

# JUPITER PENSION SCHEME

## THE CHAIR'S STATEMENT REGARDING DC GOVERNANCE: FROM 1 APRIL 2022 TO 30 SEPTEMBER 2023

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This statement is produced pursuant to Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996, as amended by subsequent legislation. It explains how the Jupiter Pension Scheme (“the Scheme”) is meeting the governance standards that apply to occupational pension schemes that provide money purchase benefits (i.e. Defined Contribution schemes – DC). This Statement sets out how the Trustee met the requirements of the Regulation covering the period from 1 April 2022 to 30 September 2023 and covers the following key areas:

- The Scheme’s default arrangement(s);
- Processing Scheme transactions;
- Net investment returns;
- Assessment of charges and transaction costs (including a Value for Members assessment); and
- The Trustee’s knowledge and understanding.

### **Closure of the Jupiter Pension Scheme to future contributions**

Over the period covered by this statement, the Employer advised the Trustee of its plans to set up a new pension scheme for employees. Effective 1 April 2023 contributions to the Scheme ceased and contribution payments commenced to a Group Self Invested Pension Plan (GSIPP) with Hargreaves Lansdown. All members were subsequently offered an opportunity to transfer their Jupiter Pension Scheme pension accounts into the GSIPP. These transfers were facilitated across two bulk transfers in May and June 2023.

### ***Scheme units remediation project***

As you will be aware, Jupiter Asset Management (“JAM”) provided access to in-house funds (“Jupiter Funds”) for members of the Scheme to invest in. JAM has waived the Annual Management Charge (“AMC”) for members in respect of Jupiter fund-of-fund pension options where fee rebates are received on underlying investments in Jupiter Funds. It appears that up to 31 October 2013 the waiver of the AMC has implicitly been included in the Scheme assets and therefore incorporated in the calculation of the unit price declared for each fund.

However, from 1 November 2013, upon the move of the Scheme to a new custodian, a process change occurred, and a new rebate mechanism was introduced. The fee rebates continued to be included in the Scheme assets and the unit price, but an additional step was added to create units to the value of the fee waivers. This new mechanism required that each month an explicit allocation of additional units to each member. Although these units are reflected in the Scheme centrally, the specific allocation to each member’s individual pension account has not occurred. This means that members invested in Jupiter Funds are likely to be owed the units representing the value of the fee rebate that should have been applied to their account.

### ***Remediation project***

JAM, the Scheme’s Trustee and the relevant advisers have started working on a remediation program for affected members to calculate the amount owed. This is a complex and detailed project incorporating changes dating back a number of years. The Trustee has reported the issue to The Pensions Regulator, and we will keep them updated on our progress.

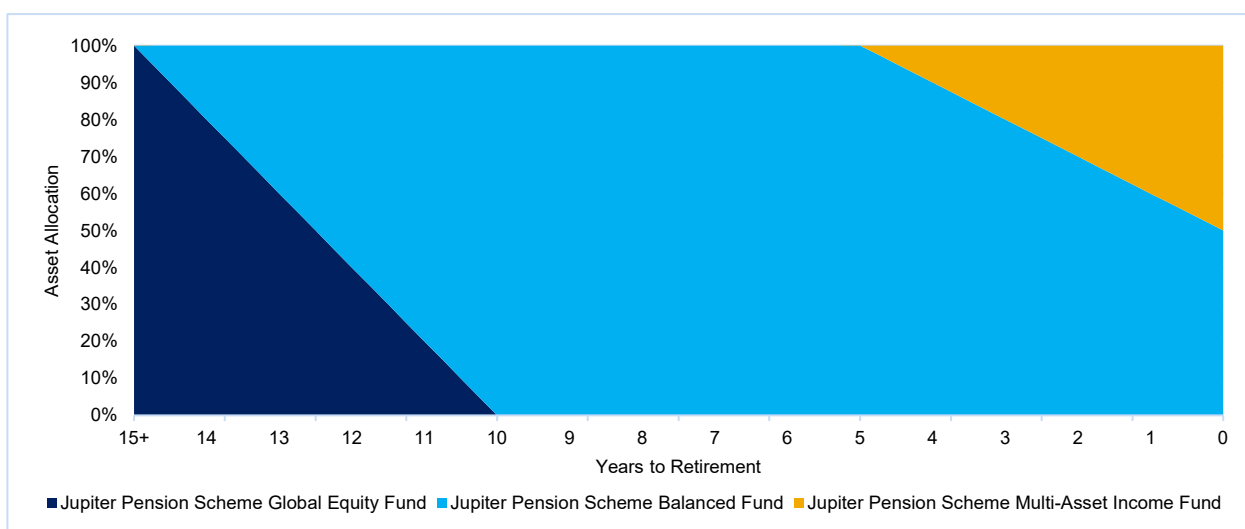
## Default arrangement

Members of the Scheme who do not make an explicit choice regarding the investment of their funds will be invested in the default strategy arrangement chosen by the Trustee with the advice of their Investment Consultant.

