

T-Mobile International UK Pension Scheme

Chair's statement regarding the governance of defined contribution arrangements

Scheme year - 1 January 2020 to 31 December 2020

1. Introduction

- 1.1. This statement has been prepared by T-Mobile International UK Pension Trustee Limited ("the Trustee"), the Trustee of the T-Mobile International UK Pension Scheme ("the Scheme"), to report on compliance with governance standards.
- 1.2. The governance standards apply to defined contribution (DC) arrangements and are designed to help members achieve good outcomes from their pension savings.
- 1.3. This statement covers the scheme year 1 January 2020 to 31 December 2020.

2. The Scheme's DC arrangements

- 2.1. The Scheme comprises two sections:
 - 2.1.1. A Defined Contribution Section ("the DC Section"), which is administered by Fidelity Pensions Management & Financial Services Limited ("Fidelity") and is open to further contributions, including additional voluntary contributions (AVCs).
 - 2.1.2. A Defined Benefit Section which includes DC benefits ("the DB Section Money Purchase arrangements", also administered by Fidelity) in which employer contributions and any AVCs made by members are invested.

3. Default investment arrangements

- 3.1. For members who are automatically enrolled into the Scheme's DC Section and do not make an alternative selection, contributions are invested in the Flexible Income Targeting Strategy. In total there are four defaults, which are:
 - 3.1.1. A lifestyle strategy ("the Flexible Income Targeting Strategy"), investing in Fidelity BlackRock funds and the Fidelity Diversified Market Fund, which targets a flexible income at retirement with a 10 year switching period from growth assets to less volatile assets leading up to retirement. This was introduced as the new default arrangement for the DC Section from 1 May 2018. This Strategy is also available as a self-select option across both sections of the Scheme.
 - 3.1.2. A lifestyle strategy ("the Legacy Strategy"), investing in Fidelity BlackRock funds, which targets annuity purchase alongside cash at retirement, with a 10 year switching period from growth assets to less volatile assets leading up to retirement. This was the default arrangement for the DC Section prior to 30 April 2018 and remains available as an option for members to select.
 - 3.1.3. A lifestyle strategy ("the Lifestyle Strategy"), investing in Fidelity BlackRock funds, which targets cash at retirement with a 5 year switching period from growth assets to a cash fund leading up to retirement. This is the default strategy for the DB Section Money Purchase arrangements (where members are likely to use DC benefits to fund their Pension Commencement Lump Sum entitlement).
 - 3.1.4. The Fidelity BlackRock UK Equity Fund is also deemed to be a default for the purposes of the Regulations. This relates to one member who was previously invested in the Fidelity F&C Responsible UK Equity Growth Fund and was automatically switched to the Fidelity BlackRock UK Equity Fund in May 2018.

3.2. The growth phase of all three lifestyle strategies uses the Fidelity BlackRock Global Equity 50/50 Fund.

3.3. The switching phase for the Flexible Income Lifestyle Strategy is made up of the following funds:

- Fidelity Diversified Markets Fund
- Fidelity BlackRock Over 15 years UK Gilt Index Fund
- Fidelity BlackRock Cash Fund

At the member's target retirement date (age 65 by default) the member's funds are invested 15% in the Fidelity BlackRock Over 15 years UK Gilt Index Fund, 60% in the Fidelity Diversified Markets Fund and 25% in the Fidelity BlackRock Cash Fund. The Fidelity Diversified Markets Fund serves to reduce exposure to volatility in the years approaching retirement whilst still providing the opportunity for growth.

3.4. The switching phase for the Legacy Strategy is made up of the:

- Fidelity BlackRock Corporate Bond Index Fund All Stocks
- Fidelity BlackRock Over 15 years UK Gilt Index Fund
- Fidelity BlackRock Cash Fund

At the member's target retirement date (age 65 by default) the member's funds are invested 25% in the Fidelity BlackRock Over 15 years UK Gilt Index Fund, 50% in the Fidelity BlackRock Corporate Bond All Stocks Index Fund and 25% in the Fidelity BlackRock Cash Fund.

3.5. The switching phase for the Lifestyle Strategy for DB Section Money Purchase members uses the Fidelity BlackRock Cash Fund. At the member's target retirement date (age 65 by default) the member's funds are invested 100% in the Fidelity BlackRock Cash Fund.

