

**The Entwistle Thorpe Pension
Scheme
Chairman's Statement**

**Annual statement regarding
Defined Contribution Governance
Year ended 5 April 2019**

Introduction

I am pleased to provide the Trustees' Governance Statement for the Defined Contribution Section of the Scheme the year ended 5 April 2019.

This Statement reports on how the Trustees comply with the defined contribution ("DC") governance standards that were introduced under The Occupational Pension Schemes (Charges and Governance) Regulations 2015 (the "Regulations"), The Occupational Pension Schemes (Scheme Administration) Regulations ("the Administration Regulations") 1996 (as amended) and the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 "The 2018 Regulations" .

It describes how the Trustees have met the statutory governance standards in relation to:

- the default fund
- requirements for processing financial transactions
- assessment of charges and transaction costs
- disclosure of charges and transaction costs for default funds
- disclosure of charges and transaction costs for funds selected by individual members
- the requirement for trustee knowledge and understanding

between 6 April 2018 and 5 April 2019 ("the Scheme Year").

Pooled Funds

The Scheme invests in a pooled investment vehicle only. The Trustees disclose the name of the funds in which they were directly invested on behalf of the members during the year in this statement.

Default Fund

The Defined Contribution ("DC") benefits in the Scheme relate to benefits previously made available to certain Scheme members. This is effectively the Scheme default fund.

The following is the Scheme's investment vehicle for the purposes of the Regulations:

Fund Name and ISIN	Type	Asset Management Charge	Administration Charge	Total Expense Ratio
Aquila Life UK Equity Index Fund S1 GB00B00C4038	Pooled fund investing in UK equities on a passively managed basis.	0% (invoiced externally)	0.31%	0.31%

Statement of Investment Principles

The Scheme is not large enough to warrant a Statement of Investment Principles.



Review of investment strategy

The Trustees are currently reviewing their long term investment strategy with their Investment Advisors. In due course they may be able to offer alternative funds for Members to consider.

The Trustees reviewed the performance of the Scheme's investment option, and noted that the default fund is passively managed and has achieved investment returns that have met the relative indices and exceeded their benchmark over 1, 3 and 5 years.

Requirements for processing financial transactions

The Trustees employ the principal employer to provide the core financial transactions for the Scheme. The transactions are very limited given there are no new contributions into the Scheme.

"Core financial transactions" include (but are not limited to):

- investment of employee/employer contributions in the Scheme
- transfers of assets relating to members into and out of the Scheme
- transfers of assets relating to members between different investments within the Scheme (switching investments)
- payments from the Scheme to, or in respect of, members (refunds, Pension Commencement Lump Sums, Uncrystallised Funds Pension Lump Sums, purchase of annuities)

During the Scheme Year, the Trustees confirmed that "core financial transactions" were processed promptly and accurately.

Trustees' assessment of member-borne charges and transaction costs

Level of member-borne charges and transaction costs

In accordance with regulation 25(1)(a) of the Administration Regulations, and "the 2018 Regulations" the Trustees assessed the "charges" and, so far as it was able to do so, the "transaction costs", borne by members of the Scheme for the Scheme year to 5 April 2019.

For these purposes,

- "charges" means "administration" charges other than:
 - "transaction costs"
 - where an order of the court provides for the recovery by the trustees or managers of costs incurred in complying with the order, the amount of those costs
 - charges permitted by regulations made under section 24 or 41 (charges in respect of pension sharing costs) of the Welfare Reform and Pensions Act 1999
 - "winding up costs"
 - costs solely associated with the provision of death benefits.
- "transaction costs" means the costs incurred as a result of the buying, selling, (switching), lending or borrowing of investments"



- “Winding up costs” means the costs of winding up a pension scheme including (but not limited to) the cost of:
 - legal advice
 - tracing, consulting and communicating with members
 - advice on exiting investments
 - selection of an alternative scheme or investments.

Illustrative examples of the cumulative effect of scheme specific charges and transaction costs on the value of the member’s Defined Contribution benefits

In order to comply with “the 2018 Regulations” the Trustees provide below an illustrative example showing of the effect over time of the application of charges and transaction costs borne by the Scheme membership on the value of their accrued rights to defined contribution benefits in the pooled fund, as there are no investments in any of the self-select funds:

Aquila Life UK Equity Index Fund		
Years	Before charges	After all charges and transaction costs
1	53,300	51,000
3	44,000	42,700
5	36,300	35,800
10	33,700	33,400
15	31,200	31,100

Notes:

1	Projected pension fund values are shown in today's terms, and do not need to be further reduced for the effect of future inflation.
2	The illustration is based on the Aquila Life UK Equity Index as this is the only fund in which members are invested. The projected investment return, before charges, transaction costs and the effects of inflation is 6.5% each year.
3	Inflation is assumed to be 2.5% each year.
4	The current fund value is assumed to be £30,000. No allowance is made for any future contributions to be paid.
5	Values shown are illustrative only and are not guaranteed.
6	Illustrations are provided for the default option only. There are no other funds available for Members at the current time.



Value assessment

In accordance with regulation 25(1)(b) of the Administration Regulations, the Trustees assessed the extent to which the charges and transaction costs represent good value for members.

The Trustees' assessment included reviewing the Scheme's investment funds in the context of their investment charges, a review of the non-financial benefits of the Scheme and a comparison of the level of charges with the benefits delivered to members. On the basis of its assessment, the Trustees concluded that the charges and transaction costs remain good value for members.

Trustees' knowledge and understanding

The Trustees own knowledge and understanding, together with the advice which is available to them, enables them to properly exercise their functions as Trustees of the Scheme. In addition, the Trustees receive advice and recommendations on investment and legal and other issues from their professional advisers.

In particular, during the Scheme Year, the Trustees met the requirements of sections 247 and 248 of the 2004 Act (requirements for knowledge and understanding) by receiving training from its advisors as part of the normal course of business of Trustee meetings as recorded in the Trustee Training Log. The Trustees also kept up to date with developments in pensions through briefings from their professional advisers.

The Trustees believe they have met the Pension Regulator's trustee knowledge and understanding requirements (as set out under Code of Practice No 7) during the Scheme Year.

Jane Fryer
Chairman,
The Entwistle Thorpe Scheme

Date:.....1 November 2019.....

