

Victrex Pension Fund (the “Fund”)

Chair’s annual statement regarding the governance of defined contribution arrangements

Fund year - 1 April 2019 to 31 March 2020

1. Introduction

- 1.1. This statement has been prepared by the Trustee of the Victrex Pension Fund (the “Trustee”) to report on compliance with governance standards applicable to defined contribution (DC) arrangements. These standards were introduced under the Occupational Pension Schemes (Charges and Governance) Regulations 2015 and were amended by the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 (“the Regulations”), and are designed to help members achieve good outcomes from their pension savings.
- 1.2. The reporting period covered by this statement is 1 April 2019 to 31 March 2020 (“the reporting period”).
- 1.3. As required by the Regulations, the Trustee will publish this Statement on a publicly accessible website. The address for the website is: <https://www.victrexplc.com/governance/governancedocuments>

2. The Fund’s DC arrangements

- 2.1. The Fund’s DC arrangements comprise:
 - 2.1.1. The Defined Contribution Section (“the DC Section”) which is open to future contributions and is used as a qualifying workplace pension scheme for automatic enrolment purposes.
 - 2.1.2. Legacy Additional Voluntary Contributions (AVCs) for members of the Defined Benefit Section (“the DB Section”) of the Fund, which are invested in line with DC Section benefits
- 2.2. Funds for both DC arrangements outlined in 2.1 are invested directly with Legal & General Investment Management (LGIM), Barings and Baillie Gifford & Co.

3. Default investment arrangements

- 3.1. The DC Section has two default investment arrangements for the purposes of the governance standards.
- 3.2. For members who are automatically enrolled into the DC Section and do not make an alternative selection, contributions are invested in the Victrex Flexible Retirement Lifestyle Investment Option (the “default”). The default was implemented in March 2018 and its key features are as follows:
 - 3.2.1. The default uses a ‘lifestyle’ strategy to automatically and gradually reduce risk and volatility as members approach their retirement age. The asset allocation of the default at retirement is designed to be suitable for members who wish to flexibly access their funds at retirement via income drawdown.
 - 3.2.2. Membership analysis in 2017, when the default was last reviewed, showed that this was likely to be the most popular manner in which members would use their DC funds at retirement. The Trustee believes this is still the case, but will review the membership demographics and likely future benefit choices as part of the next review in 2020.
 - 3.2.3. The default invests 75% in LGIM passive equity funds and 25% in the Barings Global High Yield Credit Strategies Fund whilst a member is more than 15 years from their Selected Retirement Age (SRA), known as the early growth phase.

- 3.2.4. 25% of the total allocation is gradually switched from the LGIM passive equity funds to the Barings Multi Asset Fund between 15 and 10 years from members' SRA. This allocation is maintained until a member reaches 5 years from their SRA.
- 3.2.5. A further 25% of the total allocation is gradually switched from the LGIM passive equity funds to the LGIM Cash Fund during the 5 years approaching SRA. At a member's SRA, they have an investment allocation of 25% in LGIM passive equities, 25% in the Barings Global High Yield Credit Strategies Fund, 25% in the Barings Multi Asset Fund and 25% in the LGIM Cash Fund.
- 3.3. The Trustee introduced a further lifestyle option in March 2018, the Victrex Target-Annuity Lifestyle Investment Option ("the alternative default"). Members who were previously invested in either of the two former lifestyle arrangements used in the DC Section and were within 5 years of their SRA in 2018 were automatically switched to the alternative default unless they made an explicit choice otherwise. This arrangement is therefore also deemed a default investment arrangement for the purpose of the governance standards. The key features of the alternative default are as follows:
 - 3.3.1. The alternative default uses the same allocation in the early growth phase as the default.
 - 3.3.2. When a member reaches 17 years from his SRA, the Barings Multi Asset Fund is introduced.
 - 3.3.3. At a member's SRA, they will have an investment allocation of 75% in the LGIM Pre-Retirement Inflation Sensitive Fund and 25% in the LGIM Cash Fund. This asset allocation is designed to be suitable for members who will take 25% of their benefits as tax free cash and use the balance to purchase an annuity.
- 3.4. The default SRA for the Fund is 65 although members are able to change this to suit their own circumstances.

