XPS Pensions

The National Association of Citizens Advice Bureaux Pension and Assurance Plan (1991)

Chair’s Statement

1 April 2022 to 31 March 2023

Contents

Introduction

This is the Chair's Statement for National Association of Citizens Advice Bureaux Pension and Assurance Plan (1991), covering the period 1 April 2022 to 31 March 2023.

As the Chair of the Trustee, I provide you with a yearly statement which explains what steps have been taken by the Board of Trustees, with help from our professional advisers, to meet the new governance standards. The law sets out what information has to be included in my Statement and this is designed to help members achieve a good outcome from their pension savings.

The Plan provides both defined benefit ('DB') and defined contribution ('DC') benefits to members. The DC Section benefits only exist in the form of an underpin to the Plan's DB Section benefits, along with a number of small DC protected rights only funds and a small number of AVC funds.

In accordance with regulation, the information contained in this statement is relevant to the DC section only. The Plan is not used as a qualifying scheme for automatic enrolment purposes.

The Plan has a default option, and this is explained further in section 2.

01.01 Governance and Queries

The Plan is managed and administered by the Trustee in accordance with the Plan Rules and relevant legislation. There are seven Trustee Directors in total who manage the Plan; (Naomi L'Estrange) as Chair of the Trustee, David Ballance, Mark Allen and Nicola Barber are the Employer Nominated Trustee Directors and Sue Thomas, Rachael Le Mesurier and Joy Julien are nominated by the Members of the Plan.

The Trustee is committed to having high governance standards and we meet regularly to monitor the controls and processes in place in connection with the Plan's investments and administration.

I welcome this opportunity to explain what the Trustee does to help ensure the Plan is run as effectively as it can be. If you have any questions about anything that is set out below, or any suggestions about what can be improved, please do contact the Secretary to the Trustee: Claire Broadhurst, Vidett Trustee Services Limited, Forbury Works, 3rd Floor, 37/43 Blagrave Street, Reading, RG1 1 PZ.

The Plan operates under a Trust Deed and Rules dated 4 April 2011.

Investment Strategy

02.01 The default investment option

The DC Section consists of funds which provide an underpin to these members' DB benefits, along with a number of small protected rights only funds. These funds are invested in the Columbia Threadneedle multi-asset fund since its introduction by the Trustee in August 2015. As members did not have a choice in the initial selection of this fund, this fund constitutes a default arrangement for the DC Section assets.

02.02 Reviewing the DC arrangements

A formal review of the Plan's investment strategy (which included the DC Section assets) was undertaken by the Trustee at the investment subcommittee meeting on 9 January 2017. The Trustee considered the membership profile of the Plan, how members are likely to take benefits, the nature of the underpin benefits and the performance of the investment strategy. Although the Trustee made changes to the investment strategy for DB members at that time, the Trustee believed that the Columbia Threadneedle multi-asset fund continued to be suitable as the default strategy for the DC Section investments and this has therefore remained as the default arrangement for the DC Section.

A further high-level review by the Trustee in 2019 led to changes in the investment strategy for DB members but the Trustee also considered the default arrangement for the DC Section at that time and, taking advice from its investment adviser, the Trustee agreed that the default arrangement remained appropriate, and no changes were made at that time.

The Regulator expects the Trustee to review its DC investment strategy every three years.

Charges and transaction costs and investment performance

03.01 Investment Manager Charges

The Columbia Threadneedle multi-asset fund constitutes the default arrangement, which is managed through the Mobius Life Investment platform.

Transaction costs are costs associated with buying and selling of investments and include for example stamp duty and brokerage fees. Transaction costs are incurred when contributions are invested, on switching between funds and when selling investments to take benefits.

The charges and other expenses applied to the investment option, which is available to members during the Plan year, was:

	Total Expense Ratio(TER) %	Transaction Costs* %	Total Costs %
Fund Name			
Default Investment Option			
Columbia Threadneedle Multi Asset Fund	0.35	0.04	0.39

(Source: Columbia Threadneedle as at 31 March 2023)

*TER includes 0.04% per annum Mobius Life's platform fee. TER represents the sum of the Annual Management Charge (AMC) and Additional Fund Expenses (AFEs).

For a list of all the AVC arrangements with invested Plan monies and the associated costs and charges, please see Appendix C.

Illustrations for the highest and lowest charging funds are shown in Appendix B of this Statement.

Charges and transaction costs and investment performance
continued

The Packaged Retail and Insurance-based Investment Products (PRIIPs) Regulation, introduced in January 2018, aimed to help investors to better understand and compare the key features, risks, rewards, and costs of different investments through access to a short and consumer-friendly Key Information Document (KID).

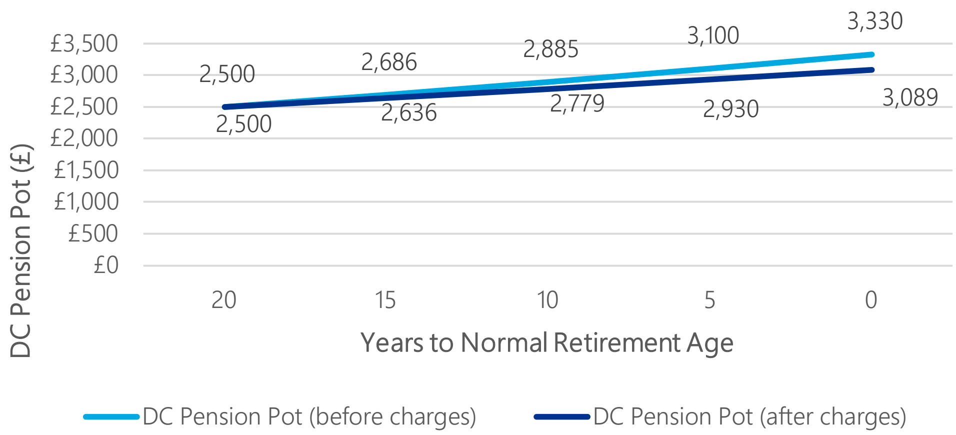
In producing this statement, the costs and charges shown refer to this Regulation and, where possible, amalgamate any underlying costs. As a result, the statement does not try to detail all the trades made in the management of the fund(s) but amalgamates this into the overall charges applicable.

03.02 Administration Charge

The administration costs and all other running costs including Plan governance and management and communications are met by the Plan.

03.03 An illustration of the charges levied on members

Below you can find an illustration of the effect of the Total Expense Ratio and transaction costs met by members on an example pension pot in the current default fund over time.



This is for illustration purposes only. The actual returns received are likely to differ over time as will individual member's pension pot sizes. This illustration is based on:

> The assets are invested in the Columbia Threadneedle Multi-Asset Fund for the duration of the projection period.

> The member has an initial pension pot of £2,500.

