, the price of units in a fund will be based on the offer price – if there is a net outflow, the price will be based on the bid price. All deals, whether sales or purchases of a particular fund, will be carried out at this single price on that day. The size of the swing (the spread) reflects the level of transaction costs due to activity within the fund. This approach means that the level of transaction costs cannot be predicted with certainty in advance.

The information collected to date from LGIM relates to the monetary amount of transaction costs incurred over the Scheme year to 30 April 2023:

Type	Costs
Disinvestments	(£49.17)
Investments	£21.45
Switches In	£585.78
Switches Out	£59.77
<b>TOTAL</b>	<b>£617.83</b>

### Prudential Additional Voluntary Contribution (“AVC”) Funds

There are two members in the Scheme who currently hold AVCs (c£12,000) with Prudential. All members in the Scheme are invested in the Deposit Fund which has no explicit charges as it is a closed fund and tracks the Bank of England base inflation rate. Prudential did not provide information on charges and transactions for the Deposit Fund.

Fund	Annual Management Charge
Deposit Fund (AVC)	0.00%

### Utmost AVC Funds

There are seven members in the Scheme who hold AVCs (c£17,000) with Utmost. All members are invested in the Secure Cash Fund. Two members are also invested in the Managed Fund, Multi-Asset Growth Fund and the Property Fund.

Fund	Annual Management Charge	Transaction Charges	Total Expense Ratio
Multi-Asset Cautious Fund (AVC)	0.75%	0.36%	0.75%
Multi-Asset Moderate Fund (AVC)	0.75%	0.32%	0.75%
Multi-Asset Growth Fund (AVC)	0.75%	0.26%	0.75%
Managed Fund (AVC)	0.75%	0.11%	0.75%
Property Fund (AVC)	1.00%	0.16%	1.37%

The total assets held in the DC section was £8,153,773 (as at 30 April 2023).

Transaction costs incurred on these funds – £198.40.

The Trustee is comfortable it has received the information required at this time.

The Trustee is required to provide members with information on the effect of costs and charges on their pension pot. This information is publicly available on the following websites <https://meyertimber.com/pensions-regulations> and members are directed towards this information in their annual benefit statements.

The Trustee has illustrated the cumulative effect of charges over time on a pot size of £50,000 for the four lifestyle strategies that the majority of members are invested in. The Trustee has complied with the statutory guidance in producing these examples, shown below.

### Projected Pension Pot in Today's Money

#### Lifestyle Option

Option A Years	Option A		Option B		Option D		Option G - Default	
	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
1	51,009	50,936	51,102	51,028	50,251	50,197	50,254	50,189
3	53,513	53,278	54,464	54,219	51,254	51,083	51,505	51,295
5	56,736	56,317	59,621	59,162	52,961	52,657	53,816	53,431
10	68,776	67,735	77,428	76,201	60,834	60,084	65,338	64,290
15	86,230	84,242	100,553	98,146	75,773	74,275	84,362	82,187
20	108,113	104,771	130,586	126,411	98,404	95,690	108,925	105,066
25	135,549	130,304	169,588	162,817	127,795	123,279	140,640	134,314
30	169,948	162,059	220,239	209,707	165,963	158,822	181,589	171,705
35	213,077	201,553	286,018	270,101	215,532	204,612	234,460	219,504
40	267,151	250,671	371,444	347,889	279,905	263,605	302,726	280,610

#### Notes

1. The starting pot size is assumed to be £50,000
2. The projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
3. Inflation is assumed to be 2.5% each year.
4. It is assumed that no future contributions will be paid
5. Values shown are estimates and are not guaranteed
6. The projected growth rate for each fund is as follows:
  - Equities: 5.5% pa above inflation
  - Bonds: 2.5 pa above inflation
  - Cash: 0.3% pa above inflation
  - Gilts (+15yr): 0.4% pa above inflation
  - Gilts (+5yr Index Linked): 0.3% pa above inflation
  - DGF: 5% pa above inflation
7. The four investment options shown correspond to four of the arrangements available to members within the Scheme. Almost all members choose to be in one of these four arrangements. Within each arrangement, there is a growth phase and a target investment strategy at retirement, with investments moved from one phase to the other gradually over a

period of years prior to retirement. The table below summarises the funds used in each strategy and the period over which the phasing occurs:

