

# **ASPIRE SAVINGS TRUST**

**Report and Financial Statements for the year ended  
31 March 2019**

Scheme Registration No: 00832025RT

# ASPIRE SAVINGS TRUST

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# ASPIRE SAVINGS TRUST

## TRUSTEE AND ADVISERS

<b>Trustee:</b>	Punter Southall Aspire Pension Trust Company Ltd (PSPTCL)
<b>Directors of the Trustee ("Trustee Directors"):</b>	PTL Governance Limited - Represented by Steve Carrodus Independent Trustee Services Limited (Appointed 26 November 2018) - Represented by Dianne Day Angus Samuels Link Pension Trustees Ltd (Resigned 31 October 2018) - Represented by Steve Jones and Peter Barnard
<b>Secretary to the Trustee:</b>	Ian Nash Punter Southall Defined Contribution Consulting Limited 11 Strand London WC2N 5HR
<b>Auditor:</b>	BDO LLP 31 Chertsey Street Guildford Surrey GU1 4HD
<b>Legal Advisers:</b>	Norton Rose Fulbright 3 More London Riverside London SE1 2AQ  Pinsent Masons 30 Crown Place Earl Street London EC2A 4ES (Appointed 14 March 2019)
<b>Bankers:</b>	Barclays Bank plc 1 Churchill Place London E14 5HP
<b>Investment Managers:</b>	Mobius Life 7th Floor 20 Gresham Street London EC2V 7JE  Equitable Life Walton Street Aylesbury HP21 7QW (Appointed 1 December 2018)  Legal and General One Coleman Street London EC2R 5AA (Appointed 1 December 2018)

# ASPIRE SAVINGS TRUST

**Investment Managers (continued):**

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

Baillie Gifford  
Calton Square  
1 Greenside Row  
Edinburgh EH1 3AN

**Investment Advisers:**

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

**Administrators:**

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

**Establishing Employer:**

Punter Southall Defined Contribution Consulting Limited  
80 Leadenhall Street  
London EC3A 3DH

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

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

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

**Participating Employers**

As at 31 March 2019, the following employers were participating in the Aspire Savings Trust:

<b>Employer</b>	<b>Joined</b>
Morrison Facilities Services Limited	3 April 2017
Mears Group Plc	3 April 2017
Future Kings Limited	17 November 2017
Punter Southall Defined Contribution Consulting Limited	29 March 2018
CAMRADATA Analytical Services Limited	29 March 2018
CB Hillier Parker	1 December 2018
Adams Foods Limited	1 February 2019

# ASPIRE SAVINGS TRUST

## CHAIRMAN'S REPORT

Welcome to this year's Trustee report, Chair's governance statement and Accounts for the Aspire Savings Trust, which we will call the 'AST' from now on. It has been prepared by the Trustee of the AST to let you, the members and participating employers, know what has been happening in the year to 31 March 2019.

The purpose of these regular updates isn't just about looking back at recent successes so you can see how the AST is working for you. They are also about looking forward so you can see how the AST is developing and growing and how you can get more from it.

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

### What is the AST?

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

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

### Who set it up?

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

Punter Southall Defined Contribution Consulting (PSDCC) is the AST's Establishing Employer and so is its financial backer as well as the company which is marketing it to potential new clients.

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

That's the job of the Trustee of the AST, which is Punter Southall Aspire Pension Trust Company Limited. It makes sure that your savings are safe while at the same time helping you get the most out of being a member.

### Independence

Just because the AST was set up by a Punter Southall company, and it has a Trustee with a similar name, doesn't mean that it can do what it likes. The majority of us that are making the decisions must be non-affiliated (see below).

The people who made the decisions in the year to 31 March 2019 are the Trustee Directors and they are:

- PTL Governance Limited – represented by Steve Carrodus
- Link Pension Trustees Limited – represented by Steve Jones and Peter Barnard (resigned on 31 October 2018)
- Independent Trustee Services Limited – represented by Dianne Day (appointed on 1 December 2018)
- Angus Samuels

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

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

# ASPIRE SAVINGS TRUST

## CHAIRMAN'S REPORT (continued)

Link Pension Trustees Limited resigned as a Trustee Director following the departure of a key member of staff. Independent Trustee Services was appointed as a Trustee Director following an open and transparent recruitment process where the role was publicly advertised.

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

Because the AST is new it means you benefit as a member or a participating employer from up to date systems and processes. We were judged to have the right mix of knowledge, skills and experience to get the decision-making right as the AST establishes itself and begins growing.

Dianne Day and I both have:

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

You will see our biographies on page 123.

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

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

We met a number of times during the year to discuss and plan the AST's progress:

- 24 May 2018
- 10 July 2018
- 20 September 2018
- 7 January 2019
- 14 March 2019
- 27 March 2019

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

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

We were pleased to welcome more new members during the year.

You may be a member because your employer enrolled you into the AST. It could be that you enrolled because you transferred in other pension savings and are planning to take an income from the AST over the coming years. Or you may have enrolled because you have some AVCs that were transferred to the AST for the Trustee to look after.

Whatever your reason for enrolling, the Trustee has the same responsibility towards your savings. I and my Trustee Director colleagues will work hard to not only protect your savings but help ensure that you benefit fully from being a member.

# ASPIRE SAVINGS TRUST

## CHAIRMAN'S REPORT (continued)

### Good governance

I will finish my report with some excellent news.

### Master Trust Assurance Accreditation

In my last report I was pleased to confirm that at the end of May 2018 the AST was awarded the Master Trust Assurance framework accreditation Part I (AAF 02/07). Sounds complicated, but effectively it is a kitemark for pension schemes like the AST.

The kitemark was developed by The Pensions Regulator along with the Institute of Chartered Accountants in England and Wales and tells both you and your employer that the AST has the systems and processes in place to look after your savings properly.

I am additionally pleased to report that the AST was awarded the Master Trust Assurance framework accreditation Part II (AAF 02/07) in April 2019. Whereas the Part I accreditation demonstrated that the AST had the systems and processes in place to look after your savings properly, Part II demonstrated that those systems and processes had been followed.

### Authorisation by The Pensions Regulator (TPR)

Finally, more good news. It is now a new requirement for all master trust pension schemes such as the AST to be authorised by The Pensions Regulator and I can further report that the AST has now been authorised as a master trust pension scheme. This followed much preparation during the scheme year and included a 'dry run' where we submitted a test application in the middle of 2018.

### Progress

The AST is therefore in a very good position to progress and I and my fellow Trustee Directors look forward to working with PSDCC to introduce the benefits of the AST to new members over the coming years.



**Steve Carrodus,**

For and on behalf of PTL Governance Limited  
Chair

Date: ..... 31.10.19 .....

# ASPIRE SAVINGS TRUST

## TRUSTEE'S REPORT FOR THE YEAR ENDED 31 MARCH 2019

The Trustee presents to the members its annual report and financial statements for the year ended 31 March 2019.

### Scheme Information

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

The AST offers defined contribution benefits to members who:

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

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

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

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

The documents concerned are:

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

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

[www.PSAspire.com/AspireSavingsTrust](http://www.PSAspire.com/AspireSavingsTrust)

or on request to the Administrator.

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

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

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

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

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

# ASPIRE SAVINGS TRUST

## TRUSTEE'S REPORT FOR THE YEAR ENDED 31 MARCH 2019 (continued)

### Risk Management

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

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

The purpose of the risk register is:

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

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

### Financial Development of the AST

The financial statements on pages 18 to 29 have been prepared and audited in accordance with the regulations made under Sections 41(1) and (6) of the Pensions Act 1995.

### AST Membership

The change in membership of the AST during the year is given on page 9.

### Monitoring Contributions

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

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

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

# ASPIRE SAVINGS TRUST

## TRUSTEE'S REPORT FOR THE YEAR ENDED 31 MARCH 2019 (continued)

### Membership

The number of members as at the year-end was:		
	31 March 2019	31 March 2018
Membership as at 31 March 2018	23	-
New contributing joiners	10	10
Transfer in of non-contributing members	34	16
Transfer Out	-	(2)
Opt-out	-	(1)
Membership as at 31 March 2019	<b>67</b>	<b>23</b>

### Financial Development of the AST

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

	£
Net assets at 1 April 2018	502,358
Net additions from dealings with members	636,480
Net returns on investments	35,714
Net assets at 31 March 2019	1,174,552

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

# ASPIRE SAVINGS TRUST

## TRUSTEE'S REPORT FOR THE YEAR ENDED 31 MARCH 2019 (continued)

### Enquiries

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

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

### Money & Pensions Service (MPS)

The MPS is a new service which has been introduced in 2019 combining pension guidance, money guidance and debt advice. These services were previously provided by three separate government entities; The Pensions Advisory Service (TPAS), Pension Wise and the Money Advice Service. The MPS can be contacted at:

Money & Pensions Service  
Holborn Centre  
120 Holborn  
London EC1 2TD

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

The Pensions Advisory Service  
120 Holborn  
London EC1N 2TD

TPAS Tel: 0800 011 3797  
Website: [www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk)

### Pensions Ombudsman

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

10 South Colonnade  
Canary Wharf  
London E14 4PU

Tel: 0800 917 4487  
Email: [enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk)  
Website: [www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)

# ASPIRE SAVINGS TRUST

TRUSTEE'S REPORT FOR THE YEAR ENDED 31 MARCH 2019 (continued)

## *The Pensions Regulator (tPR)*

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

Napier House  
Trafalgar Place  
Brighton BN1 4DW

Tel: 0345 600 0707

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

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

## *The Pension Scheme Registry*

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

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

Tel: 0800 731 0193

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

# ASPIRE SAVINGS TRUST

## INVESTMENT REPORT

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

### Statement of Investment Principles

The Trustee maintains three SIPs: one for the default investment arrangement; one for the AST's investment options available on a self-select basis - from which members can make their investment choices; and the third for the investment funds where members have transferred in their AVC savings. A copy of each SIP is included in this report under pages 61 to 122.

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

It is possible for each Participating Employer to agree a fund range for its own staff. In any event all governance responsibility remains with the Trustee.

### Governance Arrangements

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

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

### Scheme Investments

All of the contributions into the AST are currently invested in insured pension and life assurance funds, or Open-Ended Investment Companies (OEICs). The underlying assets of the funds are the responsibility of the investment managers who appoint custodians of the assets underlying the pooled funds managed by them.

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

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

The investment returns (net of fees) of each category of investment funds to 31 March 2019 are set out in the respective tables on page 14. The returns applicable to individual members are shown on their annual statements along with the returns of their specific investment funds.

The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 require the Trustee to provide an overall investment return for the AST as a whole over the year to 31 March 2019. The investment fund returns have been provided for the Mobius Life funds for the periods since they have been established and for the Baillie Gifford and Scottish Widows' funds since they have been assets of the AST. The Legal & General and Equitable Life funds have been assets of the AST for less than four months (and in some cases less than two months) so performance has not been included here. The AST offers defined contribution benefits and is designed for members to select their choice of funds. As a consequence, the Trustee considers it is the individual fund investment returns shown within this report that are relevant to the readers of this annual report.

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

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

# ASPIRE SAVINGS TRUST

## INVESTMENT REPORT (continued)

### Stewardship

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

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

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

### Investment Strategy

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

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

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

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

The AST's assets are primarily invested through unit-linked insurance policies, while the Baillie Gifford fund is an Open-Ended Investment Company (OEIC). Insurance policies are often used because they can provide access to a wide range of investment funds through a number of different investment managers.

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

### Unit-linked funds

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

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

### With-profits funds

Some members are invested in Equitable Life's With-profits fund. Equitable Life invests the fund with the assistance of investment managers. With-profits policies have a guaranteed benefit which is the minimum amount payable on maturity, death or at a time specified in the policy and, in some cases, a guaranteed growth rate.