Aims and objectives of the default investment arrangements

- 3.5. The default and the alternative default both aim to grow the value of members' DC pension savings over the longer term whilst providing less volatility (but a potentially lower return) than investing solely in a portfolio of global equities.
- 3.6. The default aims to reduce the exposure to large fluctuations in the value of members' DC pension savings in the approach to retirement age. The target investment portfolio at retirement age is designed for members looking to remain invested into their retirement, i.e. by taking benefits through drawdown, or a mix of retirement options that includes drawdown. It is also broadly appropriate for members who have yet to consider how they may take benefits or who do not know how they may take benefits.
- 3.7. The alternative default also aims to reduce the exposure to large fluctuations in the value of members' DC pension savings in the approach to retirement age. The target investment portfolio at retirement age is designed for members looking to take benefits via annuity purchase and the maximum 25% cash lump sum at retirement.

Review of the default

- 3.8. The Trustee, together with its investment advisers, Barnett Waddingham LLP, monitors the Fund's investment options on a quarterly basis. Barnett Waddingham LLP provide the Trustee with quarterly monitoring reports, which include performance figures for all funds used in the DC arrangements, analysis of both the default and alternative default strategies, and commentary on any developments on changes with the fund managers. The Trustee believes the Fund's DC investment options, including the default strategies, have performed in line with their stated aims and objectives over the reporting period.

- 3.9. The last strategic review of the DC Section's investment strategy was completed in February 2017, and this review covered both the default investment arrangements and other investment options available for members to select. Supplementary advice was also provided during the April 2017 to March 2018 Fund year, and this led to various changes to the investments available, most notably the implementation in March 2018 of the two default investment arrangements described in this section.
- 3.10. The Trustee commenced a formal strategic review of the default strategies in March 2020. In the early stages of this review, the Trustee considered any potential structural changes to the DC Section which would have an impact on the investment recommendations and set the parameters for the later stages of the review, including a detailed analysis of the current and future membership demographics. The strategic review is due to be completed in 2020, and the Trustee will comment on this further in next year's statement.

Further information on the default

- 3.11. Further details of the two default investment arrangements are set out in the attached 'Statement of Investment Principles' (SIP), which can also be found on the web address outlined in Section 1.3. This was last updated in September 2019 to document the Trustee's view on the financial materiality of Environmental, Social and Governance (ESG) factors. The SIP covers investment policy in relation to the entire Fund, however Appendix 2 relates to the DC Section investment strategy.

4. Core financial transactions

- 4.1. The Trustee has a duty to ensure that 'core financial transactions' are processed promptly and accurately.
- 4.2. Core financial transactions comprise the following:
 - 4.2.1. investment of contributions,
 - 4.2.2. transfers into and out of the Fund,
 - 4.2.3. investment switches within the Fund, and
 - 4.2.4. payments out of the Fund.
- 4.3. Core financial transactions for the DC Section are undertaken by Premier Pensions Management Ltd ("the administrator").

Controls and monitoring arrangements

- 4.4. The administrator provides the Trustee with comprehensive quarterly administration reports (the "stewardship reports") that allows them to monitor promptness against agreed service levels (the Service Level Agreement or "SLA"). The stewardship report includes a service dashboard which details key compliance and service indicators as well as indicating any reportable events. It also confirms who is responsible for the service i.e. the Trustee or the administrator.
- 4.5. SLAs were agreed as part of the contract between the Trustee and the administrator to ensure the promptness of core financial transactions. The SLAs for the core financial transactions are:
 - 4.5.1. 3 working days for investment of contributions,
 - 4.5.2. 3 working days for fund switches,
 - 4.5.3. 5 days for settlement of member payments (e.g. transfers in, transfers out, retirement payments),
and

4.5.4. Monthly reconciliations for each fund.

4.6. The administrator also has agreed to specific provisions in relation to the SLAs for example:

4.6.1. To deliver the services set out with error, rework or failure rates below 1%.

4.6.2. To deliver the services set within the timescales stated in no less than 95% of cases processed to completion.

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

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

4.7.2. The Fund's membership data is regularly reviewed and data quality analysis is included in stewardship reports. The Fund's Common Data, which refers to data items applicable to all pension schemes, was measured as being 99.9% complete as at October 2019.

