

# **ASPIRE SAVINGS TRUST**

## **Report and Financial Statements for the year ended 31 March 2020**

Scheme Registration No: 00832025RT

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# ASPIRE SAVINGS TRUST

## TRUSTEE AND ADVISERS

**Trustee:** Punter Southall Aspire Pension Trust Company Ltd (PSAPTCL)

**Directors of the Trustee  
("Trustee Directors"):** PTL Governance Limited  
- Represented by Steve Carrodus (until 27 April 2020)  
Steve Longworth (from 28 April 2020)  
Independent Trustee Services Limited  
- Represented by Dianne Day  
Angus Samuels

**Secretary to the Trustee:** Ian Nash  
Punter Southall Aspire Pension Trust Company Limited  
11 Strand  
London WC2N 5HR

**Auditor:** BDO LLP  
31 Chertsey Street  
Guildford  
Surrey GU1 4HD

**Legal Advisers:** Pinsent Masons  
30 Crown Place  
Earl Street  
London EC2A 4ES

**Bankers:** Barclays Bank plc  
1 Churchill Place  
London E14 5HP

**Investment Managers:** Mobius Life  
7th Floor  
20 Gresham Street  
London EC2V 7JE

Utmost Life and Pensions (From 1 January 2020)  
Equitable Life (Until 31 December 2019)  
Walton Street  
Aylesbury  
Bucks HP21 7QW

Legal and General  
One Coleman Street  
London EC2R 5AA

# ASPIRE SAVINGS TRUST

## TRUSTEE AND ADVISERS (continued)

**Investment Managers (continued):**

Scottish Widows (formerly Clerical Medical)  
PO Box 2812  
15 Dalkeith Road  
Edinburgh EH16 9BU

Baillie Gifford  
Calton Square  
1 Greenside Row  
Edinburgh EH1 3AN

(Until 22 October 2019)

**Investment Advisers:**

Punter Southall Defined Contribution Consulting Limited  
11 Strand  
London WC2N 5HR

**Administrators:**

Punter Southall Defined Contribution Consulting Limited  
11 Strand  
London WC2N 5HR

**Establishing Employer:**

Punter Southall Defined Contribution Consulting Limited  
11 Strand  
London WC2N 5HR

The Trustee has a written agreement in place with each adviser and supplier that sets out what everyone is required to do and when. The Trustee also has an administration manual that sets out how long each piece of work will take and to which the administrator must work.

The Trustee is not required to use the advisers listed above and can seek advice from others, if they so wish.

All the costs of the AST including for the independent trustees and the advisers are met by Punter Southall Defined Contribution Consulting Limited. In return, it receives the charges deducted from members' savings.

### Participating Employers

As at 31 March 2020, the following employers were participating in the Aspire Savings Trust:

<b>Employer</b>	<b>Joined</b>
Future Kings Limited	17 November 2017
Punter Southall Defined Contribution Consulting Limited	29 March 2018
Camradata Limited	29 March 2018



## **CHAIR'S REPORT**

Welcome to this year's Trustee report, Chair's governance statement and Accounts for the Aspire Savings Trust, which we will call the 'AST' from now on. It has been prepared by the Trustee of the AST to let you, the members and participating employers, know what has been happening in the year to 31 March 2020.

Until the end of April 2020, Steve Carrodus was the Trustee's Chair. Steve has retired and having resigned his position I have been appointed in his place. For this reason, I am presenting the Chair's report for the 2019/2020 scheme year.

This update is also a requirement under regulation 23 of the occupational pension schemes (scheme administration) regulations 1996.

### **What is the AST?**

The AST is a multi-employer, occupational pension scheme, which means that employers can use it to help their staff save for retirement. It is also possible to transfer in other pension savings you may have.

Trustees of other pension schemes can also ask us to look after their members' savings as well; typically, AVCs (Additional Voluntary Contributions).

### **Who set it up?**

The AST was set up by Punter Southall Aspire Limited, a member of the Punter Southall Group, which is an independent and largely employee-owned workplace pension and savings business. It brings together governance, investment, administration and communication expertise within a technology-led solution and it is this that the Trustee keeps an eye on.

Punter Southall Defined Contribution Consulting (PSDCC) is now the AST's Establishing Employer as well as its financial backer or "Funder".

### **The AST's future**

In the last Chair's report, Steve Carrodus was able to give you the good news that the AST had been authorised by The Pensions Regulator (TPR). This followed much work through 2019 and the AST appeared to be in a good position to progress.

By the time you read this report, you will be aware that we have had to make a decision to close the AST and transfers members' savings to a replacement scheme. This came about because PSDCC carried out a strategic review into the future of the AST and concluded that in a changing pensions landscape there would not be enough demand in a market principally focused around cost and the opportunity to consolidate other quality master trusts was limited.

PSDCC asked the Trustee to consider the future of the AST and, having considered the alternatives, my fellow trustees and I, as Directors of the Trustee Company, concluded that to close the AST and wind it up was the best course of action. The AST is an authorised master trust and so we are working with TPR to follow a prescribed statutory process that sets out the requirements that must be met to ensure your savings are looked after right up until the AST closes and is wound up. The Aspire Savings Trust assets are transferring to the Crystal Trust on 2 November 2020. Once the assets have been transferred the Scheme can enter into the final stages on wind-up. The Establishing employer, Punter Southall Defined Contribution Consulting Limited, will meet the costs of winding up.

### **COVID-19**

The COVID-19 virus outbreak has had a significant impact on people and business in the UK as well as abroad. There was the prospect of a direct impact on members through illness or loss of their jobs as well as on the ability of the AST's suppliers to discharge their duties effectively.

More detail is provided in the Governance Statement further on in the Accounts, however it is pleasing to be able to report that the Trustee has worked with its suppliers to ensure that normal service is maintained.

## **CHAIR'S REPORT (continued)**

The following is taken from some market commentary provided for the period May-August 2020 from the sub investment manager of the Aspire funds:

'Equity markets continued to recover strongly from the COVID-19 induced panic that was seen in March. However, the backdrop remained mixed. Global markets were led by U.S. equities, as they performed extremely well. However, if you dig a little deeper into the data, the U.S. market has been dragged higher by a small number of technology and consumer discretionary stocks. This narrow subset, the "stay at home" winners, continued to dominate and outperform. At the other end of the spectrum, the U.K. equity market remains unloved and only eked out a marginal gain making the market a material laggard.

There was a reversal in fortunes for core government bonds. Focussing on the U.K. variety, returns for the period were impacted by a material selloff in August, as yields rose. The U.K. government bond index fell to the tune of 3% alone in the month of August.'

The value of the assets held in the Aspire Savings Trust as at 31 August 2020 were £1,061,823.

## **Who looks after the AST and its members?**

That's the job of the Trustee of the AST, which is Punter Southall Aspire Pension Trust Company Limited (PSAPTCL). It is there to make sure that your savings are safe while at the same time helping you get the most out of being a member and it is this that we had in mind when we concluded that closing it and winding it up is the best course of action. Once this decision had been taken, we then had to find a new home for your savings.

## **Independence**

It is because the Trustee is independent that you can be sure that decisions are being made for the right reasons. Just because the AST was set up by a Punter Southall company, and it has a Trustee with a similar name, doesn't mean that it can do what it likes. The majority of us that are making the decisions must be non-affiliated (which we explain below).

The people who made the decisions in the year to 31 March 2020 are the Trustee Directors and they are:

- Independent Trustee Services Limited – represented by me, Dianne Day
- PTL Governance Limited – represented by Steve Longworth
- Angus Samuels

Regulation requires that a majority of the directors of PSAPTCL must be 'non-affiliated'. Non-affiliated means that a Director of PSAPTCL has not been a Director, manager, partner or employee of an undertaking which provides advisory, administration, investment or other services or a "connected undertaking", including being independent of PSDCC and all other companies within the wider Punter Southall Group, during the period of five years ending with the date of the person's appointment as a Trustee.

Independent Trustee Services and PTL Governance (and their respective representatives) are non-affiliated. Angus Samuels is the Chairman of the Punter Southall Group, which owns PSDCC.

## **Why were PTL Governance, Independent Trustee Services and Angus Samuels chosen?**

Because the AST was a new pension scheme, it benefitted from up to date systems and processes. We were judged to have the right mix of knowledge, skills and experience to ensure the AST was managed in the right way as it established itself and began growing.

## **CHAIR'S REPORT (continued)**

As non-affiliated Trustee Directors, Steve Carrodus, Steve Longworth and I have:

- Experience of acting as a trustee of one or more pension schemes, as well as master trusts
- Strong technical knowledge of UK pension law, regulations and investment matters and
- Knowledge of the pensions market in the UK

You will see our biographies on pages 129 to 130.

You will also find the biography for our third Trustee Director, Angus Samuels. Angus has over 30 years' experience in the savings industry and has been Chair of the Punter Southall Group since 2003. He has previously held a number of senior positions in well-known companies such as Credit Suisse and brings a wealth of valuable governance and investment expertise to the AST.

## **How often did we meet?**

We met a number of times during the year to discuss and plan the AST's progress as well as considering its future:

- 2 May 2019
- 9 July 2019
- 7 October 2019
- 7 January 2020
- 28 January 2020
- 16 March 2019
- 26 March 2020

There were other discussions and telephone calls in between, so everyone was aware of what was going on. At the same time, we were also checking that the AST continues to work hard for you and that your savings are being looked after.

## **Who has enrolled in the AST?**

You may be a member because your employer enrolled you into the AST. It could be that you enrolled because you transferred in other existing pension savings that you built up elsewhere. Or you may have enrolled because you have some AVCs that were transferred to the AST for the Trustee to look after.

Whatever your reason for enrolling, the Trustee has the same responsibility towards your savings. I and my Trustee Director colleagues will continue to work hard to protect your savings until the AST closes.

## TRUSTEE'S REPORT FOR THE YEAR ENDED 31 MARCH 2020

The Trustee presents to the members its annual report and financial statements for the year ended 31 March 2020.

### Scheme Information

The AST is a Registered Pension Scheme under the Finance Act 2004 (Registered Pension Scheme number 00832025RT) and is authorised by The Pensions Regulator under the Pensions Act 2017. It is governed by a Trust Deed and Rules dated 14 March 2016, by the Deeds of Participation of each Participating Employer and by any amending deeds

The AST offers defined contribution benefits to members who:

- were enrolled in the AST by Employers that participate in the AST (see list of Participating Employers on page 3);
- have been transferred into the AST by the trustees of another pension scheme, and;
- have transferred-in directly from another scheme.

Membership criteria, such as eligibility conditions and contribution rates, are generally determined by each participating employer.

Each member's savings in the AST are kept separate from every other member. Likewise, each participating employer's staff is kept separate from that of every other Participating Employer.

In addition to the information contained in this report, all members of the AST are entitled to see, or to obtain copies of, certain AST related documents. "Members" refers to all existing and prospective members with a right to future benefits from the AST and their spouses and beneficiaries.

The documents concerned are:

- the Trust Deed and Rules
- amendments or updates to the Trust Deed and Rules
- the Deed of Participation together with any amendments or updates and
- the Statements of Investment Principles (SIP).

Copies of these documents are available to members on a public website at:

[www.PSAspire.com/AspireSavingsTrust](http://www.PSAspire.com/AspireSavingsTrust) or on request to the Administrator.

Recognised trade unions are also entitled to see, or request copies of, the same documents.

The Trustee is appointed and removed from office by the Establishing Employer in accordance with the Trust Deed. It has the responsibility for ensuring that the AST is properly run in accordance with its governing documents, and in the best interests of you, the members. The rules also include a provision that the number of Trustee Directors of the Trustee shall not be less than three and there shall at all times be a majority of directors who are non-affiliated.

The structure of the Trustee is such that the balance of powers always lies with the non-affiliated Trustee Directors.

No provision has been made to appoint Member Nominated Trustees or Member Nominated Directors, recognising that issues of confidentiality or commercial sensitivity involving Participating Employers may arise from time to time.

The Trustee met formally throughout the year to review the management of the AST and to monitor the performance of the investment managers, administrators and advisers.

## TRUSTEE'S REPORT FOR THE YEAR ENDED 31 MARCH 2020 (continued)

### Risk Management

The Trustee has overall responsibility for internal controls and risk management. It is committed to identifying, evaluating and managing risk and to implementing and maintaining control procedures to reduce significant risks to an acceptable level. In order to meet this responsibility, the Trustee has adopted a risk policy. The objective of this policy is to limit the exposure of the Trustee, and the savings that they are responsible for safeguarding, to business, financial, operational, compliance and other risks where possible.

The Trustee has established a risk register for this purpose, which is a standing agenda item at each Trustee's meeting.

The purpose of the risk register is:

- to highlight the scope of risk to which the AST is exposed from the Trustee's perspective
- to highlight the scope of risk to which the Administrator is exposed
- to rank those risks in terms of likelihood and impact, and
- to identify management actions that are either currently being taken, or that are believed should be taken, in order to mitigate the identified risks.

Additionally, the Trustee requires the AST's Administrator and PSDCC ("Scheme Funder") to each maintain a separate risk register which covers additional items specific to their role and duties.

### Financial Development of the AST

The financial statements on pages 18 to 30 have been prepared and audited in accordance with the regulations made under Sections 41(1) and (6) of the Pensions Act 1995.

### Monitoring Contributions

Each Participating Employer pays contributions to the AST in accordance with the data collection form that is submitted. This describes the earnings components on which contributions are based; the different contribution rates payable both by the members and by their Employer (where applicable) and any salary sacrifice arrangements that may apply.

This information is then input into AspireConnect, which monitors the contributions that the employer is paying. Reports are then provided to the Trustee at its meetings.

The Trustee role is to monitor that the contributions are paid in accordance with the Participating Employers' contribution schedule and have established a risk-based process in order to do this. The Trustee is also required to investigate late payments and has an obligation to whistle blow to the Pensions Regulator if it believes a Participating Employer persistently makes late, inaccurate or insufficient payments.

### Membership

The number of members as at the year-end was:	31 March 2020	31 March 2019
Membership as at 31 March 2019	67	23
New contributing joiners	-	10
Transfer in of non-contributing members	2	34
Transfer Out	(2)	-
Death	(1)	-
Membership as at 31 March 2020	<b>66</b>	<b>67</b>

## TRUSTEE'S REPORT FOR THE YEAR ENDED 31 MARCH 2020 (continued)

### Financial Development of the AST

Changes in the AST's net assets during the year were as follows:

	£
Net assets at 1 April 2019	1,174,552
Net additions from dealings with members	10,735
Net returns on investments	<u>(49,509)</u>
Net assets at 31 March 2020	<u>1,135,778</u>

The financial statements for the year have been prepared and audited in accordance with Sections 41(1) and (6) of the Pensions Act 1995.

### Enquiries

All enquiries about the AST and individual benefit entitlements should be addressed to:

Aspire Savings Trust  
Albion  
Fishponds Road  
Wokingham  
Berkshire RG41 2QE  
Tel: 020 3327 5470  
Website: [www.psaspire.com/AspireSavingsTrust](http://www.psaspire.com/AspireSavingsTrust)  
E-mail: [mastertrust@psaspire.com](mailto:mastertrust@psaspire.com)

### Money and Pensions Service (MaPS)

The MaPS is a service that was established in 2019 to combine pension guidance, money guidance and debt advice. These services were previously provided by three separate government entities; The Pensions Advisory Service (TPAS), Pension Wise and the Money Advice Service. The MaPS can be contacted at:

Money & Pensions Service  
Holborn Centre  
120 Holborn  
London EC1N 2TD

MaPS Tel: 0115 965 9570  
Email: [contact@maps.org.uk](mailto:contact@maps.org.uk)  
Website: [www.moneyandpensionsservice.org.uk](http://www.moneyandpensionsservice.org.uk)

## TRUSTEE'S REPORT FOR THE YEAR ENDED 31 MARCH 2020 (continued)

### ***Pensions Ombudsman***

If a member has a complaint against the Scheme that has not been resolved to his or her satisfaction through the Scheme's Dispute Procedure, the government appointed Pensions Ombudsman can investigate complaints of injustice caused by bad administration, either by the Trustees or Scheme administrators, or disputes of fact or law. The Pensions Ombudsman can be contacted at:

10 South Colonnade  
Canary Wharf  
London E14 4PU

Tel: 0800 917 4487

Email: [enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk)

Website: [www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)

### ***The Pensions Regulator (TPR)***

The Pensions Regulator can intervene if they consider that a scheme's trustees, advisers, or the employer are not carrying out their duties correctly. The address for the Pensions Regulator is:

Napier House  
Trafalgar Place  
Brighton BN1 4DW

Tel: 0345 600 0707

Email: [customersupport@tpr.gov.uk](mailto:customersupport@tpr.gov.uk)

Website: [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

### ***The Pension Scheme Registry***

The Scheme is registered with the Pension Scheme Registry which is part of the Pensions Regulator's office. The registration number is 00832025RT. The data held by the Registry is used by the Pension Tracing Service to assist former members of schemes to trace their scheme benefits. The Pension Tracing Service can be contacted at:

Pension Tracing Service  
The Pension Service 9  
Mail Handling Site A  
Wolverhampton WV98 1LU

Tel: 0800 731 0193

Website: [www.gov.uk/find-lost-pension](http://www.gov.uk/find-lost-pension)

## INVESTMENT REPORT

The Trustee is required by law to develop and to maintain a Statement of Investment Principles (SIP), which describes its investment philosophy. The Trustee uses this to develop its tactical and strategic investment objectives.

### Statement of Investment Principles

The Trustee maintains three SIPs: one for the default investment arrangement; one for the AST's investment options available on a self-select basis - from which members can make their investment choices; and the third for the investment funds where members have transferred in their AVC savings. A copy of each SIP is included in this report under pages 61 to 128.

The AST offers its members an investment range that includes a series of pathways, sometimes known as lifestyle strategies. Details of all the investment funds and pathways can be found in the AST's Guide to Investments, which is available at [www.PSAspire.com/AspireSavingsTrust](http://www.PSAspire.com/AspireSavingsTrust) or on request to the Administrator.

In any event all governance responsibility remains with the Trustee.

### Governance Arrangements

Under advice from PSDCC, the Trustee's investment adviser, the Trustee has selected a range of suitable investment funds and pathways into which members may then invest their savings. The funds the Trustee chooses are selected in accordance with its SIPs. A 'default investment' arrangement is selected for members who are auto-enrolled into the AST or who do not wish to make an active investment choice.

The investment fund range and the default investment arrangement in particular, are reviewed regularly by the Trustee. The Trustee may also commission additional advice from its investment adviser about the range of investment funds.

### Scheme Investments

All of the contributions into the AST are currently invested in insured pension and life assurance funds. The underlying assets of the funds are the responsibility of the investment managers who appoint custodians of the assets underlying the pooled funds managed by them.

Investment funds from Mobius Life, Scottish Widows (formerly Clerical Medical), Utmost Life and Pensions (formerly Equitable Life) and Legal & General are included in the AST. The investment funds in which members' pension pots are invested, their returns and benchmarks, are listed on pages 13 and 14.

All members' investment returns vary depending on the specific investment funds they were invested in and the timing of their contributions.

The investment returns (net of fees) of each category of investment funds to 31 March 2020 are set out in the respective tables on pages 13 and 14. The returns applicable to individual members are shown on their annual statements along with the returns of their specific investment funds.

The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 require the Trustee to provide an overall investment return for the AST as a whole over the year to 31 March 2020. The investment fund returns have been provided for the Mobius Life funds for the periods since they have been established and for the Scottish Widows, Utmost Life and Pensions and Legal & General, funds since they have been assets of the AST. The AST offers defined contribution benefits and is designed for members to select their choice of funds. As a consequence, the Trustee considers it is the individual fund investment returns shown within this report that are relevant to the readers of this annual report.

### Environmental, Social and Governance (ESG) and Ethical issues

The Trustee's policy regarding ESG and ethical considerations are taken into account as part of the day-to-day investment decisions delegated to the respective managers of the funds. The respective managers of the funds understand that the Trustee's primary responsibility is to act in the best financial interests of the members while maintaining robust ESG policies which are well integrated in their investment processes.



## **INVESTMENT REPORT (continued)**

### **Stewardship**

In relation to the exercise of the rights (including voting rights) attaching to the investments and in undertaking engagement activities in respect of the investments the Trustee has delegated the day-to-day management of the assets to investment managers (under the terms of agreements with managers and/or insurers).

The Investment Managers are expected and encouraged to evaluate ESG factors including climate change considerations.

The Trustee's views on ESG and Stewardship are set out in the Trustee's Responsible Investment Policy and in the Statements of Investment Principles attaching to these Accounts.

### **Investment Strategy**

The Trustee determines its investment strategy after taking advice from its investment advisers. It has delegated the management of the investments to the investment managers listed on pages 2 and 3.

The Trustee has received advice on and agreed its investment objectives and the supporting strategy.

Many members of the AST are enrolled into its default arrangement. The investment strategy takes account of the likely characteristics and needs of these members, maintaining an appropriate balance between risk and return through the diversified allocation of assets. In doing so the Trustee aims to deliver a real return on members' investments, but with volatility smoothed.

Members should not be locked into the default arrangement, so a range of other options are available. As all the investment funds are the responsibility of the Trustee, it may choose to add, remove or change the investment funds on offer from time to time based on advice provided by the Investment Advisers.

The AST's assets are invested through unit-linked insurance policies because they can provide access to a wide range of investment funds through a number of different investment managers.

The members' savings are invested in a wide range of different asset classes, including stocks and shares (equities), bonds, cash and other types of investment.

### **Unit-linked funds**

The value of members' savings is worked out daily and will rise or fall. It is directly linked to the performance (after any applicable fees or charges) of the funds in which they are invested. The value is also worked out each day, based on the total number of units held by each member. As the value of members' savings rises or falls, members can realise the value of their savings in a fund on any working day that will reflect the up to date market valuation.

The funds, which include a Unitised With-profits fund, are managed by professional investment managers, namely Mobius Life, Scottish Widows, Utmost Life and Pensions and Legal & General. The portfolios of underlying investments are held by independent corporate custodians.

### **With-profits funds**

Until the end of 2019, some members were invested in Equitable Life's With-profits fund, which had a guaranteed benefit of a minimum amount payable on maturity, death or at a time specified in the policy and, in some cases, a guaranteed growth rate.

Following a decision by the policyholders of Equitable Life, which included the Trustee, all the assets in the With-profits fund were distributed to its members and transferred to the Secure Cash fund with Utmost Life and Pensions. Therefore, with effect from 1 January 2020 these members are no longer invested in Equitable Life's With-profits fund.

Two members were invested in Legal & General's unit-linked With-profits fund as at 31 March 2020 but both have subsequently moved out of this fund.

# ASPIRE SAVINGS TRUST

## INVESTMENT REPORT (continued)

### Pooled Investment Vehicles

All assets held by the AST are held through Pooled Investment Vehicles ("PIVs"). Members' funds are PIVs whilst the underlying funds consist of PIVs and segregated accounts which are a combination of PIVs and directly held financial instruments.

### Investment Performance

The manager and total AST performance to 31 March 2020 was as follows:

	1 year		2 years	
	Fund %	Benchmark %	Fund %	Benchmark %
<b>Mobius Life</b>				
Aspire One	-0.86	3.52	1.83	3.72
Aspire Two	-3.40	4.52	0.86	4.72
Aspire Three	-6.88	5.52	-0.88	5.72
Aspire Annuity Focus	6.11	n/a	n/a	n/a
Sterling Liquidity	0.70	0.54	0.70	0.52
<b>Scottish Widows</b>	1 year		3 year	
Clerical Medical Balanced Pension	-13.72	-6.97	-3.00	-0.70
Clerical Medical Cash	0.00	0.28	0.00	0.06
Clerical Medical Cautious	-10.47	-7.06	-2.07	-1.52
Clerical Medical Retirement Protection	17.57	11.37	7.49	5.64
Clerical Medical UK Growth	-22.60	-21.01	-6.13	-6.48
Clerical Medical UK Property	-1.14	-2.13	3.76	2.99

# ASPIRE SAVINGS TRUST

## INVESTMENT REPORT (continued)

### Investment Performance (continued)

	1 year Fund %	1 year Benchmark %
Legal & General		
Legal & General Cash	0.7	0.1
Legal & General Consensus Index	-4.6	-5.4
Legal & General Fixed Interest	10.4	9.6
Legal & General Global Equity 70:30 Index	-14.1	-14.7
Legal & General Managed	-9.3	-7.0
Legal & General North American	-5.4	-3.5
Legal & General Over 15-year Gilts Index	18.5	17.6
Legal & General Property	-0.5	-2.1
Legal and General UK Equity	-18.8	-18.5
Legal & General UK Recovery	-29.9	-21.0
Legal & General UK Smaller Companies	-15.4	-17.9

The AST was established in March 2016. The Aspire One, Two and Three funds were established in September 2017, and the Aspire Annuity Focus Fund was established in June 2018. As a result, investment fund performance data over one and two years is provided.

