

BCA Automotive Group Pension Scheme

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Annual Governance Statement for the Scheme Year ending 5th April 2021

The Trustees of the BCA Automotive Pension Scheme (the “Scheme”) present its annual Chair’s Statement on governance (the ‘Statement’) as required under legislation. The Statement covers the period 6 April 2020 to 5 April 2021.

It applies to the Defined Contribution Sections of the BCA Automotive Pension scheme as well as additional voluntary contributions (AVCs) previously paid by Defined Benefit members.

The default investment strategy - Defined Contribution Section

In accordance with the Administration Regulations, the Trustees are required to include the latest copy of the Statement of Investment Principles (the ‘SIP’) prepared for the Scheme. The Scheme’s SIP, which was last updated in September 2020, is attached to this annual statement regarding governance.

The Trustees are responsible for the Scheme’s investment governance, which includes setting and monitoring the investment strategy for the Scheme’s default arrangement.

The Scheme’s default investment strategy and wider investment fund range are provided through an investment platform provided by Aviva. The policy with Aviva is eligible for the protection available under the Financial Services Compensation Scheme (FSCS). The Trustees monitor the security of the underlying investments.

The current default investment strategy is the Aviva My Future Focus Universal Strategy which is comprised of the My Future Focus Growth and My Future Focus Consolidation. The default investment strategy is a lifestyle profile which is designed to manage the risks members are exposed to as they approach their selected retirement age. The Lifestyling process starts 10 years from the member’s chosen retirement age and is designed for members who are yet to decide how they want to use their pension savings and want to keep their options open

Following the introduction of automatic enrolment the Trustees are required to undertake a review of the default investment strategy at least every three years, considering the actual membership of the Scheme to ensure the default is appropriate for the membership’s needs. A formal review of the default investment strategy and fund range was undertaken during the Scheme year in December 2020, which undertook the following steps:

1. Assessed the likely needs of the Scheme’s membership through Scheme experience and the profile of the members. This included both active and deferred members of the DC Sections.
2. Identified the required objective for a default investment strategy to meet the needs of the membership, as identified in step 1.
3. Reviewed the performance of the default investment strategy to assess the extent to which performance is still consistent with the aims and objectives of the default arrangement SIP.
4. Reviewed the default investment strategy to consider whether any amendments were required such as changes to the de-risking phase.

In summary the review concluded that overall the default investment offering continues to meet its objective, remains appropriate and suitable for the membership and how they are expected to take their benefits. We conclude that it is achieving the standards laid out in the DWP’s guidance and the Pensions Regulator’s Code of Practice.

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In terms of the performance the review assessed the performance of the constituent funds of the Default investment strategy (the My Future Focus Growth and My Future Focus Consolidation) against its stated benchmarks and its peer group over the short, medium and long term.

One of the main contributing factors to there not being a need to amend the default strategies is the stability of the membership. That is, the scheme has been generally closed to new entrants for some time and other than age increases, which the lifestyle profile phasing was designed for, and increasing pot sizes, there has not been a material change to member demographics. The next review is due to take place in November 2023.

During the year, the Trustees have reviewed the performance of the default investment strategy (along with the wider fund range) on a quarterly basis. To do this the Trustees assessed the actual performance of each fund compared with its benchmark. The Trustees have concluded that the funds under the default investment strategy have performed above their benchmarks over the Scheme year and over longer three and five year periods. The performance of the default funds and the wider fund range will continue to be monitored regularly.

Requirements for processing financial transactions

A well run scheme depends on the timely and accurate processing of transactions. Good administration is key to this and is an area of governance we place a lot of emphasis on. The Trustees must ensure that core financial transactions are processed promptly and accurately. This includes:

- Investment of contributions paid to the Scheme;
- Transfer of members' assets into and out of the Scheme;
- Transfers of members' assets between different investment options available in the Scheme; and
- Payment from the Scheme to, or in respect of, members.

Our administration is out-sourced to our pension provider, Aviva. Aviva operates internal control procedures which are designed to ensure that all transactions are processed promptly and accurately. Aviva obtains an annual independent audit (last published on the 3rd of March 2021) of its internal controls and the Trustees and their advisers review this report. The latest report confirmed that their control procedures were operating effectively for the audit period. These processes included daily monitoring of bank accounts, a dedicated contribution processing team and two individuals checking all investment and banking transactions.

Covid-19

When assessing Aviva's administration, the impact of the lockdown caused by Covid-19 must be taken into consideration. Aviva adapted quite well to the closure of their offices during lockdown. They pre-empted the closure of their offices due to the Covid-19 pandemic from early March 2020 and increased the remote working capability of their employees.

However despite a large proportion of Aviva support staff being able to work from home, it was inevitable that the lockdown had an impact on Aviva's administration performance. A substantial increase in telephone calls received during the initial lockdown period, also had an impact on administration performance as resources were moved from this area throughout the lockdown period and beyond, Aviva have prioritised core financial transactions as much as possible.

Payments out and core financial transactions.

The Trustees have a Service Level Agreement (SLA) in place with Aviva on the timeliness and accuracy of all core financial transactions. These include payment of contributions, member transfers, retirement payments as well as numerous other processes. Aviva provides reports on service levels on a quarterly basis to the Trustees which include core financial transactions, and which enables the Trustees to monitor the administration service and, in particular, that agreed service levels are being met.

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Members of the scheme meet the cost of the administration services provided by Aviva through the annual management charge. Therefore, the services provided by Aviva are not only key to ensuring member's receive value from the scheme but form part of the required assessment of value for members for the Trustees to form a view on.

The Trustees receive quarterly reports from Aviva about their performance and compliance with the SLAs and the Trustees are satisfied that over the period covered by this statement:

- Aviva were operating appropriate procedures, checks and controls and generally operating within the agreed SLA;
- there have been no material administration errors in relation to processing core financial transactions; and
- most core financial transactions have been processed promptly and accurately during the Scheme year.

Overall we believe that Aviva have provided acceptable levels of administration service to the members in what has been a challenging 12 month period for all pension providers.

Charges and transaction costs

As required by the regulations, the Trustees report on the charges and transaction costs for the investments used in the default arrangements and its assessment of the extent to which the charges and costs represent good value for members.

These charges consist principally of administration charges levied by Aviva and the investment manager's annual charge for managing and operating a fund(s), but also includes additional expenses (such as custodian fees) incurred by the manager. The costs for other services provided are met by the Trustees, such as investment and pension consultancy services.

Below, we set out the Total Expense Ratio (TER) for each fund within the default investment strategy and also the broader fund range (including alternative Lifestyle strategies):

Default Investment strategy – Aviva My Future Focus

Charges for the Scheme year 6 April 2020 to 5 April 2021.

Fund Name	Charges for default arrangement (TER)	Annual impact of charges on £1,000
My Future Focus Growth	0.46%	£4.60
My Future Focus Consolidation	0.46%	£4.60

Alternative lifestyle strategies

Charges for the Scheme year 6 April 2020 to 5 April 2021.

Fund Name	Charges for default arrangement (TER)	Annual impact of charges on £1,000
My Future Focus Drawdown	0.46%	£4.60
My Future Focus Cash Lump Sum	0.46%	£4.60
My Future Focus Annuity	0.46%	£4.60

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My Future Growth	0.39%	£3.90
My Future Consolidation	0.39%	£3.90
My Future Annuity	0.39%	£3.90
My Future Drawdown	0.39%	£3.90
My Future Cash Lump Sum	0.39%	£3.90

The Trustees' investment adviser monitors quarterly that the charges (or TER) for the default arrangement to ensure that it does not exceed the charge cap of 0.75% and report on this quarterly to the Trustees.

Self-Select Funds

Charges for the Scheme year 6 April 2020 to 5 April 2021.