<b>Investment strategy</b>	<b>Option A</b>	<b>Option B</b>	<b>Option D</b>	<b>Option G – Default</b>
Growth Phase	75% Global Equity (50:50) Index Fund  25% Corporate Bonds Fund	100% Global Equity (50:50) Index Fund	100% Global Equity (70:30) Index Fund	75% Global Equity (50:50) Index Fund  25% Diversified Growth Fund
At retirement	75% Corporate Bonds Fund  25% Cash	75% Corporate Bonds Fund  25% Cash	75% Gilts Fund  25% Cash	100% Cash Fund
Lifestyling period	10 years	5 years	15 years	10 years

## Value for Money Assessment

The Trustee has undertaken a value for money assessment, in line with the framework set out by the DWP with supporting guidance from the Pensions Regulator, during the year as part of preparing this DC Chairs Statement by comparing the charges paid by the members against the benefits provided by the Scheme. The Trustee recognises that low cost doesn't necessarily mean good value. The Trustee commissioned Broadstone to undertake a value for members assessment by looking at the benefits provided from the Scheme including administration, investments, communications and support at retirement. The level of service in these areas has been compared against the charges taken from members' pension accounts.

Criteria	Comments	Concerns	Actions
Investments	<p>The members have a range of different investment options available to them.</p> <p>The fund choices are limited to 8 funds – 7 of which are index linked and one diversified growth fund.</p> <p>The default strategy currently targets members taking 100% cash at retirement. There are other lifestyle investment options available to members who wish to target alternative benefits.</p> <p>Advice was taken on the suitability of the default strategy in November 2022. In addition Self-select options and the performance of funds is reviewed biannually.</p> <p>If there are any concerns with fund performance then action is taken with Broadstone to review this.</p>	<p>Despite there being additional options available, members have not taken these up. The Trustee has written to members to inform them of the investment choices in the past and that these should be aligned with their preferred retirement options.</p>	<p>The Trustee will continue to monitor the suitability of the default.</p> <p>The Trustee has considered adding a lifestyle strategy that targets the drawdown of retirement income but has determined that the current arrangement is sufficient.</p>
Communications	<p>Members receive statutory money purchase illustration statements on an annual basis.</p> <p>The Trustee issues separate communications when required.</p>	<p>Limited engagement from the membership.</p> <p>There are no online tools or modellers available to members. Members can use L&amp;G's modelling tools if required.</p>	<p>Consider communication plan to try to engage membership.</p>
Administration	<p>Broadstone provides a high quality administration service and the Trustee reviews the SLAs on a biannual basis at Trustee meetings.</p> <p>Phone support is provided to members if they require it.</p>	<p>None</p>	

Criteria	Comments	Concerns	Actions
Retirement options	Members are able to purchase an annuity or take full cash commutation with the Scheme.  If flexible drawdown is required then members need to transfer away from Scheme. The Trustee has decided that, due to size of membership, offering flexible drawdown within the Scheme is not a viable option.	None	
Governance and scheme management	Sole professional trustee oversees Scheme alongside support from Broadstone, the Scheme's lawyers and auditors.  Governance framework in place to ensure compliance with regulations and legislation.  Employer inputs into strategy when required.	None	
<b>Costs</b>			
Annual management charge	Low charges for investment costs.  Members do not pay their own administration charge. This is met by the employer.	None	
Transaction costs	LGIM has provided details of transaction costs for the transactions carried out. These appear reasonable given the size of the assets.	None	

In addition, this year the Trustee, working with Broadstone, undertook a value for members assessment that included a review of the Scheme's charges and investment performance net of charges, against three established Master Trusts that have been through the authorisation process implemented by the Pensions Regulator. The three comparators used were Master Trusts that operate in the following markets:

Two are specialist auto enrolment providers that also focus on consolidating smaller pension schemes

The other is a technology led Master Trust.

The Trustee has concluded the following:

- \* The costs and charges paid by members in the current arrangements are cheaper versus the comparator arrangements. The total expense ratios of the funds used in the current default lifestyle strategy all fall below the 0.75% charging cap.
- \* The Default Lifestyle Strategy in the current arrangements has broadly investment returns above that of the comparators over all periods for those members aged 55 and 45 . Meanwhile a member aged 65 has seen lower investment returns over 3-year, 5-year and 10-year periods versus comparators (this is because the current default strategy in the Scheme is more conservative than the comparators' default arrangements in the final years before retirement due to a higher cash allocation versus the comparators).
- \* Following a review of the DC arrangements in 2022, and the preferences of the membership believes that it is appropriate that the default strategy for members continues to target cash at retirement.
- \* There is a suitably wide range of investment choices for members
- \* The current arrangements do provide value for members.

## Trustee Knowledge and Understanding

The sole Trustee of the Scheme is ZGL Governance Limited (formerly PTL Governance Ltd) ("ZEDRA"), a professional trustee organisation. All client directors of ZEDRA have a professional qualification appropriate to pension schemes and have completed the Pensions Regulator's e-learning toolkit. There were no changes to the Trustee over the year.

