

GKN Group Pension Scheme (No.1)

Chair's Annual Governance Statement

6 April 2023 to 5 April 2024

A message from the Chair of the Trustee of the GKN Group Pension Scheme (No.1)

The GKN Group Pension Scheme (No.1) ('the Scheme') is established within a Trust and is governed by a Trust Deed and Rules that set out how the Scheme operates. The Scheme has a single Trustee, GKN 1 Trustee 2018 Limited, which has a Board of Trustee Directors who are responsible for running the Scheme.

This statement is required by law to explain how the Trustee, with the help of its professional advisers, meets a number of statutory governance standards, including the requirements of the Occupational Pension Schemes (Charges and Governance) Regulations 2015 and the Occupational Pension Schemes (Scheme Administration) Regulations 1996.

This statement is in respect of the twelve-month period to 5 April 2024 and covers the following:

Section 1 - How the Trustee oversees the Scheme summarises the rigorous governance processes the Trustee undertakes each year to operate the Scheme.

Section 2 - Improving the Trustee's knowledge and understanding shows the continuous efforts the Trustee makes to ensure it maintains the specialist knowledge required to make sure the Scheme is well run.

Section 3 - Managing the Scheme's investment options & reviewing the default arrangements focuses on how the Trustee designs and monitors the investment options offered by the Scheme, to ensure that they are appropriate for members.

Section 4 - Statement of Investment Principles (SIP) describes the requirements on the Trustee to produce a SIP, what it contains (including the principles used to design the default arrangement) and when it was last updated.

Section 5 - Charges and transactions costs provides information on the various deductions made from Members' Accounts each year to pay for investment management services and the costs associated with running Members' Accounts.

Section 6 - Charges and transaction Costs – illustrations provides examples showing how the investment charges and transaction costs described in Section 5 will affect the value of a Member's Account over time.

Section 7 - Net investment returns provides details of the performance of the Scheme's various investment options, after deduction of the costs described in Section 5.

Section 8 - Asset allocation provides the asset allocation within the investment strategies of the Scheme's default arrangements.

Section 9 - Value for members states what the Trustee does to ensure that members are receiving value for money from the Scheme, including the results of its latest annual assessment.

Section 10 - Monitoring and processing of core financial transactions explains the internal controls the Trustee has in place in respect of the administration services, including ensuring that financial transactions such as investment switches and transfers out are processed promptly and accurately.

This statement outlines the requirements in each area, how the Trustee ensures it meets or exceeds these requirements on an ongoing basis and the specific actions taken during the year to 5 April 2024 to meet the requirements.

A McKinnon – Chair

Chair of the Trustee of the GKN Group Pension Scheme (No.1)

Section 1: How the Trustee oversees the Scheme

What are the Trustee's responsibilities?

The Trustee is required to ensure that the Scheme offers a robust, well-governed pension savings vehicle that offers good value for money, helping members achieve their retirement savings goals.

How does the Trustee meet these requirements?

The Trustee's long-term strategy for helping improve member outcomes at retirement is guided by the following beliefs:

- The Trustee is here to serve all members, while also helping the company to provide a well-governed pension savings vehicle.
- All members should be encouraged and helped to develop a plan for attaining an appropriate income for life after work.
- While members have the opportunity to make their own investment decisions, the quality and suitability of the default arrangement is likely to be of key importance for many members.
- Operating robust internal controls and reliable administration processes is important to the Scheme being trusted and respected by members.
- The Trustee regularly reviews industry innovations, solutions and levels of charges for comparable pension schemes in order to ensure that the Scheme continues to provide members with good value for money.

To this end, the Trustee commits to comply with both the letter and spirit of regulations and will also implement best-practice governance arrangements where possible.

The Trustee has established an Administration Sub-Committee (ASC) that is tasked with overseeing the administration, accounting and defined contribution arrangements of the Scheme. The chair of the ASC reports back to the main board of the Trustee at each meeting, to ratify any decisions made.

Each year the ASC meets at least quarterly to monitor the overall operation of the DC Section of the Scheme, including:

- Reviewing the performance of the investment fund range and the underlying investment managers, discussing new developments with their professional advisers and, as needed, agreeing changes to the investment options offered by the Scheme.
- Review the administration service provided to members of the DC Section.
- Ensuring that the Scheme maintains robust risk management processes and internal controls.
- Ensuring compliance with all statutory requirements, including arranging an annual Independent Audit and production of the Annual Report and Accounts.

The Trustee receives substantial support from the company and its appointed professional advisers to deal with any issues and ensure the continued ongoing development and smooth running of the Scheme.

What did we do in the year to 5 April 2024?

During the year the ASC and the Trustee Board each held four formal quarterly meetings. In addition, the ASC also dealt with any urgent issues by email or additional conference call meetings. At all of these meetings, key issues were discussed and progressed with the Trustee's appointed advisers and representatives of the Company. Further information regarding the key actions undertaken by the ASC and the Trustee during the year is provided within the various sections of this statement.

Section 2: Improving Trustee's knowledge and understanding

What are the Trustee's responsibilities?

The Scheme is operated by a corporate Trustee, which must ensure that its directors have appropriate knowledge and understanding to fulfil their role as Trustee Directors.

In accordance with sections 247 and 248 of the Pensions Act 2004, the Trustee is required to maintain an appropriate level of knowledge and understanding of pension-related legislation and best practice requirements. This, together with the professional advice available to the Trustee, enables it to properly carry out its duties in relation to the Scheme.

How does the Trustee meet these requirements?

The Trustee has a rigorous process for developing and maintaining the knowledge and understanding (TKU) of its Trustee Directors. The following points cover the Trustee's ongoing approach to meeting the TKU requirements.

- The training needs of new Trustee Directors are assessed, and they are given appropriate training in the first 6 months of their appointment, including on the law relating to pensions and trusts and relevant principles relating to funding and investment of occupational schemes.
- Refresher training is provided where appropriate so that all Trustee Directors have sufficient knowledge and understanding of the relevant pensions, trust laws and principles relating to the investment of pension assets.
- All Trustee Directors are required to complete the Pensions Regulator's Trustee Toolkit.
- The Trustee obtains appropriate advice and training on the Scheme documents, including ensuring that all Trustee Directors have a working knowledge of the Trust Deed and Rules, the Statement of Investment Principles and all other documents setting out the Trustee's policies. In addition, when dealing with benefit queries that require legal advice, the Scheme's advisers will refer the Trustee to the specific Scheme Rules, to ensure it is clear on the interpretation of the Scheme's governing documentation.
- The Trustee's legal advisers provide training and input on legal considerations and update the Trustee Directors on new legal issues.
- All Scheme documents and policies are reviewed regularly in accordance with the Trustee's ongoing Business Plan and updated if required. A number of key Scheme documents are available to members on the dedicated website: <https://gknpensions.co.uk/index.html>.
- The Trustee has a standing agenda item at every meeting to consider the individual and group training requirements of its Directors. Any topics identified are recorded and a training session arranged for a future Trustee meeting.
- Regular specific training from professional advisers on the latest current issues and legislation, regulatory and best-practice requirements is incorporated into appropriate Trustee meetings, along with extensive reading materials from the Scheme's professional advisers.
- All Trustee training carried out at Trustee meetings is recorded via the Scheme's training log. Individual Trustee Directors maintain their own log of any additional training undertaken outside of meetings.
- The Trustee Board includes one accredited professional trustee who is also a qualified actuary who still complies with the continuing professional development requirements of the Institute of Actuaries. In addition, the Board includes a member nominated trustee who has voluntarily been accredited as a professional trustee.