Fund Name	Charges for default arrangement (TER)	Annual impact of charges on £1,000
BlackRock Sterling Liquidity	0.36%	£3.60
BlackRock Over 15 Year Gilt Index	0.36%	£3.60
BlackRock 40:60 Global Equity Index	0.36%	£3.60
BlackRock 60:40 Global Equity Index	0.36%	£3.60
BlackRock World (ex UK) Equity Index	0.36%	£3.60
BlackRock UK Equity Index	0.36%	£3.60
Cautious Managed	0.42%	£4.20
Fixed Interest	0.42%	£4.20
Managed Fund	0.42%	£4.20
Pre-Retirement Fixed Interest	0.42%	£4.20

AVC scheme funds

Fund Name	Charges for default arrangement (TER)	Annual impact of charges on £1,000
Aviva Secure Growth Fund	2.25%	£22.50
Aviva Pension Global Equity	2.02%	£20.20
Aviva Pension Investment Trust Portfolio	2.00%	£20.00

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Our professional advisers have confirmed that the TER shown represents the total costs and charges of running the investment fund at the Scheme year ending 5th April 2021. This includes the annual management fee and additional expenses such as income distribution, trading, marketing and hedging expenses (where applicable), custodial and depository charges, audit, registration and compliance fees.

This table shows the administration and transaction costs for each fund in our scheme and is provided to assist with value for member assessments. The FCA has prescribed the 'slippage cost' methodology for calculating transaction costs. The slippage cost methodology calculates the transaction cost of buying or selling an investment as the difference between the price at which an asset is valued immediately before an order is placed into the market and the price at which it is actually traded. Where fund managers have not used this methodology it is shown below. We have taken account of statutory guidance when preparing this section of the Statement.

The data in the table below has been provided by the Scheme's administrator and investment management team and shows the charges applied to individual members earmarked policies following:

Fund Administration Costs	This is the total of the fund's annual management charge and additional expenses. This does not include the Scheme's administration charge over and above the agreed member charge. It also does not reflect any member specific adjustments or enhanced allocation rates, which may be dependent on the policy terms and investment. (There are no specific enhanced allocation rates to a Plan member's earmarked policy).
Total Transaction Costs	The total annual fund transaction costs. This is the total of the 'Buying and Selling' costs and 'Lending and Borrowing' costs as described below.

F69446 - Post97 Members DC Benefits

Fund Name	Fund Administration Costs	Total Transaction Cost
Aviva My Future Focus Growth	0.46%	0.0627%
Aviva My Future Focus Annuity	0.46%	0.0370%
Aviva My Future Focus Consolidation	0.46%	0.0202%
Aviva Managed	0.42%	0.0294%
Aviva Property	0.42%	0.1244%
Aviva Black Rock (60:40) Global Equity Index Tracker	0.36%	0.1102%
Aviva Secure Growth	0.42%	0.0340%
Aviva My Future Focus Drawdown	0.46%	0.0491%
Aviva Black Rock Sterling Liquidity	0.36%	0.0144%
Aviva My Future Growth	0.39%	0.1386%

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Aviva My Future Consolidation	0.39%	0.0789%
Aviva Black Rock (40:60) Global Equity Index Tracker	0.36%	0.0150%
Aviva Fixed Interest	0.42%	0.0607%
Aviva Global Equity	0.42%	0.1294%
Aviva Black Rock World ex-UK Equity Index Tracker	0.36%	0.0420%
Aviva Pre-Retirement Fixed Interest	0.42%	0.0363%
Aviva UK Equity	0.42%	0.1852%
Aviva Pension Cautious Managed	0.42%	0.0140%
Aviva Black Rock UK Equity Index Tracker	0.36%	0.2548%

F69428 - Pre97 Members DC Benefits

Fund Name	Fund Administration Costs	Total Transaction Cost
Aviva My Future Focus Growth	0.46%	0.0627%
Aviva My Future Focus Annuity	0.46%	0.0370%
Aviva My Future Focus Consolidation	0.46%	0.0202%
Aviva My Future Consolidation	0.39%	0.0789%
Aviva Pension BlackRock (60:40) Global Equity Index Tracker	0.36%	0.1102%
Aviva Global Equity	0.42%	0.1294%
Aviva Managed	0.42%	0.0294%
Aviva Pension BlackRock (40:60) Global Equity Index Tracker	0.36%	0.0150%
Aviva Pension UK Equity	0.42%	0.1852%
Aviva My Future Growth	0.39%	0.1386%

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AVC scheme - F38784

Fund Name	Fund Administration Costs	Total Transaction Cost
Aviva Secure Growth Fund	2.25%	0.0340%
Aviva Pension Global Equity	2.02%	0.1250%
Aviva Pension Investment Trust Portfolio	2.00%	Not provided

The Scheme's investment manager does not apply a charge to switch investments between unitised funds and switches are made on a bid to bid basis.

Illustrative impact of charges

Below is a detailed illustration of the likely impact of charges for an active member invested for short medium and long term in the Default Fund compared to the charge cap requirements of a qualifying workplace pension scheme. There is also a detailed calculation for a deferred member who is no longer contributing and has an accrued pension savings pot of £10,000. The charges for the default fund, including their transaction costs, are broadly the same for active and deferred members and the illustration provides a likely impact of charges for both parties.

This provides a detailed illustration of the likely impact of charges for a short, medium and long term member invested in the default fund compared to the charge cap requirements of a qualifying workplace pension scheme with a starting pot of £0.

	Total expense ratio (TER)	Short term (5 years)	Medium term (15 years)	Long term (25 years)
The default investment solution – My Future Focus. No charges.	0.00%	£19,434	£63,819	£116,797
The default investment solution – My Future Focus. Scheme charges	0.46%	£19,205	£61,552	£109,798
Charge cap for qualifying workplace pension scheme	0.75%	£19,062	£60,175	£105,661

Starting assumptions:

- Starting salary: £25,000
- Contributions: £312.50 per month (15% combined employee and employer contribution)
- Salary increase: 2% p.a.
- Nominal fund growth: 4% p.a.
- Figures in today's terms based on an assumed inflation rate of 2.1% pa

Source: Punter Southall Aspire Pension Calculator

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Deferred members

Below incorporates a table assuming members have ceased active membership of the Scheme and are no longer paying regular contributions. This is on the assumption they have an accrued a pot of £10,000.

	Total expense ratio (TER)	Short term (5 years)	Medium term (15 years)	Long term (25 years)
The default investment solution – My Future Plus. No charges.	0.00%	£10,966	£13,186	£15,856
The default investment solution – My Future Plus. Scheme charges	0.46%	£10,716	£12,307	£14,133
Charge cap for qualifying workplace pension scheme	0.75%	£10,562	£11,783	£13,144

Source: Punter Southall Aspire Pension Calculator

Value for Members

The Trustees are required to undertake a review of the charges and transaction costs incurred by members in order to ascertain whether or not they represent good value for money.

There is no legal definition of ‘good value’ that can be referenced in this regard, and the process of determining value is based on a combination of measures that can be quantified and subjective judgement. We considered regulatory guidance and commissioned an expert professional adviser, Punter Southall Aspire, to assist with this review, to get an independent view of the value offered by the Scheme.

Our approach involved an analysis of the costs and charges for members throughout the Scheme year against the services and benefits delivered, taking into account the investment options available and the appropriateness of the services and benefits being provided and other workplace pension savings options available in the market. The assessment also references a number of governance practices of the Scheme that improve member experience (such as online access to Scheme information) as well as the Trustees’ approach to the overall stewardship of the Scheme.

Despite some concerns around Aviva’s administration performance mostly as a result of lockdown, the Trustees have concluded that the Scheme continues to provide ‘good’ value for members for the Scheme year ending 5th April 2021.

Investment performance

The below table sets out the performance of the funds that form part of the default investment strategy as well as those funds within the wider fund range that were being actively invested in by the Scheme’s membership.

Default funds

Please note performance is net of charges and medium term & long term performance is annualised.

Fund Name	Quarter %	Short term (one year %)	Medium term (3 year%)	Long term (5 year %)
Aviva My Future Focus Growth	0.8	22.0	6.5	8.4
Bank of England Base Rate + 4.0%	1.0	4.1	4.5	4.5

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Aviva My Future Focus Consolidation	-0.8	6.0	3.1	3.6
<i>Bank of England Base Rate + 2.0%</i>	0.5	2.1	2.5	2.4

Alternative Lifestyles

Please note performance is net of charges and medium term & long term performance is annualised.

