

Trustee report

DC Section

Chair's DC Governance Statement, covering the 12 months to 31 March 2023

Introduction and members' summary

The NMR Pension Fund – Defined Contribution Section (the “DC Fund”) is an occupational pension scheme providing defined contribution (“DC”) benefits (a DC Pension Scheme is where employer and employee contributions are paid into it, the member chooses the investments from the options made available and also bears the investment risk). Some members also have Additional Voluntary Contributions (“AVCs”) in the Fund.

Governance requirements apply to DC pension arrangements, to help members achieve a good outcome from their pension savings. The Trustee Directors of the DC Fund are required to produce a yearly Statement (signed by the Chair of the Board of the Trustee) covering:

- the design and oversight of the default investment option (i.e. where contributions are invested for members that do not wish to choose their own investments);
- processing of core financial transactions (i.e. administration of the Fund, such as investment of contributions);
- the charges and transaction costs borne by members for the default option and any other investment option members can select or have assets in, such as “legacy” funds;
- an illustration of the cumulative effect of these costs and charges;
- net returns of the investment options;
- how the value members obtain from the Fund is assessed; and
- Trustee knowledge and understanding.

The key points that we would like members reading this Statement to take away are as follows:

- We regularly monitor the investment arrangements, and we are satisfied that the default and other investment options remain suitable for the membership.
- The administrator has processed core financial transactions promptly and accurately to an acceptable level during the Fund year and we remain comfortable with the administrator's performance.
- Fees can have a material impact on the value of your pension savings and the fee impact is greater the more time passes, since fees reduce the amount of money that can grow with future investment returns.
- Fees for the investment options are set out in this Statement, and we remain comfortable that these fees are reasonable given the circumstances of the Fund and represent value for the benefits members obtain.
- Following an internal review of funds on the Fidelity International Ltd (“FIL”) platform, a fee reduction was implemented over the Fund Year for the funds used in the lifestyle strategies. This came into force from 19 December 2022 and positively impacts the majority of DC Fund members.
- Please rest assured that we are looking after your best interests as members, and we undertake training and receive advice as appropriate so that we have sufficient knowledge and understanding to do so effectively.

Default arrangements

The DC Fund is used as a Qualifying Scheme for automatic enrolment purposes. This means that it is

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used as a pension savings scheme for employees who are eligible for automatic enrolment into a pension scheme.

We have made available a range of investment options for members. Members who join the DC Fund and who do not choose an investment option are placed into the NMR Drawdown Focus Lifestyle, (the “Default”). We recognise that most members do not make active investment decisions and instead invest in the Default. After taking advice, we decided to make the Default a lifestyle strategy, which means that members’ assets are automatically moved between different investment funds as they approach their target retirement date.

The NMR Lump Sum Focus Lifestyle and NMR Annuity Focus Lifestyle are also classified as “default arrangements” for some members following past investment changes where members’ funds have been transferred without the members expressing a choice. These have “growth” and “balanced” phases which are consistent with the Default with “retirement” phases that alter the asset mix to target cash withdrawal and annuity purchase respectively.

These arrangements along with the Default are referred to as the “default arrangements”.

We are responsible for investment governance, which includes setting and monitoring the investment strategy for the default arrangements.

Details of the objectives and our policies regarding the default arrangements are set out in a document called the “Statement of Investment Principles” (“SIP”). The Fund’s SIP covering the default arrangements is attached to this Statement as an Appendix.

The default arrangements are reviewed at least every three years. We began the most recent triennial review of the default arrangements on 1 March 2022, which included conducting an analysis on the membership demographics of the DC Fund. This concluded that the Default should continue to target income drawdown in retirement as this remained suitable for the majority of members and that the NMR Lump Sum Focus Lifestyle and NMR Annuity Focus Lifestyle also remained appropriate for the majority of members who were already invested within these strategies.

As part of the triennial strategy review, we also reviewed the risk/return profile of the Default and whether it remained appropriate for the DC Fund given membership demographics and changes to trends within the DC landscape. The other default arrangements as well as the rest of the self-select range were also reviewed.

The review has considered a number of areas including:

- The merits of improving diversification by introducing a standalone allocation to real assets within the NMR Growth Fund, and by increasing the underlying exposure to alternatives within the NMR Balanced Fund and NMR Retirement (Drawdown Focus) Fund.
- The best way of addressing climate risk to members within the investment arrangements.

We will be concluding the review of investment strategy over the next Fund year with consideration given to the implementation of any changes.