The Scottish Widows' funds have been assets of the AST since the beginning of April 2017 so one and three-year performance are shown.

The funds with Legal & General have variously been assets of the AST since December 2018 and February 2019, so in all cases one-year performance has been shown.

The funds with Utmost Life and Pensions have been assets of the AST since January 2020 and so no performance figures have been included.

### Employer Related Investments

There were no employer related investments during the year.

# ASPIRE SAVINGS TRUST

## Statement of Trustee's Responsibilities

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102) are the responsibility of the Trustee. Pension scheme regulations require the Trustee to make available to AST members, beneficiaries and certain other parties, audited financial statements for each AST year which:

- show a true and fair view of the financial transactions of the AST during the AST year and of the amount and disposition at the end of the AST year of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the AST's year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice "Financial Reports of Pension Schemes".

In discharging these responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the AST will continue as a going concern.

The Trustee is also responsible for making available certain other information about the AST in the form of an Annual Report.

The Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a payment schedule showing the rates of contributions payable towards the AST by or on behalf of the employer and the active members of the AST and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the AST and for monitoring whether contributions are made to the AST by the employer in accordance with the payment schedule. Where breaches of the Schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the AST and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

## Approval

The Trustee's Report, which includes the Chair's Statement, Investment Report, and the Statement of Trustee's Responsibilities, was approved by the Trustee on

Date: 28/10/2020

*Approved and signed by the Chair of the Trustee*

### **Dianne Day**

For and on behalf of Independent Trustee Services Limited  
**Chair, Aspire Savings Trust**

## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE ASPIRE SAVINGS TRUST

### Opinion

We have audited the financial statements of Aspire Savings Trust ('the Scheme') for the year ended 31 March 2020 which comprise the Fund Account, Statement of Net Assets (available for benefits) and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and the Statement of Recommended Practice – *Financial Reports of Pension Schemes* (revised 2018) (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the AST during the year ended 31 March 2020 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the AST in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of matter - basis of preparation other than that of going concern

We draw attention to Note 1 to the financial statements which explains that the Scheme will be wound up and is therefore not considered to be a going concern. Accordingly, the financial statements have been prepared on a basis other than that of going concern as described in Note 1. Our opinion is not modified in this respect of this matter.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, including Chair's Report, Trustee's Report, Investment Report, Governance Statement and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE ASPIRE SAVINGS TRUST (continued)

### Responsibilities of the Trustee

As explained more fully in the Statement of Trustee's Responsibilities set out on page 15, the Trustee is responsible for the preparation of the financial statements and for being satisfied that they show a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee intends to wind up the Trust or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

This description forms part of our auditor's report.

### Use of our report

This report is made solely to the AST's Trustee, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the AST's Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the AST's Trustee, for our audit work, for this report, or for the opinions we have formed.

*Signed by BDO LLP*

### **BDO LLP**

Statutory Auditor  
Guildford  
United Kingdom

Date 29 October 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

# ASPIRE SAVINGS TRUST

## FUND ACCOUNT

For the year ended 31 March 2020

	Note	2020 £	2019 £
<b>CONTRIBUTIONS AND BENEFITS</b>			
Employer contributions		86,664	82,214
Employee contributions		<u>11,733</u>	<u>12,343</u>
<b>TOTAL CONTRIBUTIONS</b>	4	98,397	94,557
Transfers in	5	123,692	543,570
Other income	6	<u>-</u>	<u>34,200</u>
		<u>222,089</u>	<u>672,327</u>
Benefits Paid or Payable	7	9,929	-
Payments to and on account of leavers	8	199,497	-
Administrative expenses	9	<u>1,928</u>	<u>35,847</u>
		<u>211,354</u>	<u>35,847</u>
<b>NET ADDITIONS FROM DEALINGS WITH MEMBERS</b>		10,735	636,480
<b>Returns on Investments</b>			
Change in market value of investments	10	<u>(49,509)</u>	<u>35,714</u>
<b>NET RETURNS ON INVESTMENTS</b>		<u>(55,769)</u>	<u>35,714</u>
<b>NET (DECREASE)/INCREASE IN THE FUND FOR THE YEAR</b>		(38,774)	672,194
<b>NET ASSETS AT 1 APRIL 2019</b>		<u>1,174,552</u>	<u>502,358</u>
<b>NET ASSETS AT 31 MARCH 2020</b>		<u><u>1,135,778</u></u>	<u><u>1,174,552</u></u>

The notes on pages 20 to 30 form an integral part of these financial statements.

# ASPIRE SAVINGS TRUST

## STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)

At 31 March 2020

	Note	2020 £	2019 £
<b>INVESTMENT ASSETS</b>	10		
Pooled investment vehicles	11	1,135,208	1,164,444
<b>TOTAL NET INVESTMENTS</b>		1,135,208	1,164,444
<b>CURRENT ASSETS</b>	15	12,454	27,608
<b>CURRENT LIABILITIES</b>	16	(11,884)	(17,500)
<b>NET ASSETS AT 31 MARCH 2020</b>		1,135,778	1,174,552

The financial statements summarise the transactions of the AST and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the AST year.

The notes on pages 20 to 30 form an integral part of these financial statements.

These financial statements were approved by the Trustee

On 28/10/2020

Signed on behalf of the Trustee

*Approved and signed by the Chair of the Trustee*

**Dianne Day**

For and on behalf of Independent Trustee Services Limited

**Chair, Aspire Savings Trust**



# ASPIRE SAVINGS TRUST

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

### 1. BASIS OF PREPARATION

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The financial statements have been prepared in accordance with the Occupational Pensions Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and the guidance set out in the Statement of Recommended Practice (Revised 2018).

In June 2018, a revised SORP was issued which is applicable to accounting periods starting on or after 1 January 2019. The Trustee has adopted the revised SORP for the first time in these financial statements. The adoption of the revised SORP has had no material impact on the financial statements, although it has required certain additions to or amendments of disclosures in the financial statements.

As explained in the Chair's report, the Trustee has made the decision to close the AST and transfers members' savings to a replacement scheme after which the AST will be wound-up. The financial statements have consequently been prepared on a scheme cessation basis and no valuation adjustments have been required compared to the going concern basis used in previous years.

### 2. IDENTIFICATION OF THE FINANCIAL STATEMENTS

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The AST is established as a trust under English law. All enquiries about the AST should be addressed to the AST's Trustee: C/o XPS Administration Limited, Albion, Fishponds Road, Wokingham, Berkshire RG41 2QE, England.

### 3. ACCOUNTING POLICIES

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#### a) Accounting Convention

The financial statements are prepared on a Scheme cessation basis.

#### b) Contributions

Employee contributions, including AVCs, are accounted for when they are deducted from pay by the employer. Employer normal contributions that are expressed as a rate of salary are accounted for on the same basis as the employees' contributions.

#### c) Payments to Members

Benefits are accounted for in the period in which the member notifies the Trustee of his decision on the type or amount of benefit to be taken or, if there is no member choice, on the date of retirement or leaving.

Individual transfers in or out are accounted for when the member liability is accepted or discharged which is normally when the transfer is paid or received.

Opt-outs are accounted for when the AST is notified of the opt-out.

#### d) Expenses

Expenses are accounted for on an accruals basis.

#### e) Investment and other Income

Income from pooled investment vehicles is accounted for when declared by the fund manager.

Income arising on the underlying investments of accumulation funds is reflected within the change in market value. All other income is accounted for on accruals basis.

#### f) Investments

Investments are included at fair value as follows:

Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager. Shares in other pooled arrangements have been valued at the latest available net asset value (NAV), determined in accordance with fair value principles, provided by the pooled investment manager.

# ASPIRE SAVINGS TRUST

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

### 3. ACCOUNTING POLICIES (continued)

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#### g) Currency

The AST's functional and presentation currency is pounds sterling (GBP).

### 4. CONTRIBUTIONS

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	2020	2019
	£	£
<b>Employer contributions</b>		
Normal	<u>86,664</u>	<u>82,214</u>
<b>Employee contributions</b>		
Normal	-	416
Additional voluntary	<u>11,733</u>	<u>11,927</u>
	<u>11,733</u>	<u>12,343</u>
<b>Total</b>	<u>98,397</u>	<u>94,557</u>

Included within Employer contributions above are member contributions paid by the Employer under the salary sacrifice arrangement.

### 5. TRANSFER IN

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	2020	2019
	£	£
Individual transfer in from other schemes	123,692	799
Group transfer in from other schemes	-	<u>542,771</u>
	<u>123,692</u>	<u>543,570</u>

Group transfers-in for 2019 relate to the transfer in of two AVC policies from the C B Hillier Parker Pension Scheme and Adams Food Pension Schemes.

### 6. OTHER INCOME

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	2020	2019
	£	£
AVC consulting fees	-	<u>34,200</u>

### 7. BENEFITS PAID OR PAYABLE

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	2020	2019
	£	£
Refund of contributions on death	<u>9,929</u>	-

# ASPIRE SAVINGS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

### 8. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	2020	2019
	£	£
Individual transfers out to other schemes	<u>199,497</u>	<u>-</u>

### 9. ADMINISTRATION EXPENSES

	2020	2019
	£	£
Bank and Member Charges	1,928	1,647
AVC consulting fees	<u>-</u>	<u>34,200</u>
	<u>1,928</u>	<u>35,847</u>

Administrative expenses are met by the employer with the exception of the above.

### 10. RECONCILIATION OF INVESTMENTS

	Value at 31.03.2019	Purchases at cost	Sales proceeds	Change in market value	Value at 31.03.2020
	£	£	£	£	£
<b>Defined Contributions</b>					
Pooled investment vehicles	<u>1,164,444</u>	<u>639,748</u>	<u>(619,475)</u>	<u>(49,509)</u>	<u>1,135,208</u>

As at 1 January 2020, all with profit policies held with Equitable Life were transferred to unit linked policies held with Utmost Life. Prior to the transfer members received an uplift of their with profit benefits. The policy uplift is included in change in market value above. Included within pooled investment vehicles purchases and sales is the transfer of Equitable Life policies to Utmost Life (£155,215).

Transaction costs are included in the cost of purchases and deducted from sale proceeds. Direct transaction costs include costs charged to the AST such as fees, commissions and stamp duty.

Indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles. The amount of indirect transaction costs is not separately provided to the AST.

Investments purchased by the AST are allocated to provide benefits to the individuals on whose behalf corresponding contributions are paid. For members who invest in the AST the investment manager holds the investment units on a pooled basis for the Trustee. The AST's administrator allocates investment units to members. The Trustee may hold investment units representing the value of employer contributions that have been retained by the AST that relate to members leaving the AST prior to vesting.

Defined Contribution assets are allocated to members and the Trustee as follows:

	2020	2019
	£	£
Members	<u>1,135,208</u>	<u>1,164,444</u>

# ASPIRE SAVINGS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

### 11. POOLED INVESTMENT VEHICLES

The AST's investments in pooled investment vehicles at the year-end comprised:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Diversified Fund	823,276	777,034
Equity	104,264	231,085
Cash	168,870	125,347
Bonds	36,137	28,316
Property Fund	<u>2,661</u>	<u>2,662</u>
	<u>1,135,208</u>	<u>1,164,444</u>

### 12. FAIR VALUE DETERMINATION

The fair value of financial instruments has been estimated using the following fair value hierarchy:

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The AST's investment assets and liabilities have been fair valued using the above hierarchy categories as follows:

	<b>At 31 March 2020</b>			
<b>Defined Contributions</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Pooled investment vehicles	<u>-</u>	<u>942,907</u>	<u>192,301</u>	<u>1,135,208</u>

	<b>At 31 March 2019</b>			
<b>Defined Contributions</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Pooled investment vehicles	<u>-</u>	<u>1,012,530</u>	<u>151,914</u>	<u>1,164,444</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

### 13. INVESTMENT RISK DISCLOSURES

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Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk and other price risk.

- Currency risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- Interest rate risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- Other price risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustee determines its investment strategy after taking advice from a professional investment adviser. The AST has exposure to these risks because of the investments it makes in following the investment strategy set out below. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the AST's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the AST's investment managers and monitored by the Trustee by regular reviews of the investment portfolio.

Further information on the Trustee's approach to risk management, credit and market risk is set out below.

#### (i) Investment strategy

The Trustee's objective is to make available to members of the AST an appropriate range of investment options. The aim is that with new contributions from members and their employers, members will build up sufficient savings to ensure they can retire on a reasonable level of benefits. A series of 'pathways' within the AST provide members with the option to align their savings with how they intend to take them at their selected retirement age. The SIPs provide more detail about the investment objectives and strategy for the AST. A series of investment funds are included in the AST currently through four insurance companies Mobius, Scottish Widows (formerly Clerical Medical), Utmost Life and Pensions (formerly Equitable Life) and Legal and General.

# ASPIRE SAVINGS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

### 13. INVESTMENT RISK DISCLOSURES (continued)

The investment funds are as follows:

Aspire One	Utmost Life and Pensions UK All Share Tracker
Aspire Two	Utmost Life and Pensions UK Equity
Aspire Three	Legal & General Cash
Aspire Annuity Focus	Legal & General Consensus Index
Sterling Liquidity	Legal & General Fixed Interest
Clerical Medical Balanced	Legal & General Global Equity 70:30 Index
Clerical Medical Cash	Legal & General Managed
Clerical Medical Cautious	Legal & General North American
Clerical Medical Retirement Protection	Legal & General Over 15-year Gilts index
Clerical Medical UK Growth	Legal & General Property
Clerical Medical UK Property	Legal & General UK Equity
Utmost Life and Pensions Global Equity	Legal & General UK Recovery
Utmost Life and Pensions Money Market	Legal & General UK Smaller Companies
Utmost Life and Pensions Multi Asset Growth	Legal & General Unit-linked With-profits
Utmost Life and Pensions Secure Cash	

The day to day management of the underlying investments of the funds is the responsibility of Mobius Life, Scottish Widows, Utmost Life and Pensions and Legal & General including the direct management of credit and market risks

The Trustee monitors the underlying risks by quarterly investment reviews it receives from its advisers.

#### (ii) Credit risk

The AST is subject to direct credit risk in relation to Mobius Life, Scottish Widows, Utmost Life and Pensions and Legal and General through its holding in their unit linked insurance funds.

Mobius Life, Scottish Widows, Utmost Life and Pensions and Legal and General are regulated by the Financial Conduct Authority and maintain separate funds for their policy holders. The Trustee monitors the creditworthiness of Mobius Life, Scottish Widows, Utmost Life and Pensions and Legal and General by reviewing reports that it receives from the credit ratings agency, AKG, and/or published credit ratings. All the insurance companies invest all the AST's funds in their own investment unit linked funds or With-profits funds, with Mobius Life using other investment managers' funds through reinsurance arrangements. In the event of default by insurance companies the AST is protected by the Financial Services Compensation Scheme (FSCS).

Member level risk exposures will be dependent on the funds invested in by members.

# ASPIRE SAVINGS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

### 13. INVESTMENT RISK DISCLOSURES (continued)

#### (iii) Currency risk

The AST is subject to currency risk because some of the AST's investments are held in overseas markets, via pooled investment vehicles.

#### (iv) Interest rate risk

The AST is exposed to interest rate risk as some assets, held through pooled investment vehicles, are subject to interest rate risk, for the purposes of this report we have included Index Linked Bonds in this categorisation.

#### (v) Other price risk

The AST is exposed to other price risk in relation to its holdings in assets, through pooled investment vehicles, typically including equities, private equity, hedge funds and property.

The indirect credit and market risks are summarised below:

Pension Funds Name	Credit Risk	Currency Risk	Interest Rate Risk	Other Price Risk	31.03.19 £	31.03.20 £
Aspire One	Yes	Yes	Yes	Yes	101,201	93,207
Aspire Two	Yes	Yes	Yes	Yes	101,571	54,974
Aspire Three	Yes	Yes	Yes	Yes	218,533	334,497
Aspire Annuity Focus	Yes	Yes	Yes	Yes	54,616	31,919
Sterling Liquidity	Yes	Yes	Yes	Yes	-	32,769
Clerical Medical Balanced	Yes	Yes	Yes	Yes	79,906	64,031
Clerical Medical Cash	No	Yes	Yes	Yes	-	9,928
Clerical Medical Cautious	Yes	Yes	Yes	Yes	4,753	4,255
Clerical Medical Retirement Protection	Yes	Yes	Yes	Yes	1,610	1,927
Clerical Medical UK Growth	No	No	No	Yes	25,126	17,708
Clerical Medical UK Property	Yes	No	Yes	Yes	1,236	1,243

# ASPIRE SAVINGS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

### 13. INVESTMENT RISK DISCLOSURES (continued)

#### (v) Other price risk (continued)

Pension Funds Name	Credit Risk	Currency Risk	Interest Rate Risk	Other Price Risk	31.03.19 £	31.03.20 £
Utmost Life and Pensions Global Equity	No	Yes	No	Yes	1,454	1,354
Utmost Life and Pensions Money Market	No	Yes	No	Yes	0	1,371
Utmost Life and Pensions Secure Cash	Yes	Yes	Yes	Yes	117,517 (ex With Profits)	155,308
Utmost Life and Pensions UK FTSE All Share Tracker	No	No	No	Yes	8,596	6,870
Utmost Life and Pensions UK Equity	No	No	No	Yes	2,136	1,655
Legal & General Cash	Yes	Yes	Yes	No	125,347	126,172
Legal & General Consensus Index	Yes	Yes	Yes	Yes	19,025	28,458
Legal & General Fixed Interest	Yes	No	Yes	No	22,769	29,577
Legal & General Global Equity 70:30 Index	No	Yes	No	Yes	44,509	34,261
Legal & General Managed	Yes	Yes	Yes	Yes	7,030	6,332
Legal & General North American	No	Yes	Yes	Yes	2,779	2,634
Legal & General Over 15-year Gilts index	Yes	No	Yes	No	5,546	6,560



# ASPIRE SAVINGS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

### 13. INVESTMENT RISK DISCLOSURES (continued)

#### (v) Other price risk (continued)

Pension Funds Name	Credit Risk	Currency Risk	Interest Rate Risk	Other Price Risk	31.03.19 £	31.03.20 £
Legal & General Property	Yes	No	Yes	Yes	1,426	1,418
Legal and General UK Equity Index	No	No	No	Yes	27,117	21,283
Legal & General UK Recovery	No	No	No	Yes	14,649	10,070
Legal & General UK Smaller Companies	No	No	No	Yes	22,627	18,435
Legal & General Unit-linked With-profits	Yes	Yes	Yes	Yes	34,397	36,991
Total					1,164,444	1,135,208

### 14. CONCENTRATION OF INVESTMENTS

The following investments represented over 5% of the net assets of the AST:

	2020		2019	
	£	%	£	%
Mobius				
Aspire One	93,207	8.2	101,201	8.6
Aspire Two	54,974	4.8	101,571	8.6
Aspire Three	334,497	29.5	218,233	18.6
Scottish Widows (formerly Clerical medical)				
Balanced	64,031	5.6	76,858	6.5
Utmost Life – Secure cash	155,308	13.7	117,510	10.0
Legal & General				
Cash Fund	126,172	11.1	125,347	10.7
Ethical Fund	-	-	70,065	6.0

# ASPIRE SAVINGS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

### 15. CURRENT ASSETS

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	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Contributions receivable - employer normal	4,024	4,364
- employee AVC	6,260	3,325
AVC consulting fees receivable	-	17,500
Other debtor	-	739
Bank balance	<u>2,170</u>	<u>1,680</u>
	<u>12,454</u>	<u>27,608</u>

Included in the bank balance is £1,245 (2019: £Nil) which is not allocated to members.

All normal contributions were paid in full to the AST within the timescale required by the Payment Schedules currently in force.

### 16. CURRENT LIABILITIES

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	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Unpaid benefits	9,929	-
Accrued expenses	757	-
Investment creditor	833	-
AVC Governance fee payable	-	17,500
Sundry creditors	<u>365</u>	<u>-</u>
	<u>11,884</u>	<u>17,500</u>

### 17. RELATED PARTIES

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Administration expenses are borne by the Establishing Employer other than those disclosed in note 9.

During the year the establishing employer paid fees of £76,034 (2019: £31,604) to the Trustee Directors.

### 18. TAXATION STATUS

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The AST is a Registered Pension Scheme within the meaning of Section 153 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

### 19. COVID-19

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As a result of the Covid-19 (Coronavirus) pandemic, there was a dramatic downturn in global markets in March 2020. The outbreak of COVID-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand, and general market uncertainty. The effects of COVID-19 have and may continue to adversely affect the global economy, the economies of certain nations, and individual issuers, all of which may negatively impact the Scheme's investment return and the fair value of the Scheme investments.

The Trustee has designed and implemented an investment strategy which takes a necessarily long-term view, whilst also having built in resilience to withstand short term fluctuations. The Trustee continues to take proactive and considered steps, in conjunction with their advisers, to assess the situation and respond to it.

# ASPIRE SAVINGS TRUST

## INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEE OF THE ASPIRE SAVINGS TRUST

### Statement about contributions

We have examined the Summary of Contributions to the Aspire Savings Trust ('the AST') for the year ended 31 March 2020 to which this report is attached.

In our opinion, contributions for the year ended 31 March 2020, as reported in the Summary of Contributions and payable under the three employer Payment Schedules, have in all material respects been paid at least in accordance with the Payment Schedules.

### Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the Summary of Contributions have in all material respects been paid at least in accordance with the Payment Schedules. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the AST and the timing of those payments under the Payment Schedules.

### Responsibilities of Trustee

As explained more fully in the Statement of Trustee's Responsibilities set out on page 15, the AST's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a payment schedule showing the rates and due dates of certain contributions payable towards the AST by or on behalf of the employer and the active members of the AST. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active members of the AST and for monitoring whether contributions are made to the AST by the employer in accordance with the Payment Schedule.

### Auditor's responsibilities for the preparation of a Statement about Contributions

It is our responsibility to provide a statement about contributions paid under the Payment Schedule and to report our opinion to you.

### Use of our report

This statement is made solely to the AST's Trustee, in accordance with Regulation 4 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the AST's Trustee those matters we are required to state to them in an auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the AST's Trustee, for our audit work, for this statement, or for the opinions we have formed.

*Signed by BDO LLP*

### **BDO LLP**

Statutory Auditor

Guildford

United Kingdom

Date 29 October 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

## SUMMARY OF CONTRIBUTIONS PAID IN THE YEAR

During the year, the contributions paid to the AST by the employers under the Payment Schedules were as follows:

	<b>£</b>
Employer normal contributions	<u>86,664</u>
Total contributions paid	<u>86,664</u>
Reconciliation to financial statements:	
Contributions paid under Payment Schedule	86,664
Members' Additional Voluntary Contributions	<u>11,733</u>
Contributions receivable per financial statements	<u>98,397</u>

This summary was approved by the Trustee on 28/10/2020

Signed on behalf of the Trustee

*Approved and signed by the Chair of the Trustee*

**Dianne Day**

For and on behalf of Independent Trustee Services Limited

**Chair, Aspire Savings Trust**

## GOVERNANCE STATEMENT

**Chair's statement and Value for Member assessment for the period: 1 April 2018 to 31 March 2019**

**Scheme:** Aspire Savings Trust ("AST")

**Trustee:** Punter Southall Aspire Pension Trust Company Limited ("PSAPTCL")

**Establishing Company:** Punter Southall Defined Contribution Consulting Limited ("PSDCC")

### 1. Purpose of this statement

This statement is addressed to you as a member of the AST.

As the Trustee of the AST, we must prepare a governance statement within seven months of the end of each scheme year which must be signed by the Chair of the Trustee. This is a requirement under Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996.

The governance statement must assess:

- a) how the default investment fund option was designed in members' interests, when it was last reviewed, any changes made and the date of the next review.
- b) the level of charges and transaction costs that members pay and our assessment of whether the AST is offering them value for money
- c) the core financial transactions that have been carried out during the year to ensure they are accurate and were carried out in a timely manner

In relation to (b), we need to consider the level of charges and transaction costs for the default investment arrangement during the year, as well as the charges and transaction costs applicable to each fund which members are able to select and in which assets relating to members are invested. Where transaction costs are not available, the Trustee will explain why such information is not available and the steps being taken to obtain that information.