Unlike unit-linked funds, whose value is worked out each day based on the number of investment units and investment performance of the fund, the value of savings in Equitable Life's With-profits fund reflects the need for capital to run Equitable Life and risks it faces from time to time. A value of members' savings is provided once a year as at 31 March, at maturity (or death, if before) or on transfer.

# ASPIRE SAVINGS TRUST

## INVESTMENT REPORT (continued)

### Pooled Investment Vehicles

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

### Investment Performance

The manager performance to 31 March 2019 was as follows.

	1 year		2 year	
	Fund %	Benchmark %	Fund %	Benchmark %
<b>Baillie Gifford</b>				
Diversified Growth	0.90	4.20	6.3	8.2
<b>Scottish Widows</b>				
Clerical Medical Balanced Pension	4.48	4.45	5.81	5.24
Clerical Medical UK Property	4.68	3.34	12.99	11.63
Clerical Medical Cautious	3.38	2.79	4.89	2.78
Clerical Medical Retirement Protection	4.50	4.60	5.64	5.87
Clerical Medical UK Growth	4.18	2.56	6.87	3.57
Clerical Medical non-Equity Pension	2.43	1.94	5.13	2.42
<b>Mobius Life</b>				
Aspire One	4.59	3.94	n/a	n/a
Aspire Two	5.31	4.96	n/a	n/a
Aspire Three	5.50	5.98	n/a	n/a
Aspire Annuity Focus*	4.06	n/a	n/a	n/a
Mobius Retirement Builder	5.60	4.96	n/a	n/a

\* From inception date, June 2018, to March 2019

The AST was established in March 2016. The Aspire One, Two and Three funds were established in September 2017, and the Aspire Annuity Focus Fund was established in June 2018. As a result, investment fund performance data is not available for these funds over two, three and five years.

Legal & General and Equitable Life were held for less than one year, so no performance figures have been included.

### Employer Related Investments

There were no employer related investments during the year.

### For and on behalf of the Trustee



Trustee

31.10.19

Date

# ASPIRE SAVINGS TRUST

## Statement of Trustee's Responsibilities

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

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

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

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

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

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

# ASPIRE SAVINGS TRUST

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

### Opinion

We have audited the financial statements of Aspire Savings Trust (the AST) for the year ended 31 March 2019 which comprise the Fund Account, Statement of Net Assets and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Statement of Recommended Practice – *Financial Reports of Pension Schemes (revised November 2014)* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the AST during the year ended 31 March 2019 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

### Basis for opinion

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

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the AST's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

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

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

We have nothing to report in this regard.

# ASPIRE SAVINGS TRUST

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

### Responsibilities of Trustee

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

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

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

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

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

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

This description forms part of our auditor's report.

### Use of our report

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

BDO LLP

**BDO LLP**  
*Statutory Auditor*  
Guildford  
United Kingdom

Date 31 October 2019

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

# ASPIRE SAVINGS TRUST

## Fund Account

For the year ended 31 March 2019

	Note	2019 £	2018 £
<b>Contributions and Benefits</b>			
Employer contributions		82,214	11,303
Employee contributions		<u>12,343</u>	<u>2,798</u>
<b>Total contributions</b>	3	94,557	14,101
Transfers in	4	543,570	499,195
Other income	5	<u>34,200</u>	<u>15,000</u>
		<u>672,327</u>	<u>528,296</u>
Payments to and on account of leavers	6	-	15,658
Administrative expenses	7	<u>35,847</u>	<u>15,001</u>
		<u>35,847</u>	<u>30,659</u>
<b>Net Additions from dealings with members</b>		<u>636,480</u>	<u>497,637</u>
<b>Returns on Investments</b>			
Change in market value of investments	8	<u>35,714</u>	<u>4,721</u>
<b>Net Returns on Investments</b>		<u>35,714</u>	<u>4,721</u>
<b>Net Increase in the Fund for the Year</b>		672,194	502,358
<b>Net Assets at 1 April 2018</b>		<u>502,358</u>	-
<b>Net Assets at 31 March 2019</b>		<u>1,174,552</u>	<u>502,358</u>

The notes on pages 20 to 29 form an integral part of these financial statements.

# ASPIRE SAVINGS TRUST

## Statement of Net Assets

At 31 March 2019

	Note	2019	2018
		£	£
<b>Investment Assets</b>	8		
Pooled investment vehicles	9	<u>1,164,444</u>	<u>499,710</u>
<b>Total Net Investments</b>		1,164,444	499,710
<b>Current Assets</b>	13	27,608	2,648
<b>Current Liabilities</b>	14	<u>(17,500)</u>	<u>—</u>
<b>Net Assets at 31 March 2019</b>		<u>1,174,552</u>	<u>502,358</u>

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

The notes on pages 20 to 29 form an integral part of these financial statements.

These financial statements were approved by the Trustee on 31<sup>st</sup> October 2019.

Signed on behalf of the Trustee



# ASPIRE SAVINGS TRUST

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

### 1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Occupational Pensions Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and the guidance set out in the Statement of Recommended Practice (2015).

### 2. ACCOUNTING POLICIES

#### a) Accounting Convention

The financial statements are prepared on an accruals basis.

#### b) Contributions

Employee contributions, including AVCs, are accounted for when they are deducted from pay by the employer.

Employer normal contributions that are expressed as a rate of salary are accounted for on the same basis as the employees' contributions.

#### c) Payments to Members

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

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

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

#### d) Expenses

Expenses are accounted for on an accruals basis.

#### e) Investment and other Income

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

Income arising on the underlying investments of accumulation funds is reflected within the change in market value.

All other income is accounted for on accruals basis.

#### f) Investments

Investments are included at fair value as follows.

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

#### g) Currency

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

# ASPIRE SAVINGS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

### 3. CONTRIBUTIONS

	2019	2018
	£	£
<b>Employer contributions</b>		
Normal	<u>82,214</u>	<u>11,303</u>
<b>Employee contributions</b>		
Normal	416	-
Additional voluntary	<u>11,927</u>	<u>2,798</u>
	<u>12,343</u>	<u>2,798</u>
<b>Total</b>	<u>94,557</u>	<u>14,101</u>

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

### 4. TRANSFER IN

	2019	2018
	£	£
Individual transfer in from other schemes	799	383,554
Group transfer in from other schemes	<u>542,771</u>	<u>115,641</u>
	<u>543,570</u>	<u>499,195</u>

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

### 5. OTHER INCOME

	2019	2018
	£	£
AVC governance fees	34,200	-
Sundry	-	<u>15,000</u>
	<u>34,200</u>	<u>15,000</u>

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

	2019	2018
	£	£
Individual transfers out to other schemes	-	<u>15,658</u>

# ASPIRE SAVINGS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

### 7. ADMINISTRATION EXPENSES

	2019	2018
	£	£
Bank and Member Charges	1,647	238
AVC governance fees	34,200	-
Other expenses	-	14,763
	<u>35,847</u>	<u>15,001</u>

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

### 8. RECONCILIATION OF INVESTMENTS

	Value at 31.03.2018	Purchases at cost	Sales proceeds	Change in market value	Value at 31.03.2019
	£	£	£	£	£
<b>Defined Contributions</b>					
Pooled investment vehicles	<u>499,710</u>	<u>755,217</u>	<u>(126,197)</u>	<u>35,714</u>	<u>1,164,444</u>

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

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

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

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

	2019	2018
	£	£
Members	1,164,444	499,710
Trustee	-	-
	<u>1,164,444</u>	<u>499,710</u>

# ASPIRE SAVINGS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

### 9. POOLED INVESTMENT VEHICLES

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

	2019	2018
	£	£
Diversified Fund	777,034	498,535
Equity	231,085	-
Cash	125,347	-
Bonds	28,316	-
Property Fund	<u>2,662</u>	<u>1,175</u>
	<u>1,164,444</u>	<u>499,710</u>

The companies managing the pooled investment vehicles are registered in the United Kingdom.

### 10. FAIR VALUE DETERMINATION

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

- Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

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

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

Defined Contributions	At 31 March 2018			Total
	Level 1	Level 2	Level 3	
	£	£	£	£
Pooled investment vehicles	<u>-</u>	<u>499,710</u>	<u>-</u>	<u>499,710</u>

# ASPIRE SAVINGS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

### 11. INVESTMENT RISK DISCLOSURES

#### Investment risks

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

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

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

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

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

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

#### (i) Investment strategy

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

# ASPIRE SAVINGS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

### 11. INVESTMENT RISK DISCLOSURES (continued)

The investment funds are as follows:

Aspire One	Equitable Life With-profits
Aspire Two	Legal & General Cash
Aspire Three	Legal Consensus Index
Aspire Annuity Focus	Legal & General Fixed Interest
Retirement Builder	Legal & General Over 15-year Gilts index
Sterling Liquidity	Legal & General Global Equity 70:30 Index
Baillie Gifford Diversified Growth	Legal & General Equity
Clerical Medical Balanced	Legal & General Ethical
Clerical Medical Cautious	Legal & General Managed
Clerical Medical Retirement Protection	Legal & General North American
Clerical Medical UK Growth	Legal & General Property
Clerical Medical UK Property	Legal & General UK Equity
Equitable Life Pelican	Legal & General UK Recovery
Equitable Life International	Legal & General UK Smaller Companies
Equitable Life UK FTSE All Share Tracker	Legal & General Unit-linked With-profits
Equitable Life Money	

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

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

#### ii) Credit risk

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

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

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

The assets held in the Baillie Gifford Diversified Growth Fund are in a sub-fund of Baillie Gifford Investment Funds ICVC. The assets of the Fund are segregated from other sub-funds in the ICVC, which means that the assets of one sub-fund should not be used to meet the liabilities of another sub-fund. They are also protected by the FSCS. They are subject to indirect credit and market risk arising from the fund in which the assets are held.

# ASPIRE SAVINGS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

### 11. INVESTMENT RISK DISCLOSURES (continued)

#### (iii) Currency risk

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

#### (iv) Interest rate risk

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

#### v) Other price risk

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

The indirect credit and market risks are summarised below:

Pension Funds Name	Credit Risk	Currency Risk	Interest Rate Risk	Other Price Risk	31.03.18	31.03.19
					£	
Aspire One	Yes	Yes	Yes	Yes	128,966	101,201
Aspire Two	Yes	Yes	Yes	Yes	128,296	101,571
Aspire Three	Yes	Yes	Yes	Yes	136,777	218,233
Aspire Annuity Focus	Yes	Yes	Yes	Yes	-	54,616
Retirement Builder	Yes	Yes	Yes	Yes	-	18,764
Baillie Gifford Diversified Growth	Yes	Yes	Yes	Yes	365	315
Clerical Medical Balanced	Yes	Yes	Yes	Yes	74,689	79,906
Clerical Medical Cautious	Yes	Yes	Yes	Yes	4,585	4,753
Clerical Medical Retirement Protection	Yes	Yes	Yes	Yes	1,527	1,610
Clerical Medical UK Growth	No	No	No	Yes	23,330	25,126
Clerical Medical UK Property	Yes	No	Yes	Yes	1,175	1,236
Equitable Life Pelican	No	No	No	Yes	-	2,136
Equitable Life International	No	Yes	No	Yes	-	1,454
Equitable Life UK FTSE All Share Tracker	No	No	No	Yes	-	8,596

# ASPIRE SAVINGS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

### 11. INVESTMENT RISK DISCLOSURES (continued)

Pension Funds Name	Credit Risk	Currency Risk	Interest Rate Risk	Other Price Risk	31.03.18	31.03.19
Equitable Life Money	Yes	Yes	Yes	No	-	1,366
Equitable Life With-profits	Yes	Yes	Yes	Yes	-	117,517
Legal & General Cash	Yes	Yes	Yes	No	-	125,347
Legal Consensus Index	Yes	Yes	Yes	Yes	-	19,025
Legal & General Fixed Interest	Yes	No	Yes	No	-	22,769
Legal & General Over 15-year Gilts index	Yes	No	Yes	No	-	5,546
Legal & General Global Equity 70:30 Index	No	Yes	No	Yes	-	44,509
Legal & General Equity	No	No	No	Yes	-	28,755
Legal & General Ethical	No	No	No	Yes	-	70,065
Legal & General Managed	Yes	Yes	Yes	Yes	-	7,030
Legal & General North American	No	Yes	Yes	Yes	-	2,779
Legal & General Property	Yes	No	Yes	Yes	-	1,426
Legal & General UK Equity	No	No	No	Yes	-	27,117
Legal & General UK Recovery	No	No	No	Yes	-	14,649
Legal & General UK Smaller Companies	No	No	No	Yes	-	22,627
Legal & General Unit-linked With-profits	Yes	Yes	Yes	Yes	-	34,397
Total					499,710	1,164,444



# ASPIRE SAVINGS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

### 15. RELATED PARTIES

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Administration expenses are borne by the Establishing Employer other than those disclosed in note 7.

