Laura Ashley Retirement Benefits Scheme
Chair's statement regarding the governance of defined contribution arrangements
Reporting period - 1 September 2019 to 28 February 2021

1. Introduction

1.1. This statement has been prepared by PSGS Trust Corporation Limited ('the Trustee'), the Trustee of the Laura Ashley Retirement Benefits Scheme ('the Scheme'), to report on compliance with governance standards.

1.2. The governance standards apply to defined contribution ('DC') arrangements and are designed to help members achieve good outcomes from their pension savings.

1.3. This statement covers the period 1 September 2019 to 28 February 2021 ('the Reporting Period').

2. The Scheme's DC arrangements

2.1. The Scheme's DC arrangements comprise:

2.1.1. The Scheme's Defined Contribution Section i.e. those benefits arising from standard contributions, ignoring additional voluntary contributions (AVCs). For the period 1 September 2019 to 23 March 2020, the date Laura Ashley Limited, the Principal Employer of the Scheme went into administration, this arrangement was used as a qualifying automatic enrolment scheme.

2.1.2. During the Reporting Period, this arrangement was administered by Mercer Limited until September 2020 and since then by Barnett Waddingham LLP.

2.1.3. The DC Section is also available for AVCs paid by members of the DC Section and the Defined Benefits Section ('the DB Section') together with two additional investment funds which are only available to the DB Section AVC payers.

2.1.4. Additional AVC arrangements were initially held with Equitable Life ('Equitable') AVCs through a 'bundled' service arrangement (where administration, investment and communication services were all provided by Equitable), but were transferred to Utmost Life & Pensions Limited ('Utmost') during the Reporting Period, with the acquisition completing on 1 January 2020.

2.1.5. As part of the business transfer agreement, the policy no longer held investments in the Equitable Life With-Profits Fund and members invested in that fund received an uplift to their policy values at that time.

2.1.6. The DB Section's AVC policies closed to further contributions from 1 September 2005, when the DB Section closed to new entrants and future accrual.

2.1.7. From 1 January 2020, the former with-profits assets became unit-linked assets and were invested in the Utmost Secure Cash Fund, a temporary fund established by Utmost. From 1 July 2020, the assets in the Secure Cash Fund were gradually transferred into the Utmost default approach, the Investing by Age strategy which is similar to a lifestyle approach and invests in the Utmost Multi-Asset Moderate Fund, the Utmost Multi-Asset Cautious Fund and the Utmost Money Market Fund depending on the age of the individual.

2.1.8. At the end of the Reporting Period, the assets previously invested in the Equitable With-Profits Fund are all now invested in the Investing by Age strategy.

2.2. During part of the Reporting Period to which this Statement relates, we experienced the COVID-19 world pandemic. Due to the insolvency event of the Principal Employer, the Scheme entered a Pension Protection Fund ('PPF') Assessment Period with effect from 23 March 2020. As part of the PPF Assessment Period process which followed this Reporting Period, the Trustee has considered carefully the arrangements in place for DC and AVC investors and identified and managed the key potential risks posed to the Scheme.

2.3. As the PPF do not accept DC benefits or AVCs derived from DC benefits, these will need to be discharged from the Scheme in order that the DB benefits held in the Scheme can transfer to the PPF. The Trustee has taken professional advice and has decided that the DC and AVC benefits will be discharged to a master trust arrangement with Aviva during September 2021.

2.4. Communications have been issued to all members with DC and AVC benefits advising them of the decisions taken by the Trustee, the options which members have and the process which will be followed with the transition to Aviva.

2.5. In addition, the Trustee is and remains in regular contact with their advisers and service providers to ensure their business continuity plans are in place and working. All functions of the Scheme Administrator and the Trustee's other advisers are working as expected but largely from 'remote working' locations.

