

ANNUAL REVIEW
2019 – 20

PROVIDING PEACE OF MIND
FOR GENERATIONS



EXCELLENT SERVICE

I have just taken the plunge and put into place a funeral plan. At 55 years old, it seemed the right time to think about my family. I went for Golden Charter, as my mum had her plan with them too, and everything was straightforward and respectful.

On calling to arrange a plan, my advisor Darren was extremely informative, pleasant and helpful. He answered my questions professionally and courteously.

The process took around 15 mins, with various plans and payment options to suit all budgets, and I am now waiting for my plan to arrive.

No one likes to think about what happens inevitably to all of us, but, knowing my family will have the reassurance that everything is settled gives me great peace of mind for the future.

I can highly recommend Golden Charter without hesitation for a pleasant, informative, reassuring service.

WHAT OUR CUSTOMERS SAY



SIMPLE AND STRAIGHTFORWARD WAY TO HANDLE YOUR AFFAIRS

Taking out a Golden Charter funeral plan was very straightforward as every question we had was explained by the funeral director. All of my family have taken one, and we have seen what happens when the time comes to execute it, due to family bereavements.

It takes a lot of the worry and concerns away from your family, as they know exactly what you wished in relation to your arrangements. The paperwork was handled very quickly and efficiently, despite the problems that COVID-19 have caused to businesses in the UK.

MR THOMSON

MS CASSIDY

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CHAIRMAN'S REPORT



Golden Charter is one of the UK's leading providers of pre-paid funeral plans. We are proud to help connect customers to their preferred funeral director, selected from the country's widest network of independent funeral directors.

Our activities are currently overseen by the Funeral Planning Authority (FPA), whose primary aim is to ensure that plan providers operate in a manner which ensures customers will receive the funeral they have paid for, when it is needed. Golden Charter's pre-paid funeral plans account for 27% of the total number of plans that are currently active, as reported by the FPA in December 2019.

2019 saw a reduction in sales of pre-paid funeral plans, as measured by the FPA, with the market shrinking by 7% in the twelve months to December 2019. A number of new members joined the FPA during 2019 and we estimate that the underlying reduction in the market was closer to 10%.

The UK Government has confirmed its intention for the sale of funeral plans to be regulated by the Financial Conduct Authority (FCA). Throughout the year our management team continued to engage with the policy makers who will shape

the future regulation of our industry. The process slowed over the financial year as policy makers were diverted onto other macro-economic issues and more recently onto the demands created by the COVID-19 pandemic. Golden Charter is fully supportive of the proposed regulatory model overseen by the FCA. We will fully participate in the transition to a regulated environment, which is scheduled to commence in late 2020, following the passing of the necessary secondary legislation by the UK Government.

The COVID-19 pandemic started to impact both Golden Charter and its funeral director partners in the final two weeks of the financial year and so had no material impact on our results. Our priority since then has been to ensure the safety of our staff whilst maintaining service to our 400,000 existing pre-paid funeral plan holders. Supporting our funeral director partners, as they face the significant challenges caused by the pandemic, remains at the centre of our thinking.

I would like to pay tribute to our staff for the way they have adapted to the challenges and to the independent funeral directors who have responded so magnificently to the demands put on them all by this crisis.

“OVERALL DEMAND FOR FUNERAL PLANS REMAINS STRONG AND WE CONTINUE TO MEET SOME OF THIS DEMAND THROUGH DIRECT SALES.”

BOARD CHANGES

Julian Walker stepped down from the Board in September 2019, following the end of his tenure as Chairman of SAIFCharter. The Board would like to thank Julian for his valuable input through a period of significant change for Golden Charter. Julian is replaced as SAIFCharter Chairman by Adam Ginder, and Adam was appointed to the Board in October 2019.

The Board operates with nine directors in total. Three are funeral directors nominated by SAIFCharter, our ownership association, and Adam Ginder, Helen Wathall and James Tovey bring significant experience and insight from the profession to Board discussions.

I am joined as an independent non-executive director by Steve Burnett and Mark Huggins who bring extensive board experience in regulatory environments, and take lead roles in chairing our audit and remuneration committees respectively. There are three executive director roles on the Board: Suzanne Grahame, Chief Executive Officer, Robert Speir, Chief Financial Officer and Karen Trickett, Chief Commercial Officer.

OUTLOOK

Golden Charter ended 2019-20 in a healthy financial position, with a further improvement in the level of cash reserves. This gives us confidence that we can continue to invest in the business, service our customers and support our funeral director partners through the current uncertainty. It also reflects the continued professionalism, commitment and hard work of our employees.

Unsurprisingly, since the COVID-19 pandemic we have seen a dip in sales of pre-paid funeral plans through independent funeral directors as they focused on supporting an increased number of their families who have lost a loved one. However, we are already seeing evidence that this has proved to be a temporary situation and we expect sales will have returned to normal levels by the mid-point of the financial year. Overall demand for funeral plans remains strong and we continue to meet some of this demand through our direct to consumer channel.

Our business plan for 2020-21 reflects a reduction in operating profit as we continue to invest in technology and product development, and to prepare for changes in regulatory oversight of the industry. We have run a number of sensitivities in relation to the potential impact of the COVID-19 pandemic and currently consider that we can manage the impact without a material reduction in our cash reserves.

The Board believes that the independent funeral businesses we partner with continue to provide the best service and value for consumers in the market. The Board also believes that the investment we have made in recent years to ensure our sales processes always treat customers fairly will put us in a strong position to operate successfully under any future changes to regulatory oversight of the market.

I would like to thank my fellow directors, our employees, our shareholders, and our stakeholders for all of their hard work during the year.

JOHN THORNTON
CHAIRMAN

BOARD OF DIRECTORS

GOLDEN CHARTER LIMITED

John Thornton

Chairman

John splits his time as an ombudsman for the Financial Ombudsman Service and non-executive director for various organisations including Queen Victoria Hospital NHS Foundation Trust and Vision Critical Ltd which supplies IT services to commercial banks.

Steve Burnett

Non-Executive Director

Steve is an experienced non-executive director who is currently Chair of the Government Internal Audit Agency and a member of the General Medical Council.

Mark Huggins

Non-Executive Director

Mark's experience includes both executive and non-executive directorships with leading blue chip organisations such as Admiral, MBNA and the AA.

Adam K Ginder

Non-Executive Director

Adam is an independent funeral director and Chairman of Golden Charter's ownership association, SAIFCharter. Adam holds management and business qualifications and has run his family funeral business for 10 years.

James Tovey

Non-Executive Director

James is an independent funeral director and a member of the SAIFCharter Executive. James is a Chartered Accountant, having trained with PwC, and has run his family funeral business for 20 years.

Helen Wathall

Non-Executive Director

Helen is an independent funeral director and a member of the SAIFCharter Executive. She has been managing director of her family business for 25 years, and is a past president of SAIF, the National Society of Allied and Independent Funeral Directors, which has over 950 members.

Suzanne Grahame

Chief Executive Officer

Suzanne joined Golden Charter in 2017 from UK top-twenty law firm Addleshaw Goddard, where she was Executive Director. A professionally qualified accountant, she has previously held roles with FCA-regulated investment fund manager Standard Life plc and UA Group plc.

Robert Speir

Chief Financial Officer

Robert, who is a Chartered Director and qualified management accountant, joined Golden Charter as Finance Director in 2012. He previously held senior finance roles with the University of Glasgow and Diageo.

Karen Trickett

Chief Commercial Officer

Karen joined the board in July 2018 having been Director of Marketing and Consumer Sales at Golden Charter since 2015. She previously held director level roles in marketing consultancies for clients such as Lloyds Banking Group, HSBC Asset Management and Baillie Gifford.



GOLDEN CHARTER LIMITED'S BOARD OF DIRECTORS

Back (left to right): Steve Burnett, John Thornton, Mark Huggins, Helen Wathall

Front (left to right): James Tovey, Adam Ginder, Karen Trickett, Robert Speir, Suzanne Grahame

CHIEF EXECUTIVE'S REPORT



Has there ever been a more important time to put the needs of customers first? The challenges in the pre-paid funeral plan market were put into perspective by the onset of the COVID-19 pandemic this year.

Our industry is intrinsically connected to those delivering funerals at the point of need and their experiences since the pandemic began have been truly daunting. People needing funeral services – and those planning them – have faced incredibly difficult circumstances, and funeral directors have gone above and beyond to offer experience and support to families, as well as the wider community.

It is a stark reminder to all of us of how important it is for the funeral sector to keep building trust with consumers, treating them fairly, and being as transparent as possible.