During the year the establishing employer paid fees of £31,604 (2018: £32,174) to the Trustee Directors.

### 16. TAXATION STATUS

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

# ASPIRE SAVINGS TRUST

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

### Statement about contributions

We have examined the Summary of Contributions to the Aspire Savings Trust ('the AST') for the year ended 31 March 2019 to which this report is attached.

In our opinion, contributions for the year ended 31 March 2019, as reported in the Summary of Contributions and payable under the Payment Schedules, have in all material respects been paid at least in accordance with the Payment Schedules.

### Scope of work on statement about contributions

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

### Responsibilities of Trustee

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

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

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

### Use of our report

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

*BDO LLP*

**BDO LLP**

*Statutory Auditor*

Guildford

United Kingdom

Date 31 October 2019

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

# ASPIRE SAVINGS TRUST

## SUMMARY OF CONTRIBUTIONS PAID IN THE YEAR

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

	£
Employer normal contributions	82,214
Employee normal contributions	<u>416</u>
Total contributions paid	<u>82,630</u>
Reconciliation to financial statements:	
Contributions paid under Payment Schedule	82,630
Members' Additional Voluntary Contributions	<u>11,927</u>
Contributions receivable per financial statements	<u>94,557</u>

This summary was approved by the Trustee on 31-10-10 (date)

Signed on behalf of the Trustee



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# ASPIRE SAVINGS TRUST

## GOVERNANCE STATEMENT

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

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

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

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

### 1. Purpose of this statement

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

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

The governance statement must assess:

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

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

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

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

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

In addition, the AST was awarded Master Trust Assurance framework accreditation Part II (AAF 02/07) in April 2019. We achieved Part I accreditation in May 2018, and this demonstrated that the AST has the systems and processes in place to look after your savings properly. Part II demonstrates that those systems and processes have been followed.

# ASPIRE SAVINGS TRUST

## 3. Investment

### 3.1. Background

In my last statement I was able to report that we were offering a range of investment funds called Aspire One, Aspire Two and Aspire Three. These funds were established with Mobius Life within an insurance policy through which your savings in the AST are invested. At the same time, two further Mobius Life funds were made available – their Retirement Builder and Sterling Liquidity funds. In doing so, your savings are protected by the Financial Services Compensation Scheme, commonly known as the FSCS.

Work on a fourth fund, called the Aspire Annuity Focus fund, was completed and launched in June 2018. In addition, a further investment option, which we called the Lower Risk Pathway, was added, but more on this on the following pages.

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

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

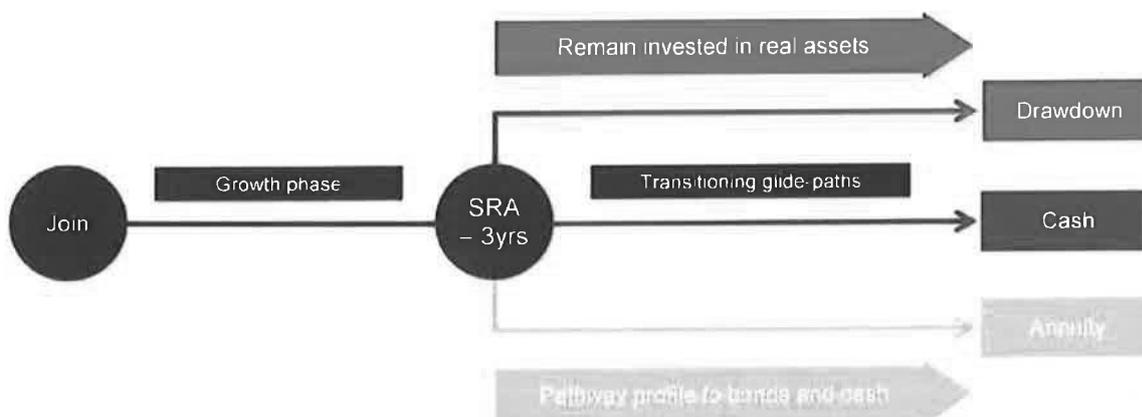
The advice from PSDCC to the Trustee was initially provided in August 2017, after which the default investment option (made up of Aspire Three, Aspire Two and the Sterling Liquidity funds) was established. The default is where your savings are invested if you do not make your own investment choices.

As the default investment arrangement was established so recently, no formal review of the default strategy and the default arrangement have been carried out yet, and no such review was carried out during the scheme year. We continue to keep the investment advice under constant review and the performance of the funds and the reasons for their development were assessed by the Trustee each quarter during the year. Formal advice on the appropriateness of the existing funds and default arrangement, and on any new investment funds or options considered appropriate, will be sought over the next year from the date of my statement.

It is important to remember that when I meet with my fellow Trustee Directors throughout the year, we look in detail at the performance of all our investment funds and make changes when needed.

### 3.2. Flexibilities

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



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

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

### 3.3. Default investment arrangement

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

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

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



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

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

Having received advice in August 2017 from our investment adviser on the default investment arrangement, we established the default investment arrangement and have continued to monitor its progress at our quarterly meetings since then. The default investment arrangement will be reviewed on 31 August 2020, or sooner if needed.

My fellow Trustee Directors and I believe that the default investment arrangement remains suitable for the majority of members taking into account demographic composition and needs of particular groups.

# ASPIRE SAVINGS TRUST

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

The Aspire Open Pathway is designed to keep your options open if you are not sure how you might want to use your savings. But you might decide that you want:

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

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

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

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

## 3.5. Investment governance

### Flexible

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

### Unique

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

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

As I mentioned above, I and my fellow Trustee Directors believe that currently the default arrangement remains suitable for the majority of members taking into account demographic composition and needs of particular groups.

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

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

# ASPIRE SAVINGS TRUST

## 4. Charges and transaction costs

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

As is usual with most financial products, a charge is taken from your savings. If you are invested in one of the Aspire funds, which are managed by Mobius Life, then the Overall Charge for each one is as follows (as at 30 June 2019):

Fund	Overall charge
Aspire One	0.634%
Aspire Two*	0.649%
Aspire Three*	0.605%
Aspire Annuity Focus	0.661%

\*These funds are included in the default investment arrangement

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

Fund	Overall charge
Retirement Builder	0.475%
Sterling Liquidity*	0.400%

\*This fund is also part of the default investment arrangement

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

The charges cover several services and benefits; the governance and management of the AST, day to day administration, legal and accounting services, documents and literature and the investment management of your savings. For this reason, they are taken in different ways:

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

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

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

### 4.2. Charge cap – default investment option

There is a charge cap of 0.75% on investment funds that make up the default investment arrangement. As the Overall Charge for the investment funds in the default arrangement are between 0.40% and 0.649%, the default investment arrangement is therefore below the legal cap as it is required to be.

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

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

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

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

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

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

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

If you are invested with Baillie Gifford, the charge is:

Fund	Ongoing charge
Baillie Gifford Diversified Growth fund	0.78%

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

Fund	Annual Management Charge
With-profits	1.50%*
All-share tracker	0.50%
International	0.75%
Pelican	0.75%
Money	0.50%

\*Equitable Life's charges for its With-profits fund are made up from an Annual Management Charge of 1% p.a. plus a further 0.50% charge to cover guarantees such as a guaranteed 3.5% growth rate and minimum amount payable on maturity or death (if earlier).

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

Fund	Annual Management Charge	Fund	Annual Management Charge
Ethical	0.50%	UK Equity Index	0.50%
Managed	0.50%	UK Recovery	0.50%
North American	0.50%	UK Smaller Companies	0.50%
Property	0.50%	Unitised With-profits	0.50%

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

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

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

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

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

#### 4.4. Transaction costs

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

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

When preparing my Chair's Statement last year, it had not been possible to obtain and verify all the required transaction cost information from the investment managers because it was a new requirement by the Financial Conduct Authority (FCA) and not all investment managers were able to provide the information to us. We have, however, been able to complete this work for my statement this year as the fund managers have provided us with transaction costs for the year to 31 March 2019.

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

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

#### 4.4.1. *Aspire and Mobius Life funds:*

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

Fund	Overall charge	Transaction cost	Total
Aspire One	0.625%	0.070%	0.695%
Aspire Two*	0.641%	0.078%	0.719%
Aspire Three*	0.600%	0.072%	0.672%
Aspire Annuity Focus	0.639%	0.167%	0.806%
Retirement Builder	0.475%	0.016%	0.491%
Sterling Liquidity*	0.400%	0.001%	0.401%

\*These funds make up the default investment arrangement

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

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

Fund	Annual Management Charge (after discount)	Transaction cost	Total
Clerical Medical Balanced	0.500%	0.190%	0.690%
Clerical Medical Cautious	0.500%	0.210%	0.521%
Clerical Medical Managed Retirement Protection	0.500%	0.00%	0.500%
Clerical Medical UK Property	0.500%	0.070%	0.570%
Clerical Medical UK Growth (to 31/01/19*)	0.500%	0.390%	0.890%

\*Scottish Widows has confirmed this is the latest information available for this fund as the transaction costs relate to an underlying fund that reports to a different quarter end.

#### 4.4.3. *Investment fund with Baillie Gifford:*

The transaction costs for anyone invested in the following fund is as follows:

Fund	Ongoing charge	Transaction cost	Total
Baillie Gifford Diversified Growth	0.78%	0.38%	1.16%

# ASPIRE SAVINGS TRUST

## 4.4.4. Investment funds with Equitable Life:

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

Fund	Annual Management Charge	Transaction cost	Total
With-profits	1.50%*	0.0395%	1.0395%
All-share tracker	0.50%	0.0405%	0.5405%
International	0.75%	0.1473%	0.8973%
Pelican	0.75%	0.3663%	1.1163%
Money	0.50%	0.0067%	0.5067%

\* This includes Equitable Life's charge of 0.50% to cover the cost of the guaranteed 3.5% growth rate and minimum amount payable on maturity or death (if earlier).

Equitable Life advises that it has calculated the transaction costs using industry supplied expected spreads for each category. Having queried this with Equitable Life, we have been told that some fund managers have not been able to supply all the data using the "slippage cost" methodology as at 31 March 2019 but that when data as at 30 June 2019 is published it will have the information to do so. We will monitor the availability of the data with Equitable Life, or with Utmost Life and Pensions, should Equitable Life be wound up following the upcoming vote by members.

