

CONSUMERS’ ASSOCIATION PENSION AND EMPLOYEE BENEFIT SCHEME

Chair’s Annual Statement regarding DC Governance
for the year ending 31 March 2024

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CHAIR'S WELCOME

Welcome to the annual governance statement for the year ending 31 March 2024. Governance requirements apply to defined contribution ("DC") pension arrangements, to help members achieve a good outcome from their pension savings. The Trustees of the Consumers' Association Pension and Employee Benefit Scheme (the "Scheme") are required to produce a yearly statement (which is signed by the Chair of Trustees) to describe how these governance requirements have been met in relation to:

- the investment options in which members' funds are invested (this means the "default arrangement" and other funds members can select or have assets in, such as AVC funds);
- the requirements for processing financial transactions;
- the charges and transaction costs borne by members;
- an illustration of the cumulative effect of these costs and charges;
- a 'value for members' assessment; and
- Trustee knowledge and understanding.

This statement covers the period from 1 April 2023 to 31 March 2024. On 20 March 2024 members' DC Pension accounts and AVCs invested with Legal & General, Utmost Life and Clerical Medical were transferred to the Aviva Master Trust.

The Trustee Board's aim is to ensure that the Scheme is run in the best interests of the members and helps deliver better outcomes for members at retirement.

As a Trustee Board, we recognise that good scheme governance is central to achieving this. This statement focuses on several specific areas of scheme governance required by the Regulations, however, further information about the Scheme and the governance standards we adopt in other areas of scheme management, can be found on the Scheme website: - www.which.co.uk/pension-scheme.

On behalf of the Trustee Board and based on a review of the systems and controls in place, I believe that the Scheme met the requirements on governance standards during the period and helps to deliver better outcomes for members at retirement.

Alison Bostock
Chair, Consumers' Association Pension and Employee Benefit Scheme

Date: 16th October 2024

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GOVERNANCE

Structure of the Scheme

The Consumers' Association Pension and Employee Benefit Scheme is a multi-employer pension scheme that provides pension benefits for current and past employees of the participating employers and their dependants. At 20 March 2024 the participating employers were:

- Consumers' Association (also the Principal Employer);
- Which? Limited;
- Research Institute for Consumer Affairs (known as the Research Institute for Disabled Consumers RiDC).

The Research Institute for Consumer Affairs withdrew from the Scheme for future service on 31 March 2019. Consumers' Association and Which? Limited withdrew from the Scheme for future service on 31 December 2023.

The Scheme started in 1974 and there have been changes over the years. It is an occupational pension scheme, governed by a Trust Deed and Rules, effective 29 March 2004, which amended and replaced the existing Deeds and Rules. The Scheme is a Registered Pension Scheme under the Finance Act 2004. It was not contracted out of the State Second Pension (S2P).

The Scheme has two sections:

Hybrid Section	Defined Contribution Section
<p>This Section provides a pension which is derived from the better of a defined benefit based on a member's pensionable service and salary near to retirement, and a notional pension value that can be provided by an account notionally allocated to a member based in part on the employer and employee contributions.</p> <p>The member accounts are invested separately for the benefit of named individuals rather than held in a common fund of assets which relate to the defined benefits.</p> <p>The Hybrid Section closed to new entrants on 1 April 2004, but existing members continued to accrue benefits until 31 March 2019 when the Council of the Consumers' Association decided to close it. All affected Hybrid members joined the Defined Contribution Section from 1 April 2019.</p> <p>The Hybrid Section retains accrued rights of former active members who will, on retirement, become entitled to their benefits in accordance with the Scheme rules. The Section's assets continue to be invested in accordance with Scheme policy and the relevant employers continue to make contributions to address the Section's funding deficit to achieve the Section's funding objectives.</p>	<p>This Section opened on 1 April 2004. This section was open to new employees until 31 December 2023 and was used as a Qualifying Scheme for auto enrolment by the employers. Members of this Section accrued benefits on a money purchase basis.</p> <p>Each member had a Pension Account which records the value of their contributions and those made by the Employer on their behalf. Those contributions were invested in accordance with Scheme policy and, where relevant, member selections, and the performance of those investments was attributed to the member's Pension Account.</p> <p>On retirement, the Pension Account was applied in accordance with the Scheme rules and, where relevant, at the direction of the member, outside of the Scheme to provide the member with pension benefits.</p>

Active members could make additional voluntary contributions 'AVCs' to the Defined Contribution Section up until 31 December 2023, when the Scheme closed to new entrants and for contributions, to increase

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their retirement benefits. Prior to the closure of the Hybrid Section on 31 March 2019, active members of that Section were able to make AVC contributions to that Section.

Following the announcement by the Consumers' Association that it would close the DC Section to future contributions from 31 December 2023 and enrol employees in the Consumers' Association Retirement Savings Plan section of the Aviva Master Trust from 1 January 2024 for future contributions, the Trustees were asked to work with the Consumers' Association on a project to transfer the accumulated accounts invested with Legal & General of members in the DC Section to the Aviva Master Trust. Following investment and legal advice, the Trustees agreed to the request and a bulk transfer took place on 20 March 2024.

The Trustee Board

The Trustee Board governs the Scheme in accordance with the Rules and relevant legislation. The Principal Employer determines the number of Trustees on the Trustee Board, which is currently six.

The Trustee Board consists of four Trustees appointed by the Principal Employer and two appointed following a nomination process among all the Scheme members and a selection panel appointed by the Trustees. This is to ensure that members and the employers can make their views on matters relating to the Fund known to the Trustees.

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TRUSTEE KNOWLEDGE AND UNDERSTANDING

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for Trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of Scheme assets and other matters to enable them to exercise their functions as trustees properly. This requirement is underpinned by guidance in the Pension Regulator's General Code.

The Trustees take these requirements very seriously.

When first appointed, the Secretary to the Trustees provides an induction to pensions and the Scheme.

There were no new Trustees during the year. The induction programme, as well as the ongoing training provided to the Trustees, covers:

- the law relating to pensions and trusts;
- the provisions of the Scheme's governing documents, including the trust deed and rules, statement of investment principles, statement of funding principles and all other documents in relation to the administration of the Scheme;
- roles and responsibilities of the individuals and bodies involved in funding, governing and administering the Scheme;
- the principles of funding;
- the principles of investment;
- actuarial valuation of the Hybrid Section of the Scheme;
- the principles of contributions and investment for the Hybrid Section and the Defined Contribution Section of the Scheme;
- the Scheme's benefit structure;
- the Scheme's administration arrangements;
- retirement options available to members;
- leaving service benefits;
- death benefits; and
- the Trustees' current investment strategies for each section.

The Trustees also attend external courses from time to time.

After initial training, Trustees receive training at their meetings which are specific to the matters that they are dealing with and the decisions that they are required to make, including in relation to the matters listed above. Training at these meetings is provided by the Scheme's adviser.

The Trustees' training records during the year are set out below.

