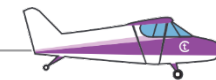


SUMMARY FUNDING STATEMENT

WITH PROFITS SECTION OF THE CHEVIOT PENSION

Issued June 2025

IMPORTANT PLEASE READ



Who manages the Section?

Are my benefits secure?

What is the current funding position?

Changes in the funding position

How do the employers support the Section?

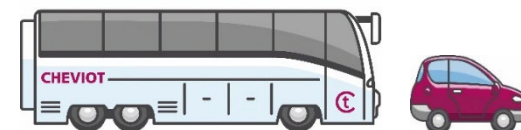
What happens if the employers are no longer able to
support the Section?

How are the assets of the Section invested?

Can I transfer my benefits?

Can I access my benefits flexibly?

Other information you need to know.



Who manages the Section?

The Trustee (Cheviot Trustees Limited) manages the Section under a Trust. This includes looking after the assets which are held in trust to provide the promised benefits for all members.

Are my benefits secure?

This statement includes information to help you understand how well the Section is funded. Your benefits are more secure if the funding of the Section is good and the combined ability of all of the employers to pay contributions remains strong. The Scheme Actuary conducted a funding valuation as at 31 December 2023. This estimated how much it would cost to provide the benefits and compared this to the value of the assets, including estimated future investment returns based on the Trustee's investment strategy.

The Trustee has now agreed the valuation, after consulting with employers. The funding position based on the actuarial assumptions and future investment returns was 86%. This resulted in a deficit of £9.8m at the valuation date. The Trustee will therefore be requesting contributions from all employers with liabilities in the Section at 31 December 2013 (the latest valuation before the Section was reclassified as a cash balance scheme). The contributions requested from Employers are £10.5m, calculated and due at 31 May 2025 which is expected to restore the Section to 100% funding.

What is the current funding position?

The Scheme Actuary completes a detailed review of the Scheme at least every three years. An actuarial update is completed in the intervening years.

All numbers in £m	31 December 2020 Full valuation	31 December 2021 Actuarial report	31 December 2022 Actuarial report	31 December 2023 Full valuation
The value of the assets:	95.9	90.0	64.5	62.1
The estimated cost of providing the benefits:	(95.5)	(88.1)	(72.9)	(71.9)
Resulting in a surplus or shortfall (shown in brackets) of:	0.4	1.9	(8.4)	(9.8)
The funding level:	100%	102%	88%	86%

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Change in the funding position

Since 31 December 2022, the position has deteriorated from a deficit of £8.4m to a deficit of £9.8m calculated as at the last valuation date of 31 December 2023. The two most significant reasons for this was changes in the assumptions used, particularly in relation to future investment returns, which increased the assessed cost of providing benefits and poor market returns across nearly all asset classes in 2022.

How do the employers support the Section?

The valuation at the end of 2023 includes a plan to restore the funding of the Section through employer contributions to enable the Trustee to secure the promised benefits with an insurer in due course. The Trustee has been in regular discussion with the employers about this issue and they are aware that contribution requests will be issued in the first three months of 2025. Most contributions were due by 30 May 2025 with some employers paying over a period of years.

The Section employers are collectively liable to pay the deficit. Each employer is obligated to pay its share of the contributions due, but if an employer is not able to pay its share, that obligation passes to the remaining employers to be paid. This means that although there is a wide range of employer size and financial strength, collectively the employers' ability to fund the Scheme is considered to be strong.

What happens if the employers are no longer able to support the Section?

If a pension scheme is wound up with a shortfall and the Section and all of the employers are insolvent and do not have enough money to cover the cost of securing members' benefits, the Government's Pension Protection Fund would usually pay compensation equivalent to a proportion of the benefits to members. The structure of the With Profits Section and the profile and number of With Profits Employers means that the Section is very unlikely to be eligible for this protection in practice. There is no reason to think the Section will not be able to meet the benefits as they fall due, given the number of employers and the combined strength of those employers to support the Section.

The Scheme Actuary calculated the difference between the Section's assets and the estimated cost of buying the benefits from an insurance company as part of the valuation as at 31 December 2023. This is known as the "solvency position".

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This showed an estimated shortfall of £10.8m against the cost of the full benefits of all members being provided by an insurance company if the Section had wound up on that date with no further contributions from the Employers.