It is easy to forget the important role played by funeral directors in their communities, and we take our responsibility to connect people to their personal choice of funeral, through funeral directors, extremely seriously.

MARKET PLACE

The core of our business remains the provision of pre-paid funeral plans, which are offered through multiple routes to market. Most of these originate from conversations between the customer and their chosen funeral director, enabling detailed discussions about their personal wishes. This personal approach in a trusted setting leads to the highest quality experience for customers.

The year 2019-20 was another year of decline for the pre-paid funeral plan sector. There is continued evidence that some of the market has been taken by the guaranteed over 50s insurance market. The ongoing political and economic uncertainty has also reduced consumers' ability and willingness to spend.

Golden Charter sold 36,200 pre-paid funeral plans during the financial year. This was a 13% reduction versus the same period last year. Sales were particularly sluggish in the first half of the financial year and improved in the second half as our investment in new ways of working started to have a positive impact.

In addition to the sale of pre-paid funeral plans, Golden Charter also has relationships with several UK insurance providers, where their guaranteed over 50s insurance policy holders are offered the option to add a funeral benefit to their insurance policy. We saw significant growth in this area during the year as new arrangements flourished. These agreements allow us to connect more customers to independent funeral directors, who will provide these funerals in the future.



COVID-19

The COVID-19 pandemic started to impact both Golden Charter and its funeral director partners in mid-March 2020. Our immediate priority was for the wellbeing of our employees whilst maintaining service to our 400,000 pre-paid funeral plan customers. Most of our employees transitioned successfully to homeworking, with a small team retained within our offices.

A natural consequence of Government-enforced lockdown restrictions was a reduction in face-to-face sales of funeral plans. Funeral directors focused on adapting to the significant restrictions placed on funeral provision.

Overall, the market for funeral plans remains strong and we continue to meet customer demand through increased levels of direct sales whilst the lockdown restrictions remain.

We paused marketing activity during the spring to allow funeral directors to focus on the immediate challenges associated with an increased death rate. Some of our sales and marketing employees who support funeral directors were furloughed, as were a number of operational team members.

We have seen evidence that the reduction in sales was a temporary situation and are poised to deliver the appropriate sales, marketing and enquiry support as funeral directors emerge from the current situation. Sales are expected to return to more normal levels by the mid-point of our financial year, however we are mindful of the impact of any second wave as we plan for the future.

PROTECTING OUR CUSTOMERS

The Chancellor announced in March 2020 that the UK Government will legislate to bring funeral plan providers under the regulatory scope of the Financial Conduct Authority (FCA), with secondary legislation to be laid before parliament late in 2020.

Having led calls, over several years, for industry regulation to be strengthened, Golden Charter welcomes the announcement and will embrace proposals that give additional protection and choice to consumers.

While preparing for statutory FCA regulation, Golden Charter remains a registered provider with the Funeral Planning Authority (FPA) and is committed to continuing to push for the highest attainable standards.

Once again last year, we worked closely with the FPA to strengthen the current voluntary framework. We also met with Treasury and FCA officials to continue to help shape the future statutory framework. Hosting an FCA delegation in summer 2019 proved beneficial to each side's understanding and we look forward to further developing our relationship with the FCA in the year ahead.

While the COVID-19 pandemic saw both the Competition and Markets Authority (CMA) and the Funeral Service Consumer Standards Review suspend their activity to allow funeral directors to focus on funeral delivery during a critical period, both organisations made notable progress during 2019-20. It was particularly reassuring to see the CMA consult on proposals to raise awareness

of funeral planning, as part of its package of potential remedies to at-need vulnerability. We believe that families are better placed to assess and compare costs and choices if they do so before the point of need, and will continue to champion the role of funeral planning on behalf of customers throughout the UK.

As the regulatory landscape changes apace, the funeral sector has come together in the interest of consumers. A significant number of funeral planning companies who previously operated outside of the FPA's regulatory framework have now joined. This is good for consumers, and a welcome development, raising standards and enhancing transparency in the year ahead.

LISTENING TO OUR CUSTOMERS

At Golden Charter our customers always come first. We connect people with their choice of funeral, which is a truly personal choice. The benefits of funeral planning extend well beyond setting aside money to pay for funeral directors' services. The real value comes from the sense of being prepared, removing the emotional burden of responsibility from loved ones. By the end of 2019, almost three quarters of a million customers had trusted us with their funeral arrangements.

We are proud that 94%¹ of our customers tell us through our regular customer service level survey that they are satisfied or very satisfied with the service that we provide, placing particular value on staff availability, helpfulness, and product knowledge. These results from our structured research are endorsed by our excellent Trustpilot rating of 4.7 out of 5 stars, which was derived from over 1,500 individual customers reviews received in the last year.

In the year we introduced company-wide training on vulnerable customers and treating customers fairly for all staff, and introduced both of these policies into our funeral director network.

¹ CJM Research 2019/20 average

As consumers increasingly research for funeral provision online, we are working with our funeral director network to optimise their online visibility in their communities. Our online platform localfuneral.co.uk ensures that over 1,600 participating independent funeral businesses are visible in searches online, while offering the additional capability to display funeral prices and post funeral notices.

In addition, we work with our funeral director network to ensure their own online presence is equally strong – from landing pages to enquiry buttons, and websites to Facebook pages. This ensures these community focused businesses are easily found when a customer is looking online, engaging with customers in the way that families now expect. Helping independent funeral directors improve their visibility and accessibility is vital in bringing their expert knowledge to the families that live in the local area.

EMPLOYEES REMAIN OUR GREATEST ASSET

We are proud of our highly engaged and motivated workforce. We keep employees informed about the direction of the company and involve them in decisions affecting their day to day work.

Employees participate in a bonus scheme relevant to their role and are rewarded based on their personal contribution as well as the performance of the company. We are committed to ongoing employee development and have an extensive programme of learning and development activity to support them in their day to day roles.

Our employee engagement survey measures the extent to which employees are committed to the organisation and how enabled they feel to carry out their roles. We have a strong track record of significantly higher than average engagement and enablement results, which we have been measuring since 2016. Our last survey had a staggering 98% participation rate, providing accurate and valuable insight in to how our employees feel about working at Golden Charter.

Key performance indicators

The key performance measures are as follows:

- Customer and funeral director satisfaction levels
- Customer and funeral director service levels
- Staff engagement and enablement
- Cash
- Operating profit

The Board reviews other performance indicators to allow it to manage the business and ensure that the strategy and objectives are being delivered.

OWNERSHIP, STRATEGY AND BUSINESS MODEL

The company is owned by SAIFCharter Limited, which holds shares on behalf of independent funeral businesses. Together, those businesses form the SAIFCharter Association (SAIFCharter). The activities of SAIFCharter are overseen by an executive committee made up of eleven elected or nominated funeral directors and the CEO of Golden Charter. The executive committee elects three of its members to serve as directors on the Board of Golden Charter, including the current Chairperson of SAIFCharter.

Our UK-wide network of independent funeral directors remains Golden Charter's unique advantage, offering unrivalled choice to customers. These funeral director businesses are pillars of their local communities. We believe they offer the best quality, value and consistency of service in the marketplace. Our funeral director partners perform almost half of all funerals in the UK each year.

The company's funding requirements are currently met by the retention of profits. We target a modest operating profit each year in the range of 1-2% of the retail value of our annual funeral plan sales. This level allows us to build sufficient reserves for risk mitigation whilst providing funds to invest in the future of the company.

Our goal is to be future fit, to grow sustainably and to reflect society as it stands today and how it will look tomorrow. At the heart of our strategy is the customer. Our services will become increasingly more personal and provide best value in addressing the needs of our diverse customer base. As our industry enters the most substantial period of change in its history, our relationship with our funeral director partners will continue to be based on mutual respect and partnership to meet the needs of our customers in a more regulated and digitally enabled world.

SUZANNE GRAHAME
CHIEF EXECUTIVE OFFICER

FINANCIAL REPORT



2019/20 was another challenging year for the sector. Despite this, our financial results for the year to 31 March 2020 were encouragingly positive.

Turnover for the year was £32.4m which was a 5% decrease compared to last year. This is due to a reduction in funeral plan sales and the decision to exit the legal services market at the start of the financial year, partially offset by growth in guaranteed over 50s plans allocated to our funeral director network. Despite the reduction in turnover, the company delivered an operating profit for the eighth year in a row, at £1.6m.

