

Comshare Limited Retirement and Death Benefits Plan: DC Section

Chair's Statement - 30 September 2022

In accordance with the requirements of the Occupational Pension Schemes (Charges and Governance) Regulations 2015, the Trustee is required to provide a statement relating to the governance of the defined contribution ('DC') Section of the Comshare Limited Retirement and Death Benefits Plan ('the Plan'). This Statement covers the period from 1 October 2021 to 30 September 2022 and has been prepared on behalf of the Trustee.

In accordance with the requirements of the Regulations, Dan Richards – representing Zedra (formerly PTL Governance Limited), as sole independent Trustee – has been appointed as Trustee Chair.

This Statement has been published on the following website: <https://www.infor.com/en-gb/resources/comshare-limited-retirement-and-death-benefits-plan> and the members are directed to this in their annual benefit statement.

Background to Plan's DC benefits

The DC Section of the Plan is not designated as a qualifying scheme for the purposes of auto-enrolment and contributions ceased on 31 March 2007. The DC Section of the Plan is operated as an unbundled trust based defined contribution arrangement. This means that separate service providers supply investment management and administration services.

The Plan has a sole independent trustee whose charges are paid by the employer.

Investment management is undertaken by Legal & General Investment Management ('LGIM'), Prudential and State Street. Annual management charges and transaction costs are deducted from the value of the investments.

The Plan is administered by First Actuarial, who are also the investment adviser. Osborne Clarke are the legal adviser from September 2022, and Assure UK are the auditor, with the fees of all advisers being paid by the employer.

The options available to members on retirement are:

- to purchase a pension using the full fund value
- to take part as a tax free lump sum amount in cash and purchase a pension using the reduced fund value,
- to take a Small Lump Sum where appropriate, or
- to transfer their fund to a suitable alternative vehicle where the member could, if they wish, utilise further flexible retirement options.

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Governance of the DC investments

As of 30 September 2022, the DC funds under management were as follows:

Fund	Amount
L&G Cash	£4,111
L&G Over 15 Year Gilts Index	£282,538
L&G Overseas Consensus Index	£526,812
L&G Retirement Income Multi-Asset (RIMA)	£3,938
L&G UK Equity Index	£272,560
Prudential Deposit *	£144,523
Prudential With Profits **	£1,403,921
State Street MPF Balanced Consensus Index	£769,671
Total	£3,408,074

* Any interest is declared monthly and once added is guaranteed. Withdrawals from this fund are not subject to an MVR.

** Includes reversionary and terminal bonuses

The surrender value of the Prudential With Profits fund as at 30 September 2022 would have been £1,322,335.75 i.e. a Market Value Reduction ('MVR') of £81,585.62 or 5.81% would have been applied.

None of the funds were designated as a default fund. When members joined the plan, they were free to choose any of the Trustee selected funds available. However, there is a Lifestyling strategy that members will be switched into that de-risks their portfolio when they are within five years of retirement. The switching takes place annually into the L&G Cash fund and Retirement Income Multi-Asset (RIMA) fund, and at retirement, 25% will be invested in Cash and 75% in the RIMA fund. Members can switch between funds without charge and opt out of the Lifestyle strategy if they wish. There are currently 14 members invested in the Lifestyle Strategy.

The Trustee adopted a Statement of Investment Principles (SIP) in September 2019 which was last updated with an addendum in September 2020. A new SIP is due to be agreed shortly and a copy will be available on request. The SIP includes views regarding Environmental, Social and Governance aspects in relation to the Plan investments.

Value for members

Under the Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021, trustees of schemes providing DC benefits are required to carry out an assessment of their scheme's value for members from their first scheme year end after 30 December 2021.

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Following The Pensions Regulator's ('TPR's) guidance, an assessment of value for members has been carried out for the DC Section which considered the following aspects.

- Costs and charges
- Net investment performance
- Governance and administration

Costs and Charges

The employer pays the cost of the Plan services and the only charges borne by members are the investment fund annual management charges ('AMCs') and transaction costs detailed below.

The ongoing annual charges levied by the investment manager and deducted from members' investments depend on the funds used and the table below shows these charges.

