

Retail Trust Retirement & Death Benefits Scheme (the Scheme)

January 2021

Marshall Hall
Hammers Lane
London NW7 4DQ

Dear Member,

Report and Accounts and Annual funding Statement update 2020

I am pleased to present the 2020 update to members of the Scheme.

The Scheme is a defined benefit scheme; its assets are held entirely separate from those of Retail Trust and these assets are invested until they are needed to pay members' benefits. There has never been any payment of Scheme assets to Retail Trust, other than the repayment of monies paid by the Retail Trust on behalf of the Scheme.

The last full valuation of the Scheme was undertaken as at 30 June 2019 and the next review is due in three years' time, in 2022. In the intervening years, the Scheme Actuary provides an annual update. A summary of the findings of the 2019 valuation and the 2020 annual update are set out below:

Scheme funding position:

	30 June 2019	30 June 2020
Value of the Scheme's assets	£14.32m	£14.11m
Liabilities (value of the Scheme's promises to pay benefits)	£13.20m	£13.01m
Surplus of assets over liabilities	£ 1.11m	£ 1.10m
Scheme funding position (assets divided by liability values)	108%	108%

Summary of Accounts:

The Scheme's Accounts have been independently audited and were signed by the Trustees at their meeting in December 2020. The key items of income and outgo are summarised below, with the 2019 figures given for comparison purposes:

	30 June 2019	30 June 2020
	£ million	£ million
Opening Net Assets	14.33	14.37
Benefit payments	0.648	0.638
Administration expenses	0.07	0.08
Movement in Asset Values	0.756	0.457
Closing Net Scheme assets	14.37	14.10

- A full copy of the Trustees' report and financial statements is available upon request from the Pensions Department at the Mill Hill address given above, or by emailing rbuckley@retailtrust.org.uk
- 2020 has been a challenging year on so many levels, but the Trustees remain confident that the principal employer (Retail Trust) remains able and committed to standing behind the Scheme and that our investment managers can continue to diligently and effectively invest the Scheme's assets on our behalf and to retain liquidity and tradability in the challenges that COVID 19 and Brexit have brought to our investment environment.
- Our Administrators at First Actuarial have continued to evidence to the Trustees that they remain able to work efficiently and to communicate and settle benefits to members, in line with the Scheme's Rules and reflecting latest Government guidance on working arrangements.
- The Trustees wish to thank all their advisers for the support and work they have undertaken for us during the course of the year.
- The results of the June 2022 actuarial valuation will be available and shared with members in 2023.
- The pension Trustees was pleased to welcome Clive Warner, former Retail Trust Finance Director, to their board from December 2020.

Please do not hesitate to contact us if you have any queries or require any further input in relation to the Scheme or your benefits.

Other information

The following documents provide further information about the Scheme and its management. If you would like copies of any of them, please contact Roger Buckley at Marshall Hall by email on rbuckley@retailtrust.org.uk

The Statement of Funding Principles explains the pension Trustees' funding plan for the Scheme.

The Statement of Investment Principles explains how the pension Trustees invest the money paid into the Scheme; this is currently available online at www.retailtrust.org.uk/pension

The Annual Report and Accounts of the Scheme shows the Scheme's income and expenditure over the year and the value of its investments.

The Actuarial Valuation as at 30 June 2019 and the 2020 annual update report on the funding position of the Scheme.

The Retail Trust Retirement and Death Benefits Scheme explains the benefits provided by the Scheme. (You should have been given a copy when you joined the Scheme, but you can ask for another copy.)

Some frequently asked questions are attached, but if you have any queries please write to me at Marshall Hall. Please keep in touch and let us know if your personal circumstances change or if you change your address.

Yours sincerely

Roger Buckley
Trustee

Retail Trust Retirement & Death Benefits Scheme

Some Frequently Asked Questions

How is my pension paid for?

The Scheme's assets will be invested until members' pensions become payable. This money is held in a single fund and not in separate funds for individual members.

How is the amount of money the Scheme needs worked out?

The Trustees have agreed a funding plan (the *Statement of Funding Principles*) which aims to ensure that there will be enough money in the Scheme to meet all benefit payments as they become due. The amount of money paid into the Scheme is reviewed by the Scheme Actuary every three years.

How does Retail Trust support the Scheme?

If there is a funding shortfall, Retail Trust will usually pay more into the Scheme to make it up. In addition, Retail Trust pays the regulatory costs associated with running the Scheme.

What would happen if the Scheme were wound up?

If the Scheme were to be wound up, Retail Trust would be required to pay enough money into the Scheme to enable all members' benefits to be completely secured with an insurance company. If Retail Trust were unable to meet this cost because, for example, it had become insolvent, the Pension Protection Fund (PPF) could take over the Scheme and pay compensation to members. You might not get the full amount of pension you had built up, but you would receive regular future income from the PPF.

However, while the Scheme remains ongoing, even though funding may temporarily fall below target, pensions will continue to be paid in full.

The PPF was set up in 2005 to provide compensation to the members of underfunded pension schemes of insolvent employers. Further information and guidance is available on the website: www.pensionprotectionfund.org.uk or you can write to the Pension Protection Fund at 12 Dingwall Road, Croydon, Surrey CR0 2NA.

Where are the Scheme's assets invested?

The pension Trustees delegate day-to-day responsibility for managing the Scheme's assets to Baillie Gifford and Legal & General, two external, professional investment managers. The Scheme's assets are actively-managed in pooled investment funds, in the following sectors:

Equities	40%	Diversified Growth	30%
Bonds	20%	Liability-driven investment	10%

The performance of the Scheme's assets is closely monitored to ensure they meet the pension Trustees' return objectives while the investment managers have in place robust strategies for investing with all due consideration for Ethical, Social and Governance aspects.

Who are the pension Scheme's Trustees?

The current Trustees are:

Roger Buckley (former Group Pensions Manager of Argos//Homebase)

Caroline Robinson (HR Manager)

Alan Connolly (a retired member of the Scheme)

Margaret Hannell (Chair of Trustees and Group Pensions Manager of Arcadia)

Caroline Robinson (HR Manager)

Clive Warner (former Retail Trust Finance Director) appointed 16 December 2020 .

David Kaye (Company Secretary to Retail Trust) is also the Secretary to the pension Scheme Trustees.

The pension Trustees meet as a board approximately four times a year.

What other advisers are involved with the Scheme?

The pension Trustees have appointed a range of professionals to assist them in managing the Scheme:

Actuary – Peter Shellswell of First Actuarial LLP

Administrators – First Actuarial LLP

Auditor – Hays Macintyre LLP

Bankers – National Westminster Bank Plc

Investment Advisers – Barnett Waddingham Actuaries & Consultants Ltd

Investment Managers – Baillie Gifford & Co and Legal & General

Solicitors – Gowlings LLP