Operating profit included a charge of £1.95m relating to the decision to waive loan notes issued to Golden Charter Services Limited, a wholly owned subsidiary. The activities of the subsidiary and the company have become increasingly linked during the financial year.

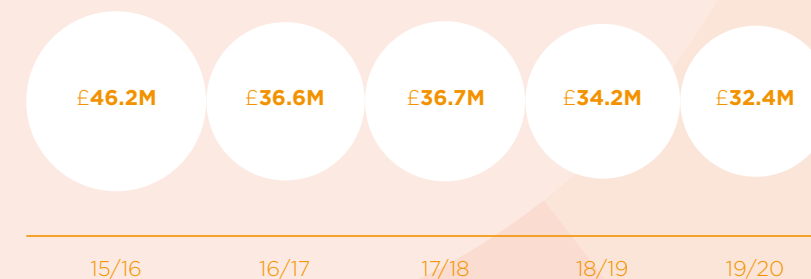
Following a review, the Golden Charter Services Limited Board approved the transfer of the entire business and assets of Golden Charter Services Limited to Golden Charter Limited. The transfer was made through the declaration of a dividend in specie on 26 March 2020.

At the end of the year the company held cash of £13m, representing an increase of £5.5m from last year. The increase was driven partly by the operating profit movement. Working capital reduced in the year due to the write off of loan notes issued to Golden Charter Services Limited, and an increased level of provisions associated with funeral benefit options provided to the policy holders of insurance provider partners.

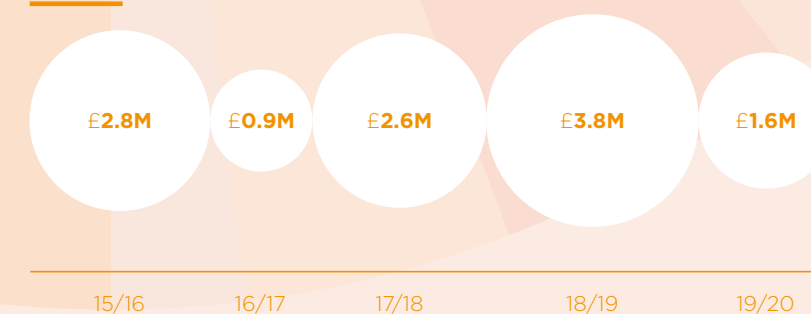
Our business and financial plan for 2020-21 reflects an increased investment in technology, product development, and preparing for the changes in regulatory oversight of the industry. Sensitivity analysis suggests that the potential impact of the COVID-19 pandemic can be managed without a material reduction in our cash reserves.

ROBERT SPEIR
CHIEF FINANCIAL OFFICER

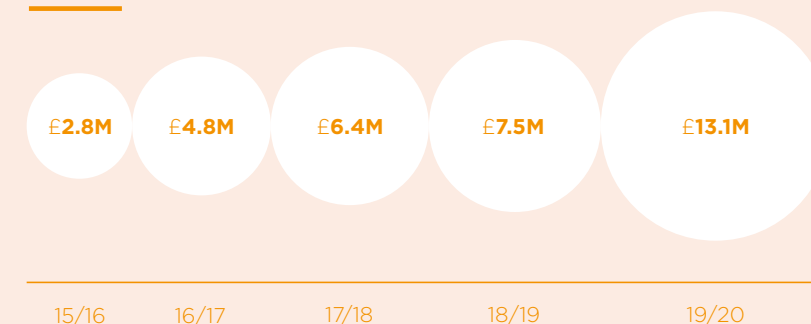
TURNOVER



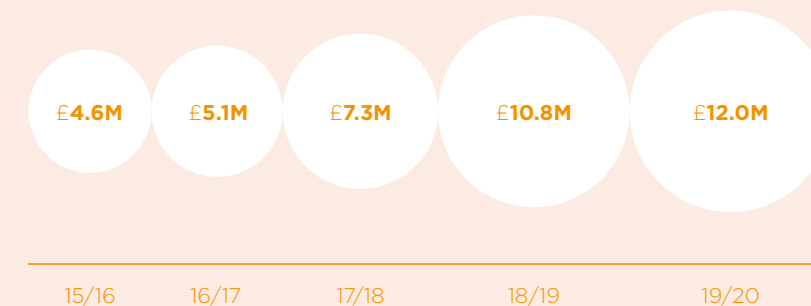
OPERATING PROFIT



CASH AT BANK AND IN HAND



NET ASSETS



THE YEAR IN REVIEW



ADAPTING TO A CHANGING MARKET

2019-20 has been yet another year of unprecedented change for the funeral sector, with regulatory developments gathering traction and an acceleration in the adoption of digital channels.

We concentrated on responding and adapting to the new challenges and opportunities while building on our strong foundations to meet the emerging consumer and regulatory landscape.

CONSUMER BEHAVIOUR

Consumer behaviour is changing. Broader transformation, evident in other markets, such as the increasing demand for personalisation and flexibility, are also becoming apparent in the funerals market.

There's a trend towards more 'celebration of life' events, in a move away from more formal traditional funeral services. Families are thinking differently about how they want to honour and remember loved ones and seeking more personal services which better reflect on the life that has been lived.

The internet facilitates research and comparison and has opened up previously unimaginable choice to the generation of pensionable age. Web use amongst older adults rose from 52% in 2011 to 83% by 2019¹, demonstrating the increasing comfort and familiarity these customers have starting a purchasing journey online, with increasing numbers looking to complete that journey digitally too.



“**FAMILIES ARE THINKING DIFFERENTLY ABOUT HOW THEY WANT TO HONOUR AND REMEMBER LOVED ONES AND SEEKING MORE PERSONAL SERVICES.**”

The funeral sector is no exception. Consumers are increasingly going online to research the funeral options available to them when arranging or planning a funeral. 68% of funeral plan customers gather information online before purchasing, with many now confident about completing their purchase online.²

Looking ahead, we believe online channels will soon become the most influential route for customers choosing who to make funeral arrangements with and for planning their own funeral. This trend has accelerated during the COVID-19 pandemic, changing consumer behaviour and expectations forever.

Working with funeral directors to develop and include more flexible and personal options for customers using digital channels, today and in the future, will be key to our ongoing success. We continuously poll our plan holders, with 94% reporting they are satisfied or very satisfied with the service both we and funeral directors provide.³

We know that we, and our network of funeral directors, need to keep evolving to continue to deliver to the expectations of our customers in the future.

The critical role of the human aspect of our service is not forgotten and is delivered through our customer operations and contact centre as well as via the relationships families develop with their independent funeral director. We celebrate the integral role of the funeral director for all of our plan holders - whether they bought that funeral plan from their local funeral director or directly from us.

Our customer satisfaction levels inform us that all channels perform well, a result endorsed by our excellent Trustpilot rating and underlining our commitment to putting customers first in everything we do.

¹ Office for National Statistics - Internet users, UK: 2019

² Independent research by James Law Associates 27 March to 2 April 2020 (sample size 3,063)

³ CJM Research 2019/20 average

THE MARKETPLACE

All funeral plan providers are experiencing a challenging market, with volumes and revenue reduced by a combination of political uncertainty, low consumer confidence and regulatory interest.

The lack of clarity over the country's departure from the European Union impacted customers' attitudes to spending. While politically impartial, Golden Charter remains alert to the risks posed to the business and to consumer confidence by political uncertainties.

Over the year, choice for consumers has expanded, with conglomerates spending significant advertising budget to market their propositions. While pre-paid plans have been seen as the most popular way of planning for the cost of funerals, life insurance policies are increasingly marketed to consumers as a way of making provision for a funeral.

Our Funeral Benefit Option (FBO) products boomed in 2019-20 and this is an evolving area we will continue to develop. We have to be flexible as we look for new ways to connect families with independent funeral directors.

The funeral market's period of disruption and change, coupled with wider economic uncertainty, has unsurprisingly also had an adverse impact on funeral plan sales.

The Funeral Planning Authority (FPA) reports a 7% contraction in the year to December 2019 for pre-paid plans. We believe the underlying contraction in the market may be closer to 10%, however, due to the impact on the reporting of a number of new members who joined the FPA during 2019.

This trend was reversed for us and our funeral director partners in the last quarter of the financial year, when increasing numbers of customers chose a Golden Charter funeral plan direct from their local funeral director.

This performance reflects the strength of the underlying relationships we have with and the service we provide to the independent funeral businesses we partner with, who we believe provide the best service and value for customers.

