

**DUN & BRADSTREET (UK) PENSION PLAN**  
**ANNUAL GOVERNANCE STATEMENT FOR THE PLAN YEAR ENDING**  
**5 APRIL 2024**

**PREPARED IN ACCORDANCE WITH REGULATION 23 OF THE OCCUPATIONAL  
PENSION SCHEMES (SCHEME ADMINISTRATION) REGULATIONS 1996 (THE  
"REGULATIONS")**

---

**1. INTRODUCTION**

- 1.1 Governance requirements apply to defined contribution (DC) pension schemes, such as the DC Section of the Dun & Bradstreet (UK) Pension Plan ('the Plan'). The Trustee of the Plan is required to produce a yearly statement, signed by the Trustee Chair, to outline how these governance requirements have been met in relation to:
- The investment options available to members, including the default investment options,
  - The net investment returns for each of the investment options,
  - The asset allocation assessment,
  - The requirements for processing financial transactions,
  - The charges and transaction costs incurred by members, including the extent to which they provide value to members and the possible impact they have on benefits, and
  - Trustee knowledge and understanding.
- 1.2 This statement covers the Plan's year from 6 April 2023 to 5 April 2024 (although some of the information below relates to the year ending 31 March 2024, the period closest to the Plan's year end for which information is available).

**2. INVESTMENT OPTIONS**

**The default investment options**

- 2.1 During 2021, the Diversified Annuity Lifestyle 2021 was replaced as the default investment option for members who are automatically enrolled into the DC Section and who do not make an investment choice, to the Diversified Drawdown Lifestyle 2021.
- 2.2 Following the above change, the DC Section has three default investment options:
- The Diversified Drawdown Lifestyle 2021 (previously called the Diversified Lifestyle Drawdown Investment Programme) – since 14 June 2021, this has been the default investment option for new members who were automatically enrolled into the DC Section,
  - The Diversified Annuity Lifestyle 2021 (previously called the Diversified Lifestyle Annuity Investment Programme) – before 14 June 2021, this was the default investment option for new members who were automatically enrolled into the DC Section, and
  - The AP Money Market Fund – this is the default investment option that was used for the temporary investment of members' contributions following the suspension in trading of one of the investments funds in 2020.

- 2.3 The Trustee prepares and keeps under review a Statement of Investment Principles in accordance with regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005 and a copy of the latest version (dated September 2024) is attached as Appendix I to this statement and can also be found on the Plan's website (see [the D&B \(UK\) Pension Plan](#)) along with a copy of this statement. This sets out the Trustee's investment policies relating to the Plan as a whole, including such matters as the Trustee's investment beliefs and objectives, the investment management arrangements, risk controls, as well as the selection and monitoring of investment managers. In addition, the SIP sets out the Trustee's approach to sustainable investment (such as the extent to which environmental, social and governance (ESG) factors are considered) and the exercising of voting rights that arise from the Plan's investments.
- 2.4 The SIP also includes the aims and objectives for the DC Section's default investment options, together with the reasons why the Trustee feels they are appropriate for those members who do not actively make their own investment choice.
- 2.5 None of the default investment options operate with performance-based fees.
- 2.6 Further information on all of the default investment options is provided below.
- The Diversified Drawdown Lifestyle 2021***
- 2.7 The DC Section is used as a Qualifying Scheme for auto-enrolment. For new members who are automatically enrolled into the DC Section and who do not make an explicit choice on how to invest their pension savings, contributions are automatically invested in the Diversified Drawdown Lifestyle 2021. This has been the DC Section's 'auto-enrolment' default investment strategy since 14 June 2021.
- 2.8 The aims and objectives of the Diversified Drawdown Lifestyle 2021 are to:
- Provide long-term real growth whilst members are far from their selected retirement date,
  - Gradually reduce risk as members get nearer to their selected retirement date by automatically moving members savings to lower risk investment funds, and
  - Have an asset allocation at the member's selected retirement date that is appropriate and consistent with providing a flexible income in retirement by using income drawdown.
- 2.9 The Trustee undertakes a strategic review of the Diversified Drawdown Lifestyle 2021 every three years to ensure it remains appropriate for new members who are automatically enrolled into the DC Section, although an earlier review will be undertaken if there are any significant changes in investment policy or membership. The latest review was undertaken in August 2023. Following the review, the Trustee concluded that the Lifestyle remains appropriate except to replace the BlackRock (30:70) Currency Hedged Global Equity Tracker fund with a global equity fund which reduces the UK bias in the current approach and better integrates Environmental, Social and Governance (ESG)/sustainable investments. An appropriate blended fund has been identified as a suitable alternative to replace the BlackRock (30:70) Currency hedged Global Equity Tracker fund and the transition is planned for March 2025. Further details will be provided to affected members closer to the time
- 2.10 Between full reviews, as part of its quarterly meetings and based on fund performance information provided by Aviva, the Investment and Funding Committee (I&FC) reviews the performance of the Diversified Drawdown Lifestyle 2021 to ensure that it is performing in line with its objectives.