In addition to explicit AMCs, members also incur transaction costs. Transaction costs are defined in regulations as the costs incurred as a result of buying, selling, lending or borrowing investments and they can have a significant impact on members' fund values.

Transaction costs are typically categorised as explicit costs or implicit costs. Explicit costs are directly observable e.g. taxes such as stamp duty. Implicit costs cannot be observed in the same way but will result in a reduction in the total amount of money invested e.g. buying and selling spreads and market movements. These can have an impact on net returns.

Due to the methodology used in calculating transaction costs, these costs may be negative, therefore having a positive impact on the fund. The transaction costs incurred as disclosed by the providers are shown in the table below.

Fund	Annual Management charge	Transaction costs
L&G Cash	0.13%	0.03%
L&G Over 15 Year Gilts Index	0.10%	0.16%
L&G Overseas Equity Consensus Index	0.25%	0.01%
L&G Retirement Income Multi-Asset	0.35%	0.21%
L&G UK Equity Index	0.10%	0.03%
Prudential Deposit	0.00%	0.00%
Prudential With Profits	0.65%	n/a
State Street MPF Balanced Consensus Index	0.15%*	0.02%

*Please note that this charge is paid by the employer on a quarterly basis and is not deducted from member funds.

The L&G AMC charges are reflected in the unit price and are based on the average value of the holdings.

The Prudential With Profits Fund has an implicit scheme charge of 0.65% which is made through the declared bonus. The charges include an amount to pay for the smoothing of

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returns and cost of guarantees as well as ongoing fund expenses. The Deposit Fund has no explicit charges and interest, once added, is guaranteed.

The DC Section's costs and charges are a little higher than several of the comparator schemes' corresponding funds. Whilst they are not excessive, the comparison shows that a review of the selected funds may be appropriate. It should be noted that the comparator schemes are based on an "all in charge" that includes administration and investment management whereas the Plan's charges for comparison are only based on investment management as the administration costs are met by the Employer.

The Trustee assessment is that the charges and transaction costs represent reasonable value for members for some funds and slightly higher for the Prudential With Profit Fund.

Cumulative costs and charges

The Trustee has conducted an analysis of the cumulative impact of the member-borne costs and charges within the various investment funds for typical members of the DC Section of the Plan, which is set out in the Appendix.

Net Investment Performance

The Trustee is keen to ensure that assets are invested in the best interests of members and beneficiaries and considers the investment performance of the investment funds in use.

The DC investments were previously formally reviewed at the Trustee's meeting on 2 April 2020. A formal review of the appropriateness of the investments and the value they provide to members has been undertaken by the Trustee in order to prepare this statement.

The following table reflects the annualised performance of each fund over varying periods up to 30 September 2022, after charges have been deducted. It has taken into account the statutory guidance, and as such have been calculated on a geometric basis and assume a £10,000 investment at the start of the periods shown.

Fund	1 year	3 years	5 years	10 years	15 years	20 years
L&G Cash	0.55%	0.25%	0.33%	0.30%	0.75%	1.66%
<i>Benchmark – Sterling Overnight Index Average</i>	<i>0.72%</i>	<i>0.34%</i>	<i>0.39%</i>	<i>0.35%</i>	<i>0.77%</i>	<i>1.72%</i>
L&G Over 15 Year Gilts Index	-35.59%	-15.65%	-5.68%	0.40%	3.51%	3.46%
<i>Benchmark – FTSE A UK Gilts > 15 Years</i>	<i>-35.51%</i>	<i>-15.55%</i>	<i>-5.57%</i>	<i>0.49%</i>	<i>3.60%</i>	<i>3.55%</i>
L&G Overseas Equity Consensus Index	-4.11%	7.70%	8.88%	11.56%	8.35%	10.76%
<i>Benchmark – Overseas Consensus Fund</i>	<i>-3.87%</i>	<i>7.96%</i>	<i>9.12%</i>	<i>11.78%</i>	<i>8.52%</i>	<i>10.89%</i>