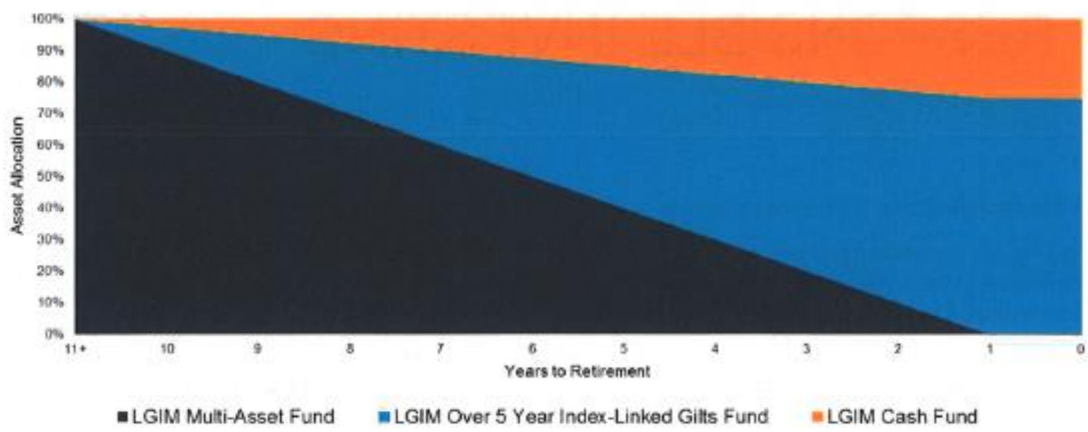
2.6. The Trustee continues to have regular meetings with their advisers albeit in a virtual setting.

3. Default investment arrangements

3.1. For members who were automatically enrolled into the Scheme's DC Section and did not make an alternative selection, contributions are invested in the Scheme's default Investment strategy ('the default').

3.2. The key features of the default are:

3.2.1. The default uses a 'lifestyle' strategy to automatically reduce risk/volatility in the years approaching retirement age as illustrated in the chart below:



3.2.2. Up until 11 years before a member's retirement age, the default is invested 100% in the Legal & General Investment Management ('LGIM') Multi-Asset Fund which invests in a diversified portfolio of equites, bonds and alternative investments, such as property.

3.2.3. When members are 11 years from their retirement age, the default automatically and gradually switches out of the LGIM Multi-Asset Fund into the LGIM Over 5 Years Index-Linked Gilts Fund and is invested 75% in this fund and 25% in the LGIM Cash Fund one year prior to retirement.

Aims and objectives of the default

3.3. The Trustee is mindful of its responsibility to provide members with an appropriate range of investment funds and a suitable default strategy. It recognises that in a DC arrangement, members assume the investment risks themselves and that members are exposed to different types of risk at different stages of their working lifetimes. The Trustee's investment objectives for the default strategy take these risks into account and the strategy transitions a member's funds from higher risk to lower risk investments as a member approaches retirement.

3.4. In the growth phase (up to 11 years before retirement), the Trustee aims to create a strategy that it believes will maximise member outcomes through appropriate diversification. In the decumulation phase (from 11 years to retirement until one year from retirement), the Trustee gradually transitions assets into funds which aims to offer some broad correlation with the movements in the costs of buying an annuity, also allowing for a member to take 25% of the value of their fund as a tax-free cash lump sum at retirement,

3.5. The Trustee monitors the performance of all investment options, including the default, on a quarterly basis with advice being provided by its investment adviser.

3.6. Details of the default are set out in the attached Statement of Investment Principles ('SIP'). This covers the investment policy in relation to the entire Scheme.

3.7. The Trustee is satisfied with the performance of the default strategy over the period covered by this statement and believes the Scheme's investment strategy remains on track to meet its aims and objectives.

Review of the default

3.8. No formal review of the default was undertaken in the Reporting Period. The default strategy was designed when the DC Section started in 2005 after careful analysis of the membership demographics and other characteristics at that time. The expectation was that members would withdraw 25% of their accumulated funds as a tax-free lump sum and purchase an annuity with their remaining savings once they reached retirement.

3.9. Although the range of options available to DC members changed significantly from April 2015, a review of the default strategy was not undertaken at that time, but a range of investment funds continued to be offered to members if they wished to choose an alternative approach.

3.10. The Trustee intended to carry out a review of the default over the course of 2020, but following the appointment of Administrators to the Principal Employer, the Scheme is not expected to continue beyond the short term and a review will be undertaken as part of the process of discharging the DC and AVC benefits from the Scheme.

3.11. Following the end of this Reporting Period, the Trustee has considered the membership profile and the way in which benefits are likely to be taken when considering the default approach to be adopted in the DC vehicle chosen for the discharge of DC benefits. As outlined above, in the period following the Reporting Period, the Trustee has decided that the DC and AVC benefits will be transferred to a master trust arrangement with Aviva and this is expected to be completed by the end of September 2021.