### ***The Diversified Annuity Lifestyle 2021***

- 2.11 For members who were automatically enrolled into the DC Section before 14 June 2021 and who did not make an investment choice, their own and the employer's contributions were invested in the Diversified Annuity Lifestyle 2021 (previously the Diversified Lifestyle Annuity Investment Programme).
- 2.12 The aims and objectives of the Diversified Annuity Lifestyle 2021 are to:
- Provide long-term real growth whilst members are far from their selected retirement date,
  - Gradually reduce risk as members get nearer to their selected retirement date by automatically moving members savings to lower risk investment funds, and
  - Have an asset allocation at the member's selected retirement date that is appropriate and consistent with providing a guaranteed income by the purchase of an annuity.
- 2.13 The Trustee will undertake a strategic review of the Diversified Annuity Lifestyle 2021 every three years to ensure it remains appropriate for the relevant members, although an earlier review will be undertaken if there are any significant changes in investment policy or membership. The latest review was undertaken in August 2023. Following the review and in line with the above, the Trustee concluded that the Lifestyle remains appropriate except to replace the BlackRock (30:70) Currency Hedged Global Equity Tracker fund with a global equity fund which reduces the UK bias in the current approach and better integrates ESG/sustainable investments. An appropriate blended fund has been identified as a suitable alternative to replace the BlackRock (30:70) Currency hedged Global Equity Tracker fund and the transition is planned for March 2025. Further details will be provided to affected members closer to the time.
- 2.14 Between full reviews, as part of its quarterly meetings and based on fund performance information provided by Aviva, the I&FC reviews the performance of the Diversified Annuity Lifestyle 2021 to ensure that it is performing in line with its objectives.

### ***The AP Money Market Fund***

- 2.9 Towards the end of March 2020, trading in the AP CT Pensions Property Fund (formerly named the Threadneedle Pensions Property Fund) was temporarily suspended due to the impact of Covid-19 making it difficult to place an accurate value on the properties in which the fund invested. This meant that it was not possible for members to invest new money in or withdraw money from this fund (except in specific circumstances, such as normal retirement). Consequently, for members investing at least part of their contributions in the AP CT Pensions Property Fund, to avoid any delay in the collection and investment of those contributions, the Trustee agreed that from April 2020 these contributions should be temporarily invested in an alternative fund and chose the AP Money Market Fund for this purpose.
- 2.10 At the time of trading being suspended, affected members were informed that once the trading suspension was lifted, their contributions would once again be invested in the AP CT Pensions Property Fund. The trading suspension in the AP CT Pensions Property Fund was lifted in September 2020 and consequently the investment of contributions resumed from this date.
- 2.11 The aims and objectives of the AP Money Market Fund is to protect the value of capital by investing in deposit investments and similar assets with governments, first class banks and major companies (although while the fund aims to provide a lower risk return, values can fall). Consequently, as it was felt likely that the trading suspension in the AP CT Pensions Property Fund was likely to only be over the short term, the Trustee agreed that

the AP Money Market Fund was an appropriate default option for the temporary investment of members' contributions as it minimised the risk of these contributions falling in value pending the recommencement of their investment in the AP CT Pensions Property Fund.

- 2.12 The Trustee will undertake a strategic review of the AP Money Market Fund every three years to ensure it remains appropriate as the default option for the temporary investment of members' contributions if trading in an investment fund is temporarily suspended. An earlier review will be undertaken if there are any significant changes in investment policy or membership.
- 2.13 The first review of the AP Money Market Fund was undertaken during the Plan Year. Following the review, the Trustee concluded that the fund remains appropriate
- 2.14 Between full reviews, as part of its quarterly meetings and based on fund performance information provided by Aviva, the I&FC reviews the performance of the AP Money Market Fund to ensure that it is performing in line with its objectives.

### **The alternative investment options**

- 2.15 As an alternative to the three default investment options, members of the DC Section can invest in:
- Two alternative lifestyle investment strategies, the Equity Drawdown Lifestyle 2021 (previously the World Equity Lifestyle Drawdown Investment Programme) and the Equity Annuity Lifestyle 2021 (previously the World Equity Lifestyle Annuity Investment Programme), and
  - A selection of 12 investment funds (including the AP Money Market Fund) that make up the 'self-select fund range'.

The changes to the global equity fund (referred to above) will also apply to the Equity Drawdown Lifestyle 2021 and the Equity Annuity Lifestyle 2021.

### **The Old Money Purchase Section**

- 2.16 Members with benefits in the Plan's Old Money Purchase Section are invested in the OMPS Lifestyle 2021 (previously the Dun & Bradstreet Lifecycle 2018) that mirrors the Diversified Annuity Lifestyle 2021. The changes to the global equity fund (referred to above) will also apply to these strategies.

## **3. NET INVESTMENT RETURNS**

- 3.1 In the tables below are shown the net investment returns for each of the default investment strategies and the alternative investment options that members are (or were) able to select and in which members were invested during the year to 5 April 2024. Net investment returns are the performance of each of the investment options and funds less all member borne charges and transaction costs. The information has been provided by Aviva (see also the notes on page 5).

- 3.2 When preparing this information, the Trustee has considered the guidance issued by the Department for Work and Pensions (DWP) titled 'Completing the annual Value for Members assessment and Reporting of Net Investment Returns' dated October 2021.

### ***The default investment options***

- 3.3 For the Diversified Drawdown Lifestyle 2021 and the Diversified Annuity Lifestyle 2021, because the net investment returns are different for members of different ages, the tables below show the annual net investments returns for members aged 25, 45 and 55 at the start of the five-year period.

*The Diversified Drawdown Lifestyle 2021*

Age of member	Net investment return 5 years to 31 March 2024	Net investment return 1 year to 31 March 2024
25	9.4% pa	19.5%
45	6.5% pa	15.2%
55	4.1% pa	8.0%

*The Diversified Annuity Lifestyle 2021*

Age of member	Net investment return 5 years to 31 March 2024	Net investment return 1 year to 31 March 2024
25	9.4% pa	19.5%
45	6.5% pa	15.2%
55	2.4% pa	7.8%

*The AP Money Market Fund*

Fund name	Net investment return 5 years to 31 March 2024	Net investment return 1 year to 31 March 2024
AP Money Market	1.5% pa	4.7%

***The alternative investment options***

- 3.4 As an alternative to the default investment options, members of the DC Section can choose from two alternative lifestyle strategies, the Equity Drawdown Lifestyle 2021 and the Equity Annuity Lifestyle 2021, or from individual investment funds included in the self-select fund range.
- 3.5 For the Equity Drawdown Lifestyle 2021 and the Equity Annuity Lifestyle 2021, because members invested in these two lifestyles are invested in the BlackRock (30:70) Currency Hedged Global Equity Index Tracker fund until they are five years from their selected retirement age, the net investment returns are the same for members aged 25, 45 and 55 at the start of the five-year period. The net investment returns for these two lifestyles are shown in the table below.