Trustee	Training	Date	delivered by
Alison Bostock	Achieved professional trustee accreditation from 1 July 2020, and this requires 25 hours per year of Continuing Professional Development.		
Alison Bostock, Alastair Reed, Dominic Lindley, Julian Edwards, Rebecca Fearnley	Funding and Investment Strategy Regulations	06/03/24	XPS
Alison Bostock, Alastair Reed, Dominic Lindley, Julian Edwards, Rebecca Fearnley	Aligning Stewardship with DWP Guidance	06/03/24	Redington
Alison Bostock, Alastair Reed, Dominic Lindley, Ron Lam, Rebecca Fearnley	Trustees power to make a bulk transfer, protected pension ages	12/02/24	Travers Smith
All Trustees	Absolute Return Credit	12/09/23	Redington

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Trustee	Training	Date	delivered by
Rebecca Fearnley	Achieved the Certificate in Pension Trusteeship	17/04/23	Pensions Management Institute

Attendance at training is recorded in the Trustees' training register. Trustees are required to complete the relevant modules of the Pensions Regulator's Trustee Toolkit or pass the Pensions Management's Institute's examination Certificate in Pension Trusteeship. All Trustees have either completed the Toolkit or passed the examination. In addition, Alison Bostock holds the Pensions Management Institute's Certificate in DC Governance.

In addition to receiving the training detailed above, the Trustees take personal responsibility for ensuring that they continue to have a working knowledge of the Scheme's documents for both the DC and Hybrid Sections, including: -

- the Trust Deed and Rules;
- the Statement of Funding Principles;
- the Statement of Investment Principles;
- the last actuarial valuation of the Scheme and any actuarial reports commissioned since;
- the audited Annual Report and Financial Statements;
- the Scheme's member booklets; and
- the Trustees' policies for administering the Scheme.

The Trustees have online access to the Scheme's key documents and can access these when required to make decisions or exercise their discretion. Trustees request the input of their legal adviser where necessary.

The Trustees receive briefings from the Scheme's advisers, the Pensions Regulator and the Scheme Secretary, which they use to keep themselves up to date with relevant developments and identify their evolving responsibilities. The Trustees regularly receive advice from their professional advisors.

To identify gaps in their knowledge, the Trustees carry out an annual self-assessment using a questionnaire, which includes questions about their training needs. The Secretary and the Trustee Board review the self-assessment responses and arrange for training to be made available to individual Trustees or to the whole Trustee Board as appropriate.

The Chair of the Trustees is an independent professional trustee who was a former Scheme Actuary to the Scheme and has a detailed understanding of the Scheme's documentation, and its operation from an actuarial and investment perspective.

The Trustees believe their combined knowledge and understanding and that of their advisers enables the Trustee Board to run the Scheme properly.

The Chair of Trustees engages with individual Trustees to ensure they are provided with sufficient opportunities for their skills and knowledge to be kept up to date. Taking into account the experience, knowledge and understanding of individual Trustees, and the professional advice and other resource that is available to them, the Chair is confident that the Trustee Board has the right mix of skills and competencies to ensure the Fund is well governed and properly managed.

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ADMINISTRATION

Processing Core Financial Transactions

The Trustees have a duty to ensure that the core transactions have been processed promptly and accurately during the scheme year.

Core financial transactions include, but are not limited to:

- the investment of contributions to the Scheme;
- the transfer of pension scheme assets relating to members into and out of the Scheme; and
- the transfer of assets relating to members between different defined contribution/money purchase investments; and payments from the Scheme to, or in respect of, members.

The Trustees recognise that these core financial transactions must be processed promptly and accurately to help deliver better outcomes for Scheme members.

The Trustees are confident that the processes and controls are robust, that corrective measures are taken where necessary and that the core financial transactions were processed promptly and accurately during the Scheme year.

The administration of the Scheme is delegated to Consumers' Association. The Trustees have a service level agreement in place with Consumers' Association which defines target times for processing the core financial transactions (as detailed below), individual case work and regular administration tasks. The Trustees monitor reports from the administrator provided at each Trustee Board meeting, held at least quarterly, which includes actual performance compared to expected performance. The Trustees annually review the internal controls of the administration and from time to time, the Consumers' Association carries out internal audits of the administration. Internal audit reports are presented to the Trustees and actions to address any issues agreed.

To keep track of their compliance with the agreed targets, the administrators:

- keep a case log that monitors the progress of individual member case work and regular administration tasks;
- monitor and reconcile bank accounts on a weekly basis;
- monitor and reconcile employee and employer contributions coming into the Scheme on a monthly basis;
- reconcile the investment manager's reports of the Defined Contribution Section assets to the total assets recorded on the members' records at least monthly and more frequently than monthly depending on the number of transactions processed; and
- reconcile the Hybrid Section money purchase investment manager's annual report for the Hybrid Section annually.

Financial instructions require a two-step process to peer review for accuracy, security and to prevent fraud, one administrator to set up the instruction and one to authorise the instruction when making a bank payment, investing contributions, divesting investments or switching investments.

As noted above, the Trustees review the administrators' reports of these items at each Trustee Board meeting.

Investment of contributions to the Scheme

The Principal Employer pays contributions directly to the investment manager on behalf of all the Participating Employers and the instruction on where to invest the money is sent using 'straight through processing', a method which improves the processing time by allowing the investment transactions to be processed without manual intervention. The target for investing the contributions is the month end following the date when contributions are deducted from members' salaries, which is the 15th of the month or nearest working day.

During the year the Principal Employer paid the contributions for the DC Section directly to the investment manager, prior to the statutory deadline of the 19th of the month following deduction from pay, as follows: -

Contribution Month	Investment Date
December 2023	16 January 2024

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Contribution Month	Investment Date
November 2023	08 December 2023
October 2023	17 November 2023
September 2023	10 October 2023
August 2023	15 September 2023
July 2023	11 August 2023
June 2023	13 July 2023
May 2023	26 May 2023
April 2023	28 April 2023

The Trustees are aware that although contributions were invested within the statutory deadline, this was later than their target time agreed with the administrator in 8 of the 10 months. The Trustees receive a regular update about the contribution investment date and noted that signatories to authorise investments were not always available.

Each year the Scheme administrators carry out a check of the accuracy of the contributions received from the Defined Contribution Section. If errors are found, and the member is found to be worse off, the Employer will put the member into the position they would have been in had the contribution been correctly deducted and paid to the Scheme at the right time.

In the Scheme Years 2021-22, 2022-23 plus the period April 2023 to December 2023 (33 months in total), there were 28,509 contributions recorded. Of these, 61 (0.21%) were found to be either an overpayment (left as a member windfall) or underpayment (units made up in member's favour).

Transfer of pension scheme assets relating to members into and out of the Scheme

Current members of the Scheme can transfer pension benefits from other pension arrangements into the Scheme. The agreed service level for the transfer-in to be invested is three working days from the point that cleared funds are available in the Trustees' bank account, the member has been identified and the member's investment choice has been received.

