

# REPORT TO MEMBERS

ISSUED AUGUST 2021



2021

# WHAT'S INSIDE?



- 3 A message from the Chair
- 4 News from the Trustee Board
- 5 Things you need to know
- 6 Money Purchase Section
- 7 Investment Information
- 8 Financial information



## 2020 Benefit Statements

Benefit Statements for members of the Money Purchase and With Profits Sections will be available shortly on the [Cheviot Dashboard](#). The Benefit Statements have been revised this year to provide simpler and more accessible information. A factsheet providing more information is available [here](#).

## We want to hear from you

The Trustee Board is always interested to know your views, including what you think we do well and what we could do better. Let us know what you think about our services at [people@cheviottrust.com](mailto:people@cheviottrust.com).

## New member websites

[Mycheviotpension.com](#) is our new member focused website. It is easy to navigate and has lots of useful information. The [Cheviot Dashboard](#) allows you to view your own details. If you haven't already registered for the Dashboard, you will need your registration pack to do so. You should have received your registration pack by post, together with your unique registration number. If you have not received these documents or have any other queries relating to the Dashboard, please email [people@cheviottrust.com](mailto:people@cheviottrust.com). The Cheviot Dashboard is not currently available to Final Salary members. We hope to extend this service soon.

## Implementation Statements

Read how the Trustee engages with investment managers in relation to Environmental, Social and Governance (ESG) issues in the [Implementation Statement](#). More information about ESG issues is available on page 7. Implementation Statements are also available for members of the [With Profits Section](#) and [Final Salary Schemes](#).

## Reduced charges

Some fund and drawdown charges have been reduced from 1 July 2021 - See our [Summary of Charges Factsheet](#)

Disclaimer: the contents of this report do not constitute legal or financial advice. Readers should take specific advice on any particular matter which concerns them. The trust deed and rules will override in the event of any inconsistency.





# A MESSAGE FROM THE CHAIR



I was pleased to be reappointed as Chair for a further three-year term in 2020. 2020 and 2021 inevitably have been dominated by the Covid-19 virus, its effects on the economy and on the pension funds which we manage. The strong range of skills on the Board enabled us to rise to the challenge without losing our focus on meeting the needs of members and participating employers.

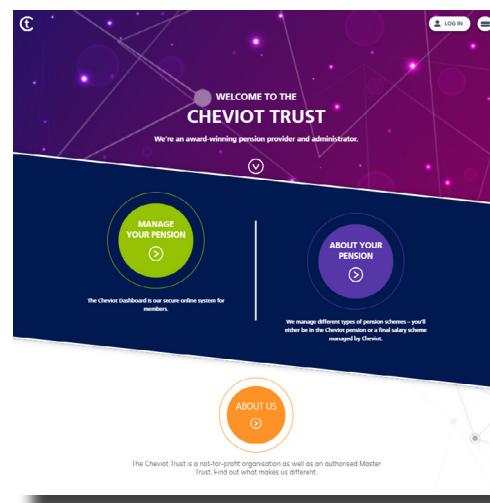
The Trustee Board has continued to meet virtually, conduct the business of the Trust and perform its oversight role, despite the challenges of remote working. The benefits of virtual meetings means that most Cheviot meetings will continue to be held virtually in 2021 and 2022, even if meeting in person becomes possible.

## Important documents

[The Chair's Governance Statement](#) set out how the Trust is managed. [The Audit Assurance Framework Report](#) sets out details of Cheviot's processes and procedures and how well they were implemented during 2020. There were very few exceptions which shows our processes are working well. The new Implementation Statement set out how the Trustee engages with investment managers on corporate voting and ESG issues. If you would like hard copies of any of these documents, please contact us on 01702 354024 or email [people@cheviottrust.com](mailto:people@cheviottrust.com).

## New website

Our new member website, [mycheviotpension.com](http://mycheviotpension.com), was launched in June 2021. Having a member dedicated website enables us to improve member communication, focus on member issues and makes the site easier to navigate. All the forms on the website are now interactive so you can complete them online and return them. [The Cheviot Dashboard](#) is our new member portal, with robust security, allows members of the With Profits and Money Purchase Sections to view their own pensions dashboard, showing details of their savings at a glance. We hope to extend this to Final Salary Scheme members in time.



## Service to members

Our team remain available on our usual phone lines and email addresses so please call or email if you have any queries. There are inevitable delays on postal communications whilst the office is not fully open so please sign up to electronic communications to help Cheviot respond more promptly and to reduce our environmental impact.

Master Trust authorisation means that all members and employers can be confident that the Trust is well governed and that the administration processes and systems are robust and secure.

Many thanks to all the members of final salary schemes who have returned their data forms. If you have received a form but haven't yet returned it, please do so as it helps us make sure that our records are correct.

# NEWS FROM THE TRUSTEE BOARD

Cheviot Trustees Limited has a professional chair, four member representatives, four employer representatives and two co-opted directors, including Sir Derek Morris. The Trustee directors look after your pension for you. This means overseeing the management of the Trust, including the administration service, reviewing the investment strategy and ensuring the Trust meets all its statutory and regulatory requirements. Click [here](#) to learn more about our Trustee directors.