Fund Name	Quarter %	Short term (one year %)	Medium term (3 year%)	Long term (5 year %)
My Future Focus Annuity	-6.9	1.0	3.7	4.3
<i>Benchmark</i>	-4.7	-4.5	3.3	4.1
My Future Focus Cash Lump Sum	-0.55	1.8	1.46	1.29
<i>Bank of England Base Rate</i>	0.02	0.10	0.49	0.43
My Future Focus Drawdown	-0.9	12.3	4.8	6.5
<i>Bank of England Base Rate + 3.0%</i>	0.8	3.1	3.5	3.4
My Future Growth	2.7	32.3	10.3	10.3
<i>Bank of England Base Rate + 4.0%</i>	1.0	4.1	4.5	4.5
My Future Consolidation	-0.5	9.6	4.1	3.7
<i>Bank of England Base Rate + 2.0%</i>	0.5	2.1	2.5	2.4
My Future Annuity	-6.9	1.0	3.7	4.3
<i>Benchmark</i>	-4.7	-4.5	3.3	4.1
My Future Cash Lump Sum	-0.5	2.2	1.2	1.1
<i>Benchmark</i>	0.0	0.1	0.5	0.5
My Future Drawdown	1.0	20.3	7.6	8.0
<i>Bank of England Base Rate + 3.0%</i>	0.8	3.1	3.5	3.4

Performance of the self-selected funds

Please note performance is net of charges and medium term & long term performance is annualised.

Fund Name	Quarter %	Short term (one year %)	Medium term (3 year%)	Long term (5 year %)
Aviva BlackRock (40:60) Global Equity Index	3.9	37.7	10.1	11.3
<i>Composite benchmark</i>	4.6	34.9	10.3	11.9
Aviva BlackRock Sterling Liquidity	-0.1	-0.2	0.2	0.1
<i>LIBOR LIBID GBP 1w TR in GB</i>	0.0	-0.1	0.3	0.3

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BlackRock (60:40) Global Equity Index	3.2	35.3	6.5	8.7
<i>Composite benchmark</i>	4.5	32.7	6.8	9.5
Aviva Cautious Managed	0.0	19.1	4.8	5.7
<i>LIBOR GBP 3 Months + 2.5% TR in GB</i>	0.6	2.6	3.1	3.0
Aviva Fixed Interest	-5.4	0.9	3.4	3.8
<i>Composite benchmark</i>	-5.7	0.6	3.3	3.7
Aviva Global Equity	3.4	46.8	17.5	16.7
<i>MSCI World TR in GB (S)</i>	4.0	38.4	13.4	14.3
Aviva Managed	1.0	26.3	5.9	7.2
<i>LIBOR GBP 3 Months + 4% TR in GB</i>	1.0	4.1	4.6	4.5
Aviva Pre-retirement Fixed Interest	-7.3	-1.2	3.7	4.3
<i>FTSE Actuaries UK Conv. Gilts Over 15 Yr</i>	-7.4	-0.9	3.9	4.6
Aviva Pension Property	1.3	1.5	1.6	2.4
<i>n/a</i>	1.0	-2.1	-0.3	1.5
Aviva UK Equity	4.2	34.7	4.5	7.0
<i>FTSE All Share</i>	5.2	26.7	3.2	6.3
Aviva BlackRock UK Equity Index	4.2	31.8	3.3	5.8
<i>FTSE All Share</i>	5.4	28.8	3.3	6.5
Aviva BlackRock World (Ex-UK) Equity Index	3.7	41.7	14.6	14.9
<i>FTSE Developed Ex UK Index</i>	4.1	38.8	14.9	15.5
Secure Growth	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>

Trustee agreements

The Trustees have a policy of establishing agreements with all service providers. These vary from a formal scope of business outlining the services to be provided to a general appointment. In addition in December 2019 the Trustees formally set strategic investment objectives for the appointed investment advisers as required by the Competition and Markets Authority ("CMA") following a review of the investment consulting and fiduciary management markets.

Trustees knowledge and understanding

The Trustees are required to have, or have access to, appropriate knowledge to run the Scheme effectively. This has been achieved during the Scheme year in a number of ways:

- New Trustees have one-to-one training with the Scheme secretary and if required attend a one day formal training course with the Scheme's professional advisers. This training covers Scheme specific information as well as pension and Trust law.
- Training sessions have been provided by our professional advisers at quarterly Trustees meetings. The topics covered include DB & DC Legislative changes, DB & DC investment concepts and market developments, DB Valuation processes, GDPR,

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GMP equalisation, DC Value for members, Trust Deed & Rules changes, DC code 13 review, Statement of Investment Principles review and CMA investment adviser objective setting.

- Training requirements are assessed on an annual basis with assistance from our advisers. Our advisers also keep us up to date on developing issues. As a result of the ongoing training the Trustees have sufficient knowledge and understanding of relevant principles relating to the funding and investment of occupational schemes as well as the law relating to pensions and Trusts.
- The Trustees have relevant scheme specific documents available to them and have attained a good working knowledge of these. These documents include the Trust Deed and Rules, Statement of Investment Principles and relevant policy documents.
- The Trustee body includes two Trustees whose skills and experience has been gained from work on other schemes.
- The Trustees reviewed their training needs on an annual basis and a training log is maintained. The Trustees complete testing and are encouraged to self-assess areas they need to further their knowledge
- The Trustees have completed the Pension Regulator's Trustee Toolkit modules.
- In addition to the skills within the Trustee body, our appointed professional advisers supplement the knowledge of Scheme rules, policies and legislation to support Trustee decision making. For example:
 - Our investment advisers present their report reviewing the scheme's investment performance at each Trustees' meeting; and
 - The Scheme auditors meet each year with the Trustees to give feedback on the operational effectiveness of the Scheme's financial controls.
 - The Scheme's legal adviser supports and advises the Trustees and the Secretary to the Trustees on legal matters, attends the quarterly meetings when legal matters are on the agenda and is available to the Trustees to advise on the operation of the Scheme.

As a result of the activities described, and taking into account the professional advice available to the Trustees, I am confident that the combined knowledge and understanding of the Trustee body enables us to properly exercise our functions as Trustees. This ensures that the Scheme is managed effectively and efficiently, there are ongoing checks for compliance with legal and regulatory requirements and there is sufficient focus on member needs.

I confirm that the above statement has been produced by the Trustees to the best of our knowledge.

Signed for and on behalf the Trustees of the Scheme by

STEPHEN GUTTERIDGE

Chair of Trustees
Date: 23rd September 2021

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Appendix A – Statement of Investment Principles



BCA Automotive Pension Scheme - Defined Contribution Benefits

Statement of investment principles – September 2020



Punter Southall
Aspire

BCA **AUTOMOTIVE**



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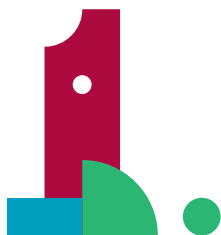
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Punter Southall Aspire is a trading name of Punter Southall Defined Contribution Consulting Limited. Punter Southall Defined Contribution Consulting Limited is authorised and regulated by the Financial Conduct Authority (FCA) with FCA reference number 121328

Registered office: 11 Strand London WC2N 5HR

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Introduction

This document constitutes the Statement of Investment Principles (the SIP) required under Section 35 of the Pensions Act 1995 for the BCA Automotive Pension Scheme (the "Scheme") relating to the Defined Contribution ("DC") sections of the Scheme namely NGP2 (F69428) and NGP3 (F69446). The SIP also reflects the requirements of Occupational Pension Schemes (Investment) Regulations 2005.

The SIP applies from 1 September 2020.

The DC Sections are defined contribution (also known as money purchase) arrangements that operate for the exclusive purpose of providing retirement benefits and death benefits to eligible participants and beneficiaries and are registered with HMRC under the Finance Act 2004.