The Trustee also receives professional advice to support it in reviewing the performance of the Scheme and governing it in line with Trust Deed and Rules and other formal documentation. If there are any ambiguities or questions over the interpretation of the Rules or legislative requirements, the Trustee always obtains legal advice.

Overall, the Trustee and its advisers are satisfied, given the advice received and the extensive combined experience of the individual Trustee Directors, that the Trustee exceeds the required regulatory standards.

What did we do in the year to 5 April 2024?

During in the year to 5 April 2024:

- One of the Company Appointed Trustee Directors was replaced during the Scheme year to 5 April.
- The Trustee undertook specific reviews of the following Scheme documentation:
 - Implementation Statement
 - Chair's Statement
 - Risk Register, which is reviewed at each ASC meeting.
- The Trustee is reviewing the training requirements of the Trustee Directors in order to implement an updated training plan for 2024 and beyond based on the future requirements of the Scheme.
- In addition to receiving updates on current issues at all Trustee meetings, specific training was undertaken on a number of important issues, including the following:

Training Topic	Delivered by	Date
Virgin Media v NTL case	Katie Ivens	28 September 2023
TCFD – Pillars 3 and 4	Aon Hewitt	12 December 2023
Legal Update	Helen Berry	12 December 2023
General Code of Practice	Pinsent Masons / Mercer	27 March 2024

The Trustee also commenced a review of the Scheme's governance arrangements against the requirements of the Pension Regulator's General Code of Practice, published in March 2024. An update on this review will be included in next year's statement.

Section 3 - Managing the Scheme's investment options & reviewing the default arrangements

What are the Trustee's responsibilities?

The Trustee is responsible for setting the Scheme's investment strategy and for appointing investment managers to deliver appropriate investment options for members to select. This includes offering default arrangements for those members who do not wish to select their own investment options.

The Trustee is required to review the Scheme's default arrangements at least every three years to ensure that they remain appropriate, taking into account the profile and likely requirements of the Scheme's membership as a whole. The Trustee is also required to monitor the performance and ongoing return expectations of the default arrangements on a regular basis, to ensure that they continue to meet their objectives.

Finally, the Trustee is also required to monitor and regularly review the additional Self-Select investment options offered by the Scheme, making changes as necessary, to ensure that they continue to meet the varied and evolving requirements of members who wish to select their own investment options.

How does the Trustee meet the requirements for the default arrangements?

As mentioned in the last Chair's Statement, the Trustee completed a two-step review of the default arrangements in September and November 2022, with the following changes were implemented in March 2023:

- Within the GKN Growth Fund, the LGIM Future World Fund was replaced with the LGIM Future World Global Equity Index Fund (GBP Hedged);
- Within the GKN Diversified Fund, the Columbia Threadneedle Dynamic Real Return Fund was replaced with the LGIM Diversified Fund.

The next formal triennial review of the investments will commence in 2025.

The default arrangement for members of the DC Section only

Since January 2020 the Scheme's default arrangement for members who only have DC Section investments, including all new joiners, is the 'GKN Drawdown Lifestyle', designed for members moving their savings into income drawdown when they reach retirement.

As a member's fund value grows, investment risk will have a greater impact on their retirement outcome, so the Trustee believes that a default strategy that seeks to reduce investment risk as the member approaches retirement is appropriate. This is achieved via automated lifestyle switches, designed to reduce investment risk over the 15 year period before a member's Selected Retirement Date, so that when the member reaches retirement their savings are in their final asset allocation, based on how they are likely to take their benefits. The switching process is designed as follows:

- For members who are more than 15 years from their Selected Retirement Date, this strategy's growth phase invests in the GKN Growth Fund, which in turn aims to grow the members' savings by investing in global equities, including an allocation with a tilt towards companies with more favourable Environmental, Social and Governance ("ESG") characteristics.
- When a member is within 15 years of their Selected Retirement Date, their savings are gradually switched into the GKN Diversified Fund; this switching takes place gradually over

5 years until the member is 10 years from retirement. The GKN Diversified Fund aims to continue to grow members' savings, but also incorporates increased diversification and some risk reducing assets in order to reduce exposure to investment market volatility.

- When a member is 5 years from their Selected Retirement Date, their investments begin a further period of switching, gradually moving some of their savings into the GKN Cash Fund. By the time the member retires, the intention is that 25% of their savings will be invested in the GKN Cash Fund, in order to minimise the impact that investment market volatility might have on the amount that the member can take as a tax free cash sum. The remaining 75% of their savings remains invested in the GKN Diversified Fund.

This strategy is primarily designed for members who draw 25% of their assets as cash and transfer the remaining savings into an income drawdown policy.

The default arrangement for members with past DB service

The Scheme's lifestyle options progressively and automatically switch members from higher risk/higher expected return funds to lower risk/lower expected return funds as the member approaches their selected retirement date. Three default investment strategies are in place for members with past DB service, catering for differing needs and likely benefit choices. Each default strategy utilises one of the Scheme's lifestyle options, as follows:

- **Drawdown Lifestyle** – This investment option is designed for members who wish to keep their retirement savings invested and draw down a regular income after retirement. This is the default arrangement for members who are expected to have a large DC fund at retirement after taking their tax-free cash. These members have a small amount of past DB service relative to their years to Selected Retirement Date.
- **Partial Drawdown Lifestyle** – This investment option is designed for members who intend to withdraw the majority of their savings as cash upon retirement, with any remainder continuing to be invested to allow income drawdown. This is the default arrangement for members who are expected to have a small DC fund at retirement after taking their tax-free cash. These members have a moderate amount of past DB service relative to their years to Selected Retirement Date.
- **Cash Lifestyle** – This investment option is designed for members who intend to withdraw their entire savings as cash. This strategy is 100% invested in the GKN Cash Fund at retirement. This is the default arrangement for members who are expected to use their whole DC fund at retirement to fund their tax-free cash. These members have a significant amount of past DB service relative to their years to Selected Retirement Date.

