

**THE OPTIONS WORKPLACE PENSION TRUST**  
**CHAIRMAN'S ANNUAL STATEMENT**  
**FOR THE PERIOD 1 APRIL 2019 TO 31 MARCH 2020**

**Introduction**

This statement has been prepared by the trustees of the Options Workplace Pension Trust ("the Scheme") in accordance with regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended) (the "Regulations"). It describes how the trustees have met the statutory governance standards in relation to the following requirements during the year ended 31 March 2020:

- Default arrangements
- Processing financial transactions
- Charges and transaction costs
- Value for members
- Trustee knowledge and understanding
- Non-affiliation of trustees and member representation

All Master Trusts were given six months to apply for authorisation to show their scheme met the five criteria set by the Pensions Regulator, which were: -

- Demonstrating the people running their scheme were fit and proper
- The Master Trust was financially sustainable
- The funder of the scheme could support it
- The Master Trust had adequate systems and processes in place
- A continuity Strategy had been prepared

The scheme achieved Master Trust Authorisation on 25 September 2019.

Ongoing Master Trust Supervision:

The Pensions Regulator will monitor the operation of the Master Trust going forwards to ensure it continues to meet the required standards. The Options Workplace Pension Trust's first Supervision return will be due from March 2021 but in the meantime the OWPT Trustee board will be working closely with the Regulator to ensure the Trust is understanding and meeting requirements under the new supervisory regime.

The scheme sponsor, Carey Corporate Pensions UK Limited (CCPUK), were acquired by STM Group Plc in February 2019. From 1 January 2020 CCPUK rebranded to Options Corporate Pensions UK Ltd (OCPUK) and the scheme was also rebranded as the Options Workplace Pension Trust.

**Default arrangements**

A full review of the default funds was undertaken during the period 1 April 2019 to 31 March 2020 with the last review of the default funds taking place in Q3 2017. The review was carried out by the Trustee's investment adviser, Dean Wetton Associates, who was formally appointed in April 2019. The Master Trust has a number of default funds, which are available to specific sections or strategic partners. The Trustee default for the trust is the AllianceBernstein Retirement Strategies Target Dated Funds.

The review focused on how well each default fund met the strategic aims & objectives stated in the Statement of Investment Principles and assessed their historic performance over the last 5 years. The assessment was done through a "fairway" model which measured how well each fund sat within an expected range of values for different parameters including Expected Returns, Historic Returns and Risk, together with a qualitative assessment of the Investment manager.

The result of the review is provided in the table below, whereby for those defaults stated no immediate correcting action was required:

Default Strategy	Manager Rating	Conclusion
AB Target Dated Funds	Buy	Both the manager rating and Fairway Model suggest an appropriate strategy
AEGON BlackRock DC Lifepath funds	Hold	Both the manager rating and Fairway Model suggest an appropriate strategy
HSBC Islamic Global Equity Index Fund (Islamic Section)	Hold	The strategy is simple but effective, work is already underway to increase diversification while ensuring Sharia compliance
Quilter Cheviot (Futura Section)	Hold	Manager rating and Fairway model just meet the threshold, however the transitions for the lifestyle glidepath between portfolios require refinement
TAM Focus (Centralus Section)	Hold	This is a new section with less than one years' data. A revised governance approach is recommended where Trustees review strategies before they are marketed and invested in
Shard Capital (Indepensions Section)	Hold	This is a new section with less than one years' data. A revised governance approach is recommended where Trustees review strategies before they are marketed and invested in

There are a number of smaller advised default funds, used by strategic partners, that were also reviewed by the Investment Adviser. These funds had low take up and relatively low total fund values but also created additional administrative requirements. It was concluded they did not fit with the overall long term investment aims and strategy for the Trust. The Trustees, in agreement with the Scheme Strategist, took the decision that these would be consolidated into the AB Target Dated default fund, or in the case of the smaller Quilter Cheviot funds, consolidate into the Quilter Cheviot (Futura) fund. The consolidation of these was delayed due to the market volatility caused by the COVID-19 pandemic but will take place in late Q3 2020. On an ongoing basis the board hold a minimum of two separate investment meetings per year, to focus on the Scheme's investment requirements, and invite the default managers to these to present and provide updates regarding the default funds.

In April 2019 the Islamic Pension Trust was transferred into the Options Workplace Pension and operates as a separate section within the scheme. The default fund provider for the Islamic Pension Trust, Praemium Administration Ltd, advised in February 2019 that they were withdrawing from the Sharia Investment market. Consultation with our investment advisor, and the scheme's Sharia Adviser, resulted in the HSBC Islamic Global Equity Index Fund being chosen as the new default fund for the section, following a review of the Sharia funds available within the market. Investments into this fund commenced in June 2019.

A copy of the latest Statement of Investment Principles dated September 2020 covering the scheme's default funds is attached. The previous version dated September 2019 incorporated the Trustees' ESG policy, and this has been further updated following the default investment review and to incorporate the Trustees' Stewardship and Asset Manager policies. This has been prepared in accordance with regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005. A copy has been uploaded to our website at <https://www.optionspensions.co.uk/workplace-pension-master-trust-trustees>.

### **Processing core financial transactions**

We are required to make sure that core financial transactions in the scheme are processed promptly and accurately under regulation 24 of the Regulations.