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L&G Retirement Income Multi-Asset	-8.78%	0.14%	2.13%	n/a	n/a	n/a
<i>Benchmark – Bank of England Base Rate +3.5%</i>	4.28%	3.93%	4.01%	n/a	n/a	n/a
L&G UK Equity Index	-3.96%	0.80%	2.16%	6.05%	4.61%	7.50%
<i>Benchmark – FTSE All Share</i>	-4.00%	0.80%	2.17%	6.02%	4.55%	7.48%
Prudential Deposit*	1.27%	0.54%	0.59%	n/a	n/a	n/a
<i>Benchmark – Bank of England Base Rate</i>	1.44%	0.59%	0.63%	n/a	n/a	n/a
Prudential With Profits	1.50% / 6.65% **	1.63% / 6.55% **	1.68% / 5.45% **	1.94% / 6.80% **	n/a	n/a
<i>Benchmark – n/a</i>	n/a	n/a	n/a	n/a	n/a	n/a
State Street MPF Balanced Consensus Index	-14.58%	n/a	n/a	n/a	n/a	n/a
<i>Benchmark ***</i>	-14.99%	n/a	n/a	n/a	n/a	n/a

* As no performance information was available from Prudential for the years ending 30 September 2022, we have used performance information made available as of 31 December 2022 as an indication of performance delivered by the fund.

** Includes reversionary bonuses / includes reversionary and terminal bonuses.

***Benchmark is constructed as follows; 65% International (Developed 75% Hedged) ESG Screened Index Equity; 15% UK ESG Screened Index Equity; 5% UK Conventional Gilts All Stocks Index; 10% Sterling Non-Gilts All Stocks ESG Screened Index; 5% UK Index Linked Gilts Index.

The Trustee wishes to ensure that the investments provide good value for members. Periodic reviews are undertaken to ensure the investments (net of fees) continue to deliver appropriate returns in accordance with the Plan's investment objectives.

The net investment returns for the largest fund, the With Profits Fund looks less competitive from 3 years onwards even with terminal bonuses added in against comparator default strategies. It does have the benefit of underlying guarantees that the default funds don't have.

Looking at the other self-select funds, they show mixed performance over a number of asset classes and time periods.

Whilst the net investment performance is in line with the objectives for the selected funds, given the recent comparative review of investment performance (net of fees) of self-select funds, the Trustees will review the range of funds for members as a result.

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Governance and Administration

In assessing the value provided through the governance and administration of the DC Section of the Plan we have considered:

- the timeliness and accuracy in processing core financial transactions;
- the knowledge of the Trustee; and
- suitability of member communications

Whilst we believe that there are areas of the governance and administration assessment that have been met, there are areas of improvement to meet TPR's minimum standards. The points that have been highlighted in the assessment are all achievable as part of an action plan for the following 12 months.

Overall, our assessment concludes that the DC Section does not meet the full requirements laid down by TPR.

To help address this the Trustee will be consider the merits of:

- A review of the current investment DC strategy and implementing any changes where appropriate.
- How communications to members can be improved, and work to put these into practice.
- A further review of the administrators record keeping processes.

Core financial transactions

There are currently no active members contributing to the DC Section of the Plan. First Actuarial holds the members' data and deals with members when they wish to amend their details, take or transfer their benefits, or make any changes to their investment choices.

The Trustee has a Service Level Agreement in place with the First Actuarial as the Administrator which covers the accuracy and timeliness of all core transactions. The percentage of transactions in the period that have met the Service Level Agreement in place is 100%. There have been no complaints over the period regarding the administration of the DC Section of the Plan.

The Trustee receives and reviews reports from our administrator on a quarterly basis to monitor and ensure that core financial transactions are processed promptly.

These include:

- transfers of members' assets out of the DC Section of the Plan;
- switching between investments within the DC Section of the Plan; and
- payments from the DC Section of the Plan to, or in respect of, members.

The Trustee is satisfied that, during the Plan year, core transactions have been processed promptly and accurately.

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Trustee Knowledge & Understanding

The sole trustee of the Plan is Zedra, a professional trustee. All client directors of Zedra have a professional qualification appropriate to pension schemes and have completed TPR's e-learning trustee toolkit. Zedra undergo an annual audit of their processes and procedures under the AAF 02/07 accreditation. This includes confirmation that the client directors undertake Continuous Professional Development ('CPD').

