

Triumph International Pension Scheme

Chair's Statement for the Defined Contribution Section and AVCs

Introduction

This is the Triumph International Pension Scheme ('the Scheme') Chair's Statement ('the Statement') for the period 1 April 2021 to 31 March 2022 (the 'Scheme Year').

The Statement has been prepared by the Trustee in accordance with regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended); and supporting guidance issued by the Pensions Regulator.

The Scheme is made up of two sections – a Defined Benefit ("DB") Section and a Defined Contribution ("DC") Section – both of which are closed to new entrants and future accrual and so all members have 'deferred' benefits. This Statement is in respect of the DC Section but also includes AVCs in respect of the DB Section members.

The Scheme has never been used for Automatic Enrolment purposes but does include a default strategy which is covered in further detail in this Statement.

The Statement of Investment Principals for the Scheme is appended to this statement.

The default "lifestyle" strategy

The default strategy is the investment option that members would be invested in unless they actively opted to invest in something else. It is called the Active Lifestyle Option and is designed to aim for long-term investment returns at an acceptable level of risk, by investing in a mix of assets.

The default strategy includes a process called 'lifestyling'. This means that the investments will automatically move from what is expected to be more volatile assets over the long term such as stocks and shares, with these later moved into cash which is expected to be less volatile over the longer term. The default strategy does this by investing in two different funds: the LGIM Multi Asset Fund and the LGIM Cash Fund.

The default lifestyling arrangement gradually switches the allocation of a member's DC fund out of the LGIM Multi Asset Fund and into the LGIM Cash Fund which invests in UK money market instruments, 3 years from retirement such that at retirement members hold 100% in the LGIM Cash Fund.

A copy of the current Statement of Investment Principles (SIP) is appended to this Statement. The SIP covers details on the Trustee's aims and objectives in relation to the investments held in the default strategy, and the Trustee's policies on issues including; the kinds of investments held, the balance between different kinds of investments, and risks and ways in which these are measured and managed.

Reviews of the default investment strategy

The default investment strategy must be reviewed on a triennial basis, or more regularly should circumstances require. The last review of the DC investment strategy was undertaken on 2 August 2017, with this implemented in late 2017.

Due to an ongoing Scheme project, no further triennial investment strategy reviews have been carried out since 2017, and no reviews were undertaken during the reporting period.

The Trustee receives quarterly information on the performance of the DC Section funds from the Investment Manager, LGIM. These are then formally reviewed at each Trustee meeting.

Processing of financial transactions

During the year the Trustee ensured the requirements of Regulation 24 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 were met and that the Scheme's core financial transactions were processed promptly and accurately by having an agreement in place with XPS as Scheme administrator, committing them to defined service level agreements ('SLAs'). The SLA, which sets maximum timescales for the administrator to complete certain tasks, covers matters including:

- investment switches;
- processing payments/transfers out of the Scheme;
- processing transfers into the Scheme; and
- Processing death payments/correspondence

Under the current SLA, XPS aims to accurately complete all financial transactions between 2-10 working days.

The Trustee receives reports from the Scheme administrator that enables them to monitor the administration service.

The Trustee concludes that the core transactions have been processed promptly and accurately. The Trustee will continue to monitor the level of services against the SLA's.

Investment Performance (net returns)

Changes to legislation introduced in October 2021 require trustees of relevant occupational pension schemes to report on the net investment returns for the default arrangement and for each fund which scheme members are, or have been able to select and in which scheme members are invested during the scheme year.

Net investment returns refer to the returns on funds after the deduction of all transaction costs and charges and including them in this statement is intended to help members understand how their investments are performing.

This table shows how the Default Fund has performed over the last one and three years (annualised).

	3 Years (1/4/2019 – 31/3/2022)	1 Year (1/4/2021 – 31/3/2022)
LGIM Multi Asset Fund	5.89%	4.04%
LGIM Cash Fund	0.17%	(0.01%)

Source: LGIM Quarterly Investment Report (Q1 2022).

Additional Voluntary Contributions

In addition to the funds set out above, some members who have Additional Voluntary Contributions (AVCs) that are currently invested in the following Standard Life funds:

Standard Life Pension With Profits Fund
Standard Life Pension Millennium With Profits
Standard Life Inflation Plus Fund

Investment returns for the period of the report (1 April 2021 to 31 March 2022) were not available at the time of writing. These have been requested from Standard Life, and the Trustee will continue to follow up with Standard Life to secure this data.