#### ***What are core financial transactions?***

*Core financial transactions include (but are not limited to) the investment of contributions, transfers of members' assets to or from the Scheme, switches between investment funds in the scheme and payments out of the Scheme to members or their beneficiaries.*

Options Corporate Pensions UK Limited are the appointed Scheme administrator and carry out the processing of core financial transactions on our behalf. The requirements of regulation 24 of the Regulations have been met and core financial transactions have been processed promptly and accurately as follows:

The administrator processes core financial transactions in accordance with Service Level Agreements (SLAs)

set out in the Administration Agreement. The administrator monitors these transactions through work logs and a master contribution schedule. Processes adopted by the administrator include:

- daily monitoring of bank accounts to identify monies received
- a dedicated contribution processing team
- checking of investment and banking transactions by two individuals

The SLA's applicable to core financial transactions are as follows:

- Processing contributions - 5 days in total (2 days for reconciliation from receipt of both contribution payment and schedule, plus 3 days for investment of contribution).
- Payment of Transfers out – 5 days to disinvest funds following receipt of signed discharge form, plus 2 days to issue funds to receiving scheme following receipt of disinvested funds.
- Investment of Transfer-in funds – within 5 days of receipt of funds and all necessary paperwork.

The Trustee receives and reviews quarterly administration updates to aid with monitoring of SLAs, and can request that action is taken to improve performance if that is required. The Trustees expect to see an SLA success rate of at least 95% for processing contributions, which has been achieved throughout the year. Where SLAs fall below this figure for any quarter the Trustees are provided with details within the quarterly management reports, and are notified of any cases sent for redress, as noted below. The Trustees have been provided with a demonstration of the administration system to enable them to understand the administration processes.

Any late investments or administration errors are reviewed to identify any loss to members and where required, redress is applied to ensure that members have not been disadvantaged financially.

The administration processes are constantly reviewed to ensure they are robust, particularly as the Scheme grows. The administrator has begun to introduce direct debit collection of pension contributions with the roll out initially to new employer schemes and older established employer schemes. Implementation plans are continuing for a move to a new administration system from February 2021, which will provide greater flexibility, efficiency and increased straight through processing.

As at the year-end there were no identified administrative issues outstanding.

The procedures carried out by the administrator are checked each year by an independent firm of auditors, including those relating to core financial transactions, to ensure these are properly carried out. Their findings are included in our Master Trust Assurance report (AAF 02/07) and details of how a copy can be obtained is found on our website: <https://www.optionspensions.co.uk/workplace-pension-master-trust-trustees>

We are satisfied that the administrator has systems that are robust and capable of processing core financial transactions promptly and accurately in accordance with the agreed administration service levels and the requirements of the law. We are satisfied that the core financial transactions were processed promptly and accurately during the year, and for those few cases where errors or delays occurred, due to the fault of the administrator, any material losses were investigated and made good if required.

### **Charges, transaction costs and value for money assessment**

The level of charges and transaction costs applicable to the default funds (our main AllianceBernstein default plus other section defaults) during the period are in the range of 0.45% to 0.50% of Assets under Administration plus an administration fee of £18 p.a. per member.

*A basis point is a unit of measurement used to quantify the change between two percentages – it can also be referred to as 'bp'. A basis point is equal to one hundredth of one percent, or 0.01%, therefore 10 basis points means 0.10%.*

The range of the levels of charges and transaction costs applicable to the Scheme's other investment funds during the Scheme year are:

- Assets under Administration fee: 0.50% to 2.14%
- Administration Fee: £18 per annum per member

The trustees have sought information about transaction costs from the investment managers, through either direct requests or through the Investment Manager websites. Information was available from most fund managers, with only a few unable to provide specific transaction cost figures. Details for the various section default funds are noted below:

- For the main default option, the target dated funds managed by Alliance Bernstein, the manager provided data about the costs of buying and selling units in their fund when monies are invested or disinvested or the fund rebalanced. Transaction costs shown are additional fund expenses payable to third-party fund

managers in relation to expenses incurred by those underlying funds such as custodian fees, audit fees, depository/trust fees and legal fees. These expenses are dependent upon the underlying asset allocation of the Retirement Strategies Funds at any given time. Total transaction costs range between 4.8bps and 6.8bps depending on portfolio.

- Quilter Cheviot confirmed the net performance figures published include all explicit and implicit charges.
- AEGON BlackRock default funds for the Amber Section: Transaction costs for the majority of the DC Lifepath funds were in the range of 1 to 13 basis points. AEGON have advised these are variable and in some instances the transaction costs can be negative.
- TAM Balanced Fund Default: TAM confirmed all costs were included within the Annual Management Cost charged.
- Islamic Section Default: HSBC confirmed there were no transaction costs associated with the YC share class for the Global Equity Index Fund.
- Information was not available for Shard Capital as the fund had been open less than 12 months.

The Trustee will continue to request this information each year.

A table of member borne charges and transaction cost information is provided in Appendix 1. No further fees are deducted from members funds outside of these charges.

Appendix 2 shows a number of illustrative examples of the cumulative effect over time of the cost and charges on the value of member savings.

These can also be found on our website at <https://www.optionspensions.co.uk/workplace-pension-master-trust-trustees>.

The Trustees have taken account of statutory guidance in preparing this evaluation.