In addition to the triennial strategy review, we also review the performance of the default arrangement against its objectives on a quarterly basis. These reviews include performance analysis to check that the risk and return levels meet expectations and were consistent with the aims and objectives as

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stated in the SIP. The Trustee's reviews that took place during the Fund Year concluded that the default arrangements were performing broadly as expected given the difficult market conditions. These conditions were caused by various factors including the war in Ukraine, rising inflation and increasing interest rates which negatively affected most asset classes, including the asset classes used in the default arrangements.

Requirements for processing core financial transactions

The processing of core financial transactions is carried out by Fidelity. Core financial transactions include (but are not limited to): the investment of contributions, processing of transfers in and out of the DC Fund, transfers of assets between different investments within the DC Fund, and payments to members/beneficiaries.

We recognise that delay and error can cause significant issues for members. They can also cause members to lose faith in the Fund, which may in turn reduce their propensity to save and impair future outcomes. We have received assurance from Fidelity that there are adequate internal controls to support prompt and accurate processing of core financial transactions.

The Fund has a service level agreement ("SLA") in place with Fidelity which covers the accuracy and timeliness of all core financial transactions. The key processes adopted by the administrator to help it meet the SLA are as follows:

- The use of a comprehensive range of information technology systems to maximise efficiency and minimise errors, including Fidelity's PlanViewer App.
- The use of formal incident and problem management policies and procedures using a third-party incident and problem management system.

To help us monitor whether service levels are being met, we receive quarterly reports about Fidelity's performance and compliance with the SLA. Any issues identified as part of our review processes would be raised with Fidelity immediately, and steps would be taken to resolve the issues.

Based on our review processes, we are satisfied that over the period covered by this Statement:

- Fidelity was operating appropriate procedures, checks and controls, and operating within the agreed SLA;
- there have been no material administration issues in relation to processing core financial transactions; and
- core financial transactions have been processed promptly and accurately to an acceptable level during the Fund year.

Legacy AVCs

During the Fund year there were a small number of members invested in AVC policies with Prudential, ReAssure, Standard Life, Utmost Life and Pensions ("Utmost") and Zurich Assurance Limited ("Zurich"). These legacy contracts only account for a small proportion of the total assets within the Fund. Therefore, we have taken a proportionate approach to reviewing them, compared to the other benefits within the Fund.

The Trustee is considering consolidating the majority of legacy AVC policies by transferring them into the main arrangements with Fidelity. This was due to take place over both the previous and current

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Fund Year but was delayed on both occasions as a result of heightened market volatility.

Prudential

Prudential has outsourced its administration services to Diligenta Limited, a subsidiary of Tata Consulting Services which is responsible for the processing of core financial transactions. Prudential aims for 95% of the majority of processes to be completed with the target days quoted to members. Prudential aim to complete cases within their upper and lower target of days which varies dependent on the task. For example, Prudential aim to complete bereavement cases within 29 to 77 days and servicing cases within 8 to 20 days. Prudential has provided its performance for the Fund Year, which shows that this overall 95% target was met.

Prudential have confirmed that there were no complaints or errors over the Fund Year.

ReAssure

ReAssure aims for 95% of all processes outlined below to be completed within the defined SLAs. ReAssure has provided its performance against these SLAs for the Fund Year, as shown below. The Trustee's advisers have queried with ReAssure what steps are being taken to improve performance against SLAs in the future. At the time of writing ReAssure has commented that it is unable to share details on specific plans which are for internal use only. ReAssure has noted that as some processes only have a small number of requests associated with them each quarter, a large impact on the overall SLA can be seen if one task falls outside of the SLA.

Process	Service target (working days)	Service levels (SLA)			
		Q2 2022	Q3 2022	Q4 2023	Q1 2023
Cash Allocation	10 days	89.8%	94.9%	92.0%	96.0%
New Business	10 days	100.0%	71.4%	100.0%	71.4%
Payments Out	10 days	51.4%	56.0%	59.9%	81.1%
Death Quotes	10 days	66.7%	86.7%	73.4%	91.3%
Annual Statements	10 days	81.7%	70.4%	82.3%	83.7%
Wake-up Packs	10 days	67.0%	62.9%	43.6%	56.7%
Fund Switches	10 days	25.0%	66.7%	77.8%	100.0%
General Switches	10 days	65.9%	76.3%	77.1%	89.9%