The default investment strategy is a lifestyle arrangement, the main objective is to provide an investment strategy that is aligned to the needs of an average member that will optimise the return on investments while providing a broad level of protection against the key risks as identified in the Scheme's Statement of Investment Principles ("SIP"). The default strategy achieves this through life styling, whereby savings are exposed to riskier, higher growth investments further from retirement, and lower-risk investments as retirement approaches. The lifestyle has three distinct stages – Growth, Consolidation and Access:

- During the Growth phase (up to 15 years before retirement), assets are fully invested in the **Jupiter Pension Scheme Global Equity Fund**. This fund provides exposure to a diversified range of equities from around the world by investing in underlying funds that are predominantly managed by Jupiter Asset Management.
- Savings and contributions are then switched into the **Jupiter Pension Scheme Balanced Fund** so that a member is fully invested in this fund when they are between 10 and 5 years from retirement. This is an actively-managed multi-asset fund that invests in a range of asset classes, this offers a greater level of downside protection while still exposing a member's savings to a decent level of growth opportunity. This is known as the Consolidation phase.
- During the final 5 years before retirement, 50% of assets are gradually moved into the **Jupiter Pension Scheme Multi-Asset Income Fund**. This fund invests around 75% of savings into fixed interest securities issued by companies based anywhere in the world and the remaining 25% into equities, most of which are UK-based. The fund is therefore a lower risk investment compared to the Jupiter Pension Scheme Balanced Fund and will be used to help reduce fluctuations in the value of a member's savings pot in the run up to a member's target retirement age.

The current default strategy can be illustrated using the following chart:



The default arrangement is described in further detail in the Scheme's SIP.

The Trustee continually monitors the performance of the Scheme's investments throughout the year and receives quarterly performance reports from the investment managers which are reviewed at quarterly Trustee meetings. In particular, both absolute and relative performance are reviewed and Jupiter Asset Management provides the Trustee with additional commentary on Jupiter's funds, which typically includes details of the contribution of each of the underlying holdings, any material changes to these underlying holdings as well as

information about any significant exposures. The Trustee also has face to face meetings with the fund managers from time-to-time. The Scheme's Investment Consultant is present at every quarterly Trustee meeting and will challenge the investment managers on performance issues if these arise. The default does not invest in any assets that are subject to a performance-based fee.

The Trustee has set up processes to publish this Statement, the Scheme's SIP, the Implementation Statement, and any other information as required online at the following URL: <https://www.jupiteram.com/board-and-governance/#jupiter-pension-scheme> and will notify members about this in their annual benefit statements.

### **Default investment strategy review**

During the period covered by this statement, there have been no significant changes to the default strategy arrangement. The default arrangement's investment strategy is reviewed in-depth every three years, as a minimum. The default investment strategy was reviewed on 5 July 2022. This review included an assessment of the current and on-going suitability of the default target, growth phase, de-risking phase and the self-select fund range.

The Trustee agreed to a number of changes to the Scheme's investment strategy following advice given by their Investment Consultant as part of this in-depth review. However, it should be noted that the implementation of any investment strategy changes were put 'on hold' pending decisions from the Employer regarding the future long term strategy of the Scheme.

Although the existing default arrangement is fit for purpose and remains suitable for the demographics of the Scheme's members, the Trustee concluded that a more diversified approach should be taken in order to increase downside protection as members approach retirement. Further changes were also driven by a desire to incorporate, where possible, funds with improved ESG credentials without compromising on other aspects such as potential net returns or risk profile.

### **Processing Scheme transactions**

The Trustee has a specific duty to ensure that the Scheme's core financial transactions are processed promptly and accurately. These include the investment of contributions, transfer of member assets into and out of the Scheme, transfers between different investments within the Scheme and payments to and in respect of members and beneficiaries.