Aims and objectives of the defaults

3.6. The defaults aim to grow the value of members' DC pension savings over the longer term whilst aiming to provide less volatility (but a potentially lower return) than investing solely in a portfolio of global equities.

3.7. The defaults aim to reduce the exposure to large fluctuations in the value of members' DC pension savings in the approach to retirement age. The degree of protection provided is broadly appropriate for members who wish to take benefits via annuity purchase (the Legacy Strategy), a flexible income (the Flexible Income Targeting Strategy) or as cash (DB Money Purchase arrangements).

Review of the default

3.8. The last strategic review of default arrangements of both sections of the Scheme, as well as the range of alternative investment options, was completed in December 2020. This review was completed in conjunction with the Trustee's investment adviser and focussed on the degree to which the range of default strategies and alternative investment options remain suitable for the needs of members. As part of this review, the Trustee considered the membership profile of both the DC and DB top-up sections of the Scheme, and undertook analysis to ascertain the potential needs of members.

3.9. The key conclusions arising from this review were as follows:

3.9.1. A more detailed review of the growth phases of the lifestyle investment strategies could be undertaken, in order to consider the benefits of increased diversification or integration of funds which are benchmarked against ESG indices.

3.9.2. The target end-points of each default investment strategy remain appropriate, and there is no clear rationale for making a change at this time.

- 3.9.3. Consideration should be given to the inclusion of an ESG focussed fund as a self-selection option for members, perhaps alongside potential changes to the growth stage of the lifestyle strategies and/or an ethical/Shariah fund should demand for this be evidenced.
- 3.10. The Trustee was simultaneously undertaking a review of the suitability of the structure of the Scheme's DC arrangements. Should the outcome of this review be that the Scheme's DC arrangements were to continue in their existing structure, the Trustee will seek to implement the recommendations from the strategic investment review.
- 3.11. The Trustee also monitored the performance of all investment options, including the default, on a quarterly basis throughout the scheme year. These quarterly performance reviews are part of the ongoing governance of the Scheme and do not constitute a formal strategic review of the default (detailed above) which ordinarily follows a three year cycle.

Further information on the default

- 3.12. Details of the default are set out in the attached 'Statement of Investment Principles' (SIP). This covers the investment policy in relation to the DC Section and the DB Section Money Purchase arrangements.

4. Core financial transactions

- 4.1. The Trustee has a duty to ensure that 'core financial transactions' are processed promptly and accurately.
- 4.2. Core financial transactions comprise the following:
- 4.2.1. investment of contributions
 - 4.2.2. transfers into and out of the Scheme
 - 4.2.3. investment switches within the Scheme
 - 4.2.4. payments out of the Scheme
- 4.3. Core financial transactions for the DC Section and the DB Section Money Purchase arrangements, including AVCs, are undertaken by Fidelity.

Controls and monitoring arrangements

- 4.4. The controls in place in relation to ensuring the promptness and accuracy of core financial transactions are:
- 4.4.1. In relation to the DC Section and the DB Money Purchase arrangements, including AVCs, the Trustee has a Service Level Agreement (SLA) in place covering the accuracy and promptness of transactions, these are:
 - 2 days from receipt of full monthly data/validated data in respect of contributions
 - 5 days for disinvestments of individual settlements and transfers into and out of the Scheme
 - 4.4.2. Fidelity provides the Trustee with quarterly administration reports that allows it to monitor promptness and accuracy against SLAs which are in place. Barnett Waddingham also provide reporting on the SLAs as part of their quarterly governance reports to the Trustee who have a robust process in place to identify and address any administrative issues promptly.
 - 4.4.3. The Scheme's membership data is periodically reviewed and Fidelity, on the Trustee's behalf undertakes common and conditional data testing.
 - 4.4.4. Fidelity's administration processes are subject to a formal external audit for the annual assurance report on internal controls.
 - 4.4.5. Daily monitoring of the Trustee's bank account.
 - 4.4.6. External audit of the annual report and accounts.

4.4.7. Any issues uncovered regarding inaccuracies with core financial transactions are included within the quarterly reporting and considered at each trustee meeting.

