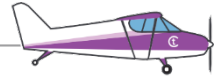




IMPORTANT PLEASE READ



SUMMARY FUNDING STATEMENT

2022

WITH PROFITS SECTION
OF THE CHEVIOT
PENSION

Who manages the scheme?

Are my benefits secure?

What is the current funding position?

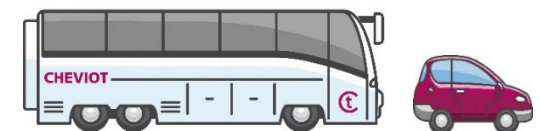
How are the assets of the Section invested?

Can I transfer my benefits?

Can I access my benefits flexibly?

How do the employers support the Section?

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. The Scheme Actuary carried out a funding valuation as at 31 December 2020. 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 consulted with the With Profits Employers regarding the actuarial assumptions used in the valuation.

The funding position based on the actuarial assumptions and future investment returns was 100%. The Trustee did not ask for contributions from employers as the Section was fully funded. This position may change in the future.

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 2019	31 December 2020	31 December 2021
The value of the assets:	100.2	95.9	90.0
The estimated cost of providing the benefits:	(98.6)	(95.5)	(88.1)
Resulting in a surplus or shortfall (shown in brackets) of:	1.6	0.4	1.9
The funding level:	102%	100%	102%



This statement is issued to meet the requirements of the Pensions Act 2004 and the Pensions Regulator. The contents of this statement are not intended to give legal or financial advice. The trust deed and rules will override this statement in the event of any inconsistency.

Change in the funding position

Over the year since 31 December 2020, the funding position improved slightly from a surplus of £0.4m to a surplus of £1.9m. The most significant reason for this was higher than expected returns on the Section's assets (excluding the impact of the liability hedge).

How do the employers support the Section?

The Trustee regularly review the funding position. If there is a significant shortfall at the next valuation at the end of 2023, employers may be required to make contributions to meet that shortfall. The Trustee has the power to bring forward the valuation if necessary.

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 scheme and the employers do not have enough money to cover the cost of securing members' benefits, the Government's Pension Protection Fund would usually pay 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. There is no reason to think the Section will not be able to meet the benefits as they fall due as it is well funded.

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 2020. This is known as the "solvency position". This showed a shortfall of £8.1m 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. The Trustees aim to reduce this shortfall over time.

This information is to help you understand the financial security of your benefits. The Trustee is not currently considering winding up the Section.

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 12 Dingwall Road, Croydon CR0 2NA.



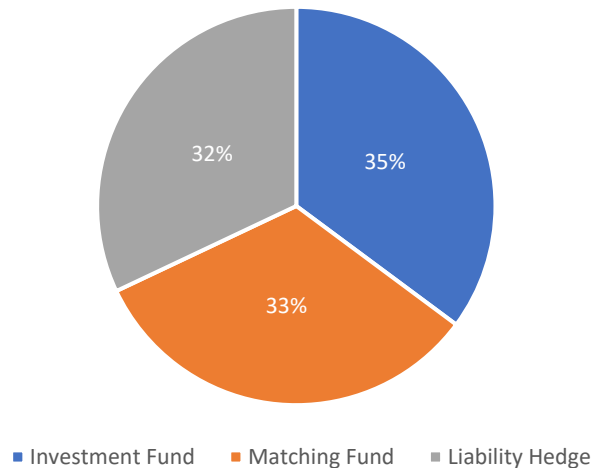
How are the assets of the Section invested?

The Trustee currently invests in a range of assets including equities and bonds. Some assets are expected to provide additional returns and are held in the Investment Fund. The Matching Fund invests more in bonds and provides a stable but lower return.

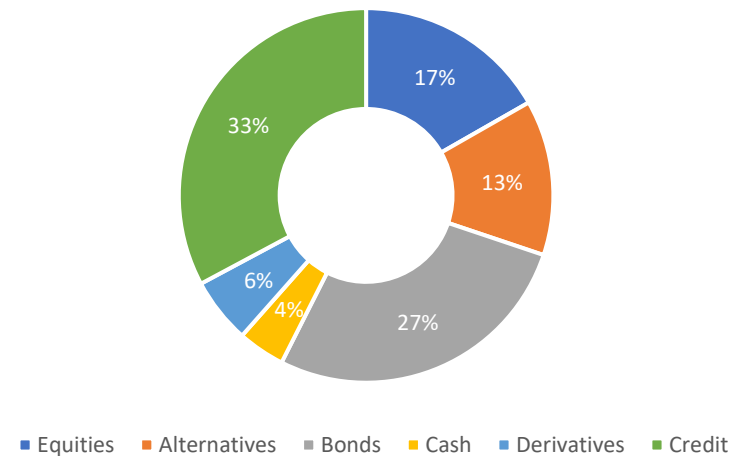
Other assets (described in the chart below as the liability hedge) are held to protect the Section against changes in the cost of providing the benefits driven by interest rates or inflation. Details of the investment strategy are set out in the Statement of Investment Principles.

The assets held at 31 December 2021 are shown:

Breakdown of Section by Fund as at 31 December 2021



Asset Breakdown as at 31 December 2021



Structured equity is an investment which reflects movements in stock markets but is designed to provide some protection against falls in values. Structured equity is therefore less risky than standard equity investments. The split between different types of investments in the Investment Fund are reviewed at least monthly and reflect the Trustee's views on market conditions, after taking advice from our investment consultant. Details of the current asset allocation are available on request.

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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.

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. 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

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

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

Schedule of contributions

This shows whether any contributions are being paid into the Section by employers and includes a certificate from the Scheme Actuary. Members are not able to make further contributions and no contributions are currently being paid by employers.

Report and Accounts of the Section

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

Formal Actuarial Valuation Report

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 2020. It also includes a copy of the Trustee's Statement of Funding Principles.

Implementation Statement

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

Data protection information

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