*The Equity Drawdown Lifestyle 2021 & the Equity Annuity Lifestyle 2021*

Age of member	Net investment return 5 years to 31 March 2024	Net investment return 1 year to 31 March 2024
25	9.4% pa	19.5%
45	9.4% pa	19.5%
55	9.4% pa	19.5%

- 3.6 The net investment returns for the investment funds that make up the self-select fund range are shown in the table below.

Fund name	Net investment return 5 years to 31 March 2024	Net investment return 1 year to 31 March 2024
<b>Equity funds</b>		
BlackRock (30:70) Currency Hedged Global Equity Index Tracker	9.4% pa	19.5%

<b>Fund name</b>	<b>Net investment return 5 years to 31 March 2024</b>	<b>Net investment return 1 year to 31 March 2024</b>
D&B Global Equity Active	9.7% pa	13.1%
Artemis UK Special Situations	7.7% pa	12.9%
BlackRock UK Equity Index Tracker	5.1% pa	7.4%
BlackRock World ex-UK Equity Index Tracker	13.6% pa	24.7%
<b>Fixed Interest funds</b>		
L&G All Stocks Gilt Index	-4.2% pa	-2.7%
BlackRock Over 15 Year Gilt Index Tracker	-8.3% pa	-4.8%
BlackRock 5 Year Index Linked Gilt Index Tracker	-6.8% pa	-7.8%
BlackRock Over 15 Year Corporate Bond Index Tracker	-3.7% pa	5.3%
<b>Alternative funds</b>		
CT Pensions Property	0.4% pa	0.5%
LGIM Diversified	4.2% pa	8.1%
Money Market	1.5% pa	4.7%

### ***The Old Money Purchase Section***

- 3.7 For the OMPS Lifestyle 2021, because the net investment returns are different for members of different ages, the table below shows the annual net investments returns for members aged 25, 45 and 55 at the start of the five-year period.

<b>Age of member</b>	<b>Net investment return 5 years to 31 March 2024</b>	<b>Net investment return 1 year to 31 March 2024</b>
25	9.4% pa	19.5%
45	6.5% pa	15.2%
55	2.4% pa	7.8%

### **Notes to net investment returns**

- Figures calculated by Aviva in line with the requirements of the Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 and accompany statutory guidance.
- The net investment returns for the Diversified Drawdown Lifestyle 2021 and the Diversified Annuity Lifestyle 2021 assume a retirement age of 65.
- The returns are net of all charges and costs borne by members, including platform or product administration charges, fund management charges, additional fund expenses and transaction costs.

d. The net investment returns reflect the charges and costs at the time of calculation, which could vary in the future.

#### 4. **ASSET ALLOCATION ASSESSMENT**

4.1 The Trustee is required to assess and report on the allocation of assets in each default arrangement and the results are included in Appendix II.

#### 5. **CORE FINANCIAL TRANSACTIONS**

5.1 The completion of all core financial transactions is subject to Aviva's agreed service levels that are set out in the Service Level Agreement (SLA) with the Trustee. Amongst other services, the SLA covers the timeliness and accuracy of tasks, such as the collection and investment of the monthly contributions, investment fund switches and benefit payments for retirements, leavers and deaths.

5.2 The Trustee's Governance Committee (GC) monitors Aviva's performance against its agreed service levels at each of its quarterly meetings (held in May, August, November and February during the year covered by this statement), which are attended by Aviva. At each GC meeting, Aviva presents its quarterly governance report and provides an overview of its performance against its agreed service levels (which are broken down by task and transaction type) and explains the reasons for any instances of underperformance, including the steps being taken to address the underperformance. Attendance by Aviva also allows the GC to ask for further information on tasks that are significantly beyond the target set out in the SLA.

5.3 During the year to 5 April 2024:

- For core financial transactions completed using 'straight through processing' (the payment and investment of monthly contributions), 100% were completed within the targets set out in the SLA,
- For core financial transactions not completed using 'straight through processing', the proportion completed within the targets set out in the SLA was 99% for the year (ranging from 97% to 100% each quarter), and
- For all administration tasks, the proportion completed within the targets set out in the SLA was 97% for the year (ranging from 94% to 99% each quarter).

5.4 The Plan's auditors also review core financial transactions as part of the annual audit.

5.5 Based on the monitoring by the GC at its quarterly meetings, the Trustee is satisfied that during the Plan year ending 5 April 2024:

- Aviva operated appropriate procedures, checks and controls in relation to its agreed service levels,
- There were no material administration errors in relation to the processing of core financial transactions, and
- Overall, core financial transactions were completed promptly and accurately.

#### 6. **CHARGES, TRANSACTION COSTS, AND VALUE FOR MEMBERS**

##### **Charges and transaction costs**

6.1 The explicit fund charges for each investment fund, known as the Total Expense Ratio (TER), applicable to the Plan's investment options are shown in Appendix III to this statement (provided by Aviva). The TERs cover the costs of the administration,

communication and investment services that Aviva provides to members of the DC Section as well as some governance support provided to the Trustee, such as the provision of quarterly governance reports.