These transactions are undertaken on the Trustee's behalf by the Scheme administrator, Aptia (formerly Mercer), and its investment manager Jupiter Asset Management Limited. The Trustee periodically reviews the processes and controls implemented by those organisations and considers them to be suitably designed to achieve these objectives. The Trustee has a service level agreement (SLA) in place with the Scheme administrator which covers the accuracy and timeliness of all core transactions and receives regular reports to monitor the performance against those service levels. The service level agreements (SLAs) in place cover both the accuracy and timeliness of the financial transactions:

<b>Work Type</b>	<b>Service Standard</b>
Benefit Quotation	10 Working Days
Benefit Payments	5 Working Days
General Member Correspondence	5 Working Days
Investment / Disinvestment Request	5 Working Days
Member Updates	5 Working Days

The processes adopted by the Scheme administrator to help meet the SLA include dynamics checklists, a central financial control team separate to the admin team, daily monitoring of bank accounts, a dedicated contribution processing team and three level checking of investment and banking transactions.

During the period covered by this statement, 96.8% of work was completed within the agreed service levels. This is an improvement in the service levels with an increase from the previous year's SLA at 92% covering the period from 1 April 2021 to 31 March 2022.

The Trustee also receives an update on the annual Assurance Report on Internal Controls (AAF 01/20) from Aptia (formerly Mercer).

In light of the above, the Trustee considers that the requirements for processing core financial transactions specified in the Administration Regulations (The Occupational Pension Schemes (Scheme Administration) Regulations 1996) have been met and were processed accurately during the period covered by this statement.

As part of the project to move employees to the GSIPP, unallocated scheme units were identified which it currently appears should have been allocated to members, as previously mentioned in this statement. The Trustee is undertaking regular project calls and seeking support and guidance from their legal and pension advisers on all aspects relating to the rebate remediation project.

### Net Investment Returns

The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 ('the 2021 Regulations') introduced new requirements for trustees of 'relevant' occupational pension schemes. From 1 October 2021, trustees of all relevant pension schemes, regardless of asset size, are required to calculate and state the return on investments from their default investment arrangement and self-select funds, net of transaction costs and charges.

The tables below set out annualised net performance for the 12 months and 'since inception' periods for the default investment arrangements (for age 25, 45, and 55) and for the self-select fund range (5 year performance is shown where available). Note that the Scheme invested in the default investment arrangement from 16 June 2020 and so we do not have the annualised return figures for 5 years for all component funds, we do however have 5 year figures for the JPS Balanced Fund since this was the previous default investment arrangement.

The tables below show performance (net of transaction costs and charges) to 30 September 2023.

#### Default Lifestyle

Age of member	1 year (%)	5 years (% p.a.)
25	8.7	8.2*
45	8.7	8.2*
55	9.1	3.2

\*Fund performance since inception 15/06/2020

#### Self-Select Fund Range

Fund	1 year (%)	5 years (% p.a.)
JPS Global Equity Fund	8.7	8.2*
JPS Global Sustainable Equity Fund	0.9	4.8*
JPS Northern Trust Sterling Fund	3.8	1.4**
JPS Merlin Growth Fund	10.0	5.9
JPS Balanced Fund	9.1	3.2
JPS Pre-Retirement Fund	0.5	-1.4

JPS Multi-Asset Income Fund	2.9	0.1
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\*Fund performance since inception 15/06/2020

\*\*Fund performance since inception 27/08/2020

### Charges and transaction costs – default arrangement and additional funds

The law requires the Trustee to disclose the charges and transactions costs borne by DC scheme members and to assess the extent to which those charges and costs represent good value for members. These costs are not limited to the ongoing charges on member funds, but should also include transaction costs incurred within such funds. We have taken account of all relevant statutory guidance when preparing this section of the report.

Annual charges for each fund are presented as the Ongoing Charges Figure (“OCF”). This includes investment management charges and additional expenses and allows for the rebate of Jupiter Asset Management fees to members. In addition to the OCF, investment funds are subject to other implicit costs, such as the transaction costs associated with trading a fund’s underlying securities. OCFs and transaction costs for all of the Scheme’s funds were obtained for the 12 month period to 30 September 2023.

Transaction costs have been provided by the Scheme’s investment manager and they are calculated using slippage methodology. That is, the transaction costs represent the difference between the expected trading price of a security within a fund and the price at which the trade is actually executed. Therefore, in a buy order, for example, if the execution price is less than the expected price, a transaction cost may be negative.