Performance during the scheme year

- 4.5. The Trustee received quarterly reports from the administrator during the scheme year and was pleased with the performance against target SLAs. Across both the DC Section and DB Money Purchase Arrangements within of the Scheme, Fidelity recorded completion of 100% of their work items, including all core financial transactions, within agreed service standards over the scheme year.
- 4.6. Neither the administrator’s quarterly reports nor the audit of the annual report and accounts identified material issues with the accuracy of core financial transactions.

Assessment

- 4.7. In view of the controls and monitoring arrangements, and the lack of issues experienced during the scheme year, the Trustee believes that core financial transactions have been processed promptly and accurately.

5. Member-borne charges and transaction costs

- 5.1. Members bear charges and transaction costs, which will differ depending on the investment options in which their pension savings are invested:
- 5.1.1. Charges: these are expressed as a percentage of the value of a member’s holdings within an investment fund, and can be made up of a combination of charges, e.g. annual management charge and additional expenses. We refer to the total annual charge as the Total Expense Ratio (TER).
- 5.1.2. Transaction costs: these relate to the variable costs incurred within an investment fund arising from the trading activities of the fund, e.g. incurred in the buying and selling of securities, which are not accounted for in the TER charge.

Charges in relation to the DC Section, the DB Money Purchase arrangements, and AVCs

- 5.2. The following table provides details of the charges and transaction costs for each of the investment options provided through the DC Section and DB Money Purchase arrangements, including AVCs, over the scheme year (data sourced from Fidelity as the investment platform provider). The default strategies for the Scheme are noted in **bold** below:

Investment option	TER (p.a.)	Transaction costs (p.a.) ***
Flexible Income Targeting Strategy (DC Section default strategy) *	0.26% - 0.44%	0.01% - 0.03%
The Lifestyle Strategy (DB Section MP arrangements default strategy) *	0.18% - 0.26%	0.00% - 0.03%
The Legacy Strategy (DC Section default strategy prior to 30 April 2018) *	0.22% - 0.26%	0.03%- 0.04%
Fidelity BlackRock UK Equity Index Fund - Class 1 (deemed default strategy under the Regulations)	0.21%	0.05%
Fidelity BlackRock Global Equity 50/50 Fund - Class 1	0.26%	0.03%
Fidelity BlackRock US Equity Index Fund - Class 1	0.26%	0.04%
Fidelity BlackRock European Equity Index Fund - Class 1	0.26%	0.00%

Investment option	TER (p.a.)	Transaction costs (p.a.) ***
Fidelity BlackRock Japanese Equity Index Fund - Class 5	0.35%	0.00%
Fidelity BlackRock Pacific Rim Equity Index Fund - Class 5	0.35%	0.02%
Fidelity BlackRock Emerging Markets Fund - Class 5	0.55%	0.00%
Fidelity BlackRock Corporate Bond Index Fund All Stocks - Class 5	0.25%	0.07%
Fidelity BlackRock Over 15 Years UK Gilt Index Fund - Class 5	0.20%	-0.04%**
Fidelity BlackRock Over 5 Years Index Linked Gilt Fund - Class 5	0.20%	0.00%
Fidelity BlackRock Cash Fund - Class 9	0.18%	0.00%
Fidelity Diversified Markets Pension Fund - Class 5	0.60%	0.02%

* The quoted charges and transaction costs for each lifestyle strategy are calculated as a composite of the underlying fund charges and transaction costs. These fund holdings and therefore also charges will vary depending upon each member's term to retirement age.

** In certain circumstances, the methodology used for calculating transaction costs (known as slippage) can lead to negative costs being reported. This can be, for example, where other market activity pushes down the price of the asset being traded, whilst the transaction was in progress, resulting in the asset being purchased for a lower price than when the trade was initiated.

*** The transaction costs for all the Fidelity BlackRock funds are for the 12 months to 31 December 2020. To the best of the Trustee's knowledge, these transaction costs do not account for the Scheme anti-dilution levy.

Impact of costs and charges

5.3. To demonstrate the impact of charges and transaction costs on members' pension savings over time, Fidelity, on behalf of the Trustee, has produced illustrations and these are set out in the appendix.

Value for members

5.4. The Trustee is required to assess annually the extent to which the charges and transaction costs borne by members represent good value.

