

SG Magnets Limited Retirement Benefits Scheme (the "Scheme")

DC Chair's Statement for the year ending 31 March 2019

1. Introduction

This Statement has been prepared in accordance with regulation 23 of the Occupational Pension Scheme (Scheme Administration) Regulations 1996 as amended (the "Administration Regulations") and related guidance from The Pensions Regulator.

It relates to the Defined Contribution Section of the SG Magnets Limited Retirement Benefits Scheme and covers the period from 1 April 2018 to 31 March 2019 (the 'Scheme Year').

2. Background

The Scheme is a hybrid (defined benefit and defined contribution) trust-based occupational pension scheme established with effect from 30 March 1984 to provide retirement and death benefits for all eligible employees of SG Technologies Limited ("the Principal Employer").

The Scheme is governed by a definitive trust deed dated 4 September 1987 as subsequently amended by supplemental deeds and resolutions.

In April 2002 the Defined Benefit Section was closed to future accrual and in May 2004 a Defined Contribution Section was established and members of the Defined Benefit Section were given the option of joining the Defined Contribution Section ('the DC Section').

The DC Section has not been used as the qualifying scheme for auto-enrolment purposes.

During the Scheme Year Peter Graves and Brian Mabbott resigned as trustees of the Scheme, leaving Dalriada Trustees Limited as the sole, professional trustee of the Scheme.

On 31st March 2019 the DC Section was closed to future contributions.

3.1 Default Investment Arrangement

The default arrangement is provided for those members who do not actively select an investment option.

The default arrangement is Aegon's Universal Lifestyle Collection. The majority of the Scheme's members are invested in this arrangement.

The Trustees set the investment strategy for the default arrangement, taking into account that members have different attitudes to risk and different aims for their retirement savings.

The Trustees chose a default arrangement that targets the purchase of an annuity at retirement and assumes that most members will choose to take 25% of their pension as a tax free lump sum.

The default arrangement uses a two-stage investment process called life-styling. During the early years of investment, the fund aims to provide long-term capital growth by investing in a portfolio consisting largely of equities. Six years from the member's selected retirement date their funds are automatically switched to lower risk assets, such as bonds and cash.

As the DC Section was closed to future contributions with effect from 31st March 2019 and the Trustees are in the process of winding up the DC Section the Trustees have not carried out a review of the default strategy during the Scheme Year.

The strategy for the default arrangement was last reviewed in 2016.

SG Magnets Limited Retirement Benefits Scheme (the "Scheme")
DC Chair's Statement for the year ending 31 March 2019

3.2 Self-Select Funds

Members can choose to invest in a number of Aegon's funds including the following:

- Mixed Fund
- Equity Fund
- Fixed Interest Fund
- Cash fund

3.3 Statement of Investment Principles

The Trustees have prepared a Statement of Investment Principles ("SIP") for the DC Section. This is attached at Appendix 1 of this Statement.

4. Core Financial Transactions

The Trustees operate measures and controls aimed at ensuring that all financial transactions are processed promptly and accurately.

For these purposes, "core financial transactions" include but are not limited to:

- Investment of contributions;
- Transfers of assets into and out of the DC Section;
- Switches between different funds;
- Payments from the DC Section to or in respect of members (e.g. payment of death benefits).

The core financial transactions are undertaken by the following parties:

- Scheme administration including all aspects of contribution collection is undertaken by Aegon
- Investment fund administration and custody of assets is undertaken by Aegon
- Investment management is undertaken by Aegon and Mobius Life Limited

During the Scheme Year, the following arrangements have been made to ensure that core financial transactions are processed promptly and accurately:

- Aegon have processes in place to ensure core financial transactions are carried out in accordance with procedures. Aegon also have controls in place to monitor timeliness and have strict quality checks in force.
- The Trustees have in place with the Scheme's administrator a service level agreement which includes relevant key performance indicators (KPIs) regarding the timescales for processing core financial transactions;
- The Trustees receive and review administration reports from the Scheme's administrator which sets out the administrator's performance against the KPIs in the service level agreement.

Aegon have confirmed that core financial transactions were processed promptly and accurately during the Scheme Year.

5. Charges and Transaction Costs

The Trustee is required to assess the charges and transactions costs borne by members and consider the extent to which those charges and costs represent 'value for money'.

SG Magnets Limited Retirement Benefits Scheme (the "Scheme")
DC Chair's Statement for the year ending 31 March 2019

The Trustees have calculated the charges and, so far as they were able to do so, the transaction costs, borne by members for the Scheme Year.

In this context, "charges" means all administration charges other than transaction costs. "Transaction costs" include the costs associated with a member trading in and out of a fund as well as the investment manager trading a fund's underlying securities including commissions and stamp duty.

5.1 Charges for the default arrangement

The level of annual management charge which applied to the default arrangement during the Scheme Year was 1.00%.

5.2 Charges for self- select funds

The level of annual management charge which applied to the self-select funds during the Scheme Year was 1.00%.

5.3 Transaction costs

The Trustees requested details of the transaction costs for the default arrangement, however Aegon have advised that transaction cost information is not available.

However, Aegon have provided yearly transaction costs for some of the funds and this information is included in Appendix 2 of this Statement.