Meanwhile, regulation of the funeral plan market has quickly advanced, meaning the ability for providers to continue to operate outside of proper regulatory supervision is diminishing rapidly. Accordingly, several more funeral plan providers have become registered with the Funeral Planning Authority, a welcome move for growing consumer confidence in the sector.

Regulation will have an undoubtedly positive impact for funeral plan customers, further improving choice and transparency, and providing greater protection and security for families, as standards are raised. Golden Charter is in a strong position as we enter this new era of regulation.

We are committed to be fully regulation-ready, ensuring we can support independent funeral directors to compete as they work within the additional requirements of a formally regulated market.



PROMOTING PROFESSIONAL STANDARDS

To provide additional confidence to consumers, we only allow funeral directors who are a member of one of the nationally recognised professional bodies to offer our funeral plans.

In total we successfully prompted more than 130 Independents to join a recognised trade body over the last year, underlining our commitment to ensure the families we serve can be guaranteed to receive a defined standard of service.

REGULATION: FUNERAL PLANNING AUTHORITY

The Funeral Planning Authority's revised Rules and Code of Practice came into force in January 2020, offering consumers, plan providers, and funeral directors the strongest form of voluntary regulation currently available. While the new Code enhances protection, security, and certainty for all consumers, its particular focus on vulnerable consumers is most welcome.

In 2019-20, we invested in further training for all employees on our own Vulnerable Customer policy. This policy, which alongside our new funeral planning handbook and agreement for funeral directors and its robust system for compliance oversight, ensures that together we are always putting the interests of consumers at the heart of our thinking and actions.

With statutory Financial Conduct Authority (FCA) regulation on the horizon, the enhanced FPA regulatory regime will also play a crucial role in preparing funeral plan providers and funeral directors for the landscape ahead.



HM TREASURY

As part of HM Treasury's March 2020 budget, the Chancellor announced that the UK Government will legislate to bring funeral plan providers under the regulatory scope of the FCA. Having led calls, over several years, for the strengthening of industry regulation, we welcome this announcement and will embrace proposals that give additional protection and choice to consumers.

While statutory regulation is welcomed, we are continuing to highlight our concerns that a disproportionate regulatory burden will fall on smaller, family run funeral director businesses. Too great a burden could inhibit such firms' future enthusiasm for the pre-paid funeral market to the detriment of consumer choice.

Throughout 2019-20 we have regularly met with HM Treasury officials. In addition, last summer an FCA delegation accepted an invitation to visit our offices to learn more about our 'customer-first' ethos and our unique relationship with independent funeral directors.

We will continue to engage with the Government and regulators, promoting proportionate regulation that sustains consumer choice in the pre-paid market.

COMPETITION AND MARKETS AUTHORITY

Safeguarding consumer choice in the pre-paid market is particularly important, given that the Competition and Markets Authority (CMA) continues its market investigation into the supply of services by funeral directors as part of its package of potential remedies to consumer vulnerability at the time of a funeral.

Published CMA working papers consider that raising awareness of funeral planning before funeral services are required could improve customer knowledge of funeral costs and choices, at a time when the individual organising the funeral is better placed to assess and compare options.

With customers in the pre-need market more likely to be making decisions with less pressing limits on time and, often, with recent experience of arranging a funeral, they are better placed to make considered and educated decisions. For that reason Golden Charter will continue to make the case for a change in culture around death and dying, to one of open conversations and early engagement.

We have contributed to CMA consultations and on the research and working papers published.

FUNERAL SERVICE CONSUMER STANDARDS REVIEW

We have also contributed to the work of the Funeral Services Consumer Standards Review (FSCSR) throughout this year, consulting on transparency, standards, and a cross-sector code of practice for the funeral profession. As the regulatory landscape changes, we will continue to support this initiative which has brought the funeral sector together in the interest of consumers.



PARTNERING WITH INDEPENDENTS

Golden Charter was formed to provide consumers with a trusted and secure funeral plan through their local independent funeral director. Late in 2018 we refocused the nature of our support, to meet the needs of both customers and funeral directors in more tailored and flexible ways.

We embedded this partnership way of working as a core business principle this year, providing funeral directors working with Golden Charter with the most comprehensive package available, well beyond simple assistance with pre-paid plan enquiries.

Our business managers provide insight into the most pressing challenges and relevant areas for each local funeral director business. We share examples of relevant best practice and deploy Golden Charter's core expertise in customer insight, digital experience and marketing tools in ways that leverage the power of the local funeral director's own brand. It is truly a partnership of equals where we agree the actions that add value and mutually support each other.



Many funeral directors recognise the need to develop their digital capability, adapting to the shift in customer preferences towards online and social media channels. To this end, 2020 saw Golden Charter provide additional specialist resource dedicated to raising Independents' understanding and expertise in e-commerce.

In delivering on our promise to listen more, we simplified our plan range, retiring our Will service and redefining and streamlining how we remunerate funeral directors who carry out our plans to make this simpler to understand and fairer to all.

Beyond the provision of pre-paid funeral plans, we have adapted to the increasing customer demand to make provision through a life insurance policy. In the year to March 2020, record numbers of these arrangements contributed to Golden Charter being instrumental in connecting families with the independent funeral directors who will conduct the final arrangements.

Our partnership with funeral directors is central to the service we provide to customers. This strong, trusted relationship between a family and the funeral director, and the ability of the funeral director to respond to changing customer needs, contributes to the overwhelming positivity with which customers view us.

WORKING WITH TRUSTED THIRD PARTIES

Developing partnerships with recognised national brands and professional advisers grows our ability to connect customers with their choice of funeral and to maintain Independents' share of future funerals.

With regulation by the Financial Conduct Authority on the horizon we work hard to keep intermediaries informed of progress and provide reassurance of the benefits of working only with providers who are registered with the Funeral Planning Authority.

Over the last year we have developed our partnerships across several sectors and will continue to explore opportunities with other regulated intermediaries going forward.

SECURING OUR TECHNOLOGY AND OUR SYSTEMS

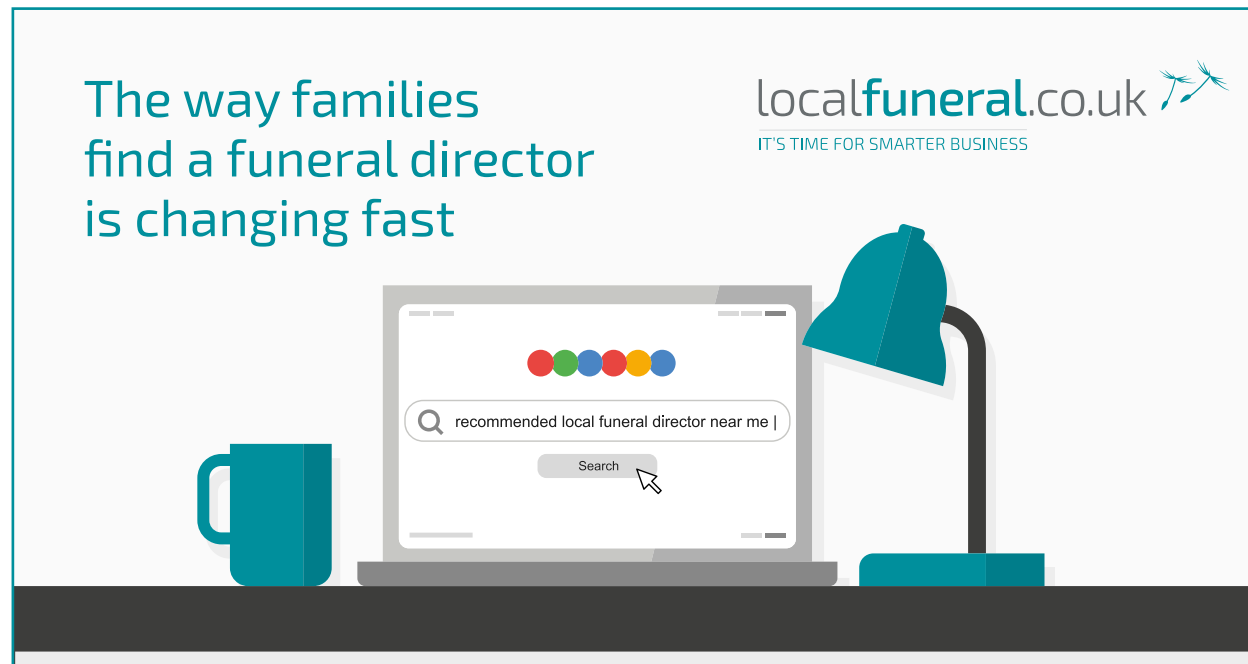
We continue to invest in the services and solutions that will provide an infrastructure to ensure services to our customers and stakeholders remain modern, effective and secure.