Standard Life

Standard Life aims to complete 90% of all requests within 10 working days under its SLA with the Fund and has an internal controls statement which outlines information about the processing of core financial transactions. Governance and oversight arrangements are in place to monitor SLA performance against defined service levels and risk standards. Authorising and processing transactions and achieving the stated SLA is managed through controlled systems including, but not limited to, the following actions:

- Automated systems designed to ensure consistent, timely and accurate receipt and allocation to

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- the correct funds for regular and single payments;
- Regular monitoring of process and people performance, including control self-assessment reviews;
- Reconciliations carried out between Finance and Customer Operations to ensure contributions are accurately recorded;
- Documented business procedures are in place for contributions processes;
- Compliance with processes supported by an automated workflow system that ensures work is enabled, tracked and managed;
- A dedicated control team actively manages manual payments (including automation failures) and the reporting of missed contributions to the Pensions Regulator; and
- An automated quotes system, which ensures the consistent application of calculations.

In terms of performance against SLAs, Standard Life has confirmed that over the Fund Year only one request was received and this was not dealt with within 10 days. Further details were unavailable at the time of writing.

Standard Life has confirmed that it did not receive any complaints in this period.

Utmost

SLAs during 2022 (the most recent data available) were as follows:

- 95% of payments out made within 5 days
- 95% of illustrations completed within 10 days
- 90% of general servicing completed within 10 days

Utmost has confirmed that all SLAs were met during 2022.

Over the Fund year Utmost reported no complaints or errors and confirmed that core financial transactions have been processed promptly.

Zurich

There is only one member invested in an AVC policy with Zurich over the Fund year. Zurich has confirmed it aims to carry out any request for a quotation or payment within 10 days. The Trustee and its advisers continue to liaise with Zurich to confirm that targets have remained in the current Fund Year.

Member-borne charges and transaction costs

We are required to set out the on-going charges incurred by members over the period covered by this Statement, which are annual fund management charges plus additional fund expenses, such as custody costs, but excluding transaction costs; this is also known as the total expense ratio (“TER”). The TER is paid by the members and is reflected in the unit price of the funds.

The stated charges are shown as a per annum (“pa”) figure and exclude administration charges, since these are not met by the members (they are paid by the Principal Company).

We are also required to disclose transaction cost figures. In the context of this Statement, the

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transaction costs shown are those incurred when the Fund's fund managers buy and sell assets within investment funds but are exclusive of any costs incurred when members invest in and switch between funds. The transaction costs are borne by members.

The charges and transaction costs have been supplied by FIL who are the Fund's platform provider, as well as AVC policy providers.

When preparing this section of the Statement we have taken account of the relevant statutory guidance. Under the prescribed way in which transaction costs have been calculated it is possible for figures to be negative, where market movements are favourable between the time a trade is placed and the time it is executed. We have shown any negative figures in the tables for the year as provided, but for the costs and charges illustrations we have used zero where a transaction cost is negative to give a more realistic projection (i.e. we would not expect transaction costs to be negative over the long term).

Default arrangements

The Default is called the NMR Drawdown Focus Lifestyle. The Default has been set up as a lifestyle approach, which means that members' assets are automatically moved between different investment funds as they approach their target retirement date. This means that the level of charges and transaction costs will vary depending on how close members are to their target retirement age and in which funds they are invested.

For the period covered by this Statement, annualised charges and transaction costs are set out in the following table.

Default charges and transaction costs

Years to target retirement date	TER (% pa)	Transaction costs (% pa)
15 or more years to retirement	0.12	0.03
10 years to retirement	0.19	-0.02
5 years to retirement	0.19	-0.02
At retirement	0.17	0.04

In addition to the NMR Drawdown Focus Lifestyle, the NMR Lump Sum Focus Lifestyle and NMR Annuity Focus Lifestyle are also classified as defaults for some members.

The annual charges for these lifestyles during the period covered by this Statement are set out in the tables below.

NMR Lump Sum Focus Lifestyle: charges and transaction costs

Years to target retirement date	TER (% pa)	Transaction costs (% pa)
15 or more years to retirement	0.12	0.03
10 years to retirement	0.19	-0.02
5 years to retirement	0.19	-0.02
At retirement	0.17	0.05

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NMR Annuity Focus Lifestyle: charges and transaction costs

Years to target retirement date	TER (% pa)	Transaction costs (% pa)
15 or more years to retirement	0.12	0.03
10 years to retirement	0.19	-0.02
5 years to retirement	0.19	-0.02
At retirement	0.16	0.03

Self-select and AVC options

In addition to the default arrangements, members also have the option to invest across a number of funds offered as part of a self-select fund range. The level of charges for each self-select fund (including those used in the Default) and the transaction costs over the period covered by this Statement are set out in the following table. The underlying funds used within the default arrangements are shown in **bold**.

