ReAssure Number Three Executive Pension Plan
Trustees Annual Report 2019

I am delighted to welcome you to our second Annual Report of the ReAssure Number Three Executive Pension Plan (the scheme).

During the year we have made significant changes to the membership to meet new regulations governing schemes and acting in line with scheme rules.

These changes have reduced the number of schemes remaining under the ReAssure Number Three Executive Pension Plan, allowing us to focus our efforts on your scheme.

As trustees we have received evidence that your scheme has good governance systems in place, contributions are monitored and controls are in place to ensure your benefits are accruing in line with the scheme rules.

We are also sure that the combination of the charge cap, exit charge cap and introduction of the low charging funds that the costs associated with the schemes are not excessive and that the schemes provide value for money.

As Trustees we recognise the importance of good scheme governance and we have provided information that we believe will be of interest to you in the attached report.

Mike Woodcock, Chair of G Trustees Limited

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Why We Publish An Annual Report

We're the directors of G Trustees Limited, the trustee board who look after your scheme, and we make sure it's looked after properly. We want to protect your interests, making sure you're getting good value from your scheme membership.

You can find out more about the current directors at the end of this report.

We've made sure that this report is in line with regulation 23 of The Occupational Pension Schemes (Scheme Administration) Regulations 1996.

How We Check On The Schemes We Look After

We look into:

- the systems these schemes are held on
- how the administration compares with service standards
- the rules and guidelines around how they're administered
- the charges and investment performance of the funds available to individual members

We publish this report once a year to let you know how we've been looking after your scheme and whether we think you are getting value from membership of the schemes. This statement covers the period 1 January 2018 to 31 December 2018

How We Monitor Core Financial Transactions & Scheme Administration

During the year, we are required to make sure that core financial transactions of the scheme were processed promptly and accurately. This includes the investment of contributions to the scheme, the transfer of funds relating to members out of the scheme, the transfer of funds between different investments within the scheme and payments from the scheme to, or in respect of, members and beneficiaries. The trustees have ensured this by:

- Receiving regular management information from ReAssure who administer the scheme to confirm that these important transactions have been processed promptly and accurately
- Receiving evidence that the majority of these transactions are carried out in a fully automated way which increases effectiveness and efficiency. However, where automated processes fail, ReAssure have a robust process for picking these problems up and providing the information on a manual basis.
- Receiving confirmation that ReAssure do a full audit of contributions each year to ensure they are received in line with expectations and an Annual Report is produced confirming these findings, which is then presented to us at one of our Board meetings for agreement.
- Receiving quarterly reports which confirm that ReAssure have checked all payments out are completed in line with members requests.
- Receiving quarterly governance reports which detail how they have performed against agreed service levels across a range of processes, which includes issuing pension retirement 'wake up' packs and retirement documents as well as keeping us informed on how members are taking their benefits.
- Receiving details of the governance framework in place by ReAssure to ensure appropriate monitoring and oversight.
- Being informed of any breaches due to delays or incorrect administration and ensure these are rectified within agreed timescales. The identification, tracking and rectification of issues is done through a well-governed process, including the establishment of root causes and trends to help prevent future breaches. This is managed by the Compliance function with appropriate monitoring and escalation in place, as necessary.
- Being advised by ReAssure of any late payments made by employers in line with The Pensions Regulator requirements. In the relevant period there has been no instance of late payment reporting made to the Trustees.

We are pleased to confirm that during the year there have been no material transaction errors which need to be reported by the Trustees.

Investment Funds You Can Put Your Money Into

Members can select funds from a wide range available, which represent the major asset classes. ReAssure allow members to switch funds free of charge, but fund switch volumes are minimal. ReAssure has been taking action to drive greater customer engagement with fund selection by providing more information on funds, including their risks and performance (via *Morningstar*) and making fund switches easier to do online or by phone.

At the end of 2018, the total value of funds under management for all members of the ReAssure Number Three Executive Pension Plans was £74,419,545.

Around 50% of members' money is held in the diversified Balanced Fund. This is a managed fund with the investments spread over all the major areas, equities (UK and foreign), gilts and other fixed interest stocks, property and cash deposits. The objective is to provide steady long-term returns whilst safeguarding the fund against unnecessary risks.

Name of Fund	1 Year	3 Years	5 Years
Balanced Fund	-5.5%	21.9%	29.5%
ABI Benchmark Performance	-6.0%	16.9%	25.6%

A further 22% of customers' money is held in the UK All Company Tracker Fund. This fund primarily invests in a portfolio of UK equities and aims to provide long-term capital growth. Volatility should be expected because of the type of investment.

Name of Fund	1 Year	3 Years	5 Years
UK All Company Tracker Fund	-10.0%	14.7%	14.9%
ABI Benchmark Performance	-11.9%	8.9%	14.6%

The remainder of customers' money is held 12% in the UK Equity Fund, 11% in the Global Equity Fund, and the other 5% across a range of funds including UK Fixed Interest Fund, Defensive Fund and in the Money Market Fund.

