



YMUK Pension Plan

Defined Contribution Section

Chair's Statement
6 April 2020 to 5 April 2021

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Disclaimers, confidentiality and non-disclosure

This Statement has been commissioned by the Trustees of the YMUK Pension Plan. The intended users of this note are the members. Its scope and purpose are to provide the Trustees with a report for members to demonstrate the governance of the Plan in line with legislation to publish an annual Chair's Statement. In preparing this statement and illustrations, the Trustees have had regard to:

- The Occupational Pension Schemes (Scheme Administration) Regulations 1996;
- The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018;
- The Pensions Regulator's Code of Practice number 13 on 'Governance and administration of occupational trust-based schemes providing money purchase benefits'; and
- The Pensions Regulator's quick guide to the Chair's Statement and the Technical Appendix.

Any advice has no wider applicability. It is not necessarily the advice that would be given to another client or third party whose objectives or requirements may be different. We retain all copyright and intellectual property rights.

01 Introduction

This is the Chair's Statement for the YMUK Pension Plan (the "Plan") covering the period 6 April 2020 to 5 April 2021.

As the Chair of the Trustees, I provide you with a yearly statement which explains what steps have been taken by the Trustees, with help from our professional advisers, to meet the governance standards as defined in the Occupational Pension Scheme (Charges and Governance) Regulations 2015. The law sets out what information has to be included in my statement and this is designed to help members achieve a good outcome from their pension savings.

The Plan is a Defined Benefit ('DB') and Defined Contribution ('DC') arrangement providing benefits to members, with the DC section being made up of pooled investment vehicles with Legal & General Investment Management Limited and Aegon BlackRock Investment Management (UK) Limited.

All money held in the DC section results from member Additional Voluntary Contributions ('AVCs') or transfers into the Plan from other arrangements. As a result of the transfers, some members have a Guaranteed Minimum Pension (GMP) underpin to their fund.

This statement covers the following:

- Member borne charges and transaction costs;
- Processing core financial transactions;
- Value for members, and
- Trustee knowledge and understanding.

The Trustees are committed to having high governance standards and I welcome this opportunity to explain what the Trustees do to help ensure the controls and processes in place in connection with the Plan's investments and administration are run effectively.

01.01 Default investment arrangement

The Plan has no default investment option.

01.02 Queries

If you have any questions about anything that is set out below, or any suggestions about what can be improved, please do contact the Plan Secretary Graham Burgess, XPS Pensions Limited on 0113 284 8078 or email graham.burgess@xpsgroup.com.

The Plan is governed by the Definitive Trust Deed and Rules dated 8 September 2015.

£4.2m

Total Defined
Contribution funds
in the Plan

02 Charges and transaction costs

Members self-select their investment strategy, investing in any of these funds in whatever proportions they choose

02.01 Investment Manager Charges

The Trustees have selected a range of funds which they believe to be appropriate for members of the Plan. The funds are managed by Legal and General Investment Management Ltd ('LGIM') and Aegon Blackrock.

The funds available are a mix of "passively managed" funds, which means they aim to track an index and "actively managed" which make regular trades to try and achieve excess returns over passively managed funds. Members are required to self-select their investment strategy, investing in any of these funds in whatever proportions they choose. There is no default fund.

The charges and transaction costs applied to the self-select funds available to members during the Plan year were:

	Fund type	Annual Management Charges (AMC)	Transaction Costs and other expenses	Total Expense Ratio
LGIM				
UK Equity Index Fund	Passive	0.10%	0.00%	0.10%
Global Equity (70/30) Index Fund	Passive	0.16%	0.00%	0.16%
Multi Asset Fund	Active	0.25%	0.00%	0.25%
Over 15 years Gilt Index Fund	Passive	0.10%	0.00%	0.10%
Cash Fund	Active	0.125%	0.00%	0.125%
Aegon BlackRock				
Global Growth (60/40) Fund	Active	0.45%	0.01%	0.46%
Global Growth (70/30) Fund	Active	0.45%	0.01%	0.46%
UK Growth Index Fund	Active	0.45%	0.01%	0.46%
Balanced Growth Fund	Active	0.45%	0.01%	0.46%

(Source: Aegon Blackrock and Legal & General Investment Managers)

Members may select any of the funds above and switch between these options should they wish. The Trustees routinely compare the performance and charges to make sure they remain competitive and the fees are noted to be broadly in line with similar providers.

Transaction costs consist largely of the cost of buying and selling assets, which vary from fund to fund and from day to day.