> The member is currently 20 years from Normal Retirement Date.

> No contributions will be made to the pension pot over the period.

> Investment returns estimated as 3.98% p.a. for Columbia Threadneedle Multi Asset Fund;

> Inflation of 2.5% p.a.

Charges and transaction costs and investment performance
continued

03.04 What are the assumptions based on?

In preparing these illustrations, the Trustee has had regard to:

> The Department for Work and Pensions' 'Reporting of costs, charges and other information: guidance for trustees and managers of relevant occupational schemes.

> The Financial Conduct Authority (FCA) Transaction cost disclosure in workplace pensions Policy Statement PS17/20.

03.05 Investment Performance

Changes to legislation introduced in October 2021 require trustees of relevant occupational pension schemes to report on the net investment returns for the default arrangement(s) and for each fund which Plan members are invested during the Plan year.

Net investment returns refer to the returns on funds after the deduction of all transaction costs and charges and including them in this statement is intended to help members understand how their investments are performing.

03.06 Fund Performance

This table shows how the default fund has performed for members on a one and five-year (annualised) basis.

	5 years (annualised) %	**1 year %**
Columbia Threadneedle Multi Asset Fund	5.4	(3.0)

Source: Columbia Threadneedle Figures are net of fees as at 31 March 2023. Past performance is not a reliable indicator of future results. The value of investments may go down as well as up and members may get back less than they invest.

	5 years (annualised)	**1 year**
AVC Funds	%	%
Aegon With-Profits Fund	(0.5)	(3.5)
Aegon Cash Fund	(0.1)	1.4
Aegon Mixed Fund	5.2	(4.6)
Aegon Ethical B Fund	1.0	(8.8)
Aegon Global Fund	8.8	(5.7)
Aegon High Equity With-Profits Fund	(0.5)	(9.2)
Utmost Multi Asset (Moderate) Fund	-	(5.9)
Utmost Multi Asset (Cautious) Fund*	-	(7.8)
Money Market (Cash) Fund	0.4	1.9
Santander Cash Fund	-	-
Prudential Deposit Fund	0.9	3.0

(Source: Aegon, Utmost, as at 31 March 2023). With the exception of the Prudential deposit fund which was only available as at 30 June 2023. The Santander AVC is not a unitised fund. The members are invested in cash and receive interest on a daily basis equivalent to the current rate of 4.25% per annum.

Past performance is not a reliable indicator of future results. The value of investments may go down as well as up and members may get back less than they invest.

New funds less than five years old.

Core financial transactions

04.01 Assessing Core Transactions

During the year, the Trustee ensured the requirements of Regulation 24 of the Occupational Pension Schemes (Plan Administration) Regulations 1996 were met and that the Plan's core financial transactions were processed promptly and accurately. For example:

> There is an agreement in place with XPS Administration (as Plan administrator), committing them to defined service level agreements ("'SLAs"'). Amongst other matters, this covers the accuracy and timeliness of all core financial transactions. The Trustee considers that core financial transactions were processed promptly and accurately during the year. In the period covered by this review, the average performance against service level agreements (SLA) was 93%.

> XPS report on their performance quarterly against the SLAs above so that the Trustee can monitor that the SLAs are being met. These reports also provide details of any breaches or complaints identified in the period and explain the action taken.

> The Plan auditor independently test a sample of financial transactions for accuracy and timeliness as part of the annual audit process.

The Plan administrator carries out an annual audit to check that internal control procedures are being followed. Where any error or issue is identified, the administrator takes appropriate steps to resolve and take action as required.

We can confirm there were no material issues to report in the Statement period. The Trustee has received quarterly administration reports from the Plan's administrator which are reviewed at each Trustee meeting. The Trustee has considered the report on internal controls prepared by XPS (in its capacity as the Plan's administrator) for the year to date. It is satisfied that the processes and controls in place have been subject to independent audit under AAF 01/06 and ISAE 3402 and will ensure that the financial transactions are dealt with properly.

The core financial transactions include:

> **The transfer of assets relating to members out of the Plan** – Any investments transferred to another are processed within 10 working days following receipt of all relevant paperwork, subject to any investigations required where there is evidence of a pensions scam.

> **The transfer of assets relating to members between different investments within the Plan** – Transfers between Plan investments are accomplished as quickly as possible.

> **Monitoring of bank accounts** – There is a dedicated team, checking investment and banking transactions.

> **Payments to members** – All payments out of the Plan in respect of members' benefits are made in line with standard checks. This includes agreed processes and authorisation levels to ensure any payment made is calculated correctly and in line with the Plan rules and legislation and also complies with HMRC rules and guidance. In addition, every effort is made to check for possible pension scams.

Noting the requirement for accurate member data to process contributions and payments correctly, the Trustee is taking steps to continually review and where necessary, correct any problems with the member data which is held by the Plan administrator. This is reported each year to the Pensions Regulator in the online scheme return.

Core financial transactions
continued

04.02 Administration

The Trustee closely monitor the administration function to ensure the best service possible in order to provide good value for members. The Trustee has meetings with the current provider to assess the quality and levels of service to ensure that financial transactions are dealt with promptly and accurately.

Value for Members

05.01 Assessment of Value

The Trustee has reviewed value for members considering the latest guidance from the Pensions Regulator.

The value assessment included the consideration of the member borne costs and charges and the net returns for the Plan's investment options (net of all costs and charges) against alternative arrangements (including master trust arrangements). Within the assessment, the Trustee also considered a number of other areas.

05.02 Net investment returns

The Trustee compared the Net investment returns of the default strategy to the three comparators. The Trustee concluded that the Plan as a whole provides good value for members. The Trustee will continue to monitor returns over a longer time horizon to ensure that the Plan continues to provide value.

It is worth noting that for the DC Section members with the underpin benefit, the DC underpin is not expected to bite for any members, i.e. these members' DB benefits are more valuable than their DC fund values. There are however a number of small protected rights benefits in the Plan that are not underpin benefits. The Trustee will review the default strategy for these members to ensure that this provides value for members.

05.03 Charges

The Trustee compared the member borne charges of the default fund to three comparators. The analysis showed that the charges borne by members within the Plan default fund performed well when compared with the large comparator arrangements. However, the AVC funds (i.e. self-select funds) had higher charges compared with its comparator funds. The Trustee will continue to assess the net returns (i.e. returns after costs and charges) to ensure that members do derive value from the Plan.

As above, it is worth noting that the majority of members have DC underpin benefits as described above and that these members derive greater value from their associated DB benefits as the DC underpin is never expected to bite.

05.04 Administration

The Trustee has a service level agreement in place with the service providers covering all expected tasks, with varying timescales for different tasks. The Trustee receives quarterly reports from the Plan administrators that enable it to monitor the administration service and that agreed service levels are being met. The Trustee keeps providers' service levels under review and ensures that the services provided reflect the SLA and continues to meet the needs of the members. There have been no material errors in relation to the service providers and the administrator was operating appropriate procedures, checks and controls and operating within the agreed SLA.