5.5. Analysis was undertaken by the Trustee's professional advisers, Barnett Waddingham LLP, and the findings set out in a report dated 15 June 2021. The Trustee considered the report and confirmed its value for members' assessment at a meeting on 15 June 2021.

5.6. Recognising that low cost does not necessarily mean good value, the assessment considered whether the services for which members pay or share the costs are suitable for, relevant to and (likely to be) valued by members and whether performance of the services had been effective. Consideration was also made of the costs relative to other options available in the market.

5.7. Various investment-related services for which members do not directly bear the costs are nevertheless inextricably linked to creating the environment under which investment returns are delivered, e.g. strategy, monitoring and the investment governance structure, so these were included in the assessment.

5.8. Other services paid for by Deutsche Telekom UK Ltd (“the Company”) were excluded but nevertheless deliver value to members, e.g. the services of professional advisers and the operation of the trustee board, with a duty to act in the best interest of members. In relation to all the Sections noted above, the member-borne charges and transaction costs related to investment services only. All other charges, including the costs of administration and communication services are met by the Company.

DC Section, DB Money Purchase arrangements and AVCs

5.9. In relation to the DC Section and DB Money Purchase arrangements, including AVCs, the member-borne charges and transaction costs relate to:

5.9.1. investment services (the Company meets all other costs associated with the operation of the DC arrangements)

5.10. The assessment considered:

5.10.1. in relation to investment services:

5.10.1.1. the investment strategy, e.g. the design of the default and range of alternative options

5.10.1.2. the arrangements for monitoring the performance of the investment options and reviewing the investment strategy

5.10.1.3. the investment governance arrangements

5.11. The Trustee concluded that the Scheme’s DC arrangements continue to offer excellent value in relation to the charges and transaction costs borne by members.

5.12. In reaching this conclusion, the Trustee recognised:

5.12.1. The range of investment options available and the design of the default are generally well-aligned with members’ needs (this includes consideration of specific sections). The Trustee undertook a strategic review of the investment strategy in December 2020 with assistance from its professional advisers that concluded that this although this broadly remained the case, there were some areas where the suitability of the strategy could be further enhanced.

5.12.2. The performance of the default and other available investment funds are monitored on a quarterly basis using reports produced by Fidelity with reference to the Trustee’s investment monitoring policy.

5.12.3. The arrangements for monitoring the performance of the investment funds that are in place comprise further analysis and commentary on suitability provided by Barnett Waddingham, also on a quarterly basis.

5.12.4. The governance arrangements are formally documented and reviewed by the Trustee’s advisers.

5.12.5. The investment services are considered relative to other options available in the market.

6. Trustee knowledge and understanding

The Trustee Board

6.1. The Trustee Board is a corporate Trustee and comprises five trustee directors, two of whom are nominated by the members and three of whom are appointed by the Company.

6.2. The Company has appointed two professional trustee companies on the Trustee Board. PTL Governance Ltd is represented by Keith Lewis, who also sits as the Chair, and The Law Debenture Corporation Plc is represented by Sally Minchella.

- 6.3. The two independent and professional trustees have the requisite knowledge and skills to undertake a trustee role effectively, and enhance the effectiveness of the Trustee Board by bringing a high degree of pensions experience, knowledge and expertise to their roles.

Trustee knowledge and understanding requirements

- 6.4. Trustees are required to be conversant with a scheme's main documents, and have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational schemes and investment of scheme assets.

Approach

- 6.5. The trustee directors aim to remain conversant with the Scheme's trust deed and rules as well as all other Scheme documents such as the SIP, the risk register and current policies, e.g. conflicts of interest. They do so through their experience in governing the Scheme, as well as specific activities over the scheme year and access to professional advice.
- 6.6. The trustee directors aim to achieve and maintain knowledge and understanding of the law relating to pensions and trusts, the funding of occupational schemes and investment of scheme assets through a combination of training, taking professional advice and the inclusion of two professional trustees as trustee directors, one of whom acts as Chair.
- 6.7. There is a structured training programme in place to ensure that the trustee directors receive the full complement of training that they might require in order to undertake their duties adequately. This includes annual self-assessment by the trustee directors to identify knowledge gaps and training needs in relation to emerging legislation, Scheme changes and upcoming matters in the Scheme's business plan. The training programme also includes completion of the Pensions Regulator's trustee toolkit. A training log is maintained in relation to training undertaken.
- 6.8. The structured training programme is supplemented with training activities such as attending seminars and conferences, and reading pensions-related articles.
- 6.9. The trustee directors consult with professional advisers as and when required, for example on consultancy, investment and legal matters. The professional advisers are engaged to pro-actively alert the trustee directors on relevant changes to pension and trust law. Professional advisers also provide support in relation to understanding and reviewing the Scheme's documents, attending trustee meetings and often in the delivery of training at these meetings.