- 6.2 In addition to these explicit fund charges, transaction costs are incurred by fund managers as a result of buying, selling, lending or borrowing the underlying investments of each fund. Details of the total transaction costs incurred by each fund for the year ending 31 March 2024 (the period closest to the Plan's year end for which information is available) are also provided in Appendix III.
- 6.3 There is no standard way of calculating transaction costs. The FCA has stipulated that a calculation methodology called 'slippage cost' should be used, which calculates the difference between the expected price of buying an underlying investment in an investment fund (for example, shares in a company) at the time the order is placed by the investment manager and the price at which the trade is executed. One consequence of this method is that, rather than generating a cost, it can result in a negative transaction cost being reported by the investment manager. In line with guidance from the DWP, where a negative transaction cost has been reported for one of the investment funds included in the DC Section (because an overall gain was made on the transactions, which can happen as a result of changes in the pricing of the assets being bought or sold), a zero transaction cost has been shown in the tables in Appendix III. However, where this has happened for the year covered by this statement, it is not expected that transaction costs will always be negative, and it is important to note that negative (or zero) transaction costs during any one year may not accurately represent the actual transaction costs a member may expect to see in future years.
- 6.4 In addition, Appendix IV includes illustrations produced by Aviva that provide an indication of how charges and transaction costs impact a member's benefits. The Trustee confirms that it believes that Aviva has taken account of the relevant statutory guidance when preparing these illustrations.

### **Value for members**

- 6.5 The Trustee is required to assess the extent to which the charges and transaction costs incurred by members represent good value for members. There is no legal definition of 'good value' but the Trustee considers it to broadly mean that the combination of costs, and the quality of what is provided in return for those costs, is appropriate for the DC Section's membership, when compared to other options available in the market.
- 6.6 The Trustee recognises that good value for members does not necessarily mean the lowest charges, and the overall quality of the service received in return for the charges incurred by members must also be considered along with other benefits from their membership for which they do not meet the cost. These include the Trustee's:
- Oversight and governance duties for both the DC Section and the Plan as a whole, which include ensuring compliance with relevant legislation, such as the charge cap, and holding regular meetings to monitor the Plan and address any material issues that may impact members,
  - Review of the default investment options (undertaken at least once every three years) and alternative investment options to ensure they remain appropriate for the membership,
  - Monitoring of the quality of communications delivered to members, including the most appropriate and efficient method of delivery e.g. sending communications by email



whenever possible, and

- Review of the quality of the support services provided such as the Plan's website where members can access information online.

6.7 The Trustee assesses the extent to which the DC Section represents value for members by:

- Comparing the charges and transaction costs with other pension schemes and investment sectors, particularly in relation to the default option, the Diversified Drawdown Lifestyle 2021,
- Assessing the performance of the investment funds against each fund's benchmark over both one year and five year periods.
- Assessing the Trustee's and Aviva's performance in the areas of governance, administration and communications.

6.8 As part of this and with the assistance of its advisers, the Trustee regularly monitors the competitiveness of the charges incurred by members. In addition:

- The performance of the investment funds compared to each fund's investment objective, as well as their continuing suitability, is monitored each quarter by the I&FC,
- The administration performance of Aviva is closely monitored by the GC during their quarterly meetings, and
- Transaction costs should provide value for members as the ability for investments managers to buy and sell investments (which gives rise to the transactions costs) forms an integral part of their management of the investments funds in which members are invested, which in turn should lead to greater investment returns, net of fees, over time.

6.9 In addition, the Trustee has previously surveyed members to obtain their views on a variety of aspects of the DC Section, such as the investment options available.

6.10 Having undertaken its value for member assessment and giving more weight to the DC Section's default option (in which most members are invested) in relation to charges and costs and investment performance, a summary of the Trustee's conclusions is set out below.

- Charges and transaction costs – as the charges represent most of the costs incurred by members, and the charges for the investment funds used in the default option are either below the average or 25<sup>th</sup> percentile of the charges of default options used by other DC pension schemes, the Trustee concluded that the charges and transaction costs provided 'good value'.
- Investment performance – the performance of the funds used in the default option was good over the one year and five year periods to 31 March 2024. The AP LGIM Diversified fund underperformed its benchmark over both periods. However, the comparator for the LGIM Diversified Fund is the FTSE Developed World Index – 50% GBP Hedged. Whilst this is used because the long-term expected rate of return of the fund is broadly similar to that of a developed market equity fund, the AP LGIM Diversified fund carries less exposure to equity and so a deviance would be expected in periods of benign or positive market conditions.
- Giving greater weight to where most assets are invested and considering the performance of the self-select funds, overall, the Trustee concluded that investment performance provided 'fair value'.

- Governance, administration and communications – the Trustee has a Service Level Agreement (SLA) in place with Aviva and Aviva’s performance against its targets set out in the SLA was good during the year and showed an improvement over the previous year. In addition, the Trustee operates an effective governance framework and continues to support members with a variety of good quality communications, including a dedicated website for the Plan (see [the D&B \(UK\) Pension Plan](#)). Overall, the Trustee therefore concluded that governance, administration and communications provided ‘good value’.

6.11 Based on the above, for the year ending 5 April 2024, the Trustee concluded that overall, the DC Section provided ‘fair value’ to the members.

## 6. TRUSTEE KNOWLEDGE AND UNDERSTANDING (TKU)

6.1 The requirement under section 248 of the Pensions Act 2004 (requirement for knowledge and understanding) has been met during the Plan year by the Trustee Directors undertaking regular training at each quarterly board meeting and targeted attendance at external training courses. In addition, the I&FC receive from the Trustee’s investment advisers regular training on investment topics as part of their I&FC meetings.

