

BIRCHAM DYSON BELL LLP GROUP MONEY PURCHASE SCHEME

ANNUAL REPORT FOR THE YEAR ENDED 30 NOVEMBER 2021

THE CHAIRMAN'S STATEMENT REGARDING DC GOVERNANCE: 1 DECEMBER 2020 TO 30 NOVEMBER 2021

This statement is produced pursuant to Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996, as amended by subsequent legislation. It explains how the Bircham Dyson Bell LLP Group Money Purchase Scheme ("the Scheme") is meeting the governance standards that apply to occupational Pension Schemes that provide money purchase benefits (i.e. Defined Contribution Schemes – DC).

Default arrangement

The Scheme is currently administered as a paid up Scheme, with no new contributions being made to the Defined Contribution section.

Members of the Scheme who did not make an explicit choice regarding the investment of their funds were invested in the default strategy arrangement chosen by the Trustees with the advice of their Investment Consultant.

The Scheme's investment strategy is reviewed every year, with an in-depth review taking place triennially. The default strategy arrangement is to invest 100% in the Managed Fund with Aviva (formerly Friends Provident Pensions Limited). The fund is a Pooled Investment Vehicle with multi assets unit-linked insurance contracts.

	Type of Fund	2021 £	2020 £
AVIVA Managed Fund	PIV – Multi Asset	238,388	215,132
Aviva Secure Growth Fund	PIV – Multi Asset	6,345	6,278
Totals		244,733	221,410

The fund aims to provide a diversified portfolio of assets in order to generate capital growth and income.

The fund will mainly be invested in equities and bonds. It may also invest in warrants, convertibles, money market instruments, short term bonds, commodities, private equity, hedge funds, other alternative assets classes and direct property. The fund may invest directly or indirectly.

Having considered the Scheme's demographics, the Trustees believe that the majority of members will be accessing their savings as cash.

For the purpose of the fair value hierarchy analysis the pooled investment vehicles have all been included in level 2 as the pooled investment funds themselves are not exchange traded.

A fair value measurement is categorised in its entirety on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

- Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

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Asset allocations (as at 31.12.2021)

The fund invests in different types of assets, such as equities, bonds, property and cash/money market. The following chart shows the types of asset classes the fund invests in and the percentage / proportion currently invested in.

Aviva Balance Managed Fund

Asset class	Weighting (%)
International Equities	47.2%
International Bonds	16.3%
UK Equities	10.5%
UK Gilts	5.8%
UK Corporate Bonds	1.7%
Property	0.3%
Managed Funds	10.7%
Investment Trusts	0.1%
Cash	11.5%

Source: Aviva.

Investment returns

The value of the fund is not guaranteed and can go up and down. The figures show actual fund performance after yearly fund charges have been deducted.

Aviva Balance Managed Fund

Period	Investment return (%)
30/11/2021	10.53%
30/11/2020	5.96%
30/11/2019	7.9%
30/11/2018	-0.9%
30/11/2017	9.5%
30/11/2016	10.3%
30/11/2015	4.0%
30/11/2014	5.8%

Source: Mercer – Investment Disclosure Report for the year ended 30 November 2021

Aviva Balance Managed Fund

Period	Total return (%)	Annualised (%)
1 year return	10.53%	10.53%
3 year return	26.5%	8.15%
5 year return	11.88%	2.27%

Source: Mercer – Investment Disclosure Report for the year ended 30 November 2021

The Trustees review the performance of all the funds available to members periodically. The fund performances were factored into the strategy review undertaken over the year.

The Trustees have set up processes to publish relevant information on the default arrangement online at the following URL: <https://www.bdbpitmans.com/bdb-group-money-purchase-scheme> and will notify members about this in their annual benefit statements.

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Processing Scheme transactions

The Trustees have a specific duty to ensure that core financial transactions relating to the DC section are processed promptly and accurately, including transfer of member assets into and out of the Scheme, transfers between different investments within the Scheme and payments to and in respect of members. As the Scheme is paid-up, no further investment of contributions to the Defined Contribution section are payable.

These transactions are undertaken on the Trustee's behalf by the Scheme administrator, Mercer. The Trustees periodically review the processes and controls implemented, and consider them to be suitably designed to achieve these objectives. The Trustees have a service level agreement (SLA) in place with the Scheme administrator which covers the accuracy and timeliness of all core transactions and receives regular reports to monitor the performance against those service levels.

The processes adopted by the Scheme administrator to help meet the SLA include dynamic checklists, a central financial control team separate to the admin team and daily monitoring of bank accounts. During the period covered by this statement there were no required changes to the Scheme assets so there were no issues relating to the processing of Scheme transactions. We continue to monitor performance against the SLA on a regular basis and receive an annual Assurance Report on Internal Controls (AAF 01/06 or AAF 01/20) from Mercer.