5.4 Example illustrations to show effect of charges and transaction costs

Aegon have provided example illustrations to show the cumulative effect of costs and charges to the value of members benefits over time. The statutory guidance was considered when preparing these illustrations. These illustrations are included in Appendix 3 of this Statement.

6. Value for members

In last year's Chair's Statement, the Trustees' concluded that the DC Section does not offer 'value for members'. This view has not changed and given the Trustees' decision to wind up the DC Section the Trustees have not carried out a further assessment this Scheme Year.

7. Trustee 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 and the investment of assets.

The Trustees are conversant with the scheme's governing documentation. Including:

- The Scheme's governing trust deed and rules;
- The Statement of Investment Principles; and
- Other documents setting out the Trustee's policies

SG Magnets Limited Retirement Benefits Scheme (the "Scheme")

DC Chair's Statement for the year ending 31 March 2019

As noted above, the Trustees during the Scheme Year were Dalriada Trustees Limited, Brian Mabbott and Peter Graves.

Dalriada Trustees Limited is a professional Trustee Company and was appointed in 2013. The lead Trustee is Adrian Kennett, supported by Mike Crowe.

Adrian Kennett is a Director of Dalriada with over 25 years' experience in the pensions industry and 12 years' experience of acting as a Trustee. He is a Fellow of the Pensions Management Institute and a member of the Association of Professional Trustees. His wider experience includes data analysis and benefit reconstruction, development and governance mechanisms, scheme mergers and the implementation of complex investment strategies. He sits as both Trustee Chair and a Member of the Board of Trustees on appointments ranging from those with liabilities of less than £10 million to those with liabilities of approximately £1 billion.

Mike Crowe is head of Dalriada's Consultancy function. He has over 35 years' experience in the pensions industry and has particular expertise in technical and legal areas. Before joining Dalriada, he was a senior manager in the legal team of a major DC pension provider. Mike is a member of the Association of Professional Pension Trustees.

Peter Graves and Brian Mabbott served as employer nominated trustees during the Scheme Year. They have extensive knowledge of the Scheme by virtue of being employees of SG Technologies Limited and members of the Scheme for many years.

The Trustees have assessed the skills-set and experience of each member of the Trustee board, taking account of the training undertaken during the Scheme Year, and are satisfied that the combined knowledge and understanding of the Trustees, together with the advice from professional advisers, enabled them to properly exercise their functions as Trustees of the Scheme.

To ensure that the Trustees have the necessary level of knowledge and understanding, the Trustees have:

- Attended regular training sessions;
- Completed the Pensions Regulator's Trustee Toolkit.
- Taken professional advice as appropriate.



Signed for and on behalf of Dalriada Trustees Limited as Chair of Trustee

Dated 23 October 2019

**SG Magnets Limited Retirement Benefits Scheme (the "Scheme")
DC Chair's Statement for the year ending 31 March 2019**

APPENDIX 1 – Statement of Investment Principles

Statement of Investment Principles

S G Magnets Limited Retirement Benefits Scheme

September 2019

Contents

1. Introduction.....	1
2. Investment objectives and strategy	2
3. Implementation solution.....	5
4. Appointment of investment managers	6
5. Other matters.....	7
6. Review	10
Appendix 1 – Investment managers DB section.....	11
Appendix 2 – Investment strategy DB section	12
Appendix 3 – DC section Lifestyle options	13

1. Introduction

1.1 What is the purpose of this Statement of Investment Principles (“SIP”)?

This SIP sets out the policy of the Trustee on matters governing decisions over the investments of the S G Magnets Limited Retirement Benefits Scheme (the “Scheme”).

The Scheme is made up of a defined benefit (“DB”) section, a defined contribution (“DC”) section, and an Additional Voluntary Contribution (“AVC”) Section. All statements contained within this SIP relate to all sections unless explicitly stated. The Scheme was established under Trust and is registered with HM Revenue and Customs under the Finance Act 2004.

1.2 What is the legal and statutory background to the SIP?

The SIP is designed to meet the requirements of Section 35 of the Pensions Act 1995 & 2004 (the “Acts”) and the Occupational Pension Schemes (Investment) Regulations 2005 (the “Regulations”). The SIP also reflects the Trustee’s response to the voluntary code of investment principles set out in Paul Myners’ publication “Institutional Investment: a review”.

The Pension Regulator’s Code of Practice 13, which was published in July 2016, has also been considered by the Trustee when drafting this SIP.

The SIP also takes into account the Pension Protection Fund (Pensionable Service) and Occupational Pension Scheme (Investment and Disclosure) (Amendment and Modification) Regulations 2018 for policy on financially material considerations, including Environmental, Social and Corporate Governance (“ESG”) factors (including climate change), their stewardship policy (voting and engagement) and their approach to member views (if any).

1.3 Who has had input to the SIP?

This SIP has been formulated after obtaining and considering written professional advice from Quantum Advisory (“Quantum”), the Trustee’s investment adviser, and consulting S G Technologies Limited (the “Sponsoring Employer”) as required by the Acts and the Regulations. Quantum has the knowledge and experience required under the Regulations to provide professional advice on the management of the Scheme’s investments.

2. Investment objectives and strategy

2.1 Investment policy

The Scheme's assets are held in trust by the Trustee. The investment powers of the Trustee are set out in the Scheme's Trust Deed.