Finally, as the Trustee, we need to set out how our combined knowledge and understanding, together with the advice that is available, enables us to properly exercise our function as directors of PSAPTCL ("Trustee Directors") as Trustee of the AST and how the majority of trustee directors, including the Chair, are "non-affiliated". This Chair's Statement and the Statements of Investment Principles can be found at [www.psaspire.com/aspire savingstrust](http://www.psaspire.com/aspire savingstrust). Members have been, and will continue to be, notified that they can access this document online. This notification is included in their annual benefit statements.

### 2. Authorisation and Master Trust Assurance accreditation (Parts I and II)

It is now a new requirement for all pension schemes such as the AST to be authorised as a master trust pension scheme by The Pensions Regulator (TPR) and I am pleased to report that the AST was granted authorisation with effect from 18 September 2019.

In addition, the AST had its Master Trust Assurance framework accreditation Part II (AAF 02/07) renewed in March 2020. Part I accreditation that was awarded in May 2018, demonstrated that the AST has the systems and processes in place to look after your savings properly while Part II demonstrates that those systems and processes have been followed.

## GOVERNANCE STATEMENT (continued)

### 3. Closing the AST

Having achieved authorisation, a market review was conducted by PSDCC to see how best to achieve ongoing scale and sustainability of the AST. The conclusion of the review was that, apart from being a focus by purchasers of the AST's services on price, there were limited opportunities for the AST to consolidate other master trusts of quality.

PSDCC advised us that it no longer wished to support the AST and wished to trigger its wind-up. We therefore considered the options for the AST under what is called Continuation Option 1, which is a regulatory requirement as the AST is an authorised master trust and concluded that it would be in the best interests of all members to close and wind-up the AST

Since then, we have been working with PSDCC and The Pensions Regulator to agree the process for closing the AST to future contributions and for the transfer of your savings to a replacement scheme.

We have selected the Crystal Trust (Crystal) as our default scheme, which like the AST is a master trust pension scheme that has been authorised by The Pensions Regulator. This means that your savings will move to Crystal, unless you decide you would like them to go to another pension scheme or policy.

We wrote to you in July to let you know where you can move your savings. You had three months to decide what you would like to do and to seek any advice you may need (which we recommend you do).

In the meantime, we are finalising the arrangements for the transfer of anyone's savings that will go to Crystal and for the transfer of savings elsewhere, where requested. The AST continues to run exactly as before and we continue to be responsible for the security and performance of your savings as does PSDCC for financing and administering the AST.

As we have said in our letters, PSDCC has fully budgeted for the wind-up of the AST and this budget covers all related costs. This means that you will not pay higher charges because the AST is closing and your savings are moving to Crystal.

We expect to be able to move your savings to Crystal, or your chosen pension scheme or policy, before the end of 2020. We will continue to keep you and The Pensions Regulator up to date on our progress.

### 4. Investment

#### 4.1. Background

The AST offers a range of customised investment funds called Aspire One, Aspire Two, Aspire Three and Aspire Annuity Focus. These funds are held within an insurance policy with Mobius Life, through which savings in the AST are invested. Additionally, two further Mobius Life funds are available – the Retirement Builder and Sterling Liquidity funds. Members whose savings are invested in those funds are protected by the Financial Services Compensation Scheme, commonly known as the FSCS.

The investment funds were adopted for the AST on PSDCC's advice in its role as Investment Adviser, so the Trustee can meet the objectives it had set. The advice also considered:

- how people use their pension savings in retirement
- the Trustee's investment beliefs and approach
- what the default investment option should look like
- the shape of the wider investment fund range

## GOVERNANCE STATEMENT (continued)

The advice from PSDCC to the Trustee was initially provided in August 2017, after which the default investment option (made up of Aspire Three, Aspire Two and the Sterling Liquidity funds) was established. The default is where your savings are invested if you do not make your own investment choices.

As the default investment arrangement was established in the summer of 2017, it was due to have a formal review during 2020. Following the announcement that the AST is due to close later in 2020 and then wind-up, the Trustee has decided not to review the default this scheme year and instead focus the investment advice it is receiving on the analysis of the default offered by the replacement scheme, Crystal, to ensure it is suitable for members.

This included independent analysis of Crystal's default investment arrangement. The investment advice carried out on Crystal's default investment arrangement concluded that it was a suitable alternative to our own default investment arrangement.

In the meantime, we have continued to keep the investment advice under constant review and so the performance of the funds and their continued suitability has been assessed by the Trustee each quarter throughout the year.

The Trustee Directors meet throughout the year and look in detail at the performance of all our investment funds and make changes when needed. For example, some of you will have received letters during the year suggesting that you review where your savings are invested.

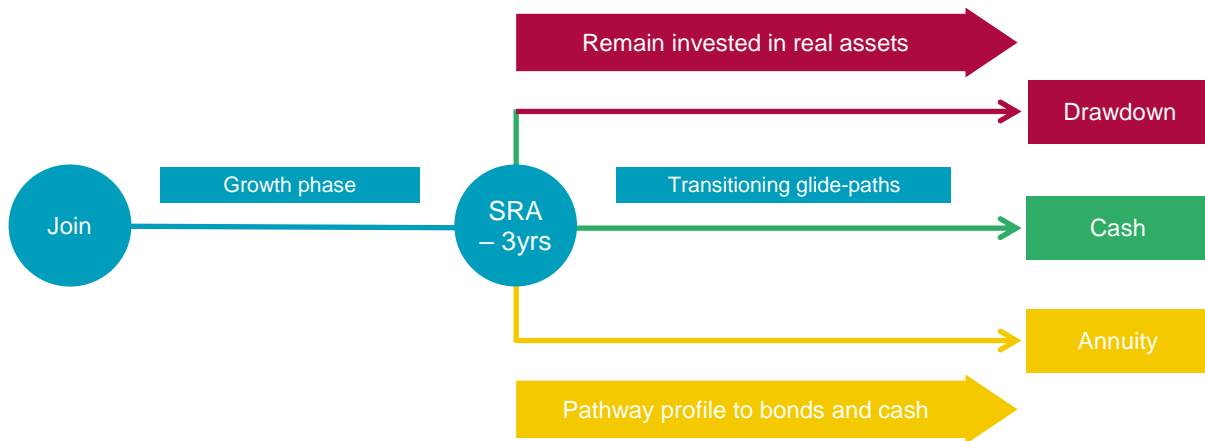


# ASPIRE SAVINGS TRUST

## GOVERNANCE STATEMENT (continued)

### 4.2. Flexibilities

Since April 2015, there has been a range of different ways that you can use your pension savings when you decide to start drawing them. These are set out on the right-hand side of the diagram below:



As a member of a pension scheme you want your savings to grow and then, as you are reaching the age when you plan to use those savings (your selected retirement age "SRA"), it is usually best to be invested in a way that supports how you will use them. Based on the investment advice we received, the Trustee believes that this transition should start 3 years before your selected SRA as shown in the diagram above.

The AST provides pathways to all of these solutions for you while, at the same time, helping you get there. We'll go on to talk about those now.

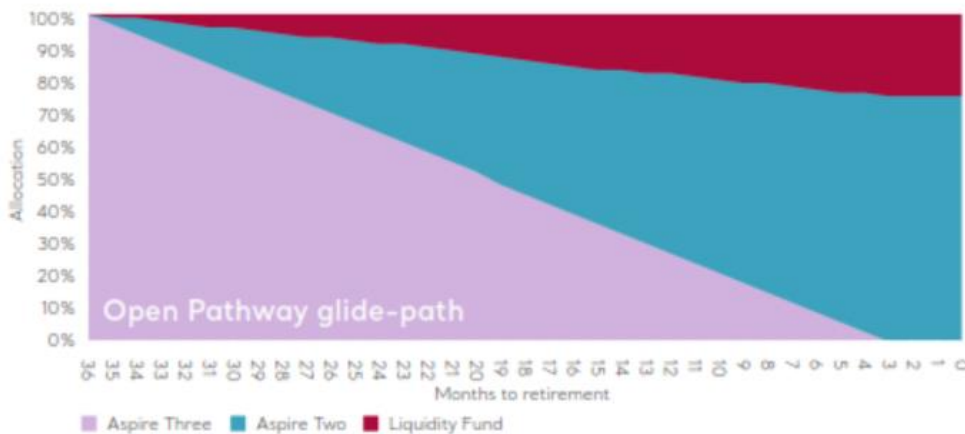
### 4.3. Default investment arrangement

So, on advice received by our Investment Adviser in August 2017, we set up the AST's default arrangement. What does it look like?

Firstly, if you are automatically enrolled into the AST by your employer, then the first month's contribution is held in the AST's bank account until the end of your opt-out period. It's a simple and straightforward way of ensuring that anyone who does decide to leave the AST during this time gets their money back.

After that period, your savings are invested in the Aspire Open Pathway, which usually invests in the Aspire Three fund and aims to provide stable growth above inflation. If you are within three years of your selected retirement age, then you will be wholly or partly invested in Aspire Two and the Sterling Liquidity funds as well. This is best shown in the graph below that sets out how members' savings gradually switch into lower risk funds in the last three years before selected retirement age:

## GOVERNANCE STATEMENT (continued)



As the name suggests, the Aspire Open Pathway is designed to keep your options open because you may not know right now how you will wish to use your savings when you come to take them. The investment options, including how the default arrangement works are explained in the AST's easy to read *Guide to Investments*. It's on MyAspire but for quick access you can visit [www.psaspire.com/aspiresavingstrust](http://www.psaspire.com/aspiresavingstrust).

You can also have a look at our Statements of Investment Principles (or 'SIPs'), which are attached to this statement. There is one that specifically talks about the default investment arrangement; the others talk about the self-select options (should you wish to make your own investment choice) and the AVC investment funds (if you had your AVCs transferred in by your current or former employer).

Having received advice in August 2017 from our investment adviser on the default investment arrangement, we established the default investment arrangement and have continued to monitor its progress at our quarterly meetings since then. Following the announcement that the AST is due to close and wind-up later in 2020, the Trustee has instead focused the investment advice it is receiving on the analysis of the default offered by any replacement scheme to ensure it is suitable for you, the members.

My fellow Trustee Directors and I believe that, through to the point that your savings move to Crystal or an alternative pension scheme or policy you have chosen, the default investment arrangement remains suitable for the majority of members taking in to account demographic composition and needs of particular groups.

#### 4.4. Self-selecting a different investment fund or pathway

The Aspire Open Pathway is designed to keep your options open if you are not sure how you might want to use your savings. Up to the point that your savings move elsewhere when the AST closes, you might decide that you want:

- your savings to provide a guaranteed regular income throughout your retirement (an annuity)
- to take all your savings from the AST over a shorter period of time (cash)
- to keep your savings invested for a longer period of time and dip into them when you like (drawdown)

So, based on more advice we received in January 2018, we designed three additional pathways - one for each way that you might want to use your savings (and in addition to the default arrangement) - as well as introducing a couple more investment funds. These are up and running and, again, you can find out more in the AST's easy to read *Guide to Investments*.

In July 2018, we decided to add a further pathway, which we call the Aspire Lower Risk Pathway. It's designed for those of you who haven't decided how to use your savings but would prefer less risk than the Open Pathway as your savings grow.

## GOVERNANCE STATEMENT (continued)

As I mentioned above, you may prefer to decide how your savings are invested in which case you can choose one or more of the investment funds available and directly manage your choice yourself. You can use any from the range of individual investment funds and the pathways that are made available. You can also have a look at our Statements of Investment Principles (or 'SIPs'), which are attached to this statement. There is one that specifically talks about the self-select options (should you wish to make your own investment choice).

### 4.5. Investment governance

#### Flexible

Selected retirement age: If you choose one or more of these pathways it is important that you keep the date that you are intending to withdraw your savings (this is known as selected retirement age) up-to-date, as the switching between funds will automatically start three years before that date. You can change this age at any time by logging into MyAspire.com.

#### Unique

One thing to remember about the AST is that when it comes to investments it is different. That's because you can use any or all of the pathways at the same time and (if you want) you can include individual investment funds as well. So, if you want some of your savings as cash, some to buy an annuity and some additional income from time to time, the AST can do the lot.

We keep an eye on what the default arrangements and all the other investment funds and pathways are doing at every Trustee meeting and challenge our advisers and the investment manager(s) when we need to. We receive quarterly reports showing how the investment funds have performed against a benchmark and how risk is being managed.

As I mentioned above, I and my fellow Trustee Directors believe that, though to the point that your savings move to Crystal or an alternative pension scheme or policy you have chosen, the default arrangement continues to be suitable for the majority of members taking in to account demographic composition and needs of particular groups.

The other investment funds and pathways (i.e. not the default arrangement) are, and will continue to be, monitored at each of our quarterly meetings. We will seek advice and make changes if we believe they are needed.

In addition, some of you may have had your AVCs (Additional Voluntary Contributions) transferred into AST from another employer's pension scheme. We keep an eye on these investment funds in the same way as we do the others and will seek advice and make changes if we believe that they are needed.

## 5. Charges and transaction costs

### 5.1. Charges – Aspire and Mobius Life funds

As is usual with most financial products, a charge is taken from your savings. The charges cover several services and benefits; the governance and management of the AST, day to day administration, legal and accounting services, documents and literature and the investment management of your savings. For this reason, they are taken in different ways:

- Management and administration costs are deducted from your account in the AST equal to 0.30% per year of the value of your account, and
- Investment management costs that are allowed for within the daily price of the investment units you buy.

## GOVERNANCE STATEMENT (continued)

Total the two together and you get the Overall Charge in the table below. Transaction costs, which cover the investment managers' trading costs are covered separately below. To see our *Guide to Costs and Charges* for the AST's funds go to [www.PSAspire.com/AspireSavingsTrust](http://www.PSAspire.com/AspireSavingsTrust).

You can also have a look at our Statements of Investment Principles ('SIPs'), which are attached to this statement. There is a SIP for the default investment arrangement, one if you have self-selected your own investment funds, and one for your AVCs if they were transferred into the AST by a current or former employer. They each set out the principles and policies that we take into account when deciding how to manage your savings.

If you are invested in one of the Aspire funds, which are managed by Mobius Life, then the Overall Charge for each one is as follows (as at 31 March 2020):

Other Mobius Life funds that are available are detailed below along with the Overall Charge for each one:

Default investment arrangement funds	Overall charge
Aspire Two	0.651%
Aspire Three	0.603%
Sterling Liquidity	0.400%

Other funds that are available are detailed below along with the Overall Charge for each one:

Self-select funds	Overall charge
Aspire One	0.629%
Aspire Annuity Focus	0.643%
Retirement Builder	0.475%

The default investment arrangement is made up of Aspire Three, Aspire Two and Sterling Liquidity, though the percentage of investments in each will vary depending upon your age. More information can be found in the Statement of Investment Principles that covers the default investment arrangement.

### 5.2. Charge cap – default investment option

There is a charge cap of 0.75% on investment funds that make up the default investment arrangement. As the Overall Charge for the investment funds are between 0.40% and 0.651%, they are therefore below the legal cap as they are required to be.

# ASPIRE SAVINGS TRUST

## GOVERNANCE STATEMENT (continued)

### 5.3. Charges – AVC funds transferred into the AST

If your AVC funds were transferred into the AST, then unless you have chosen to move them or the Trustee has written to say that it has, then you will still be invested with your original investment manager. We keep an eye on what those charges are and will challenge the AVC provider if they plan to change them.

The AST doesn't make a management and administration charge for looking after your AVCs as the cost has been paid by your current or former employer.

We have set out the charges the way each AVC provider does. The charges shown for the Clerical Medical, Utmost Life and Pensions, and Legal and General funds in the next set of tables are the investment management costs that are allowed for within the daily price of the investment units you buy or currently hold.

If you are invested with Clerical Medical (now Scottish Widows), then depending on which fund you are invested in the charges are:

Fund	Annual Management Charge	Annual Management Charge after discount*
Balanced	1.00%	0.50%
Cash	1.00%	0.50%
Cautious	1.00%	0.50%
Retirement Protection	1.00%	0.50%
UK Growth	1.00%	0.50%
UK Property	1.00%	0.50%

\* The discount on your Clerical Medical charges is a once a year credit that Clerical Medical adds back into your savings each December.

If you are invested with Utmost Life and Pensions, then depending on which fund you are invested in the charges are:

Fund	Annual Management Charge
Global Equity	0.75%
Money Market	0.50%
UK All-share tracker	0.50%
UK Equity	0.75%
UK Secure Cash	0.50%*

\*Members who were invested in Equitable Life's With-profits fund had their savings switched into the Secure Cash fund when Equitable Life's business transferred to Utmost Life and Pensions. Their savings remain in the Secure Cash fund through to 30th June 2020 and during this time charges will not be deducted.

# ASPIRE SAVINGS TRUST

## GOVERNANCE STATEMENT (continued)

If you are invested in any of the following Legal & General funds, then depending on which fund you are invested in the charges are:

Fund	Ongoing Charge	Fund	Ongoing Charge
Managed	0.56%	UK Recovery	0.55%
North American	0.57%	UK Smaller Companies	0.55%
Property	1.28%	Unitised With-profits	0.50%
UK Equity Index	0.51%		

The charges for Legal & General's other funds are made up differently. There is an Annual Management Charge and a Fund Management Charge, and depending on which fund you are invested in the total charge is:

Fund	Annual Management Charge	Fund Management Charge	Total
Cash 3	0.35%	0.09%	0.44%
Consensus Index 3	0.35%	0.11%	0.46%
Fixed Interest 3	0.35%	0.09%	0.44%
Global Equity 70:30 Index 3	0.35%	0.10%	0.45%
Over 15 Year Gilts Index 3	0.35%	0.08%	0.43%

The Annual Management Charge is deducted by Legal & General from your savings equal to 0.35% of their value and the Fund Management Charge is allowed for within the daily price of the investment units you buy or currently hold.

We have prepared a Statement of Investment Principles (SIP) for the AVC savings as well, a copy of which is also attached to this statement.

I will now move onto transaction costs, which are calculated separately to those we have looked at so far.

### 5.4. Transaction costs

To be as transparent as possible, we have also been working with our investment fund managers to better understand what their 'transactions costs' are. Investment fund managers incur these costs when buying and selling investments in their funds, for example when they invest your new savings and when they make changes to the way a fund is invested to help ensure it is doing what it is supposed to do. The costs are accounted for when each fund manager calculates the price/value of its investment units.

Transaction costs are generally broken down into two groups – explicit and implicit. Examples of explicit ones are broker fees, transaction taxes and custody fees (the custodian keeps your savings safe). Implicit includes bid-ask spreads (you buy at the ask price and sell at the bid price) and market impact (buying or selling an investment can push its price up or down).

## GOVERNANCE STATEMENT (continued)

Each fund manager has confirmed that the information supplied as at 31 March 2019 is, unless where shown, the latest that is available.

The transaction costs shown have been calculated using the 'slippage cost' methodology, unless shown. Transaction costs are calculated by the method of 'slippage' where it reflects the difference between the price of an asset just before the order to buy is placed and the price at the time it is purchased. Sometimes costs fall resulting in a negative transaction cost.

### 5.4.1. Aspire and Mobius Life funds:

The transaction costs for anyone invested in the Aspire and/or Mobius Life funds, all of which are managed by Mobius Life, are as follows:

Fund	Overall charge	Transaction cost	Total
Aspire One	0.625%	0.024%	0.649%
Aspire Two*	0.641%	0.040%	0.601%
Aspire Three*	0.600%	0.071%	0.671%
Aspire Annuity Focus	0.639%	-0.107%	0.532%
Retirement Builder	0.475%	-0.065%	0.410%
Sterling Liquidity*	0.400%	0.002%	0.402%

\*These funds make up the default investment arrangement

### 5.4.2. Investment funds with Clerical Medical (now Scottish Widows):

The transaction costs for anyone invested in the following funds are as follows:

Fund	Annual Management Charge (after discount)	Transaction cost	Total
Clerical Medical Balanced	0.500%	0.200%	0.700%
Clerical Medical Cash	0.500%	0.010%	0.510%
Clerical Medical Cautious	0.500%	0.130%	0.630%
Clerical Medical UK Property	0.500%	0.040%	0.540%
Clerical Medical Retirement Protection	0.500%	0.080%	0.580%
Clerical Medical UK Growth	0.500%	0.440%	0.940%

# ASPIRE SAVINGS TRUST

## GOVERNANCE STATEMENT (continued)

### 5.4.3. Investment funds with Utmost Life and Pensions:

The transaction costs for anyone invested in the following funds are as follows:

Fund	Annual Management Charge	Transaction cost	Total
Global Equity	0.75%	0.03%	0.78%
Money Market	0.50%	0.00%	0.50%
UK FTSE All-share tracker	0.50%	0.04%	0.54%
UK Equity	0.75%	0.13%	0.88%
UK Secure Cash	0.50%	0.00%	0.50%

### 5.4.4. Investment funds with Legal & General:

The transaction costs for anyone invested in the following funds are as follows:

Fund	Ongoing charge	Transaction cost	Total
Managed	0.56%	0.07%	0.63%
North American	0.57%	0.04%	0.61%
Property	1.28%	-0.02%	1.26%
UK Equity Index	0.51%	0.00%	0.51%
UK Recovery	0.55%	0.31%	0.86%
UK Smaller Companies	0.55%	-0.12%	0.43%
Unitised With-profits	0.50%	0.24%	0.74%

When obtaining transaction cost details from L&G we received more information than we did last year. Additional expenses do vary, particularly for Property funds which tend to be higher.

The transaction costs for anyone invested in the following funds are as follows:

Fund	Total Charge	Transaction cost	Total
Cash 3	0.44%	-0.05%	0.39%
Consensus Index 3	0.46%	0.00%	0.46%
Fixed Interest 3	0.44%	0.04%	0.48%
Global Equity 70:30 Index 3	0.45%	0.01%	0.46%
Over 15 Year Gilts Index 3	0.43%	0.05%	0.48%



## GOVERNANCE STATEMENT (continued)

### 5.4.5. Conclusion

Overall, we consider that the level of the transaction costs is acceptable. Please see below for our analysis on our assessment of the extent to which these costs and charges represent good value for money for you.

### 5.5. How do the AST's charges compare to other similar pension schemes?

To help give you an even clearer picture about the AST's charges, we have compared them against the charges that members of other pension schemes are paying. Ideally this means comparing the AST's charges for administration, communication and management as well as investment.

To do this we have looked at the charges paid by the members of pension schemes for the clients of our consultancy business, PS Aspire, where we advise employers and trustees. This is a total charge that covers all the costs of membership:

PS Aspire DC client base (2019):	The average charge across 507 of PS Aspire's clients is 0.54%. This includes schemes like the AST, as well as other types of group pension schemes such as Group Personal Pensions that might not offer the same benefits and features as AST
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We can see that the charges in the AST sit above the average of 0.54% across the clients of PS Aspire, our pension consulting company, which includes some Master Trust data.

Whilst we recognise the effects that charges have, we also recognise the need to manage your risk and so the objectives set for all the Aspire funds (not just the ones used for the default investment arrangement) aim to preserve your savings while helping them grow above the rate of inflation, albeit with the prospect of differing levels of return depending on the fund chosen. This was reflected in the way the Aspire funds helped protect your savings in March following falls in the value of stocks and shares when compared to other similar funds.

We also consider the other benefits that contribute to maximising the outcome of your retirement savings. The charges in the AST are therefore above the average in order to pay for higher quality investment management, which aims to preserve savings while delivering growth above inflation, and other valuable benefits and features. We take account of this when considering the value that AST provides to you, the members. There is more on this in 'Value for Members' which we look at in more detail on pages 58-60.

### 5.6. The effect of costs and charges on your savings

#### 5.6.1 Background

So you can see what the effect these charges have on your savings, including the transaction costs, we have prepared an illustration for several of the investment funds in which you are invested. The illustration isn't a promise and can't predict what you might get from your savings when you come to use them, but you will see what the charges really mean.

We have illustrated what you might get if it wasn't necessary to pay charges, against what you might get after they have been deducted. We have used investment funds as examples that make up the default investment arrangement as these have the highest number of members in them, as well as funds that have the highest and lowest expected return, highest charge and lowest charge.

# ASPIRE SAVINGS TRUST

## GOVERNANCE STATEMENT (continued)

The Sterling Liquidity fund is the fund that is expected to be the lowest returning fund. The fund we would expect to have the highest return is Aspire Three. The Legal & General UK Smaller Companies fund is currently the fund with the lowest charge and the is the fund that currently has the highest charge. Having carried out an assessment as at 31 March 2020, the fund with the highest number of members in it is Utmost Life and Pensions Secure cash.