The switching process for the Drawdown Lifestyle is as described for the default investment arrangement for members of the DC Section only section above. The switching process for the Partial Drawdown Lifestyle and the Cash Lifestyle is identical to the Drawdown Lifestyle until a member reaches 5 years from their Selected Retirement Date, when the switching changes as follows:

- **The Partial Drawdown Lifestyle** begins a further period of switching so that, at retirement, 62.5% of a member's savings will be invested in the GKN Cash Fund. This is to minimise the impact that investment market volatility might have on the expected amount that the member can take as a tax free cash sum when combined with their DB Section benefits. The remaining 37.5% of their savings remains invested in the GKN Diversified Fund.
- **The Cash Lifestyle** begins a further period of switching so that, at retirement, 100% of a member's savings will be invested in the GKN Cash Fund, in order to minimise the impact that investment market volatility might have on the amount that the member can take as a tax free cash sum, when combined with their DB Section benefits.

All three Lifestyle Options share the same overall aims, to generate positive nominal long-term returns in excess of inflation over the long term during the growth phase of each Lifestyle strategy, while managing downside risk for members within 15 years of their expected retirement.

Additional Technical default arrangements – GKN Cash Fund

In addition to the default arrangements described above, the Scheme might also operate one or more additional arrangements that are considered to be statutory Technical default arrangements. These were created as a result of members' savings being transferred into these investment options without their express consent, which usually occurs when a fund option is being closed and members' funds need to be moved to a new fund option. The Scheme currently has one Technical default arrangement, the GKN Cash Fund, as a result of a bulk transfer in August 2021 of members' additional voluntary contributions from the Utmost Money Markets Fund. There are no longer any members invested in the Utmost Money Markets Fund and it is closed to all future contributions.

Section 8 shows how the savings of members invested in the Scheme's default arrangements were being invested as at 5 April 2024, across each of the main asset classes.

How does the Trustee meet the requirements for the self-select fund range?

In addition to operating default arrangements, the Trustee believes that, having taken expert advice, it is appropriate to offer a range of fund options via Legal & General in which members can invest. These funds provide a different balance between risk and reward, including actively and passively managed funds covering various asset classes and regions.

Monitoring the investment managers, performance and strategies

The Scheme's investments, including all of the default arrangements, are monitored and reviewed by the Trustee's Administration Sub-Committee ('ASC'). The Trustee Directors on the ASC have sufficient knowledge and relevant understanding to provide sound and prudent oversight of the investment strategy. They also have the required investment and risk management expertise to critically evaluate and oversee associated risks. In addition:

- The ASC monitors the performance of the default arrangements, the funds underlying the default arrangements and all of the additional self-select funds made available to members on a quarterly basis.
- The Trustee's investment advisers provided regular updates and ratings of the investment managers that manage the Scheme's investment options.
- The Trustee may decide to replace self-select fund options or the underlying investment managers for any fund option, if it feels that it is appropriate or to introduce attractive new options. Members are notified of any changes made to the investment managers.
- The Trustee regularly undertakes an assessment of their training needs and members of the ASC receive ongoing and frequent training from their professional advisers on investment principles, strategies and risks, which is recorded in a formal training log.

What did we do in the year to 5 April 2024?

The Trustee last reviewed the self-select fund range in November 2022.

The self-select investment options were introduced in 2019, following investment advice received by the Trustee and an assessment of members' potential needs. In the 2022 review the self-select investment options were reviewed and the Trustee agreed the current range of fund options remained suitable for the Scheme's membership at that time. The next review of the self-select fund range will commence in 2025.

The ASC has reviewed the performance of default arrangements and the self-select fund range at each of their quarterly meetings during the scheme year. In 2024, they also considered investment performance as part of their annual review of the value for money offered by the Scheme (see Section 9). This included analysis of fund performance and market outlook to check that the risk and return levels met expectations. The Trustee concluded that most funds have met their long-term objectives and continue to be rated highly by the Trustee's professional investment adviser. It was noted however that the GKN Diversified Fund underperformed its benchmark (which is a composite of the underlying funds' benchmarks) over the 3-year period. The Trustee will keep the performance of the fund under review.

The Scheme continues to comply with the Regulations on charge controls introduced from April 2015. Specifically, the Trustee is pleased to confirm that the funds used in all of the Scheme's default investment options have combined total expense ratios that are below the charge cap of 0.75% p.a. of savings.

Section 4 - Statement of Investment Principles

What are the Trustee's responsibilities?

The Trustee is required to include within this statement, a copy of the latest Statement of Investment Principles (the 'SIP') prepared for the Scheme in compliance with Section 35 of the Pensions Act 1995 and regulation 2/regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005.

The SIP covers the following key matters in relation to the default arrangements:

- The Trustee's aims and objectives in relation to the investments held in the default arrangements.
- The Trustee's policies on issues such as: the kinds of investments to be held; the balance between different kinds of investments; risks, including the ways in which risks are to be measured and managed; the expected return on investments; the realisation of investments; and the extent (as appropriate) to which social, environmental or ethical considerations are considered when selecting, retaining or realising investments.
- An explanation of how these aims, objectives and policies (which together form a part of the Trustee's 'default investment strategy') are intended to ensure that assets are invested in the best interests of members.

The Trustee reviews the SIP at least triennially or more often if changes are required.

What did we do in the year to 5 April 2024?

A copy of the current SIP is set out in Appendix 6. The SIP was last updated in March 2024, to incorporate the Trustee's policy in relation to investment in illiquid assets.

The Trustee also publishes an Implementation Statement each year, describing how it has ensured that the policies and objectives set out in the SIP were adhered to over the course of the year. A copy of the latest Implementation Statement can be found on at [GKN \(gknpensions.co.uk\)](https://gknpensions.co.uk).

Section 5 - Charges & transaction costs

What are the Trustee's responsibilities?

The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 require the Trustee to obtain and publish annually the level of costs and charges that apply to:

- Each default arrangement during the Scheme year.
- Each fund option in which members' savings have been invested during the Scheme year.

These requirements are intended to ensure transparency on the costs that members pay from their retirement savings.

Charges include the Annual Management Charge (AMC), the annual fee charged by the investment manager for investing in a fund. Additional expenses such as trading fees or legal fees are included in the Total Expense Ratio (TER), which is the total cost of investing in a fund.

Any relevant charges are deducted as a percentage of a member's funds.

Transaction costs are incurred within the day-to-day management of the assets by the fund manager. This covers such things as the cost of buying and selling investments within a fund.