4.7.3. The administrator's processes are subject to a formal external audit for the annual assurance report on internal controls. The latest AAF 01/06 report for the year ending 31 October 2019 cited no exceptions.

4.7.4. The administrator holds ISO 9001 certification which evidences high quality management standards.

4.7.5. Daily monitoring of the Trustee's bank account.

4.7.6. Monthly bank account and unit holding reconciliations.

4.7.7. Rigorous checking processes for all core financial transactions. These processes define authorisation limits, segregation of duties and embeds these aspects within the administrator's workflow systems.

Performance during reporting period

4.8. The quarterly stewardship reports received from the administrator reported that over 99% of core financial transactions over the reporting period were completed within SLA. The Trustee is therefore satisfied that the SLA targets for ensuring the promptness have comfortably been met during the reporting period.

4.9. The administrator's quarterly reports identified no material issues with the accuracy of core financial transactions.

Assessment

4.10. In view of the controls and monitoring arrangements in place, and the lack of material issues experienced during the reporting period or left unresolved at the end of the reporting period, the Trustee believes that core financial transactions have been processed promptly and accurately.

5. Member-borne charges and transaction costs

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

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

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

Charges in relation to the DC Section

Default investment strategies

5.2. The following table provides details of the charges and transaction costs for each of the default investment strategies applicable to the Fund's DC arrangements over the reporting period:

Investment option	TER (p.a.)	Transaction costs (p.a.)
Victrex Flexible Retirement Lifestyle Investment Option *	0.326% - 0.467%	0.009% - 0.049%
Victrex Target-Annuity Lifestyle Investment Option *	0.145% - 0.571%	0.000% - 0.070%

* The quoted TER and transaction costs for each default strategy are calculated as a composite of the underlying fund charges and transaction costs noted in paragraph 5.3. These fund holdings and therefore also charges will vary depending upon each member's term to retirement age.

Other investment funds

5.3. The following table provides details of the charges and transaction costs for each of the other investment options applicable to the Fund's DC arrangements over the reporting period, including those which are used in the Fund's default investment strategies (data sourced from each relevant investment manager):

Investment fund	TER (p.a.)	Transaction costs (p.a.) **
Barings Global High Yield Credit Strategies Fund *	0.700%	0.068%
Barings Multi Asset Fund *	0.766%	0.134%
Baillie Gifford Global Alpha Growth Fund	0.600%	0.058%
Baillie Gifford Multi Asset Growth Fund	0.560%	0.653%
Baillie Gifford UK Equity Alpha Fund	0.560%	0.163%
Baillie Gifford UK and Worldwide Equity Fund	0.480%	0.035%
LGIM Active Corporate Bonds – All Stocks Fund	0.256%	0.003%
LGIM Cash Fund *	0.125%	0.003%
LGIM Pre-Retirement Inflation-Sensitive Fund	0.151%	-0.001%
LGIM UK Equity Index Fund *	0.131%	-0.019%
LGIM World (ex-UK) Equity Index Fund *	0.224%	-0.007%
LGIM World Emerging Markets Equity Fund	0.464%	0.004%

* As well as being individual investment options, these funds are used within the default investment strategies

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

Impact of costs and charges

- 5.4. To demonstrate the impact of charges and transaction costs on members' pension savings over time, the Trustee has produced illustrations in line with September 2018 statutory guidance from the Department of Work and Pensions entitled 'Reporting of costs, charges and other information: guidance for trustees and managers of relevant occupational schemes'. These illustrations are set out in the Appendix.