This information is to help you understand the financial security of your benefits. The Trustee is not currently considering winding up the Section, though there is a long-term plan to insure the benefits in full with an insurer by the end of 2029 and wind up after that date.

Further information and guidance is available on the PPF website at www.pensionprotectionfund.org.uk. Alternatively, you can write to the Pension Protection Fund at PO BOX 254, Wymondham, NR18 8DN.



How are the assets of the Section invested?

The Trustee has appointed a new fiduciary manager and investment adviser to look after the Section's assets, Van Lanschot Kempen Investment Management (UK) Limited (VLK). VLK provides investment advice and investment management services to the Trustee, including advice on setting the Investment Objectives. The Trustee makes investment strategy decisions based on advice from VLK. The strategy is then implemented by VLK in its role as Fiduciary Manager.

The Trustee currently invests in a range of assets including equities and bonds. Some assets are expected to provide additional returns above liabilities and are held in the Investment Fund. The Matching Fund invests in bonds and cash which aim to protect the Section against changes in the cost of providing the benefits driven by interest rates or inflation. 55% of the Section's assets are held in the Investment Fund, 45% in the Matching Fund. The investment strategy targets a return of 2% per year above UK government bonds. Details of the current asset allocation are available on request.

Can I transfer my benefits?

Yes, if you have not yet retired, but not if you are a pensioner. If you are thinking of transferring your benefits, you should consider consulting a professional adviser, such as an independent financial adviser, before taking any action. Please read our [Pension Scams factsheet](#) before taking any decisions. Cheviot is not authorised to provide financial advice.

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Can I access my benefits flexibly?

You can transfer to the Money Purchase Section of the Cheviot pension to access your benefits flexibly, including using a drawdown facility. You can also transfer in benefits from other schemes you may have to the Money Purchase Section. You are not required to take independent financial advice before transferring your With Profits Section benefits. Cheviot offers a range of retirement investment strategies to help you, which are explained in our [Retirement factsheets](#).

Other information you need to know

Cheviot's administration team have been outsourced to Spence and Partners who have taken over responsibility for the administration of the scheme. For general enquiries, please contact CheviotMembers@spenceandpartners.co.uk. The Trustee can be contacted by post or by email or through our website. Postal communication is not recommended and is likely to take longer to receive a response.

Other information is available on the website or you can request a copy of any of the documents below by contacting: ceo@cheviottrust.com.

The Section is not subject to any modification, direction or schedule of contributions from the Pensions Regulator. No payment of surplus funds has been made to the Employers.

Statement of Investment Principles – September 2024

This explains how the Trustee invests the assets of the Section.

Schedule of contributions January 2025

The schedule sets out the contributions to be paid by the Section employers and includes a certificate from the Scheme Actuary. Members are not able to make further contributions. Contributions to meet the deficit were requested from employers by 31 May 2025. As at 4 June 2025, £5.13m has been paid, accounting for around 49% of the total deficit. The total rises to approximately £7.8m when the total contributions due from firms who have agreed to pay by instalments are included. The funding position has improved accordingly. The Trustee is still in discussion with the firms that have not yet paid or committed to pay.

The Trustee is continuing to pursue all employers who have not yet paid and is considering its options for recovering the outstanding contributions and any associated recovery costs.

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Report and Accounts of the Section as at 31 December 2023

This shows the Section's income and expenditure in each year and is included in the Cheviot pension accounts.

Formal Actuarial Valuation Report as at 31 December 2023

This contains the details of the Scheme Actuary's review of the Section's financial position as at the latest formal actuarial valuation date, 31 December 2023. It also includes a copy of the Trustee's Statement of Funding Principles.

Implementation Statement – July 2024

Read how the Trustee engages with investment managers in relation to Environmental, Social and Governance (ESG) issues.

Data protection information

The Scheme Actuary and the Trustee are "data controllers" for the purposes of the Data Protection Act 2018 and the General Data Protection Regulation. Spence and Partners are data processor. Further details about how your data is held are available on the website [here](#).

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Contact us here

For general enquiries, please contact: CheviotMembers@spenceandpartners.co.uk or call 0203 855 0143.

The Trustee can be contacted by post or by email or through our website. Postal communication is not recommended and is likely to take longer to receive a response.

Other information is available on the website: <https://www.mycheviotpension.com/> or you can request a copy of any of the documents above by contacting: ceo@cheviottrust.com.

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