Activities over the scheme year

- 6.10. The trustee directors, in conjunction with the sponsoring employer of the Scheme, undertook extensive work during the scheme year to assess the ongoing suitability of the operational structure of the Scheme's DC arrangements, and whether this could be improved.
- 6.11. The trustee directors undertook a strategic review of the Scheme's investments, including the default arrangements, with assistance from their professional advisers. Whilst recommendations were made within this review, the extent to which these would be adopted depends on the outcome of the structural review of the Scheme's DC arrangements.
- 6.12. The trustee directors reviewed and updated the Scheme's Statement of Investment Principles (SIP) to provide further information on the Trustee's stewardship policies and their arrangements with their fund managers. This was updated in September 2020.
- 6.13. The Trustee gave significant attention during the scheme year to the impact of the Covid-19 pandemic on the Scheme. The Trustee drafted a Covid-19 specific appendix to the Risk Register, which was regularly reviewed, requested and reviewed the business continuity plans of their key advisers and providers, and

held regular discussions with their service providers to monitor the ongoing situation. Oversight of this process was provided by the Trustee's Governance Committee, and the Trustee remains satisfied that any areas of significant concern were effectively mitigated throughout the scheme year.

- 6.14. The trustee directors reviewed the following Scheme documents:
 - 6.14.1. The risk register
 - 6.14.2. Trustee powers and discretions
 - 6.14.3. Trustee statement of policies and practices
 - 6.14.4. The training log
 - 6.14.5. The Business Plan
 - 6.14.6. Conflicts of Interest Register
 - 6.14.7. The Trust Deed and Rules
 - 6.14.8. Cyber Security policy and Incident Response Plan
 - 6.14.9. Statement of Investment Principles
 - 6.14.10. Scheme Pays policy
 - 6.14.11. Use of AVCs at Retirement policy
 - 6.14.12. Sub-committee and working group Terms of Reference
 - 6.14.13. Annual report and accounts, including the previous Chair's Statement and VFM assessment
 - 6.14.14. The governance and operational framework
- 6.15. The structured training programme was followed during the scheme year with annual self-assessments completed by all trustee directors, and the training programme itself was also reviewed. The training log was reviewed and updated.
- 6.16. The trustee directors received training at trustee meetings over the scheme year on the following topics:
 - 6.16.1. BlackRock's approach to integrating Environmental Social Governance (ESG) risks and factors into their investment processes.
 - 6.16.2. Cyber Security, including a 'war-gaming' session run by the Trustee's professional advisers.
 - 6.16.3. Pension Scams
 - 6.16.4. DB to DC Transfers
 - 6.16.5. Fidelity's proposition roadmap for DC workplace schemes
 - 6.16.6. Guidance from The Pensions Regulator (TPR) on Covid-19, Climate change, new DB funding code
 - 6.16.7. Legislative updates and developments in the defined contributions pensions environment.
- 6.17. Throughout the year, the trustee directors attended a number of external training opportunities including the PLSA Trustee Conference in December 2020. A number of trustee directors also completed the new TPR Trustee Toolkit module on Pension Scams.
- 6.18. Keith Lewis and Sally Minchella as professional trustees are required to maintain certain professional standards on an ongoing basis; this includes fitness and propriety, governance skills, continuous professional development (CPD), and managing conflicts of interest. PTL Governance Ltd and the Law Debenture Corporation plc also provide significant levels of internal support for and oversight of their trustee representatives, to ensure high standards of governance are maintained.