4. Core financial transactions

4.1. The Trustee has a duty to ensure that 'core financial transactions' are processed promptly and accurately. For the Scheme, the core financial transactions in the Reporting Period comprised the following:

4.1.1. Investment of contributions;

4.1.2. Transfers into and out of the Scheme;

4.1.3. Investment switches within the Scheme; and

4.1.4. Payments out of the Scheme on death or retirement.

4.2. Core financial transactions for the DC Section were undertaken by Mercer Limited until September 2020 and have subsequently been undertaken by the current Scheme Administrator, Barnett Waddingham LLP ('the Administrator').

4.3. Core financial transactions for the bundled AVC arrangements are undertaken by Utmost.

Controls and monitoring arrangements

4.4. The Trustee has not been able to obtain copies of any administration reports for the period 1 September 2019 to 31 March 2020 and the comments that follow relate to the period following Barnett Waddingham's appointment. The Trustee will continue to try and obtain copies of any administration reports for the remainder of the Reporting Period.

4.5. Since March 2020, the Administrator has provided the Trustee with comprehensive administration and event tracker and SLA reports (the 'stewardship reports') that allows them to monitor promptness against agreed service levels (the Service Level Agreement or 'SLA'). The Trustee reviews these reports with the Administrator upon receipt and discusses them as needed.

4.6. SLAs were agreed as part of the contract between the Trustee and the Administrator to ensure the promptness of core financial transactions. The SLAs for the core financial transactions are:

4.6.1. 3 working days for fund switches;

4.6.2. 3 working days for death quotes;

4.6.3. 10 working days for retirement quotes; and

4.6.4. 5 days for settlement of member payments (e.g. deaths, transfers out and retirement payments).

4.7. Cashflow is monitored monthly, but no unit reconciliation is undertaken given there are no new payments in to the Scheme.

4.8. The controls in place in relation to ensuring the accuracy of core financial transactions are:

4.8.1. Complaints and errors are reported in stewardship reports, together with details of actions taken or to be taken to remedy these issues;

4.8.2. The Scheme's membership data has been reviewed and data quality analysis provided in a report dated 25 November 2020. The Scheme's Common Data, which refers to data items applicable to all pension schemes, was measured as being 97% complete and the Scheme's Conditional Data, which refers to Scheme specific data was measured as being 84% complete. Work is being undertaken by the Administrator to improve the quality of the DC data held prior to discharge; and

4.8.3. The cashflow in the Trustee's bank account is monitored monthly, with checking undertaken before any payments are made.

4.9. Regular checking processes are in place for all core financial transactions. All payments go through a check and two authorisations. For payments above £250k, a third authorisation is undertaken by a partner of the administration firm.

4.10. The Administrator's controls and processes are also subject to a formal external audit for its annual assurance report on internal controls. The latest AAF 01/06 report for the year ending 31 March 2021 cited two isolated exceptions, which have resulted in a new training package being launched in one case and a review of the guidance given to Administrators in the other. The Administrator holds ISO 9001 certification, which evidences high quality management standards.

4.11. Any material issues uncovered regarding inaccuracies with core financial transactions are included within the Administrator's quarterly reporting to the Trustee.

4.12. Utmost (and previously Equitable) has confirmed the following controls for the AVC arrangement (which is administered by the same team on the same platform, just owned by a new provider):

4.12.1. Investment switches are 100% checked. Upon receipt of fully completed instructions switches are made within 5 working days;

4.12.2. Payments out are 100% checked at authorisation stage. Upon receipt of fully completed instructions switches are made within 5 working days.

Performance during the Reporting Period

4.13. The Trustee received stewardship reports from the Administrator during the Reporting Period following their appointment and are satisfied with the performance against the SLA which showed that following the conclusion of the transition in administration, member cases are now processed and fund switches are carried out in line with agreed SLAs.

4.14. When the administration was taken on, there were a number of DC-related data queries which resulted in responses to DC benefit queries being put on hold until the data had been received. The issues had been resolved by the end of the Reporting Period and SLAs had started to improve.

4.15. The Administrator's reports have not identified material issues with the accuracy of core financial transactions since the transition of administration and there were no outstanding administration issues at the end of the Reporting Period.

4.16. During the Reporting Period, the Administrator provided the Trustee with regular updates to identify any issues arising regarding the administration accuracy of Utmost, the AVC provider. There were no reported concerns over the performance of this AVC provider.

Assessment

4.17. The Trustee believes that core financial transactions have been processed promptly and accurately taking into account the controls and monitoring arrangements, the remedial work completed to resolve any DC-related data queries during the year and the lack of material issues experienced following the transition to the new administrator.