Transaction costs can be incurred as part of the process of buying and selling any investment and are implicit within the performance of a fund. The prescribed method of calculating transaction costs states the trading cost is arrived at by comparing the price at which the transaction was actually executed with the price when the order to transact entered the market. So, when selling into a rising market or buying into a falling market, the calculation produces a credit that may outweigh the other 'explicit' transaction costs, resulting in negative overall transaction costs.

The Trustee is also required to assess annually the extent to which these charges and costs represent good value for members. See '**Value for Members**' in Section 9. The Trustee has taken account of statutory guidance when producing this section and the related appendices.

How does the Trustee meet the requirements?

The Trustee formally reviews the charges paid by members on an annual basis and, through the ASC, works closely with the Scheme's investment provider to obtain the lowest possible charges for all of the available fund options.

What did we do in the year to 5 April 2024?

Charges and transaction costs - default arrangements

The level of charges and transaction costs applicable to each component fund within the default arrangements during in the year to 5 April 2024 are as shown in Appendix 1, expressed as a percentage of a members' fund holdings. These charges and transaction costs were supplied by Legal & General, the Scheme's investment platform provider. There is no missing transaction cost data. These are the only costs incurred by members of the Scheme.

This includes the GKN Cash Fund, which is treated by the Scheme as a technical default arrangement as described in Section 3.

All of the default arrangements remain within the Government's charge cap of 0.75% p.a.

Charges and transaction costs – Self-Select Fund Range

The level of charges and transaction costs that applied as at 5 April 2024 to the Self-Select fund range in which members have chosen to invest are shown in Appendix 2 along with further details on the funds used within each of the Lifestyle options.

There were no performance-based fees incurred by any of the Scheme's funds during the Scheme year.

Section 6 - Charges and transaction costs - illustrations

What are the Trustee's responsibilities?

The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 also require the Trustee to produce illustrations of the cumulative effect over time of the transaction costs and charges that apply to the fund options offered by the Scheme. This is to improve transparency and help members understand the impact that charges and transaction costs might have on their own savings.

Charges and transaction cost illustrations - in the year to 5 April 2024

The Trustee has taken account of the applicable statutory guidance and has produced illustrations to demonstrate the effect of the costs and charges for the investment funds and strategies offered by the Scheme for four different example members (two active and two deferred).

The illustrations in Appendix 4 show, based on a number of assumptions and investment options, the projected fund values at retirement before and after charges and transaction costs have been deducted, so that the potential impact of these costs is clearly shown.

Please note that the figures in Appendix 4 are only illustrations and the actual fund values and impact of charges on members' investments will be different, depending on their personal details and investment choices, and whether or not the assumptions are borne out. The information contained in Appendix 4 is not a substitute for the individual and personalised illustrations provided to members each year within the annual benefit statements provided by Legal & General.

Section 7 - Net investment returns

What is required?

The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations in the year to 5 April 2022 introduced new requirements on the Trustee to calculate and publish the return on investments of the Scheme's default arrangements and those Self-Select investment options in which members have invested, after taking account of transaction costs and charges.

Net investment return disclosures - in the year to 5 April 2024

Appendix 5 provides the net investment disclosures as at 31 March 2024 (the closest available to the Scheme year end), showing the investment performance of the Scheme's default arrangement and alternative Self-Select investment options, after adjustment for all charges and transaction costs discussed in Sections 5 and 6. The Trustee has taken account of the statutory guidance when preparing these disclosures.

Most of the funds offered by the Scheme through the Legal & General Platform, including the default arrangements, demonstrated net investment returns (after the deduction of costs and charges) over 1 and 5 years in line with or above their respective performance benchmarks. 5 years performance is not available for some funds, so performance returns are instead shown for 3 years.

It is very important to remember that past investment performance is not a guide to future investment performance.

Section 8 – Asset Allocation

In order that members invested in the Scheme's default arrangement can see how their savings were being invested as at 31 March 2024, the table below shows the percentage of each of the main asset classes held by the 'GKN Drawdown Lifestyle' default arrangement and the Scheme's additional default arrangements, for members at different ages/periods to retirement. Where the arrangement invests in one or more underlying funds, the asset allocation shown is that of the underlying funds. A description of the asset classes is provided below.

For more information on the investment options offered by the Scheme, please log into your online account with Legal & General (L&G), which you can access via the GKN Pensions Website at gknpensions.co.uk.

	Percentage allocation – average 25 years (%)	Percentage allocation – average 45 years (%)	Percentage allocation – average 55 years (%)	Percentage allocation – average 65 years (%)
Cash	0.0%	0.0%	5.1%	28.8%
Bonds	0.0%	0.0%	39.3%	29.5%
Listed Equity	100.0%	100.0%	42.7%	32.0%
Private Equity	0.0%	0.0%	0.0%	0.0%
Property	0.0%	0.0%	11.2%	8.4%
Infrastructure	0.0%	0.0%	0.0%	0.0%
Private Debt	0.0%	0.0%	0.5%	0.4%
Other	0.0%	0.0%	1.2%	0.9%

Source: LGIM as at 31 March 2024. Figures may not sum due to rounding.

Notes:

- Normal Retirement Date (NRD) is assumed to be age 65.
- The following describes the types of investments covered by the above asset classes:
 - **Cash** – Cash and assets that behave similarly to cash e.g. treasury bills and repurchase agreements.
 - **Bonds** – Loans made to the bond issuer, usually a government or a company, to be repaid at a later date. This includes Corporate and Government Bonds, Securitized.
 - **Listed Equity** – Shares in companies that are listed on global stock exchanges.
 - **Private Equity** – Unlisted equities that are not publicly traded on stock exchanges.
 - **Infrastructure** – Physical structures, facilities, systems, or networks that provide or support public services.
 - **Property** – Real estate, potentially including offices, retail buildings which are rented out to businesses.
 - **Private Debt** – Other forms of loan that do not fall within the definition of a 'Bond'.
 - **Other** – Any assets that do not fall within the above categories. This includes Alternatives, Commodities, Absolute Return Funds and Volatilities.

In addition to the default, the Trustee makes available two alternative lifestyle arrangements, which are additional default arrangements for legacy reasons:

Partial Drawdown:

This investment option is designed for members who intend to withdraw the majority of their savings as cash upon retirement, with any remainder continuing to be invested to allow income drawdown.