## 4.4.5. Investment funds with Legal & General:

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

Fund	Ongoing charge	Transaction cost	Total
Ethical	0.50%	0.10%	0.60%
Managed	0.50%	0.17%	0.67%
North American	0.50%	0.04%	0.54%
Property	0.50%	0.05%	0.55%
UK Equity Index	0.50%	0.01%	0.51%
UK Recovery	0.50%	0.38%	0.88%
UK Smaller Companies	0.50%	-0.10%	0.40%
Unitised With-profits	0.50%	0.12%	0.62%

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

Fund	Total Charge	Transaction cost	Total
Global Equity 70:30 Index 3	0.45%	-0.01%	0.44%
Fixed Interest 3	0.45%	0.01%	0.46%
Over 15 Year Gilts Index 3	0.43%	-0.01%	0.42%
Consensus Index 3	0.45%	0.00%	0.45%
Cash 3	0.45%	-0.03%	0.42%

# ASPIRE SAVINGS TRUST

## 4.4.6. Conclusion

Overall, we consider that the level of the transaction costs is acceptable. This takes the following into account:

- **Aspire Annuity Focus fund:** It was set up in June 2018 so as at 31 March 2019 is less than a year old. The transaction costs shown reflect the higher cost of the initial investment made when the fund was seeded and will be monitored to see that it is more in line with the expectations when assessed again.
- **Baillie Gifford Diversified Growth fund:** Upon advice from our Investment Adviser, we have decided to switch the members who are invested in this fund to an alternative that we believe is more appropriate to their needs. The change will also reduce their costs.
- **All Equitable Life funds:** We have assessed the proposal from Equitable Life to move members' savings that are invested with Equitable Life to Utmost Life and Pensions. Based on investment advice from our Investment Adviser we have judged that for members who are invested in Equitable Life's With-profits fund it is in their best interests to move their savings away and receive an uplift. Members in unit-linked funds will receive their fund value on transfer away.

If Equitable Life's policyholders vote to move their savings away from Equitable Life, we will then take advice on the best home for the transfer values that will be paid. This will include an assessment of Utmost Life and Pensions.

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

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

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

PS Aspire DC client base (2019):

0.54%

The average charge across 507 of PS Aspire's clients is 0.54%. This includes schemes like the AST, as well as other types of group pension schemes such as Group Personal Pensions that might not offer the same benefits and features as AST

We can see that the charges in the AST sit above the average of 0.54% across the clients of PS Aspire, our pension consulting company, which includes some Master Trust data.

Whilst we recognise the effects that charges have, we also recognise the need to manage your risk and so the objectives set for all the Aspire funds (not just the ones used for the default investment arrangement) aim to preserve your savings while helping them grow above the rate of inflation, albeit with the prospect of differing levels of return depending on the fund chosen. We also consider the other benefits that contribute to maximising the outcome of your retirement savings. The charges in the AST are therefore above the average in order to pay for higher quality investment management, which aims to preserve savings while delivering growth above inflation, and other valuable benefits and features. We take account of this when considering the value that AST provides to you, the members. There is more on this in 'Value for Members' which we look at in more detail in section 8 below.

# ASPIRE SAVINGS TRUST

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

### 4.6.1. Background

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

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

The Sterling Liquidity fund is the fund that is expected to be the lowest returning fund and is available to all members of the Scheme. The Legal & General UK Smaller Companies fund is currently the fund with the lowest charge (only available to one member of the Scheme) and the Baillie Gifford Diversified Growth fund is the fund that currently has the highest charge (only available to two members of the Scheme). Having carried out an assessment as at 31 March 2019, the fund with the highest number of members in it is Aspire Three.

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

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

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

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

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

If you are a member who has joined because some, or all, of your AVCs were transferred into AST from another employer's pension scheme, we have used the average pot size as at 31 March 2019 for each AVC policy.

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

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Default arrangement:	See below	Aspire Three	6.00% per year
Aspire Annuity Focus:	0.60% each year	Mobius Life Sterling Liquidity	0.75% per year
Baillie Gifford Diversified Growth fund	4.0% each year	Clerical Medical UK Growth	4.0% each year
Clerical Medical Retirement Protection	1.5% each year	Equitable Life With-profits	3.5% each year
Legal & General Global Equity 70:30 3	2.9% each year	Legal & General Over 15—year Gilt Index 3	1.75% each year
Legal & General Cash 3	-1.3% each year	Equitable Life International	4.5% each year
Equitable Life Money	0.75% each year	Legal & General UK Recovery	2.9% each year
Legal & General Unitised With-profit	1.6% each year	Legal & General UK Smaller Companies fund	2.9% each year

The combined growth rate for the investment funds that make up the default arrangement will vary between 4.99% and 6%, depending on the number of years the member has until the members' Selected Retirement Age. SMPI is the annual illustration you receive each year so you can see what your future pension might be. Just like the SMPIs we are also assuming that:

**Charges.** The charges we use are the total of the Ongoing Charge and the Transaction Costs that are set out in the 2019 Chair's Statement. For the default investment arrangement, we have blended the charges and these are shown in the tables below.

**Inflation.** The illustration is in "real terms" we are assuming that inflation is 2.5%.

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

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

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

In order to illustrate the effect of charges we have shown the following below; the default investment arrangement (combination of one or more of Aspire Three, Aspire Two and the Sterling Liquidity fund), Aspire Three fund (most popular fund and the expected highest return fund), Sterling Liquidity fund (lowest charged fund) and Aspire Annuity Focus fund (the highest charged fund and expected lowest return fund).

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

Number of years saving	Default investment arrangement		Aspire Three (most popular by number of members* and highest returning)	
	Before charges (£)	After charges and costs deducted (£)	Before charges (£)	After charges and costs deducted (£)
1	1,613	1,607	1,613	1,607
3	5,013	4,961	5,013	4,961
5	8,661	8,511	8,661	8,511
10	18,987	18,322	18,987	18,322
15	31,298	29,632	31,298	29,632
20	45,974	42,670	45,974	42,670
25	63,471	57,700	63,471	57,700
30	84,331	75,026	84,331	75,026
35	109,199	94,999	109,199	94,999
38	126,068	108,308	126,359	108,420
40	135,500	115,690	138,847	118,024

\*As at 31 March 2019

Number of years saving	Sterling Liquidity (lowest charge)		Aspire Annuity Focus (highest charge and lowest return)	
	Before charges (£)	After charges and costs deducted (£)	Before charges (£)	After charges and costs deducted (£)
1	1,567	1,564	1,566	1,559
3	4,622	4,594	4,612	4,555
5	7,574	7,498	7,546	7,395
10	14,524	14,242	14,418	13,864
15	20,901	20,308	20,677	19,523
20	26,754	25,763	26,377	24,474
25	32,123	30,670	31,569	28,805
30	37,051	35,083	36,298	32,593
35	41,573	39,052	40,604	35,907
38	44,105	41,239	43,001	37,692
40	45,722	42,621	44,526	38,806

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

Number of years saving	Default investment arrangement		Aspire Three (most popular by number of members* and highest returning)	
	Before charges (£)	After charges and costs deducted (£)	Before charges (£)	After charges and costs deducted (£)
1	2,822	2,812	2,822	2,812
3	8,773	8,681	8,773	8,681
5	15,157	14,894	15,157	14,894
10	33,228	32,063	33,228	32,063
15	54,771	51,855	54,771	51,855
20	80,454	74,672	80,454	74,672
23	97,922	89,835	98,177	90,003
25	108,572	99,100	111,074	100,974

\*As at 31 March 2019

Number of years saving	Sterling Liquidity (default and lowest charge)		Aspire Annuity Focus (highest charge and lowest return)	
	Before charges (£)	After charges and costs deducted (£)	Before charges (£)	After charges and costs deducted (£)
1	2,743	2,737	2,741	2,729
3	8,089	8,040	8,070	7,972
5	13,254	13,122	13,205	12,942
10	25,417	24,924	25,231	24,263
15	36,578	35,539	36,184	34,166
20	46,819	45,085	46,160	42,829
23	52,554	50,346	51,713	47,498
25	56,216	53,672	55,246	50,408

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

Number of years saving	Default investment arrangement		Aspire Three (most popular by number of members* and highest returning)	
	Before charges (£)	After charges and costs deducted (£)	Before charges (£)	After charges and costs deducted (£)
1	4,032	4,017	4,032	4,017
3	12,533	12,401	12,533	12,401
5	21,653	21,277	21,653	21,277
8	36,518	35,507	36,595	35,573
10	46,498	45,007	47,468	45,804

\*As at 31 March 2019

# ASPIRE SAVINGS TRUST

Number of years saving	Sterling Liquidity (default and lowest charge)		Aspire Annuity Focus (highest charge and lowest return)	
	Before charges (£)	After charges and costs deducted (£)	Before charges (£)	After charges and costs deducted (£)
1	3,918	3,910	3,915	3,898
3	11,556	11,485	11,529	11,388
5	18,935	18,746	18,864	18,488
8	29,539	29,075	29,364	28,450
10	36,310	35,606	36,045	34,661

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

#### 4.6.3.1. Baillie Gifford fund (AVCs transferred in respect of Mears):

Members are invested in a single fund with Baillie Gifford, namely the Baillie Gifford Diversified Growth fund.

Number of years saving	Baillie Gifford Diversified Growth fund (only fund)	
	Before charges (£)	After charges and costs deducted (£)
1	160.02	158.17
3	164.74	159.10
5	169.59	160.03
10	182.37	162.39
15	196.11	164.78
20	210.89	167.20
25	226.78	169.66

Illustrations based on the average age of the members invested with Baillie Gifford of 41 and the average fund size of £157.71.

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

As I mentioned above, we have decided to switch the members who are invested in this fund to an alternative that we believe is more appropriate to their needs. An announcement has already been sent to the members concerned.

# ASPIRE SAVINGS TRUST

## 4.6.3.2. Clerical Medical funds (AVCs transferred in respect of Morrison):

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

Number of years saving	Clerical Medical UK Growth (Highest charge and highest returning)		Clerical Medical Retirement Protection (Lowest charge and lowest returning)	
	Before charges (£)	After charges and costs deducted (£)	Before charges (£)	After charges and costs deducted (£)
1	11,427.82	11,326.53	11,153.12	11,097.48
3	11,764.74	11,454.67	10,936.56	10,773.70
5	12,111.60	11,584.26	10,724.20	10,459.37
10	13,024.13	11,914.68	10,211.18	9,713.07
15	14,005.42	12,254.52	9,722.70	9,020.03

Illustrations based on the average age of the members invested with Clerical Medical of 51 and the average fund size of £11,263.

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

## 4.6.3.3. Equitable Life funds (AVCs transferred in respect of Adams Foods):

Members are invested in one fund, namely Equitable Life's With-profits fund.

Number of years saving	Equitable Life With-profits (only fund)	
	Before charges (£)	After charges and costs deducted (£)
1	4,029.94	3,988.24
3	4,108.95	3,982.74
5	4,189.52	3,977.24
10	4,397.91	3,963.53

Illustrations based on the average age of the members invested with Equitable Life of 54 and the average fund size of £3,991.

# ASPIRE SAVINGS TRUST

## 4.6.3.4. Legal & General funds (AVCs transferred in respect of Adams Foods):

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

Number of years saving	Legal & General Global Equity 70:30 Index 3 (highest charge and highest returning returning)		Legal & General Over 15-year Gilt Index 3 (lowest charge)		Legal & General Cash 3 (lowest returning)	
	Before charges (£)	After charges and costs deducted (£)	Before charges (£)	After charges and costs deducted (£)	Before charges (£)	After charges and costs deducted (£)
1	18,169.63	18,089.84	17,966.57	17,891.25	17,428.01	17,354.96
3	18,311.72	18,071.55	17,704.60	17,482.89	16,159.74	15,957.37
5	18,454.92	18,053.27	17,446.46	17,083.84	14,983.77	14,672.34
10	18,817.84	18,007.66	16,817.45	16,125.62	12,404.73	11,894.44
15	19,187.89	17,962.16	16,211.11	15,221.15	10,269.61	9,642.48

Illustrations based on the average age of the members invested with Legal and General of 53 and the average fund size of £18,099.

Details of the investment funds available members who have AVC savings in these funds are available, along with the charges and other information, at:

[www.PSAspire.com/AspireSavingsTrust/adams](http://www.PSAspire.com/AspireSavingsTrust/adams).