During the year four out of the six transfers into the DC Section were invested within the agreed service level. In the other two cases, it was confirmed that the delay benefitted the member.

The agreed service level to pay a transfer out is within 10 days of the last piece of information required to process the transfer-out having been received.

During the year 41 members transferred out of the DC Section of the Scheme and eight were paid later than 10 days after receipt of the information required, four around the Christmas period. All transfers paid were the full value of the member's divested fund. One member transferred out of the Hybrid Section of the Scheme, just short of her 75th birthday.

The transfer of assets relating to members between different defined contribution investments

Members' Pension Accounts in the DC Section are invested in a lifestyle strategy, which gradually moves from higher risk funds to medium risk funds and then to lower risk funds as they approach their Selected Retirement Age, when they may wish to access their Pension Accounts. Members can change their Selected Retirement Age by giving one month's notice to the Scheme's administrator and so speed up or postpone the de-risking process.

Rebalancing is carried out quarterly, and the service level agreement is for the process to be completed in the months of March, June, September and December. Rebalancing cannot take place while monthly contributions investment is in progress. During the year the rebalancing was carried out as follows: -

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Quarter ending	Completion Date
June 2023	14 June 2023
September 2023	4 October 2023
December 2023	21 December 2023
February 2024	28 February 2024

There is only rebalancing in the Hybrid Section members' AVC accounts where they are invested in the Scheme's lifestyle strategy.

Payments from the Scheme to, or in respect of, members

When a member requests payment of their pension benefits from the Scheme, the agreed service level is that the payment is made in the next available payroll run, following receipt of the last piece of information required.

During the year all members who accessed their pension benefits were paid within the service level.

The agreed service level for an annuity purchase is within 10 days of the receipt of the last piece of information required.

During the year, no annuities were purchased.

The agreed service level for payment of a lump sum following the death of a member is 5 days following receipt of the last piece of information required.

The agreed service level for payment of pension benefits to a member's dependant is for the payment to be made in the next available payroll run following receipt of the last piece of information required.

During the year all lump sums were paid and dependant's pensions set up within the agreed service level.

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INVESTMENT

Statement of Investment Principles

The Trustees are responsible for the Scheme's investment governance, which includes setting and monitoring the investment strategy for the Scheme's default arrangement. Details of the objectives and the Trustees' policies regarding the default arrangement can be found in a document called the 'Statement of Investment Principles' ("SIP"). The Scheme's SIP covering the default arrangement is attached to this annual statement regarding governance – see Appendix 1 to this document.

The Defined Contribution Section's lifestyle funds, forming the lifestyle strategy, is the Scheme's default arrangement.

Defined Contribution Section - Aims and Objectives

The Trustees recognise that members have differing investment needs and that these may change during the course of members' working lives. They also recognise that members have different attitudes to risk. The Trustees regard their duty as creating a robust default fund focused on members' needs and outcomes.

The Trustees' overarching aims and objectives are therefore:

- To provide members with a robust default solution which makes available vehicles designed to focus on members' needs by aiming to:
 - Optimise the value of members' assets at retirement;
 - Maintain the purchasing power of members' savings; and
 - Protect the value of accumulated assets as members approach retirement.
- To avoid over-complexity in investment to keep administration costs and member understanding to a reasonable level.

The contributions for members of the DC section of the Scheme are invested in a single lifestyle strategy where the Trustees' objective is to grow the members' Pension Accounts by more than the rate of inflation (measured by the Consumer Prices Index) as follows:

- By 4% p.a. more than inflation when a member is more than 20 years from their Selected Retirement Age (SRA). The investment fund used in this phase of the strategy is the Which? Mixed Investment Fund A.
- The Trustees then gradually reduce the risk taken in the investment strategy and aim to grow members' account by 3% p.a. more than inflation when the member is between 20 and 10 years from SRA. During the first 5 years of this phase, the member's Pension Account is gradually and automatically moved from Which? Mixed Investment Fund A to Which? Mixed Investment Fund B where it remains invested until the member reaches 10 years from their SRA.
- By 2% p.a. more than inflation when between 10 and 3 years from the SRA. During the first 5 years of this phase, the member's Pension Account is gradually and automatically moved from Which? Mixed Investment Fund B to Which? Mixed Investment Fund C where the focus is more on capital protection.

The investment target in the final three years before the SRA depends on the decision the member makes when three years away from their SRA, when they are offered the choice of the following three strategies:

1. A strategy that targets a mix of 25% cash and 75% Which? Mixed Investment Fund C by SRA, or
2. a strategy which targets 25% cash/75% conventional gilts by SRA, or
3. a strategy which targets a 100% cash position.

Option 1 is the default strategy, should a member fail to make a choice when invited to do so three years prior to their SRA. Prior to February 2022, the default strategy was Option 3.

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Defined Contribution Section – Investment Funds

The lifestyle funds, which form the lifestyle strategy of the Defined Contribution Section and is also the Section's default arrangement (for the avoidance of doubt, as the default arrangement is the sole arrangement for the Defined Contribution Section, references in this document to the Defined Contribution Section are addressing the default arrangement), invests in a range of funds managed by LGIM. The majority of funds are managed passively and expect to return within 0.1% of the relevant benchmark indices for each class of assets included.

By investing in this manner, the Trustees expect to deliver growth over the member's lifetime within the Scheme without excessive risk taking, with an increased focus in the final ten years of reducing volatility to enable members approaching retirement to make financial plans for the period after retirement. The Trustees consider this approach to be in the best interests of members and relevant beneficiaries and keep this approach under annual review.

Default Strategy Asset Allocation as of 31 March 2024

From 1 October 2023, the Trustees are required to disclose the underlying percentage of assets allocated to each of the asset classes shown below in their default arrangement, at different stages of the lifestyle process:

Asset Class (%)	25-year-old member	45-year-old member	55-year-old member	65-year-old member (1 day prior to State Pension Age)
Cash	0.0	0.0	2.5	31.2
Corporate bonds, UK government bonds and overseas government bonds.	15.0	15.0	34.6	37.5
Listed equities	70.7	70.7	50.2	23.4
Private equity	2.9	2.9	3.1	1.1
Infrastructure	0.0	0.0	0.0	0.0
Other property/real estate	11.4	11.4	9.6	6.8
Other private debt/credit	0.0	0.0	0.0	0.0
Any other assets	0.0	0.0	0.0	0.0
Total	100.0	100.0	100.0	100.0

Source: Schroders Solutions (calculations as of June 2024).

Member experience by age for lifestyle strategies

The information set out below shows the net performance for members at different age cohorts over the last one, three and five years. The Trustee has taken account of the 2021 Guidance when preparing this section of the Chair's Statement and determined 5 years p.a. of historical data is sufficient to reflect a longer time horizon of investment.