Self-select fund charges and transaction costs

Manager – Fund name	TER (% pa)	Transaction costs (% pa)
NMR Balanced Fund	0.19	-0.02
NMR Diversified Growth Fund	0.25	-0.09
NMR Global Equity Fund – Passive	0.12	0.03
NMR World (ex-UK) Equity Fund – Passive	0.12	-0.01
NMR UK Equity Fund – Passive	0.12	0.02
NMR Emerging Markets Equity Fund – Passive	0.24	0.32
NMR Climate-Aware Global Equity Fund	0.13	N/A ¹
NMR Corporate Bonds Fund – Passive	0.12	0.07
NMR Pre-Retirement Fund - Level Annuity Target	0.15	0.14
NMR Pre-Retirement Fund - Inflation Linked Annuity Target	0.15	0.00
NMR Short Duration Credit Fund	0.17	0.20
NMR Cash Fund	0.17	0.14

¹ Transaction costs for the NMR Climate-Aware Global Equity Fund are not available for the Fund Year as the Fund was inception on 31 July 2022.

In addition to the self-select funds shown above, the Fund also contains AVC policies with Utmost Life, ReAssure, Prudential, Standard Life; and Zurich.

For the period covered by this Statement, annualised charges and transaction costs are set out in the following table.

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Provider – policy name	TER (% pa)	Transaction costs (%pa)
Utmost Life and Pensions – The NMR Pension Fund		
Money Market Fund	0.50	0.01
Managed Fund	0.75	0.09
ReAssure – The NMR Pension Fund - U34205		
L&G Cash Fund	0.51	-0.03
L&G Distribution Fund	0.59	0.15
L&G Equity Fund	0.52	0.14
L&G European Equity Index Fund	0.58	-0.02
L&G European Fund	0.57	0.18
L&G Far Eastern Fund	0.54	-0.01
L&G Fixed Interest Fund	0.51	0.05
L&G Index Linked Gift Fund	0.51	0.02
L&G International Fund	0.56	0.08
L&G Future World Sustainable UK Equity Fund	0.55	0.64
L&G Managed Fund	0.56	0.11
L&G North America Fund	0.56	0.09
L&G Property Fund	1.14	0.12
L&G UK Equity Index Fund	0.51	0.04
L&G UK Smaller Companies Fund	0.56	0.01
L&G US Equity Index Fund	0.55	0.01
L&G World Socially Responsible Investment Index Fund	0.54	0.03
Prudential - The NMR Pension Fund - DB Section AE92		
Prudential Deposit Fund	N/A ¹	0.00 ²
Prudential Cash	0.55	0.00 ²
Standard Life – The NMR Pension Fund - H91653		
Pension Millennium with Profits Fund	0.60	0.03
Pension With Profits Fund	0.60	0.05
SL FIL Asia Pension Fund	1.60	0.24
SL FIL Global Special Situations Pension Fund	1.60	0.19
SL FIL Special Situations Pension Fund	1.60	0.14
SL Janus Henderson European Selected Opportunities Pension Fund	1.35	0.15
SL Schroder Recovery Pension Fund	1.44	0.21
Standard Life Ethical Pension Fund	0.61	0.09

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Provider – policy name	TER (% pa)	Transaction costs (%pa)
Standard Life European Equity Pension Fund	0.61	0.10
Standard Life Global Equity 50:50 Pension Fund	0.61	0.14
Standard Life International Equity Pension Fund	0.62	0.17
Standard Life Japanese Equity Pension Fund	0.62	0.08
Standard Life Managed Pension Fund	0.62	0.20
Standard Life North American Equity Pension Fund	0.61	0.18
Standard Life Stock Exchange Pension Fund	0.63	0.18
Standard Life UK Equity Pension Fund	0.61	0.16
Standard Life UK Equity Select Pension Fund	1.01	0.18
Zurich – N M Rothschild & Sons Limited – 4568		
Traditional With Profit Fund (90:10)	N/A ³	N/A ³

¹Prudential has stated that there are no explicit charges: total costs to members are implicit in the difference between net returns on the underlying assets and the return awarded.

