

Amino 2019 Pension Scheme
(the “Scheme”)
Annual Governance Statement by the Chair of the Trustees
For the Scheme Year 1 June 2021 to 31 May 2022

1. Introduction

Governance requirements apply to defined contribution (“DC”) pension arrangements, to help members achieve a good outcome from their pension savings. The Trustees of the Scheme are required to produce a yearly statement to describe how these governance requirements have been met in relation to:

- the investment options in which members’ funds are invested (this means the “default arrangement” and other funds members can select or have assets in, such as self-select funds);
- the requirements for processing financial transactions;
- the charges and transaction costs borne by members;
- an illustration of the cumulative effect of these costs and charges;
- net returns of the investment options;
- a ‘value for members’ assessment; and
- Trustee knowledge and understanding.

This statement covers the period from 1 June 2021 to 31 May 2022.

Background

The Scheme is an occupational pension scheme established and governed by a Trust Deed and Rules effective from 1 June 2019, as amended. It was established for employees of Amino Communications Ltd following the decision of the Ascot Lloyd Pension Trust to leave the Master Trust market. As at 31 May 2022, there were 39 members of the Scheme (which includes 1 member having both an active and deferred period of membership in the Scheme).

The Trustees of the Scheme are PAN Trustees UK LLP.

On 4 June 2021, Goddard Perry and HS Admin acquired the pensions administration, consultancy and employee benefits business from Ascot Lloyd based out of the Harrogate office. The Scheme administrator therefore became HS Admin and changed its name to HS Pensions on 1 May 2022. There has been no change to the services provided to the Scheme.

2. Default investment arrangements

The Scheme is used as a Qualifying Scheme for auto-enrolment.

Contributions are invested into a default investment arrangement for members who join the Scheme and do not choose an investment option for their contributions. As at 31 May 2022, 90% of members had their contributions invested in a default investment arrangement in the Scheme.

Members are provided with a default investment arrangement from a range of Retirement Age Funds (RAFs). The relevant RAF is based on a member’s assumed normal retirement age (age 65). For example, the ML 2025 Retirement Age Fund is applicable to assumed normal retirement ages from 1 January 2021 to 31 December 2025; the ML 2030 Retirement Age Fund is applicable to assumed normal retirement ages from 1 January 2026 to 31 December 2030; and so on.

Each RAF is designed and managed for the member saving to retire around the date implied by the name. Investment moves from the riskier, capital growth-oriented assets into lower-risk retirement income protection-oriented assets as it approaches its target date. In this way, as the RAF changes its mixture of the main funds each year, the investment characteristics and the mix of return and security remain relevant for an average member aiming for retirement around the date in the RAF’s name.

The RAFs used in the Scheme are:

- ML 2025 Retirement Age Fund
- ML 2030 Retirement Age Fund
- ML 2035 Retirement Age Fund
- ML 2040 Retirement Age Fund
- ML 2045 Retirement Age Fund
- ML 2050 Retirement Age Fund
- ML 2055 Retirement Age Fund
- ML 2060 Retirement Age Fund

The Trustees are responsible for investment governance, which includes setting and monitoring the investment strategy for the Scheme's default arrangements.

Details of the objectives and the Trustees' policies regarding the default arrangements can be found in a document called the "Statement of Investment Principles" ("SIP"). The Scheme's SIP covering the default arrangements is attached to this annual statement regarding governance.

The aims and objectives of the default arrangements, as stated in the SIP, are as follows:

- optimise the value of member assets at retirement, whatever the level of individual involvement in fund selection;
- maintain the purchasing power of savings in real (i.e. post-inflation) terms.
- to target real return over the period of investment;
- to manage volatility of returns;
- to be cost effective to ensure that the total cost to the member falls within the cost cap restrictions;
- to manage the underlying funds and investments in a dynamic fashion to take into account changing economic and investment factors;
- to allow changes to the model to be implemented easily in the event that regulation or market developments make appropriate a review of the underlying funds or their distribution and allocation;

whilst taking into account the impact that increased complexity may have on administration requirements and the overall cost of the arrangements and therefore the value for money that members receive in respect of these pension funds.

The default strategy and the performance of the default arrangements were not reviewed during the period covered by this statement. The Scheme was established following the decision of the Ascot Lloyd Pension Trust to leave the Master Trust market, and the investment arrangements were replicated in the Scheme; it being considered that they continued to be appropriate at the Scheme's commencement date of 1 June 2019.

The Trustees regularly monitor the performance of the default arrangements and undertook to formally review both these and the strategy at least every three years or immediately following any significant change in investment policy or the Scheme's member profile.