5. Member-borne charges and transaction costs

5.1. Members bear charges and transaction costs, which will differ depending on the investment options in which their pension savings are invested:

5.1.1. Charges: these are expressed as a percentage of the value of a member's holdings within an investment fund and can be made up of a combination of charges, e.g. annual management charge and additional expenses. We refer to the total annual charge as the Total Expense Ratio (TER).

5.1.2. Transaction costs: these relate to the variable costs incurred within an investment fund arising from the trading activities of the fund, e.g. incurred in the buying and selling of securities, which are not accounted for in the TER charge.

Charges in relation to the DC Section

5.2. The following table provides details of the charges and transaction costs for each of the investment options provided through the DC Section over the Reporting Period. As the Reporting Period covers an 18 month period, the information provided by the manager covers a number of different periods, each of which has been clearly identified and which was the closest the manager could get to the actual periods in question:

Investment option	1 October 2019 to 30 September 2020		1 April 2020 to 31 March 2021	
	TER (p.a.)	Transaction costs (p.a.)	TER (p.a.)	Transaction costs (p.a.)
Default Lifestyle Strategy*	0.106% to 0.257%	0.040% to 0.074%	0.106% to 0.257%	0.018% to 0.026%
LGIM Multi-Asset Fund	0.257%	0.040%	0.257%	0.026%
LGIM Over 5 Year Index-Linked Gilts Fund	0.100%	0.100%	0.100%	0.025%
LGIM Cash Fund	0.125%	-0.005%	0.125%	-0.002
LGIM UK Equity Index Fund	0.136%	-0.029%	0.151%	-0.020%
BNY Mellon Real Return Fund	0.968%	0.050%	0.75%	0.20%

* The quoted charges and transaction costs for the default lifestyle strategy is calculated as a composite of the underlying fund charges and transaction costs. These fund holdings and therefore also charges will vary depending upon each member's term to retirement age. The charges shown are those which would apply at the start and end of the glidepath.

** In certain circumstances, the methodology used for calculating transaction costs (known as slippage) can lead to negative costs being reported. This can be, for example, where other market activity pushes down the price of the asset being traded, whilst the transaction was in progress, resulting in the asset being purchased for a lower price than when the trade was initiated.

Charges in relation to AVCs

5.3. The following table provides details of the charges and transaction costs for each of the investment options provided through the AVC arrangements over the Reporting Period (data sourced from LGIM, Equitable and Utmost):

Investment option	1 October 2019 to 30 September 2020		1 April 2020 to 31 March 2021	
	TER (p.a.)	Transaction costs (p.a.)	TER (p.a.)	Transaction costs (p.a.)
LGIM Global Equity 50:50 Fund (GBP Hedged)	0.178%	0.036%	0.178%	0.025%
LGIM All Stocks Index-Linked Gilts Fund	0.100%	0.086%	0.100%	0.023%
LGIM Cash Fund	0.125%	-0.006%	0.125%	-0.002%

Investment option	1 January 2019 to 31 December 2019	
	TER (p.a.)	Transaction costs (p.a.)
Equitable Life With-Profits Fund	1.00%	1.04%
Equitable Life Money Market Fund	0.50%	0.00%

Investment option	1 January 2020 to 31 December 2020*		1 April 2020 to 31 March 2021**	
	TER (p.a.)	Transaction costs (p.a.)	TER (p.a.)	Transaction costs (p.a.)
Utmost Money Market Fund	0.50%	0.00%	0.50%	0.00%
Utmost Multi-Asset Cautious Fund	0.75%	0.63%	0.75%	0.50%
Utmost Multi-Asset Moderate Fund	0.75%	0.53%	0.75%	0.41%
Utmost Secure Cash Fund***	0.50%	0.00%	0.50%	0.00%

* This is the first Reporting Period available from Utmost, following their acquisition of the Equitable business.

** Although this period overlaps with the prior period shown, it covers the same reporting period which has been reported on by the other managers, that is the period to 31 March 2021.

*** The Utmost Secure Cash Fund held assets until 31 December 2020, by which time all assets had been transferred to The Utmost Investing by Age Strategy which uses a combination of the other funds shown, depending on the age of the individual.

Impact of costs and charges

5.4. To demonstrate the impact of charges and transaction costs on members' pension savings over time, the Trustee has produced illustrations and these are set out in the appendix.