This is the default investment option for members who are expected to have a small DC pot at retirement after taking tax-free cash. These members have a moderate amount of past DB service relative to their years to Selected Retirement Date

	Percentage allocation – average 25 years (%)	Percentage allocation – average 45 years (%)	Percentage allocation – average 55 years (%)	Percentage allocation – average 65 years (%)
Cash	0.0%	0.0%	5.1%	64.4%
Bonds	0.0%	0.0%	39.3%	14.7%
Listed Equity	100.0%	100.0%	42.8%	16.0%
Private Equity	0.0%	0.0%	0.0%	0.0%
Property	0.0%	0.0%	11.2%	4.2%
Infrastructure	0.0%	0.0%	0.0%	0.0%
Private Debt	0.0%	0.0%	0.5%	0.2%
Other	0.0%	0.0%	1.2%	0.4%

Source: LGIM as at 31 March 2024. Figures may not sum due to rounding.

Notes:

- Normal Retirement Date (NRD) is assumed to be age 65.
- The following describes the types of investments covered by the above asset classes:
 - **Cash** – Cash and assets that behave similarly to cash e.g. treasury bills and repurchase agreements.
 - **Bonds** – Loans made to the bond issuer, usually a government or a company, to be repaid at a later date. This includes Corporate and Government Bonds, Securitized.
 - **Listed Equity** – Shares in companies that are listed on global stock exchanges.
 - **Private Equity** – Unlisted equities that are not publicly traded on stock exchanges.
 - **Infrastructure** – Physical structures, facilities, systems, or networks that provide or support public services.
 - **Property** – Real estate, potentially including offices, retail buildings which are rented out to businesses.
 - **Private Debt** – Other forms of loan that do not fall within the definition of a ‘Bond’.
 - **Other** – Any assets that do not fall within the above categories. This includes Alternatives, Commodities, Absolute Return Funds and Volatilities.

Cash Lifestyle:

This investment option is designed for members who intend to withdraw their entire savings as cash. This strategy is 100% invested in the GKN Cash Fund at retirement.

This is the default investment option for members who are expected to utilise their whole DC pot at retirement to fund their tax-free cash. These members have a significant amount of past DB service relative to their Years to Selected Retirement Date

	Percentage allocation – average 25 years (%)	Percentage allocation – average 45 years (%)	Percentage allocation – average 55 years (%)	Percentage allocation – average 65 years (%)
Cash	0.0%	0.0%	5.1%	100.0%
Bonds	0.0%	0.0%	39.3%	0.0%
Listed Equity	100.0%	100.0%	42.8%	0.0%
Private Equity	0.0%	0.0%	0.0%	0.0%
Property	0.0%	0.0%	11.2%	0.0%
Infrastructure	0.0%	0.0%	0.0%	0.0%
Private Debt	0.0%	0.0%	0.5%	0.0%
Other	0.0%	0.0%	1.2%	0.0%

Source: LGIM as at 31 March 2024. Figures may not sum due to rounding.

Notes:

- Normal Retirement Date (NRD) is assumed to be age 65.
- The following describes the types of investments covered by the above asset classes:
 - **Cash** – Cash and assets that behave similarly to cash e.g. treasury bills and repurchase agreements.
 - **Bonds** – Loans made to the bond issuer, usually a government or a company, to be repaid at a later date. This includes Corporate and Government Bonds, Securitized.
 - **Listed Equity** – Shares in companies that are listed on global stock exchanges.
 - **Private Equity** – Unlisted equities that are not publicly traded on stock exchanges.
 - **Infrastructure** – Physical structures, facilities, systems, or networks that provide or support public services.
 - **Property** – Real estate, potentially including offices, retail buildings which are rented out to businesses.
 - **Private Debt** – Other forms of loan that do not fall within the definition of a 'Bond'.
 - **Other** – Any assets that do not fall within the above categories. This includes Alternatives, Commodities, Absolute Return Funds and Volatilities.

Section 9 - Value for members

What are the Trustee's responsibilities?

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 require that the Trustee conducts an annual review of the value for money that members receive from the Scheme and disclose the results of this review in this statement. If it is identified that members are not receiving good value, the Trustee is required to investigate and identify what steps can be taken to improve the position for the affected members.

How does the Trustee meet the requirements?

The Trustee is committed to ensuring that members receive value for money from the Scheme, meaning that all of the services and features that members receive, compared to the charges deducted from their savings, should represent good value.

Scheme members meet the charges and costs for the administration, communications and investment services provided to run their account, which are deducted from their savings in the scheme. The charges and transaction costs, along with illustrations of the impact of these costs on members' savings at retirement, are discussed earlier in this statement.

The costs associated with the Trustee's ongoing governance of the Scheme, including all professional adviser fees, are met by the sponsoring employers.

Each year, the Trustee, with its advisers, carries out a formal assessment of the charges paid by members and the services that they receive, compared to other similar pension arrangements. The assessment considers the value provided by the Scheme's investment options and the broader value of the additional services provided, including administration, communications and online services. The value added by the ongoing governance of the Trustee is also considered. These assessments are undertaken in line with the Department of Work and Pensions (DWP) guidance and the Regulator's DC Code of Practice.

The review process considers all of the following factors:

- The investment performance of the Scheme's fund options.
- Whether the Lifestyle options and range of Self-select funds remain appropriate.
- Benchmarking the Scheme charges against other pension schemes of a similar size and nature and the transaction costs against relevant asset class comparators.
- The performance of the administration service, covering the service standards achieved, data quality and interactions with members.
- The quality of the communication and online services provided to members by the Trustee and pension provider.
- The governance and management of the Scheme.

Value for Members Assessment – Year ending 5 April 2024

The Trustee has carried out an assessment of the value offered to members by the Scheme. The assessment covered the year to 5 April 2024 and the Trustee concluded that:

- Overall, charges paid by members are competitive relative to comparable funds available for DC investment.
- Most of the Schemes' funds met or outperformed their return objectives over the 3-year period assessed, including the GKN Growth Fund, which holds c. 60% of member assets. The GKN Diversified Fund, which holds c.30% of member assets, underperformed its benchmark over the 3-year period, for reasons set out in detail in this paper. In the context of market conditions over the period (particularly for fixed income) and the (in practice) unattainable CPI + 4% p.a. for the Threadneedle Dynamic Real Return Fund used in the GKN Diversified Fund up to March 2023, we are comfortable that the fund's performance was reasonable overall. We also note the Threadneedle Fund has been replaced with the L&G Diversified Fund effective March 2023.
- Additional value is provided through the ongoing governance of the Scheme, including comprehensive risk management, communications and engagement processes. The Scheme offers a broad range of online tools and support, timely communications and

administration response times, which were largely within agreed SLAs over the Scheme year.

- Overall, the Trustee has concluded the Scheme continues to offer good value to members.

Section 10 - Monitoring and processing of core financial transactions

What are the Trustee's responsibilities?

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 requires that a pension scheme's core financial transactions are processed promptly and accurately. These transactions include, but are not limited to:

- Investment of contributions in respect of active members
- Transfer of member assets into or out of the Scheme.
- Switching between different investments within the Scheme.
- Payments to and in respect of members, for example on retirement or death.