05.05 Governance

The Trustee Board has adopted a governance structure that provides the Trustee with sufficient resource to govern the Plan. Guidance is provided to the Trustee concerning technical matters of relevance by their professional advisors. Resources are also made available to individual Trustee Directors should they wish to enhance their own knowledge.

Overall, the governance of the Plan (which include the 'Trustee's knowledge and understanding', along with the general oversight and governance), continued in the period, to a level which the Trustee considers as suitable.

05.06 Communications

The Plan is committed to producing clear and concise communication materials that are appropriate for its members. However, the review showed that the statutory benefits statements were not issued as required.

05.07 Conclusion

Assessment of value for members is an ongoing process and the Trustee undertakes a review each year to ensure the Plan continues to offer good value, and that any changes in legislation, market conditions or member views are reflected for the benefits of members. Following this year's assessment of value, the Trustee has concluded that overall, the Plan provides good value for members.

Trustee Knowledge and understanding

06.01 Knowledge and understanding of the Trustee

The Trustee is satisfied that it has complied with the knowledge and understanding requirements set out in section 248 of the Pensions Act 2004.

The Trustee has knowledge of the law relating to pensions and trusts, principles of investment and the requirements for funding a pension scheme. This is evidenced by interaction with their advisers as shown in the Trustee meeting minutes and at which updates on current issues are provided by advisers, with ad-hoc advice provided in relation to any new requirements as a result of changes in regulation or legislation.

The Trustee as a group have many years' combined experience in it and the directors manage both the defined benefit and defined contribution sections of the Plan, and so have built up a strong working understanding of the law relating to pensions and trusts, principles of investment and the requirements for funding a pension scheme. This is evidenced by their interaction with the Plan's advisers as shown in the Trustee Meeting minutes, and the governance framework established by the Trustee to review the performance of the Plan.

The Trustee has access to key Plan documentation. This includes the Trust Deed and Rules applicable to the Plan, the Statement of Investment Principles the Risk Register, minutes from previous meetings and other important documents that are relevant to the operation of the Plan.

The Trustee has exercised their discretion and power in line with the Trust Deed and Rules, current legislation and, where required, legal advice has been taken, demonstrating their working knowledge of the Plan's Trust Deed and Rules.

06.02 Trustee Training

In-house training is offered; use of the Pensions Regulator's (TPR's) online Trustee Toolkit is encouraged, and trustees attend external seminars and updates. Any new trustee would be expected to carry out this training and be fully conversant with the Plan's documentation within 6 months. There were no new Trustee Directors in the period of review.

A log of participation in training is maintained, and the Trustee is regularly polled regarding the training that it would find most valuable and to identify any gaps in knowledge. The Trustee's advisers provide in-meeting training on new legislation and literature published by TPR. During the period covered by this Statement the Trustee Board attended three Trustee meetings in which the directors took part in several training sessions, covering the following areas:

> LDI crisis recap

> Draft funding code/regulations training

06.03 Conclusion

As a result of the training activities completed by the Trustee (both individually and collectively), and considering the professional advice available, I am confident that the combined knowledge and understanding of the Trustee has enabled it to exercise properly its functions.

Conclusion

The annual production of this Statement provides members with a narrative of how the Trustee look after members' interests, especially in the areas of the 5 key elements within this Statement listed below.

> Default investment strategy

> Charges and transaction costs

> Core financial transactions

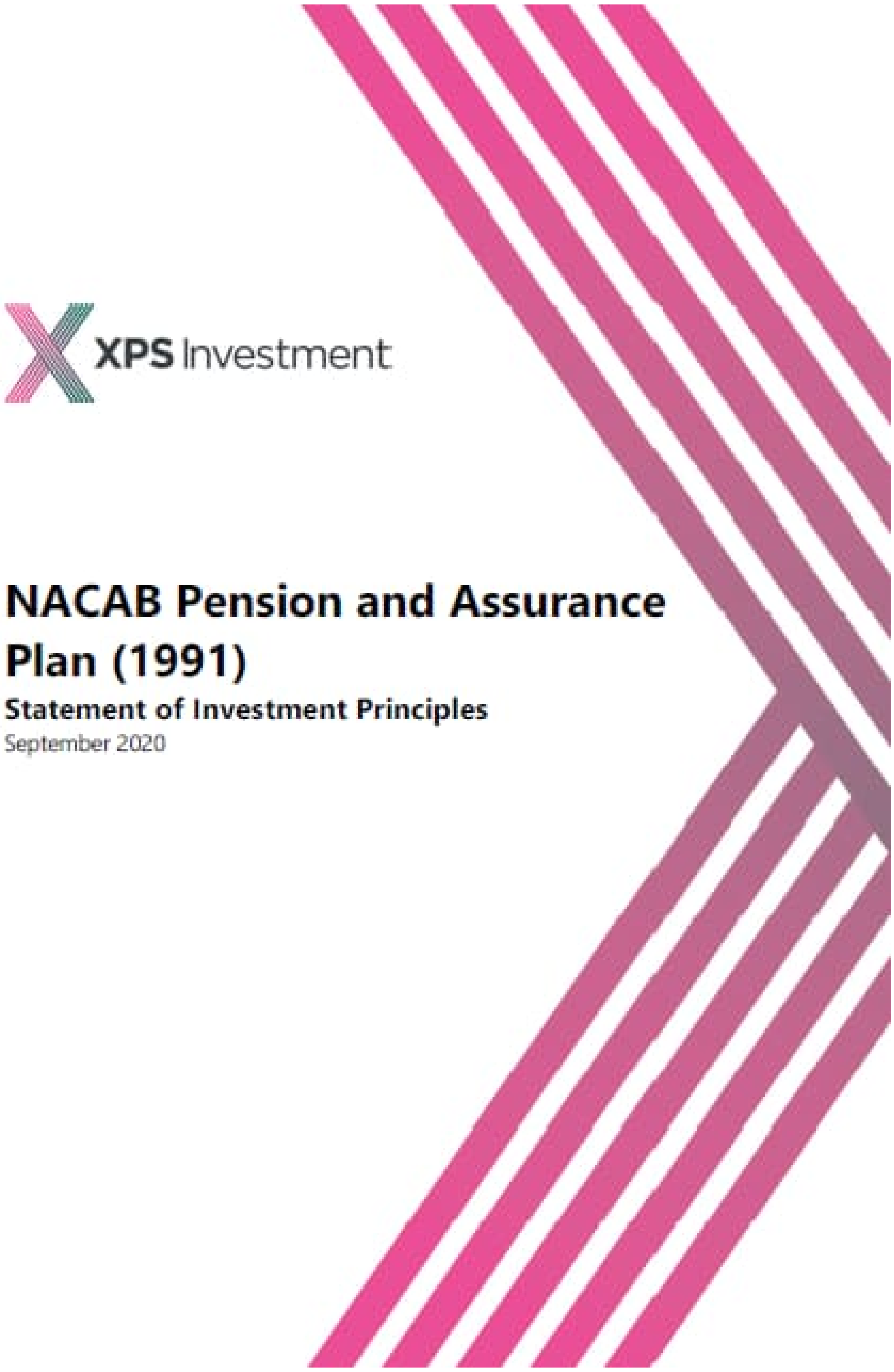
> Providing value for members

> Trustee Knowledge and understanding

In conclusion, I am pleased to be able to submit this report in accordance with the Chair's Statement requirements, in the belief that the Plan was operated and governed appropriately during the reporting period.