Value for members

- 5.5. The Trustee is required to assess annually the extent to which the charges and transaction costs borne by members represent good value.
- 5.6. Analysis was undertaken by the Trustee's professional advisers, Barnett Waddingham LLP, and the findings set out in a report dated July 2020. The Trustee considered the report and has confirmed its assessment of the value for members provided by the Fund's DC arrangements as set out in this statement.
- 5.7. Recognising that low cost does not necessarily mean good value, the assessment considered whether the services for which members pay or share the costs are suitable for, relevant to and (likely to be) valued by members and whether performance of the services had been effective. Consideration was also made of the costs relative to other options available in the market.
- 5.8. The charges and transaction costs borne by members relate to the costs of providing the investment management services. Various other investment-related services for which members do not directly bear the costs are nevertheless inextricably linked to creating the environment under which investment returns are delivered, e.g. strategy, monitoring and the investment governance structure, so these were included in the assessment.
- 5.9. Other services paid for by the Company were excluded but nevertheless deliver value to members, e.g. administration and communication services, the services of professional advisers and the operation of the trustee board, with a duty to act in the best interest of members.
- 5.10. In relation to the quality of investment services provided, the assessment considered:
 - 5.10.1. The range of investment options available and the design of the defaults
 - 5.10.2. The arrangements for monitoring the performance of the investment options and reviewing the investment strategy
 - 5.10.3. The investment governance arrangements
 - 5.10.4. The investment services relative to the other options available on the market.
- 5.11. The Trustee concluded that the DC Section offers **excellent value** in relation to the charges and transaction costs borne by members.
- 5.12. Some of the key factors recognised by the Trustee in reaching this conclusion are:
 - 5.12.1. The Fund has an appropriate governance structure, where investment matters are considered by the Trustee at regular meetings with the help of professional advisers. The Trustee has reviewed and strengthened this structure during the reporting period by setting objectives for its investment advisers, and by updating the SIP to document the Trustee's view on the financial materiality of Environmental, Social and Governance (ESG) factors
 - 5.12.2. Members in the DC arrangements have access to an appropriate range of investment options, including two default investment strategies which were implemented after consideration of the needs of DC Section members. These are monitored regularly by the Trustee and its advisers.
 - 5.12.3. Members have access to a range of communication materials in respect of these investments, and the Trustee has been pro-active at communicating with members over the reporting period with

key messages on DC pension investing, which were particularly pertinent in light of the market volatility experienced towards the end of the reporting period.

- 5.13. The assessment considered just those services for which members bear or share the costs. Factors that were not considered but that add value include:
 - 5.13.1. The services fully paid for by the Company, e.g. the DC Section's administration and communication, services and the services of legal advisers, consultants and auditors.
 - 5.13.2. The operation of the Trustee Board, with a duty to act in the best interest of members (includes the services of a professional trustee, whose costs are met by the Company).
 - 5.13.3. The Company contributions available.
 - 5.13.4. The operation of salary sacrifice, providing an optional, tax efficient way of paying contributions to the Fund.
 - 5.13.5. Financial education sessions run by Wealth at Work on a recurring basis, which also give members the opportunity to ask questions and provide feedback on the Victrex Pension Fund, which is passed on to the Trustee.

6. Trustee knowledge and understanding

The Trustee Board

- 6.1. As at 31 March 2020, the Trustee comprises a sole independent professional trustee, BESTrustees Limited.
- 6.2. BESTrustees Limited is represented by Peter Godding ("the Trustee representative"), who has the requisite qualifications, experience, knowledge and skills in order to undertake a trustee role effectively.
- 6.3. As a result of this appointment, it is not expected that there will be significant changes to the Trustee Board in the future.

Trustee knowledge and understanding requirements

- 6.4. Trustees are required to be conversant with a scheme's main documents, and have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational schemes and investment of Fund assets.

Approach

- 6.5. The Trustee representative aims to remain conversant with the Fund's Trust Deed and Rules as well as all other Fund documents such as the Statement of Investment Principles, the risk register and current policies, e.g. conflict of interest. The Trustee representative does so through their experience in governing the Fund, as well as specific activities over the reporting period and access to professional advice.
- 6.6. Having conducted regular formal reviews since appointment as Trustee with the assistance of its professional advisers, the Trustee representative is conversant with the following trust documents and policies:
 - 6.6.1. Revised Definitive Trust Deed & Rules
 - 6.6.2. Statement of Investment Principles
 - 6.6.3. Risk Register

- 6.6.4. Data Protection Policy
 - 6.6.5. Data Sharing Agreement with the Company
 - 6.6.6. Conflicts of Interest Policy and Register
 - 6.6.7. Internal Dispute Resolution Procedure
 - 6.6.8. Member Booklet
 - 6.6.9. Payment Schedule
- 6.7. The Trustee representative aims to achieve and maintain knowledge and understanding of the law relating to pensions and trusts, the funding of occupational schemes and investment of scheme assets through a combination of training and taking professional advice. As an independent and professional trustee, the Trustee representative holds multiple trustee roles which provides a breadth of experience and exposure to different professional advisers.
- 6.8. Significant support and oversight is available from BESTrustees Limited to assist the Trustee representative in undertaking the trustee roles effectively, including peer review support for significant decisions, quarterly disclosures to an internal sole trustee committee and internal continuous professional development (CPD) requirements. BESTrustees Limited have a robust internal handover process should a change of Trustee representative be required in the future.