## **Value for members**

The trustees have assessed the extent to which the charges and transaction costs set out above represent good value for members, taking into account the direct charges borne by members and the features of the Scheme. The assessment framework looked at a number of different aspects of how member charges are utilised and is summarised below:

### **1. How we run the Scheme (governance)**

- The Scheme is set up under Trust law to ensure that members' retirement savings are protected
- OWPT is run by a Trustee Board which is accountable for all Scheme functions
- The Trustee Board maintains quality standards through Master Trust Assurance and the Master Trust Supervision regime as an Authorised master Trust
- The Trustee Board is supported by the expertise and experience of several advisers and service providers, notably the investment adviser, legal advisers and scheme auditor and accountant
- Advisers and service providers are monitored and reviewed to ensure they deliver to high standards

### **2. How we meet members' needs (design)**

- Open to all employers and their employees
- Flexible investment structure and a range of solutions for employers and Strategic Partners

### **3. How we grow and protect your money (investments)**

- The Trustee Board considers professional investment advice from its Investment Adviser
- The investment strategy / plan is reviewed each year
- Retirement glidepaths in place on default funds through either a Target Dated Fund approach or Lifestyle for members who do not wish to make their own investment decisions
- Quarterly investment performance reports provided by Investment Adviser to review against targets set.
- Regular reviews with Investment Managers to question them on strategy and performance.

### **4. How we operate (administration)**

- The Trustee Board monitors the administrators against service level targets to maintain service standards
- Member contributions are processed promptly
- High standards of record keeping are maintained
- Member data is held securely
- Member complaints are handled effectively

## 5. How we keep in touch with members (communication)

- Dedicated member helpline allowing face-to-face contact with our customer service team, with additional support through email mailboxes.
- The Trustee Board makes use of surveys to learn members' views
- Members have access to an online portal for up to date valuations and scheme documentation.
- The Trustee Board has a communications plan which it reviews and updates each year

## 6. How we keep running costs low (charges)

- Combined charges equivalent to approximately 0.71% which are less than the limit set by the Government
- OWPT's costs are comparable with similar schemes
- Direct investment in a new administration system will provide greater functionality for member information and reduce ongoing costs
- Regular review of service provider fees

The Trustees Board have considered the overall package of services and governance provided in return for the charges paid by scheme members and have concluded that the scheme provides value for money to members based upon the annual administration fee they pay.

The Trustees and OCPUK Ltd continually strive to improve the member experience and the value they receive. The investment in a new administration system due to go live in February 2021 will provide members with an enhanced online portal giving access to new modelling tools to help them plan for their financial future, together with enhanced communication tools.

## Trustee knowledge and understanding

The requirement under section 248 of the Pensions Act 2004 (requirement for knowledge and understanding) has been met during the period as follows:

All trustees have completed the Pensions Regulator's trustee toolkit and complied with the Continuing Professional Development requirements of their professional bodies (where applicable). Upon appointment the independent trustees attend an induction day to familiarise themselves with the operation of the Master Trust and Scheme documentation. All of the key documents and policies relating to the Scheme, including the Trust Deed & Rules and Statement of Investment Principles, are kept electronically on a secure file server, which is kept up to date and is available to the Board for reference at all times, and referenced as necessary during trustee meetings. Trustees are free to request any further information they may require from the Administrator. Additional training is provided as and when required and has included investment workshops with the default fund managers and Sharia training to aid understanding for the Sharia section of the scheme. Attendance at industry seminars, Pension Regulator workshops and fund manager presentations are among some of the ways that trustee knowledge is maintained. Regular legal updates are also circulated to the trustees. Throughout the scheme year the Trustees focused on Master Trust Authorisation and ESG requirements and attended a number of seminars regarding these. Formal recording of CPD is submitted to the secretary which matches activity to any identified shortfall in knowledge.

The trustee board has significant experience within the Pension Industry, relating to running, managing and trusteeship of pension schemes. The Board has significant knowledge and understanding of the law relating to pension trusts, and between them have sufficient knowledge of the relevant principles relating to the funding and investment of occupational pension schemes. Details of the Boards collective experience is provided below:

- Anthony Filbin, the Trustee Chairman, joined Legal & General in 1979 where he held a number of senior positions rising to Managing Director of Workplace Savings. In his various roles he was responsible for Legal & General's suite of retail pension and annuity products including the development and implementation of their award-winning auto-enrolment proposition.

Since leaving Legal & General in 2014, he has taken up a number of pension trustee board positions and non-executive director roles with Quai Administration Services, Capital Cranfield Trustees and Mattioli Woods.

He is a regular speaker at pension conferences and has held committee positions with the Institute of Actuaries and the Pensions Management Institute. In 2013 he was named by Financial News as one of the Top 10 Most Influential People in Pensions.

- Barry Parr also has over 25 years' experience of pension trusteeship and has worked on and contributed to many industry bodies including being a former member of The Pension Regulator's DC Practitioners Panel.

Christine Hallett, Paul Webster and David Hatch are trustee directors for MK Corporate Trustees UK Limited, the affiliated trustee on the Board. Christine Hallett and Paul Webster represented MKCTUK during the year,

however Christine stepped back from this role in September 2019 following authorisation.

- Christine Hallett is the MD of Options UK and has over 30 years' experience in the Financial and Pensions Industries on SIPP, SSAS and Corporate pensions, holding several senior executive roles during this time.
- Paul Webster has a background of over 26 years' experience within the Occupational Pensions field, working on DB & DC schemes for Third Party Administrators and In-house schemes before moving to Pension Specialist roles and working with Trustee Boards
- David Hatch has worked in the financial services arena since 2000. In 2007 David moved into the Self-Invested Pension market focusing on UK regulated schemes such as Small Self-Administered Schemes and Self-Invested Personal Pension Schemes. David has extensive knowledge of the Self-Invested Pension market and has had experience of working in the financial services industry for over 17 years in various management and project roles.

