

MV SPORTS & LEISURE LTD COMPANY PENSION SCHEME

CHAIRMAN'S STATEMENT

YEAR ENDED 31 DECEMBER 2019

Scheme governance

On behalf of the Trustees, the statement below relates to the governance of the Scheme and explains how we have looked after this Scheme during the year ended 31 December 2019.

The Trustees of the Scheme are S J Grant and P Ratcliffe. Their role is to govern the Scheme in the best interests of the members.

This Statement has been prepared to comply with the requirements of the law and the guidance published by the Pensions Regulator.

Governance of the default investment arrangement

As the Scheme has less than 100 members, there is no Statement of Investment Principles in place. The Scheme is not being used as a qualifying scheme for automatic enrolment purposes.

The Trustees are keen to ensure that the Scheme assets are invested in the best interests of members and their beneficiaries. The default strategy is the Clerical Medical Balanced fund.

The trustees monitor and review these investments regularly the last of which took place September 2019. The review found that the aim of the fund is to achieve long-term capital growth by gaining exposure predominantly to UK and overseas equities with flexibility to gain a minority exposure to commercial property and fixed interest stocks. The largest proportions of asset allocation as at 28 June 2019 were in UK Equity (52.4%) and UK Fixed Interest (11.6%). Given the level of risk versus returns reported of 1.4% this year and 6.7% last year, the Trustees do not propose changing the default strategy.

The current fund is managed by Clerical Medical. Clerical Medical has been one of the leading providers of pensions and investments since 1824. In December 2009, Clerical Medical became part of Lloyds Banking Group - one of the biggest financial service providers in the UK. Together with Scottish Widows, also part of Lloyds Banking Group, Clerical Medical continues to deliver its products and services to existing clients. As a result, Clerical Medical is deemed a responsible investment manager for investing members' funds.

Charges and transaction costs

The costs associated with administration and management of the Scheme are being met. There is no flat charge for this Scheme. The management charges are levied on the amounts held in each members' pension account and is the only charge levied against members.

The annual management charge for the fund is 1% per annum which is not considered to be excessive, being in line with industry norms and also after taking into consideration the quality of the services provided for, including fund management. All management charges are reflected in the declared standard growth rate.

Core financial transactions

The Trustees are comfortable that all core financial transactions have been carried out promptly and accurately during the Scheme year including:

- *Investment of contributions* – deductions have been taken from salaries and paid to the scheme accurately and on time
- *Transfer of members' assets to and from the Scheme* – there were two members who left the scheme and the transactions were processed in an orderly and timely fashion
- *Switching between investments within the Scheme* – there was no switching between investments during the year
- *Payments out to Scheme members/beneficiaries* – no payments have been made to scheme members during the period

Due to the small size of the Scheme and small number of transactions, there is no SLA in place but the Trustees regularly monitor any activity in the fund.

Value for money

The Trustees last undertook a review in September 2019 have undertaken a review to satisfy themselves that the investment funds provide good value for money for the members and concluded as follows:

The investment performance in the Clerical Medical Balanced fund was assessed against the relative ABI Mixed Investment 40-85% benchmark. Over the last 2 out of 3 years the fund achieved a better return than the benchmark, although did perform slightly worse in the period 30/06/2018 to 30/06/2019 returning 1.4% against the benchmark of 3.8%. Although this is a balanced fund, the growth rates declared have historically been higher than inflation and in line with the fund objectives, so they're delivering real returns to the members. On this basis it was deemed funds had performed in line with the default strategy's objectives. However, this is continued to be monitored by the Trustees.

Our review considered the benefits of membership in the Scheme against cost of membership with regards to the DC benefits. Excluding the investment charges discussed above, all other charges fall to the employer and not the Scheme members. Based on our assessment we believe the Scheme offers good value to members and therefore a change was not deemed necessary; but we will keep this under review.

Trustee knowledge and understanding

S J Grant and P Ratcliffe are Trustees of the Scheme.

The Trustees are familiar with this Scheme and all records are held electronically. The Trustee has demonstrated a working knowledge of the Trust Deed and Rules by having access to the documents and providing decisions in line with the Rules. If there were any ambiguity over the interpretation of the Rules, the Trustees would seek legal advice.

The Trustees knowledge and understanding of the Scheme and the issues faced allow them to properly exercise its function to act in the members best interest and to deliver good member outcomes for the contributions made.

It is important that the Trustees continue to have sufficient knowledge and understanding to fulfil their role. The training programme is reviewed regularly to ensure it is up to date, and any knowledge gaps are identified during the year via self-evaluation of the Trustees during the Scheme year. There have been no changes in Trustees during the year. Given the size, complexity, and nature of the scheme it is considered that the Trustee has sufficient knowledge and understanding. However, this will continue to be kept under review.

This statement has been prepared in accordance with Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (inserted via The Occupational Pension Schemes (Charges and Governance) Regulations 2015).

How to contact the Trustee

If you have any queries regarding the Scheme, please contact:

MV Sports & Leisure Ltd Company Pension Scheme
c/o MV Sports & Leisure Limited
35 Tameside Drive
Castle Bromwich
Birmingham
B35 7AG

Signed
P Ratcliffe
Chair

Date 30 July 2020