Trustee Training

- 6.9. The Trustee representative undertakes regular training activities in order to aid professional development and keep abreast of relevant pension issues. In addition, the Trustee representative complies with Continuous Professional Development requirements of both the Association of Professional Pension Trustees and the Pensions Management Institute, as per their responsibility as a professional trustee, and the Trustee representative considers that this is an efficient and effective way to record training received and assess this for any gaps.
- 6.10. The Trustee representative received Fund-specific training at meetings and supplements this with matter such as attending seminars and industry events, reading pensions-related literature and receiving ongoing support from BESTrustees Limited.
- 6.11. During the reporting period, the Trustee representative has undertaken the following training in relation to DC issues:
- 6.11.1. Consideration of Environmental, Social and Governance (ESG) factors in relation to the Fund's investment strategy, and how to comply with associated new requirements on trustees.
 - 6.11.2. Setting strategic objectives for investment advisers.
 - 6.11.3. LGIM's approach to investment stewardship.
 - 6.11.4. The administrator's "Gateway 2 Retirement" guidance service which is available to members approaching retirement age.
 - 6.11.5. The Pension Regulator's approach to pension scheme supervision and enforcement.
 - 6.11.6. Baillie Gifford's conference on future strategy for DC pension schemes.
 - 6.11.7. Legislative updates and developments in the defined contribution pensions market.
- 6.12. The Trustee representative also attended several roundtable events over the reporting period, allowing for focused information gathering and discussion on pertinent issues, such as advances in pension administration and use of technology, cyber strategies for pension schemes, value for money, and regulatory supervision and enforcement.

Access to professional advice

- 6.13. The Trustee also consults with professional advisers as and when required, for example on consultancy, investment and legal matters. The professional advisers are engaged to pro-actively alert the Trustee on relevant changes to pension and trust law. Professional advisers also provide support in relation to understanding and reviewing the Fund's documents, attending Trustee meetings and in delivery of training at these meetings.
- 6.14. During the reporting period, the Trustee obtained advice and support from their professional advisers to undertake the following activities:
- 6.14.1. The annual Value for Member's assessment
 - 6.14.2. Completion of the annual governance statement
 - 6.14.3. Assessment of the security of the Fund's DC Section assets
 - 6.14.4. Quarterly monitoring of the Fund's investments
 - 6.14.5. Initial advice on the parameters and objectives of the strategic investment review
 - 6.14.6. The Statement of Investment Principles was reviewed and updated during the year to document the Trustee's policy on the financial materiality of ESG factors.
 - 6.14.7. Formally documenting objectives for the Trustee's investment advisers
- 6.15. The Trustee assess their advisers informally on a regular basis.

Assessment

- 6.16. The Trustee considers that the professional and independent status of the Trustee representative, their knowledge, skills and understanding, and the professional advice which is available to them, enables them to properly and effectively exercise their trustee functions in relation to the Fund's DC arrangements.

Signed: BESTrustees Limited

13 July 2020

On behalf of the Trustee of the Victrex Pension Fund

Appendix – Illustrations on the impact of cost and charges

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

Parameters used for the illustrations

A1.2. To determine the parameters used in these illustrations, the Trustee has analysed the membership of those invested in the DC Section and the DB Section AVCs over the Fund year.

A1.3. The Trustee has ensured that the illustrations take into account the following:

A1.3.1. A representative range of pot sizes, including:

- £35,000 – the rounded, mean pot size across all members with DC benefits in the Fund
- £0 – to provide a representative illustration for new joiners to the Fund

A1.3.2. A representative range of real terms investment returns (gross of costs and charges), including the fund with the lowest return, the fund with the highest return and the return on the most popular fund (by number of members)

A1.3.3. A representative range of costs and charges, including the charges on the fund with the lowest charges, the fund with the highest charges and the charges on the most popular fund (by number of members).