Name of Fund	1 Year	3 Years	5 Years
UK Equity Fund	-10.3%	12.7%	13.0%
ABI Benchmark Performance	-11.9%	8.9%	14.6%

Name of Fund	1 Year	3 Years	5 Years
Global Equity Fund	-7.1%	34.8%	52.9%
ABI Benchmark Performance	-6.7%	30.6%	44.9%

Name of Fund	1 Year	3 Years	5 Years
UK Fixed Interest Fund	0.1%	10.3%	22.5%
ABI Benchmark Performance	-1.0%	10.4%	22.3%

Name of Fund	1 Year	3 Years	5 Years
Pensions Defensive Fund	-5.1%	10.5%	16.1%
ABI Benchmark Performance	-5.3%	11.1%	18.0%

Name of Fund	1 Year	3 Years	5 Years
Money Market Fund	-0.3%	-1.2%	-2.1%
ABI Benchmark Performance	0.2%	0.5%	0.5%

How We Monitor Investment Performance

We have received evidence that the characteristics and net performance of all the unit-linked funds are regularly reviewed by ReAssure's Board Investment Committee (BIC) to ensure that the funds remain aligned with the interests of members. There terms of reference include reviewing historic performance figures, including volatility of returns relative to benchmarks.

The Fund Manager is *HSBC Global Asset Management* (HGAM). The investment strategy in place for members assets aims to outperform benchmarks over the medium to long-term, which is considered as a period of at least three years.

As trustees we receive quarterly data showing the investment performance of each underlying fund compared to the investment benchmark of its constituent assets. The average investment return (weighted by the total value of funds under management) has been above benchmark over the last five years but has underperformed over shorter periods. ReAssure's BIC monitors performance and we have seen evidence of action being taken where medium-term underperformance has persisted. As Trustees we receive minutes and reports of the BIC on a quarterly basis to ensure that appropriate monitoring of investment performance is ongoing.

Overall, we have concluded that the investment strategies are designed and executed in the interests of members and include clear statements of the funds' aims and objectives.

New Funds

In 2017 ReAssure introduced three new funds which were made available to you, details were included with your annual benefit statement. These newer funds have an Annual Management Charge of 0.65%, and no 'bid offer spread'. These funds do bear their own investment expenses which vary over time, the charges at present range between 0.06% and 0.09%.

Default Funds

The scheme does not offer a default fund and there is no evidence of money being placed into funds by default. This means that members had to make an active investment choice from the range of funds available and were not automatically placed into a default fund.

Security of Assets

Each member has their own money purchase pot into which monies are paid. Each pot forms part of a fully insured fund(s) backed by ReAssure part of the Swiss Re group, ReAssure is an authorised company which is a member of the Financial Services Compensation Scheme (FSCS). The FSCS protects consumers should an authorised financial firm fail. This means that in the event that ReAssure was unable to pay out your accumulated pot of money, the FSCS can pay compensation up to 100% of the claim amount.

How Much Are The Charges On Your Scheme

Contribution Charges

There are various charges which are made to contributions and investment funds these are set out on the next two pages.

Contribution charges up to 20 August 2015	
Allocation rate for regular premiums	Between 65% and 102%
Allocation rate for single premiums	Between 100% and 103%
Bid/Offer spread	5%

New Contribution charges from 21 August 2015	
Allocation rate	100%
Bid/offer spread	Nil

Investment Fund Charges

Investment Fund charges for existing funds	
Annual management charge	1%

Investment Fund charges for new funds	
Annual management charge	0.65%

Charge Capping

Charges from 1 January 2017	
Charge Capping	Your scheme is subject to a cap on ongoing charges on accumulation units of 1%, including the bid offer spread or similar explicit transaction costs incurred. This was implemented in May 2017 and backdated to take effect from 1 January 2017
Exit Charge Capping	In addition, a 1% exit charge cap was introduced on the 19 January 2017 for customers who want to take or move their benefits once they reach 55 years of age

Investment Management Charges Existing Funds

ReAssure's *Investment Management Charges* (IMCs) are the amounts ReAssure pays to the external investment manager to cover the costs of overseeing the underlying investments. IMCs vary by fund and over time, as each fund bears its own charges, based on the investments made within each fund. ReAssure's approach is to group funds with similar investment mandates into a single base fund. This pooling of investments increases the size of funds and hence reduces the impact of IMCs through economies of scale. As a result, these do not have significant impact on the overall level of charges.

Additional transaction costs may be incurred by the external investment manager when assets are bought or sold and these costs are incurred directly by the fund.

Transaction Costs

Fund Name	Transaction Costs (Per Annum)	AMC (Per Annum)	IMC (Per Annum)	Bid/Offer Spread
Pensions Balanced	0.0900%	1.0000%	0.0000%	0.0000%
UK All Company Tracker	0.0100%	1.0000%	0.0000%	0.0000%
Pensions UK Equity	0.1500%	1.0000%	0.0000%	0.0000%
Pensions Global Equity	No Information Yet	1.0000%	0.0000%	0.0000%
Pensions Defensive	0.0900%	1.0000%	0.0000%	0.0000%
Pensions UK Fixed Interest	0.0400%	1.0000%	0.0000%	0.0000%
Pensions Money Market	0.0200%	1.0000%	0.0000%	0.0000%
Corporate Bond	0.0800%	0.6500%	0.0800%	0.0000%
Deposit	0.0700%	0.6500%	0.0640%	0.0000%
UK and Global Equity Tracker	0.0300%	0.6500%	0.0330%	0.0000%

Although there is a 5% bid offer spread applied to contributions that started before 21 August 2015, this is rebated back to you under the Charge Capping which has applied to your policy since 1 January 2017, therefore this is shown as 0% in the above table.