The Trustees believe that as a board they have the correct level of knowledge and understanding to properly exercise their functions as Trustees. The level and mix of skills include professional trusteeship, an understanding of investment strategies for defined contribution scheme members, legal knowledge, compliance and administration. Where the board feel that they have insufficient knowledge of a subject the required appropriate advice would be taken, and they have formally appointed an Investment adviser and Legal adviser to provide advice where necessary.

In accordance with the Trustees' Business Plan a review of the trustee board's effectiveness, performance and skills is carried out on an annual basis, and includes the completion of a Skills Matrix, with each trustee completing their own assessment of their knowledge and skills. The review involves the board considering and discussing their own performance, achievements and learning points over the previous 12 months, and is recorded in the trustee board minutes. Where gaps in knowledge are identified appropriate training can be arranged. The latest formal review of the Trustee Board's skills and knowledge took place in January 2020.

#### ***The skills audit process 2019:***

The Board members assessed their knowledge across five key areas, covering 43 criteria ranked as either "Essential" or "Desirable" skills. Assessment rated the Trustees as either "Excellent", "Good", "Fair" or "Development" across these criteria. The individual and collective output of the process assists the trustees with a training plan for 2020 which may be sourced internally or externally.

The results of the assessment in 2019 showed that the board had good or excellent knowledge on those areas that are deemed "Essential" and "Desirable".

An annual appraisal exercise was undertaken in the period. The process involved the Secretary issuing questionnaires covering knowledge and skills to all the trustees and collated the information which was received. This was then followed up with a meeting with the Chair with the secretary in attendance. The appraisal exercise allowed the Chair to identify any strengths or weaknesses with the Trustees which were discussed at a subsequent board meeting. Output was fed into the training plan.

#### **Scheme Governance**

- The governance structure has improved with the introduction of a separate Investment sub-committee. There are now regular quarterly sub-committee meetings and all meetings are now more dynamically organised.
- All trustees have gone through the Fit & Proper assessment
- The Scheme's risk register has been overhauled and improved during the Scheme Year.
- The Scheme has the advantage of independent (non-affiliated) Trustee directors, a scheme secretary and good professional advisers.
- Master Trust Assurance Framework (MTAF) 02/07 has been commissioned for the period ending December 2019 and is due to be signed by end of October 2020.

#### **Non-affiliation of trustees and member representation**

The requirements of regulation 27(2) of the Regulations for a majority of the Trustees to be non-affiliated have been met during the period. The Trustee Board is comprised of three Trustees whereby two out of the three trustees are independent and non-affiliated to the scheme.

Andrew Cheeseman of PAN Trustees Ltd (the Chair of Trustees) and Barry Parr were the independent Trustees at the start of the scheme year. Both had been selected in November 2017 in accordance with the requirements of Section 22 of the Occupational Pension Schemes (Charges and Governance) Regulations

2015 (S.I. 2015/879). As part of the Master Authorisation process, and in agreement with the Pensions Regulator, PAN Trustees resigned from the Board with effect from 13 October 2019 (following one month's notice) and were replaced as Trustee Chair by Anthony Filbin, an Independent Professional Trustee, prior to authorisation being granted on 25 September 2019. The appointment of Anthony Filbin was approved by the Pensions Regulator as part of this process, acknowledging there was insufficient time to conduct a wider market selection process under the regulations. Barry Parr remained as the second independent trustee, and his term will be reviewed in November 2020 in line with the Trustee Recruitment and Succession Policy. Both independent trustees meet the criteria for non-affiliated trustees as they are independent of any undertaking which provides advisory, administration, investment or other services in respect of the Master Trust.

MK Corporate Trustees UK Limited is the affiliated member of the trustee board, and as such they count as one vote in the decision-making quorum.

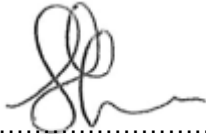
The arrangements the Trustees have put in place to encourage members of the Scheme or their representatives to make their views on matters relating to the Scheme known to the Trustees include:

- A statement encouraging member feedback has been placed in the member booklet and on the Annual Benefit Statement, whereby members can respond through a dedicated email address.
- Members can also provide feedback through their Employer or the Employer's IFA or representative.
- Newsletter posted to member online accounts informing them of news and information regarding the Trust.

A member survey was commissioned in June 2019, the results of which were analysed to help guide any future trustee actions. Following the survey, an FAQ document was placed onto the member portal covering questions which had been raised. A further survey will be rolled out in Q4 of 2020.

The Trustees will further review member communications over the next year, having considered size, nature and demographic of scheme membership. A newsletter and copy of the Chair's Statement will be posted on the member portal following the signing of Report & Accounts for year ending 31 March 2020.

Signed for and on behalf the trustees of the Scheme by



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Chair of Trustees/Chairman

Date 29th October 2020 .....