To produce the illustrations, we needed to use some assumptions, and these are ones we have chosen:

**Contributions:** We have assumed that if you are a member that has been automatically enrolled into the Aspire Open Pathway (the default investment arrangement), your employer pays a contribution of 8% of salary.

If you are a member who has joined because some, or all, of your AVCs were transferred into AST, then we have assumed you will not be making further contributions to the Aspire Savings Trust (as the vast majority do not) and no charges are levied on contributions.

**Salary increase:** We have assumed that if you are a member that has been automatically enrolled into the Aspire Open Pathway (the default investment arrangement) and are making contributions, then your salary will on average increase by 2.5% each year.

**Pot size:** We have assumed that if you are a member that has been automatically enrolled into the Aspire Open Pathway (the default investment arrangement) you are joining the AST to begin building up a savings pot. Your starting pot size is assumed to be nil as this is representative of most members.

If you are a member who has joined because some, or all, of your AVCs were transferred into the AST from another employer's pension scheme, we have used the average pot size as at 31 March 2020 for each AVC policy.

**Growth:** We need to make a reasonable assumption as to how much the fund will grow, so we have taken the growth rates we will use for this year's Statutory Money Purchase Illustration (SMPI):

Default arrangement:	See below *	Aspire Two	4.9% per year
Aspire Three	5.9% per year	Sterling Liquidity	0.5% each year
Clerical Medical Balanced	4% per year	Clerical Medical UK Growth	4.0% each year
Clerical Medical Cash	1% each year	Utmost Life and Pensions UK Secure Cash	0.5% each year
Legal & General Global Equity 70:30 3	1.8% each year	Legal & General Fixed Interest 3	-1.8% each year
Legal & General Cash 3	-1.8% each year	Utmost Life and Pensions Global Equity	4.5% each year
Utmost Life and Pensions UK Equity	4.5% each year	Utmost Life and Pensions Money Market	0.50% each year
Legal & General UK Property	2.4% each year	Legal and General Managed	3.4% each year
Legal & General UK Smaller Companies fund	1.8% each year		

\* The combined growth rate for the investment funds that make up the default arrangement will vary between 4.9% and 5.9%, depending on the number of years until the member's Selected Retirement Age.

# ASPIRE SAVINGS TRUST

## GOVERNANCE STATEMENT (continued)

SMPI is the annual illustration you receive each year so you can see what your future pension might be. Just like the SMPIs we are also assuming that:

**Charges:** The charges we use are the total of the Ongoing Charge and the Transaction Costs that are set out in the 2020 Chair's Statement. For the default investment arrangement, we have blended the charges and these are shown in the tables below.

**Inflation:** So that the illustration is in "real terms," we are assuming that inflation is 2.5%.

**These illustrations are provided to help show the effect of charges on your savings and don't illustrate what you might get when you come to use them. They are not a guarantee of what you might receive and instead show a range of ages and salaries to illustrate how the charges will impact a wide range of members.**

5.6.2. *Members who have been automatically enrolled into the Aspire Savings Trust (Aspire and Mobius Life funds):*

The regulator guidance requires that we estimate the effect of charges by showing the default investment arrangement, the most popular fund by number of members, the highest and lowest charged funds and the funds that have the highest and lowest expected returns.

Example: Automatically enrolled into the Aspire Savings Trust at age 25 on an annual salary of £20,000

Number of years saving	Default investment arrangement		Aspire Three (most popular by number of members and highest returning)		Aspire Two (highest charge)		Sterling Liquidity (lowest returning and lowest charge)	
	Before charges	After charges and costs deducted	Before charges	After charges and costs deducted	Before charges	After charges and costs deducted	Before charges	After charges and costs deducted
1	1,612	1,606	1,612	1,606	1,603	1,597	1,565	1,562
3	5,005	4,953	5,005	4,953	4,928	4,876	4,605	4,576
5	8,639	8,489	8,639	8,489	8,418	8,271	7,527	7,451
10	18,887	18,227	18,887	18,227	17,918	17,293	14,348	14,070
15	31,044	29,397	31,044	29,397	28,642	27,135	20,529	19,948
20	45,465	42,211	45,465	42,211	40,745	37,872	26,130	25,169
25	62,573	56,910	62,573	56,910	54,405	49,584	31,207	29,806
30	82,867	73,772	82,867	73,772	69,823	62,360	35,807	33,925
35	106,941	93,114	106,941	93,114	87,224	76,298	39,976	37,583
38	123,205	105,925	123,488	106,059	98,723	85,261	42,287	39,579
40	132,249	113,270	135,500	115,302	106,865	91,502	43,754	40,833

# ASPIRE SAVINGS TRUST

## GOVERNANCE STATEMENT (continued)

Example: Automatically enrolled into the Aspire Savings Trust at age 40 on an annual salary of £35,000

Number of years saving	Default investment arrangement		Aspire Three (most popular by number of members and highest returning)		Aspire Two (highest charge)		Sterling Liquidity (lowest returning and lowest charge)	
	Before charges	After charges and costs deducted	Before charges	After charges and costs deducted	Before charges	After charges and costs deducted	Before charges	After charges and costs deducted
1	2,821	2,810	2,821	2,810	2,805	2,795	2,739	2,733
3	8,759	8,668	8,759	8,668	8,624	8,533	8,058	8,009
5	15,118	14,856	15,118	14,856	14,731	14,474	13,172	13,040
10	33,052	31,897	33,052	31,897	31,357	30,263	25,108	24,622
15	54,326	51,445	54,326	51,445	50,123	47,486	35,926	34,909
20	79,564	73,869	79,564	73,869	71,303	66,275	45,728	44,046
23	96,659	88,701	96,910	88,878	85,298	78,358	51,163	49,030
25	107,043	97,871	109,502	99,592	95,209	86,771	54,612	52,161

Example: Automatically enrolled into the Aspire Savings Trust at age 55 on an annual salary of £50,000

Number of years saving	Default investment arrangement		Aspire Three (most popular by number of members and highest returning)		Aspire Two (highest charge)		Sterling Liquidity (lowest returning and lowest charge)	
	Before charges	After charges and costs deducted	Before charges	After charges and costs deducted	Before charges	After charges and costs deducted	Before charges	After charges and costs deducted
1	4,029	4,015	4,029	4,015	4,008	3,993	3,913	3,905
3	12,513	12,382	12,513	12,382	12,320	12,190	11,512	11,441
5	21,597	21,222	21,597	21,222	21,044	20,677	18,817	18,629
8	36,365	35,359	36,441	35,426	34,949	33,974	29,249	28,791
10	46,229	44,796	47,217	45,567	44,796	43,232	35,869	35,174

As we also look after members' AVC savings, we are also providing an estimate for the various sets of AVC savings that have transferred to the AST.

### 5.6.3.1. Clerical Medical funds (AVCs transferred from Morrison):

The investment funds chosen to illustrate the effect of charges are the two funds that have the highest and the lowest charges and have the highest and lowest expected returns.

Years	Clerical Medical Balanced (highest returning)		Clerical Medical UK Growth (highest charge)		Clerical Medical Cash (lowest returning and lowest charge)	
	Before charges	After charges and costs deducted	Before charges	After charges and costs deducted	Before charges	After charges and costs deducted
1	10,034	9,964	10,034	9,940	9,744	9,695
3	10,330	10,115	10,330	10,042	9,461	9,317
5	10,634	10,268	10,634	10,146	9,186	8,955
10	11,435	10,662	11,435	10,409	8,534	8,109
15	12,297	11,071	12,297	10,679	7,927	7,343

## GOVERNANCE STATEMENT (continued)

Illustrations based on the average age of the members invested with Clerical Medical Life and Pensions of 53 and the average fund size of £9,889.

Details of the investment funds available members who have AVC savings in these funds are available, along with the charges and other information, at: [psaspire.com/aspiresavingstrust/morrison](http://psaspire.com/aspiresavingstrust/morrison).

### 5.6.3.2. Utmost Life and Pensions funds (AVCs transferred from Adams Foods):

Members are invested in one fund, namely Utmost Life and Pensions fund.

Utmost Life and Pensions UK Secure Cash (only fund)		
Years	Before charges	After charges and costs deducted
1	5,304	5,278
3	5,099	5,024
5	4,902	4,781
10	4,442	4,226
15	4,026	3,735

Illustrations based on the average age of the members invested with Utmost Life and Pensions of 54 and the average fund size of £5,410.36.

### 5.6.3.3. Legal & General funds (AVCs transferred from Adams Foods):

The investment funds chosen to illustrate the effect of charges are the three funds that have the highest and the lowest charges and have the highest and lowest expected returns.

Years	Legal & General Global Equity 70:30 Index 3 (highest returning)		Legal & General Fixed Interest 3 (highest charge)		Legal & General Cash 3 (lowest returning and lowest charge)	
	Before charges	After charges and costs deducted	Before charges	After charges and costs deducted	Before charges	After charges and costs deducted
1	18,537	18,451	17,881	17,795	17,881	17,811
3	18,284	18,034	16,412	16,178	16,412	16,221
5	18,035	17,625	15,064	14,707	15,064	14,773
10	17,428	16,644	12,159	11,589	12,159	11,693
15	16,841	15,718	9,813	9,132	9,813	9,256

Illustrations based on the average age of the members invested with Legal and General of 54 and the average fund size of £18,664.

Details of the investment funds available members who have AVC savings in these funds are available, along with the charges and other information, at: [www.psaspire.com/aspiresavingstrust/adams](http://www.psaspire.com/aspiresavingstrust/adams).

## GOVERNANCE STATEMENT (continued)

### 5.6.3.4. Utmost Life and Pensions funds (AVCs transferred from CB Hillier Parker):

The investment funds chosen to illustrate the effect of charges are the two funds that have the highest and the lowest charges and have the highest and lowest expected returns.

Years	Utmost Life and Pensions Global Equity (highest returning)		Utmost Life and Pensions UK Equity (highest charge)		Utmost Life and Pensions Money Market* (lowest charge and lowest return)	
	Before charges	After charges and costs deducted	Before charges	After charges and costs deducted	Before charges	After charges and costs deducted
1	10,863	10,778	10,863	10,768	10,447	10,395
3	11,291	11,030	11,291	10,997	10,043	9,894
5	11,736	11,287	11,736	11,231	9,655	9,417
10	12,926	11,956	12,926	11,837	8,749	8,323
15	14,238	12,665	14,238	12,476	7,928	7,355

\*Money Market fund selected as lowest charge because members will be switched out of UK Secure Cash in July 2020.

Illustrations based on the average age of the members invested with Utmost of 54 and the average fund size of £10,655.

### 5.6.3.5. Legal & General funds (AVCs transferred from CB Hillier Parker):

The investment funds chosen to illustrate the effect of charges are the three funds that have the highest and the lowest charges and have the highest and lowest expected returns.

Years	Legal & General Managed (highest returning)		Legal & General Property (highest charge and lowest returning)		Legal and General UK Smaller Companies (lowest charge)	
	Before charges	After charges and costs deducted	Before charges	After charges and costs deducted	Before charges	After charges and costs deducted
1	20,007	19,881	19,814	19,565	19,698	19,613
3	20,360	19,979	19,775	19,041	19,429	19,180
5	20,719	20,077	19,736	18,531	19,165	18,757
10	21,645	20,323	19,640	17,314	18,519	17,740

Illustrations based on the average age of the members invested with Legal and General of 56 and the average fund size of £19,833.

Details of the investment funds available members who have AVC savings in these funds are available, along with the charges and other information, at: [www.psaspire.com/aspiresavingtrust/hp](http://www.psaspire.com/aspiresavingtrust/hp).

#### 5.7. Where can I see more information about the charges?

We want you to understand how the AST works, so we've set out all the Aspire fund charges in our Guide to Costs and Charges. It's on MyAspire but for quick access you can visit [www.psaspire.com/aspiresavingtrust](http://www.psaspire.com/aspiresavingtrust).

When preparing this statement, we have taken account of the appropriate statutory guidance.

## GOVERNANCE STATEMENT (continued)

### 6. Administration and core financial transactions

#### 6.1. Day-to-day

The basis of how well-run anything is will come down to how it is looked after. For that reason, we access the skills of XPS Administration Limited (XPS) and our own online system, AspireConnect, to manage the AST. Our administrator, Punter Southall Defined Contribution Consulting Limited (PSDCC), has overall responsibility to us for making sure that everything runs smoothly.

By working with XPS, PSDCC has harnessed the support of one of the UK's leading pension administrators and its committed staff will manage the AST on a day-to-day basis using AspireConnect. The information provided by XPS will then be used to let us know what has been going on at every Trustee meeting – or in between, if needs be.

AspireConnect has been created to hold your information in one place. It will populate MyAspire so you can instantly see all your information that way and XPS will help manage your savings in the AST through AspireConnect. Your HR or Payroll Department will use AspireConnect to pay any contributions you are due to receive, although they only get to see the information needed to do this.

#### 6.2. COVID-19

The COVID-19 virus outbreak has had a significant impact on people and business in the UK as well as abroad. There may be a direct impact on members through illness or loss of their jobs as well as on the ability of the ASTs suppliers to discharge their duties effectively.

PSDCC can confirm that its Business Recovery Plan is operational and that all staff have online and telephone access to files and colleagues. Staff are operating with laptops that are encrypted to protect client data. The business continues to function as normal.

Of the suppliers that work with PSDCC to manage the AST:

XPS Administration confirmed that while it is prioritising some work, it continues to provide a full service to its clients. Service standards have been maintained throughout 2020.

Barclays has been providing information through its client relationship team, corporate banking website and telephone conference calls. There have not been any issues with the operation of the AST's bank accounts to date.

Mobius Life has confirmed that it activated its business continuity plan on 17 March and that it is working as expected. The investment administration is operating well, with daily unit pricing and trading continuing to function with the additional challenge of property fund closures and market volatility slowing the receipt of fund manager prices.

Mobius Life is actively engaged with fund managers and other key suppliers and there has not been any issues or concerns with their services to date.

#### 6.3. Core financial transactions

Core financial transactions in relation to the AST are:

- investment of contributions
- transfers into and out of the Plan
- investment switches within the Plan
- payments out of the Plan

Based on the governance processes that will be described in more detail below, I am satisfied that core financial transactions have been processed promptly and accurately during the period covered by this statement. We were made aware of one error, which was quickly corrected at no loss to the member involved, details of which are provided below.

## GOVERNANCE STATEMENT (continued)

AspireConnect has been designed to manage your savings quickly and efficiently. It has been built into an investment platform, so once payments in or out have been verified it will immediately buy or sell units in your chosen investment fund or funds. So, for example, payments into the AST can be automatically requested by AspireConnect and then collected by direct debit mandate.

We require the AST's administrator, PSDCC, to meet high standards through a Service Level Agreement (SLA), which sets out the range of services to be delivered and expectations around such things as timescales and accuracy. The SLAs covers all the processes needed to run the AST:

Contribution / investment unit reconciliation	Payment of benefits (retirement and death)
Investment switches	Transfers in and out of the AST
Disclosures and reports to regulatory bodies	Preparation of the Annual Accounts
Production of annual member statements	Calculation of tax due against allowances
Manage service providers and the Internal Dispute Resolution Procedure (IDRP)	Maintain AST's records in compliance with General Data Protection Regulation (GDPR)
Issue regulatory communications to members	Report service standards at Trustee meetings

As each step having its own individual SLA this ensures all the necessary checks and balances are in place. Also included is the requirement for regular reporting against the SLAs to be made at our quarterly Trustee meetings so we know if everything has happened on time.

Every day, there is a reconciliation of all the money that has passed through AspireConnect by the dedicated team that manages payments in and out, and also the investments that have been bought and sold to confirm that everything that should have happened did happen and happened when it was supposed to.

The Trustee receives quarterly statements on how PSDCC has performed against the agreed SLAs and they are reviewed at each of our meetings. To date, PSDCC has confirmed that it has met its SLAs. In addition, PSDCC has 24/7 online access to AspireConnect and can view various reports to show how it has performed and will also be providing these at our meetings.

We monitor processes to check that problems do not arise. To ensure that we quickly and promptly deal with any issues, PSDCC is required to review all the reports we receive and, where necessary, investigate on our behalf so we are told what is going on at our Trustee meetings. AspireConnect assists here as it was designed to help ensure that transactions are processed quickly and efficiently while providing an audit trail that can be monitored.

Ensuring that PSDCC processes move quickly and smoothly is equally important, though. As a result, day-to-day decisions such as approving the payment of transfers are delegated and that way delays are avoided.

There were few transactions in the year to 31 March 2020. They included monthly payments from three participating employers, two transfers in and two transfers out. Core transactions were made on time.



## **GOVERNANCE STATEMENT (continued)**

### *6.4. Accuracy – data and record-keeping*

Ensuring your information on AspireConnect is kept up to date will ensure that the AST can manage your savings effectively. We keep information up to date in a number of ways.

Firstly, when you are added as a new member of the AST, the information that is loaded is checked and verified by AspireConnect against the verification rules set within the system. If something does not look right, we will ask your employer (who may be providing the information) to check it.

Each year, the administrators ask all employers to check the information on AspireConnect and confirm it is still correct and update it if necessary, confirming in writing that this has been done. Then, AspireConnect checks the information again and we receive a report to let us know AspireConnect is up to date and any changes that have been made so that it is.

### *6.5. Error reporting*

Core financial transactions have been processed accurately and promptly and have been satisfactorily completed in a prompt and accurate manner. Where an issue has been identified it was promptly addressed, members' accounts rectified and processes improved to avoid repetition in the future.

Two errors were reported to the Trustee during the year to 31 March 2020. In both cases, root cause analysis reports were presented to the Trustee at a quarterly meeting which included an analysis of the error, how it would be corrected, how to ensure it wouldn't occur again, and any communication that would be issued to affected members.

The first error that was reported was the miscalculation of the daily administration and management fee that is deducted from members' accounts on AspireConnect, the AST's administration system. This had resulted in an under-investment of units each month and had been rectified by crediting additional units to the affected members' accounts so they were no worse off from this. The root cause analysis identified the problem, which was corrected, and a letter of apology issued to affected members.

The second error again related to monthly fees but only affected two members in a very specific way because transfers were received on the day that AspireConnect ran its fee process. The root cause analysis identified the problem, which was corrected, and the two affected members had in fact benefitted as AspireConnect had not deducted their fees for one month.

There are no outstanding unresolved issues from the scheme year 2019/20

## **7. Communication**

### *7.1. MyAspire*

Communication is something that I and my Trustee Directors feel strongly about, as does PSDCC. That is why we worked with PSDCC to develop MyAspire.com, which is a unique communication and engagement solution.

Should your savings transfer to Crystal, you will be offered secure online access to a new member portal where you can log in and see live information about your savings. You can also make and request changes online, as well as access any forms you may need.

Support at retirement will be provided to Crystal's members by PS Aspire.

## GOVERNANCE STATEMENT (continued)

### 7.2. Talk to me

So we will use MyAspire to talk with you and if you don't want to use MyAspire, that's fine as well. But what we definitely want you to do is **talk to us**.

We want to know how the AST can benefit you, and what we can do to make things even better. As we understand that not all our members may be comfortable online, you can give us a ring, send us an email or write to us:

Aspire Savings Trust, Albion, Fishponds Road, Wokingham RG41 2QE	T: 020 3327 5470 E: <a href="mailto:Mastertrust@psaspire.com">Mastertrust@psaspire.com</a> .
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These contact details can also be found in all correspondence we have sent as well as online and in your annual benefit statements. Details of how to contact us can also be found on our website. These lines of communication have been open throughout this scheme year and will remain open until the AST closes as they have through the current COVID-19 pandemic.

We encourage you to contact us at any time with feedback.

### 7.3. Before and at retirement

We mentioned the 10-year communication plan. It is there to help you get ready in the run up to when you believe you will use your savings in the AST. We have chosen the Crystal Trust as our default scheme when the AST closes, one of the reasons for which is the Crystal Trustees commitment to supporting members as retirement approaches.

### 7.4. Support and advice

People always tell you, as we will do, that it is important to remember that the value of the investment funds may go down as well as up. They also suggest that if you are in doubt over how to invest your savings then you should seek financial advice.

That's often easier said than done, but as a member of the AST we have ensured that support or advice is available to you. So:

- For general information and support, have a look at MyAspire where there are a lot of videos and other information that is available.
- For guidance, you can talk to Aspire Retirement Services to see if they can help
- And we can get you some advice, if this is what you need (there may be a charge for this).

You can give us a ring, send us an email or write to us using the contact details above.

## GOVERNANCE STATEMENT (continued)

### 8. Trustee knowledge and understanding

8.1. The current Trustee Directors during the scheme year were:

- Independent Trustee Services Limited – represented by Dianne Day
- PT Governance Limited – represented by Steve Longworth
- Angus Samuels

Steve Longworth replaced Steve Carrodus as the PTL representative with effect from 28 April 2020.

#### 8.2. Knowledge

Both I and my fellow Trustee Directors need to ensure that we have a detailed working knowledge of the AST's Trust Deed and Rules, SIP and policies and that we keep up to date with what is happening in the world of pensions. Between us we have detailed knowledge and understanding of the law relating to pensions and the relevant principles relating to the investment of pension schemes. Our combined knowledge and understanding, coupled with seeking relevant advice from our advisors when needed enables us to properly fulfil our function.

The Trustee Directors have demonstrated knowledge and understanding in these areas during the scheme year as follows:

- The Trustee's legal adviser provides updates from time to time (supporting a working knowledge of the law relating to pensions and trusts).
- A representative from the Trustee's Investment Adviser attends all Trustee meetings (supporting a working knowledge of the relevant principles of funding and investment of occupational pension schemes).
- Review of the SIPs undertaken with professional advisers, which supports a working knowledge of that current document. The Trustee has updated the SIPs, in conjunction with its advisers, to take account of new requirements on environmental, social and governance considerations.
- All Trustee Directors are required to read and understand the AST's key documents and current policies. As noted above, the Trustee Directors are required to have a working knowledge of the AST's Trust Deed and Rules.
- All Trustee Directors are required to devote sufficient time to training, in addition to training provided at Trustee meetings – and are responsible for their own training programme and for completing the Pensions Regulator's Trustee Toolkit.

To be able to ensure we look after your savings properly we must understand the rules that govern the AST, what our powers are and how we should use them. We have continued to manage potential risks and set the objectives for how your savings are invested.

## GOVERNANCE STATEMENT (continued)

### 8.3. Understanding

In addition to keeping up to date with developments in pensions by undertaking our own studying, including using the Regulator's Trustee Toolkit, we have:

- Successfully submitted an application to and received authorisation from The Pensions Regulator
- Renewed the Master Trust Accreditation
- Received three detailed reports from our investment adviser, two of which looked at members' savings with Baillie Gifford and Equitable Life while the third considered environmental, social and governance criteria (ESG) for the AST
- Reviewed the range of plans, policies and registers which help us govern the AST including a:
  - Business plan
  - Breaches log
  - Continuity strategy
  - Risk register
  - Trustee operating policy
  - Business recovery plan
  - Conflict of interest policy and register
  - Fitness and propriety policy
  - Fraud prevention policy
  - Register of advisers and providers (including requirement to handle data)
  - Whistleblowing policy

Trustee knowledge and understanding is an agenda item at all our meetings.

### 8.4. Training

During the year we have also carried out our own training analysis to develop our own specific training plan. This involved completion by each Trustee Director of a training questionnaire that identified any gaps in our knowledge. Having identified our training needs, a training programme initially addressed the requirements that had to be fulfilled so the AST is granted authorisation by The Pensions Regulator (which was, of course, achieved).

Based on our training plan (which was created by PSDCC), we have held training sessions throughout 2019:

- Administration:
  - Maintaining your data securely and ensuring it is up to date
  - Managing the administration processes
  - Ensuring all regulatory returns are made on time
- Governance:
  - Objectives of and requirements to be covered in Chair's statement

## GOVERNANCE STATEMENT (continued)

- Investment
  - How fund managers calculate transaction costs in the default investment option
  - Considered our responsible investment policy
  - Reviewed each underlying fund manager to see how they engage with the ESG principles
  - Future of members' savings in Equitable Life's With Profits fund if they were to transfer to Utmost Life and Pensions
- Communication:
  - Maintaining engagement with members during the closure and wind up of the AST
  -
- Master Trust Supervision:
  - How we will keep The Pensions Regulator informed
- Regulation:
  - Understanding the regulatory process when closing and winding up the AST

The above training was largely provided by our various legal, investment and communication.

We will continue to maintain our ongoing training in the light of the changing needs of the AST and its objectives.

Each Trustee Director maintains a training log, a copy of which is retained in the AST's records, and my Trustee Directors and I have completed all relevant sections of The Pension Regulator's Trustee Toolkit.