The Trustee is required to monitor these activities and take action where there are systematic process delays or inaccuracies.

How does the Trustee meet the requirements?

Active member contributions

The company is responsible for ensuring that contributions in respect of active members are paid to the Scheme promptly. The Trustee relies on the company to ensure contribution payments are accurate by carrying out appropriate checks. The timing of these payments and their subsequent investment is monitored by the Trustee through quarterly reports produced by the Scheme's Administrator.

Administration arrangements

The Trustee outsources the administration of the Scheme and the operation of the Scheme's bank account to Legal & General, a professional administration provider, which carries out the bulk of the core financial transactions undertaken by the Scheme.

Data quality

The Trustee monitors the accuracy of the Scheme's common data on a regular basis, the results of which are reported annually to the Pension Regulator. Reasons for any decline in common data quality are considered, alongside the remedial measures available to the Trustee. The Trustee requires updates on any agreed remedial measures to ensure they have been satisfactorily implemented.

Internal controls

The Trustee believes that strong and well documented internal controls are a key element in delivering high quality, risk managed services to members.

The Trustee operates a system of internal controls aimed at monitoring the Scheme's administration and management and have a Risk Register in place which outlines the main risks to the Scheme including operational and financial risks to the members. The Risk Register is reviewed and updated on a regular basis.

Core financial transactions – accuracy and timely processing in the year to 5 April 2024

Legal & General administration services

Legal & General carried out monthly checks on the accuracy and timeliness of processing transactions.

Performance during the Scheme year against SLA targets was c.99.9%. When focusing specifically on Core Financial Transactions, which encompass critical processes within the Scheme administration, including contributions, payments, quotes, transfers, and recordkeeping, their performance reached approximately 97.9%, meeting the high standards of administration expected by the Trustee. The Trustee has received regular updates from

Legal & General on their service delivery and consider the overall administration performance has been of a high standard over the year.

Overall the Trustee is satisfied that the Scheme's core financial transactions were processed accurately and within acceptable timescales during the period to which the Statement relates.

The Trustee continues to monitor the administration service provided by Legal & General.

Chair's declaration

This statement has been prepared in accordance with the Regulations and I confirm that the above statement has been produced by the Trustee to the best of my knowledge.

A. McKinnon – Chair

Signed on behalf of GKN 1 Trustee 2018 Limited,
Trustee of the GKN Group Pension Scheme (No.1)

23 October 2024

Date

Appendix 1 – Charges and transaction costs

Default arrangements and Technical default arrangement

The table below illustrates the charges and transaction costs applicable to each component fund within the three default arrangements and the Technical default arrangement offered by the Scheme. Please note that the allocation of a member's savings between the component funds within the Lifestyle strategies will change as they approach their target retirement date. For more information on the investment options offered by the Scheme, please log into your online account with Legal & General (L&G), which you can access via the GKN Pensions Website at gknpensions.co.uk.

Default arrangements	Component funds	Total Expense Ratio* (TER) (%)	Total transaction costs** (%)
Lifestyle	GKN Growth Fund	0.23	0.04
	GKN Diversified Fund	0.38	0.03
	GKN Cash Fund	0.19	0.00

The table below illustrates the charges and transaction costs applicable to each component fund within the alternatives Lifestyle options.

Alternative Lifestyle option	Component funds	Total Expense Ratio* (TER) (%)	Total transaction costs** (%)
Partial Drawdown Lifestyle	GKN Growth Fund	0.23	0.04
	GKN Diversified Fund	0.38	0.03
	GKN Cash Fund	0.19	0.00
Cash Lifestyle	GKN Growth Fund	0.23	0.04
	GKN Diversified Fund	0.38	0.03
	GKN Cash Fund	0.19	0.00

The following notes apply to all of the above tables:

* Total Expense Ratio (TER) is the total cost of investing in the fund. It is automatically deducted from the price of the funds in which you are invested. The TER includes the annual management charge for that fund and any other additional fund expenses such as legal fees, auditor fees and other operational expenses. The TERs are correct as at 31 March 2024.

** Transaction costs are costs incurred in the day-to-day management of the assets by the fund manager. This covers such things as the cost of buying and selling securities within a fund. Transaction costs are incurred on an on-going basis, are included within the overall performance of the fund and are in addition to the Total Earnings Ratio (TER) figures provided. The transaction costs reflect the latest information provided to L&G by the fund managers as at 31 March 2024. Any negative transaction costs shown indicate that transacting has resulted in a net gain rather than a net loss for the fund over the period. The Trustees do not expect gains of this type to be repeated in future years.

Appendix 2 – Charge and transaction costs

Self-Select fund range

The level of charges and transaction costs applied to the non-default arrangement options on the Legal & General platform can be seen in the table below. For more information on the investment options offered by the Scheme, please log onto your online account.

Self-select options	Total Expense Ratio* (TER) (%)	Total transaction costs** (%)
L&G Future World Fund	0.32	0.09
L&G UK Equity Index Fund†	0.18	0.00
L&G World ex-UK Equity Index Fund†	0.20	0.02
L&G World Emerging Markets Equity Index Fund	0.34	0.11
L&G HSBC Islamic Global Equity Index Fund	0.43	0.00
L&G AAA-AA-A Corporate Bond All Stocks Index Fund†	0.20	0.00
L&G All Stocks Gilts Index Fund†	0.16	0.05
L&G Threadneedle Dynamic Real Return Fund††	0.63	0.23
L&G Property Fund†	1.40	0.00
L&G High Income Fund†	0.38	0.09

Notes:

* Total Expense Ratio (TER) is the total cost of investing in the fund. It is automatically deducted from the price of the funds in which you are invested. The TER includes the annual management charge for that fund and any other additional fund expenses such as legal fees, auditor fees and other operational expenses. The TERs are correct as at 31 March 2024.

** Transaction costs are costs incurred in the day-to-day management of the assets by the fund manager. This covers things such as the cost of buying and selling securities within a fund. Transaction costs are incurred on an on-going basis, are included within the overall performance of the fund and are in addition to the Total Earnings Ratio (TER) figures provided. The transaction costs reflect the latest information provided to L&G by the fund managers as at 31 March 2024. Any negative transaction costs shown indicate that transacting has resulted in a net gain rather than a net loss for the fund over the period. The Trustees do not expect gains of this type to be repeated in future years.

† This fund is a component of the Scheme's default arrangements.

†† This fund was a component of the Scheme's default arrangements until 27 March 2023.

Appendix 3 – Charge and transaction costs – Additional Voluntary Contributions

Details of charges and costs experienced by AVC members on a fund-by-fund basis is shown in the below table.

