# Chair's Statement

## Introduction

On behalf of the Trustees of the Fidelity Master Trust (which we will refer to as "the Scheme" in this document), I am pleased to present the Chair's Statement.

This statement covers 1 July 2022 to 30 June 2023 ("the Scheme Year") and 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).

The Fidelity Master Trust is designed to provide employers and their employees with a well-governed, value-for-money pension scheme. It uses the defined contribution (DC) platform and member services of its administrator, Fidelity, to provide members with the opportunity to achieve good retirement outcomes from the pension contributions they, and their employers, make.

As at 30 June 2023, the Trustees have responsibility for pension savings worth around £6bn, on behalf of more than 151,000 members, from 152 participating employers.

## Statement on DC Governance

### 1. Default Investment Arrangements and Statement of Investment Principles

Statement of Investment Principles

The Scheme has a Statement of Investment Principles (SIP), which was reviewed in November 2022. It was formally signed by the Trustees on 29 November 2022. This outlines the Trustees' policies on:

- Choosing investments
- Investment objectives and options (these can vary between sections of the Scheme, so we've put them in the section-specific appendices at the end)
- The Scheme Default Investment Arrangement
- Investment pathways
- Risks
- Sustainable investing, including environmental, social and governance (ESG) factors as well as climate change
- Compliance

We believe that integrating sustainability (including climate change risks and opportunities) into an investment process is likely to lead to improved risk-adjusted returns, which would mean better retirement outcomes for members. Our sustainable investing beliefs are outlined in the latest SIP and our Sustainable Investing Policy. Information on how the fund managers have acted on these principles, including a summary of engagement and voting activity over the Scheme Year, is provided in the Implementation Statement in Appendix 4.

The requirements of Regulation 2A of the Investment Regulations 2005 are covered in the SIP and detailed in this statement.

A further updated SIP was approved on 29 September 2023, after the end of the Scheme Year, to reflect further changes to the investment strategy of the Master Trust. These changes will be covered in detail in the Chair's Statement as at 30th June 2024.

A copy of the latest SIP, dated 29 September 2023, along with appendices to the SIP relating to the various employers who participated in the Scheme during the Scheme Year and who have bespoke investment options, is in Appendix 1. This is available online, free of charge, at: https://retirement.fidelity.co.uk/master-trust/documents/.

Default arrangements for the Scheme – Introduction

The main goal of a default arrangement is to create the potential for good member outcomes at retirement by taking a managed level of investment risk over a member's working life. This is set up to be appropriate for the majority of members, on the basis that most will not want to make an active investment choice.

We support members at many companies and have a number of different default arrangements within the Scheme for different employee groups. Our standard default arrangement was created to give employers an option they can use without taking advice, but they are also free to design their own default investment strategy, as long as we have received and accepted suitable ongoing investment advice on its appropriateness for our members in that section.

When it comes to default arrangements, we:

- take into account the needs of the relevant section of the Scheme's membership when determining the default investment strategy for that section

- review each default investment strategy every year. We look at the actual investment returns generated from the strategy, the prospective returns and the expected volatility (investment risk), as well as the funds and asset classes used within the strategy.

Update on Default Arrangements

Throughout the Scheme Year, the Trustees continued to engage with Fidelity via a series of review meetings, around the developments to the investment strategy FutureWise, which the Master Trust uses as its standard default investment strategy. The purpose of the review was to enhance the flexibility, transparency, potential returns, and sustainability of the strategy, to improve member outcomes. Fidelity proposed a series of significant changes to the FutureWise strategy which the Trustees reviewed, alongside their independent investment adviser. Ultimately, this resulted in formal investment and transition advice being provided by Isio, which the Trustees debated over the course of several meetings, and agreed to on 9th August 2022.

The agreed aims of the changes to Futurewise were broadly as follows:

| Change | Rationale |
|---|---|
| Move from a Working Lifestyle Strategy (WLS) to a range of Target Date Funds (TDFs) | **Flexibility:** TDFs provide the flexibility to make changes more quickly which is especially important as the markets, member behaviour and regulations evolve over time<br>**Transparency:** A TDF structure is easier to understand as members are automatically invested in 1 fund with a single factsheet |
| A new glidepath which takes more risk throughout the journey | **Higher Potential Returns:** Taking more risk means there is the potential for higher returns (though this isn't guaranteed) |
| A fully sustainable strategy | **Sustainability:** All of the funds that FutureWise invests in have carbon goals which aim to reduce the carbon footprint of the strategy compared to the wider market and will help the Trustees meet their net-zero goals |

| Change | Rationale |
|---|---|
| A focus on income drawdown in retirement | **Member needs:** We recognise that members are accessing their money over time rather than retiring at a single point in time. This new approach will allow us to better meet member needs while providing flexibility leading up to retirement. |

The first new section of members to invest in the FutureWise TDFs were in December 2022. We began moving members from the FutureWise Working Lifestyle Strategy to the range of FutureWise Target Date Funds between June and September 2023. To prepare for this, in the months prior to the move, the Trustees, along with their independent investment adviser, increased the level of equity exposure for members 10 years or closer to retirement to facilitate a smoother transition out from the Futurewise WLS to the FutureWise TDFs. The move of members from the Futurewise Working Lifestyle Strategy to FutureWise Target Date Funds was completed in September 2023.

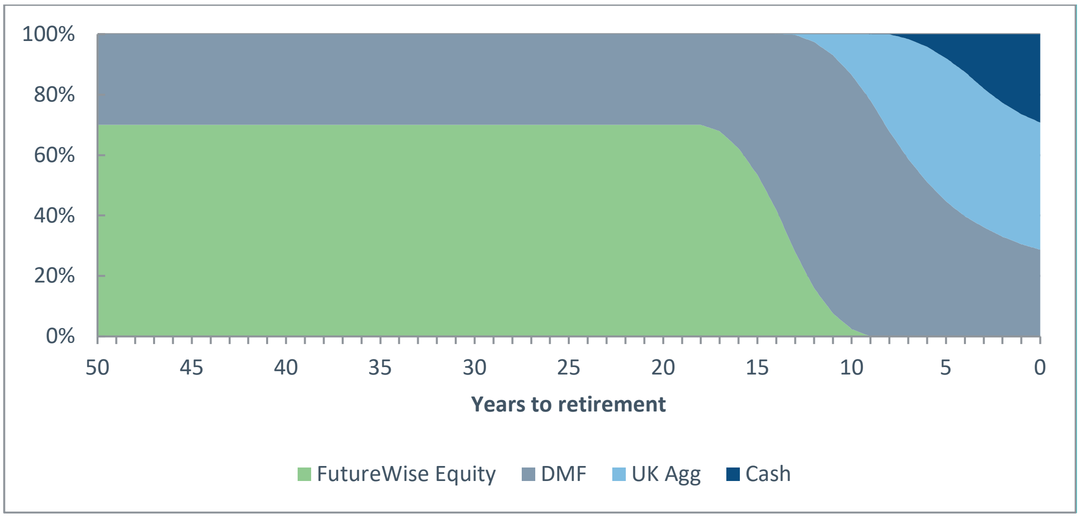
Review of performance

Over the Scheme Year, we have monitored the performance of all funds used in default arrangements with support from Fidelity, and on an annual basis receive advice from our investment advisers on the ongoing performance and suitability of default strategies. The review process involved comparing investment returns of the funds available in the Scheme to their benchmarks and peer groups, as well as considering levels of transaction costs of the funds. We also took into account any developments or concerns with the underlying managers.

Standard default arrangement – FutureWise Working Lifestyle Strategy (WLS)

The FutureWise WLS is one of the Scheme's standard default arrangement and it aims to deliver a good outcome for members regardless of how they take their retirement income. It is offered to all members except those with employers who have selected their own default investment strategy.

How FutureWise works




The FutureWise strategy is managed by Fidelity. It aims to generate growth in the early years for members by allocating predominantly to equities, then closer to retirement reduces the level of risk being taken, by moving money more towards bonds and cash.

The four funds used are:

- The **Fidelity FutureWise Equity Fund** makes up 70% of the strategy in its early stages. The allocation to this fund is then reduced as members approach retirement. It aims to offer the potential for increased returns in the earlier years through exposure to global equities. It has a passive management approach and tracks the indices of global markets.

- The **Fidelity Diversified Markets Fund** makes up 30% of the strategy in its early stages and increases its allocation as members approach retirement. It aims for asset growth with moderate investment risk. While the fund does not have a direct benchmark, its performance is compared with cash +3% a year over the long term (or a full market cycle of at least 5-7 years).
- The **Fidelity Sustainable UK Aggregate Bond Fund** is introduced around thirteen years before retirement. It aims to reduce risk in the portfolio as a member approaches retirement while achieving both capital growth and income by investing in bonds.
- The **Fidelity Cash Pensions Fund** is introduced around eight years before retirement and is designed to reduce risk and volatility further.

Fidelity provides us with quarterly investment performance information to allow us to monitor FutureWise, which we review and challenge in our Investment Sub-Committee meetings. The Investment Sub-Committee raises any performance questions directly with Fidelity and also with Isio, our appointed independent investment adviser. Further detail on the Sub-Committee structure can be found on page 28.

This table shows how FutureWise has performed for members across different ages over the last one, three and five years with a target retirement date of 65. Performance has been shown as gross of fees. **For net performance please see the relevant section in Appendix 5.**

| Fund | Age 45 and under | Age 55 | Age 65 and over |
|---|---|---|---|
| **One-year return to 30 June 2023** | 9.6% | 3.1% | -1.6% |
| **Three-year return to 30 June 2023 (% p.a.)** | 7.7% | 2.4% | -2.6% |
| **Five-year return to 30 June 2023 (% p.a.)** | 6.6% | 2.5% | 0.2% |

Source: Fidelity June 2023. Figures are gross of fees. Past performance is not a reliable indicator of future results. The value of investments may go down as well as up and members may get back less than they invest.

As part of our regular monitoring of default funds and investment strategies, we review the wider market conditions and performance of asset classes such as equities (stocks and shares) and bonds.