## Appendix 1 – Transaction costs

Fund	AMC	Transaction Costs	OCF	Options fee	Total fee	Transaction cost notes
AB TDF 2008-2010 Retirement Fund	0.27%	0.01%	0.28%	0.20%	0.48%	Transaction costs shown are additional fund expenses payable to third-party fund managers in relation to expenses incurred by those underlying funds such as custodian fees, audit fees, depository/trust fees and legal fees. These expenses are dependent upon the underlying asset allocation of the Retirement Strategies Funds at any given time.  Total transaction costs range between 4.8bps and 6.8bps depending on portfolio.
AB TDF 2011-2013 Retirement Fund	0.27%	0.01%	0.28%	0.20%	0.48%	
AB TDF 2014-2016 Retirement Fund	0.27%	0.01%	0.28%	0.20%	0.48%	
AB TDF 2017-2019 Retirement Fund	0.27%	0.01%	0.28%	0.20%	0.48%	
AB TDF 2020-2022 Retirement Fund	0.27%	0.01%	0.28%	0.20%	0.48%	
AB TDF 2023-2025 Retirement Fund	0.27%	0.01%	0.28%	0.20%	0.48%	
AB TDF 2026-2028 Retirement Fund	0.27%	0.02%	0.29%	0.20%	0.49%	
AB TDF 2029-2031 Retirement Fund	0.27%	0.02%	0.29%	0.20%	0.49%	
AB TDF 2032-2034 Retirement Fund	0.27%	0.03%	0.30%	0.20%	0.50%	
AB TDF 2035-2037 Retirement Fund	0.27%	0.03%	0.30%	0.20%	0.50%	
AB TDF 2038-2040 Retirement Fund	0.27%	0.03%	0.30%	0.20%	0.50%	
AB TDF 2041-2043 Retirement Fund	0.27%	0.03%	0.30%	0.20%	0.50%	
AB TDF 2044-2046 Retirement Fund	0.27%	0.03%	0.30%	0.20%	0.50%	
AB TDF 2047-2049 Retirement Fund	0.27%	0.03%	0.30%	0.20%	0.50%	
AB TDF 2050-2052 Retirement Fund	0.27%	0.03%	0.30%	0.20%	0.50%	
AB TDF 2053-2055 Retirement Fund	0.27%	0.03%	0.30%	0.20%	0.50%	
AB TDF 2056-2058 Retirement Fund	0.27%	0.03%	0.30%	0.20%	0.50%	
AB TDF 2059-2061 Retirement Fund	0.27%	0.03%	0.30%	0.20%	0.50%	
AB TDF 2062-2064 Retirement Fund	0.27%	0.03%	0.30%	0.20%	0.50%	
AB TDF 2065-2067 Retirement Fund	0.27%	0.03%	0.30%	0.20%	0.50%	
AB TDF 2068-2070 Retirement Fund	0.27%	0.03%	0.30%	0.20%	0.50%	
AB TDF 2071-2073 Retirement Fund	0.27%	0.03%	0.30%	0.20%	0.50%	
Vanguard LifeStrategy 80% Equity Fund	0.22%	0.04%	0.26%	0.26%	0.52%	
Vanguard LifeStrategy 60% Equity Fund	0.22%	0.05%	0.27%	0.26%	0.53%	
Vanguard LifeStrategy 40% Equity Fund	0.22%	0.05%	0.27%	0.26%	0.53%	
Vanguard LifeStrategy 20% Equity Fund	0.22%	0.06%	0.28%	0.26%	0.54%	
Quilter Defensive strategy (Futura)	0.30%			0.20%	0.50%	Net Performance figures published include all explicit and implicit charges.
Quilter Balanced strategy (Futura)	0.30%			0.20%	0.50%	
Quilter Growth strategy (Futura)	0.30%			0.20%	0.50%	
Quilter Growth Strategy (Options)	0.30%			0.20%	0.50%	
Quilter Balanced Strategy (Options)	0.30%			0.20%	0.50%	
Quilter Defensive Strategy (Options)	0.30%			0.20%	0.50%	
7IM Moderately Cautious AAP Fund	0.50%		0.67%	0.30%	0.97%	0.03%
7IM Balanced AAP Fund	0.50%		0.65%	0.30%	0.95%	0.06%
7IM Moderately Adventurous AAP Fund	0.50%		0.63%	0.30%	0.93%	0.07%
7IM Adventurous AAP Fund	0.50%		0.65%	0.30%	0.95%	0.09%
Brooks MacDonald Balanced Fund	0.50%		1.28%	0.30%	1.58%	0.02%
Brooks MacDonald Defensive Income Fund	0.50%		1.21%	0.30%	1.51%	0.03%
Brooks MacDonald MPS High Growth	0.86%		1.84%	0.30%	2.14%	Transaction costs not explicitly stated for MPS funds
Brooks MacDonald MPS Med to High Growth	0.86%		1.74%	0.30%	2.04%	
Brooks MacDonald MPS Med Income	0.86%		1.59%	0.30%	1.89%	
Brooks MacDonald MPS Low to Medium Growth	0.86%		1.53%	0.30%	1.83%	
London & Capital Defensive Equity Fund	0.50%			0.30%	0.80%	Not provided
London & Capital Global Conservative Fixed Interest Income Fund	0.50%			0.30%	0.80%	
London & Capital Global Balanced Fixed Income Fund	0.50%			0.30%	0.80%	
London & Capital Global Growth Fixed Income Fund	0.50%			0.30%	0.80%	
Quilter MPS Growth	0.20%			0.30%	0.50%	Net Performance figures published include all explicit and implicit charges.
Quilter MPS Balanced	0.20%			0.30%	0.50%	
Quilter MPS Conservative	0.20%			0.30%	0.50%	
Quilter MPS Cautious	0.20%			0.30%	0.50%	
Quilter Creation Conservative (Spectrum 3)	1.10%		1.10%	0.30%	1.40%	OCF includes all transaction charges
Quilter Creation Balanced (Spectrum 4)	1.10%		1.10%	0.30%	1.40%	
Quilter Creation Moderate (Spectrum 5 & 6)	1.10%		1.10%	0.30%	1.40%	
Quilter Creation Dynamic (Spectrum 7 & 8)	1.10%		1.10%	0.30%	1.40%	
TAM FOCUS Balanced Fund	0.30%			0.30%	0.60%	No transaction costs
TAM FOCUS Cautious Fund	0.30%			0.30%	0.60%	No transaction costs
TAM WPP Balanced Fund	0.45%			0.00%	0.45%	All costs included in AMC
Shard Capital						Launched July 19 - 12 mth performance not available
HSBC Islamic Global Equity Index Fund (YCGBP)	0.30%	0.00%	0.30%	0.20%	0.50%	No transaction costs