Angus Samuels, as a Trustee Director affiliated with, and employed by, the Punter Southall Group are provided with ongoing internal courses as required by the business. These will include such topics as conflicts of interest, fraud awareness, information security, cyber risk, good customer outcomes and anti-money laundering.

It is expected that professional Trustee Directors who are not affiliated with, and are not employed by, the Punter Southall Group will (in addition to the above) maintain their own Continuing Professional Development (CPD). In 8.5 and 8.6 below, we confirm who the professional trustees are.

There is an induction process in place for new Trustee Directors. Steve Longworth began representing, PTL Governance Limited in April 2020, and has undertaken an induction session with the AST's advisers to get acquainted with the Trust Deed and Rules, SIPs and various policies.

## GOVERNANCE STATEMENT (continued)

### *8.5. Combining our knowledge and understanding as Trustee Directors*

As representatives of PTL Governance and Independent Trustee Services Limited, Steve and I are professional trustees. We have used the knowledge that we have built up over the years about pensions law to the AST's significant advantage.

Steve Longworth and I both have:

- Experience of acting as a trustee of one or more pension schemes as well as master trusts;
- Strong technical knowledge of UK pension law, regulations and investment matters; and
- Knowledge of the pensions market in the UK.

I have over 20 years' experience in the highly competitive Australian investment industry – a market dominated by pension schemes just like the AST – as well as over 10 years' experience in trusteeship roles.

You will see our biographies in Appendix 1 on pages 129 to 130.

Our third Trustee Director colleague, Angus Samuels, also has significant experience in the investment industry, and his skills came very much to the fore when establishing the AST's investment solutions. Angus has over 30 years' experience in the savings industry and has been Chair of the Punter Southall Group since 2003. He has previously held a number of senior positions in well-known companies such as Credit Suisse and brings a wealth of valuable governance and investment expertise to the AST. You will also find Angus' biography in Appendix 1 on page 129.

The combined knowledge and understanding of all three Trustee Directors, together with the advice from our advisers, enables us to fully and effectively exercise our responsibilities and functions as directors of the AST's Trustee as follows:

- Trustee Directors are able to challenge and question advisers, committees and other delegates effectively
- Trustee decisions are made in accordance with the AST rules and in line with trust law duties
- Trustee Directors' decisions are not compromised by such things as conflicts
- The training questionnaire flags knowledge gaps to be addressed. This enables us to ensure that the Trustee Directors don't have the same knowledge gaps.

Therefore, through our experience and ongoing training program, we are confident in the effectiveness of the Trustee Board as a whole.

### *8.6. Non-affiliated Trustee Directors*

A majority of the Trustee Directors, including the Chair, must be 'non-affiliated'. Non-affiliated means the Trustee Director has not been a director, manager, partner or employee of an undertaking which provides advisory, administration, investment or other services or a "connected undertaking", including being independent of Punter Southall Defined Contribution Consulting Limited and all other companies within the wider Punter Southall group of companies, during the period of five years ending with the date of the person's appointment as a trustee.

We note that maintaining records of the length of appointment as director of the Trustee company is different from the non-affiliated requirement described above.

## GOVERNANCE STATEMENT (continued)

Independent Trustee Services and PTL Governance, were both non-affiliated directors during the year.

PTL Governance and Independent Trustee Services are both independent of PSDCC and the rest of the Punter Southall Group (which provides the main advisory, administration, investment and other services to the AST).

In addition, there are other advisers who provide legal, investment, banking and various auditing services to the AST. Independent Trustee Services and PTL Governance are both independent of these service providers.

In conclusion, Independent Trustee Services and PTL Governance are non-affiliated.

There are three Trustee Directors in total; therefore, the two current non-affiliated Trustee Directors (Independent Trustee Services – which acts as Chair - constitute a majority.

In determining whether a Trustee Director is non-affiliated we have taken account of whether:

- the Trustee Director is (or has been in the 5 years before they were appointed as a Trustee Director) a director, manager, partner or employee of an undertaking which provides advisory, administration, investment or other services in respect of the AST (a "service provider") or an undertaking which is connected to a service provider;
- the Trustee Director receives any payment or other benefit from a service provider; and
- there is any conflict between the Trustee Director's obligations as a trustee of the AST and the Trustee Director's obligations to the service provider.

We monitor non-affiliated status by way of governance processes which include such things as maintaining records of the length of the appointment and declarations of conflict as they arise and at Trustee meetings.

We maintain, and are guided by, our Conflicts of Interest policy. We have a Register of Interests that records any other trustee-roles and directorships we may hold and at the beginning of every meeting we are also required to declare if there may be a conflict of interest in respect of any items on the agenda. I can also declare on behalf of my fellow Trustee Directors that our obligations as Trustee Directors will take priority if ever a conflict of interest arises.

We each complete an annual declaration to confirm that we are a 'fit and proper' person.

No new Trustees (whether affiliated or non-affiliated) have been appointed this scheme year.

On the basis of the terms of appointment and this monitoring, I can confirm that a majority of Trustee Directors (including the Chair) were "non-affiliated" in the relevant scheme year.

## 9.Value for Members

With assistance from our advisers we have assessed whether the AST provides good value to you as a member. We thought that the best way to show you why we believe the AST provides you with good value is to set out our reasons as a dashboard:

## GOVERNANCE STATEMENT (continued)

Criteria	Conclusions	Value for members?
Costs	<p>Your costs and charges are carefully managed, are in line with our competitors and are below the government 'charge cap' in respect of the default investment option.</p> <p>Value for money is not just about being the cheapest, but also about the quality of service provided. The AST's charges represent good value because they do not just pay for managing your investments but include the support we provide day-to-day. Through MyAspire you can do a whole lot more because it not only connects you to your savings in the AST but also provides you with online access to your other savings, bank accounts and credit cards so giving you an overview of most or all of your savings.</p> <p>Please see heading 5 for more details on what the levels of costs and charges are</p>	Yes
Administration	<p>The AST has been awarded Master Trust Assurance accreditation (AAF 02/07) for both Parts I and II. This means that the AST has not only demonstrated that it has systems and processes to look after your savings but has been able to prove that they work.</p> <p>AspireConnect was designed so its transactions are made on a 'straight through' basis, which means that we do not need anyone to interfere with them as they happen. As a result, the SLAs are built into AspireConnect so once they have started then they happen automatically and on time (as verified by the reports it produces each day).</p>	Yes
Investment	<p>If you are a member who has been automatically enrolled into the AST investments by your employer and are invested in the default investment arrangement, we judge this to be appropriate for your needs.</p> <p>Whilst we recognise the effects that charges have, the Aspire funds have been priced to recognise the need to manage your risk and so the objectives set for all the Aspire funds (not just the ones used for the default investment option) aim to preserve your savings while helping them grow above the rate of inflation.</p>	Yes
Governance	<p>The AST has been granted authorisation by The Pensions Regulator (TPR). This confirms that TPR is satisfied that the AST meets the required standards that have been set.</p> <p>We fulfil our role as Trustee Directors by monitoring the way the AST is administered, checking that charges are within expectations and the various investment options are performing while ensuring that your savings in the AST are safe and secure.</p> <p>The Trustee Board includes professional trustees who in turn are supported by professional advisers. During the year these included organisations such as Pinsent Masons, our legal advisers, and BDO, our auditor.</p>	Yes
Communications	<p>Comprehensive member communications are provided. In addition to traditional communication services, the Trustee offers members online access and a dedicated telephone helpline.</p> <p>As a member of the AST, you will also get support in the form of information not only about how to make the most of your savings but also about lifestyle and health, and a focused 10-year communication programme leading up to your retirement so that you are as prepared as possible</p> <p>There is also meaningful support before, at, and after retirement, available via Aspire Retirement Services, where members receive a detailed personalised retirement options pack and access to guidance and advice.</p> <p>Compliance with regulations such as the General Data Protection Regulations (GDPR) introduced in May 2018.</p>	Yes



## GOVERNANCE STATEMENT (continued)

Accessing your savings	There are many ways to access your savings:  Cash lump sums: You could take a single cash lump sum or a series of smaller cash lump sums.  Guaranteed income: You could buy an annuity; this is an income you purchase from an insurance company. An annuity gives you the security of a guaranteed income for the rest of your life.  Flexible income: You could take flexible payments, taken as and when you need and leaving the rest invested. This is commonly known as drawdown.  As the AST is closing, the opportunity to access drawdown has ceased. Crystal does offer this option for members that transfer to that master trust, as are all the other different ways you can access your savings.	Yes
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As noted above, the charges deducted from your savings cover several services and benefits; the governance and management of the AST, day to day administration, legal and accounting services, documents and literature, generic and personalised education and guidance, and the investment management of your savings.

We believe that the management and administration charge represent good value to you for the services provided by the AST due to the reasons given in the dashboard. We also believe that the investment management costs and transaction costs deducted from your savings represent good value, given the aim of helping your savings grow above the rate of inflation.

For these reasons we have concluded that the AST is providing value to you, the members.

Signed on behalf of the Trustee of the Aspire Savings Trust

*Approved and signed by the Chair of the Trustee*

**Dianne Day**

For and on behalf of Independent Trustee Services Limited  
**Chair, Aspire Savings Trust**

28/10/2020

**Date**

This Chair's Statement can be found at [www.psaspire.com/aspiresavingstrust](http://www.psaspire.com/aspiresavingstrust). Members have been, and will continue to be, notified that they can access this document online. This notification is included in their annual benefit statements.



## Trustee of the Aspire Savings Trust

Statement of Investment Principles - DC section  
In respect of the Default investment arrangements

Updated: October 2019



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## Background information for members

### What is a Master Trust?

A Master trust is a multi-employer occupational pension scheme where each employer has its own section within the "master" trust. Employers can then pay contributions into the master trust to help their employees save for retirement, in addition to contributions paid in by individuals.

This master trust is called the Aspire Savings Trust (the "Master Trust").

### Who looks after members' savings in the Master Trust?

The Trustee of the Master Trust is Punter Southall Aspire Pension Trust Company Limited (the "Trustee") and it is the Trustee that is responsible for looking after members' savings in the Master Trust. The Master Trust was set up by Punter Southall Aspire and, as is required by law, a majority of the directors of the Trustee are 'non-affiliated'. Non-affiliated means the director has not been a director, manager, partner or employee of an undertaking which provides advisory, administration, investment or other services to the Master Trust or a "connected undertaking", during the period of five years ending with the date of the appointment as a director of the Trustee, and independent of Punter Southall Aspire and all other companies within the wider Punter Southall group of companies.

### What is a Statement of Investment Principles?

This is the Statement of Investment Principles for the defined contribution section of the Aspire Savings Trust (the "DC section"). Its purpose is to set out the principles and policies that the Trustee takes into account when deciding how to manage members' savings in the DC section. Decisions are taken by the Trustee based on the advice that it receives from its Investment Adviser to ensure that they reflect the objectives of the Master Trust and so provide members' with benefits in retirement.

This Statement of Investment Principles specifically covers the default arrangement for members who are automatically enrolled into the Master Trust by their employer or do not choose where to invest their savings. This is detailed in Section 5.6.

This Statement of Investment Principles for the DC section should be read in conjunction with the Master Trust's periodic reports of the performance of the investment funds in which members have chosen to invest, and the annual Trustee report and accounts.

A separate Statement of Investment Principles will apply to the other sections of the Master Trust.



## Introduction

This document constitutes the Statement of Investment Principles (the SIP) required under Section 35 of the Pensions Act 1995 for the Trustee of the Master Trust for the DC section. The SIP also reflects the requirements of Occupational Pension Schemes (Investment) Regulations 2005.

The SIP applies from 31 October 2019.

The DC section is a defined contribution (also known as money purchase) arrangement that operates for the exclusive purpose of providing retirement benefits to eligible participants and beneficiaries and is registered with HMRC under the Finance Act 2004.

The members' retirement benefits depend on:

- (i) The level of contributions made by or in respect of the member
- (ii) The charges deducted from a member's savings
- (iii) The investment return achieved by the selected investment fund
- (iv) When and how members choose to access their accumulated fund

Before preparing this SIP, the Trustee confirms that it has consulted with the Master Trust's Establishing Employer, Punter Southall Defined Contribution Consulting Limited ("PSDCC"). The Trustee has also considered written advice from its appointed Investment Adviser and from the legal adviser.

The Trustee is responsible for the investment of the scheme assets and arranging administration of these funds. Where the Trustee is required to make an investment decision, it will first receive written advice from an Investment Adviser. The Trustee believe that this, together with their own expertise, ensures that they are appropriately familiar with the issues concerned.

As set out in this section, the Trustee has ensured that it is in compliance with section 36 of the Pensions Act 1995 when delegating and exercising their investment powers as to the suitability before investing, and periodically thereafter.

The Trustee believes the Investment Adviser to be qualified by their ability in, and practical experience of, financial matters and to have the appropriate knowledge and experience of the investment arrangements that the Master Trust requires.

The Default Strategy (being the default aims and objectives and the Trustee policies set out in this SIP) and the performance of the default arrangement will be reviewed by the Trustee at least every three years and without delay after any significant change in investment policy, strategy or the demographic profile of members in the default.

The Trustee also confirms that it will consult with the Establishing Employer and take written advice from the Investment Adviser prior to this SIP being revised.

This document contains the Trustee's investment principles, aims, objectives and strategy. The Trustee receives written recommendations from the Investment Adviser(s) as to how these principles and strategy are applied to specific arrangements, including the default arrangement.

Upon joining, members have the opportunity to self-select a fund. Those that do not are allocated to the default arrangement. Details of the default arrangement are set out in the Guide to Investments, which is provided to members, and is summarised in section 5.7 below. This SIP relates to the default arrangement.







## Master Trust Governance

### 2.1 Governance Structure

The Trustee considers that the following governance structure is appropriate for the DC section, since it enables the Trustee to retain the decision-making role on the investments available to members, while delegating the day-to-day aspects to the relevant advisers as appropriate.

The Investment Adviser is Punter Southall Defined Contribution Consulting Limited trading as Punter Southall Aspire, which is authorised and regulated by the Financial Conduct Authority (FCA), and the Legal Advisers are Pinsent Masons and Norton Rose Fulbright (collectively referred to as 'the Advisers').

### 2.2 Trustee

The Trustee is solely responsible for the governance and investment of the Master Trust's assets, and in particular amongst other things:

- Determining the investment objectives of the Master Trust and reviewing these from time to time.
- Agreeing an investment strategy designed to meet the investment objectives of the Master Trust.
- Reviewing from time to time (at least every three years, or without delay following any significant change in investment policy) the content of this SIP and modifying it if deemed appropriate in consultation with the Establishing Employer and on advice from an Investment Adviser.
- Selecting and reviewing the investment options and the performance of the available funds at least every three years or following significant change in investment policy, or the demographic profile of relevant members.
- Assessing the quality of the performance and processes of the Investment Managers and providers by means of regular reviews of the investment results of each fund through meetings and written reports in consultation with the Investment Adviser.

- Appointing and dismissing of an investment manager or provider on advice from the Investment Adviser.
- Assessing the ongoing effectiveness of an Investment Adviser.
- Consulting with the Establishing Employer when reviewing investment policy issues.
- Monitoring compliance of the investments with the SIP on an on-going basis.
- Providing any appointed organisations/individuals with a copy of the SIP, where appropriate.

The Trustee consider that they have sufficient skills and investment knowledge to give appropriate focus to investment issues without appointing a separate investment sub-committee.

## **2.3 Investment Adviser**

An Investment Adviser is responsible for, amongst other things:

- Participating with the Trustee in reviews of the SIP.
- Advising the Trustee how any changes, such as in the membership and demographics, and legislation, may affect the manner in which the assets should be invested.
- Advising the Trustee of any changes relating to the Investment Manager(s) and other investment providers that could affect the interests of the Master Trust.
- Assisting the Trustee with monitoring the Investment Manager(s) and arrangements.
- Discussing with the Trustee any changes in the investment environment that could either present opportunities or problems for the DC section.
- Undertaking reviews of the DC section investment arrangements when requested by the Trustee including reviews of the investment options and current Investment Manager(s), and selection of new manager(s) as appropriate.
- Providing advice and recommendations regarding a suitable range of funds and appropriate default strategies.

## **2.4 Investment Manager**

The Investment Manager(s) will be responsible for, amongst other things:

- At their discretion, but within the guidelines agreed with the Trustee, selecting and undertaking transactions in specific investments within each fund.
- Acting in accordance with the principles set out in the SIP.
- Providing administration for the DC section on behalf of the Trustee, including investment of members' contributions in their chosen funds and providing information to the Trustee in an agreed format.



- Providing the Trustee with sufficient information to facilitate the review of their activities, including:
  - Performance and rationale behind past and future strategy for each fund,
  - A full valuation of the assets,
  - A transaction report.
- Informing the Trustee immediately of:
  - Any breach of this SIP,
  - Any serious breach of internal operating procedures,
  - Any material change in the knowledge and experience of those involved in the Master Trust's investment options.

The benefits that members will receive at retirement will depend on the level of contributions they have paid in and the investment returns achieved less any charges that have been deducted. It will be the responsibility of the Master Trust's administrator to ensure that members continue to be invested in accordance with their investment fund selection.





## Risks

The Trustee recognises a number of risks involved in the investment of the DC assets.

Defined contribution members face four key risks:

- *Inflation risk* – the risk that the purchasing power of their retirement pot is not maintained. This is addressed by the Trustee through reviews of investment performance at each of its meetings to ensure that returns keep pace with inflation.
- *Pension income risk* – the risk that the value of pension benefits (or annuity) that can be purchased by a given retirement pot amount is not maintained. This is addressed by the Trustee through the review of the investment performance of the Aspire Annuity Focus fund which has been made available to members to help match the changing cost of buying an annuity. The Aspire Annuity Focus fund also forms part of the Aspire Annuity Pathway that is designed so members who wish to use some or all of their savings in the Aspire Savings Trust to buy an annuity are automatically switched to a fund that will help maintain their purchasing power at retirement.
- *Investment risk* – the risk that the capital value of their retirement pot may fall. This is important to members approaching retirement who may not have sufficient time to regain the value of investments if values fall and to members who are building their savings for retirement and may find that they do not grow sufficiently. This is addressed by the Trustee through the review of the investment performance of all the investment funds it makes available to members. Reviews take place at each of the Trustee's meetings and changes will be made, where required on advice from its Investment Adviser.
- *Opportunity risk* – the risk that members take insufficient investment risk, especially at younger ages, which results in a smaller pot of money with which to provide benefits. This is addressed as the Trustee makes a default arrangement available for members who do not choose where to invest their savings and this affords an appropriate level of risk depending on the members' age. The Trustee reviews the investment performance of the default arrangement at each of its meetings as well as how members are invested by age.

The importance of each risk varies over time. Inflation is important throughout the savings period. Pension income and investment risks become more significant as retirement approaches.

Other risks involved in the investment of assets include the following:

- *Underperformance risk* – addressed through monitoring the performance of the Investment Manager(s) and taking necessary action when this is not satisfactory.
- *Currency risk* – the risk of the effect of currency movements on the capital value of the assets held in non-sterling denomination. Addressed by the investment managers' investment decisions.
- *Communication risk* – the risk that communications (or the lack of communications) to members lead to poor decisions being made including mismatch of investments against attitude to risk and/or intended retirement route. Addressed through the range of investment options offered and the Trustee regularly monitoring member communications and updating them, where appropriate, as part of the ongoing governance of the Master Trust.
- *Inappropriate member decision* – addressed through communications to members and highlighting the benefits of members seeking independent financial advice.
- *Organisational risk* – addressed through regular monitoring of the Investment Manager(s) and Investment Adviser.
- *Operational risk* – addressed through regular monitoring by the Trustee of its advisers and other suppliers.
- *Sponsor risk* – the risk of the Sponsor ceasing to exist which is addressed through the maintenance of a continuation policy.
- *Liquidity risk* – the risk of holding assets that cannot be easily sold should the need arise – addressed through the use of pooled funds and/or insurance policies with frequent dealing dates, and where appropriate limiting exposure to funds and/or policies that may be more difficult to realise at times, for example property funds.
- *Diversification risk* – the risk of lack of diversification of investment – addressed through investing in a range of pooled funds and/or insurance policies with appropriate asset allocation range.
- *Concentration risk* – the risk that there is an excessive exposure to a single fund or manager – addressed by a maximum control on the percentage of assets that are held in a single Investment Manager's funds.
- *Country/political risk* – the risk of an adverse influence on investment values from political intervention is reduced by offering investment options for members to achieve diversification across several countries.

The Trustee will have regard for these risks when determining investment strategy and will keep these risks under regular review.



## Investment aims and objectives

Savings in the Master Trust need to be invested in the best interests of the members and their beneficiaries. The Trustee aims and objectives are to:

- Offer a designated default investment strategy (the "default arrangement") appropriate for the majority of members should they decide not to choose their own investment strategy, which takes account of the likely characteristics and needs of members, maintaining an appropriate balance between risk and return through the appropriate and diversified allocation of assets, and in doing so aim to deliver a real return on members' investments, but with volatility smoothed.
- Retain sufficient flexibility to offer alternative investment funds to accommodate the needs and preferences of different groups of employees and/or employers.
- Use underlying investment managers that have robust Environmental, Social and Governance (ESG) and Stewardship policies which are well integrated in their investment processes (see 'Other issues' below).

ESG factors – whether from climate change, or the quality of governance and management at a company – are factors that pose potential risks and opportunities that can have a material impact on the performance of investments. Further details on this can be found at section 8.

In this SIP the default arrangement aims and objectives and the policies together comprise "the Default Strategy".

The Trustee will obtain advice from suitably qualified and experienced investment adviser(s) in formulating aims, objectives and strategy, and in determining how to implement those into the Master Trust.



## Investment Strategy

### 5.1 General

- 5.1.1 There is no single investment fund or strategy that manages all of the keys risks and objectives for a diverse group of members. Of the major asset classes, equities have traditionally been used to provide the most effective means of managing inflation risk. Fixed interest and index-linked securities are most effective for managing pension purchase risk. Cash is effective at managing investment risk but does not manage inflation risk.
- 5.1.2 The varying nature of the risks faced by a defined contribution plan member through time means that a single investment product or fund may not adequately meet the needs of the investor throughout the investing period. The Trustee will therefore select long term insurance policies and/or such range of investment funds as deemed appropriate based on advice from the Investment Adviser.
- 5.1.3 The Trustee acknowledges that many members will not want to, or do not have sufficient knowledge or experience, to make their own investment decisions. As a result, a key trustee investment objective is to offer investment strategies that are intended to be appropriate for the typical member. This will involve a range of lifestyle strategies, or pathways, where the allocation of assets is automatically adjusted to reflect the level of risk and return with descending levels of volatility as members approach their selected retirement age.
- 5.1.4 Members can choose an alternative selected retirement age if they so wish, and so help manage the way their funds are invested in relation to their retirement plans.
- 5.1.5 The Trustee will utilise the investment platform or platforms deemed most appropriate based on advice from the Investment Adviser.
- 5.1.6 To ensure that its objectives are being met, the Trustee will review, in conjunction with the Investment Adviser, any fund option provided to members (whether the default arrangement or self-select funds) that either underperforms its benchmark over a significant timeframe or carries a level of risk to the security of the investment which may be thought to be unreasonable in the context of the Master Trust's investment objectives. There will be no obligation to make any changes to the range of funds offered to members as part of such a review.



5.1.7 The Trustee recognises that in a defined contribution scheme such as the Master Trust, where the member bears the investment risk, individual investment requirements between members will vary. As these investment funds are the responsibility of the Trustee, it may choose to add, remove or change the investment funds on offer within the self-select range, within the default arrangement and other Pathways (lifestyle strategies), from time to time based on advice provided by the Investment Adviser.

This will be achieved by means of considering advice from the Investment Adviser, which will be required to have regard for the risks and aims and objectives.

The above and below applies to all investments offered by the Master Trust including the default arrangement.

## 5.2 Kinds of Investments

The Investment Managers may invest in the UK and overseas in investments including, but not limited to:

Equity investments	Emerging market bonds
Government bonds	Property funds
Inflation-linked bonds	Commodities
Investment grade bonds	Absolute return funds
High-yield bonds	Cash instruments

As noted above in 5.1 the investments in each fund will vary depending on the nature of each fund, its objectives and the relevant risk controls.

## 5.3 Expected Returns

The expected level of returns will vary between the different funds. The objectives and benchmarks for the investment funds in which members are invested are set out in Appendix A. The Trustee will monitor the performance of the funds against their stated performance objectives at every regular quarterly trustee meeting. The Trustee, or the Advisers on behalf of the Trustee, will also regularly review the funds to satisfy themselves that they remain suitable.

