13. CHAIR'S STATEMENT FOR THE YEAR ENDING 31 DECEMBER 2023

Ransomes Pension Scheme

CONTRACTED OUT MONEY PURCHASE BENEFITS (COMP) SECTION AND ADDITIONAL VOLUNTARY CONTRIBUTION (AVC) ARRANGEMENTS

Annual governance statement by the Chair of Trustee for the year ended 31 December 2023

Introduction

Defined contribution governance standards apply to defined contribution (DC) pension arrangements. These are designed to help members achieve a good outcome from their retirement savings. As Chair of the Trustee of the Ransomes Pension Scheme, I have to provide you with a yearly statement which explains what steps the Trustee (with guidance from our professional advisers) has taken to meet these standards. The information included in my statement is set out in law and regulation. This statement will be published on a publicly available website.

Although the Scheme is predominantly a defined benefit arrangement, it has the following DC elements:

- The Contracted Out Money Purchase Benefits Section, or COMPS – this section was available for defined benefit members to use until 5 April 2003 if they wished to contract out of the State Earnings Related Pension Scheme (SERPS) or State Second Pension (S2P) via a contracted-out money purchase section of the main Scheme. It is, therefore, closed to new entrants and future contributions. This section is administered by Aviva and offers investment funds managed by Aviva.
- AVCs with Aegon – these are legacy money-purchase AVC arrangements that have been replaced by Fidelity for future contributions since May 2021.
- AVCs with Fidelity – these are the Scheme's current money-purchase AVC arrangements with Fidelity Pensions Management (Fidelity).

Other than the AVC arrangements with Fidelity, all arrangements no longer accept future contributions.

I welcome this opportunity to explain what the Trustee does to help to ensure the Scheme is run as effectively as it can be. If you have any questions about anything that is set out below, or any suggestions about what can be improved, please do let us know.

Signed for and on behalf of the Trustee of the Ransomes Pension Scheme by Matthew Schatten, Chair of the Trustee

M. Schatten

Date 29 July 2024

INVESTMENT CHOICES, INCLUDING DEFAULT ARRANGEMENTS

The Trustee is responsible for investment governance. This includes having a good working knowledge of investment matters relating to the Scheme and ensuring an appropriate choice of funds for the members with DC elements within the Scheme.

We take professional advice from regulated investment advisers and have appointed fund managers to manage any DC investments.

Further details of the basis on which the Trustee invests members' assets within the Scheme are recorded in the Statement of Investment Principles ("SIP"). The Trustee reviews the SIP annually; there were minor changes made in October 2023 which included updates to the Trustee's engagement and monitoring policies. A copy is included in the appendix.

Reviewing the investment choices

Trustees are typically expected to review the strategy and objectives of any default investment strategy regularly, at least once every three years and take into account the needs of the membership when designing it.

For the first time, trustees are also required to include in the Chair's statement the percentage of assets in the default arrangement allocated to various types of asset class at different ages, as specified in legislation. This is to improve transparency so that members have access to all relevant information surrounding the investments being made with their pension savings and the outcomes these investments could have on their future retirement.

None of the investment options for members with DC elements within the Scheme are a default arrangement for the purposes of the Occupational Pension Schemes (Charges and Governance) Regulations 2015, because none are used as a qualifying scheme for automatic enrolment purposes.

As a result, no default investment strategy review was undertaken during the Scheme year and there is no planned future date for such a review.

The Trustee has previously reviewed the arrangements with Aviva and Aegon and appointed Fidelity from May 2021 as the provider for future AVC contributions.

Self-select investment choices

The Trustee allows members to self-select from the following range of funds:

COMPS with Aviva	Aviva Life & Pensions UK Limited Secure Growth Aviva Pension BlackRock UK Equity FP Aviva Pension Baillie Gifford Managed FP
AVCs with Fidelity	Fidelity Balanced Fund Fidelity BlackRock Global Equity 50/50 Fund Fidelity BlackRock UK Equity Index Fund Fidelity Cash Pension Fund Fidelity L&G Over 15 Years Gilts Index Fund Fidelity Sterling Corporate Bond Fund
AVCs with Aegon	Members can choose from over 300 funds that are available. The funds used by members over the Scheme year included: • Aegon Global Equity Tracker Fund • Aegon Long Gilt Fund • Aegon External Balanced Collection • Aegon Cash Fund • Aegon Mixed Fund • Aegon Global Equity Tracker Lifestyle Fund • Aegon Global Equity Tracker Lifestyle 2023 Fund • Aegon Global Equity Tracker Lifestyle 2024 Fund

Members may wish to take independent financial advice before choosing funds.

CHARGES AND TRANSACTION COSTS PAID BY MEMBERS

The Trustee is required to explain the charges and transaction costs (i.e. the costs of buying and selling investments) in the Scheme that are paid by members rather than the employer.

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

- The total ongoing charges figure is the total cost of investing in any fund or strategy and includes the Annual Management Charge (direct charges) and any additional fund expenses (indirect charges).

- Transaction costs are the costs incurred as a result of the buying, selling, lending or borrowing of investments *within* each fund. They include taxes and levies (such as stamp duty), broker commissions (fees charged by the executing broker in order to buy and sell investments) and the costs of borrowing or lending securities, as well as any differences between the actual price paid and the quoted 'mid-market price' at the time an order was placed. These costs will vary between members depending on the funds invested in, the transactions that took place within each fund and the date at which the transactions took place. Unlike the ongoing charges figures, instead, the reported performance of the fund is typically net of these transaction costs.

- In addition, there can be switching costs occurred as a result of the buying and selling of funds. This may relate either to member-driven trades (e.g. a self-select member switching their investment arrangements) or to automatic trades (e.g. those associated with fund switches resulting from progression along a lifestyle glidepath). These costs relate to the difference between the fund price used to place the trade and the price which would have applied to that fund on that day had the trade not been placed. These are implicit costs which are not typically visible to members.

It would be impractical (and potentially confusing to members) if the Trustee sourced and listed the charges and transaction costs for all of the funds potentially available to members with DC elements within the Scheme, particularly the 300+ funds available for the AVCs held with Aegon.

As a result, the Trustee has focused on requesting that the fund managers provide the level of charges and transaction costs applicable to the funds being used as at
31 December 2023 in the different sections.

The level of ongoing charges and transaction costs applicable to the different sections during the last Scheme year were confirmed by the managers and detailed on the below.