Digital transformation has continued through the year, as we replace infrastructure, upgrade our networks, and prepare to move our core systems to a multi-cloud environment, strengthening reliability and reducing the risk of disruption to our service.

Our customer relationship management solution now allows our employees working across all channels to be more collaborative, secure and better connected in delivering tailored services and more personalised communications to our customers and partners.

In an uncertain world, cyber security investment has not been overlooked as we seek to eliminate the risks of potential intrusion. We align our information security with the standards stipulated by ISO 27001, the industry standard for information security systems.





LOCALFUNERAL.CO.UK

localfuneral.co.uk, our exclusive 'find a funeral director' website, continues to go from strength to strength. Providing the most comprehensive UK-wide choice for customers, the service has seen a growth in enquiries, connecting families to a local independent funeral director when they need it.

Enhanced features for customers helped increase visits to the site by over 30%. Funeral directors received 200% more contacts through localfuneral.co.uk than in 2018/19. All of these families were routed directly to independent funeral directors and the majority became purchasers of a funeral service with Independents.

We continued to integrate customer and funeral director feedback as we extended the breadth of features on localfuneral.co.uk. A key driver for development has been making it easier for customers to compare funeral prices. Funeral directors can upload photographs and logos to personalise their profile as well as highlighting the services they offer that set them apart from their competitors.

Our online pricing feature, introduced this year, allows each funeral director to publish and update their own prices in real time. Improved transparency of pricing information has been central to the published expectations from both the CMA and the Treasury.

Our funeral notice feature has continued to provide families with the opportunity to share their loss with family and friends who are able to leave memories and marks of respect for their loved ones.

OUR PEOPLE

Our employees are central to the quality of service we provide and are integral to the ongoing success of our business.

We're proud to report continued positive engagement levels across the organisation this year, with 98% of our people taking part in our staff survey. Our investment in recent years resulted in an increase in our employees' belief that they have the necessary tools to provide a first class service and that we provide a range of employee benefits that meet their needs.

An important element of our overall employee engagement strategy is to bring our field and office based teams together to collaborate and discuss progress towards our shared strategic goals and objectives. Last year we held employee conferences in April and November. These events celebrated the value of our employees' efforts and

the power of collaborative working in progressing towards our strategic goals, all to provide the best service possible for our customers and partners and continue the overall success of our organisation.

We are continuing to progress our range of training and development, to allow our people to progress in their roles and explore opportunities for recognised qualifications. We also require employees to complete annual training in health and safety, data protection and information security as well as on treating customers fairly and how to put vulnerable customers first.

In addition to putting customers at the heart of our people processes, we understand that having a diverse workforce, where each employee feels valued and supported, is key to our ongoing success.





INCLUSIVE CULTURE

Having a diverse, inclusive culture is important to us, both as an employer and for the services we provide. We recognise that through a range of perspectives and thought we will be more able to arrive at better decisions, helping Golden Charter to meet the changing needs of customers.

Our workforce is broadly representative of the society we serve and are pleased we continue to attract and retain a diverse and engaged workforce. Our people policies provide equal opportunity for all and support our commitment that every employee will feel valued and supported. We continue to review job designs and our methods of attraction to promote Golden Charter as an inclusive organisation.

SUPPORTING GOOD CAUSES

We're proud to support a number of charities at Golden Charter, both through our corporate partnerships and charities nominated by our staff members.

For the fourth consecutive year we supported The Royal British Legion and Poppyscotland in their work, with a record-breaking 615 funeral directors joining us in this year's 'Remember Together' campaign.

With the aid of independent funeral directors, we raised almost £125,000 for The Royal British Legion, Poppyscotland and the Woodland Trust as well as 11 other charities which benefited from the generosity of our employees, who took part in regular informal activities and events throughout the year.

Alongside raising vital funds for charitable causes, as a member of the Good Life Good Death Good Grief alliance, we hosted the first ever Good Death Week Scottish parliamentary reception. The event brought together leading thinkers from policy networks, parliament and the third sector to reflect on the changing societal culture around death and dying, to share ideas, and to listen to each other.

GENDER PAY GAP 2019

In March we reported our third set of gender pay gap results, with men and women continuing to be paid equally for undertaking the same role, and further progress made to close the average pay gap, caused predominately by a different spread of roles held by men and women.

This year has seen a further 4% drop in the average pay gap and a 7% improvement from 2017. We're pleased that our efforts to attract and engage a diverse workforce is making a positive difference in closing this gap, and we understand the need to maintain a continued focus on this area to close the gap over time.

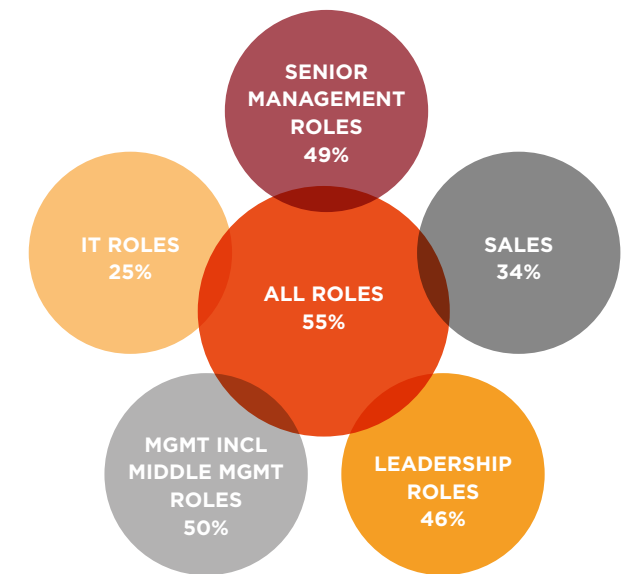
Gender Pay Gap: Hourly Pay and Bonus Pay		
	Mean ¹	Median ²
Hourly pay gap	16.6%	28.5%
Bonus pay gap	31.8%	17%

¹ The mean (or average) is the sum of all hourly rates divided by the number of relevant employees.

² The median number is the middle figure when the hourly rates of all colleagues are listed in ascending order.

We continue to have a strong female presence across our business, with women making up 55% of our workforce. Women have a strong presence in our management, senior management and leadership roles. We have made progress in attracting more women into our sales roles. The number of females in IT roles reduced in 2019, however this has increased through recruitment and is currently at 25%. We continue to review job designs and our methods of attraction to close our gender pay gap.

REPRESENTATION OF WOMEN ACROSS THE BUSINESS



SHAREHOLDERS' REPORT



SAIFCharter is the association that represents those funeral directors who own Golden Charter Limited. Membership is open to independent funeral businesses that are members of the SAIF trade association and commit to exclusively promote and sell Golden Charter funeral plans. There is no cost attached to being a member of SAIFCharter.

As we approach the regulated world I'm pleased to report that SAIFCharter entered the current financial year with a record number of members, a sure sign that we funeral directors increasingly see the need to work together to overcome the challenges lying ahead of us. Looking at some of the approaching changes, even the more traditional amongst us have come to accept that the technological revolution has arrived in our funeral homes.

In fact, I'm sure we all view electronic registration of deaths as a very positive advance. With families and communities changing how they behave, their expectations of how we should behave are altering too. Ultimately if we don't follow their wishes we will not succeed, but by becoming more agile and more digital, there will be greater opportunity

“**GOLDEN CHARTER CONTINUES TO OFFER ADDED VALUE TO INDEPENDENT FUNERAL DIRECTORS.**”

ahead. As funeral directors, providing a personal service is ingrained, so I have no fears that we will adapt and thrive.

We asked Golden Charter to help us use technology to reach out through last year and those efforts multiplied when COVID-19 struck. Zoom and Teams are the words of the moment and having those video meeting technologies ready proved immensely valuable when we needed forums to help funeral directors share problems and solutions with their peers. Podcasts from industry leading figures helped inform our members and inexorably the numbers accessing these materials and following social media has risen.

Having over 750 individual companies in the association provides a real strength, but also poses challenges as we strive to keep in touch with the diverse needs of individuals. We have continued the progress in making SAIFCharter more open and accessible to its members.

Contact details of the executive members are published on our website; members have full visibility of the Association's working groups; and our Facebook page and Twitter feed provide new



ways to interact. These digital meeting points are backed up by our attendance at all SAIF regional meetings. I was particularly pleased to present at SAIF's pre-lockdown AGM in Glasgow in March where I shared a stage with members of the team from Golden Charter. We discussed the future and shared how the association and the company will use new technologies to link funeral directors to future funerals.