6.2 The Trustee has measures in place to ensure each of the Trustee Directors meet the TKU requirements. These are summarised below:

- There is an agreed induction process for new Trustee Directors (and there were three new appointments during the year covered by this statement).
- All Trustee Directors are required to complete all sections of the Pensions Regulator’s trustee toolkit (all the Trustee Directors as at the reporting date have successfully completed the toolkit).
- Four out of the seven Trustee Directors hold the Pensions Management Institute’s ‘Award in Pension Trusteeship (Defined Contribution and Defined Benefit Schemes)’.
- Training needs are identified by self-assessment undertaken by individual Trustee Directors or collectively by the Trustee board to identify a specific need for the group (the Trustee Directors last undertook an updated self-assessment of their training needs in January 2023. They will carry out the next self-assessment in the year ending 5 April 2025 to identify topics for future training sessions).
- The Trustee’s advisers bring to the Trustee’s attention any changes in legislation or governance requirement that are relevant to the DC Section of the Plan.
- The Trustee has a dedicated budget to meet the costs associated with the provision of the required training. During the year ending 5 April 2024, examples of the training received relevant to the DC Section are as follows:
  - Supporting DC savers in the current economic climate,
  - Value for Member (VfM) assessment.
  - Communications Discovery Session

In addition to the above, in relation to the wider Plan, the Trustee received training on GMP equalisation, General Code of Practice, Liability-Driven Investment (LDI) and ESG factors as well as quarterly updates on the current issues in pensions.

- Plan documents are available to the Trustee Directors on a dedicated Trustee site that allows them to refer to them as necessary and thereby maintain a working knowledge of the Plan’s key documents, including the Trust Deed and Rules, the Statement of Investment Principles and the Trustee’s current policies, which is supplemented by relevant training and advice as required.
- All training undertaken by the Trustee Directors, whether individually or collectively as a group, is recorded in a training log.

The Plan benefits from a very stable and experienced Trustee board. This, combined with the knowledge and understanding of the Trustee Directors and the advice received by them from their professional advisers (both as part of their attendance at quarterly Trustee and I&FC meetings and on an ongoing basis throughout the year), enables them to properly exercise their functions as Trustee Directors by formulating a suitable investment framework and providing rigorous governance for the Plan.

Signed for and on behalf of Dun & Bradstreet (UK) Pension Plan

.....  
Andy Jermy, Chair of Trustee

.....  
Date

**APPENDIX I – STATEMENT OF INVESTMENT PRINCIPLES**

<<add latest SIP>>

## APPENDIX II – ASSET ALLOCATION ASSESSMENT

The Trustee has assessed the allocation of assets in each default arrangement and the results are below. For the arrangements where the asset allocation varies with age, such as the Diversified Drawdown Lifestyle 2021 strategy, the asset allocation is shown for a member aged 25,45,55 and State Pension Age (SPA (age 66)).

When preparing this assessment, the Trustee has considered the guidance issued by the DWP titled 'Disclose and Explain asset allocation reporting and performance-based fees and charge cap' dated January 2023.

### *Diversified Drawdown Lifestyle 2021*

#### Asset Class Report

Main Asset Class	Percentage allocation in each main asset class at age			
	25	45	55	SPA (66)
Cash	-0.63%	4.43%	16.79%	38.58%
Bonds	0.12%	7.39%	25.17%	20.29%
Listed Equities	95.91%	73.67%	19.28%	10.13%
Private Equities	0.00%	0.00%	0.00%	0.00%
Infrastructure	0.00%	0.00%	0.00%	0.00%
Property	1.30%	2.43%	5.20%	4.12%
Private Debt	0.00%	0.00%	0.00%	0.00%
Other	3.30%	12.08%	33.56%	26.88%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Source: Broadridge

#### Sub Class Report

Subclasses have been grouped as per the geographic standards.

Sub Asset Class	Percentage allocation in each sub asset class at age			
	25	45	55	SPA (66)
Cash	-0.63%	4.43%	16.79%	38.58%
UK Government Bonds	0.00%	0.87%	2.99%	2.41%
UK Corporate Bonds	0.01%	0.42%	1.42%	1.14%
Europe (ex UK) Bonds	0.07%	1.06%	3.49%	2.81%

Sub Asset Class	Percentage allocation in each sub asset class at age			
	25	45	55	SPA (66)
North American Bonds	0.01%	2.39%	8.22%	6.63%
Japan Bonds	0.01%	0.02%	0.07%	0.05%
Asia (ex Japan) Bonds	0.01%	0.59%	2.01%	1.62%
Emerging Market Bonds	0.00%	0.78%	2.67%	2.15%
Other Bonds	0.01%	1.26%	4.32%	3.48%
UK Listed Equities	26.39%	19.90%	4.03%	1.76%
Europe (ex UK) Listed Equities	10.81%	8.56%	3.06%	1.86%
North American Equities	42.36%	32.07%	6.91%	3.18%
Japan Equities	4.47%	3.99%	2.79%	2.00%
Asia (ex Japan) Listed Equities	9.53%	7.39%	2.16%	1.21%
Other Equities	2.34%	1.76%	0.33%	0.14%
Real Estate	1.30%	2.43%	5.20%	4.12%
Alt. Trading Strategies	1.13%	0.95%	0.51%	0.35%
Non-Classified	0.41%	1.34%	3.60%	2.88%
Other	1.76%	9.79%	29.45%	23.65%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

OMPS Lifestyle 2021

Asset Class Report

Main Asset Class	Percentage allocation in each main asset class at age			
	25	45	55	SPA (66)
Cash	-0.63%	4.43%	16.79%	20.30%
Bonds	0.12%	7.39%	25.17%	62.77%
Listed Equities	95.91%	73.67%	19.28%	3.92%
Private Equities	0.00%	0.00%	0.00%	0.00%
Infrastructure	0.00%	0.00%	0.00%	0.00%
Property	1.30%	2.43%	5.20%	1.59%
Private Debt	0.00%	0.00%	0.00%	0.00%
Other	3.30%	12.08%	33.56%	11.42%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Source: Broadridge

## Sub Class Report

Subclasses have been grouped as per the geographic standards.