	Total charges		Transaction costs for the period 1 January 2023 to 31 December 2023	
	% p.a. per the amount invested	£ p.a. per £1,000 invested	% p.a. per the amount invested[1]	£ p.a. per £1,000 invested
COMPS with Aviva				
Aviva Pension Baillie Gifford Managed FP	1.21%	£12.10	0.17%	£1.70
Aviva Pension BlackRock UK Equity FP	1.20%	£12.00	0.27%	£2.70
Aviva Life & Pensions UK Limited Secure Growth	0.98%	£9.80	0.03%	£0.30
AVCs with Fidelity				
Scheme-specific Balanced Fund	0.78%	£7.80	0.18%	£1.80
Fidelity BlackRock Global Equity 50/50 Fund	0.65%	£6.50	0.03%	£0.30
Fidelity BlackRock UK Equity Index Fund	0.60%	£6.00	0.09%	£0.90
Fidelity L&G Over 15 Years Gilts Index Fund	0.65%	£6.50	0.01%	£0.10
Fidelity Cash Pension Fund	0.40%	£4.00	0.00%	£0.00
Fidelity Sterling Corporate Bond Fund	0.75%	£7.50	(0.04%)	(£0.04)
AVCs with AEGON				
Aegon Global Equity Tracker Fund	0.78%	£7.80	0.07%	£0.70
Aegon Long Gilt Fund	0.76%	£7.60	0.00%	£0.00
Aegon External Balanced Collection Fund	0.78%	£7.80	0.22%	£2.20%
Aegon Cash Fund	0.76%	£7.60	0.00%	£0.00
Aegon Mixed Fund	0.77%	£7.70	0.04%	£0.40
Aegon Global Equity Tracker Lifestyle 2023 Fund	0.76%	£7.60	0.00%	£0.00
Aegon Global Equity Tracker Lifestyle 2024 Fund	0.76%	£7.60	0.00%	£0.00
Aegon Global Equity Tracker Lifestyle 2030 Fund	0.77	£7.70	0.08%	£0.80
Aegon Global Equity Tracker Lifestyle Fund	0.77%	£7.70	0.08%	£0.80

Source: Aviva, Fidelity and Aegon

[1] A charge in (brackets) is a negative transaction cost.

Completeness of charges and transaction cost information

Where information about the member costs and charges is not available, we have to make this clear to you together with an explanation of what steps we are taking to obtain the missing information.

We were not provided with transaction costs prior to 1 January 2018 for any of the funds. As the reporting of transaction costs is a statutory requirement, not obtaining full transaction cost data is a difficulty faced by many pension schemes. It should be noted that the transaction costs are likely to vary from fund to fund and from year to year.

Further explanation of the With-Profit AVC arrangements

Some members with Aviva funds are invested in the Aviva Secure Growth Fund, which has no annual management charge, but Aviva allows for a charge of 0.98% p.a. when declaring With Profits bonus rates.

The Trustee takes a proportionate approach to reviewing these investments based on the size of the funds invested compared to the overall value of benefits that the members hold within the Scheme. In addition, the Trustee notes that Aviva has a With Profits Committee for their Secure Growth Fund, who consider matters affecting the interests of the policyholders within each fund, including fair pay-outs.

The Trustee periodically reviews these arrangements to ensure they continue to be fit for purpose and will continue to write directly to members who have such investments if there is anything of significance to make members aware of.

Examples of the impact of costs and charges

We are required to provide illustrative examples of the cumulative effect over time of the application of the charges and costs on members' savings.

Aviva has prepared the following standard illustrations and has confirmed these comply with the statutory guidance issued by the Department for Work and Pensions.

Aviva has confirmed the tables show how different costs and charges can impact the pension pot over certain periods, based on a selection of investment funds. Table 1 shows typical funds for the Scheme. Table 2 shows the most commonly invested fund, as well as example funds with a high and low rate total cost and charge. Under each investment fund, there are two columns. The first shows the projected pension values assuming no costs and charges are taken. The second shows the projected pension values after costs and charges are taken. By comparing the two it can be seen how much the charges over the years will impact an individual's pension fund. The figures are based on a starting pot value of £16,200.

Table 1

Illustration of effect of costs and charges for typical funds within your scheme – RANSOMES PLC Retirement and Death Benefits Scheme						
	Av Secure Growth		Av Cash-FPCASH_P		Av BlackRock UK Equity-FPUKEQ_P	
	Default fund		Lowest charge fund		Highest charge fund	
	Assumed growth rate 5.6%		Assumed growth rate 2.5%		Assumed growth rate 6.5%	
	Assumed costs and charges 1%		Assumed costs and charges 0.98%		Assumed costs and charges 1.44%	
At end of year	Projected value assuming no costs and charges are taken	Projected value after costs and charges are taken	Projected value assuming no costs and charges are taken	Projected value after costs and charges are taken	Projected value assuming no costs and charges are taken	Projected value after costs and charges are taken
1	£16,700	£16,500	£16,200	£16,000	£16,800	£16,600
2	£17,200	£16,900	£16,200	£15,900	£17,500	£17,000
3	£17,700	£17,200	£16,200	£15,700	£18,200	£17,400
4	£18,300	£17,500	£16,200	£15,600	£18,900	£17,800
5	£18,800	£17,900	£16,200	£15,400	£19,600	£18,300
6	£19,400	£18,200	£16,200	£15,300	£20,400	£18,700
7	£20,000	£18,600	£16,200	£15,100	£21,200	£19,100
8	£20,600	£19,000	£16,200	£15,000	£22,000	£19,600
9	£21,200	£19,400	£16,200	£14,800	£22,900	£20,100

Source: Aviva

For these illustrations, Aviva has assumed:

1. The starting age is 57.
2. The retirement age is 65 for all.
3. No future contributions are made.
4. The starting pension fund value in the first year is £16,200.
5. The figures illustrate the pension pot value in 'today's money' which means they take inflation into account by reducing values at 2.5% a year. Seeing the figures in this way shows what they could be worth today. It is important to note inflation reduces the worth of all savings and investments. The effect of this is shown in the illustration and could mean the fund may reduce as well as grow in 'today's money'.
6. Transaction costs may not have been included where data was not available from fund managers.

Finally, Aviva has confirmed that schemes will offer other funds to those illustrated, with different growth potential and different charges, and may also offer some form of lifestyling investment approach. As the individual funds used in a lifestyling approach have different growth potential and different charges, the overall growth rate and overall charge will change over time. For these reasons, Aviva has shown a range of funds with a range of charges which are available, and which could apply to an individual's pension pot during the life of a plan. Aviva has confirmed that the illustrations should not be used to make investment decisions and may not be relevant to an individual's personal circumstances as monies may be invested in different funds, for example.

Aegon has also prepared the following example for deferred members as at 31 December 2023, having taken account of the statutory guidance issued by the Department of Work and Pensions[2]. Ongoing contributions are not made to the AVC arrangement with Aegon. From May 2021 the regular contribution of active members who make AVCs were made to Fidelity.