In addition to the above, the Trustees regularly monitor the ongoing investment performance of all the individual funds. They also consider, based on the Scheme's membership, the structure of the default funds to satisfy themselves that the mix and content remain appropriate for the membership as a whole.

The investment manager provides quarterly investment reports, and these are also discussed, where appropriate, at the Trustees' meetings.

At the Trustees' meeting held in September 2021, the Trustees were informed that the future of the Scheme was under discussion, but no decision had been reached at that time. Whilst investments were not specifically considered at that meeting, a review of the default strategy and performance of the default arrangements was put on hold pending the decision on the Scheme's future.

3. Requirements for processing core financial transactions

The Trustees have received assurance from the Scheme's administrators and have taken steps to try and ensure that there were adequate internal controls to ensure that core financial transactions relating to the Scheme were processed promptly and accurately during the Scheme Year. This includes the investment of contributions, processing of transfers in and out of the Scheme, transfers of assets between different investments within the Scheme, and payments to members/beneficiaries.

HS Pensions also manages the bank account. They undertake a daily reconciliation of all bank transactions and have a system of authorised signatories in force to control payments from that account. HS Pensions also has a dedicated team for processing member transactions and updating member records accordingly.

The Trustees have a Service Level Agreement in place with HS Pensions which includes a defined level of performance (in terms of turnaround times) for all of the key specified events noted above. HS Pensions reports at all Trustees' meetings their actual performance against the agreed standards and in the event of any failure to meet the required standard this is noted and discussed with remedial actions agreed where appropriate.

At the Trustees' meeting on 2 September 2021, HS Admin (now HS Pensions) noted that in the period 1 June 2020 to 30 June 2021, they had not met their overall Service Level Agreement standards (including events in addition to those noted above) on all occasions. The explanation provided satisfied the Trustees, gave no cause for concern and that there had been no administrative or financial issues requiring investigation.

No further formal meeting has taken place in the Scheme Year, and there has not been any separate report of any failure to meet the required standards. Nonetheless, the Trustees are satisfied that over the period covered by this statement:

- the administrator was operating appropriate procedures, checks and controls and operating within the agreed SLA;
- there have been no material administration errors in relation to processing core financial transactions; and
- all core financial transactions have been processed promptly and accurately during the Scheme Year.

4. Member-borne charges and transaction costs

The Trustees are required to set out the on-going charges borne by members in this statement, which are annual fund management charges plus any additional fund expenses, such as custody costs, but excluding transaction costs; this is also known as the total expense ratio ("TER"). The TER is paid by the members and is reflected in the unit price of the funds.

The stated charges exclude any costs, e.g. administration and investment costs, that not met by the members.

The Trustees are also required to separately disclose transaction cost figures that are borne by members. The charges and transaction costs have been supplied by Mobius Life, the Scheme's investment manager (Mobius Life is a so called "platform provider" that facilitates access to a range of underlying investment managers/investment funds). As the Scheme invests assets through Mobius Life, the total transaction costs for each fund made up of two elements: the transaction costs incurred by the underlying fund when buying and selling its underlying assets, and the costs incurred by Mobius Life when buying or selling the underlying fund.

It is understood that the information provided covers all the charges applicable. However, in providing this information, Mobius Life contacted all fund managers to request their transaction cost data for the Scheme Year. Some fund managers were constrained with the data they could provide retrospectively, and the periods reported did not always match the Scheme Year. Where this happened, Mobius Life used the most up-to-date information. The Trustees, via HS Pensions, understand that Mobius Life seek to obtain reports that cover the appropriate period, but are aware of the necessity to provide information to enable us to satisfy our disclosure requirements.

When preparing this section of the statement, the Trustees have taken account of relevant statutory guidance, only deviating from this approach as noted.

Default investment arrangements

The default investment arrangements used in the Scheme are the ML 2025, 2030, 2035, 2040, 2045, 2050, 2055 and 2060 Retirement Age Funds mentioned in Section 2 above.

For the period covered by this statement, annualised charges and transaction costs are set out in the table below. The member borne charges for the Scheme's default arrangements complied with the charge cap.

Code	Fund	TER	Transaction Costs
P02130	ML 2055 Retirement Age Fund	0.516%	0.019%
P02131	ML 2050 Retirement Age Fund	0.515%	0.028%
P02132	ML 2045 Retirement Age Fund	0.514%	0.038%
P02133	ML 2040 Retirement Age Fund	0.513%	0.046%
P02134	ML 2035 Retirement Age Fund	0.511%	0.048%
P02135	ML 2030 Retirement Age Fund	0.510%	0.049%
P02136	ML 2025 Retirement Age Fund	0.509%	0.047%
P02264	ML 2060 Retirement Age Fund	0.516%	0.018%

Self-select options

In addition to the default arrangements in which members may also choose to invest, members have the option to invest in self-select funds. During the period covered by this statement, 10 funds were used as self-select funds.