## 5.4 Diversification

Investment in pooled funds and/or insurance policies is one way of helping to ensure that the Master Trust's investments are adequately diversified. They provide members with access to a range of alternative investment options and the opportunity to diversify the way they are invested. It is Trustee policy that the Investment Advisers reports back on the diversification of assets at each Trustee meeting, so the Trustee has oversight of the kinds of investments that are being held, and how these are being balanced.

The Trustee will monitor the strategy regularly to ensure that they are comfortable with the level of diversification. The Trustee has put diversified investment strategies in place to generate returns while managing risk and so can consider whether the ongoing diversification against the Investment Management Agreements it has in place.

## 5.5 Suitability

The Trustee will take advice from its relevant Advisers to ensure that the investment funds and policies remain suitable, given members' objectives for investing in them. Members can choose an alternative from the investment funds on offer, if they believe they are better suited to their needs.

## 5.6 Realisation of Assets

The members' contributions are held in individual accounts with the relevant investment platform manager and are in normal circumstances sufficiently liquid to be realised easily if the member so requires.

Most of the non-cash assets are held in pooled funds and/or insurance policies with daily dealing dates, to ensure an appropriate level of liquidity.

The Trustee will realise assets as required following member requests on retirement or earlier where eligible. In selecting investment options, the Trustee considers the liquidity of the investments in the context of the likely needs of members. Examples include investing through a regulated life insurance company to access the Financial Services Compensation Scheme and the inclusion of a liquidity fund in the differing investment solutions that are offered to members which invests in instruments that typically mature within seven days.

## 5.7 Default arrangements

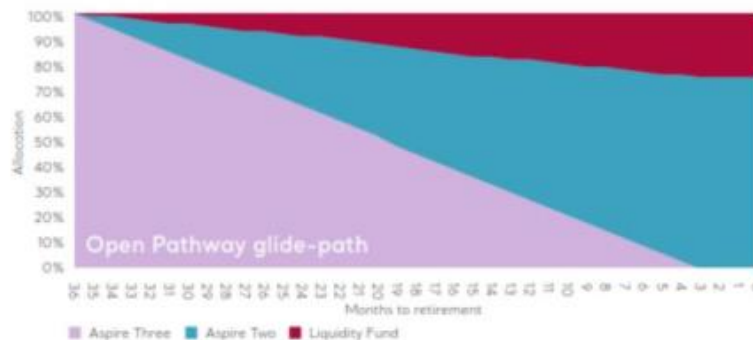
The Default Strategy is intended to ensure that assets are invested in the best interests of members, as it takes account of the likely characteristics and needs of members, and maintaining an appropriate balance between risk (for example, those listed in Section 3 above) and return through the appropriate and diversified allocation of assets. In doing so, it aims to deliver a real return on members' investments, but with volatility smoothed. The Trustee will review the Default Strategy

(being the strategy and policies in relation to the Default) at least once every three years and without delay after there has been a significant change in investment policy or the demographic of relevant members in the default.

The Trustee (with input where appropriate from the Advisers) reviews the return on investments relating to the default arrangement (after deduction of any applicable charges) and is comfortable that they are consistent with the aims and objectives for the default arrangement. The returns currently reflect an appropriate balance of risk based on the likely needs of members in line with the default's aims and objective.

The default arrangement is the Open Pathway, which is a 'lifestyle strategy' consisting of a combination of the Aspire Three, Aspire Two and Sterling Liquidity funds based upon the members' term to selected retirement age. The Trustee is comfortable that this is in line with the default aims and objectives identified.

The proportion of members' savings that are invested in each fund will depend on the numbers of years to each member's selected retirement age. This is best shown in the graph below that sets out how members' savings gradually switch into lower risk funds in the last three years before selected retirement age:



The return and volatility benchmarks for the three funds that make up the Aspire Open Pathway can be found in Appendix A. The charge for each fund is shown in Section 7.

As the name suggests, the Open Pathway is designed to keep members' options open because they may not yet know how they will wish to use their savings when they come to take them. Members are free to self-select another pathway, individual investment funds or a combination of pathways and individual funds if they so wish. They can choose to return their savings to the Aspire Open Pathway.

The Trustee has provided a range of funds where members wish to self-select their own investments. The details of these self-select funds, and how they work, are set out in a separate SIP that is available at [www.psaspire.com/aspiresavingstrust](http://www.psaspire.com/aspiresavingstrust).





## Monitoring

The Trustee will monitor the performance of the Master Trust's Investment Manager(s) against the agreed performance objective for each fund and Pathway, including the default arrangement, at every regular quarterly trustee meeting.

The Trustee will undertake regular reviews (at least annually) of the Investment Manager(s) to consider whether they are continuing to carry out their work competently and continue to have the appropriate knowledge and experience to manage the assets of the Master Trust.

In any event the Trustee should formally review the progress and performance of the Investment Manager(s), their funds and the Pathways, including the default arrangement, every three years. As part of this review, the Trustee will consider whether or not the Investment Manager(s):

- Is carrying out its work competently and proactively
- Has regard to the need for diversification of investments
- Has regard to the suitability of each investment and each category of investment
- Continues to maintain its integrated ESG and stewardship policies (see Section 8 below)
- Has been exercising its powers of investment with a view to giving effect to the principles contained in this SIP, so far as is reasonably practical

### **Advisers**

The Trustee will monitor the advice and service given by an Investment Adviser on a regular basis in accordance with the adviser objectives and service standards set out in their Service Agreement.

### **Investment Managers**

The Trustee believes that the Investment Managers are sufficiently incentivised to align their investment strategies with the Trustee's investment strategies and policies. Investment Managers will be monitored on their performance in this regard, and it will be considered when selecting and retaining Investment Managers. Investment Managers are incentivised to make decisions based on assessments about medium to long term financial considerations. The Trustee notes that Investment Managers should be motivated to make decisions to improve their medium to long term

performance. The arrangements with the Investment Managers incentivises them to make decisions based on assessments of medium to long-term performance.

The life assurance policy arrangement with the Investment Managers is ordinarily unlimited as to its duration, with either party being able to terminate in accordance with the terms contained within the Policy, which in normal circumstances requires the giving of at least 3 months notice. As noted above, the Investment Manager will be monitored annually to ensure that they are complying with Trustee policies in relation to ESG. The method of evaluation of their performance and remuneration are in line with the Trustee policies detailed in section 5, the investment strategy.

## **Trustee**

The Trustee will monitor all the decisions they take by maintaining a record of all decisions taken, together with the rationale in each case.

## **Other**

The Trustee will review this SIP regularly (at least triennially) and modify it if deemed appropriate, in consultation with the Establishing Employer and an Investment Adviser.



## Charges

### 7.1 Member Charges

The Ongoing Charge and Fund Management costs shown are the fees levied on the members to cover the costs of managing their funds. Management and administration cost covers the management and administration costs of running the Master Trust.

Both are calculated as a percentage of the value of the fund. Members will find details of what the charges are and how they work in the Guide to Costs and Charges that is available at [www.psaspire.com/aspire-saving-trust](http://www.psaspire.com/aspire-saving-trust).

The Trustee will ensure that the fees charged for the funds, including the transaction costs, are consistent with levels typically available in the industry on a like-for-like basis, and comply with the default arrangement charge cap.

There is a charge cap that applies to the default arrangement because employers automatically enrol their qualifying employees into the Master Trust. The default arrangement meets the charge cap and the Trustee continues to monitor this by receiving a report from its Investment Adviser at each of its quarterly meetings to confirm the default arrangement continues to do so.

The list of the funds available will be extended and changed from time-to-time and the fee basis for each one will be included in the quarterly investment report that will be presented to the Trustee at its meetings and this SIP will be updated accordingly. Charges are monitored at every Trustee's meeting.

The default arrangement is the Open Pathway, which is a 'lifestyle strategy' consisting of a combination of Aspire Three, Aspire Two and Sterling Liquidity, based upon the members' term to selected retirement age. See 5.7 above for more details about the default arrangement.

### 7.2 Custodian

The insurer of the insurance policies in which the Master Trust is invested will be responsible for the custodianship of the investments in their policy. The cost will be included in the charges above.

As the Master Trust will also invest in pooled funds, with Winterflood as the custodian of those assets who will be responsible for the custody and safeguarding of the assets, the custodianship fees will be met out of the administration management charge levied on members.

### **7.3 Trustee**

In line with industry practice, the Directors of Punter Southall Aspire Pension Trust Company Limited, which is the Trustee of the Master Trust, have been appointed and the services to the Master Trust are paid for by the scheme. These costs will be met out of the administration management charge levied on members.

### **7.4 Advisers**

The fees for consulting, administration and investment advisory and insurance mediation services are met out of the administration management charge levied on members. All other advisers' fees are met by the Establishing Employer of the Master Trust.





## Other Issues

### **8.1 Investment of Contributions**

Members' contributions will be invested in line with their selected choice of funds.

### **8.2 Environmental, Social and Governance (ESG) issues (including voting rights)**

#### **Financially material considerations**

Financially material considerations can include (but are not limited to) ESG considerations (including but not limited to climate change), which the Trustee considers financially material. The Trustee also considers unsound corporate governance and unsustainable business practices, along with climate change, as financially material considerations.

ESG considerations are viewed as 'financially material' as they can help mitigate risks, including climate change, and have the potential to lead to better financial outcomes for members. The extent to which such ESG factors should be taken into account depends on both the timeframe of the investor and the expected impact the factor may have. Investments which demonstrate strong positive ESG characteristics are expected to increase the likelihood of more sustainable returns.

Responsible ESG investing seeks to quantify risks that can't be measured by traditional financial metrics. These include the risk that government regulation will force a company to rectify its poor (even if profitable) environmental practices, the risk of controversies such as lawsuits and financial penalties, and the risk to workers of unsafe working conditions (which, in turn, is a risk to the company). Most investors now accept that managing ESG risks is a key contributor to downside protection and the preservation of capital.

The Trustee recognises the potential financial impact of ESG factors in investment decision making and that they can help preserve long-term value by countering short-termism within the management of investment managers, and the underlying companies, in which it invests. It believes that ESG factors should be considered as part of an integrated approach to investment decision making, rather than an issue in their own right. They therefore form part of the Trustee's investment strategy which is designed to improve member outcomes, and therefore the success of the Master Trust, The Trustee considers that the appropriate time horizon for the Master Trust to be 20 to 30



years. Accordingly, the Trustee considers these factors to be financially material for the lengths of time that are necessary for the funding of future benefits by the investments of the Master Trust.

Due to the way assets are invested, for example through pooled funds, the Trustee accepts that it has limited influence over the ESG policies and practices of the companies in which the funds invest and it has limited ability to take these factors into account in the selection, retention and realisation of investments. The Trustee will, therefore, rely on the policies and judgement of its investment managers and will review these policies and review compliance against them on an annual basis.

The financially material considerations are taken into account in the selection, retention and realisation of investments as follows:

- (a) Selection of investments: The Trustee has undertaken an assessment of its principal and underlying Investment Managers to ensure that ESG factors, including climate change, are integrated into their investment processes. This ensures that ESG factors are considered at the initial investment stage. This includes the Master Trust's life insurer, which also manages the funds that make up the Master Trust's default arrangement, and its sub-investment manager that provides advice on asset allocation and manager selection. The Trustee will continue to monitor the Investment Managers continued consideration of ESG factors on an annual basis at this stage.
- (b) Retention of investments: The Trustee has a robust monitoring process in order to monitor ESG considerations on an ongoing basis by regularly seeking information on the responsible investing policies and practices of the Investment Managers. This ensures that financially material considerations are considered beyond just the point of selection of investments.
- (c) Realisation of investments: At least annually, the Trustee will request information from its Investment Adviser and Investment Managers about how ESG considerations are taken into account in decisions to realise investments.

## **Stewardship**

In relation to the exercise of the rights (including voting rights) attaching to the investments and in undertaking engagement activities in respect of the investments the Trustee has delegated the day-to-day management of the assets to investment managers (under the terms of agreements with managers and/or insurers).

The Investment Managers are expected and encouraged to evaluate ESG factors including climate change considerations. All the Investment Managers that make up the various investment options offered to members have had their ESG and stewardship policies assessed by the Trustee's Investment Adviser. The Trustee will continue to monitor the Investment Managers on an annual basis through its Investment Adviser to ensure that these policies are being maintained and adhered to. An assessment of ESG and stewardship will be a consideration when reviewing investment strategies and selecting new investment managers.

The Investment Managers will be responsible for maintaining their robust ESG and stewardship policies. This will include the exercising of voting rights, engagement with companies and organisations in which they invest and issues of corporate governance. Investment Managers are expected and encouraged to exercise voting rights and stewardship obligations attached to the investments in accordance with these policies. To encourage this, the Trustee understands that PSDCC intends to become a signatory to:

- UN Principles of Responsible Investment (UNPRI), which is a set of best practice principles on responsible investment.
- The Financial Reporting Council (FRC) Stewardship Code, which is seen as the UK standard for good stewardship. It is perceived by many institutional investors as a minimum requirement and a stepping stone to improving stewardship in the UK.

As noted above, the Trustee has delegated the engagement activities in respect of the investments to the Investment Managers. The Trustee will consider proportionally engaging with relevant parties to improve the impact of engagement, when requested by the Investment Manager. Therefore in most circumstances, engagement with relevant persons (such as the issuers or holders of a debt or equity) will be by the Investment Manager. The circumstances in which the Trustee would monitor and engage, and method of engagement, would vary depending on the request made by the Investment Manager.

### **Non-financial matters**

We expect members to be increasingly engaged with efforts to integrate ESG considerations into their default arrangement. However, non-financial matters are not currently taken into account by the Trustee in the selection, retention and realisation of investments. For this purpose, non-financial matters mean the views of the members and beneficiaries including (but not limited to) their ethical views and their views in relation to social and environmental impact and present and future quality of life of the members and beneficiaries of the Master Trust.



## Declaration

The Trustee confirms that this SIP reflects the investment strategy for the default arrangement it has implemented for the DC section of the Master Trust. The Trustee acknowledges that it is its responsibility, with guidance from the Investment Adviser, to ensure the assets of the DC section are invested in accordance with these principles.

This SIP was approved by the Trustee on 31 October 2019.

*Approved and signed by the Chair of the Trustee*

**Chair, Trustee of the Aspire Savings Trust**



## Appendix A

Fund options agreed as at October 2019:

Fund	Return Benchmark	Volatility Benchmark
<b>Aspire One</b>	CPI + 2% p.a.	40% of composite benchmark (50% MCSI World Index / 50% FTSE All Share Index (GBP))
<b>Aspire Two</b>	CPI + 3% p.a.	60% of composite benchmark (50% MCSI World Index / 50% FTSE All Share Index (GBP))
<b>Aspire Three</b>	CPI + 4%	90% of composite benchmark (50% MCSI World Index / 50% FTSE All Share Index (GBP))
<b>Aspire Annuity Focus</b>	FTSE Actuaries UK Conventional Gilts All Stocks Total Return Index	N/A
<b>Retirement Builder</b>	CPI + 3%	N/A
<b>Sterling Liquidity</b>	7-day LIBID	N/A

The default arrangement is the Open Pathway, which consists of a combination of Aspire Three, Aspire Two and Sterling Liquidity funds, is based upon the members' term to selected retirement age as shown in the glidepath in 5.7.



## Trustee of the Aspire Savings Trust

Statement of Investment Principles - DC section  
In respect of the self-select investment funds

Updated: October 2019



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## Background information for members

### What is a Master Trust?

A Master trust is a multi-employer occupational pension scheme where each employer has its own section within the "master" trust. Employers can then pay contributions into the master trust to help their employees save for retirement, in addition to contributions paid in by individuals.

This master trust is called the Aspire Savings Trust (the "Master Trust").

### Who looks after members' savings in the Master Trust?

The Trustee of the Master Trust is Punter Southall Aspire Pension Trust Company Limited (the "Trustee") and it is the Trustee that is responsible for looking after members' savings in the Master Trust. The Master Trust was set up by Punter Southall Aspire and, as is required by law, a majority of the directors of the Trustee are 'non-affiliated'. Non-affiliated means the director has not been a director, manager, partner or employee of an undertaking which provides advisory, administration, investment or other services to the Master Trust or a "connected undertaking", during the period of five years ending with the date of the appointment as a director of the Trustee, and independent of Punter Southall Aspire and all other companies within the wider Punter Southall group of companies.

### What is a Statement of Investment Principles?

This is the Statement of Investment Principles for the defined contribution section of the Aspire Savings Trust (the "DC section"). Its purpose is to set out the principles and policies that the Trustee takes into account when deciding how to manage members' savings in the DC section. Decisions are taken by the Trustee based on the advice that it receives from its Investment Adviser to ensure that they reflect the objectives of the Master Trust and so provide members' with benefits in retirement.

This Statement of Investment Principles covers the self-select funds that the Trustee makes available so that the DC section members have a suitable range of investment options to choose from.

This Statement of Investment Principles for the DC section should be read in conjunction with the Master Trust's periodic reports of the performance of the investment funds in which members have chosen to invest, and the annual Trustee report and accounts.

A separate Statement of Investment Principles will apply to the other sections of the Master Trust.



## Introduction

This document constitutes the Statement of Investment Principles (the SIP) required under Section 35 of the Pensions Act 1995 for the Trustee of the Master Trust for the DC section. The SIP also reflects the requirements of Occupational Pension Schemes (Investment) Regulations 2005.

The SIP applies from 31 October 2019.

The DC section is a defined contribution (also known as money purchase) arrangement that operates for the exclusive purpose of providing retirement benefits to eligible participants and beneficiaries and is registered with HMRC under the Finance Act 2004.

The members' retirement benefits depend on:

- (i) The level of contributions made by or in respect of the member
- (ii) The charges deducted from a member's savings
- (iii) The investment return achieved by the selected investment fund
- (iv) When and how members choose to access their accumulated fund

Before preparing this SIP, the Trustee confirms that it has consulted with the Master Trust's Establishing Employer, Punter Southall Defined Contribution Consulting Limited ("PSDCC"). The Trustee has also considered written advice from its appointed Investment Adviser and from the legal adviser.

The Trustee is responsible for the investment of the scheme assets and arranging administration of these funds. Where the Trustee is required to make an investment decision, it will first receive written advice from an Investment Adviser. The Trustee believe that this, together with their own expertise, ensures that they are appropriately familiar with the issues concerned.

As set out in this section, the Trustee has ensured that it is in compliance with section 36 of the Pensions Act 1995 when delegating and exercising their investment powers as to the suitability before investing, and periodically thereafter.

The Trustee believes the Investment Adviser to be qualified by their ability in, and practical experience of, financial matters and to have the appropriate knowledge and experience of the investment arrangements that the Master Trust requires.

The SIP will be reviewed at least every three years, or without delay following any significant change in investment policy or strategy.

The Trustee also confirms that it will consult with the Establishing Employer and take written advice from the Investment Adviser prior to this SIP being revised.

This document contains the Trustee's investment principles, aims, objectives and strategy. The Trustee receives written recommendations from the Investment Adviser(s) as to how these principles and strategy are applied to specific arrangements, including the default arrangement.

Upon joining, members have the opportunity to self-select a fund and can choose alternative investment funds or pathways when they wish. Those that do not are allocated to the default arrangement.







## Master Trust Governance

### 2.1 Governance Structure

The Trustee considers that the following governance structure is appropriate for the DC section, since it enables the Trustee to retain the decision-making role on the investments available to members, while delegating the day-to-day aspects to the relevant advisers as appropriate.

The Investment Adviser is Punter Southall Defined Contribution Consulting Limited trading as Punter Southall Aspire, which is authorised and regulated by the Financial Conduct Authority (FCA), and the Legal Advisers are Pinsent Masons and Norton Rose Fulbright (collectively referred to as 'the Advisers').

### 2.2 Trustee

The Trustee is solely responsible for the governance and investment of the Master Trust's assets, and in particular amongst other things:

- Determining the investment objectives of the Master Trust and reviewing these from time to time.
- Agreeing an investment strategy designed to meet the investment objectives of the Master Trust.
- Reviewing from time to time (at least every three years, or without delay following any significant change in investment policy) the content of this SIP and modifying it if deemed appropriate in consultation with the Establishing Employer and on advice from an Investment Adviser.
- Selecting and reviewing the investment options and the performance of the available funds at least every three years or following significant change in investment policy, or the demographic profile of relevant members.
- Assessing the quality of the performance and processes of the Investment Managers and providers by means of regular reviews of the investment results of each fund through meetings and written reports in consultation with the Investment Adviser.

- Appointing and dismissing of an investment manager or provider on advice from the Investment Adviser.
- Assessing the ongoing effectiveness of an Investment Adviser.
- Consulting with the Establishing Employer when reviewing investment policy issues.
- Monitoring compliance of the investments with the SIP on an on-going basis.
- Providing any appointed organisations/individuals with a copy of the SIP, where appropriate.

The Trustee consider that they have sufficient skills and investment knowledge to give appropriate focus to investment issues without appointing a separate investment sub-committee.

### **2.3 Investment Adviser**

An Investment Adviser is responsible for, amongst other things:

- Participating with the Trustee in reviews of the SIP.
- Advising the Trustee how any changes, such as in the membership and demographics, and legislation, may affect the manner in which the assets should be invested.
- Advising the Trustee of any changes relating to the Investment Manager(s) and other investment providers that could affect the interests of the Master Trust.
- Assisting the Trustee with monitoring the Investment Manager(s) and arrangements.
- Discussing with the Trustee any changes in the investment environment that could either present opportunities or problems for the DC section.
- Undertaking reviews of the DC section investment arrangements when requested by the Trustee including reviews of the investment options and current Investment Manager(s), and selection of new manager(s) as appropriate.
- Providing advice and recommendations regarding a suitable range of funds and appropriate default strategies.

### **2.4 Investment Manager**

The Investment Manager(s) will be responsible for, amongst other things:

- At their discretion, but within the guidelines agreed with the Trustee, selecting and undertaking transactions in specific investments within each fund.
- Acting in accordance with the principles set out in the SIP.
- Providing administration for the DC section on behalf of the Trustee, including investment of members' contributions in their chosen funds and providing information to the Trustee in an agreed format.
- Providing the Trustee with sufficient information to facilitate the review of their activities, including:



- Performance and rationale behind past and future strategy for each fund,
  - A full valuation of the assets,
  - A transaction report.
- Informing the Trustee immediately of:
    - Any breach of this SIP,
    - Any serious breach of internal operating procedures,
    - Any material change in the knowledge and experience of those involved in the Master Trust's investment options.

The benefits that members will receive at retirement will depend on the level of contributions they have paid in and the investment returns achieved less any charges that have been deducted. It will be the responsibility of the Master Trust's administrator to ensure that members continue to be invested in accordance with their investment fund selection.





## Risks

The Trustee recognises a number of risks involved in the investment of the DC assets.

Defined contribution members face four key risks:

- *Inflation risk* – the risk that the purchasing power of their retirement pot is not maintained. This is addressed by the Trustee through reviews of investment performance at each of its meetings to ensure that returns keep pace with inflation.
- *Pension income risk* – the risk that the value of pension benefits (or annuity) that can be purchased by a given retirement pot amount is not maintained. This is addressed by the Trustee through the review of the investment performance of the Aspire Annuity Focus fund which has been made available to members to help match the changing cost of buying an annuity. The Aspire Annuity Focus fund also forms part of the Aspire Annuity Pathway that is designed so members who wish to use some or all of their savings in the Aspire Savings Trust to buy an annuity are automatically switched to a fund that will help maintain their purchasing power at retirement.
- *Investment risk* – the risk that the capital value of their retirement pot may fall. This is important to members approaching retirement who may not have sufficient time to regain the value of investments if values fall and to members who are building their savings for retirement and may find that they do not grow sufficiently. This is addressed by the Trustee through the review of the investment performance of all the investment funds it makes available to members. Reviews take place at each of the Trustee's meetings and changes will be made, where required on advice from its Investment Adviser.
- *Opportunity risk* – the risk that members take insufficient investment risk, especially at younger ages, which results in a smaller pot of money with which to provide benefits. This is addressed as the Trustee making a range of investment funds and options available to members that have different levels of risk along with information and education about those funds. In addition, there are a number of pathways that support the different ways members may wish to use their savings in the Master Trust which afford an appropriate level of risk depending on the members' age. The Trustee reviews the investment performance of its self-select funds at each of its meetings as well as how members are invested by age.