Sub Asset Class	Percentage allocation in each sub asset class at age			
	25	45	55	SPA (66)
Cash	-0.63%	4.43%	16.79%	20.30%
UK Government Bonds	0.00%	0.87%	2.99%	55.85%
UK Corporate Bonds	0.01%	0.42%	1.42%	0.44%
Europe (ex UK) Bonds	0.07%	1.06%	3.49%	1.09%
North American Bonds	0.01%	2.39%	8.22%	2.56%
Japan Bonds	0.01%	0.02%	0.07%	0.02%
Asia (ex Japan) Bonds	0.01%	0.59%	2.01%	0.63%
Emerging Market Bonds	0.00%	0.78%	2.67%	0.83%
Other Bonds	0.01%	1.26%	4.32%	1.35%
UK Listed Equities	26.39%	19.90%	4.03%	0.68%
Europe (ex UK) Listed Equities	10.81%	8.56%	3.06%	0.72%
North American Equities	42.36%	32.07%	6.91%	1.23%
Japan Equities	4.47%	3.99%	2.79%	0.77%
Asia (ex Japan) Listed Equities	9.53%	7.39%	2.16%	0.47%
Other Equities	2.34%	1.76%	0.33%	0.05%
Real Estate	1.30%	2.43%	5.20%	1.59%
Alt. Trading Strategies	1.13%	0.95%	0.51%	0.14%
Non-Classified	0.41%	1.34%	3.60%	1.61%
Other	1.76%	9.79%	29.45%	9.67%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

AV Money Market

## Asset Class Report

Main Asset Class	Percentage allocation in each main asset class at age			
	25	45	55	SPA (66)
Cash	100.00%	100.00%	100.00%	100.00%
Bonds	0.00%	0.00%	0.00%	0.00%
Listed Equities	0.00%	0.00%	0.00%	0.00%

Private Equities	0.00%	0.00%	0.00%	0.00%
Infrastructure	0.00%	0.00%	0.00%	0.00%
Property	0.00%	0.00%	0.00%	0.00%
Private Debt	0.00%	0.00%	0.00%	0.00%
Other	0.00%	0.00%	0.00%	0.00%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Source: Broadridge

### Sub Class Report

Subclasses have been grouped as per the geographic standards.

Sub Asset Class	Percentage allocation in each sub asset class at age			
	25	45	55	SPA (66)
Cash	100.00%	100.00%	100.00%	100.00%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>



## APPENDIX III – CHARGES AND TRANSACTION COSTS

### INVESTMENT CHARGES

The Trustee has obtained the Total Expense Ratio (TER) and transactions costs for all funds for the year ending 31 March 2024 and these are shown in the tables below.

In preparing this section, the Trustee has considered statutory guidance prepared by the Department of Work and Pensions.

#### The default investment options

##### *The Diversified Drawdown Lifestyle 2021 and the Diversified Annuity Lifestyle 2021*

The Total Expense Ratio (TER) and transaction costs for the year ending 31 March 2024 (the period closest to the Plan's year end for which information is available) for the funds that are used in these two default options are shown in the table below.

##### *The Diversified Drawdown Lifestyle 2021*

Underlying fund names	AMC % pa (from 25/05/2022)	Additional Expenses % pa	TER % pa	Total Transaction costs %
BlackRock (30:70) Currency Hedged Global Equity Index Tracker	0.23	0.00	0.23	0.0549
LGIM Diversified*	0.40	0.00	0.40	0.0000
Money Market	0.22	0.00	0.22	0.0000

##### *The Diversified Annuity Lifestyle 2021*

Underlying fund names	AMC % pa (from 25/05/2022)	Additional Expenses % pa	TER % pa	Total Transaction costs %
BlackRock (30:70) Currency Hedged Global Equity Index Tracker	0.23	0.00	0.23	0.0549
LGIM Diversified	0.40	0.00	0.40	0.0000
BlackRock Over 5 Year Index-Linked Gilt Index Tracker	0.24	0.00	0.24	0.0832
L&G All Stocks Gilts Index	0.24	0.00	0.24	0.0000
Money Market	0.22	0.00	0.22	0.0000

\* Transaction costs were negative

As the TER incurred by members invested in the Diversified Drawdown Lifestyle 2021 (DDL 2021) and the Diversified Annuity Lifestyle 2021 (DAL 2021) depends on the mix of funds in which the member is invested at any point in time, the table below shows examples of how the charges change over time.

Lifestyle strategy	TER (%pa)					
	25 yrs and over to retirement age	20 yrs to retirement age	15 yrs to retirement age	10 yrs to retirement age	5 yrs to retirement age	At retirement age
DDL 2021	0.23	0.29	0.34	0.40	0.38	0.36
DAL 2021	0.23	0.29	0.34	0.40	0.34	0.28

### The AP Money Market Fund

Fund name	AMC % pa	Additional Expenses % pa	TER % pa	Total Transaction costs %
Money Market	0.22	0.00	0.22	0.0000

### The alternative lifestyle strategies

As an alternative to the Diversified Drawdown Lifestyle 2021 and the Diversified Annuity Lifestyle 2021, members can invest in the Equity Drawdown Lifestyle 2021 or the Equity Annuity Lifestyle 2021.

The Total Expense Ratio (TER) and transaction costs for the year ending 31 March 2024 (the period closest to the Plan's year end for which information is available) for each of the funds that are used in these two options are shown in the table below.