The Trustee is aware of the need to invest assets in the best and sole interest of the members and that the powers of investment must be exercised in a manner which supports the security, quality, liquidity and profitability of the Scheme as a whole.

The Trustee recognises that the assets of the Scheme must consist predominantly of investments admitted to trading on regulated markets and investment in assets which are not admitted to trading on such markets must, in any event, be kept to a prudent level.

2.2 Investment objective

DB section

The Trustee, with the assistance of their advisers and in consultation with the Sponsoring Employer, set the current investment strategy following a consideration of its objectives and other related matters in 2015.

The Trustee noted the need to invest in a manner which helps ensure that the benefits promised to members are provided. Over the long term, this requires that a rate of return is achieved which supports the long term funding of the Scheme, which has been discussed with the Sponsoring Employer. In the short term, it means managing the volatility of assets relative to the value of liabilities, which have bond-like characteristics.

DC section

The Trustee's objective is to make available through the Scheme investment choices that reflect the members':

- attitude to investment risk;
- level of dependency on the benefits to be drawn;
- understanding of investment matters;
- range of ages, taking into account:
 - members closer to retirement have less scope to absorb risk and protect against short term fluctuation in asset values; and
 - members further from retirement have greater scope to absorb risk and short-term volatility in asset values, but also have to seek to protect against the erosion of the capital value of their assets by inflation; and
- likely choice of the form of benefits (annuity, drawdown or cash).

AVC section

The Trustee's key aim is to provide a range of investments that are suitable for meeting members' long and short-term investment objectives. They have taken into account members' potential circumstances, in particular members' attitudes to risk and how this might vary with the term to retirement.

2.3 What risks were considered and how are they managed?

DB section

In order to achieve the objectives, the Trustee recognised the need to invest in both “liability matching” and “return seeking” assets. The Trustee identified the following investment risks:

- the risk that investment returns in general will not achieve expectations;
- the risk that an investment manager will not meet its targets;
- the risk that the value of liabilities may increase due to changes in actual and expected inflation and interest rates;
- the risk of mis-match between the value and timing of the Scheme’s income and outgoings;
- the risk of a shortfall in the liquid assets held by the Scheme relative to its immediate liabilities;
- the risk that the performance of any single investment within the Scheme’s assets may disproportionately affect the ability of the Scheme to meet its overall investment objectives; and
- the risk of misappropriation, unauthorised use or mis-delivery of Scheme assets.

The Trustee recognises these risks and seek to minimise them as far as possible by the use of regular monitoring of investment performance; by a deliberate policy of diversification; by taking into account the timing of future payments; and by regularly reviewing the appropriateness of the prevailing strategy against the Scheme’s objectives.

DC section

The major component of risk is strategic risk which arises from the asset allocation of each individual member’s portfolio. In selecting the funds made available to members, the Trustee has provided a range of benchmark asset allocations which can be tailored to members’ individual requirements at different ages and terms to retirement.

For the lifestyle approach, the Trustee is satisfied that the benchmark asset allocations of members’ funds are appropriate to their ages and terms to retirement.

AVC section

The major component of risk is strategic risk which arises from the asset allocation of each individual member’s portfolio.

There is also the risk (across all sections of the Scheme) that ESG factors, including climate change, could adversely impact the value of the Scheme’s assets if this is not given due consideration and/or misunderstood.

2.4 What is the investment strategy?

DB section

Following the asset liability modelling exercise and investment strategy review in 2015, a strategic asset allocation was agreed. The strategy aims to deliver an appropriate mix of investments, which support the Scheme’s investment objectives. Details of this are set out in Appendices 1 and 2.

The DB section was closed to new entrants from April 2002 and the Scheme ceased future accrual in April 2004.

DC section

The details of the Investment strategy are outlined in Appendix 3. All assets are invested via Aegon.

AVCs

For members who joined the Scheme prior to April 2004, the Trustee holds AVC assets separately from the main fund in the form of individually earmarked policies with Scottish Widows. Members can now elect to pay AVCs through increasing their DC contributions to their policies held with Aegon.

The Trustee has taken into account members' potential circumstances, members' potential attitudes to risk and the long-term performance characteristics of various asset classes, in terms of their expected returns and the variability of those returns, in deciding on the range of funds to make available to members.

Each member is responsible for specifying one or more of the available funds for investment of their account, having regard to their attitude to the risks involved.

2.5 Fund managers, style and target returns

The funds in which the Scheme invests are pooled funds, which the Trustee believes are appropriate given the size and nature of each section of the Scheme. Details of the funds, managers, benchmarks and target returns used by the DB section and DC section can be found in the Appendices.

2.6 Re-balancing (DB)

The benchmark allocation for the DB Scheme, outlined in Appendix 2, is monitored on an ad-hoc basis by the Trustee.

LDI assets (including collateral) and money residing within the Trustee's bank account is excluded from this rebalancing process.

3. Implementation solution

3.1 What is an implementation solution and why use it?

An implementation solution is a service that enables pension schemes to buy, sell and hold their investments all in one place, rather than directly with a number of different fund managers. This allows greater flexibility and efficiency when switching investments as the investment strategy changes or fund managers have to be replaced.

The centralisation of funds also allows consolidated reporting to be obtained more easily and more regularly, ensuring an investment strategy can be effectively tracked and monitored. All of these features allow pension schemes greater administrative efficiency, enhanced ease of strategy implementation and potential fee reductions.