A1.3.4. Representative periods of Fund membership, covering at least the duration that the youngest member would take to reach normal retirement age (a period of 50 years is shown).

A1.4. The Trustee has included future contributions in the illustrations as the DC Section remains open to contributions. This includes:

- £700 p.m. – the most common total contribution rate (21%) calculated against the rounded median salary for active members of the Fund (£40,000).
- £0 p.m. – to provide a representative illustration for deferred members

A1.5. The investment funds and strategies used in these illustrations have been chosen from the range used by Fund members using the rationale outline in the below table.

Investment option	Rationale for inclusion	Assumed return above inflation*
Victrex Flexible Retirement Lifestyle Investment Option	Default strategy and most popular choice (by number of members)	-2.40% to 2.50%
Baillie Gifford Multi Asset Growth Fund	Highest anticipated return gross of charges Highest costs and charges	2.50%
LGIM Cash Fund	Lowest anticipated return gross of charges	-2.40%
LGIM UK Equity Index Fund	Lowest cost and charges	2.50%

A1.6. The projected growth rates, gross of costs and charges, for each investment option are in line with the 2020 Statutory Money Purchase Illustrations (SMPIs) used in the Fund's annual benefit statements.

A1.7. These projections are lower than last year, as a result of the lower expected returns across all asset classes.

Guidance to the illustrations

A1.8. For each illustration, the savings pot has been projected twice: firstly for the assumed investment return gross of costs and charges; and secondly for the assumed investment return net of costs and charges.

A1.9. Projected pot sizes are shown in today's terms, so do not need to be reduced further for the effects of future inflation. Inflation is assumed to remain constant throughout the term of the illustrations, at 2.5% per year.

A1.10. Values shown are estimates and not guaranteed.

A1.11. The starting date for the illustrations is 31 March 2020.

A1.12. The illustrations are presented in two different ways:

A1.12.1. For the default, a lifestyle strategy, the illustrations should be read based on the number of years until the member reaches their retirement age. This is because the underlying funds used and therefore the costs and charges changes over time and this is reflected in the illustrations.

A1.12.2. For the individual funds, the illustrations should be read based upon the number of future years that a member expects to be invested in those funds.

Victrex Flexible Retirement Lifestyle Investment Option

A1.13. This is the default strategy for the DC Section and the most popular choice by number of members. The illustrations below assume that the member is wholly invested in this fund throughout their period of membership.

Projected Pension Pot in Today's Money						
Years to Selected Retirement Age (SRA)	Starting Value: £35,000 Contributions: £700 pm		Starting Value: £35,000 Contributions: £0 pm		Starting Value: £0 Contributions: £700 pm	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£35,000	£35,000	£35,000	£35,000	£0	£0
1	£43,641	£43,457	£35,307	£35,143	£8,333	£8,314
3	£61,536	£60,851	£36,186	£35,680	£25,350	£25,171
5	£80,553	£79,171	£37,437	£36,566	£43,116	£42,605
10	£132,943	£128,821	£41,482	£39,563	£91,461	£89,258
15	£190,994	£183,110	£45,964	£42,949	£145,029	£140,162
20	£255,317	£243,130	£50,931	£46,860	£204,386	£196,270
25	£326,590	£308,615	£56,434	£51,127	£270,156	£257,488
30	£405,563	£380,063	£62,531	£55,782	£343,032	£324,281
40	£590,031	£543,071	£76,774	£66,404	£513,257	£476,667
50	£816,514	£737,117	£94,260	£79,048	£722,254	£658,069

Note on how to read this table: If an active member had £35,000 invested in this option on 31 March 2020, when they come to retire in 10 years, the savings pot could grow to £132,943 if no charges are applied but to £128,821 with charges applied. The change in the asset allocation in the final 15 years to SRA will have an impact on the assumed rate of return as well as the costs and charges applied to members and, as such, there will not be a consistent level of charges applied across the entire glidepath.

Baillie Gifford Multi Asset Growth Fund

A1.14. This is the fund with the highest assumed return (gross of costs and charges), and highest charges through the DC Section. The illustrations below assume that the member is wholly invested in this fund throughout their period of membership.