#### *The Equity Drawdown Lifestyle 2021*

Underlying fund names	AMC % pa	Additional Expenses % pa	TER % pa	Total Transaction costs %
BlackRock (30:70) Currency Hedged Global Equity Index Tracker	0.23	0.00	0.23	0.0549
LGIM Diversified*	0.40	0.00	0.40	0.0000
Money Market	0.22	0.00	0.22	0.0000

#### *The Equity Annuity Lifestyle 2021*

Underlying fund names	AMC % pa	Additional Expenses % pa	TER % pa	Total Transaction costs %
BlackRock (30:70) Currency Hedged Global Equity Index Tracker	0.23	0.00	0.23	0.0549
LGIM Diversified*	0.40	0.00	0.40	0.0000
BlackRock Over 5 Year Index-Linked Gilt Index Tracker	0.24	0.00	0.24	0.0832
L&G All Stocks Gilts Index	0.24	0.00	0.24	0.1111
Money Market	0.22	0.00	0.22	0.0000

As the TER incurred by members invested in the Equity Drawdown Lifestyle 2021 (EDL 2021) and the Equity Annuity Lifestyle 2021 (EAL 2021) depends on the mix of funds in which the member is invested at any point in time, the table below shows examples of how the charges change over time.

Lifestyle strategy	TER (%pa)					
	25 yrs and over to retirement age	20 yrs to retirement age	15 yrs to retirement age	10 yrs to retirement age	5 yrs to retirement age	At retirement age
EDL 2021	0.23	0.23	0.23	0.23	0.23	0.36
EAL 2021	0.23	0.23	0.23	0.23	0.23	0.28

### The self-select fund range

The TERs and transaction costs for the year ending 31 March 2024 (the period closest to the Plan's year end for which information is available) for the self-select fund range under the Plan are shown in the table below. The table below also includes the AP Money Market Fund, the DC Section's second default investment option.

Self-select fund name	AMC % pa	Additional Expenses % pa	TER % pa	Total Transaction Costs %
BlackRock (30:70) Currency Hedged Global Equity Index Tracker	0.23	0.00	0.23	0.0549
BlackRock World ex-UK Equity Index Tracker	0.24	0.00	0.24	0.0169
BlackRock UK Equity Index Tracker	0.24	0.00	0.24	0.1415
Artemis Special Situations	1.03	0.00	1.03	0.1909
Dun & Bradstreet Global Equity Active	1.03	0.00	1.03	0.0934
BlackRock Over 15 Year Corporate Bond Index Tracker	0.24	0.00	0.24	0.1318
BlackRock Over 15 Year Gilt Index Tracker	0.24	0.00	0.24	0.0321
BlackRock Over 5 Year Index-Linked Gilt Index Tracker	0.24	0.00	0.24	0.0832
L&G All Stocks Gilts Index	0.24	0.00	0.24	0.1111
CT Pensions Property	0.83	0.00	0.83	0.1290
LGIM Diversified*	0.40	0.00	0.40	0.0000
Money Market	0.22	0.00	0.22	0.0000

\* Transaction costs were negative

## The Old Money Purchase Section

Members with benefits in the Old Money Purchase Section are invested in the OMPS Lifestyle 2021.

The Total Expense Ratio (TER) and transaction costs for the year ending 31 March 2024 (the period closest to the Plan's year end for which information is available) for each of the funds that are used in the OMPS Lifestyle 2021 are shown in the table below.

Underlying fund names	AMC % pa	Additional Expenses % pa	TER % pa	Total Transaction costs %
BlackRock (30:70) Currency Hedged Global Equity Index Tracker	0.23	0.00	0.23	0.0549
LGIM Diversified	0.40	0.00	0.40	0.0000
BlackRock Over 5 Year Index-Linked Gilt Index Tracker	0.24	0.00	0.24	0.0832
L&G All Stocks Gilts Index	0.24	0.00	0.24	0.1111
Money Market	0.22	0.00	0.22	0.0000

The TER incurred by members invested in the OMPS Lifestyle 2021 (OL 2021) depends on the mix of funds in which the member is invested at any point in time. The table below shows examples of how the charges change over time.

Lifestyle strategy	TER (%pa)					
	25 yrs and over to retirement age	20 yrs to retirement age	15 yrs to retirement age	10 yrs to retirement age	5 yrs to retirement age	At retirement age
OL 2021	0.23	0.29	0.34	0.40	0.34	0.28

## **APPENDIX IV – THE IMPACT OF CHARGES AND TRANSACTION COSTS**

### **What are the illustrations for and how could they help you?**

The information in this document is an 'illustration' only and is provided to show you the possible effect of costs and charges on your pension savings to help you plan for your retirement. The figures shown in it are not personal to you and do not show the actual pension benefits you could get from the Plan.

Your benefits depend on many things such as contributions from you or the Company, how your chosen investment funds have performed, and costs and charges. You may get back less than you put in.

### **How charges affect the Plan's investment funds?**

On the following pages are tables which show how different costs and charges can impact the pension pot over certain periods of time, based on a selection of investment funds. **Table 1** shows the DC Section's three default options (the Diversified Drawdown Lifestyle 2021, the Diversified Annuity Lifestyle 2021 and the AP Money Market fund) whereas **Table 2** shows the self-select funds with the lowest and highest charges.

Under each investment fund, there are two columns. The first shows the projected pension values assuming no charges are taken. The second shows the projected pension values after costs and charges are taken. By comparing the two you can see how much the charges over the years will impact your pension fund. So, for example, if you started your pension at age 30 and expect to retire at 65, the figures at the end of year 35 would give an idea of figures are based on a monthly investment of £100.

### **How Aviva worked out the figures in the tables**

It's important to understand how much or how little difference charges make to your pension savings, but Aviva can't predict exactly what will happen in the future, so it has had to make some assumptions, which are:

1. Aviva has assumed that someone doesn't have anything in their pension pot when they start saving. Contributions are assumed to be £100 monthly increasing in line with assumed earnings inflation of 2.5% pa.
2. The figures illustrate the pension pot value in 'today's money' which means they take inflation into account by discounting values at 2.5% a year. Seeing the figures in this way shows you what they could be worth today. It's important to note that inflation reduces the worth of all savings and investments. The effect of this is shown in the illustration and could mean the fund may reduce as well as grow in 'today's money'.
3. Transaction costs may not have been included where data was not available from the fund managers.