Signature	**Date**
Name	**Qualification**
Stuart Walters	On behalf of the Chair of the Trustee

Appendix A
Statement of Investment Principles


XPS Investment

NACAB Pension and Assurance Plan (1991)

Statement of Investment Principles

September 2020

Contents

01 Introduction

01.01 Scope of this document

This document constitutes the Statement of Investment Principles (the "SIP") required under *Section 35 of the Pensions Act 1995* for the NACAB Pension and Assurance Plan (1991) (the "Plan"). It describes the investment policy being pursued by NACAB Pension Trustees Limited (the "Trustee"), and is in accordance with the Government's voluntary code of conduct for Institutional Investment in the UK (the "Myners Principles"), which is set out in Appendix D. This SIP also reflects the requirements of the *Occupational Pension Schemes (Investment) Regulations 2005*.

01.02 Preparation

The Trustee confirms that, before preparing this SIP, it has consulted with the principal employer, the National Association of Citizens Advice Bureaux, on behalf of the Plan's participating employers (the "Employer"). The Trustee has also consulted with its Investment Adviser (XPS Investment) and has obtained and considered written advice.

01.03 Responsibilities

The Trustee is responsible for the investment of the Plan's assets and the administration of the Plan. Where it is required to make an investment decision, the Trustee always receives advice from the Investment Adviser first. The Trustee believes the Investment Adviser to be qualified by their ability and practical experience of financial matters and to have appropriate knowledge of the investment arrangements that the Plan requires.

The Trustee reviews the SIP at least every three years and as soon as practical after any significant changes in the Plan's investment strategy.

01.04 Declaration

The Trustee confirms that this Statement of Investment Principles reflects the investment strategy it has decided to implement. The Trustee acknowledges that it is its responsibility, with guidance from the Investment Adviser, to ensure the assets of the Plan are invested in accordance with these principles.

Signed **For and on behalf of the Trustee of the Plan**

Naomi L'Estrange

Date
28 September 2020

02 Scheme governance

02.01 Governance arrangements

The Trustee is responsible for the governance and investment of the Plan's assets. The Trustee considers that the governance structure set out in this SIP is appropriate for the Plan as it allows the Trustee to make the important decisions on investment policy. Appropriate advice is obtained before decisions are made.

The Trustee also uses an Investment Sub-Committee to help with the governance of the Plan's investments. This Sub-Committee is made up of members of the Trustee, and when appropriate may be authorised to make investment decisions on the Trustee's behalf. This arrangement will be kept under review by the Trustee.

The responsibilities of each of the parties involved in the Plan's governance are detailed in Appendix A.

XPS Investment NACAB Pension and Assurance Plan (1991) 4

03 Investment objectives

03.01 Objectives

The primary investment objectives of the Plan are:

a) To maintain and enhance the real value of the invested funds in order to pay benefits due to members and their beneficiaries as and when due.

b) Achieve an investment return at least in line with that allowed for in the Plan's Recovery Plan, in order to improve the overall funding position.

c) Reach the long-term target of the Plan being at least 100% funded on an ongoing basis (i.e. that the Plan meets its Statutory Funding Objective as set out in the Statement of Funding Principles).

d) Match the Plan's assets to the liability profile of the membership.

e) For the Plan to be solvent in the event of a winding-up of the Employer.

f) To set and monitor appropriate benchmarks and performance targets for the investment managers.

g) To pay due regard to the interests of the Employer in relation to the payment of contributions.

h) To maximise investment returns subject to an acceptable level of risk.

These qualitative objectives have been used to help formulate the investment strategy and return expectations set out in Appendix C.

The Trustee considers the investment objectives and the resultant investment strategy alongside the actuarial valuation methodology and assumptions used by the Scheme Actuary for each formal actuarial valuation.

04 Asset allocation strategy

04.01 Asset allocation

The Trustee chooses to appoint regulated investment firms to implement an appropriate allocation of asset classes which it believes best meets the Plan's investment objectives as set out in Section 3. The Trustee has not restricted the allocation, it can invest in a wide range of asset classes, but only to the extent such asset classes are consistent with the Trustee's overall attitude to risk.

The asset allocation is determined following advice from the Investment Adviser, and the Employer will be consulted in the event of any significant change. The current benchmark and target allocation is set out in Appendix C and any significant changes will only be made after receiving written advice from the Investment Adviser that such allocation remains consistent with the investment objectives. The Trustee will consult with the Employer in the event of a significant change in the asset allocation.

04.02 Alignment of incentives

Based on the structure set out in the Appendix, the Trustee considers the arrangements with the Investment Managers to be aligned with the Plan's overall strategic objectives. Details of each specific mandate are set out in guidelines, agreements and pooled fund documentation with each Investment Manager.

The amounts allocated to any individual category or security will be influenced by the overall benchmark and objectives, varied through the Investment Managers' tactical asset allocation preferences at any time, within any scope given to them through any asset allocation parameters or guidelines set by the Trustee or governing the pooled funds in which the Plan is invested.

The Trustee will ensure that the Plan's assets are predominantly invested in regulated markets to maximise their security.

Investment Managers are incentivised to perform in line with expectations for their specific mandate; their continued involvement as Investment Managers as part of the Plan's investment strategy – and hence the fees they receive – are dependent upon them doing so. They are therefore subject to performance monitoring and reviews based on a number of factors linked to the Trustee's expectations, including their selection / deselection criteria.

The Trustee encourages Investment Managers to make decisions in the long-term interests of the Plan. The Trustee expects engagement with management of the underlying issuers of debt or equity and the exercising of voting rights in line with the investment mandate guidelines provided.

This expectation is based on the belief that such engagement can be expected to help Investment Managers to mitigate risk and improve long term returns.

As covered in more detail in this document, the Trustee also requires the Investment Managers to take ESG factors, including climate change risks into consideration within their decision-making as the Trustee believes these factors could have a material financial impact in the long-term. The Trustee therefore makes decisions about the retention of Investment Managers, accordingly.