²Transaction costs for the Prudential Cash Fund and Prudential Deposit Fund have been shown as at 30 September 2022. Prudential expects transaction costs for 31 March 2023 to be available in November 2023.

³Zurich has stated that there are no explicit charges: total costs to members are implicit in the difference between the net returns on the underlying assets and the return awarded. It has been unable to confirm the transaction costs as at 31 March 2023. The Trustee and its advisers continue to liaise with Zurich in order to obtain this information.

Illustration of charges and transaction costs

The following table sets out an illustration of the impact of charges and transaction costs on the projection of an example member's pension savings. In preparing this illustration, we had regard to the relevant statutory guidance.

- The “before costs” figures represent the savings projection assuming an investment return with no deduction of member-borne charges or transaction costs. The “after costs” figures represent the savings projection using the same assumed investment return but after deducting member-borne charges and an allowance for transaction costs.
- The transaction cost figures used in the illustration are those provided by the managers over the past two years, subject to a floor of zero (so the illustration does not assume a negative cost over the long term). We have used the average annualised transaction costs over the past two years as this is the longest period over which figures were available and should be more indicative of longer-term costs compared to only using figures over the Fund Year. Transaction costs for the current Fund Year that are used in the illustration are as at 31 March 2023.
- The illustration is shown for the Default (the NMR Drawdown Focus Lifestyle) as well as the NMR Lump Sum Focus Lifestyle and NMR Annuity Focus Lifestyle which are considered default arrangements for governance purposes, as well as two funds from the Fund's self-select fund range. Legacy AVCs have been excluded here due to the limited number of members remaining invested in these options. The two self-select funds shown in the illustration are:
 - the fund with highest annual member-borne costs (TER plus Fund year transaction costs) – this is the NMR Emerging Markets Equity Fund - Passive; and

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- the fund with lowest annual member borne costs – this is the NMR Global Equity Fund - Passive.

Projected pension pot in today's money

Years invested	NMR Drawdown Focus Lifestyle		Lump sum Focus Lifestyle		Annuity Focus Lifestyle	
	Before costs (£)	After costs (£)	Before costs (£)	After costs (£)	Before costs (£)	After costs (£)
1	21,300	21,300	21,300	21,300	21,300	21,300
3	43,700	43,600	43,700	43,600	43,700	43,600
5	67,200	67,000	67,200	67,000	67,200	67,000
10	131,400	130,500	131,400	130,500	131,400	130,500
15	204,000	202,000	204,000	202,000	204,000	202,000
20	286,200	282,400	286,200	282,400	286,200	282,400
25	379,100	372,800	379,100	372,600	379,100	372,600
30	484,300	473,600	484,300	473,300	484,300	473,300
35	603,300	585,900	603,300	585,700	603,300	585,700
40	737,900	711,400	674,900	650,700	671,000	647,700

Years invested	NMR Emerging Markets Equity Fund - Passive		NMR World (ex-UK) Equity Fund - Passive	
	Before costs (£)	After costs (£)	Before costs (£)	After costs (£)
1	21,300	21,200	21,300	21,300
3	43,700	43,300	43,700	43,600
5	67,200	66,300	67,200	67,000
10	131,400	128,000	131,400	130,500
15	204,000	196,300	204,000	201,800
20	286,200	271,700	286,200	282,100
25	379,100	355,100	379,100	372,300
30	484,300	447,400	484,300	473,700
35	603,300	549,400	603,300	587,700
40	737,900	662,100	737,900	715,900

Notes

- Values shown are estimates and are not guaranteed. The illustration does not indicate the likely variance and volatility in the possible outcomes from each fund. The numbers shown in the illustration are rounded to the nearest £100 for simplicity.
- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation. The long-term annual inflation assumption used is 2.5%.

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- Annual salary growth and inflation are assumed to be 2.5%. Salaries could be expected to increase above inflation to reflect members becoming more experienced and being promoted. However, the projections assume salaries increase in line with inflation to allow for prudence in the projected values.
- The starting pot size used is £21,300. This is the approximate average (median) pot size for active (contributing) members aged 30 years and younger (rather than using a whole membership average, we have taken this approach to give a more realistic 40-year projection).
- The projection is for 40 years, being the approximate duration that the youngest Fund member has until they reach the Fund's Normal Pension Age.
- The starting salary is assumed to be £80,000. This is the approximate median salary for active members aged 30 or younger.
- Total contributions (employee plus employer) are assumed to be 13.0% of salary per year.
- The projected annual returns used are as follows:
 - NMR Drawdown Focus Lifestyle: 2.5% above inflation at all points of the lifestyle.
 - NMR Lump Sum Focus Lifestyle: 2.5% above inflation then gradually reducing to a return of 0.6% below inflation at the end point of the lifestyle.
 - NMR Annuity Focus Lifestyle: 2.5% above inflation then gradually reducing to a return of 0.8% below inflation at the end point of the lifestyle.
 - NMR Emerging Markets Equity Fund - Passive: 2.5% above inflation.
 - NMR Global Equity Fund - Passive: 2.5% above inflation.
- No allowance for active management outperformance has been made.