Loyalty Bonuses

A loyalty bonus is payable when taking your fund at retirement, early retirement or on death but not on transfer. These are based on a percentage of the bid value of units set out in the below table.

Number of Years	Percentage payable
10 years	+2%
15 years	+3.5%
20 years	+5%
25 years	+6.5%
30 years	+8%

Value for money

As trustees we have a legal duty to assess whether you are getting value for money. As part of this assessment it is important that we not only look at the charges, but also at the scope and quality of the services provided to our members across the core areas of customer service, customer proposition, investment performance and scheme governance and management.

In assessing the value for money, we as trustees have taken into account the following.

Customer Service

ReAssure have provided us with a set of agreed customer service standards and they report to us quarterly on how they are doing against these service standards. Across the vast majority of these, ReAssure have met and exceeded the agreed service standards for our members'. Also, their customer satisfaction rating is above the industry average.

Customer Proposition

When members come to retirement ReAssure provides help in making sure our members make the most of their pension funds by:

- introducing members who want to buy an annuity to LV=, a specialist annuity provider who give our members access to the best annuity rates available in the market from a panel of annuity providers
- making available a simple, low cost, flexible drawdown product, the Retirement Account.
- offering members access to the ReAssure Retirement Planning Tool which allows our members to explore their retirement options on-line.

Investment Performance

The investment managers aim for second quartile performance which provides stable growth without the prospect of volatility first quartile performance can bring with it.

ReAssure monitor fund performance closely and are currently going through an exercise to move some actively managed funds to passive management which will reduce the ongoing costs incurred by these funds.

Taking the above factors and the charge capping that has been implemented with effect from 1 January 2017, we the directors of ReAssure Trustees Limited believe that your scheme offers you value for money.

Trustee Knowledge & Understanding

The Pensions Act 2004 requires the trustees to possess, or have access to, sufficient knowledge and understanding to run the scheme effectively. We recognise the importance of having the right mix of skills, competencies and personalities on the Trustee Board to ensure the scheme is well governed and properly managed.

G Trustees Limited comprises two trustees who act solely in the interests of members, with any potential conflicts of interest considered, in accordance with the conflict of interest policy, to ensure they do not interfere with our capacity to act independently of ReAssure.

We have been carefully selected to ensure that, individually and collectively, we have the appropriate skills, knowledge and experience in relation to acting as Trustees, to be able to execute our duties, and assess and make judgements on trustee responsibilities.

As trustee directors we are required to read and understand the Trustee's Board governance documents, including the conflicts of interest policy and statement of investment principles. We are also responsible for our own training which includes completing the Trustee Toolkit. The trustee directors keep a log of all training undertaken.

We are also able to use both the technical and legal support of ReAssure as and when we need to. This keeps us up to date with both current legislation and any changes proposed for the future. ReAssure also have a good understanding of the scheme rules and their terms and conditions.

In addition, where needed we can get expert legal and investment advice from external advisers.

All of this means that we have the combined knowledge and understanding needed to properly run and govern the scheme.

We also attend seminars and conferences about pensions, read information published by The Pensions Regulator and attend externally run courses on various aspects of being a pension trustee.

Short Biographies for each of the Trustees

Mike Woodcock

Mike is the UK Chief Financial Officer of ReAssure. He joined the company on 30 July 2012.

Mike is a CIMA-qualified accountant, with over 30 years' experience in the financial services industry. His past experience includes financial consolidation, external/financial reporting, management accounting, business partnering, mergers and sales.

He was previously with Aviva plc holding a variety of senior roles, most recently Group Consolidation and Reporting Director responsible for leading the Financial Consolidation and Reporting Services team for the plc Group

Paul Parsons

Paul has worked in Management and Executive positions within the Customer Services and Information Technology functions of ReAssure and other group companies for over 30 years.

During that time he has contributed towards the implementation of the key business administration and system strategies of the Company and played a key operational role in historic business acquisitions and migrations

Membership will be reviewed on a regular basis, to ensure that trustees continue to be independent and the balance of expertise is appropriate. Action would be taken if it is considered that any trustee has subsequently taken on other responsibilities that compromise their independence.

This satisfies the requirements to ensure current trustees have the appropriate skills and expertise. ReAssure provide good support to the Trustee Board. The Trustee Board intends to serve its purpose and act in the interests of the members of ReAssure Number Three Executive Pension Plans.

How To Contact Us

Members who have concerns or queries about the scheme and their benefits can contact us at:

ReAssure Limited
Windsor House
Ironmasters Way
Telford
TF3 4NB

Or call us on

0800 073 1777

On behalf of the trustees:

Signature: .....

Title: Chair of Trustees

Date: 12 July 2019