### **Some important things to remember**

The Plan offers other funds to those illustrated, with different growth potential and different charges, and also offers four lifestyle investment programs. If you have selected one of the lifestyle investment programs your pension pot will automatically be moved into different funds as you approach your retirement date, and your scheme literature will provide details of how this works. As the individual funds used in the lifestyle investment programs have different growth potential and different charges, the overall growth rate and overall charge will change over time.

For these reasons, Aviva has shown a range of funds with a range of charges which are available to you, and which could apply to your pension pot during the life of your membership. A personal projection of your pension pot is included in your annual benefit statement, and you should read that to get an individual view of your projected pension benefits. You'll also find details of the actual

charges applicable to you in your scheme literature.

The figures shown here:

- Shouldn't be used to make investment decisions, so if you need to do that, we recommend that you take financial advice,
- May not be relevant to your personal circumstances – for example, your money may be invested in different funds,
- Are estimates and not guaranteed.

**Table 1: the default options**

<b>Illustration of the effect of annual charges and costs for the three default options</b>						
<b>Default option</b>	<b>Diversified Drawdown Lifestyle 2021</b>		<b>Diversified Annuity Lifestyle 2021*</b>		<b>Money Market Fund</b>	
<b>Assumed growth rate</b>	<b>4.7% pa</b>		<b>5.0% pa</b>		<b>2.0% pa</b>	
<b>Assumed costs and charges</b>	<b>0.47% pa</b>		<b>0.43% pa</b>		<b>0.22% pa</b>	
<b>At end of year</b>	<b>Projected value assuming no charges are taken</b>	<b>Projected value after costs and charges are taken</b>	<b>Projected value assuming no charges are taken</b>	<b>Projected value after costs and charges are taken</b>	<b>Projected value assuming no charges are taken</b>	<b>Projected value after costs and charges are taken</b>
<b>1</b>	£1,210	£1,210	£1,210	£1,210	£1,180	£1,180
<b>2</b>	£2,480	£2,470	£2,480	£2,470	£2,360	£2,360
<b>3</b>	£3,810	£3,790	£3,810	£3,790	£3,530	£3,520
<b>4</b>	£5,190	£5,150	£5,190	£5,150	£4,700	£4,680
<b>5</b>	£6,630	£6,570	£6,630	£6,570	£5,860	£5,830
<b>10</b>	£14,900	£14,600	£14,900	£14,600	£11,600	£11,500
<b>15</b>	£25,000	£24,300	£25,000	£24,300	£17,200	£16,900
<b>20</b>	£37,700	£36,200	£37,700	£36,200	£22,600	£22,100
<b>25</b>	£53,300	£50,700	£53,300	£50,700	£27,900	£27,200
<b>30</b>	£71,100	£66,700	£71,100	£66,700	£33,100	£32,100
<b>35</b>	£88,400	£81,500	£88,400	£81,500	£38,200	£36,800
<b>40</b>	£103,000	£93,600	£103,000	£93,600	£43,100	£41,300
<b>45</b>	£117,000	£103,000	£118,000	£105,000	£47,900	£45,700
<b>50</b>	£129,000	£113,000	£136,000	£119,000	£52,600	£49,900

Source: Aviva on behalf of the Trustee

\* Also applicable for the OMPS Lifestyle 2021

**Table 2: the self-select funds with the lowest and highest charges.**

<b>Illustration of the effect of annual charges and costs for the funds with the lowest and highest charges</b>				
<b>Fund</b>	<b>Money Market Fund (lowest charges)</b>		<b>Artemis UK Special Situations Fund (highest charges)</b>	
<b>Assumed growth rate</b>	<b>2.0% pa</b>		<b>7.0% pa</b>	
<b>Assumed charges and costs</b>	<b>0.22% pa</b>		<b>1.23% pa</b>	
<b>At end of year</b>	<b>Projected value assuming no charges are taken</b>	<b>Projected value after costs and charges are taken</b>	<b>Projected value assuming no charges are taken</b>	<b>Projected value after costs and charges are taken</b>
<b>1</b>	£1,180	£1,180	£1,210	£1,210
<b>2</b>	£2,360	£2,360	£2,480	£2,450
<b>3</b>	£3,530	£3,520	£3,810	£3,730
<b>4</b>	£4,700	£4,680	£5,190	£5,060
<b>5</b>	£5,860	£5,830	£6,630	£6,420
<b>10</b>	£11,600	£11,500	£14,900	£13,900
<b>15</b>	£17,200	£16,900	£25,000	£22,600
<b>20</b>	£22,600	£22,100	£37,700	£32,800
<b>25</b>	£27,900	£27,200	£53,300	£44,600
<b>30</b>	£33,100	£32,100	£72,700	£58,400
<b>35</b>	£38,200	£36,800	£96,800	£74,500
<b>40</b>	£43,100	£41,300	£127,000	£93,300
<b>45</b>	£47,900	£45,700	£164,000	£115,000
<b>50</b>	£52,600	£49,900	£209,000	£141,000

Source: Aviva on behalf of the Trustee

The projected growth rates for the individual funds that make up the default investment programme are shown below:

Fund name	Growth Rate (p.a.)
Aviva BlackRock (30:70) Currency Hedged Global Equity Index Tracker fund	7.00%
Aviva LGIM Diversified fund	4.00%
Aviva Money Market fund	2.00%
Aviva BlackRock Over 5 Year Index-Linked Gilt Index Tracker fund	7.00%
Aviva L&G (PMC) All Stocks Gilts Index fund	4.00%

**Source:** Aviva on behalf of the Trustee