## 4.6.3.5. Equitable Life funds (AVCs transferred in respect of CB Hillier Parker):

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

Number of years saving	Equitable Life International (highest charge and highest returning)		Equitable Life Money (lowest charge and lowest returning)	
	Before charges (£)	After charges and costs deducted (£)	Before charges (£)	After charges and costs deducted (£)
1	9,206.20	9,123.93	8,875.83	8,830.96
3	9,568.97	9,314.72	8,575.34	8,445.94
5	9,946.03	9,509.51	8,285.02	8,077.71
10	10,954.99	10,014.47	7,601.51	7,225.86
15	12,066.30	10,546.26	6,974.38	6,463.83

Illustrations based on the average age of the members invested with Equitable of 54 and the average fund size of £9,030.

# ASPIRE SAVINGS TRUST

## 4.6.3.6. Legal & General funds (AVCs transferred in respect of CB Hillier Parker):

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

Number of years saving	Legal & General UK Recovery (highest charge and highest returning)		Legal & General Unitised With-profit (lowest returning)		Legal and General UK Smaller Companies (lowest charge)	
	Before charges (£)	After charges and costs deducted (£)	Before charges (£)	After charges and costs deducted (£)	Before charges (£)	After charges and costs deducted (£)
1	34,942.83	34,636.57	34,501.38	34,288.08	34,942.83	34,803.32
3	35,216.09	34,298.22	33,898.16	33,273.32	35,216.09	34,795.95
5	35,491.48	33,963.17	33,305.49	32,288.60	35,491.48	34,788.59
10	36,189.43	33,139.79	31,868.75	29,952.41	36,189.43	34,770.19

Illustrations based on the average age of the members invested with Equitable of 55 and the average fund size of £34,807.

Details of the investment funds available members who have AVC savings in these funds are available, along with the charges and other information, at:

[www.PSAspire.com/AspireSavingsTrust/hp](http://www.PSAspire.com/AspireSavingsTrust/hp).

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

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

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

# ASPIRE SAVINGS TRUST

## 5. Administration and core financial transactions

### 5.1. Day-to-day

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

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

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

### 5.2. Core financial transactions

Core financial transactions in relation to the AST are:

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

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

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

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

# ASPIRE SAVINGS TRUST

The SLAs covers all the processes needed to run the AST:

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

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

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

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

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

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

As the AST is still growing, there were few transactions in the year to 31 March 2019. They included monthly payments from three participating employers, two transfers in and two transfers out. Core transactions were made on time.

### 5.3. Accuracy – data and record-keeping

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

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

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

# ASPIRE SAVINGS TRUST

## 5.4. *Error reporting*

As noted above, the vast majority of core financial transactions have been processed accurately and promptly. However, one error was reported to me and my fellow directors during the year. A new member's first contribution was correctly held in cash until the end of the opt-out period (the point the member could leave and get a full return of contributions paid). As the member had not opted-out, the first contribution should then have been invested in the Open Pathway, the AST's default option but this did not happen.

Once identified, the contribution was invested, compensation calculated and made, and a letter of explanation and apology issued to the member, to resolve this matter. The administration processes were followed and a 'root cause analysis' was carried out by PSDCC and provided to the Trustee. Subsequent contributions have been monitored, received and invested correctly.

An additional control has been added to AspireConnect to monitor contributions held in cash. This will help us ensure that this issue will not arise again.

The contributions for all other new members were processed correctly at the end of the opt-out period. Therefore, it seems that this was a one-off error, and our actions to resolve the matter and prevent a re-occurrence have been successful. There are no further outstanding unresolved issues for the scheme year.

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

## 6. **Communication**

### 6.1. *MyAspire*

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

PSDCC has created what it calls "next generation savings" for the future and MyAspire is the way it delivers that experience. The great thing about it is that it doesn't just "run in the background" but instead connects you with your savings. So everything, including your AST savings, bank account and credit cards (if you wish), can be in one place. It is available in different formats to members of the AST.

As well as being able to view all your finances in one place, there is information, videos and support, which include a 10-year communication plan to help you get the most out of your savings as you start thinking about how you will use them and make them work for you.

# ASPIRE SAVINGS TRUST

## 6.2. Talk to me

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

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

Aspire Savings Trust, Albion, Fishponds Road, Wokingham RG41 2QE	T: 020 3327 5470 E: <a href="mailto:Mastertrust@psaspire.com">Mastertrust@psaspire.com</a> .
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These contact details can also be found in all correspondence we have sent as well as online and in your annual benefit statements. These lines of communication have been open throughout this scheme year and will remain open in the future.

As the number of members increases, we will be reaching out to you through MyAspire for those who like to be online with short surveys to ask you what you think. We will also use the annual statement we send you to ask for feedback. And we encourage you to contact us at any time with feedback, ideas and suggestions.

### Unique

One thing to remember about the AST is that it offers unique access to MyAspire.com. Why is that different?

It is different because it not only keeps you in touch with your savings in the AST but can also give you a helicopter view of all your finances. You can have everything (incomings, outgoings, savings, and debts) at your fingertips when you want it.

We have decided to send you all a survey in mid-2020 to ask you questions about the AST so we can better understand how we can best help you save for the future.

## 6.3. Before and at retirement

We mentioned the 10-year communication plan. Well, what that does do is help you get ready in the run up to when you believe you will use your savings in the AST. When you are close to using your savings, our colleagues at Aspire Retirement Services give you a call to check that you have your plans in place and offer support and guidance.

## 6.4. Support and advice

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

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

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

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

# ASPIRE SAVINGS TRUST

## 7. Trustee knowledge and understanding

### 7.1. Current Trustee Directors

The current Trustee Directors are:

- PTL Governance Limited – represented by Steve Carrodus
- Independent Trustee Services Limited – represented by Dianne Day
- Angus Samuels

Link Pension Trustees Limited, represented by Steve Jones from 1 April to 30 June 2018 and then Peter Barnard, was previously a Trustee Director of the AST. Link Pension Trustees resigned during the scheme year on 31 October 2018 following the departure of a key member of staff.

### 7.2. New Trustee Director

Following a review of the skills, knowledge and competence of the current directors, as well as the short and medium term needs of the Board, it was therefore felt that experience of Master Trusts and DC pensions in general, and DC investment solutions, were the over-riding requirements to help ensure the success of the Aspire Savings Trust and therefore the interests of the members. Strength in depth would also be needed in case of absence for any reason.

Other desirable skills and experience included experience of acting as a pension professional at a senior level, knowledge of the workplace pensions market, strong data analysis and listening skills, strong written, verbal communication and presentation skills and a willingness to undertake appropriate TKU analysis and support agreed training plans.

An open and transparent recruitment process was undertaken where the role was publicly advertised in a national publication as well as on LinkedIn and Punter Southall's own website.

Ten applications for the role were received and analysed against the criteria above. It was agreed that two applicants met the requirements and so were interviewed by representatives from PSAPTCL (the Trustee) and PSDCC; if both were unsuccessful then a third that broadly met the requirements could be interviewed.

Independent Trustee Services Limited was chosen as the new Trustee Director and replaced Link Pension Trustees Limited on 26 November 2018.

### 7.3. Knowledge

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

# ASPIRE SAVINGS TRUST

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

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

As the AST is still relatively new, we have continued to focus on getting everything set up properly. To be able to ensure we look after your savings properly we must understand the rules that govern the AST, what our powers are and how we should use them. We have continued to manage potential risks and set the objectives for how your savings are invested.

## *7.4. Understanding*

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

- Reviewed the Scheme's Terms and Conditions for employers
- Applied to The Pensions Regulator for the AST to be authorised and received such approval
- Prepared for and reviewed the Readiness Review submission to The Pensions Regulator ahead of the authorisation application
- Reviewed the Master Trust Accreditation requirements (Parts 1 and 2) and the supporting reports
- Received two detailed reports from our investment adviser on an existing investment fund range and on the introduction of the Low Risk Pathway
- Reviewed the requirements of the General Data Protection Regulations introduced in May 2018 and ensured that the AST is compliant
- Reviewed the range of plans, policies and registers which help us govern the AST including a:
  - Business plan
  - Breaches log
  - Continuity strategy
  - Risk register
  - Trustee operating policy
  - Business recovery plan
  - Conflict of interest policy and register
  - Fitness and propriety policy
  - Fraud prevention policy
  - Register of advisers and providers (including requirement to handle data)
  - Whistleblowing policy

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

# ASPIRE SAVINGS TRUST

## 7.5. Training

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

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

- Investment:
  - How fund managers calculate transaction costs in the default investment option
- Governance:
  - Management and timing of regulatory returns, Objectives of and requirements to be covered in Chair's statement
- Communication:
  - How the AST engages with members throughout their life in the Scheme,
  - understanding the AST's members and their requirements
  - maximising engagement while meeting disclosure of information regulations;
- Master Trust Supervision:
  - How we will keep The Pensions Regulator informed
- Future legislation:
  - A look at the new rules and regulations the Trustee may expect to see over the next couple of years

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

We will continue to update the training questionnaire each year in the light of the changing needs of the AST and its objectives when we review our business plan annually. Our training plans will also be updated accordingly.

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

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

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

There is an induction process in place for new Trustee Directors. Dianne, who represents Independent Trustee Services Limited, which was appointed as a Trustee Director during the scheme year, has undertaken an induction session with the AST's advisers to get acquainted with the AST's Trust Deed and Rules, SIPs and various policies.

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

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

Dianne Day and I both have:

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

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

You will see our biographies in Appendix 1.

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

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

- Trustee Directors are able to challenge and question advisers, committees and other delegates effectively
- Trustee decisions are made in accordance with the AST rules and in line with trust law duties
- Trustee Directors' decisions are not compromised by such things as conflicts.

## *7.7. Non-affiliated Trustee Directors*

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

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

Link Pension Trustees, Independent Trustee Services, and PTL Governance, were all non-affiliated directors during the year.

Dianne and I, representing Independent Trustee Services and PTL Governance respectively, are professional trustees. Steve Jones and Peter Barnard, who represented Link Pension Trustees Limited, were also professional trustees. Independent Trustee Services, PTL Governance and Link Pension Trustees Limited are all independent of PSDCC and the rest of the Punter Southall Group (which provides the main advisory, administration, investment and other services to the AST).

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

# ASPIRE SAVINGS TRUST

In conclusion, Independent Trustee Services, PTL Governance and Link Pension Trustees Limited are non-affiliated.

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

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

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

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

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

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

As noted previously, Dianne was appointed as a non-affiliated Trustee Director in this scheme year. As detailed in the *New Trustee Director* sub-heading above, Dianne was appointed following a fair and open transparent recruitment process, which included publicly advertising the role in a national publication.