## Amber Section

Fund	AMC	Transaction Costs	OCF	Options fee	Total fee	Transaction cost notes
DC LifePath 2019 Class N	0.25%	0.054%	0.304%	0.25%	0.55%	Transaction costs are variable across the TDF range, and may sometimes be negative for a particular fund
DC LifePath 2020 Class N	0.25%	0.07%	0.321%	0.25%	0.50%	
DC LifePath 2021 Class N	0.25%	0.09%	0.338%	0.25%	0.50%	
DC LifePath 2022 Class N	0.25%	0.10%	0.354%	0.25%	0.50%	
DC LifePath 2023 Class N	0.25%	0.11%	0.362%	0.25%	0.50%	
DC LifePath 2024 Class N	0.25%	0.12%	0.368%	0.25%	0.50%	
DC LifePath 2025 Class N	0.25%	0.13%	0.375%	0.25%	0.50%	
DC LifePath Retirement 2025-27 Class N	0.25%	0.05%	0.303%	0.25%	0.50%	
DC LifePath Retirement 2028-30 Class N	0.25%	0.00%	0.250%	0.25%	0.50%	
DC LifePath Retirement 2031-33 Class N	0.25%	0.00%	0.254%	0.25%	0.50%	
DC LifePath Retirement 2034-36 Class N	0.25%	0.01%	0.260%	0.25%	0.50%	
DC LifePath Retirement 2037-39 Class N	0.25%	0.01%	0.264%	0.25%	0.50%	
DC LifePath Retirement 2040-42 Class N	0.25%	0.02%	0.273%	0.25%	0.50%	
DC LifePath Retirement 2043-45 Class N	0.25%	0.03%	0.276%	0.25%	0.50%	
DC LifePath Retirement 2046-48 Class N	0.25%	0.04%	0.285%	0.25%	0.50%	
DC LifePath Retirement 2049-51 Class N	0.25%	0.03%	0.282%	0.25%	0.50%	
DC LifePath Retirement 2052-54 Class N	0.25%	0.04%	0.288%	0.25%	0.50%	
DC LifePath Retirement 2055-57 Class N	0.25%	-0.03%	0.221%	0.25%	0.50%	
DC LifePath Retirement 2058-60 Class N	0.25%	-0.10%	0.153%	0.25%	0.50%	
DC LifePath Retirement 2061-63 Class N	0.25%	-0.03%	0.221%	0.25%	0.50%	
DC LifePath Retirement 2064-66 Class N	0.25%	-0.07%	0.178%	0.25%	0.50%	
DC LifePath Retirement 2067-69 Class N	0.25%	-0.05%	0.199%	0.25%	0.50%	
DC LifePath Retirement Year Fund Class N	0.25%	0.05%	0.301%	0.25%	0.50%	
Woodford Equity Income Fund (FUND SUSPENDED)			1.00%	0.30%	1.30%	0.11%
BNYM - Newton Global Income	1.50%		1.62%	0.30%	1.92%	Included in OCF
Columbia Threadneedle - TPEN Property 3 Fund	1.50%			0.30%	1.80%	Not explicitly provided
Tatton Oak Capital Growth Fund		0.04%	0.91%	0.30%	1.21%	
Tatton Oak Blended Agressive Fund		0.00%	0.63%	0.30%	0.93%	
Tatton Oak Cautious Growth Fund		0.09%	0.92%	0.30%	1.22%	
Aegon Ethical Cautious Managed (Kames)	0.75%		0.79%	0.30%	1.09%	Included in OCF
HSBC Islamic Global Equity Index Fund (ACGBP)	0.75%		0.92%	0.30%	1.22%	Not explicitly provided

### Section Default Funds

Total Fee includes OCF where provided

AMC: Annual Management Charge – these are fees charged by Investment Managers to cover the cost of managing the fund and are directly borne by the member.

OCF: Ongoing Charges Figure – this includes the AMC and covers additional operational expenses such as audit, legal and regulatory. These additional fees may be accounted for within the fund performance figures.