04.03 Rebalancing policy

The Trustee, with the help of the Investment Adviser, monitors the balance of the Plan's assets versus the benchmark. If the asset allocation is considered to be materially out of line with the benchmark, as a result of relative market movements or changes to macro factors, then the Trustee may decide to switch assets to bring it back into line.

The manager of the structured equity + LDI solution has discretion to rebalance the LDI element of the structured equity + LDI to ensure it continues to achieve the desired level of hedging.

04.04 Rates of return

The target rates of return for each asset class are detailed in Appendix C.

04.05 Diversification

The Trustee has sought to achieve diversification by:

- Investing in more than one asset class and geographic region. Generally speaking, each asset class would expect to have different return and risk profiles leading to a low cross correlation of assets and therefore add to the diversification of the portfolio.
- Investing in some pooled funds which have investment restrictions (i.e. funds which impose concentration limits on individual positions and limits on the exposure to individual issuers).

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

04.06 Suitability

The Trustee has taken advice from the Investment Adviser, as well as the Scheme Actuary, to ensure that the asset allocation strategy is suitable for the Plan, given its investment objectives.

Each asset class performs a function in the Plan's investment strategy, which has been set out in Appendix C.

04.07 Liquidity

The Plan holds assets with different liquidity profiles. The majority of the assets are held in a daily traded fund which holds assets in a range of funds with varied liquidity profiles. As part of any change in investment strategy, the Trustee will consider the liquidity implications to ensure that the Plan will be able to meet benefit requirements as they fall due, in line with the investment objectives.

The Trustee also holds a small amount of cash in a bank account to help meet short-term cash requirements.

As part of the structured equity + LDI solution, the Trustee is required to post collateral. This is the provision of funds in an investment contract to help reduce counterparty risk for both sides. The Trustee believes that it has sufficient liquidity in the Plan's assets to meet any unexpected collateral requirements and this is monitored periodically.

04.08 Leverage

The Trustee currently uses 'leveraging' funds to achieve their investment objectives. The Trustee believes that the risks from the structured equity + LDI portfolio are acceptable in the context of the investment strategy as a whole.

04.09 Contingency plans

The Trustee monitors the performance of the Plan's investments and funding position, with the assistance of the Investment Adviser and the Scheme Actuary. Whilst the Trustee has no explicit pre-agreed contingency plans in place, it will review the investment strategy in the event that performance is out of line with expectations.

05 **Strategy implementation**

05.01 Mandate and performance objectives

The Trustee has received advice on the appropriateness of each investment from the Investment Adviser and believes them to be suitable to meet the Plan's investment objectives. The benchmark and objective for each fund currently held are set out in Appendix C.

05.02 Manager selection

The Trustee does not have a formal policy on the appointment of investment managers but monitors the performance on a regular basis and holds a formal tender process to coincide with the triennial review. In the event that the Trustee considers appointing another manager, they will seek advice from the Investment Adviser.

Appointments of Investment Managers are expected to be long-term, but the Trustee will review the appointment of the Investment Managers in accordance with their responsibilities.

05.03 Manager agreements

The Trustee has decided to invest some of the Plan's assets through a regulated life insurance company (the "platform provider"), rather than directly appointing individual investment managers. The Plan holds a single life policy with the platform provider, where the value of the Plan's assets is linked to the value of specific pools of assets selected by the Trustee from time to time. Decisions about which funds to invest in are made after receiving investment advice from a Financial Conduct Authority regulated firm.

The Trustee maintains one policy with an investment platform provider instead of holding shares or units in pooled funds. The Plan is therefore subject to the risk of insolvency of the platform provider. However, the likelihood of the platform provider becoming insolvent has been minimised as far as practical. For example, the platform provider is a regulated Life Insurance Company governed by UK law and is therefore subject to regular scrutiny by the financial services regulators (Prudential Regulation Authority / Financial Conduct Authority) and is not exposed to any general insurance claims risk. Furthermore, the platform provider holds professional indemnity insurance to cover the risk of operational risks and fraud.

The Trustee has also decided to appoint a separate manager to manage structured equity + LDI solution. This investment portfolio is not offered through the investment platform instead the Trustee has delegated their investment powers within a controlled mandate in accordance with *Section 34 of the Pensions Act 1995*.

05.04 Manager monitoring

The Trustee receives regular performance monitoring reports from the Investment Consultant which consider performance over relevant periods. In addition, any significant changes relating to the Trustee's selection and deselection criteria that the Investment Consultant is aware of will be highlighted, which may lead to a change in the Investment Consultant's rating for a particular mandate.

These ratings help to determine an Investment Manager's ongoing role in implementing the investment strategy. If there are concerns, the Trustee may carry out a more in-depth review of a particular Investment Manager. Investment Managers will also attend Trustee's meetings as requested.

The Investment Consultant has also carried out a review of how well the Trustee's guidelines in relation to ESG factors are incorporated into each Investment Manager's processes and the Trustee will re-assess progress on ESG issues periodically.

Manager fees are considered as part of the manager selection process. They are also monitored regularly with the help of the Investment Consultant to ensure it is in line with the Trustee's policies and with fee levels deemed by the Investment Consultant to be appropriate for the particular asset class and fund type.

The Trustee requires the Investment Managers to report on actual portfolio turnover at least annually, including details of the costs associated with turnover, how turnover compares with the range that the Investment Manager expects and the reasons for any divergence.

05.05 Diversification

The majority of the return-seeking assets are invested in pooled funds with diversification requirements. The Trustee will monitor the overall strategy regularly to ensure that it is comfortable with the level of diversification being achieved. The return element of the structured equity + LDI solution is constructed using derivatives in a way to provide the Plan with a targeted level of asset return. The Trustee is comfortable with the level of diversification that this strategy provides.

05.06 Custody

Custody of the underlying assets is at the discretion of the investment managers.

06 **Monitoring**

06.01 Investment funds

The Trustee, and the Investment Adviser on behalf of the Trustee, will monitor the performance of the funds against their stated performance objectives and the performance of the funds to satisfy themselves that the funds remain suitable.

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

06.02 Adviser

The Trustee will monitor the advice given by the Investment Adviser on a regular basis. The Trustee will establish a formal mechanism in due course in line with the Pensions Regulator's guidance following the *Competition and Markets Authority* review into investment consultants.

06.03 Other

The Trustee is required to review this SIP on a triennial basis, or, without undue delay, following any changes to the investment strategy.

07 **Fees**

07.01 Funds

The Trustee will ensure that the fees charged by funds and their expense ratios are consistent with levels typically available in the industry. The current fee basis for each of the funds is set out in Appendix C.

The Trustee is aware of the investment manager policy regarding soft commission arrangements. Information about the investment manager's fees, commissions and other transaction costs is available in the annual report in accordance with the *Financial Conduct Authority Disclosure Code*.