The annualised level of charges and transaction costs for each self-select fund over the period covered by this statement are set out in the following table:

Code	Fund	TER	Transaction Costs
P02138	ML Retirement Ready Fund	0.503%	0.041%
P02139	ML Equity Accumulation Fund	0.508%	0.012%
P02140	ML Diversified Beta Fund	0.512%	0.046%
P05183	ML Passive UK Equity Fund	0.402%	0.033%
P05184	ML Passive Ethical Equity Fund	0.701%	0.033%
P05186	ML DGF Solutions Fund	1.032%	0.324%
P05187	ML Passive Global Real Estate Equity Fund	0.703%	0.048%
P05188	L&G Life CN AAA-AA-A Corporate Bond – All Stocks Index Fund	0.450%	0.145%
P05189	ML Managed Fund	0.775%	0.260%
P05190	ML Passive All Stock Fixed Interest Gilt Fund	0.395%	0.003%

Illustration of charges and transaction costs

Over a period of time, the charges and transaction costs that are taken out of a member's pension savings can reduce the amount available to the member at retirement. The Trustees have set out in the Appendix to this statement, illustrations of the impact of charges and transaction costs on different investment options in the Scheme. The illustrations have been prepared in accordance with the DWP's statutory guidance on "Reporting costs, charges and other information: guidance for trustees and managers of occupational pension schemes" on the projection of an example member's pension savings.

As each member has a different amount of savings within the Scheme and the amount of any future investment returns and future costs and charges cannot be known in advance, the Trustees have had to make a number of assumptions about what these might be. The assumptions are explained below and in the Appendix:

- The "before" figures represent the savings projection assuming an investment return with no deduction of member borne fees or transaction costs. The "after" figures represent the savings projection using the same assumed investment return but after deducting member borne fees and an allowance for transaction costs.
- The transaction cost figures used in the illustration are based on those provided by Mobius Life for the three Scheme Years and have been averaged. Where a fund has not been held for the full period, costs have been annualised before determining an appropriate average. They are however subject to the comments set out earlier above in this respect.
- Default arrangement illustrations are shown for the ML 2035 Retirement Age Fund, the ML 2040 Retirement Age Fund, and the ML 2055 Retirement Age Fund, since these are the default arrangements which have the most members.
- A self-select option illustration is shown for the ML Passive UK Equity Fund, as this is the self-select option that has the most members.
- A self-select option illustration is also shown for the ML DGF Solutions Fund, since this is the largest self-select option in terms of funds invested after the ML Passive UK Equity Fund.

The information in these examples is only intended to be illustrative, designed to show the cumulative impact that investment charges and transaction costs can have on fund values at retirement age. Members should therefore exercise caution before relying on the information for the purposes of making any decisions about savings, investment and retirement choices. In particular, the values shown are estimates only, based on a number of assumptions and are not guaranteed. For further information about investment options, members should refer to the Scheme documentation available, and should consider taking independent financial advice where and when appropriate.

5. Investment Returns

The Trustees are now required to state the annual return, after the deduction of member borne charges and transaction costs, for all default arrangements and investment options that members are able, or were previously able, to select and in which members' assets were invested during the Scheme Year. When preparing this section of the statement, the Trustees have taken account of the relevant statutory guidance. However, the returns below only relate to the Scheme Year, as consideration has been given, both during the Scheme Year and subsequently, to the future of the Scheme, and the possibility of it winding up. If that should not occur, we will provide returns over a longer period in future statements.

The net returns of the Funds over the Scheme Year were:

Fund Name		1 Year (%)
Code	Fund	
P02130	ML 2055 Retirement Age Fund	0.27%
P02131	ML 2050 Retirement Age Fund	-0.78%
P02132	ML 2045 Retirement Age Fund	-1.82%
P02133	ML 2040 Retirement Age Fund	-2.93%
P02134	ML 2035 Retirement Age Fund	-4.34%
P02135	ML 2030 Retirement Age Fund	-5.53%
P02136	ML 2025 Retirement Age Fund	-5.58%
P02138	ML Retirement Ready Fund	14.53%
P02139	ML Equity Accumulation Fund	106.41%
P02140	ML Diversified Beta Fund	-2.74%
P02264	ML 2060 Retirement Age Fund	0.39%
P05183	ML Passive UK Equity Fund	7.92%
P05184	ML Passive Ethical Equity Fund	8.45%
P05186	ML DGF Solutions Fund	-4.39%
P05187	ML Passive Global Real Estate Equity Fund	7.60%
P05188	L&G Life CN AAA-AA-A Corporate Bond – All Stocks Index Fund	-10.30%
P05189	ML Managed Fund	-23.49%
P05190	ML Passive All Stock Fixed Interest Gilt Fund	-56.81%

These returns are annualised based on the period in which funds have been held over the period covered by this statement.