Zedra is represented by Dan Richards who is an Accredited Member of the Association of Professional Pension Trustees (AMAPPT) and Fellow of the Institute and Faculty of Actuaries ('IFoA'). He has completed the following additional qualifications:

- PMI Award in Pension Trusteeship
- TPR trustee toolkit

He also complies with the CPD requirements each year in relation to the AMAPPT and IFoA Fellowship qualification. The Trustee has a copy of all relevant Scheme documents and policies and is familiar with their terms.

During the year to 1 October 2022, the following DC specific training took place:

- External with Pinsent Masons: Data protection and GDPR training, looking after member information.
- External with Baillie Gifford: Constructing default funds and considering multi-asset investment vehicles.
- External with Blackrock: ESG considerations in investing.
- External with Kempen: Responsible investing and sovereign debt.
- External with APPT: DC benefits transferring to master trust.
- Internal with Zedra: Member of the Zedra Governance Advisory Arrangement, multiple training sessions on assessing value for money.

In addition, at the July 2022 Trustee meeting, the new DC regulations regarding value for member assessment requirements were presented by First Actuarial.

The Trustee is supported by independent and professional advisers who ensure that the latest legislative, regulatory and market developments that apply to the Plan are considered when relevant. These advisory appointments are also periodically reviewed.

We believe that the combination of these factors enables the Trustee to properly exercise its functions as Trustee of the Plan.

Member Communications

Communications are issued by First Actuarial, and these are tailored for the Plan.

Communication is primarily paper based, with the main regular communication being the annual benefit statement, including the Statutory Money Purchase Illustration. Members also receive the annual Summary Funding Statement which includes comments on the DC Section. When dealing with individual members, email is also available.

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There is currently no online access for members. At retirement members receive the Money Helper leaflet "Your Pension Your Choices" and are sign posted to the Pension Wise service. They can also speak to an administrator on the telephone to discuss the options available.

How to contact the Trustee

If you have any further queries regarding the DC Section of the Plan, please contact:

First Actuarial LLP
9th Floor
Network House,
Basing View,
Basingstoke
RG21 4HG

Tel: 01256 297 700

Email: basinstoke.admin@firstactuarial.co.uk

Dan Richards

Dan Richards

Zedra

Trustee Chair of the Comshare Limited Retirement and Death Benefits Plan (DC Section)

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Appendix – Cumulative impact of costs and charges

The illustrative example of the cumulative effect over time of the costs and charges

The tables below show the cumulative effect over time of the impact of costs and charges on a member's benefits (as set out in the main body of this Statement). The examples assume member investment in the Prudential With Profits Fund, the L&G Retirement Income Multi Asset Fund or the State Street MPF Balanced Consensus Index Fund.

The Trustee has taken account of the statutory guidance when preparing these illustrations.

Projected pension pot in today's money						
Years	Prudential With Profits Fund		L&G Retirement Income Multi Asset Fund		Prudential Deposit Fund	
	Before charges	After all costs and charges	Before charges	After all costs and charges	Before charges	After all costs and charges
1	£34,902	£34,680	£34,245	£34,054	£33,570	£33,570
3	£36,603	£35,911	£34,575	£34,000	£32,570	£32,570
5	£38,388	£37,185	£34,909	£33,947	£31,600	£31,600
10	£43,239	£40,572	£35,757	£33,813	£29,300	£29,300
15	£48,703	£44,267	£36,625	£33,680	£27,168	£27,168
20	£54,858	£48,299	£37,515	£33,547	£25,191	£25,191
25	£61,791	£52,698	£38,426	£33,415	£23,357	£23,357
30	£69,599	£57,497	£39,359	£33,283	£21,657	£21,657
35	£78,395	£62,734	£40,315	£33,152	£20,081	£20,081
40	£88,302	£68,447	£41,294	£33,022	£18,619	£18,619

Assumptions:

1. Projected pension pot values are shown in today's terms and do not need to be reduced further for the effect of future inflation
2. The starting pot size is assumed to be £34,081
3. Inflation is assumed to be 2.5% each year
4. No future contributions are assumed
5. Values shown are estimates and are not guaranteed
6. The projected growth rate for each fund are as follows:

Prudential With Profits	2.41% above inflation
L&G Retirement Income Multi Asset	0.48% above inflation
Prudential Deposit Fund	1.50% below inflation