During the Scheme Year, Louisa Harrold was the Lead Trustee Director managing the Scheme supported by Kim Nash as the Second Client Director and Matt Riley as Scheme Secretary. Other members of the ZEDRA team who provide support and peer review functions. Both Louisa and Kim are qualified actuaries and so have an in depth understanding of the funding and investment issues related to the Scheme. In addition, Louisa and Kim are also subject to CPD requirements of the actuarial profession and met the CPD requirements. Both Louisa and Kim are accredited members of the Association for Professional Pension Trustees. This required completion of technical and soft skills exam along with references and CPD requirements. Louisa and Kim have undertaken regular training throughout the year including:

- How to improve value for members in DC schemes
- Mastertrust market and transition of single employer schemes to mastertrust
- Member communications, including pension scams
- Single code of practice and scheme governance matters
- GDPR
- ESG, impact investing and climate change matters

Louisa and Kim are both experienced DC professional trustees with significant experience of stand-alone DC Trusts, hybrid Trusts and Master Trusts.

Both Louisa and Kim are familiar with the issues relating to the Scheme and all governance records are held on ZEDRA's electronic document storage system and can be accessed at any time.

ZEDRA has a training program for all of its staff and is subject to independent audit on its controls and processes through the AAF02/07 reporting. All staff have completed the training program. As part of the AAF process, the Trustee is required to confirm that the current team has an appropriate level of knowledge and understanding to be able to represent ZEDRA as the Trustee of the Scheme. The annual review process within ZEDRA identifies training needs for each individual and has a requirement for a minimum of 25 hours Continuing Professional Development ("CPD") to be completed each year. All staff met the CPD requirement and no gaps in knowledge were identified during the Scheme Year. As ZEDRA are a sole Trustee for this Scheme, each Lead Director has the support of a Second Client Director with material decisions being taken by both the Lead and Second Client Director and calls take place on a six-monthly basis to provide a peer review to the work undertaken and challenge the Lead Director running the matter. All key decisions are subject to peer review by the Second Client Director or another Client Director. All client facing staff have completed the TPR Trustee Toolkit. Both Louisa and Kim have reviewed the Trustee Toolkit during the Scheme year to ensure completion which was achieved. Louisa and Kim also each hold the Pensions Management Institute (PMI) Certificate in Trusteeship (Defined Contribution and Defined Benefit Schemes) and Kim additionally holds the PMI Certificate in DC Governance. In addition, both Louisa and Kim have received accreditation from the Association of Professional Pension Trustees.

The Trustee is conversant with, and has demonstrated a working knowledge of the trust deed and rules and all documents setting out the Trustee's policies by having access to the documents on its online directory and making decisions in line with the rules and policies. If there are any ambiguities over the interpretation of the rules, legal advice is sought from the Scheme's Lawyers, Squire Patton Boggs. The Trustee confirms that the current team has an appropriate level of knowledge and understanding and Scheme specific understanding to be able to represent ZEDRA as the Trustee of the Scheme.

The Trustee works for a broad range of clients and is familiar with the law relating to pensions and trusts. This can be demonstrated through the qualifications held by the Trustee and its continued involvement with many pension schemes. Regular training is undertaken on current regulatory change and policy requirements.

The Trustee is conversant with and has a working knowledge of, the current SIP which was last revised in September 2020 (and is currently in the process of being reviewed). The Trustee undertakes regular training on investment matters and is a regular commentator in the wider DC market. Training is undertaken on market outlook and responsible investing. The Trustee has sufficient knowledge of investment matters to be able to challenge its advisors.

ZEDRA operates a governance framework which includes policies on how the Trustee will deal with conflicts, manage risks, ensure key tasks are completed on time and deal with member complaints and queries. The Trustee reviews these documents on an annual basis to ensure they are still suitable and makes any changes as required. The Trustee also maintains Code of Practice 13 requirements checklist detailing how the Scheme complies with the requirements this is reviewed at least triennially.

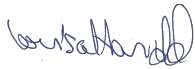
The Trustee with its knowledge and understanding of pension schemes, the issues faced and their governance framework, when working alongside its advisors is able to properly exercise its functions to act properly and effectively in members' best interests and deliver good member outcomes for the contributions made. At each meeting the Trustee reviews the



business plan and whether they have effectively delivered the requirements under the business plan.