Charges and transaction costs

The annual management charges (“AMCs”) and total expense ratios (“TERs”) applicable to the funds underlying the default arrangement are set out in the table below, as at 31 March 2022:

Fund	AMC ¹ (% p.a.)	TER ² (% p.a.)	Transaction costs
LGIM Multi Asset Fund	0.250%	0.308%	0.012%
LGIM Cash Fund	0.125%	0.174%	0.020%

Source: LGIM

For the Standard Life AVCs, costs and charges for the period of the report (1 April 2021 to 31 March 2022) were not available at the time of writing. These have been requested from Standard Life, and the Trustee will continue to follow up with Standard Life to secure this data.

The Trustee is required, as far as is reasonable and practical, to calculate the transaction costs paid by members during the assessment period and assess the extent to which these transaction costs represent good value for money. If transaction costs are not available, the Trustee must instead state the lengths they are going to in order to obtain transaction costs.

Transaction costs are indirect, variable costs associated with investment trading and are incurred when investments are bought and sold – either as part of the default arrangement as members move between funds, or within each fund as part of the ongoing smooth running of each fund (i.e. as the fund manager buys/sells individual investments). The former is a key focus of the default strategy: managing risk by moving between funds as retirement approaches. The latter is an essential part of fund management. Transaction costs are reflected in the price of each fund – there is no explicit deduction from members’ pension accounts.

Implicit transaction costs are calculated as the difference between the actual price paid (execution price) and the quoted price at the time the order was placed (arrival price). Where implicit transaction or anti-dilution offsets costs would otherwise result in a negative total ‘Transaction Cost’, this should not be considered a potentially regular ‘gain’, but simply an anomaly that may, or may not occur again in future.

An illustration of the charges and transaction costs levied on members

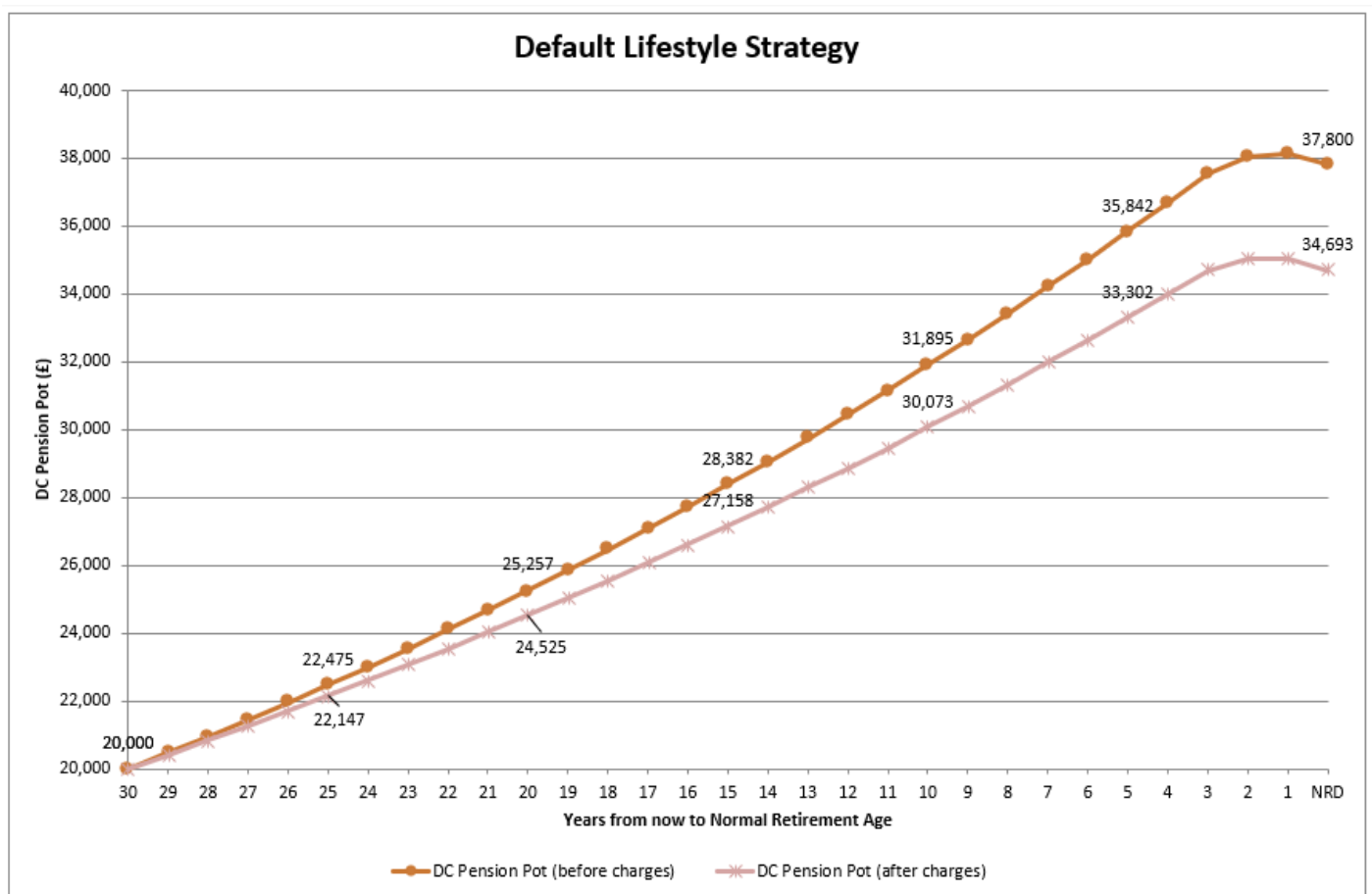
Below you can find an illustration of the effect of the Total Expense Ratio and transaction costs met by members on an example pension pot over time. This is for illustration only. The actual returns received are likely to differ