Charges and transaction costs

Continued

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

The costs and charges shown in this statement were produced with reference to these regulations and, where possible, amalgamate any underlying costs. As a result, it does not try to detail all the trades made in the management of the funds but amalgamates this into the overall charges applicable.

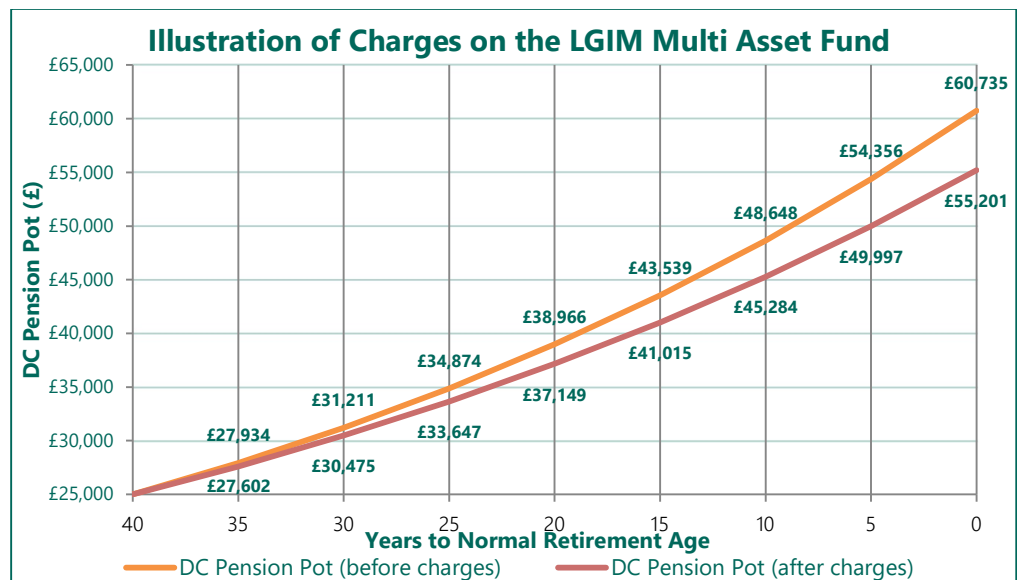
The Trustees monitor the performance and charges to make sure they remain competitive. Investment management fees are disclosed to members in materials distributed each autumn as part of the benefit statements.

02.02 Administration Charge

All additional administration charges are met by the company.

02.03 An illustration of the charges levied on members

Below you can find an illustration of the effect of the total charges (called the 'Total Expense Ratio') and transaction costs met by a member, aged 25, on an example pension pot in the LGIM Multi Asset Fund option over time.



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

- > An initial pension pot of £25,000 – which was the average pot size in the period.
- > Investment returns estimated as 4.80% p.a. for the LGIM Multi Asset Fund
- > Inflation of 2.5% p.a.

Illustrations of the impact of charges on the funds available to members in the Plan, assuming the member is age 45, are shown in Appendix B of this statement.

03 Core financial transactions

03.01 Assessing Core Transactions

During the year the Trustees ensured the requirements of Regulation 24 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 were met and that the Plan's core financial transactions were processed promptly and accurately by:

- having an agreement in place with XPS (as Plan administrator) committing them to defined service level agreements ('SLA's'). This covers, amongst other matters, the accuracy and timelines of all core financial transactions;
- having XPS report on their performance against the SLAs above as a means of monitoring the SLA requirements were being met and to cover what they did to ensure no issues arose; and
- having the Plan auditor independently test a sample of financial transactions for accuracy and timeliness as part of the annual audit process.

Where any error or issue is identified, the Trustees take appropriate steps to resolve and take action as required. There are no material issues to report. A risk register is maintained in order to minimise the occurrence of any issues and to understand any root cause.

The Trustees are required to report to you on the processes and controls in place in relation to the 'core financial transactions'. The law specifies that these include the following:

- **Investing contributions paid into the Plan** - the Plan's administrators monitor the payment of contributions by the Company to the Plan, ensuring that these are paid within statutory timescales. Any occurrence of payment outside these timescales is reported directly to the Trustees and appropriate action taken. The settlement of all DC funds is actioned promptly by the administrator and the Trustees monitor the service standards of the Plan's administrator.
- **The transfer of assets relating to members into and out of the Plan** - comprehensive records of individual members' fund values are maintained and reconciled by the Plan's administrator. Investments withdrawn or transferred to another Plan are actioned within 15 working days following receipt of all relevant paperwork, subject to any investigations required where there is evidence of a potential pensions liberation.
- **Monitoring of bank accounts** - a robust review process for investment and banking transactions is in place.
- **Payments to members** – all payments out of the Plan in respect of members' benefits are made in line with standard checks and agreed processes and authorisation levels to ensure any payment made is calculated correctly and in line with the Plan's rules, legislation and complies with HMRC rules and guidance. In addition, every effort is made to check for incidents of pension liberation scams.