This statement has been prepared in accordance with regulation 23 of The Occupational Pension Schemes (Scheme Administration) Regulations 1996 (inserted via The Occupational Pension Schemes (Charges and Governance) Regulations 2015, as amended by The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018).

Signed

A handwritten signature in blue ink, appearing to read 'Louisa Harrold', is positioned above the printed name.

Louisa Harrold  
on behalf of ZEDRA Governance Limited

Date: Nov 24, 2023  
Trustee of the Montague L Meyer Pension Fund

## **APPENDIX 1 – DC STATEMENT OF INVESTMENT PRINCIPLES**

**The Montague L Meyer Pension Fund –  
DC Section**

**Statement of Investment Principles**

**November 2019**

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## CONTENTS

Section	Page
1 Introduction	3
2 Division of Responsibilities	4
3 Investment Policies	5
4 Member Investment Options	8
5 Default arrangements	12
 <b>Appendices</b>	
A Investment advice confirmation letter	14

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## 1. INTRODUCTION

- 1.1 This document outlines the statement of investment principles ("SIP") that governs the investment policy of the Trustee in relation to the defined contribution section of The Montague L Meyer Pension Fund ("the Scheme"). The Scheme also has a defined benefit section, and a separate Statement of Investment Principles exists for that section.
- 1.2 This document has been prepared in order to comply with the requirements of the Legislation, in particular:
- Section 35 of the Pensions Act 1995
  - The Occupational Pension Schemes (Investment) Regulations 2005.
  - The Occupational Pension Schemes (Investment) (Amendment) Regulations 2010.
  - The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018
- 1.3 Sections 1-4 of this Statement of Investment Principles apply to both the Scheme as a whole and to the default investment strategy for the Scheme. Additional features of the default strategy in isolation are described in Section 5 of this document.
- 1.4 In preparing this Statement the Trustee has taken appropriate written advice from Andrew Allsopp FIA, of Quattro Pensions, an Exempt Professional Firm authorised and Regulated by the Institute and Faculty of Actuaries in respect of a range of regulated investment business. The Trustee has also consulted with the sponsoring employer. The advice and consultation process considered the suitability of the Trustee's investment policy for the Scheme.
- 1.5 The Scheme is a Registered Pension Scheme for the purposes of the Finance Act 2004. There is no employer-related investment, and none is intended. The employer intends to remit all relevant contributions to the Trustee within the relevant timescales.
- 1.6 The Trustee will set general investment policy but will delegate responsibility for the selection of specific investments to an appointed investment manager or managers, which may include an insurance company or companies. The Trustee will ensure that any person to whom such responsibility is delegated is authorised under the Financial Services and Markets Act 2000. A copy of this Statement will be provided to the investment manager appointed.
- 1.7 The Trustee will review this document every three years, or sooner if the Trustee considers a review is necessary for other reasons. A copy of this Statement is available for inspection by Scheme members.

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## **2. DIVISION OF RESPONSIBILITIES**

2.1 The Trustee's responsibilities include, but are not limited to the following tasks:

- Reviewing the content of this document and amending if necessary, in consultation with the employer and taking advice from appropriately qualified individuals.
- Reviewing the investment policy from time to time.
- Appointment of investment managers.
- Assessing the quality of performance of investment managers.
- Ensuring the compliance of the investment arrangements with the principles outlined in this document.

2.2 The Investment Managers' responsibilities include:

- To use their discretion to invest the assets of the Scheme as they deem appropriate, but always within the guidelines contained in this document and in accordance with fund choices made by members.
- To provide the Trustee with regular statements describing the investment performance of funds under their management, as well as comparable figures from benchmark indices.

2.3 The Scheme Administrator's responsibilities include:

- Advising the Trustee of the cash required to meet benefit payments as and when they fall due.
- Payment of benefits and transfer values.
- Communication of investment options to members.
- Ensuring that life-styling occurs in line with the option selected by the member.
- Ensuring that members' selected investment options are implemented.
- ensuring that contributions are invested properly and promptly.
- ensuring that switches are actioned promptly.

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### **3. INVESTMENT POLICIES**

#### **Objectives**

3.1 The Trustee's investment objectives are as follows:

- To provide a range of funds which broadly satisfies the differing risk profiles of all members.
- To provide a suitable default investment option for members who do not select their own funds, designed to be appropriate for what the Trustees believe to be a typical scheme member.
- To operate a range of life-styling options to cater for members' different needs and timescales.

3.2 Additional objectives apply to the default arrangement specifically, as described in Section 5.

3.3 The Trustee has delegated to the investment managers the discretion over the day to day management of their funds, including short-term asset allocation and stock selection within each fund.