Global equities rose over the 12-month period to June 2023. Markets were volatile over the first half of the year under review as major central banks aggressively tightened policies to curb elevated inflation.

The Russia-Ukraine conflict and the resultant energy crisis in Europe further impacted markets. That said, investor sentiment improved over the second half of the period on prospects of less restrictive monetary policies amid signs of cooling inflation. The US Federal Reserve and the European Central Bank slowed the pace of rate hikes, with the former pausing its rate hike cycle in June. However, markets remained volatile as inflation stayed higher than target levels, which led major central banks to retain their hawkish stance.

Turmoil in the banking sector in developed markets in March also impacted markets, though policymakers acted swiftly to manage contagion risks. Uncertainties before the US debt ceiling deal also kept investors cautious. Against this backdrop, Europe ex UK rallied, led by positive economic surprises and encouraging earnings over the second half of the period. US, UK and Japan equities also gained. Meanwhile, emerging markets fell, led by weakness in China in view of COVID-19 related challenges and the sluggish post-pandemic recovery.

At a sector level, information technology, industrials and consumer discretionary companies gained strongly. Overall, returns in sterling terms were undermined by its appreciation against the US dollar, euro and yen.

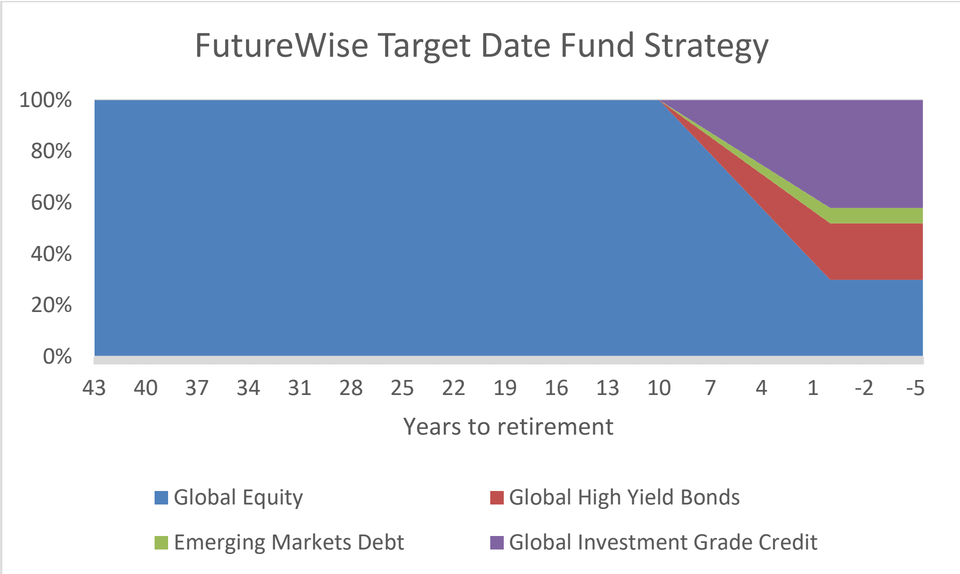
As Trustees we have reviewed the performance of FutureWise in this wider market context, as well as reviewing how it has performed over the long-term against its aims and objectives.

**Having reviewed the performance and obtained advice the Trustees concluded that the performance of FutureWise is consistent with the aims and objectives of the default arrangement as set out in the Statement of Investment Principles.**

Standard Default Arrangement - FutureWise Target Date Funds

The FutureWise Target Date Funds were introduced in December 2022 as the new standard default investment strategy for new sections.

How FutureWise TDFs work




A Target Date Fund is a fund that is carefully managed towards a specific time period in the future (which we call its 'target date'). Each fund will aim for higher growth when it is a long way from the target date and there is more time to recover from any falls in value. It does this by investing mainly in global shares. Then, at a set number of years before its target date, the fund will start to gradually move some of its assets out of global shares and into income-focused investments, such as bonds. As the target date approaches, the funds' investments are designed for people who wish to take long-term income drawdown.

The strategy is executed through a range of Target Date Funds (TDFs). TDFs are made available in 5 year vintages (i.e. 2060, 2055, 2050 etc). Members are allocated to a TDF based on their section's assumed retirement date or a date selected by each member. Each TDF captures members retiring within a 5-year period (2 calendar years either side of the TDF date i.e. any members retiring between 2028 and 2032 will be invested in the FutureWise Target 2030 Fund). Members can also self-select an alternative TDF to meet their requirements.

While following the above asset allocation, each TDF is managed independently and can allocate more or less to each of these asset classes (within pre-determined bandwidths).

Fidelity provides us with quarterly investment performance information to allow us to monitor FutureWise, which we review and challenge in our Investment Sub-Committee meetings. The Investment Sub-Committee raises any performance questions directly with Fidelity and also with Isio, our appointed independent investment adviser.

Review of performance

While we don't yet have long enough performance figures to share as part of this report, we have been monitoring the strategy and are comfortable that over the 6 month period, it is performing as expected.

We have done this having taken advice from our independent investment adviser (Isio) while looking at broader market trends on member outcomes over that period.

We look forward to sharing longer term performance figure in the next Chair's statement for the new FutureWise TDFs and providing an update on their performance over that period.

<u>Regulatory (deemed) defaults</u>

Following the movement of members' future contributions to alternative funds in the Scheme Year 2019/20, the Fidelity Cash Pensions Fund and the Fidelity Diversified Markets Fund were considered regulatory 'deemed' default arrangements under statutory guidance.

Both funds continued to be monitored as part of their role in the standard default arrangement (FutureWise) in ensuring they meet regulatory requirements on deemed defaults.

On 10 October 2022 the Investment Sub-Committee met to review the annual investment review paper provided by Isio, which included consideration of the Fidelity Cash Pensions Fund and the Fidelity Diversified Markets Fund. Isio provided advice on the self select fund range and its suitability, which included both the regulatory 'deemed' default funds (the Fidelity Cash Pensions Fund and the Fidelity Diversified Markets Fund), and confirmed within this advice that the funds remained fit for purpose.

**Having reviewed the performance and obtained advice the Investment Sub-Committee concluded that the performance of the Fidelity Cash Pensions Fund and the Fidelity Diversified Markets Fund were consistent with their aims and objectives, as set out in the Statement of Investment Principles. This was ratified by the full Trustee Board in their meeting on 14th November 2022.**

The latest review of these regulatory default funds has taken place over the third quarter of 2023 with final advice agreed on 28 September 2023 which was outside the Scheme Year.

<u>Review of the standard self-select fund range</u>

There were 30 self-select funds available under the Scheme's standard arrangement as at 30 June 2023. They cover a variety of asset classes – including equities, property, multi-asset, bonds and cash – and cover both active and passive management, as well as a range of approaches to incorporating sustainability. The intention of the range is to provide members with a suitable range of funds to meet their needs if they wish to self-select.

On 10 October 2022 the Investment Sub-Committee also agreed several changes to the standard fund range, which were implemented from 1 July 2023. This agreement was ratified by the full Trustee Board in their meeting on 14th November 2022. These changes are as follows:

- Equity Funds
    - We will be adding several regional equity funds to the range covering, the US, Europe, Japan and Asia Pacific. This is to complement the existing passive UK Equity, World ex-UK Equity and Emerging Markets Equity Funds in the range.
    - The purpose of adding these funds is to give more control to those younger members or those wishing to invest in funds with equity-like risk, as to how their savings are invested across the major equity markets.
    - We also decided to add a Global Small Cap Equity Fund which invests in smaller companies listed on global share markets. This approach takes more risk but can offer greater potential return for members, compared to standard or larger company equities over the long term.
    - In addition to this we will also be removing the passive 50/50 Global Equity and passive 70/30 Global Equity funds which we don't believe play a role in a modern fund range (note that the exosures that these funds provide can still be replicated within range).

- Fixed Income
  - We currently offer several fixed income funds across corporate, gilt and index linked gilt markets. We believe however that there is opportunity to make available to members more fixed income asset classes through a single fund. As we have decided to offer a new fixed income fund that is for members looking for lower-than-equity risk and will give them exposure to new asset classes including high yield bonds, emerging markets debt as well as investment grade bonds.
  - We also believe there is the opportunity to make available a fund to members that bridges the gap between the risk of cash and that of broad market corporate bonds. As such we have agreed to add a new bond fund to the range. This will be aimed at members close to retirement or those aiming to take lower levels of risk with their savings while continuing to seek additional return over cash.

The performance of the self-select funds was reviewed every three months during the Scheme Year and Isio carried out its annual independent review of the range, advising that the range continues to be suitable for members. This was presented to, and agreed by, the Trustees in their 10th October 2022 Investment Sub-Committee Meeting. We will continue to review the ongoing suitability of the range.

The current self-select fund range and details of the performance of this are shown in Appendix 5.

Investment Pathways

Following a consultation with Fidelity, the Scheme began offering four Investment Pathways from October 2020. These aim to cover the range of goals that members may have for their retirement pots, and were made available as part of the new regular Income Drawdown facility also launched in October 2020.

| **Investment Pathway** | **Objective** |
|---|---|
| Fidelity Investment Pathway 1<br>*(Fidelity Diversified Markets Fund)* | I do not plan on touching my money within the next five years |
| Fidelity Investment Pathway 2<br>*(Fidelity Pre-Retirement Bond Fund)* | I plan on purchasing a guaranteed income (annuity) within the next five years |
| Fidelity Investment Pathway 3<br>*(Fidelity Multi Asset Balanced Income Fund)* | I plan on starting to take a long-term income within the next five years |
| Fidelity Investment Pathway 4<br>*(Fidelity Cash Fund)* | I plan on taking all my money within the next five years |

Since October 2020, members have had the following options when they ask about accessing their retirement benefits:

- Selecting from the Investment Pathways
- Remaining in their current investment options
- Selecting alternative investment options from the fund range available to them

As part of our ongoing monitoring and governance we review the performance and suitability of the funds used within each investment pathway on at least a semi-annual basis, supported by Fidelity.