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Default Lifestyle Strategy

Age of member in 2024 Return (%) → ↓ (years)	1 Year	3 Years p.a.	5 Years p.a.
25	19.5	7.2	8.8
45	19.5	7.2	8.8
55	15.7	4.5	6.4

Source: LGIM (data), Schroders Solutions (calculations as of June 2024). Performance net of fees.

Defined Contribution Section – Review of the Investment Funds

The principles described in Aims and Objectives, as well as the performance of the funds, were reviewed by the Trustees in September 2022 as part of the Trustees' annual review of the DC Section investment strategy and performance against the Trustees' investment targets. The Trustees' investment advisers:

1. reviewed the strategic changes implemented in February 2022
2. provided a performance update for the Mixed Investment Funds A, B and C compared to a peer group
3. compared the historic asset allocation ranged and compared those to a new central allocation which would allow the long-term targets to be maintained, looked at the impact of changing the Trustees' investment return objective and provided views on what this could mean for the Scheme

After taking advice from their investment consultants in the 2022/23 Scheme year, the Trustees concluded that markets remained too volatile to implement changes to the Fund's asset allocations when taking a medium term (12 month) view.

The Trustees concluded that it would not be in members' interest for changes to be made to the asset allocation in view of the time horizon to the bulk transfer because members' pension accounts would be invested differently in the Aviva Master Trust.

For completeness, the table below shows the changes in detail that were made in February 2022, with the revised allocations shown in the column headed 'New %':-

Asset Class	Region	Fund Name	TER (%)	Mixed Fund A		Mixed Fund B		Mixed Fund C	
				Current (%)	New (%)	Current (%)	New (%)	Current (%)	New (%)
Equity	UK	LGIM UK Equity	0.100	2.7	2.7	1.8	1.8	1.1	1.1
	Global	LGIM Global Small Cap	0.250	3.0	3.0	2.1	2.1	1.2	1.2
		LGIM Developed World (ex-UK) Equity Index	0.180	7.7	0.0	5.4	0.0	3.1	0.0
		LGIM Developed World (ex-UK) Equity Index - GBP Hedged	0.203	7.7	0.0	5.4	0.0	3.1	0.0
		LGIM Future World Developed (ex-UK) Equity Index	0.225	0.0	11.55	0.0	8.36	0.0	6.1
		LGIM Future World Developed (ex-UK) Equity Index - GBP Hedged	0.250	0.0	11.55	0.0	8.36	0.0	6.1
	Europe	LGIM European Equity	0.250	0.4	0.4	0.3	0.3	0.1	0.1
		LGIM European Equity – GBP Hedged	0.275	5.2	5.2	3.6	3.6	2.1	2.1
	North America	LGIM North American Equity	0.200	10.8	10.8	7.5	7.5	4.3	4.3
		LGIM North American Equity – GBP Hedged	0.225	15.7	13.2	11.0	9.5	6.4	5.1
	Asia Pacific (excl. Japan)	LGIM Asia Pacific (ex-Japan) Equity	0.275	1.1	1.1	0.8	0.8	0.4	0.4
		LGIM Asia Pacific (ex-Japan) Equity – GBP Hedged	0.300	1.7	1.7	1.2	1.2	0.7	0.7
	Japan	LGIM Japan Equity – GBP Hedged	0.250	3.2	3.2	2.2	2.2	1.3	1.3
	Emerging Market	LGIM World Emerging Market Equity	0.450	5.8	6.3	4.0	4.5	2.4	2.7
Total Equity				65.0	70.7	45.3	50.2	26.2	31.2

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Bonds		LGIM Active Corporate Bond All Stocks	0.260	-	-	12.5	7.5	12.5	7.5
		LGIM EM Passive Local Government Bond	0.350	7.5	6.25	5.0	5.0	2.5	2.5
		LGIM EM Passive USD Government Bond – GBP Hedged	0.275	-	-	2.5	2.5	5.0	5.0
		LGIM High Income – GBP Hedged	0.400	10.0	8.75	10.0	10.0	10.0	10.0
	Total Bonds			17.5	15.0	30.0	25.0	30.0	25.0
Alternatives		LGIM Infrastructure Index	0.350	-	-	-	-	-	-
		LGIM Private Equity Passive Index	0.550	2.9	2.9	3.1	3.1	1.5	1.5
		LGIM Global Real Estate Investment Trust	0.350	5.7	5.7	4.8	4.8	4.5	4.5
		LGIM Managed Property (UK)	0.720	5.7	5.7	4.8	4.8	4.5	4.5
	Total Alternatives			14.3	14.3	12.7	12.7	10.5	10.5
Gilts		LGIM Index Linked Gilt All Stocks Fund	0.100	-	-	-	-	12.5	0.0
		LGIM 5-15 Year Gilts	0.100	3.2	0.0	9.6	9.6	15.8	10.0
		LGIM Under 5 Year Index Linked Gilts	0.100	0.0	0.0	0.0	0.0	0.0	15.0
		LGIM 0-5 Year Gilts	0.100	-	-	-	-	-	-
	Total Gilts			3.2	0.0	9.6	9.6	28.3	25.0
Cash		LGIM Cash	0.125	-	-	2.5	2.5	5.0	8.3
Total				100	100	100	100	100	100
Total Expense Ratio % (TER):				0.263	0.268	0.255	0.257	0.223	0.224

These changes did not affect the Trustees' long term growth targets for the Funds.

Hybrid Section - Aims and objectives

Prior to the end of 31 March 2019 (when the Hybrid Section closed to future accrual), active members of the Hybrid Section paid contributions of 4.8% of pensionable salary in total. Of the combined employer/member contribution, a contribution of 7% of pensionable salary is invested in a with-profits policy with Prudential. This policy provides a guaranteed annual return of 4.75% for those contributions made in the Scheme years prior to 1 April 1996, 2.5% for contributions made between 1 April 1996 and 31 March 2003, reducing to 0.01% for contributions made thereafter.

The manager's objective is providing a smoothed return with an expected return of 6.0% pa gross of fees over the long term.

When a member retires, the Scheme pays the higher of the pension that can be provided from their final salary pension, or the member account allocated to that member. Therefore, the key objective of the Prudential policy, in which member accounts are invested, is to act as an underpin to the value of a member's Hybrid Section pension.

Hybrid Section – Investment Fund

The Prudential With-profits fund is actively managed and invests in a wide range of assets, decided by the manager.

The Prudential must pay out 100% of asset values to policyholders over time and the annual regular bonus reflects a prudent proportion of future expected returns.

A final bonus known as the terminal bonus, which is not guaranteed, makes up the difference between guaranteed benefits and the overall smoothed claim value.

Hybrid Section – Review of the Investment Fund

The Trustees review the With-profits fund performance with their advisers annually when Prudential publish their returns. Due to the guarantees provided in the Prudential With-profits policy, the Trustees considered that this policy remained a suitable investment in respect of Hybrid Members' benefits during the year. The Trustees will keep the policy under review.

The performance of the underlying assets in the Prudential With-profits fund during the year against the manager's long-term objective of 6% per annum gross was 7.8%.