3.2 How is an implementation solution accessed?

Each pension scheme enters into a unit linked life policy through a Trustee Investment Policy (TIP). The TIP's value is linked to the underlying investments, which the implementation solution provider, in this case Mobius Life Limited, has been directed to purchase. Mobius Life Limited is responsible for investing into the underlying funds and takes responsibility for the relationship with the underlying fund managers. This includes transactions, reporting and governance. This differs from a traditional relationship that a pension scheme has with fund managers where it invests directly with these managers and maintains a number of these individual relationships.

3.3. Safeguarding and protection of Mobius assets

There are a number of regulatory layers of protection in relation to the Scheme's assets with Mobius. The key points to note are set out below.

- The Scheme's assets are held in a Pooled Life Fund, which is held separately to Mobius' shareholder and other Company assets.
- Submissions are made to the Prudential Regulation Authority and Financial Conduct Authority on a regular basis, which require the Mobius Board and an independent qualified actuary, the Actuarial Function Holder, to monitor the solvency of the Mobius business in relation to regulatory capital requirements. Mobius have appointed an independent qualified actuary to carry out this function, and any regulatory capital calculations are audited by the independent auditors.
- Mobius undertakes an annual Own Risk and Solvency Assessment together with the Actuarial Function Holder, as part of regulatory requirements of running an insurance company.

In Mobius' Security of Assets document, they state that Mobius is a regulated life insurance company, the Scheme has access to the Financial Services Compensation Scheme ("FSCS") in the event of Mobius Life becoming either insolvent or liquidated. The level of cover provided by the FSCS is currently 100% of the policy value when investing in insurance policies, with no upper limit, if Mobius defaults.

4. Appointment of investment managers

4.1 How many investment managers are there?

The DB section invests through Mobius Life Limited, an implementation solution provider. Details of the underlying investment managers are outlined in Appendix 1. The DC section holds assets through Aegon. The AVC section holds assets through Scottish Widows.

4.2 What formal agreements are there with the investment managers?

The Trustee has signed policy documents, agreements and application forms as appropriate, with Aegon for the DC section and also Mobius Life Limited for the DB section.

The Trustee holds policy documents with Scottish Widows for the AVC section.

4.3 What are the investment managers' responsibilities?

The investment managers are responsible for the day-to-day management of the investments and are responsible for appointing custodians, if required.

The managers are authorised under the Financial Services and Markets Act 2000 to carry out such activities.

Any performance requirements for the managers are detailed in the Appendices for the DB and DC sections.

4.4 Custodians and administrators

The Scheme's investments are through pooled investment vehicles. Therefore, there is no need for the Trustee to formally appoint a custodian as the investment comprises units held in listed investment vehicles rather than the underlying stocks and shares.

However, the underlying managers have appointed custodians for the safe custody of assets and these are detailed in the Appendices.

4.5 What is the Trustee's policy on investment in the Sponsoring Employer?

The Scheme does not directly hold any shares in the Sponsoring Employer. The Trustee's policy is to keep any holding below 5% of the Scheme's overall assets, in line with the Regulations.

5. Other matters

5.1 What is the Trustee's policy on the realisation of investments?

The Scheme's assets are held in pooled funds, most of which can be realised easily if the Trustee so requires.

5.2 What is the Trustee's policy on Financially material considerations, non-financial matters and stewardship policies?

5.2.1. Financially material considerations

The Trustee acknowledges the potential impact upon the Scheme's investments (both in terms of risk and return) arising from financially material matters. The Trustee defines these as including, but not limited to, ESG factors (including climate change).

With specific regard to ESG factors, the Trustee considers how these are integrated into the investment processes when: (i) appointing new investment managers; and (ii) monitoring existing investment managers. The Trustee has provided the appointed investment managers with full discretion concerning the evaluation of ESG factors. The Trustee also periodically considers publicly available ESG related publications pertaining to the incumbent investment managers.

The Trustee acknowledges that a large proportion of the Scheme's investments are implemented on a passive basis. This restricts the ability of the manager to take active decisions on whether to hold securities based on the investment managers consideration of ESG factors and track traditional indices. The Trustee does however expect the incumbent managers, where relevant, to utilise their position to engage with companies on these matters. The Scheme's investments are in pooled funds which also restricts the ability of the Trustee to influence the investment managers' ESG policies.

The Trustee also considers ESG factors when determining future investment strategy decisions. To date, the Trustee has not established any restrictions on the appointed investment managers, but may consider this in future.

5.2.2. Stewardship

The Trustee acknowledges the constraints that they face in terms of influencing change due to the size and nature of the Scheme's investments. They do, however, acknowledge the need to be responsible stewards and exercise the rights associated with their investments in a responsible manner.

The Trustee considers how stewardship factors are integrated into the investment processes when: (i) appointing new investment managers; and (ii) monitoring existing investment managers. The Trustee has provided the appointed investment managers with full discretion concerning the stewardship of their investments.

5.2.3. Non-financial matters

The Trustee considers non-financial factors (where members have been forthcoming with their views) however the Trustee does not employ a formal policy in relation to this when selecting, retaining and realising investments.