#### **Risk identification and mitigation**

3.4 The Trustee recognises that, in a defined contribution arrangement, members assume the investment risks. The Trustee further recognises that members are exposed to different types of risk at different stages of their working lifetimes. The Trustee will therefore choose a range of investment funds and provide a range of investment options to cater for the different risk tolerance of different members. Investment risks include:

- Inflation risk – the risk that investments do not provide a return at least in line with inflation, so that the purchasing power of the ultimate fund available to provide benefits is not maintained at retirement.
- Opportunity cost risk - the cost of investing too conservatively for long-term growth.
- Capital risk – the risk that the monetary value of a member's account falls.
- Pension conversion risk – the risk that the value of a member's account does not reflect the change in the cost of purchasing an annuity at retirement where members wish to secure pension in that way.
- Manager risk – the risk that the chosen investment manager underperforms its benchmark.

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## **Suitability**

- 3.5 The Trustee has taken advice from Quattro Pensions in relation to the suitability of the investment policy given the liability profile of the Scheme.

## **Liquidity**

- 3.6 The Trustee will monitor the cash flow requirements of the Scheme regularly. The Trustee's policy is to ensure that the assets invested are sufficiently realisable to enable the Trustee to meet their obligations to provide benefits as they fall due.

## **Custody Risk (actions by the custodian)**

- 3.7 Investment in pooled funds gives the Trustee a right to the cash value of the units rather than to the underlying assets. The managers of the pooled fund are responsible for the appointment and monitoring of the custodian of the fund's assets.

## **Financially material considerations (including ESG)**

- 3.8 The Trustee believes that good stewardship and environmental, social and governance ("ESG") issues may have a material financial impact on investment returns.
- 3.9 The Trustee has given each individual fund manager their full discretion when evaluating ESG issues and in exercising rights, engagement activities<sup>1</sup>, and stewardship obligations attached to the Scheme's investments. However, the extent to which these factors are taken into account by the fund managers in the selection, retention and realisation of investments is considered by the Trustee as part of the process of selecting organisations with which to invest. The Trustee reserves the right to request from the manager information regarding their actions.
- 3.10 The Trustee has taken into consideration the Financial Reporting Council's UK Stewardship Code, and the investment managers all have stated corporate governance policies which comply with these principles.
- 3.11 The Trustee does not take any non-financial<sup>2</sup> matters into account in the selection, retention and realisation of investments.

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<sup>1</sup> Under the Legislation "Engagement activities" include the methods by which, and the circumstances under which, trustees would monitor and engage with relevant persons about relevant matters. "Relevant matters" includes (but is not limited to) matters concerning an issuer of debt or equity, including their performance, strategy, risks, social and environmental impact and corporate governance. "Relevant persons" includes (but is not limited to) an issuer of debt or equity, an investment manager or another holder of debt or equity.

<sup>2</sup> Under the Legislation, "non-financial matters" means the views of the members and beneficiaries including (but not limited to) their ethical views and their views in relation to social and environmental impact and present and future quality of life of the members and beneficiaries of the trust scheme



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## **Delegation of Voting Rights**

3.12 Similarly, the Scheme's voting rights are exercised by each fund manager in accordance with their own corporate governance policies, and taking account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code. The Trustee reserves the right to request from the manager information regarding their voting record.

## **Manager Monitoring**

3.13 The Trustee will assess the performance of the investment managers and review their appointments regularly, and at least once every three years. When reviewing the investment managers, the Trustee may consider the following:

- Performance relative to any relevant benchmark and objectives
- The management fees levied
- The alignment of the manager's strategy with the Trustee's policies
- The level of transaction costs incurred
- How financially material considerations are taken into account by the manager
- The manager's voting record
- Any other factors which the Trustee deem relevant

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## **4. MEMBER INVESTMENT OPTIONS**

4.1 Members can choose one of the five options detailed below. Each of the funds referred to is managed by Legal and General Investment Managers (L&G).

### **Option A – 10 Year Lifestyling**

The pension account will be invested 75% in the Global Equity (50:50) Index Fund and 25% in the Corporate Bonds Fund until age 55. In the 10 years before retirement investments are gradually switched so that by age 65 the pension account is invested 25% in the Cash fund and 75% in the Corporate Bonds Fund

### **Option B – 5 Year Lifestyling**

The pension account will be invested 100% in the Global Equity (50:50) Index Fund until age 60. In the 5 years before retirement investments are gradually switched so that by age 65 the pension account is invested 25% in the Cash fund and 75% in the Corporate Bonds Fund.