Value for members

5.5. The Trustee is required to assess annually the extent to which the charges and transaction costs borne by members represent good value. As above the Scheme is in a PPF Assessment Period and they are unable to accept benefits derived from DC or AVC liabilities. An analysis of the DC pension market was undertaken by the Trustee's professional advisers, Barnett Waddingham LLP, to enable the Trustee to consider how best to discharge its DC and AVC liabilities. The analysis has also been used to determine value for members for the Reporting Period on both an absolute and relative basis.

5.6. The Trustee considered the different type of DC vehicle and provider that might be appointed for the future and the value that members would receive from the new arrangement. The findings were set out in a report dated May 2021. Using the information obtained for the purposes of the report, it has been possible to consider the value for members that Scheme members receive by virtue of their membership of the Scheme.

5.7. Recognising that low cost does not necessarily mean good value, the Trustee has considered whether the services for which members pay or share the costs are suitable for, relevant to and (likely to be) valued by members and whether performance of the services has been effective during the Reporting Period.

5.8. Various investment-related services for which members do not directly bear the costs are nevertheless inextricably linked to creating the environment under which investment returns are delivered, e.g. strategy, monitoring and the investment governance structure, so these were included in the assessment.

5.9. Other services previously paid for by the Principal Employer were excluded but nevertheless deliver value to members, e.g. the services of professional advisers and the operation of the trustee board, with a duty to act in the best interest of members.

DC Section

5.10. In relation to the DC Section and Defined Benefit Section AVCs, the member-borne charges and transaction costs relate to investment services only. All other charges, including the costs of administration and communication services have historically been met by the Company.

5.11. The assessment considered:

5.11.1. The investment strategy, e.g. the design of the default and range of alternative options;

5.11.2. The arrangements for monitoring the performance of the investment options and reviewing the investment strategy;

5.11.3. The investment governance arrangements.

5.12. Noting the terms available for the arrangements to be used for DC discharge, the Trustee concluded that the DC Section offers good value in relation to the charges and transaction costs borne by members during the Reporting Period.

5.13. In reaching this conclusion, the Trustee recognised:

5.13.1. The relatively competitive investment charges of the DC Section for a Scheme of this size;

5.13.2. The default option and range of alternative investment options available to members through the DC Section; and

5.13.3. That the DC Section and AVC benefits will ultimately be discharged prior to the Scheme transferring to the PPF and detailed due diligence is being undertaken to ensure that the investment strategy and charges applied on discharge will be appropriate and competitive for the long term benefit of the membership.

AVCs

5.14. In relation to the Equitable/Utmost AVCs, the member-borne charges and transaction costs relate to:

5.14.1. Investment services;

5.14.2. Administration services; and

5.14.3. Communication services.

5.15. The Equitable/Utmost arrangement has not been open to new contributions since 2005 and the services provided are minimal for deferred members and would ultimately have been provided and overseen by the Administrator rather than direct with the members.

5.16. The assessment for AVCs has considered the broad value for members of these services, taking a proportionate approach that reflects the relatively low value of the AVC pension savings concerned.

5.17. The Trustee concluded that the AVC arrangement offers reasonable value in relation to the charges and transaction costs borne by members.

5.18. In reaching this conclusion, the Trustee recognised:

5.18.1. The range of investment options is limited and although Utmost does now provide automatic protection over the years approaching retirement age via a lifestyle strategy, this was not historically the case while part of Equitable Life;

5.18.2. Utmost provide basic administration services;

5.18.3. Communication services are basic and there is no online member access;

5.18.4. The costs are broadly in line with AVC arrangements of a similar size and closed nature.

6. Trustee knowledge and understanding (TKU)

The Trustee Board

6.1. With effect from June 2020, the Trustee Board has been a professional, independent trustee company, PSGS Trust Corporation Limited.

Trustee knowledge and understanding requirements

6.2. Trustees are required to be conversant with a scheme's main documents and have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational schemes and investment of scheme assets to enable them to properly exercise their functions.

Approach

6.3. The Trustee aims to remain conversant with the Scheme's Trust Deed and Rules as well as all other Scheme documents such as the SIP, the risk register and current policies, e.g. conflicts of interest. They do so through their experience in governing the Scheme, as well as specific activities over the Reporting Period and access to professional advice.

6.4. The Trustee aims to achieve and maintain knowledge and understanding of the law relating to pensions and trusts, the funding of occupational schemes and investment of scheme assets through a combination of training, taking professional advice.