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

## **Value for Members**

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

# ASPIRE SAVINGS TRUST

Criteria	Conclusions	Value for members?
Costs	<p>Your costs and charges are carefully managed, are in line with our competitors and are below the government 'charge cap' in respect of the default investment arrangement.</p> <p>The AST's charges represent good value because they do not just pay for managing your investments but includes the support we provide day-to-day as explained in this Statement and summarised below.</p> <p>Through MyAspire you can do a whole lot more because it not only connects you to your savings in the AST but can also provide you with online access to your other savings, bank accounts and credit cards so giving you an overview of most or all of your savings.</p>	Yes
Investment	<p>If you are a member who has been automatically enrolled into the AST by your employer and are invested in the default investment arrangement, we judge this to be appropriate for your needs.</p> <p>Whilst we recognise the effects that charges have, the Aspire funds have been priced to recognise the need to manage your risk and so the objectives set for all the Aspire funds (not just the ones used for the default investment arrangement) aim to preserve your savings while helping them grow above the rate of inflation.</p>	Yes
Administration	<p>The AST has been awarded Master Trust Assurance accreditation (AAF 02/07) for both Parts I and II. This means that the AST has not only demonstrated that it has systems and processes to look after your savings but has been able to prove that they work.</p> <p>We have appointed award-winning administrators to assist with the day to day processes, and developed a flexible administration system, AspireConnect.</p> <p>AspireConnect incorporates intuitive validations, flexible functionality and straight through processing to manage the risks.</p>	Yes
Governance	<p>The AST has been granted authorisation by The Pensions Regulator (TPR). This confirms that TPR is satisfied that the AST meets the required standards that have been set.</p> <p>We fulfil our role as Trustee Directors by monitoring the way the AST is administered, checking that charges are within expectations and the various investment options are performing while ensuring that your savings in the AST are safe and secure.</p> <p>The Trustee Board includes professional trustees who in turn are supported by professional advisers. During the year these included organisations such as Pinsent Masons and Norton Rose Fulbright, our legal advisers, and BDO, our auditor, and PwC.</p>	Yes
Communications	<p>Comprehensive member communications are provided. In addition to traditional communication services, the Trustee offers members online access and a dedicated telephone helpline.</p> <p>As a member of the AST, you will also get support in the form of information not only about how to make the most of your savings but also about lifestyle and health, and a focused 10-year communication programme leading up to your retirement so that you are as prepared as possible.</p> <p>There is also meaningful support before, at, and after retirement, available via Aspire Retirement Services, where members receive a detailed personalised retirement options pack and access to guidance and advice.</p> <p>Compliance with regulations, including the General Data Protection Regulations (GDPR), introduced in May 2018.</p> <p>Communications have been issued in compliance with regulations.</p>	Yes
Accessing your savings	<p>There are many ways to access your savings and unlike some master trusts, AST makes all options available.</p> <p>Cash lump sums: You could take a single cash lump sum or a series of smaller cash lump sums.</p> <p>Guaranteed income: You could buy an annuity; this is an income you purchase from an insurance company. An annuity gives you the security of a guaranteed income for the rest of your life.</p> <p>Flexible income: You could take flexible payments, take as and when you need and leave the rest invested. This is commonly known as drawdown.</p>	Yes

## ASPIRE SAVINGS TRUST

As noted above, the charges deducted from your savings cover several services and benefits; the governance and management of the AST, day to day administration, legal and accounting services, documents and literature, generic and personalised education and guidance, and the investment management of your savings.

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

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

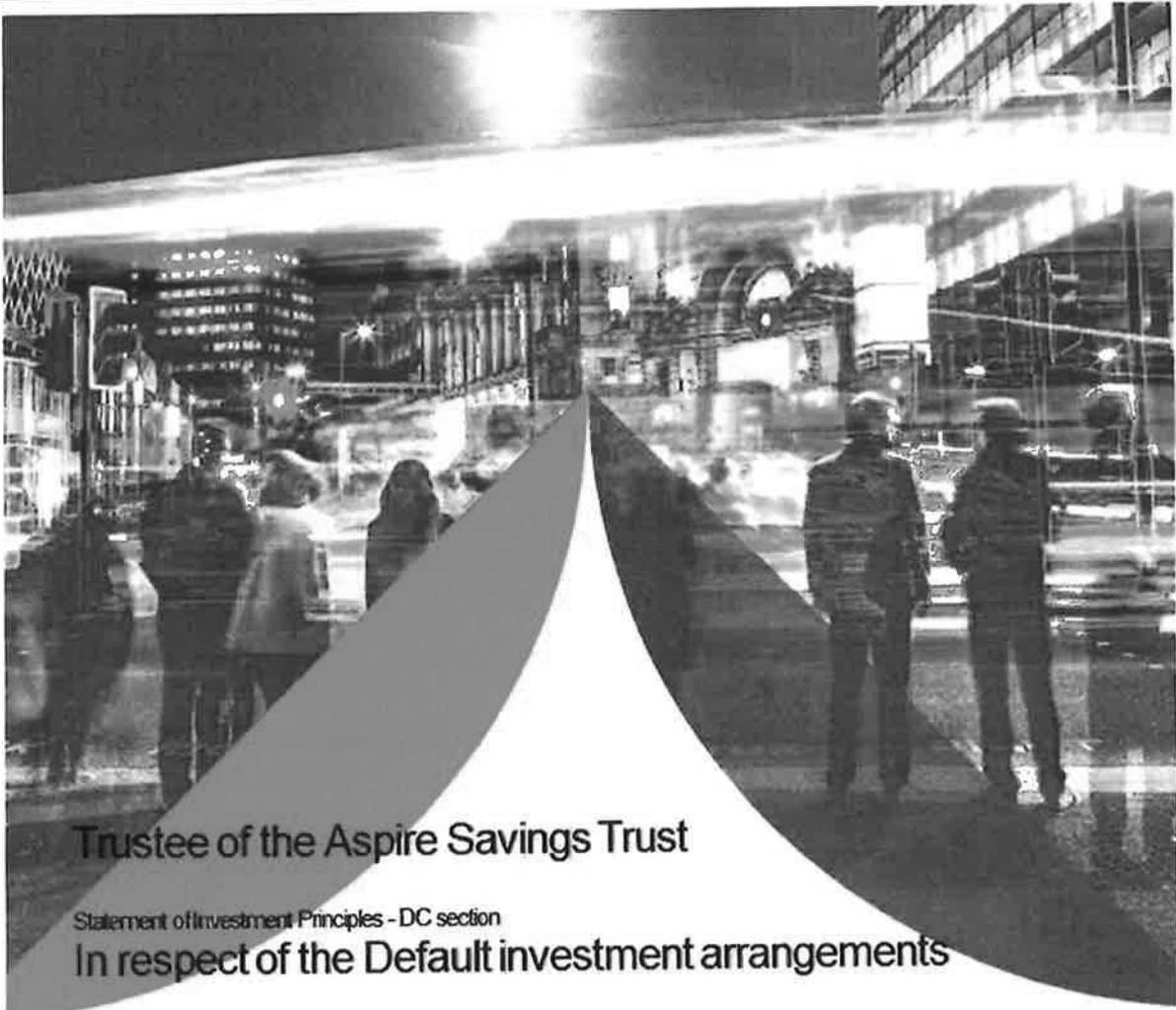
Signed on behalf of the Trustee of the Aspire Savings Trust



\_\_\_\_\_  
Steve Carrodus, for and on behalf of PTL Governance Limited,  
Chair, Aspire Savings Trust

\_\_\_\_\_  
31.10.19

Date



**Trustee of the Aspire Savings Trust**

Statement of Investment Principles - DC section

**In respect of the Default investment arrangements**

Updated: October 2019

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## Background information for members

What is a Master Trust?

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

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

Who looks after members' savings in the Master Trust?

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

What is a Statement of Investment Principles?

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

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

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

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

# 1

## Introduction

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

The SIP applies from 31 October 2019.

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

The members' retirement benefits depend on:

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

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

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

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

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

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

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

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

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



## Master Trust Governance

### 2.1 Governance Structure

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

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

### 2.2 Trustee

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

- Determining the investment objectives of the Master Trust and reviewing these from time to time.
- Agreeing an investment strategy designed to meet the investment objectives of the Master Trust.
- Reviewing from time to time (at least every three years, or without delay following any significant change in investment policy) the content of this SIP and modifying it if deemed appropriate in consultation with the Establishing Employer and on advice from an Investment Adviser.
- Selecting and reviewing the investment options and the performance of the available funds at least every three years or following significant change in investment policy, or the demographic profile of relevant members.
- Assessing the quality of the performance and processes of the Investment Managers and providers by means of regular reviews of the investment results of each fund through meetings and written reports in consultation with the Investment Adviser.
- Appointing and dismissing of an investment manager or provider on advice from the Investment Adviser.
- Assessing the ongoing effectiveness of an Investment Adviser.
- Consulting with the Establishing Employer when reviewing investment policy issues.
- Monitoring compliance of the investments with the SIP on an on-going basis.
- Providing any appointed organisations/individuals with a copy of the SIP, where appropriate.

# ASPIRE SAVINGS TRUST

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

## 2.3 Investment Adviser

An Investment Adviser is responsible for, amongst other things:

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

## 2.4 Investment Manager

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

- At their discretion, but within the guidelines agreed with the Trustee, selecting and undertaking transactions in specific investments within each fund.
- Acting in accordance with the principles set out in the SIP.
- Providing administration for the DC section on behalf of the Trustee, including investment of members' contributions in their chosen funds and providing information to the Trustee in an agreed format.
- Providing the Trustee with sufficient information to facilitate the review of their activities, including:
  - Performance and rationale behind past and future strategy for each fund,
  - A full valuation of the assets,
  - A transaction report.
- Informing the Trustee immediately of:
  - Any breach of this SIP,
  - Any serious breach of internal operating procedures,
  - Any material change in the knowledge and experience of those involved in the Master Trust's investment options.

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



## Risks

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

Defined contribution members face four key risks:

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

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

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

- *Underperformance risk* – addressed through monitoring the performance of the Investment Manager(s) and taking necessary action when this is not satisfactory.

## ASPIRE SAVINGS TRUST

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

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



## Investment aims and objectives

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

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

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

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

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



## Investment Strategy

### 5.1 General

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

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

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

## 5.2 Kinds of Investments

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

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

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

## 5.3 Expected Returns

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

## 5.4 Diversification

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

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

## 5.5 Suitability

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

## 5.6 Realisation of Assets

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

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

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

## 5.7 Default arrangements

The Default Strategy is intended to ensure that assets are invested in the best interests of members, as it takes account of the likely characteristics and needs of members, and maintaining an appropriate balance between risk (for example, those listed in Section 3 above) and return through the appropriate and diversified allocation of assets. In doing so, it aims to deliver a real return on members' investments, but with volatility smoothed. The Trustee will review the Default Strategy (being the strategy and policies in relation to the Default) at least once every three years and without delay after there has been a significant change in investment policy or the demographic of relevant members in the default.

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

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

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



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

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

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



## Monitoring

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

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

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

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

## Advisers

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

## Investment Managers

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

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

## Trustee

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

## Other

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



## Charges

### 7.1 Member Charges

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

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

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

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

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

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

### 7.2 Custodian

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

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

### 7.3 Trustee

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

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



## Other Issues

### 8.1 Investment of Contributions

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

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

#### Financially material considerations

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

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

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

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

Due to the way assets are invested, for example through pooled funds, the Trustee accepts that it has limited influence over the ESG policies and practices of the companies in which the funds invest and it has limited ability to take these factors into account in the selection, retention and realisation of investments. The Trustee will, therefore,

rely on the policies and judgement of its investment managers and will review these policies and review compliance against them on an annual basis.