## Appendix 2

### Illustrations over time of the growing effect costs and charges on the value of member's savings

#### Illustration 1 – AllianceBernstein TDFs & Aegon Blackrock Default Funds

Based on a typical Scheme member described below, we have calculated the following illustrations: -

##### Currently aged 18

Year	AllianceBernstein TDF		AEGON BlackRock Lifepath TDF	
	Before charges	After all charges and costs deducted	Before charges	After all charges and costs deducted
1	£4,930.26	£4,885.20	£4,928.94	£4,885.29
3	£9,023.05	£8,850.16	£9,017.29	£8,850.53
5	£13,446.34	£13,089.27	£13,433.40	£13,090.10
10	£26,130.88	£25,012.82	£26,085.31	£25,015.68
15	£41,533.19	£39,101.02	£41,427.45	£39,107.52
20	£60,235.57	£55,744.14	£60,031.87	£55,756.40
25	£82,945.09	£75,403.07	£82,592.25	£75,423.87
30	£110,520.30	£98,622.17	£109,949.75	£98,655.10
35	£142,011.73	£124,303.50	£141,144.21	£124,352.02
40	£172,385.80	£147,937.90	£171,163.68	£148,002.55
45	£200,092.37	£168,321.15	£198,473.65	£168,401.16

#### Illustration 2 – AllianceBernstein TDFs & Aegon Blackrock Default Funds

Based on a typical Scheme member described below, we have calculated the following illustrations: -

##### Currently aged 40

Year	AllianceBernstein TDF		AEGON BlackRock Lifepath TDF	
	Before charges	After all charges and costs deducted	Before charges	After all charges and costs deducted
1	£4,930.26	£4,885.20	£4,928.94	£4,885.29
3	£11,191.76	£10,934.30	£11,182.78	£10,934.88
5	£15,790.16	£15,317.45	£15,772.50	£15,318.58
10	£28,976.90	£27,645.72	£28,921.78	£27,649.17
15	£43,624.81	£40,935.39	£43,506.43	£40,942.28
20	£58,697.35	£54,162.05	£58,488.98	£54,173.11
25	£70,547.99	£64,226.40	£70,249.64	£64,241.06

The typical member for the illustrations of the AllianceBernstein TDFs & Aegon Blackrock default funds are based on the following assumptions:-

- Has a starting pot of £3,000
- Is due to take money from age 65
- Contributions of £1,700 per year (based on 8% of Qualifying Earnings on a salary of £27,500)

How the illustrations are calculated:-

- Values are not guaranteed
- Inflation is assumed to be 2.5% over the long term
- The real rates of return, net of transaction costs, with an allowance for lifestyling are detailed below.
  - inflation + 4% far from retirement, moving towards inflation + 1% at retirement starting 15 years from retirement

### Illustration 3 – Quilter Cheviot Default Fund

Based on a typical Scheme member described below, we have calculated the following illustrations: -

#### Currently aged 18

Year	Before charges	After all charges and costs deducted
1	£6,972.73	£6,920.31
3	£11,122.58	£10,930.75
5	£15,560.67	£15,178.62
10	£28,051.80	£26,930.17
15	£42,826.25	£40,494.94
20	£60,301.43	£56,150.24
25	£80,971.00	£74,216.06
30	£105,418.90	£95,061.65
35	£134,335.78	£119,113.03
40	£153,439.12	£133,732.37
45	£170,042.27	£145,714.62

### Illustration 4 – Quilter Cheviot Default Fund

Based on a typical Scheme member described below, we have calculated the following illustrations: -

#### Currently aged 40

Year	Before charges	After all charges and costs deducted
1	£6,972.73	£6,920.31
3	£13,304.38	£13,024.15
5	£17,894.01	£17,395.90
10	£30,811.66	£29,489.76
15	£45,003.57	£42,424.14
20	£56,212.96	£52,211.54
25	£65,580.62	£60,213.41

The typical member for the illustrations of the Quilter Cheviot default funds are based on the following assumptions:-

- Has a starting pot of £5,000
- Is due to take money from age 65
- Contributions of £1,700 per year (based on 8% of Qualifying Earnings on a salary of £27,500)

How the illustrations are calculated:-

- Values are not guaranteed
- Inflation is assumed to be 2.5% over the long term
- The real rates of return, net of transaction costs, with an allowance for lifestyling are detailed below.
  - inflation +3.5% for the growth fund, balanced +2% for the core fund and inflation +1% for the defensive fund

### Illustration 5 – TAM WPP Balanced Fund

Based on a typical Scheme member described below, we have calculated the following illustrations: -

#### Currently aged 18

Year	Before charges	After all charges and costs deducted
1	£2,811.53	£2,779.91
3	£6,572.53	£6,448.77
5	£10,525.25	£10,267.83
10	£21,311.18	£20,512.64
15	£33,524.63	£31,835.16
20	£47,354.54	£44,346.80
25	£63,014.86	£58,170.69
30	£80,747.82	£73,442.91
35	£100,827.76	£90,313.85
40	£123,565.30	£108,949.65
45	£149,312.17	£129,533.87

### Illustration 6 – TAM WPP Balanced Fund

Based on a typical Scheme member described below, we have calculated the following illustrations: -

#### Currently aged 40

Year	Before charges	After all charges and costs deducted
1	£2,811.53	£2,779.91
3	£8,524.33	£8,339.15
5	£12,576.54	£12,235.56
10	£23,633.96	£22,687.52
15	£36,154.83	£34,238.60
20	£50,332.85	£47,002.44
25	£63,014.86	£58,170.69

The typical member for the illustrations of the TAM WPP Balanced Fund are based on the following assumptions:-

- Has a starting pot of £1,000
- Is due to take money from age 65
- Contributions of £1,700 per year (based on 8% of Qualifying Earnings on a salary of £27,500)

How the illustrations are calculated:-

- Values are not guaranteed
- Inflation is assumed to be 2.5% over the long term
- The real rate of return, net of transaction costs, is assumed to be inflation +3%