5.3 How are various parties who are involved in the investment of the Scheme's assets remunerated?

Quantum is remunerated on a fixed fee basis, with budgets agreed for any additional projects where possible.

The investment managers are remunerated on an ad valorem fee basis, which is calculated as a fixed percentage of the total value of the Scheme's funds they hold under management. This structure has been chosen to align the fund managers' interests with those of the Scheme. In addition, the fund managers pay commissions to third parties on any trades they undertake in the management of the assets. The Trustee can obtain an annual statement from the investment managers setting out all the costs of the investment of the Scheme.

5.4 Direct investments

The Pensions Act 1995 distinguishes between investments where the management is delegated to a fund manager with a written contract (e.g. units in pooled vehicle) and those where a product is purchased directly (e.g. the purchase of an insurance policy). The latter are known as direct investments.

The Trustee's policy is to review its direct investments and to obtain written advice about them at regular intervals. When deciding whether to make any new direct investments or terminate any direct investments, the Trustee will obtain written advice from the Scheme's investment adviser. If the Trustee believes that an investment is no longer suitable for the Scheme, they will withdraw the assets from the arrangement deemed to be unsuitable and select a suitable alternative.

The written advice will consider suitability of the investments, the need for diversification and the principles contained in this SIP. The adviser will have the knowledge and experience required under Section 36(6) of the Pensions Act to provide this advice.

5.5 Does the Trustee take any investment decisions on their own?

The Trustee is responsible for the investment of the Scheme's assets. The Trustee takes some decisions on their own and delegate others.

When deciding which decisions to take, and which to delegate, the Trustee takes into account whether they have the appropriate training and expertise in order to make an informed decision.

The Trustee has established the following decision making structure:

Trustee:

- Set structures and processes for carrying out their role.
- Agree structure for implementing investment strategy.
- Select and monitor planned asset allocation.
- Select and monitor investment advisers and fund managers.
- Select and monitor direct investments.

- Prepare and maintain the Statement of Investment Principles.

Investment adviser:

- Advise on all aspects of the investment of the Scheme's assets, including implementation.
- Advise on this Statement.
- Provide required training.

Investment (or fund) managers:

- Operate within the terms the written contracts and agreements.
- Select individual investments with regard to their suitability and diversification for the Individual pooled vehicles.
- Ensure the suitability of the chosen benchmark for the respective investment vehicle.

6. Review

6.1 How often are investments reviewed?

Strategy reviews are undertaken periodically. The DB section review typically occurs alongside triennial actuarial valuations of the Scheme; but more frequent reviews can occur in light of a material change of circumstances or if required by the Pensions Regulator.

Investment return experience and the performance of individual funds is reviewed with assistance from Quantum, as required.

6.2 How often is this SIP reviewed?

The Trustee will review this SIP at least every three years and following any significant change in investment policy.

Signature

AJ Kennett

Name

Adrian Kennett

Date

26th September 2019

For and on behalf of the Trustee of the S G Magnets Limited Retirement Benefits Scheme

Appendix 1 – Investment managers DB section

Investment Manager	Asset class	Fund name	Benchmark	Objective/Outperformance target	Annual Management Charge	Custodian
LGIM	Equity (passive)	World Equity Index Fund (GBP Hedged)	FTSE AW-World Index (GBP Hedged, with the exception of advanced emerging markets)	The Fund has an investment objective to track the total return of the benchmark to within +/- 0.5% pa for two years out of every three.	0.20%	City Group & HSBC Global Investor Services
LGIM	Property	Managed Property	AREF/IPD UK Quarterly All Balanced Property Funds Index	The objective of the Fund is to outperform the benchmark over three and five year periods.	0.70%	City Group & HSBC Global Investor Services
LGIM	Cash	Cash Fund	7 Day LIBID	To match the median returns of similar funds as measured by the CAPS Pooled Pension Fund Update, without incurring excessive risk.	0.10%	HSBC
BMO	LDI	Nominal Dynamic LDI	N/A	The Fund aims to provide liability hedging by offering interest rate protection, which replicates the liability profile of a typical UK DB scheme.	0.35%	State Street Bank Luxembourg SA
BMO	LDI	Real Dynamic LDI	N/A	The Fund aims to provide liability hedging by offering interest rate and inflation protection which replicates the liability profile of a typical UK DB pension scheme.	0.35%	State Street Bank Luxembourg SA

Appendix 2 – Investment strategy DB section

Managers and asset allocation

The following table shows the strategic asset allocation for the DB section of the Scheme.

Asset class	Manager	Fund	Asset allocation (%)	Tolerance range (%)
Return seeking assets				
Equity	LGIM	World Equity Index (GBP Hedged)	90.0	+/-5.0
Property	LGIM	Managed Property	10.0	+/-5.0
Total	--	--	100.0	--
Matching assets				
LDI/Cash	BMO	Dynamic LDI Funds	Hedge c75% of assets	n/a
	LGIM	Cash		

Appendix 3 – DC section

The Trustee has selected a default investment strategy for the monthly scheme, into which members' investments are automatically placed if they do not make a specific election. The default strategy is invested in the Universal Balanced Collection Fund, detailed in the table below. By investing in the Lifestyle strategies, outlined in the table below, members target the purchase of an annuity and taking 25% of their fund value as tax-free cash at retirement.