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The regular bonus declared in 2024 meant that:

- members' investment accounts (or part thereof) that attract the 4.75% minimum regular bonus increased by 4.75% at the close of the scheme year ending 31 March 2024.
- members' investment accounts (or part thereof) that attract the 2.50% minimum regular bonus increased by 2.50% at the close of the scheme year ending 31 March 2024.
- the rest of the members' investment accounts increased by 2.5%.

The terminal bonuses declared are related to the year in which contributions were paid and are not guaranteed.

Additional Voluntary Contributions

During the period to 31 December 2023, current members were able to make AVCs to:

- the Scheme's Defined Contribution funds, and
- LGIM's Ethical UK Equity Index Fund. The performance over the period to 20 March 2024, the return on investments, after deduction of any charges or transaction costs relating to those investments was 2.56%.

Some deferred members of the Hybrid Section had AVCs in Utmost Life's Managed Fund; the return on investments, after deduction of any charges or transaction costs relating to those investments over the period to 20 March 2024 was 7.35%.

Some deferred members of the Hybrid Section have AVCs in a range of funds offered by Clerical Medical.

FUND	Return on investments, after deduction of any charges or transactions costs relating to those investments in the period to 20 March 2024 was: -
Balanced Managed Fund	7.33%
Ethical Fund	20.41%
Halifax Fund	0%
Lifestyle Non-Equity Fund	3.59%
Retirement Protection Fund	-7.87%
UK Equity Tracker Fund	5.06%
Lifestyle – UK Growth Fund	6.55%
Lifestyle – Cautious	4.26%

CONSUMERS' ASSOCIATION PENSION AND EMPLOYEE BENEFIT SCHEME

COSTS AND CHARGES

Defined Contribution Section – Costs and Charges

Charges paid by members

The Employer pays the day-to-day cost of administering the Scheme.

There are two 'charges' paid by the members: -

- the investment manager's administration charges and
- transaction costs

These charges are deducted by the investment manager from the funds in which members' benefits are invested.

The charges differ between the investment funds that are available.

The total expense ratio for each fund is the investment manager administration charges and the transaction costs. The total expense ratios are shown on page 18 together with an illustrative example of the cumulative effect over time of the application of these charges on the value of a member's Pension Account.

The Trustees are required to calculate the charges and transaction costs paid by members during the assessment period and assess the extent to which these charges and transaction costs represent good value for members.

Transaction Costs

Transaction costs are a complicated issue as they are associated with different member, Trustees or manager actions. Transaction costs can be split into three areas: -

1. Transaction costs incurred as part of changes to the asset allocation following review of Mixed Funds A, B and C

Following a review of the asset class allocation within Mixed Funds A, B and C in 2023, the Trustees decided to maintain the current allocations and, as such, no transaction costs related to asset allocation changes were incurred over the year.

Subsequently in 2023, the Trustees made the decision to transfer the assets of the Scheme to Aviva Master Trust. This transition was completed on 20 March 2024. The costs were covered by the Trust provider, meaning the Scheme members did not have to bear any expenses.

2. Transaction costs incurred by members buying and selling funds as part of a lifestyle strategy

A member in the default lifestyle is required to buy and sell assets when automatically switching between funds within the lifestyle strategy. We estimate that over a member's life, the cost of switching between funds for each £1 of income invested in the lifestyle strategy is c. 0.58% (or 0.58p) in a worst-case scenario. This also applies to members with AVCs invested in the lifestyle strategy. This equates to an average of 0.01% per annum, as of 31 March 2024.

Breakdown of switching between funds in the Lifestyle Strategy

A breakdown of the cost estimate on a worst-case basis is provided in the table below. Our calculations do not take account of netting trades between the funds. It also assumes that a member pays a cost of "bid-mid" unit prices for any sale of assets and "mid-offer" unit prices for any purchase of assets (i.e., a worst-case scenario).

Members will experience varying levels of cost depending on their position within the lifestyle strategy and their choice of investment strategy in the final 3 years before they reach their Selected Retirement Age. Actively contributing members would have experienced at least one source of transaction cost on the contributions they made over the year. Deferred members may or may not have experienced transaction costs of this nature, depending on if they switched between funds or not. These costs will continue in the future at a level expected to be similar to the costs set out in the table below.

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Life-styling is carried out automatically for members who are invested in the lifestyle strategy. Market conditions are considered in the context of deciding on the composition of the funds in the lifestyle strategy, but not when automatically switching members between funds

The funds are priced on a "single swinging basis", meaning they may be priced at bid or offer on any day, depending on the net cashflow (from all investors in/out of the fund) that day. Therefore, in practice, the cost incurred is unlikely to be the full amount below and may even provide an uplift, should fund prices swing favourably. Members will also experience varying levels of costs depending on their position within the lifestyle strategy. Therefore, it is not practical to split out the actual costs incurred by each member.

The table below sets out the worst-case transaction costs for each Lifestyle fund covering the period 01/04/2023 to 31/03/2024.

Movement between funds	Lifestyle Strategy worst case cost		
	Invest into Retirement	Secured Income	Cash
Buy Mixed Fund A	0.38%	0.38%	0.38%
Mixed Fund A -> Mixed Fund B	0.05%	0.05%	0.05%
Mixed Fund B -> Mixed Fund C	0.02%	0.02%	0.02%
Mixed Fund C -> Final Position	0.03%	0.13%	0.13%
Sell Final Position	0.11%	0.00%	0.00%
Total	0.58%	0.58%	0.58%
Total p.a.	0.01%	0.01%	0.01%

Schroders Solutions (calculations, June 2024). LGIM (spreads data, as of 31 March 2024).

Assumption: (1) members join the scheme aged 25, and retire aged 65
 (2) price swings are all unfavourable to member
 (3) no investment return

Breakdown of actual costs incurred by LGIM

Scheme specific costs of dealing in units as provided by LGIM which includes netting of trades between LGIM clients over the period are estimated as 0.07% of the assets traded.

Movement between funds	Cost of scheme specific trading during the 2023/24 Scheme year (GBP)		
	Total Transactions £	Total Dealing Costs £	Average dealing Costs %
Q2 2023	3,274,975	471	0.01
Q3 2023	1,925,612	1,734	0.09
Q4 2023	6,960,470	3,226	0.05
Q1 2024	76,644,070	106,016	0.14
Total	88,805,127	111,447	0.07

Source: LGIM (data, as of 31 March 2024).

CONSUMERS' ASSOCIATION PENSION AND EMPLOYEE BENEFIT SCHEME

3. "Frictional costs" incurred by members due to funds internally buying and selling underlying assets (e.g. stocks or bonds)

As part of day-to-day trading activities, the funds may incur "frictional costs". Frictional costs are categorised as explicit costs and implicit costs. Explicit costs are directly observable, and, in most cases, managers are in position to report them. Examples of explicit costs include broker fees, transaction taxes and custody fees. Implicit costs cannot be observed in the same way but do have an impact on fund performance. Examples of implicit costs include bid-offer spreads and market impact.