Employer-designed default arrangements and self-select funds

Where an employer chooses not to use the standard investment strategy, they can appoint an adviser to help them develop an 'employer-designed' default option and/or a self-select fund range. In these circumstances, we also appoint the investment adviser to provide advice on the appropriateness of the these employer designed investments at the outset and on an ongoing basis. We conduct a full review of the default arrangement strategy, self-select fund range and performance at least every three years, with an annual review, including advice from the adviser, to confirm continued suitability.

Reviews of employer-designed default arrangements and self-select funds during the Scheme Year

Within our reporting on employer-designed default arrangements, we set out the areas which are common to all employer-designed defaults, such as the aims and objectives, and the way in which ongoing performance is monitored. Then we follow with details of the specific performance and strategy reviews for each Section below.

The employer-designed default arrangements share common investment objectives which are to provide a default investment option which is likely to be suitable for a typical member of the Section, and to enable members to grow their savings above inflation over the long-term whilst mitigating risks where possible.

Fidelity provides us with quarterly investment performance information to allow us to monitor funds within each employer-designed default arrangement, which we review and challenge in our Investment Sub-Committee meetings. The Investment Sub-Committee raises performance questions directly with Fidelity and the investment advisers for each employer-designed section. In line with our approach to reviewing FutureWise, we also review the performance of the employer-designed strategies in the context of the current economic and market environment.

**Having reviewed the performance and obtained advice for all employer-designed sections, the Trustees concluded that the performance was consistent with the aims and objectives of the default arrangement as set out in the Statement of Investment Principles.**

The following table shows the date of the Trustees' last triennial review of the employer-designed default arrangements and self-select funds, and the year in which the next review is due.

| Section | Adviser | Previous triennial review agreed | Next triennial review due |
|---|---|---|---|
| BNP Paribas | Aon | 12/12/2022 | 2025 |
| Credit Suisse | Aon | 02/09/2020 | 2023 |
| MyColt | Willis Towers Watson | 27/10/2020 | 2023*** |
| RSA | Lane Clark & Peacock (LCP) | 12/12/2022 | 2025 |
| Telegraph Media | Lane Clark & Peacock (LCP) | 16/12/2019* | N/A** |
| Universal Music | Hyman Robertson | 22/06/2021 | 2024 |
| Unilever | Barnett Waddingham | 03/07/2021* | 2024 |
| Virgin Money | Hymans Robertson | 19/06/2023 | 2026 |
| Voith Turbo | Hymans Robertson | 11/09/2023 | 2026 |
| Domino | Hymans Robertson | 01/12/2021* | 2024 |

*Initial advice on joining the Master Trust

** The Telegraph Media Section received investment advice to move to the standard investment strategy which was agreed by the ISC on 30/11/2022.

*** The MyColt Section triennial review was underway at the date of this statement.

***<u>BNP Paribas – review of employer-designed default arrangement and self-select fund range</u>***

**The default arrangement**

The current default arrangement for the BNP Paribas Section is the BNP Paribas Drawdown Lifestyle. This aims to give members the potential for higher levels of growth when they are far from retirement and have greater capacity to take on risk, by investing in equity and diversified growth funds. It then gradually diversifies their investments and reduces the level of risk up to retirement, with the aim of reducing volatility while maintaining the potential for a modest level of growth above inflation.

The table below shows how the default arrangement has performed for members at different age cohorts over the last one, three and five years.

| Age of member on 30 Jun 2023 | 5 years 30 Jun 2018 to 30 Jun 2023 | 3 years 30 Jun 2020 to 30 Jun 2023 | 1 year 30 Jun 2022 to 30 Jun 2023 |
|---|---|---|---|
| 25 | 5.77% | 9.54% | 12.51% |
| 45 | 5.06% | 7.97% | 9.50% |
| 55 | 4.33% | 6.26% | 6.78% |

Source: Fidelity International June 2023. Fund performance is net of fees.

The Trustees are required to undertake a full review of the investment strategy (including both the default arrangement and self select fund range) every three years, or earlier in the event of a significant change. The BNP Paribas Section investment strategy therefore underwent a full triennial review in the Scheme Year with investment advice provided by the Trustee's investment adviser for the Section, Aon.

On 12th December 2022 the Investment Sub-Committee met to review the triennial advice paper provided by Aon in respect of the BNP Paribas Section. This advice proposed changes to the primary default option (as well as the other Lifestyle Strategies available to members), to ensure that the investment strategy remained fit for purpose and continued to provide a good outcome for the membership.

The following changes were agreed by the Trustees and implemented in June 2023:

- The consolidation phase for all Lifestyle Strategies (including the primary default option, the Drawdown Lifestyle), was shortened from 30 years to 20 years, meaning members invest fully in the Global Sustainable Growth Fund for longer. This change was made to increase the growth potential of members' retirement savings and support them in achieving a positive retirement outcome.

- The maximum allocation to the Diversified Growth Fund was reduced from 50% to 20%, also to improve the potential for long-term growth in members' retirement savings and support them in achieving a positive retirement outcome.

As well as increasing the growth potential of members' retirement savings, these changes reduced the level of costs and charges paid by members (as the Global Sustainable Growth Fund has a lower overall charge than the Diversified Growth Fund) and improved the explicit consideration of ESG risks by investing more in the Global Sustainable Growth Fund. No changes were made to the at-retirement asset allocation as the Trustees believe that this remains suitable for members wanting to stay invested throughout their retirement and access their savings via drawdown.

Over the year, further work was also completed by the Trustees to amend the Global Sustainable Growth Fund, which is used within the Scheme's lifestyle strategies, including the primary default option. The work carried out focussed on implementing changes agreed in the prior Scheme year regarding the fund's allocation to emerging markets.

Following an in-depth Environmental, Social and Governance (ESG) review of the Global Sustainable Growth Fund and its underlying components, the Trustees noted that the emerging markets allocation (10% BlackRock Emerging Markets Index) did not have any explicit consideration of financially material ESG risks in its design, which presented a potential risk to members' retirement outcomes.

After receiving advice, the Trustees decided that an actively managed strategy would be more efficient at harnessing the benefits of emerging market investing in general, as well as providing better management of ESG risks in emerging markets. Following a review of alternative strategies, the Trustees replaced the existing BlackRock Emerging Markets Index with two new actively managed strategies (the Sands Capital Emerging Markets Growth Strategy and the Loomis Sayles Global Emerging Markets Strategy) to improve expected investment returns for members and better account for ESG risks. Both of these factors are expected to better support members in achieving a positive retirement outcome.

These changes were implemented in two stages: the first in June 2022 (relating to the implementation of the Sands Capital strategy) and the second in November 2022 (relating to the implementation of the Loomis Sayles strategy).

**Regulatory (Deemed) defaults**

Cash fund: BlackRock Managed - Created April 2020

An additional default option was created in April 2020 when the Property Fund was suspended and ceased accepting new contributions, as a result of the Covid-19 pandemic.

This fund is only available to members as a self-select option. Rather than leaving future contributions intended for the Property Fund uninvested, the Trustees decided to redirect these contributions into the Cash Fund: BlackRock managed, until the suspension of the Property Fund was lifted. As a result of such action, the Cash Fund: BlackRock managed is classified as a default investment option for regulatory reporting and monitoring purposes.

Consideration of this fund was included in the performance review on 12th December 2022, following advice having been provided by Aon. The fund was noted as performing in line with its respective benchmarks and there were no concerns raised. The Trustees were therefore content that this fund remained fit for purpose, including as a regulatory (deemed) default.

Global Sustainable Growth Fund - Created February 2023

An additional default investment was created in February 2023 following the closure (and subsequent removal from the self-select fund range) of the Liontrust UK Equity Fund.

The Liontrust UK Equity Fund was removed from the range following as a result of reduced conviction in the Fund's ability to deliver competitive investment returns in the future. In the absence of any member instruction, all holdings invested and future contributions intended for the Liontrust UK Equity Fund were switched to the Global Sustainable Growth Fund. As a result of such action, the Global Sustainable Growth Fund is classified as a default investment option for regulatory reporting and monitoring purposes.

Whilst this fund was reviewed as part of the self select fund range review in December 2022, and considered fit for purpose, following the classification of the Global Sustainable Growth Fund as a default investment option, there was no further review of this in the Scheme Year to 30th June 2023.

A review has subsequently taken place in the 13th December 2023 Investment Sub-Committee meeting and details of this will be provided in the Chair's Statement as at 30th June 2024.

Diversified Growth Fund - Created June 2023

An additional default investment was created in June 2023 following the closure (and subsequent removal from the self-select fund range) of the Diversified Fund.

The Diversified Fund had an identical allocation to the Diversified Growth Fund and so the two funds were consolidated to avoid potential confusion for members. In the absence of any member instruction, all holdings invested, and future contributions intended for the Diversified Fund were switched to the Diversified Growth Fund. As a result of such action, the Diversified Growth Fund is classified as a default investment option for regulatory reporting and monitoring purposes.

Whilst this fund was reviewed as part of the self select fund range review in December 2022, and considered fit for purpose, following the classification of the Diversified Growth Fund as a default investment option, there was not a further review of this in the Scheme Year to 30th June 2023.

A review has subsequently taken place in the 13th December 2023 Investment Sub-Committee meeting and details of this will be provided in the Chair's Statement as at 30th June 2024.

**Self-Select Funds**

The Trustees completed a review of the self-select range in December 2022.

The review of the self-select investment options resulted in the Trustee deciding to:

- Close the Global Active Equity Fund and Liontrust UK Equity Fund and map assets to the Global Sustainable Growth Fund because of reduced conviction in each manager's ability to deliver competitive returns.

- Close the Diversified Fund with assets mapped to the Diversified Growth Fund, given these funds have identical underlying holdings.

- Updating fund nomenclature to improve clarity and consistency for members.

The removal of the Liontrust UK Equity Fund took place in February 2023 ahead of wider strategy changes given significantly reduced conviction in this fund. Changes to fund nomenclature were also implemented at this time. The removal of the Global Active Equity Fund and the Diversified Fund were completed in June 2023.

***For this section, we believe that the default arrangement and self-select fund range remain appropriate for members' needs, based on the advice we have received.***

Performance of the self-select fund range is also reviewed on an annual basis, alongside the default arrangement. This performance is set out in Appendix 5 to this document.

***<u>Credit Suisse – review of employer-designed self-select fund range</u>***

Credit Suisse has a bespoke self-select fund range but use FutureWise as their default arrangement. We are advised by Aon for the self-select range, which is reviewed each year.

On 12 December 2022 the Investment Sub-Committee met to review the annual update advice paper provided by Aon in respect of the Credit Suisse Section.

During the year to 30 June 2023, the Trustees reviewed performance of the extended self-select range. The Trustees concluded that performance was as expected and in line with the aims and objectives of the SIP.

No changes were recommended as a result of this performance review.

***For this section, we believe that the standard default arrangement and self-select fund range remain appropriate for members' needs, based on the advice we have received.***

***<u>Domino – review of employer-designed default arrangement and self-select fund range</u>***

The current default investment strategy has been designed to be appropriate for those members who are expected to use income drawdown at retirement. This utilises the 100% Domino Printing Global Growth Portfolio during the "Growth" Phase (until 15 years before selected retirement date), gradually de-risking to 100% Schroders Sustainable Future Multi-Asset Fund during the Consolidation phase (15 to 5 years from retirement), and culminating in 25% Fidelity Cash Pensions Fund, 25% Fidelity Pension Annuity Fund and 50% Schroders Sustainable Future Multi-Asset Fund at retirement.

Details of the current default arrangement are set out in the Statement of Investment Principles.
The default strategy objectives are:

- to include a default option that is likely to be suitable for a typical member;
- to enable members to grow their savings above inflation over the long term;
- to seek, where possible, to mitigate the risks described in the main Statement of Investment Principles

Investment performance has not yet been monitored against the strategic CPI based targets.

The Domino UK Section joined the Scheme on 1 December 2021. The Section joined with the default arrangement used within Domino's own trust arrangement prior to joining. Investment advice was received by Hymans Robertson LLP which confirmed that, whilst the strategy did not align fully with the Trustees' investing beliefs as outlined in the SIP, nor fully align to Hymans Robertson's best practice design principles, they were satisfied that it remained broadly suitable for members and there were no immediate causes for concern or "red flags" in the current strategy.

The Employer commissioned a full strategy review within six months of the transfer, including considering whether a move to the Fidelity Master Trust standard investment strategy would be more appropriate for its employees. Following this review, the Employer for the Domino Section decided that they would no longer be supporting a bespoke investment arrangement, nor the associated investment adviser required to maintain this. Therefore, in line with the Trustees' approach to sections which no longer receive bespoke advice, the Domino Section was scheduled to move to the Fidelity Master Trust standard investment strategy for both default arrangement and self select range.

The final advice received by the Trustees in October 2023 from their investment adviser confirmed that the FutureWise strategy represented a suitable destination, and was agreed by the Trustees on the 9th November 2023.

***<u>MyColt – review of employer-designed default arrangement and self-select fund range</u>***

The default investment option for the MyColt Retirement Savings Section is an Income Drawdown Lifestyle. The growth phase of the strategy adopts a 'medium risk' approach, predominantly investing in equities, but with some exposure to other asset classes accessed via a diversified growth fund (DGF). The consolidation and at-retirement phases of the strategy is designed to specifically reflect the risk exposure expected for the portfolios to facilitate income drawdown in retirement.

The table below shows how the funds within the default arrangement have performed for members at different age cohorts over the last year.

| Age of member on 30 Jun 2023 | 3 years 30 Jun 2020 to 30 Jun 2023 | 1 year 30 Jun 2022 to 30 Jun 2023 |
|---|---|---|
| 25 | N/A | 6.34% |
| 45 | N/A | 6.34% |
| 55 | N/A | 6.34% |

Source: Fidelity International June 2023. Fund performance is net of fees.

On 10th October 2022 the Investment Sub-Committee met to review the annual update advice paper provided by WillisTowersWatson in respect of the MyColt Section. No changes were recommended as a result of this review.

Following analysis of the membership, and having taken advice, the Trustees believe that the majority of defaulting members (members who have not made an investment decision) will take their retirement benefits in the form of income drawdown. Therefore, the Trustees have selected the Income Drawdown Lifestyle strategy as the default investment strategy. The Trustees, having taken advice, believe this remains an appropriate default option for members due to the following reasons:

- There have been no material changes to the Trustees' adviser's views or thinking on the construction of investment strategies for defined contribution arrangements.
- There have been no material changes to the membership since the detailed membership analysis was conducted as part of the last triennial investment review completed in 2020.
- The expected retirement behaviour of the majority of members is to access drawdown.
- The overall strategy has been robust and the constituent funds have performed in line with expectations.

Members invested in the Annuity Lifestyle strategy (a previous default investment option) who were within 10 years of retirement at the time of introducing the Income Drawdown Lifestyle as the new default option in 2016 were allowed to remain in this lifestyle, and it is also considered as a default option. Having taken advice, the Trustees believe it is appropriate to preserve this lifestyle option for members invested in it to avoid imposing a significant change on members close to retirement.

The annuity lifestyle investment option for the MyColt Retirement Savings Section a 'medium risk' approach, predominantly investing in equities, but with some exposure to other asset classes accessed via a diversified growth fund (DGF) in the early years. At retirement, the asset allocation of the strategy is designed for a member who plans on purchasing an annuity.

The table below shows how the funds within the Annuity Lifestyle strategy have performed for members at different age cohorts over the last year.

| Age of member on 30 Jun 2023 | 3 years 30 Jun 2020 to 30 Jun 2023 | 1 year 30 Jun 2022 to 30 Jun 2023 |
|---|---|---|
| 25 | N/A | 6.34% |
| 45 | N/A | 6.34% |
| 55 | N/A | 6.34% |

***For this section, we believe that the default arrangement and self-select fund range remain appropriate for members' needs, based on the advice we have received.***

**<u>RSA – *review of employer-designed default arrangement and self-select fund range*</u>**

The RSA Section of the Fidelity Master Trust has investment arrangements bespoke to that Section. The Trustees have made available a range of investment options for members. Members who join the RSA Section and who do not choose an investment option are placed into the RSA Cash Targeting Lifestyle (the "Default"), the objective of which is for members to take a cash lump sum at retirement.

The Trustees recognise that most members do not make active investment decisions and instead invest in the Default. After taking advice, the Trustrees 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 Trustees are responsible for investment governance, which includes setting and monitoring the investment strategy for the default arrangements.

The Trustees regularly monitor the performance of the Default and will formally review the strategy at least every three years.

The table below shows how the funds within the default arrangement have performed for members across different age cohorts over the last one, three and five years.

| Age of member on 30 Jun 2023 | 5 years 30 Jun 2018 to 30 Jun 2023 | 3 years 30 Jun 2020 to 30 Jun 2023 | 1 year 30 Jun 2022 to 30 Jun 2023 |
|---|---|---|---|
| 25 | 6.23% | 9.57% | 9.84% |
| 45 | 6.23% | 9.57% | 9.84% |
| 55 | 4.32% | 5.83% | 4.35% |

Source: Fidelity International June 2023. Fund performance is net of fees.

The Trustees are required to undertake a full review of the investment strategy (including both the default arrangement and self select fund range) every three years, or earlier in the event of a significant change. The RSA Section investment strategy therefore underwent a full triennial review in the Scheme Year with investment advice provided by the Trustee's investment adviser for the Section, LCP.

On 12th December 2022 the Investment Sub-Committee met to review the triennial advice paper provided by LCP in respect of the RSA Section.

As part of the review, the Trustees reviewed the membership demographics to determine whether the target of the Default remained suitable, and it was concluded that a lifestyle strategy targeting cash lump sum at retirement remained appropriate for the majority of the members.

The Trustees also reviewed the risk / return profile of the default lifestyle as part of the strategy review and whether it remained appropriate for the Section's given membership demographics and changes in trends within the DC landscape.

Following the review, the Trustees agreed on the following changes:

- To change the name of the Default to be "Lump Sum Targeting Strategy" instead of the "Cash Targeting Lifestyle" to make it clearer for members.

- To reduce members' exposure to climate transition risks, the growth phase of the Default lifestyle will now invest in the RSA Low Carbon Equity Fund which invests in a passive global market capitalisation low carbon equity index fund, instead of the RSA Pension Passive Global Equity Fund.

- The allocation to gilts and corporate bonds was reduced in favour of a fund that invests in a diversified set of alternative asset classes (for example infrastructure and property) within the RSA Pre-Retirement Growth Fund. The aim of this change is to provide a more diversified source of returns within the portfolio along with better inflation protection.

The changes were implemented on 1st September 2023.

In addition to triennial strategy reviews, the Trustees also review the performance of the default arrangement against its objectives on an annual basis. This review includes performance analysis to check that the risk and return levels meet expectations. Our review over the Scheme year concluded that the default arrangement was performing broadly as expected and consistently with the aims and objectives as stated in the SIP over the long term.

The Trustees have also made available a self-select fund range and two alternative lifestyle strategies that members can invest in. Performance of the self-select fund range and alternative lifestyle strategies are also reviewed on an annual basis, alongside the default arrangement.

As part of the latest investment strategy review, the Trustees also reviewed the two alternative lifestyles and the self-select fund range. Following analysis and advice from their investment advisers, the Trustees agreed the following:

- to update the alternative lifestyle names to "Annuity Targeting Strategy" and "Drawdown Targeting Strategy" from "Annuity Income Targeting Lifestyle" and "Drawdown Targeting Lifestyle", respectively, to make these clearer for members.

- to implement similar changes as the Default lifestyle (ie adding the RSA Low Carbon Equity Fund and changing the underlying allocation of the RSA Pre-Retirement Growth Fund) in the alternative lifestyles and self-select fund range.

- to replace the underlying fund of the RSA Pension Active UK Equity Fund from the Baillie Gifford UK Equity Alpha Fund to the BlackRock UK Equity Optimum Fund.

No changes were made to the self-select fund range or the alternative lifestyle strategies, over the year to 30 June 2023; the above changes were implemented on 1st September 2023.

Performance of the self-select fund range is also reviewed on an annual basis, alongside the default arrangement. This performance is set out in Appendix 5 to this document.

***For this section, we believe that the default arrangement and self-select fund range remain appropriate for members' needs, based on the advice we have received.***

***Telegraph Media – review of employer-designed default arrangement and self-select fund range***

Members who join the Telegraph Media Section and who do not choose an investment option were placed into the Target Date Strategy, (the "Default"). Members' assets were automatically moved between different investment funds as they approach their target retirement date.

As of June 2023, the default investment used State Street Timewise funds. These aimed to generate returns significantly above inflation while members were some distance from retirement and then switch gradually into lower-risk investments from 20 years to retirement. The fund then continued to manage risk into retirement.

The table below shows how the funds within the default arrangement have performed for members across different age cohorts over the Scheme year to 30 June 2023.

| Age of member on 30 Jun 2023 | 3 years 30 Jun 2020 to 30 Jun 2023 | 1 year 30 Jun 2022 to 30 Jun 2023 |
|---|---|---|
| 25 | N/A | 7.70% |
| 45 | 8.91% | 7.70% |
| 55 | 7.79% | 5.72% |

Source: Fidelity International June 2023. Fund performance is net of fees.

On 30 November 2022 the Investment Sub-Committee agreed investment advice provided by Lane, Clark & Peacock (LCP) in respect of the Telegraph Media Section.

The triennial review recommended the Telegraph Media Section transition into the standard default arrangement. The decision was made by the Employer for the Telegraph Media Section that they would no longer be supporting a bespoke investment arrangement, nor the associated investment adviser required to maintain this. Therefore, in line with the Trustees' approach to sections which no longer receive bespoke advice, the Telegraph Media Section was scheduled to move to the Fidelity Master Trust standard investment strategy.

The final advice received by the Trustees in November 2022 from their investment adviser confirmed that the FutureWise strategy represented a suitable destination, and was agreed by the Trustees on the 30th November 2022. This transition took place in September 2023.

***Universal Music Group – review of employer-designed default arrangement and self-select fund range***

The current default investment strategy has been designed to be appropriate for those members who are expected to use income drawdown at retirement, utilising 100% Universal Music Global Equity during the Growth Phase (15 years to retirement) de-risking to 80% L&G Diversified and 20% Fulcrum Diversified Liquids Alternative during the Consolidation phase (14- to 5-years from retirement) and culminating in 66% L&G RIMA & 33% L&G Cash at retirement.

The default objectives are:

- to include a suitable default option that is likely to be suitable for a typical member;
- to enable members to grow their savings above inflation over the long term; and

- to seek, where possible, to mitigate the risks described in the main Statement of Investment Principles.

The table below shows how the funds within the default arrangement have performed for members across different age cohorts over the last one and three years.

| Age of member on 30 Jun 2023 | 3 years 30 Jun 2020 to 30 Jun 2023 | 1 year 30 Jun 2022 to 30 Jun 2023 |
|---|---|---|
| 25 | 9.16% | 12.77% |
| 45 | 9.16% | 12.77% |
| 55 | 5.62% | 4.05% |

Source: Fidelity International June 2023. Performance is net of fees.

On 19th June 2023, the Investment Sub-Committee met to review the annual update advice paper provided by Hymans Roberton in respect of the Universal Music Section and covering the default strategy and self select range. Net investment performance was reviewed with no material concerns, and no changes were proposed at this review.

In previous reports, we told you about how we moved members' future contributions to an alternative fund after we received short-notice notification from fund managers about property fund suspensions. The Universal L&G Cash Fund was selected as an alternative default arrangement following the suspension. The performance of this fund was reviewed as set out above.

The table below shows how the Universal L&G Cash has performed for members over the last one and three years to 30 June 2023.

| Self-select Fund | 3Y | 1Y |
|---|---|---|
| Fidelity Universal L&G Cash Fund | 0.93% | 2.86% |

Source: Fidelity International June 2023. Performance is net of fees.

In addition, the Trustees have made available a self-select fund range that members can invest in. Performance and suitability of the self-select fund range is also reviewed on an annual basis, alongside the default arrangement. This performance is set out in Appendix 5 to this document.

***For this section, we believe that the default arrangement and self-select fund range, as amended by the changes described above, are appropriate for members' needs, based on the advice we have received.***

***<u>Virgin Money – review of employer-designed default arrangement and self-select fund range</u>***

**The Income Drawdown Lifestyle (Default)**

This is a lifestyle strategy which targets members who are expected to use flexible retirement with a high probability of using Flexible Access Income Drawdown for a significant part of their retirement savings. This strategy gradually moves investments between different funds to manage the levels of expected investment risk and returns at each stage of membership of the Plan. The strategy is suitable as it is a lifestyle strategy which targets growth in the earlier part of a members' career and latterly switches investments into diversified funds and cash which whilst still intending to provide investment growth, aims to preserve members' retirement accounts from significant falls as they approach retirement. The asset mix at retirement is designed to be consistent with use of the retirement account or a significant part of it for Flexible Access Income Drawdown.

During the growth phase (up to 15 years before their selected retirement date) the Drawdown Lifestyle strategy invests in the Virgin Money Growth Fund. Over a 5-year period between 15 and 10 years before their selected retirement date, investments are gradually switched into a diversified growth fund (the

Virgin Money Diversified Fund). During the last 5 years before their selected retirement date, investments are gradually switched to a pre-retirement diversified fund (the Virgin Money Pre-Retirement Targeting Drawdown Fund) so that at retirement the member is invested 100% in the Pre-Retirement Targeting Drawdown Fund.

Please see default investment performance against strategy CPI based targets in table below. Performance of the default arrangement is monitored on an annual basis.

| Age of member on 30 Jun 2023 | 3 years 30 Jun 2020 to 30 Jun 2023 | 1 year 30 Jun 2022 to 30 Jun 2023 |
|---|---|---|
| 25 | N/A | 11.92% |
| 45 | N/A | 11.92% |
| 55 | N/A | 1.03% |

Source: Fidelity International June 2023. Fund performance is net of fees.

The Trustees are required to undertake a full review of the investment strategy (including both the default arrangement and self select fund range) every three years, or earlier in the event of a significant change. The Virgin Money Section investment strategy therefore underwent a full triennial review in the Scheme Year with investment advice provided by the Trustee's investment adviser for the Section, Hymans Robertson.

On 19th June 2023 the Investment Sub-Committee met to review the triennial advice papers provided by Hymans Robertson in respect of the Virgin Money Section.

As part of the review the Trustees agreed that the Lifestyle Strategy would be adjusted in the last 5 years to target 100% Pre-Retirement Targeting Drawdown Fund (previously targeting 75% Virgin Money Diversified Fund and 25% Virgin Money Cash Fund). In addition component funds of Virgin Money Growth and Diversified Fund would be adjusted to include greater allocation to sustainable funds. This followed advice received by the Trustees in December 2022 that outlined that this change would represent a small cost to members whilst providing the strategic benefits of including sustainable funds and providing improved matching of the funds to the risk / income requirements of the drawdown strategy at retirement.

The Virgin Money Section also has three alternative lifestyle strategies, which are utilised when members are transferred into the Section from their ceding scheme and are aligned to what the member was previously invested in. These are regulatory defaults created as assets are transferred from their previous arrangement for members.

**Regulatory (Deemed) defaults**

**The Cash Withdrawal Lifestyle**

A lifestyle strategy which targets members who are expected to take a cash withdrawal at retirement or take a series of smaller lump sums over a period of several years. This strategy targets a "lower risk" strategy at retirement designed for members wishing to take their retirement benefits in cash or wishing to be invested cautiously immediately before retirement.

This lifestyle strategy gradually moves investments between different funds to manage the levels of expected investment risks and returns at each stage of membership of the Plan.

This strategy is suitable as it is a lifestyle strategy which targets growth in the earlier part of a members' career and latterly switches investments into bonds and cash. This strategy utilises an absolute return bond fund in the last 5 years prior to target retirement age. This type of defensive bond-based fund is managed to preserve capital and minimise the risk of losses where possible. This type of fund is of value in the period prior to retirement when retirement accounts can have grown to substantial amounts and where time was limited to recover from any large market losses prior to retirement.

This strategy maintains the same asset allocation as the Drawdown Lifestyle (Default) up to 5 years from a member's retirement. During the last 5 years before their selected retirement date, their assets are gradually switched initially to an absolute return bond (Virgin Money Defensive Bonds Fund) and in the last 3 years also to cash fund so that at retirement the member is invested 40% in the absolute return bond fund and 35% in the diversified fund and 25% in the cash fund.

This strategy is designed to reduce volatility closer to retirement and also aligned to members accessing their retirement accounts entirely in cash at retirement or in a series of cash withdrawals over a few years.

The table below shows how the funds within the Cash Withdrawal Lifestyle default arrangement have performed for members across different age cohorts over the last year.

| Age of member on 30 Jun 2023 | 3 years 30 Jun 2020 to 30 Jun 2023 | 1 year 30 Jun 2022 to 30 Jun 2023 |
|---|---|---|
| 25 | N/A | 11.92% |
| 45 | N/A | 11.92% |
| 55 | N/A | 1.03% |

Source: Fidelity International, June 2023. Performance is net of fees.

**The Annuity Lifestyle**

A lifestyle strategy which targets members who are expected to purchase an annuity at retirement in combination with a tax-free lump sum.

This lifestyle strategy gradually moves investments between different funds to manage the levels of expected investment risks and returns at each stage of membership of the Plan.

This strategy is suitable as it is a lifestyle strategy which targets growth in the earlier part of a members' career and latterly switches investments into bonds and cash. This strategy utilises a "pre-retirement" bond fund in the last 5 years prior to target retirement age. This type of fund is designed to match annuity pricing and therefore protect the expected size of annuity is able to purchase at retirement. This type of fund is of value in the period prior to retirement when a member may be looking to preserve the annuity purchasing power of their retirement account.

This strategy maintains the same asset allocation as the Drawdown Lifestyle (Default) up to 5 years from a member's retirement. During the last 5 years before their selected retirement date, their assets are gradually switched initially to a pre-retirement bond fund (Virgin Money Pre-Retirement Targeting Annuity Fund) and in the last 3 years also to cash fund so that at retirement the member is invested 75% in the pre-retirement bond fund and 25% in the cash fund.

The table below shows how the funds within the Annuity Lifestyle default arrangement have performed for members across different age cohorts over the last year.

| Age of member on 30 Jun 2023 | 3 years 30 Jun 2020 to 30 Jun 2023 | 1 year 30 Jun 2022 to 30 Jun 2023 |
|---|---|---|
| 25 | N/A | 11.92% |
| 45 | N/A | 11.92% |
| 55 | N/A | 1.03% |

Source: Fidelity International June 2023. Performance is net of fees.

**The Legacy Annuity Lifestyle**

This lifestyle strategy gradually moves investments between different funds to manage the levels of expected investment risks and returns at each stage of membership of the Plan.

This strategy is suitable as it is a lifestyle strategy which targets growth in the earlier part of a members' career and latterly switches investments into bonds and cash. This strategy utilises a mix of bond funds in the last 5 years prior to target retirement age. This is designed to protect the expected size of annuity a member is able to purchase at retirement to preserve the annuity purchasing power of their retirement account.

The strategy invested in a mixture of equity funds up to the 10 years from a member's retirement. During the last 10 years, assets are gradually switched to bond funds and a cash fund in order to achieve a 75:25 split (bonds: cash) at the member's selected retirement date.

The table below shows how the funds within the Legacy Annuity Lifestyle default arrangement have performed for members across different age cohorts over the last year.

| Age of member on 30 Jun 2023 | 3 years 30 Jun 2020 to 30 Jun 2023 | 1 year 30 Jun 2022 to 30 Jun 2023 |
|---|---|---|
| 25 | N/A | 10.80% |
| 45 | N/A | 10.80% |
| 55 | N/A | 10.80% |

Source: Fidelity International June 2023. Performance is net of fees.

No changes were made to the regulatory (deemed) defaults, over the year to 30 June 2023 as the Trustees and their advisers believed these remained fit for purpose.

In addition, the Trustees have also made available a self-select fund range that members can invest in. Performance of the self-select fund range is also reviewed on an annual basis, alongside the default arrangement. This performance is set out in Appendix 5 to this document.

***For this section, we believe that the Drawdown, Cash and Annuity Lifestyle default arrangements and self-select fund range remain appropriate for members' needs, based on the advice we have received.***

***Voith Turbo – review of employer-designed default arrangement and self-select fund range***

The current default investment strategy has been designed to be appropriate for those members who are expected to use income drawdown at retirement. This utilises the 100% L&G All World Equity Index during the Growth Phase (15 years to retirement), moving to 80% Schroders Sustainable Future Multi Asset Fund and 20% L&G All World Equity Index during the Consolidation phase (14- to 5-years from retirement), and culminating in 25% Fidelity Cash Pension Fund, 40% M&G Total Return Credit fund and 35% Schroders Sustainable Future Multi Asset Fund at retirement.

The default objectives are:

- to include a default option that is likely to be suitable for a typical member;
- to enable members to grow their savings above inflation over the long term; and
- to seek, where possible, to mitigate the risks described in the main Statement of Investment Principles.

Please see default investment performance against strategy CPI based targets in table below. Performance of the default arrangement is monitored on an annual basis.

| Age of member on 30 Jun 2023 | 5 years 30 Jun 2018 to 30 Jun 2023 | 3 years 30 Jun 2020 to 30 Jun 2023 | 1 year 30 Jun 2022 to 30 Jun 2023 |
|---|---|---|---|
| 25 | 5.88% | 9.06% | 13.38% |
| 45 | 5.88% | 9.06% | 13.38% |
| 55 | 4.91% | 7.29% | 8.92% |

Source: Fidelity International, June 2023. Performance is net of fees.

On 19th June 2023 the Investment Sub-Committee met to review the annual update advice papers provided by Hymans Robertson in respect of the Voith Turbo Section. Following the review, there were no new recommendations for the year ahead raised and the Trustees were satisfied with Hymans Robertson's conclusions that the funds had performed in line with their objectives.

***For this section, we believe that the default arrangement and self-select fund range remain appropriate for members' needs, based on the advice we have received.***

**2. Core financial transactions**

We closely monitor the processes and controls in place for 'core financial transactions' to ensure they are processed promptly and accurately. These include:

- Investment of contributions paid into the Scheme
- Fund switches within the Scheme
- Transfers in and out of the Scheme
- Payments out of the Scheme to members and beneficiaries

<u>Performance against service-level agreements</u>

We have an administration agreement (including a service-level agreement (SLA)) in place with Fidelity, as administrator, that sets out what it will do for us and the standards we expect, including how quickly any tasks will be carried out.

The tasks covered by the SLA include:

- Contribution processing
- Switching of investments
- Benefit payments on death, retirement or transfer
- Benefit statement production
- Data changes
- Leavers and new joiners

The SLA requires Fidelity to comply with the Trust Deed and Rules and applicable legislation to provide accurate processing and record keeping of members' benefits.

We monitor Fidelity's performance in carrying out core financial transactions through its quarterly administration report. These transactions need to be carried out promptly and accurately to ensure members' investments are not adversely affected.

The volume and complexity of calls continues to be a challenge as member behaviour drives additional requirements to support their outcomes. Resource levels have been stabilised over the last year whilst training and development needs have been reinforced to ensure member satisfaction levels remain at a consistent high level.

During the scheme year, the complaint rate (complaints per 1,000 members) increased slightly at the end of the period to 1.4, compared to 1.38 at the beginning of the period. This occurred in a period of continued increase in membership which stood at over 152,000 members at the end of the period, and high volatility in the current economic and investment environment. In this context, the Trustees consider this outcome acceptable, noting that Fidelity have a broad definition for complaint which includes any expression of dissatisfaction. The total number of incoming complaints increased by 63% compared to the previous year. The complaints team's average productivity increased during this time, and they were able to resolve 100% of the complaints received with an average resolution time of 9 days compared to 6 at the beginning of the period.

Fidelity uses straight through processing for contribution processing and investment switches, and checks the timeliness of contributions against the statutory deadline. Automated payment reminder emails are sent to employers if payments are not received within 3 working days prior to the regulatory deadline. This has proved to be an effective encouragement of prompt payment.

Fidelity runs a report on the 26th of each month to see if any contributions were late or are still outstanding. If they haven't been paid yet, the contributions are chased again by the 10th of the following month. In addition to this formal process, the Service Delivery Managers work with employers proactively to remind them of their payment obligations and help them resolve any issues. We are told about late payments through Fidelity's administration reports, along with details of any historic instances of late payments. We then decide if we should report the late-paying employer to The Pensions Regulator (TPR).

During the Scheme Year, some employers missed the statutory deadline for various reasons. These included administrative errors and changes in personnel. We continue to monitor late payments in our quarterly meetings and in doing so we take into account any previous history of late payments. Any employers who persistently fail to meet the statutory deadline will be reported to TPR. No participating employers were reported during the Scheme Year.

The Administration Sub-Committee (ASC) oversees Fidelity's administration service reviewing administration and member service reports from Fidelity quarterly.

We continue to interact with colleagues and obtain presentations on administration processes virtually. The Trustees attended the Kingswood office for an administration site visit in November 2022. This visit included:

- Detailed review of IT security (and visit / presentation by IT security team) and wider systems development and implementation
- Office walk about and meet the teams
- Presentation from the Relationship Director team
- Service centre call listening
- An update on the complaints / resolutions process
- Operations journeys and processes
- Digital Engagement including PlanViewer Desktop and App developement
- Member tools development
- Fidelity Administration Manual training

As part of the information required under TPR's master trust supervision regime, Fidelity provide a log of any changes made to systems and processes.

In general, we are comfortable with the controls in place and how they are operating and the introduction of WI AAF 01/20 provides us with additional external comfort over the controls in place. We continue to monitor how the platform developments are evolving and the work on automating administration processes.

Fidelity's Quality Oversight Group monitors its administration teams and we receive the details as part of the quarterly administration report. Fidelity also regularly audits the individual process areas within Workplace Investing Operations and provides the ASC with quarterly updates, including details of any issues it finds.

In addition, the ASC reviewed the Fidelity three-line governance model (business, risk/compliance and internal audit), while the full Trustee Board reviews the governance framework and are informed of any issues found as part of the internal audits. From 1 July 2023 these activities are within the remit of the Governance, Risk and Supervision sub-committee (GSC).

We reviewed the independently audited AAF 01/20 report about Fidelity's processes and have confirmed that the one exception raised does not impact the Scheme.
During the Scheme Year we reviewed reports covering the periods 1 February 2022 to 31 December 2022 and 1 July 2022 to 30 June 2023.

The Trustees' Annual Report and Accounts (including financial transactions) are produced by Fidelity in conjunction with RPMI and are independently audited by Evelyn Partners each year.

**Taking all of the above into consideration, we are satisfied that the majority of core financial transactions have been processed promptly and accurately during the Scheme Year. All issues have been resolved, or are currently being resolved, to our satisfaction.**

**3. Charges and transaction costs**

The Government and a number of regulatory bodies have been looking at how transparent costs and charges are for investors, and have introduced legislation to make these costs more visible. In this Statement, we explain the charges and transaction costs (in other words, the costs of buying and selling investments in the Scheme) which are paid by members rather than the employer, over the Scheme Year.

Each section of the Scheme is separately priced depending on:

- The investment choices and design
- Membership demographics
- Contribution levels

The costs and charges paid by members of the Scheme are as follows:

- A total expense ratio (TER) is applied to members' savings within the Scheme. For example, a TER of 0.20% means a charge of £2 per £1,000 invested each year. This ratio combines the annual management charges with other expenses, such as auditing and registry fees.
- Transaction costs are included in the unit price of each investment fund and relate to the costs of buying and selling investments within the fund. They are a necessary part of trading a fund's underlying investments to achieve its investment objective. A more detailed explanation of transaction costs is set out below.

We are also required to disclose any specified performance based fees that are deducted from default funds. These are fees that are designed so that they are only incurred when a fund's performance exceeds a preagreed level. We can confirm that we have no such fee arrangements for any of the funds in our default arrangements.

The Trustees have taken into account the statutory guidance (Regulation 23(1)(c)(i), Scheme Admin Regs and the Statutory Guidance – the DWP's "Reporting of Costs Charges and other information: guidance for trustees and managers of relevant occupational schemes") when preparing the statement of charges and transaction costs.

<u>Transaction cost information</u>

The governance bodies of DC workplace pension schemes must report on the level of charges and transaction costs in their schemes every year. These costs include the explicit costs of trading, such as stamp duty and commissions. They also include implicit costs, such as any difference in the price of a stock from the time an order is placed to the time it is carried out or any impact on the price because of the size of a potential trade. Transactions cannot be carried out at "no cost" because explicit costs are always incurred. However, implicit costs can sometimes mean money is made on a trade overall, rather than a cost incurred.

We have agreed a framework with Fidelity for assessing value for money on transaction costs using a red, amber, green rating system combined with more detailed reviews when funds flag as red.

During the year, we continued to monitor the transaction costs of funds on the platform against their peers and are satisfied that no further follow up was required on any of the funds offered. We will continue to monitor the level of transaction costs for funds available and engage fund managers where necessary.

We have received transaction costs for all funds used in the Scheme.

Level of charges and transaction costs paid by members on the default strategies

The Trustees are aware of the regulatory requirement to state the level of member borne charges and transaction costs applicable to each default arrangement during the scheme year. Full details are provided in Appendices 2 and 3.

The TER appliable to the default strategies may vary throughout a member's lifetime as a result of the changing investment mix. The range of charges that applies to the default investment strategies (excluding transaction costs)is:

FutureWise Working Lifestyle Strategy:

- Age 45: A TER of 0.23% to 0.56% a year, so between £2.30 and £6.50 per £1,000 invested per year
- Age 55: A TER of 0.32% to 0.65% a year, so between £3.20 to £6.50 per £1,000 invested per year
- Age 65: A TER of 0.27% to 0.55% a year, so between £2.70 to £5.50 per £1,000 invested per year

FutureWise Target Date Funds

- Age 45: A TER of 0.165% to 0.50% a year so between £1.65 and £5.00 per £1,000 invested per year
- Age 55: A TER of 0.165% to 0.50% a year so between £1.65 and £5.00 per £1,000 invested per year
  Age 65: A TER of 0.165% to 0.50% a year so between £1.65 and £5.00 per £1,000 invested per year

Other employer-designed default strategies:

- Age 45: A TER of 0.24% to 0.47% a year so between £2.40 and £4.70 per £1,000 invested per year
- Age 55: A TER of 0.32% to 0.53% a year so between £3.20 and £5.30 per £1,000 invested per year
- Age 65: A TER of 0.15% to 0.59% a year so between £1.50 and £5.90 per £1,000 invested per year

Examples illustrating the impact of cost and charges, plus transaction cost information and a full list of the charges and transaction costs applying to default strategies, can be found in Appendix 2. The full list can also be found at www.fidelitypensions.co.uk/costs-charges which is updated quarterly.

Charge cap

A charge cap sets out the maximum level of charges that can be deducted from members in a default fund every year. It is currently 0.75% of the funds under management (so £7.50 per £1,000 invested per year). All default arrangements used in  the Scheme are regularly monitored and have remained within the charge cap since it was introduced in 2015.

Level of charges and transaction costs paid by members on self-select funds

The charges and transaction costs on self-select funds depend on the investments that are chosen by the member. They can be affected by a range of factors, including the type of fund, investment style and membership demographics. The TER that members pay ranges from 0.06% to 1.66% a year (so £0.60 to £16.60 per £1,000 invested).

There is a full list of the TERs and transaction costs for self-select funds in Appendix 2 and at www.fidelitypensions.co.uk/costs-charges

How to find out more about fees and investment funds

Members need to understand what they are investing in and how much they are paying for their investments. Details of fund objectives and specific charges that apply to a member's arrangement can be found in the fund factsheets, which are available through PlanViewer (https://www.planviewer.fidelity.co.uk/planviewer) or directly from Fidelity.

Illustration of the cumulative effect of costs and charges

We have produced examples that illustrate the cumulative effect of costs and charges over time on the value of a member's benefits. These are based on the statutory guidance published by the Department for Work and Pensions and can be found in Appendix 3 or at: www.fidelitypensions.co.uk/costs-charges. .

**4. Good value assessment**

When we are assessing the charges and transaction costs that members pay, we must consider if they represent good value for members. We consider if the investment options and benefits offered by the Scheme in return for those charges and costs represent good value, compared with other options in the market.

Member charges are intended to cover all bundled services provided by Fidelity. This means they include administration, investment, member communications and other services, and other professional fees relating to external services provided to us – such as legal and other professional advice. However, Fidelity met the cost of all external professional services directly during the Scheme Year.

For a pension plan to offer good value, we expect it to meet certain standards that are set out in our value for members framework. We review the features of the Scheme against these expectations and set out where we think Fidelity has exceeded, met, partly met or not met expectations. To make this assessment we collect evidence from Fidelity and also from external sources including benchmarking surveys and feedback from employers and members. Full details of the evidence collected and our assessment are included within our value for members framework.

The Trustees believe that determining value for members involves the assessment of the following elements:

- The suitability of the investment strategy
- The costs and charges that members pay
- The level and quality of service that members receive
- The level and quality of benefits that members receive, compared with the contributions they make
- The security of members' investments

Each year, we carry out a value for members assessment. This Scheme Year, we have concluded the Scheme provides value for members. The key areas of quality include:

- The transition of Futurewise TDF strategy had been successfully completed and we believe this improves outcomes for members.
- Transaction costs within Futurewise are low and competitive and there is a robust framework in place to monitor transaction costs across all funds.
- A mechanism for monitoring member engagement through the dashboard enables the impact of member communications to be analysed and the approach refined. The KPIs measured through the engagement dashboard have improved over the year especially usage of digital channels and collection of contact data.
- Futurewise TDF allows for an increased focus on sustainable investing and the production of TCFD report for the Master Trust has allowed the analysis of current position of the investment strategies

We have also identified some areas for further development that we will be working on with Fidelity over the coming Scheme year:

- **Resourcing helpline** – Ensuring Fidelity have the relevant resources in place to maintain service to members who wish to speak to the helpline.

- **Member tools and online experience** – Although some quick wins have been implemented for the tools we have not seen sufficient progress on the tools and online experience becoming part of a fully integrated member journey to allow members to plan both in accumulation and decumulation.

- **Member support in retirement** – when members start to draw from their pots there are a number of decisions they need to make. We want to make sure that members have adequate support to make decisions which are suitable for their own personal circumstances. We would like to see the development of digital support for members alongside integrated tools to aid with their decisions as they move into retirement.

**5. Knowledge and understanding**

We have a formal training policy which is used to monitor and assess the knowledge and understanding of each Trustee. This includes an annual skills assessment to review their strengths and experience, and ensure any training needs are addressed. The skills assessment for the Scheme Year was completed on 14 November 2022 and was considered alongside other future areas of focus to identify a few areas for training.

These included:

- FutureWise mechanics and how investment dynamism works
- GDPR and data transfer
- TCFD developments and practical implications
- Pensions Dashboard
- Additional diversity and inclusion training including TPR expectations
- Training on private equity / unlisted markets in the default arrangement
- Training on what younger savers' needs are
- Training on Cyber Security in line with the Scams Pledge

Each Trustee has a personal training log and is expected to spend at least fifteen hours a year maintaining and developing their general knowledge and skills. All professional Trustees are accredited.

We considered our fitness and propriety policy and skills assessment in our Q4 2022 Trustees meeting on 14 November 2022.

The Trustees undertook a formal Board effectiveness review during 2021 and the actions and improvements resulting from this were recorded and tracked by the Trustees. The next formal review is scheduled for 2024.

Throughout the Scheme Year, each of the Trustees has demonstrated that they have met the requirements for knowledge and understanding in the following ways:

A. The Scheme's Trust Deed and Rules

Trustees have demonstrated a working knowledge of the Trust Deed and Rules by having access to the documents on their online directory, Convene, and making decisions in line with the Rules. A Balance of Powers document has been created and maintained for each section of the Scheme. Marianne Jaekel provided legal expertise to the Trustee Board to ensure compliance with the Rules and legal advice is sought from the Scheme Lawyers – Gowlings WLG and Sacker & Partners LLP.

B. The current SIP

Trustees have a working knowledge of the current SIP, having considered the performance of both the default and self-select funds against the requirements set out in the SIP through the performance information provided in quarterly meetings. Trustees have also considered their approach to sustainable investing and amended the SIP accordingly.

C. Documents setting out the Trustees' current policies

ZEDRA provides us with secretarial services and operates a governance framework that includes policies about how we will deal with conflicts, manage risk, ensure key tasks are completed in time and deal with member complaints. Trustees have demonstrated a working knowledge of documents setting out our policies, as we review these documents regularly (including looking at all policies in this Scheme Year) to ensure they are still suitable and make any changes as required, as set out in the Trustee Action Plan.

Since achieving authorisation in 2019, the Scheme has been under the master trust supervisory regime of the Pensions Regulator. We continue to have planned supervisory meetings and submit documents required under supervision. There have been no concerns raised by the Pensions Regulator.

D. The law relating to pensions and trusts and the relevant principles relating to the funding and investment of occupational pension schemes

In a wider context, the Scheme's professional independent Trustees for the Scheme Year – ZEDRA, ITS (trading as IGG), BESTrustees and Vidett (formerly Punter Southall Governance Services Limited) – work for a broad range of clients and are familiar with the law relating to pensions and trusts. This can be shown through the qualifications held by the representatives of independent Trustees and their continued involvement with many pension schemes. All the professional Trustees are accredited with the Association of Professional Pension Trustees or the Pensions Management Institute (PMI).

Trustees are required to demonstrate fitness and propriety as part of the Master Trust's compliance with the ongoing supervisory regime.

Throughout the Scheme Year to 30th June 2023, the Trustees operated three sub-committees: Investment, Communications and Administration. Each sub-committee had its own decision-making powers and actions delegated to them under their terms of reference, which were reviewed annually. The sub-committee Chairs provided a report of each sub-committee's actions to the full Board.

From 1st July 2023, the Trustees have amended the structure and remit of the sub-committees, removing the Communications sub-committee, and introducing a Member Experience sub-committee (MEC) and a Governance, Risk and Supervision sub-committee (GSC). The terms of reference for all sub-committees were reviewed and updated at that point. The Administration and Investment sub-committees remain in place.

We are comfortable that the sub-committees have sufficient knowledge of pensions and investment matters to be able to challenge their advisers and have regularly challenged advice in the past.

Induction process for new Trustees

When a new Trustee joins the Trustee Board, they must complete a training programme that covers the Trustee governance framework, how Fidelity operates and the current issues affecting the Scheme, as well as the key areas set out above. This is carried out through a series of meetings and training sessions with the Trustee Chair, Secretary and Fidelity. In addition, all Trustees are required to complete TPR's Trustees Toolkit within six months' of appointment, if they have not already done so.

During the Scheme Year, the two Fidelity representative Trustees, James Carter and Marianne Jaekel stepped down from the Board, and were replaced by two new independent Trustees, Jill Mackenzie and Colette Dunn. This means the Board is now fully independent.

The Trustees in place over the course of the Scheme Year ending 30 June 2023 were:

**ZEDRA Governance Ltd represented by Kim Nash – Chair of the Board of Trustees of the Scheme**

Kim Nash is a Director at ZEDRA (formerly PTL), having joined in February 2012. Kim is a qualified Actuary and an accredited Member of the Association of Professional Pension Trustees, and previously worked for WillisTowersWatson as an actuarial benefit consultant. Kim is able to bring her significant DC experience both as a Trustee and a member of Independent Governance Committees to lead the Scheme's Trustee Board in assessing value for money and make comparisons on Fidelity's performance against the wider market.

**Independent Trustee Services Ltd represented by Dianne Day – Independent Trustee**

Dianne Day is a Client Director at Independent Trustee Services Ltd (ITS,trading as Independent Governance Group (IGG)). She joined ITS in 2015, specialising in DC schemes. Dianne holds the PMI Certificate in DC Governance, is a Fellow of the Financial Services Institute of Australasia and is an accredited Member of the Association of Professional Pension Trustees. She has worked for major investment firms in senior communications and management roles. Dianne applies her extensive DC governance and communications experience to help with the evaluation of Fidelity's member service, communications and engagement programmes. Throughout the Scheme Year to 30th June 2023, Dianne chaired the CSC. From 1st July 2023, Dianne now chairs the ISC.

**Vidett Governance Services Ltd represented by Gerald Wellesley – Independent Trustee**

Gerald Wellesley is a Professional Trustee and Client Director of Vidett. He has over 35 years' experience in the finance industry, 17 years as a pension trustee and 3 years in HR management. His current portfolio of trusteeships includes chair, sole trustee and sub-committee positions with DB and DC schemes and DC Master Trusts. He brings strengths in the investment and financial management disciplines, together with broader trustee skills. He was previously at BNY Mellon where he led the European pension industry strategy. Throughout the Scheme Year to 30th June 2023, Gerald chaired the ISC. From 1st July 2023, Gerald now chairs the ASC.

**BESTrustees Ltd represented by Roger Breeden – Independent Trustee**

Roger Breeden is a Trustee Executive at independent trustee company BESTrustees Ltd, specialising in workplace defined contribution and Master Trust pension schemes. He brings more than 40 years' financial services experience and throughout the Scheme Year to 30th June 2023 chaired the ASC. From 1st July 2023, Roger now chairs the MEC.

**Marianne Jaekel – Trustee / Fidelity Representative (resigned 26th September 2022)**

Marianne Jaekel is a qualified solicitor and joined Fidelity in 2012. Previously the Head of UK Business Legal department, with responsibility for all legal aspects of Fidelity's UK Business, Marianne was appointed Fidelity CEO on the 9th May 2023. Prior to joining Fidelity, Marianne gained 13 years of experience as a City lawyer, having qualified at Travers Smith and most recently practising as a Senior Associate in the Pensions team of Squire Patton Boggs (previously Hammonds). Marianne is a full member of the Association of Pension Lawyers.

**James Carter – Trustee / Fidelity representative (resigned 26th September 2022)**

James Carter is Head of Pension Products and Policy at Fidelity with 20 years' experience in the workplace pensions market. He is responsible for the product implementation and management of Fidelity's workplace pension products. James also leads Fidelity's engagement with the government, regulators and industry bodies in the development of pension policy and the business' analysis of the impact and opportunities of new pensions regulation. Prior to joining Fidelity, James was a Director in Willis Towers Watson's pension consulting business, having also worked for KPMG and Aon, advising trustees and employers operating large DC pension schemes.

Following an open and transparent process in which the available trustee positions were advertised in the pensions press and an executive search company employed to source candidates, two trustees were appointed during the Scheme Year:

**Jill Mackenzie - Independent Trustee (appointed 26th September 2022)**

Jill Mackenzie has over 25 years of industry experience and more than ten years' experience as a pension scheme trustee, working across DC and DB. She currently chairs four pension trustee boards and most recently spent seven years on the board of Nest Master Trust where she was the Senior Independent Director. She is an accredited professional trustee, a Member of the Pensions Management Institute and also holds the PMI Diploma in Pension Trusteeship. From 1st July 2023, Jill now chairs the GSC.

**Colette Dunn - Independent Trustee (appointed 26th September 2022)**

Colette Dunn is a Non-Executive Director, Strategic Adviser and Professional Coach, with over 30 years' strategy consultancy experience in financial services, focussing on consumers and the retirement market. She has worked for KPMG, Accenture, Milliman and Willis Towers Watson and holds a portfolio of roles, including those from the third sector. She is passionate about ESG and creating equity, diversity and inclusion (EDI), and brings her extensive strategy and consumer experience to the Fidelity Master Trust Board.

<u>Conclusion</u>

Based on the outcome of the latest skills assessment, our professional qualifications and ongoing experience, and the training that has been undertaken to date; we are satisfied with our level of Trustee Knowledge and Understanding. The Board was established to ensure each individual has a complementary skill set so that together we have the experience and knowledge needed to run the Scheme. We are confident that our combined knowledge, skills and experience, together with the advice that is available to us from our advisers, enables us to properly exercise our functions as Trustees.

**6. Non-affiliation of Trustees**

We are responsible for the appointment and removal of Trustees, with the consent of Fidelity as Scheme sponsor.

At the end of the Scheme Year, the Trustee Board was made up of six fully independent Trustees. This governance structure meets the legal independence requirements.

The independent members of the Trustee Board are each "non-affiliated" as defined in regulation 28(7) of The Occupational Pension Schemes (Scheme Administration) Regulations 1996. This is demonstrated by the fact that each of the non-affiliated Trustees is independent of any firm which provides advisory, administration, investment or other services in respect of the Scheme. In addition, the additional requirements of regulation 28 regarding the process for appointments and terms of office in order to count as non-affiliated have been satisfied as each of the non-affiliated Trustees has been appointed as a Trustee of the Scheme (since 6 April 2015 when this requirement came in) for no more than ten years in total and for no more than any one period of five years, as at the end of the Scheme Year.

Following changes made on 26th September 2022 all six Trustees were not affiliated to Fidelity.

**7. Member representation**

Given the size of the Scheme and its diverse membership, we seek members' views both directly and through participating employers. We are very keen to encourage members, or their representatives, to tell us their views on matters relating to the Scheme. We also encourage employers to share any member feedback they receive. Members can get in touch with us in several ways, including member forums and by emailing zgl.fidelitymtchair@zedra.com

We used a variety of channels to let members know that they can contact us, such as the Master Trust explanatory video on Fidelity's website, the member guide and our annual member newsletter, which was issued in July 2023. Seven comments were received from members to our mailbox during the Scheme Year. The Fidelity Master Trust website page continues to evolve to improve accessibility, making it easier for members to locate key governance documents and provide direct feedback to Trustees.

We met with three participating employers directly over the course of year and held an employer forum that 21 employers attended .

Fidelity uses the Net Promoter Score (NPS) to capture feedback from the employers and members, which is used to gauge how members rate the service received and identify areas for continuous change and development. The NPS scores and their trends were considered at each quarterly Trustee meeting in the Scheme Year.

Over the Scheme Year, Fidelity did not hold any member forums. Fidelity is recommencing its engagement program in 2023 with both an in person and virtual member forums planned for November. It also carried out a pilot member survey that was used to create its Financial Confidence index. It now plans to roll this out as a twice-yearly regular survey and the information will be shared with us.

Over the Scheme Year, we also issued regular communications to participating employers to share information with them about our key areas of focus.

This Chair's Statement can be accessed online at: [www.fidelitypensions.co.uk/costs-charges](www.fidelitypensions.co.uk/costs-charges)

Members will be notified about this Chair's Statement, and given details about where they can obtain a copy or access the online version, in their annual benefit statement.

**Signed:**

**Kim Nash**
Chair of the Board of Trustees of the Fidelity Master Trust

**Date:**

**Appendix 1: SIP**
**Appendix 2: Costs and charges**
**Appendix 3: Cost and charges illustrations**
**Appendix 4: Implementation Statement**
**Appendix 5: Fund performance**