- 6.19. During the scheme year, the trustee directors took professional advice on:
 - 6.19.1. Undertaking the annual value for members assessment
 - 6.19.2. Disclosure of costs, charges and investments
 - 6.19.3. A strategic review of the investment strategies of the Money Purchase sections of the Scheme
 - 6.19.4. The at-retirement options for members with money purchase AVCs in the DB Section
 - 6.19.5. The ongoing suitability of the structure of the current DC arrangements in the Scheme and feasibility of alternative options
 - 6.19.6. Quarterly monitoring of the Scheme’s investment performance, and administration performance against service level agreements.

Assessment

The trustee directors consider that their combined knowledge and understanding, together with their access to professional advice, enables them to properly and effectively exercise their trustee functions.

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Keith Lewis, Chair of the Trustee

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Date

Appendix – Illustrations on the impact of cost and charges

A1.1. To demonstrate the impact of member-borne charges and transaction costs on the value of members' pension savings, Fidelity, on behalf of the Trustee, has produced illustrations in accordance with statutory guidance. These show the impact of charges and transaction costs for representative cross-sections of the membership and investment options.

Parameters used for the illustrations

- A1.2. The membership of the DC Section and the DB Section Money Purchase arrangements and the investment options offered were analysed in determining the parameters to be used.
- A1.3. Pot size: pot size of £52,000 has been used for DC Section members as at 31 December 2020. A pot size of £41,000 has been used for DB Money Purchase arrangements members as at 31 December 2020.
- A1.4. Active members and deferred members: illustrations have been provided for active members assuming total regular contributions of £1,800 per month for DC members and £100 per month for those in the DB Money Purchase arrangements. Deferred members are assumed to have no future contributions.
- A1.5. Timeframe: the illustrations are shown over a 30 year time frame as this covers the approximate duration that the youngest member would take to reach retirement age.
- A1.6. Investment options: the investment options selected for the illustrations include the most popular by number of members (the Default), the highest charged fund, the lowest charge fund, the fund with the highest assumed investment return and the fund with the lowest assumed investment return.

Investment option	Rationale for inclusion	Assumed return above inflation*	TER	Transaction cost**
Flexible Income Targeting Strategy	DC default strategy and most popular choice	-0.49% - 2.44%	0.26% - 0.44%	0.01% – 0.03%
Lifestyle Strategy	DB Money Purchase arrangements default and most popular choice	-0.49% - 2.44%	0.18%-0.26%	0.00% - 0.03%
Fidelity BlackRock UK Equity Index Fund	Highest assumed investment return	2.44%	0.21%	0.05%
Fidelity BlackRock Over 15 Year Gilt Index Fund	Lowest assumed investment return and lowest charge	-1.07%	0.20%	-0.04%
Fidelity Diversified Markets Fund	Highest charge	2.44%	0.60%	0.02%

* Projected growth rates, gross of costs and charges, for each investment option are in line with the 2020 Statutory Money Purchase Illustrations (SMPIs).

** The statutory guidance requires trustees to use an average of the last five years' transaction costs (insofar as they are able) when producing the illustrations. Fidelity has stated that they do not hold average transaction costs and nor are they able to report on this basis. The figures used in the illustrations are therefore for the last 12 months only.

Guidance to the illustrations

A1.7. For each illustration, the savings pot has been projected twice: firstly for the assumed investment return gross of costs and charges; and secondly for the assumed investment return net of costs and charges.

A1.8. Projected pot sizes are shown in today's terms, so do not need to be reduced further for the effects of future inflation. Inflation is assumed to remain constant throughout the term of the illustrations, at 2.5% per year.

A1.9. Values shown are estimates and not guaranteed.

A1.10. The starting date for the illustrations is 31 December 2020.

A1.11. The illustrations are presented in two different ways:

A1.11.1. For both lifestyle strategies, the illustrations should be read based on the number of years until the member reaches their retirement age. This is because the underlying funds used and therefore the costs and charges changes over time and this is reflected in the illustrations.

A1.11.2. For the self-select funds, the illustrations should be read based upon the number of future years that a member expects to be invested in those funds.

DC Section – Flexible Income Targeting Strategy

A1.12. The Flexible Income Targeting Strategy has been selected as it is the current Default Strategy for members of the DC Section and the most popular choice by number of members in this section.