The member's retirement benefits depend on:

- (i) The level of contributions made by or in respect of the member.
- (ii) The investment return achieved by the selected unitised fund.
- (iii) When and how members choose to access their accumulated fund.

Before preparing this SIP, the Scheme Trustees confirm that they have consulted with the Scheme's Principal Employer, Walon Limited. The Trustees have also considered advice from their appointed Investment Advisor.

The DC sections are invested in a core selection of funds which are provided by Aviva (the Scheme's current Provider and investment platform provider), and are wholly-insured arrangements which have no investments other than earmarked policies.

The Trustees are responsible for the investment of the DC assets and arranging administration of these policies. Where the Trustees are required to make an investment decision, they will first receive written advice from an Investment Adviser. The Trustees believe that this, together with their own expertise, ensures that they are appropriately familiar with the issues concerned.

The Trustees believe the Investment Adviser, Punter Southall Aspire, to be qualified by their ability in, and practical experience of, financial matters and to have the appropriate knowledge and experience of the investment arrangements that the Scheme requires.

The SIP will be reviewed at least every three years, or following any significant change in investment policy.



Scheme governance

The Trustees consider that the following governance structure is appropriate for the DC sections, since it enables the Trustees to retain the decision-making role on the investments available to members, while delegating the day-to-day aspects to Aviva as appropriate.

Trustees

The Trustees are responsible for, amongst other things:

- Reviewing from time to time (at least every three years, or following any significant change in investment policy) the content of this SIP and modifying it if deemed appropriate in consultation with the Principal Employer and on advice from an Investment Adviser.
- Reviewing the investment options and the performance of the available funds at least every three years or following significant change in investment policy, or the demographic profile of relevant members.
- Assessing the quality of the performance and processes of Aviva by means of regular reviews of the investment results of each fund through meetings and written reports in consultation with an Investment Adviser.
- Appointing and dismissing of an Investment Platform Provider (currently Aviva) on advice from an Investment Adviser.
- Assessing the ongoing effectiveness of an Investment Adviser.
- Consulting with the Principal Employer when reviewing investment policy issues.
- Monitoring compliance of the investments with the SIP on an ongoing basis.
- Providing any appointed organisations/individuals with a copy of the SIP, where appropriate.

The Trustees consider that they have sufficient skills and investment knowledge to give appropriate focus to investment issues without appointing a separate investment sub-committee.

Investment Platform provider

The Investment Platform provider – Aviva – will be responsible for, amongst other things:

- At their discretion, but within the guidelines agreed with the Trustees, selecting and undertaking transactions in specific investments within each fund.
- Acting in accordance with the principles set out in the SIP.

- Providing administration for the DC sections on behalf of the Trustees, including investment of members' contributions in their chosen funds and providing information to the Trustees in an agreed format.
- Providing the Trustees with sufficient information to facilitate the review of their activities, including:
 - Performance and rationale behind past and future strategy for each fund.
 - A full valuation of the assets.
 - A transaction report which includes details of any transaction costs.
- Informing the Trustees immediately of:
 - Any breach of this SIP.
 - Any serious breach of internal operating procedures.
 - Any material change in the knowledge and experience of those involved in the Scheme's investment options.

Investment Manager

Each fund made available will be overseen by an Investment Manager, the manager will be responsible for, amongst other things:

- At its discretion, but within the guidelines agreed with the Trustees, selecting and undertaking transactions in specific investments within each fund
- Acting in accordance with the defined objective and mandate of the fund
- Providing the Trustees through the Investment Platform provider, with sufficient information to facilitate the review of their activities, including:
 - Performance and rationale behind past and future strategy for each fund,
 - A full valuation of the assets
 - A transaction report which includes details of any transaction costs
- Informing the Trustees through the Investment Platform provider or Investment Adviser immediately of:
 - Any change of fund objective
 - Any serious breach of internal operating procedures
 - Any material change in the knowledge and experience of those involved in the Scheme's investment options

The investment manager is remunerated implicitly through the annual management charge met by the members of the Scheme. The Trustees ensure that the managers continues to deliver in line with the policies established in this Statement of Investment Principles, including ensuring decisions are made over an appropriate time horizon and with appropriate consideration of non-financial matters through its monitoring of the investment manager set out in Section 7.

The current investment managers are:

- Aviva Investors

- BlackRock
- LGIM

These arrangements are ongoing and are anticipated to remain in place for the duration of the Scheme but subject to ongoing monitoring and reviews by the Trustees.

Investment Adviser

An Investment Adviser would be responsible for, amongst other things:

- Participating with the Trustees in reviews of the SIP.
- Advising the Trustees how any changes, such as in the membership and legislation, may affect the manner in which the assets should be invested.
- Advising the Trustees of any changes relating to the Investment Platform Provider and other investment providers that could affect the interests of the Scheme.
- Assisting the Trustees with monitoring the Investment Platform Provider and arrangements.
- Discussing with the Trustees any changes in the investment environment that could either present opportunities or problems for the DC sections.
- Undertaking reviews of the DC investment arrangements when requested by the Trustees including reviews of the investment options and current Investment Platform Provider, and selection of new provider(s) as appropriate.



Risks

The Trustees recognise a number of risks involved in the investment of DC assets.

Defined contribution members face four key risks:

- *Inflation risk* – the risk that the purchasing power of their retirement pot is not maintained.
- *Pension income risk* – the risk that the value of pension benefits (or annuity) that can be provided by a given retirement pot amount is not maintained.
- *Investment risk* – the risk that the value of their retirement pot may fall in value. (This is most important to members approaching retirement who may not have sufficient time to regain the value of investments).
- *Opportunity risk* – the risk that members take insufficient investment risk, especially at younger ages, which results in a smaller pot of money with which to provide benefits.

The importance of each risk varies with time. Inflation is important throughout the savings period. Pension income and investment risks become increasingly significant as retirement approaches. The Trustees mitigate these risks through making available a range of investment options to members with a range of risk and return profiles.

Other risks involved in the investment of assets include the following:

- *Underperformance risk* – the risk that a fund does not perform in line with its objective – addressed through monitoring the performance of the Investment Platform Provider and taking necessary action when this is not satisfactory.
- *Transaction costs* – this risk includes the potential impact of inefficient or expensive trading which through the cost of completing a transaction detract from the performance of the fund. Transaction costs are closely monitored by the investment adviser and are detailed in the annual chairman's statement.
- *Communication risk* – the risk that communications (or the lack of communications) to members lead to poor decisions being made – addressed through the Trustees regularly monitoring member communications and updating them, where appropriate, as part of the ongoing governance of the Scheme.
- *Inappropriate member decision* – addressed through communications to members and highlighting the benefits of members seeking financial advice.
- *Organisational risk* – addressed through regular monitoring of the Investment Platform Provider and Investment Adviser.
- *Country/political risk* – the risk of an adverse influence on investment values from political intervention is reduced by offering investment options for members to achieve diversification across several countries.

The Trustees will have regard for these risks when determining investment strategy and will keep these risks under regular review.



Investment aims and objectives

The Trustees aims and objectives are:

- To ensure that a sufficiently diverse choice of investment funds are available to members
- To ensure that the range of funds includes those that aim to provide:
 - good long-term real rates of return (i.e. in excess of price and wage inflation) so that the value of members' assets is maximised.
 - protection for members' accumulated assets against sudden (and sustained) reductions in capital values or in the amount of pension that can be purchased.
- To allow members sufficient choice to tailor their investments in line with their own personal and financial circumstances.
- To offer a number of funds that will perform in line with the chosen benchmark over rolling three-year periods.
- To consider the cost and complexity of the Scheme in terms of administration and communication.