6. Value for members assessment

For scheme year ends falling after 31 December 2021, certain schemes must carry out a more detailed value for members assessment. This involves self-assessing the quality of the administration and governance with reference to seven key metrics and comparing their costs and charges and net returns against three other schemes.

This is applicable if the scheme has:

- less than £100 million total assets according to the most recent audited accounts
- operated for at least three years
- a most recent year-end that falls after 31 December 2021

And:

- has not notified the Pensions Regulator that it is in the process of winding up.

The Scheme meets the above following the end of the Scheme Year. However, the Employer has been considering the future of the Scheme and has concluded that the Scheme should close, with active members being auto-enrolled into an alternative pension arrangement, and then be wound up.

Consequently, following the year end, the Employer has notified the Trustees that the Scheme is to close, and that arrangements should be made to wind up the Scheme.

7. Trustee knowledge and understanding

The Scheme's Trustees are required to maintain appropriate levels of knowledge and understanding to run the Scheme effectively. Each designated member of the Trustees must:

- Be conversant with the trust deed and rules of the Scheme, the Scheme's statement of investment principles and any other document recording policy for the time being adopted by the Trustees relating to the administration of the Scheme generally,
- Have, to the degree that is appropriate for the purposes of enabling the individual properly to exercise his or her functions as a designated member of the Trustees, knowledge and understanding of the law relating to pensions and trusts and the principles relating to investment the assets of occupational pension schemes.

The Trustees have measures in place to comply with the legal and regulatory requirements regarding conversance and knowledge and understanding.

All the designated members of the Trustees are familiar with and have access to copies of the current Scheme governing documentation, including the Trust Deed & Rules (together with any amendments), the SIP and key policies and procedures.

Further, each designated member considers that they have sufficient knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the funding and investment of occupational pension schemes to fulfil their duties, supplemented where appropriate in specialist areas by delegation to/support from their legal advisers, their auditors, administrators, legal advisers and investment advisers.

PAN Trustees UK LLP, as sole Trustees of the Scheme, is represented by two of its longest standing LLP members, Charles Goddard and Steve Delo. Individually, both are experienced professional independent trustees who have been Accredited by the Pensions Management Institute and have between them over 45 years of trusteeship experience and over 70 years of pensions industry experience, including long term DC experience. Both have been deemed fit and proper persons to act as Trustees of Authorised Master Trusts and have extensive practical experience of DC pension arrangements. Charles and Steve have worked together for over 13 years and between them their collective knowledge and experience covers the areas critical to the governance of the Scheme, including understanding trust law and DC pensions, investment strategy setting, governance approaches, risk management, communication/engagement methods, member options and behavioural finance. By combining these perspectives in a Trustee Board structure where open and wide debate is facilitated by the Chair, with appropriate support by advisory organisations with skills in DC advice, collectively the Trustee Board is able to make effective decisions on most issues that emerge. Any areas of weakness or knowledge gaps can therefore be readily identified enabling appropriate training and/or advice to further support decision-making in that area to be sought.

Both Charles and Steve carry out significant continuing professional development in respect of their role, which is formally recorded centrally. CPD during the year again included structured training, wide reading of pensions industry materials and news developments, face to face engagement with industry participants and thought leaders, advisory sessions, conferences and seminars and online training.

In accordance with the Regulator's requirements, Charles and Steve have undertaken the trustee exams and are both accredited by the Pensions Management Institute as a Professional Trustee.

PAN Trustees UK LLP is also able to draw on the extended experience of the full Board of LLP members. Each such member is an experienced pension professional and trustee.

Charles and Steve are assisted by Gail Pickles, who has worked in trusteeship for 25 years and runs PAN's longstanding Nottingham office. She has considerable experience working with PPF and Regulator situations and has been involved in several prominent scheme situations.

The Trustees are also cognisant of the necessity to take advice as and when required and in particular would seek legal advice from the Scheme's legal advisers in any contentious cases/situations or if they are unclear in any aspect of the operation of the Trust Deed and Rules. The Trustees can confirm that there were no contentious cases to consider in the Scheme Year and therefore we did not seek any legal advice concerning these matters in this period.