The table below shows the projected pension savings in today's money for a representative member of the AVC arrangement with Aegon using:

- The median pot size of the arrangement by type of member.
- The age of the youngest member of the scheme.
- An average of the transaction costs over the period for which they are available. Initially, Aegon will be averaging a period of transaction costs which are less than five years. Where Aegon have transaction costs for five or more years they will average the previous five years transaction costs.
- The 'Before charges' column shows the projected pension fund without any transaction costs, or charges and rebates being applied. The 'After all charges' column shows the projected pension fund after transaction costs, charges and rebates have been applied.

'Typical' deferred member of the AVC arrangement with Aegon

	Mixed		Equity		FixedInterest		Cash		ExtBalCollection	
Years	Before Charges	After all charges	Before Charges	After all charges	Before Charges	After all charges	Before Charges	After all charges	Before Charges	After all charges
1	5,867	5,817	6,037	5,984	5,867	5,823	5,754	5,714	5,980	5,910
3	6,040	5,886	6,578	6,409	6,040	5,904	5,698	5,578	6,395	6,174
5	6,218	5,957	7,168	6,864	6,218	5,987	5,643	5,446	6,840	6,449
10	6,687	6,136	8,886	8,148	6,687	6,199	5,507	5,129	8,090	7,192
15	7,191	6,320	11,016	9,672	7,191	6,418	5,374	4,830	9,569	8,020

Source: Aegon

Notes

For this illustration, Aegon has assumed:

1. The starting age is 50.
2. The retirement age is 65 for all.
3. No future contributions are made.
4. Projected pension fund values are shown in today's terms, and do not need to be reduced further for inflation. Inflation is assumed to be 2.5%, each year.
5. The starting pension fund value in the first year is £5,782.67.
6. The illustration has been produced on the basis that this is the only fund invested in and that all transaction costs and scheme charges are deducted from that fund.
7. The following growth rates, charges and transaction costs have been assumed:

	Growth rate	Total charges	Transaction costs
Aegon Mixed Fund	4.00%	0.77%	0.14%
Aegon Equity Fund	7.00%	0.76%	0.16%
Aegon Fixed Interest Fund	4.00%	0.76%	0.05%
Aegon Cash Fund	2.00%	0.76%	0.00%
Aegon External Balanced Collection Fund	6.00%	0.78%	0.20%

Source: Aegon

8. If the growth rate used is the same as the rate of inflation, this reduces the growth rate, after making an allowance for inflation, to 0%. If the growth rate is less than the rate of inflation, this produces a negative growth rate after making an allowance for inflation.

[2] https://www.gov.uk/government/publications/reporting-costs-charges-and-other-information-guidance-for-trustees-and-managers-of-occupational-pension-schemes

Aegon has confirmed that the tables are not personal illustrations, they are based on the assumptions detailed in this section and the purpose of the example illustration is to show how fund-related costs and scheme charges can affect the overall value of the funds the scheme invests in over time.

Finally, Fidelity has prepared examples, having taken account of the statutory guidance issued by the Department of Work and Pensions[3] in preparing the examples for this section of our statement. The annual benefit statements will contain a website address and details on how members can locate relevant costs and charges information.

The examples can be found at https://retirement.fidelity.co.uk/costs-and-charges/raps

The projected pension savings (or 'retirement pot') are shown in today's money for a different representative member, using median statistics as at the quarter end following the scheme's year end of 31 December 2023 and updated on a quarterly basis.

Past performance of the investment funds

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

The net returns to the year ending 31 December 2023 are shown in the table overleaf and have been included to help members understand how their investments are performing. Please note that past performance is no indicator of future performance.

[3] https://www.gov.uk/government/publications/reporting-costs-charges-and-other-information-guidance-for-trustees-and-managers-of-occupational-pension-schemes

Aviva has prepared the following table, in line with the requirements of the Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 and accompanying statutory guidance.

Annualised net returns (%) for the self-select funds over periods to the scheme year ending 31 December 2023.

	Annualised returns net of charges for a single investment of £10,000 in the Scheme					
Duration	**1 year (annualised)**	**3 years (annualised)**	**5 years (annualised)**	**10 Years (annualised)**	**15 years (annualised)**	**20 years (annualised)**
Time period (start – end date)	**31/12/2022 – 31/12/2023**	**31/12/2020 – 31/12/2023**	**31/12/2018 – 31/12/2023**	**31/12/2013 – 31/12/2023**	**31/12/2008 – 31/12/2023**	**31/12/2003 – 31/12/2023**
Aviva Pension Baillie Gifford Managed FP	9.8%	-5.3%	6.4%	6.8%	8.7%	7.5%
Aviva Pension BlackRock UK Equity FP	12.1%	5.9%	7.9%	6.3%	9.0%	7.8%
Aviva Life & Pensions UK Limited Secure Growth	3.8%	3.7%	4.3%	8.9%	7.4%	7.0%

Source: Aviva

Notes:
For the above table, Aviva has assumed:

1. The charges are those currently applicable to a single contribution of £10,000 paid into the Scheme at the beginning of the reporting period.
2. Returns are annualised geometric means over the time periods displayed. For example, if a net fund return over a 5 year period was 15.9% this would be shown as 3% p.a. in the '5 year' column.
3. Returns are net of all costs and charges borne by members. Ongoing charges are included in the returns provided.
4. In respect of the Aviva Secure Growth Fund, the net returns in each period are based on a lump sum of £10,000 being invested at the start of each period and allow for any special interest additions over the period and any entitlement to final bonus which depends upon the length of investment. This means that net returns that have been provided over the shorter durations need to be interpreted with care.
5. The net returns reflect the current charge arrangement. These charges could vary in the future.

CORE FINANCIAL TRANSACTIONS

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

- Investing contributions that are paid in by members.
- Transferring assets relating to members.
- Transferring assets between different investments.
- Making payments to, or on behalf of, members.

We must ensure that these important financial transactions are processed promptly and accurately. In practice, we delegate responsibility for this to the COMPS and AVC administrators.

During the Scheme year, administration of the COMPS was delivered by Aviva, while administration of the AVC holdings was delivered by Aegon and Fidelity. This administration service included key financial tasks such as keeping track of changes in members' circumstances and arranging switching and disinvestments of designated investments.

These AVC managers are required to carry out services in accordance with good industry practice. The administration service is required to ensure transactions are carried out in a timely and effective manner. Aviva aim for 95% of the majority of client demands to be completed within five working days.

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

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

TRUSTEE KNOWLEDGE AND UNDERSTANDING

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

The Trustee Directors are aware that they must have a working knowledge of the Trust Deed and Rules of the Scheme, the SIP and the documents setting out the Trustee's current policies. They are also aware that they must have sufficient knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the funding and investment of occupational pension schemes. The Trustee Directors do this by regularly reviewing the relevant Scheme documents via the Scheme's online portal.

The Pensions Regulator issued the General code of practice for trustees of pension schemes effective from 28 March 2024. The Trustee Directors consider the code requirements in their activities.