### **Option C – Self Select Option**

A member can choose his / her own asset allocation from the following funds:

- Global Equity Fund (50:50)
- Corporate Bonds Fund
- Cash Fund
- Global Equity Fund (70:30)
- Over 15 Year Gilts Fund
- UK Equity Index Fund
- Over 5-year index-linked gilt fund
- Diversified Fund

### **Option D – 15 Year Lifestyling**

The pension account will be invested 100% in the Global Equity (70:30) Index Fund until age 50. In the 15 years before retirement investments are gradually switched so that by age 65 the pension account is invested 25% in the Cash fund and 75% in the Over 15 Year Gilts Index Fund.

### **Option G – Target cash at retirement (Default)**

The pension account will be invested 75% in the Global Equity (50:50) Index Fund and 25% in the L&G Diversified Growth Fund until age 55. In the 10 years before retirement investments are gradually switched so that by age 65 the pension account is invested 100% in the Cash fund.

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4.2 The funds available within each of these options are as follows:

**L&G Global Equity 50:50**

The Fund provides access to the UK and overseas equity markets via index funds and aims to capture global equity market returns. It is invested 50% in UK equities, and 50% in overseas equities. The 50% invested in overseas equity markets is divided 17.5% in Europe (excluding UK), 17.5% in North America, 8.75% in Japan and 6.25% in the Pacific Basin region (excluding Japan). The Fund is likely to be of interest to members who are willing to take a higher degree of risk with their investments in pursuit of better performance, and have medium to long-term investment horizons.

**L&G Bonds AAA-AA-A**

The Fund aims to capture the returns available on high-quality corporate bonds, primarily sterling-denominated AAA, AA and A rated corporate bonds paying a fixed rate of interest. Bonds offer greater security than equities because their price tends to be less volatile. However, although bond prices are expected to be less volatile than equities their capital value is linked to interest rates and will fall when interest rates are rising and rise when interest rates fall. Corporate bonds also carry some additional investment risk due to the possibility of the issuer of the bond defaulting on the loan or other factors, such as higher than expected inflation eroding the value of the bond, corporate events and market perception. Generally, this type of investment would be considered medium risk, but reduced risk means a lower return and bond returns have historically been lower than equity returns over the long-term, although this is not necessarily always the case and there have been some time periods where bonds have outperformed equities.

**L&G Cash**

The Fund aims to deliver competitive rates of return by investing in cash deposits and other short-term investments. It is likely to be of specific interest to investors who want to provide for a cash sum on their pension date. Unlike equities the capital value is not affected by changes in stock market levels. The Cash Fund therefore provides protection against stock market falls but sacrifices the potential for long-term growth from equity type investments. Periods of high inflation can erode the value of the funds held.

**L&G Global Equity 70:30**

The Fund provides access to the UK and overseas equity markets via index funds, and aims to capture global equity market returns. It is broadly invested 70% in UK equities and 30% in overseas equities with the overseas regional weightings reflecting the way the average UK pension scheme invests. The Fund is likely to be of interest to members who are willing to take a higher degree of risk with their investments in pursuit of better performance, and have medium to long-term investment horizons.

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### **L&G 15 Year Gilts**

The Fund is invested wholly or predominantly in UK Government fixed interest securities. The objective of the Fund is to hold a portfolio of securities designed to match the return of the FTSE Actuaries UK Conventional Gilts (Over 15 Year) Index within a specified tolerance. Although gilt prices are expected to be less volatile than equities their capital value is linked to interest rates and will fall when interest rates are rising and rise when interest rates fall. Generally, this type of investment would be considered low risk, but reduced risk usually means a lower expected return and gilt returns have historically been lower than equity returns over the long-term, although this is not necessarily always the case and there have been some time periods where gilts have outperformed equities. Investors should also be aware of the risk that higher than expected inflation could erode the value of investing in a fixed interest product. Investing in this fund would offer some protection against changes in annuity prices as you approach your pension date, as annuity prices are generally linked to gilt prices.

### **L&G UK Equity Index Fund**

The Fund is invested wholly or predominantly in ordinary shares that are constituents of the FTSE All-Share Index. The objective of the Fund is to hold a portfolio of securities designed to match the return of the index within a specified tolerance. The Fund is likely to be of interest to members who are willing to take a higher degree of risk with their investments in pursuit of better performance, and have medium to long-term investment horizons.