Fund value at end of year	Starting fund value : £0		Starting fund value : £52,000		Starting fund value : £52,000	
	Future Contribution : £1,800 pm		Future Contribution : £1,800 pm		Future Contribution : £0 pm	
	No costs	After all costs	No costs	After all costs	No costs	After all costs
1	£21,640	£21,608	£74,908	£74,731	£53,268	£53,124
3	£66,515	£66,234	£122,414	£121,678	£55,898	£55,444
5	£113,607	£112,809	£172,265	£170,675	£58,658	£57,866
10	£241,760	£238,345	£307,929	£302,739	£66,169	£64,395
20	£549,397	£533,500	£633,597	£613,244	£84,200	£79,744
30	£917,745	£868,174	£1,022,167	£963,365	£104,422	£95,191

A1.13. Note on how to read this table: If a member had £52,000 invested in this option on 31 December 2020 (but makes no further contributions), when they came to retire in 10 years, the savings pot could grow to £66,169 if no charges are applied but to £64,395 with charges applied.

A1.14. The change to the asset allocation in the final 10 years to NRA will have an impact on the assumed rate of return as well as the costs and charges applied to members and as such, Fidelity has modelled the last 10 years to retirement below separately. In order to do so, Fidelity has assumed a starting age of 55.

Fund value at end of year	Starting fund value : £0		Starting fund value : £52,000		Starting fund value : £52,000	
	Future Contribution : £1,800 pm		Future Contribution : £1,800 pm		Future Contribution : £0 pm	
	No costs	After all costs	No costs	After all costs	No costs	After all costs
1	£21,640	£21,606	£74,908	£74,726	£53,268	£53,119
3	£66,515	£66,199	£122,414	£121,601	£55,898	£55,402
5	£113,607	£112,597	£172,265	£170,313	£58,658	£57,716
10	£236,399	£231,327	£300,888	£293,400	£64,489	£62,073

A1.15. Note on how to read this table: if a member had £52,000 invested in this option on 31 December 2020 (but makes no further contributions), when they came to retire in 10 years, the savings pot could grow to £64,489 if no charges are applied but to £62,073 with charges applied.

DB Money Purchase arrangements – Lifestyle Strategy

A1.16. The Lifestyle Strategy has been selected as it is the current Default Strategy for members with DB Money Purchase arrangements and is the most popular choice for members in this section.

Fund value at end of year	Starting fund value : £0		Starting fund value : £41,000		Starting fund value : £41,000	
	Future Contribution : £100 pm		Future Contribution : £100 pm		Future Contribution : £0 pm	
	No costs	After all costs	No costs	After all costs	No costs	After all costs
1	£1,202	£1,200	£43,202	£43,086	£42,000	£41,886
3	£3,695	£3,680	£47,769	£47,395	£44,074	£43,716
5	£6,311	£6,267	£52,561	£51,893	£46,250	£45,625
10	£13,431	£13,241	£65,603	£64,014	£52,172	£50,773
20	£30,522	£29,639	£96,911	£92,514	£66,388	£62,875
30	£48,924	£46,850	£127,789	£119,696	£78,865	£72,846

A1.17. Note on how to read this table: If a member has invested £41,000 in this strategy on 31 December 2020 (but makes no future contributions), when they came to retire in 10 years, the fund could grow to £52,172 if no charges are applied but to £50,773 with charges applied

A1.18. The change to the asset allocation in the final 5 years to NRA will have an impact upon the assumed rate of return as well as the costs and charges applied to members and as such, Fidelity has modelled the last 5 years to retirement below separately. In order to do so, Fidelity has assumed a starting age of 60.

Fund value at end of year	Starting fund value : £0		Starting fund value : £41,000		Starting fund value : £41,000	
	Future Contribution : £100 pm		Future Contribution : £100 pm		Future Contribution : £0 pm	
	No costs	After all costs	No costs	After all costs	No costs	After all costs
1	£1,200	£1,199	£43,109	£42,997	£41,909	£41,798
3	£3,634	£3,621	£46,669	£46,338	£43,035	£42,717
5	£6,019	£5,986	£49,195	£48,672	£43,177	£42,687

A1.19. Note on how to read this table. If a member has invested £41,000 in this strategy today (but makes no future contributions), after 5 years the fund (i.e. at retirement) could grow to £43,177 if no charges are applied but to £42,687 with charges applied.