### Illustration 7 – Islamic Section Default

Based on a typical Scheme member described below, we have calculated the following illustrations: -

#### Currently aged 18

Year	Before charges	After all charges and costs deducted
1	£5,447.09	£5,402.29
3	£9,572.17	£9,403.39
5	£14,025.50	£13,681.44
10	£26,771.43	£25,715.97
15	£42,206.20	£39,937.77
20	£60,897.04	£56,741.61
25	£83,530.85	£76,593.88
30	£110,939.41	£100,045.45
35	£144,130.01	£127,746.99
40	£179,005.74	£155,842.46
45	£195,649.18	£167,288.30

### Illustration 8 – Islamic Section Default

Based on a typical Scheme member described below, we have calculated the following illustrations: -

#### Currently aged 40

Year	Before charges	After all charges and costs deducted
1	£5,447.09	£5,402.29
3	£11,756.22	£11,506.64
5	£16,383.34	£15,930.20
10	£29,626.67	£28,373.66
15	£45,663.77	£43,078.16
20	£60,620.66	£56,315.11
25	£67,796.35	£62,225.76

The typical member for the illustrations of the Islamic Section Default fund are based on the following assumptions:-

- Has a starting pot of £3,500
- Is due to take money from age 65
- Contributions of £1,700 per year (based on 8% of Qualifying Earnings on a salary of £27,500)

How the illustrations are calculated:-

- Values are not guaranteed
- Inflation is assumed to be 2.5% over the long term
- The real rate of return, net of transaction costs, with an allowance for lifestyling is assumed to be Inflation +4% for the HSBC Islamic Fund and 0% for the Islamic Cash

### Illustration 9 – Non-Default Advised Funds

Based on a typical Scheme member described below, we have calculated the following illustrations: -

#### Currently aged 18

Year	Before charges	After all charges and costs deducted
1	£5,374.97	£5,306.92
3	£9,268.24	£9,007.27
5	£13,360.74	£12,825.90
10	£24,531.87	£22,914.22
15	£37,187.53	£33,825.30
20	£51,525.00	£45,624.49
25	£67,767.77	£58,382.53
30	£86,169.04	£72,175.98
35	£107,015.65	£87,087.65
40	£130,632.55	£103,207.14
45	£157,387.90	£120,631.33

### Illustration 10 – Non-Default Advised Funds

Based on a typical Scheme member described below, we have calculated the following illustrations: -

#### Currently aged 40

Year	Before charges	After all charges and costs deducted
1	£5,374.97	£5,306.92
3	£11,288.96	£10,901.57
5	£15,484.87	£14,780.71
10	£26,938.28	£25,028.60
15	£39,913.73	£36,111.90
20	£54,613.48	£48,097.03
25	£67,767.77	£58,382.53

The typical member for the illustrations of the Non-default Advised funds are based on the following assumptions:-

- Has a starting pot of £2,000
- Is due to take money from age 65
- Contributions of £1,700 per year (based on 8% of Qualifying Earnings on a salary of £27,500)

How the illustrations are calculated:-

- Values are not guaranteed
- Inflation is assumed to be 2.5% over the long term
- Real rate of investment return, net of transactions costs, is assumed to be inflation +3.09%

## Deferred member illustrations for a member aged 40 years

### Illustration 11 – AllianceBernstein TDFs & Aegon Blackrock Default Funds

Based on a typical deferred scheme member described below, we have calculated the following illustrations: -

Year	AllianceBernstein TDF		AEGON BlackRock Lifepath TDF	
	Before charges	After all charges and costs deducted	Before charges	After all charges and costs deducted
1	£2,851.08	£2,817.61	£2,850.31	£2,817.66
3	£8,855.73	£8,649.95	£8,849.24	£8,650.36
5	£13,265.50	£12,876.10	£13,251.88	£12,876.97
10	£25,911.30	£24,763.04	£25,865.19	£24,765.93
15	£40,023.11	£37,641.98	£39,920.14	£37,647.97
20	£54,623.32	£50,539.48	£54,437.88	£50,549.29
25	£66,157.85	£60,409.10	£65,888.98	£60,422.26

The typical member for the illustrations of the AllianceBernstein TDFs & Aegon Blackrock default funds are based on the following assumptions:-

- Has a starting pot of £1,000
- Is due to take money from age 65

How the illustrations are calculated:-

- Values are not guaranteed
- Inflation is assumed to be 2.5% over the long term
- The real rates of return, net of transaction costs, with an allowance for lifestyling are detailed below.
  - inflation + 4% far from retirement, moving towards inflation + 1% at retirement starting 15 years from retirement

### Illustration 12 – Quilter Cheviot Default Fund

Based on a typical Scheme member described below, we have calculated the following illustrations: -

Year	Before charges	After all charges and costs deducted
1	£6,972.73	£6,920.31
3	£13,304.38	£13,024.15
5	£17,894.01	£17,395.90
10	£30,811.66	£29,489.76
15	£45,003.57	£42,424.14
20	£56,212.96	£52,211.54
25	£65,580.62	£60,213.41

The typical member for the illustrations of the Quilter Cheviot default funds are based on the following assumptions:-

- Has a starting pot of £3,000
- Is due to take money from age 65

How the illustrations are calculated:-

- Values are not guaranteed
- Inflation is assumed to be 2.5% over the long term
- The real rates of return, net of transaction costs, with an allowance for lifestyling are detailed below.
  - inflation +3.5% for the growth fund, balanced +2% for the core fund and inflation +1% for the defensive fund