Following reviews of the Scheme's investments, the Trustees and their Investment Adviser, identified that:

- The current scheme membership profile can be considered to be relatively "financially unsophisticated" and risk averse. The membership, in the main, behaves as per expectation.
- The membership of the Scheme is relatively pensions mature with over half of all members aged 50 or above. There are no members aged under 30. The Scheme allows new joiners by invitation only.
- The previous default investment strategy targeted the purchase of an annuity at retirement. In view of pension freedoms, introduced after the 2015 Budget; the review completed in November 2017 deemed this to no longer be suitable for the Scheme membership and recommended the default investment strategy targets a flexible outcome.
- Investment returns should therefore continue to be targeted within a more sophisticated risk managed strategy which can effectively manage risk to avoid large swings in value that may cause members to lose confidence.
- The Trustees have a desire to offer cost effective alternatives for the Scheme members.



Responsible Investment, Stewardship and Corporate Governance

The Trustees believe that good stewardship can enhance long-term portfolio performance, and is therefore in the best interests of the Scheme beneficiaries and aligned with fiduciary duty.

The Trustees believe that environmental, social and corporate governance ("ESG") issues can affect the performance as part of investment portfolios and should therefore be considered during the Scheme's DC Section investment selection and monitoring process.

When reviewing and selecting investment funds, strategies and managers the Trustees have considered a range of relevant matters including financially material considerations and the impact they may have over the time horizon of the Scheme. It is the Trustees view that an appropriate time horizon would be the period of time until a member draws their benefits. For those members further from retirement this time horizon could be 30 years. Over this period the Trustees acknowledge that environmental issues including climate change may have an impact on investment performance.

At present, the policy is to delegate the considerations of the long-term financial impact of these issues to the investment manager(s). The Trustees have reviewed the managers' processes to ensure these include engagement with relevant persons including companies invested in, other holders of those investments including equity and debt, and other key stakeholders.

When reviewing, selecting and monitoring funds and managers, the Trustees have also considered the means by which the manager takes into account the capital structure of an issuer of debt or equity and how any conflicts, real or potential, are managed. This is to ensure members' needs and the security of assets underpinning members' investments is robust.

The Trustees acknowledge that, from time to time, a conflict of interest may arise between key stakeholders regarding the Scheme's underlying investments. An example may be that the investment manager may take a position in the market that is at odds with the sponsoring employer. The Trustees will manage these conflicts through ensuring they continue to act in the best interest of its membership by engaging with the investment manager. The Trustees delegate the day to day performance of the fund to the fund manager and will continue to do so as long as this aligns to the policies set out in the SIP.

The Trustees are also aware that some members will have further views on investment matters including investing in line with an ethical or religious mandate. The Trustees do not believe that the current membership desires a specific fund to meet ethical or religious needs but will continue to review this position as part of its investment fund review process.

The Trustees have given their investment managers full discretion when evaluating ESG issues and in exercising rights and stewardship obligations relating to the Scheme's investments.

It is accepted that collective or pooled investments will be governed by the individual policies of the investment managers. The Scheme's investment managers exercise voting rights and undertake engagement in accordance with their own policies. The Trustees request information from investment managers on how they exercise their voting rights and whether these are used to positively influence businesses invested in through the pooled investment vehicle. The Trustees review this on an annual basis to reaffirm that the managers views continue to align with the Trustees.

The Scheme's equity managers who are authorised in the UK are expected to report on their compliance with the UK Stewardship Code on an annual basis.



Investment Strategy

Having considered advice from the Investment Adviser, and having regard for the risks and the aims and objectives in sections 3, 4 and 5, the Trustees have selected a long-term insurance policy with the Investment Platform provider, Aviva, which allows them to make available a default investment strategy and a number of alternative investment funds. Members can choose to invest their contributions in one or more of the alternative investment funds.

The Investment Platform provider is also the scheme administrator and acts on the Trustees' behalf to ensure that each member's funds are invested in accordance with the investment options selected by the members.

There is no single investment product that manages all of the key risks. Of the major asset classes, equities have traditionally been used to provide the most effective means of managing inflation risk. Fixed interest and index-linked securities are most effective for managing pension purchase risk. Cash is effective at managing investment risk but does not manage inflation risk.

The varying nature of the risks faced by a defined contribution plan member through time means that no single investment product will adequately meet the needs of the investor throughout the investing period. Therefore, the Trustees have taken advice from the Investment Adviser to ensure that a suitable default investment strategy and range of alternative investment funds is offered to members for effective management of the risks faced.

The Trustees' policy on risk is to provide members with a range of investment options into which they may direct their contributions so as to allow each member to determine the appropriate mix of investments based on their own attitude to risk, term to retirement and investment objective, while providing a default investment strategy option that meets the Trustees' aims and objectives.

Default investment strategy

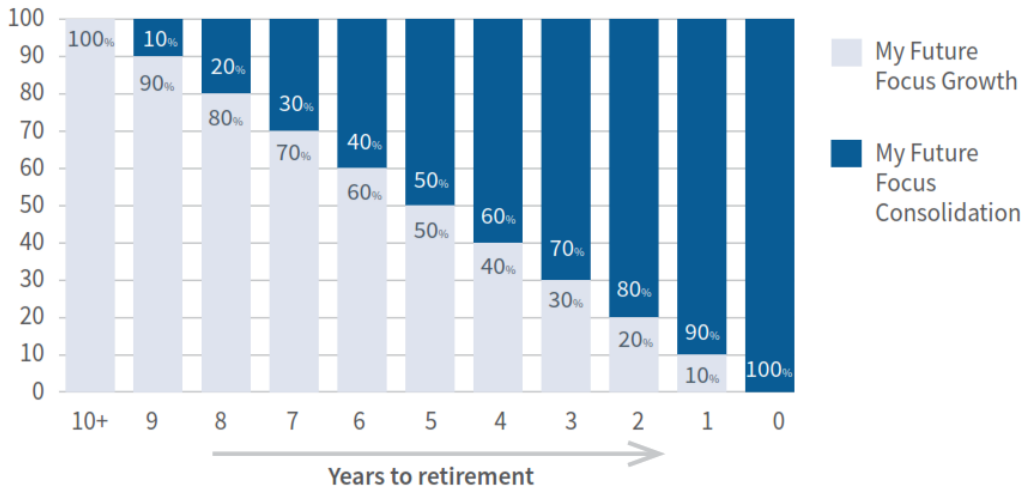
Following advice from the Trustees Investment adviser, Punter Southall Aspire, in November 2017 and subsequently reviewed in October 2019 the Trustees selected the Aviva My Future Focus. This fund was implemented in October 2019 to replace the Aviva My Future Plus Lifetime Default

The objectives of the default investment strategy:

When further from retirement the fund aims to grow the value of members' pension savings ahead of inflation over the long-term.

During the 10 year period leading up to the member's Selected Retirement Date, the pension fund within the default investment strategy is moved from investments with a greater exposure to the stock market into more cautious investments. This aims to reduce the member's exposure to risk from stock market fluctuations. This programme is designed to reflect the new pension freedoms, by no longer targeting the purchase of an annuity, whilst also achieving long term growth for members at acceptable levels of risk and charges.

The table below illustrates the lifestyle glide path and the phasing in the 10 year period to scheme retirement date.



The My Future Focus Growth Fund

The fund aims to provide long term growth, through exposure to a range of asset classes that can include, but are not limited to, equities, fixed interest, cash and property. It may also use derivatives for investment purposes. The fund targets volatility of 75% of Global Equities (as measured on a rolling 5-year basis).

The My Future Focus Consolidation Fund

The fund aims to provide growth with a reduced level of risk, through exposure to a range of asset classes that can include, but are not limited to, equities, fixed interest, cash and property. It may also use derivatives for investment purposes. The fund targets volatility of 25% of Global Equities (as measured on a rolling 5-year basis).

Key features of the default fund:

- Strategic asset allocation provided by Aviva Investors' multi-asset team.
- Dynamic (tactical) asset allocation provided by Aviva Investors in line with house view generated on a quarterly basis.
- An implementation team used for portfolio construction to ensure risks are managed and trades are placed in an cost effective manner.
- Asset allocation reflects volatility targets - Growth - 75% of global equity volatility / Consolidation - 25% of global equity volatility.
- Passive exposure to developed market equity and bonds; emerging market equities and bonds, commodities and high yield debt.
- Default investment strategy that can be characterised as 'universal,' with options alongside that target annuity purchase, cash withdrawal and drawdown utilising a 10-year glidepath.
- ESG considerations are intergrated in Aviva Investors' active management process. Aviva Investors take an active approach to stewardship to promote good practice among those companies it invests in.