Details of the OCFs payable for each fund as well as the transaction costs within the current default arrangement are as follows:

Fund	OCF (%p.a.)	Transaction Cost (%)
JPS Global Equity Fund	0.43	0.00
JPS Balanced Fund	0.51	0.00
JPS Multi-Asset Income Fund	0.20	0.00

Source: Jupiter Asset Management Limited. Charges shown here are those that apply directly to members’ investments, after accounting for the rebate of Jupiter fees. Transaction Costs shown are for the 12 month period to 30 September 2023.

This is lower than the maximum OCF allowed of 0.75% for default arrangements.

The Trustee also makes available a range of funds which may be chosen by members as an alternative to the default arrangement. These funds allow members to take a more tailored approach to managing their own pension investments and attract OCFs and transaction costs as follows:

Fund	OCF (%p.a.)	Transaction Cost (%)
JPS Global Equity Fund	0.43	0.00
JPS Global Sustainable Equity Fund	0.20	0.00
JPS Northern Trust Sterling Fund	0.20	0.00
JPS Merlin Growth Fund	0.92	0.00
JPS Balanced Fund	0.51	0.00
JPS Pre-Retirement Fund	0.20	0.00
JPS Multi-Asset Income Fund	0.20	0.00

Source: Jupiter Asset Management Limited. Charges shown here are those that apply directly to members’ investments, after accounting for the rebate of Jupiter fees. Transaction Costs shown are for the 12 month period to 30 September 2023.

The Trustee is comfortable with the costs for the default arrangement and self-select funds both in terms of the outcomes the funds are targeting and the fees in the wider market applicable to similar investment strategies and schemes. Further details are provided in the “Value for Members” section below.

### Cumulative effect of charges

Using the charges and transaction cost data provided by the relevant parties and in accordance with regulation 23(1)(ca) of the Administration Regulations, as inserted by the 2018 Regulations, the Trustee has prepared illustrations detailing the impact of the costs and charges typically paid by a member of the Scheme on their retirement savings pot. The statutory guidance has been considered when providing these examples.

As at 30 September 2023, only deferred members remained in the Scheme and, in order to represent the range of funds available to members, we have shown the effect on a member’s savings for a typical “average” deferred member of investment in a selection of funds within the Scheme. The funds we are required to illustrate are (with the specific Scheme fund in brackets):

- The fund or strategy with the most members invested (*the Default Lifestyle Strategy*)
- The additional default arrangement (*JPS Pre-Retirement Fund*)
- The most expensive fund (*JPS Merlin Growth Fund*)
- The cheapest fund (*JPS Northern Trust Sterling Fund*)

To illustrate the impact of charges on a typical deferred member’s pension pot, we have provided examples below. The illustrations account for all estimated member costs, including the OCF, transaction costs and inflation.

Illustrations for an “Average” deferred member								
Years from now	Most popular fund: Default Lifestyle Strategy		Most expensive fund: JPS Merlin Growth Fund		Least expensive fund: JPS Northern Trust Sterling Fund		Additional default: JPS Pre-Retirement Fund	
	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges incurred	Pot size with Charges incurred
1	£89,074	£88,679	£89,064	£88,243	£85,369	£85,199	£85,716	£85,520
3	£93,608	£92,369	£93,577	£91,012	£82,408	£81,914	£83,415	£82,843
5	£98,374	£96,213	£98,318	£93,868	£79,549	£78,756	£81,175	£80,250
10	£111,375	£106,535	£111,249	£101,407	£72,827	£71,384	£75,837	£74,118
15	£124,877	£116,631	£125,880	£109,551	£66,674	£64,702	£70,849	£68,455
20	£137,988	£125,520	£142,436	£118,350	£61,041	£58,645	£66,189	£63,224

## Assumptions

The above illustrations have been produced for an “average” deferred member of the Scheme based on the Scheme’s membership data as at 30 September 2023. The “Default Lifestyle Strategy” illustration assumes the member’s asset allocation remains fully invested in the current default strategy. The individual fund illustrations assume 100% of the member’s assets are invested in that fund up to the Scheme retirement age. The results are presented in real terms, i.e. in today’s money, to help members have a better understanding of what their pension pot could buy in today’s terms, should they invest in the funds above as shown.

The values shown are estimates and are not guaranteed.