### **L&G Over 5 Year Index Linked Gilts**

The Fund is invested wholly or predominantly in UK Government index-linked securities. The objective of the Fund is to hold a portfolio of securities designed to match the return of the FTSE Actuaries UK Gilts Index-Linked (Over 5 Year) Index within a specified tolerance. Although gilt prices are expected to be less volatile than equities their capital value is linked to interest rates and expectations of future inflation. Generally, this type of investment would be considered low risk, but reduced risk usually means a lower expected return and gilt returns have historically been lower than equity returns over the long-term, although this is not necessarily always the case and there have been some time periods where gilts have outperformed equities. Investing in this fund would offer some protection against changes in annuity prices as you approach your pension date, as annuity prices are generally linked to gilt prices. This fund would also provide protection against rising inflation.

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#### **L&G Diversified Growth Fund**

The Fund will hold between 20 - 50% in bonds, and the remaining 50-80% will be held in a range of assets which may include equities, property, commodities and shares of infrastructure, private equity and global real estate companies. Exposure to each asset class will primarily be through investing in passively managed funds, although active management may be used for some asset classes where LGIM believes there is an advantage in doing so. The investment objective of the Fund is to provide long-term investment growth through exposure to a diversified range of asset classes. The diversified nature of the Fund means that it is expected to have less exposure than a pure equity fund to adverse equity market conditions, and is therefore expected to have lower volatility than a pure equity fund. However, the Fund may perform less strongly than a pure equity fund in benign or positive market conditions.

4.3 The annual management charge of each of the funds above is as follows:

<b>Fund</b>	<b>Annual Management Charge</b>
Global Equity (50:50)	0.165%
Corporate Bonds	0.15%
Cash	0.125%
Global Equity (70:30)	0.16%
Over 15 Year Gilts	0.10%
UK Equity Index Fund	0.10%
Index linked Gilt Fund	0.10%
Diversified Growth Fund	0.30%

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## 5. DEFAULT ARRANGEMENTS

- 5.1 A member who does not choose their own investment strategy will have their money invested and managed in line with the Scheme's default investment strategy, referred to above as "Option G – Target cash at retirement". The objectives and policies described in Sections 1-4 above apply to the default strategy, except as amended or expanded on below.
- 5.2 Option G was adopted by the Trustee as the default investment strategy in 2019. Historically, Option A and Option D have both been used as the default strategy at different times. Upon adopting Option G only members who had not previously selected any of the existing options and did not elect to retain on their existing strategy were transferred to the new default strategy.
- 5.3 The specific objective of the default strategy is to cater for the needs of an individual who wishes to take the entirety of their fund as cash at retirement. In selecting this objective, the Trustee has considered the following factors:
- 5.3.1 The purpose of the Scheme since its inception has historically been to provide retirement income for its members. At the point in time at which Scheme members signed up to the Scheme the most commonly accepted way to provide retirement income from a defined contribution pension pot was to purchase an annuity.
  - 5.3.2 However, since new Legislation was introduced on 6 April 2005 allowing Scheme members the opportunity to receive all of their pension savings as cash, the majority of retiring members have taken the entirety of their fund as cash.
  - 5.3.3 The Trustee has therefore selected a default strategy which aims to maximise the cash available to members at retirement whilst using diversification and lifestyling to reduce the risks of poor investment returns.
  - 5.3.4 The Trustee has adequately catered for the needs of members who do not wish to take the entirety of their fund as cash at retirement, such as members who wish to purchase an annuity, by providing a range of alternative options, as described in Section 4 of this Statement.
- 5.4 The Scheme's Normal Retirement Age has always been age 65, and annual statements for members have always been issued showing a plan for retirement at age 65 (unless the member requests otherwise). Members have received clear and regular statements alerting them to the option to amend this plan, and therefore, where a member has not selected any different retirement age, the Trustee believes it is appropriate for the default strategy to plan for members to retire at age 65.
- 5.5 The Trustee believes that in order to achieve its objective the default investment strategy needs to target investment growth, to provide a good level of benefits, whilst managing volatility near to retirement.

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5.6 The Trustee's policy for achieving investment growth is that the default strategy will, for members more than 10 years from their assumed retirement age, be invested primarily (75%) in UK and global equities, with 25% invested in a diversified growth fund to provide some diversification to limit the risk of investment in equities.

5.7 To limit the volatility just before retirement the default strategy will automatically and gradually switch the investment strategy to 100% cash over the ten years prior to retirement.

5.8 The Trustee believes that the default strategy is in the best interests of the majority of members who, experience has shown, take the entirety of their pension fund as cash at retirement. The Trustee further believes that members who have different interests have sufficient alternative options available to them to satisfy any other such requirements. The Trustee will issue annual statements that make it clear how money is being managed on a member's behalf, with a clear statement of the alternative options available, so that the Trustee can reasonably expect that members who do not choose their own investment strategy must have their best interests fairly represented by the default.