These costs would be incurred every time a fund manager makes a trade within that fund and are intended to improve investment returns, reduce risk, or contribute to the smooth running of a fund. The table below sets out the total transaction costs for each fund within the lifestyle strategy covering the four-year period from 01/04/2019 to 31/03/2024.

	Fund	Total transaction cost
Default Lifestyle Funds	Mixed Fund A	0.062%
	Mixed Fund B	0.054%
	Mixed Fund C	0.046%
	Cash	0.032%

Source: LGIM (data, as of 31 March 2024) Underlying fund managers. Schroders Solutions calculations as at June 2024.

Property Expense Ratio (PER) for the LGIM Managed Property fund

In addition to the Total Expense Ratio (TER) borne by members, the LGIM Managed Property Fund discloses a frictional cost called the Property Expense Ratio (PER). The PER covers all non-recoverable expenditure associated with the management and operation of the property portfolio, including the day-to-day property management and rent collection. The PER is borne by members. It is not counted within the TER, nor is it invoiced directly, but it is reflected in the fund price.

Items captured in the PER include:

- Service charge shortfalls and holding costs, such as empty rates and security
- Rent review and lease renewal costs
- Maintenance and repairs (not improvements)
- Property insurance costs / rebates
- Aborted transaction costs where appropriate

The PER varies from quarter to quarter. Annualised fees for the Scheme year to date are shown below: -

Quarterly Property Expense Ratio (annualised %)	
Q2 2023	0.73%
Q3 2023	0.81%
Q4 2023	0.83%
Q1 2024	0.90%
Average	0.82%

Source: LGIM (data, as of 31 March 2024)

CONSUMERS' ASSOCIATION PENSION AND EMPLOYEE BENEFIT SCHEME

Total Expense Ratios

The Total Expense Ratios 'TERs' applicable to the funds underlying the lifestyle strategy as of 31 March 2024 are set out in the table:

	Fund	TER
Default Lifestyle Funds	Mixed Fund A	0.268%
	Mixed Fund B	0.257%
	Mixed Fund C	0.224%
	Cash	0.110%

Source LGIM (data, as of March 2024)

Below is an illustrative example of the cumulative effect over time of the application of charges and costs on the value of a member's Pension Account. The example outlines the effects of fund charges (the TERs above) and transaction costs (also above) across the different sections of the Scheme. The example has been produced in accordance with DWP guidance.

Projected Pension Account, in today's terms						
Years	Default Lifestyle (Which? Consumers Association)		Default Lifestyle (Which? Financial Services)		Default Lifestyle (Hybrid Switchers)	
	Gross of all charges	Net of TER and life-styling costs	Gross of all charges	Net of TER and life-styling costs	Gross of all charges	Net of TER and life-styling costs
1	£2,800	£2,800	£2,800	£2,800	£7,300	£7,300
3	£12,400	£12,400	£11,100	£11,000	£17,200	£17,200
5	£22,300	£22,100	£19,600	£19,400	£27,400	£27,300
10	£50,000	£49,200	£43,500	£42,800	£56,000	£55,300
15	£82,900	£80,800	£71,700	£69,900	£90,000	£88,000
20	£121,700	£117,600	£105,100	£101,600	£130,100	£126,100
25	£163,800	£156,900	£141,300	£135,300	£173,500	£166,600
30	£207,900	£197,300	£179,200	£170,100	£218,800	£208,200
35	£251,600	£236,800	£216,800	£204,000	£263,600	£248,700
40	£293,100	£273,700	£252,500	£235,700	£306,100	£286,500

Notes:

- Values shown are estimates and are not guaranteed.
- Transaction costs are reflected as of 31 December 2023.
- Projected pension account values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
- Assumes inflation of 2.5% per annum.
- Assumes charges in future years are equal to charges today (transaction costs are shown in the table above).
- Assumes a member is aged 25 years old now and stops contributing at age 65.
- Assumes an overall contribution rate of:
 - 9% of annual salary in the first year, and 14% thereafter for Consumers Association' and Which? Limited members
 - 23% of annual salary until 31/03/2024, and 14% thereafter for 'Hybrid Switchers' the £ amount of which will increase in line with assumed salary inflation for each case above.
- Assumes a member salary of £31,315 in Year 0, increasing with inflation.
- The accumulation rates used, are set out overleaf:

CONSUMERS' ASSOCIATION PENSION AND EMPLOYEE BENEFIT SCHEME

	Fund	Real accumulation rate per annum (gross of charges)
Default Lifestyle Funds	Mixed Fund A	3.5%
	Mixed Fund B	2.5%
	Mixed Fund C	1.5%
	Cash	-2.7%

Source: XPS, Schroders Solutions Calculations as of June 2023

The above illustration has been prepared with due regard to the Department for Work and Pensions' guidance ("Cost and charge reporting: guidance for trustees and managers of occupational schemes"), published in February 2018.

The Scheme makes no charge for members who purchase annuities at retirement with their Pension Account, transfer to an income drawdown provider or withdraw their Pension Account as a single lump sum.

The Scheme enables members to make one withdrawal from their Pension Account in a tax year. There is no charge for the first withdrawal, but in the second and subsequent years, there is an administration charge of £100 per withdrawal, deducted from the withdrawal before it is paid. No charge is made if there is no withdrawal.

In return for these charges, the benefits received by members of the Scheme include:

- High quality and highly engaged administration services.
- A sophisticated investment strategy which the Trustee Board monitor at each meeting and review with their advisers annually, or more frequently if circumstances change.
- High quality governance and oversight by the Trustee Board.
- Clear communications that reinforce important messages for members to achieve a good outcome at retirement.
- Communication when about to enter the next phase in the investment strategy, enabling members to speed up their move into lower risk assets, or postpone, according to their individual choice.
- Clear communications regarding options before, at and during retirement.
- A dedicated scheme website.
- Flexibility in how and when members use their Pension Account at and during retirement.

Hybrid Section – Costs and Charges

Prudential report that the administration charge that they assume will be paid by members when they set the bonuses on their With-profits fund is about 1% pa. This charge is not guaranteed. Prudential also report that the With-profits fund pays transaction costs of 0.05% per annum. The transaction costs are in addition to the administration charge paid by members.

The investment return is reduced by the management charges which are allowed for in the annual bonus declaration. There are no explicit charges made on investment of contributions.

Prudential pay two types of bonuses: a regular bonus, which they expect to pay every year during the term of a member's participation in the policy, which once added, cannot be removed, and a terminal bonus, which they expect to pay at the time a member retires at their normal retirement date, or on their earlier death. The terminal bonus is not guaranteed and may be reduced or removed by Prudential at their discretion.

If a member's money purchase fund is taken out at any time except on death or on the normal retirement date, Prudential may reduce the amount paid out to reflect the current market value of the underlying investments. This is known as the Market Value Reduction (MVR). One MVR was applied to a member's AVC fund transferred in the Scheme year-ending 31 March 2024.