Age	45 ( <i>the average age of the Scheme’s membership</i> )
Scheme Retirement Age	65
Starting Pot Size	£86,890 ( <i>the average pot size of the Scheme’s membership</i> )
Starting Salary	£0
Inflation	2.5% p.a.
Employer and Employee annual contributions	0% p.a.
Expected future nominal returns on investment:	
• Default Strategy	
○ JPS Global Equity Fund	2.50% above inflation
○ JPS Balanced Fund	2.00% above inflation
○ JPS Multi-Asset Income Fund	0.06% above inflation
• Jupiter Merlin Growth Fund	2.50% above inflation
• JPS Northern Trust Sterling Fund	-1.75% below inflation
• JPS Pre-Retirement Fund (additional default)	-1.38% below inflation

## Value for members

The law requires the Trustee to assess the extent to which the charges and transaction costs set out above represent good value for Scheme members.

The Trustee understands that value for members does not necessarily mean selecting the cheapest option. In the annual review of value for members we consider many factors including quality of customer service, member communications and support, the efficiency of administration services, the robustness of Scheme governance, fund management and performance of the funds.

Investment performance is reviewed and discussed at least quarterly. The same applies with the efficiency of administration services, which are also discussed quarterly. With this in mind, the Trustee has assessed the costs and charges disclosed and is satisfied that the stated explicit charges for the Scheme’s funds represent good value for money in the context of the outcomes targeted by such funds and the current market rates for similar investments levied on members of schemes with a similar membership profile.

The Trustee carries out an annual formal value for members assessment, with the latest covering the period from 1 April 2022 to 31 March 2023. The assessment considered three key areas: Price, Performance and Productivity, covering factors such as investment fees, investment performance and non-investment items such as administration, governance and communications. The assessment concluded that overall the Scheme was offering reasonable to good value to members. The Trustee acknowledges the continuing improvements

made in administration services during the period under review and is pleased to see a continued upward trend in performance.

It is noted, the value for members is boosted by the use of Jupiter's own in-house funds as members receive a rebate for any investment management fees incurred by Jupiter Asset Management; these rebates are accounted for in the calculation of the Ongoing Charges Figures provided earlier in this statement. Active members of the Scheme also benefited from a very competitive contribution structure, where the Employer contributed 15% and members were not required to contribute but could opt to make additional voluntary contributions. As at 30 September 2023 there were only deferred members remaining in the Scheme.

### Trustee's knowledge and understanding

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of Scheme assets and other matters to enable them to exercise their functions as trustees properly. This requirement is underpinned by guidance in the Pension Regulator's Codes of Practice 07 and 13. The comments in this section relate to the Trustee as a body in dealing with the whole Scheme.

The sole Trustee of the Scheme, BESTrustees Limited, is a company which provides trusteeship services to a wide range of clients. Providing this service is educational in itself since it allows the company's representatives to compare and contrast experience gained across a wide range of schemes. However, there are more formal aspects to the way in which representatives of BESTrustees pursue a programme of continuing professional development. **Each of the firm's representatives is a fully accredited member of the Association of Professional Pension Trustees.** As such, they are required to undertake Continued Professional Development (CPD) to remain accredited and to maintain detailed logs of all training and learning undertaken each year. During the period of this Statement both of BESTrustees' representatives exceeded the minimum required CPD.

BESTrustees also organises a number of bespoke training courses for its own employees and encourages them to take full advantage of relevant courses provided by specialists in various fields, including training that is relevant to defined contribution arrangements.

Over the period covered by this statement, the Trustee attended various training and education sessions including sessions the following pertinent to DC:

- ESG and sustainable investments
- SIP and Implementation Statement
- Updates on pension schemes and DC investments
- Master trusts and scheme consolidation
- Extension of the accounting year and the implications for statutory documents such as the Chair's Statement, Value for Money and Implementation Statement.

As individual representatives of BESTrustees, Alan Pickering and Rachel Brougham will determine any Scheme specific training they require given the work and projects that are planned for the foreseeable future. Where appropriate, they will seek training or education from their advisers or the company to ensure that they are best placed to make effective and informed decisions. The relevant skills and experience of those advisers is a key criterion when evaluating adviser performance or selecting new advisers.