Stephen Jones, previously a partner at Thompsons LLP, has joined the Trustee Board as an Employer Trustee.



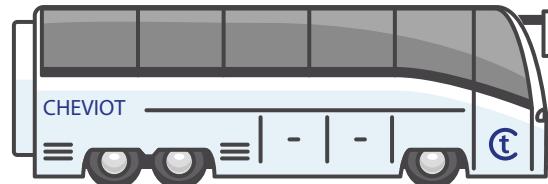
Giles Orton, previously a co-opted director, has been appointed as a Member Trustee. Giles was a partner and is now a consultant with Eversheds Sutherland, specialising in pensions litigation. Giles is also a fully accredited Professional Pension Trustee.



Ian Gault has been reappointed as an Employer Trustee for Herbert Smith Freehills LLP.



Maralyn Thomas has been re-appointed as a Member Trustee. Maralyn is a fully accredited Professional Pension Trustee.



# THINGS YOU NEED TO KNOW

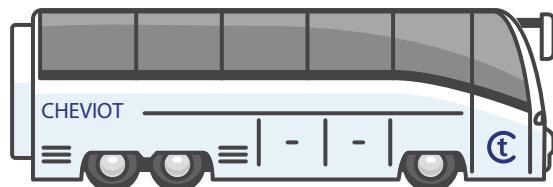
## Did my savings grow in 2020?

Despite the very difficult first two quarters of 2020, markets recovered by the end of 2020. Most funds were ahead of long term targets over five years but lagged over shorter periods. The core Money Purchase Section options were also ahead or broadly in line with long term targets over three years.

You can log on to the Cheviot Dashboard to see your up-to-date fund value. Performance information is available [here](#).

If you have savings in the With Profits Section, they will have increased in line with the guaranteed rates of return. If you are over your Normal Retirement Date, the rate of interest is based on the current base rate.

If you were a member of your employer's Final Salary Scheme with Cheviot, your benefits are not dependent on whether the assets have grown. Your pension usually increases in line with inflation (capped at 2.5% or 5%) from when you left the scheme until your Normal Retirement Date.



## Lower charges from 1 July 2021

The Trustee has reduced charges on most investment funds. It has also removed the upfront charge for members going into drawdown and accessing a flexible income. See our [Summary of charges factsheet](#).

## Expression of wishes form

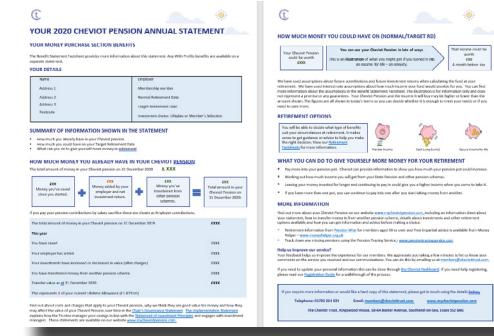
Make sure your expression of wishes form is up to date. This helps the Trustee understand your wishes about the distribution of any death benefits. You can find the form [here](#).

## New Member Website

Mycheviotpension.com can be accessed [here](#), where all members can find useful information and access the Cheviot Dashboard too.

## Cheviot Pension Benefit Statement

The new Benefit Statements will be available from 4 September 2021, and can be accessed [here](#) when they are online. There are separate Benefit Statements for Money Purchase and With Profits benefits.



## Contact details

Please check, using the Cheviot Dashboard, that your contact details are up to date, including a personal email address. It is your responsibility to keep your contact details up to date.

If we can't contact you, we will use a tracing agency. If we have to trace you more than once, we will deduct the tracing costs from your savings.

# MONEY PURCHASE SECTION

Log on to the Cheviot Dashboard to see your up-to-date fund value, change your personal details and check your investment choices. You can access the guide to the Cheviot Dashboard [here](#).

You can also view your Benefit Statements and see whether you are saving enough for the retirement you want. If you don't already have access to this, setting up your account is easy. You can do this [here](#).

## Cheviot Lifeplan

Most members are invested in the Cheviot Lifeplan. The Cheviot Lifeplan allows the Trustee to take investment decisions for you. The Cheviot Lifeplan transitions your savings through different funds based on your Target Retirement Date.

It is important that you let us know if your retirement plans change. If you don't set a Target Retirement Date, the Trustee will use your Normal Retirement Date. You can find more information about the Cheviot Lifeplan [here](#).



## Fund choice

If you want to make your own investment choices, you can invest in the funds used in the Cheviot Lifeplan or one or more of the other funds. Some of these funds are managed by external managers. More information is available [here](#). If you choose your own option, it is your responsibility to review your investment choices and decide which is right for you, particularly when you are approaching retirement.