Prudential provided the following information of the cumulative effect, over time, of the relevant costs and charges on the value of members' benefits: -

Prudential: Effects of charges and costs

CONSUMERS' ASSOCIATION PENSION AND EMPLOYEE BENEFIT SCHEME

About this Illustration

The figures shown in the table are examples only and aren't guaranteed. They're not minimum or maximum amounts that you might expect to get back with the level of investment shown. The figures follow the AS TM1 standards/rules and have been calculated as of July 2022.

As the prices of everyday things go up, your money won't stretch as far as the same amount would now. This is called inflation. The figures have been adjusted to allow for inflation using an assumed inflation rate of 2.5% per year. Actual inflation could be more or less than this.

What you might get back depends on a number of factors including:

- how much is paid in
- how long investments are held for
- charges and costs
- performance of the investment

For this illustration we show the annual costs as an average of the expected costs which apply over the term of the investment. You will see both the costs and the growth figures clearly shown in the table. More information on the funds you can invest in is available at pru.co.uk/funds. The charges and costs you pay for the funds may vary depending on your scheme conditions. We might change our charges in the future. The value of investments can go down as well as up so you might get back less than you put in. For With-Profits funds the actual percentage charged depends on the performance of the With-Profits Fund and may vary over time. These charges cover the costs of any expenses, any profits, implicit costs and other adjustments.

The basis for our calculations

Pot size and assumptions

Projected pension pot values are in today's money which means they have been adjusted for inflation. We have used:

- A starting pot size of £20,000.
- No regular contributions.
- The term of the investment is from age 38 to age 65.

Charges and costs

Projected pension pot in today's money (£s)		
Years	With-Profits Cash Accumulation Fund	
	Growth rate (after inflation):	4.9%
	Yearly Costs*:	1.26%
	Before Charges	After Charges
1	£20,900	£20,700
5	£25,200	£23,800
10	£31,900	£28,300
15	£40,300	£33,700
20	£50,900	£40,100
25	£64,300	£47,300
27	£70,600	£50,200

*Growth rates for the funds have allowed for the effects of inflation.

Additional Voluntary Contributions – Costs and Charges

Members may also have AVCs invested in: -

- Prudential Assurance Company Limited With-profits fund,
- the Scheme's Defined Contribution lifestyle funds,
- Legal & General's Ethical UK Equity Index Fund,
- Utmost Life's Managed Fund
- Clerical Medical's:
 - Balanced Managed Fund,

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- UK Equity Tracker Fund,
- Ethical Fund and
- the Halifax Fund
- Retirement Protection Fund
- Lifestyle Balanced Fund
- Lifestyle Non-Equity Fund
- Lifestyle – UK Growth Fund.

Costs and charges for Prudential With-profits fund are shown above, and the Scheme's Defined Contribution Funds are set out on previous pages.

Legal & General Ethical UK Equity Index Fund

The annual management charge for Legal & General's Ethical UK Equity Index Fund is 0.20% per annum.

Defined Contribution Members Prudential With-Profits Fund

Defined Contribution members who invest their AVCs in the Prudential With-profits fund do so to a newer version With-profits policy. Prudential's information about costs and charges are shown on the previous page and the cumulative effect, over time, of the costs and charges on the value of members' benefits are shown on pages 20.

Utmost Life's Managed Fund

The annual management charge for Utmost Life's Managed Fund is 0.75% per annum, and the total charge including transaction costs is 0.87% per annum. These costs were reported as of 28 March 2024.

Utmost Life have provided the following information of the cumulative effect, over time, of the relevant costs and charges on the value of members' benefits: -

Term	Managed Fund Before Charges	Managed Fund After Costs and Charges Deducted
1	1,010	1,002
3	1,031	1,006
5	1,052	1,010
10	1,107	1,020
15	1,165	1,030
20	1,226	1,041
25	1,290	1,051
30	1,358	1,061
35	1,429	1,072
40	1,503	1,083

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Notes:

- 1) Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
- 2) The starting pot size is assumed to be £1000
- 3) Inflation is assumed to be 2.5% p.a.
- 4) Values shown are estimates and are not guaranteed
- 5) The projected growth rate for the Managed Fund is 4.5% p.a.

Clerical Medical

Clerical Medical's management charge paid by members is 1.0% per annum. Clerical Medical have provided the following information about transaction costs in the year to 31 March 2021.

Fund Identifier	Fund Name	Transaction Costs (in bps)	Asset Coverage		Reporting Period		Notes
			Assets Reported (%)	Reason not Obtained (if > 10%)	Start	End	
GB0005001242	Clerical Medical PP UK Equity Tracker Pension	0bps	100%		01/02/2020	31/01/2021	Transaction costs calculated using slippage methodology.
GB0002273604	Clerical Medical Ethical Pension	5bps	100%		01/03/2020	28/02/2021	Transaction costs calculated using slippage methodology.
GB0002042116	Clerical Medical UK Growth Pension	39bps	100%		01/02/2020	31/01/2021	Transaction costs calculated using slippage methodology.
GB0002039955	Clerical Medical Balanced Pension	44bps	100%		01/04/2020	31/03/2021	Transaction costs calculated using slippage methodology.
GB0002677531	Clerical Medical Halifax Pension	0bps	100%		01/04/2020	31/03/2021	This fund invests in bank deposits only so incurs no transaction costs.
GB0002109626	Clerical Medical Managed Retirement Protection Pension	8bps	100%		01/04/2020	31/03/2021	Transaction costs calculated using slippage methodology.
GB0008525916	Clerical Medical Non-Equity Pension	5bps	100%		01/04/2020	31/03/2021	Transaction costs calculated using slippage methodology.

'bps': basis points where 100 bps = 1%

CONSUMERS' ASSOCIATION PENSION AND EMPLOYEE BENEFIT SCHEME

Definitions:

<i>Fund Identifier</i>	<i>Where possible the identifier used will be the ISIN.</i>
<i>Fund Name</i>	<i>The fund name held by SW.</i>
<i>Transaction costs (in bps)</i>	<i>This is the total transaction cost figure for the fund (i.e., for Buy & Sell transactions and Lending & Borrowing transactions). For lower-level detail we can provide the industry standard Defined Contributions Pensions Template (DCPT) on request.</i>
<i>Assets Reported (%)</i>	<i>The percentage of assets where transaction costs have been obtained.</i>
<i>Reason not Obtained (if > 10%)</i>	<i>Where the percentage of investments for which transaction costs has not been obtained exceeds 10% of the overall holdings, an explanation as to why the transaction costs have not been obtained will be provided.</i>
<i>Reporting Period Start/End</i>	<i>Date of the first and last day of the reporting period to which the data refers. Data for the most recent calculated reporting period is provided. This period will vary by fund.</i>
<i>Notes</i>	<i>Any relevant supporting information such as calculation methodology used or additional information on holdings.</i>

The transaction costs are in addition to the management charge paid by members.