Noting the requirement for accurate member data to process contributions and payments correctly, the Trustees are taking steps to continually review and correct any problems with the member data which is held by the Plan administrator.

Core financial transactions

Continued

03.02 Administration

The Trustees are closely monitoring the administration function to ensure members get the best service possible in order to provide good value for members. The Trustees periodically review service providers.

04 Value for Money for Members

04.01 Assessment of Value

When assessing the charges and transaction costs payable by members, the Trustees are required to consider the extent to which the investment options and the benefits offered by the Plan represent good value for members.

Against this objective, the Trustees have assessed the various elements of the DC section as outlined below and have concluded that the charges and transaction costs shown in this statement represent good Value for Money for members. In reaching this view, the Trustees considered the following points:

- **Processes** - that support the efficient administration and governance of the Plan. These include those explained in the 'Core financial transactions' and the 'Knowledge and understanding of the Trustees' sections of this statement.
- **Returns achieved by the investment funds** - compared with the charges and transaction costs.
- **Type and range of investment options** – a range of funds allow members to choose from a diverse portfolio and align their investment choice with their chosen retirement outcome. The Trustees monitor both the performance and appropriateness of the funds and take action to make changes when required. Each year, the Trustees consider member investment choices to look at how members' funds are invested. The Trustees also consider whether the investments offered and member communications are appropriate and they offer members the opportunity to maximise the value of contributions that have already been paid into the Plan.
- **Quality of communications** - reviewed on an annual and ad-hoc basis which are provided by the Plan's administrator within the legal timescale.
- **The company pays for most services** – with the exception of the small investment charges shown in this statement

04.02 Service Providers

In addition to assessing the costs charged by service providers, the Trustees keep providers' service levels under review by checking performance against agreed SLA's.

In order to ensure the services provided remain the most appropriate and offer value to members, the Company and Trustees may, from time to time, put services out to tender.

04.03 COVID-19

Throughout 2020 the development of the global pandemic caused by the COVID-19 virus has had a significant impact on members' funds. The impact on the investment markets has seen the biggest fall since the crash in 2008.

The Trustee carried out an assessment to ensure that they could still effectively carry out their duties to govern the Plan. This included seeking assurances that all providers were able to maintain their services while in the unprecedented situation of lockdown.

The Trustee reviewed the Plan's Risk register as well as a 'COVID-19 Checklist' recommended by the Regulator to ensure that all services remained effective. This included checking the Plan administrator's procedures around the increased risk around pension liberation scams.

Value for Money for Members

Continued

04.04 Communications

Good member communications are crucial to achieving good value. The Trustees send members annual benefit statements and newsletters each year. In addition, the Trustees also review ways to further improve member communications.

04.05 Flexibility - accessing benefits

Upon request, the Trustees offer members who meet the conditions under legislation the option to take their funds as an Uncrystallised Funds Pension Lump Sum.

The members of the Plan who are still in employment with Yamazaki Mazak UK Limited, also have an option to transfer benefits to a Defined Contribution master trust arrangement called the National Pension Trust (NPT). NPT offers members the full flexibility of 'Pension Freedom and Choice'.

Details of NPT can be found at <https://www.natpen.co.uk/>

Members' ability to transfer or access their benefits may be limited due to a Guaranteed Minimum Pension that underpins some of the DC funds and a requirement to receive financial advice given the defined benefit nature of the GMP.

04.06 Conclusion

Assessment of value for members is an ongoing process and the Trustees undertake a review periodically to ensure the Plan continues to offer good value and any changes in legislation, market conditions or member views are considered for the benefits of members.

05 Trustee Knowledge and understanding

05.01 Knowledge and understanding of the Trustee

The Trustees are satisfied that they have complied with the knowledge and understanding requirements in section 248 of the Pensions Act 2004.

The Trustees collectively bring a broad range of skills and experience in finance, communications, human resources, payroll administration, and organisational development to their roles and are fully conversant with the Plan's documentation including the Trust Deed and Rules and Statement of Investment Principles.

The Trustee Board is chaired by a professional independent trustee who brings significant value, guidance and expertise to the Board. The decision making process is enhanced through the knowledge provided through the independent trustee – Apex Pension Trustees Limited.