07.02 Adviser

Fees paid to the Investment Adviser are based either on actual time spent and hourly rates for relevant individuals, or on fixed fees agreed in advance for specifically defined projects. These are reviewed periodically.

07.03 Custodian

The Plan's custodians receive remuneration from the Plan's assets.

07.04 Trustee

The Trustee consists of individuals appointed to act on behalf of the Plan. Members of the Trustee may receive remuneration (beyond expenses) for their time spent on their duties in relation to the Plan.

08 **Risks**

The Trustee recognises a number of risks involved in the investment of assets of the Plan:

i) The risk of failing to meet the objectives as set out in Section 3 – the Trustees will regularly monitor the investments to mitigate this risk as far as is feasible.

ii) The risk of adverse consequences arising through a mismatch between the Plan's assets and its liabilities. This is addressed through the asset allocation strategy and through regular actuarial and investment reviews and the funding target.

iii) Risk of lack of diversification of investments – addressed through investing in multi-asset funds with diversification requirements and through the asset allocation policy.

iv) Risk of holding assets that cannot be easily sold should the need arise – addressed through the predominant use of multi-asset funds with frequent dealing dates.

v) Underperformance risk – addressed through investing in passively managed funds, monitoring closely the performance of each fund and taking necessary action when this is not satisfactory.

vi) Organisational risk – addressed through regular monitoring of the investment manager(s) and the Investment Adviser.

vii) Credit risk - addressed through investing in pooled funds which are limited to investing in issuers with strong credit ratings and spreading the credit risk across many different issuers.

viii) Interest rate risk – addressed through the holding of off-risk assets in fixed interest investments of appropriate duration or derivative contracts for risk management purposes.

ix) Inflation risk – addressed through the holding of off-risk assets in index-linked investments of appropriate duration or derivative contracts for risk management purposes.

x) Currency risk – addressed through investing predominantly in sterling denominated pooled funds.

xi) Sponsor risk – the risk of the Employer ceasing to exist, which for reasons of prudence, the Trustees has taken into account when setting the asset allocation strategy.

The Trustee will keep these risks under regular review.

09 **Other issues**

09.01 Statutory funding requirement

The Trustee will obtain and consider proper advice on the question of whether the investments are satisfactory having regard to both the investment objectives and the requirement to meet statutory funding requirements. The funding position is reviewed periodically by the Scheme Actuary, with a full actuarial valuation at least every three years.

The Trustee will consider the investment strategy at each actuarial valuation and determine whether it is necessary to make changes to the investment strategy to ensure continued compliance with the statutory funding requirement.

09.02 ESG risks, corporate governance and 'non-financial matters'

The Trustee has considered their approach to environmental, social and corporate governance ("ESG") risks and they believe there can be financially material risks relating to ESG.

The Trustee has delegated the ongoing monitoring and management of ESG risks (and those related to climate change) to the Plan's investment managers. The Trustee expects the Plan's investment managers to take into consideration ESG risks, as with other material factors, within their decision-making, recognising that how they do this will be dependent on the characteristics of the asset classes in which they invest.

The Trustee will seek advice from the Investment Adviser on the extent to which its views on ESG and climate change risks may be taken into account in any future investment manager selection exercises. Furthermore, the Trustee, with the assistance of the Investment Adviser, will monitor the processes and operational behaviour of the investment managers from time to time to ensure they remain appropriate and in line with the Trustee's requirements as set out in this Statement.

Further, the Trustee's policy is that non-financial matters should not be taken into account in the selection, retention and realisation of investments (where non-financial matters means the views of the members and beneficiaries including their ethical views; their views in relation to social and environmental impact; and their views on present and future quality of life of the members and beneficiaries of the Scheme).

The Trustee has consulted with the Employer on the policy covering ESG and non-financial matters. Whilst the Employer would like to encourage the Trustee to maintain a policy on ESG and non-financial matters that is consistent with the Employer's own approach, the Employer recognises the independence of the Plan, the fiduciary duty of the Trustee and the practical constraints involved with implementation.

09.03 Voting rights

As the Plan invests in pooled funds, the Trustee acknowledges that it cannot directly influence the policies and practices of the companies in which the pooled funds invest. It has therefore delegated responsibility for the exercise of rights (including voting rights) attached to the Plan's investments to the Investment Managers.

The Trustee encourages them to engage with investee companies and vote whenever it is practical to do so on financially material matters such as strategy, capital structure, conflicts of interest policies, risks, social and environmental impact and corporate governance as part of their decision-making processes. The Trustee requires the Investment Managers to report on significant votes made on behalf of the Trustee.

If the Trustee becomes aware of an Investment Manager engaging with the underlying issuers of debt or equity in ways that they deem inadequate or that the results of such engagement are mis-aligned with the Trustee's expectation and the investment mandate guidelines provided, then the Trustee may consider terminating the relationship with that Investment Manager.

Appendix A
Responsibilities

Trustee

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

i) Determining the investment objectives of the Plan and reviewing these from time to time.
ii) Agreeing an investment strategy designed to meet the investment objectives of the Plan.
iii) Reviewing at least triennially the content of this SIP and modifying it if deemed appropriate, in consultation with the Investment Adviser.
iv) Reviewing the suitability of the investment policy alongside each actuarial or investment review, in consultation with the Investment Adviser.
v) Assessing the performance of the investment portfolios and the processes they use by means of regular reviews of the investment results and other information, by way of meetings and written reports, in consultation with the Investment Adviser and selecting new managers where appropriate.
vi) Assessing the ongoing effectiveness of the Investment Adviser.
vii) Consulting with the Employer when reviewing investment policy issues.
viii) Monitoring compliance of the investment arrangements with this SIP on an ongoing basis.
ix) Informing the Investment Adviser of any changes to Plan benefits or significant changes in membership.

Investment managers

The structured equity + LDI manager will be responsible for ensuring that these funds are appropriately balanced and managed in line with their agreed contract with the Trustee.

Investment Adviser

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

i) Participating with the Trustee in reviews of this SIP.
ii) Advising the Trustee how any changes within the Plan's benefits, membership, strength of employer covenant and funding position may affect the manner in which the assets should be invested.
iii) Advising the Trustee of any changes in the funds held that could affect the interests of the Plan.
iv) Undertaking reviews of the Plan's investment arrangements including reviews of the asset allocation policy and current pooled funds and advising on the selection of new funds where appropriate.

Scheme Actuary

The Scheme Actuary will be responsible for, amongst other things:

i) Performing the triennial (or more frequently as required) valuations and advising on the appropriate contribution levels.

ii) Commenting on the appropriateness of the investment strategy relative to the liabilities of the Plan at the triennial valuations.
iii) Advising the Trustee of any changes to contribution levels and funding level.