All of the Trustee Directors have completed The Pensions Regulator's online trustee toolkit. New Trustee Directors are required to complete the toolkit within six months of becoming a Trustee Director. Trustee Directors must review the toolkit on an ongoing basis to ensure their knowledge remains up to date.

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

During the Scheme year, training and development in the following areas took place:

- The training log was reviewed at each Trustee's meeting.
- The Trustee Directors received "on the job" training. This means that as new topics arise professional advisers attending the Trustee meetings will provide training, so the Trustee Directors may engage in an informed manner. Items over the year included: UK interest rates, Pension Dashboards, The Pensions Regulator's annual funding statement, employer covenant review, Mansion House reforms, cyber security, ESG investing, global equities, long lease property and sterling corporate bond funds, global equity funds, gold's role in investment portfolios, and ESG investing.

We take our training and development responsibilities seriously and hold training sessions at each regular Scheme meeting. This includes training sessions and speakers from a variety of specialisms. The Trustee keeps a record of the training completed by each member of the Trustee Board. The training log is kept up to date and regularly reviewed to identify any gaps in the knowledge and understanding across the Trustee Board as a whole.

The Trustee meet all the knowledge and understanding requirements and understand the Scheme and its documents.

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

ASSESSING VALUE FOR MEMBERS

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

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

Categorising costs/charges
There is no legal definition of 'good value' and so the process of determining good value for members is a subjective one. We note that value for members does not necessarily mean the lowest fee, and the overall quality of the service received has been taken into account in the assessment of value to members.

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

The charges paid by COMPS members or AVC members comprise not only fund management charges and transaction costs for the investment funds used but also cover the costs of the services provided to members by Aviva, Fidelity and Aegon including services such as:

- The costs of reviewing and updating funds available to members on their platforms.
- Administration costs for the providers (e.g. the costs of updating and maintaining member records, processing contributions and pension payments, dealing with member queries, etc).
- Member communications (e.g. the costs of producing and issuing annual benefit statements, etc).

However, for all other Scheme costs and charges, the Principal Employer bears the full cost, covering such areas as:

- Wider investment support and governance (e.g. the costs of reviewing the AVC providers, etc).
- Administration of the COMPS and AVC arrangements of the Scheme (e.g. the costs of updating and maintaining overall member records, dealing with member queries, etc).
- Member communications (e.g. the costs of producing and issuing member booklets, etc).
- The management and governance of the Scheme (e.g. the expenses of the Trustee, the costs of legal/actuarial advisers and annual audit, etc).

For the COMPS and AVC arrangements, the Trustee has applied a proportionate approach to assessing value for members given the low value of their DC holdings relative to their overall benefits in the Scheme, including any accrued defined benefits, given that the Scheme is predominantly defined benefit and these arrangements are not stand-alone DC sections.

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

1. We have collated information on services that members receive and the total costs that members pay (including transaction costs where available).
2. We have assessed the scope and quality of the services that members receive from the COMPS and AVC arrangements.
3. We have compared the value that members receive from the services against the cost of those services, on the 'value for member' basis required by legislation (i.e. ignoring the wider elements of value that members receive as a result of costs paid by the participating employers).
4. We have reflected on our key findings and suggested courses of action to maintain areas of good value and improve areas where value could be better.

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

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

Overall, the Trustee has determined that the COMPS and AVC arrangements with Aviva and Aegon do not offer 'value for members' over the Scheme year to
31 December 2023 when measured against the definition required by legislation, primarily due to their charges being high (although not untypical for similar-sized AVC arrangements).

As a result, in 2024, the Trustee will review the options available regarding historic AVC and COMPS funds held with Aegon and Aviva.

Preparation for the assessment
The Trustee received support from advisers around how to undertake a value for member assessment and also considered the statutory guidance.

In particular, the size of the COMPS and AVC fund holdings relative to the quantum of defined benefits savings for the members, meant that a 'high level' assessment would be used, which would be of a smaller scale than if any of the arrangements had been a standalone DC section.

Process followed for the assessment, including key factors considered
The Trustee, assisted by our advisers, performed a high-level review of these arrangements against other AVC arrangements available in the market (including some comparison against personal pensions).

In particular, the Trustee considered factors like the following:
- The ways that members can access their AVC savings at retirement and how this compares to other options available in the market.
- The level of charges paid on AVC savings.

Explanation of the results
Our conclusion that the COMPS with Aviva and the AVC arrangements with Aegon do not offer value for members over the year to 31 December 2023 is based on factors such as:
- The charges involved, particularly as they do not compare favourably to Fidelity for comparable funds and previous attempts to negotiate lower charges with Aviva had not been successful in producing rebates to member charges.
- The services provided by Fidelity give members with AVC funds access to a more modern platform, with online access that enables members to view and manage their own funds.
- Monies held in any of the with-profits funds were thought to represent poor value to members due to, amongst other factors:
  - The lack of transparency / influence on how the with-profits funds are run.
  - The fact that the with-profits investment strategies (and therefore any future bonuses) are dependent upon the financial strength and continued solvency of Aviva.

Steps taken to improve value for members during the Scheme year
During the Scheme year, the Trustee took the following steps to improve value for members:
- Continued to facilitate the payment of ongoing AVC contributions into the Scheme's current money purchase arrangements with Fidelity.
- Preparing an engagement policy implementation statement, in line with statutory regulations, that describes how the Trustee has followed certain policies (including those relating to stewardship) in the Statement of Investment Principles and the Trustee's voting behaviour during the Scheme year.

Follow-on actions and investigations
Over the year to 31 December 2024, the Trustee plans the following:
- Review the historic AVC and COMPS funds held with Aegon and Aviva against the market providers and continue to consider potential options particularly in light of the fact that members can use these funds for their pension commencement lump sums.
- Continue to review funds and monitor performance.

14. STATEMENT OF INVESTMENT PRINCIPLES

Ransomes Pension Scheme

Statement of Investment Principles

October 2023

Contents

1 Introduction

Scheme background

- This Statement of Investment Principles (the "Statement"/ the "SIP") details the principles governing investment decisions for the Ransomes Pension Scheme (the "Scheme").
- The Scheme:
  - operates for the exclusive purpose of providing retirement and death benefits to eligible participants and beneficiaries,
  - comprises both a defined benefit (DB) and a Contracted Out Money Purchase Scheme ("COMPS") Section which provides benefits on a defined contribution (DC) basis.
- The Scheme is closed to new entrants.
- Buck is investment consultant to the Trustee.