Funds	Total Expense Ratio* (TER) (%)	Total transaction costs** (%)
Prudential With-Profits Cash Accumulation Fund	0.56	0.20
Scottish Widows Cash Pension Fund	0.88	0.23
L&G GKN Cash Fund	0.19	0.00

Notes:

* Total Expense Ratio (TER) is the total cost of investing in the fund. It is automatically deducted from the price of the funds in which you are invested. The TER includes the annual management charge for that fund and any other additional fund expenses such as legal fees, auditor fees and other operational expenses. The TERs are correct as at 31 March 2024.

** Transaction costs are costs incurred in the day-to-day management of the assets by the fund manager. This covers things such as the cost of buying and selling securities within a fund. Transaction costs are incurred on an on-going basis, are included within the overall performance of the fund and are in addition to the Total Earnings Ratio (TER) figures provided. The transaction costs reflect the latest information provided by L&G and Scottish Widows as at 31 March 2024, and Prudential as at 31 December 2021. Any negative transaction costs shown indicate transacting has resulted in a net gain rather than a net loss for the fund over the period.

Appendix 4 – Charges and transaction costs - illustrations

The table on the next page illustrates the effect of the costs and charges in Appendix 1 and 2 for investment funds and strategies available through L&G, for four example members (two active and two deferred) with different terms to retirement and accumulated fund values.

The four example members have been selected to illustrate the possible impact of costs and charges on the accumulated fund values of a range of different Scheme members:

- **Typical Active Member:** Active member with total contributions of £18,140 p.a., starting fund value: £37,620, member retires after 20 years based on a retirement age of 65.
- **Youngest Active Member:** Active member with total contributions of £4,390 p.a., starting fund value: £8,710, member retires after 47 years based on a retirement age of 65.
- **Typical Deferred Member:** Deferred member making no further contributions, starting fund value: £11,550, member retires after 23 years based on a retirement age of 65.
- **Youngest Deferred Member:** Deferred member making no further contributions, starting fund value: £6,870, member retires after 47 years based on a retirement age of 65.

The illustrations show the projected fund values (rounded to the nearest £100) based on certain assumptions before and after the charges so that the potential impact of charges is clearly shown. We have shown the most popular investment options in terms of number of members invested: the GKN Drawdown Lifestyle Strategy, GKN Partial Drawdown Lifestyle Strategy and GKN Cash Lifestyle Strategy.

In addition, illustrations have been included for two Self-Select funds: L&G Property Fund and L&G All Stocks Gilts Index Fund. These funds have been selected both to demonstrate the effect of a fund with a higher charges and costs (L&G Property Fund) compared to one with lower charges and costs (L&G All Stocks Gilts Index Fund) and also to demonstrate the impact of differing long term return assumptions for different asset classes.

Typical Active Member (Age 45)

Age	Most popular: GKN Drawdown Lifestyle Strategy		Partial Drawdown Lifestyle Strategy		Cash Lifestyle Strategy		Highest cost fund: L&G Property Fund		Lowest cost fund: L&G All Stocks Gilts Index Fund	
	Fund with no Charges Incurred	Fund with Charges Incurred	Fund with no Charges Incurred	Fund with Charges Incurred	Fund with no Charges Incurred	Fund with Charges Incurred	Fund with no Charges Incurred	Fund with Charges Incurred	Fund with no Charges Incurred	Fund with Charges Incurred
46	£56,900	£56,800	£56,900	£56,800	£56,900	£56,800	£57,800	£57,000	£56,000	£55,900
50	£139,200	£137,800	£139,200	£137,800	£139,200	£137,800	£148,200	£140,700	£130,400	£129,600
55	£241,900	£236,600	£241,900	£236,600	£241,900	£236,600	£285,900	£260,300	£225,600	£223,200
60	£340,500	£328,700	£340,500	£328,700	£340,500	£328,700	£457,500	£399,300	£323,300	£318,400
65	£435,700	£416,300	£426,500	£408,600	£417,500	£401,000	£671,500	£560,700	£423,500	£415,200

Youngest Active Member (Age 18)

Age	Most popular: GKN Drawdown Lifestyle Strategy		Partial Drawdown Lifestyle Strategy		Cash Lifestyle Strategy		Highest cost fund: L&G Property Fund		Lowest cost fund: L&G All Stocks Gilts Index Fund	
	Fund with no Charges Incurred	Fund with Charges Incurred	Fund with no Charges Incurred	Fund with Charges Incurred	Fund with no Charges Incurred	Fund with Charges Incurred	Fund with no Charges Incurred	Fund with Charges Incurred	Fund with no Charges Incurred	Fund with Charges Incurred
19	£13,400	£13,300	£13,400	£13,300	£13,400	£13,300	£13,600	£13,400	£13,200	£13,100
20	£18,200	£18,100	£18,200	£18,100	£18,200	£18,100	£18,700	£18,200	£17,600	£17,600
25	£44,000	£43,400	£44,000	£43,400	£44,000	£43,400	£47,800	£44,600	£40,300	£40,000
30	£73,200	£71,700	£73,200	£71,700	£73,200	£71,700	£84,000	£75,300	£63,600	£62,800
35	£106,400	£103,300	£106,400	£103,300	£106,400	£103,300	£129,200	£110,900	£87,400	£86,000
40	£144,000	£138,800	£144,000	£138,800	£144,000	£138,800	£185,600	£152,300	£111,900	£109,500
45	£186,700	£178,400	£186,700	£178,400	£186,700	£178,400	£255,800	£200,300	£137,000	£133,500
50	£235,100	£222,700	£235,100	£222,700	£235,100	£222,700	£343,200	£256,100	£162,800	£157,900
55	£273,900	£256,000	£273,900	£256,000	£273,900	£256,000	£452,200	£320,900	£189,200	£182,700
60	£303,700	£279,400	£303,700	£279,400	£303,700	£279,400	£588,100	£396,100	£216,300	£208,000
65	£329,400	£299,100	£322,100	£293,200	£314,900	£287,500	£757,400	£483,500	£244,100	£233,600

Typical Deferred Member (Age 42)