6.5. PSGS Trust Corporation Limited, is one of the largest professional trustee firms in the UK which provides its staff with bespoke training involving external experts who present on a periodic basis on subjects including defined contribution arrangements.

6.6. PSGS Trust Corporation Limited is subject to AAF audit requirements which requires the attendance of each of its staff at 5 or more technical training sessions per year which ensures that the Trustee has a high level of TKU which it is able to use when exercising its discretions and setting the Scheme's strategic direction.

6.7. The Trustee consults with professional advisers as and when required, for example on consultancy, governance and legal matters. Their professional advisers alert the Trustee, and where appropriate provide training, on relevant changes to pension and trust law.

6.8. The Trustee's professional advisers provide support in relation to understanding and application of the Scheme's documents, e.g. the trust deed and rules and the Statement of Investment Principles.

6.9. Upon appointment as Sole Trustee on 11 June 2020 the Trustee obtained all of the Scheme's key documents (including the Declaration of Trust) and now has a working knowledge of these documents. Where further clarification is required about the Scheme's governing documentation, the Trustee takes legal advice from Osborne Clarke LLP.

Activities over the Reporting Period

6.10. The Trustee reviewed the Trust Deed and Rules, amending them as required to reflect the change in Trustee and to enable the work required to discharge DC liabilities and to enter the PPF to be undertaken.

6.11. The Trustee also reviewed the Scheme's SIP to take into account legislative changes and the SIP was updated in September 2020. The SIP is hosted online and is available on the Trustee's website.

6.12. Alongside the training requirements laid down for the Trustee by PSGS Trust Corporation Limited, the Trustee received informal training at Trustee and other meetings over the Reporting Period on the following topics:

6.12.1. The provision of a value for members assessment and the annual Chair's Statement;

6.12.2. Consideration of Environmental, Social and Governance (ESG) risks in relation to the DB and DC investment strategy;

6.12.3. The options available on the acquisition of Equitable by Utmost; and

6.12.4. The options available to members on the discharge of DC and AVC benefits.

6.13. During the Reporting Period, the Trustee took professional advice on:

6.13.1. Benefit entitlements for members;

6.13.2. How the Rules applied when discharging the DC and AVC assets;

6.13.3. The options available for DC discharge in terms of DC vehicle and potential providers;

6.13.4. Undertaking the value for members assessment and the Chair's Statement;

6.13.5. The sale of Equitable to Utmost and the investment changes which took place; and

6.13.6. The SIP.

Assessment

6.14. The Trustee considers that its combined knowledge and understanding, together with the access to professional advice, enables it to properly and effectively exercise its trustee functions in relation to the Scheme's DC and AVC arrangements.

Christopher Hayes	30 September 2021
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Director on behalf of **PSGS Trust Corporation Limited** **Chair of the Trustee**	**Date**

Appendix – Illustrations on the impact of cost and charges

A1.1. To demonstrate the impact of member-borne charges and transaction costs on the value of members' pension savings, the Trustee has produced illustrations in accordance with statutory guidance. These show the impact of charges and transaction costs for representative cross-sections of the membership and investment options.

Parameters used for the illustrations

A1.2. The membership of the DC Section and the investment options offered were analysed in determining the parameters to be used.

A1.3. Pot size: the median pot size of £55,000 has been used (rounded to the nearest £5,000) of DC Section members as at 28 February 2021.

A1.4. All members are deferred members, so no allowance has been made for future contributions.

A1.5. Timeframe: the illustrations are shown over a 15 year time frame as this covers the approximate duration that the youngest member would take to reach retirement age.

A1.6. Investment options: the investment options selected for the illustrations include the most popular by number of members (the Default), the highest charged fund, the lowest charged fund, the fund with the highest assumed investment return and the fund with the lowest assumed investment return.

Investment option	Rationale for inclusion	Assumed return above inflation*	TER	Transaction cost**
Default Lifestyle Strategy	Default strategy and most popular choice	-1.20% to 3.00%	0.100% to 0.257%	-0.002% to 0.026%
LGIM Over 5 Year Index-Linked Gilt Fund	Most popular self-select choice Lowest assumed investment return	-1.20%	0.100%	0.025%
LGIM Global Equity (50:50) Index Fund (GBP Hedged)	Highest assumed investment return	4.00%	0.178%	0.025%
Utmost Multi Asset Cautious Fund	Highest charge	3.00%	0.750%	0.500%
LGIM Cash Fund	Lowest charge	-1.00%	0.125%	-0.002%

* Projected growth rates, gross of costs and charges, for each investment option are in line with the 2021 Statutory Money Purchase Illustrations (SMPIs).