As in previous years, Clerical Medical believe that they are not required to provide illustrations of the cumulative effect, over time, of the relevant costs and charges on the value of members' AVC benefits. The Trustees remain disappointed with this response but note that, as at the end of the year, no members have any AVCs invested with Clerical Medical and therefore it would be disproportionate to commission these illustrations from another source.

CONSUMERS' ASSOCIATION PENSION AND EMPLOYEE BENEFIT SCHEME

VALUE FOR MEMBERS ASSESSMENT

Each year the Trustees carry out an assessment of the extent to which investment managers' administration charges and transaction costs borne by the Scheme's members, together with the services that members receive, represent good value. It is widely accepted that value for members is difficult to assess and while there is guidance on suggested items to cover, there is no prescribed method for assessment.

To assist with this assessment the Trustees receive information from the Scheme's investment advisers about investment services that are paid for by members, and carry out their own assessment of administration, communications, governance and management factors, which are paid for by the Employer.

DC Section

On average, members in the Scheme's lifestyle investment strategy paid investment management administration charges and transaction costs of 0.26% per annum, throughout their working lifetime (assuming the member joins the Scheme at age 25 and retires at age 65).

This is significantly lower than both the maximum allowed of 0.75%, and the estimated average charge for DC schemes across the UK, and the Trustees are satisfied that the Scheme is priced competitively, taking account of the current asset size and expected growth.

Within the fee of 0.26% for the lifestyle funds, members received the following investment related benefits:

-

- Access to an investment strategy that makes active decisions on asset allocation annually at a competitive cost.
- Asset allocation within the default strategy aimed at controlling risk (specifically permanent loss of capital) whilst generating long term growth.
- Implementation primarily through passive funds via LGIM, which has a strong and consistent record for tracking market indices effectively.
- Investment performance:
 - The default strategy performance - which tests against long term objectives - have underperformed their respective long-term benchmarks over most time periods assessed in this year's review. This was driven by a combination of poor market performance across most asset classes (particularly in equity, credit and bonds) and multi-decade high levels of inflation (which amplified the inflation related benchmarks)
 - Members have received more in investment growth than paid in charges for all of the time periods assessed; and
 - Investment options have delivered the risk management that members have paid for, across the default funds.
- Risk management – the investment strategy takes account of membership needs, and controls risks as member pot sizes grow and the need for protection increases.
- Internal controls and operations of the investment manager – these cover business continuity plans, external audit of funds, consistent index-tracking abilities and transition management.

Scheme members also had the advantage over many UK DC schemes in that the Employer paid for administration, communication, governance and transaction costs when the assets in the lifestyle investment strategy are changed. This helped to keep the overall charge paid by members well within the charge cap set by legislation of 0.75%. It also means Scheme charges compared favourably with "bundled" schemes where members pay for administration and communication services.

Before deciding to agree to the Employer's request to make a bulk transfer of members' DC Pension Accounts, the Trustees took independent advice from Barnett Waddingham about whether the Aviva My Future Focus Funds were a suitable replacement for the Scheme's investment strategy for members.

Barnett Waddingham advised that the risk/return and glidepath characteristics of the Aviva My Future Focus Default was a suitable replacement for the DC Section investment strategy for members.

Members with more than 3 years away from their Selected Retirement Age were transferred to the Aviva My Future Focus Default strategy and members with fewer than 3 years to their Selected Retirement Age were transferred in line with the following:

- Members who had selected the 'Invest into Retirement' strategy were transferred to the My Future Focus Default strategy.

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- Members who had selected the 'Cash' strategy were transferred to the My Future Focus Target Cash Lump Sum strategy.
- Members who had selected the 'Secured Income' strategy were transferred to the My Future Focus Target Annuity strategy.

Aviva's bundled fee for the Aviva My Future Focus Default was 0.22% pa, which included investment management, transaction costs, governance, administration and communication services.

The Trustees carried out an assessment, with the help of their advisers, of whether the Trustees' investment strategy had delivered value for members. The assessment used quantitative tests which asked the following questions: -

Default Lifestyle Strategy

1. Have members received more in investment growth than they paid in charges? *Yes.*

This was assessed by comparing average net returns against a cash index (used as a proxy for putting the money in the bank with no investment charges).

2. Have the investment options performed as members have been led to expect? *Yes.*

This was assessed by comparing average net returns against inflation related return targets.

3. Have the investment options delivered the risk management promised and paid for by members? *Yes.*

This was assessed by comparing average fund volatility against prescribed target volatility.

The above tests were based on the average of rolling three-year periods ending on 20 March 2024, using month-end unit prices.

The Trustees concluded that having assessed the services covered by the fund charges paid by members, they viewed the overall charges as *below* average relative to the market for the type of investment strategy and the quality of the services provided to members as *above* average relative to the market.

The Trustees assessment is that during the year the members received value from the Scheme.

Hybrid Section

Members entitled to benefits from the Hybrid Section receive a pension that is the better of a defined benefit based on a member's pensionable service and salary near to retirement, and the pension that can be provided by a money purchase account that builds up from part of the employer and employee contributions (and is invested in Prudential's With-profits fund). As such, members do not pay directly for the administration or investment services that are used to deliver the benefits. The value for money of this section has therefore been assessed proportionately in light of the benefit structure.

Within this context, the investment manager's administration charges and transaction costs levied by Prudential are expected to provide value for members as they benefit from potential retirement income upside from a higher level of annuity, but downside is limited to the value of their defined benefit arrangement. It is unlikely for a similar arrangement (or one that provides better value) to be negotiated with another provider at a lower fee level.

Prudential is differentiated amongst large life offices by its continued active support of With-profits and the fund is highly rated by AKG, who are the leading independent assessor of with-profits funds.

Additional Voluntary Contributions

The Trustees' assessment of value for members in the DC Section also applies to members with AVCs in the Scheme's lifestyle investment strategy. The Trustees assess Legal & General's Ethical UK Equity Index Fund as providing value for members for the same reasons. However, these AVCs were included in the bulk transfer to the Aviva Master Trust on 20 March 2024.

Prudential

The Trustees consider that Prudential AVC options offer value for those members seeking the guarantees offered by the With-Profits plan for the reasons outlined above. These AVCs have been retained in the Scheme, as they have valuable attaching guarantees, although members have been informed that they have the option to transfer them out.

Utmost Life and Clerical Medical

The Trustees lost confidence in Equitable Life, now Utmost Life, following the difficulties Equitable Life faced when they closed to new business in December 2000.

CONSUMERS' ASSOCIATION PENSION AND EMPLOYEE BENEFIT SCHEME

The Trustees also lost confidence in Clerical Medical as investment managers following a period of poor performance and, as the stewards of members' money, they closed the Clerical Medical AVC options to future contributions with effect from 31st March 2007.

The Trustees did not consider that Utmost Life or Clerical Medical AVC options offered value for members. Accordingly, these AVCs were included in the bulk transfer to the Aviva Master Trust.