A structured induction process is in place for new trustees. However, no new trustee was appointed during the Scheme Year.

Taking into account the knowledge and experience of the designated members of the Trustees combined with the specialist advice available and received from the appointed professional advisors, the Trustees believe they are well placed to exercise their functions as Trustees of the Scheme properly and effectively.

Charles Goddard

Chair of Trustees

Member

PAN Trustees UK LLP

APPENDIX
Charges and transaction costs paid by members
Illustrative examples

Default investment arrangement - ML 2035 Retirement Age Fund

Projected Pension Pot in Today's Money (as at 31 May 2022 with a starting pot size of £4,800)		
Years	Projected fund value before the deduction of costs and charges	Projected fund value after the deduction of costs and charges
1	£4,886	£4,860
3	£5,062	£4,984
5	£5,244	£5,110
10	£5,729	£5,439
12	£5,936	£5,577

Default investment arrangement - ML 2040 Retirement Age Fund

Projected Pension Pot in Today's Money (as at 31 May 2022 with a starting pot size of £1,800)		
Years	Projected fund value before the deduction of costs and charges	Projected fund value after the deduction of costs and charges
1	£1,835	£1,826
3	£1,908	£1,879
5	£1,984	£1,933
10	£2,187	£2,076
15	£2,412	£2,231
18	£2,557	£2,329

Default investment arrangement - ML 2055 Retirement Age Fund

Projected Pension Pot in Today's Money (as at 31 May 2022 with a starting pot size of £6,000)		
Years	Projected fund value before the deduction of costs and charges	Projected fund value after the deduction of costs and charges
1	£6,156	£6,125
3	£6,480	£6,382
5	£6,821	£6,651
10	£7,753	£7,374
15	£8,811	£8,174
20	£10,015	£9,061
25	£11,383	£10,045
30	£12,939	£11,135
33	£13,973	£11,845

Self-select fund - ML DGF Solutions Fund

Projected Pension Pot in Today's Money (as at 31 May 2022 with a starting pot size of £1,800)		
Years	Projected fund value before the deduction of costs and charges	Projected fund value after the deduction of costs and charges
1	£1,858	£1,833
3	£1,977	£1,902
5	£2,104	£1,973
10	£2,459	£2,163
15	£2,874	£2,372
20	£3,359	£2,600
24	£3,805	£2,800

Self-select fund - ML Passive UK Equity Fund

Projected Pension Pot in Today's Money (as at 31 May 2022 with a starting pot size of £1,800)		
Years	Projected fund value before the deduction of costs and charges	Projected fund value after the deduction of costs and charges
1	£1,879	£1,869
3	£2,048	£2,015
5	£2,231	£2,172
10	£2,765	£2,621
15	£3,429	£3,164
20	£4,251	£3,818
25	£5,270	£4,607
30	£6,533	£5,560
35	£8,098	£6,711

Notes:

- Values shown are estimates and are not guaranteed. The illustration does not indicate the likely variance and volatility in the possible outcomes from each fund.
- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
- Inflation is assumed to be 2.5% each year.
- The starting pot size reflects the median fund size of those currently invested in the appropriate fund, together with a time horizon reflecting the youngest member in that appropriate fund. Thus:
 - For the ML 2035 Retirement Age Fund, the starting pot size is assumed to be £4,800 at age 53 for a member retiring at age 65.
 - For the ML 2040 Retirement Age Fund, the starting pot size is assumed to be £1,800 at age 47 for a member retiring at age 65.
 - For the ML 2055 Retirement Age Fund, the starting pot size is assumed to be £6,000 at age 32 for a member retiring at age 65.
 - For the ML DGF Solutions Fund, the starting pot size is assumed to be £1,800 at age 41 for a member retiring at age 65.
 - For the ML Passive UK Equity Fund, the starting pot size is assumed to be £1,800 at age 30 for a member retiring at age 65.
- No charges are levied on contributions made to the Scheme, thus for the purposes of the illustrations, no further contributions are assumed to be made.
- Assumed investment growth for each of the appropriate funds in the illustrations is in line with those used in the production of the Statutory Money Purchase Illustrations for the Scheme. Thus, the accumulation rates used are:

ML 2035 Retirement Age Fund	4.33% each year
ML 2040 Retirement Age Fund	4.52% each year
ML 2055 Retirement Age Fund	5.16% each year
ML DGF Solutions Fund	5.75% each year
ML Passive UK Equity Fund	7.00% each year