Term to target retirement age	Lifestyle option		
	Universal Lifestyle	Balanced Lifestyle	Cautious Lifestyle
Over 5 years	100% Universal Balanced Collection Fund ("UBCF")	100% Mixed Fund	100% Distribution Fund
4 years	80% UBCF 20% Long Gilt	80% Mixed Fund 20% Long Gilt	80% Distribution Fund 20% Long Gilt
3 years	60% UBCF 40% Long Gilt	60% Mixed Fund 40% Long Gilt	60% Distribution Fund 40% Long Gilt
2 years	40% UBCF 60% Long Gilt	40% Mixed Fund 60% Long Gilt	40% Distribution Fund 60% Long Gilt
1 years	25% UBCF 75% Long Gilt	25% Mixed Fund 75% Long Gilt	25% Distribution Fund 75% Long Gilt
At retirement	75% Long Gilt 25% Cash	75% Long Gilt 25% Cash	75% Long Gilt 25% Cash

The details of the individual funds that make up the lifestyle option are detailed below.

Manager	Fund	Benchmark	Description	Total Fund Charge
Aegon	Universal Balanced Collection	ABI - Mixed Investment 40%-85% Shares	The Universal Balanced Collection Fund aims to achieve long term capital growth by investing in a portfolio largely consisting of equities. As at 31/12/2015, the Fund was invested as follows: (i) 65% in the Balanced Passive Fund (passively managed and aims to broadly match the performance of the Association of British Insurers (ABI) Mixed Investment 40%-85% Shares sector average); (ii) 20% in the External Balanced Collection (which invests in a mix of actively managed funds from five investment managers, Baillie Gifford, BlackRock, Newton, GLG and UBS Global Asset Management); and (iii) 15% in the Kames Asset Allocator Fund.	1.00%
	Mixed	ABI - Mixed Investment 40%-85% Shares	The Mixed Fund aims to outperform its benchmark by investing predominately in a mix of UK and Overseas Equities. The Fund also invests in fixed interest securities and cash.	1.00%
	Distribution	ABI - Mixed Investment 20%-60% Shares	The Distribution Fund aims to outperform its benchmark by investing in a mix of UK equities that offer a dividend yield higher than the average for companies in the FTSE All-Share Index, and in fixed interest securities. The Fund may also invest overseas, in property and in derivative instruments.	1.00%
	Long Gilt	FTSE UK Gilts Over 15 Years Index	The Long Gilt Fund aims to outperform its benchmark by investing in UK Government Bonds (Gilts) with maturity dates of 15 years plus.	1.00%
	Cash	7 Day London Inter-Bank Bid Rate (LIBID)	The Cash Fund aims to outperform its benchmark by investing in short term sterling denominated money market instruments such as bank deposits, certificates of deposit and short term bonds.	1.00%

The Trustee also allow members the option of controlling their own investments by choosing from the range of investment funds, list below:

- Universal Balanced Collection Fund
- Mixed Fund
- Distribution Fund
- Long Gilt Fund
- Cash Fund

**SG Magnets Limited Retirement Benefits Scheme (the "Scheme")
DC Chair's Statement for the year ending 31 March 2019**

APPENDIX 2 – Transaction Costs

Scheme name: S G MAGNETS WEEKLY
 Scheme number: 50062

The purpose of this document is to set out details of charges and transaction costs incurred by scheme members over the period shown below.

Statement detailing the charges and transaction costs applied under the scheme during the period 01/04/2018 to 31/03/2019

Scheme charges and rebates applied during the period

In the tables below, AMC is the annual management charge which is the yearly charge to cover administration costs and to pay the fund manager for managing your funds. The figures shown for the AMC are before any fund charge rebate or fund value rebate is taken into account.

The Additional expenses include management fees and expenses that vary with the day to day costs of running the fund and the other charges listed apply on a yearly basis.

Details of fund and scheme charges

Fund name	AMC (%)	Additional expenses (%)	Total (%)		Active members	Paid up members
UnivLifestyleCol	1.00	0.00	1.00	Explicit fund related commission (%)	0.00	0.00
SEUNIVERSAL2024	1.00	0.00	1.00	Fund charge rebate (%)	0.00	0.00
Cash	1.00	0.00	1.00	Fund value rebate (%)*	0.00	0.00
FixedInterest	1.00	0.00	1.00			
RetirementFund	1.00	0.00	1.00			
SECAUTIOUS2021	1.00	0.00	1.00			
SEUNIVERSAL2021	1.00	0.00	1.00			
UniversalBalCol	1.00	0.00	1.00			
SEUNIVERSAL2018	1.00	0.00	1.00			

* This rebate is applied yearly to the member's policy when the policy fund value is more than £50,000.

* Additional expenses shown in the table above are shown to the nearest 0.05%.

The table below shows the fund managers transactional costs for each fund that scheme members were invested in during the scheme year. These costs arise when a fund manager buys or sells the underlying assets of a fund.