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

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

## Stewardship

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

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

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

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

# ASPIRE SAVINGS TRUST

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

## Non-financial matters

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



## Declaration

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

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

.....  
Signed

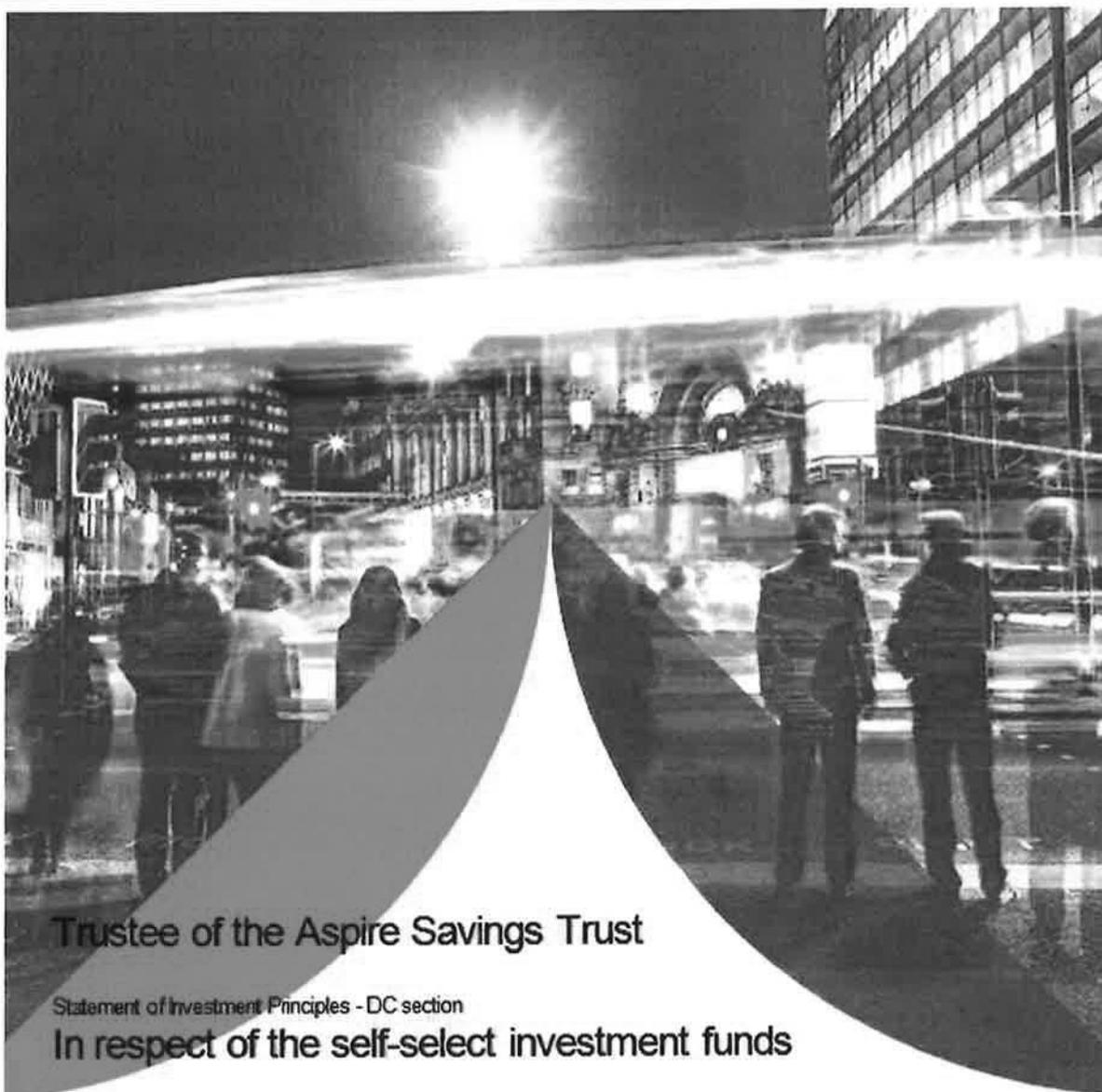
Chair, Trustee of the Aspire Savings Trust

## Appendix A

Fund options agreed as at October 2019:

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

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



**Trustee of the Aspire Savings Trust**

Statement of Investment Principles - DC section

**In respect of the self-select investment funds**

Updated: October 2019

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## Background information for members

### What is a Master Trust?

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

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

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

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

### What is a Statement of Investment Principles?

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

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

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

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



## Introduction

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

The SIP applies from 31 October 2019.

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

The members' retirement benefits depend on:

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

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

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

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

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

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

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

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

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



## Master Trust Governance

### 2.1 Governance Structure

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

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

### 2.2 Trustee

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

- Determining the investment objectives of the Master Trust and reviewing these from time to time.
- Agreeing an investment strategy designed to meet the investment objectives of the Master Trust.
- Reviewing from time to time (at least every three years, or without delay following any significant change in investment policy) the content of this SIP and modifying it if deemed appropriate in consultation with the Establishing Employer and on advice from an Investment Adviser.
- Selecting and reviewing the investment options and the performance of the available funds at least every three years or following significant change in investment policy, or the demographic profile of relevant members.
- Assessing the quality of the performance and processes of the Investment Managers and providers by means of regular reviews of the investment results of each fund through meetings and written reports in consultation with the Investment Adviser.
- Appointing and dismissing of an investment manager or provider on advice from the Investment Adviser.
- Assessing the ongoing effectiveness of an Investment Adviser.
- Consulting with the Establishing Employer when reviewing investment policy issues.
- Monitoring compliance of the investments with the SIP on an on-going basis.
- Providing any appointed organisations/individuals with a copy of the SIP, where appropriate.

# ASPIRE SAVINGS TRUST

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

## 23 Investment Adviser

An Investment Adviser is responsible for, amongst other things:

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

## 24 Investment Manager

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

- At their discretion, but within the guidelines agreed with the Trustee, selecting and undertaking transactions in specific investments within each fund.
- Acting in accordance with the principles set out in the SIP.
- Providing administration for the DC section on behalf of the Trustee, including investment of members' contributions in their chosen funds and providing information to the Trustee in an agreed format.
- Providing the Trustee with sufficient information to facilitate the review of their activities, including:
  - Performance and rationale behind past and future strategy for each fund,
  - A full valuation of the assets,
  - A transaction report.
- Informing the Trustee immediately of:
  - Any breach of this SIP,
  - Any serious breach of internal operating procedures,
  - Any material change in the knowledge and experience of those involved in the Master Trust's investment options.

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



## Risks

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

Defined contribution members face four key risks:

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

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

- *Underperformance risk* – addressed through monitoring the performance of the Investment Manager(s) and taking necessary action when this is not satisfactory.
- *Currency risk* – the risk of the effect of currency movements on the capital value of the assets held in non-sterling denomination. Addressed by the investment managers' investment decisions.

# ASPIRE SAVINGS TRUST

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

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



## Investment aims and objectives

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

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

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

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



## Investment Strategy

### 5.1 General

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

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

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

### 5.2 Kinds of Investments

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

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

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

### 5.3 Expected Returns

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

### 5.4 Diversification

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

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

### 5.5 Suitability

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

### 5.6 Realisation of Assets

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

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

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

## 5.7 Default arrangements

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



## Monitoring

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

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

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

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

### Advisers

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

### Investment Managers

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

The life assurance policy arrangement with the Investment Managers is ordinarily unlimited as to its duration, with either party being able to terminate in accordance with the terms contained within the Policy, which in normal circumstances requires the giving of at least 3 months notice. As noted above, the Investment Manager will be

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# ASPIRE SAVINGS TRUST

monitored annually to ensure that they are complying with Trustee policies in relation to ESG. The method of evaluation of their performance and remuneration are in line with the Trustee policies detailed in section 5, the investment strategy.

Trustee

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

Other

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



## Charges

### 7.1 Member Charges

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

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

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

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

### 7.2 Custodian

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

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

### 7.3 Trustee

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

### 7.4 Advisers

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



## Other Issues

### 8.1 Investment of Contributions

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

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

#### Financially material considerations

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

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

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

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

Due to the way assets are invested, for example through pooled funds, the Trustee accepts that it has limited influence over the ESG policies and practices of the companies in which the funds invest and it has limited ability to take these factors into account in the selection, retention and realisation of investments. The Trustee will, therefore,

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rely on the policies and judgement of its investment managers and will review these policies and review compliance against them on an annual basis.

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

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

## Stewardship

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

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

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

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

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

## Non-financial matters

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



## Declaration

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

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



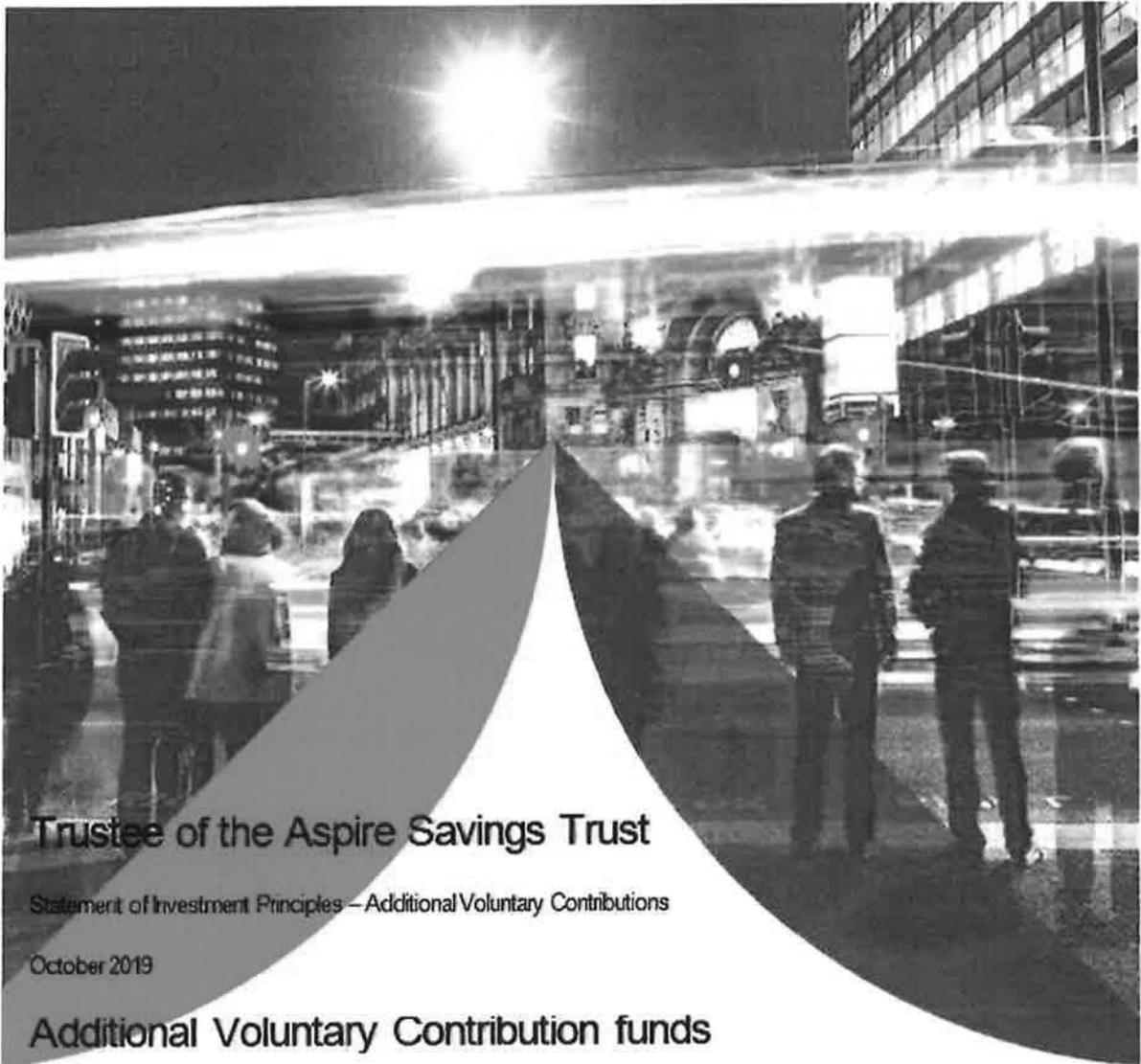
Signed

Chair, Trustee of the Aspire Savings Trust

## Appendix A

Fund options agreed as at October 2019:

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



**Trustee of the Aspire Savings Trust**

Statement of Investment Principles – Additional Voluntary Contributions

October 2019

**Additional Voluntary Contribution funds**

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## Background information for members

What is a Master Trust?

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

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

Who looks after members' savings in the Master Trust?

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

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

What is a Statement of Investment Principles?

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

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

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

# 1

## Introduction

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

This AVC SIP applies from 31 October 2019.

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

### 1.1 Declaration

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

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

This SIP was approved by the Trustee in October 2019.

Signed .....



Date 31/10/2019

Chair,

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



## Master Trust Governance

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

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

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

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

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

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

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

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

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

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

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

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

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



## Additional Voluntary Contribution Section

### 3.1 Investment Objectives

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

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

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

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

### 3.2 Investment Strategy

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

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

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

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

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

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

### 3.3 Investment fund range

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

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

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

### 3.4 Kinds of Investments

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

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

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

### 3.5 Expected Returns

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

## 3.6 Diversification

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

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

## 3.7 Suitability

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

## 3.8 Realisation of Assets

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

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

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



## Monitoring

### 4.1 Pooled funds and/or insurance policies

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

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

### 4.2 Advisers

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

### 4.3 Investment managers

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

### 4.4 Ongoing review

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



## Fees

### 5.1 Funds

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

### 5.2 Advisers

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

### 5.3 Custodian

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

### 5.4 Trustee

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



## Risks

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

Defined contribution members face four key risks:

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

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

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

- *Underperformance risk* – addressed through monitoring the performance of the Investment Manager(s) and taking necessary action when this is not satisfactory.