The Trustees have knowledge of the law relating to pensions and trusts, principles of investment and the requirements for funding a pension scheme. This is evidenced by the Board's interaction with its advisers as shown in Trustee Board Meeting minutes and the governance framework established by the Trustees in reviewing the performance of the Plan.

The Trustees have access to all key Plan documentation.

The Trustees have exercised their discretions and powers in line with the Trust Deed and Rules, current legislation and regulation and, where required, legal advice has been taken, demonstrating working knowledge of the Plan's Trust Deed and Rules.

05.02 Trustee Training

Training is provided to the Trustees and the use of TPR's online training toolkit modules is encouraged. Any new Trustees would be expected to carry out this training and be fully conversant with the Plan's documentation within six months. A log of Trustee participation in training is maintained by the Plan Secretary and Trustees are regularly polled regarding the training that they would find most valuable and to identify any gaps in knowledge.

During the period covered by this statement the Trustee Board had a number of training sessions including:

- **Defined Contribution Section** – Understanding the process for members accessing benefits and the implications of a GMP underpin on member options.
- **Completion of TPR Trustee Toolkit modules:**
 - "an introduction to investment",
 - " how a DB scheme works",
 - "funding your DB scheme", and
 - "pledge to combat pension scams".
- **Retail Price Index reform**
- **Investment asset classes** – Understanding the characteristics and risks of investing in the following types of funds: Diversified Growth, Multi-Asset Credit and Senior Corporate lending.
- **Guaranteed Minimum Pension Equalisation**
- **IFA Services**

Trustee Knowledge and understanding Continued

- CMA assessment requirements

The Trustees also make use of a team of expert advisers that regularly attend meetings of the Trustee Board.

05.03 Conclusion

As a result of the training activities which have been completed by the Trustees individually and collectively as a Board and taking into account the professional advice available to the Trustees and the presence of a professional independent trustee, I am confident that the combined knowledge and understanding of the Board enable us to exercise properly our functions as Trustees of the Plan.

06 Conclusion

“Overall, the conclusion is that the Plan is continuing to deliver value for money to the members”

The annual production of this statement provides members with a narrative of how the Trustee Board looks after the members’ interests especially in the areas of the four key elements within this statement listed below.

- Charges and transaction costs
- Core financial transactions
- Providing value for money for members
- Trustee Knowledge and understanding

The Board will continue to monitor these key areas and report to members both in this annual statement and other communications as appropriate. In conclusion, with the continual monitoring and the reviews detailed here the Chair and Trustees are pleased to be able to submit this report in compliance with the Chair’s Statement requirements, in the belief that in the reporting period the Plan was operated and governed appropriately.

Signature

Date

Katherine Ball

21 November 2021

Name

Qualification

Katherine Ball

Chair of the Trustees

Appendix A – DC Section Investment strategy

Funds

Individual members follow their own investment strategy by investing in a range of funds. The Trustees have made the following funds available to members:

Fund (F)	Investment management type	Target	Benchmark (B)	Total Expense Ratio (%)
Aegon BlackRock DC 60/40 Global Growth	Active	Aiming for a return in excess of the benchmark	60% UK equities 40% overseas equities	0.46
Aegon BlackRock 70/30 Global Growth	Active		70% UK equities 30% overseas equities	0.46
Aegon BlackRock DC UK Growth	Active		100% UK equities	0.46
Aegon BlackRock DC Balanced Growth	Active		"Fixed Weight Benchmark" (mainly equities, with lesser investments in government securities cash and other fixed interest investments)	0.46
LGIM Multi-Asset	Active	Aiming for a return in line with the benchmark	ABI UK Mixed Investment 40%-85% Pension Sector ¹	0.25
LGIM UK Equity Index	Passive		100% UK equities	0.10
LGIM Global Equity (70:30) Index	Passive		70% UK equities 30% overseas equities	0.16
LGIM Over 15 Year Gilts Index	Passive		Over 15-year index-linked UK government bonds	0.10
LGIM Cash	Active		7 Day LIBID	0.125