BlackRock UK Equity Index Fund – Highest assumed return

A1.20. The Fidelity BlackRock UK Equity Index Fund has been selected as it is the fund with the highest return (gross of charges) of the funds available through the Scheme's DC arrangements. The illustrations below assume that the member is invested wholly in this fund throughout their period of membership.

Fund value at end of year	Starting fund value : £0		Starting fund value : £52,000		Starting fund value : £52,000	
	Future Contribution : £1,800 pm		Future Contribution : £1,800 pm		Future Contribution : £0 pm	
	No costs	After all costs	No costs	After all costs	No costs	After all costs
1	£21,640	£21,609	£74,908	£74,738	£53,268	£53,129
3	£66,515	£66,245	£122,414	£121,707	£55,898	£55,462
5	£113,607	£112,840	£172,265	£170,737	£58,658	£57,897
10	£241,760	£238,477	£307,929	£302,940	£66,169	£64,463
20	£549,397	£534,112	£633,597	£614,025	£84,200	£79,914
30	£940,862	£900,603	£1,048,006	£999,671	£107,144	£99,067

A1.21. Note on how to read this table. If a member has invested £52,000 in this strategy on 31 December 2020 (and makes no further contributions), when they came to retire in 10 years, the fund could grow to £66,169 if no charges are applied but to £64,463 with charges applied.

Fidelity BlackRock Over 15 Year Gilt Index Fund - Lowest assumed return and lowest charged fund

A1.22. The Fidelity BlackRock Over 15 Year Gilt Index Fund has been selected as it is the fund with both the lowest return (gross of charges) and the lowest charges of the funds available through the Scheme's DC arrangements. The illustrations below assume that the member is invested wholly in this fund throughout their period of membership.

Fund value at end of year	Starting fund value : £0		Starting fund value : £52,000		Starting fund value : £52,000	
	Future Contribution : £1,800 pm		Future Contribution : £1,800 pm		Future Contribution : £0 pm	
	No costs	After all costs	No costs	After all costs	No costs	After all costs
1	£21,233	£21,215	£72,675	£72,577	£51,442	£51,362
3	£63,017	£62,867	£113,361	£112,977	£50,344	£50,110
5	£103,909	£103,504	£153,178	£152,392	£49,269	£48,889
10	£202,361	£200,815	£249,042	£246,778	£46,681	£45,963
20	£384,024	£378,317	£425,931	£418,945	£41,907	£40,628
30	£547,106	£535,213	£584,727	£571,125	£37,621	£35,911

A1.23. Note on how to read this table: If a member has invested £52,000 in this fund on 31 December 2020 and no further contributions, when they came to retire in 10 years, the fund could have a value of £46,681 if no charges are applied but a value of £45,963 with charges applied.

Fidelity Diversified Markets Fund – Highest charged fund

A1.24. The Fidelity Diversified Markets Fund has been selected as it is the fund with the highest charges of the funds available through the Scheme's DC arrangements. The illustrations below assume that the member is invested wholly in this fund throughout their period of membership.

Fund value at end of year	Starting fund value : £0		Starting fund value : £52,000		Starting fund value : £52,000	
	Future Contribution : £1,800 pm		Future Contribution : £1,800 pm		Future Contribution : £0 pm	
	No costs	After all costs	No costs	After all costs	No costs	After all costs
1	£21,640	£21,597	£74,908	£74,506	£53,268	£52,939
3	£66,515	£65,875	£122,414	£120,743	£55,898	£54,868
5	£113,607	£111,798	£172,265	£168,666	£58,658	£56,897
10	£241,760	£234,061	£307,929	£296,252	£66,169	£62,191
20	£549,397	£513,992	£633,597	£588,370	£84,200	£74,378
30	£940,862	£848,781	£1,048,006	£937,735	£107,144	£88,954

A1.25. Note on how to read this table. If a member has invested £52,000 in this strategy on 31 December 2020 (and makes no further contributions), when they came to retire in 10 years, the fund could grow to £66,169 if no charges are applied but to £62,191 with charges applied.