Yearly transaction costs for each fund (%)

Fund name	Implicit costs	Broker commission and fees	Taxes and levies	Securities lending fees	Total
UnivLifestyleCol	N/P	N/P	N/P	N/P	N/P
SEUNIVERSAL2024	N/P	N/P	N/P	N/P	N/P
Cash	0.00	0.00	0.00	N/A	0.00
FixedInterest	0.12	0.00	0.00	N/A	0.12
RetirementFund	0.15	0.00	0.00	N/A	0.15
SECAUTIOUS2021	0.17	0.01	0.02	N/A	0.20
SEUNIVERSAL2021	N/P	N/P	N/P	N/P	N/P
UniversalBalCol	N/P	N/P	N/P	N/P	N/P
SEUNIVERSAL2018	0.15	0.00	0.00	N/A	0.15

About the transaction costs

N/P - is 'not provided' - this is where no transaction information is available for the fund or for an underlying fund of a blended fund .

N/A - is 'not available' - this is where either some or all of the breakdown of the transaction costs has not been supplied.

- Where the transaction costs are not available for the exact scheme year, we've used the latest transaction costs that fund managers have provided which fall within your scheme year.
- implicit costs arise due to the difference in time when a trade is instructed and when it is carried out. The movement of the market over that period can result in the implicit cost and overall transaction cost being negative.

Scheme name: S G TECHNOLOGIES LIMITED
 Scheme number: 95482

The purpose of this document is to set out details of charges and transaction costs incurred by scheme members over the period shown below.

Statement detailing the charges and transaction costs applied under the scheme during the period 01/04/2018 to 31/03/2019

Scheme charges and rebates applied during the period

In the tables below, AMC is the annual management charge which is the yearly charge to cover administration costs and to pay the fund manager for managing your funds. The figures shown for the AMC are before any fund charge rebate or fund value rebate is taken into account.

The Additional expenses include management fees and expenses that vary with the day to day costs of running the fund and the other charges listed apply on a yearly basis.

Details of fund and scheme charges

Fund name	AMC (%)	Additional expenses (%)	Total (%)		Active members	Paid up members
UnivLifestyleCol	1.00	0.00	1.00	Explicit fund related commission (%)	0.00	0.00
SEUNIVERSAL2025	1.00	0.00	1.00	Fund charge rebate (%)	0.00	0.00
BalancedLifestyle	1.00	0.00	1.00	Fund value rebate (%)*	0.00	0.00
UNIV20261.00%	1.00	0.00	1.00			

* This rebate is applied yearly to the member's policy when the policy fund value is more than £50,000.

* Additional expenses shown in the table above are shown to the nearest 0.05%.

The table below shows the fund managers transactional costs for each fund that scheme members were invested in during the scheme year. These costs arise when a fund manager buys or sells the underlying assets of a fund.

Yearly transaction costs for each fund (%)

Fund name	Implicit costs	Broker commission and fees	Taxes and levies	Securities lending fees	Total
UnivLifestyleCol	N/P	N/P	N/P	N/P	N/P
SEUNIVERSAL2025	N/P	N/P	N/P	N/P	N/P
BalancedLifestyle	0.24	0.05	0.08	N/A	0.38
UNIV20261.00%	N/P	N/P	N/P	N/P	N/P

About the transaction costs

N/P - is 'not provided' - this is where no transaction information is available for the fund or for an underlying fund of a blended fund .

N/A - is 'not available' - this is where either some or all of the breakdown of the transaction costs has not been supplied.

- Where the transaction costs are not available for the exact scheme year, we've used the latest transaction costs that fund managers have provided which fall within your scheme year.
- implicit costs arise due to the difference in time when a trade is instructed and when it is carried out. The movement of the market over that period can result in the implicit cost and overall transaction cost being negative.

**SG Magnets Limited Retirement Benefits Scheme (the "Scheme")
DC Chair's Statement for the year ending 31 March 2019**

**APPENDIX 3 – Example illustrations of cumulative effect of charges and costs on
members benefits over time**

These illustrations are presented as drafts only and you should consult your adviser to make sure they meet your requirements.
 Aegon cannot accept any responsibility for the consequences arising from the use of these drafts.

Example illustrations for members no longer making contributions

Illustration date: 20/September/2019

Scheme name: S G TECHNOLOGIES LIMITED

Scheme number: 95482

Scheme year end date: 31/March/2019

This document sets out transaction costs and certain charges which apply to selected funds together with illustrative examples of the cumulative affect of these costs and charges incurred by members. Where we refer to charges in the these illustrations this will also include any expenses. Other charges may apply in certain circumstances not covered by these illustrations and a full breakdown of all applicable charges that apply to the scheme are shown separately on this website.

Fund transactional costs and charges total (%)				
	Mixed	Equity	Fixed Interest	Cash
AMC	1.00%	1.00%	1.00%	1.00%
Additional expenses	0.00%	0.00%	0.00%	0.00%
Transaction costs	0.38%	0.49%	0.16%	0.00%

AMC is the annual management charge which is the yearly charge to cover administration costs and to pay the fund manager for managing your funds.

The additional expenses include management fees and expenses that vary with the day to day costs of running the fund.

Transaction costs arise when a fund manager buys or sells the underlying assets of a fund.

The purpose of these example illustrations

These aren't personal illustrations, they are based on the assumptions detailed in the section 'About these illustrations'. The purpose of the example illustrations is to show how fund related costs and scheme charges can affect the overall value of the funds the scheme invests in over time.

Illustrations showing the impact of fund transactional costs and scheme charges on a projected pension fund in today's money (£)

The 'Before charges' column shows the projected pension fund without any transaction costs, charges or rebates being applied.