Projected Pension Pot in Today's Money						
Years of Future Membership	Starting Value: £35,000 Contributions: £700 pm		Starting Value: £35,000 Contributions: £0 pm		Starting Value: £0 Contributions: £700 pm	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£35,000	£35,000	£35,000	£35,000	£0	£0
1	£44,251	£43,823	£35,854	£35,471	£8,398	£8,353
3	£63,436	£61,827	£37,624	£36,431	£25,812	£25,396
5	£83,568	£80,317	£39,482	£37,417	£44,086	£42,901
10	£138,355	£128,764	£44,537	£40,000	£93,818	£88,764
15	£200,157	£180,556	£50,240	£42,763	£149,917	£137,794
20	£269,873	£235,925	£56,673	£45,715	£213,200	£190,209
25	£348,515	£295,116	£63,930	£48,872	£284,585	£246,244
30	£437,228	£358,395	£72,116	£52,247	£365,112	£306,148
40	£650,185	£498,363	£91,767	£59,711	£558,419	£438,651
50	£921,172	£658,328	£116,772	£68,242	£804,400	£590,086

Note on how to read this table: If an active member had £35,000 invested in this option on 31 March 2020, after 10 years of membership, the savings pot could grow to £138,355 if no charges are applied but to £128,764 with charges applied.

LGIM Cash Fund

A1.15. This is the option with the lowest assumed return (gross of costs and charges) provided through the DC Section. The illustrations below assume that the member is wholly invested in this fund throughout their period of membership.

Projected Pension Pot in Today's Money						
Years of Future Membership	Starting Value: £35,000 Contributions: £700 pm		Starting Value: £35,000 Contributions: £0 pm		Starting Value: £0 Contributions: £700 pm	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£35,000	£35,000	£35,000	£35,000	£0	£0
1	£42,380	£42,331	£34,180	£34,137	£8,199	£8,194
3	£56,625	£56,456	£32,599	£32,475	£24,026	£23,981
5	£70,211	£69,892	£31,090	£30,893	£39,121	£38,999
10	£101,488	£100,690	£27,617	£27,268	£73,871	£73,422
15	£129,270	£127,875	£24,531	£24,069	£104,739	£103,806
20	£153,949	£151,869	£21,791	£21,244	£132,158	£130,625
25	£175,871	£173,048	£19,356	£18,752	£156,515	£154,297
30	£195,344	£191,742	£17,194	£16,551	£178,150	£175,191
40	£228,006	£222,807	£13,567	£12,895	£214,439	£209,912
50	£253,778	£247,009	£10,705	£10,046	£243,073	£236,963

Note on how to read this table: If an active member had £35,000 invested in this option on 31 March 2020, after 10 years of membership, the savings pot could grow to £101,488 if no charges are applied but to £100,690 with charges applied.

LGIM UK Equity Index Fund

A1.16. This is the option with the lowest costs and charges provided through the DC Section. The illustrations below assume that the member is wholly invested in this fund throughout their membership.

Projected Pension Pot in Today's Money						
Years from taking benefits	Starting Value: £35,000 Contributions: £700 pm		Starting Value: £35,000 Contributions: £0 pm		Starting Value: £0 Contributions: £700 pm	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£35,000	£35,000	£35,000	£35,000	£0	£0
1	£44,251	£44,209	£35,854	£35,816	£8,398	£8,393
3	£63,436	£63,275	£37,624	£37,505	£25,812	£25,771
5	£83,568	£83,241	£39,482	£39,273	£44,086	£43,968
10	£138,355	£137,372	£44,537	£44,069	£93,818	£93,304
15	£200,157	£198,112	£50,240	£49,449	£149,917	£148,663
20	£269,873	£266,269	£56,673	£55,487	£213,200	£210,782
25	£348,515	£342,747	£63,930	£62,262	£284,585	£280,486
30	£437,228	£428,563	£72,116	£69,864	£365,112	£358,700
40	£650,185	£632,908	£91,767	£87,965	£558,419	£544,943
50	£921,172	£890,200	£116,772	£110,757	£804,400	£779,442

Note on how to read this table: If an active member had £35,000 invested in this option on 31 December 2018, after 10 years of membership, the savings pot could grow to £138,355 if no charges are applied but to £137,372 with charges applied.