The Trustees will also perform periodic assessments of methods and efficiency of the Scheme's administrators and will challenge them in terms of efficiency using available facilities including technological functionality.

In light of the above, the Trustees consider that the requirements for processing core financial transactions specified in the Administration Regulations (The Occupational Pension Schemes (Scheme Administration) Regulations 1996) have been met.

Charges and transaction costs – default arrangement and additional funds

The law requires the Trustees to disclose the charges and transactions costs borne by DC Scheme members and to assess the extent to which those charges and costs represent good value for money for members. These transaction costs are not limited to the ongoing charges on member funds, but should also include trading costs incurred within such funds. The Trustees taken account of statutory guidance when preparing this section of the report.

Transaction costs have been provided by the Scheme's investment manager. There were no purchases or sales over the accounting periods that have resulted in direct transaction costs.

Transaction costs are borne by the Scheme in relation to transactions in pooled investment vehicles. Such costs are taken into account in calculating the swinging price or the bid/offer spread of these investments is not separately reported. All funds are subject to a 1.00% Annual Management Charge.

The Trustees are comfortable that the costs for the default arrangement are reasonable both in terms of the outcomes the funds are targeting and the fees in the wider market applicable to similar investment strategies. However the Trustees expect that charges payable by members will reduce as a result of the benefit discharge and Scheme wind-up.

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Value for members

Albeit no formal standalone value for money assessment has been carried out over the reporting period, the Trustees have a good understanding of the membership demographics of the Scheme and as such have a view as to what good member outcomes should look like for the Scheme's members in aggregate.

We understand that value for money does not necessarily mean selecting the cheapest offer and in our ongoing reviews of value for money we consider many factors including quality of customer service, member communications and support, the efficiency of administration services, the robustness of Scheme governance, fund management and performance of the funds.

The performances of funds are discussed regularly. The same applies with the efficiency of administration services, which are also discussed regularly with the Scheme administration manager. With this in mind, the Trustees have assessed the fees disclosed above and we are satisfied that we have negotiated a good deal for members and that the stated explicit charges for the Scheme's funds represent good value for money in the context of the outcomes targeted by such funds and the current market rates for similar investments levied on members of Schemes with a similar membership profile. With member outcomes being the heart of the investment strategy review carried out over the year, the Trustee will be formally assessing value for money in 2023.

The Trustee has set up processes to publish relevant information on the costs and charges of the default arrangement and self-select funds online at the following URL: <https://www.bdbpitmans.co.uk/bdb-group-money-purchase-scheme> and will notify members about this in their annual benefit statements.

Trustees' 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 Codes of Practice 07 and 13 which the Trustees adhere to and is described below.

The Trustees have put in place arrangements for ensuring that they take personal responsibility for keeping up-to-date with relevant developments and carry out a self-assessment of training needs on an ongoing basis.

The Trustees receive advice from professional advisors, and the relevant skills and experience of those advisors is a key criterion when evaluating advisor performance or selecting new advisors. The Trustees also include legislative updates and Trustee Knowledge and Understanding on the agenda for each of their meetings.

The Trustees are encouraged to complete the Pension Regulator's Trustee Toolkit, and many of them have done so. All the Trustees are also required to familiarise themselves with the Scheme's trust deed, rules and Statement of Investment Principles. Throughout the year, the Trustees have demonstrated a working knowledge of the trust deed and rules on a number of occasions, particularly relating to benefit access and withdrawals and Scheme retirement rules.

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Taking account of actions taken individually and as a Trustee body, and the professional advice available to us, the Trustees consider that they are enabled properly to exercise their functions as Trustee of the Scheme. Throughout the year, consideration has appropriately been given to whether formal legal advice is required on particular issues.

In addition, while most schemes simply focus on trustee training and use of advisers, we believe that knowledge and understanding should also be extended to awareness of member demographics and member behaviour, otherwise trustees cannot be certain that a scheme remains fit for purpose.

Given the extent of the training above, the Trustees are comfortable that they have demonstrated sufficient knowledge of the law relating to pension schemes and trusts and the principles relating to the funding and investment of pension schemes.

Following the appointment of Winterbourne Trustee Services Ltd as sole Trustee on 23 January 2023, the Trustee is now a specialist professional firm properly enabled to exercise the function of Trustee. Members of staff hold qualifications and have professional experience appropriate for the operation and management of occupational pension schemes. Continuous professional development is undertaken by staff appropriate to their role.

The Chairman's statement regarding DC governance was approved by the Trustee and signed on their behalf by:

Mr Mike Weir, Chair of the Trustees of the Bircham Dyson Bell LLP Group Money Purchase Scheme

Date: