

Chair's Statement for scheme year 01/07/2020-30/06/2021

1. Introduction

- 1.1 Under legislation set out in regulation 23 of The Occupational Pension Schemes (Scheme Administration and Disclosure) (Amendment) Regulations 2018 (the '2018 Regulations'), the Trustees of the Crossroads Commercials Ltd Retirement Benefits Scheme (the 'Trustee') is required to prepare a statement on governance (the 'Statement') for inclusion in the Trustees' Annual Report and Accounts within seven months of the end of each scheme year. This document sets out the Statement covering the period 1 July 2020 to 30 June 2021.

2. Default Arrangement

- 2.1 A copy of the latest Statement of Investment Principles, prepared in accordance with regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005, is available on-line at the following link:
www.dealer.volvotrucks.co.uk/crossroads.misc/pay.html.
- 2.2 Default Investment Arrangement - The current default investment option for members that have not actively selected an investment choice is the Royal London Balanced Lifestyle Strategy (Cash) which utilises the Royal London Governed Portfolio Range
- 2.3 The Trustee reviewed the default strategy, with the Financial Adviser to the Trustee (the 'Adviser') at Trustee meetings throughout the scheme year and concluded that each component portfolio had out performed a composite benchmark on a compound, annual basis over 3 and 5 years
- 2.4 The Balanced Lifestyle Strategy allows scheme members to adopt a Balanced attitude to investment risk which reduces exposure to higher risk assets from the point of members being 15 years from their normal retirement date. At attainment of normal retirement age members funds are switched to cash. The Trustee has reviewed this option in November 2021 and will be proposing a change to the default Strategy target in 2022 from Cash to Drawdown. This is to ward against members being transferred to cash at the Scheme Retirement Age and losing value in real time
- 2.5 The default investment strategy is a combination of Balanced Risk Governed Portfolios (4, 5 & 6) managed by Royal London Asset Management. The Portfolios are reviewed on a monthly basis by the Royal London Asset Allocation Committee and changes are made in line with the changing economic position.
- 2.6 Members also have the option to self-select from a restricted list of additional Royal London Funds as follows:
Royal London Balanced Lifestyle Strategy Target Drawdown
Royal London Balanced Lifestyle Strategy Target Annuity
Royal London Governed Portfolios – Risk levels 1 through to 9
Royal London Deposit
Royal London Corporate Bond
Royal London Property
Royal London Managed
Royal London Worldwide
Any requests to self-select or switch funds must be approved by the Trustee

- 2.7 A Trustee announcement was issued to all members within 5 years of their Scheme Retirement Date in October 2020 illustrating the importance of reviewing their investment options in the run up to retirement. The communication also highlighted the availability of the Statement of Investment Principles at the scheme online site www.dealer.volvotrucks.co.uk/crossroads.misc/pay.html.

3. Core Financial Transactions

- 3.1 The requirements of regulation 24 of the Regulations have been met and core financial transactions have been processed promptly and accurately by:

- Appointing a professional third-party administrator, Royal London (the 'Administrator').
- The Administrator has a Service Level Agreement of 5 working days.
- All communications and transactions are sent via the Trustee and the Adviser, who monitor the timeliness
- This is a closed scheme, so no new contributions are being made
- Transfer requests are managed by the Adviser to ensure they are concluded in a timely fashion
- Fund switching, no requests to transfer from one fund to another have been received in the last 12 months.
- All scheme payments to and in respect of members are processed via Royal London and the Trustee via the Adviser enabling the Trustee/the Adviser to monitor that transactions are completed in a timely fashion
- The Trustee reviews the accuracy of member data at all Trustee governance meetings

4. Charges and Transaction Costs

- 4.1 The Total Expense Ratio ('TER') of the default option is 0.55%. This has been discounted by 0.45%, via negotiation with the Administrator and Investment Manager Royal London, from a normal TER for the same strategy of 1%
- 4.2 Transaction Costs for the Royal London Governed Portfolios that make up the Balanced Lifestyle Strategy in 2020 are summarised in the following table:

Portfolio	Commission	Tax	Legal Fees	Other	Implicit Costs	Lending Fees	Total
4	0.021%	0.058%	0.001%	-0.035%	0.073%	0.002%	0.120%
5	0.018%	0.049%	0.001%	-0.035%	0.073%	0.002%	0.108%
6	0.014%	0.038%	0.001%	-0.027%	0.076%	0.002%	0.104%

Charges and transaction charges for the individual funds in which members are invested are summarised in the following table:

Fund Name	Annual Management Charge	Transaction Charges	Total Charges
RLP Corporate Bond	0.55%	-0.04%	0.51%
RLP Deposit	0.55%	0	0.55%
RLP Managed	0.55%	0.05%	0.60%
RLP Property	0.55%	0.44%	0.99%
RLP Worldwide	0.55%	0.05%	0.60%

- 4.3 Members also benefit from the Royal London Profit Share Award where a bonus is applied annually to member plans to reflect a level of Mutual profits that Royal London wish to share with members. In April 2021 this was announced to be 0.15% of the value of member plans
- 4.4 The Cumulative Effect of Costs and Charges for Members - The Trustee has reviewed the member profile of the Scheme with the Administrator. The Average Fund value for members of the scheme is £48,889. The Investment where the majority of members are invested is the RLP Worldwide Fund (referred to as the 'Default Fund' in the table below), followed by the RLP Balanced Lifestyle Strategy (referred to as 'Fund A'), RLP Managed Fund (referred to as 'Fund B' below), RLP Deposit Fund (referred to as 'Fund C' below) and. The following table illustrates the impact of charges over different time periods, applying relevant growth rates. An example would be Default Fund (RLP Worldwide) is projected using an annual growth rate of 2.9%, the Annual Management Charge (AMC) is 0.55% with additional transaction charges of 0.03%. If £48,889 was invested in year 1, after 40 years with no charges the fund would be worth £155,000 but the effect of charges reduces this return to £123,000:

Occupational pension scheme - typical paid-up member data

Table 1

This table shows the projected value of a typical member's plan in the current scheme as at 01/11/2021.

Projected pension pot in today's money									
Years	Value of payments made, no investment	Fund choice		Fund choice		Fund B		Fund C	
		Default Fund		Fund A		Fund B		Fund C	
		Before Charges	After all charges + costs deducted	Before Charges	After all charges + costs deducted	Before Charges	After all charges + costs deducted	Before Charges	After all charges + costs deducted
1	£ 47,697	£ 50,300	£ 50,000	£ 49,900	£ 49,500	£ 49,800	£ 49,500	£ 48,000	£ 47,700
3	£ 45,398	£ 53,300	£ 52,400	£ 52,000	£ 50,900	£ 51,800	£ 50,800	£ 46,400	£ 45,600
5	£ 43,211	£ 56,500	£ 54,800	£ 54,200	£ 52,300	£ 53,800	£ 52,100	£ 44,900	£ 43,600
10	£ 38,192	£ 65,300	£ 61,600	£ 60,100	£ 56,100	£ 59,300	£ 55,500	£ 41,300	£ 38,900
15	£ 33,756	£ 75,500	£ 69,100	£ 66,600	£ 60,100	£ 65,400	£ 59,200	£ 37,900	£ 34,800
20	£ 29,836	£ 87,200	£ 77,600	£ 73,800	£ 64,400	£ 72,000	£ 63,100	£ 34,900	£ 31,000
25	£ 26,370	£ 100,000	£ 87,200	£ 81,900	£ 69,000	£ 79,400	£ 67,300	£ 32,100	£ 27,700
30	£ 23,307	£ 116,000	£ 97,900	£ 90,800	£ 73,900	£ 87,500	£ 71,800	£ 29,500	£ 24,800
35	£ 20,600	£ 134,000	£ 109,000	£ 100,000	£ 79,300	£ 96,400	£ 76,600	£ 27,100	£ 22,100
40	£ 18,208	£ 155,000	£ 123,000	£ 111,000	£ 85,200	£ 106,000	£ 81,600	£ 24,900	£ 19,700

Table 2

This table shows the projected growth rate for each fund as at 01/11/2021.

Fund choice	Investment name	Investment growth rate	Plans with this investment	AMC	Transaction costs*
Default fund	RLP WORLDWIDE 100%	2.9%	44	0.55%	0.03%
Fund A	Crossroads Commercials Limited Retirement Benefits Scheme Balanced L	2.1%	29	0.55%	0.13%
Fund B	RLP MANAGED 100%	2.0%	21	0.55%	0.11%
Fund C	RLP DEPOSIT 100%	-1.7%	12	0.55%	0.01%

*Transaction costs are incurred by asset managers as a result of buying, selling, lending or borrowing investments. These costs are taken into account via the daily unit price for each Royal London fund your policy is invested in.

Transactions costs are not available for all funds because the information has not been provided by all of our external fund management partners.

The transaction costs shown are the maximum transaction costs incurred for each strategy over the lifetime of the policies.

Notes

- The projected pension values are shown in today's terms and take into account the effect of future inflation, which we've assumed will be 2.5%.
- The starting pot size is assumed to be £48,889 and that no further contributions will be made.
- Lifestyle strategies reduce how much exposure is placed upon the retirement savings the closer the member gets to their chosen retirement age. Plans are invested in company stocks and shares in the early years and the closer they are to their retirement, are gradually switched into other assets. And whilst this reduces their exposure to the stock market, the expected growth rate can change depending on how long is left until retirement. Within these projections we've calculated these on a single equivalent growth rate using an average time to retirement over a full projection period.
- Values shown are estimates and are not guaranteed
- Member data, including the fund value and contribution levels were last reviewed on 01/11/2021.
- TERs and transaction costs provided by Royal London are correct at 01/11/2021.

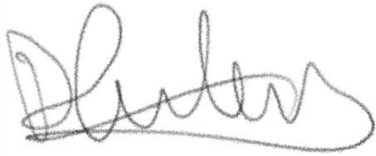
- 4.5 The Trustee has reviewed the extent to which the charges and transaction costs set out above represent good value for members and have concluded that the charges are low and do represent good value. Whilst this is not an auto-enrolment scheme they are well below the maximum charge of 0.75% allowed for the default funds of qualifying auto enrolment schemes. In addition, the Trustee has assessed the Royal London Independent Governance Communication (IGC) Annual Report 2020, which outlines how Royal London as pension scheme administrators, have met their service objectives and at the level at which they provide value for money for members. These research items indicate, relative to its peers, the scheme represents good value for money for members.

5. Trustee Knowledge & Understanding

- 5.1 The Pensions Act 2004 requires individual trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts and the investment of assets. The degree of knowledge and understanding required is that appropriate for the purposes of enabling the Trustee to exercise the function in question.
- 5.2 The Trustee is also required to explain how their combined knowledge and understanding, together with the advice that is available to them, enables them properly to exercise their functions as trustees of the scheme. Examples of the arrangements put in place to ensure this are as follows:
- Trustees are required to take personal responsibility for keeping up to date with relevant developments and consider training requirements
 - The Trustee receives advice from professional advisers and the relevant skills and experience of those advisers is key in the selection of advisers to the scheme. The Financial Adviser to the scheme attends all Trustee meetings
 - Training is documented and provided for the Trustee Board at Trustee meetings by the secretary to the Chair
 - New Trustees are required to complete the Trustee Toolkit within six months of taking up office
 - In November 2020 all Trustees completed the Pension Regulator Trustee Toolkit module on Pension Scams
 - In March 2021 the legal advisers to the scheme provided a training presentation on GMP Equalisation
 - In June 2021 all Trustees attended an Investment Presentation provided by Royal London Asset Management
- 5.3 Based upon these actions taken individually and as a Trustee board with professional advice available to them, the Trustee considers that they have the sufficient skills and resources to properly exercise their function as a Trustee.

6. I confirm that the above statement has been produced by the Trustee to the best of our knowledge.

Signed for and on behalf of the Trustee of Crossroads Commercials Ltd Retirement Benefit Scheme:

A handwritten signature in black ink, appearing to read 'D. Crowley', is written over a faint horizontal line.

David Crowley
Chair of Trustee Board

Date: 25/01/2022