Other risks involved in the investment of assets include the following:

- *Underperformance risk* – addressed through monitoring the performance of the Investment Manager(s) and taking necessary action when this is not satisfactory.
- *Currency risk* – the risk of the effect of currency movements on the capital value of the assets held in non-sterling denomination. Addressed by the investment managers' investment decisions.
- *Communication risk* – the risk that communications (or the lack of communications) to members lead to poor decisions being made including mismatch of investments against attitude to risk and/or intended retirement route. Addressed through the range of investment options offered and the Trustee regularly monitoring member communications and updating them, where appropriate, as part of the ongoing governance of the Master Trust.
- *Inappropriate member decision* – addressed through communications to members and highlighting the benefits of members seeking independent financial advice.
- *Organisational risk* – addressed through regular monitoring of the Investment Manager(s) and Investment Adviser.
- *Operational risk* – addressed through regular monitoring by the Trustee of its advisers and other suppliers.
- *Sponsor risk* – the risk of the Sponsor ceasing to exist which is addressed through the maintenance of a continuation policy.
- *Liquidity risk* – the risk of holding assets that cannot be easily sold should the need arise – addressed through the use of pooled funds and/or insurance policies with frequent dealing dates, and where appropriate limiting exposure to funds and/or policies that may be more difficult to realise at times, for example property funds.
- *Diversification risk* – the risk of lack of diversification of investment – addressed through investing in a range of pooled funds and/or insurance policies with appropriate asset allocation range.
- *Concentration risk* – the risk that there is an excessive exposure to a single fund or manager – addressed by a maximum control on the percentage of assets that are held in a single Investment Manager's funds.
- *Country/political risk* – the risk of an adverse influence on investment values from political intervention is reduced by offering investment options for members to achieve diversification across several countries.

The Trustee will have regard for these risks when determining investment strategy and will keep these risks under regular review.



## Investment aims and objectives

Savings in the Master Trust need to be invested in the best interests of the members and their beneficiaries. The Trustee aims and objectives are to:

- Offer a suitable range of self-select funds, so that the DC section members have a suitable range of investment options to choose from that will continue to provide a positive return over the long-term after all charges have been deducted but within an acceptable level of risk.
- Retain sufficient flexibility to offer alternative investment funds to accommodate the needs and preferences of different groups of employees and/or employers.
- Use underlying investment managers that have robust Environmental, Social and Governance (ESG) and Stewardship policies which are well integrated in their investment processes (see 'Other issues' below).

ESG factors – whether from climate change, or the quality of governance and management at a company – are factors that pose potential risks and opportunities that can have a material impact on the performance of investments. Further details on this can be found at section 8.

The Trustee will obtain advice from suitably qualified and experienced investment adviser(s) in formulating aims, objectives and strategy, and in determining how to implement those into the Master Trust.



## Investment Strategy

### 5.1 General

- 5.1.1 There is no single investment fund or strategy that manages all of the key risks and objectives for a diverse group of members. Of the major asset classes, equities have traditionally been used to provide the most effective means of managing inflation risk. Fixed interest and index-linked securities are most effective for managing pension purchase risk. Cash is effective at managing investment risk but does not manage inflation risk.
- 5.1.2 The varying nature of the risks faced by a defined contribution plan member through time means that a single investment product or fund may not adequately meet the needs of the investor throughout the investing period. The Trustee will therefore select long term insurance policies and/or such range of investment funds as deemed appropriate based on advice from the Investment Adviser.
- 5.1.3 Members can choose an alternative selected retirement age if they so wish, and so help manage the way their funds are invested in relation to their retirement plans.
- 5.1.4 The Trustee will utilise the investment platform or platforms deemed most appropriate based on advice from the Investment Adviser.
- 5.1.5 To ensure that its objectives are being met, the Trustee will review, in conjunction with the Investment Adviser, any fund option provided to members that either underperforms its benchmark over a significant timeframe or carries a level of risk to the security of the investment which may be thought to be unreasonable in the context of the Master Trust's investment objectives. There will be no obligation to make any changes to the range of funds offered to members as part of such a review.
- 5.1.6 The Trustee recognises that in a defined contribution scheme such as the Master Trust, where the member bears the investment risk, individual investment requirements between members will vary. As these investment funds are the responsibility of the Trustee, it may choose to add, remove or change the investment funds on offer within the self-select range and other Pathways (lifestyle strategies), from time to time based on advice provided by the Investment Adviser.

This will be achieved by means of considering advice from the Investment Adviser, which will be required to have regard for the risks and aims and objectives.

The above and below applies to all investments offered by the Master Trust.

## 5.2 Kinds of Investments

The Investment Managers may invest in the UK and overseas in investments including, but not limited to:

Equity investments	Emerging market bonds
Government bonds	Property funds
Inflation-linked bonds	Commodities
Investment grade bonds	Absolute return funds
High-yield bonds	Cash instruments

As noted above in 5.1 the investments in each fund will vary depending on the nature of each fund, its objectives and the relevant risk controls.

## 5.3 Expected Returns

The expected level of returns will vary between the different funds. The objectives and benchmarks for the investment funds in which members are invested are set out in Appendix A. The Trustee will monitor the performance of the funds against their stated performance objectives at every regular quarterly trustee meeting. The Trustee, or the Advisers on behalf of the Trustee, will also regularly review the the funds to satisfy themselves that they remain suitable.

## 5.4 Diversification

Investment in pooled funds and/or insurance policies is one way of helping to ensure that the Master Trust's investments are adequately diversified. They provide members with access to a range of alternative investment options and the opportunity to diversify the way they are invested. It is Trustee policy that the Investment Advisers report back on the diversification of assets at each Trustee meeting, so the Trustee has oversight of the kinds of investments that are being held, and how these are being balanced.



The Trustee will monitor the strategy regularly to ensure that they are comfortable with the level of diversification. The Trustee has put diversified investment strategies in place to generate returns while managing risk and so can consider whether the ongoing diversification against the Investment Management Agreements it has in place.

## **5.5 Suitability**

The Trustee will take advice from its relevant Advisers to ensure that the investment funds and policies remain suitable, given members' objectives for investing in them. Members can choose an alternative from the investment funds on offer, if they believe they are better suited to their needs.

## **5.6 Realisation of Assets**

The members' contributions are held in individual accounts with the relevant investment platform manager and are in normal circumstances sufficiently liquid to be realised easily if the member so requires.

Most of the non-cash assets are held in pooled funds and/or insurance policies with daily dealing dates, to ensure an appropriate level of liquidity.

The Trustee will realise assets as required following member requests on retirement or earlier where eligible. In selecting investment options, the Trustee considers the liquidity of the investments in the context of the likely needs of members. Examples include investing through a regulated life insurance company to access the Financial Services Compensation Scheme and the inclusion of a liquidity fund in the differing investment solutions that are offered to members which invests in instruments that typically mature within seven days.

## **5.7 Default arrangements**

The Trustee has provided a default arrangement where members have not selected, or do not wish to self-select their own investments. The details of what the default arrangement is, and how it works, are set out in a separate SIP that is available at [www.psaspire.com/aspiresavingstrust](http://www.psaspire.com/aspiresavingstrust).



## Monitoring

The Trustee will monitor the performance of the Master Trust's Investment Manager(s) against the agreed performance objective for each fund and Pathway at every regular quarterly trustee meeting.

The Trustee will undertake regular reviews (at least annually) of the Investment Manager(s) to consider whether they are continuing to carry out their work competently and continue to have the appropriate knowledge and experience to manage the assets of the Master Trust.

In any event the Trustee should formally review the progress and performance of the Investment Manager(s), their funds and the Pathways every three years. As part of this review, the Trustee will consider whether or not the Investment Manager(s):

- Is carrying out its work competently and proactively
- Has regard to the need for diversification of investments
- Has regard to the suitability of each investment and each category of investment
- Continues to maintain its integrated ESG and stewardship policies (see Section 8 below)
- Has been exercising its powers of investment with a view to giving effect to the principles contained in this SIP, so far as is reasonably practical

### **Advisers**

The Trustee will monitor the advice and service given by an Investment Adviser on a regular basis in accordance with the adviser objectives and service standards set out in their Service Agreement.

### **Investment Managers**

The Trustee believes that the Investment Managers are sufficiently incentivised to align their investment strategies with the Trustee's investment strategies and policies. Investment Managers will be monitored on their performance in this regard, and it will be considered when selecting and retaining Investment Managers. Investment Managers are incentivised to make decisions based on assessments about medium to long term financial considerations. The Trustee notes that Investment Managers should be motivated to make decisions to improve their medium to long term



performance. The arrangements with the Investment Managers incentivises them to make decisions based on assessments of medium to long-term performance.

The life assurance policy arrangement with the Investment Managers is ordinarily unlimited as to its duration, with either party being able to terminate in accordance with the terms contained within the Policy, which in normal circumstances requires the giving of at least 3 months notice. As noted above, the Investment Manager will be monitored annually to ensure that they are complying with Trustee policies in relation to ESG. The method of evaluation of their performance and remuneration are in line with the Trustee policies detailed in section 5, the investment strategy.

## **Trustee**

The Trustee will monitor all the decisions they take by maintaining a record of all decisions taken, together with the rationale in each case.

## **Other**

The Trustee will review this SIP regularly (at least triennially) and modify it if deemed appropriate, in consultation with the Establishing Employer and an Investment Adviser.





## Charges

### 7.1 Member Charges

The Ongoing Charge and Fund Management costs shown are the fees levied on the members to cover the costs of managing their funds. Management and administration cost covers the management and administration costs of running the Master Trust.

Both are calculated as a percentage of the value of the fund. Members will find details of what the charges are and how they work in the Guide to Costs and Charges that is available at [www.psaspire.com/aspiresavingstrust](http://www.psaspire.com/aspiresavingstrust).

The Trustee will ensure that the fees charged for the funds, including the transaction costs, are consistent with levels typically available in the industry on a like-for-like basis.

The list of the funds available will be extended and changed from time-to-time and the fee basis for each one will be included in the quarterly investment report that will be presented to the Trustee at its meetings and this SIP will be updated accordingly. Charges are monitored at every Trustee's meeting.

### 7.2 Custodian

The insurer of the insurance policies in which the Master Trust is invested will be responsible for the custodianship of the investments in their policy. The cost will be included in the charges above.

As the Master Trust will also invest in pooled funds, with Winterflood as the custodian of those assets who will be responsible for the custody and safeguarding of the assets, the custodianship fees will be met out of the administration management charge levied on members.

### 7.3 Trustee

In line with industry practice, the Directors of Punter Southall Aspire Pension Trust Company Limited, which is the Trustee of the Master Trust, have been appointed and the services to the Master Trust are paid for by the scheme. These costs will be met out of the administration management charge levied on members.

## **7.4 Advisers**

The fees for consulting, administration and investment advisory and insurance mediation services are met out of the administration management charge levied on members. All other advisers' fees are met by the Establishing Employer of the Master Trust.



## Other Issues

### 8.1 Investment of Contributions

Members' contributions will be invested in line with their selected choice of funds.

### 8.2 Environmental, Social and Governance (ESG) issues (including voting rights)

#### Financially material considerations

Financially material considerations can include (but are not limited to) ESG considerations (including but not limited to climate change), which the Trustee considers financially material. The Trustee also considers unsound corporate governance and unsustainable business practices, along with climate change, as financially material considerations.

ESG considerations are viewed as 'financially material' as they can help mitigate risks, including climate change, and have the potential to lead to better financial outcomes for members. The extent to which such ESG factors should be taken into account depends on both the timeframe of the investor and the expected impact the factor may have. Investments which demonstrate strong positive ESG characteristics are expected to increase the likelihood of more sustainable returns.

Responsible ESG investing seeks to quantify risks that can't be measured by traditional financial metrics. These include the risk that government regulation will force a company to rectify its poor (even if profitable) environmental practices, the risk of controversies such as lawsuits and financial penalties, and the risk to workers of unsafe working conditions (which, in turn, is a risk to the company). Most investors now accept that managing ESG risks is a key contributor to downside protection and the preservation of capital.

The Trustee recognises the potential financial impact of ESG factors in investment decision making and that they can help preserve long-term value by countering short-termism within the management of investment managers, and the underlying companies, in which it invests. It believes that ESG factors should be considered as part of an integrated approach to investment decision making, rather than an issue in their own right. They therefore form part of the Trustee's investment strategy which is designed to improve member outcomes, and therefore the success of the Master Trust, The Trustee considers that the appropriate time horizon for the Master Trust to be 20 to 30

years. Accordingly, the Trustee considers these factors to be financially material for the lengths of time that are necessary for the funding of future benefits by the investments of the Master Trust.

Due to the way assets are invested, for example through pooled funds, the Trustee accepts that it has limited influence over the ESG policies and practices of the companies in which the funds invest and it has limited ability to take these factors into account in the selection, retention and realisation of investments. The Trustee will, therefore, rely on the policies and judgement of its investment managers and will review these policies and review compliance against them on an annual basis.

The financially material considerations are taken into account in the selection, retention and realisation of investments as follows:

- (a) Selection of investments: The Trustee has undertaken an assessment of its principal and underlying Investment Managers to ensure that ESG factors, including climate change, are integrated into their investment processes. This ensures that ESG factors are considered at the initial investment stage. This includes the Master Trust's life insurer and its sub-investment manager that provides advice on asset allocation and manager selection. The Trustee will continue to monitor the Investment Managers continued consideration of ESG factors on an annual basis at this stage.
- (b) Retention of investments: The Trustee has a robust monitoring process in order to monitor ESG considerations on an ongoing basis by regularly seeking information on the responsible investing policies and practices of the Investment Managers. This ensures that financially material considerations are considered beyond just the point of selection of investments.
- (c) Realisation of investments: At least annually, the Trustee will request information from its Investment Adviser and Investment Managers about how ESG considerations are taken into account in decisions to realise investments.

## **Stewardship**

In relation to the exercise of the rights (including voting rights) attaching to the investments and in undertaking engagement activities in respect of the investments the Trustee has delegated the day-to-day management of the assets to investment managers (under the terms of agreements with managers and/or insurers).

The Investment Managers are expected and encouraged to evaluate ESG factors including climate change considerations. All the Investment Managers that make up the various investment options offered to members have had their ESG and stewardship policies assessed by the Trustee's Investment Adviser. The Trustee will continue to monitor the Investment Managers on an annual basis through its Investment Adviser to ensure that these policies are being maintained and adhered to. An assessment of ESG and stewardship will be a consideration when reviewing investment strategies and selecting new investment managers.

The Investment Managers will be responsible for maintaining their robust ESG and stewardship policies. This will include the exercising of voting rights, engagement with companies and organisations in which they invest and issues of corporate governance. Investment Managers are expected and encouraged to exercise voting rights and stewardship obligations attached to the investments in accordance with these policies. To encourage this, the Trustee understands that PSDCC intends to become a signatory to:

- UN Principles of Responsible Investment (UNPRI), which is a set of best practice principles on responsible investment.
- The Financial Reporting Council (FRC) Stewardship Code, which is seen as the UK standard for good stewardship. It is perceived by many institutional investors as a minimum requirement and a stepping stone to improving stewardship in the UK.

As noted above, the Trustee has delegated the engagement activities in respect of the investments to the Investment Managers. The Trustee will consider proportionally engaging with relevant parties to improve the impact of engagement, when requested by the Investment Manager. Therefore in most circumstances, engagement with relevant persons (such as the issuers or holders of a debt or equity) will be by the Investment Manager. The circumstances in which the Trustee would monitor and engage, and method of engagement, would vary depending on the request made by the Investment Manager.

### **Non-financial matters**

We expect members to be increasingly engaged with efforts to integrate ESG considerations into their self-select options. However, non-financial matters are not currently taken into account by the Trustee in the selection, retention and realisation of investments. For this purpose, non-financial matters mean the views of the members and beneficiaries including (but not limited to) their ethical views and their views in relation to social and environmental impact and present and future quality of life of the members and beneficiaries of the Master Trust.



## Declaration

The Trustee confirms that this SIP reflects the investment strategy for the self-select funds it has implemented for the DC section of the Master Trust. The Trustee acknowledges that it is its responsibility, with guidance from the Investment Adviser, to ensure the assets of the DC section are invested in accordance with these principles.

This SIP was approved by the Trustee on 31 October 2019.

*Approved and signed by the Chair of the Trustee*

**Chair, Trustee of the Aspire Savings Trust**

## Appendix A

Fund options agreed as at October 2019:

Fund	Return Benchmark	Volatility Benchmark
<b>Aspire One</b>	CPI + 2% p.a.	40% of composite benchmark (50% MCSI World Index / 50% FTSE All Share Index (GBP))
<b>Aspire Two</b>	CPI + 3% p.a.	60% of composite benchmark (50% MCSI World Index / 50% FTSE All Share Index (GBP))
<b>Aspire Three</b>	CPI + 4%	90% of composite benchmark (50% MCSI World Index / 50% FTSE All Share Index (GBP))
<b>Aspire Annuity Focus</b>	FTSE Actuaries UK Conventional Gilts All Stocks Total Return Index	N/A
<b>Retirement Builder</b>	CPI + 3%	N/A
<b>Sterling Liquidity</b>	7-day LIBID	N/A





## Trustee of the Aspire Savings Trust

Statement of Investment Principles – Additional Voluntary Contributions

October 2019

Additional Voluntary Contribution funds





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## Background information for members

### What is a Master Trust?

A Master trust is a multi-employer occupational pension scheme where each employer has its own section within the "master" trust. Employers can then pay contributions into the master trust to help their employees save for retirement, in addition to contributions paid in by individuals.

This master trust is called the Aspire Savings Trust (the "Master Trust").

### Who looks after members' savings in the Master Trust?

The Trustee of the Master Trust is Punter Southall Aspire Pension Trust Company Limited (the "Trustee") and it is the Trustee that is responsible for looking after members' savings in the Master Trust. The Master Trust was set up by Punter Southall Aspire and, as is required by law, a majority of the directors of the Trustee Company are 'non-affiliated'.

Non-affiliated means the director has not been a director, manager, partner or employee of an undertaking which provides advisory, administration, investment or other services to the Master Trust or a "connected undertaking", during the period of five years ending with the date of the appointment as a director of the Trustee, and independent of Punter Southall Aspire and all other companies within the wider Punter Southall group of companies.

### What is a Statement of Investment Principles?

This is the Statement of Investment Principles for the Additional Voluntary Contribution ("AVC") policies that have been assigned to the Master Trust. Its purpose is to set out the principles and policies that the Trustee takes into account when deciding how to manage members' savings in the AVC policies. Decisions are taken by the Trustee based on the advice that it receives from its Investment Adviser to ensure that they reflect the objectives of the Master Trust and so provide members' with benefits in retirement.

This Statement of Investment Principles for the AVC policies should be read in conjunction with the Master Trust's periodic reports of the performance of the investment funds in which members have chosen to invest, and the annual Trustee report and accounts.

A separate Statement of Investment Principles will apply to the other sections of the Master Trust.



## Introduction

This Statement of Investment Principles for AVC policies assigned to the Master Trust ("the AVC SIP") is required by relevant legislation and best practice guidance. It describes the investment strategy being pursued by the Trustee of the Master Trust and sets out how investment decisions are made by or on behalf of the Trustee.

This AVC SIP applies from 31 October 2019.

The Trustee will review this AVC SIP every three years, or without delay following any significant changes to the investment strategy. Where it is required to make an investment decision, the Trustee always receives advice from its Advisers (as identified below) first and believes that this ensures that it is appropriately familiar with the issues concerned.

### 1.1 Declaration

The Trustee confirms that this AVC SIP reflects the investment strategy it has decided to implement for the AVC Governance section.

The Trustee acknowledges its responsibility, with guidance from the Advisers, to ensure the assets of the AVC Governance section of the Master Trust are invested in accordance with these principles.

This SIP was approved by the Trustee in October 2019.

*Approved and signed by the Chair of the Trustee*

**Date** 31/10/2019

**For and on behalf of the Trustee of the Aspire Savings Trust**



## Master Trust Governance

Under the rules of the Master Trust, the Trustee is solely responsible for the governance and investment of the Master Trust's assets. The Trustee considers that the governance structure set out in this AVC SIP is appropriate for the AVC Governance section of the Master Trust as it allows the Trustee to make the important decisions on investment policy, while delegating day-to-day aspects to the relevant advisers. The responsibilities of each of the parties involved in the Master Trust's governance are detailed in **Appendix A**.

The Investment Adviser is Punter Southall Defined Contribution Consulting Limited ("PSDCC") and the Legal Advisers are Pinsent Masons and Norton Rose Fulbright (collectively referred to as "the Advisers"). The Trustee believes the Investment Adviser to be qualified by its ability and practical experience of financial matters and to have appropriate knowledge of the investment arrangements that the Master Trust requires.

Before preparing this SIP, the Trustee confirms that it has consulted with the Master Trust's Establishing Employer, Punter Southall Defined Contribution Consulting Limited ("PSDCC"). The Trustee has also considered written advice from its appointed Investment Adviser and from the Advisers.

The Trustee is responsible for the investment of the scheme assets and arranging administration of these funds. Where the Trustee is required to make an investment decision, it will first receive written advice from an Investment Adviser. The Trustee believes that this, together with its own expertise, ensures that it is appropriately familiar with the issues concerned.

As laid out in this section, the Trustee has ensured that it is in compliance with section 36 of the Pensions Act 1995 when delegating and exercising their investment powers as to the suitability before investing, and periodically thereafter.

The SIP will be reviewed at least every three years, or without delay following any significant change in investment policy or strategy.

The Trustee also confirms that it will consult with the Establishing Employer and take advice from the Investment Adviser prior to this SIP being revised.

This document contains the Trustee's investment principles, aims, objectives and strategy. The Trustee receives written recommendations from the Investment Adviser(s) as to how these principles and strategy are applied into specific arrangements.

The funds in which members are invested on first joining the Master Trust were made available by the trustee(s) of the originating schemes and/or selected by each member.

The Trustee considers the investing of the Master Trust's AVC assets in pooled funds and/or insurance policies that are managed by investment managers is an appropriate and cost effective solution.

This may change over time as the membership and the assets of the Master Trust develop and grow.

Where changes are deemed appropriate, decisions about which funds to invest in are made after receiving investment advice from an Investment Adviser, who is regulated by the Financial Conduct Authority. The investment funds used will reflect members' objectives, the quality of the fund manager and to ensure that there is sufficient security and liquidity so that members' benefits will be paid when they fall due. The funds and the fund managers will be regulated by the Financial Conduct Authority.

The Trustee reviews the investment performance of the funds at each quarterly meeting against the objectives that have been set out in Section 3.







## Additional Voluntary Contribution Section

### 3.1 Investment Objectives

Savings in the Master Trust need to be invested in the best interests of the members and their beneficiaries. The AVC funds that the members are invested in when they first join the Master Trust were made available by the trustee(s) of the originating schemes and/or selected by each member.

The AVC policies have been assigned to the Master Trust in part so that the Trustee can monitor their performance. To achieve this objective, the Trustee will monitor the investments selected by members in the various AVC policies upon assignment and at its subsequent quarterly meetings.

Overall, the Trustee's investment objectives for the AVC policies is to continue to provide a positive return over the long-term as set out below after all charges have been deducted but within an acceptable level of risk. The investment funds chosen by members may differ between groups of employees depending on the choice of provider and funds that were made available by the originating scheme trustees. There may also be contractual constraints inherited by the Trustee. As a result there may need to be exceptions to this Statement of Principles on a case-by-case basis.

Environmental, Social and Governance (ESG) factors – whether from climate change, or the quality of governance and management at a company – are factors that pose potential risks and opportunities that can have a material impact on the performance of investments. The Trustee therefore aims to use underlying investment managers that have robust ESG and Stewardship policies which are well integrated in their investment processes. Further details on this can be found in section 7.

### 3.2 Investment Strategy

To ensure that its objectives are being met, the Trustee will review, in conjunction with the Investment Adviser, any fund option provided to members that either underperforms its benchmark over a significant timeframe or carries a level of risk to the security of the investment which may be thought to be unreasonable in the context of the Master Trust's investment objectives.

This will be achieved by means of considering advice from the Investment Adviser, which will be required to have regard for the risks and aims and objectives in sections 3 and 6.

There is no single investment product that manages all of the key risks and objectives for a diverse group of members. Of the major asset classes, equities have traditionally been used to provide the most effective means of managing inflation risk. Fixed interest and index-linked securities are most effective for managing pension purchase risk. Cash is effective at managing investment risk but does not manage inflation risk.

The varying nature of the risks faced by a defined contribution plan member through time means that a single investment product may not adequately meet the needs of the investor throughout the investing period. The Trustee will therefore select long term insurance policies and/or such range of investment funds as deemed appropriate based on advice from the Investment Adviser.