Benchmarks

The benchmarks are set in line with the long-term volatility measure for these funds. The benchmarks are intended to be closely aligned to the asset allocation of the funds, and reflect their relative performance. The benchmarks are outlined in the table below:

Fund	Benchmark
My Future Focus Growth	Primary: Bank of England base rate +4% Secondary: 75% FTSE World 25% BofA ML Sterling Broad Market Index
My Future Focus Consolidation	Primary: Bank of England base rate +2% Secondary: 25% FTSE World 75% BofA ML Sterling Broad Market Index

Alternative lifestyle strategies - The My Future Focus lifestyling solutions

Currently available under the Scheme on a self-select basis, are three alternative lifestyling solutions, which are designed to cater for different objectives at retirement i.e. an annuity purchase, drawdown or taking the fund as a cash lump sum. The funds used are:

- My Future Focus Target Annuity
- My Future Focus Target Drawdown
- My Future Focus Target Cash Lump Sum

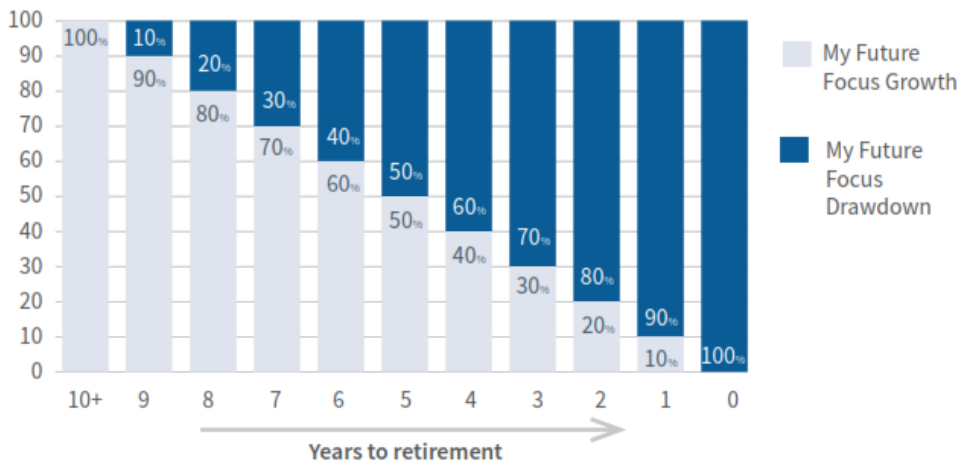
My Future Focus Target Annuity

The fund is designed for members approaching retirement and considering buying a fixed (or level) annuity. The fund will predominantly invest in UK Government and corporate bonds. Derivatives may be used by the underlying fund(s) for investment purposes.



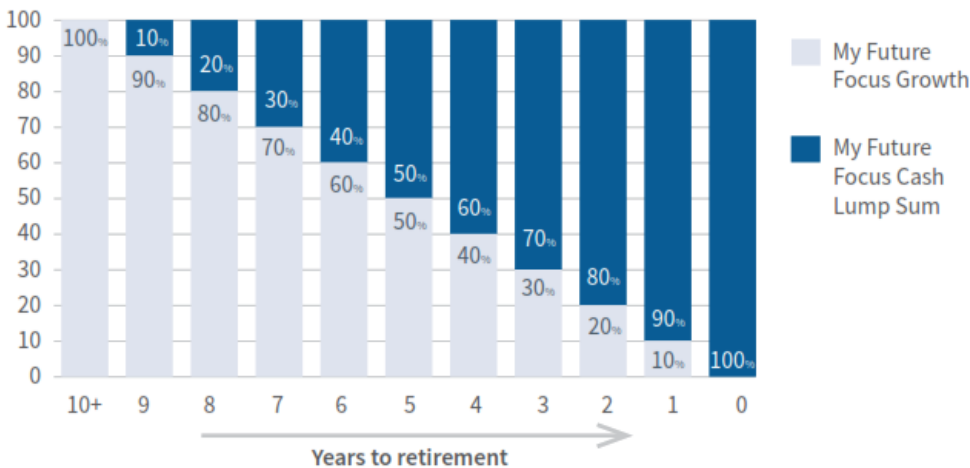
My Future Focus Target Drawdown

The fund aims to provide an appropriate balance between growth and risk reduction, through exposure to a range of asset classes that can include, but are not limited to, equities, fixed interest, cash and property. It may also use derivatives for investment purposes. The fund targets volatility of 50% of Global Equities (as measured on a rolling 5-year basis).



My Future Focus Target Cash Lump Sum

This fund seeks to achieve a positive return by investing primarily in fixed interest and money market instruments. It may also use derivatives for investment purposes. The fund targets volatility of 12.5% of Global Equities (as measured on a rolling 5-year basis).



Alternative Lifestyle options

My Future

My Future is designed to offer members a lower cost option, compared to My Future Focus.

Since June 2019 the asset allocation of the My Future Growth, Consolidation, Drawdown and Cash Lump Sum funds has been overseen by BlackRock’s Client Portfolio solutions team.

The growth phase: the My Future Growth fund

The objective during the My Future Growth fund is to target volatility of 12% over the longer term (typically 10 years) so it may be higher or lower at any given time. However, Aviva offer no assurances that this target will be met.

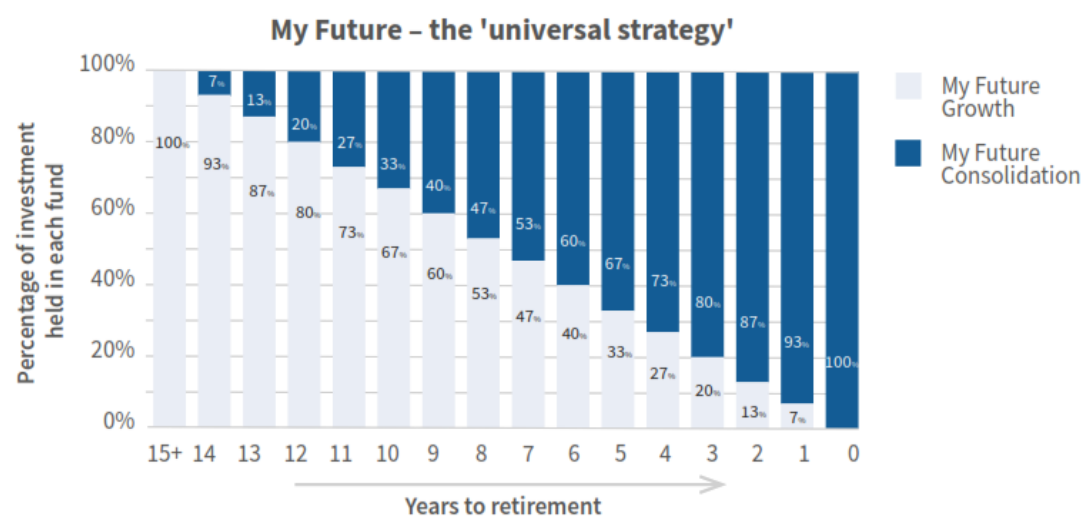
The fund will predominantly be in passively managed funds that invest in UK and overseas equities (including emerging markets), with some investment in UK Government (including index-linked) and corporate bonds.

It may also invest in overseas government and corporate bond funds (including emerging markets), commodities, money market instruments and cash.

The pre-retirement lifestyling phase: The My Future Consolidation fund

From fifteen years before retirement, assets are gradually moved out of My Future Growth into My Future Consolidation fund.