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

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



## Other Issues

### 7.1 Administrator

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

### 7.2 Investment of Contributions

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

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

#### Financially Material Considerations

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

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

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

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

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

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

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

## Stewardship

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

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

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

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

As noted above, the Trustee has delegated the engagement activities in respect of the investments to the Investment Managers. The Trustee will consider proportionally engaging with relevant parties to improve the impact

# ASPIRE SAVINGS TRUST

of engagement, when requested by the Investment Manager. Therefore in most circumstances, engagement with relevant persons (such as the issuers or holders of a debt or equity) will be by the Investment Manager. The circumstances in which the Trustee would monitor and engage, and method of engagement, would vary depending on the request made by the Investment Manager.

## Non-financial matters

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

## Appendix A: Responsibilities

### Trustee

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

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

### Investment Adviser

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

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

## Appendix B: AVC funds and benchmarks

AVC	Fund	Benchmark or objective
Clerical Medical	Balanced	The fund aims to achieve long-term capital growth by gaining exposure predominantly to UK and overseas equities with flexibility to gain a minority exposure to commercial property and fixed interest stocks.
	Cautious	The fund aims to achieve long-term capital growth by gaining exposure to UK equities, commercial property and fixed interest stocks. The fund will normally operate a broadly equal weighting between the equity and non-equity classes with flexibility to move over and under-weight positions in any asset class to meet market circumstances.
	Non-Equity	The fund aims to provide a long-term total return by gaining exposure almost exclusively to a range of commercial property, fixed interest and index-linked stocks.
	Retirement Protection	To broadly match the performance of those UK gilt edged stocks which influence market yields for pension annuity rates by investing totally in long-dated stocks.
	UK Growth	The fund invests via the Halifax UK Growth OEIC Fund. The UK Growth OEIC Fund to achieve long term capital growth by investing predominantly in a portfolio of companies which are part of the FTSE All Share Index (the "Index"). The Fund seeks to deliver performance, before deduction of management fees, in excess of the Index with a similar level of overall volatility, over the long term.
	UK Property	The fund aims to achieve long-term capital growth by investing mainly in UK properties. The core of the portfolio is concentrated on larger commercial and office properties.
AVC	Fund	Benchmark or objective
Baillie Gifford	Baillie Gifford Diversified Growth fund	The aim of the Fund is to deliver attractive long-term returns with lower volatility than equity markets by investing in a diversified portfolio of assets. The return target is at least 3.5% ahead of the UK base rate (net of fees) over rolling 5-year periods while limiting volatility to less than 10%.

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Equitable Life	International	The Fund aims to achieve long-term capital growth by investing in equity and equity-related securities of companies worldwide.
	Pelican	The Fund aims to achieve long-term capital growth by investing in equity and equity-related securities of companies in the United Kingdom. The investment policy of the Fund is to invest primarily in equities and equity-related securities of companies that are constituents of the FTSE All Share Index.
	Money	The fund's investment objective is to preserve capital whilst aiming to provide a return in line with prevailing short-term money market rates. To achieve this objective, the assets of the Fund are invested with the principle of risk diversification predominantly in fixed and floating Sterling denominated Money Market Instruments and in deposits with credit institutions, including but not limited to, fixed-term deposits at financial institutions, certificates of deposit, commercial paper, medium-term notes, short-term treasury bills, floating rate notes, asset backed securities, ABCPs, call and notice accounts. The Fund's investment in securities is limited to those with a residual maturity not exceeding 397 days. The Fund's investment has a Weighted Average Maturity (WAM) that does not exceed 60 days and a Weighted Average Life (WAL) that does not exceed 120 days.
AVC	Fund	Benchmark or objective
	UK FTSE All Share Tracker	The Fund aims to achieve long term capital growth and to produce a return that, before charges and expenses, matches the total return of the FTSE All Share Index.
Legal & General	Cash	To provide capital protection with growth at short-term interest rates. The fund invests in the short-term money markets such as bank deposits and Treasury Bills. Notes: A. The fund does not invest in any asset types where the capital value can fall, such as fixed interest securities. The value of the fund's assets would only fall if a deposit holder or the UK Government were unable to meet their obligations. B. If the interest earned by the fund's assets is

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		insufficient to cover the fund management charge and any additional fund expenses, the unit price will fall.
	Equity	To maximise returns by investing in a broad mix of mainly UK shares.
	Ethical	To track the return of the FTSE 350 Index (after adjustment for charges and tax), not including companies who don't comply with a range of ethical and environmental guidelines.
	Fixed Interest	To maximise returns by investing in UK Government stocks and other readily marketable fixed interest securities. The fund may also include stocks of overseas governments and companies.
	Global Equity 70:30 Index	To capture the returns of the UK and overseas stock markets as represented by the FTSE All-Share Index for the UK and the FTSE All-World ex UK Index for overseas stock markets. The fund will be split approximately 70% to the FTSE All-Share Index and 30% to the FTSE All-World ex UK Index.

AVC	Fund	Benchmark or objective
	Managed	To seek steady long-term growth, whilst at the same time safeguarding the fund against excessive risks. It invests mainly in UK and international shares, but also has some exposure to fixed interest securities, UK commercial property and cash, thereby offering a more diversified investment than a pure equity fund.
	North American	To provide the potential for long-term growth by investing in North American shares.
	Property	To get the best return from a portfolio of first-class freehold and leasehold interests in commercial and industrial property. This includes industrial warehouse buildings, shopping units and office blocks. It is also permitted to invest up to 15% in other external property funds in order to take advantage of investment opportunities in niche or specialist sections.
	UK Equity Index	To track the return of the FTSE All-Share Index (after adjustment for charges and tax) by investing in UK shares. In order to accurately

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	track this index the fund will invest in a representative sample of holdings.
UK Recovery	To provide the potential for long-term growth by investing in a concentrated portfolio of UK and European shares. The fund will invest in companies considered to be undervalued due to their special situation, such as recovery action, management change, refinancing activity or undervalued strategic assets.
UK Smaller Companies	To seek to maximise capital growth from a portfolio of UK securities consisting largely of smaller companies selected from all economic areas. The fund primarily invests in companies which comprise the lowest 10% by capitalisation of the UK equity market.

# ASPIRE SAVINGS TRUST

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

### **PTL Governance Limited - Steve Carrodus**



Steve has over 40 years' experience in the corporate pension and employee benefit market and has been involved in trusteeship work since 1991. He has worked for a number of major pension consulting firms and was involved in the formation of a new consultancy in the late 1980's.

For much of his career Steve has been advising medium sized pension funds on all areas relating to the setting up and running of pension schemes and indeed in some cases in the winding up. Steve has a good understanding of investment issues and served as a member of the investment committee of one consulting firm for a number of years. This wealth of experience is of assistance in the trustee context to ensure that advisers are challenged, and their advice is fully understood by all trustees.

Steve headed up a regional office of one major consulting firm for over 10 years and therefore has experience of business management which enables an understanding of the employer's position in relation to pension issues.

Steve served for four years on the Council of the Pensions Management Institute, during which time he served on a number of the Institute Committees. Steve has also been involved in speaking at a number of technical seminars for clients and at trustee training courses. Recent experience includes trusteeship of DC master trusts and membership of Independent Governance Committees.

Steve is the Chair of the Trustee Board.

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

### Independent Trustees Limited – Dianne Day appointed 26 November 2018



Dianne has over 20 years' experience in the highly competitive Australian investment industry – a market dominated by Defined Contribution based pension providers and master trusts – followed by over 10 years' experience in trusteeship roles.

As a specialist in Defined Contribution pension schemes, Dianne has served as independent chair or member on a range of trustee boards and committees. Her portfolio includes occupational trusts, a master-trust and an Independent Governance Committee, most of which cater for auto-enrolled members. These schemes offer a broad spectrum of investment strategies, including passive, active and target-date funds.

In addition to the Aspire Savings trust, Dianne's trusteeship roles include:

- Chair of Trustees, HSBC Globetrotter and IMDCS schemes, (current - £70m)
- Chair (Sole Corporate Trustee), Intercontinental Hotel Group, (current - £70m)
- Independent member, Virgin Money Independent Governance Committee (current - £180m)
- Chair (Sole Corporate Trustee), Carillion DC Schemes, (current - £300m)
- Trustee Director, IAG & NRMA Superannuation Plan (2007-2012 - £500m)

Dianne was also an independent trustee of the Open Pension Trust (a UK master trust) from 2016 to 2018 and was a trustee director of the IAG & NRMA Superannuation Plan (2007-2012 - £500m).

In the roles listed above, Dianne has variously undertaken default investment reviews (including implementing a new investment strategy and communicating changes to members), offered wide ranging investment options in multiple currencies, carried out a member research initiative in collaboration exploring members' perspectives of value-for-money, initiated a bespoke study with investment advisers to benchmark risk-adjusted returns in the context of peers / competitors, tendered for new investment consultant and overseen bulk transfers.

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

Key roles in Australia included Chief Investment Officer at NRMA Motoring & Services, a mutual with 3 million motoring members. As CIO, she led the restructure of its endowment-like investment portfolio (AU\$1bn), gaining board approval for the implementation of a revised investment policy. Investments included traditional bond and equity portfolios, as well as private equity, infrastructure and direct property investments.

At BT Investments, Dianne led the product integration team when BT Investment Management, Rothschild Asset Management and Westpac merged into an AU\$40bn business in 2002 to achieve a consolidated, market-leading investment range for employers and members. During this time, the Westpac Business Super (AU\$1bn), a GPP, was relaunched and rebranded with its assets transferred to an improved investment platform. In doing so, the modern features and benefits were effectively communicated to the 275,000 members and 12,000 participating employers.

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

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

### **Angus Samuels**



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

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

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

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

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

# ASPIRE SAVINGS TRUST

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

### **Link Trustees Limited – Resigned 31 October 2018**

Between 1 April and 31 October 2018, the Aspire Savings Trust had two representatives from Link Trustees Limited for the periods shown.

#### **Steve Jones (1 April – 30 June 2018)**



Steve is a professional trustee with over 30 years of pensions experience. Steve's career has been focused on consultancy and relationship management and has particular experience in investment strategy. This experience has helped in supporting schemes as they work through change management, funding, employer covenant and other issues. Having dealt with many of the challenges facing trustee boards in his role as professional trustee he is able to use this experience to achieve a balanced approach resulting in best outcomes for all parties, particularly when complex funding negotiations are involved.

Professional trustee for the last 10 years, Steve was a Director of Link Pension Trustees Ltd until he left the company in June 2018.

#### **Peter Barnard (1 July – 31 October 2018)**

Peter has over 30 years' experience in the actuarial and pensions industry.

He qualified as an actuary in 1989 and was a scheme actuary for 20 years. As well as being an actuary he is also a fellow of the Chartered Institute for Securities and Investment.

Peter started his career at Cubie Wood & Co (the actuarial arm of Noble Lowndes and Partners) followed by Bacon & Woodrow, Brown Shipley, Capita and currently Link Pension Trustees Limited.

Peter's experience is predominantly pensions based but has also encompassed general insurance and life assurance. Non-actuarial experience has included day to day management of pensions administration teams as a senior manager at Bacon & Woodrow and at Brown Shipley. Has also acted both as a member nominated trustee and as an employer appointed trustee.

Past experience has included advising several multi-employer schemes including an industry wide defined contribution scheme for hundreds of employers.

Peter currently acts as a trustee to approximately 10 pension schemes and provides advisory services to one other scheme.