Regulatory requirements and considerations

- This Statement covers the requirements of, and the Scheme's compliance with, the provisions of the Pensions Act 1995 (as amended) and the Occupational Pension Schemes (Investment) Regulations 2005 as well as additional non-statutory information recommended to be included following the Myners review of "Institutional Investing in the UK", the results of which were first published in 2001 (referred to as the "Myners Principles").
- The Myners Principles require Trustee Boards to act in a transparent and responsible manner. The information set out in this document helps ensure that the Trustee is complying with this requirement. In respect of the COMPS section (and additional voluntary contributions provided on a money-purchase basis within the DB Section), the Trustee has taken into account the requirements and recommendations within the Pension Regulator's DC code and regulatory guidance. Information on the Trustee's approach to investment matters within the COMPS section are included within this document.

Responsibilities and appointments

- Only persons or organisations with the necessary skills, information and resources are actively involved in taking investment decisions affecting the Scheme. The Trustee draws on the expertise of external persons and organisations including the investment consultant, investment managers and the Scheme Actuary. Full details are set out in this SIP.

Consultation

- In accordance with the Act, the Trustee has obtained and considered written advice from Buck Consultants (Administration & Investment) Limited (the investment consultant) prior to the preparation (or revision) of this SIP and have consulted the Sponsoring Employer. However, it should be noted that neither the Trustee (nor any investment manager to whom they have delegated any discretion to make decisions about investments) shall require the consent of the Sponsoring Employer to exercise any investment power.

Review

- The Trustee will review this SIP at least every three years and without delay after each significant change in investment policy, taking note of any changes in the Scheme's liabilities. Once agreed, and after consultation with the Sponsoring Employer, a copy of this SIP will be given to the Scheme Actuary, will be made available on a publicly available website, and will be made available to Scheme members on request.

2 Statement of Investment Principles

Introduction

- This section of the Statement covers the requirements of the Pensions Act 1995 (as amended) and the Occupational Pension Schemes (Investment) Regulations 2005. It is divided into three sub-sections:
  - General Section
  - DB Section
  - COMPS Section
- In accordance with section 35 of the Pensions Act 1995, the Trustee has reviewed and considered written advice from the investment consultant prior to the preparation of this Statement and have consulted the Sponsoring Employer.
- The Trustee will review this Statement, in consultation with the investment consultant and the Sponsoring Employer, at least once every three years, or more frequently if there are any significant changes in the Scheme's circumstances. However, ultimate power and responsibility for deciding investment policy lies solely with the Trustee.

General Section

- This section of the Statement contains information relating to both the DB and the COMPS Sections.

Kind of investments to be held

- The Trustee has full regard to their investment powers under the Trust Deed and Rules and the suitability of the various types of investments, the need to diversify, the custodianship of assets and any self-investment.
- The Scheme may invest in quoted and unquoted securities of UK and overseas markets including equities, fixed interest and index-linked bonds, cash, property, private equity, hedge funds and pooled investment vehicles considered appropriate for tax-exempt registered occupational pension schemes. The Trustee has considered the attributes of the various asset classes (including derivative instruments), these attributes being:
  - quality of the investment,
  - expected long-term return,
  - volatility of return,
  - term of the investment,

- exchange rate risk,
- liquidity,
- taxation.

- The Trustee considers all of the stated classes of investment to be suitable to the circumstances of the Scheme.

Realisation of investments

- In the event of an unexpected need to liquidate all or part of the assets of the portfolio, the Trustee requires the investment managers to be able to liquidate the Scheme's investments in a reasonable timescale by reference to the market conditions existing at the time the disposal is required and subject to the best interests of the Scheme. The majority of the assets are not expected to take an undue time to liquidate.

Financially material considerations

- The Trustee expects their investment managers to consider the financial implications of environmental, social, and governance factors as part of their investment analysis and decision-making process.

- The Trustee has reviewed the investment managers' policies in respect of financially material considerations and are satisfied that they are consistent with the above approach.

Non-financial matters

- The Trustee's objective is that the financial interests of the Scheme members is their priority when choosing investments.

Stewardship in relation to the Scheme's assets

- The Trustee has a fiduciary duty to consider their approach to the stewardship of the investments, to maximise financial returns, within an acceptable level of risk, for the benefit of members and beneficiaries over the long term. The Trustee can promote an investment's long term success through monitoring, engagement and/or voting, either directly or through their investment managers.

Engagement and monitoring

- The Trustee's policy is to delegate responsibility for engagement and monitoring investee companies to the investment managers and expects the investment managers to use their discretion to maximise financial returns for members and others over the long term. The Trustee has not set out its own stewardship priorities but follows that of the investment managers.

- The Trustee will review the stewardship / voting policies and behaviour of the investment managers and undertaking the ongoing monitoring and engagement with its investment managers as appropriate, with the assistance of the investment consultant.

- The Trustee will engage with an investment manager should they consider that manager's voting and engagement policy to be inadequate or if the voting and engagement undertaken is not aligned with the investment manager's own policies, or if the investment manager's policies diverge significantly from the views of the Trustee from time to time.

Voting Rights attaching to Investments

- The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers and to encourage the managers to exercise those rights. The investment managers are expected to provide regular reports for the Trustee detailing their voting activity.

Investment Decisions

- All investment decisions are taken by the Trustee Board as a whole. The Trustee believes that collective responsibility is the appropriate structure, given the size of the board, except for specific projects when an investment sub-committee may be set up. The Trustee will examine regularly whether additional investment training is desirable for any individual Trustee.

- All investment decisions relating to the Scheme are under the Trustee's control without constraint by the Sponsoring Employer. The Trustee is obliged to consult with the Sponsoring Employer when changing this Statement.

- All day-to-day investment decisions are delegated to properly qualified and authorised investment managers of pension scheme portfolios. Investment management agreements and/or an insurance contract have been exchanged with the investment managers, and are reviewed from time-to-time to ensure that the manner in which they make investments on the Trustee's behalf is suitable for the Scheme, and appropriately diversified.

Investment Manager Monitoring

- The Trustee will assess the performance, processes and cost effectiveness of the investment managers by means of regular, but not less than annual, reviews of the results and other information, in consultation with the investment consultant.

- All investment decisions, and the overall performance of the investment managers, are monitored by the Trustee with the assistance of the investment consultant.

- The investment managers will provide the Trustee with quarterly statements of the assets held along with a quarterly report on the results of the past investment policy and the intended future policy, and any changes to the investment processes applied to their portfolios. The investment managers will also report orally on request to the Trustee.

- The investment managers will inform the Trustee of any changes in the internal performance objective and guidelines of any pooled funds used by the Scheme as and when they occur.

- The Trustee will assess the quality of the performance and processes of the investment managers by means of a review at least once every three years in consultation with the investment consultant.

- Appropriate written advice will be received from the investment consultant before the review, appointment or removal of the investment managers.