Investment returns

This section shows the annual return, after the deduction of member borne charges and transaction costs, for all investment options in which member assets were invested during the Fund year.

The With-Profits fund returns stated are that of the underlying investments, which are the only figures that can be quoted. With-Profits funds are designed to smooth the returns members receive over their investment term and underlying investment returns are not the only factor determining the return members receive.

For arrangements where returns vary with age, such as for the Default, returns are shown for a member aged 25, 45, 55 and 65 at the start of the Fund Year. . This assumes the default target retirement age of 65.

NMR drawdown focus lifestyle net returns over periods to Fund year-end

Age of member at the start of the period	1 year (%)	Since inception (%pa)
25	-5.8	1.2
45	-5.8	1.2
55	-8.6	-1.9
65	-8.8	-4.2

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NMR annuity focus lifestyle net returns over periods to Fund year-end

Age of member at the start of the period	1 year (%)	Since inception (%pa)
25	-5.8	1.2
45	-5.8	1.2
55	-8.6	-1.9
65	N/A ¹	-0.6

NMR lump sum focus lifestyle net returns over periods to Fund year-end

Age of member at the start of the period	1 year (%)	Since inception (%pa)
25	-5.8	1.2
45	-5.8	1.2
55	-8.6	-1.9
65	-14.9	-10.8

Self-select fund net returns over period to Fund year-end

Fund name	1 year (%)	Since inception (%pa)
NMR Balanced Fund	-8.6	-1.9
NMR Diversified Growth Fund	-5.7	0.1
NMR Global Equity Fund – Passive	-5.8	3.3
NMR World (ex-UK) Equity Fund – Passive	-4.1	5.4
NMR UK Equity Fund – Passive	1.3	6.9
NMR Emerging Markets Equity Fund – Passive	-4.6	-4.5
NMR Climate-Aware Global Equity Fund ²	N/A ²	0.1
NMR Corporate Bonds Fund – Passive	-10.7	-8.1
NMR Pre-Retirement Fund - Level Annuity Target	-20.3	-13.8
NMR Pre-Retirement Fund – Inflation Linked Annuity Target	-25.9	-14.6
NMR Short Duration Credit Fund	-2.3	-3.4
NMR Cash Fund	2.0	1.0

¹ The NMR Retirement (Annuity Focus) Fund was inceptioned on 31 May 2022, therefore net returns for the 1-year period are not available yet.

² The NMR Climate-Aware Global Equity Fund was inceptioned on 31 July 2022, therefore net returns for the 1-year period are not available yet, however since inception performance shown.

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AVC net returns over period to Fund year-end

Fund name	1 year (%)
Utmost Life and Pensions – The NMR Pension Fund – H0452	
Money Market Fund	0.3
Managed Fund	-11.7
ReAssure – The NMR Pension Fund - U34205	
L&G Cash Fund	1.8
L&G Distribution Fund	-4.1
L&G Equity Fund	0.5
L&G European Equity Index Fund	-6.3
L&G European Fund	-3.7
L&G Far Eastern Fund	-0.6
L&G Fixed Interest Fund	-14.7
L&G Index Linked Gilt Fund	-23.5
L&G International Fund	-0.7
L&G Managed Fund	-2.6
L&G North American Fund	-0.2
L&G Property Fund	-9.2
L&G UK Equity Index Fund	-11.3
L&G UK Smaller Companies Fund	-6.5
L&G US Equity Index Fund	-4.6
Prudential - The NMR Pension Fund - DB Section AE92	
Prudential Deposit Fund	2.1
Prudential Cash	2.2
Standard Life – The NMR Pension Fund - H91653	
Pension Millennium with Profits Fund	-6.3 ^{1,2}
Pension With Profits Fund	-11.4 ^{1,2}
SL FIL Asia Pension Fund	-5.5
SL FIL Global Special Situations Pension Fund	-6.6
SL FIL Special Situations Pension Fund	2.1
SL Janus Henderson European Selected Opportunities Pension Fund	9.0
SL Schroder Recovery Pension Fund	3.6
Standard Life Ethical Pension Fund	-6.5
Standard Life European Equity Pension Fund	8.4
Standard Life Global Equity 50:50 Pension Fund	-1.0
Standard Life International Equity Pension Fund	-3.0
Standard Life Japanese Equity Pension Fund	-3.8