### Cheviot diversified funds

Cheviot Growth Fund  
Cheviot Moderate Fund  
Cheviot Cautious Fund  
Cheviot Retirement Planning Fund  
Cheviot Low Cost fund

### Equity funds

Legal & General Global Equity Fund  
Legal & General UK Equity Fund  
Blackrock Emerging Markets Equity Fund  
*ESG Equity Fund available later in the year*

### Specialist funds

HSBC Islamic Global Equity Index Fund  
Legal & General Ethical Global Equity Index Fund  
Cheviot Annuity Planning Fund  
Cheviot Cash fund

## Approaching retirement

When you start to think about accessing your savings for the first time or are approaching your Target Retirement Date, you need to review how to invest your pension funds. We now provide a variety of retirement investment strategies depending on what you are likely to do. You can find more information [here](#).

We are going to update our investment options at retirement over the next few months.

## Advice and guidance

Free guidance is available from Pension Wise or you can take advice from an independent financial adviser. You can find a financial adviser through the Money Advice Service.

Pension Wise, the Money Advice Service and the Pension Advisory Service are now provided by Money Helper - [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)

## Scams – be Scam Smart

Don't let a scammer enjoy your retirement. Scammers will be trying to take advantage of the COVID-19 situation so please be particularly vigilant. For further information, please click [here](#) and get to know the warning signs of a scam.

# INVESTMENT

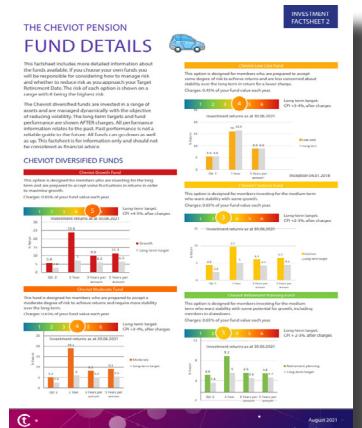
## Market overview

Most return-seeking asset classes performed positively over the year to 31 December 2020, despite the significant falls seen in Q1 as a result of rising COVID-19 cases and associated shutdown of economies around the world.

Central banks and Governments around the world reacted and provided fiscal and monetary stimulus. Together with the news of effective vaccines towards the end of the year, this had a positive effect on equity markets resulting in three consecutive quarters of strong equity performance.

## Money Purchase Section

Log on to [the Cheviot Dashboard](#) to see where your savings are invested. The return seeking funds all delivered performance over the long term targets over three and five years. More detailed performance information on the core funds and the other funds available can be found [here](#).



**E** Carbon footprint  
Pollution and water use  
Renewable energy  
Emissions

**S** Workplace safety  
Supply chain standards  
Diversity  
Social justice

**G** Management structure  
Risk management  
Executive pay  
Board composition

## "ESG": what does it mean?

ESG means looking at how companies address environmental, social and governance issues. Companies which have positive ESG ratings compared to their peers, are likely to provide better financial returns or lower risk or more sustainable returns. The new Implementation Statements explain how the Trustee consider and evaluate ESG in their investment decision making. It also looks at how the investment managers engage with companies and use their influence to encourage them to focus more on ESG issues.

## ESG v Ethical: what is the difference?

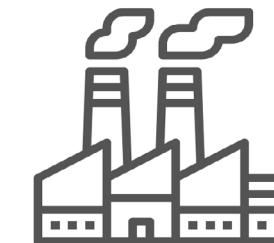
ESG is different to ethical issues but there may be some overlap. Not investing in a tobacco company because smoking is harmful to human beings is an ethical issue. Not investing in the same company because it is unlikely to be sustainable or may get sued in the future for causing harm is an ESG issue.



## Focus on climate change

There is growing focus on the environmental issues and how they may affect financial returns and sustainability in the future. The Trustee is looking at how to include more detailed environmental assessments in its investment approach and will be reporting on this in 2022.

The Trustee will be making an ESG equity option available to members later in the year which will focus more on ESG scores when making investment decisions.



## Data protection

We know how important it is to look after your personal data securely. You can find a summary of our privacy policy [here](#).

# FINANCIAL INFORMATION

## FUND ACCOUNTS

	Cheviot Pension £M		Final Salary Schemes £M	Total £M
	Money Purchase Section	With Profits Section		
Assets as at 1 January 2020	130,151	100,233	221,169	451,553
PLUS				
Contributions and transfers	9,001	0	2,390	11,391
Net return on investments	8,979	4,602	16,716	30,297
LESS				
Benefits paid	2,432	3,845	5,529	11,806
Leavers	2,388	3,729	1,472	7,589
Expenses	358	1,408	1,165	2,931
Assets as at 31 December 2020	142,953	95,853	232,109	470,915

### Important documents

The consolidated report and accounts, the Cheviot Pension accounts, the Implementation Statements and Statements of Investment Principles for the Money Purchase Section, the With Profits Section and the Final Salary Schemes and the Chair's Governance Statement are available [here](#). The accounts for each Final Salary Scheme are available on request. If you would like hard copies of any of these documents, please contact us on 01702 354024 or email [people@cheviottrust.com](mailto:people@cheviottrust.com).

### Membership numbers

31 December 2020



Cheviot Pension 7,447



Final Salary Schemes 1,397



Total 8,844

Disclaimer: the contents of this report do not constitute legal or financial advice. Readers should take specific advice on any particular matter which concerns them. The trust deed and rules will override in the event of any inconsistency.