The Trustee's policy in relation to its investment managers

- In detailing below the policies on the investment manager arrangements, the over-riding approach of the Trustee is to select investment managers that meet the primary objectives of the Trustee. As part of the selection process and the ongoing review of the investment managers, the Trustee considers how well each investment manager meets the Trustee's policies and provides value for money over a suitable timeframe.

How the arrangement incentivises the investment manager to align its investment strategy and decisions with the Trustee's policies

- The Trustee has delegated the day to day management of the Scheme's assets to investment managers. The Scheme's assets are invested in pooled funds which have their own policies and objectives and charge a fee, agreed with the investment manager, for their services. Such fees incentivise the investment managers to adhere to their stated policies and objectives.

How the arrangement incentivises the investment manager to engage and take into account financial and non-financial matters over the medium to long-term

- The Trustee, in conjunction with its investment consultant, appoints its investment managers and chooses the specific pooled fund to use in order to meet specific Scheme policies. It expects that its investment managers make decisions based on assessments about the financial performance of underlying investments, and that they engage with issuers of debt or equity to improve their performance (and thereby the Scheme's performance) over an appropriate time horizon.

- The Trustee also expects its investment managers to take non-financial matters into account as long as the decision does not involve a risk of detriment to members' financial interests.

How the method (and time horizon) of the evaluation of the investment manager's performance and the remuneration for asset management services are in line with the Trustee's investment policies

- The Trustee expects its investment managers to invest the assets within its portfolio in a manner that is consistent with the guidelines and constraints set out in its appointment documentation. The Trustee reviews investment managers periodically. These reviews incorporate benchmarking of performance and fees. Reviews of performance focus on longer-term performance (to the extent that is relevant), e.g. looking at five years of performance.

- If the Trustee determines that the investment manager is no longer managing the assets in line with the Trustee's policies, it will make its concerns known to the investment manager and may ultimately disinvest.

- The Trustee pays its investment managers a management fee which is a fixed percentage of assets under management.

- Prior to agreeing a fee structure, the Trustee, in conjunction with its investment consultant, considers the appropriateness of this structure, both in terms of the fee level compared to that of other similar products and in terms of the degree to which it will incentivise the investment manager.

How the Trustee monitors portfolio turnover costs incurred by investment managers, and how it defines and monitors targeted portfolio turnover or turnover range

- The Trustee, in conjunction with its investment consultant, has processes in place to review investment turnover costs incurred by the Scheme on an annual basis. The Trustee receives a report which includes the turnover costs incurred by the investment managers used by the Scheme.

- The Trustee expects turnover costs of the investment managers to be in line with their peers, taking into account the style adopted by the investment manager, the asset class invested in and prevailing market conditions.

- The Trustee does not explicitly monitor turnover, set target turnover or turnover ranges. The Trustee believes that the investment managers should follow their stated approach with a focus on risk and net return, rather than on turnover. In addition, the individual mandates are unique and bespoke in nature and there is the potential for markets to change significantly over a short period of time.

The duration of arrangements with investment managers

- The Trustee does not in general enter into fixed long-term agreements with its investment managers and instead retains the ability to change investment manager should the performance and processes of the investment manager deviate from the Trustee's policies. However, the Trustee expects its manager appointments to have a relatively long duration, subject to the manager adhering to its stated policies, and the continued positive assessment of its ability to meet its performance objective.

Performance Monitoring

- Each of the funds in which the Scheme invests has a stated performance objective against which the performance is measured.

- The Trustee will review the performance of the investment managers from time to time, based on the results of their performance and investment process.

- The investment managers are expected to provide written reports on a quarterly basis.

- The Trustee receives an independent investment performance monitoring report from its investment consultant on a quarterly basis.

DB Section

- This section of the Statement contains information relating only to the DB Section of the Scheme.

Investment Objectives and Suitability of Investments:

- The Scheme's investment strategy has been agreed by the Trustee having taken into consideration advice from the investment consultant and takes due account of the Scheme's liability profile along with the level of disclosed surplus or deficit.

- The Trustee's agreed investment strategy is based on consideration of the Scheme's liability profile, the required investment return and the returns expected from the various asset classes over the long-term. Long-term returns from equities are expected to exceed the returns from bonds and cash, although returns and capital values may demonstrate higher volatility. The Trustee is prepared to accept this higher volatility in order to aim to achieve the overall investment objectives.

- The Trustee's primary objectives are:

  – to provide benefit payment security for all beneficiaries,

  – to achieve long-term growth sufficient to provide the benefits from the Scheme, and

  – to achieve an appropriate balance between risk and return with regards to the cost of the Scheme and the security of the benefits.

- The Trustee has translated its objectives into a suitable asset allocation for the Scheme.

- In accordance with the Financial Services & Markets Act 2000, the Trustee is responsible for setting the general investment policy, but the responsibility for all day-to-day investment management decisions has been delegated to investment managers authorised under the Act.
- The Trustee is responsible for reviewing both the Scheme's asset allocation and investment strategy as part of each actuarial valuation in consultation with the Scheme's investment consultant. The Trustee may also reconsider the asset allocation and the investment strategy outside the triennial valuation period where necessary.
- The Trustee considers the Scheme's current asset allocation to be consistent with the current financial position of the Scheme. This assessment will be updated with reference to the Technical Provisions set out in the Scheme's Statement of Funding Principles once the next actuarial valuation has been completed. "Technical provisions" is the value of the Scheme's liabilities for funding purposes as at the latest available Scheme-specific actuarial valuation date.

Diversification

- The Trustee, after seeking appropriate investment advice, has selected an asset allocation for the Scheme's DB Section.
- Subject to their respective benchmarks and guidelines the investment managers are given full discretion over the choice of stocks and are expected to maintain a diversified portfolio.
- The Trustee is satisfied that the investments selected are consistent with its investment objectives, particularly in relation to diversification, risk, expected return and liquidity.
- Given the size and nature of the Scheme, the Trustee has decided to invest the Scheme's assets on a pooled fund basis. All investments are effected through direct agreements with the investment managers or through an insurance contract.
- The Trustee is satisfied that the range of vehicles in which the Scheme's assets are invested provides adequate diversification.

Balance between different kinds of investments

- The appointed investment managers will hold a diversified mix of investments in line with their agreed benchmark and within their discretion to diverge from the benchmark. Within each major market each manager will maintain a diversified portfolio of securities.

Risk

- The Trustee considers the main risk to be that of the assets being insufficient to meet the Scheme's liabilities as they fall due.
- Investment policies are set with the aim of having sufficient and appropriate assets to cover the Scheme's Technical Provisions.
- In determining its investment strategy, the Trustee has taken into consideration advice from the investment consultant as to the likely range of funding levels for strategies with differing levels of investment risk relative to the Scheme's liability profile. The strategy adopted takes this into account, along with the expected returns underlying the most recent actuarial valuation.
- Although the Trustee acknowledges that the main risk is that the Scheme will have insufficient assets to meet its liabilities, the Trustee recognises other contributory risks, including the following. Namely the risk:

  - associated with the differences in the sensitivity of asset and liability values to changes in financial and demographic factors,
  - of the Scheme having insufficient liquid assets to meet its immediate liabilities,
  - of the investment managers failing to achieve the required rate of return,
  - of insufficient diversification of investments,
  - of failure of the Scheme's Sponsoring Employer to meet its obligations.