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Fund name	1 year (%)
Standard Life Managed Pension Fund	-3.4
Standard Life North American Equity Pension Fund	9.6
Standard Life Stock Exchange Pension Fund	-1.2
Standard Life UK Equity Pension Fund	1.1
Standard Life UK Equity Select Pension Fund	0.0
Zurich – N M Rothschild & Sons Limited - 4568	
Traditional With Profit Fund (90:10)	-16.5 ²

¹ Standard Life was only able to provide the net return over the calendar year of 2022, not to Fund year-end (on 31 March 2023). The returns provided by Standard Life for these funds do not allow for tax, charges, expenses or the effects of any smoothing and have been rounded down.

² Net returns to the fund underlying with-profits investments will not necessarily reflect the returns received by members, since the manager undertakes to smooth returns over time.

Value for members assessment

We are required to assess every year the extent to which member-borne charges and transaction costs represent good value for members and to explain that assessment. There is no legal definition of 'good value' which means that determining this is subjective. Our general policy in relation to value for member considerations is set out below.

We review all member-borne charges (including transaction costs where available) annually, with the aim of ensuring that members are obtaining value for money given the circumstances of the Fund. The date of the last review, which covered the Fund Year, was 17 May 2023. We note that value for money does not necessarily mean the lowest fee, and the overall quality of the service received has also been considered in this assessment. Our investment advisers have confirmed that the fund charges are competitive for the types of fund available to members.

This summary sets out our assessment and the high-level rationale behind it.

- **Charges** – The Company meets the majority of the costs of administering and running the Fund. The costs borne by members are, on the whole, very competitive. Following an internal review of funds on the platform, FIL implemented a fee reduction over the Fund Year for the funds used in the lifestyle strategies, which came into force from 19 December 2022 and positively impacts the majority of Fund members.
- **Default investment strategy** – We monitor and review the Fund's default arrangements as appropriate and take into account the needs of members, innovations in DC investment products, changes in regulatory requirements, demographics of the Fund membership and innovations in the decumulation market. We began the triennial strategy review at the end of the Fund Year with a number of areas having been discussed including improving diversification and the ways to address climate risk faced by members. The review is expected to conclude in the next Fund Year with implementation of any agreed changes to follow.
- **Self-select investment range** – Members are offered multiple lifestyles, each targeting a different retirement option. The self-select fund range is appropriate and not duplicated. Over the Fund Year, we made available the NMR Climate Aware Global Equity Fund for those members wanting to invest in a lower carbon equity fund. Further consideration of the self-select fund range will be given as part of the triennial review of investment strategy.

Trustee report

DC Section

- Administration – Overall, the administration service is of a good standard. Through FIL members have access to online modelling tools as well as a transactional app. We are encouraging FIL to report end-to-end service levels to better understand the member experience.
- Communications – We offer a good range of tailored, clear and informative communications to members, and actively seek feedback from members on the usefulness of the communications. Members also have a range of online tools available to them to help with financial and retirement planning. A project to formulate a communication and engagement plan commenced over the Fund year and is expected to continue over the next Fund Year.
- Governance – We regularly review the Fund to ensure governance is of a high standard and undertake quarterly training on topical issues. We are supported by four sub-committees as well as a dedicated and experienced in house pensions team.
- At retirement –The member guide clearly explains the options available to members, and signposts how members can access their benefits. Members also have access to the at retirement support services provided by the FIL Retirement Service to aid them in decision making when taking their benefits. The in-house pensions team provide support and guidance to members. The Company arranges for in-service employees (and their partners) to attend a pre-retirement course and will pay up to £500 for independent financial advice. The Pensions Team is looking to further review the at retirement provision over the next Fund Year.
- Fund design –The Company and Trustee’s commitment to the Fund is strong and demonstrated in the Fund design and contribution structure. Members have access to Cushon Workplace Savings as part of the flexible benefits offering.

As detailed in the earlier section covering the processing of core financial transactions, we are comfortable with the quality and efficiency of the administration processes.