Of course, the world does not stand still, and while it would be comforting to assume we are the constant and the world ebbs and flows around us, we must recognise that this is not the case. We are simply part of the current and we need to be nimble and flexible to swim with the rest. Customers will decide what we do, and, for Independents who are already committed to putting families at the heart of our actions, the involvement of the regulators will only validate what we know already to be right.

We might perceive the Competition and Markets Authority or the Financial Conduct Authority to be immovable objects that will shape our destiny but in truth they are driven to protect the consumer and so ultimately, it's the consumer who shapes our future direction.

Of course, other forces will impact on what we do. Not only will competitors change their propositions, the competitors themselves will change. We have moved from our historical focus on the actions of conglomerates to considering comparison websites as an emerging threat. Today I'd include local authorities, crematoria operators and celebrants amongst those who we must monitor most closely.

Competitor activity should not be our primary concern however: by far the biggest threat facing us today is not being visible to our customers and able to interact with them in the ways they want to engage. It's essential that we each create a strong digital presence, including a website displaying our services and prices clearly, to promote transparency and allow customers to make informed choices.

SAIFCharter has encouraged Golden Charter to continue on its journey to be the company that Independents choose to partner with. Importantly, the number of funeral directors choosing to remain exclusive has grown despite the increase in competition. I believe that there are good reasons for that. We still provide our members with the right proposition. Most members offer Independent Way plans at prices reflective of

their own funeral director services, providing families with the greatest flexibility and choice. The options we're able to offer encourage customers to provide, both financially and emotionally, for their families. In turn, this provides greater certainty for our businesses. It also gives us the opportunity to build deeper relationships within our communities and to invest in the future.

The Golden Charter Trust follows our wishes to be prudent when investing. Some smaller, more recently formed Trusts make extravagant claims about the returns they generate. We mustn't forget that it is us, the funeral directors, who have instructed the Golden Charter Trust to limit investment risk wherever possible to secure the future of our plans and the strength of the Trust as it grows.

Golden Charter is not a one service entity. Golden Charter continues to offer added value to independent funeral directors. The market for life insurance policies is significant, and more consumers plan for funeral expenses by that route than by all the others combined.

By connecting the funeral director to the customer via Funeral Benefit Options (FBOs), allowing funeral provision to be made through a life insurance policy, Golden Charter introduces new customers to funeral directors. These become family relationships we can nurture for generations to come.

The value of FBOs secured has reached hundreds of millions of future income and, vitally for the independent sector, no other independent planning company has access to that market. In this sector if Golden Charter did not invest on our behalf, every one of the customers attracted so far would have been a future funeral lost from the independent sector.

As funeral directors we also benefit in the present market. localfuneral.co.uk remains an asset for the association and a free source of new business for our members. Last year the website delivered over 3,000 funerals to local family businesses so an estimated additional £10m was secured for the independent sector by that website alone.

By the time the family has made the decision to search online, we need to accept that their business could not be guaranteed, so we must put our service forward in that space. localfuneral.co.uk lets funeral directors do that and also provides a vehicle for every member to have an online presence, helping members provide clear information to customers and also meet the requirements of the expected legislation.

Our company must continue to evolve and adapt its approach. What was correct ten years ago while I was still at university is not sufficient to succeed today. Ten years ago it was not my intention to follow my father's footsteps, but sudden life changes thrust me into the profession, a relative novice in a vastly experienced field. The support I received from SAIFCharter and Golden Charter provided the insight and support to allow my business to develop. SAIFCharter exists to support its members.



The Executive's sole focus is to translate the needs and desires of the members to assist our company in prioritising the right funeral planning for families in our local communities, providing support for those of us who are seeking help and maintaining the options for those funeral directors who only call upon it rarely.

Golden Charter is our biggest protection in a challenge laden world and having a stable, well-funded company at our side is critical. To that point members should be reassured when they read the company's accounts and see that the company entered this COVID-19 induced recession with strong reserves. None of us can foretell the future but we can learn from the past and present.

The Financial Conduct Authority will be regulating funeral planning by early 2022, and they will set minimum levels of solvency required. We do not yet know what these standards will be, but it is reassuring to know that having a debt free company with sufficient cash to draw upon in times of future difficulty will enable us to face the first of these hurdles with confidence.

In summary, the association is in good health with more members and more still seeking to join. The company is more focussed on the customer than ever before, with a laser clear understanding that, ultimately, it can only achieve the best outcome for the association's funeral director members by ensuring that the needs of the customer are at the centre of its every thought and deed. In that way, and by helping our members to meet families' changing preferences, we can stay at the forefront of innovation and customer satisfaction.

As my predecessor wrote in this publication last year: 'At this time of unprecedented change, we must continue to collaborate as it has never been more important that we work together and pool our collective skills to deliver for customers now and in the future.' Much has changed in the lives of all of us over the last year, but that statement remains our constant imperative.

ADAM K GINDER

CHAIRMAN
SAIFCHARTER

ABOUT THE GOLDEN CHARTER TRUST



BACKGROUND

The Golden Charter Trust was established in 1990 to hold, invest and administer the funds received from individuals and families who purchase funeral plans sold by Golden Charter Limited. The investment objective of the Trust is to invest the funds received with a view to ensuring that, at all times, there are sufficient funds to meet the anticipated invoice costs of all outstanding and maturing funeral plans.

The Trust exists both for the protection of funeral directors who have undertaken to carry out the funeral services in accordance with the plan terms and conditions, and for the plan holders themselves. To ensure this protection, the Trust's assets are entirely separate and independent of the plan provider, Golden Charter Limited.

The Trust is governed by its Trust Deed which requires the Trustees to comply with the rules of the Funeral Planning Authority (FPA) of which Golden Charter Limited is a registered provider. In addition, the Trust must comply with the Financial Services and Markets Act (Regulated Activities) Order 2001.

“THE TRUST EXISTS BOTH FOR THE PROTECTION OF FUNERAL DIRECTORS AND FOR PLAN HOLDERS.”

The Trust's investments are held by The Golden Charter Trust Limited, which is wholly owned by the Trust. Holding its investments in a company allows the Trust to conduct its investment business more efficiently and to take advantage of the lower taxation rates applicable to companies. The Trustees of The Golden Charter Trust are appointed as the directors of The Golden Charter Trust Limited and so the safeguards provided by the Trust are unaffected by this arrangement.

HOW THE TRUST IS ADMINISTERED AND MANAGED

The Trust is administered by a Board of Trustees comprising of experienced business people from a wide range of backgrounds. They are required by majority to be independent of Golden Charter Limited. In addition, the Trust employs an Executive Director, a Risk & Compliance Manager and a Finance Manager who have responsibility for managing the legal, financial and administrative affairs of the Trust on a day-to-day basis.

The Board of Trustees is responsible for all executive decisions. However, certain areas, including investment strategy, are assigned to various subcommittees for specific focus and to make recommendations to the Board.

EXPENSES OF THE TRUST

The Trust incurs operating expenses which includes fees paid to investment managers and professional advisers and the remuneration of Trustees and employees.

In addition to the direct operating expenses of the Trust, the Trust makes monthly payments to Golden Charter Limited for the on-going maintenance and administration of the live funeral plans for which the sale proceeds are held in the Trust.

The amounts of these payments are agreed annually between the Trust and Golden Charter Limited. An annual fee is also paid under a Service Level Agreement between the Trust and Golden Charter Limited for the provision of accounting and other administrative services provided to the Trust.

HOW PLAN MONIES ARE PROTECTED AND INVESTED UNTIL REQUIRED AT TIME OF NEED

All monies received directly into the Trust from the sale of funeral plans are invested (net of up-front deductions for administration costs) in accordance with the Trust's investment strategy, which is designed to achieve the growth necessary to meet the principal objective of the Trust.

How plan monies are protected and invested until required at time of need, is illustrated in the diagram.



1. Customers buy a Golden Charter funeral plan which is subcontracted to the chosen or allocated funeral director
2. All payments from plan holders for their funeral plans are paid directly into the Trust
3. The Trust makes payments to Golden Charter Limited for administration costs and ongoing maintenance of plans
4. The Trust invests the net funds received with carefully selected investment managers
5. Funeral directors perform the funeral services as specified in the funeral plans
6. The Trust pays the invoice amounts, as advised by Golden Charter Limited, to the nominated funeral directors

CHAIRMAN'S REPORT

THE GOLDEN CHARTER TRUST



“
THE TRUST IS WELL
PLACED TO MEET
THE CHALLENGES
THAT LIE AHEAD.”