Appendix B – Assumptions and other notes

	LGIM Multi-asset Fund		LGIM UK Equity Index Fund		LGIM Equity (70/30) Index Fund		LGIM Over 15 years Gilt Index Fund		LGIM Cash Fund		BlackRock Global Growth (60/40) Fund		BlackRock Global Growth (70/30) Fund		BlackRock UK Growth Index Fund		BlackRock Balanced Growth Fund	
Investment Return	4.80%	4.55%	5.90%	5.80%	5.90%	5.74%	1.30%	1.20%	0.10%	-0.03%	5.90%	5.44%	5.90%	5.44%	5.90%	5.44%	4.80%	4.80%
Charges	0.00%	0.25%	0.00%	0.10%	0.00%	0.16%	0.00%	0.10%	0.00%	0.13%	0.00%	0.46%	0.00%	0.46%	0.00%	0.46%	0.00%	0.46%
Years to Normal Retirement Age	DC Pot (before charges)	DC Pot (after charges)	DC Pot (before charges)	DC Pot (after charges)	DC Pot (before charges)	DC Pot (after charges)	DC Pot (before charges)	DC Pot (after charges)	DC Pot (before charges)	DC Pot (after charges)	DC Pot (before charges)	DC Pot (after charges)	DC Pot (before charges)	DC Pot (after charges)	DC Pot (before charges)	DC Pot (after charges)	DC Pot (before charges)	DC Pot (after charges)
40	£25,000	£25,000	£25,000	£25,000	£25,000	£25,000	£25,000	£25,000	£25,000	£25,000	£25,000	£25,000	£25,000	£25,000	£25,000	£25,000	£25,000	£25,000
35	£27,933	£27,602	£29,430	£29,291	£29,430	£29,209	£23,570	£23,454	£22,207	£22,068	£29,430	£28,797	£29,430	£28,797	£29,430	£28,797	£27,933	£27,325
30	£31,211	£30,474	£34,646	£34,318	£34,646	£34,126	£22,222	£22,004	£19,726	£19,481	£34,646	£33,170	£34,646	£33,170	£34,646	£33,170	£31,211	£29,868
25	£34,873	£33,646	£40,786	£40,209	£40,786	£39,872	£20,951	£20,643	£17,522	£17,197	£40,786	£38,208	£40,786	£38,208	£40,786	£38,208	£34,873	£32,647
20	£38,966.23	£37,148	£48,015	£47,111	£48,015	£46,585	£19,753	£19,367	£15,564	£15,180	£48,015	£44,011	£48,015	£44,011	£48,015	£44,011	£38,966	£35,684
15	£43,538	£41,015	£56,525	£55,198	£56,525	£54,428	£18,624	£18,170	£13,825	£13,400	£56,525	£50,696	£56,525	£50,696	£56,525	£50,696	£43,538	£39,004
10	£48,647	£45,284	£66,543	£64,672	£66,543	£63,592	£17,559	£17,046	£12,281	£11,829	£66,543	£58,396	£66,543	£58,396	£66,543	£58,396	£48,647	£42,633
5	£54,356	£49,997	£78,336	£75,773	£78,336	£74,298	£16,555	£15,992	£10,909	£10,442	£78,336	£67,265	£78,336	£67,265	£78,336	£67,265	£54,356	£46,599
0	£60,734	£55,200	£92,219	£88,779	£92,219	£86,807	£15,608	£15,003	£9,690	£9,218	£92,219	£77,482	£92,219	£77,482	£92,219	£77,482	£60,734	£50,935

Appendix B – continued

Assumptions and other notes

- Pension pot value at the start of the projection period is £25,000, the average pot over the period.
- Nil contributions are assumed.
- All values, including contributions and charges, are estimates for “the average member”. These cannot be guaranteed to apply for the future. Given the general nature of this projection, actual individual pots could accumulate differently.

Appendix C – Fund breakdown by member and amount

Funds

Individual members follow their own investment strategy by investing in a range of funds. The table below shows the breakdown of total amount and number of members for each fund:

Fund (F)	Amount (£000)	Number of Members
Aegon BlackRock DC 60/40 Global Growth	408	15
Aegon BlackRock 70/30 Global Growth	48	5
Aegon BlackRock DC UK Growth	124	6
Aegon BlackRock DC Balanced Growth	505	19
LGIM Multi-Asset	1,198	43
LGIM UK Equity Index	904	37
LGIM Global Equity (70:30) Index	423	18
LGIM Over 15 Year Gilts Index	536	24
LGIM Cash	108	4
Total	4,254	171*

*Members may hold investments in more than one fund.



Funds

[Contact us](#)
xpsgroup.com

Registration

XPS Pensions Consulting Limited, Registered No. 2459442.

XPS Investment Limited, Registered No. 6242672.

XPS Pensions Limited, Registered No. 3842603.

XPS Administration Limited, Registered No. 9428346.

XPS Pensions (RL) Limited, Registered No. 5817049.

XPS Pensions (Trigon) Limited, Registered No. 12085392.

All registered at: Phoenix House, 1 Station Hill, Reading, RG1 1NB.

Authorisation

XPS Investment Limited is authorised and regulated by the Financial Conduct Authority for investment and general insurance business (FCA Register No. 528774).