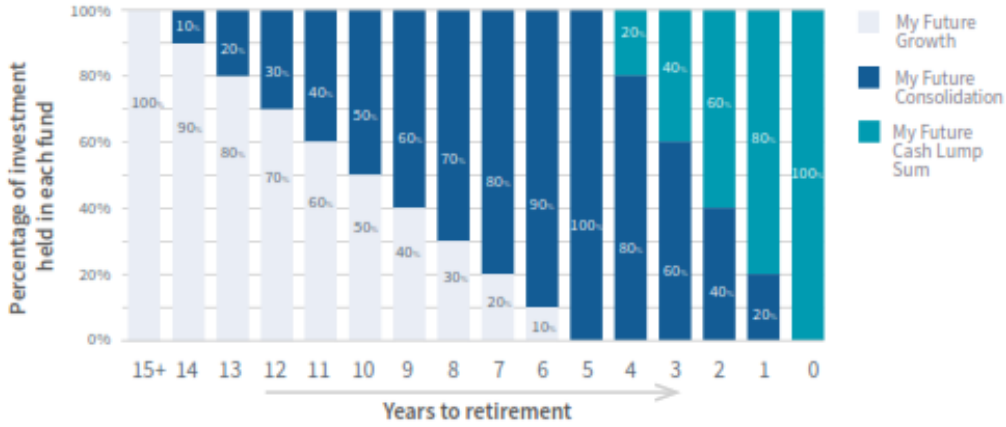
The objective of the My Future Consolidation fund is to target volatility of 4% over the longer term (typically 10 years) so it may be higher or lower at any given time. It attempts this by investing in passively managed underlying funds investing in UK government (including index-linked) and corporate bonds. It may also invest in funds that invest in UK and overseas equities (including emerging markets), property, money market instruments and cash. Derivatives may be used by the underlying fund(s) for investment purposes.



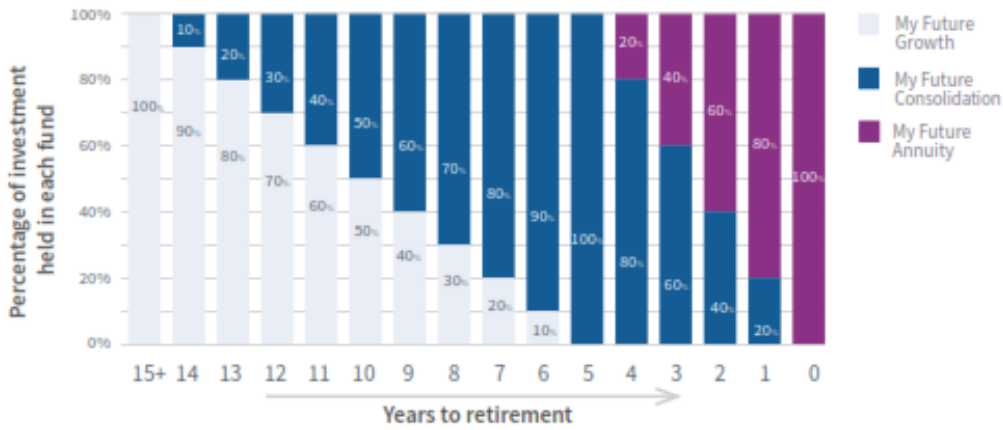
Currently available under the Scheme, are three alternative 'At-retirement' options, which are designed to cater for different objectives at retirement. i.e. an annuity purchase, drawdown or taking the fund as a cash lump sum.

The following glide paths are used for the three At-Retirement options, My Future Target Annuity, My Future Target Drawdown and My Future Target Cash Lump Sum:

My Future Target Cash Lump Sum investment progression



My Future Target Annuity investment progression



My Future Target Drawdown investment progression



1. Self select Investment options:

The Scheme also provides access on a member self-select basis to additional funds as detailed below. The Trustees consider that each available fund contains suitable investments given each fund's objective and that each fund provides a properly diversified portfolio.

Fund name	Invests in
BlackRock Sterling Liquidity	A portfolio of high-quality, short-term sterling securities, issued by banks and governments (UK and non-UK).
BlackRock Over 15 Year Gilt Index	Passive (or tracker) fund that invests in UK Government fixed income securities with a maturity period that is 15 years or longer. The aim is to achieve a return consistent with the FTSE UK Gilts Over 15 years Index.
BlackRock 40:60 Global Equity Index	Passive (or tracker) fund that aims to provide returns consistent with the markets in which it invests; the fund invests in stocks and shares – 40% in the UK and 60% in overseas markets.
BlackRock 60:40 Global Equity Index I	Passive (or tracker) fund that aims to provide returns consistent with the markets in which it invests; the fund invests in stocks and shares – 60% in the UK and 40% in overseas markets.
BlackRock World (ex-UK) Equity Index	Passive (or tracker) fund that aims to provide returns consistent with the markets in which it invests; the fund invests in stocks and shares – 100% in overseas markets. The aim is to achieve a return consistent with the FTSE All-World Developed ex-UK Index.
BlackRock UK Equity Index	Passive (or tracker) fund that aims to provide returns consistent with the markets in which it invests; the fund invests in stocks and shares – 100% in UK markets. The aim is to achieve a return consistent with the FTSE All-Share Index.
Cautious Managed	This is an actively managed fund that aims to produce capital growth. It invests in a range of investments including equities (or stocks and shares) corporate bonds, government bonds and property.
Fixed Interest	This is an actively managed fund that aims to provide income and capital growth by mainly investing in bonds.
Managed	This is an actively managed fund that aims to produce capital growth. It will mainly be invested in equities (or stocks and shares) and bonds.
Pre-retirement Fixed Interest	This fund is actively-managed and invests in UK Government bonds. The fund aims to provide an element of protection from the changes in the cost of buying a pension annuity with your pension pot at retirement.



Monitoring

The Trustees will monitor the performance of the Scheme's Investment Platform provider and investment managers against the agreed performance objective for each fund.

The Investment Adviser provides a quarterly investment performance report to the Trustees to analyse the performance of the investment managers. The report will include short-term performance (3 month and 1 year) but focus on and draw conclusions from the long-term performance (3 and 5 year). The Trustees will seek to also ensure that the investment manager's remuneration via the AMC delivers value in relation to the performance delivered as outlined below.

The Trustees will undertake regular reviews (at least annually) of the Investment Platform Provider to consider whether they are continuing to carry out their work competently and continue to have the appropriate knowledge and experience to manage the assets of the Scheme.

In any event the Trustees will formally review the progress and performance of the Investment Platform Provider and Investment Managers every three years. As part of this review, the Trustees will consider whether or not the Investment Platform Provider and Investment Managers:

- are carrying out its work competently.
- have regard to the need for diversification of investments.
- have regard to the suitability of each investment and each category of investment.
- have been exercising its powers of investment with a view to giving effect to the principles contained in this SIP, so far as is reasonably practical.

Investment manager

In addition to the monitoring set out above, the Trustees will further monitor the underlying investment managers through the following processes:

- **Passive manager remunerations** – The majority of funds utilised by the Scheme are passively managed. Managers are remunerated through the member's Annual Management Charge. The Trustees will ensure that remunerations remain appropriate through ensuring they align with the broader passive management market while continuing to deliver in line with their stated objective, with particular focus on the medium to long-term strategy of the manager. This approach ensures the managers continue to align with the policies set out in this SIP.
- **Active manager remunerations** – Where funds are actively managed, managers are also remunerated through member's Annual Management Charge. Each active manager is currently remunerated though on a fixed basis (i.e. no performance related charging). The Trustees monitor the investment performance, underlying portfolio and asset allocation with a focus on medium to long-term decision making of the manager. Where the manager forms part of the default investment strategy, the Scheme's Investment Adviser will engage directly with the manager to understand its future strategy and drivers of past performance. This approach ensures the managers continue to align with the policies set out in this SIP.