This statement has been agreed by the Trustee on 25 November 2019.

Signed on behalf of the Trustee by

Name: Kim Nash

Signature:



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## **APPENDIX A**

23 August 2019

The Trustee of the Montague L Meyer Pension Fund  
c/o Kim Nash  
Director  
Pitmans Trustees Limited  
by email

Dear Kim

**The Montague L Meyer Pension Fund**  
**Defined contribution section (the “Scheme”)**

**Investment Strategy**

As required by Section 35 (5) of the Pensions Act 1995 I am pleased to provide you with written advice as to the suitability of the investment strategy you have in place with respect to the Scheme. The purpose of this letter is to consolidate the advice previously given by my firm and to act as a single point of reference for the Statement of Investment Principles (SIP).

I give this advice in my capacity as a representative of Quattro Pensions who are licensed by the Institute and Faculty of Actuaries to provide a limited range of investment advice.

I can confirm that I believe the investment strategy described in the SIP to which this letter is attached is, in my opinion, suitable to the needs of the Scheme and in line with your objectives.

I recommend the investment strategy is reviewed at least every three years.

Yours sincerely

Andrew Allsopp FIA



## **The Montague L Meyer Pension Fund (the “Scheme”) Defined contribution section**

### **Addendum to Statement of Investment Principles**

**September 2020**

This document updates the Trustees’ Statement of Investment Principles (SIP), and should be read in tandem with that document. Its purpose is to:

- set out further details of the Trustees’ policies in relation to the stewardship of the Scheme’s assets,
- describe the arrangements that exist between the Trustees and the asset managers, and
- to ensure the SIP remains compliant with the relevant legislation:
  - Section 35 of the Pensions Act 1995
  - Section 244 of the Pensions Act 2004
  - The Occupational Pension Schemes (Investment) Regulations 2005
  - The Pension Protection Fund (Pensionable Service) and Occupational Pension Scheme (Investment and Disclosure) (Amendment and Modification Regulations 2018)
  - The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

### **Monitoring the capital structure of investee companies**

The Trustees delegate the responsibility for monitoring the make-up and development of the capital structure of investee companies to their Investment Manager.

### **Managing conflicts of interest**

The Trustees have a formal conflict of interest policy and register, which is reviewed at each Trustee meeting. These documents record any actual or potential conflicts of interest in relation to investee companies or the Investment Manager, while also setting out a process for the management of any such conflict of interest.

### **Incentivising asset managers**

The Trustees will select Investment Managers who are primarily remunerated via an agreed fixed annual percentage of the asset value for each underlying fund. The Trustees may also agree to pay a performance related fee to its fund managers.

The Trustees do not directly incentivise the Investment Manager to align its investment strategy and decisions with the Trustees’ policies and objectives. Neither do the Trustees incentivise the asset manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.

However, the Trustees will review their Investment Managers from time to time and will select funds that they believe operate in line with the Trustees’ policies and objectives, and will meet the Trustees’ return requirements overall.

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### **Evaluation of the asset manager's performance and remuneration**

The Trustees will review the Investment Manager's remuneration and performance relative to the market costs and performance of managers with similar strategies.

### **Monitoring portfolio turnover**

The Trustees expect the Investment Manager to change underlying holdings only to an extent required to meet their investment objectives. The reasonableness of such turnover will vary by fund and change according to market conditions.

The Trustees therefore do not set a specific portfolio turnover target for their strategy or the underlying funds.

The Investment Manager is expected to provide information on portfolio turnover and associated costs to the Trustees so that this can be a factor in the Trustees' review process.

### **The duration of the arrangement with the asset manager**

The Trustees will consider on a regular basis whether or not the Investment Manager and AVC provider remain appropriate to continue to manage the Scheme's investments and AVCs. The Trustees expect the Investment Manager to supply the Trustees with sufficient information each quarter to enable them to monitor financial and non-financial performance.

### **Frequency of review**

The Trustees will review Investment Managers' performance via the managers' own reports twice per annum and will conduct a fuller review to consider all of the matters referred to above at least once every three years.

**Date Agreed: 22 September 2020**






# 20231124 MLM Chair Statement year ended 30 April 2023

Final Audit Report

2023-11-24

Created:	2023-11-24
By:	Matt Riley (MRiley@ptluk.com)
Status:	Signed
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## "20231124 MLM Chair Statement year ended 30 April 2023" History

-  Document created by Matt Riley (MRiley@ptluk.com)  
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2023-11-24 - 1:53:59 PM GMT
-  Email viewed by Louisa Harrold (louisa.harrold@zedra.com)  
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