Age	Most popular: GKN Drawdown Lifestyle Strategy		Partial Drawdown Lifestyle Strategy		Cash Lifestyle Strategy		Highest cost fund: L&G Property Fund		Lowest cost fund: L&G All Stocks Gilts Index Fund	
	Fund with no Charges Incurred	Fund with Charges Incurred	Fund with no Charges Incurred	Fund with Charges Incurred	Fund with no Charges Incurred	Fund with Charges Incurred	Fund with no Charges Incurred	Fund with Charges Incurred	Fund with no Charges Incurred	Fund with Charges Incurred
43	£11,800	£11,800	£11,800	£11,800	£11,800	£11,800	£12,100	£11,900	£11,600	£11,600
45	£12,500	£12,400	£12,500	£12,400	£12,500	£12,400	£13,200	£12,600	£11,700	£11,700
50	£14,100	£13,800	£14,100	£13,800	£14,100	£13,800	£16,400	£14,700	£12,000	£11,900
55	£15,100	£14,500	£15,100	£14,500	£15,100	£14,500	£20,500	£17,000	£12,300	£12,100
60	£15,500	£14,600	£15,500	£14,600	£15,500	£14,600	£25,500	£19,800	£12,700	£12,300
65	£15,700	£14,500	£15,400	£14,200	£15,000	£13,900	£31,800	£23,000	£13,000	£12,500

Youngest Deferred Member (Age 18)

Age	Most popular: GKN Drawdown Lifestyle Strategy		Partial Drawdown Lifestyle Strategy		Cash Lifestyle Strategy		Highest cost fund: L&G Property Fund		Lowest cost fund: L&G All Stocks Gilts Index Fund	
	Fund with no Charges Incurred	Fund with Charges Incurred	Fund with no Charges Incurred	Fund with Charges Incurred	Fund with no Charges Incurred	Fund with Charges Incurred	Fund with no Charges Incurred	Fund with Charges Incurred	Fund with no Charges Incurred	Fund with Charges Incurred
19	£7,000	£7,000	£7,000	£7,000	£7,000	£7,000	£7,200	£7,100	£6,900	£6,900
20	£7,200	£7,200	£7,200	£7,200	£7,200	£7,200	£7,500	£7,300	£6,900	£6,900
25	£8,200	£8,000	£8,200	£8,000	£8,200	£8,000	£9,300	£8,500	£7,100	£7,000
30	£9,300	£9,000	£9,300	£9,000	£9,300	£9,000	£11,700	£9,800	£7,300	£7,200
35	£10,500	£10,100	£10,500	£10,100	£10,500	£10,100	£14,500	£11,400	£7,500	£7,300
40	£12,000	£11,200	£12,000	£11,200	£12,000	£11,200	£18,100	£13,300	£7,700	£7,400

45	£13,600	£12,600	£13,600	£12,600	£13,600	£12,600	£22,500	£15,400	£7,900	£7,500
50	£15,400	£14,100	£15,400	£14,100	£15,400	£14,100	£28,100	£17,900	£8,100	£7,700
55	£16,800	£15,100	£16,400	£14,800	£16,400	£14,800	£35,000	£20,800	£8,300	£7,800
60	£17,200	£15,200	£16,900	£14,900	£16,900	£14,900	£43,600	£24,100	£8,500	£7,900
65	£17,500	£15,100	£16,700	£14,400	£16,300	£14,100	£54,400	£28,000	£8,700	£8,100

Members should be aware that these are simply illustrations, so the actual fund values and implication of charges for members' investments may be different if members' personal details or investment choices differ from those shown or the assumptions are not borne out. Due to the effect of rounding, the impact of charges on member Retirement Account values may appear uneven, particularly in the early years. The information contained here is not a substitute for the individual and personalised illustrations provided to members each year by the Scheme.

Notes and assumptions

1. The projected Retirement Account values are shown in today's terms and are calculated using the same assumptions as the SMPI benefit projections issued annually to members.
2. Annual investment returns and costs/charges as a percentage reduction are assumed to be deducted at the end of each year. Charges and costs are deducted before the application of investment returns.
3. Switching costs are not considered in the lifestyle strategy.
4. Values shown are estimates and not guaranteed.
5. The projected growth rates (before inflation) for each fund are as follow:
 - GKN Drawdown Lifestyle Strategy - from 2.5% p.a. to 5.0% p.a. (adjusted depending on term to retirement).
 - GKN Partial Drawdown Lifestyle Strategy - from 1.8% p.a. to 5.0% p.a. (adjusted depending on term to retirement).
 - GKN Cash Lifestyle Strategy - from 1.0% p.a. to 5.0% p.a. (adjusted depending on term to retirement).
 - L&G Property Fund – 7.0% p.a.
 - L&G All Stocks Gilts Index Fund – 3.0% p.a.
6. Price inflation is assumed to be 2.5% each year and is deducted from the above returns as part of the calculations.
7. The Regulations require that where possible the transaction costs assumed in these illustrations are based on an average of the previous five years' transaction costs for each fund, where available. As LGIM is unable to provide historic transaction costs for these funds, the transaction costs shown above are an average of the costs provided for the 5-year periods to 31 of March 2024.

Appendix 5 – Net investment returns

The below tables provide the net investment returns for each of the investment options available under the Scheme to 31 March 2024. The Trustee has taken into account the statutory guidance when providing these investment returns and has not deviated from this.

Lifestyle strategy	Age of member at start of period	Last 12 months (%)	Last 3 Years (% p.a.)
Drawdown Lifestyle	25	23.9	11.2
	45	23.9	11.2
	55	10.5	3.0
Partial Drawdown Lifestyle	25	23.9	11.2
	45	23.9	11.2
	55	10.5	3.0
Cash Lifestyle	25	23.9	11.2
	45	23.9	11.2
	55	10.5	3.0

Source: LGIM and Mercer estimates.

Performance shown net of all charges and transaction costs.

Self-Select fund range	Last 12 months (%)	Last 5 years (% p.a.)
GKN Growth Fund†	23.9	11.2*
GKN Diversified Fund†	10.5	3.7*
GKN Cash Fund†	5.1	1.7*
L&G AAA-AA-A Corporate Bond All Stocks Index Fund	4.7	-1.1
L&G All Stocks Gilts Index Fund	-0.2	-3.9
L&G Future World Fund	16.3	10.3
L&G High Income Fund	11.5	2.1
L&G HSBC Islamic Global Equity Index Fund	32.2	17.2
L&G Property Fund	1.4	0.0
Threadneedle Dynamic Real Return Fund††	9.4	4.1
L&G UK Equity Index Fund	7.7	5.5
L&G World Emerging Markets Equity Index Fund	5.7	3.6
L&G World ex-UK Equity Index Fund	24.2	13.4

† These funds are components of the Scheme's default arrangements.

†† This fund was a component of the Scheme's default arrangements until 27 March 2024.

*5 year performance is not available for these funds, therefore the returns shown are for 3-years period.

Notes:

1. Returns are net of the fund specific charges and factor in the transaction costs incurred by the funds.
2. Age specific returns shown under the lifestyle strategies are based on a member with a target retirement age of 65.
3. The returns have been provided by L&G as at 31 March 2024.
4. The Trustee currently is looking to obtain longer term performance where available from its fund managers and will look to include this in its future Statements.

Appendix 6 – Statement of Investment Principles