- **Portfolio turnover** – The Trustees delegate underlying portfolio decisions to the investment manager without restriction. However, the Trustees review turnover costs as part of its annual process to assess transaction costs over each Scheme Year. The Trustees will assess via their Value for Members analysis whether the level of turnover costs has provided value to its membership in the context of the investment manager's objective and performance. Within the review of actual portfolio turnover, the Trustees will also have regard to the manager's targeted portfolio turnover.
- **Stewardship** – From October 2020 onwards, the Trustees will on an annual basis gather information on how the Investment Manager has exercised their stewardship, including how they exercise their voting rights and engagement with bond and equity issuers. The Trustees will report in the Implementation statement annually whether they believe the manager continues to act in line with Section 5 of this Statement of Investment Principles and the objective of the Investment Managers fund(s).

Should the Trustees, working with their adviser, have any concerns that the funds are not performing in line with the policies set out within this SIP or that the level of remunerations is inappropriate the Trustees should engage with the manager in the first instance. If required, the Trustees should review and replace a manager that is not meeting the policies within this SIP, with a focus on ensuring the Scheme's investment managers deliver in the medium to long-term time horizon appropriate to the Scheme membership.

Advisers

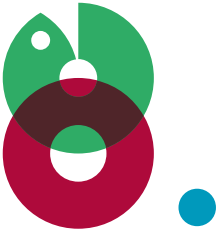
The Trustees will monitor the advice given by their Investment Adviser on a regular basis. In addition, the Trustees formally set strategic investment objectives for the appointed investment advisers as required by the Competition and Markets Authority ("CMA") following a review of the investment consulting and fiduciary management markets. These will be formally reviewed every three years.

Trustees

The Trustees will monitor all the decisions they take by maintaining a record of all decisions taken, together with the rationale in each case.

Other

The Trustees will review this SIP regularly (at least triennially) and modify it if deemed appropriate, in consultation with the Principal Employer and an Investment Adviser.



Charges

A total expense ratio (TER) is an annual fee levied on the members to cover the costs of managing their funds. It is calculated as a percentage of the value of the fund.

The TERs as at September 2020 for the unit-linked funds are as follows:

Default Investment Strategy – FL My Future Focus

Fund Name	Charges for default arrangement (TER)
My Future Focus Growth	0.46%
My Future Focus Consolidation	0.46%

Alternative lifestyle strategies

Fund Name	Charges for default arrangement (TER)
My Future Focus Drawdown	0.46%
My Future Focus Cash Lump Sum	0.46%
My Future Focus Annuity	0.46%
My Future Growth	0.39%
My Future Consolidation	0.39%
My Future Annuity	0.39%
My Future Drawdown	0.39%
My Future Cash Lump Sum	0.39%

Self-Select Funds

Fund Name	Charges for default arrangement (TER)
BlackRock Sterling Liquidity	0.36%
BlackRock Over 15 Year Gilt Index	0.36%
BlackRock 40:60 Global Equity Index	0.36%
BlackRock 60:40 Global Equity Index	0.36%
BlackRock World (ex UK) Equity Index	0.36%
BlackRock UK Equity Index	0.36%
Cautious Managed	0.42%
Fixed Interest	0.42%
Managed Fund	0.43%
Pre-Retirement Fixed Interest	0.42%



Declaration

The Trustees confirm that this SIP reflects the investment strategy they have implemented for the DC sections under the Scheme. The Trustees acknowledge that it is their responsibility, with guidance from the Investment Adviser, to ensure the assets of the DC sections under the Scheme are invested in accordance with these principles.

John light

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Signed

On behalf of the Trustees of the BCA Automotive Pension Scheme

Date: 22/09/2020

Who are we?

About Punter Southall Aspire

Punter Southall Aspire is a major investment and savings business that blends a strong customer focused heritage with a modern and technology-led outlook.

Uniting pensions consultancy, workplace savings and individual financial advice, we work with employers, trustees and private clients through our 10 regional UK offices to design and manage solutions that meet their unique needs.

Our new and innovative Master Trust solution provides cost-effective pension scheme management for employers and pension freedom solutions for individuals.

Punter Southall Aspire is part of the Punter Southall Group, which is proudly independent and majority employee-owned.



c. 1,250
PENSION SCHEMES



c. £4bn
OF ASSETS
UNDER ADVICE

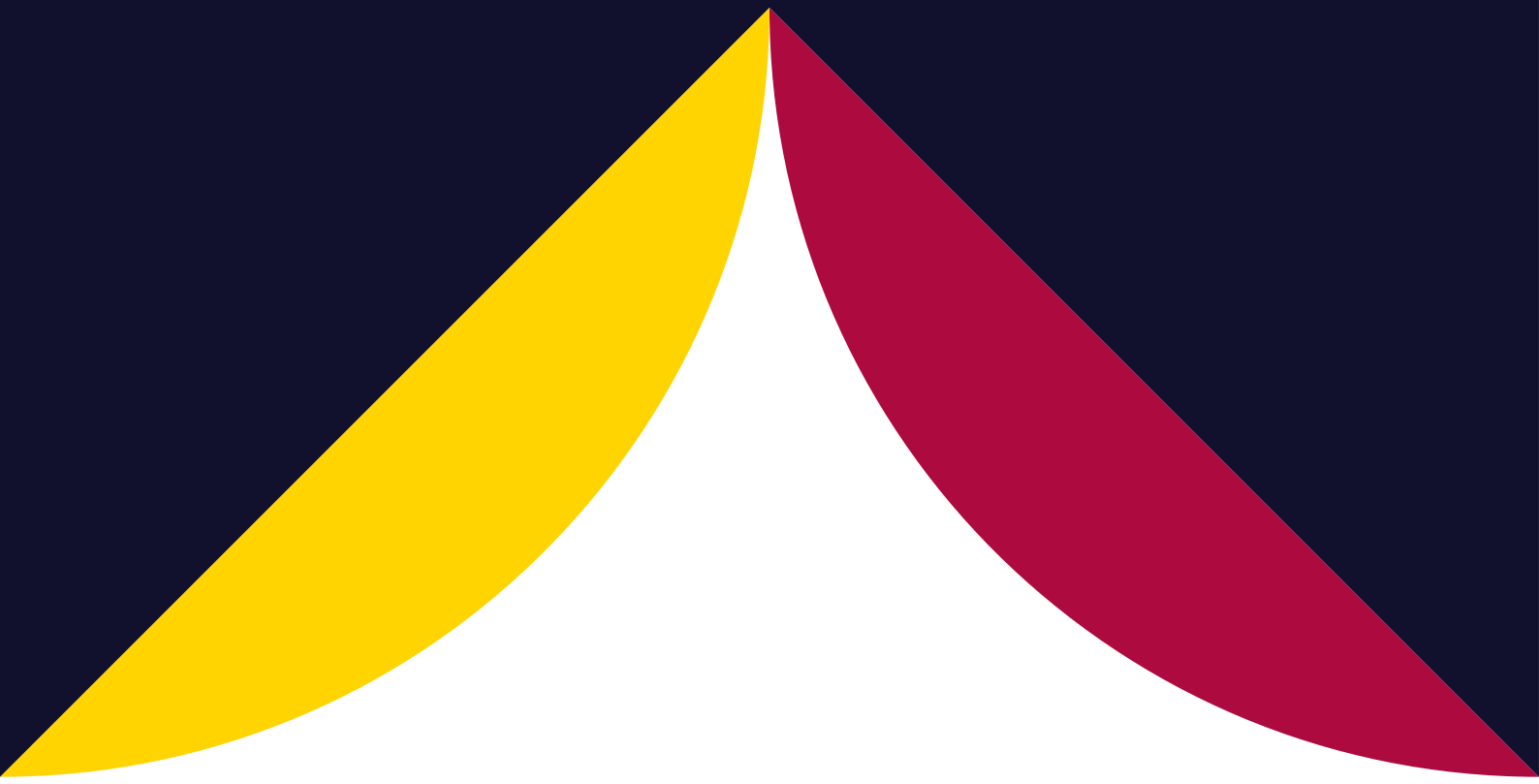


c. 200,000
SCHEME MEMBERS

c. 1,200
PRIVATE CLIENTS



11
OFFICES ACROSS
THE UK



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