** The statutory guidance requires trustees to use an average of the last five years' transaction costs (insofar as they are able) when producing the illustrations. As we have received data for a number of different periods to cover the Reporting Period, on the grounds of consistency in approach, we have based the illustrations on the transaction cost figures shown for the reporting period ending 31 March 2021.

Guidance to the illustrations

A1.7. For each illustration, the savings pot has been projected twice: firstly for the assumed investment return gross of costs and charges; and secondly for the assumed investment return net of costs and charges.

A1.8. Projected pot sizes are shown in today's terms, so do not need to be reduced further for the effects of future inflation. Inflation is assumed to remain constant throughout the term of the illustrations, at 2.5% per year.

A1.9. Values shown are estimates and not guaranteed.

A1.10. The starting date for the illustrations is 28 February 2021.

A1.11. The illustrations are presented in two different ways:

A1.11.1. For the default, a lifestyle strategy, the illustrations should be read based on the number of years until the member reaches their retirement age. This is because the underlying funds used and therefore the costs and charges changes over time and this is reflected in the illustrations.

A1.11.2. For the self-select funds, the illustrations should be read based upon the number of future years that a member expects to be invested in those funds.

The Default Lifestyle Strategy

A1.12. This is the default strategy for the DC Section.

Years from taking benefits	Starting pot size £55,000	
	Before charges	After charges
0	£55,000	£55,000
1	£54,383	£54,316
3	£53,824	£53,602
5	£54,142	£53,730
10	£58,934	£57,828
15	£68,079	£65,910

A1.13. Note on how to read this table: If a deferred member had £55,000 invested in this option on 28 February 2021, after 10 years of membership, the savings pot could be £58,934 if no charges are applied or £57,828 with charges applied.

LGIM Over 5 Year Index-Linked Gilt Index Fund

A1.14. This is most popular self-select choice and is also the fund with the lowest assumed return (gross of charges) through the DC Section.

Years from taking benefits	Starting pot size £55,000	
	Before charges	After charges
0	£55,000	£55,000
1	£54,356	£54,289
3	£53,091	£52,895
5	£51,855	£51,536
10	£48,890	£48,290
15	£46,094	£45,248

A1.15. Note on how to read this table: If a deferred member had £55,000 invested in this option on 28 February 2021, after 10 years of membership, the savings pot could be £48,890 if no charges are applied or £48,290 with charges applied.

LGIM Global Equity Market Weights (50:50) Index Fund (GBP Hedged)

A1.16. This is the option with the highest assumed investment return (gross of charges).

Years from taking benefits	Starting pot size £55,000	
	Before charges	After charges
0	£55,000	£55,000
1	£57,146	£57,037
3	£61,694	£61,341
5	£66,603	£65,970
10	£80,653	£79,129
15	£97,667	£94,912

A1.17. Note on how to read this table: If a deferred member had £55,000 invested in this option on 28 February 2021, after 10 years of membership, the savings pot could be £80,653 if no charges are applied or £79,129 with charges applied.

Utmost Multi-Asset Cautious Fund

A1.18. This is the option with the highest charges which is part of the Utmost AVC options.

Years from taking benefits	Starting pot size £55,000	
	Before charges	After charges
0	£55,000	£55,000
1	£56,610	£55,939
3	£59,972	£57,865
5	£63,534	£59,858
10	£73,392	£65,146
15	£84,780	£70,900

A1.19. Note on how to read this table: If a deferred member had £55,000 invested in this option on 28 February 2021, after 10 years of membership, the savings pot could be £73,392 if no charges are applied or £65,146 with charges applied.

LGIM Cash Fund

A1.20. This is the option with the lowest charges provided through the DC Section.

Years from taking benefits	Starting pot size £55,000	
	Before charges	After charges
0	£55,000	£55,000
1	£54,463	£54,397
3	£53,406	£53,212
5	£52,369	£52,052
10	£49,864	£49,263
15	£47,478	£46,623

A1.21. Note on how to read this table: If a deferred member had £55,000 invested in this option on 28 February 2021, after 10 years of membership, the savings pot could be £49,864 if no charges are applied or £49,263 with charges applied.