Appendix B
Investment beliefs

The Trustee has not formally documented a specified set of investment beliefs. Investment decisions are considered on their merit and are made based on the investment principles set out in this document, with particular regard to the Trustee's overall objectives.

> The long-term nature of the Scheme's liabilities typically implies a long-term investment time horizon.

> Risk is necessary to achieve return, but not all risks are rewarded.

> In the long-term diversification can enhance risk-adjusted returns by investing in uncorrelated asset classes, countries, sectors and themes.

> Investment processes should be robust, consistent and demonstrate strong risk controls. In addition, investment processes should be transparent and relatively easy to explain and understand.

> Responsible investing and engaging, wherever possible as long-term owners, reduces risk and may positively impact the Scheme's returns.

> Liquidity of underlying investments is an important consideration, and should be regularly and actively monitored and questioned.

> We believe that managing fees and charges can prevent unnecessary costs.

> Markets are not always efficient and there are opportunities for good active managers to add value.

Appendix C
Current asset strategy

Asset allocation

The Trustee has selected:

- Mobius Life to provide an investment platform (through which the Trustee accesses a Columbia Threadneedle pooled fund).
- River & Mercantile Solutions to provide a bespoke structured equity + LDI solution.

Having considered advice and having due regard for the investment objectives, the current liabilities of the Plan, the risks faced by the Plan and the covenant of the Employer, the Trustee has decided upon the following asset strategy:

Asset Class	Investment style	Fund name	Initial benchmark	Long-term expected investment return* (p.a.)	Key purpose
Diversified Growth	Active	*Columbia Threadneedle Multi Asset Fund*	80%	Gilts + 3%	Generate returns from diverse range of asset classes and provide some protection during poor market periods.
Structured Equity	Bespoke assets designed to be passive in nature	*River & Mercantile Solutions Structured Equity EDOS Fund*	20%	Gilts + 4%	Reduce reliance on manager skill to generate returns. Provide some mechanical protection against market falls.
Liability Hedge		*River & Mercantile Solutions Liability Hedge Portfolio*		Gilts + 0%	Provide a hedge against approximately 55% of the Scheme's liability exposure to interest rates and inflation.

**based on XPS Investment's advice provided as part of the 31 March 2016 valuation*

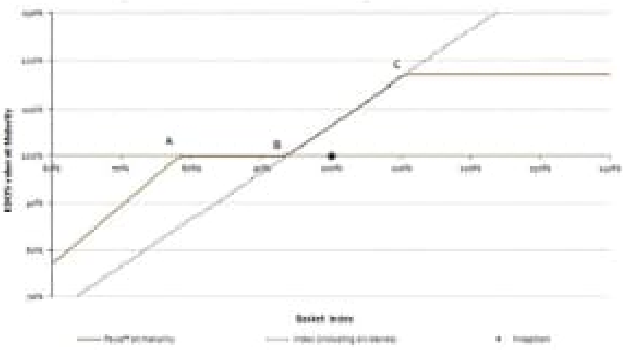
The proportion of the assets allocated to the structured equity + LDI solution may vary significantly over its lifetime (up to 3 years from implementation) for a number of reasons but including that the LDI element can move significantly in value over a short time period.

Structured equity element

The diagram below shows the expected payoff of the structured equity element within the River & Mercantile Solution at maturity (March 2021). The solution is based on a global equity basket consisting of:

- 7% FTSE 100 (UK)
- 64% S&P500 (US)
- 10% Nikkei 225 (Japan)
- 19% Eurostoxx (European)

The table sets out the starting values as at March 2018 for the underlying equity indices.



Index	[illegible]
FTSE 100 Price Index	[illegible]
S&P500 Price Index	[illegible]
Nikkei 225 Price Index	[illegible]
Eurostoxx 50 Price Index	[illegible]

Fund performance targets

The Trustee has agreed the following performance targets with the investment managers:

Fund	Fund's benchmark	Fund's objective
Columbia Threadneedle Multi Asset Fund	Bank of England Base Rate + 4% p.a.	To achieve total returns equivalent to cash plus 4% per annum, gross of fees, over the economic cycle (expected to be 5-7 years).
River and Mercantile Solutions Structured Equity EDOS Fund	Composite benchmark* used to broadly mimic the movement in global equities.	To provide returns in line with the benchmark subject to a cap after 3 years, with downside protection in exchange for giving up some upside returns.
River and Mercantile Solutions Liability Hedge Portfolio	No explict benchmark – performance judged based on hedging accuracy.	To hedge 55% of the Plan's interest rates and inflation risk exposure on the Technical Provisions.

**The composite benchmark consists of: 64% S&P 500, 19% Eurostoxx 50, 10% Nikkei 225, 7% FTSE 100.*

Fees and charges

The fees paid to the Investment Manager and underlying funds are as follows:

Fund	Management charge	Estimated additional expenses
Columbia Threadneedle Multi *Asset Fund*	0.485% p.a.	0.080% p.a.
River and Mercantile Solutions *LDI & Structured Equity*	0.200% p.a.	0.020% p.a.

XPS Investment NACAB Pension and Assurance Plan (1991) 21

Appendix D
Myners investment principles

The Trustee recognises the relevance to pension schemes of the Myners investment principles that were first published by the Government in October 2001 and updated following a review in 2007. The Trustee aims to apply the principles using best practice guides and guidance e.g. from The Pensions Regulator (TPR). The Plan's adherence to (or otherwise) with the latest 2008 Myners principles is set out below.

Principle 1: Effective decision-making

Trustees should ensure that decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to take them effectively and monitor their implementation.

Trustees should have sufficient expertise to be able to evaluate and challenge the advice they receive, and manage conflicts of interest.

The Trustee makes decisions by consulting with investment professionals that it feels are best equipped to give that advice. Long-term strategic investment decisions are made in consultation with the Plan's Investment Adviser, whereas short-term tactical decisions are delegated to the appropriate investment manager. The Trustee's view is that it has the appropriate skills and available expertise for effective decision making.

The Trustee strives to have sufficient time to undertake their trustee duties. Some Trustee Directors receive specific payment for their trustee duties.

The Trustee has considered the TPR's Trustee Toolkit and guidance on conflicts of interest.

The Trustee believes this to be in line with Myners Principles.

Principle 2: Clear objectives

Trustees should set out an overall investment objective(s) for the fund that takes account of the scheme's liabilities, the strength of the sponsor covenant and the attitude to risk of both the trustees and the sponsor, and clearly communicate these to advisers and investment managers.

The Trustee has set out objectives and benchmarks for the funding and investment of the Plan; these are set out in Section 3. The Trustee has considered the strength of the sponsor covenant of the Employer and keeps this under review.