- The Trustee manages and measures these risks on a regular basis via actuarial and investment reviews, and in the setting of investment objectives and strategy.
- The Trustee undertakes monitoring of the investment managers' performance against their targets and objectives on a regular basis.
- Each fund in which the Scheme invests has a stated performance objective by which investment performance will be measured. Within each asset class, the investment managers are expected to maintain a portfolio of securities (or funds), which ensures that the risk being accepted in each market is broadly diversified.
- The Scheme's asset allocation is reviewed and discussed with the investment consultant at each Trustee meeting, and a decision will be made at that time whether to adjust the Scheme's assets.

Expected return on investments

- The investment strategy is believed to be capable of exceeding, in the long run, the overall required rate of return assumed in the Scheme Actuary's published actuarial valuation report in order to maintain a fully funded status under the agreed assumptions.

Additional Voluntary Contributions (AVCs)

- The Trustee has full discretion as to the appropriate investment vehicles made available to members of the Scheme for their voluntary contributions. Only investment vehicles normally considered suitable for voluntary contributions will be considered by the Trustee, having taken into consideration the advice from properly qualified and authorised financial advisers.
- The Trustee has historically made available funds with Utmost Life and Pensions and Aegon for the members' AVCs.
- In selecting this range of funds offered the Trustee has taken into consideration advice from its professional advisers on:
  - the risks faced by members in investing on a money purchase basis, and
  - the Trustee's responsibilities in the selection and monitoring of the investment options offered.
- The Trustee will continue to manage the AVC arrangements having taken professional advice on these matters.
- The Trustee will monitor the performance of AVC providers periodically.
- Members are directed to seek independent financial advice when considering their AVC arrangements.

COMPS Section

- This section of the Statement contains information relating only to the COMPS Section of the Scheme.

Investment Objectives and Suitability of Investments

- The Trustee believes that fund selection is an important decision for all members since it is likely to have an important influence on the risk taken and return achieved on members' pension savings. The Trustee regularly communicates with members to enable them to understand the importance of this area and to provide them with education to help them to make informed choices about their selection of funds.

- The fund range has been designed having taken due regard to the membership profile of the Scheme, including consideration of the ways members may choose to use their savings to fund their retirement.

- The objective of the investment options available is to allow members to tailor their investments based on their individual investment requirements, while avoiding complexity. The range should assist members in achieving the following:

  - maximising the value of retirement benefits,

  - protecting the value of benefits in the years approaching retirement against equity market falls and (should they decide to purchase an annuity) fluctuations in annuity costs, and

  - tailoring a member's investments to meet his or her own needs, and to how the member intends to make use of their benefits at and through retirement.

- The Trustee's investment consultant provides advice regarding the suitability of the options available.

- Members are advised to take independent financial advice before choosing between these funds.

- The Trustee is satisfied that the funds offered to members and the appointed investment managers are consistent with the objectives of the Scheme, particularly in relation to diversification, risk, expected return and liquidity.

Balance between different types of investments

- The investment managers will maintain a diversified portfolio of stocks or bonds within each of the funds offered under the Scheme.

Risk

- The Trustee has considered risk from a number of perspectives. These are the risk that:

  - the investment return over members' working lives may not keep pace with inflation and does not, therefore, secure an adequate retirement income,

  - investment market movements in the period prior to retirement lead to a substantial reduction in the anticipated level of pension or other retirement income,

  - investment market movements in the period just prior to retirement lead to a substantial reduction in the anticipated cash lump sum benefit,

  – fees and transaction costs reduce the return achieved by members by an inappropriate extent.

- The investment options have been chosen to provide members with the flexibility to address these risks for themselves.

- To help address these risks, the Trustee also reviews the fund range offered at least every three years, taking into account changes to the membership profile, developments within DC markets (including both product development and trends in member behaviour) and changes to legislation.

Expected Return on investments

- Assumptions around expected returns for each asset class are derived in a similar way as within the DB Section.

Realisation of investments

- Investments within the COMPS section are subject to the same liquidity requirements as set out in the General Section of this Statement.

Financially material considerations, non-financial matters and stewardship

- Financially material considerations, non-financial matters and stewardship for the COMPS section are considered as set out in the General Section of this Statement.

3 Appointments & Responsibilities

This section sets out the key appointments and responsibilities with respect to the investment aspects of the Scheme.

Trustee

The Trustee's primary responsibilities include:

- preparation of this Statement, reviewing its contents and modifying it if deemed appropriate, in consultation with the Sponsoring Employer and the investment consultant, at least every three years. The Statement will also be reviewed following a significant change to investment strategy and/or the investment managers,
- appointing investment consultants and investment managers as necessary for the good stewardship of the Scheme's assets,
- reviewing the investment strategy as part of each triennial actuarial valuation, and/or asset liability modelling exercise, and/or significant changes to the Scheme's liabilities, taking advice from the investment consultant and the Scheme Actuary,
- reviewing the stewardship / voting policies of the investment managers, and undertaking the ongoing monitoring and engagement with their investment managers as appropriate,
- assessing the policies and processes (and therefore the performance) of the investment managers by means of regular, but not less than annual, reviews of information obtained (including investment performance),
- monitoring compliance of the investment arrangements with this Statement on a regular basis, and
- monitoring risk.

Investment Consultant

The main responsibilities of the investment consultant include:

- assisting the Trustee in the preparation and periodic review of this Statement in consultation with the Sponsoring Employer,
- undertaking project work including reviews of investment strategy, investment performance and manager structure as required by the Trustee,
- advising the Trustee on the selection and review of the investment manager(s),
- providing training or education on any investment related matter as and when the Trustee sees fit, and

- monitoring and advising upon where contributions should be invested or disinvested on a periodic basis.

Investment Managers

The investment managers' main responsibilities include:

- investing assets in a manner that is consistent with the objectives set,
- ensuring that investment of the Scheme's assets is compliant with prevailing legislation and the constraints detailed in this Statement,
- providing the Trustee with quarterly reports including any changes to their investment process and a review of the investment performance,
- attending meetings with the Trustee as and when required,
- informing the Trustee of any changes in the fee structure, internal performance objectives and guidelines of any pooled fund used by the Scheme as and when they occur, and
- exercising voting rights on shareholdings in accordance with their general policy.

Custodian

The custodians used are responsible for the safe-keeping of the Scheme's assets.