We believe that the transaction costs provide value for members as the ability to transact forms an integral part of the investment approaches and expect this to lead to greater investment returns net of costs over time.

Overall, we believe that members of the Fund are receiving good value for money for the charges and cost that they incur, for the reasons set out in this section. We aim to improve value for members in future by taking the following steps:

- Conclude the review of investment strategy and implement changes that look to improve the risk/return profile for members. This will involve continuing to work with the RI Committee to agree how best to address climate risk faced by members within the default arrangements.
- Continue to encourage FIL to report end-to-end service levels to better understand the member experience.
- Continue to work with FIL and LCP to formulate and begin implementing a communications and engagement strategy.
- Encourage the Company to continue to offer and review the at retirement support offered including whether it would be appropriate to provide members with a signposted route to drawdown.

Trustee knowledge and understanding

We are required to maintain appropriate levels of knowledge and understanding to run the Fund effectively. We have measures in place to comply with the legal and regulatory requirements regarding knowledge and understanding of relevant matters, including investment, pension and trust law. Details of how the knowledge and understanding requirements have been met during the period covered by this Statement are set out below.

Trustee report

DC Section

We recognise the importance of good governance oversight for the Fund. We are supported by four sub-committees as well as a dedicated and experienced in-house pensions team. The DC section of the Fund has a dedicated PDCC, which meets on a quarterly basis to discuss DC issues. This committee is overseen by the PGAC and the PISC, with defined responsibilities and agreed terms of reference for each. There is also a RI Committee which takes a holistic view on the approach to Responsible Investment across the sections of the Fund. Business plans are maintained by the Trustee and reviewed annually. The PGAC maintains the risk register.

With the help of our advisers, we regularly consider training requirements to identify any knowledge gaps. Our investment advisers proactively raise any changes in governance requirements and other relevant matters as they become aware of them. Our advisers typically deliver training on such matters at Trustee meetings if they are material. During the period covered by this Statement, we received training on the following topics:

- The Pensions Regulators – Single Code of Practice
- Sustainability and ESG
- Understanding stewardship and DWPs Stewardship Guidance
- Scheme Act (July 2021)
- TCFD Climate metrics and targets
- Setting a Carbon Journey Plan
- Pensions Dashboards

Additionally, we receive quarterly updates on topical pension issues from our investment advisers.

We are familiar with and have access to copies of the Fund's governing documentation and documentation setting out our policies, including the Trust Deed & Rules and SIP (which sets out the policies on investment matters). In particular, we refer to the Trust Deed and Rules as part of considering and deciding to make any changes to the Fund, and the SIP is formally reviewed annually, and as part of making any change to the Fund's investments. Further, we believe that we have sufficient knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the funding and investment of occupational pension schemes to fulfil our duties.

All 10 of the Trustee Directors have completed the Pensions Regulator's Trustee Toolkit (an online learning programme, designed to help trustees of pension schemes meet the minimum level of knowledge and understanding required by law). Regular training is provided on aspects of the Trustee Knowledge and Understanding requirements. Other training relates to topical items or specific issues under consideration during the Fund year.

A training log is maintained in line with best practice and the training programme is reviewed annually to ensure it is up to date. Additionally, the Fund has a structured induction process for new Trustee Directors. All Trustee Directors are required to attend an external 2-day training course on Duties and Responsibilities and Funding and Investment, within 6 months of their appointment. All Trustee Directors are also required to complete the Trustee Toolkit within 6 months of appointment. Completion will be monitored by the Pensions Team.

Trustee report

DC Section

We also carry out an annual evaluation of the performance and effectiveness of the Trustee board as a whole as measured against the objectives of the Fund's business plan. We are satisfied with the outcome of the review which was completed during the Fund Year in the first quarter of 2023. The review covered the following areas:

- Effectiveness of the Board and the sub-committees
- Performance of the Chair
- Meeting arrangements
- Scheme governance and administration
- Interaction with advisers/service providers

Scores from the review were generally high in all areas with the Trustee Directors expressing high levels of satisfaction with how the Funds are run. All comments were generally positive with few areas for improvement highlighted.

Considering our knowledge and experience and the specialist advice received from the appointed professional advisers (e.g. investment consultants, legal advisers), we believe that we are well placed to exercise our functions as Trustee Directors of the Fund properly and effectively.

For and on behalf of The NMR Pension Trustee Limited

Andrew Didham
Chair

Ian Bailey
Trustee Director

31 October 2023
Date: _____