¹ The AMC (Annual Management Charge) includes all fixed provider costs.

² The TER (Total Expense Ratio) represents the total cost of running the Fund. It includes the AMC as well as the cost of the underlying investment provider charges (including depository and custodial charges and audit, registration, and compliance fees). The TER will change from time to time.

over time as will individual member's pension pot sizes. This illustration is based on:

- The Default arrangement.
- An initial pension pot of £20,000.
- Member is currently 30 years from Normal Retirement Date.
- No contributions throughout the period.
- Investment Returns (after inflation) are estimated as 4.92% p.a. for the Multi Asset Fund (in which all monies are invested until 3 years from Normal Retirement Date – 'NRD') and is moved by a differing percentage each year into the L&G Cash Fund (real return 1.63% p.a. These returns are before inflation and charges
- Inflation of 2.5% p.a.
- Projected pension pot values are shown in terms of current prices



Value for Members (VfM)

The Trustee has reviewed the 'Value for Members' considering the latest guidance from the Pensions Regulator and Department for Work & Pensions for relevant schemes such as the Scheme.

The Value for Members assessment is under way and will be completed before 31 December 2022.

Knowledge and understanding (TKU) of the Trustee

The Trustee's relevant knowledge and understanding is considered and reviewed by the Trustee. The Trustee concludes that it has complied with the knowledge and understanding requirements in section 248 of the Pensions Act 2004. The Trustee has agreed to seek training on matters where they identify a need and receive

regular training from their advisers as appropriate.

As a result of the training activities which have been completed by the Trustee Directors individually and collectively as a board and considering the professional advice available the Trustee is confident that the combined knowledge and understanding of the board enables it to exercise its functions.

Regular meetings are held throughout the year where advice is provided, discussions are held, and decisions are taken in relation to any matters which are material to the Scheme's running. An example of this training over the reporting period includes Scheme buy-in requirements, which included discussion on the DC and AVC benefits. The Trustee Board has knowledge of the law relating to pensions and trusts, principles of investment and the requirements for funding a pension scheme.

The Trustee concludes that it has sufficient knowledge and understanding of the law relating to pensions and the relevant principles relating to funding and investment of occupational schemes due to their experience as trustees. The Trustees are also fully conversant with the Scheme's documentation (including the trust deed and rules, SIP and documents setting out the Trustees' current policies).

New Trustee Directors are required to complete the Pension Regulator's Trustee Toolkit within a target of 6 months from appointment and undertake induction training on the matters the Pension Regulator sets out under its 'TKU' requirements. Further, Trustee Directors are provided access to the Scheme documentation, and training on the contents and application of these, including areas of the Trustees discretion. In the Statement period, an independent firm of Trustees were appointed (Ross Trustees).

Conclusion

The Chair and Trustee submit this Statement in compliance with the Chair's Statement requirements.

Signature:

Date: 31 October 2022

Appendix: Statement of Investment Principles