There will be no obligation to make any changes to the investment options offered to members as part of such a review, but the Trustee will make changes where it deems that the existing fund(s) for a particular member, or group of members, is or are no longer appropriate.

The Trustee will utilise the investment platform or platforms deemed most appropriate based on advice from the Investment Adviser.

### 3.3 Investment fund range

The benefits that members will receive at retirement will depend on the level of contributions they have paid into the AVC policies and the investment returns achieved less any charges that have been deducted. It will be the responsibility of the Master Trust's administrator to ensure that members continue to be invested in accordance with their investment fund selection.

It is assumed that members will take their AVC benefits at the same time as they take the benefits in their originating scheme and the way the AVC benefits are invested will reflect this. Members can choose an alternative selected retirement age if they so wish and so help manage the way their funds are invested in relation to their retirement plans.

The Trustee recognises that in a Defined Contribution scheme such as the Master Trust, where the member bears the investment risk, individual investment requirements between members will vary. As these investment funds are the responsibility of the Trustee, it may choose to add, remove or change the investment funds on offer from the AVC provider from time to time based on advice provided by the Investment Adviser.

### 3.4 Kinds of Investments

The Investment Managers may invest in the UK and overseas in investments including, but not limited to:

Equity investments	Emerging market bonds
Government bonds	Property funds
Inflation-linked bonds	Commodities



Investment grade bonds	Absolute return funds
High-yield bonds	Cash instruments

As noted above in 3.2 the investments in each fund will vary depending on the nature of each fund, its objectives and the relevant risk controls.

### 3.5 Expected Returns

The benchmarks for the returns for the investment funds in which members are invested are set out in Appendix B. As additional AVC policies are assigned to the Master Trust, the list of benchmarks will grow. The Trustee will monitor the performance of the funds against their stated performance objectives at every regular quarterly trustee meeting. The Trustee, or the Advisers on behalf of the Trustee, will also regularly review the the funds to satisfy themselves that they remain suitable.

### 3.6 Diversification

Investment in pooled funds and/or insurance policies is one way of helping to ensure that the Master Trust's investments are adequately diversified. They provide members with access to a range of alternative investment options and the opportunity to diversify the way they are invested. It is Trustee policy that the Investment Managers report back on the diversification of assets at each Trustee meeting, so the Trustee has oversight of the kinds of investments that are being held, and how these are being balanced.

The Trustee will monitor the strategy regularly to ensure that they are comfortable with the level of diversification.

### 3.7 Suitability

The Trustee will take advice from its relevant Advisers to ensure that the AVC policies remain suitable, given members' objectives for investing in them. Members can choose an alternative from the investment funds on offer, if they believe they are better suited to their needs.

### 3.8 Realisation of Assets

The members' contributions are held in individual accounts with the relevant investment platform manager and are in normal circumstances sufficiently liquid to be realised easily if the member so requires. The Trustee may inherit legacy investments that may not always have that same level of liquidity such as certain with profit insurance policies and property funds.

Most of the non-cash assets are held in pooled funds and/or insurance policies with daily dealing dates, to ensure an appropriate level of liquidity, but exceptions may exist such as legacy with profit insurance policies.

Examples of asset classes with longer realisation periods include investing through a regulated life insurance company to access the Financial Services Compensation Scheme and the inclusion of liquidity funds in the differing investment solutions and AVC policies that are offered to members which invest in instruments that typically mature within seven days.



## Monitoring

### **4.1 Pooled funds and/or insurance policies**

The Trustee will monitor the performance of the funds against their stated performance objectives at every regular quarterly trustee meeting. The Trustee, or the Advisers on behalf of the Trustee, will also regularly review the the funds to satisfy themselves that they remain suitable.

If the Trustee is not satisfied with the performance of the funds it will make enquiries of the manager of those funds via the Investment Adviser as to what steps the manager intends to take to rectify the situation. If the funds still do not meet the Trustee's requirements, they will look to purchase other funds - potentially with a different manager - after consultation with the Investment Adviser.

### **4.2 Advisers**

The Trustee will monitor the advice and service given by an Investment Adviser on a regular basis in accordance with the adviser objectives and service standards set out in their Service Agreement.

### **4.3 Investment managers**

The Trustee believes that the investment managers are sufficiently incentivised to align their investment strategies with the Trustee's investment strategies and policies. Investment managers will be monitored on their performance in this regard, and it will be considered when selecting and retaining investment managers. Investment managers are incentivised to make decisions based on assessments about medium to long term financial considerations. The Trustee notes that investment managers should be motivated to make decisions to improve their medium to long term performance. The arrangements with the investment managers incentivises them to make decisions based on assessments of medium to long-term performance.

### **4.4 Ongoing review**

The SIP will be reviewed at least every three years, or without delay following any significant change in investment policy.



## Fees

### **5.1 Funds**

The Trustee will ensure that the fees charged for the funds and their expense ratios are consistent with levels typically available in the industry. The list of the funds in which members are invested and the fee basis for each one is included in the quarterly investment report that will be presented to the Trustee at its meetings.

### **5.2 Advisers**

All the Advisers' fees are met by Punter Southall Defined Contribution Consulting Limited in its role as sponsor of the Master Trust.

### **5.3 Custodian**

As the Master Trust is investing through pooled funds and/or insurance policies, the manager of each of the funds or policy, as appropriate, in which members have chosen to invest will be responsible for the custody and safeguarding of the assets invested in those funds or policies.

### **5.4 Trustee**

In line with industry practice, the Directors of Punter Southall Aspire Pension Trust Company Limited, the Trustee of the Master Trust, have been appointed and their services to the Master Trust are paid for by the Trustee.



## Risks

The Trustee recognises a number of risks involved in the investment of the DC assets.

Defined contribution members face four key risks:

- *Inflation risk* – the risk that the purchasing power of their retirement pot is not maintained. This is addressed by the Trustee through reviews of investment performance at each of its meetings to ensure that returns keep pace with inflation.
- *Pension income risk* – the risk that the value of pension benefits (or annuity) that can be purchased by a given retirement pot amount is not maintained. This is addressed by the Trustee because investment funds are available within the AVC policies that help match the changing cost of buying an annuity and so are more suitable to mitigate this risk. In addition, members can move to the Aspire Annuity Focus fund or the Aspire Annuity Pathway, which are also designed to match the changing cost of buying an annuity. The Trustee reviews the investment performance of all the investment funds in the AVC policies in which members are invested as well as the Aspire Annuity Focus fund and any other funds that may make up the Aspire Annuity Pathway.
- *Investment risk* – the risk that the capital value of their retirement pot may fall. This is important to members approaching retirement who may not have sufficient time to regain the value of investments) if values fall and to members who are building their savings for retirement and may find that they do not grow sufficiently. This is addressed by the Trustee through the review of the investment performance of all the investment funds it makes available to members. Reviews take place at each of the Trustee's meetings and changes will be made, where required on advice from its Investment Adviser.
- *Opportunity risk* – the risk that members take insufficient investment risk, especially at younger ages, which results in a smaller pot of money with which to provide benefits. This is addressed because the Trustee makes a range of investment funds available that are suitable across different age ranges and so can mitigate this risk. The Trustee reviews the investment performance of the default arrangement at each of its meetings as well as the how members are invested by age.

The importance of each risk varies over time. Inflation is important throughout the savings period. Pension income and investment risks become more significant as retirement approaches.

Other risks involved in the investment of assets include the following:

- *Underperformance risk* – addressed through monitoring the performance of the Investment Manager(s) and taking necessary action when this is not satisfactory.
- *Currency risk* – the risk of the effect of currency movements on the capital value of the assets held in non-sterling denomination. Addressed by the investment managers' investment decisions.
- *Communication risk* – the risk that communications (or the lack of communications) to members lead to poor decisions being made including mismatch of investments against attitude to risk and/or intended retirement route. Addressed through the range of investment options offered and the Trustee regularly monitoring member communications and updating them, where appropriate, as part of the ongoing governance of the Master Trust.
- *Inappropriate member decision* – addressed through communications to members and highlighting the benefits of members seeking independent financial advice.
- *Organisational risk* – addressed through regular monitoring of the Investment Manager(s) and Investment Adviser.
- *Operational risk* – addressed through regular monitoring by the Trustee of its advisers and other suppliers.
- *Sponsor risk* – the risk of the Sponsor ceasing to exist which is addressed through the maintenance of a continuation policy.
- *Liquidity risk* – the risk of holding assets that cannot be easily sold should the need arise – addressed through the use of pooled funds and/or insurance policies with frequent dealing dates, and where appropriate limiting exposure to funds and/or policies that may be more difficult to realise at times, for example property funds.
- *Diversification risk* – the risk of lack of diversification of investment – addressed through investing in a range of pooled funds and/or insurance policies with appropriate asset allocation range.
- *Concentration risk* – the risk that there is an excessive exposure to a single fund or manager – addressed by a maximum control on the percentage of assets that are held in a single Investment Manager's funds.
- *Country/political risk* – the risk of an adverse influence on investment values from political intervention is reduced by offering investment options for members to achieve diversification across several countries.

The Trustee will have regard for these risks when determining investment strategy and will keep these risks under regular review.





## Other Issues

### 7.1 Administrator

Administration of the AVC policies is provided by an administrator that is appointed by the Trustee for each one that is assigned to the Master Trust.

### 7.2 Investment of Contributions

Any members that continue to invest contributions into the AVC policies will be invested in line with their selected choice of funds. As members are investing in AVC policies, they will always be required to make an active investment fund selection.

### 7.3 Environmental, Social and Governance (ESG) including voting rights

Financially Material Considerations

Financially material considerations can include (but are not limited to) ESG considerations (including but not limited to climate change), which the Trustee considers financially material. The Trustee also considers unsound corporate governance and unsustainable business practices, along with climate change, as financially material considerations.

ESG considerations are viewed as 'financially material' as they can help mitigate risks, including climate change, and have the potential to lead to better financial outcomes for members. The extent to which such ESG factors should be taken into account depends on the expected impact the factor may have. Investments which demonstrate strong positive ESG characteristics are expected to increase the likelihood of more sustainable returns.

Responsible ESG investing seeks to quantify risks that can't be measured by traditional financial metrics. These include the risk that government regulation will force a company to rectify its poor (even if profitable) environmental practices, the risk of controversies such as lawsuits and financial penalties, and the risk to workers of unsafe working conditions (which, in turn, is a risk to the company). Most investors now accept that managing ESG risks is a key contributor to downside protection and the preservation of capital.

The Trustee recognises the potential financial impact of ESG factors in investment decision making and that they can help preserve long-term value by countering short-termism within the management of investment managers, and the underlying companies, in which it invests. It believes that ESG factors should be considered as part of an integrated approach to investment decision

making, rather than an issue in their own right. They therefore form part of the Trustee's investment strategy which is designed to improve member outcomes, and therefore the success of the Master Trust, The Trustee considers that the appropriate time horizon for the Master Trust to be 20 to 30 years. Accordingly, the Trustee considers these factors to be financially material for the lengths of time that are necessary for the funding of future benefits by the investments of the Master Trust.

Due to the way assets in the AVC section are invested, through insurance policies, the Trustee accepts that it has limited influence over the ESG policies and practices of the companies in which the funds invest and it has limited ability to take these factors into account in the selection, retention and realisation of investments. The Trustee will, therefore, rely on the policies and judgement of the insurance companies and will review these policies and review compliance against them on an annual basis.

The financially material considerations are taken into account in the selection, retention and realisation of investments as follows:

- (a) Selection of investments: The Trustee has undertaken an assessment of its principal and underlying Investment Managers to ensure that ESG factors, including climate change, are integrated into their investment processes. The Trustee will continue to monitor the Investment Managers continued consideration of ESG factors on an annual basis at this stage.
- (b) Retention of investments: The Trustee has a robust monitoring process in order to monitor ESG considerations on an ongoing basis by regularly seeking information on the responsible investing policies and practices of the Investment Managers. This ensures that financially material considerations are considered beyond just the point of selection of investments.
- (c) Realisation of investments: At least annually, the Trustee will request information from its Investment Adviser and Investment Managers about how ESG considerations are taken into account in decisions to realise investments.

## **Stewardship**

In relation to the exercise of the rights (including voting rights) attaching to the investments and in undertaking engagement activities in respect of the investments, the Trustee has delegated the day-to-day management of the assets to investment managers.

The Investment Managers are expected and encouraged to evaluate ESG factors including climate change considerations. All the Investment Managers that make up the various investment options offered to members have had their ESG and stewardship policies assessed by the Trustee's Investment Adviser. The Trustee will continue to monitor the Investment Managers on an annual basis through its Investment Adviser to ensure that these policies are being maintained and adhered to. An assessment of ESG and stewardship will be a consideration when reviewing investment strategies and selecting new investment managers.

The Investment Managers will be responsible for maintaining their robust ESG and stewardship policies. This will include the exercising of voting rights, engagement with companies and organisations in which they invest and issues of corporate governance. Investment Managers are expected and encouraged to exercise voting rights and stewardship obligations attached to the investments in

accordance with these policies. To encourage this, the Trustee understands that PSDCC intends to become a signatory to:

- UN Principles of Responsible Investment (UNPRI), which is a set of best practice principles on responsible investment.
- The Financial Reporting Council (FRC) Stewardship Code, which is seen as the UK standard for good stewardship. It is perceived by many institutional investors as a minimum requirement and a stepping stone to improving stewardship in the UK.

As noted above, the Trustee has delegated the engagement activities in respect of the investments to the Investment Managers. The Trustee will consider proportionally engaging with relevant parties to improve the impact of engagement, when requested by the Investment Manager. Therefore in most circumstances, engagement with relevant persons (such as the issuers or holders of a debt or equity) will be by the Investment Manager. The circumstances in which the Trustee would monitor and engage, and method of engagement, would vary depending on the request made by the Investment Manager.

#### Non-financial matters

We expect members to be increasingly engaged with efforts to integrate ESG considerations. However, non-financial matters are not currently taken into account in the selection, retention and realisation of investments. For this purpose, non-financial matters mean the views of the members and beneficiaries including (but not limited to) their ethical views and their views in relation to social and environmental impact and present and future quality of life of the members and beneficiaries of the Master Trust.





## Appendix A: Responsibilities

### Trustee

The Trustee of the Master Trust is responsible for, amongst other things:

- a) Determining the investment objectives of the Master Trust and reviewing these from time to time.
- b) Agreeing an investment strategy designed to meet the investment objectives of the Master Trust.
- c) Reviewing the content of this AVC SIP at least every three years and modifying it if deemed appropriate, in consultation with the Advisers.
- d) Assessing the quality of the performance and process of the investment fund range by means of regular reviews of the investment results and other information, by way of meetings and written reports, in consultation with the Advisers.
- e) Selecting pooled funds and/or insurance policies which are consistent with the investment strategy after consultation with the Advisers.
- f) Assessing the ongoing effectiveness of the Advisers.
- g) Consulting with the Sponsor when reviewing investment policy issues.
- h) Monitoring compliance of the investment arrangements with this AVC SIP on an ongoing basis.
- i) Informing the Advisers of any changes to Master Trust benefits and/or significant changes in membership.

### Investment Adviser

The Investment Adviser will be responsible for, amongst other things:

- a) Participating with the Trustee in reviews of this AVC SIP.
- b) Advising the Trustee how any changes within the Master Trust's benefits, membership and future demographic may affect the manner in which the assets should be invested.
- c) Advising the Trustee of any changes in the funds that could affect the interests of the Master Trust.
- d) Undertaking reviews of the Master Trust's investment arrangements in each of the AVC policies including the suitability of the fund, review of the current pooled funds and/or insurance policies and advising on the selection of new funds.

## Appendix B: AVC funds and benchmarks

<b>AVC</b>	<b>Fund</b>	<b>Benchmark or objective</b>
<b>Clerical Medical</b>	Balanced	The fund aims to achieve long-term capital growth by gaining exposure predominantly to UK and overseas equities with flexibility to gain a minority exposure to commercial property and fixed interest stocks.
	Cautious	The fund aims to achieve long-term capital growth by gaining exposure to UK equities, commercial property and fixed interest stocks. The fund will normally operate a broadly equal weighting between the equity and non-equity classes with flexibility to move over and under-weight positions in any asset class to meet market circumstances.
	Non-Equity	The fund aims to provide a long-term total return by gaining exposure almost exclusively to a range of commercial property, fixed interest and index-linked stocks.
	Retirement Protection	To broadly match the performance of those UK gilt edged stocks which influence market yields for pension annuity rates by investing totally in long-dated stocks.
	UK Growth	The fund invests via the Halifax UK Growth OEIC Fund. The UK Growth OEIC Fund to achieve long term capital growth by investing predominantly in a portfolio of companies which are part of the FTSE All Share Index (the "Index"). The Fund seeks to deliver performance, before deduction of management fees, in excess of the Index with a similar level of overall volatility, over the long term.
	UK Property	The fund aims to achieve long-term capital growth by investing mainly in UK properties. The core of the portfolio is concentrated on larger commercial and office properties.

AVC	Fund	Benchmark or objective
Baillie Gifford	Baillie Gifford Diversified Growth fund	The aim of the Fund is to deliver attractive long-term returns with lower volatility than equity markets by investing in a diversified portfolio of assets. The return target is at least 3.5% ahead of the UK base rate (net of fees) over rolling 5-year periods while limiting volatility to less than 10%.
Equitable Life	International	The Fund aims to achieve long-term capital growth by investing in equity and equity-related securities of companies worldwide.
	Pelican	The Fund aims to achieve long-term capital growth by investing in equity and equity-related securities of companies in the United Kingdom. The investment policy of the Fund is to invest primarily in equities and equity-related securities of companies that are constituents of the FTSE All Share Index.
	Money	The fund's investment objective is to preserve capital whilst aiming to provide a return in line with prevailing short-term money market rates. To achieve this objective, the assets of the Fund are invested with the principle of risk diversification predominantly in fixed and floating Sterling denominated Money Market Instruments and in deposits with credit institutions, including but not limited to, fixed-term deposits at financial institutions, certificates of deposit, commercial paper, medium-term notes, short-term treasury bills, floating rate notes, asset backed securities, ABCPs, call and notice accounts. The Fund's investment in securities is limited to those with a residual maturity not exceeding 397 days. The Fund's investment has a Weighted Average Maturity (WAM) that does not exceed 60 days and a Weighted Average Life (WAL) that does not exceed 120 days.

<b>AVC</b>	<b>Fund</b>	<b>Benchmark or objective</b>
	UK FTSE All Share Tracker	The Fund aims to achieve long term capital growth and to produce a return that, before charges and expenses, matches the total return of the FTSE All Share Index.
<b>Legal &amp; General</b>	Cash	To provide capital protection with growth at short-term interest rates. The fund invests in the short-term money markets such as bank deposits and Treasury Bills. Notes: A. The fund does not invest in any asset types where the capital value can fall, such as fixed interest securities. The value of the fund's assets would only fall if a deposit holder or the UK Government were unable to meet their obligations. B. If the interest earned by the fund's assets is insufficient to cover the fund management charge and any additional fund expenses, the unit price will fall.
	Equity	To maximise returns by investing in a broad mix of mainly UK shares.
	Ethical	To track the return of the FTSE 350 Index (after adjustment for charges and tax), not including companies who don't comply with a range of ethical and environmental guidelines.
	Fixed Interest	To maximise returns by investing in UK Government stocks and other readily marketable fixed interest securities. The fund may also include stocks of overseas governments and companies.
	Global Equity 70:30 Index	To capture the returns of the UK and overseas stock markets as represented by the FTSE All-Share Index for the UK and the FTSE All-World ex UK Index for overseas stock markets. The fund will be split approximately 70% to the FTSE All-Share Index and 30% to the FTSE All-World ex UK Index.

AVC	Fund	Benchmark or objective
	Managed	To seek steady long-term growth, whilst at the same time safeguarding the fund against excessive risks. It invests mainly in UK and international shares, but also has some exposure to fixed interest securities, UK commercial property and cash, thereby offering a more diversified investment than a pure equity fund.
	North American	To provide the potential for long-term growth by investing in North American shares.
	Property	To get the best return from a portfolio of first-class freehold and leasehold interests in commercial and industrial property. This includes industrial warehouse buildings, shopping units and office blocks. It is also permitted to invest up to 15% in other external property funds in order to take advantage of investment opportunities in niche or specialist sections.
	UK Equity Index	To track the return of the FTSE All-Share Index (after adjustment for charges and tax) by investing in UK shares. In order to accurately track this index the fund will invest in a representative sample of holdings.
	UK Recovery	To provide the potential for long-term growth by investing in a concentrated portfolio of UK and European shares. The fund will invest in companies considered to be undervalued due to their special situation, such as recovery action, management change, refinancing activity or undervalued strategic assets.
	UK Smaller Companies	To seek to maximise capital growth from a portfolio of UK securities consisting largely of smaller companies selected from all economic areas. The fund primarily invests in companies which comprise the lowest 10% by capitalisation of the UK equity market.

## **Appendix 1: The Trustee Directors of the Punter Southall Aspire Pension Trust Company Limited, the Trustee of the AST**

### **Independent Trustees Limited – Dianne Day (Chair from April 2020)**



Dianne joined Independent Trustee Services Limited in 2015. As a specialist in Defined Contribution pension schemes, Dianne has served as independent chair or member on a range of trustee boards and committees. Her portfolio includes occupational trusts, a master-trust and an Independent Governance Committee, most of which cater for auto-enrolled members.

Before trusteeship, her executive career was spent in investment management roles, where she led several high-profile change projects involving stakeholder relationships with members, employers, consultants and regulators.

She has a particular interest in the development of effective member and employer communications to improve contributions and adequacy for DC member outcomes. Dianne is Chair of the Trustee Board.

### **Angus Samuels**



Angus Samuels has over thirty years' experience in the financial services industry.

Angus started his career in South Africa as a stockbroker, and was a partner in Fergusson Bros, Hall Stewart & Co., a leading firm of South African stockbrokers, before emigrating to the UK in 1986.

Angus has held a number of senior positions in the investment industry in the UK and South Africa. Earlier in his career Angus was Chief Executive of Sanwa Asset Management Limited and Credit Suisse Asset Management. In 1999 Angus was transferred to South Africa as Chief Executive of Sanlam Investment Management Ltd, the investment arm of Sanlam Ltd, the country's second largest financial services group and asset manager.

Angus returned to the UK in 2003 as Chairman of Punter Southall Group Limited a UK based financial services group with over 800 employees, comprising Punter Southall Limited (consulting actuaries), PSFM Limited (Independent Financial Advisers regulated by the FCA), Punter Southall Aspire Limited, Punter Southall Health & Protection Consulting Ltd and PSigma Investment Management (an FCA regulated specialist wealth manager with over £2.4bn under management).

Angus holds a number of other non-executive directorships including Sanlam Private Wealth Holdings Limited, Sanlam Investment and Pensions Limited, Sanlam Wealth Planning Limited and Nucleus Financial Group Limited.



## **Appendix 1: The Trustee Directors of the Punter Southall Aspire Pension Trust Company Limited, the Trustee of the AST (continued)**

### **Steve Carrodus (Chair to April 2020)**



Steve has over 40 years' experience in the corporate pension and employee benefit market and has been involved in trusteeship work since 1991. He has worked for a number of major pension consulting firms and was involved in the formation of a new consultancy in the late 1980's.

For much of his career Steve has been advising medium sized pension funds on all areas relating to the setting up and running of pension schemes and indeed in some cases in the winding up. Steve has a good understanding of investment issues and served as a member of the investment committee of one consulting firm for a number of years. This wealth of experience is of assistance in the trustee context to ensure that advisers are challenged, and their advice is fully understood by all trustees.

Steve headed up a regional office of one major consulting firm for over 10 years and therefore has experience of business management which enables an understanding of the employer's position in relation to pension issues.

Steve served for four years on the Council of the Pensions Management Institute, during which time he served on a number of the Institute Committees. Steve has also been involved in speaking at a number of technical seminars for clients and at trustee training courses. Recent experience includes trusteeship of DC master trusts and membership of Independent Governance Committees.

Steve retired at the end of April 2020.

### **Steve Longworth (Representing PTL Governance from April 2020)**



Steve joined PTL in January 2020 and has more than 25 years' experience in pensions having spent time on both trustee and corporate clients at several pension consultancies. Steve is a qualified actuary and most recently worked for KPMG, but previously for PwC, Deloitte and Mercer.

He brings a wealth of experience and knowledge, gained from dealing with the full breadth of pensions issues across a diverse range of schemes. His experience from working on numerous projects has brought him into contact with a wide variety of pension schemes, ranging in size from less than £10 million to more than £1 billion.

Steve is a trustee on several pension schemes including schemes which are in the process of being wound up.