On behalf of the Board of Trustees, I am pleased to present our Annual Review of The Golden Charter Trust for the year to 31 March 2020.

HOW THE TRUST HAS PERFORMED IN THE YEAR TO 31 MARCH 2020

I am delighted to report another year of growth from a combination of cash flow from new plan sales by Golden Charter Limited, and positive returns from the managed investments even after the negative impact of the COVID-19 pandemic on financial markets in the final month of the financial year.

The unaudited net assets of the Trust at the year-end totalled £1.153 billion (2019 audited - £1.126 billion). The charts opposite show how the value of the Trust and the average value of an outstanding funeral plan have grown over the five years from 31 March 2016.

We anticipate that the Trust's value, and the average plan value, will continue to grow in line with Golden Charter Limited's forecasts for plan sales and from prudent management of our investments.

INVESTMENT PORTFOLIO

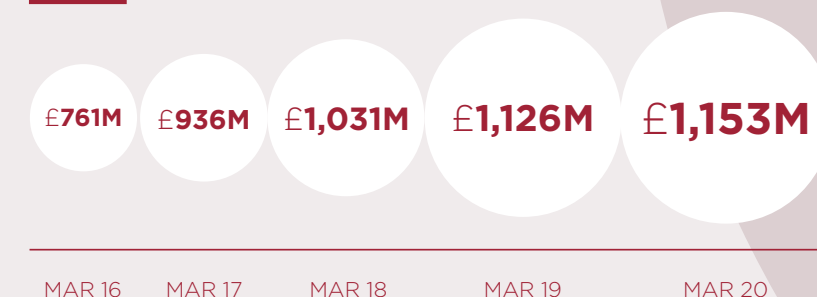
The investment objective of the Trust is to invest the funds received with a view to ensuring that at all times, there are sufficient funds to meet the anticipated invoice costs of all outstanding and maturing funeral plans.

Gareth Howlett, Chair of the Investment Strategy Group, gives more details on the performance of the investment portfolio in his Investment Report.

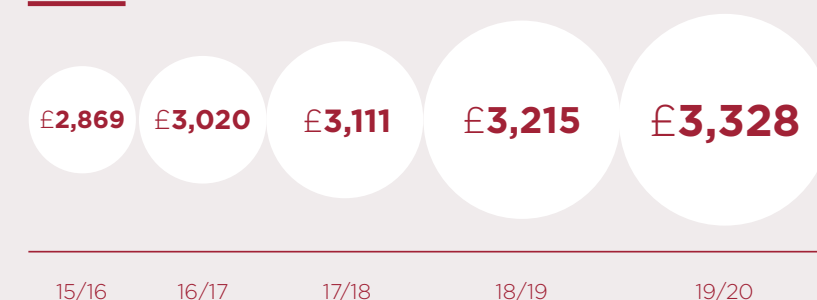
ACTUARIAL VALUATION

A full actuarial valuation is undertaken each year to determine if the assets in the Trust are sufficient to meet the expected future plan values paid to funeral directors for all plans in force at the valuation date. Additional updates are also provided to the Trust by the Actuary as requested by the Board. The latest actuary's report is published on the Golden Charter Trust website.

YEAR-END NET ASSET VALUES



AVERAGE PLAN VALUE



REGULATORY COMPLIANCE

Golden Charter Limited is a Registered Provider with the Funeral Planning Authority (FPA). On an annual basis, Golden Charter Limited submits a return to the FPA that includes the Trust's audited accounts and Actuarial Report, confirmation that the Trust complies with the Rules and Code of Practice of the FPA, and a statement signed by the Trustees confirming that there are sufficient funds held in the Trust to meet the obligations to customers and funeral providers.

An additional requirement of the new Rules introduced by the FPA on 1 January 2020 was for the Registered Provider to provide an Asset Adequacy Report by 31 March each year. The purpose of the Report is to confirm the adequacy of assets to provide the funeral on the assumption that the Registered Provider failed at either the previous calendar year or financial year end. We are pleased to confirm that Golden Charter's first Asset Adequacy Report was submitted to the satisfaction of the FPA.

The statutory accounts of The Golden Charter Trust and its subsidiary, The Golden Charter Trust Limited, for the year ended 31 March 2020 have been prepared and are currently being audited.

In 2019, the Government announced that its proposed approach was to bring all funeral plan providers within the remit of the Financial Conduct Authority (the FCA).

On 13 March 2020, the Government announced that it will lay before Parliament secondary legislation to amend the regulatory framework for funeral plan providers. The proposal is that the new regulatory framework will come into force 18 months after the legislation is made. This will allow time for the FCA to consult on the new regulatory regime. The FCA will announce its final rules once it has fully considered the responses to its consultation.

The Trustees welcome this latest announcement. The Trust already places great importance on transparency and governance in its role to safeguard the interests of the beneficiaries of the Trust and fully support measures to strengthen consumer protection by statutory enforcement. We will continue to monitor developments and assess the impact on the Trust as more information becomes available.

GOVERNANCE

The Trust's Audit Committee monitors the integrity of the Trust's financial statements, reviews internal financial controls including risk management systems, and recommends the appointment of external auditors to the Board of Trustees.

The Trust's Nominations and Remuneration Committee is responsible for the reappointment of Trustees upon conclusion of their initial term of office, identifying and nominating new Trustees, and making recommendations in respect of membership and chairmanship of Board sub-committees.

UPLIFT TO PLAN VALUES AND ADDITIONAL MATURITY PAYMENTS

Over the years, our prudent management of Trust funds has allowed the Trust to continue to uplift plan values and deliver sustainable plan pay-outs to independent funeral directors. We are pleased this has been continued with a growth award for all plans of 2.4% in 2020/21.

The Trustees are also pleased to confirm that additional maturity payments as advised by Golden Charter Limited will be paid from the Trust to qualifying funeral directors on plans maturing between 1 April 2020 and 31 March 2021.

COMMUNICATION

The Trustees remain committed to providing clear information about The Golden Charter Trust and the funds we hold on behalf of funeral directors and plan holders.

The Trust's website is regularly updated with information about the Trust and its Trustees. This information includes Frequently Asked Questions (FAQs) that reflect the questions current and prospective plan holders ask about the Trust. FAQs specifically tailored to funeral directors are available on the Golden Charter funeral director portal.

The managed investments of the Trust are held in our subsidiary company, The Golden Charter Trust Limited, and the accounts of this company are filed on public record at Companies House.

The Trust recognises the importance of communicating directly with funeral directors who are the beneficiaries of the Trust and the Trust is represented at SAIFCharter's AGM and at SAIFCharter Executive meetings. The Trust also contributes articles on relevant topics to the SAIFInsight magazine from time to time.

OUTLOOK

The impact of the COVID-19 pandemic including the 'lockdown' measures introduced by the Government led to a reduction in cash coming into the Trust from the sales of pre-paid funeral plans. In the same period there was an increase in the level of maturity payments to funeral directors due to the excess deaths primarily arising from the pandemic. However, this is expected to be a temporary position and there are positive signs that income from funeral plan sales is returning to expected levels and that deaths are returning to the seasonal average.

I believe the Trust is well placed to meet the challenges that lie ahead. The Trustees of the Trust are high calibre individuals with a broad mix of skills and experience. We remain committed to safeguarding the assets of the Trust for the long-term benefit of plan holders and funeral directors who are the beneficiaries of the Trust.

Finally, I would like to thank my fellow directors and our employees for their valued contribution, commitment and support over the year.

IAN BLACKFORD
CHAIRMAN

INVESTMENT REPORT

THE GOLDEN CHARTER TRUST



“
**OUR INVESTMENT
 STRATEGY HAS
 DEMONSTRATED
 ITS WORTH IN THESE
 UNPRECEDENTED
 TIMES.”**

INVESTMENT OBJECTIVE

The investment objective of the Trust is to invest the funds received in such a way as to maximise the likelihood that the Trust's assets will be sufficient to meet the costs of all pre-paid funeral plans as they mature.

In pursuit of this objective, the Trustees keep under constant review both the estimated real value in today's terms of the Trust's assets, including the forecast returns from those assets, and the estimated value of the Trust's liabilities for all future anticipated payments on maturing plans.

INVESTMENT STRATEGY

Based on the advice of the Investment Strategy Group, the Board has put in place a diversified asset allocation which comprises of mandates with eight investment managers to take advantage of investment and expertise in different areas.