The 'After all charges' column shows the projected pension fund after transaction costs, charges and rebates that have been applied.

Years	Mixed		Equity		Fixed Interest		Cash	
	Before Charges	After all charges						
1	64,920	64,028	65,690	64,718	62,459	61,738	61,997	61,380
3	68,776	65,979	71,250	68,135	61,246	59,149	59,898	58,128
5	72,861	67,990	77,281	71,733	60,057	56,668	57,871	55,048
10	84,166	73,288	94,687	81,580	57,184	50,913	53,096	48,043
15	97,226	79,000	116,014	92,780	54,448	45,742	48,716	41,930
19	109,118	83,888	136,486	102,836	52,354	41,986	45,473	37,604

About these illustrations

For these illustrations we've assumed:

- the starting age is 46 and the retirement age is 65;
- no future contributions are made.
- Projected pension fund values are shown in today's terms, and do not need to be reduced further for inflation. Inflation is assumed to be 2.5%, each year;
- the starting pension fund value in the first year is £63074.23
- each illustration has been produced on the basis this is the only fund invested in and that all transaction costs and scheme charges are deducted from that fund.

The growth rate for each fund is set out below. These are for illustrative purposes only and are not guaranteed. The investment growth achieved may be more or less than this and may vary depending on the type of fund.

Mixed	5.50%
Equity	6.75%
Fixed Interest	1.50%
Cash	0.75%

If the growth rate we've used is:

- the same as the rate of inflation, this reduces the growth rate, after making an allowance for inflation, to 0%;
- less than the rate of inflation, this produces a negative growth rate after making an allowance for inflation.

If you have any investments in a With-Profits fund please note this may contain valuable guarantees, provided you remain invested until your selected retirement age. However, for the purposes of these illustrations we've not included any such guarantees. If you have any questions, please contact the trustees for further information.

These illustrations are presented as drafts only and you should consult your adviser to make sure they meet your requirements. Aegon cannot accept any responsibility for the consequences arising from the use of these drafts.

Example illustrations for members no longer making contributions

Illustration date: 20/September/2019

Scheme name: S G MAGNETS WEEKLY

Scheme number: 50062

Scheme year end date: 31/March/2019

This document sets out transaction costs and certain charges which apply to selected funds together with illustrative examples of the cumulative affect of these costs and charges incurred by members. Where we refer to charges in the these illustrations this will also include any expenses. Other charges may apply in certain circumstances not covered by these illustrations and a full breakdown of all applicable charges that apply to the scheme are shown separately on this website.

	Mixed	Equity	FixedInterest	Cash
AMC	1.00%	1.00%	1.00%	1.00%
Additional expenses	0.00%	0.00%	0.00%	0.00%
Transaction costs	0.38%	0.49%	0.16%	0.00%

AMC is the annual management charge which is the yearly charge to cover administration costs and to pay the fund manager for managing your funds.

The additional expenses include management fees and expenses that vary with the day to day costs of running the fund.

Transaction costs arise when a fund manager buys or sells the underlying assets of a fund.

The purpose of these example illustrations

These aren't personal illustrations, they are based on the assumptions detailed in the section 'About these illustrations'. The purpose of the example illustrations is to show how fund related costs and scheme charges can affect the overall value of the funds the scheme invests in over time.

Illustrations showing the impact of fund transactional costs and scheme charges on a projected pension fund in today's money (£)

The 'Before charges' column shows the projected pension fund without any transaction costs, charges or rebates being applied.

The 'After all charges' column shows the projected pension fund after transaction costs, charges and rebates that have been applied.

Years	Mixed		Equity		Fixed Interest		Cash	
	Before Charges	After all charges						
1	53,552	52,816	54,187	53,385	51,522	50,927	51,141	50,632
3	56,733	54,426	58,773	56,204	50,521	48,791	49,410	47,949
5	60,102	56,084	63,748	59,172	49,540	46,745	47,737	45,409
10	69,428	60,455	78,107	67,295	47,170	41,998	43,799	39,630
15	80,200	65,166	95,699	76,533	44,914	37,732	40,185	34,588
19	90,010	69,198	112,586	84,829	43,187	34,634	37,510	31,019

About these illustrations

For these illustrations we've assumed:

- the starting age is 46 and the retirement age is 65;
- no future contributions are made.
- Projected pension fund values are shown in today's terms, and do not need to be reduced further for inflation. Inflation is assumed to be 2.5%, each year;
- the starting pension fund value in the first year is £52029.24
- each illustration has been produced on the basis this is the only fund invested in and that all transaction costs and scheme charges are deducted from that fund.

The growth rate for each fund is set out below. These are for illustrative purposes only and are not guaranteed. The investment growth achieved may be more or less than this and may vary depending on the type of fund.

Mixed	5.50%
Equity	6.75%
Fixed Interest	1.50%
Cash	0.75%

If the growth rate we've used is:

- the same as the rate of inflation, this reduces the growth rate, after making an allowance for inflation, to 0%;
- less than the rate of inflation, this produces a negative growth rate after making an allowance for inflation.

If you have any investments in a With-Profits fund please note this may contain valuable guarantees, provided you remain invested until your selected retirement age. However, for the purposes of these illustrations we've not included any such guarantees. If you have any questions, please contact the trustees for further information.