The Trustee maintains a log at each quarterly meeting to ensure it captures how it has applied its knowledge and understanding and how this is demonstrated. The Trustee includes legislative updates and Trustee Knowledge and Understanding on the agenda for each of its meetings, which are held on a quarterly basis. Examples of how, throughout the period covered by this statement, the Trustee has demonstrated that it has the required level of trustee knowledge and understanding are set out below:

Requirement	Relevant discussion	Date
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Demonstrate a working knowledge of alternative investment arrangements	The Trustees received training on wind ups and GSIPPS/Master Trusts including where legal input is required for certain wind up tasks	08/12/2022
	The Trustees received training on understanding how the asset transition will work for a bulk direct offer transfer exercise	14/06/2023
Demonstrate a working knowledge of the trust deed and rules	The Trustee discussed discretionary benefits that had been awarded to members of the Scheme, relating to death cases.  A Deed of Amendment was required to allow the bulk transfer by direct offer transfer. The Trustee discussed this with their legal adviser and reviewed the Deed.	04/10/2022  May 2023
Demonstrate a working knowledge of the current SIP	The Trustee referenced the training received on the updated RITE report illustrating the improvements the Scheme has made in integrating ESG.  Discussion with investment consultant resulted in an update to wording within the SIP.	04/10/2022  15/03/2023
Demonstrate a working knowledge of all documents setting out the trustees' current policies	The Trustee has reviewed in full the Scheme Risk Register format.  The Trustee is undertaking a review of the Investment Management Agreement (IMA) – still in progress  Implementation Statements requiring further disclosures. Briefing at meeting and further training to be rolled out  Further review of the Risk Register to be undertaken following the issue relating to historic scheme rebates  A bulk transfer and wind up focussed risk register has been prepared in conjunction with the Trustee advisers, Mercer.	10/06/2022  04/10/2022  15/03/2023  15/03/2023  May 2023
Demonstrate sufficient knowledge and understanding of the law relating to pensions and trusts	The Trustee reviewed amendments to the Chair's Statement.  The Trustee reviewed and regularly revisits the current status of the draft consolidated Code of Practice and identified key additions and changes impacting DC schemes  Legal guidance during meeting relating to unallocated scheme rebates and impact on bulk transfers and wind up  Seeking and understanding legal advice on extension of accounting year end implications for statutory documents such as Chair's Statement, Value for Money and Implementation Statement.  The Trustee noted the new requirements to disclose "most significant" voting information in the Implementation Statement and discussed the Trustee's stewardship priorities in order to define and disclose the "most significant" votes in the Implementation Statement.	October 2022  04/10/2022  15/03/2023  June 2023  14/06/2023

Demonstrate sufficient knowledge and understanding of the relevant principles relating to the funding and investment of occupational schemes	The Trustee undertook a triennial review of the Scheme's default investment arrangement.	05/07/2022
	Seeking and understanding more detail around the MMT asset transition process.	14/09/2023
Demonstrate that their combined knowledge and understanding, together with available advice, enables them to properly exercise their functions.	Trustee undertaking regular project calls and seeking support and guidance from legal advisers and pension adviser on all aspects relating to the rebate remediation project and the bulk transfer and wind up project.	March 2023 – ongoing
	The Trustee discussed legal matters relating to the rebate remediation project.	14/09/2023

Other key documents are referenced and discussed at Trustee meetings as appropriate; for example, conflicts of interest, breach log, governance calendar and 3 year plan, bank account movements and risk register are all included as standing items on meeting agendas and therefore these issues are discussed at least once a quarter. Two representatives from BESTrustees Limited attend each quarterly meeting.

The representatives from BESTrustees Limited have completed the Pension Regulator's Trustee Toolkit and have also familiarised themselves with the Scheme's trust deed and rules. Knowledge of the trust deed and rules has been demonstrated by the Trustee through activities such as a review of the deed for Additional Voluntary Contributions ("AVCs") to be paid by salary sacrifice; a review of the Deed of Amendment to allow the bulk transfer by direct offer transfer; a review the Scheme's investment strategy; and dealing with individual member queries (such as death cases and annual allowance queries) as and when they arose through the year.

In addition, while most schemes simply focus on trustee training and use of advisers, we believe that knowledge and understanding should also be extended to awareness of member demographics and member behaviour, otherwise trustees cannot be certain that a scheme remains fit for purpose. To ensure this we review the Scheme's demographics profile and carry out member surveys from time to time.

Given the extent of the training above, the Trustee is comfortable that we have demonstrated sufficient knowledge of the law relating to pension schemes and trusts and the principles relating to the funding and investment of pension schemes. I am also satisfied that the Trustee has demonstrated a working knowledge of the Scheme's trust deed and rules, Statement of Investment Principles and all other documents setting out the Trustee's current policies.

The Chair's statement regarding DC governance was approved by the Trustee and signed on their behalf by:

Rachel Brougham

Chair of the Trustee

Date: 19 March 2023