Any fund managers appointed to the Plan will have clear mandates including performance expectations, benchmarks and time horizons for evaluation. The Trustee will receive copies of the particular fund's details, prior to the selection of investment managers. The Trustee will require any fund managers appointed outside of the investment platform to sign legal documents detailing the objectives, benchmarks and constraints on manager dealings in relation to a fund. For safekeeping the Trustee will retain copies of the managers' policies, and any letters of direction to them.

In appointing investment managers the Trustee will give consideration to their investment beliefs, and the asset allocation strategy set out in Section 4.

The Trustee believes this to be in line with Myners Principles.

Principle 3: Risk and liabilities

In setting and reviewing their investment strategy, trustees should take account of the form and structure of liabilities. These include the strength of the sponsor covenant, the risk of sponsor default and longevity risk.

The Trustee has decided to adopt the current investment strategy after advice from both the Investment Adviser and the Scheme Actuary. Consideration has been taken of the risks associated with the liabilities and the factors affecting long term performance and their potential impact on these liabilities. The Trustee accepts that underperformance as against the Scheme liabilities may occur due to market conditions.

The Trustee has considered longevity risk and will revisit it on a regular basis. When the asset allocation is reviewed, the Trustee consults with the Employer with regard to their objectives and ability to fund the Plan.

The Trustee believes this to be in line with Myners Principles.

Principle 4: Performance assessment

Trustees should arrange for the formal measurement of the performance of the investments, investment managers and advisers.

Trustees should also periodically make a formal policy assessment of their own effectiveness as a decision-making body and report on this to scheme members.

The Trustee will ensure that it receives performance analysis from the fund managers on a regular basis. The performance of the investment managers and the Investment Adviser will be monitored on a regular basis, as set out in Section 6 of this SIP.

The Trustee believes this to be in line with Myners Principles.

Principle 5: Responsible ownership

Trustees should adopt, or ensure their investment managers adopt, the Institutional Shareholders' Committee Statement of Principles on the responsibilities of shareholders and agents.

A statement of the scheme's policy on responsible ownership should be included in the Statement of Investment Principles.

Trustees should report periodically to members on the discharge of such responsibilities.

The Trustee has set out its policy on responsible ownership in Section 9 of this SIP. The Trustee will request that its investment managers follow the guidance within the Institutional Shareholders' Committee Statement of Principles with regard to corporate governance. The Trustee will make itself aware of the corporate governance policies followed by its investment managers.

The Trustee believes this to be in line with Myners Principles.

Principle 6: Transparency and reporting

Trustees should act in a transparent manner, communicating with stakeholders on issues relating to their management of investment, its governance and risks, including performance against stated objectives.

Trustees should provide regular communication to members in the form they consider most appropriate.

The Trustee will provide a copy of the current SIP on request to Plan members.

Plan members receive an annual review of the asset managers' performances as against the agreed benchmarks in the Trustee's Annual Report to members. Members are also updated on any key investment decisions taken by the Trustee.

The Trustee recognises that there is a requirement for it to demonstrate good governance and to be transparent and accountable to Plan members.

The Trustee believes this to be in line with Myners Principles.

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Appendix B Projections

The chart shows in monetary terms the accumulative effect of charges taken from a member's fund over time.

High Equity With-Profits Fund (Highest charging)					
Years from Now	*Pension Pot (before Charges)*	*Pension Pot (after charges)*	Years from Now	*Pension Pot (before Charges)*	*Pension Pot (after charges)*
1	£2,537	£2,510	11	£2,933	£2,615
2	£2,574	£2,521	12	£2,976	£2,626
3	£2,611	£2,531	13	£3,020	£2,636
4	£2,650	£2,541	14	£3,064	£2,647
5	£2,688	£2,552	15	£3,109	£2,658
6	£2,728	£2,562	16	£3,154	£2,669
7	£2,768	£2,573	17	£3,200	£2,680
8	£2,808	£2,583	18	£3,247	£2,691
9	£2,849	£2,594	19	£3,295	£2,702
10	£2,891	£2,604	20	£3,343	£2,713

Assumptions
Projected pension pots are shown in today's terms and do not need to be reduced further for the effects of inflation. The assumed investment returns before the effect of inflation are:*

Before Charges: 4.00% p.a. to retirement.

After charges: 2.92% p.a. to retirement

The assumed level of inflation is 2.5% pa

Pension Pot Value at Start: £2,500

Deferred Member with a no further contribution.

** The figures illustrated above are only examples and are not guaranteed - they are not minimum or maximum amounts*

Projections
continued

The chart shows in monetary terms the accumulative effect of charges taken from a member's fund over time.

Santander Cash Fund (Lowest charging)					
Years from Now	*Pension Pot (before Charges)*	*Pension Pot (after charges)*	Years from Now	*Pension Pot (before Charges)*	*Pension Pot (after charges)*
1	£2,437	£2,437	11	£1,837	£1,885
2	£2,375	£2,375	12	£1,790	£1,837
3	£2,315	£2,315	13	£1,745	£1,790
4	£2,256	£2,256	14	£1,700	£1,745
5	£2,199	£2,199	15	£1,657	£1,700
6	£2,143	£2,143	16	£1,615	£1,657
7	£2,088	£2,088	17	£1,574	£1,615
8	£2,036	£2,036	18	£1,534	£1,574
9	£1,984	£1,984	19	£1,495	£1,534
10	£1,934	£1,934	20	£1,837	£1,495

Assumptions

Projected pension pots are shown in today's terms and do not need to be reduced further for the effects of inflation. The assumed investment returns before the effect of inflation are:*

Before Charges: -0.10% p.a. to retirement.

After charges: -0.10% p.a. to retirement

The assumed level of inflation is 2.5% pa

Pension Pot Value at Start: £2,500

Deferred Member with a no further contributions.

** The figures illustrated above are only examples and are not guaranteed - they are not minimum or maximum amounts*

Appendix C
Additional Voluntary Contributions

Utmost

Fund Name	Total Expense Ratio %	Transactions costs %
Multi Asset (Moderate) Fund	0.75	0.18
Multi Asset (Cautious) Fund	0.75	0.00
Money Market (Cash) Fund	0.50	0.01

Figures are for the year to 31 March 2023

Source: Utmost

Aegon

Name	Total Expense Ratio %	Transactions costs %
With-Profits Fund	1.00	0.03
Cash Fund	1.00	0.00
Mixed Fund	1.01	0.06
Ethical B Fund	1.00	0.07
Global Fund	1.00	0.09
High Equity With-Profits Fund	1.00	0.09

Figures are for the year to 31 March 2023

Source: Aegon

Prudential

Fund Name	Total Expense Ratio %	Transactions costs %
Deposit Fund	Nil	Nil

Closed in May 2017

Source: Prudential

Santander

Fund Name	Total Expense Ratio %	Transactions costs %
Cash Fund	Nil	Nil

Source: Santander

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