- The custodianship arrangements are primarily those operated by the investment managers for all clients investing in their pooled funds.

Administrators

- The administrator's primary responsibilities are the day to day administration of the Scheme and the submission of specified statutory documentation, as delegated by the Trustee.
- The Scheme's administrator is Buck.

Scheme Actuary

The Scheme Actuary's main responsibilities in respect of investment policy include:

- commenting on the suitability of the Scheme's investment strategy given the financial characteristics of the Scheme; and
- performing the triennial (or more frequently as required) actuarial valuation and advising on the Scheme's funding level and therefore the appropriate level of contributions in order to aid the Trustee in balancing short-term and long-term investment objectives.

The Scheme Actuary is Martin Rawe of Buck.

Compliance

- The Scheme's SIP is available on a publicly available website and available to members on request.
- This SIP supersedes all others and was approved by the Trustee.

Full name	Charles Van Vleet
Signature	
For and on behalf of	The Trustee of the Ransomes Pension Scheme
Date	13th November 2023

Full name	David Ager
Signature	
For and on behalf of	The Trustee of the Ransomes Pension Scheme
Date	13th November 2023

Appendix 1 – DB Section – Asset Allocation and Objectives

Scheme's asset allocation

The Scheme's asset allocation as at 30 June 2023 is tabulated below:

Asset Type	Investment Style	Allocation (%)
Private and Public Equities	Passive / Active	50.2
UK Property	Active	12.3
Long Lease Property	Active	5.5
UK Corporate Bonds	Active	11.9
UK Fixed interest gilts	Passive	12.8
UK Index-linked gilts	Passive	5.2
Cash	Active	2.2[1]
Total		**100.0[2]**

1. Cash refers to the Scheme's allocation to BlackRock's Institutional Liquidity Fund.
2. Figures may not sum exactly due to rounding.

The asset allocation is reviewed at each trustee meeting and a decision will be made at that time whether to adjust the Scheme's assets.

Benchmarks & performance objectives

Benchmark indices and relative performance objectives for each of the funds in which the Scheme is invested are outlined below. All performance targets are gross of fees and relate to rolling three-year periods.

Manager	Fund	Benchmark Index	Objective % p.a.
Baillie Gifford	Global Alpha Pension Fund	MSCI All Country World Index	+2.0-3.0[1]
Baillie Gifford	Private Companies Fund II L.P.	Target Return	5x return over 5 years
IFP	Global Equity Fund	MSCI World Index Net	Outperform
BlackRock	UK Property Fund	MSCI UK All Balanced Open-ended Property Fund Index	+1.0
	Currency Hedged World ex-UK Fund	FTSE All World Developed ex-UK 95% GBP Hedged	Track
	All Stocks Corporate Bond Fund	iBoxx Sterling Non-Gilts Bond Index	+0.75
	Over 25 Year Index-Linked Gilt Fund	FTSE Actuaries UK Index-Linked Gilts over 25 Years Index	Track
	Over 15 Year Gilt Index Fund	FTSE Actuaries UK Conventional Gilts over 15 Years Index	Track
	Institutional Liquidity Fund	Overnight SONIA	Track
abrdn	All Stocks Corporate Bond Fund	Merrill Lynch Sterling Non Gilts Index	+0.5[2]
	Long Lease Property Managed Pension Fund	FTSE All Gilts Index	+2.0[1,2]
Man Group	GPM RI Community Housing Fund	Target Return	8-10 net IRR[3]

[1] over rolling five-year periods
[2] net of fees
[3] of which 6% stabilised cash yield is expected

Appendix 2 – COMPS Section – Fund Range and Objectives

Fund options

The funds available to members are included in the below table.

Manager	Fund	Benchmark Index
Aviva	Baillie Gifford Managed	Mixed investment 40% - 85% Shares
	BlackRock UK Equity	FTSE All Share
	Secure Growth	None

Appendix 3 – Fees

Investment manager fees

DB Section

Manager	Fund	Investment Style	Management Fee % p.a.
Baillie Gifford	Global Alpha Pension Fund	Active	0.57 on first £60m 0.35 on next £540m 0.33 thereafter[1]
Baillie Gifford	Private Companies Fund II L.P.	Active	0.8 -1.0 of net invested capital[2]
IFP	Global Equity Fund	Active	0.95 base fee, with a discount applied based on AUM of IFP[3]
BlackRock	UK Property Fund	Active	0.85
	Currency Hedged World ex-UK Fund	Passive	0.16
	All Stocks Corporate Bond Fund	Active	0.35 on first £10m 0.15 on next 10m 0.10 thereafter[4]
	Over 25 Year Index-Linked Gilt Fund	Passive	0.08 on first £15m 0.04 on next £85m 0.03 thereafter[4]
	Over 15 Year Gilt Index Fund		
abrdn	All Stocks Corporate Bond Fund	Active	0.30 on first £20m 0.25 on next £30m 0.20 thereafter[4]
	Long Lease Property Managed Pension Fund	Active	0.50 on the first £25m 0.40 on the next £25m 0.30 thereafter[4]
Man Group	GPM RI Community Housing Fund	Active	0.75 in the first 5 yrs, 0.45 thereafter[5]

[1] Assets are aggregated with the assets of the Textron Limited Pension Scheme, the Textron UK Pension Plan and the Textron Inc. Master Trust prior to calculation and include the total Private Companies Fund II L.P. assets for these Schemes in addition.

[2] 1% p.a. of the fund's Net Invested Capital from the period of the date that the fund makes its first portfolio investment until the end of the Recycling Period. Thereafter the management fee will be 0.8% p.a. of the fund's Net Invested Capital. Performance related fees include a 10% incentive fee (hurdle return of 8% IRR with no catch up).

[3] The IFP Global Equity Fund AUM was above the $5bn threshold as at the end of June 2021, as such, maximum discount is applied and the IFP management fee inclusive of the discount is 0.70% p.a. from 1 October 2021.

[4] Assets are aggregated with the assets of the Textron Limited Pension Scheme and the Textron UK Pension Plan prior to calculation.

[5] Fees are based on the gross asset value. 0.75% p.a. in the first 5 years is the 'commitment fees' and 0.45% p.a. from the 6th year is the 'management fee'. Other additional expenses are expected to be around 0.5% p.a. Performance related fees include a 10% incentive fee (hurdle return of 6% IRR with no catch up).

COMPS Section

The Scheme carries an annual management charge of 0.98% for the COMPS section, with additional charges for each of the funds as listed below.

Manager	Fund	Annual management charge
Aviva	Baillie Gifford Managed	0.2%
	BlackRock UK Equity	0.2%
	Secure Growth	0.0%

Investment consultancy fees

The investment consultant provides agreed services on a fixed fee basis, with additional projects provided on a time cost basis subject to agreement in advance.

The basis of remuneration is kept under review.