Our current target is to hold 50% of assets in index-linked gilts, with the other 50% divided between global equities, diversified growth funds, commercial property, infrastructure assets, corporate debt and cash.



INVESTMENT UPDATE

During the year we took the decision to sell £60m of our holding with Artisan Partners, a reduction of approximately one-third. This followed a period of significant outperformance by Artisan in the global equity sector.

The decision was taken in recognition of our Statement of Investment Principles which sets an upper limit of 15% of the total value of the investment portfolio to each active mandate (with the exception of the passive mandate for index linked Government bonds). The sale proceeds realised a gain of £7m as measured against the value of the holding at 31 March 2019.

The majority of the proceeds from the part disposal of our holding in Artisan Partners was invested in the Legal & General International Index Trust fund and Legal & General's UK Index Trust and a small balance was used to rebalance other holdings in our investment portfolio.

During the year we disposed of our only direct property holding, the office building at Canniesburn Gate. The sale price of £2.23m was above the carrying value of £2.1m.

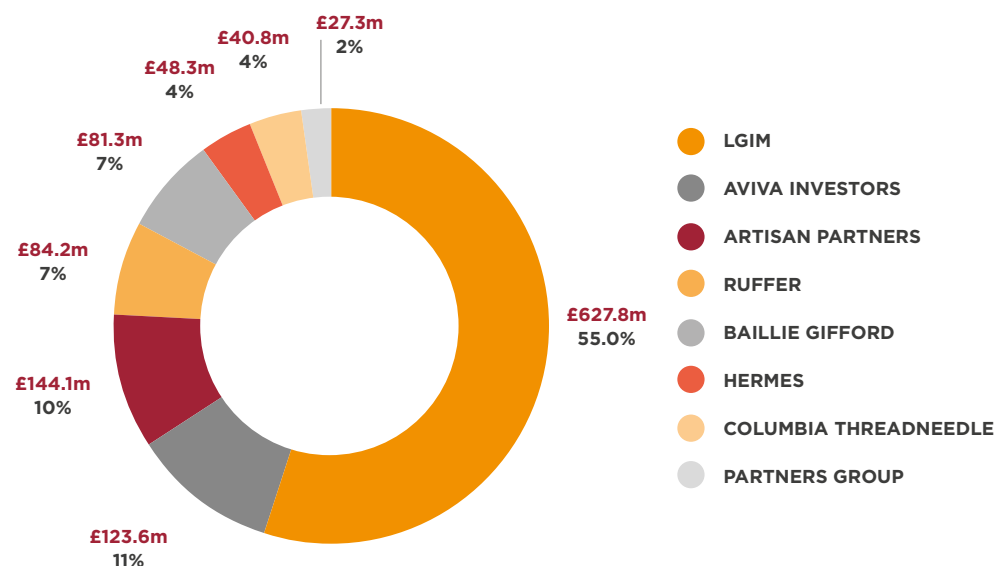
It was decided to dispose of this holding which was only a small part of the portfolio as our preferred option for investing in commercial property is to use collective funds managed by experts in the sector, in line with policy in other asset classes.

INVESTMENT MANAGERS

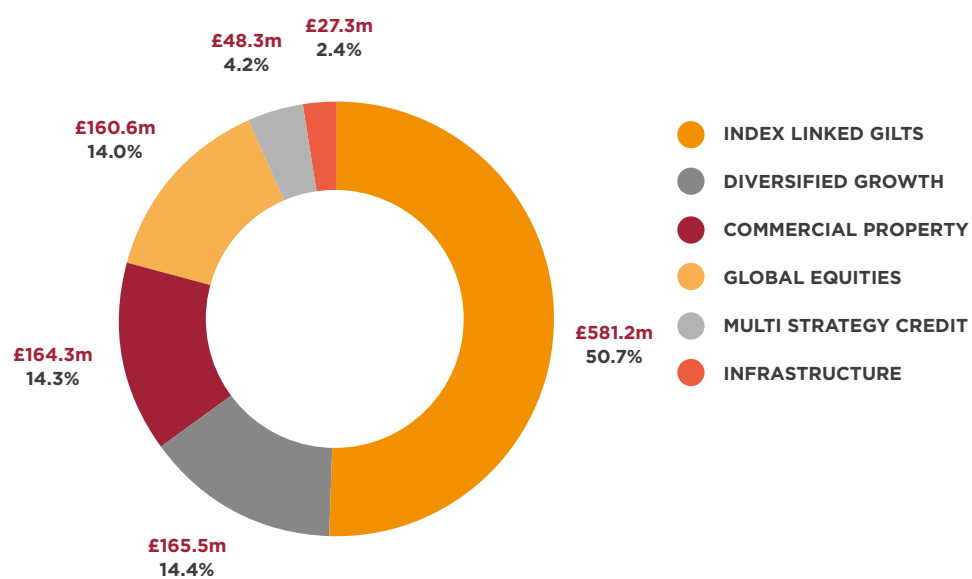
Senior representatives from each of the eight managers of the underlying funds, including the personnel directly responsible for managing the mandate, are invited on a rolling basis to attend meetings with the Investment Strategy Group. This helps both to monitor performance and to understand how each manager is discharging its responsibilities.

The allocation by investment manager and asset class at 31 March 2020 are shown in the charts below.

Investments at fair value by investment manager as at 31 March 2020



Investments at fair value by asset class as at 31 March 2020



INVESTMENT PERFORMANCE

The performance of the investment managers is measured against specific benchmarks and monitored by our investment advisers and by the Investment Strategy Group. Each month our investment advisers provide the Investment Strategy Group with a statement of the overall performance of the investment portfolio and of the individual underlying managers.

A full report is provided each quarter which is used by the Board in their review of investment performance. During the first three quarters of the financial year 2019/20 investment performance was good, both in absolute terms and relative to our long-term benchmark of CPI + 1.5%. All areas made a positive contribution, and most of the underlying managers performed in line with, or ahead of, their specific benchmarks.

Investment performance in the final quarter of the year was impacted by the market reaction to the COVID-19 crisis. The overall performance of the portfolio in the quarter to 31 March 2020 of minus 3.2% was a reasonable outcome given the significant falls in global equity markets of 15% and in the UK equity market of 25% in this period. The overall return on the portfolio in the year to 31 March 2020 was 1.4%.

The COVID-19 crisis has led to the suspension of trading in many property funds including the two funds, Aviva Lime and Columbia Threadneedle, included in our portfolio. The suspension was due to the fact that the independent property valuers deployed a 'market uncertainty clause' to the valuation of the assets in the property funds. This requires material uncertainty to be reported on the valuations attributed to these funds at 31 March 2020 which represent circa 14% of the overall value of our portfolio.

Post year-end, the material uncertainty clauses have been lifted for certain areas of the market where there has been most activity and where there is most certainty, e.g. standalone food stores, primary healthcare and long let assets with Government tenants, but the uncertainty remains for other types of assets.

Columbia Threadneedle Property Unit Trust remains suspended at the date of the issue of this annual review as more than 20% of the assets have a material uncertainty clause attached. Aviva Lime recommenced trading in July 20 as over 80% of the fund's assets had no material uncertainty applied to them.

SUMMARY

As I stated above, the value of our investment portfolio fell by 3.2% in the final quarter due to the severe impact that the pandemic had on the financial markets. However, in the first quarter of the new financial year markets have stabilised and the investment portfolio has benefited from an increase in value which has exceeded the reduction in the final quarter. Whilst this is encouraging, we expect there will be further volatility in the markets in the year to 31 March 2021.

Our investment portfolio has benefited from generally favourable market conditions for some years past. I cautioned last year that these conditions were not going to continue without interruption and the next few years may be more challenging. However, it is fair to say, I did not expect this challenge to come in the form of a global pandemic.

The likelihood and impact of risks to the investment portfolio are considered by the Investment Strategy Group at its quarterly meetings and any agreed actions and additional control measures are taken to the Board for approval. Alongside this we regularly instruct our investment advisers to perform and report on the results of stress testing scenarios.

It is the objective of the Board to spread the risks of investment and to strengthen the investment portfolio so that it can meet such challenges. I take some comfort in the fact that our strategy has demonstrated its worth in these unprecedented times. I believe this puts the Trust in a good position to benefit from a recovery in economic conditions.

GARETH HOWLETT

CHAIRMAN OF THE INVESTMENT STRATEGY GROUP

ANNUAL REVIEW 2019/20

Golden Charter

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F P A
FUNERAL
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AUTHORITY
REGISTERED